United States
Securities and Exchange Commission
Washington, D.C. 20549

FORM 40-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13(a) or 15(d) of THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2022 **Commission File Number 001-11444**

Magna International Inc.
(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant's name into English (if applicable))

Province of Ontario, Canada
(Province of other jurisdiction of incorporation or organization)

3714
(Primary Standard Industrial Classification Code number (if applicable))

Not Applicable
(I.R.S. Employer Identification Number (if applicable))

337 Magna Drive, Aurora, Ontario, Canada L4G 7K1 (905) 726-2462
(Address and telephone number of Registrant's principal executive offices)

Corporation Service Company, 19 West 44th Street, Suite 200, New York, NY 10036
Telephone 212-299-5600
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Common Shares	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act. None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. None

For annual reports, indicate by check mark the information filed with this Form:

☒ **Annual Information Form** ☒ **Audited Annual Financial Statements**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report. **285,932,016 Common Shares**.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging Growth Company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of the incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Auditor Name: Deloitte LLP	Auditor Location: Toronto, Canada	Auditor Firm ID: 1208

1. **ANNUAL INFORMATION FORM**

The Registrant's Annual Information Form for the year ended December 31, 2022 is attached as Exhibit 1 (the "Annual Information Form") to this annual report on Form 40-F and is incorporated by reference herein.

2. **AUDITED ANNUAL FINANCIAL STATEMENTS**

The Registrant's consolidated audited financial statements as at and for the fiscal years ended December 31, 2022 and December 31, 2021, including the reports of independent registered public accounting firm, prepared by Deloitte LLP ("Deloitte") with respect thereto, are included in Exhibit 2 attached to this annual report on Form 40-F and are incorporated by reference herein.

3. **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Registrant's Management's Discussion and Analysis of Operations and Financial Position for the year ended December 31, 2022 is included in Exhibit 3 attached to this annual report on Form 40-F and is incorporated by reference herein.

4. **WEBSITE INFORMATION**

Notwithstanding any reference to the Registrant's website on the World Wide Web in the Annual Information Form or in the documents attached or incorporated as exhibits hereto, the information contained in the Registrant's website, or any other site on the World Wide Web referred to in the Registrant's website, is not a part of this annual report on Form 40-F and, therefore, is not filed with the Commission.

5. **FORWARD-LOOKING STATEMENTS**

The Registrant has made in the documents filed as part of this annual report on Form 40-F, and from time to time may otherwise make "forward-looking statements", within the meaning of Section 21E under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Section 27A of the U.S. Securities Act of 1933, and related assumptions concerning its operations, economic performance and financial matters. Actual results or events could differ materially from those set forth in, or implied by, the forward-looking statements and the related assumptions due to a variety of factors. Reference is made to the section titled "Forward-Looking Statements" on page 2 of the Annual Information Form for a discussion of such factors.

6. **CONTROLS AND PROCEDURES**

The Registrant's Chief Executive Officer and its Executive Vice-President and Chief Financial Officer are responsible for establishing and maintaining the Registrant's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) and internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act).

Disclosure Controls and Procedures

The Registrant maintains disclosure controls and procedures designed to ensure that material information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported on a timely basis, and that such information is accumulated and communicated to senior management, including the Registrant's Chief Executive Officer and Chief Financial Officer, as appropriate, to enable them to make timely decisions regarding required disclosure of such information. The Registrant has conducted an evaluation of its disclosure controls and procedures as of December 31, 2022, under the supervision, and with the participation of, its Chief Executive Officer and its Chief Financial Officer. Based on this evaluation, the Registrant's Chief Executive Officer and Chief Financial Officer have concluded that the Registrant's disclosure controls and procedures (as this term is defined in the rules adopted by Canadian securities regulatory authorities and the United States Securities and Exchange Commission) are effective as of December 31, 2022.

Internal Control Over Financial Reporting

Management of the Registrant is responsible for establishing and maintaining adequate internal control over financial reporting for the Registrant. Internal control over financial reporting is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with U.S. GAAP. Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Additionally, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Registrant's management used the Committee of Sponsoring Organizations of the Treadway Commission ["COSO"] Internal Control-Integrated Framework (2013) to evaluate the effectiveness of internal control over financial reporting. Based on this evaluation, the Registrant's Chief Executive Officer and Chief Financial Officer have assessed the effectiveness of the internal control over financial reporting and concluded that, as at December 31, 2022, such internal control over financial reporting is effective. The Registrant's internal control over financial reporting as of December 31, 2022, has been audited by Deloitte, the Independent Registered Public Accounting Firm, who also audited the Registrant's consolidated financial statements for the year ended December 31, 2022. Deloitte expressed an unqualified opinion on the effectiveness of the Registrant's internal control over financial reporting. This report precedes the Registrant's audited consolidated financial statements for the year ended December 31, 2022, included in Exhibit 2 attached to this annual report on Form 40-F.

Changes in Internal Controls Over Financial Reporting

There have been no changes in our internal controls over financial reporting that occurred during 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

7. AUDIT COMMITTEE MEMBERS AND AUDIT COMMITTEE FINANCIAL EXPERT

The Registrant has a separately designated standing audit committee of its Board of Directors (the "Audit Committee"), which is currently comprised of the following members of the Registrant's Board of Directors: Peter G. Bowie (Chair), Jan R. Hauser and Mary Lou Maher.

The Registrant's Board of Directors has determined that each of Mr. Bowie, the Chair of the Audit Committee, and Ms. Hauser and Ms. Maher, is an "audit committee financial expert" and that each member of the Audit Committee is "independent" and "financially literate", as such terms are defined in the listing standards of the New York Stock Exchange and Exchange Act Rule 10A-3.

8. CODE OF ETHICS

The Registrant has adopted a code of ethics that applies to all of its employees, including its Chief Executive Officer, its Chief Financial Officer, its Controller and other persons performing similar functions. The full text of such code of ethics is available on the Registrant's website at www.magna.com under the Leadership & Governance section.

9. CORPORATE GOVERNANCE

As a "foreign private issuer" listed on the New York Stock Exchange (NYSE), the Registrant is required to disclose the significant ways in which its corporate governance practices differ from those to be followed by U.S. domestic issuers under the NYSE listing standards. The Registrant has disclosed on its website (www.magna.com) a Statement of Significant Corporate Governance Differences (NYSE), which discloses such differences.

10. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The table below shows the fees for professional services rendered by our principal accountant, Deloitte, for the fiscal years ended December 31, 2022 and December 31, 2021.

	Fiscal 2022		Fiscal 2021	
Type of Services	Fees	% of Total	Fees	% of Total
Audit Fees	9,773,000	57%	9,453,000	58%
Audit-Related Fees	6,589,000	39%	5,603,000	35%
Tax Fees	685,000	4%	999,000	6%
All Other Fees	48,000	<1%	195,000	1%
Total	**17,095,000**	**100.00%**	**16,250,000**	**100.00%**

The services comprising the "Audit Fees" category for each of the last two fiscal years were performed by Deloitte to comply with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), including integrated audit of the consolidated financial statements and quarterly reviews. In some cases, fees in this category may include an appropriate allocation of fees for tax services or accounting consultations, to the extent such services were necessary to comply with the standards of the PCAOB. This category includes fees incurred in connection with the audit of our internal control over financial reporting for purposes of Section 404 of the Sarbanes-Oxley Act of 2002.

The services comprising the "Audit-Related Fees" category consists of fees paid in respect of assurance and related services, including such things as due diligence relating to mergers and acquisitions, accounting consultations and audits in connection with acquisitions, services related to statutory audits of certain foreign subsidiaries, attest services that are not required by statute or regulation and consultation concerning financial accounting and reporting standards. Audit-related services actually provided by Deloitte in each of fiscal 2022 and fiscal 2021 consisted of: services related to statutory audits of certain foreign subsidiaries, assurance services and procedures related to attest engagements not required by statute or regulation, and other assurance services.

The services comprising the "Tax Fees" category consists of all fees paid in respect of tax compliance, planning and advisory services performed by Deloitte's tax professionals, except those services required in order to comply with the standards of the PCAOB which are included under "Audit Services". The tax services actually provided by Deloitte in each of fiscal 2022 and fiscal 2021 consisted of: domestic and international tax advisory, compliance and research services, as well as transfer pricing advisory services.

The category "All Other Fees" captures fees in respect of all permitted services not falling under any of the previous categories.

In order to protect Deloitte's independence, the Audit Committee has a process for pre-approving all services provided by, and related fees to be paid to, Deloitte. This process includes reviewing, on a quarterly basis, the details and associated costs of the services expected to be provided by Deloitte. Audit Committee approval is required for any services that have not previously been approved by the Audit Committee. In assessing the impact of any proposed services on auditor independence, the Audit Committee considers whether:

- the services are consistent with applicable auditor independence rules;
- the independent auditor is best positioned to provide the most effective and efficient service, for reasons such as its familiarity with the Registrant's business, people, culture, accounting systems and risk profile; and
- the services enhance the Registrant's ability to manage or control risks and improve audit quality.

None of the services provided by Deloitte in 2022 were treated as exempt from pre-approval pursuant to the *de minimis* provision of paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

11. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

For the tabular disclosure regarding the Registrant's known contractual obligations, with amounts aggregated by the type of contractual obligation, see pages 18 and 19 of the Management's Discussion and Analysis, included in Exhibit 3 to this annual report on Form 40-F.

12. INTERACTIVE DATA FILE

Concurrent with this filing, the Registrant has submitted to the Commission and posted on its website, www.magna.com, an Interactive Data File.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking

Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

B. Consent to Service of Process

A Form F-X signed by the Registrant and its agent for service of process was previously filed with the Commission.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant:	MAGNA INTERNATIONAL INC.
By (Signature and Title):	*/s/ "Bassem Shakeel"* Bassem A. Shakeel, Vice-President and Corporate Secretary
Date:	March 31, 2023.

EXHIBIT INDEX

Exhibit 1	Annual Information Form of the Registrant dated March 30, 2023.
Exhibit 2	Registrant's audited financial statements as at and for the two-year period ended December 31, 2022.
Exhibit 3	Registrant's Management's Discussion and Analysis of Results of Operations and Financial Position for the year ended December 31, 2022.
Exhibit 4	Consent of Deloitte LLP.
Exhibit 99.1	Certificate of Principal Executive Officer Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (S. Kotagiri).
Exhibit 99.2	Certificate of Principal Financial Officer Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (P. McCann).
Exhibit 99.3	Certificate of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (S. Kotagiri).
Exhibit 99.4	Certificate of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (P. McCann).
Exhibit 101	Interactive Data File.
Exhibit 104	Cover Page Interactive Data File – the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

Exhibit 1

Forward. For all.

2023

Annual Information Form

March 30, 2023

Magna International Inc.

Contents

Annual Information Form

Important Information About this Document

This Annual Information Form ("AIF") provides information about Magna International Inc. ("Magna"), including its industry, corporate structure, strategy, risk factors relating to its business and operations, products and services, sustainability activities, and other information related to its business activities.

Readers should note that in this AIF:

- we use the terms "you" and "your" to refer to the shareholder, while "we", "us", "our", "company" and "Magna" refer to Magna International Inc. and, where applicable, its subsidiaries;
- we use the term "Executive Management" to refer to our Chief Executive Officer, together with our Presidents and our other corporate Executive Vice-Presidents;
- we use the term "Operating Group management" to refer to our management within each of the product-based business units corresponding to the capabilities described in "Section 6 – Description of the Business – Products & Services" in this AIF;
- dollar amounts in this AIF are stated in U.S. dollars, unless otherwise indicated;
- a reference to "fiscal year" is a reference to the fiscal or financial year from January 1 to December 31 of the year stated;
- sales figures disclosed have been prepared in accordance with United States Generally Accepted Accounting Principles (U.S. GAAP);
- where we have referred to specific customers or competitors, the reference includes the customers' or competitors' operating divisions and subsidiaries, unless otherwise stated;
- facility and employee figures include certain equity-accounted operations, unless otherwise indicated;
- references to our "Circular" refer to our Management Information Circular/Proxy Statement dated March 30, 2023 for our virtual-only 2023 Annual Meeting of Shareholders to be held on May 11, 2023 (the "Meeting"); and
- information is current as of March 24, 2023, unless otherwise indicated.

Forward-Looking Statements

We disclose "forward-looking information" or "forward-looking statements" (collectively, "forward-looking statements") to provide information about management's current expectations and plans. Such forward-looking statements may not be appropriate for other purposes.

Forward-looking statements may include financial and other projections, as well as statements regarding our future plans, objectives or economic performance, or the assumptions underlying any of the foregoing, and other statements that are not recitations of historical fact. We use words such as "may", "would", "could", "should", "will", "likely", "expect", "anticipate", "believe", "intend", "plan", "aim", "forecast", "outlook", "project", "estimate", "target" and similar expressions suggesting future outcomes or events to identify forward-looking statements.

Forward-looking statements in this AIF include, but are not limited to, statements relating to:

- implementation of our business strategy, including: increasing capital deployment toward high-growth/megatrend areas aligned with the "Car of the Future"; driving operational excellence; and unlocking new business models and markets;
- implementation of our segment-specific strategic initiatives;
- our approach to capital structure, including; maintenance of a strong balance sheet; preservation of strong investment grade ratings; delivering strong Return on Invested Capital; investing for growth; and future returns of capital to our shareholders through dividends and share repurchases;
- implementation of our sustainability strategy and initiatives and achievement of sustainability targets/commitments; and
- estimates of future environmental clean-up and remediation costs.

Forward-looking statements are based on information currently available to us, and are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances.

While we believe we have a reasonable basis for making such forward-looking statements, they are not a guarantee of future performance or outcomes. Whether actual results and developments conform to our expectations and predictions is subject to a number of risks, assumptions and uncertainties, many of which are beyond our control, and the effects of which can be difficult to predict, including, without limitation:

Macroeconomic, Geopolitical and Other Risks

- impact of the Russian Invasion of Ukraine;
- inflationary pressures;
- interest rate levels;
- risks related to COVID-19;

Risks Related to the Automotive Industry

- economic cyclicality;
- regional production volume declines;
- deteriorating vehicle affordability;
- potential consumer hesitancy with respect to Electric Vehicles ("EVs");
- intense competition;
- potential restrictions on free trade;
- trade disputes/tariffs;

Strategic Risks

- alignment of our product mix with the "Car of the Future";
- our ability to consistently develop and commercialize innovative products or processes;
- our investments in mobility and technology companies;
- our changing business risk profile as a result of increased investment in electrification and autonomous/assisted driving, including: higher research and development engineering costs, and challenges in quoting for profitable returns on products for which we may not have significant quoting experience;

Customer-Related Risks

- concentration of sales with six customers;
- inability to significantly grow our business with Asian customers;
- emergence of potentially disruptive EV OEMs, including risks related to limited revenues/operating history of new OEM entrants;
- evolving counterparty risk profile;
- dependence on outsourcing;
- OEM consolidation and cooperation;
- shifts in market shares among vehicles or vehicle segments;
- shifts in consumer "take rates" for products we sell;
- quarterly sales fluctuations;
- potential loss of any material purchase orders;
- potential OEM production-related disruptions;

Supply Chain Risks

- semiconductor chip supply disruptions and price increases, and the impact on customer production volumes and on the efficiency of our operations;
- impairment charges;
- labour disruptions;
- skilled labour attraction/retention;
- leadership expertise and succession;

IT Security/Cybersecurity Risks

- IT/cybersecurity breach;
- product cybersecurity breach;

Pricing Risks

- pricing risks following time of quote or award of new business;
- price concessions;
- commodity price volatility;
- declines in scrap steel/aluminum prices;

Warranty/Recall Risks

- costs related to repair or replacement of defective products, including due to a recall;
- warranty or recall costs that exceed warranty provision or insurance coverage limits;
- product liability claims;

Climate Change Risks

- transition risks and physical risks;
- strategic and other risks related to the transition to electromobility;

Acquisition Risks

- competition for strategic acquisition targets;
- inherent merger and acquisition risks;
- acquisition integration risk;

Other Business Risks

- risks related to conducting business through joint ventures;
- intellectual property risks;
- risks of conducting business in foreign markets;
- fluctuations in relative currency values;
- an increase in our pension funding obligations;
- tax risks;
- reduced financial flexibility as a result of an economic shock;
- inability to achieve future investment returns that equal or exceed past returns;
- changes in credit ratings assigned to us;
- the unpredictability of, and fluctuation in, the trading price of our Common Shares;

- supply disruptions and applicable costs related to supply disruption mitigation initiatives;
- regional energy shortages/disruptions and pricing;
- a deterioration of the financial condition of our supply base;

Manufacturing/Operational Risks

- product and new facility launch risks;
- operational underperformance;
- restructuring costs;
- a reduction or suspension of our dividend;

Legal, Regulatory and Other Risks

- antitrust risk;
- legal claims and/or regulatory actions against us;
- changes in laws and regulations, including those related to vehicle emissions, taxation, or made as a result of the COVID-19 pandemic;
- potential restrictions on free trade;
- trade disputes/tariffs; and
- environmental compliance costs.

In evaluating forward-looking statements or forward-looking information, we caution readers not to place undue reliance on any forward-looking statement, and readers should specifically consider the various factors which could cause actual events or results to differ materially from those indicated by such forward-looking statements, including the risks, assumptions and uncertainties above that are discussed in greater detail in this AIF under "Section 5 – Risk Factors".

1. Corporate Structure

Issuer

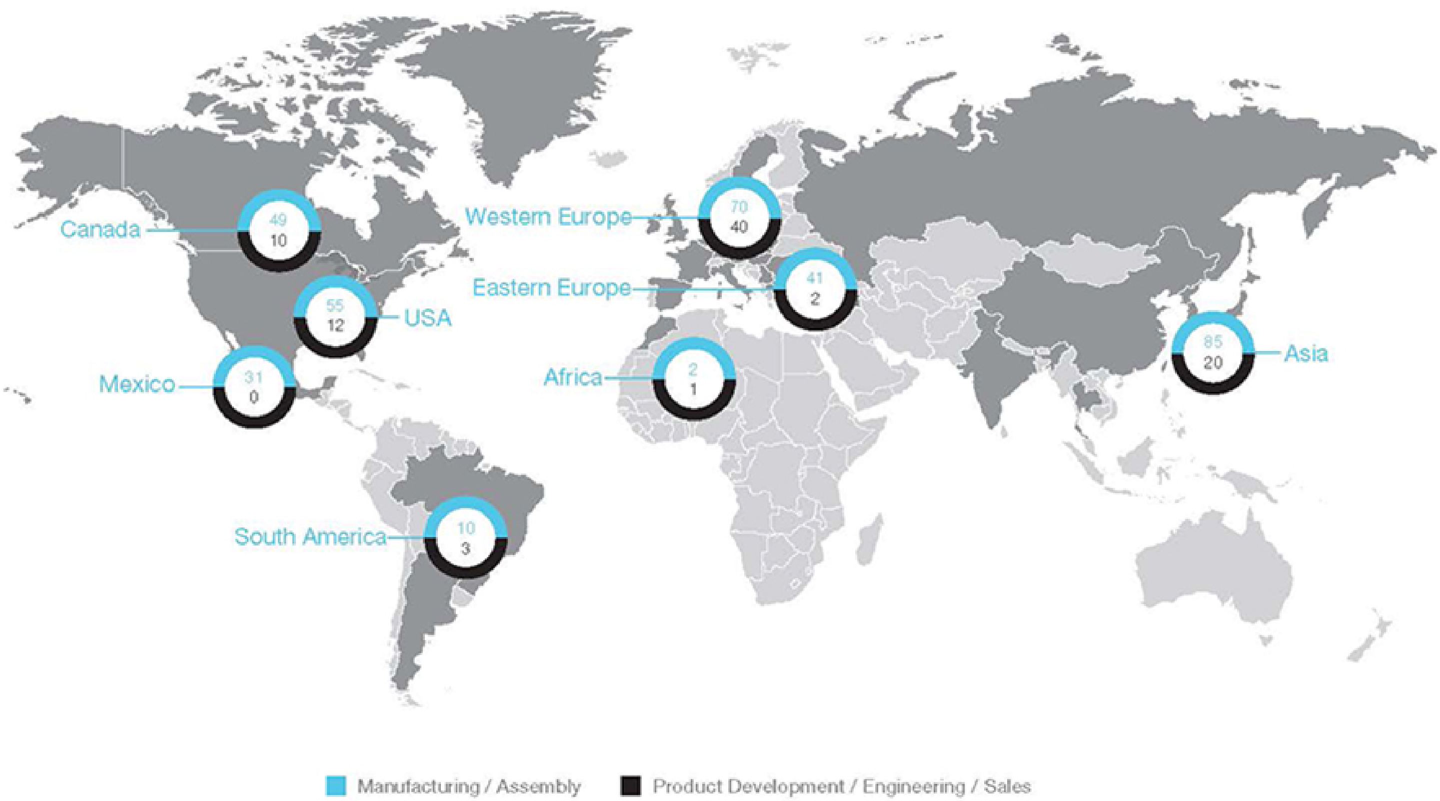
Magna was originally incorporated under the laws of the Province of Ontario, Canada on November 16, 1961. Our charter documents currently consist of amended and restated articles of incorporation dated December 31, 2017, which were issued pursuant to the *Business Corporations Act* (Ontario).

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 ("TSX") under the trading symbol (MG) and the New York Stock Exchange ("NYSE") under the trading symbol (MGA). For a list of our principal subsidiaries and investments, please refer to Schedule A.

2. About Magna

Overview

Magna is more than one of the world's largest Tier 1 suppliers in the automotive space. We are a mobility technology company with more than 168,000 entrepreneurial-minded employees(1), 343 manufacturing and assembly operations and 88 product development, engineering and sales ("PDE&S") centres in 29 countries(2), as follows:



We have complete vehicle engineering and contract manufacturing expertise, as well as product capabilities which include body, chassis, exterior, seating, powertrain, active driver assistance, electronics, mechatronics, mirrors, lighting and roof systems. Magna also has electronic and software capabilities across many of these areas. In addition, we are leveraging our capabilities and platform technologies in areas such as battery management, software stack and sensors to enter growing adjacent mobility markets such as micromobility.

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
- Power & Vision
- Seating Systems
- Complete Vehicles

Our internal financial reporting is aligned with the way our business is managed. Accordingly, we present key internal operating performance measures for the reporting segments described above to our chief operating decision maker to use in the assessment of operating performance, allocation of resources, and to help plan our long-term strategic direction andfuture global growth.

(1) Number of employees includes over 158,000 employees at our wholly-owned or controlled entities and over 10,000 employees at certain operations accounted for under the equity method.
(2) Manufacturing operations and PDES centres include certain operations accounted for under the equity method.

Our Corporate Culture

At Magna's foundation is an entrepreneurial, decentralized, fair enterprise culture, the key elements of which are as follows:

Entrepreneurialism and Decentralization

We follow a corporate policy of functional and operational decentralization, which we believe increases flexibility, customer responsiveness and productivity.

- Our manufacturing and assembly operations are conducted through "Divisions", each of which is an autonomous business unit operating within pre-determined guidelines. Each Division is a separate profit centre under the authority of a general manager who has the discretion to determine rates of pay, hours of work and sources of supply, within the framework of our Employee's Charter, our Global Labour Standards Policy and our Operational Principles (each as described below), as well as our corporate policies.
- Divisions are aligned globally by product area in Operating Groups. Operating Group management is responsible for overseeing the Divisions within its product area(s), including approval of Divisional business plans and preparation of Group business plans for presentation to Executive Management. Our Operating Groups are aligned under four reporting segments overseen by members of Executive Management to ensure that the Operating Groups are: taking advantage of cross-Group synergies; sharing research and development and best practices; and consistently approaching technology trends that impact their business and our customers.
- Our Executive Management team, led by our CEO, interfaces with the investment community and is responsible for our long-term strategic planning and future growth, as well as monitoring the performance of Operating Group management. In addition, our Executive Management: allocates capital; oversees mergers, acquisitions and strategic alliances; manages global marketing and customer strategies; develops employee policies and programs; manages leadership training, development and succession planning; oversees our sustainability/ESG strategy and provides support for global sustainability/ESG initiatives; and develops common finance, internal controls, compliance, IT, quality, environmental, health & safety, ergonomics and other policies, programs or global standards.

Employee's Charter & Global Labour Standards Policy

We are committed to operating our business in a way that is based on fairness and concern for our employees. Our Employee's Charter sets out key principles outlining this commitment. Our Global Labour Standards Policy further articulates our Fair Enterprise Culture and provides a framework for our commitment to fundamental human rights and international labour relations. See "Appendix 1 – Sustainability Report – Section 4.2 Fairness and Concern for Employees" for a description of our human resource principles, including our Employee's Charter, as well as the details of our Global Labour Standards Policy and the key commitments that it sets out.

Operational Excellence and World Class Manufacturing

As part of our strategic priority of achieving Operational Excellence, including our efforts to implement next generation World Class Manufacturing in our facilities globally, each facility is required to adhere to a set of Operational Principles that define a set of common goals and recommended tools/business practices in the following areas: Employee Focus; Safe and Healthful Work Environment; Pride in Craftsmanship and Total Quality; Integrity and Respect; Operational Effectiveness; Scrap and Waste Elimination; Operational Availability; Communication; and Recognition and Rewards. The Magna Operational Principles are linked to our MAFACT assessment system (detailed in "Section 6 – Description of the Business – Manufacturing & Engineering" and "Factory of the Future (FoF) Initiatives" in this AIF) to allow our operations to continually measure their progress in achieving World Class Manufacturing.

Incentive-Based Management Compensation

We maintain an incentive-based compensation system for management, which directly links short-term incentive compensation to the operational performance of an applicable business unit, as measured by profitability. In the case of our Divisions and Operating Groups, the short-term incentive formula is based on Divisional or Operating Group EBIT, after taking into account a funds employed charge. For our Executive Management, the short-term incentive formula is directly linked to Magna's pre-tax profit. Members of our Operating Group management and Executive Management also receive equity-based incentives tied to metrics such as ROIC, stock price performance, and relative total shareholder return. Our approach to executive compensation is described in further detail in the sections of our Circular titled "Compensation and Performance Report" and "Compensation Discussion & Analysis".

Sustainability

We are committed to being a responsible corporate citizen that conducts business in a manner that balances profits, people and planet. Magna accepts the reality of climate change and the importance of addressing sustainability in our operations. To this end, we are committed to achieving carbon neutrality with respect to Scope 1 and Scope 2 emissions by 2025 for our European operations, and by 2030 globally. For a full discussion of our sustainability strategy, initiatives and achievements to date, see "Appendix 1 – Sustainability Report".

3. Our Industry

General

The global automotive industry is a complex, high-tech manufacturing industry. The industry is rapidly evolving in response to societal, mobility-related and economic trends, including the transition to a lower carbon economy, which is accelerating the shift from internal combustion to electric propulsion. These trends are detailed in "Section 4 – Our Business & Strategy – Industry Trends". Tier 1 automotive suppliers ("Tier 1 Suppliers") design, engineer and manufacture components, assemblies, systems, subsystems and modules for original equipment manufacturers ("OEMs" or "automobile manufacturers") of vehicles and light trucks. Tier 1 Suppliers source subcomponents from Tier 2 and other sub-suppliers, which are integrated into the products sold by the Tier 1 Suppliers directly to OEMs.

The global automotive industry is cyclical and is sensitive to a broad range of macroeconomic, political and other trends as discussed in "Section 4 – Our Business & Strategy" in this AIF. Throughout 2022, the automotive industry experienced a number of macroeconomic challenges, including:

- elevated levels of inflation, with higher commodity, energy, labour, freight and other production input pricing expected to persist throughout 2023 and 2024;
- supply chain disruptions, including the global shortage of semiconductor chips that has materially affected global automotive production volumes since 2020 and is expected to continue impacting volumes and semiconductor chip pricing in 2023; and
- a deterioration in vehicle affordability due to a combination of factors, including: higher prices for Electric Vehicles ("EVs"); costs related to advanced electronic systems; increasing vehicle finance costs due to rising interest rates; inflationary cost increases; and limited vehicle supply.

See "Section 4 – Our Business & Strategy – Macroeconomic, Political and Other Trends" and "Industry Trends" for details of how these trends affect Magna and the automotive industry. See also "Industry Trends" in our Management's Discussion & Analysis of Results of Operations and Financial Position for the year ended December 31, 2022 ("MD&A").

Automotive Production Markets

OEMs have historically built their vehicles in the regions where those vehicles are primarily sold and, as a result, many OEMs have established manufacturing facilities in multiple countries. Since OEMs typically use lean manufacturing and supply chain management techniques in their operations, many Tier 1 Supplier facilities are generally located relatively close to OEM facilities to reduce the cost and risks associated with longer supply chains. See "Section 6 – Description of the Business – Manufacturing & Engineering" of this AIF for details of Magna's global manufacturing footprint.

China, Europe, North America, Japan, India and South Korea represent the largest automotive production markets in the world, accounting for approximately 88% of vehicles produced globally. China's approximate 32% share of global production led all markets in 2022, followed by the United States and Japan, with 12% and 9% shares, respectively. The local demand for vehicles in China, India and certain markets outside of North America and Western Europe has increased over time. This increasing local demand has helped boost the local automotive industry in these countries and attracted investments in manufacturing from North American, European and Asian-based automobile manufacturers, through stand-alone investments and/or joint ventures with local partners. In the case of China, the increasing migration of component system and vehicle design, development and engineering, especially for battery electric vehicles ("BEVs"), is expected to further benefit the automotive industry in that market.

Customers

OEMs produced over 82 million light vehicles in 2022, a 6% increase over 2021 production, but still below pre-pandemic levels. The top 15 OEMs, representing 81% or approximately 66 million vehicles based on 2022 light vehicle production, were:

1. Toyota Motor Corporation
2. Volkswagen Group
3. Hyundai Motor Group
4. Renault-Nissan-Mitsubishi Alliance
5. Stellantis N.V.
6. General Motors Company
7. Ford Motor Company
8. Honda Motor Company
9. Suzuki Motor Corporation
10. Mercedes-Benz AG
11. BMW AG
12. Zhejiang Geely Holding Group
13. BYD Auto
14. Chang'an Automobile (Group) Co., Ltd.
15. SAIC-GM-Wuling Automobile*

Source: S&P Global Mobility

*   A joint venture among SAIC Motor, General Motors, and Liuzhou Wuling Motors Co Ltd.

The considerable growth of the Chinese automotive market over the past decade has led to the significant growth of a number of Chinese OEMs, including Geely, BYD Auto, Chang'an and SAIC, as listed above. In addition, the growing trend toward vehicle electrification has led to the emergence of potentially-disruptive EV OEMs, particularly in China. See "Section 5 – Risk Factors – Emergence of Potentially Disruptive EV OEMs; Evolving Counterparty Risk Profile" in this AIF.

For a list of our top customers on a consolidated basis and within each reporting segment, see "Section 6 – Description of the Business – Products & Services" in this AIF.

Competition

In spite of high barriers to entry in many product areas, as well as the highly capital intensive nature of the global Tier 1 automotive supply industry, competition is fierce and intensifying from many different sources. For most of our Operating Groups, competition comes primarily from automobile manufacturers and from other “traditional” Tier 1 Suppliers, including ones in which one or more automobile manufacturers may have direct or indirect investments. However, with the growing importance of electrification and electronics in the automotive value chain, a number of electronics and semiconductor companies have entered or expanded their presence in the automotive industry, becoming direct competitors to Tier 1 Suppliers, including us. Additionally, disruptive technology innovators are changing the competitive landscape of the automotive industry through the development of high-value product and service offerings, particularly in areas related to vehicle electrification, vehicle autonomy, new mobility and connectivity. As a result of these trends, some suppliers seek to enhance their competitive positioning by entering into strategic partnerships, joint ventures or collaborations with technology and software companies. Lastly, competition has also intensified as automobile manufacturers have reduced the number of their Tier 1 Suppliers in connection with their strategy to increase the number and range of vehicles built from high-volume global platforms.

The basis on which automobile manufacturers select automotive suppliers for particular programs is determined by a number of factors, which may include: price; overall relationship, including historical performance with respect to innovation, quality and timeliness of delivery; manufacturing footprint; proprietary technologies; financial strength; ability to test and validate new technologies for application in the automotive industry; scope of in-house engineering and tooling capabilities; carbon footprint and alignment with the customer’s sustainability/ESG goals and targets; existing agreements; and other factors.

The number of competitors that are asked by automobile manufacturers to bid on any individual product has been reduced in many cases. We expect further reductions as a result of the increasing preference of automobile manufacturers to deal with fewer suppliers and reward those suppliers with earlier and deeper involvement.

Based on 2021 global automotive parts sales to OEMs, the top 10 Tier 1 Suppliers globally were:

Supplier	Key Automotive Products(1)	Supplier	Key Automotive Products(1)
1. Robert Bosch	Powertrain solutions, chassis systems control, electrical drives, car multimedia, electronics, aftermarket products, steering, connected mobility solutions	6. Hyundai Mobis(2)	In-vehicle infotainment (IVI) systems, braking, steering, lamps, safety, suspension, autonomous driving, electrification systems, advanced driver assistance systems
2. Denso Corporation(2)	Thermal systems, powertrain systems, electrification systems, mobility electronics, sensor system & semiconductors	7. Forvia Group(3)	Seating, interiors, clean mobility (exhaust systems), lighting, hydrogen mobility, smart cockpit electronics & software integration
3. ZF Friedrichshafen AG	Electrified powertrain, chassis, driveline, braking systems, steering wheel, autonomous transport systems, electronics & advanced driver assistance systems, active & passive safety systems	8. Continental Corporation	Autonomous mobility and safety, vehicle networking and information, powertrain, tires, rubber, electric mobility, connected mobility
4. Magna International Inc.	Body and chassis, exteriors, powertrain, active driver assistance, electronics, mirrors and lighting, mechatronics, seating systems, vehicle engineering and manufacturing, roof systems	9. BASF	Engineering plastics, electronic materials, catalysts, battery materials, automotive OEM and refinish coatings, surface treatment
5. Aisin Corporation(2)	Powertrain, chassis and vehicle safety systems, body, vehicle navigation systems	10. Lear Corporation	Seating, electrical distribution and connection systems, battery disconnect systems, electronic systems, software and connected services, electronic control modules, electrification products, connectivity products

Notes:

(1) Source: Automotive News (supplement) (June 27, 2022). Key automotive product descriptions are based on information from each Tier 1 Supplier’s website.
(2) OEM subsidiary or OEM investee.
(3) Group formed in 2022 through the combination of Faurecia SE and HELLA GmbH & Co. KGaA.

While no single Tier 1 Supplier currently supplies a full range of products which compete with ours, a number of Tier 1 Suppliers can produce some or many of the same types of components, assemblies, modules and systems that we currently produce. Some of our competitors may have greater technical or other resources than we do and some of them may be stronger in markets in which we operate. A list of our key competitors within each product capability in our reporting segments can be found in “Section 6 – Description of the Business – Products & Services” in this AIF. See also the risk factors related to “Intense Competition” and “Technology and Innovation” in “Section 5 – Risk Factors” in this AIF.

Magna’s Foundational Strengths

We believe that we possess a number of foundational strengths that give us a competitive advantage as a Tier 1 Supplier, including our:

- decentralized operating model, entrepreneurial culture and “ownership” mentality;
- manufacturing expertise;
- complete vehicle and broad systems engineering expertise
- strong balance sheet and emphasis on disciplined, profitable growth;
- depth of talent;
- global scale;
- focus on innovation and our “start-up” mindset, as well as a strategic portfolio of product groups that enable us to provide innovative, complete vehicle solutions to our customers, while:
    - generating cash to fund investments in high-growth areas; and
    - enabling access to new business models and/or new customers.

4. Our Business & Strategy

Business Drivers

Our business and operating results are primarily dependent on the levels of North American, European and Chinese car and light truck production by our customers. Ordinarily, OEM vehicle production levels are aligned with vehicle sales levels and thus affected by changes in such levels. While we supply systems and components to every major OEM, we do not supply systems and components for every vehicle, nor is the value of our content consistent from one vehicle to the next. As a result, customer and program mix relative to market trends, as well as the value of our content on specific vehicle production programs, are important drivers of our performance. Key factors impacting production volumes, product/customer mix and content, as well as legislative/regulatory trends are listed below.

Growth Driver	Factors Potentially Impacting Growth Driver

Vehicle Production Volumes	• Vehicle sales levels, which are affected by:
	  • General macroeconomic and political conditions
	  • Consumer confidence levels, which may be affected by consumer perceptions and general trends related to the job, housing and stock markets, as well as elevated levels of inflation, and other macroeconomic and political factors, such as the Russian invasion of Ukraine and banking sector volatility
	  • Interest rates and/or availability of credit
	  • Declines in vehicle affordability
	  • Fuel and energy prices
	  • Relative currency values
	  • Regulatory restrictions on the use of vehicles in certain megacities
	  • COVID-19, including due to mandatory lockdowns/stay-at-home orders which restrict consumers' ability to purchase vehicles
	  • Potential consumer hesitancy to purchase EVs or to purchase new ICE vehicles during the transition to EVs
	• Supply chains and infrastructure, including current supply chain disruptions due to the global shortage of semiconductor chips
	• Energy supply disruptions or shortages that could result in unplanned production shutdowns of some of our, our sub-suppliers' and customers' manufacturing facilities
	• Free trade arrangements, trade disputes and tariffs
	• Availability and relative cost of skilled labour
	• Labour disruptions
	• OEM production disruptions, including as result of collective bargaining negotiations
	• Commodities prices
	• Relative currency values
	• Regulatory considerations, including environmental, emissions and safety standards
	• a resurgence of COVID-19, combined with new mandatory lockdowns/stay-at-home orders which:
	  • restrict production;
	  • cause elevated employee absenteeism; and
	  • lead to supply chain disruptions

Customer and Program Mix	• OEM outsourcing strategy, as well as their supplier preferences and relationships • OEM decisions to allocate production inputs that are in limited supply, such as semiconductor chips, to certain programs and not others • Our systems level approach and diversified portfolio which provides flexibility in responding to OEM requirements • Business relations between us and each of our OEM customers • Our ability to supply products from multiple production locations for global vehicle platforms • Our capital allocation decisions • Competitiveness of our products, including in megatrend-aligned product areas • Exclusivity of our products due to certain intellectual property rights • OEM consolidation and cooperation • Our ability to grow sales to emergent EV OEMs that achieve significant commercial success
Magna Content on Specific Programs or Platforms	• OEM outsourcing strategy and supplier preferences • Our ability to supply products from multiple production locations for global vehicle platforms • Our systems level approach and diversified portfolio which provides flexibility in responding to OEM requirements • Our capital allocation decisions

Growth Driver	Factors Potentially Impacting Growth Driver
	• Technological, visual, haptic and other features/attributes of our products compared to competing products or the overall cost of such products to the end consumer • Pricing of our products relative to competing products • Perception/reputation for product quality, as well as timeliness of delivery • Our product engineering capabilities • Our ability to finance pre-production engineering costs • The scope of our authority relative to the OEM, regarding sourcing of sub-components or products which are incorporated into the systems which we supply • Consumer "take rates" for products we sell • Collaboration among our Operating Groups • Our ability to meet OEM customers' sustainability/ESG criteria embedded in their sourcing decisions for requirements for specific programs
Legislative/regulatory trends promoting sustainability and safety	• Regulatory vigour in mandating higher fuel efficiency, lower carbon emissions and/or enhanced safety features • Rise in the number of jurisdictions, including the European Union, committing to, or accelerating existing commitments to, phase-out of the sale or registration of new ICE engines over the medium- to long term, which could accelerate OEM development of non-ICE vehicles

Macroeconomic, Political and Other Trends

The global automotive industry is cyclical and, as noted above, vehicle production and/or sales may be affected by a broad range of macroeconomic, political and other factors. Some such factors which are currently affecting the industry are discussed below.

Macroeconomic, Political & Other Trends	Description	Potential Impact on Magna
Inflationary Price Increases	• Global markets currently experiencing elevated inflation • Inflationary pressures expected to persist throughout 2023 and 2024	• Higher (and potentially unrecoverable from customers) operating costs, including for: commodities; energy; labour; freight; and other production inputs • Longer-term increases in cost structure as a result of current increases in wage levels • Sub-supplier pricing pressures which may not be recoverable through continuous improvement, customer price increases or otherwise
Elevated Interest Rates	• Increasing global inflation rates have spurred a cycle of monetary policy tightening, including through central bank increases to key short-term lending rates • Availability and cost of credit are both factors affecting consumer confidence, which is a critical driver of vehicle sales and thus automotive production	• Lower sales as a result of a decrease in consumer demand for vehicles, and in turn, lower production • Higher borrowing costs for us, at a time when our debt level is increasing to finance the acquisition of Veoneer's active safety systems business, as well as higher capital expenditure needs in connection with program awards

Macroeconomic, Political & Other Trends	Description	Potential Impact on Magna
Supply Chain Disruptions	• Supply chain disruptions, including the global shortage of semiconductor chips that has materially affected global automotive production volumes since 2020 and is expected to continue impacting automotive production volumes and chip pricing in 2023 • OEMs' actions in response to the chip shortage have included: unplanned shutdowns of production lines and/or plants; reductions in vehicle production plans; and changes to product mix • Supply chain disruptions caused by extreme weather events growing in frequency	• Lower sales • Operational inefficiencies due to volatile OEM vehicle production schedules, including as a result of trapped labour, overtime costs and/or expedited freight • Higher inventory levels • Increased costs, including premium freight costs and other unrecoverable costs • Prolonged disruptions of critical materials or components • Pricing pressures from sub-suppliers negatively impacted by production inefficiencies, premium freight costs and/or other costs and surcharges • Challenges in retaining employees due to production volatility • Financial stress on supply base

Russian Invasion of Ukraine	• Decrease in global production volumes as a result of automotive OEMs departing Russian market
	• Actions imposed on Russia by U.S., Canada, U.K., the European Union member states and other countries, including:
	  • Imposition of sanctions targeting certain Russian leadership and other individuals
	  • Restrictions on certain sectors of the Russian economy
	  • Expulsion of some Russian banks from the SWIFT global banking system
		• Lower sales for Magna manufacturing operations as a result of the substantial idling of our Russian operations during the first quarter of 2022
		• Potential exacerbation of current risks, including:
		  • Increased inflationary pressures, including in energy (particularly natural gas and oil), commodities and transportation/logistics;
		  • disruption of vehicle production and supply chains;
		  • Further slowdown of economic growth and consumer confidence;
		  • Disruptions in the supply of certain gases required in semiconductor chip manufacturing; and
		  • Increased cybersecurity threats originating in Russia or from cyber criminals sympathetic to Russia

Macroeconomic, Political & Other Trends	Description	Potential Impact on Magna
Impact of COVID-19 pandemic	• Emergence and spread of new, more highly-transmissible variants of the virus which could create a risk of disruptions to the automotive industry, including the risk of mandatory lockdowns/stay-at-home orders or other restrictions, as was the case in parts of China during 2022 as a result of China's "Zero Covid" Policy • Potential deterioration of economic conditions, resulting in lower consumer confidence which typically translates into lower vehicle sales and production levels	A resurgence of COVID-19 combined with new lockdowns could lead to: • Potential reductions of our customers' production including as a result of intermittent shutdowns of any of our customers', suppliers' or our own facilities • Potential for lower vehicle sales as a result of restrictions on consumers' ability to purchase vehicles, and thus lower production volumes • Elevated levels of absenteeism or potential shortages of employees to staff our facilities, or the facilities of our customers or suppliers • Prolonged disruptions of critical materials or components • Potential for premium freight costs or increased costs arising from other supplier mitigation activities for products shipped from impacted areas • Potential for higher inventory levels in the event of customer and/or supplier shutdowns • Financial stress on supply base • Potential medium-to longer term societal changes that expand work-from-home practices and reduce consumer reliance on vehicles; and/or increased reluctance to use modes of public transport and/or shared mobility
Economic/political uncertainty	• Deterioration of consumer confidence, including as a result of: • Impact of elevated levels of inflation • Impact of elevated long-term interest rates • Direct/indirect impacts of geopolitical events, such as Russia's invasion of Ukraine • Banking sector volatility	• Potential for lower vehicle sales, and thus lower production volumes • Planning and investment uncertainty • Increasing risk of pricing pressure from OEMs and increasing financial stress on supply base • Potential impact on our sales and profits
Accelerating focus on impact of climate change	• Acceleration of government regulation banning ICE engines • Governmental authorities, customers, equity investors, lenders, rating agencies, employees and other stakeholders increasing scrutiny of companies' impact on and resilience to climate change • Focus on energy reduction and transition to renewable / carbon neutral energy sources • Increasing expectations regarding disclosures of ESG metrics • Growth in investment demand for companies demonstrating sustainable strategy and operations • Heightened focus and concern on risk of supply chain disruptions from climate-related events	• Opportunities from product strategy aligned with sustainable goals • Potential energy reduction opportunities could reduce operating costs • Carbon neutrality strategies / commitments could require increased capital spending and/or involve higher operating costs, including higher costs to purchase renewable energy and/or carbon offsets • Potential for increased / decreased demand for Magna's Common Shares, based on market views as to sustainability of the company • Climate-related events can disrupt automotive supply chains, transportation routes and electricity grids

Macroeconomic, Political & Other Trends	Description	Potential Impact on Magna
Localization of production	• Pressure on OEMs to localize production of vehicles in markets in which they are sold • Potential to reduce costs and mitigate risks associated with longer supply chains	• Planning and investment uncertainty • Potential incentives for expansion into local markets • May result in new opportunities for Magna in markets where we have available capacity or are well established • Could also result in duplication of capacity across markets

Industry Trends

The automotive industry is being defined by a number of global megatrends that have shaped our long-term strategy, including:

	Megatrend	Impact on Automotive
Economy	Globalization	Industry built through globalization appears to be undergoing regionalization.
	Environmental Impact	Concern for environment/climate change driving vehicle electrification.
	Natural Resources & Energy	Access to critical battery minerals and availability of sufficient renewable energy may define success of drive to vehicle electrification.
Society	Demographic Change & Individualism	Product design will be influenced by aging population and growing individualization.
	Digital Transformation	Connectivity and digitization impact both product and process. New vehicle architectures that connect the subsystems along with software functionality creates additional value to products. Process is also impacted due to increased digitization, driven by increased requirements for productivity and quality.
	Health & Well-Being	Active Driver Assistance Systems ("ADAS") and autonomy take rates will be driven both by consumer preferences as well as regulatory requirements tied to increased safety.
Mobility	Urbanization	Continued growth in urban population will lead to changes in mobility as a result of increased density and congestion with an increase in EV adoption and new transport modalities.
	New Mobility	Emerging new mobility eco-system offers a range of potential opportunities for new products and services.

These global megatrends and other factors are driving a number of industry trends, which are discussed below together with their potential impact on Magna.

Automotive Industry Trends	Description	Potential Impact on Magna
Continuing focus on reducing vehicle's energy consumption and CO_2 emissions	• Sustainability considerations and regulatory action, resulting in push for more efficient, cleaner and smaller-displacement engines • Increasing trend toward electrified vehicles drives demand for solutions to help extend driving range from single battery charge	• Continuing opportunities to support OEM customers' efforts through lightweighting, more efficient drivetrains, electrification and active aerodynamics • Magna's diversified portfolio supports both transition to EV, as well as traditional vehicle architectures — positioning Magna to proactively manage the speed of the transition to EVs

Automotive Industry Trends	Description	Potential Impact on Magna
Accelerating demand for electric, hybrid vehicles and investment in vehicle electrification	• Sustainability considerations and regulatory actions, including mandatory phase-outs of the sale or registration of new ICE vehicles in the future, driving increased emphasis on electrified powertrains • Increased interest in electrified solutions, especially in Europe and China • Growing proportion of SUVs and CUVs may facilitate increased electrification • Significant development and engineering costs for OEMs may drive increased outsourcing to suppliers and increased collaboration among OEMs	• Opportunities to grow Magna content and sales in areas such as drivetrain products and battery enclosures • Strong level of investment required to grow or maintain market share could impact short term financial performance • Pricing pressure on, and migration of value away from, traditional products in order for OEMs to accommodate cost of battery systems and electrified products • Quoting risk and technology risks, as well as lack of warranty experience with electrified products • Increased competition, including from new market entrants providing electrified solutions • Potential risk of OEMs in-sourcing a greater proportion of EV components and systems production • Potential long-term displacement of some mechanical products where there are alternative electrified solutions
Continued growth in demand for driver assistance/active safety systems, with longer- term potential for growth in autonomous driving capabilities	• Growth in demand for driver assistance features/active safety systems • Driven by tightening safety regulations and continued growth in demand for luxury segment vehicles	• Opportunity to grow Magna content and sales, particularly in ADAS products • Continued expenditures for growth in ADAS required to develop Magna's autonomous driving capabilities could impact short-term financial performance • Quoting risk and technology risks, as well as lack of warranty experience with ADAS products • Potential challenges in attracting and retaining highly skilled engineering and software personnel
Disruption by new industry entrants offering "mobility as a service" ("MaaS")	• Growth of ride hailing and ride sharing services in urban areas • Potential substitute for personal mobility vehicles, particularly in congested urban centres • May result in lower production volumes of vehicles from traditional OEMs	• Alternative revenue streams or new business opportunities for full-vehicle engineering and manufacturing, as well as additional service offerings • Potential loss of business with traditional OEMs, to the extent MaaS adversely impacts OEMs • Potential risks relating to conducting business with new Maas entrants that may have limited operating history, as well as financial, capital or other resources • Uncertainty with respect to volume of new Maas product offerings creates risks relating to recovery of engineering/capital investments

Automotive Industry Trends	Description	Potential Impact on Magna
Emergence of Potentially Disruptive EV OEMs	• Accelerating trend towards vehicle electrification has led to the emergence of EV-focused OEMs, including in China	• Potential for cooperative relationships and new business opportunities with new EV entrants • Potential risks relating to conducting business with emergent OEMs that may have limited: operating history, as well as financial, capital or other resources • Uncertainty regarding consumer acceptance of EVs, particularly those made by new OEMs • Uncertainty regarding which emergent OEMs will succeed in the long-term creates potential customer and/or partnership risk • Failure to grow with those emergent OEMs that achieve commercial success could impact our long-term strategy
Accelerating demand for connected vehicles	• Pervasiveness of digitalization in consumer's daily lives is driving growing demand to include connectivity features in vehicles • Personalization of end user functionality in vehicle experience increasingly attractive to consumers • Growth in vehicle architectures that connect subsystems and include software functionality	• Opportunities to grow Magna high-value content, particularly given our systems capabilities • Potential for establishment of new business models, including software as a service • Potential challenges in attracting and retaining highly skilled engineers and software personnel • Potential product cybersecurity risks related to vehicles connected to external networks, which could impact consumer adoption of connectivity related products/systems
Significant R&D spending	• Large-scale OEM and Tier 1 Supplier investments to comply with tightening emissions regulations • Significant spending by OEMs, new market entrants and Tier 1 Suppliers on vehicle autonomy systems and new mobility solutions • Significant development and engineering costs for OEMs may drive increased collaboration among OEMs	• Pricing pressure on, and migration of value away from, traditional products in order for OEMs to accommodate cost of electrification, as well as active safety / autonomous features • OEM inability to achieve planned sales volumes for electrified vehicles could impact suppliers' ability to recover pre-production costs • Technical challenges to commercialize new technologies in ADAS • Intense competition from established and new market entrants • Risks related to establishing and maintaining intellectual property rights, including potential challenges to intellectual property ownership
Continuing elevated product warranty expectations and product recall levels	• Over the last decade, OEMs have become more inclined to recall vehicles with potentially faulty products • Increased frequency and severity of recalls, together with other factors, have impacted coverage and pricing for recall insurance	• Increased OEM pricing pressure, including pressure to assume incremental warranty costs • Increasing product recall claims and related product replacement cost risk, even where root cause not agreed with OEM • Higher self-insured retentions and, reduced coverage limits on recall insurance, as well as increased reluctance by certain sub-suppliers to absorb full cost of warranty/ recall relating to failure of their components, create greater net exposure

Automotive Industry Trends	Description	Potential Impact on Magna
OEM cooperative alliances / consolidation	• Joint platform development and cost sharing • Joint purchasing	• Increased OEM pricing pressure • Increase in sales, where Magna has strong relationship with lead OEM • Decrease in sales, where Magna has weaker relationship with lead OEM
Long-term growth of Chinese OEMs and suppliers	• Aided by China's accelerated focus on vehicle electrification • Chinese OEMs may have low cost base which could provide advantage for expansion into global markets • Large number of Chinese OEMs and excess production capacity could result in consolidation	• New business opportunities, including drivetrain, electronics and ADAS products, and full vehicle engineering and assembly • Potential loss of business with traditional OEMs, to the extent new OEMs adversely impact traditional OEMs • Vertical integration risk as a result of Chinese OEMs having a financial / ownership interest in certain suppliers • Potential for new partnerships and collaborations
Chinese policies aimed at growing high-value domestic development/production	• Chinese government plans to increase engineering, development and manufacturing of high-value, high-tech products in China	• Increased localization of engineering, development and manufacturing • Uncertainty regarding whether Chinese domestic companies will be preferred over foreign-owned companies operating in China • Potential for increased export control restrictions in the U.S. and Western Europe relating to strategically important and/or technologically advanced products and technology
Emergence of new "best-cost" automotive markets	• New "best-cost" automotive markets (e.g. Morocco and Vietnam), which are close to larger established manufacturing markets (France/Spain and China, respectively)	• Potential new "best-cost" market for engineering talent • Increased level of investment in new markets required • Various risks of doing business in foreign markets

Our Corporate Strategy

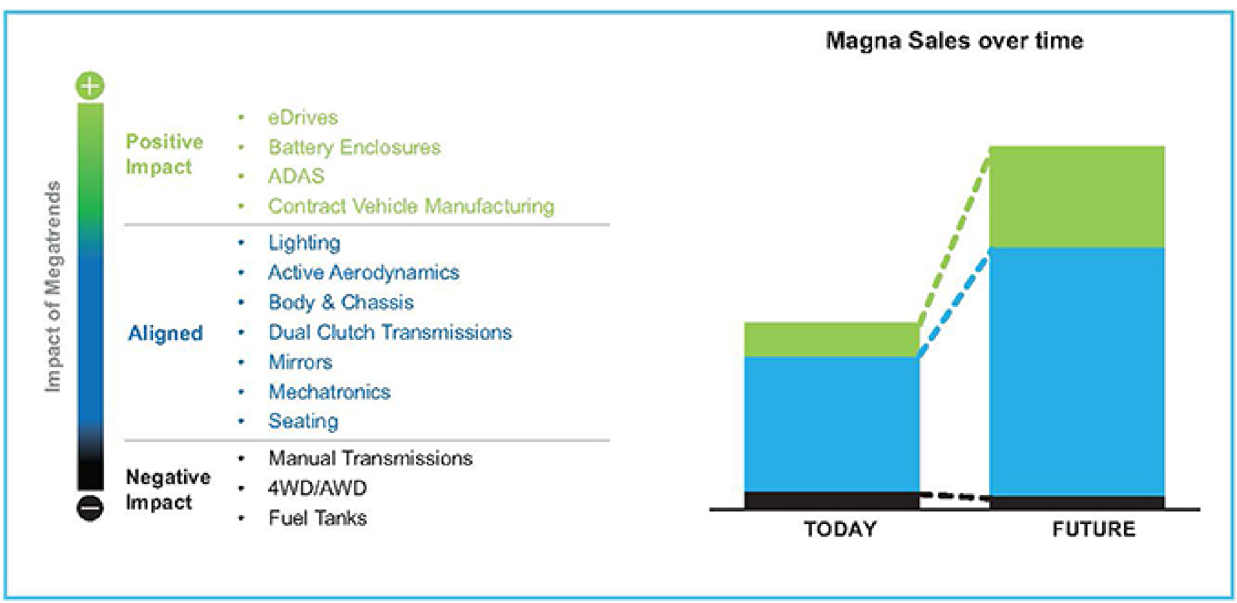
We have distilled the impacts of the global megatrends into four long-term strategic factors which we see defining the "Car of the Future" – electrification, autonomy, new mobility and connectivity. We believe we are well-positioned to capitalize on opportunities in each area:

Electrification	We possess an enhanced e-Powertrain portfolio with a range of products that addresses the roadmap for the transition to EVs. We continue to win new EVs business.
Autonomy	We possess full ADAS capability and complete ADAS system expertise. We take a systems level approach in developing ADAS building blocks for OEM customers with a focus up to level 2+/3 ADAS capabilities.
New Mobility	We have expanded our collaboration ecosystem and continue to look at opportunities to leverage new business models. The breadth of our capabilities make us a key enabler of OEM customers and new entrants in the New Mobility space.
Connectivity	We possess software-enabled functionality in our electronic control unit-related products. This functionality could help optimize performance and efficiency in connected products, such as our connected powertrains.

We have developed our corporate strategy to realize the opportunities from these trends. Key elements of such strategy include:

1. Increasing capital deployment toward high-growth areas aligned with the " Car of the Future"

We are proactively managing our portfolio and evolving our product mix based on alignment with the Car of the Future. We seek to grow our business and capabilities in areas which are positively impacted by the global megatrends discussed earlier. Examples of such areas include powertrain electrification, ADAS and battery enclosures, as well as our contract vehicle manufacturing operations. As illustrated below, we believe that a substantial proportion of our product areas are not adversely impacted by the global megatrends, including our body, chassis, lighting, active aerodynamics, dual clutch transmissions, mirrors, mechatronics and seating products.



Lastly, there are elements of our product portfolio which are negatively impacted by the global megatrends and are expected to be less directly relevant to the Car of the Future. Examples of such products include manual transmissions, mechanical AWD/4WD systems and fuel tank systems. Despite their declining long-term strategic importance, our assets and expertise associated with these products remain relevant to, and can be redeployed for, growing product areas aligned with the Car of the Future.

2. Driving Operational Excellence

We are committed to manufacturing excellence. We continue to elevate our approach to manufacturing by implementing "factory of the future" initiatives including: enhanced use of big data and analytics; advanced robotics; additive manufacturing; and augmented reality. The ultimate goal is to achieve greater profitability through further enhanced quality, production efficiency, reduction of floor space and improved return on investments. Critical elements of our approach to operational excellence include our World Class Manufacturing initiatives and MAFACT operating system, which are discussed in "Section 6 – Description of the Business – Manufacturing & Engineering" in this AIF. Additionally, our Sustainability strategy dovetails with our efforts around operational excellence, due to the focus on energy optimization and minimization of both water withdrawals, as well as waste streams to landfill. Details of our approach to Sustainability, including energy, water and waste reduction targets, can be found in our Sustainability Report, which is Appendix 1 to this AIF.

3. Unlocking New Business Models and Markets

The new mobility landscape, which is generally urban, electrified, autonomous and connected, is creating new business models and markets. We believe that our systems and complete vehicle knowledge, including elements of our portfolio such as EV and ADAS platforms, provide us with an advantage in pursuing such opportunities. In addition, our ability to use capital efficiently, launch programs reliably and help speed products to market, makes Magna a key enabler of new entrants. Additionally, we are using our capabilities and platform technologies to enter the micromobility market. For example, in 2022 we invested in the Yulu electrified two-wheeler shared mobility business in India and related battery-swapping business and have a number of activities underway involving Magna-developed and third-party developed delivery robots.

5. Risk Factors

The industry in which we compete and the business we conduct are subject to a number of risks and uncertainties. Our short and medium-term operational success, as well as our ability to create long-term value through our corporate strategy, are subject to a number of risks and uncertainties. These risks and uncertainties, together with a number of assumptions, underlie the forward-looking statements made in this AIF. In order to fully understand these risks, uncertainties and assumptions, you should carefully consider the following risk factors in addition to other information included in this AIF:

Macroeconomic, Geopolitical and Other Risks

- ***Impact of Russian Invasion of Ukraine:*** Our operations in Russia were substantially idled in the first quarter of 2022 and remain substantially idled. In the second quarter of 2022, we impaired the value of the balance sheet investments for our operations in Russia, including deferred cumulative translation losses, by recording a $376 million impairment charge. However, we remain subject to a number of other risks relating to the conflict which are described elsewhere in these Risk Factors, including: increased inflationary pressures, including in energy (particularly natural gas and oil), commodities and transportation/logistics; disruptions to vehicle production and/or supply chains; a further slowdown in global economic growth and consumer confidence; disruptions to the supply of certain gases required in semiconductor chip manufacturing; and increased cybersecurity threats originating in Russia, or from cyber criminals sympathetic to Russia. A material occurrence of one or more of the foregoing risks could have a material adverse effect on our business and results of operations.
- ***Inflationary Pressures:*** We continue to experience elevated inflation in all markets in which we operate, with higher commodity, energy, labour, freight and other production input pricing expected to persist throughout 2023 and 2024. While many of these input price increases will moderate over time, the increases in wage levels we are currently experiencing are likely to have a longer-term effect on our cost structure. Additionally, we may continue to experience price increases or surcharges from sub-suppliers in connection with the inflationary pressures they face. The inability to offset inflationary price increases through price increases to or cost recoveries from our customers, modifications to our products, continuous improvement actions or otherwise, could have a material adverse effect on our profitability.
- ***Interest Rates:*** Increasing global inflation rates have spurred a cycle of monetary policy tightening, including through central bank increases to key short-term lending rates. The availability and cost of credit are both factors affecting consumer confidence, which is a critical driver of vehicle sales and thus automotive production. A material, sustained decrease in consumer demand for vehicles could result in further reductions to vehicle production from levels assumed in our business plan, which could have a material adverse effect on our profitability and financial condition. Higher interest rates will have an adverse effect on our borrowing costs at a time when our debt level is increasing as we finance the acquisition of Veoneer's active safety systems business, as well as higher capital expenditure needs in connection with new program awards. A prolonged period of higher interest and/or sustained interest rate increases could have an adverse effect on our profitability.
- ***COVID-19:*** While we believe that the worst of the pandemic is behind us, the continued development and spread of highly-transmissible COVID-19 variants continues to create a risk of disruptions to the automotive industry. Although unlikely in our key production markets, such risks could include mandatory lockdowns/stay-at-home orders or other restrictions, which could restrict consumers' ability to purchase vehicles; restrict production; cause elevated employee absenteeism; result in us incurring significant unrecoverable costs; and lead to supply chain disruptions. Over the medium-to long term, the pandemic may result in societal changes that impact the automotive industry, positively or negatively, including as a result of: expanded work-from-home practices that reduce consumers' reliance on vehicles; and/or increased reluctance by people to utilize modes of public transit and/or shared mobility. Any resurgence of COVID-19 that causes prolonged production shutdowns and/or restrictions on consumers' ability to purchase vehicles, or long-term changes in consumers' vehicle purchasing behaviour, could have a material adverse effect on our operations, sales and profitability.

Risks Related to the Automotive Industry

- ***Economic Cyclicality:*** Ordinarily, the global automotive industry is cyclical, with potential for regional differences in the timing of expansion and contraction of economic cycles. In normal industry cycles, lower consumer confidence typically translates to lower vehicle sales and production volumes. Examples of factors which often reduce consumer confidence include: worsening economic, political, and other conditions; military conflict; increasing inflation (particularly fuel and energy prices); and rising interest rates. A significant decline in vehicle production volumes from levels assumed in our business plan could have a material adverse effect on our profitability and financial condition.
- ***Regional Production Volume Declines:*** North America, Europe and China are key automotive producing regions for us, and our operating results are primarily dependent on car and light truck production by our customers in these regions. A significant or sustained decline in vehicle production volumes in any or all these geographic regions could have a material adverse effect on our operations, sales, and profitability.
- ***Deteriorating Vehicle Affordability:*** Vehicle affordability to consumers is becoming more challenged due to a combination of factors, including: higher prices for EVs; costs related to advanced electronic systems; increasing vehicle finance costs due to rising interest rates;

inflationary cost increases, and limited vehicle supply. A material, sustained decrease in consumer demand for vehicles due to deteriorating vehicle affordability could result in further reductions to vehicle production from levels assumed in our business plan, which could have a material adverse effect on our profitability and financial condition.

- ***Potential Consumer Hesitancy:*** The automotive industry is transitioning from vehicles powered by internal combustion engines to EVs. EV penetration rates differ regionally based on factors such as government regulation, availability of government subsidies, charging infrastructure and consumers' levels of disposable income. Consumers may be hesitant to purchase EVs due to: the higher cost compared to ICE vehicles; reduction or elimination of government subsidies; uncertainty regarding battery technologies and/or charging infrastructure; the proliferation of new, EV-focused OEMs and/or new EV models with little or no operating and warranty history; and other factors. At the same time, consumers may be hesitant to purchase new ICE vehicles, during the transition toward EVs. Any widespread consumer hesitancy which results in consumers deferring purchases of both new EVs and ICE vehicles during the transition to EVs could materially affect vehicle production volumes which could have a material adverse effect on our profitability.
- ***Intense Competition:*** The automotive supply industry is highly competitive and becoming more so. Some of our competitors have higher or more rapidly growing market share than we do in certain product or geographic markets. Additionally, a number of established electronics, semiconductor chip and contract manufacturing companies have entered or expanded their presence in the automotive industry. At the same time, disruptive technology innovators have been introducing novel product and service solutions which traditional automotive suppliers may not be able to match. Failure to successfully compete with existing or new competitors, including failure to grow our electronics and/or EV content at or above the rate of growth of vehicle production, could affect our ability to fully implement our corporate strategy.

Strategic Risks

- ***Alignment With "Car of the Future":*** The success of our corporate strategy is correlated in part to our ability to evolve our product mix based on alignment with trends defining the "Car of the Future." Accordingly, we seek to grow our business and capabilities in areas which are positively impacted by megatrends related to vehicle electrification, autonomy, new mobility, and connectivity. Examples of such product areas include powertrain electrification, ADAS and battery enclosures. Some elements of our product portfolio are negatively impacted by the foregoing megatrends, including manual transmissions, mechanical all-wheel drive/four-wheel drive systems and fuel tank systems. The failure to grow our megatrend-aligned product areas at or above the industry rates of growth for such products could have a material adverse effect on our profitability and financial condition.
- ***Technology and Innovation:*** While we continue to invest in technology and innovation which we believe will be critical to our long-term growth, the automotive industry is experiencing significant electrical, electronic, and software-driven change and disruption. Our ability to anticipate changes in technology and to successfully develop and introduce new and enhanced products and/or manufacturing processes on a timely basis will be a significant factor in our ability to remain competitive. Additionally, our success is dependent on our ability to attract, train, develop and retain employees with the required technical and software skills. If we are unsuccessful or are less successful than our competitors in consistently developing innovative products and/or processes, we may be placed at a competitive disadvantage in bidding for new business and may not be able to recover some or all of our engineering, research and development costs, which could have a material adverse effect on our profitability and financial condition and ability to fully implement our corporate strategy.
- ***Investments in Mobility and Technology Companies:*** In addition to our development activities, we have invested in various mobility and technology companies, as well as funds that invest in such companies. Such investments are an important element of our long-term strategy, and we may make further investments in such companies. However, investing in such companies involves a high degree of risk, including the potential loss of some or all of our investment value. There is currently no public market for the shares or units of some of these investments and, as a result, we may be unable to monetize such investments in the future. In some cases, we have shares or share purchase warrants with technology-driven suppliers or OEMs with which we have commercial relations and the value of our shares in such companies may be closely related to the commercial success of such programs. Investments in companies or funds which are currently or subsequently become publicly traded are "marked-to-market" quarterly, which may result in us recording unrealized gains or losses in any given quarter. The realization of any of the foregoing investment-related risks could have an adverse effect on our profitability and financial condition.
- ***Evolving Business Risk Profile:*** The risk profile of our business continues to evolve with the increasing importance to us of product areas such as electrified powertrains, ADAS and electronics, as well as new mobility business models. With this continuing evolution, we may face new or heightened risks, including: forecasting and planning risks related to penetration rates of EVs, as well as take-rates for ADAS or features offered to consumers as optional items; reduction in demand for certain products which are unique to internal combustion engine vehicles; challenges in quoting for profitable returns on products with leading-edge technologies and/or new service models for which we may not have significant quoting experience; rigorous testing and validation requirements from OEM customers for complex new products; increased warranty and recall risks on new products and leading-edge technologies; increased product liability risks; heightened risk of technological obsolescence of some of our products, processes and/or assets; and difficulties in attracting or retaining employees with critical skills in high-demand areas. Realization of one or more such risks could have a material adverse effect on our operations, profitability, or financial condition.

Customer-Related Risks

- ***Customer Concentration:*** Although we supply parts to all the leading OEMs, a significant majority of our sales are to six customers: General Motors, BMW, Stellantis, Mercedes-Benz, Ford and Volkswagen. In light of the amount of business we currently have with these six customers, our opportunities for incremental growth with them may be limited. Shifts in market share away from our top customers could have a material adverse effect on our profitability to the extent we are unable to offset such lost sales with sufficient sales growth with alternative OEMs.
- ***Growth with Asian OEMs:*** The amount of business we have with Japanese, Korean and Chinese-based OEMs generally lags with that of our six largest customers, due in part to the existing relationships between such Asian OEMs and their preferred suppliers. Our inability to significantly grow our business with Asian-based OEMs could have an adverse effect on our profitability.
- ***Emergence of Potentially Disruptive EV OEMs:*** A number of potentially disruptive EV-focused OEMs, including Fisker, Lucid, Nio, Rivian and Vinfast, have emerged in recent years, but it remains too early to predict which EV-focused OEMs will succeed. Vehicle electrification is an important component of our strategy, including through product areas such as electric drive systems and battery enclosures, as well as services such as complete vehicle engineering and contract vehicle manufacturing. While we are developing business relationships with some of the newer EV-focused OEMs, we do not have relations with all, nor are such relationships as well established as those with our traditional customers. The failure to sufficiently grow our sales to such OEMs which achieve significant commercial success could adversely impact our long-term strategy. At the same time, the failure of newer EV-focused OEMs to which we supply systems or vehicles to achieve their sales projections could adversely impact the success of our customer diversification and electrified product strategies, as well as create counterparty risks described below.
- ***Evolving Counterparty Risk Profile:*** Conducting business with newer EV-focused OEMs continues to alter the risk profile of our business and poses incremental risks and challenges compared to our traditional customers, including as a result of: their relatively short operating histories; limited financial, liquidity/capital or other resources; less mature product development and validation processes; uncertain market acceptance of their products/services; and untested business models. These factors may elevate our counterparty risk in dealing with such OEMs, particularly with respect to recovery of: pre-production expenses; tooling, engineering and production receivables; amortized cost recoveries; inventory obsolescence; as well as committed capital and/or capacity. Our exposure to loss on current assets related to such OEM customers as at December 31, 2022 was approximately $225 million. In some cases, we may hold a minority equity position in such companies which involves a high degree of risk, including those discussed above under “Investments in Mobility and Technology Companies”. The inability of newer EV-focused OEMs to achieve commercial success, or the bankruptcy or insolvency of any such OEM with which we conduct business, could result in us incurring material cash and impairment charges, which could have a material adverse effect on our financial condition.
- ***Dependence on Outsourcing:*** We depend on outsourcing by OEMs, including the outsourcing of complete vehicle assembly to our contract vehicle manufacturing business. The extent of such outsourcing is dependent on a number of factors, including: the cost, quality, and timeliness of outsourced production relative to in-house production by an OEM; the degree of unutilized capacity at an OEM’s facilities; and collective bargaining agreements and labour relations between OEMs and labour unions. Currently, OEMs in Europe and China have excess vehicle assembly capacity. Additionally, since EVs have fewer components than vehicles with internal combustion engines, some OEMs may insource production of certain components or systems to maintain employment levels committed to in collective bargaining agreements and/or in connection with government incentives. A reduction in outsourcing by OEMs, or the loss of any material production or assembly programs combined with the failure to secure alternative programs with sufficient volumes and margins, could have a material adverse effect on our profitability.
- ***Customer Consolidation and Cooperation:*** There have been a number of examples of OEM consolidation in recent years. Additionally, competing OEMs have cooperated and collaborated in different ways to save costs, including through joint purchasing activities, platform sharing, powertrain sharing, joint R&D and regional joint ventures. While OEM consolidation and cooperation may present opportunities, they also present a risk that we could lose future business or experience even greater pricing pressure on certain production programs, either of which could have an adverse effect on our profitability.
- ***Market Shifts:*** While we supply parts for a wide variety of vehicles produced globally, we do not supply parts for all vehicles produced, nor is the number or value of parts evenly distributed among the vehicles for which we do supply parts. Shifts in market shares away from vehicles on which we have significant content, as well as vehicle segments in which our sales may be more heavily concentrated, could have a material adverse effect on our profitability.
- ***Consumer Take Rate Shifts:*** Shifts in consumer preferences may impact “take rates” for certain types of products we sell. Examples of such products include: all-wheel drive systems; power liftgates; active aerodynamics systems; ADAS; and complete vehicles with certain option packages or option choices. Where shifts in consumer preferences result in higher “take rates” for products that we do not sell or for products we sell at a lower margin, our profitability may be adversely affected.
- ***Quarterly Sales Fluctuations:*** Our business is generally not seasonal, but our sales and profits are closely related to our automotive customers’ vehicle production schedules. Our largest customers typically shut down vehicle production for brief periods which fall during our third and fourth fiscal quarters. These scheduled shutdowns of our customers’ production facilities could cause our sales and profitability to fluctuate when comparing fiscal quarters within any given year.
- ***Customer Purchase Orders:*** Contracts from our customers consist of blanket purchase orders which generally provide for the supply of a customer’s annual requirements rather than a specific quantity of products, and can be terminated by a customer at any time. If a

purchase order is terminated, we may have various pre-production, tooling, engineering and other costs which we may not recover from our customer and which could have an adverse effect on our profitability.

- ***Potential OEM Production-Related Disruptions:*** Any significant OEM production disruptions, including as a result of labour unrest related to collective bargaining agreement negotiations occurring at GM, Ford and Stellantis in 2023, would lead to disruptions to our production, which could have a material adverse effect on our sales, and profitability.

Supply Chain Risks

- ***Semiconductor Chip Supply Disruptions and Price Increases:*** A global shortage of semiconductor chips for use in automotive applications has had a material adverse effect on global automotive production volumes since 2020 and is expected to continue impacting volumes and chip pricing in 2023. In response to semiconductor chip shortages, OEMs continue to take actions such as: unplanned shutdowns of production lines and/or plants; reductions in their vehicle production plans; and changes to their product mix. Such OEM responses can result in a number of direct and indirect consequences for Tier 1 suppliers like Magna, including: lower sales; significant production inefficiencies resulting from our production lines being stopped/restarted unexpectedly when OEMs' allocate scarce chips to specific production programs; higher inventory levels; premium freight costs to expedite shipments; other unrecoverable costs and charges, including from sub-suppliers which have been adversely affected by higher chip prices and/or production inefficiencies; and increased challenges in retaining employees through production disruptions. It remains unclear when supply and demand for automotive semiconductor chips will fully rebalance. A worsening or prolongation of the semiconductor chip shortage could have a material adverse effect on our operations, sales, and profitability.
- ***Supply Chain Disruptions:*** In addition to the global shortage of semiconductor chips for automotive applications, OEMs and Tier 1 automotive suppliers may also experience supply disruptions or constraints on other critical manufacturing inputs, such as steel and/or aluminum. Supply chain disruptions which prevent us from timely supplying products to our customers could result in a range of potential adverse consequences, including: unrecoverable price increases; elevated, unrecoverable costs such as those for premium freight or re-sourcing of supply; penalties or business interruption claims by our customers; loss of future business; and reputational damage. The impacts of prolonged supply chain disruptions or constraints could have a material adverse effect on our operations and profitability.
- ***Regional Energy Supply and Pricing:*** Regional energy supplies have experienced disruptions due to the impact of Russia's invasion of Ukraine, supply/demand imbalances, regulatory restrictions on energy usage, severe weather events and challenges related to the transition to renewable energy generation. Prices for energy inputs critical to manufacturing, such as natural gas and electricity, spiked in parts of Europe in 2022 and, although they have eased from their 2022 peaks, are expected to remain significantly higher than pre-2022 levels throughout 2023. Unforeseen supply or demand shocks, prolonged energy disruptions and/or significant energy price increases could have a material adverse effect on our operations and profitability.
- ***Supply Base Condition:*** We rely on a number of suppliers to supply us with a wide range of components required in connection with our business. The financial health of automotive suppliers is impacted by a number of factors, including economic conditions and production volumes. A significant worsening of economic conditions or reduction in production volumes could deteriorate the financial condition of our supply base, which could lead to, among other things: disruptions in the supply of critical components to us or our customers; and/or temporary shut-downs of one of our production lines or the production lines of one of our customers; all of which could have a material adverse effect on our profitability.

Manufacturing/Operational Risks

- ***Product Launch:*** The launch of production is a complex process, the success of which depends on a wide range of factors, including: the timing and frequency of design changes by our customers relative to start of production; product maturity and complexity; production readiness of our own, as well as our customers' and suppliers' manufacturing facilities; robustness of manufacturing and validation processes; launch volumes; quality and production readiness of tooling and equipment; sufficiency of skilled employees; and initial product quality. Failure by us to successfully launch a new product or complete vehicle could result in commercial or litigation claims against us which could have a material adverse effect on our profitability and reputation. Additionally, a significant product or program launch failure could adversely affect our reputation and/or ability to execute our strategy.
- ***Operational Underperformance:*** From time to time, we may have operating divisions which are not performing at expected levels of profitability. The size and complexity of automotive manufacturing operations often makes it difficult to achieve a quick turnaround of underperforming divisions. Significant underperformance in our operating divisions could have a material adverse effect on our profitability and operations.
- ***Restructuring Costs:*** We may sell some product lines and/or downsize, close, or sell some of our operating divisions. By taking such actions, we may incur restructuring, downsizing and/or other significant non-recurring costs. These costs may be higher in some countries than others and could have a material adverse effect on our profitability.
- ***Impairments:*** We have recorded significant impairment charges related to equity interests in joint ventures, goodwill and long-lived assets in the past and may do so again in the future. The early termination, loss, renegotiation of the terms of, or delay in the implementation of, any significant production contract could be indicators of impairment, as may the technological obsolescence of any of our products or production assets or volumes that are lower than previously expected. In conducting our impairment analysis, we

make forward-looking assumptions regarding: the impact of turnaround plans on underperforming operations; new business opportunities; program price and cost assumptions on current and future business; the timing and success of new program launches; and forecast production volumes. To the extent such forward-looking assumptions are not met, any resulting impairment loss could have a material adverse effect on our profitability.

- ***Labour Disruptions:*** Some of our manufacturing facilities are unionized, as are many manufacturing facilities of our customers and suppliers. While unionized facilities are subject to the risk of labour disruptions from time to time, we cannot predict whether or when any labour disruption may arise, or how long such a disruption could last. A significant labour disruption could lead to a lengthy shutdown of our or our customers' and/or our suppliers' production lines, which could have a material adverse effect on our operations and profitability.
- ***Skilled Labour Attraction/Retention:*** Our business is based on successfully attracting, training, developing and retaining employees at all levels of the company from "shop-floor" to Executive Management. The markets for highly skilled workers, as well as talented professionals and leaders in our industry are extremely competitive, particularly in the major global automotive and technology centres in which many of our operations are located. The inability to meet our needs for skilled workers and talented professionals and leaders, whether through recruitment or internal training and development activities could impact our ability to profitably conduct business and/or effectively implement our strategy.
- ***Leadership Expertise and Succession:*** Effective succession planning programs and practices are a critical element of our overall talent management strategy. We experienced a significant number of planned retirements in the last few years, and may experience similar waves in future years. As a result of such retirements, we have multiple senior leaders recently appointed to roles at a time of significant macroeconomic, geopolitical, industry and other disruptions discussed elsewhere in these Risk Factors. While we believe that our leadership development and succession program has been effective in facilitating leadership transitions to date, our ability to profitably conduct business and/or successfully implement our strategy could be impacted by the failure to: identify, train, develop and support high-performing leaders; ensure effective knowledge transfers from transitioning leaders to successors; and/or otherwise promote organizational robustness and resilience through leadership transitions in critical roles.

Pricing Risks

- ***Quote/Pricing Assumptions:*** The time between award of new production business and start of production typically ranges between two and four years. Since product pricing is typically determined at the time of award, we are subject to significant pricing risk due to changes in input costs and quote assumptions from the time of award through the start of production. This risk is elevated in a rising inflation environment, as is currently the case globally, including with respect to wages, energy, and commodities. The inability to quote effectively, or the occurrence of a material change in input cost or other quote assumptions between program award and production, could have a material adverse effect on our profitability.
- ***Customer Pricing Pressure/Contractual Arrangements:*** We face ongoing pricing pressure from OEMs, including through: quoting pre-requirements; long-term supply agreements with mutually agreed price reductions over the life of the agreement; non-contractual annual price concession demands; pressure to absorb costs related to product design, engineering and tooling, and/or amortize such costs through the piece price for the product; pressure to assume incremental warranty costs; and OEM refusal to fully offset inflationary price increases. OEMs possess significant leverage over their suppliers due to their purchasing power and the highly competitive nature of the automotive supply industry. As a result of the broad portfolio of parts we supply to our six largest OEM customers, such customers may be able to exert greater leverage over us as compared to our competitors. We attempt to offset price concessions and costs in a number of ways, including through negotiations with our customers, improved operating efficiencies and cost reduction efforts. Our inability to fully offset price concessions, absorb design, engineering, and tooling costs, and/or fully recover such costs over the life of production, could have a material adverse effect on our profitability. Moreover, while we attempt to negotiate contractual terms with our suppliers that align with the contractual terms between us and our OEM customers, we may not always be successful in doing so. Any such gaps between our customer and supplier contract terms could, in certain circumstances, have an adverse effect on our profitability.
- ***Commodity Price Volatility:*** Prices for certain key raw materials and commodities used in our parts, including steel, aluminum, and resin, can be volatile. In some cases, our risk is mitigated because we purchase steel or aluminum under customer resale programs. Where such commodity purchases are not made under customer resale programs, we seek to offset commodity price increases by: passing such increases to our customers, engineering products with reduced commodity content, implementing hedging strategies, or otherwise. To the extent we are unable to offset commodity price increases, such additional commodity costs could have an adverse effect on our profitability.
- ***Scrap Steel/Aluminum Price Volatility:*** Some of our manufacturing facilities generate a significant amount of engineered scrap steel and/or aluminum in their manufacturing processes, but recover some of the value through the sale of such scrap. Scrap steel and scrap aluminum prices can also be volatile and do not necessarily move in the same direction as steel or aluminum prices. Declines in scrap steel/aluminum prices from time to time could have an adverse effect on our profitability.

Warranty/Recall Risks

- ***Repair/Replacement Costs:*** We are responsible for repair and replacement costs of defective products we supply to our customers. Certain of our products, such as transmissions and battery enclosures, typically have a higher unit and labour service cost in the event of replacement. Other products, such as cameras and side door latches, are supplied in multiples of two or four for a single vehicle, which could result in significant cost in the event all need to be replaced. OEMs and/or government regulators can initiate recalls of safety or regulated products, which could place us at risk for the costs of the administrative costs of the recall, in addition to the repair/replacement costs of defective products, even in situations where we dispute the need for a recall or the responsibility for any alleged defect. The obligation to repair or replace defective products could have a material adverse effect on our operations and profitability. To the extent such obligation arises as a result of a product recall, we may face reputational damage, and the combination of administrative and repair/replacement costs could have a material adverse effect on our profitability.

- ***Warranty Provisions:*** In certain circumstances, we are at risk for warranty, product liability and recall costs. We are 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. Warranty provisions for our products are based on our best estimate of the amounts necessary to settle existing or probable claims related to product defects. In addition, warranty provisions for our powertrain systems, electronics and complete vehicle programs are also established based on our or our customers' warranty experience with the applicable type of product and, in some cases, the terms in the applicable customer agreements. Actual warranty experience which results in costs that exceed our warranty provisions, could have a material adverse effect on our profitability.
- ***Product Liability:*** We cannot guarantee that the design, engineering, testing, validation, and manufacturing measures we employ to ensure high-quality products will be completely effective, particularly as electronic content and product complexity increases and/or as we enter newer product areas such as ADAS. If our products fail to perform as expected or as required by governmental regulations, and/or to the extent any such failure results in, or is alleged to result in, bodily injury and/or property damage or other losses, our customers or government regulators may initiate a product recall of such products and/or third party product liability claims may be brought against us. The defense of product liability claims, particularly class action claims in North America, may be costly and judgements against us could impair our reputation and have a material adverse effect on our profitability.

Climate Change Risks

- ***Transition Risks and Physical Risks:*** Our Sustainability Report, which is appended to our current Annual Information Form / Annual Report on Form 40-F, contains a detailed discussion of transitional and physical climate change risks, along with our efforts to mitigate them. Readers are encouraged to review such climate risk disclosures.
- ***Strategic and Other Risks*:** A number of the risk factors discussed above contain detailed discussion of strategic and other risks related to the evolution of the automotive industry and our business within the context of the transition to electromobility, including: Alignment with "Car of the Future"; Technology and Innovation; Evolving Business Risk Profile; Emergence of Potentially Disruptive EV OEMs; and Evolving Counterparty Risk Profile. Readers are encouraged to review this entire Risk Factors section in its entirety.

IT Security/Cybersecurity Risks

- ***IT/Cybersecurity Breach:*** Although we have established and continue to enhance security controls intended to protect our IT systems and infrastructure, there is no guarantee that such security measures will be effective in preventing unauthorized physical access or cyber-attacks. A significant breach of our IT systems could: result in theft of funds; cause disruptions in our manufacturing operations; lead to the loss, destruction, or inappropriate use of sensitive data, including employees' personal data; or result in theft of our, our customers' or our suppliers' intellectual property or confidential information. The occurrence of any of the foregoing could adversely affect our operations and/or reputation and could lead to claims against us that could have a material adverse effect on our profitability.
- ***Product Cybersecurity:*** The risk of vehicle cyber-attacks have risen with the proliferation of technology designed to connect vehicles to external networks. Although vehicle and systems-level cybersecurity controls and protections are typically managed and/or specified by our OEM customers, we cannot provide assurance that such controls and protections will be effective in preventing cyber intrusion through one of our products. Furthermore, an OEM customer may still seek to hold us financially responsible, even where the OEM specified the cybersecurity controls and protections. Any such cyber intrusion could cause reputational damage and lead to claims against us that have an adverse effect on our profitability.

Acquisition Risks

- ***Acquisition of Strategic Targets:*** We intend to continue to pursue acquisitions in those product areas which we have identified as key to our long-term corporate strategy. However, as a result of intense competition in these strategic areas, we may not be able to acquire the targets which we need to achieve our strategic objectives.
- ***Inherent Merger and Acquisition Risks:*** Acquisitions are subject to a range of inherent risks, including the assumption of incremental regulatory/compliance, pricing, supply chain, commodities, labour relations, litigation, environmental, pensions, warranty, recall, IT, tax, or other risks. While due diligence on an acquisition target is intended to mitigate such risks, these efforts may not always prove to be sufficient in identifying all risks and liabilities related to the acquisition, including as a result of: limited access to information; time constraints for conducting due diligence; inability to access target company facilities and/or personnel; or other limitations in the due diligence

process. Additionally, we may identify risks and liabilities that we are not able to sufficiently mitigate through appropriate contractual indemnities or other protections. The realization of any such risks could have a material adverse effect on our profitability.

- ***Acquisition Integration and Synergies:*** We may not be able to successfully integrate or achieve anticipated synergies from our acquisitions and/or such acquisitions may be dilutive in the short to medium term. Either of these outcomes could have a material adverse effect on our profitability.

Other Business Risks

- ***Joint Ventures:*** We conduct certain of our operations through joint ventures under contractual arrangements under which we share management responsibilities with our joint venture partners. Joint venture operations carry a range of risks, including those relating to: failure of our joint venture partner(s) to satisfy contractual obligations; potential conflicts between us and our joint venture partner(s); strategic objectives of joint venture partners that may differ from our own; potential delays in decision-making; a limited ability to implement some or all of our policies, practices and controls, or to control legal and regulatory compliance, within the joint venture(s); and other risks inherent to non-wholly-owned operations. The likelihood of such occurrences and their potential effect on us vary depending on the joint venture arrangement, however, the occurrence of any such risks could have an adverse effect on our operations, profitability, and reputation.
- ***Intellectual Property:*** We own intellectual property that is important to our business and product portfolio. Our intellectual property is an important factor in protecting our innovation activities and maintaining our competitive advantage. From time to time, our intellectual property rights may be challenged, including through the assertion of intellectual property infringement claims which could result in us: being prevented from selling certain products; having to license the infringed product/technology; and/or incurring monetary damages. The foregoing consequences could have an adverse effect on our sales, profitability and ability to fully implement our corporate strategy.
- ***Risks of Doing Business in Foreign Markets:*** Conducting business in markets outside our traditional markets of North America and Europe carries a number of potential risks, including those relating to: political, civil and economic instability and uncertainty; military conflict; corruption risks; high inflation and our ability to recover inflation-related cost increases; trade, customs and tax risks; potential sanctions and export control risk; expropriation risks; currency exchange rates; currency controls; limitations on the repatriation of funds; insufficient infrastructure; competition to attract and retain qualified employees; and other risks associated with conducting business internationally. Expansion of our business in China is an element of our long-term strategy and, as a result, our exposure to the risks described above may be greater in the future. The likelihood of such occurrences and their potential effect on us vary from country to country and are unpredictable, however, the occurrence of any such risks could have an adverse effect on our operations, profitability, and financial condition.
- ***Relative Foreign Exchange Rates:*** Our profitability is affected by movements of our U.S. dollar reporting currency against the Canadian dollar, the euro, the Chinese renminbi, and other currencies in which we generate revenues and incur expenses. Significant long-term fluctuations in relative currency values, in particular a significant change in the relative values of the U.S. dollar, Canadian dollar, euro or Chinese renminbi, could have an adverse effect on our profitability and financial condition and any sustained change in such relative currency values could adversely impact our competitiveness in certain geographic regions.
- ***Pension Risks:*** Some of our current and former employees in Canada, the United States and Germany participate in defined benefit pension plans. Although such plans in North America have been closed to new participants, existing participants in Canada continue to accrue benefits. Our defined benefit pension plans in Germany are not funded and plans in Canada and the United States may not be fully funded. Our pension funding obligations in North America could increase significantly due to a reduction in plan funding status caused by a variety of factors, including: weak performance of capital markets; declining interest rates; failure to achieve sufficient investment returns; investment risks inherent in the investment portfolios of the plans; and other factors. A significant increase in our pension funding obligations could have an adverse effect on our profitability and financial condition.
- ***Tax Risks:*** At any given time, we may face tax exposures arising out of changes in tax or transfer pricing laws, tax reassessments or otherwise. To the extent we cannot implement measures to offset these exposures, they may have an adverse effect on our profitability. We have incurred losses in some countries which we may not be able to fully or partially offset against income we have earned in those countries. In some cases, we may not be able to utilize these losses at all if we cannot generate profits in those countries and/or if we have ceased conducting business in those countries altogether. Our inability to utilize tax losses could adversely affect our profitability.
- ***Financial Flexibility:*** The occurrence of an economic shock not contemplated in our business plan, a rapid deterioration of conditions or a prolonged recession could result in the depletion of our cash resources, which could have a material adverse effect on our operations and financial condition.
- ***Returns on Capital Investments:*** In recent years, we have invested significant amounts of money in our business through capital expenditures to support new facilities, expansion of existing facilities, purchases of production equipment and acquisitions. We expect higher capital expenditures in 2023 to support program awards and our continued growth, including in megatrend areas. Returns achieved on such investments in the past are not necessarily indicative of the returns we may achieve on future investments and our inability to achieve returns on future investments which equal or exceed returns on past investments could have a material adverse effect on our level of profitability.
- ***Credit Ratings Changes:*** There is no assurance that any credit rating currently assigned to us will remain in effect for any period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future. A downgrade in the credit ratings assigned to

us by one or more agencies could increase our cost of borrowing or impact our ability to negotiate loans, which could have an adverse effect on our profitability, financial condition, and the trading price of our Common Shares.

- ***Stock Price Fluctuation:*** Trading prices of our Common Shares cannot be predicted and may fluctuate significantly due to a variety of factors, many of which are outside our control.
- ***Dividends:*** Our Board may in certain circumstances determine that it is in the best interests of the company to reduce or suspend our dividend. In such event, the trading price of our Common Shares may be materially affected.

Legal, Regulatory and Other Risks

- ***Antitrust Proceedings:*** The automotive industry has in recent years been the subject of increased government enforcement of antitrust and competition laws. Where wrongful conduct is found, the relevant antitrust authority can, depending on the jurisdiction, initiate administrative or criminal legal proceedings and impose administrative or criminal fines, penalties or restitution payments. OEMs, car dealers and consumers may also be able to claim against antitrust violators through civil lawsuits. The company's policy is to comply with all applicable laws, including antitrust and competition laws, and has implemented a robust compliance training program to mitigate against the risk of an antitrust violation. However, in the event of an antitrust violation, Magna could suffer reputational damage and be subject to criminal or administrative fines or penalties, restitution settlements, or civil damages that could have a material adverse effect on Magna's profitability.
- ***Legal and Regulatory Proceedings:*** From time to time, we may become involved in regulatory proceedings, or become liable for legal, contractual, and other claims by various parties, including customers, suppliers, former employees, class action plaintiffs and others. Depending on the nature or duration of any potential proceedings or claims, we may incur substantial costs and expenses, be required to devote significant management time and resources to the matters and suffer reputational damage as a result of regulatory proceedings. On an ongoing basis, we attempt to assess the likelihood of any adverse judgements or outcomes to these proceedings or claims, although it is difficult to predict final outcomes with any degree of certainty. Except as disclosed from time to time in our consolidated financial statements and/or our MD&A, we do not believe that any of the proceedings or claims to which we are currently a party will have a material adverse effect on our profitability; however, we cannot provide any assurance to this effect.
- ***Changes in Laws:*** A significant change in the current regulatory environment in our principal markets, including changes in tax laws, laws related to the COVID-19 pandemic, laws related to vehicle emissions, and other laws which impose additional costs on automotive manufacturers or consumers, could have an adverse effect on our profitability. More than 135 jurisdictions have agreed to implement a new global minimum tax regime ("Pillar Two") based on model rules published by the Organization for Economic Co-operation and Development. The proposed Pillar Two rules are intended to ensure that large multinational enterprises pay a minimum tax of 15% on the income arising in each jurisdiction in which they operate. Although the impact on Magna will depend on how each jurisdiction implements the model rules, as well as profitability and local tax liabilities of Magna's operations in those jurisdictions, this change in law may have an adverse effect on our profitability.
- ***Trade Agreements:*** Historical global growth of the automotive industry has been aided by the free movement of goods, services, people, and capital through bilateral and regional trade agreements, particularly in North America and Europe. Introduction of measures which impede free trade could have a material adverse effect on our operations and profitability.
- ***Trade Disputes/Tariffs:*** International trade disputes could, among other things, reduce demand for and production of vehicles, disrupt global supply chains, distort commodity pricing, impair the ability of automotive suppliers and vehicle manufacturers to make efficient long-term investment decisions, create volatility in relative foreign exchange rates, and contribute to stock market volatility. The imposition of sanctions, tariffs and/or escalation of trade disputes which interfere with automotive supply chains could have an adverse effect on our operations and profitability.
- ***Environmental Compliance:*** While we regularly attempt to estimate environmental clean-up liabilities, such an exercise is complex. In addition, environmental laws and regulations are complex, change frequently and have tended to become more stringent and expensive over time. In certain circumstances, we could be named as a Potentially Responsible Party ("PRP") with respect to a contaminated site. Costs associated with being a PRP could be material depending on site conditions and the number of participating PRPs. As a result, we may incur material costs or liabilities significantly in excess of amounts we have reserved, which could have an adverse effect on our operations, profitability, financial condition or reputation.

6. Description of the Business

Geographic Markets & Customers

Major Customers

While we supply products and services to a large number of customers worldwide, sales to our six largest customers represented the following proportions of our consolidated sales in 2022 and 2021:

Magna Sales Ranking	OEM Ranking(1)	Customer	Proportion of Magna Sales	
			2022	2021
1	6	General Motors	16%	13%
2	11	BMW	14%	16%
3	5	Stellantis	13%	13%
4	10	Mercedes-Benz (formerly Daimler)	13%	14%
5	7	Ford	13%	12%
6	2	Volkswagen	10%	10%
		Other	21%	22%
		TOTAL	100%	100%

Note:

(1) Based on 2022 global light vehicle production.

Customer Management Offices

We have a globally structured sales, engineering and marketing team spread across multiple global locations where our customers maintain engineering, commercial and/or manufacturing facilities. The various internal operating divisions and subsidiaries of the automobile manufacturers normally initiate many of their own purchasing decisions. As a result, an automobile manufacturer may effectively constitute multiple customers.

Purchase Orders

Our sales are generated through customer requests to quote on particular products, as well as the tools and dies required to produce parts. Purchase orders for our products are typically for one or more models, and typically extend over the life of each model, which is generally four to seven years. However, purchase orders issued by our automobile manufacturer customers typically do not require them to purchase any minimum number of our products. Releases under such purchase orders, which authorize us to supply specific quantities of products, are issued for planning, raw material and production purposes, which is typically over a one to four month period in advance of anticipated delivery dates. The actual number of products that we supply under purchase orders in any given year is dependent upon the number of vehicles produced by the automobile manufacturers of the specific models in which those products are incorporated.

It has been our experience that once we receive purchase orders for products for a particular vehicle model or program, we will usually continue to supply those products until the end of that model or program, although most of our customers' purchase orders allow them to terminate the purchase order for convenience. In addition, as part of our purchase contracts, we are generally required to supply service parts for up to 15 years after the end of production of any model, provided that we are the contracted supplier at the time production ceases. Automobile manufacturers could cease sourcing their production requirements from us for a number of reasons, including if we refuse to accept demands for price reductions or other concessions and if the vehicle is not meeting their sales targets. Should the latter occur, we are still required to provide service parts for up to 15 years, although we may be able to negotiate that this be supplied as a one-time up front purchase.

Manufacturing & Engineering

World Class Manufacturing

As part of our strategy of maintaining Operational Excellence, our goal is to be recognized as a leader in next generation "World Class Manufacturing". Our global operating units strive toward this goal which aims to achieve "best in class" performance in all areas of manufacturing. In order to drive continuous improvement, we monitor our progress by using an assessment process known as the Magna Factory Concept or "MAFACT", which includes elements we view as critical to achieving World Class Manufacturing in accordance with our Operational Principles. Best practices, "lessons learned" and key initiatives are shared among our global operating units.

Factory of the Future (FOF) Initiatives

We continue to look at ways to integrate leading edge manufacturing trends into our operations, including Artificial Intelligence (AI) capabilities designed to, among other things: increase information available to human operators to enhance decision making; automate certain processes to increase efficiency and safety; optimize material and process flows, and perform predictive maintenance on equipment. Specifically, a number of our global facilities have implemented a combination of new technological applications, software and processes in order to benefit from more efficient and effective factory solutions, which is known as our "Factory of the Future (FoF)" approach. In 2022, we launched 66 FoF projects globally. A few examples of our FoF activities are set out below.

Advanced Robots & Digital Twin

- Our Corporate R&D team has developed a core Advanced Robotics System for high volume production using state-of-the-art 2D/3D vision systems and advanced robotics trajectory planning with AI supporting simplified, rapid implementation
- The system has been launched in ten Magna facilities with over 20 systems in high volume production. As part of our planned "scaled implementation" approach, the system is ready for larger scale deployment in other facilities across all Magna Operating Groups for cost optimization
- The advanced robotics platform allows continuous upgrades in performance as well as introduction of lower cost hardware components

Fenceless Robot System

- Our Corporate R&D team is working with several robotics companies, startups, research labs and universities to develop enabling technologies that can be scaled across Magna. Together with one of our Powertrain Divisions, we co-developed and implemented the first fenceless robot system for high volume production at Magna.
- The fenceless robot system can handle almost double the payload at 10 times the speed of other collaborative robotic systems in the market for boxes, baskets and trays.
- Elimination of fencing and guarding of robot cells takes up less floor space and allows freedom of movement and access for human workers
- The insight gained from the fenceless robot system is allowing Magna to co-develop, test and validate the next generation of fenceless robotics for high volume automotive production in a safe, collaborative and efficient way.

Predictive Maintenance

- Our Exteriors facilities have actively implemented predictive maintenance of injection moulding machines. Data from a machine controller, as well as additional sensors, is collected and processed in real time.
- The data is then made available by way of a dashboard and automatic alerts allowing emerging maintenance issues to be pinpointed and addressed before they develop into larger issues.
- These activities allow for production and efficiency improvements, including reduced equipment downtime, as well as avoidance of unexpected equipment failures.
- This flexible hardware and software platform is expected to expand to include additional equipment and processes throughout Magna

Augmented/Virtual Reality Centre

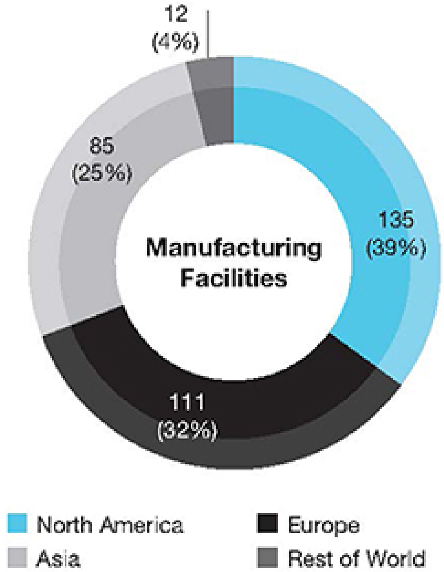
- Located in Graz, Austria, the VR Centre is helping bring new technology to real product development
- Before a new production line is installed, the new building, infrastructure and technology are planned virtually
- Existing plants have also been digitized with the help of drones that scan the facility
- Engineers also use Virtual Reality (VR) goggles in complete vehicle development, including vehicle styling and ergonomics

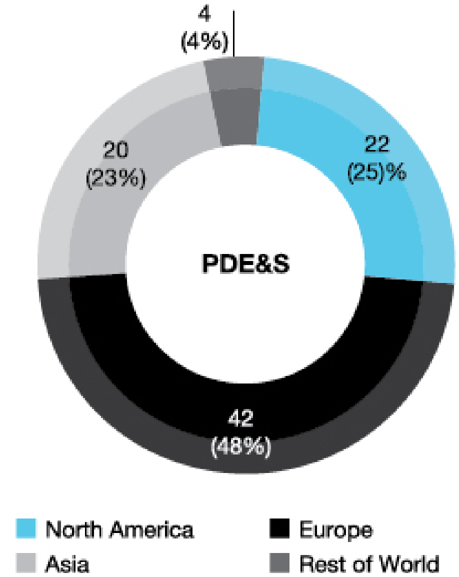
Data Analytics & Digital Infrastructure

- Magna IT, Operating Groups, Divisions and Corporate R&D teams are implementing standards and data connectivity across the enterprise
- Standardized digital infrastructure enables faster, more intelligent analytics solutions, ultimately aiding decision making
- Standardized digital infrastructure also enables lower cost, faster implementation of shop floor solutions responsive to Industry 4.0 – which defines the rapid change to technology, industries and society due to increasing interconnectivity and smart automation

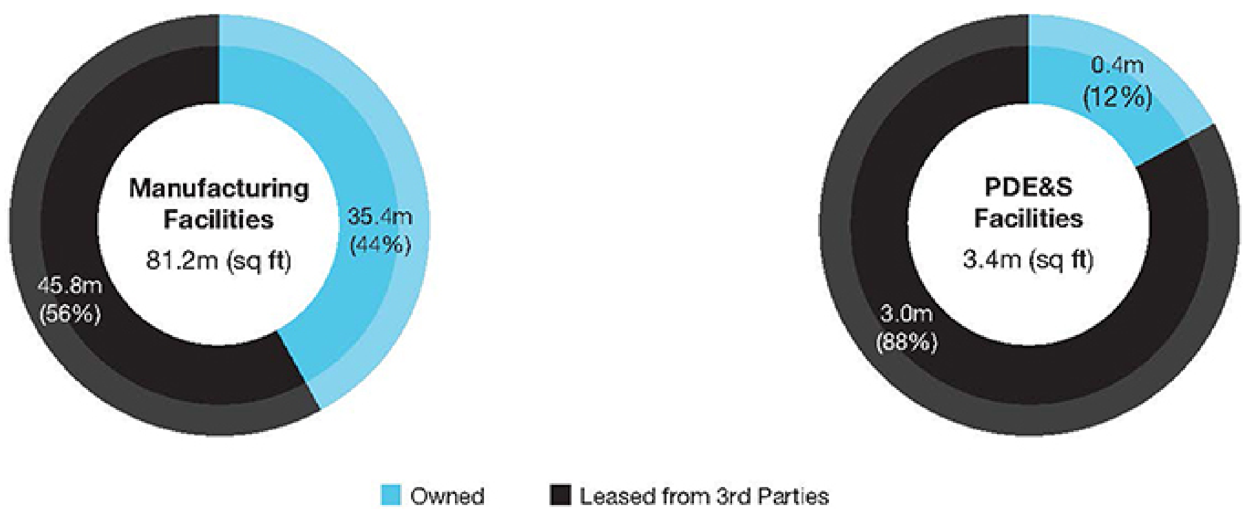
Facilities

As at December 31, 2022, we had the following manufacturing and PDE&S facilities in each designated geographic region:





Our manufacturing and PDE&S facilities occupied approximately 81 million and 3.4 million square feet, respectively. These facilities were broken down between third party leases, and those owned by us as set out below. At this time, the largest percentage of properties leased (by square footage) from any single landlord is approximately 14%.



Our facility leases typically have terms of at least five years with one or more options to renew. Among other terms, our leases typically require us to return the facilities to the condition in which we received them at start of the lease (reasonable wear and tear excepted). From time to time, the cost of doing so may be significant due to such factors as the length of the lease period, the nature of the manufacturing operations, the extent of modifications made to the leased properties over the term of the lease and other factors.

We are also subject to environmental laws and regulations both as tenant and owner of our properties. Our leases with third party landlords generally provide that we must maintain the leased properties in accordance with all applicable laws, including environmental laws. Magna routinely conducts Phase 1 Environmental Assessments, and if necessary Phase 2 Site Investigations, at manufacturing, assembly and warehousing locations prior to occupancy to identify any actual and potential pre-existing environmental concerns at leased or owned sites. Magna is responsible for addressing environmental impacts arising during our tenancy, including exacerbations of existing impacts as defined by lease terms or regulatory requirements. Our leases with third party landlords generally also contain indemnities in favour of the landlord with respect to environmental matters and those indemnities expire after a specified period following the termination of the leases.

Key Components and Raw Materials

Our key purchased components include: stampings, electronics, semiconductor chips, molded parts, die casting, forging, coverstock, and wire harnesses.

Our key purchased raw materials are steel, resin and aluminum. While we endeavour to purchase the majority of these components and raw materials from regional suppliers where we do business, factors such as price, quality, transportation costs, warehousing costs, duties, tariffs, availability of supply, timeliness of delivery, and customer requirements have an impact on the decision to source from certain suppliers. In some cases, we are directed by our OEM customers to source components or commodities from specific suppliers, as is largely the case for leather we purchase for use in automotive seats we produce. We also purchase some key components and raw materials offshore when shortages occur or when we choose to source one supplier for a global program. Prices for our raw materials used in our production of parts, like steel, resin and aluminum, continue to be volatile.

Approximately two-thirds of our steel is acquired through resale programs operated by automobile manufacturers and the balance is generally acquired through annual or six month contracts. Under customer steel resale programs we are not exposed to steel price volatility, thus helping to manage our production costs. Certain of our operations generate steel and aluminum scrap, which we typically sell at prices that fluctuate with published market indices. Most of our resin purchases fluctuate directly with market indices, although we do participate in some customer resale programs on approximately one quarter of our resin purchases. The majority of our aluminum purchases fluctuate with market indices. In some cases, our customers direct us to buy certain other raw materials from specified suppliers, at specified prices. Consistent with lean manufacturing principles, we do not typically carry inventories of key raw materials or finished products significantly in excess of those reasonably required to meet production and shipping schedules. The automotive industry globally continues to experience a shortage of semiconductors, which is negatively impacting vehicle production and is resulting in a number of consequences for us, including: operational inefficiencies due to production lines being stopped/restarted unexpectedly The risks related to the semiconductor chip shortage and potential future shortages/supply constraints of key commodities are discussed in greater detail under “Section 4 – Our Business & Strategy – Macroeconomic, Political and Other Trends” and “Section 5 – Risk Factors”.

Products & Services

Top Programs

Our top fifteen programs/platforms based on 2022 production and vehicle assembly sales were:

Customer	Vehicle	Capabilities								
		Body Exteriors & Structures		Power & Vision					Seating Systems	Complete Vehicles
		Body & Chassis	Exteriors	Powertrain	Electronics	Mirrors	Lighting	Mechatronics	Seating	Vehicle Engineering & Manufacturing
General Motors	Full-Size SUVs & Pick-up Trucks	■	■	■	■	■	■	■		
Mercedes-Benz	Mercedes-Benz G-Class	■	■	■		■	■	■		■
Stellantis	Jeep Grand Cherokee	■	■	■	■	■		■	■	
BMW	BMW 5-Series	■		■		■		■		■
General Motors	GMC Acadia, Buick Enclave, Cadillac XT6, Chevrolet Blazer, Chevrolet Traverse	■	■	■	■	■	■	■	■	
Stellantis	Ram Pick-up	■	■	■	■	■	■	■	■	
BMW	BMW X3	■	■	■		■		■		
Ford	Ford Transit, Ford Transit Custom	■	■	■	■	■		■	■	
Mercedes-Benz	Mercedes-Benz GLE/GLE Coupe, Mercedes-Benz GLS	■	■	■		■	■	■		
Ford	Ford Escape, Ford Kuga, Lincoln Corsair	■	■	■	■	■			■	
BMW	BMW X5	■	■	■	■	■		■	■	
General Motors	Chevrolet Equinox & GMC Terrain	■	■	■	■			■	■	
Stellantis	Chrysler Grand Caravan & Chrysler Pacifica	■	■		■	■		■	■	
Stellantis	Jeep Wrangler	■	■	■	■	■	■	■	■	
Tata	Jaguar I-Pace	■	■							■

Note: Capabilities represented may not be on each vehicle or each trim level of each vehicle. Additionally, our capabilities in each product area range from components to full systems, only some of which may be represented on any particular program. Our Roof Systems capabilities are not present on the programs/platforms listed.

Product Portfolio

We continue to evolve our product portfolio consistent with the strategy described under Section 4 “Our Business & Strategy – Corporate Strategy” in this AIF. The development of innovative technologies and solutions which are responsive to the global megatrends defining the “Car of the Future” requires R&D spending, as well as capital investments and the acquisition of engineering talent with the necessary software and other expertise. We believe that in typical years, the relatively stable profitability and cash generation from our “traditional” businesses provide us with the ability to fund the R&D and capital investment required to realize opportunities related to product areas such as electrification, ADAS and others aligned with the Car of the Future.

Some of our recent innovations can be found in “Section 7 – Innovation and Research & Development – Innovations and Innovation Awards”.

Product Segments

A description of our product and service capabilities, processes, top customers and key competitors by reporting segment follow. Manufacturing facility and PDE&S Centres counts below include joint venture facilities.

Body Exteriors & Structures

Our Body Exteriors & Structures segment includes our body and chassis systems, exterior systems and roof systems operations.

157*	23*	23	67,975	$16.0B
Manufacturing Facilities	PDE&S Centres	Countries	Employees	2022 Sales

* Figure includes certain manufacturing facilities and PDE&S centres shared with other reporting segments.

Top Segment Programs

Customer	Vehicle
1. General Motors	Full-Size SUVs & Pick-up Trucks
2. Stellantis	Jeep Grand Cherokee
3. General Motors	GMC Acadia, Buick Enclave, Chevrolet Traverse & Blazer, Cadillac XT6
4. BMW	BMW X3
5. Stellantis	Ram Pick-up Trucks

Segment Trends and Strategic Focus

Within our Body Exteriors & Structures segment, we aim to support our customers’ efforts to deliver vehicles which consume less fuel and produce lower CO_2 emissions, particularly through reduced vehicle weight, aerodynamic enhancements and use of multi-materials. We currently offer our customers a broad range of lightweight product solutions, such as thermoplastic liftgates, as well as reduced-weight products formed through advanced manufacturing processes, such as hot stamping, high-pressure aluminum casting and multi-material joinery.

Product Capabilities

Body and Chassis

Products	Key Processes	Top Customers	Key Competitors
• body systems • chassis systems • battery enclosures • engineering and testing	*Forming technologies:* • hydroforming • cold stamping, including high-strength steel & aluminum • hot stamping • roll forming • high pressure aluminum casting • advanced welding & joining • sealing and adhesive bonding • stretch bending of aluminum extrusions *Finishing technologies:* • e-coating • high temperature wax coating • heat treatment • machining • powder coating • conversion coating for aluminum castings	• BMW • Ford • General Motors • Mercedes-Benz • Stellantis • Volkswagen	• Benteler International AG • Flex-N-Gate Corporation • F-Tech Inc. • Georg Fischer Ltd. • Gestamp Automoción S.L. • Martinrea International Inc. • Minth Group Ltd. • Metalsa, S.A. de C.V. • Nemak, S.A.B. de C.V. • Tower International, Inc.

Exteriors

Products

- fascia & trim
- front end modules
- integration panels
- liftgate modules
- active aerodynamics
- engineered glass
- running boards
- truck bed access products
- breakthrough lighting
- side doors
- greenhouse products (quarter windows; encapsulated glass)

Key Processes

Molding technologies:

- injection molding, such as two shot, structural, insert, injection compression for thermoplastics & reaction injection molding
- extrusion processes, such as co-extrusion, thermoset and thermoplastic extrusion
- compression-molding for thermosets
- expanded polypropylene foam
- metal rollforming
- glass encapsulation
- tooling

Finishing processes:

- painting
- hardcoating
- chrome plating
- hot stamp foils
- metal finishing
- hydrographics
- laser etching/engraving
- in-mold film

Assembly processes:

- adhesive bonding
- infrared, ultrasonic, vibration, torsional and resistance implant welding
- laser cutting and welding
- manual and automated assembly & sequencing

Top Customers

- BMW
- Ford
- General Motors
- Renault-Nissan-Mitsubishi
- Stellantis
- Volkswagen

Key Competitors

- ABC Group
- Flex-N-Gate Corporation
- Plastic Omnium S.A.
- Röchling Group
- Samvardhana Motherson Peguform
- SRG Global Inc.

Power & Vision

Our Power and Vision segment comprises our global powertrain systems, electronics systems and mechatronics, mirrors & lighting operations.

106*	47*	25	51,250	$11.9B
Manufacturing Facilities	PDE&S Centres	Countries	Employees	2022 Sales

* Figure includes certain manufacturing facilities and PDE&S centres shared with other reporting segments.

Top Segment Programs

Customer	Vehicle
1. General Motors	Full-Size SUVs & Pick-up Trucks
2. Stellantis	Ram Pick-Up Trucks
3. BMW	BMW X1
4. General Motors	GMC Acadia, Buick Enclave, Chevrolet Traverse & Blazer, Cadillac XT6
5. Mercedes-Benz	Mercedes-Benz GLC/GLC Coupe

Segment Trends and Strategic Focus

In our Power and Vision segment, we seek to realize opportunities presented by trends toward electrification, advanced driver assistance systems and autonomous driving. We believe that our powertrain business is well-positioned to benefit from the shift toward electrification by leveraging the investments we have made in high-voltage technologies, including highly integrated primary and secondary electric drive systems, as well as individual components such as electric traction motors and inverters through our joint venture with LG Electronics Inc. While investing in electrified technologies we continue to optimize operations in our market-leading traditional products such as 4WD/AWD systems and transmissions. Our Vision Systems business is currently a leading supplier of camera-based driver assistance systems and we continue to invest in advanced driver assistance technologies to expand the assisted driving systems expertise we can offer customers. These investments include both in-house research and development, as well as venture capital investments in and strategic relationships with mobility and technology companies.

Product Capabilities

Powertrain

Products	Key Processes	Top Customers	Key Competitors
• electric drive systems and components (eMotors*; inverters*, onboard chargers*, gearboxes, e-clutch for hybrid and BEVs • transmission systems (dedicated hybrid drives, dual clutch/hybrid dual clutch and manual transmissions) • driveline systems (AWD/4WD products, including transfer cases and rear drive modules) • metal-forming products (transmission, ICE, and driveline components) * through our joint venture with LG Electronics Inc.	• powertrain systems assembly and final testing • flow-forming, • stamping and spinning • grob, roller & cam die spline forming • precision heavy stamping • profilator processing • in-die fine cutting • soft and hard processing of gears and shafts • CNC machining & broaching • rotary swaging • heat treating • welding, including laser, electron beam (EB), capacitor discharge (CD), inertia, resistance & metal inert gas (MIG)/tungsten inert gas (TIG) • assembly & final test of eMotors*, inverters*, and on-board chargers* * through our joint venture with LG Electronics Inc.	• BMW • Ford • General Motors • Mercedes-Benz • Renault-Nissan-Mitsubishi • Stellantis • Volkswagen	• Aisin Group • BorgWarner Inc. • GKN plc • JATCO Ltd. • Jing-Jin Electric Technologies Co., Ltd. • Linamar Corporation • Nidec Corporation • Robert Bosch GmbH • Valeo S.A. • ZF Group

Electronics

Products	Key Processes	Top Customers	Key Competitors
• ADAS technology and features, including cameras • ADAS sensors • electronic control units	• surface mount placements of electronic components on printed circuit boards • manual and automated assembly of electronic modules	• Ford • General Motors • Honda • Mazda • Mercedes-Benz • Stellantis • Volkswagen	• Aptiv PLC • Continental AG • Robert Bosch GmbH • Valeo S.A. • Veoneer, Inc. • ZF Group

Mirrors

Products	Key Processes	Top Customers	Key Competitors
• interior mirrors • exterior mirrors • camera and driver monitoring systems and electronics • actuators • door handles • overhead consoles	• electronics integration • injection molding • painting • manual and automated assembly	• BMW • Ford • General Motors • Mercedes-Benz • Stellantis • Volkswagen	• Ficosa International S.A. • Gentex Corporation • SMR Automotive

Lighting

Products	Key Processes	Top Customers	Key Competitors
• forward lighting • rear lighting • auxiliary lighting	• electronics integration • injection molding • manual and automated assembly	• BMW • General Motors • Renault-Nissan-Mitsubishi • Stellantis • Volkswagen	• Hella KGaA Hueck & Co. (now part of Forvia Group) • Koito Manufacturing Co. • Marelli Automotive Lighting • Valeo S.A.

Mechatronics

Products	Key Processes	Top Customers	Key Competitors
• latching systems • door modules • window systems • power closure systems • hinges and wire forming	• light stamping • injection molding • manual and automated assembly	• BMW • Daimler • Ford • General Motors • Renault-Nissan-Mitsubishi • Stellantis	• Brose Fahrzeugteile GmbH & Co. KG • Inteva Products, LLC • Kiekert AG

Roof Systems

Products	Key Processes	Top Customers	Key Competitors
• modular roofs • hard tops and soft tops • textile folding roofs	• “cut and sew” of complete fabric covers • backlight gluing • manual and automated complete retractable roof assembly	• BMW • Mercedes-Benz • Renault-Nissan-Mitsubishi • Stellantis • Toyota	• Valmet Automotive Inc. • Webasto Group

Seating Systems

Our Seating Systems segment comprises our global seating systems operations.

74	9*	20	31,975	$5.3B
Manufacturing Facilities	PDE&S Centres	Countries	Employees	2022 Sales

* Figure includes certain PDE&S centres shared with other reporting segments.

Top Segment Programs

Customer	Vehicle
1. Stellantis	Jeep Grand Cherokee
2. Ford	Ford Escape, Ford Kuga, Lincoln Corsair
3. Stellantis	Chrysler Grand Caravan & Chrysler Pacifica
4. BMW	BMW X5
5. Ford	Ford Expedition, Lincoln Navigator

Segment Trends and Strategic Focus

Our Seating Systems group continues to grow by winning new business based on its reputation for delivering innovative seating solutions. Longer term, our Seating Systems group aims to capitalize on its strength in seat mechanisms, vertical integration and reconfigurable seating, specifically to supply reconfigurable seating solutions for applications such as car sharing and autonomous ride sharing; as well as seat products that are responsive to growing EV requirements, including lighter weight seats, and lower seat box height.

Product Capabilities

Seating Systems

Products

- complete seating systems
- seat structures, mechanism & hardware solutions
- foam & trim products

Key Processes

- traditional "cut and sew" technology
- manual and automated assembly
- patented next gen EZ-Entry and seat stowing mechanisms systems
- freeform trim technology
- reconfigurable seating

Top Customers

- BMW
- Ford
- Geely
- General Motors
- Stellantis
- Volkswagen

Key Competitors

- Adient plc
- Faurecia S.A. (now part of Forvia Group)
- Lear Corporation

Complete Vehicles

Our Complete Vehicles segment comprises our global complete vehicle engineering and manufacturing operations.

9*	25*	11	14,225	$5.2B
Manufacturing Facilities	PDE&S Centres	Countries	Employees	2022 Sales

* Figure includes certain manufacturing facilities and PDE&S centres shared with other reporting segments.

Segment Programs

Customer	Vehicle
1. Mercedes-Benz	Mercedes-Benz G-Class
2. BMW	BMW 5-Series
3. Tata Motors	Jaguar I-Pace
5. BMW	BMW Z4
6. Tata Motors	Jaguar E-Pace

Segment Trends and Strategic Focus

Our Complete Vehicles business continues to provide OEM-level expertise to traditional customers seeking a trusted vehicle complete vehicle outsource partner, as well as new market entrants seeking expertise for their traditional, electrified, autonomous and/or new mobility / MaaS concepts. Traditional OEMs currently represent the substantial majority of our Complete Vehicles group business customers. However, engineering sales with non-traditional customers, including Chinese OEMs and new OEM entrants, continue to grow. MaaS providers represent an important source of new opportunities since they typically do not have the vehicle development, engineering, integration and assembly capabilities of traditional OEMs and thus require outsource partners to commercialize their concepts. In this segment, we also focus on leveraging our expertise in alternative energy storage and propulsion systems by further strengthening and capitalizing on our know-how in different propulsion systems. In addition, we continue to focus on integration and testing of autonomous driving systems, and we support our customers with one of the most versatile test environments for highly automated vehicles.

Product Capabilities

Vehicle Engineering & Manufacturing

Products	Key Processes	Top Customers	Key Competitors
• complete vehicle manufacturing • engineering services	• body-in-white • paint • assembly	• BMW • Fisker • Mercedes-Benz • Tata Motors	*Traditional and New OEMs* *Contract Manufacturers* • NEVS AB • Valmet Automotive • VDL Nedcar B.V. *Engineering Services* • Bertrandt Group • EDAG Engineering GmbH • IAV GmbH

Tooling & Engineering

As part of our production programs, we design, engineer and manufacture tooling for our own use, as well as for sale to our customers. However, a predominant amount of the tooling used in our production programs is purchased by us from third parties and sold to our customers on a pass-through basis. In addition, we manufacture tooling for our customers on a standalone basis, which is tooling sold separately and not part of a production arrangement. We also provide engineering services independent of our production programs, as well as for programs for which we have production sales.

Acquisitions and Divestitures

For further details of our acquisitions and divestitures in the last three fiscal years, refer to "Schedule B – Acquisitions and Divestitures".

7. Innovation and Research & Development

Focus on Innovation and Technology

We have historically emphasized technology development and product and process innovation as a key element of our corporate strategy. See “Section 4 – Our Business & Strategy – Our Corporate Strategy” for further details. We continue to invest significant resources to develop and commercialize innovative technologies, which will provide additional value to our customers. In addition, we aim to advance our sustainability goals through innovations in electrification, driver assistance, lightweighting, adjacent mobiity markets such as micromobility, materials, fuel efficiency, and energy efficiency for both end-use products and our manufacturing processes.

We expect that our involvement with automobile manufacturers and new mobility partners in the development of innovative product and process technologies will increase as such manufacturers and partners further involve suppliers like us in the overall vehicle concept and development process.

Our Research and Development Process

Our R&D activities take place at our Division/Operating Group level and at the corporate level. Our Divisional/Operating Groups work with our customers to identify product and technology gaps. Magna’s Corporate R&D team, under the global direction of our Executive Vice- President and Chief Technology Officer, analyzes the key megatrends that are expected to drive future mobility and automotive development. As part of these efforts, our Corporate R&D team engages with the advanced engineering and product development teams of our current and potential OEM customers to understand their product strategies and better align our own product strategy and technology development with customer needs.

All of our R&D projects follow an Innovation Development Process (IDP) process – a multi-stage process aimed at turning ideas into innovations that can ultimately be commercialized and scaled. The initial phase of the process is designed to foster the generation of ideas and includes, among other things: identification, understanding of and analysis of societal, digital, demographic, regulatory, industry and other trends which may create demand for and thus drive development of new automotive and mobility technologies; review of academic research; collecting and screening ideas submitted through innovation programs; and automotive customer input.

Concepts that progress past this initial stage are further evaluated, including with respect to: fit with our strategy regarding electrification, autonomy, new mobility, vehicle connectivity and advanced manufacturing; commercialization potential; and risks and challenges to further development. Selected innovations then progress through subsequent stages towards product or process realization, validation and eventually, product launch.

Our R&D initiatives are supported by and involve close collaboration with our Corporate R&D group. Our Division/Operating Group R&D teams work together with our Corporate R&D group on technology development, and where necessary specific working groups are established to discuss and develop technological solutions.

As a result of our innovation activities, we have developed a number of product, process and materials innovations, some of which are described in this Section 7 under “Innovations and Innovation Awards”.

As a key part of our own innovation efforts and to gain further access to innovative thinking outside of our company, we partner with start-ups and early stage companies, inventors, entrepreneurs, universities, technical institutions and the venture capital community to help bring innovative ideas to market. We also look for the best ideas from other industries and apply them to mobility – a process we call “auto-qualifying”. As part of our continuing efforts to develop innovative solutions to the technology challenges of new mobility and the automotive industry, in the last year we have considered thousands of potential innovations, which has led to several active projects. Such projects include: development of Driver Monitoring Systems and ADAS features; efficiency and performance technologies related to electric drives and power electronics; and advanced robotics, inspection systems, Digital Twin/simulation and data analytics technologies supporting our World Class Manufacturing.

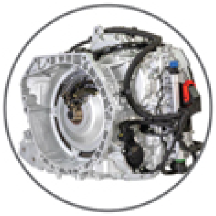
Intellectual Property

We own and use numerous patents, trademarks, and other intellectual property in connection with our operations. In addition, certain of our Operating Groups license their technology to third parties on a limited basis. We also license and use, to a minor extent, patents owned by others. From time to time, claims of intellectual property infringement are made by us or against us. At present, we believe that the outcome of any pending claim, whether positive or negative, will not have a material adverse effect upon us. While in the aggregate our intellectual property and licenses are considered important in the operation of our business, we do not consider them of such importance that the expiry of any one patent or license would materially affect our business. See “Section 5 – Risk Factors – “Intellectual Property” in this AIF for a discussion of risks related to our intellectual property.

Innovations & Innovation Awards

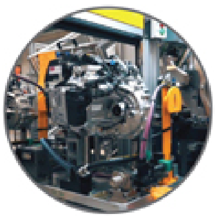
We believe that innovation has been the foundation of Magna's success and an important factor in our competitiveness, a key operational priority and a critical element of our corporate strategy. Our current strategic focus is aimed at responding to key industry trends, as discussed in "Section 4 – Our Business & Strategy – Our Corporate Strategy". Some examples of recent innovations are as follows:

Innovations



48 VOLT HYBRID TRANSMISSION SYSTEM

Our 48 volt hybrid dual-clutch transmission system has made its debut on Stellantis' Jeep Renegade, Jeep Compass e-Hybrid, Fiat 500 X and Fiat Tipo. Hybrid technologies are an important step on the path to lower emissions, and our hybrid transmission achieves stringent CO_2 requirements while offering improved driving dynamics due to electric torque vectoring and traction support. The 48V 7-speed dual-clutch transmission system for hybrids provides a maximum torque of 320 Nm and torque-split technology to optimize the efficiencies of the internal combustion engine (ICE) and the e-motor. The e-motor is capable of providing propulsion to the vehicle even when the ICE is switched off. This new transmission features independent on-demand cooling for the clutch and e-motor with a single oil circuit for cooling and lubrication, resulting in significant CO_2 reductions in worldwide harmonized light-duty vehicles Test Cycles (WLTC) and real-world driving conditions.



48 VOLT HYBRID INVERSE TRANSMISSION

Magna's new 7-speed, mild hybrid dual-clutch transmission is featured exclusively on BMW Group's compact class, which underpins all its front-transverse vehicles, starting with the BMW 2 Active Tourer. With its specific torque-split concept for hybridization, Magna's 7HDT400 48V transmission enables optimal efficiency of an ICE and electric motor. It provides a maximum of 400 Nm of torque as well as offering scalable functionality benefits. It also offers high modularity with the: base transmission; fully integrated e-machine; on-demand cooling of the clutch and e-motor; a single oil circuit for cooling and lubrication, and a significant reduction in CO_2 at WLTC and in real-world driving operations. Our hybrid transmission significantly reduces CO_2 emissions of an ICE and continues our accelerated transformation toward electric mobility.

CLEARVIEW™ VISION SYSTEM

Magna's ClearView™ vision innovation is a unique system that combines camera and mirror technology, potentially reducing blind-spots and enhancing visibility around the vehicle. The complete vision system with first-to-market features, has been introduced on Ram 2500 and 3500 Heavy Duty trucks. The ClearView™ system includes an interior rear-view video mirror, exterior mirrors with integrated cameras and a center high-mounted stop lamp camera. An additional trailer camera is available as an option to provide an unobstructed view while towing. All camera data is processed through Magna's software in a central electronic control unit. The interior mirror includes Magna's PACE award-winning Infinity™ glass. Drivers can switch between an optical rear view and a video display that shows up to three camera views at the same time – the first of its kind on the market.

REAR THERMOPLASTIC SWING DOORS

Magna's industry-first thermoplastic rear swing doors will debut on the all-electric Volkswagen ID. Buzz. The doors contain recycled materials that are 20 to 30 percent lighter than conventional steel solutions, helping to reduce vehicle weight, optimize range and make them easier to open. By using thermoplastics, the real spoiler has been integrated into the swing doors, resulting in reduced costs, a cleaner appearance and improved vehicle aerodynamics. In addition, the use of thermoplastic resin materials allows for greater design flexibility and detailing, undercut surfaces and tighter radii.

BREAKTHROUGH LIGHTING

Our breakthrough lighting solution featured on our thermoplastic liftgate known as "Litgate", combines our expertise in exteriors and lighting. In addition to enhancing visibility, the lighting offers new avenues for vehicle personalization as exterior lighting increasingly becomes a styling differentiator. The innovation, which expected to be ready for production in 2023, includes: breakthrough hidden-until-lit light effects; communicative, functional and decorative lighting; molded-in styling features and intricate textured surfaces; and an extensive color palette available, programmable to customer specifications. The technology can be applied to thermoplastic material surfaces including polycarbonate and thermoplastic polyolefins.

MORPHING SURFACES TECHNOLOGY

Debuted at the Consumer Electronics Show in January 2023, Magna's Morphing Surfaces technology builds on our expertise in producing millions of active aerodynamic systems. The innovation represents a paradigm shift beyond today's active shutters, panels and grilles through the use of active 'bendable' surfaces that can be designed to visually blend into a vehicle's body while opening or closing to optimize cooling, venting or aerodynamics when required. Magna morphing surfaces create more possibilities for vehicle designers to balance aesthetics and aero performance in reducing vehicle drag, particularly for EVs. Depending on the vehicle, a typical application could achieve up to a 10% reduction in drag resulting in up to a 5% range extension in EVs without foregoing the sleek, clean designs prized by modern automotive designers and customers.

BATTERY ENCLOSURES

Magna's battery enclosures can be found on the all-electric Ford F-150 Lightning and GMC Hummer EV, and will feature on the new 2024 Chevrolet Silverado EV. The product illustrates our ability to expand structural product opportunities as electrification grows. The enclosures, which all EVs require, house high-voltage batteries, electrical components, sensors and connectors, contributing to the structural and safety aspects of a vehicle's frame and protecting critical components from potential impact, heat and water intrusion. In addition, the use of lightweight aluminum helps minimize added mass from the vehicle's battery.

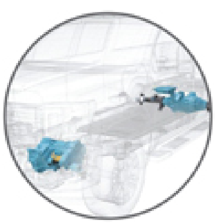
SMARTACCESS™ POWER DOOR SYSTEM

The SmartAccess™ power door system, which is set to launch on the opposing rear doors of the Ferrari Purosangue, is a complete power door system, which includes our power door drive unit, SmartLatch™ with cinch actuator, and a first-to-market Haptronik™ motion control. Haptronik is an innovative motion control software that enhances the tactile feel of door movement, enabling effortless opening and closing. It can detect when the vehicle is parked on a curb or a hill and automatically adapts the gravitational force so that opening and closing remains smooth in these conditions. It also includes anti-slam and wind catch features. SmartAccess was a finalist for the 2022 Automotive News Pace Awards, and the system can be configured for a wide range of vehicle embodiments – to serve the rapidly growing cargo and rideshare markets as well.

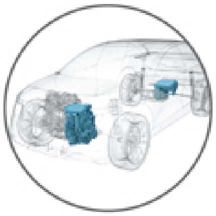
INTEGRATED DRIVER AND OCCUPANT MONITORING SYSTEM

Our industry-first solution for driver and occupant monitoring are expected to debut on several models from a German OEM in 2024. The system, which reduces packaging complexities, fully integrates Magna's high-resolution camera, infrared emitters and electronic control unit into the interior mirror of the vehicle. Advanced software actively monitors the driver's head, eye and body movement and sends customizable audible or visual alerts if signs of distracted behaviour, drowsiness and/or fatigue are detected. The system is also scalable to include features such as child presence detection, seat belt detection and identification of specific passengers to enable user preference memory settings.

ETELLIGENT FORCE™



Magna's EtelligentForce, is a battery electric 4WD powertrain system for pickup trucks and light commercial vehicles. The product features Magna's Mid+ eDrive technology at the front of the vehicle and its eBeam™ electric axle drive system in the rear. The system is designed to deliver the environmental benefits of an electric powertrain, while maintaining full vehicle capabilities and without compromising payload or towing capacities of pickup trucks and light commercial vehicles. The system is designed for high-payload vehicles, capable of towing up to 14,500 pounds – on par with its ICE counterparts in this truck segment. It can provide a total peak power of up to 430 kW - 250kW from the rear eBeam™ and 180kW from the front eDrive. The solution also eliminates the need for architectural changes to the vehicle and is totally customizable for automakers to prioritize key performance attributes. Magna's eBeam™ replaces traditional beam axles, accommodating existing suspension and brake systems, and avoiding the need for expensive redesign of existing truck platforms. These benefits help automakers simplify the transition toward electrification of these vehicle segments. In addition, with fewer moving parts than a traditional ICE powertrain, the EtelligentForce requires less maintenance – a direct benefit to truck owners over the life of the vehicle.



ETELLIGENT COMMAND™

EtelligentCommand is a PHEV/HEV system featuring a Dedicated Hybrid Drive DHD Plus at the front and an eDrive Mid+ with torque vectoring at the rear, combined with advanced software and controls. Various driving modes are available on command to enhance performance and drivability and provide greater power handling and control. The Dedicated Hybrid Drive DHD Duo is a two e-motor single or multi speed system suitable for HEV application delivering greater performance, drivability and comfort even when driving in congested traffic. Additional efficiency increases are available through an optional voltage booster and innovative e-coupling technology for ICE disconnection.

ETELLIGENT REACH™

Magna's all-electric connected powertrain, the EtelligentReach, is a complete system comprised of two electric motors, inverters and gearboxes, and leverages advanced software to maximize vehicle range and driving dynamics. eDrive technology advancements and the holistic vehicle development approach of the EtelligentReach achieve a range increase of up to 145 km/90 miles or 30% compared to certain production BEV vehicles in this segment, which reduces range anxiety, and is a key differentiator in the growing electrification space. Magna's approach optimizes the interaction of individual eDrive components and the entire vehicle with a software package that manages multiple vehicle functions. On one of our new entrant customer's vehicles, for example, EtelligentReach utilizes a functional, modular control unit that integrates various powertrain and chassis functions. This includes a vehicle dynamics controller with a disconnect system which increases efficiency while reducing CO_2 emissions, and a longitudinal torque vectoring function that can improve the safety margin by up to 10% by controlling each axle individually in all road conditions, as well as significantly reduce steering effort during dynamic cornering. Drivers can select from several distinctive driving modes - further enhancing the driving experience. Additional efficiency gains are achieved using silicon carbide within the inverter.

Innovation Awards

A number of our product and process innovations have received accolades and awards in recent years. In 2022, Magna was:

- A double winner of GM's Overdrive Awards for Launch Excellence and Accelerating Innovation, for the development and delivery of a jump-seat for BrightDrop's electric delivery vehicles and battery pack module plates.
- A 2022 Consumer Electronics Show (CES) Innovations Award winner for our ICON 4D Digital Radar, which scans the environment around the vehicle in four dimensions with higher resolution and contrast than analog radar. Our third award in two years after being a double honouree in 2021.

Magna was also selected as 2002 Automotive News Pace Award winner for its Auto Adjusting Balance Blocks (AABB) process, a smart die solution offering real-time die adjustments to counter thermal expansion during stamping runs. Magna has won five Pace Awards over the last eight years.

Three other Magna product and process innovations were named as finalists for the 2022 Pace Awards, which together with the AABB process, represent the most finalists of any company for the award year. These finalist innovations were:

- ICON 4D Digital Radar (discussed above);
- SmartAccess™ Power Door with Haptronik™ Motion Control, a complete powered door system; and
- Augmented Reality (AR) Quality Inspection System, which works through a user-operated tablet and a full-scale CAD overlay on the physical part to recognize defects. The tablet guides operators through a standardized step-by-step sequence to verify the quality of parts. The easily scalable system has been introduced in 65 Magna Divisions in 6 months, and reduces inspection cycle time by approximately 40%.

In addition, Magna was awarded a 2022 Automotive News PACEpilot Innovation to Watch – an award which acknowledges post-pilot, pre-commercial innovations in the automotive and future mobility space – for its Aural 5R Alloy. The innovation is the only aluminum die-cast alloy for structural applications created from 100% recycled materials, and offers a better performing alloy for structural applications at a lower cost and lower carbon footprint.

8. Capital Structure, Financings & Credit Ratings

Capital Structure Approach

Our approach to capital structure remains unchanged from recent years. We aim to maintain the company's financial flexibility in order to remain in a position to pursue opportunities and withstand an industry downturn. To do so, we are focused on:

- maintaining sufficient liquidity, including committed lines of credit, to run our operations and continue investing in our business through organic growth, innovation spending, and acquisitions that fit our product strategy;
- preserving a strong investment grade credit rating of BBB+ or better, and an Adjusted Debt to Adjusted EBITDA ratio that meets or exceeds the Moody's Investors Service criteria for a strong investment grade credit rating;
- growing dividends over time as earnings grow; and
- returning excess cash to shareholders in the form of share repurchases.

Other core elements of our approach to capital structure and strategy include:

- lowering our capital spending as a percentage of sales, thereby increasing free cash flow generation;
- utilizing share repurchases to deploy excess cash not needed for organic growth and acquisitions; and
- delivering strong Return on Invested Capital.

In light of the above strategy, we have made significant levels of investment in our business in recent years and have also returned significant amounts of capital to our shareholders in the form of dividends and share repurchases. We had an Adjusted Debt(1) ratio of 1.56 times Adjusted EBITDA(1) at the end of 2022 and our capital structure strategy remains with a long-term target range of 1.0 – 1.5 times Adjusted EBITDA. In order to fund the acquisiton of the Veoneer Active Safety business, which is expected to close mid-year 2023, and to support investment in megatrend areas, we anticipate that our Adjusted Debt ratio will exceed our target range in the near term. However, we are committed to getting into our target range within approximately the next 24 months.

Authorized Share Capital

Our authorized share capital consists of an unlimited number of Common Shares and 99,760,000 Preference Shares, issuable in series, all with no par value. As of March 24, 2023, the Record Date for our Meeting, a total of 286,117,975 Common Shares were issued and outstanding. No Preference Shares have been issued or are outstanding.

The following is a brief description of the significant attributes of our authorized share capital and is qualified in its entirety by reference to the detailed provisions in our charter documents, that set out the attributes of our Common Shares and our Preference Shares.

Common Shares

The holders of our Common Shares are entitled to:

- one vote for each Common Share held at all meetings of our shareholders, other than meetings of the holders of another class or series of shares;
- receive any dividends that may be declared by our Board, subject to the preferential rights attaching to any shares ranking in priority to our Common Shares; and
- receive, after the payment of our liabilities and subject to the rights of the holders of any shares ranking in priority to our Common Shares, all our property and assets available for distribution in the event of our liquidation, dissolution or winding-up, whether voluntary or involuntary, or any other distribution of assets among our shareholders for the purpose of winding-up our affairs.

For further details of the market for our securities, refer to "Schedule C – Market for Securities".

Preference Shares

Our Board may, without the approval of any of our shareholders, fix the number of shares in, and determine the attributes of, an individual series of Preference Shares and issue shares of such series from time to time. The shares of each such series will be entitled to a preference over our Common Shares, but will rank equally with the Preference Shares of every other series with respect to the payment of dividends and in the distribution of all our property and assets available for distribution in the event of our liquidation, dissolution or winding-up, whether voluntary or involuntary, or any other distribution of assets among our shareholders for the purpose of winding-up our affairs. No Preference Shares have been issued or are outstanding and we do not currently anticipate issuing any such shares. In the event we do issue Preference Shares in the future, we would expect to issue them solely for legitimate financing purposes and not to block a change of control transaction.

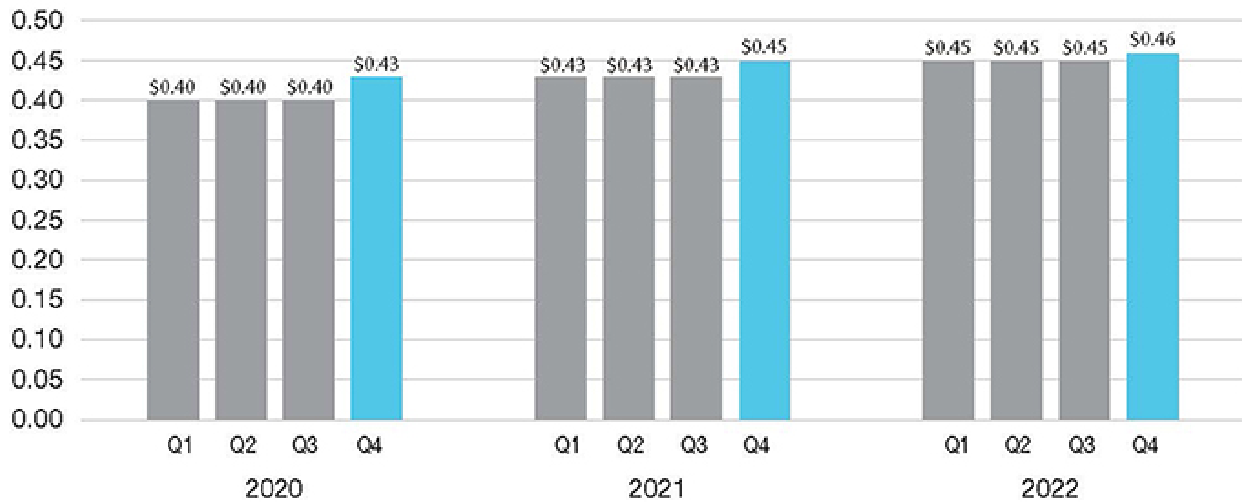
(1) Adjusted Debt is calculated by taking our long- and short-term debt and operating lease liabilities and adding pension obligations and certain other Moody's adjustments. Adjusted EBITDA is calculated by taking our trailing 12-month Earnings before Interest, Taxes, Depreciation and Amortization, as well as operating lease expense and interest income, and adding adjustments relating to pension obligations and unusual items. In each case, such adjustments reflect a methodology for calculating such ratios used by Moody's.

Amendments to Share Provisions and Other Matters

The provisions attaching to our Preference Shares, to a series of our Preference Shares and to our Common Shares may not be deleted or varied without the approval of the holders of the class or series concerned. In addition, no shares of a class ranking prior to or on a parity with our Preference Shares, or our Common Shares, may be created without the approval of the holders of the class or each series of the class concerned. Any approval required to be given must be given by two-thirds of the votes cast by those present or voting at a meeting of the holders of the class or series concerned duly called for that purpose in addition to any other consent or approval required by law.

Dividends

The following table sets forth the cash dividends paid and payable on our Common Shares in respect of each quarter for the last three years.



We intend to continue paying a quarterly dividend from our cash flow from operations, with the aim of regularly increasing the dividend consistent with our practice since 2010. Magna's quarterly dividend has increased for thirteen consecutive years. The declaration and payment of dividends, including the dividend rate, is reviewed quarterly by our Board and is subject to the Board's discretion taking into account our cash flow, capital requirements, our financial condition and other factors they consider relevant. See "Section 5 – Risk Factors".

Dividend Reinvestment Plan (DRIP)

Since 1994, we have maintained a dividend reinvestment plan in which registered shareholders have the option to purchase additional Common Shares by investing the cash dividends paid on their shares.

Financings and Securities/Corporate Transactions

Senior Unsecured Notes

We currently have the following senior unsecured notes outstanding:

Issuance Date	Amount Issued	Interest Rate	Maturity Date
June 16, 2014	$750,000,000	3.625%	June 15, 2024
September 23, 2015	$650,000,000	4.150%	October 1, 2025
November 24, 2015	€550,000,000	1.900%	November 24, 2023
September 25, 2017	€600,000,000	1.500%	September 25, 2027
June 15, 2020	$750,000,000	2.450%	June 15, 2030
March 10, 2023	C$350,000,000	4.95%	January 31, 2031
March 17, 2023	€550,000,000	4.375%	March 17, 2032
March 21, 2023	$300,000,000	5.980%	March 21, 2026
March 21, 2023	$500,000,000	5.500%	March 21, 2033

The prospectus supplements (or in the case of the 4.95% Canadian dollar-denominated notes, the offering memorandum) which describe each of the notes above have been filed and are available on SEDAR (www.sedar.com).

On February 28, 2022, we completed an early redemption of our outstanding Canadian dollar-denominated 3.100% senior unsecured notes due 2022.

The Redemption Price for such Notes was approximately CAD $430 million in the aggregate, including accrued and unpaid interest on such notes, up to but excluding, the Redemption Date.

Credit Facilities

On May 18, 2022, we amended our $2.75 billion syndicated revolving credit facility (the "Global Credit Facility"), including a decrease to the size of the facility to $2.7 billion and an extension of the maturity date from June 24, 2026 to June 24, 2027. The facility includes a $150 million Asian tranche, a $150 million Mexican tranche and a tranche for Canada, U.S. and Europe, which is fully transferable between jurisdictions and can be drawn in U.S. dollars, Canadian dollars or euros. As at December 31, 2022, we had approximately $1 million outstanding under this facility.

We also maintain an $800 million, 364-day syndicated revolving credit facility that expires on June 24, 2023, and can be drawn in U.S. dollars or Canadian dollars. As at December 31, 2022, we had no amounts outstanding under the 364-day facility.

On March 6, 2023, we entered into a syndicated credit agreement with several financial institutions providing for an unsecured term loan (the "Term Loan") with a 3-year tranche of US$800 million and 5-year tranche of US$600 million. The purpose of the Term Loan is to finance in part our proposed acquisition of the Veoneer Active Safety business from SSW Partners.

Commercial Paper Programs

We maintain a euro-commercial paper program (the "ECP Program") and a U.S. commercial paper program (the "USCP Program"), each backstopped by our Global Credit Facility. Under the ECP Program, one of our indirect wholly-owned subsidiaries may, from time to time, issue euro-commercial paper notes, subject to an aggregate maximum of €500 million or its equivalent in alternative currencies. Under the USCP Program, we may, from time to time, issue commercial paper notes, subject to an aggregate maximum of $2 billion or its equivalent in alternative currencies (increased from $1 billion in March 2023). As at December 31, 2022, we had no outstanding issues under the ECP Program or the USCP Program.

Normal Course Issuer Bid

On November 8, 2022, the TSX accepted our Notice of Intention (the "Notice") to Make a Normal Course Issuer Bid relating to the purchase of up to 28,445,000 Magna Common Shares (the "2023 Bid"), representing approximately 10% of our "public float" of Common Shares. The primary purposes of the 2023 Bid are purchases for cancellation, as well as purchases to fund our stock-based compensation awards or programs and/or our obligations to our deferred profit sharing plans. The 2023 Bid commenced on November 15, 2022 and will terminate no later than November 14, 2023.

Purchases of Common Shares under the 2023 Bid as of the date of this AIF have been made on the TSX or the NYSE at the prevailing market price at the time of purchase and in accordance with the rules and policies of the TSX or in compliance with Rule 10b-18 under the U.S. Securities Exchange Act of 1934, respectively, or through other published markets, or by such other means permitted by the TSX.

We have purchased the following Common Shares pursuant to the 2023 Bid as at March 24, 2023, and under our previous normal course issuer bid which commenced on November 15, 2021 and terminated on November 14, 2022 ("2022 Bid"):

	2023 Bid	2022 Bid
Shares purchased and cancelled	0	14,939,400
Shares purchased and retained for stock-based compensation awards or programs and/or deferred profit sharing plans	180,087	289,279
Total	180,087	15,228,679

Ratings

As of the date of this AIF, we have been assigned the ratings in the table below:

Credit Rating Agency	Issuer Rating	Senior Debt Rating	Short-Term Debt Rating	Outlook/ Trend
Dominion Bond Rating Service (DBRS)(1)	A (low)	A (low)	R-1 (low)	Stable
Moody's Investor Services (Moody's)(2)	A3	A3	P-2	Stable
Standard & Poor's (S&P)(3)	A–	A–	A-2	Stable

Notes:

(1) DBRS's issuer and senior debt ratings are based on its long-term rating scale that ranges from "AAA" to "D" which represents the range from an issuer with the highest credit quality to one that has filed under bankruptcy, insolvency or winding up legislation or failed to satisfy an obligation after exhausting grace periods. A rating in the "A" rating category is in the third highest category of the relevant scale of eight major categories and is considered by DBRS to be of good credit quality, with substantial capacity for payment of financial obligations. "High" and "low" grades are used to indicate the relative standing of credit within a particular rating category. The absence of one of these designations indicates a rating which is in the middle of the category, excluding the AAA and D categories for which the "high", "middle" or "low" designations are not used. The DBRS rating trends provide guidance in respect of DBRS' opinion regarding the outlook for the rating in question, with rating trends falling into one of three categories – "Positive", "Stable" or "Negative". The rating trend indicates the direction in which DBRS considers the rating is headed should present tendencies continue, or in some cases, unless challenges are addressed. A "Positive" or "Negative" does not necessarily indicate a rating change is imminent, but rather the trend represents an indication that there is a greater likelihood that the rating could change in the future versus if a "Stable" trend was assigned.

DBRS's short-term debt rating is based on its commercial paper and short-term debt rating scale that ranges from "R-1 (high)" to "D" which represents the range from an issuer with the highest credit quality to one that has filed under bankruptcy, insolvency or winding up legislation or failed to satisfy an obligation after exhausting grace periods. A rating in the "R-1 (low)" category represents the third highest category of the relevant scale of ten major categories and is considered by DBRS to be of good credit quality, with substantial capacity for payment of financial obligations.

(2) Moody's senior unsecured issuer rating is an opinion as to our future relative creditworthiness. The credit rating is based on a rating scale that, for global automotive suppliers, ranges from "Aaa" to "C", which represents the range from those obligations with minimal credit risk to those obligations that are in default with little prospect of recovery. Issuer's in the "A" rating category are in the third highest category of the relevant scale of nine major categories and are considered by Moody's to be subject to low credit risk. The determination of the overall rating assigned to a global automotive supplier is based on an assessment of an issuer's performance in five broad weighted categories, some of which are further broken down into a number of weighted sub-factors each of which maps to a specific letter rating in the range above. The indicated rating category for each sub-factor (i.e., Aaa, Aa, etc.) is then converted into a numeric value, which is then multiplied by the weight for that sub-factor with the results then totaled to produce a composite weighted-factor score, that is itself then mapped back to an alphanumeric rating based on the ratings range from Aaa to C. Moody's appends the numerical modifiers 1, 2, or 3 to each generic rating classification from Aa through Caa. The modifiers 1, 2 and 3 indicate that the obligation ranks in the higher end, mid-range or lower end of its generic rating category, respectively. The Moody's rating outlook is an opinion regarding the likely direction of an issuer's rating over the medium term, and fall into one of four categories: Positive, Negative, Stable or Developing.

(3) S&P's issuer credit rating is a current opinion of our overall financial capacity (i.e. credit worthiness) to pay our financial obligations in full and on time. This credit rating is based on a rating scale that ranges from "AAA" to "D", which represents the range from extremely strong capacity to meet financial obligations to a failure to pay one or more financial obligations when it came due. An issuer with a long-term issuer rating in the "A" rating category is in the third highest category of the relevant scale of ten major categories and is considered by S&P to have a strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than issuers in higher-rated categories. The ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. The lack of one of these designations indicates a rating that is in the middle of the category. The S&P rating outlook assesses the potential direction of a credit rating over the intermediate term (typically six months to two years), but is not necessarily a precursor to a rating change.

Credit ratings are intended to provide investors with an independent measure of the credit quality of debt and securities. The credit ratings assigned to us or our senior debt by the rating agencies are not recommendations to purchase, hold or sell our debt or securities, since such ratings do not address market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future, if in its judgement, circumstances warrant. See "Section 5 – Risk Factors – "Credit Ratings Changes" in this AIF. We have made payments in the ordinary course to the rating agencies listed above in connection with the assignment of ratings on our securities. In addition, we made payments to Moody's and S&P in connection with the confirmation of our ratings in respect of the issuance of our Senior Notes and continued issuances under our ECP Program and USCP Program.

9. Directors & Executive Officers

Directors

Our Board currently consists of the following members:

Name & Municipality of Residence	Director Since	Principal Occupation
Peter G. Bowie[1] Ontario, Canada	May 10, 2012	Corporate Director
Mary S. Chan New Jersey, U.S.A.	August 10, 2017	Managing Partner of VectoIQ LLP and Corporate Director
Hon. V. Peter Harder Ontario, Canada	January 10, 2020	Senator and Corporate Director
Jan R. Hauser Massachusetts, U.S.A.	August 1, 2022	Corporate Director
Seetarama (Swamy) Kotagiri Michigan, U.S.A.	January 1, 2021	Chief Executive Officer of Magna
Dr. Kurt J. Lauk[2] Baden-Württemberg, Germany	May 4, 2011	Co-Founder & President, Globe CP GmbH
Robert F. MacLellan[3] Ontario, Canada	May 10, 2018	Chairman, Northleaf Capital Partners and Corporate Director
Mary Lou Maher Ontario, Canada	May 6, 2021	Corporate Director
William A. Ruh New South Wales, Australia	May 11, 2017	Chief Executive Officer, Digital of Lendlease Group
Dr. Indira V. Samarasekera British Columbia, Canada	May 8, 2014	Senior Advisor, Bennett Jones LLP and Corporate Director
Dr. Thomas Weber Baden-Württemberg, Germany	January 1, 2022	Corporate Director
Lisa S. Westlake Florida, U.S.A.	May 9, 2019	Corporate Director

Notes:

(1) Mr. Bowie was a director of Xebec Adsorption, Inc. ("Xebec") when it sought protection under the Companies' Creditors Arrangement Act ("CCAA") on September 29, 2022. Xebec's shares were suspended from trading by the Toronto Stock Exchange on the same date and subsequently delisted on November 14, 2022.
(2) Retiring at the end of the current term on May 11, 2023.
(3) Chairman of the Board.

All of our directors were elected to their present terms of office by our shareholders at our Annual and Special Meeting of Shareholders held on May 3, 2022, except Jan R. Hauser, who was appointed to the Board on August 1, 2022. The term of office for each director expires at the conclusion of the next annual meeting of our shareholders. Two individuals, Jay K. Kunkel and Matthew Tsien, are being nominated for election to our Board at the Meeting, and if elected, will serve as independent directors.

All of the directors have held the principal occupations identified above (or another position with the same employer) for not less than five years, except as follows:

- Mr. Harder served as the Representative of the Government of Canada in the Senate from March 2016 to January 2020;
- Ms. Hauser was a Vice President of General Electric from April 2013 to March 2019, as well as GE's Controller and Chief Accounting Officer from April 2013 to November 2018;
- Ms. Maher was concurrently the Canadian Managing Partner, Quality and Risk, KPMG Canada and Global Head of Inclusion and Diversity, KPMG International from October 2017 to February 2021;
- Mr. Ruh was Chief Executive Officer, Senior Vice-President and Chief Digital Officer, GE Digital from September 2015 to December 2018; and
- Ms. Westlake was Chief Human Resources Officer of IHS Markit Ltd. from April 2017 to August 2018.

With the exception of Mr. Kotagiri, our CEO, all other directors have been determined by our Board to be "independent directors" within the meaning of such term under applicable law.

Board Committees

Effective August 1, 2022, our Corporate Governance, Compensation and Nominating Committee ("CGCNC") was split into two new committees: (1) Governance, Nominating and Sustainability Committee ("GNSC"); and (2) Talent Oversight and Compensation Committee ("TOCC"), in order to enable more focused oversight.

A copy of our Board Charter, Audit Committee Charter, as well as the charters of our other Board Committees are available on our website (www.magna.com), have been filed on SEDAR (www.sedar.com) and EDGAR (www.sec.gov/edgar) and are incorporated by reference into this AIF. Additional information about our Audit Committee is contained under "Corporate Governance – Report of the Audit Committee" in our Circular for our Meeting, which is incorporated by reference into this AIF.

Membership of these Committees as of the date of this AIF are as follows:

Name	Audit Committee	Governance, Nominating & Sustainability Committee	Talent Oversight & Compensation Committee	Technology Committee
Peter G. Bowie	©			■
Mary S. Chan		■		■
Hon. V. Peter Harder		©		■
Jan R. Hauser	■			■
Dr. Kurt J. Lauk(1)		■		©
Robert F. MacLellan(2)				■
Mary Lou Maher	■			■
William A. Ruh			■	■
Dr. Indira V. Samarasekera			©	■
Dr. Thomas Weber				■
Lisa S. Westlake			■	■

■ Committee Member © Committee Chair

Notes:

(1) Mr. Lauk will retire from his committee assignments in connection with his retirement from the Board at the end of his current term on May 11, 2023.
(2) Chairman of the Board

Additional details regarding our Committee structure can be found in the "Corporate Governance" section of our Circular.

Executive Officers

Our executive officers currently consist of the following persons:

Name & Municipality of Residence	Principal Occupation
Seetarama (Swamy) Kotagiri Michigan, U.S.A.	Chief Executive Officer (since January 2021)
Patrick W.D. McCann Ontario, Canada	Executive Vice-President and Chief Financial Officer (since January 2022)
Vincent J. Galifi Ontario, Canada	President (since January 2022)
Guenther F. Apfalter Upper Austria, Austria	President, Magna Europe (since February 2011) and Magna Asia (since July 2020) and President, Magna Steyr (since March 2022)
John H. Farrell Ontario, Canada	President (Cosma, Exteriors and Seating) (since January 2023)
Tom J. Rucker Ontario, Canada	President (MPT, MML, Electronics and Complete Vehicles) (since January 2023)
Bruce R. Cluney Ontario, Canada	Executive Vice-President and Chief Legal Officer (since July 2020)
Matteo Del Sorbo Ontario, Canada	Executive Vice-President, Magna New Mobility (since January 2022)
Uwe Geissinger Hesse, Germany	Executive Vice-President, Operational Efficiency (since February 2021)
Anton Mayer Lower Austria, Austria	Executive Vice-President and Chief Technology Officer (since January 2022)
Aaron D. McCarthy Ontario, Canada	Executive Vice-President and Chief Human Resources Officer (since January 2019)
Boris Shulkin Michigan, U.S.A.	Executive Vice-President (since February 2021) and Chief Digital & Information Officer (since April 2022)
Eric J. Wilds Michigan, U.S.A.	Executive Vice-President and Chief Sales & Marketing Officer (since January 2020)

To the extent that our executive officers have not held the offices identified above for the last five years, they have held the following offices or positions with us and/or have had the following principal occupations during the last five years:

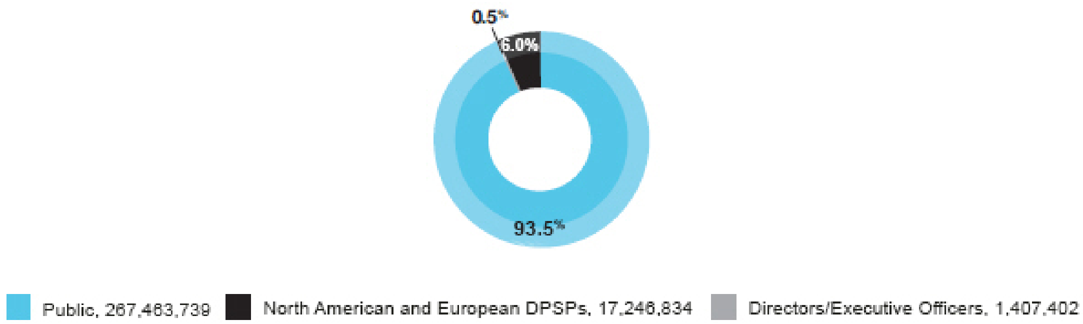
- Prior to becoming our CEO, Mr. Kotagiri was President, Magna International from January 2020 to December 2020 and Executive Vice-President and Chief Technology Officer from January 2014 to January 2020. He also served as President, Power and Vision from May 2018 to December 2020 and as President, Magna Electronics from February 2016 to May 2018;
- Mr. McCann was Senior Vice-President, Finance from May 2019 to December 2021, and Vice-President, Cosma Group from January 2016 to April 2019;
- Mr. Galifi was Executive Vice-President from September 1996 to December 2021, and Chief Financial Officer from December 1997 to December 2021;
- Mr. Farrell was President of Cosma International from January 2013 to December 2022;
- Mr. Rucker was President of Magna Powertrain from October 2019 to December 2022, Senior Vice President, Program Management and Launch Excellence of Magna Powertrain from April 2018 to September 2019 and Vice President, Operations – Metal Forming Solutions, a subgroup of Magna Powertrain from January 2012 to March 2018;
- Mr. Cluney was Executive Vice-President and General Counsel, Power and Vision from July 2018 to July 2020 and Vice-President, Secretary and General Counsel of Magna Closures / Magna Mirrors (now known as Mechatronics / Magna Mirrors / Magna Lighting) from January 2010 to July 2018;
- Mr. Del Sorbo was Vice-President, Business Development from January 2020 to January 2022 and Vice-President, Business Development – Exteriors, Seating, Mirrors, Closures and Cosma Groups from January 2017 to January 2020;
- Mr. Geissinger was President, Magna Electronics and Senior Vice-President Operations, Power & Vision Group from April 2019 to February 2021, and Senior Vice-President, Fluid Pressure & Controls Group from January 2017 to March 2019;
- Mr. Mayer was Executive Vice President, Research and Development from October 2021 to December 2021, Executive Vice- President, Systems and Portfolio Strategy from February 2021 to September 2022 and Senior Vice-President, Global Engineering at Magna Powertrain from November 2017 to February 2021;

- Mr. McCarthy joined Magna in January 2016 as Vice-President, Human Resources, the Americas and India and remained in this role until December 2018;

- Mr. Shulkin was Senior Vice-President, Technology and Development from July 2020 to February 2021, Vice-President, Research and Development from May 2011 to July 2020, and Executive Vice President, Technology & Investments from February 2021 to March 2022; and
- Mr. Wilds was Executive Vice President, Business Development & Strategy, Magna Power and Vision from January 2018 to January 2020.

Beneficial Ownership of Securities

As at March 24, 2023, we had 286,117,975 Common Shares issued and outstanding. All our directors and executive officers (as a group 24 persons) owned beneficially or exercised control or direction over 1,407,402 Common Shares representing approximately 0.5% of the class, as at March 24, 2023. Our issued and outstanding Common Shares are held as follows:



10. Legal Proceedings

Regulatory Proceedings

From time to time, the Company may become involved in regulatory proceedings. Magna's policy is to comply with all applicable laws, including antitrust and competition laws. Based on a previously completed global review of legacy antitrust risks which led to a September 2020 settlement with the European Commission and a June 2022 settlement with Brazil's federal competition authority involving in both cases the supply of closure systems, Magna does not currently anticipate any material liabilities. However, we could be subject to restitution settlements, civil proceedings, reputational damage and other consequences, including as a result of the matters specifically referred to above.

Other

In the ordinary course of business activities, we may become contingently liable for litigation and claims with customers, suppliers, former employees and other parties. In addition, we may be, or could become, liable to incur environmental remediation costs to bring environmental contamination levels back within acceptable legal limits. On an ongoing basis, we assess the potential of any adverse judgments or outcomes to these matters, as well as any associated probable costs and losses.

A determination of the provision required, if any, for these contingencies is made after analysis of each individual issue. The required provision may change in the future due to new developments in each matter or changes in approach, such as a change in settlement strategy in dealing with these matters.

Warranty, Product Liability and Recall Costs

In certain circumstances, we are at risk for warranty, product liability and recall costs, and are currently experiencing increased customer pressure to assume greater warranty responsibility. Certain customers seek to impose, partial responsibility for the warranty costs where the underlying root cause of product or system failure cannot be determined. Due to the nature of the costs, we make our best estimate of the expected future costs, however, the ultimate amount of such costs could be materially different. For most types of products, we only account for existing or probable claims on product defect issues when amounts related to such issues are probable and reasonably estimable. However, for certain complete vehicle assembly, powertrain systems, and electronics contracts, we record an estimate of future warranty-related costs based on the terms of the specific customer agreements and/or our warranty experience.

Product liability and recall provisions are established based on our 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. In making this estimate, judgement is also required as to the ultimate negotiated sharing of the cost between us, the customer and, in some cases a supplier. Where applicable, insurance recoveries related to such provisions are also recorded.

11. Other Information

Additional Information

Our Circular contains the following additional information:

- our directors' and named executive officers' remuneration and indebtedness;
- our voting securities and their principal holders; and
- securities authorized for issuance under our equity-based compensation plans.

Additional financial information about us is provided in our consolidated financial statement as at and for the year ended December 31, 2022 and in our MD&A. These documents and additional information about us may be found on SEDAR, at www.sedar.com, on EDGAR at www.sec.gov/edgar and on our website, at www.magna.com.

Interests of Management & Others in Material Transactions

Reference is made to "Interests of Management and Other Insiders in Certain Transactions" in our Circular for our Meeting, which is incorporated by reference into this AIF.

Transfer Agent & Registrar

The transfer agent and registrar for our Common Shares is Computershare Trust Company of Canada, at its principal offices in Toronto, Ontario. The co-transfer agent and co-registrar for our Common Shares in the United States is Computershare Trust Company, N.A., at its offices in Louisville, Kentucky.

Interests of Experts

Our independent auditor for the 2022 fiscal year is Deloitte LLP. Deloitte LLP is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario, and the applicable rules and regulations adopted by the SEC and the Public Company Accounting Oversight Board (United States) (PCAOB). Additional information regarding the fees paid to our independent auditors is contained under "Business of the Meeting – Reappointment of Deloitte as Magna's Independent Auditors" in our Circular, which is incorporated by reference into this AIF.

Schedules

Schedule A
Principal Subsidiaries and Investments

Subsidiaries

A list of our principal subsidiaries and each of their jurisdictions of incorporation as of December 31, 2022 is set out below. Our legal structure (including that of our subsidiaries) is not necessarily indicative of our operational structure.

Subsidiary(1)(2)	Voting Securities	Jurisdiction of Incorporation
1305290 Ontario Inc.	100%	Ontario
Magna International Investments S.A.	100%	Luxembourg
Magna International Automotive Holding GmbH	100%	Austria
Magna Automotive Europe GmbH	100%	Austria
Magna Automotive Holding GmbH	100%	Austria
Magna Metalforming GmbH	100%	Austria
Magna Steyr GmbH & Co. KG	100%	Austria
Magna Powertrain GmbH & Co KG	100%	Austria
Magna Steyr Fahrzeugtechnik AG & Co. KG	100%	Austria
Engineering Center Steyr GmbH	100%	Austria
Magna Powertrain GmbH	100%	Austria
Magna Automotive Holding (Germany) GmbH	100%	Germany
Magna PT Holding GmbH	100%	Germany
175 Holdings ULC	100%	Alberta
Magna US Holding, Inc.	100%	Delaware
Cosma International of America, Inc.	100%	Michigan
Intier Automotive of America, Inc.	100%	Delaware
Intier Automotive of America Holdings, Inc.	100%	Delaware
Magna Seating of America, Inc.	100%	Delaware
Magna Exteriors Holdings, Inc.	100%	Delaware
Magna Exteriors of America, Inc.	100%	Delaware
Magna Mirrors of America, Inc.	100%	Michigan
Magna International (Hong Kong) Limited	100%	Hong Kong
Magna Exteriors Inc.	100%	Ontario
Magna Powertrain de Mexico, S.A. de C.V.	100%	Mexico
Magna Seating Inc.	100%	Ontario
Magna Internacional de Mexico, S.A. de C.V.	100%	Mexico
Magna Powertrain Inc.	100%	Ontario

Notes:

(1) The table shows the percentages of the votes attached to all voting securities and of each class of non-voting securities, owned by us or over which control or direction is exercised by us. Parent/subsidiary relationships are identified by indentations. Percentages represent the total equity interest in a subsidiary, which is not necessarily indicative of percentage voting control.

(2) Subsidiaries not shown each represent less than 10% of our total consolidated revenues and total consolidated assets (although not all subsidiaries shown necessarily each represent more than 10% of our total consolidated assets and total consolidated sales) and, if considered in aggregate as a single subsidiary, represent less than 20% of our total consolidated revenues and total consolidated assets.

Investments

Our principal equity method investments are the following:

Joint Venture	Magna Equity Ownership %	Partner(s)	Reporting Segment
Litens Automotive Partnership	76.7% (non-controlling 50% voting interest)	Current and retired members of senior Litens management	Power & Vision
Hubei HAPM MAGNA Seating Systems Co., Ltd.	49.9%	Hubei Aviation Precision Machinery Co., Ltd.	Seating Systems
LG Magna e-Powertrain Co.,Ltd.	49.0%	LG Electronics Inc.	Power & Vision

Schedule B
Acquisitions and Divestitures

We have completed a number of acquisitions, divestitures, financings and securities/corporate transactions in the last three fiscal years, including those listed below. None of these acquisitions constitutes a "significant acquisition" within the meaning of such term in National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators. Additional information about the acquisitions and/or divestitures listed below can be found in Note 21 of our consolidated financial statement as at and for the year ended December 31, 2022, Note 5 of our consolidated financial statement as at and for the year ended December 31, 2021, and Notes5&7 of our consolidated financial statement as at and for the year ended December 31, 2020.

Acquisitions

Year	Acquisition
2022	• Investment in Yulu Mobility, an electrified mobility provider in India and together with Yulu Mobility, establishment of 51% controlling interest in a new battery swapping entity ("Magna Yuma") to support electrification of mobility and required infrastructure.
2021	• Getrag Ford Transmission GmbH's non-controlling interest in Getrag (Jiangxi) Transmission Co., Ltd., a Chinese joint venture controlled by Magna, and a facility in Europe • 65% equity interest and a controlling financial interest in Chongqing Hongli Zhixin Scientific Technology Development Group LLC • Klein Automotive, a metalforming operation in Czechia
2020	Controlling interest in Getrag (Jiangxi) Transmission Co., Ltd joint venture

Divestitures

Year	Divestiture
2022	None
2021	• Distribution to Ford Motor Company of certain assets of Getrag Ford Transmission GmbH, a European joint venture with Ford, in connection with multiple agreements with Ford to operate certain businesses within the joint venture under separate ownership • Three Body Exteriors & Structures operations in Germany
2020	None

Schedule C
Market for Securities

Our Common Shares are listed and posted for trading on the TSX under the trading symbol “MG”, and on the NYSE under the trading symbol “MGA”.

The high and low sale prices and volume of shares traded for our Common Shares, as reported by the TSX and NYSE, respectively, for the months during the year ended December 31, 2022 were as follows:

Month	TSX High (C$)	TSX Low (C$)	TSX Volume	NYSE High ($)	NYSE Low ($)	NYSE Volume
January	112.62	94.09	16,303,403	90.15	74.26	26,673,058
February	106.20	90.90	17,873,751	83.68	70.78	29,556,418
March	93.30	70.16	35,416,948	73.72	54.60	52,610,978
April	83.39	75.97	17,202,327	66.81	59.35	23,406,350
May	83.67	71.92	21,200,091	66.20	55.19	26,619,020
June	84.32	69.10	20,288,121	67.31	53.55	24,285,486
July	82.36	68.39	14,933,904	64.14	52.47	18,862,392
August	83.77	75.38	14,145,468	65.58	57.69	20,220,820
September	78.64	64.49	15,258,822	60.55	47.04	21,814,971
October	76.88	63.55	15,461,307	56.32	45.58	22,283,857
November	84.49	73.38	17,727,947	64.31	53.21	25,359,486
December	84.24	73.64	13,146,893	62.74	53.86	23,241,480

Appendix 1

Sustainability Report FY 2022

Contents

Sustainability Report

Committed to a Sustainable Future.

Concern for the environment is central to who we are and what we do at Magna. Last year, we committed to being carbon neutral in our European operations by 2025 and globally by 2030, placing us among industry leaders. Some of our divisions have already exceeded those ambitious goals, because we get down to the shop-floor level when it comes to sustainability.

While energy, water, and natural gas conservation are important to sustainability, they are just part of the equation for us. We think bigger. It's about protecting our common home and making a better society overall.

This is why so many Magna employees around the world plant thousands of trees, tend beehives, cultivate wildflowers, and ride bikes to work. We know we are all responsible for meeting our sustainability goals.

Committed to Making a Difference

PRODUCT delivering solutions for a better tomorrow

PROCESS minimizing our environmental impact

PEOPLE benefiting our teams and communities

	Where We Are	Year Over Year Progress	Where We Are Going
% of global electricity buy that is renewable electricity	19%	↑ +500 bps	35% Expected by 2025
Divisions using renewable electricity	61	↑ +32	>120 Expected by 2025
Divisions that are CO_2 neutral	26	↑ +17	110 Expected by 2025
Divisions with on-site solar generation	6	↑ +1	>20 Currently investigating

Summary Sustainability Metrics

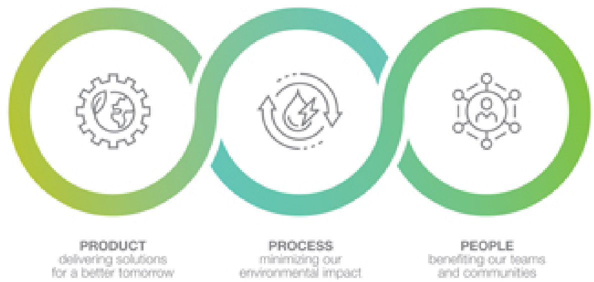
TOPIC	SASB CODE	METRIC	UNIT OF MEASURE	MAGNA 2022 DATA[1]	CHANGE FROM 2019 BASELINE[2]
	—	Scope1&2 emissions	Metric Tons (t) CO_2e	**1,460,959 t**	↓ 30.9%
Energy Management	**TR-AP-130a.1**	Aggregate amount of energy consumed	Gigajoules (GJ) MegaWatt hours (MWh)	**20,052,840 GJ** **5,570,234 MWh**	↓ 12.9%
		% of energy consumed supplied from electrical grid	Percentage (%)	**57.8%**	↑ 280 bps
		% of energy consumed that is renewable energy	Percentage (%)	**10.0%**	—
	—	Energy intensity	MegaWatt hours (MWh) / Sales (USDm)	**147 MWh / USDm**	↓ 9.3%
		Energy intensity reduction	MegaWatt hours (MWh) / Sales (USDm)	**Target: ≥3% p.a.** **Actual: 1.3% 2022**	—
Waste Management	**TR-AP-150a.1**	Aggregate amount of waste generated from manufacturing operations	Metric Tons (t)	**1,476,282 t**	—
		% of waste generated that is hazardous	Percentage (%)	**4.3%**	—
		% of waste generated that was recycled	Percentage (%)	**87.2%**	—
	—	% hazardous waste diverted from landfill	Percentage (%)	**90.0%**	—
		Waste diversion from landfill target	Percentage (%)	**≥95% p.a.**	—
Water Management	—	Annual water withdrawals	Megalitres (ML)	**6,292 ML**	↓ 17.4%
		Water reduction target	Percentage (%)	**1.5% p.a.** **15% by 2030 (vs. 2019)**	—
Environmental Management	—	Annual remediation expenses	Reporting Currency (USD)	**<$1.0m**	No Change
		Aggregate remediation balance for known events	Reporting Currency (USD)	**$16.3m**	↑ 21.6%
Competitive Behaviour	**TR-AP-520a.1**	Total amount of monetary losses incurred as a result of legal proceedings associated with anti-competitive behaviour regulations	Reporting Currency (USD)	**$1.2m**	—
Health and Safety	—	Accident frequency rate	1.0 = 1 injury / illness per 100 employees working 40 hours/week, 50 weeks/year	**0.62**	↓ 40.4%
		Accident severity rate	10.0 = 10 lost work days / 100 employees working 40 hours/week, 50 weeks/year	**12.40**	↑ 0.4%
Gender Diversity	—	% of employees who are women[3]	Percentage (%)	**28%**	—
		% Women in Critical Positions	Percentage (%)	**18%**	—
		% Women on the Board of Magna	Percentage (%)	**42%[4]**	↑ 600 bps

Notes:

(1) 2022 data with respect to Water Withdrawals, Emissions, Energy Management, Waste Management, and Health and Safety is preliminary.
(2) Items indicated by a dash were not tracked in 2019.
(3) Wholly-owned operations only.
(4) As of May 11, 2023, the percentage of women on the Board will be 38%, assuming election of all nominees for Magna's annual meeting of shareholders.

Introduction

At Magna we are committed to making a difference through our products and processes, as well as care and concern for our people and the communities in which they live.



Magna's Climate Change Committment

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. We took a significant step in 2021, targeting carbon neutrality (Scope 1 and Scope 2 emissions) in our European operations by 2025 and in our global operations by 2030. To date, 26 (2022: 20; 2021: 9) of our Divisions globally have achieved carbon neutrality.

We believe our ambitous commitment makes us an industry leader in North America and aligns us with industry leaders in Europe. Moreover, we are focused on a science-based approach aligned with the objectives of the Paris Climate Agreement and intend to submit our emission reduction targets for official validation by the Science-based Targets initiative (SBTi) in 2023.

Our progress to date with respect to carbon neutrality is detailed in this Sustainability Report.

Approach to Sustainable Value Creation

Overall, our approach to sustainable value creation involves:

- 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;
- optimizing and innovating our manufacturing processes for resource and input efficiency, as well as product quality;
- enhancing the energy efficiency of our plants to reduce Scope 1 greenhouse gas emissions;
- implementing our roadmap for the transition to 100% renewable energy by 2030 to reduce our Scope 2 emissions;
- working on a roadmap for engaging our supply chain regarding Scope 3 emissions;
- 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.

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") framework, as well as the Sustainability Accounting Standards Board's ("SASB") Auto Parts accounting standard, where possible. While this report may not currently provide stakeholders with all of the information sought through the TCFD and SASB frameworks; we continue to evolve and enhance our disclosure as our collection and validation of the applicable data improves. While the TCFD 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 initiatives that define our approach to sustainable value creation.

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 on SEDAR, 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, as well as its overall approach to corporate governance; capital allocation; major corporate policies; enterprise risk management, including sustainability risks; and shareholder engagement. 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 Chief Technology Officer identifies material "megatrends" impacting the automotive industry, including automotive and mobility trends arising from climate-related issues. Significant opportunities and risks are then addressed by the CTO at the annual Board strategy meeting, while Operating Group Presidents address the opportunities and risks applicable to their respective business units at the annual business planning meeting. Guidance, feedback and other outputs from the strategy meeting are incorporated and integrated into business unit business plans for the next business planning meeting. 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, including our Annual Information Form / Annual Report on Form 40-F incorporating this Sustainability Report.

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 GNSC, supports the Board's oversight of the company's approach to sustainability and climate change issues, including by assessing Magna's overall approach to reduce its carbon footprint, environmental compliance, as well as Magna's actions to identify, monitor and mitigate any material risk exposures relating to such areas. The Board's 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 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, the GNSC and TOCC maintain a written charter which outlines its specific roles and responsibilities. The GNSC and TOCC Charters have been filed on SEDAR and is 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 2022, the GNSC received updates on Magna's evolving sustainability strategy, its progress in achieving its carbon neutrality commitments, and its activities in relation to supply chain monitoring. Its predecessor committee, the CGCNC also reviewed, provided input into and approved the organization's Sustainability Report and presented its recommendations to the Board regarding the Board's approval of the Sustainability Report. Additionally, the CGCNC received reporting relating to the performance of Magna's environmental compliance and management program. The TOCC's responsibility include: talent management and succession planning, executive and incentive compensation, employee health and safety, and other matters. During 2022, the TOCC received updates on Magna's occupational health and safety program, leadership development and succession planning, and global compliance program training.

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.

The Technology Committee supports the Board's overisight 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.

1.2 Management

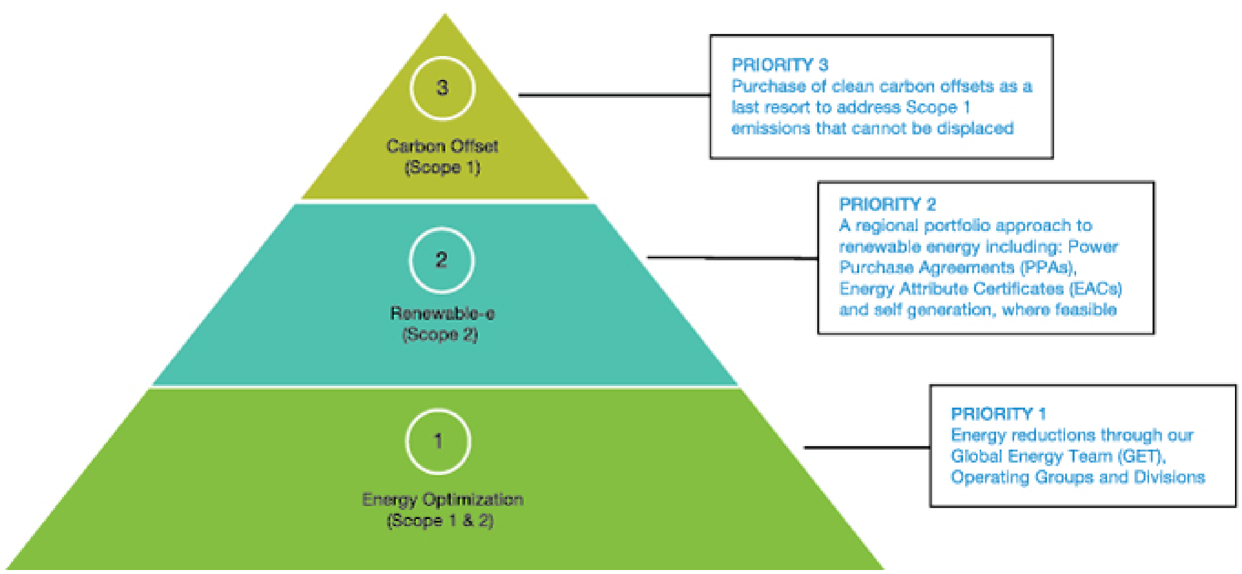
Climate-related issues are part of the CEO's responsibility. As Magna's highest-ranking member of management, the CEO guides and directs Executive Management and Operating Group Presidents with respect to product portfolio and strategic planning, business planning, capital expenditures, innovation/R&D, manufacturing productivity and efficiency, as well as other critical areas, including the setting of the carbon neutrality targets (Scope 1 & Scope 2) announced by Magna in 2021. 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 ensure organizational alignment.

To assist our CEO, Magna has designated one of its Operating Group presidents as an executive "champion" for climate-related 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 other Operating Groups. Operating Group management is responsible for development of product strategies to address megatrends, industry trends, and business opportunities and risks, including those which arise due to climate-related challenges.

We also have a bottom-up sustainability structure with representatives at each of our three main management levels (Divisional, Operating Group and Corporate). Approximately 95% of our manufacturing Divisions have an energy management champion who works with members of 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 "lead". Operating Group sustainability leads participate in a sustainability steering committee headed by the Sustainability Champion, which consists of cross-functional corporate leaders representing operational improvement, environmental, purchasing, supplier risk management, energy, real estate, R&D, legal/corporate secretarial and finance, with other functions as needed. The Sustainability Steering Committee is led by the Sustainability Director who oversees and tracks the metrics and KPIs developed by the Committee, such as the energy reduction goals. The Sustainability Director leverages the multidisciplinary Committee to develop Magna's long-term sustainability and decarbonization strategy coupled with near-term metrics. In connection with our evolving sustainability strategy and our commitment to achieving the carbon neutrality 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 other Operating Group Presidents.

A number of initiatives intended to help us achieve our carbon neutrality targets are well underway, including energy optimization initiatives at most of our operating Divisions and a phased in transition to renewable electricity globally. For us, carbon offsets are a last resort to offset Scope 1 emissions that cannot be displaced by other methods, not a primary means of achieving our targets.

CARBON NEUTRALITY PRIORITIES



Our energy optimization activities are described in further detail in Section 2.3 of this Sustainability Report.

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; cybersecurity; data privacy; as well as supply chain.

1.3 Enhancements to Our Sustainability Program

In 2022, we made a number of enhancements to our Sustainability program, including introducing:

- a Corporate-wide Fundamentals of Sustainability Training, which was rolled out in 11 languages and completed by approximately 42,000 employees. The training provides a review of sustainability basics and their relation our business, and helps our organization continue to cultivate interest, ideas and opportunities for improving our operations and products and our world in general.
- our first annual Commitment to Sustainability Awards to recognize how sustainable activities benefit our Divisions, our environment, and all stakeholders. The awards, which are open to Magna's Divisions globally, are separated into three categories: (i) product excellence and innovation; (ii) process improvements that advance lean and sustainability efforts; and (iii) people – programs that overcome employee and community challenges in the areas of education and training, health and safety, diversity and inclusion, and other areas of social impact. 71 Divisions submitted applications for the inaugural awards, and 191 Divisions have submitted applications for this year's awards. Our inaugural winners are detailed on pages A-32 and A-33 of this Sustainability Report.
- a new module in our MAFACT system covering Sustainability with five scoring levels that assess a Divison's performance on sustainability, including: carbon/air emissions, water usage, waste, and support for UN Sustainable Development Goals. Scoring is based on development of a strong foundation for data collection (level 1) through to achieving carbon neutrality (level 5).

2. Climate-Related Opportunities

2.1 Corporate Strategy

The automotive industry is being defined by a number of global megatrends that have shaped our long-term strategy, including:

	Megatrend	Impact on Automotive
Economy	Globalization	Industry built through globalization appears to be undergoing regionalization.
	Environmental Impact	Concern for environment/climate change driving vehicle electrification.
	Natural Resources & Energy	Access to critical battery minerals and availability of sufficient renewable energy may define success in drive to vehicle electrification.
Society	Demographic Change & Individualism	Product design will be influenced by aging population and growing individualization.
	Digital Transformation	Connectivity and digitization impact both product and process. New vehicle architectures that connect the subsystems along with software functionality creates additional value to products. Process is also impacted due to increased digitization, driven by increased requirements for productivity and quality.
	Health & Well-Being	ADAS and autonomy take rates will be driven both by consumer preferences as well as regulatory requirements tied to increased safety.
Mobility	Urbanization	Continued growth in urban population will lead to changes in mobility as a result of increased density and congestion with an increase in EV adoption and new transport modalities.
	New Mobility	Emerging new mobility eco-system offers a range of potential opportunities for new products and services.

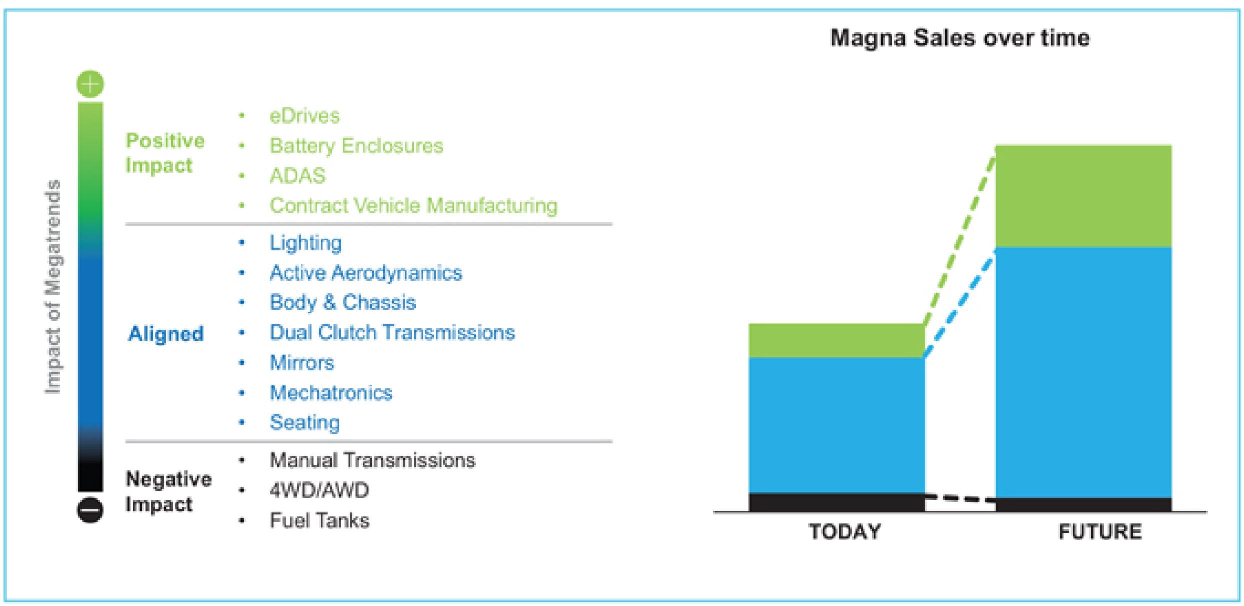
We have distilled the impacts of the global megatrends into four long-term strategic factors which we see defining the "Car of the Future" – electrification, autonomy, new mobility and connectivity. We believe we are well-positioned to capitalize on opportunities in each area:

Electrification	We possess an enhanced e-Powertrain portfolio with a range of products that addresses the roadmap for the transition to EVs. We continue to win new EV business.
Autonomy	We possess full ADAS capability and complete ADAS system expertise. We take a systems level approach in developing ADAS building blocks for OEM customers with a focus up to level 2+/3 ADAS capabilities.
New Mobility	We have expanded our collaboration ecosystem and continue to look for opportunities to leverage new business models. The breadth of our capabilities make us a key enabler of OEM customers and new entrants in the New Mobility space.
Connectivity	We possess software-enabled functionality in our electronic control unit-related products. This functionality could help optimize performance and efficiency in connected products, such as our connected powertrains.

We have developed our corporate strategy to realize the opportunities from these trends. Key elements of such strategy include:

Increasing capital deployment toward high-growth areas aligned with the "Car of the Future"

We are proactively managing our portfolio and evolving our product mix based on alignment with the Car of the Future. We seek to grow our business and capabilities in areas which are positively impacted by the megatrends discussed earlier. Examples of such areas include powertrain electrification, ADAS and battery enclosures, as well as our contract vehicle manufacturing operations. As illustrated below, we believe that a substantial proportion of our product areas are not adversely impacted by the global megatrends, including our body, chassis, lighting, active aerodynamics, dual clutch transmissions, mirrors, mechatronics and seating products. The strong returns and cash flow from these product areas enable us to fund the R&D and capital investments required to realize the opportunities in high-growth products which are benefiting directly from the global megatrends.



Lastly, there are elements of our product portfolio which are negatively impacted by the global megatrends and are expected to be less directly relevant to the Car of the Future. Examples of such products include manual transmissions, mechanical AWD/4WD systems and fuel tank systems. Despite their declining long-term strategic importance, our assets and expertise associated with these products remain relevant to, and can be redeployed for, growing product areas aligned with the Car of the Future.

Driving Operational Excellence

We are committed to manufacturing excellence. We continue to elevate our approach to manufacturing by implementing "factory of the future" initiatives including: enhanced use of big data and analytics; advanced robotics, additive manufacturing and augmented reality. The ultimate goal is to achieve greater profitability through further enhanced quality, production efficiency, reduction of floor space and improved return on investments. Critical elements of our approach to operational excellence include our World Class Manufacturing initiatives and MAFACT operating system, which are discussed in "Section 6 – Description of the Business – Manufacturing & Engineering" in our AIF. Additionally, our sustainability strategy dovetails with our efforts around operational excellence, due to the focus on energy optimization and minimization of both water withdrawals, as well as waste streams to landfill.

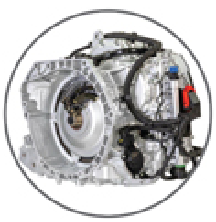
Unlocking New Business Models and Markets

The new mobility landscape, which is generally urban, electrified, autonomous and connected, is creating new business models and markets. We believe that our systems and complete vehicle knowledge, including elements of our portfolio such as EV and ADAS platforms, provide us with an advantage in pursuing such opportunities. In addition, our ability to use capital efficiently, launch programs reliably and help speed products to market, makes Magna a key enabler of new entrants. Additionally, we are using our capabilities and platform technologies to enter the micromobility market. For example, in 2022 we invested in the Yulu electrified two-wheeler shared mobility business in India and related battery-swapping business and have a number of activities underway involving Magna-developed and third-party developed delivery robots.

Our long-term strategy is well-aligned with climate change-related trends impacting the automotive industry, including vehicle electrification, operational efficiency to minimize manufacturing inputs and waste outputs, as well as the pursuit of new mobility business models. We cannot determine for certain how quickly the market for the declining products in our portfolio may deteriorate, but products such as AWD/4WD systems appear to have continuing relevance for the next decade. However, we believe that our physical assets, human capital and know-how related to the mechanical solutions can be repurposed as vehicle development plans migrate toward electrified AWD/4WD solutions. We currently offer multiple alternatives to manual transmissions, including efficient dual-clutch, hybrid dual-clutch and dedicated hybrid transmissions, as well as complete e-drive systems, and expect to be able to continue growing our market share in the drivetrain market. Fuel tank systems are not a material part of our business, but also have continuing relevance for a number of years to come. The physical assets, human capital and know-how related to fuel tank systems could be repurposed for adjacent product areas such as vehicle hydrogen storage tank systems.

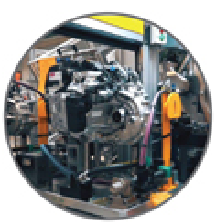
Section 2.2 Markets & Products

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:



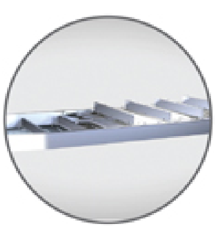
48 VOLT HYBRID TRANSMISSION SYSTEM

Our 48 volt hybrid dual-clutch transmission system has made its debut on Stellantis' Jeep Renegade, Jeep Compass e-Hybrid, Fiat 500 X and Fiat Tipo. Hybrid technologies are an important step on the path to lower emissions, and our hybrid transmission achieves stringent CO_2 requirements while offering improved driving dynamics due to electric torque vectoring and traction support. The 48V 7-speed dual-clutch transmission system for hybrids provides a maximum torque of 320 Nm and torque-split technology to optimize the efficiencies of the internal combustion engine (ICE) and the e-motor. The e-motor is capable of providing propulsion to the vehicle even when the ICE is switched off. This new transmission features independent on-demand cooling for the clutch and e-motor with a single oil circuit for cooling and lubrication, resulting in significant CO_2 reductions in worldwide harmonized light-duty vehicles Test Cycles (WLTC) and real-world driving conditions.



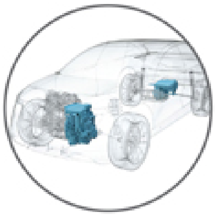
48 VOLT HYBRID INVERSE TRANSMISSION

Magna's new 7-speed, mild hybrid dual-clutch transmission is featured exclusively on BMW Group's compact class, which underpins all its front-transverse vehicles, starting with the BMW 2 Active Tourer. With its specific torque-split concept for hybridization, Magna's 7HDT400 48V transmission enables optimal efficiency of an ICE and electric motor. It provides a maximum of 400 Nm of torque as well as offering scalable functionality benefits. It also offers high modularity with the: base transmission; fully integrated e-machine; on-demand cooling of the clutch and e-motor; a single oil circuit for cooling and lubrication, and a significant reduction in CO_2 at WLTC and in real-world driving operations. Our hybrid transmission significantly reduces CO_2 emissions of an ICE and continues our accelerated transformation toward electric mobility.



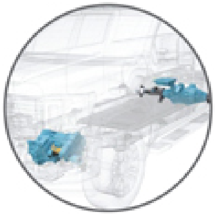
BATTERY ENCLOSURES

Magna's battery enclosures can be found on the all-electric Ford F-150 Lightning and GMC Hummer EV, and will feature on the new 2024 Chevrolet Silverado EV. The product illustrates our ability to expand structural product opportunities as electrification grows. The enclosures, which all EVs require, house high-voltage batteries, electrical components, sensors and connectors, contributing to the structural and safety aspects of a vehicle's frame and protecting critical components from potential impact, heat and water intrusion. In addition, the use of lightweight aluminum helps minimize added mass from the vehicle's battery.



ETELLIGENT COMMAND™

EtelligentCommand is a PHEV/HEV system featuring a Dedicated Hybrid Drive DHD Plus at the front and an eDrive Mid+ with torque vectoring at the rear, combined with advanced software and controls. Various driving modes are available on command to enhance performance and drivability and provide greater power handling and control. The Dedicated Hybrid Drive DHD Duo is a two e-motor single or multi speed system suitable for HEV application delivering greater performance, drivability and comfort even when driving in congested traffic. Additional efficiency increases are available through an optional voltage booster and innovative e-coupling technology for ICE disconnection.



ETELLIGENT FORCE™

Magna's EtelligentForce, is a battery electric 4WD powertrain system for pickup trucks and light commercial vehicles. The product features Magna's Mid+ eDrive technology at the front of the vehicle and its eBeam™ electric axle drive system in the rear. The system is designed to deliver the environmental benefits of an electric powertrain, while maintaining full vehicle capabilities and without compromising payload or towing capacities of pickup trucks and light commercial vehicles. The system is designed for high-payload vehicles, capable of towing up to 14,500 pounds – on par with its ICE counterparts in this truck segment. It can provide a total peak power of up to 430 kW - 250kW from the rear eBeam™ and 180kW from the front eDrive. The solution also eliminates the need for architectural changes to the vehicle and is totally customizable for automakers to prioritize key performance attributes. Magna's eBeam™ replaces traditional beam axles, accommodating existing suspension and brake systems, and avoiding the need for expensive redesign of existing truck platforms. These benefits help automakers simplify the transition toward electrification of these vehicle segments. In addition, with fewer moving parts than a traditional ICE powertrain, the EtelligentForce requires less maintenance – a direct benefit to truck owners over the life of the vehicle.

ETELLIGENT REACH™

Magna's all-electric connected powertrain, the EtelligentReach, is a complete system comprised of two electric motors, inverters and gearboxes, and leverages advanced software to maximize vehicle range and driving dynamics. eDrive technology advancements and the holistic vehicle development approach of the EtelligentReach achieve a range increase of up to 145 km/90 miles or 30% compared to certain production BEV vehicles in this segment, which reduces range anxiety, and is a key differentiator in the growing electrification space. Magna's approach optimizes the interaction of individual eDrive components and the entire vehicle with a software package that manages multiple vehicle functions. On one of our new entrant customer's vehicles, for example, EtelligentReach utilizes a functional, modular control unit that integrates various powertrain and chassis functions. This includes a vehicle dynamics controller with a disconnect system which increases efficiency while reducing CO_2 emissions, and a longitudinal torque vectoring function that can improve the safety margin by up to 10% by controlling each axle individually in all road conditions, as well as significantly reduce steering effort during dynamic cornering. Drivers can select from several distinctive driving modes - further enhancing the driving experience. Additional efficiency gains are achieved using silicon carbide within the inverter.

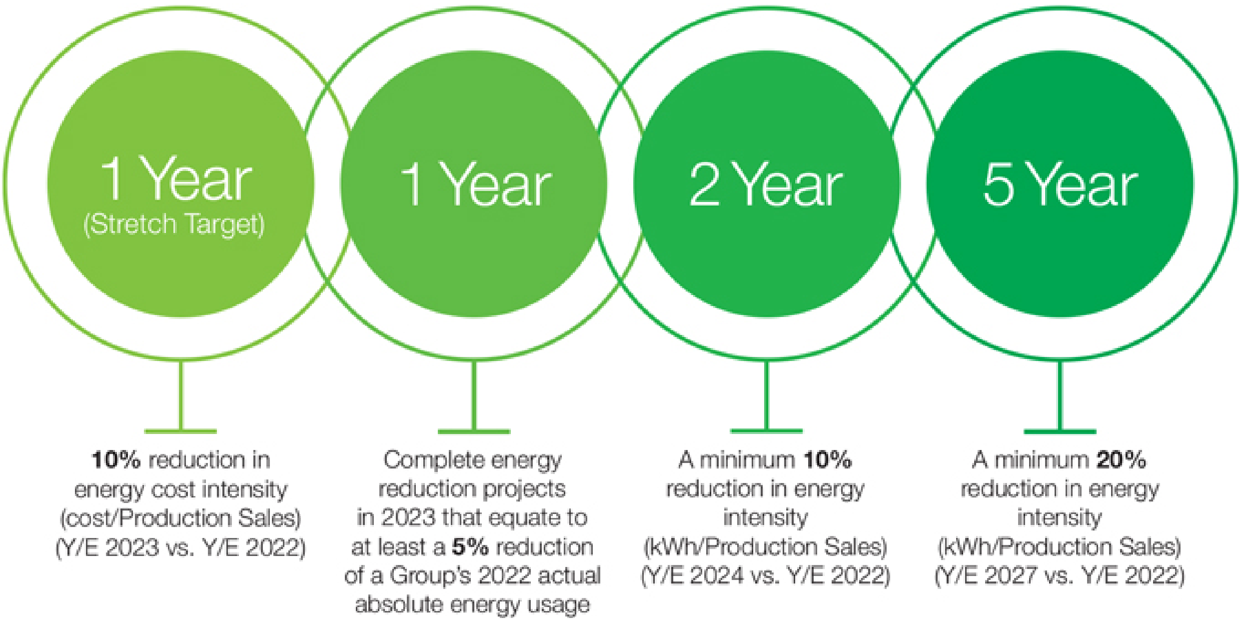
2.3 Resource Efficiency

2.3.1 Energy

Our aggregate global energy spend in 2022 amounted to approximately $581 million broken down by type as follows:

- Electricity – approximately $446 million
- Natural Gas – approximately $112 million
- Other (Propane; Liquid Petrol; Diesel; District Heat; Steam; Coal Gas) – $23 million

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, we developed interim 2022 energy reduction targets for each of our Operating Groups, which aggregated to approximately 3% of our annual energy purchase based on MWh per USD of sales. We reduced our MWh per USD of sales by 1.3% in 2022 (compared to 2021). For future years our Corporate Sustainability team, working with our Operating Groups, has established new short- and long- term energy reduction targets as follows:



Approximately 95% of our Divisions have active energy teams pursuing energy efficiency measures in their respective Divisions. These teams are supported at the corporate level by a Global Energy Team which helps identify and promote energy reduction initiatives, including through: training courses designed to promote strategies for reduced energy use; regional benchmarking sessions; regular communication through newsletters; an internal energy savings collaboration site; and best practice sharing.

Some of the incremental changes made by our Divisions to their facilities and processes to reduce our energy consumption and improve energy efficiency include:

- Installation of LED lighting and installation of lighting controls into the building management system (BMS);
- Equipment start-up/shut-down/idling procedures to achieve energy-savings during production downtimes;
- Compressed air leak identification and repair initiatives;
- Use of ceiling fans to blend air temperatures evenly within our operations;
- Computer-controlled utility and HVAC systems to allow for improved performance and energy reduction;
- Installation of energy metering and monitoring systems, a requirement for all our manufacturing facilities;
- Door and dock seal repairs to reduce 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 and energy efficient lighting retrofits;

- Use of solar panels at certain facilities;
- Installation of insulation mattresses on equipment and heating units;
- Recovery of waste heat from certain processes for use in other areas;
- Installation of variable frequency drives on motors and pumps; and
- Participation in energy savings and incentives programs offered by utilities providers in some jurisdictions in which we operate.

In 2022, Magna joined the U.S. Environmental Protection Agency's (EPA) ENERGY STAR program as a partner. Through this partnership, we will work to improve energy efficiency in our operations and fight climate change through an enhanced energy management program in which we will:

- Continue to measure and track the energy performance of our organization's facilities, where possible;

- Continue to develop and expand our energy management programs consistent with the Energy Star Guidelines to achieve energy savings;
- Help spread the word about the importance of energy efficiency to our staff and community;
- Highlight our achievements with recognition offered through ENERGY STAR.

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 World Class Manufacturing initiative. The MAFACT system establishes World Class 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 2022, we implemented energy projects across all of our Operating Groups which resulted in approximately 18,000 tons of CO_2 equivalent in annual savings. Given the importance of energy optimization in meeting our carbon neutrality targets and to further incentivize our Divisions, we have established a separate approval category for energy efficiency and sustainability-related capital improvements. We have also developed a phased-in renewable energy strategy focused on Europe and the U.S. first, followed by the other markets in which we operate. In 2022, 100% of our electricity purchase (84% of our total energy purchase) in Austria was from renewable energy sources and evidenced by renewable Energy Attribute Certificates (EACs) or from on-site generation from photovoltaic (solar panel) systems. In the near – and medium- terms, adoption of renewable energy may increase our energy costs, but we are working to offset the impact of such increases through energy use reductions. While we currently have a few examples of renewable energy self-generation at certain of our facilities, self-generation is not a significant opportunity for us primarily 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 make self-generation economically unfeasible.

2.3.2 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 already met and exceeded this target, having acheived a reduction of over 17% at the end of 2022. 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.

2.3.3 Waste

We have also implemented a zero waste to landfill ("ZWTL") target. Waste sent to landfill bears both an economic cost borne by us 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.

2.4 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 below in "Section 3 – Climate-Related Risks and Risk Mitigation" and initiatives to realize opportunities discussed in this Section of the Sustainability Report, together with factors addressed in "Section 4 – Our Business & Strategy" of our AIF, are expected to promote our ability to adapt and succeed in a lower carbon economy.

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 "Section 5 – Risk Factors" in our AIF.

3.1 Transition Risks and Risk Mitigation

3.1.1 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 European Union, China 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 have achieved E.U. fleet-wide average emissions of 95g CO_2/km from 2021 through to 2024, which corresponds to 4.1 litres/100 km of gas or 3.6 litres/100 km of diesel. 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. The 2021 average emissions level forms the baseline for a further 15% fleet-wide average emissions reduction from 2025 onwards; and 37.5% from 2030 onwards. In addition, in March 2023, the E.U. approved its “Fit for 55” legislation to aggressively increase such targets to a 55% reduction by 2030 and a 100% reduction by 2035 (as discussed below). 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: In China, effective July 1, 2021, stringent China VI emissions regulations addressing particulate emissions were implemented, which could affect consumer demand for vehicles, or powertrain options for vehicles, that do meet the new emissions standard. For example, in 2019, one of our equity-accounted joint ventures in China experienced a significant drop in demand for one transmission model supplied to a Chinese OEM. One of the factors underlying the drop in demand was the fact that the transmission would not have met the China VI standard, had it been in effect at that time.

United States: In the U.S., the current administration issued an executive order with a non-binding target of 50% of all new vehicles sold in 2030 to be zero-emission vehicles (“ZEVs”), including battery electric, plug-in hybrid electric, or fuel cell EVs. Subsequently, the EPA finalized new vehicle emissions standards for passenger cars and light-duty trucks with model years 2023-2026 which increase in stringency through that period, and would result in a fleetwide average fuel economy of approximately 40 mpg in 2026. More stringent emissions standards for model years 2027-2030 are expected to be introduced by the EPA in the near term. In addition, the U.S. National Highway Traffic Safety Administration (NHTSA) issued new corporate Average Fuel Economy (CAFE) standards - regulating how far our vehicles must travel on a gallon of fuel. The new CAFE standards for passenger cars and light trucks manufactured in model years 2024-2026, would increase fuel efficiency requirements by 8% annually (compared to 1.5% annually under previous standards) for model years 2024-2026 and increase the estimated fleetwide average fuel economy by 12 miles per gallon for model year 2026 vehicles, relative to model year 2021. In 2022, the U.S. also announced stricter standards on smog-forming emissions from trucks, vans and buses starting in the 2027 model year. The new EPA rules are more than 80% stronger than current rules and represent the first update to clean air standards for heavy-duty vehicles in over 20 years.

The tightening emissions standards in the European Union, China and the U.S. 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, production volumes may need to be reduced. Lower than forecast production poses a risk to our ability to recover pre-production expenses amortized in the piece-price of our product, as discussed above.

- **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 EU member countries by that date, with an interim reduction of 55% by 2030.

  The United Kingdom has accelerated its plans to phase out ICE passenger cars and vans, with all vehicles required to have a significant zero emissions capability (e.g. plug-in and full hybrids) from 2030, and be 100% zero emissions at the tailpipe from 2035.

  In North America, Canada has accelerated its mandatory phase out of ICE and diesel powered vehicles through a new regulation that requires all new sales of light-duty vehicles to be ZEVs by 2035; with interim targets requiring 20% ZEVs from 2026 and rising each year until reaching the 100% target in 2035. Companies offering vehicles for sale in Canada will be required to offer a growing percentage of their fleet as ZEVs starting in 2026 and increasing to 100 per cent by 2035, according to the current drafts.

  In the US, the State of California’s, California Air Resources Board (CARB) adopted the Advanced Clean Cars II proposal in 2022. The proposal bans ICE-powered vehicles by 2035, and has progressive targets for ZLEVs in the intervening years. 15 other US States and the District of Columbia have existing laws that require state emissions policies to mirror those of California (Connecticut; Colorado; Delaware; Maine; Maryland; Massachusetts; New Jersey; New Mexico; New York; Oregon; Pennsylvania; Rhode Island; Vermont; Virginia; and Washington). Massachusetts, New York, Oregon, Washington and Vermont have formally declared the phase-out of new ICE vehicle sales from 2035.

  Given the long lead times for vehicle development such proposals and emerging 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, including our top six customers:

  - BMW: 30% EVs by 2025; 50% by 2030
  - Ford: 100% EV by 2030 in Europe

- GM: 100% EV by 2035
- Mercedes-Benz: 50% EVs by 2025 (including plug-in EV); 100% EV by 2030
- Stellantis: 100% EV by 2030 (by brand - DS by 2024; Lancia by 2026 Alfa Romeo by 2027; Opel by 2028; Fiat & Peugeot by 2030)
- Volkswagen: 45% EV by 2030 (by brand – Audi 100% EV by 2033; VW 100% EV by 2035; Porsche > 80% EV by 2030).

- **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. As a result of measurable air quality improvements in many cities during COVID-19-related mandatory lockdowns/stay-at-home orders, an expansion of restrictions on personal-use vehicles in urban centres is likely.

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 megatrends and the "Car of the Future", 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 4.1 – 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 "Section 5 – Risk Factors" in our AIF:

- Regional Volume Declines
- Consumer Take Rate Shifts
- Deteriorating Vehicle Affordability
- Potential Consumer Hesitancy
- Alignment with "Car of the Future"
- Evolving Counterparty Risk Profile
- Impairments
- 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 2022 there were 70 carbon pricing initiatives implemented or scheduled for implementation in 47 countries and 36 sub-national jurisdictions, which would cover emissions representing 23.2% of global GHG emissions. We are pursuing energy reduction measures and developing carbon neutrality strategies for our manufacturing facilities. 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.

3.1.2 Customer-Driven Policy Actions

A number of our OEM customers have set carbon-neutrality targets and are challenging Tier 1 Suppliers to support such targets. Some such OEM targets and expectations are more aggressive than our own carbon neutrality 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.

3.1.3 Climate-Related Litigation

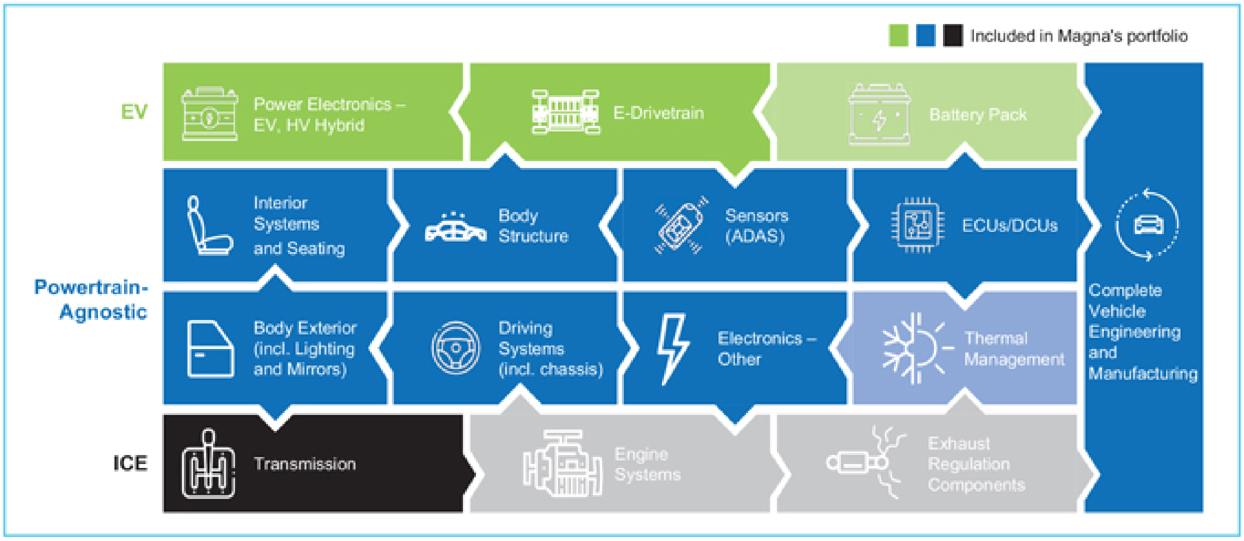
We do not currently believe that climate-change related litigation represents a significant legal risk for us. However, if OEMs are adversely impacted by climate-change litigation, there is a possibility that Tier 1 Suppliers like Magna could face additional pricing pressure. Readers are encouraged to review the "Customer Pricing Pressure/Contractual Arrangements" risk factor in "Section 5 – Risk Factors" in our AIF.

3.1.4 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 electric-drive (“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 could 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 megatrends and the "Car of the Future", 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 "Section 5 – Risk Factors" in our AIF:

- Intense Competition
- Consumer "Take Rate" Shifts
- Emergence of potentially-disruptive EV OEMs
- Deteriorating Vehicle Affordability
- Potential Customer Hesitancy
- Alignment with "Car of the Future"
- Evolving Counterparty Risk Profile
- Customer Purchase Orders
- Restructuring Costs
- Technology and Innovation
- Changes in Laws
- Market Shifts
- Dependence on Outsourcing
- Impairments
- Customer Pricing Pressure/Contractual Arrangements
- Investments in Mobility and Technology Companies
- Intellectual Property Risks

3.1.5 Market

Some of the risks impacting the market for our products in the transition to a lower carbon economy are described above under "Section 3.1.1 –

Regulatory Policy Actions” and “Section 3.1.4 – 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 carbon-neutrality 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. 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 "Section 5 – Risk Factors" in our AIF:

- Intense Competition
- Consumer "Take Rate" Shifts
- Deteriorating Vehicle Affordability
- Potential Customer Hesitancy
- Alignment with "Car of the Future"
- Evolving Counterparty Risk Profile
- 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

3.1.6 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, millennial and other components of the workforce 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 in sustainability. 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 carbon neutrality 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 carbon neutrality commitments, serve to mitigate potential reputational risks.

3.2 Physical Risks and Risk Mitigation

3.2.1 Acute

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 each year has risen significantly to an average of 20 in the last two years, from an average of three per year in the1980s. In recent years, a number of supply disruptions resulting from extreme weather have occurred around the world, including:

- a rare and extreme storm impacted the U.S. state of Texas that disrupted oil production and thus supplies of resins and materials required for automotive seating. The storm also forced three major semiconductor facilities clustered in the Austin, Texas area to temporarily shut down, which exacerbated the global semiconductor shortage.
- flooding in central China that disrupted supply chains for commodities and forced the closure of several automotive OEM plants.
- a typhoon in Malaysia that damaged Southeast Asia's second-largest port, causing a disruption in the semiconductor supply chain and causing some U.S.-based automotive OEMs to suspend operations.
- the Rhine river, Europe's most important commercial waterway, experienced both bursting from heavy rainfall and snowmelt, as well as, low water levels from drought conditions. The conditions halted shipping for extended periods, forced reduced cargo loads, and disrupted both inbound raw material and outbound product deliveries, which impacted the German automotive industry, in particular.

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 design review and recommendations; and training and education. Our third party risk engineering consultant typically engages in over 200 physical on-site assessments annually to evaluate various risks, including those relating to natural hazards. Using the Swiss Re NatCat database, the advisor has analyzed over 400 unique Magna locations 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. 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 "Section 5 – Risk Factors" in our AIF:

- Supply Chain Disruptions
- 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 and 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.

3.2.2 Chronic

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:** There are ten geographic regions (in Austria, Canada, Germany, Mexico and the U.S.) in which we have concentrations of property/asset risk, meaning multiple locations within a 35 km radius, and comprising approximately 42% of the total insured value ("TIV") under our property risk program. 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:** We have operations in Austria, Germany, Slovenia, Slovak Republic, Morocco, India, Turkey, Japan, Italy, Romania, China and Mexico comprising approximately 6% of the TIV under our property risk program, which are located in regions of “Moderately High” or greater seismic hazard. None of our operations are in regions where the seismic hazard is considered “Extreme”.

- **Tropical Cyclone Zones:** Operations in certain parts of Mexico, Japan, China, India, Korea and the U.S. comprising approximately 4% of the TIV under our property risk program are located in hurricane risk Zone 1 to Zone 5, 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	0.67%
Zone 2: 185-212 km/h	0.58%
Zone 1: 142-184 km/h	2.68%
Zone 0: 76-141 km/h	23.86%
No hazard	72.21%

- **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 and the proportion by TIV of our facilities for each category are as follows:

Category	Flood Probability	Proportion of TIV within 5 km Radius
50 year	1 in 50 (2%) chance of occurring in a year	2.3%
100 year	1 in 100 (1%) chance of occurring in a year	11.4%
200 year	1 in 200 (0.5%) chance of occurring in a year	13.1%
500 year	1 in 500 (0.2%) chance of occurring in a year	2.6%

Climate change is associated with a rise in sea levels, which places properties located within a five kilometre radius of the current coastline at risk of coastal flooding. A total of 12 of our Divisions are located five kilometres or closer to a coastline and thus may be at higher risk from the effects of climate-change related sea rise:

No. of Divisions	Location(s)	Body of Water
2	Michigan, U.S.	Lake Michigan
1	Ohio, U.S.	Lake Erie
1	Ontario, Canada	Lake Ontario
1	Liverpool, U.K.	River Mersey
1	Livorno, Italy	Ligurian Sea
1	Bari, Italy	Adriatic Sea
1	Golcuk Izmit, Turkey	Lake Sapanca
1	Tangier, Morocco	Atlantic Ocean
1	Guangzhou, China	Huangou River
1	Hangzhou, China	East China Sea
1	Taizhou, China	East China Sea

Two of such Divisions (Golcuk Izmit, Turkey and Taizhou, China) representing less than 0.5% of TIV are located within one kilometre of a coastline.

- **Wildfires:** Less than 1% of our Divisions (located in Brazil), representing approximately ≤1% of TIV, are considered as being exposed to significant wildfire risk. Wildfire risk is reviewed based on proximity to forests and grasslands with consideration of topography and climate conditions.

- **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. As part of our PRM program we conducted an assessment of water security risk in 2022. Water security suggests the reliability/ security of an acceptable quantity and quality of water, since 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 security exposure was based on the "Baseline Water Stress" 4 of the World Resources Institute (WRI) Aqueduct Global Maps 3.0, that measures the ratio of water withdrawals to available renewable surface and groundwater at the catchment scale. Water withdrawals include domestic, industrial, irrigation, and livestock consumptive and non-consumptive uses. Available renewable water supplies include the impact of upstream consumptive water users and large dams on downstream water availability. The indicator used is calculated by inverting the "Baseline Water Stress" scores and converted to a 0-100 scale to represent "Water Availability" as a percentage. Low values represent water stressed areas, due to either high water withdrawals or low water supplies.

Our assessment showed that we have 61 locations in regions deemed to have "low" water security, comprising approximately 14% of TIV. The assessment indicated exposure locations in China, Germany, India, Italy, Mexico, Spain and the United States. However, Mexico represents the most significant region for us in terms of exposure to water security risk as approximately 50% of the affected locations are in Mexico, representing approximately 70% of the TIV in low water security 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 security analysis is used for additional discussions with our risk engineering consultant, including potential additional recommendations for action plans to mitigate water security risks in the affected regions.

In considering the potential impact of chronic physical risks, readers are encouraged to review the following risk factors in "Section 5 – Risk Factors" in our AIF:

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

4. Non-Climate Elements of Sustainability

4.1 Environmental Stewardship

260+

FACILITIES ISO 14001 CERTIFIED

25+

FACILITIES ISO 50001 CERTIFIED

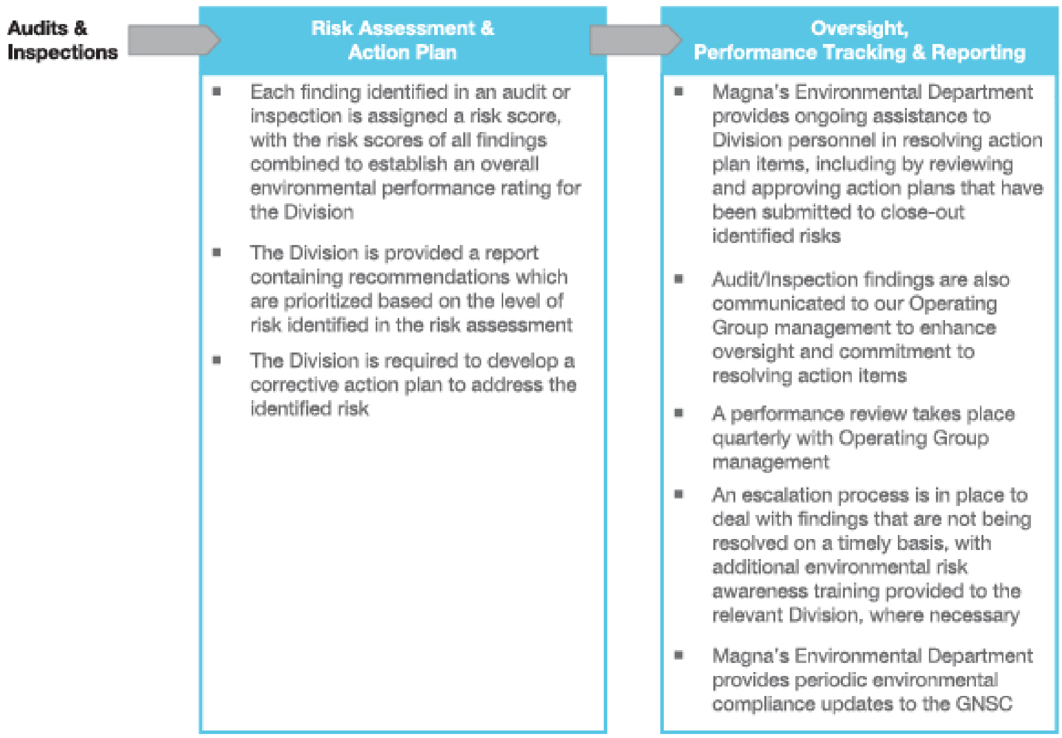
Magna strives to be an industry leader in health, safety and environmental practices in all operations through technological innovation and process efficiencies to minimize the impact of our operations on the environment and to provide safe and healthful working conditions. In furtherance of this objective,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

- complying with, and exceeding where reasonably possible, all applicable health, safety and environmental laws, 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;
- implementing environmental sustainability targets as defined in the Magna Environmental Principles;
- 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).

4.1.1 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. 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.

4.1.2 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 4% of the aggregate waste generated by Magna in 2022 was hazardous, a reduction from 7% in 2021. We attempt to reduce the amount of hazardous waste that ends up in secure landfills through: recycling, reuse or energy recovery initiatives. Approximately 90% of the hazardous waste generated by Magna in 2022 was diverted from secure landfills through such initiatives.

4.2 Fairness and Concern for Employees

4.2.1 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 4.5 – "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 recognition, including:

- Forbes: America's Best Large Employers (2023)
- Forbes: Canada's Best Employers (2023)
- Built in: Best Places to Work (2023)
- Forbes: World's Best Employers (2022) – Our 6th consecutive year receiving this accolade
- Forbes: Best in State – Michigan (2022)

- “Open Company” Certification from Glassdoor
- Great Place to Work® for Millenials –Turkey (2022)
- Great Place to Work® –Turkey (2022)
- Mercier China: Healthiest Workplace Awards (2022-2023)
- Universum: Most Attractive Employer Award – Mexico & Czech Republic (2022)

4.2.2 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 of Conduct and Ethics ("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.

4.2.3 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 ensure that any concerns that arise in the workplace are addressed quickly and in accordance with our Employee's Charter, Global Labour Standards Policy and Operational Principles.

4.2.4 Leadership Development / Talent Management

We have implemented, and continue to enhance, our Leadership Development System to help identify, train and develop future leaders with the skills and expertise needed to manage a complex, global business. We have also based our talent management strategy on our current business objectives and strategy and our understanding of the transformation taking place in the automotive industry. Given that an effective workforce will increasingly be required to be lean and digitally adept, we are focused on building such a workforce through attraction and recruitment, professional development, succession planning, promoting diversity and inclusion and preservation of our Fair Enterprise culture.

4.2.5 Employee Training

In order to support our talent management programs and employee career development, we provide numerous training resources and opportunities for our employees. These include:

- required training for designated employees with regard to global compliance topics (discussed in Section 4.5 of this Sustainability Report), including our Code and supplementary policies;
- required training for designated employees with respect to various topics, including: information security/cybersecurity and data classification;
- training with regard to sustainability objectives and priorities, including gender equality, industry innovation and infrastructure, and good health and well-being, which has been completed by approximately 33,000 of our employees to date;
- providing a Leadership Excellence Program (LE), built on best practices in the business and manufacturing environment;
- online Magna Training Centres (MTCs) for Canada/USA, Mexico, Austria, Germany, Czech Republic, Slovakia, Poland, China and India. The MTCs offer programs to develop technical, leadership and business skills to support the learning and development needs of Magna employees from the shop floor to senior management; and
- maintaining an online Learning Hub to provide employees with the ability to enhance and future proof their technical and other skills.

Approximately 25% of our total workforce (i.e. all of our white collar employees) receives e-learning training each year, consisting of one course on the Code (including the topics of bribery, corruption, antitrust, and competition) and a second course on one ethics-related topic selected for that year. All new employees are required to receive compliance on-boarding training on Code and related topics as part of their on-boarding process when joining the company. Finally, all new people managers receive advanced ethics training; and all customer-facing employees receive advanced antitrust training upon hiring.

4.3 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") success are reviewed by our Executive Management with the Chairs of our Diversity and Inclusion (DI) 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 to create an inclusive workplace; promote awareness; and to leverage strategic partnerships, as discussed below:

4.3.1 Creating an Inclusive Workplace

Our employees are critical stakeholders in our business. 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 documentation and training, which all Magna employees must complete.

4.3.2 Promoting Awareness

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 also host "listening sessions" to understand racial barriers and issues faced by diverse employees. We promote and embed diversity through our talent attraction and management processes. We have provided diversity and inclusion training for certain 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); LGBQT+ 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.

4.3.3 Leveraging Strategic Partnerships

We continue to enhance our capabilities by working with diversity and inclusion 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: Build a Dream; Centre for Automotive Diversity, Inclusion & Advancement (CADIA); Catalyst; FIRST Robotics – Girls in STEM; Gartner, Inc.; her Career; Institute of Electrical and Electronic Engineers (IEEE); Indspire; Inforum; KnowledgeStart; Mckinsey & Company; National Society of Black Engineers (NSBE); Newmarket African Caribbean Canadian Association (NACCA); Oakland University; Parents of Black Children; Pontiac Chamber of Commerce; Ryerson DMZ; Society of Automotive Engineers (SAE) International; Society of Hispanic Professional Engineers; and Women in Manufacturing. We also participate in various automotive advisory groups to ensure the focus on Diversity and Inclusion in the industry remains strong.

4.3.4 Gender Diversity

We are continuing to progress our agenda to increase the number of women in Magna. On a global basis, approximately 28% of the employees in our wholly-owned operations are women. A total of approximately 4,900 employees in our wholly-owned operations occupy critical roles with 873 of such employees, or 18%, being women. Both the percentage of women in our wholly-owned operations, and the percentage of women in critical roles increased slightly from 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.

As part of our succession planning program we continue to identify high-potential, diverse talent candidates and implement accelerated development plans to support their progression to advanced roles. During talent and succession discussions, there is an increased level of focus on the number of women and diverse candidates nominated into each of our succession pools.

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 42% 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) targeting gender parity by December 31, 2023, subject to a minimum of not less than 30% female director prior to that time. Consistent with the recommendations of the Canadian Coalition for Good Governance, gender parity will be achieved if the balance between male and female directors ranges between 40% and 60% over a rolling three-year timeframe. As of May 11, 2023, the percentage of women on the Board will be 38%, assuming election of all nominees for Magna's annual meeting of shareholders. In addition to the Board gender representation discussed above, 46% of nominees for election at Magna's annual meeting of shareholders are diverse nominees (based on gender, LGBTQ+ and/or being an underrepresented minority in their home country).

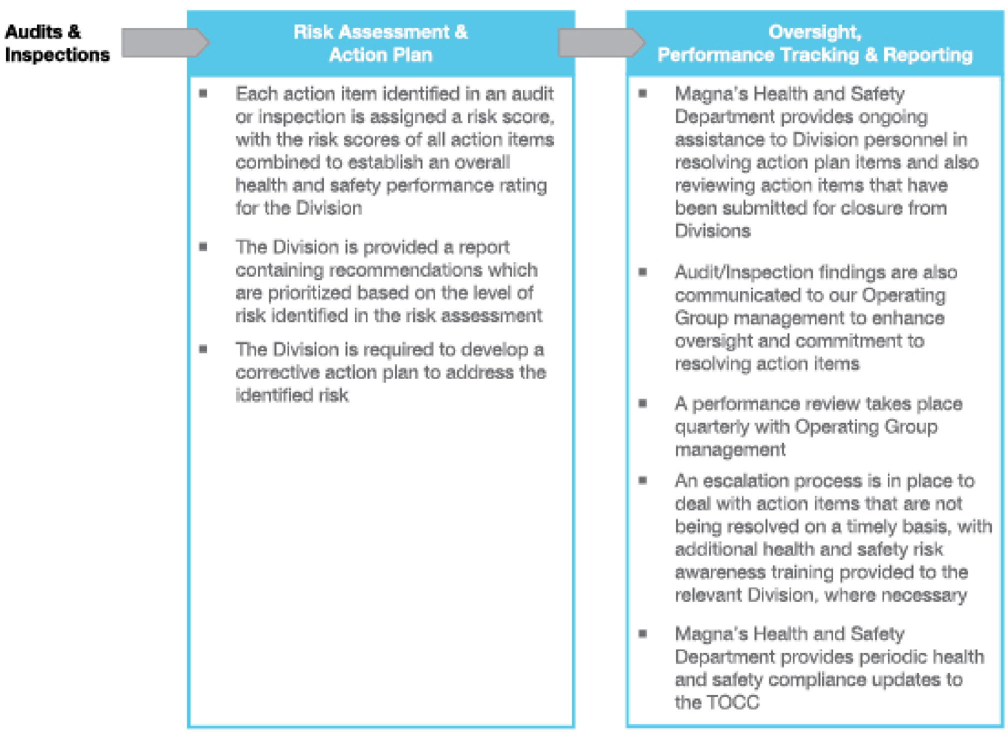
4.4 Occupational Health and Safety

4.4.1 Health and Safety Standards and Compliance

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; industrial hygiene and handling of chemicals; 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.

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:



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.

4.4.2 Ergonomics Program

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 performance against a set of established criteria.

4.5 Corporate Ethics and Compliance

4.5.1 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 of 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 employees who report such violations in good faith;
- respect for human rights, diversity and inclusion;
- conducting business with integrity, fairness and respect;
- giving and receiving gifts and entertainment;
- complying with all laws and regulations, including anti-corruption/bribery and antitrust/competition laws;
- lobbying and political contributions;
- full, accurate and timely public disclosures, including financial reporting;
- prohibiting insider trading;
- compliance with environmental, and occupational health and safety laws;
- protecting personal data;
- respect for human rights, diversity and inclusion;
- careful communication, and protecting confidential and personal information;
- 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 26 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)).

4.5.2 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 "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 Program expectations and resonate more powerfully with participants.

The 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 ensuring that the required elements of our Program are being carried out globally by our cross-functional Operating Group Compliance Committees.

For the second year in a row, in 2023 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.

~34,000	~100%	~100%
employees completed annual Code of Conduct e-learning in 2022	of customer facing employees completed antitrust training since 2015	of new or recently promoted people managers completed advanced ethics training since 2015

4.5.3 Magna Hotline

The Magna Hotline is a whistle-blower 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 to make reports by phone or online at any time in 27+ 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 ensure 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).

4.6 Data and Cybersecurity/Privacy

4.6.1 Enterprise Cybersecurity

Our enterprise cybersecurity strategy was developed 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.

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 to ensure against cybersecurity risk and continue to deliver critical services;
- Detect – internal and external 24 × 7 monitoring of all information traffic for cyber-attacks, including ransomware and other malware;
- Respond – our Security Operations Centre has appropriate incident response plans/processes and the necessary resources and expertise to respond to detected threats; and
- Recover – our Security Operations Centre works with IT operations to recover as quickly as possible by rebuilding affected systems and restoring data back-ups.

We are committed to working with our customers and other stakeholders to ensure that appropriate cybersecurity standards and requirements are continually monitored and implemented as required. In addition, we ensure that we comply with all governmental rules and regulations regarding cybersecurity or privacy regulations (such as GDPR as defined and detailed below), which directly affect cybersecurity requirements. Our selection process for third party (e.g. Cloud-based) services includes a due diligence approach that ensures 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. Magna has developed and implemented centralized enterprise cybersecurity policies, compliance measures, as well as training and awareness programs designed to ensure that our cybersecurity strategy is executed to minimize our exposure.

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 to ensure that our IT systems receive appropriate upgrades, including patching and other protective measures, in a timely manner.

4.6.2 Product-Embedded and Solution Software Cybersecurity

In addition to the above centralized initiatives, our decentralized operating model assigns cybersecurity accountability to our Operating Groups with respect to risk/security issues inherent in products. However, the ISRC provides various standards-based approaches to assist our Operating Groups in assessing their respective product cybersecurity risk and maturity. From this assessment, 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.

4.6.3 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 European Union, as well as Brazil, Thailand and China. 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 EU General Data Protection Regulation ("GDPR"), China's Personal Information Protection Law, the Brazilian General Data Protection Law and Thailand's 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.

4.7 Supply Chain Responsibility

4.7.1 Supplier Code of Conduct

We have introduced a Supplier Code of Conduct and Ethics ("Supplier Code") which 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.

The Supplier Code forms an integral part of our overall contractual relationship with our suppliers. We expect the standards set out in the Supplier Code 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 text of our Supplier Code is available on our website (www.magna.com).

We 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 in our supply chain.

4.7.2 Global Working Conditions in our Supply Chain

We expect that our supply chain will adhere to our Global Working Conditions and our Supplier Code, which prohibit the use of child, underage, slave or forced labour. Our Global Working Conditions are an integral part of our supplier package that emphasize the importance of maintaining global working conditions and standards that result in dignified and respectful treatment of all employees within all our global operating locations, as well as those of our supply chain. A failure by any of our suppliers to comply with its terms can result in the termination by Magna of the supply relationship.

4.7.3 Supply Chain Management

4.7.3.1 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 ensure 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.

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.

4.7.3.2 Enhancing Transparency into and the Sustainability of Our Supply Chain

In order to enhance transparency into our supply chain and work towards a more sustainable supply chain, we have made several enhancements to our supply chain management program:

- We have implemented a third party supply chain risk monitoring and mapping tool, which monitors and provides real-time alerts affecting supply chains, including: 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;
- We participate in the CDP Supply Chain Program for Climate Change, engaging key suppliers to report on their energy usage and emissions – a critical step in better understanding our Scope 3 emissions with a view to establishing Science-based Scope 3 emissions targets;
- We require our strategic suppliers (representing a majority of our direct material spend) to respond to self-assessment questionnaires through NQC, a third party supply chain management organization who will be responsible for data collection and analysis via their SupplierAssurance platform. The self-assessment questionnaires (currently SAQ 5.0) which is a standard automotive industry sustainability questionnaire developed by global OEMs. The SAQ which Magna completes 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 German Act (as defined below) compliance;
- We are in the process of implementing a Supplier Roundtable, with the aim of annually engaging key suppliers on topics including energy reduction, carbon neutrality, supply chain resiliency, and human rights and working conditions;
- 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 an assessment program for due diligence in the automotive supply chain relating to social compliance, occupational safety and environmental protection. The RSCI assessment program is based on the Responsible Business Association Validated Audit Program and customized to the requirements of the automotive industry; and
- Through the RSCI, member companies such as Magna, have the opportunity to have employees trained as RSCI auditors. Magna is currently rolling out such training to ensure our own personnel are trained to support our supply chain due diligence needs.

We continue to monitor and ensure compliance with emerging supply chain regulation, including:

- the German Supply Chain Due Diligence (Lieferkettensorgfaltspflichtengesetz (LkSG)) (the "German Act") which came into force January 1, 2023, and which imposes a duty on companies, including several Magna subsidiaries in Germany, to make reasonable due diligence efforts to determine if there are violations of human rights or violations of environmental obligations in their own business operations or in the their supply chain. We maintain a cross-functional working group that includes representatives from our compliance, legal and purchasing functions and meets regularly to analyze and provide guidance on compliance with the requirements of the German Act. The working group currently reports its activities and progress to a Steering Committee comprised of members of Magna senior leadership led by Magna's Global Vice President, Procurement. We have also appointed a Human Rights Officer to oversee our compliance with the German Act. The first reporting obligation for our subsidiaries under the German Act arises in Spring 2024; and
- the U.S. Uyghur Forced Labor Prevention Act, which requires companies, starting in June 2022, to rebut the presumption that goods coming from Xinjiang, China were not made using forced labour, by meeting forced labor due diligence standards set forth in the Guidance published by U.S. Department of Homeland Security.

In addition, Magna is monitoring developments related to the publication, in February 2022, of a draft E.U. Corporate Sustainability Due Diligence regulation that, like the German Act, would mandate supply chain due diligence relating to human rights and environmental matters.

4.7.3.3 Supplier Reviews

We currently review production suppliers in order 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 2023, we intend to introduce another pillar covering ESG to our supplier review scorecard process. We are in the process of finalizing relevant key performance indicators

(KPIs) that will form part of this additional pillar, but expect that such KPIs will, at a minimum, include a supplier's CDP and SAQ (discussed below) scores, as well as relevant risk alerts generated from our third party supplier monitoring tool.

No suppliers were terminated in 2022 as a result of a violation of working conditions or human rights.

4.7.3.4 Phytosanitation Program

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 (IPPC) 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.

4.7.3.5 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:

- the National Minority Supplier Development Council (NMSDC)
- the 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)
- the 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 US Hispanic Chamber of Commerce (USHCC), the Asian Pacific American Chamber of Commerce (APACC), the Detroit LGBT Chamber of Commerce, the Veteran Owned Business Roundtable (VOBRT), the Council of Supplier Diversity Professionals (CSDP), and The National Business League. 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. We are proud to have received, in recent years, several customer awards for our supplier diversity efforts from GM and also received a diversty award from supplier diversity leader – WBE Canada.

4.7.3.6 Conflict Minerals Reporting

Consistent with the approach taken by our customers, suppliers and other fellow members of the Automotive Industry Action Group with respect to "conflict minerals", we are engaged in an annual process of determining whether any products which we make or buy contain such "conflict minerals". Our latest conflict minerals report is 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. We also report to requesting OEM customers with respect to Cobalt and Mica.

4.8 Contributing to Communities in Which we Operate

4.8.1 Commitment to Communities and Society

Magna recognizes the importance of giving back to society. We have a long history of supporting many global social and charitable causes, primarily in the communities around the world in which our employees live and work. While much of our corporate giving is to general philanthropic causes, 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 is as follows:

Ensure healthy lives and promote well-being for all at all ages	• Since 2017, more than $1.3M has been raised from employee donations and Magna's Matching program through annual participation in the World Vision Global 6K for Water, which aims to bring life-changing clean water to communities in need. The Suppliers Partnership for the Environment (SP) – an association of global automakers and their suppliers working together to advance environmental sustainability through the automotive supply chain – previously awarded Magna SP's Community Impact Award for our support of the Global 6K for Water challenge • Magna's corporate wellness initiatives help support the ongoing physical and mental health of employees globally • 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 2022, the program helped 26 employees in Canada, China, Czech Republic, India, Italy, Mexico, Russia, and the United States. Magna also made a donation to the Red Cross to assist their efforts in response to the earthquake that devastated parts of Turkey and Syria in February 2023 • Magna locations around the globe organize food drives and fundraisers to support local foodbanks and to address food security
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	• Magna sponsors and actively participates in FIRST Robotics globally to encourage students to consider careers in science, technology and engineering. FIRST organizes mentor-based programs that help participants build science, engineering and technology skills while also fostering self-confidence, communication skills and leadership • Magna embraces a culture of learning, including a pilot program that pays for employees to pursue job-related certificate programs and university degrees • Employees can access Magna-sponsored scholarships for their children to pursue university degrees • We have partnerships in several countries with universities and technical institutions to develop a talent pipeline and help promote skilled trades development • Magna sponsors several regional and international skills competitions through WorldSkills to enhance technical trades development and growth opportunities for students • We support the Canadian Institute for Advanced Research a Canadian-based global research organization that brings together teams of top researchers from around the world to address important and complex questions • We support Skills USA and Ontario, organizations that champion and stimulate the development of world-class technological and employability skills for youth
Achieve gender equality and empower all women and girls	• Magna's Women's eXchange Employee Resource Community strives to empower, develop and recognize its female employees and encourage students to pursue STEM careers • We hosted the Women of Inforum@CES 2023 networking event in conjunction with Inforum, a nonprofit dedicated to accelerating the careers of women and building talent initiatives at companies • Magna's Board has adopted a Board Diversity Policy targeting gender parity by December 31, 2023, subject to a minimum of not less than 30% female directors prior to that time. As of May 11, 2023, 38% of our Board members will be women. assuming election of all nominees for Magna's annual meeting of shareholders • Since 2016, Magna has spent more than $1.8 billion with women-owned businesses/suppliers as part of its overall supplier diversity program • Magna celebrates and honors 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 honor outstanding women in the company

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Magna:
	• completed hundreds of energy/sustainability projects in recent years, resulting in significant and ongoing energy, emission, and costs savings throughout its global operations. Some examples of sustainable projects in our company are:
	  • Magna's Exteriors MCC Wuhu Division in China used a Regenerative Thermal Oxidizer (RTO) to recover waste heat from an air pollution control unit for use in a paint line, eliminating use of 3,000 tons per year of steam
	  Magna's Cosma Shanghai Division in China implemented a waste heat recovery program that reused flue gas generated in its aluminum casting process to power lithium bromide chilling units, resulting in a reduction of approximately 1,650 tons of CO_2 per year
	  Both MCC Wuhu and Cosma Shanghai were inaugural winners of our Commitment to Sustainability Awards for these process improvements
	  • Three Magna plants in Austria installed photovoltaic (solar) panel systems which are capable of producing approximately 3,000 kW peak of electricity
	• joined the U.S. EPA's ENERGY STAR program as a partner to work to improve energy efficiency in our operations and fight climate change through an enhanced energy management program
	• created a Global Bold Perspective Award to showcase student vehicle designs of the future. The automotive design competition annually selects a winner from entries from students in North America, Europe and China

Reduce inequality within and among countries	• Magna's race and ethnicity-focused (EDGE), LGBQT+ 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 • 46% of Board nominees for election at Magna's annual meeting of shareholders are diverse nominees (based on gender, LGBTQ+ and/or being an underrepresented minority in their home country) • Since 2016, Magna has spent more than $3.3 billion with Minority-owned businesses/suppliers as part of its overall supplier diversity program • Unconscious bias training is required for all managers and available to any Magna employee • Magna partners with various United Way agencies in North America to support a broad number of organizations that are delivering community-based solutions to address poverty and inequalities • Magna has partnered with other industry leaders to support a variety of poverty-reduction efforts in the Greater Detroit and Greater Toronto Areas, including support for Pope Francis Center and Inn from the Cold, organizations that provide vital services to people experiencing homelessness
Ensure sustainable consumption and production patterns	Magna: • has implemented a zero waste to landfill target. More than 87% of total waste outputs from operations in 2022 were recycled or diverted from landfills, rising to approximately 91% if energy recovery is included • has achieved a 19% global electricity buy from renewable electricity sources (8% of our global energy purchase was renewable) • exceeded its long-term (2030) water use reduction target, having achieved an over 17% reduction in water withdrawals in 2022 against our 2019 baseline • has received Performance Standard certification from the Aluminum Stewardship Initiative (ASI) for five 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 • recognized its Powertrain Division in Modugno, Italy with a Commitment to Sustainability Award for its innovative process that converts sludge from grinding machines into reusable materials (oil and steel) through the use of a bacterial solvent • is pursuing several packaging and logistics initiatives and aligning with industry partners to limit the overall use of materials and to increase transportation efficiency across the supply chain, including publication of (automotive packaging guidelines through a committee of the Suppliers' Partnership for the Environment which Magna Co-Chairs

Take urgent action to combat climate change and its impacts

Magna:

- is committed to carbon neutrality (Scope 1 and Scope 2) by 2025 in its European operations and by 2030 in its global operations
- has committed to setting near-term Science-based Targets by 2023, further reinforcing its commitment to achieving addressing carbon reductions in its operations and supply chain
- has achieved carbon neutrality in 26 of its divisions, including our complete vehicle manufacturing facility in Graz, Austria – our largest facility
- is investing in clean carbon offset programs to counterbalance Scope 1 emissions that cannot be mitigated in its operations, in addition to its primary energy reduction efforts and purchasing of green energy
- invested in a geothermal power plant in Turkey in order to offset 6,862 metric tons of CO_2 emissions and the plant will generate about 51 GWh of clean energy and avoid 32,000 tons of CO_2 per year
- recognized its Exteriors Craiova Division in Romania with a Commitment to Sustainability Award for launching an environmental stewardship campaign that included the planting of 10,000 oak and ash trees near its facility
- is a financial sponsor of the Technical Office of the International Sustainability Standards Board (ISSB) that is establishing a comprehensive global baseline of climate change-related disclosure standards

5. Sustainability Metrics

In this Sustainability Report we report according to the SASB framework. 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 caution readers that our processes to collect and validate the energy, emissions and water data shown below are not as mature as those related to financial data, but we are committed to enhancing both the data collection/validation processes and thus the quality of the data, in the coming years.

Readers are cautioned that COVID-19 significantly impacted our operations during 2020, including temporary suspension of production at our manufacturing facilities at different times during 2020 and implementation of work-from-home arrangements for employees globally. As a result, many of the 2020 metrics that follow are not reflective of a typical operational year for Magna and the extent of any improvement in such metrics from prior years is not necessarily indicative of expected performance in such metrics in future 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)	2022(1)	2021	2020(2)
Aggregate amount of energy consumed by Magna	20,052,840 GJ 5,570,234 MWh	19,681,540 GJ 5,467,094 MWh	18,169,048 GJ 5,045,958 MWh
Percentage of energy consumed by Magna that was supplied from grid electricity	58%	57%	59%
Percentage of energy consumed by Magna that is renewable energy	10.0%(3)	8.2%(3)	7.1%(4)

Notes:

(1) Preliminary data.
(2) Data for 2020 may not be indicative of typical energy consumption levels due to COVID-19-related production shutdowns impacting our facilities in 2020.
(3) The percentage of renewable electricity purchased in 2022 was 17% (14% in 2021).

Energy intensity relative to Sales is as follows:

	2022	2021	2020
Energy Intensity (MWh/Sales (USDm))	147 MWh/USDm	149 MWh/USDm	155 MWh/USDm

In connection with our efforts to promote energy efficiency, each of our Operating Groups developed interim 2022 energy intensity reduction targets. On a consolidated basis, such targets amounted to approximately 3% of our energy intensity (MWh/Sales) per year. In 2022, we lowered our energy intensity by 2 MWh/USDm compared to 2021, a 1.3% reduction.

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, and we use commonly accepted emission factors such as those available from the GHG Protocol, International Energy Association (IEA), United States EPA, including its eGrid database, as well as other local or regional references. Our Scope 1 and 2 emissions data is verified annually by a third party in connection with our annual CDP Climate Change reporting.

	2022	2021	2020(2)
Scope1&2 emissions (metric tons)	1,460,959(1)	1,613,922	1,620,090
Sales (USD, millions)	37,840	36,242	32,647
Sales Intensity (CO_2 metric tons/$ Sales)	0.0000386	0.0000445	0.0000496
Employees	168,000	158,000	158,000
Employee Intensity (metric tons/employee)	8.70	10.21	10.25
Square Footage (million sq. ft)	84.4	83.5	83.8
Square Footage Intensity (metric tons/sq. ft.)	0.0173	0.0193	0.0193

Notes:

(1) Preliminary data.
(2) Data for 2020 may not be indicative of typical emissions levels due to COVID 19 related production shutdowns impacting our facilities in 2020.

5.2 Water and Waste Management

5.2.1 Water

Description	2022(1)	2021	2020(2)
Water withdrawals (ML)	6,292	6,922	6,351

Notes:

(1) Preliminary data.
(2) Data for 2020 may not be indicative of typical water usage levels due to COVID-19-related production shutdowns impacting our facilities in 2020.

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 7,621 ML of water. Our water withdrawals in 2022 represent a greater than 17% reduction from our 2019 baseline, exceeding our overall 2030 target. Water withdrawal data is verified annually by a third party in connection with our annual CDP Water Security reporting.

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 World Class Manufacturing objectives in our facilities globally. We have implemented a zero waste to landfill target, with the aim of eliminating landfill-bound waste by 2022.

Waste data is set out below:

SASB Accounting Metric (TR-AP-150a.1)	2022(1)	2021	2020(2)
Aggregate amount of waste generated from manufacturing by Magna	1,476,282 t	1,178,619 t	965,677 t
Percentage of waste generated by Magna that is hazardous	4.3%(3)	7.0%(3)	4.9%(3)
Percentage of waste generated by Magna that was recycled	87.2%(4)	88.4%(4)	91.5%(4)

Notes:

(1) Preliminary data.
(2) Data for 2020 may not be indicative of typical waste generation levels due to COVID-19-related production shutdowns impacting our facilities in 2020.
(3) Approximately 90% of such hazardous waste was diverted from secure landfills through recycling, reuse, or energy recovery initiatives in 2022 (91% in 2021; 84% in 2020).
(4) For 2022, this figure would be 90.9% if energy recovery was also included as a category of recycled waste (91.2% in 2021; 94.8% in 2020).

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	2022	2021	2020
Annual remediation expenses	<$1.0m	<$1.0m	<$1.0m
Aggregate remediation balance for known events	$16.3m	$14.1m	$10.8m

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 2022, our warranty expense (net) increased by $19 million compared to 2021. See Note 12 of our consolidated financial statements for the year ended December 31, 2022, which have been filed on SEDAR and are on Magna's website (www.magna.com).

5.5 Fuel Efficiency

Our product strategy, which is discussed in "Section 4 – Our Business & Strategy – Our Corporate Strategy" of this 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 do not currently track total revenue from products designed to increase fuel efficiency and/or reduce emissions.

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 "Section 6 – 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. The current shortage of semiconductors is discussed in greater detail in "Section 4 – Our Business & Strategy – Macroeconomic, Political and Other Trends" and "Section 5 – Risk Factors" of our AIF.

We are a member of the Aluminum Stewardship Initiative (ASI), and five of our Powertrain 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.

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 responsible mineral initiative (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 have implemented a robust compliance training program to mitigate against the risk of an antitrust violation. Our Corporate Ethics and Compliance Program is described in Section 4.5 - "Corporate Ethics and Compliance" of this Sustainability Report.

We previously completed a global review focused on antitrust risk and do not currently anticipate any material liabilities in connection with the review. See "Section 10 – Legal Proceedings" of this AIF.

SASB Accounting Metric (TR-AP-520a.1)	2022	2021	2020
Total amount of monetary losses incurred as a result of legal proceedings associated with anti-competitive behaviour regulations	$1.2m[(1)]	NIL	NIL

(1) June 2022 settlement with the Conselho Administrativo de Defesa Economica (CADE), Brazil's Federal competition authority, in connection with an administrative proceeding commenced in 2019 into alleged anticompetitive behaviour regarding the supply of automotive door latches and related products.

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	2022(1)	2021	2020(5)
Accident Frequency Rate(2)(4)	0.62	0.59	0.58
Accident Severity Rate(3)(4)	12.40	17.40	15.17

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 March 24, 2023, 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.
(5) Data for 2020 may not be indicative of typical accident frequency and severity rates due to COVID-19-related production shutdowns impacting our facilities in 2020.

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. In 2022, there were no employee fatalities at Magna facilities.

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	2022	2021	2020
Percentage of global employees who are women (wholly-owned operations)	28%	27%	26%
Women in critical roles	18%(1)	16%	15%
Women on the Board of Magna	42%(2)	42%	36%

Notes:

(1) 873 women in critical roles out of 4900 such roles.
(2) As of May 11, 2023, the percentage of women on the Board will be 38%, assuming election of all nominees for Magna's annual meeting of shareholders.

5.10 Reporting

In addition to this Sustainability Report, we participate in CDP (formerly Carbon Disclosure Project), a not-for-profit project designed to provide investors with information relating to corporate GHG emissions, water use, deforestation risk and perceived corporate risk due to climate change. Our current CDP submission is available on our website at www.magna.com. We also file a conflict minerals report, available on www.sec.gov/edgar, in accordance with SEC requirements, and publish a slavery and human trafficking statement on our website, at www.magna.com. Magna also provides sustainability reporting 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).

We also continue to monitor the acceleration of climate/sustainability reporting initiatives by regulators and standard setters, including:

- the European Union's European Sustainabilty Reporting Standards (ESRS) and Corporate Sustainability Reporting Directive (CSRD) which will first apply to certain of Magna's European subsidiaries in 2025;
- the International Sustainability Board (ISSB) publication of its first of two voluntary frameworks on climate-related disclosures which is expected in June 2023; and
- initiatives by securities law regulators to mandate climate disclosure, including proposals from Canadian securities regulators, and proposed rule changes from the U.S. SEC, which have not yet been released in final form.

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

CONNECT WITH MAGNA

magna.com

Exhibit 2

Magna International Inc.

Consolidated Financial Statements

December 31, 2022

Magna International Inc.
337 Magna Drive
Aurora, Ontario L4G 7K1
Tel (905) 726-2462
Fax (905) 726-7164

Consolidated Financial Statements

Magna International Inc.
December 31, 2022

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Magna International Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Magna International Inc. and subsidiaries (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of income, comprehensive income, changes in equity, and cash flows, for each of the two years in the period ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 26, 2023, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to an account or disclosure that is material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgment.

The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

Inventories — Evaluation of sufficiency of audit evidence over the existence of inventories — Refer to Note 1 and Note 5 to the financial statements

Critical Audit Matter Description

Inventories include production inventories that are comprised of raw materials and supplies, work-in-process and finished goods. The balances are geographically dispersed across several countries and in many manufacturing operations, product development and engineering centres (collectively "locations"). The processes to account for the existence of production inventories are complex and management relies on various perpetual inventory systems which include multiple information technology (IT) systems. To validate the accuracy of the inventory records, the Company performs a combination of annual physical inventory counts which take place at/or near year-end and/or cyclical physical inventory counts throughout the year.

Given the importance of inventories to the Company's operations and the performance of audit procedures over a large number of geographically dispersed locations, evaluating the sufficiency of audit evidence over the existence of inventories required a high degree of auditor judgement and an increased extent of audit effort, including the need to involve technical specialists with subject matter expertise in assessing the appropriateness of the nature, extent and timing of the physical inventory count procedures to be performed.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures over the existence of inventories included the following, among others:

- Evaluated the effectiveness of certain controls over the Company's inventory count processes at select locations, including internal controls related to the physical counting of inventories at those locations;
- Analyzed locations with inventories to determine where to attend the Company's physical inventory counts;
- With the assistance of specialists with expertise in inventories, determined the nature, timing and extent of procedures to be performed based on the timing of the Company's physical inventory count procedures, which included:
  - On a sample basis, performing test counts and comparing the results to the Company's inventory records;
  - For annual physical inventory counts which took place at a date other than year-end, performing incremental procedures on the roll-forward period;
- With the assistance of specialists in IT, evaluated the general IT controls and automated controls relevant to the inventory management systems;
- Evaluated the overall sufficiency of audit evidence obtained over the existence of inventories.

/s/ Deloitte LLP
Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
February 26, 2023

We have served as the Company's auditor since 2014.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Magna International Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Magna International Inc. and subsidiaries (the "Company") as of December 31, 2022, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2022 of the Company and our report dated February 26, 2023, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte LLP
Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
February 26, 2023

MAGNA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF INCOME
[U.S. dollars in millions, except per share figures]

Years ended December 31,

	Note	2022	2021
Sales		**$37,840**	$36,242
Costs and expenses			
Cost of goods sold		**33,188**	31,097
Depreciation and amortization		**1,419**	1,512
Selling, general and administrative		**1,660**	1,717
Interest expense, net	13	**81**	78
Equity income		**(89)**	(148)
Other expense, net	2	**703**	38
Income from operations before income taxes		**878**	1,948
Income taxes	9	**237**	395
Net income		**641**	1,553
Income attributable to non-controlling interests		**(49)**	(39)
Net income attributable to Magna International Inc.		**$ 592**	$ 1,514
Earnings per Common Share:	3		
Basic		**$ 2.04**	$ 5.04
Diluted		**$ 2.03**	$ 5.00
Weighted average number of Common Shares outstanding during the year [in millions]:	3		
Basic		**290.4**	300.6
Diluted		**291.2**	302.8

See accompanying notes

MAGNA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
[U.S. dollars in millions]

Years ended December 31,

	Note	2022	2021
Net income		**$ 641**	$1,553
Other comprehensive (loss) income, net of tax:	18		
Net unrealized loss on translation of net investment in foreign operations		**(531)**	(178)
Net unrealized gain on cash flow hedges		**1**	34
Reclassification of net gain on cash flow hedges to net income		**(20)**	(52)
Reclassification of net loss on pensions to net income		**6**	9
Reclassification of loss on translation of net investment in foreign operations to income		**203**	—
Pension and post-retirement benefits		**82**	26
Other comprehensive loss		**(259)**	(161)
Comprehensive income		**382**	1,392
Comprehensive income attributable to non-controlling interests		**(13)**	(48)
Comprehensive income attributable to Magna International Inc.		**$ 369**	$1,344

See accompanying notes

MAGNA INTERNATIONAL INC.
CONSOLIDATED BALANCE SHEETS
[U.S. dollars in millions, except shares issued]

As at December 31,

	Note	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	4	**$ 1,234**	$ 2,948
Accounts receivable		**6,791**	6,307
Inventories	5	**4,180**	3,969
Prepaid expenses and other		**320**	278
		12,525	13,502
Investments	6	**1,429**	1,593
Fixed assets, net	7	**8,173**	8,293
Operating lease right-of-use assets	14	**1,595**	1,700
Goodwill	8	**2,031**	2,122
Intangible assets, net	10	**452**	493
Deferred tax assets	9	**491**	421
Other assets	11,15	**1,093**	962
		$27,789	$29,086
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowing		**$ 8**	$ —
Accounts payable		**6,999**	6,465
Other accrued liabilities	12	**2,118**	2,156
Accrued salaries and wages		**850**	851
Income taxes payable		**93**	200
Long-term debt due within one year	13	**654**	455
Current portion of operating lease liabilities	14	**276**	274
		10,998	10,401
Long-term debt	13	**2,847**	3,538
Operating lease liabilities	14	**1,288**	1,406
Long-term employee benefit liabilities	15	**548**	700
Other long-term liabilities	16	**461**	376
Deferred tax liabilities	9	**312**	440
		16,454	16,861
Shareholders' equity			
Common Shares [issued: 2022 – 285,931,816; 2021 – 297,871,976]	17	**3,299**	3,403
Contributed surplus		**111**	102
Retained earnings		**8,639**	9,231
Accumulated other comprehensive loss	18	**(1,114)**	(900)
		10,935	11,836
Non-controlling interests		**400**	389
		11,335	12,225
		$27,789	$29,086

Commitments and contingencies *[notes 13, 14, 19 and 20]*

See accompanying notes

On behalf of the Board:

/s/ "Peter Bowie"
Director

/s/ "Robert F. MacLellan"
Chairman of the Board

MAGNA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
[U.S. dollars in millions]

Years ended December 31,

	Note	2022	2021
OPERATING ACTIVITIES			
Net income		**$ 641**	$ 1,553
Items not involving current cash flows	4	**1,776**	1,576
		2,417	3,129
Changes in operating assets and liabilities	4	**(322)**	(189)
Cash provided from operating activities		**2,095**	2,940
INVESTMENT ACTIVITIES			
Fixed asset additions		**(1,681)**	(1,372)
Increase in investments, other assets and intangible assets		**(455)**	(403)
Increase in public and private equity investments		**(29)**	(68)
Business combinations		**(3)**	(13)
Proceeds on (funding for) disposal of facilities	2	**6**	(41)
Proceeds from dispositions		**124**	81
Increase in equity method investments		**—**	(517)
Settlement of long-term receivable from non-consolidated joint venture		**—**	50
Cash used for investing activities		**(2,038)**	(2,283)
FINANCING ACTIVITIES			
Issues of debt	13	**54**	55
Increase (decrease) in short-term borrowings		**11**	(101)
Repayments of debt	13	**(456)**	(121)
Issue of Common Shares on exercise of stock options		**8**	146
Tax withholdings on vesting of equity awards		**(15)**	(13)
Repurchase of Common Shares	17	**(780)**	(517)
Contributions to subsidiaries by non-controlling interests		**5**	8
Dividends paid to non-controlling interests		**(46)**	(49)
Dividends paid		**(514)**	(514)
Cash used for financing activities		**(1,733)**	(1,106)
Effect of exchange rate changes on cash, cash equivalents and restricted cash equivalents		**(38)**	23
Net decrease in cash and cash equivalents during the year		**(1,714)**	(426)
Cash, cash equivalents and restricted cash equivalents beginning of year		**2,948**	3,374
Cash and cash equivalents, end of year	4	**$ 1,234**	$ 2,948

See accompanying notes

MAGNA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
[U.S. dollars in millions, except number of common shares]

	Common Shares		Contri-buted Surplus	Retained Earnings	AOCL [i]	Non-controlling Interests	Total Equity
	Number *[in millions]*	Stated Value					
Balance, December 31, 2020	**300.5**	**$3,271**	**$ 128**	**$ 8,704**	**$ (733)**	**$ 350**	**$11,720**
Net income				1,514		39	1,553
Other comprehensive (loss) income					(170)	9	(161)
Contribution by non-controlling interests						8	8
Shares issued on exercise of stock options	2.9	175	(29)				146
Release of stock and stock units	0.4	17	(17)				—
Tax withholdings on vesting of equity awards	(0.1)	(2)		(11)			(13)
Repurchase and cancellation under normal course issuer bids *[note 17]*	(6.0)	(68)		(452)	3		(517)
Stock-based compensation expense			20				20
Business combinations						32	32
Dividends paid to non-controlling interests						(49)	(49)
Dividends paid [$1.72 per share]	0.2	10		(524)			(514)
Balance, December 31, 2021	**297.9**	**$3,403**	**$ 102**	**$ 9,231**	**$ (900)**	**$ 389**	**$12,225**
Net income				592		49	641
Other comprehensive loss					(223)	(36)	(259)
Contribution by non-controlling interests						5	5
Purchase of non-controlling interests						(8)	(8)
Shares issued on exercise of stock options	0.2	9	(1)				8
Release of stock and stock units	0.5	21	(21)				—
Tax withholdings on vesting of equity awards	(0.2)	(2)		(13)			(15)
Repurchase and cancellation under normal course issuer bids *[note 17]*	(12.6)	(141)		(648)	9		(780)
Stock-based compensation expense			31				31
Business combinations						47	47
Dividends paid to non-controlling interests						(46)	(46)
Dividends paid [$1.80 per share]	0.1	9		(523)			(514)
Balance, December 31, 2022	**285.9**	**$3,299**	**$ 111**	**$ 8,639**	**$(1,114)**	**$ 400**	**$11,335**

(i) AOCL is Accumulated Other Comprehensive Loss.

See accompanying notes

1. SIGNIFICANT ACCOUNTING POLICIES

Magna International Inc. [collectively "Magna" or the "Company"] is a global supplier in the automotive space. Our systems approach to design, engineering and manufacturing touches nearly every aspect of the vehicle, including body and chassis structures, exterior systems and modules, trim and engineered glass, active aerodynamics, energy storage systems, electrified and conventional powertrain technologies, powertrain subsystems and components, ADAS and automated driving, control modules, mechatronics, mirrors and overhead consoles, lighting, complete seats, seating structural products, seat foam and seat trim. We also have complete vehicle engineering and contract manufacturing expertise.

The consolidated financial statements have been prepared in U.S. dollars following accounting principles generally accepted in the United States ["GAAP"].

Principles of consolidation

The Consolidated Financial Statements include the accounts of Magna and its subsidiaries in which Magna has a controlling financial interest and is the primary beneficiary. The Company presents non-controlling interests as a separate component within Shareholders' equity in the Consolidated Balance Sheets. All intercompany balances and transactions have been eliminated.

Use of estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Foreign currency translation

The Company operates globally, which gives rise to a risk that its earnings and cash flows may be adversely impacted by fluctuations in foreign exchange rates.

Assets and liabilities of the Company's operations having a functional currency other than the U.S. dollar are translated into U.S. dollars using the exchange rate in effect at year end, and revenues and expenses are translated at the average rate during the year. Exchange gains or losses on translation of the Company's net investment in these operations are included in comprehensive income and are deferred in accumulated other comprehensive loss. Foreign exchange gains or losses on debt that was designated as a hedge of the Company's net investment in these operations are also recorded in accumulated other comprehensive loss.

Foreign exchange gains and losses on transactions occurring in a currency other than an operation's functional currency are reflected in net income, except for gains and losses on foreign exchange contracts used to hedge specific future commitments in foreign currencies and on intercompany balances which are designated as long-term investments. In particular, the Company uses foreign exchange forward contracts for the sole purpose of hedging certain of the Company's future committed foreign currency based outflows and inflows. Most of the Company's foreign exchange contracts are subject to master netting arrangements that provide for the net settlement of contracts, by counterparty, in the event of default or termination. All derivative instruments, including foreign exchange contracts, are recorded on the consolidated balance sheet at fair value. The fair values of derivatives are recorded on a gross basis in prepaid expenses and other, other assets, other accrued liabilities or other long-term liabilities. To the extent that derivative instruments are designated and qualify as cash flow hedges, the changes in their fair values are recorded in other comprehensive income. Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognized immediately in net income based on the nature of the underlying transaction. Amounts accumulated in other comprehensive loss or income are reclassified to net income in the period in which the hedged item affects net income.

If the Company's foreign exchange forward contracts cease to be effective as hedges, for example if projected foreign cash inflows or outflows declined significantly, gains or losses pertaining to the portion of the hedging transactions in excess of projected foreign currency denominated cash flows would be recognized in net income at the time this condition was identified.

Cash and cash equivalents

Cash and cash equivalents include cash on account, demand deposits and short-term investments with remaining maturities of less than three months at acquisition.

Inventories

Production inventories and tooling inventories manufactured in-house are valued at the lower of cost determined substantially on a first-in, first-out basis, or net realizable value. Cost includes the cost of materials plus direct labour applied to the product and the applicable share of manufacturing overhead.

Investments

The Company accounts for investments in companies over which it has the ability to exercise significant influence, but does not hold a controlling financial interest, under the equity method [“Equity method investments”]. The Company monitors its Equity method investments for indicators of other-than-temporary declines in value on an ongoing basis. If the Company determines that an other-than-temporary decline in value has occurred, it recognizes an impairment loss, which is measured as the difference between the book value and the fair value of the investment. Fair value is generally determined using an income approach based on discounted cash flows. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, “Fair Value Measurement” and primarily consist of expected investee revenue and costs, estimated production volumes and discount rates.

The Company also has investments in private and publicly traded mobility and technology companies over which it does not have the ability to exercise significant influence. The Company has elected to use the measurement alternative, defined as cost, less impairments, adjusted by observable price changes to measure the private equity investments. The Company values its investments in publicly traded equity securities using the closing price on the measurement date, as reported on the stock exchange on which the securities are traded.

Private equity investments are subject to impairment reviews which considers both qualitative and quantitative factors that may have a significant impact on the investee’s fair value. Upon determining that an impairment may exist, the security’s fair value is calculated using the best information available, which may include cash flow projections or other available market data and compared to its carrying value. An impairment is recognized immediately if the carrying value exceeds the fair value.

Long-lived assets

Fixed assets are recorded at historical cost. Depreciation is provided on a straight-line basis over the estimated useful lives of fixed assets at annual rates of 2½% to 5% for buildings, 7% to 10% for general purpose equipment and 10% to 33% for special purpose equipment.

Finite-lived intangible assets, which have arisen principally through acquisitions, include customer relationship intangibles and patents and licences. These finite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives which range from 4 to 15 years.

The Company assesses fixed and finite-lived intangible assets for recoverability whenever indicators of impairment exist. If the carrying value of the asset exceeds the estimated undiscounted cash flows from the use of the asset, then an impairment loss is recognized to write the asset down to fair value. The fair value of fixed and finite-lived intangible assets is generally determined using estimated discounted future cash flows.

Goodwill

Goodwill represents the excess of the cost of an acquired enterprise over the fair value of the identifiable assets acquired and liabilities assumed less any subsequent write-downs for impairment. Goodwill is reviewed for impairment in the fourth quarter of each year, or more frequently if indicators of potential impairment exist. Goodwill impairment is assessed based on a comparison of the fair value of a reporting unit to the underlying carrying value of the reporting unit's net assets, including goodwill. When the carrying amount of the reporting unit exceeds its fair value, an impairment is recognized based on that difference. The fair value of a reporting unit is determined using its estimated discounted future cash flows.

Tooling and Pre-Production Engineering Costs Related to Long-Term Supply Agreements

The Company incurs pre-production engineering and tooling costs related to the products produced for its customers under long-term supply agreements. Customer reimbursements for tooling and pre-production engineering activities that are part of a long-term supply arrangement are accounted for as a reduction of cost. Pre-production costs related to long-term supply arrangements with a contractual guarantee for reimbursement and capitalized tooling are included in Other assets.

The Company expenses all pre-production engineering costs for which reimbursement is not contractually guaranteed by the customer. All tooling costs related to customer-owned tools for which reimbursement is not contractually guaranteed by the customer or for which the Company does not have a non-cancelable right to use the tooling are also expensed.

Warranty

The Company has assurance warranties and records product warranty liabilities based on its individual customer agreements. Under most customer agreements, the Company only accounts for existing or probable claims on product default issues when amounts related to such issues are probable and reasonably estimable. However, for certain powertrain systems, electronics, and complete vehicle assembly contracts, the Company records an estimate of future warranty-related costs based on the terms of the specific customer agreements and/or the Company's warranty experience. Product liability and recall provisions are established based on the Company'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. Judgement is also required as to the ultimate negotiated sharing of the cost between the Company, the customer and, in some cases, a supplier to the Company.

When a decision to recall a product has been made or is probable, the Company's portion of the estimated cost of the recall is recorded as a charge to net income in that period. The Company monitors warranty activity on an ongoing basis and adjusts reserve balances when it is probable that future warranty costs will be different than those previously estimated.

Income taxes

The Company uses the liability method of tax allocation to account for income taxes. Under the liability method of tax allocation, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company assesses whether valuation allowances should be established or maintained against its deferred tax assets based on consideration of all available evidence using a "more-likely-than-not" standard. The factors the Company uses to assess the likelihood of realization are its history of losses, forecasts of future pre-tax income and tax planning strategies that could be implemented to realize the deferred tax assets.

No deferred tax liability is recorded for taxes on undistributed earnings and translation adjustments of foreign subsidiaries if these items are considered to be reinvested for the foreseeable future. Taxes are recorded on such foreign undistributed earnings and translation adjustments when it becomes apparent that such earnings will be distributed in the foreseeable future and the Company will incur further tax on remittance.

Recognition of uncertain tax positions is dependent on whether it is more-likely-than-not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. A tax position that meets the more-likely-than-not recognition threshold is measured at the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. The Company recognizes interest and penalties related to uncertain tax positions in income tax expense.

Leases

The Company determines if an arrangement is a lease or contains a lease at inception. Leases with an initial term of 12 months or less are considered short-term and are not recorded on the balance sheet. The Company recognizes operating lease expense for these leases on a straight-line basis over the lease term.

Operating lease right-of-use ["ROU"] assets and operating lease liabilities are recognized based on the present value of the future lease payments over the lease term at the commencement date. As the rate implicit in the lease is not readily determinable for the Company's operating leases, an incremental borrowing rate is generally used to determine the present value of future lease payments. The incremental borrowing rate for each lease is based on the Company's estimated borrowing rate over a similar term to that of the lease payments, adjusted for various factors including collateralization, location and currency.

A majority of the Company's leases for manufacturing facilities are subject to variable lease-related payments, such as escalation clauses based on consumer price index rates or other similar indices. Variable payments that are based on an index or a rate are included in the recognition of the Company's ROU assets and lease liabilities using the index or rate at lease commencement. Subsequent changes to these lease payments due to rate or index updates are recorded as lease expense in the period incurred.

The Company's lease agreements generally exclude non-lease components, and do not contain any material residual value guarantees or material restrictive covenants.

Employee future benefit plans

The cost of providing benefits through defined benefit pensions, lump sum termination and long-term service payment arrangements, and post-retirement benefits other than pensions is actuarially determined and recognized in income using the projected benefit method pro-rated on service and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and, with respect to medical benefits, expected health care costs. Differences arising from plan amendments, changes in assumptions and experience gains and losses that are greater than 10% of the greater of: [i] the accrued benefit obligation at the beginning of the year; and [ii] the fair value [or market related value] of plan assets at the beginning of the year, are recognized in income over the expected average remaining service life of employees. Plan assets are valued at fair value. The cost of providing benefits through defined contribution pension plans is charged to income in the period in respect of which contributions become payable.

The funded status of the plans is measured as the difference between the fair value of the plan assets and the projected benefit obligation ["PBO"]. The aggregate of all overfunded plans is recorded in other assets, and the aggregate of all underfunded plans is recorded in long-term employee benefit liabilities. The portion of the amount by which the actuarial present value of benefits included in the PBO exceeds the fair value of plan assets, payable in the next twelve months, is reflected in other accrued liabilities.

Revenue recognition

The Company enters into contracts with its customers to provide production parts or assembled vehicles. Contracts do not commit the customer to a specified quantity of products; however, the Company is generally required to fulfill its customers' purchasing requirements for the production life of the vehicle. Contracts do not typically become a performance obligation until the Company receives a purchase order and a customer release for a specific number of parts or assembled vehicles at a specified price. While long-term supply agreements may range from five to seven years, contracts may be terminated by customers at any time. Historically, terminations have been minimal. Contracts may also provide for annual price reductions over the production life of the vehicle, and prices are adjusted on an ongoing basis to reflect changes in product content/cost and other commercial factors.

Revenue is recognized at the point in time when control of the parts produced or assembled vehicles are transferred to the customer according to the terms of the contract. The amount of revenue recognized reflects the consideration that the Company expects to be entitled to in exchange for those products based on purchase orders and ongoing price adjustments [some of which is accounted for as variable consideration]. The Company uses the expected value method, taking into account historical data and the status of current negotiations, to estimate the amount to which it expects to be entitled. Significant changes to the Company's estimates of variable consideration are not expected.

The Company's complete vehicle assembly contracts with customers are complex and often include promises to transfer multiple products and services, some of which may be implicitly contracted. For these arrangements, each good or service is evaluated to determine whether it represents a distinct performance obligation, and whether it should be characterized as revenue or reimbursement of costs incurred. The total transaction price is then allocated to the distinct performance obligations based on the expected cost plus a margin approach and amounts related to revenue are recognized as discussed above.

The terms of the Company's complete vehicle assembly contracts with customers differ with respect to the ownership of components related to the assembly process. Under contracts where we act as principal, purchased components in assembled vehicles are included in our inventory and cost of sales. These costs are reflected in the revenue recognized from the sale of the final assembled vehicle to the customer. Where a contract provides that the primary components are held on consignment by us, the revenue recognized reflects only the assembly fee.

The Company also performs tooling and engineering activities for its customers that are not part of a long-term production arrangement. Tooling and engineering revenue is recognized at a point in time or over time depending, among other considerations, on whether the Company has an enforceable right to payment plus a reasonable profit, for performance completed to date. Over-time recognition utilizes costs incurred to date relative to total estimated costs at completion, to measure progress toward satisfying performance obligations. Revenue is recognized as control is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods and services. For the year ended December 31, 2022, total tooling and engineering sales were $731 million [2021 - $783 million].

The Company's customers pay for products received in accordance with payment terms that are customary in the industry, typically 30 to 90 days. The Company's contracts with its customers do not have significant financing components.

Taxes assessed by a governmental authority that are both imposed on, and concurrent with, a specific revenue-producing transaction that are collected by the Company from a customer are excluded from revenue.

Contract Assets and Liabilities

The Company's contract assets relate to the right to consideration for work completed but not yet billed and are included in Accounts Receivable. Amounts may not exceed their net realizable value. As at December 31, 2022, the Company's unbilled accounts receivable balance was $571 million [2021 - $528 million]. Contract assets do not include the costs of obtaining or fulfilling a contract with a customer, as these amounts are generally expensed as incurred.

Customer advances are recorded as deferred revenue [a contract liability]. As at December 31, 2022 the contract liability balance was $347 million [2021 - $273 million]. As performance obligations were satisfied during 2022, the Company recognized $130 million [2021 - $140 million] of previously recorded contract liabilities into revenue.

Government assistance

The Company makes periodic applications for financial assistance under available government assistance programs in the various jurisdictions that the Company operates. Grants relating to capital expenditures are reflected as a reduction of the cost of the related assets. Grants relating to current operating expenditures may be deferred and recognized in the consolidated statement of income over the period necessary to match them with the costs that they are intended to compensate and are presented as a reduction of the related expense. The Company also receives tax credits and tax super allowances, the benefits of which are recorded as a reduction of income tax expense. In addition, the Company receives loans which are recorded as liabilities in amounts equal to the cash received. When a government loan is issued to the Company at a below-market rate of interest, the loan is initially recorded at its net present value and accreted to its face value over the period of the loan. The benefit of the below-market rate of interest is accounted for similar to a government grant and is measured as the difference between the initial carrying value of the loan and the cash proceeds received.

Research and development

Costs incurred in connection with research and development activities, to the extent not recoverable from the Company's customers, are expensed as incurred. For the years ended December 31, 2022 and 2021, research and development costs charged to expense were $649 million and $634 million, respectively.

Restructuring

Restructuring costs may include employee termination benefits, as well as other costs resulting from restructuring actions. These actions may result in employees receiving voluntary or involuntary employee termination benefits, which are mainly pursuant to union or other contractual agreements or statutory requirements. Voluntary termination benefits are accrued when an employee accepts the related offer. Involuntary termination benefits are accrued upon the commitment to a termination plan and when liabilities are determined to be probable and estimable. Additional elements of severance and termination benefits associated with nonrecurring benefits may be recognized rateably over each employee's required future service period. All other restructuring costs are expensed as incurred.

Earnings per Common Share

Basic earnings per Common Share are calculated on net income attributable to Magna International Inc. using the weighted average number of Common Shares outstanding during the year.

Diluted earnings per Common Share are calculated on the weighted average number of Common Shares outstanding, including an adjustment for stock options outstanding using the treasury stock method.

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

2. OTHER EXPENSE, NET

Other expense, net consists of significant items such as: impairment charges; restructuring costs generally related to significant plant closures or consolidations; net (gains) losses on investments; gains or losses on disposal of facilities or businesses; and other items not reflective of on-going operating profit or loss. Other expense, net consists of:

	2022	2021
Impairments related to operations in Russia [a]	**$376**	$ —
Net losses on investments [b]	**221**	2
Loss on sale of business [c]	**58**	75
Restructuring and impairments [d]	**48**	101
Merger agreement termination fee [e]	**—**	(100)
Gain on business combinations [f]	**—**	(40)
Other expense, net	**$703**	$ 38

[a] Impairments related to operations in Russia

As at December 31, 2022, the Company's operations in Russia remain substantially idled. In accordance with U.S. GAAP, as a result of the expected lack of future cashflows and the continuing uncertainties connected with the Russian economy, the Company recorded a $376 million [$361 million after tax] impairment charge related to its investment in Russia. This included net asset impairments of $173 million and a $203 million reserve against the related foreign currency translation losses that are included in accumulated other comprehensive loss. The net asset impairments consisted of $163 million and $10 million in our Body Exteriors & Structures segment and our Seating Systems segment, respectively.

[b] Net losses (gains) on investments

	2022	2021
Revaluation of public company warrants	**$173**	$ (4)
Revaluation of public and private equity investments	**49**	6
Net gain on sale of public equity investments	**(1)**	—
Other expense, net	**221**	2
Tax effect	**(53)**	7
Net loss attributable to Magna	**$168**	$ 9

[c] Loss on sale of business

During the fourth quarter of 2022, the Company entered into an agreement to sell a European Power & Vision operation in early 2023. Under the terms of the arrangement, the Company is contractually obligated to provide the buyer with up to $42 million of funding, resulting in a loss of $58 million [$57 million after tax].

During 2021, the Company sold three Body Exteriors & Structures operations in Germany. Under the terms of the arrangement, the Company provided the buyer with $41 million of funding, resulting in a loss on disposal of $75 million [$75 million after tax].

[d] Restructuring and impairments

For the year ended December 31, 2022, the Company recorded restructuring and impairment charges of $26 million [$25 million after tax] for its Power & Vision segment and $22 million [$21 million after tax] for its Body Exteriors & Structures segment.

For the year ended December 31, 2021, the Company recorded restructuring and impairment charges of $67 million [$52 million after tax] for its Power & Vision segment, $18 million [$17 million after tax] for its Seating Systems segment and $16 million [$14 million after tax] for its Body Exteriors & Structures segment.

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

[e] Merger agreement termination fee

In the fourth quarter of 2021, Veoneer, Inc. [“Veoneer”] terminated its merger agreement with the Company. In connection with the termination of the merger agreement, Veoneer paid Magna a termination fee which, net of the Company’s associated transaction costs, amounted to $100 million [$75 million after tax].

[f] Gain on business combinations

During 2021, the Company acquired a 65% equity interest and a controlling financial interest in Chongqing Hongli Zhixin Scientific Technology Development Group LLC (“Hongli”). The acquisition included an additional 15% equity interest in two entities that were previously equity accounted for by the Company. On the change in basis of accounting, the Company recognized a $22 million gain [$22 million after tax].

Also during 2021, the Company recorded a gain of $18 million [$18 million after tax] in connection with the distribution of substantially all of the assets of the Company’s European joint venture, Getrag Ford Transmission GmbH.

3. EARNINGS PER SHARE

Earnings per share are computed as follows:

	2022	2021
Basic earnings per Common Share:		
Net income attributable to Magna International Inc.	**$ 592**	$1,514
Weighted average number of Common Shares outstanding during the year	**290.4**	300.6
Basic earnings per Common Share	**$ 2.04**	$ 5.04
Diluted earnings per Common Share [a]:		
Net income attributable to Magna International Inc.	**$ 592**	$1,514
Weighted average number of Common Shares outstanding during the year	**290.4**	300.6
Stock options and restricted stock	**0.8**	2.2
	291.2	302.8
Diluted earnings per Common Share	**$ 2.03**	$ 5.00

[a] Diluted earnings per Common Share exclude 1.3 million [2021 – 0.4 million] Common Shares issuable under the Company’s Incentive Stock Option Plan because these options were not “in-the-money”. The dilutive effect of participating securities using the two-class method was excluded from the calculation of earnings per share because the effect would be immaterial.

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

4. DETAILS OF CASH FROM OPERATING ACTIVITIES

[a] Cash and cash equivalents consist of:

	2022	2021
Bank term deposits and bankers' acceptances	**$ 720**	$ 1,984
Cash	**514**	964
	$1,234	$ 2,948

[b] Items not involving current cash flows:

	2022	2021
Depreciation and amortization	**$ 1,419**	$ 1,512
Amortization of other assets included in cost of goods sold	**169**	255
Deferred revenue amortization	**(201)**	(188)
Other non-cash charges	**21**	25
Deferred tax recovery	**(202)**	(76)
Equity income (in excess of) less than dividends received	**(24)**	11
Non-cash portion of Other expense, net *[note 2]*	**221**	37
Impairment charges	**373**	—
	$ 1,776	$ 1,576

[c] Changes in operating assets and liabilities:

	2022	2021
Accounts receivable	**$(798)**	$ 114
Inventories	**(448)**	(653)
Prepaid expenses and other	**(43)**	(39)
Accounts payable	**812**	160
Accrued salaries and wages	**20**	58
Other accrued liabilities	**250**	48
Income taxes (receivable) payable	**(115)**	123
	$(322)	$ (189)

5. INVENTORIES

Inventories consist of:

	2022	2021
Raw materials and supplies	**$1,640**	$1,598
Work-in-process	**427**	400
Finished goods	**537**	506
Tooling and engineering	**1,576**	1,465
	$4,180	$3,969

Tooling and engineering inventory represents costs incurred on tooling and engineering services contracts in excess of billed and unbilled amounts included in accounts receivable.

6. INVESTMENTS

	2022	2021
Equity method investments [a]	**$ 997**	$1,031
Public and private equity investments	**290**	358
Warrants [b]	**142**	204
	$1,429	$1,593

[a] The ownership percentages and carrying values of the Company's principal equity method investments at December 31 were as follows [in millions, except percentages]:

		2022	2021
LG Magna e-Powertrain Co., Ltd. [i]	**49.0%**	**$420**	$481
Litens Automotive Partnership [ii]	**76.7%**	**$337**	$291
Hubei HAPM Magna Seating Systems Co., Ltd.	**49.9%**	**$120**	$127

[i] LG Magna e-Powertrain ["LGM"] is a variable interest entity [''VIE''] and depends on the Company and LG Electronics for any additional cash needs. The Company cannot make key operating decisions considered to be most significant to the VIE, and is therefore not considered to be the primary beneficiary. The Company's known maximum exposure to loss approximated the carrying value of its investment balance as at December 31, 2022.

[ii] The Company accounts for its investments under the equity method of accounting as a result of significant participating rights that prevent control.

[b] In October 2020, the Company signed agreements with Fisker Inc. ["Fisker"] for the platform sharing, engineering and manufacturing of the Fisker Ocean SUV. In connection with the arrangement, Fisker issued approximately 19.5 million penny warrants to the Company to purchase common stock, which vest based on specified milestones. During 2021, two third of the warrants vested with a value of $201 million and during the fourth quarter of 2022, the remaining one third of the warrants vested with a value of $119 million. The initial value attributable to the warrants was deferred within other accrued liabilities and other long-term liabilities and is being recognized in income as performance obligations are satisfied.

The Company recorded an unrealized loss of $173 million for the year ended December 31, 2022 related to the revaluation of the vested warrants [*note 2*]. Cumulative unrealized losses on equity securities were $110 million as at December 31, 2022 [2021 - unrealized gains of $63 million].

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

A summary of the total financial results, as reported by the Company's equity method investees, in the aggregate, at December 31 was as follows:

Summarized Balance Sheets

	2022	2021
Current assets	**$ 2,266**	$ 1,825
Non-current assets	**$ 1,866**	$ 1,838
Current liabilities	**$ 1,555**	$ 1,269
Long-term liabilities	**$ 715**	$ 450

Summarized Income Statements

	2022	2021
Sales	**$ 4,447**	$ 3,303
Cost of goods sold & expenses	**4,363**	3,156
Net income	**$ 84**	$ 147

Sales to equity method investees were approximately $51 million and $65 million for the years ended December 31, 2022 and 2021, respectively.

7. FIXED ASSETS

Fixed assets consist of:

	2022	2021
Cost		
Land	**$ 181**	$ 198
Buildings	**2,740**	2,719
Machinery and equipment	**17,258**	17,355
	20,179	20,272
Accumulated depreciation		
Buildings	(1,310)	(1,223)
Machinery and equipment	**(10,696)**	(10,756)
	$ 8,173	$ 8,293

Included in the cost of fixed assets are construction in progress expenditures of $1.5 billion [2021 - $1.0 billion] that have not been depreciated.

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

8. GOODWILL

The following is a continuity of the Company's goodwill by segment:

	Body Exteriors & Structures	Power & Vision	Seating Systems	Complete Vehicles	Corporate	Total
Balance, December 31, 2020	478	1,320	176	121	—	2,095
Acquisitions	—	29	93	—	—	122
Foreign exchange and other	(7)	(80)	1	(9)	—	(95)
Balance, December 31, 2021	471	1,269	270	112	—	2,122
Acquisitions	**—**	**—**	**—**	**—**	**20**	**20**
Foreign exchange and other	**(23)**	**(71)**	**(10)**	**(7)**	**—**	**(111)**
Balance, December 31, 2022	**$ 448**	**$ 1,198**	**$ 260**	**$ 105**	**$ 20**	**$2,031**

9. INCOME TAXES

[a] The provision for income taxes differs from the expense that would be obtained by applying the Canadian statutory income tax rate as a result of the following:

	2022	2021
Canadian statutory income tax rate	**26.5%**	26.5%
Net effect of losses not benefited	**7.7**	1.8
Tax on repatriation of foreign earnings	**5.3**	2.9
Impairment of investments *[note 2]*	**1.0**	—
Foreign rate differentials	**0.6**	(3.9)
Reserve for uncertain tax positions	**0.4**	(2.5)
Foreign exchange re-measurement [i]	**(0.6)**	1.2
Re-measurement of deferred tax assets [ii]	**(0.8)**	1.5
Earnings of equity accounted investees	**(1.6)**	(1.3)
Valuation allowance on deferred tax assets	**(2.2)**	(0.7)
Deductible inflationary adjustments	**(3.3)**	(1.2)
Research and development tax credits	**(7.1)**	(3.4)
Others	**1.1**	(0.6)
Effective income tax rate	**27.0%**	20.3%

[i] Includes foreign exchange gains reported on U.S. dollar denominated assets for Mexican tax purposes that are not recognized for GAAP purposes and losses related to the re-measurement of financial statement balances of foreign subsidiaries, primarily in Mexico, that are maintained in a currency other than their functional currency.

[ii] Includes the re-measurement of deferred tax assets of certain European subsidiaries in 2022 and a Chinese subsidiary in 2021.

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

[b] The details of income before income taxes by jurisdiction are as follows:

	2022	2021
Canadian	**$ (57)**	$ 220
Foreign	**935**	1,728
	$ 878	$ 1,948

[c] The details of the income tax provision are as follows:

	2022	2021
Current		
Canadian	**$ 5**	$ 63
Foreign	**452**	408
	457	471
Deferred		
Canadian	**(25)**	(4)
Foreign	**(195)**	(72)
	(220)	(76)
	$ 237	$ 395

[d] Deferred income taxes have been provided on temporary differences, which consist of the following:

	2022	2021
Liabilities currently not deductible for tax	**$ 17**	$ 5
Net tax losses benefited	**10**	(22)
Re-measurement of deferred tax assets	**(7)**	28
Change in valuation allowance on deferred tax assets	**(19)**	(13)
Tax depreciation (less than) in excess of book depreciation	**(21)**	(30)
Tax on undistributed foreign earnings	**(34)**	43
Unrealized (loss) gain on remeasurement of investments	**(48)**	3
Book amortization in excess of tax amortization	**(89)**	(58)
Others	**(29)**	(32)
	$ (220)	$ (76)

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

[e] Deferred tax assets and liabilities consist of the following temporary differences:

	2022	2021
Assets		
Tax benefit of loss carryforwards	**$ 760**	$ 766
Operating lease liabilities	**367**	409
Liabilities currently not deductible for tax	**269**	219
Tax credit carryforwards	**87**	84
Other assets tax value in excess of book values	**87**	—
Unrealized loss on foreign exchange hedges and retirement liabilities	**70**	59
Unrealized losses on remeasurement of investments	**37**	—
Others	**29**	30
	1,706	1,567
Valuation allowance against tax benefit of loss carryforwards	**(579)**	(586)
Other valuation allowance	**(198)**	(125)
	$ 929	$ 856
Liabilities		
Operating lease right-of-use assets	**372**	415
Tax depreciation in excess of book depreciation	**186**	228
Tax on undistributed foreign earnings	**171**	206
Unrealized gain on foreign exchange hedges and retirement liabilities	**21**	11
Unrealized gain on remeasurement of investments	**—**	12
Other assets book value in excess of tax values	**—**	3
	750	875
Net deferred tax assets (liabilities)	**$ 179**	$ (19)

The net deferred tax liabilities are presented on the consolidated balance sheet in the following categories:

	2022	2021
Long-term deferred tax assets	**$ 491**	$ 421
Long-term deferred tax liabilities	**(312)**	(440)
	$ 179	$ (19)

[f] Deferred income taxes have not been provided on $4.6 billion of undistributed earnings of certain foreign subsidiaries, as the Company has concluded that such earnings should not give rise to additional tax liabilities upon repatriation or are indefinitely reinvested. A determination of the amount of the unrecognized tax liability relating to the remittance of such undistributed earnings is not practicable.

[g] Income taxes paid in cash [net of refunds] were $560 million for the year ended December 31, 2022 [2021 - $341 million].

[h] As of December 31, 2022, the Company had domestic and foreign operating loss carryforwards of $2.9 billion and tax credit carryforwards of $87 million. Approximately $1.9 billion of the operating losses can be carried forward indefinitely. The remaining operating losses and tax credit carryforwards expire between 2023 and 2042.

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

[i] As at December 31, 2022 and 2021, the Company's gross unrecognized tax benefits were $142 million, respectively [excluding interest and penalties], of which $135 million and $126 million, respectively, if recognized, would affect the Company's effective tax rate. The gross unrecognized tax benefits differ from the amount that would affect the Company's effective tax rate due primarily to the impact of the valuation allowance on deferred tax assets. A summary of the changes in gross unrecognized tax benefits is as follows:

	2022	2021
Balance, beginning of year	**$142**	$182
Increase based on tax positions related to current year	**52**	11
(Decrease) Increase based on tax positions of prior years	**(17)**	2
Settlements	**(10)**	(5)
Foreign currency translation	**(4)**	(5)
Statute expirations	**(21)**	(43)
	$142	$142

As at December 31, 2022 and 2021, the Company had recorded interest and penalties on the unrecognized tax benefits of $29 million and $26 million, respectively, which reflects an increase of $3 million and a decrease of $17 million in expenses related to changes in its reserves for interest and penalties in 2022 and 2021, respectively.

The Company operates in multiple jurisdictions, and its tax returns are periodically audited or subject to review by both domestic and foreign tax authorities. During the next twelve months, it is reasonably possible that, as a result of audit settlements, the conclusion of current examinations, or the expiration of the statute of limitations in several jurisdictions, the Company may decrease the amount of its gross unrecognized tax benefits [including interest and penalties] by approximately $24 million, which, if recognized, would affect its effective tax rate.

The Company considers its significant tax jurisdictions to include Canada, the United States, Austria, Germany, Mexico and China. With few exceptions, the Company remains subject to income tax examination in Germany for years after 2011, China and Mexico for years after 2016, Canada for years after 2017, and Austria and U.S. federal jurisdiction for years after 2018.

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

10. INTANGIBLE ASSETS

Intangible assets consist of:

	Remaining weighted average useful life in years	2022	2021
Cost			
Customer relationship intangibles	7	**$ 388**	$ 386
Computer software	4	**474**	463
Patents and licenses	7	**304**	314
		1,166	1,163
Accumulated depreciation			
Customer relationship intangibles		**(194)**	(175)
Computer software		**(362)**	(360)
Patents and licenses		**(158)**	(135)
		$ 452	$ 493

The Company recorded $106 million and $114 million of amortization expense related to finite-lived intangible assets for the years ended December 31, 2022 and 2021, respectively. The Company currently estimates annual amortization expense to be $91 million for 2023, $77 million for 2024, $57 million for 2025, $50 million for 2026 and $43 million for 2027.

11. OTHER ASSETS

Other assets consist of:

	2022	2021
Preproduction costs related to long-term supply agreements	**$ 679**	$668
Long-term receivables	**262**	184
Unrealized gain on cash flow hedges *[note 19]*	**26**	11
Pension overfunded status *[note 15[a]]*	**41**	41
Other	**85**	58
	$1,093	$962

12. WARRANTY

The following is a continuity of the Company's warranty accruals:

	2022	2021
Balance, beginning of year	**$247**	$ 284
Expense, net	**101**	82
Settlements	**(77)**	(111)
Business combination	**—**	2
Foreign exchange and other	**(14)**	(10)
	$257	$ 247

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

13. DEBT

Short-term borrowings

[a] **Credit Facilities**

During 2022, the Company amended its 364-day syndicated revolving credit facility, including an increase to the size of the facility from $750 million to $800 million and an extension of the maturity date to June 24, 2023. The facility can be drawn in U.S. dollars or Canadian dollars. As at December 31, 2022, the Company had not borrowed any funds under this credit facility.

[b] **Commercial Paper Program**

The Company has a U.S. commercial paper program [the "U.S. Program"] and a euro-commercial paper program [the "euro-Program"]. Under the U.S. Program, the Company may issue U.S. commercial paper notes up to a maximum aggregate amount of U.S. $1 billion. Under the euro-Program, the Company may issue euro-commercial paper notes [the "euro notes"] up to a maximum aggregate amount of €500 million or its equivalent in alternative currencies. The U.S. Program and the euro notes are guaranteed by the Company's existing global credit facility. There were no amounts outstanding as at December 31, 2022 and 2021.

Long-term borrowings

[a] The Company's long-term debt, net of unamortized issuance costs, is substantially uncollateralized and consists of the following:

	2022	2021
Senior Notes *[note 13 [c]]*		
Cdn$425 million Senior Notes due 2022 at 3.100%	**$ —**	$ 336
€550 million Senior Notes due 2023 at 1.900%	**588**	625
$750 million Senior Notes due 2024 at 3.625%	**749**	748
$650 million Senior Notes due 2025 at 4.150%	**647**	647
€600 million Senior Notes due 2027 at 1.500%	**640**	681
$750 million Senior Notes due 2030 at 2.450%	**744**	742
Bank term debt at a weighted average interest rate of approximately 3.98% [2021 – 4.86%], denominated primarily in Chinese renminbi, Brazilian real, euro and Indian rupee	**114**	187
Government loans at a weighted average interest rate of approximately 0.12% [2021 – 0.13%], denominated primarily in euro, Canadian dollar and Brazilian real	**8**	8
Other	**11**	19
	3,501	3,993
Less due within one year	**654**	455
	$2,847	$3,538

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

[b] Future principal repayments on long-term debt are estimated to be as follows:

2023	$ 655
2024	762
2025	694
2026	3
2027	643
Thereafter	756
	$3,513

[c] All of the Senior Notes pay a fixed rate of interest semi-annually except for the €550 million and €600 million Senior Notes which pay a fixed rate of interest annually. The Senior Notes are unsecured obligations and do not include any financial covenants. The Company may redeem the Senior Notes in whole or in part at any time, at specified redemption prices determined in accordance with the terms of each of the respective indentures governing the Senior Notes. All of the Senior Notes were issued for general corporate purposes.

[d] On May 18, 2022, the Company amended its $2.75 billion revolving credit facility, including a decrease to the size of the facility to $2.7 billion and an extension of the maturity date from June 24, 2026 to June 24, 2027. The facility includes a $150 million Asian tranche, a $150 million Mexican tranche and a tranche for Canada, U.S. and Europe, which is fully transferable between jurisdictions and can be drawn in U.S. dollars, Canadian dollars or euros. As at December 31, 2022 and 2021, $1 million and $6 million was outstanding, respectively.

[e] Interest expense, net includes:

	2022	2021
Interest expense		
Current	$ 25	$ 12
Long-term	101	110
	126	122
Interest income	(45)	(44)
Interest expense, net	$ 81	$ 78

[f] Interest paid in cash was $128 million for the year ended December 31, 2022 [2021 - $122 million].

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

14. LEASES

The Company has entered into leases primarily for real estate, manufacturing equipment and vehicles with terms that range from 1 year to 10 years, excluding land use rights which generally extend over 90 years. These leases often include options to extend the term of the lease, most often for a period of 5 years. When it is reasonably certain that the option will be exercised, the impact of the option is included in the lease term for purposes of determining total future lease payments.

Costs associated with the Company's operating lease expense were as follows:

	2022	2021
Operating lease expense	**$344**	$325
Short-term lease expense	**25**	16
Variable lease expense	**26**	26
Total lease expense	**$395**	$367

Supplemental information related to the Company's operating leases was as follows:

	2022	2021
Operating cash flows – cash paid	**$ 375**	$ 373
New right-of-use assets	**$ 167**	$ 91
Weighted-average remaining lease term	**8 years**	9 years
Weighted-average discount rate	**4.7%**	4.5%

At December 31, 2022, the Company had commitments under operating leases requiring annual payments as follows:

	2022	2021
2023	**$ 310**	$ 300
2024	**274**	268
2025	**240**	234
2026	**196**	205
2027	**175**	176
2028 and thereafter	**701**	835
	1,896	2,018
Less: amount representing interest	**332**	338
Total lease liabilities	**$1,564**	$1,680
Current operating liabilities	**$ 276**	$ 274
Non-current operating lease liabilities	**1,288**	1,406
Total lease liabilities	**$1,564**	$1,680

As of December 31, 2022, the Company had additional operating leases, primarily for manufacturing facilities, that had not yet commenced with aggregate payments of $71 million. These operating leases will commence during 2023 and have lease terms of 1 to 15 years.

The Company's finance leases were not material for any of the periods presented.

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

15. LONG-TERM EMPLOYEE BENEFIT LIABILITIES

Long-term employee benefit liabilities consist of:

	2022	2021
Defined benefit pension plans and other [a]	$146	$196
Termination and long-term service arrangements [b]	369	456
Retirement medical benefits plans [c]	20	26
Other long-term employee benefits	13	22
Long-term employee benefit obligations	$548	$700

[a] Defined benefit pension plans

The Company sponsors a number of defined benefit pension plans and similar arrangements for its employees. All pension plans are funded to at least the minimum legal funding requirements, while European defined benefit pension plans are unfunded.

The weighted average significant actuarial assumptions adopted in measuring the Company's obligations and costs are as follows:

	2022	2021
Projected benefit obligation		
Discount rate	**4.8%**	2.4%
Rate of compensation increase	**3.6%**	2.7%
Net periodic benefit cost		
Discount rate	**2.8%**	2.3%
Rate of compensation increase	**2.9%**	2.6%
Expected return on plan assets	**4.6%**	4.1%

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

Information about the Company's defined benefit pension plans is as follows:

	2022	2021
Projected benefit obligation		
Beginning of year	**$ 689**	$ 731
Current service cost	**9**	10
Interest cost	**14**	12
Actuarial gains and changes in actuarial assumptions	**(155)**	(37)
Benefits paid	**(31)**	(27)
Divestiture	**—**	11
Foreign exchange	**(28)**	(11)
End of year	**498**	689
Plan assets at fair value [i]		
Beginning of year	**532**	517
Return on plan assets	**(107)**	25
Employer contributions	**11**	12
Benefits paid	**(27)**	(23)
Foreign exchange	**(18)**	1
End of year	**391**	532
Ending funded status – Plan deficit	**$ 107**	$ 157
Amounts recorded in the consolidated balance sheet		
Non-current asset *[note 11]*	**$ (41)**	$ (41)
Current liability	**2**	2
Non-current liability	**146**	196
Net amount	**$ 107**	$ 157
Amounts recorded in accumulated other comprehensive income Unrecognized actuarial losses	**$ (86)**	$(112)
Net periodic benefit cost		
Current service cost	**$ 9**	$ 10
Interest cost	**14**	12
Return on plan assets	**(23)**	(21)
Actuarial losses	**3**	8
Net periodic benefit cost	**$ 3**	$ 9

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

[i] The asset allocation of the Company's defined benefit pension plans at December 31, 2022 and the target allocation range for 2023 is as follows:

	2023	2022
Fixed income securities	**60-85%**	68%
Equity securities	**20-45%**	27%
Cash and cash equivalents	**0-10%**	5%
	100%	100%

Substantially all of the plan assets' fair value has been determined using significant observable inputs [level 2] from indirect market prices on regulated financial exchanges.

The expected rate of return on plan assets was determined by considering the Company's current investment mix, the historic performance of these investment categories and expected future performance of these investment categories.

[b] Termination and long-term service arrangements

Pursuant to labour laws and national labour agreements in certain European countries and Mexico, the Company is obligated to provide lump sum termination payments to employees on retirement or involuntary termination, and long service payments contingent upon persons reaching a predefined number of years of service.

The weighted average significant actuarial assumptions adopted in measuring the Company's projected termination and long-term service benefit obligations and net periodic benefit cost are as follows:

	2022	2021
Discount rate	**4.8%**	2.4%
Rate of compensation increase	**3.5%**	3.1%

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

Information about the Company's termination and long-term service arrangements is as follows:

	2022	2021
Projected benefit obligation		
Beginning of year	**$467**	$ 478
Current service cost	**13**	23
Interest cost	**11**	9
Actuarial losses (gains) and changes in actuarial assumptions	**(67)**	10
Benefits paid	**(18)**	(23)
Foreign exchange	**(19)**	(30)
Ending funded status – Plan deficit	**$387**	$ 467
Amounts recorded in the consolidated balance sheet		
Current liability	**$ 18**	$ 11
Non-current liability	**369**	456
Net amount	**$387**	$ 467
Amounts recorded in accumulated other comprehensive income Unrecognized actuarial losses	**$ (38)**	$(112)
Net periodic benefit cost		
Current service cost	**$ 13**	$ 23
Interest cost	**11**	9
Actuarial losses	**7**	4
Net periodic benefit cost	**$ 31**	$ 36

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

[c] Retirement medical benefits plans

The Company sponsors a number of retirement medical plans which were assumed on certain acquisitions in prior years. These plans are frozen to new employees and incur no current service costs. In addition, the Company sponsors a retirement medical benefits plan that was amended during 2009 such that substantially all employees retiring on or after August 1, 2009 no longer participate in the plan.

The weighted average discount rates used in measuring the Company's projected retirement medical benefit obligations and net periodic benefit cost are as follows:

	2022	2021
Retirement medical benefit obligations	**5.1%**	2.8%
Net periodic benefit cost	**3.1%**	2.4%
Health care cost inflation	**6.8%**	6.4%

Information about the Company's retirement medical benefits plans are as follows:

	2022	2021
Projected benefit obligation		
Beginning of year	**$ 27**	$ 30
Interest cost	**1**	1
Actuarial gains and changes in actuarial assumptions	**(6)**	(3)
Benefits paid	**(1)**	(1)
Ending funded status – Plan deficit	**$ 21**	$ 27
Amounts recorded in the consolidated balance sheet		
Current liability	**$ 1**	$ 1
Non-current liability	**20**	26
Net amount	**$ 21**	$ 27
Amounts recorded in accumulated other comprehensive income Unrecognized actuarial gains	**$ 17**	$ 10
Net periodic benefit cost		
Interest cost	**$ 1**	$ 1
Actuarial gains	**(1)**	(1)
Net periodic benefit cost	**$—**	$—

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

[d] Future benefit payments

	Defined benefit pension plans	Termination and long service arrangements	Retirement medical benefits plans	Total
Expected employer contributions - 2023	$ 12	$ 17	$ 1	$ 30
Expected benefit payments:				
2023	$ 25	$ 18	$ 1	$ 44
2024	26	15	1	42
2025	27	17	1	45
2026	28	21	1	50
2027	29	23	2	54
Thereafter	164	156	8	328
	$ 299	$ 250	$ 14	$ 563

16. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consist of:

	2022	2021
Long-term portion of income taxes payable	**$ 136**	$ 147
Long-term portion of deferred revenue	**207**	127
Asset retirement obligation	**35**	37
Long-term portion of fair value of hedges *[note 19]*	**31**	8
Other	**52**	57
	$ 461	$ 376

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

17. CAPITAL STOCK

[a] At December 31, 2022, the Company's authorized, issued and outstanding capital stock are as follows:

Preference shares - issuable in series -

The Company's authorized capital stock includes 99,760,000 preference shares, issuable in series. None of these shares are currently issued or outstanding.

Common Shares -

Common Shares without par value [unlimited amount authorized] have the following attributes:

[i] Each share is entitled to one vote per share at all meetings of shareholders.
[ii] Each share shall participate equally as to dividends.

[b] On November 9, 2022, the Toronto Stock Exchange ["TSX"] accepted the Company's Notice of Intention to make a Normal Course Issuer Bid relating to the purchase for cancellation, as well as purchases to fund the Company's stock-based compensation awards or programs and/or the Company's obligations to its deferred profit sharing plans, of up to 28.4 million Magna Common Shares [the "2022 Bid"], representing approximately 10% of the Company's public float of Common Shares. The Bid commenced on November 15, 2022 and will terminate no later than November 14, 2023.

Previously, the Company had Normal Course Issuer Bids in place for the 12 month periods beginning in November 2021 and 2020.

The following is a summary of the Normal Course Issuer Bids [number of shares in the table below are expressed in whole numbers]:

	2022		2021	
	Shares purchased	**Cash amount**	Shares purchased	Cash amount
2020 Bid	—	$ —	3,318,523	$ 301
2021 Bid	—	—	2,673,800	216
2022 Bid	12,561,487	780	—	—
	12,561,487	**$ 780**	5,992,323	$ 517

[c] The following table presents the maximum number of shares that would be outstanding if all the dilutive instruments outstanding at February 26, 2023 were exercised or converted:

Common Shares	286,072,036
Stock options [i]	5,798,933
	291,870,969

[i] Options to purchase Common Shares are exercisable by the holder in accordance with the vesting provisions and upon payment of the exercise price as may be determined from time to time pursuant to the Company's stock option plans.

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

18. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following is a continuity schedule of accumulated other comprehensive loss [“AOCL”]:

	2022	2021
Accumulated net unrealized loss on translation of net investment in foreign operations		
Balance, beginning of year	**$ (735)**	$(551)
Net unrealized loss	**(495)**	(187)
Recognition of CTA loss in Russia	**203**	—
Repurchase of shares under normal course issuer bids *[note 17]*	**9**	3
Balance, end of year	**(1,018)**	(735)
Accumulated net unrealized gain on cash flow hedges [b]		
Balance, beginning of year	**24**	42
Net unrealized gains	**1**	34
Reclassification of net gain to net income [a]	**(20)**	(52)
Balance, end of year	**5**	24
Accumulated net unrealized loss on other long-term liabilities [b]		
Balance, beginning of year	**(189)**	(224)
Net unrealized gains	**82**	26
Reclassification of net loss to net income [a]	**6**	9
Balance, end of year	**(101)**	(189)
Total accumulated other comprehensive loss [c]	**$(1,114)**	$(900)

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

[a] The effects on net income of amounts reclassified from AOCL, with presentation location, were as follows:

	2022	2021
Cash flow hedges		
Sales	**$(15)**	$ 49
Cost of sales	**41**	21
Income tax	**(6)**	(18)
Net of tax	**20**	52
Other long-term liabilities		
Cost of sales	**(8)**	(11)
Income tax	**2**	2
Net of tax	**(6)**	(9)
Total gain reclassified to net income	**$ 14**	$ 43

[b] The amount of income tax benefit that has been allocated to each component of other comprehensive loss is as follows:

	2022	2021
Accumulated net unrealized loss on translation of net investment in foreign operations	**$ 4**	$ 4
Accumulated net unrealized gain on cash flow hedges		
Balance, beginning of year	**(8)**	(15)
Net unrealized gain (loss)	**2**	(11)
Reclassification of net loss to net income	**6**	18
Balance, end of year	**—**	(8)
Accumulated net unrealized loss on other long-term liabilities		
Balance, beginning of year	**25**	35
Net unrealized loss	**(17)**	(8)
Reclassification of net gain to net income	**(2)**	(2)
Balance, end of year	**6**	25
Total income tax benefit	**$ 10**	$ 21

[c] The amount of other comprehensive gain that is expected to be reclassified to net income during 2023 is $21 million.

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

19. FINANCIAL INSTRUMENTS

[a] Foreign exchange contracts

At December 31, 2022, the Company had outstanding foreign exchange forward contracts representing commitments to buy and sell various foreign currencies. Significant commitments are as follows:

	For Canadian dollars		For U.S. dollars		For euros			
Buy (Sell)	U.S. dollar amount	Weighted average rate	Peso amount	Weighted average rate	U.S dollar amount	Weighted average rate	Czech Koruna amount	Weighted average rate
2023	22	1.284	7,822	0.044	77	0.855	3,664	0.038
2023	(711)	0.778	(8)	23.518	(127)	1.130	—	—
2024	18	1.313	4,104	0.043	23	0.870	1,641	0.037
2024	(397)	0.779	—	—	(40)	1.141	—	—
2025	4	1	320	0.045	1	0.941	—	—
2025	(234)	0.780	—	—	(16)	1.076	—	—
2026	—	—	—	—	—	—	—	—
2026	(72)	0.782	—	—	—	—	—	—
	(1,370)		12,238		(82)		5,305	

Based on forward foreign exchange rates as at December 31, 2022 for contracts with similar remaining terms to maturity, the pre-tax gains and losses relating to the Company's foreign exchange forward contracts recognized in other comprehensive income were $69 million and $48 million, respectively *[note 18]*.

The Company does not enter into foreign exchange forward contracts for speculative purposes.

[b] Financial assets and liabilities

The Company's financial assets and liabilities consist of the following:

	2022	2021
Financial assets		
Cash and cash equivalents	**$ 1,234**	$ 2,948
Accounts receivable	**6,791**	6,307
Warrants and public and private equity investments	**432**	562
Long-term receivables included in other assets *[note 11]*	**262**	184
	$ 8,719	$10,001
Financial liabilities		
Bank Indebtedness	**$ 8**	$ —
Long-term debt (including portion due within one year)	**3,501**	3,993
Accounts payable	**6,999**	6,465
	$10,508	$10,458
Derivatives designated as effective hedges, measured at fair value		
Foreign currency contracts		
Prepaid expenses	**$ 65**	$ 34
Other assets	**26**	11
Other accrued liabilities	**(43)**	(12)
Other long-term liabilities	**(31)**	(8)
	$ 17	$ 25

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

[c] Derivatives designated as effective hedges, measured at fair value

The Company presents derivatives that are designated as effective hedges at gross fair values in the consolidated balance sheets. However, master netting and other similar arrangements allow net settlements under certain conditions. The following table shows the Company's derivative foreign currency contracts at gross fair value as reflected in the consolidated balance sheets and the unrecognized impacts of master netting arrangements:

	Gross amounts presented in consolidated balance sheets	Gross amounts not offset in consolidated balance sheets	Net amounts
December 31, 2022			
Assets	**$ 91**	**$ 42**	**$ 49**
Liabilities	**$ (74)**	**$ (42)**	**$ (32)**
December 31, 2021			
Assets	$ 45	$ 14	$ 31
Liabilities	$ (20)	$ (14)	$ (6)

[d] Fair value

The Company determined the estimated fair values of its financial instruments based on valuation methodologies it believes are appropriate; however, considerable judgment is required to develop these estimates. Accordingly, these estimated fair values are not necessarily indicative of the amounts the Company could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies. The methods and assumptions used to estimate the fair value of financial instruments are described below:

Cash and cash equivalents, accounts receivable, and accounts payable.

Due to the short period to maturity of the instruments, the carrying values as presented in the consolidated balance sheets are reasonable estimates of fair values.

Publicly traded and private equity securities

The fair value of the Company's investments in publicly traded equity securities is determined using the closing price on the measurement date, as reported on the stock exchange on which the securities are traded. [Level 1 input based on the GAAP fair value hierarchy.]

The Company estimates the value of its private equity securities based on valuation methods using the observable transaction price at the transaction date and other observable inputs including rights and obligations of the securities held by the Company. [Level 3 input based on the GAAP fair value hierarchy.]

Warrants

The Company estimates the value of its warrants based on the quoted prices in the active market for Fisker's common shares. [Level 2 inputs based on the GAAP fair value hierarchy.]

Term debt

The Company's term debt includes $65 million due within one year. Due to the short period to maturity of this debt, the carrying value as presented in the consolidated balance sheets is a reasonable estimate of its fair value.

Senior Notes

At December 31, 2022, the net book value of the Company's Senior Notes was $3.4 billion and the estimated fair value was $3.1 billion. The net book value of the Company's Senior Notes due within one year is $589 million. The fair value of our Senior Notes are classified as Level 1 when we use quoted prices in active markets and Level 2 when the quoted prices are from less active markets or when other observable inputs are used to determine fair value.

[e] Credit risk

The Company's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents, accounts receivable, and foreign exchange and commodity forward contracts with positive fair values. Cash and cash equivalents, which consist of short-term investments, are only invested in bank term deposits and bank commercial paper with an investment grade credit rating. Credit risk is further reduced by limiting the amount which is invested in certain major financial institutions.

The Company is also exposed to credit risk from the potential default by any of its counterparties on its foreign exchange forward contracts. The Company mitigates this credit risk by dealing with counterparties who are major financial institutions that the Company anticipates will satisfy their obligations under the contracts.

In the normal course of business, the Company is exposed to credit risk from its customers, substantially all of which are in the automotive industry and are subject to credit risks associated with the automotive industry. For the year ended December 31, 2022, sales to the Company's six largest customers represented 79% [2021 - 78%] of the Company's total sales; and substantially all of its sales are to customers in which the Company has ongoing contractual relationships. The Company continues to develop and conduct business with newer electric vehicle-focused customers, which poses incremental credit risk due to their relatively short operating histories; limited financial resources; less mature product development and validation processes; uncertain market acceptance of their products/services; and untested business models. These factors may elevate our risks in dealing with such customers, particularly with respect to recovery of: pre-production (including tooling, engineering, and launch) and production receivables; inventory; fixed assets and capitalized preproduction expenditures; as well as other third party obligations related to such items. As at December 31, 2022, the Company's balance sheet exposure related to newer electric vehicle-focused customers was approximately $400 million, the majority of which related to Fisker. In determining the allowance for expected credit losses, the Company considers changes in customer's credit ratings, liquidity, customer's historical payments and loss experience, current economic conditions and the Company's expectations of future economic conditions.

[f] Currency risk

The Company is exposed to fluctuations in foreign exchange rates when manufacturing facilities have committed to the delivery of products for which the selling price has been quoted in currencies other than the facilities' functional currency, and when materials and equipment are purchased in currencies other than the facilities' functional currency. In an effort to manage this net foreign exchange exposure, the Company employs hedging programs, primarily through the use of foreign exchange forward contracts *[note 19[a]]*.

[g] Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and current liabilities. In particular, the amount of interest income earned on cash and cash equivalents is impacted more by investment decisions made and the demands to have available cash on hand, than by movements in interest rates over a given period. In addition, the Company is not exposed to interest rate risk on its term debt and Senior Notes as the interest rates on these instruments are fixed.

[h] Equity price risk

Public equity securities and warrants

The Company's public equity securities and warrants are subject to market price risk due to the risk of loss in value that would result from a decline in the market price of the common shares or underlying common shares.

20. CONTINGENCIES

From time to time, the Company may become involved in regulatory proceedings, or become liable for legal, contractual and other claims by various parties, including customers, suppliers, former employees, class action plaintiffs and others. On an ongoing basis, the Company attempts to assess the likelihood of any adverse judgments or outcomes to these proceedings or claims, together with potential ranges of probable costs and losses. A determination of the provision required, if any, for these contingencies is made after analysis of each individual issue. The required provision may change in the future due to new developments in each matter or changes in approach such as a change in settlement strategy in dealing with these matters.

The Company's policy is to comply with all applicable laws, including antitrust and competition laws. Based on a previously completed global review of legacy antitrust risks which led to a September 2020 settlement with the European Commission and a June 2022 settlement with Brazil's federal competition authority involving in both cases the supply of closure systems, Magna does not currently anticipate any material liabilities. However, we could be subject to restitution settlements, civil proceedings, reputational damage and other consequences, including as a result of the matters specifically referred to above.

21. BUSINESS COMBINATIONS

[a] Magna Yuma

On September 11, 2022, Magna invested $25 million in Yulu Mobility, an electrified mobility provider in India and together with Yulu Mobility established a new battery swapping entity, Magna Yuma, to support electrification of mobility and required infrastructure. Under the terms of the arrangement, Yulu Mobility contributed certain assets and intellectual property for a 49% interest in Magna Yuma and Magna contributed cash of $52 million for a 51% controlling interest in Magna Yuma.

The investment in Yulu Mobility has been recorded in investments on the consolidated balance sheets. The investment in Magna Yuma was accounted for as a business combination and resulted in the recognition of fixed assets of $2 million, goodwill of $20 million, intangible assets of $33 million, deferred tax liabilities of $8 million and non-controlling interests of $47 million.

[b] Veoneer

During the fourth quarter of 2022, the Company entered into an agreement to acquire Veoneer's Active Safety business. The purchase price is $1.525 billion, subject to working capital and other customary purchase price adjustments. The transaction is subject to customary closing conditions and certain regulatory approvals, and is expected to close near mid-year 2023.

22. SEGMENTED INFORMATION

[a] Magna is a global automotive supplier which has complete vehicle engineering and contract manufacturing expertise, as well as product capabilities which include body, chassis, exterior, seating, powertrain, active driver assistance, electronics, mirrors & lighting, mechatronics and roof systems. Magna also has electronic and software capabilities across many of these areas.

The Company is organized under four operating segments: Body Exteriors & Structures, Power & Vision, Seating Systems and Complete Vehicles. These segments have been determined on the basis of technological opportunities, product similarities, and market and operating factors, and are also the Company's reportable segments.

The Company's chief operating decision maker uses Adjusted Earnings before Interest and Income Taxes ["Adjusted EBIT"] as the measure of segment profit or loss, since management believes Adjusted EBIT is the most appropriate measure of operational profitability or loss for its reporting segments. Adjusted EBIT is calculated by taking Net income and adding back Income taxes, Interest expense, net, and Other expense, net.

The accounting policies of each segment are the same as those set out under "Significant Accounting Policies" *[note 1]*. All intersegment sales and transfers are accounted for at fair market value.

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

[a] The following tables show segment information for the Company's reporting segments and a reconciliation of Adjusted EBIT to the Company's consolidated income before income taxes:

	2022				
	Total sales	**External sales**	**Adjusted EBIT**	**Depreciation and amortization**	**Equity loss (income)**
Body Exteriors & Structures	**$16,004**	**$15,763**	**$ 843**	**$ 706**	**$ 10**
Power & Vision	**11,861**	**11,636**	**471**	**504**	**(77)**
Seating Systems	**5,269**	**5,252**	**99**	**84**	**(15)**
Complete Vehicles	**5,221**	**5,180**	**235**	**107**	**(10)**
Corporate & Other [i]	**(515)**	**9**	**14**	**18**	**3**
Total Reportable Segments	**$37,840**	**$37,840**	**$ 1,662**	**$ 1,419**	**$ (89)**

	2021				
	Total sales	External sales	Adjusted EBIT	Depreciation and amortization	Equity loss (income)
Body Exteriors & Structures	$14,477	$14,196	$ 820	$ 743	$ 13
Power & Vision	11,342	11,129	738	554	(134)
Seating Systems	4,891	4,851	152	92	(9)
Complete Vehicles	6,106	6,057	287	103	(10)
Corporate & Other [i]	(574)	9	67	20	(8)
Total Reportable Segments	$36,242	$36,242	$ 2,064	$ 1,512	$ (148)

	2022				
	Net assets	**Investments**	**Goodwill**	**Fixed assets, net**	**Fixed asset additions**
Body Exteriors & Structures	**$ 7,168**	**$ 6**	**$ 448**	**$4,557**	**$ 928**
Power & Vision	**6,104**	**728**	**1,198**	**2,569**	**544**
Seating Systems	**1,377**	**143**	**260**	**486**	**101**
Complete Vehicles	**632**	**95**	**105**	**471**	**94**
Corporate & Other	**802**	**457**	**20**	**90**	**14**
Total Reportable Segments	**$16,083**	**$ 1,429**	**$ 2,031**	**$8,173**	**$ 1,681**

	2021				
	Net assets	Investments	Goodwill	Fixed assets, net	Fixed asset additions
Body Exteriors & Structures	$ 7,349	$ 15	$ 471	$4,599	$ 711
Power & Vision	6,066	735	1,269	2,620	522
Seating Systems	1,379	147	270	485	73
Complete Vehicles	623	93	112	501	54
Corporate & Other	813	603	—	88	12
Total Reportable Segments	$16,230	$ 1,593	$ 2,122	$8,293	$ 1,372

[i] Included in Corporate and Other Adjusted EBIT are intercompany fees charged to the automotive segments.

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

[b] The following table reconciles Net income from operations to Adjusted EBIT:

	2022	2021
Net Income	**$ 641**	$1,553
Add:		
Interest expense, net	**81**	78
Other expense, net	**703**	38
Income taxes	**237**	395
Adjusted EBIT	**$1,662**	$2,064

[c] The following table shows Net Assets for the Company's reporting segments:

	2022	2021
Total Assets	**$27,789**	$29,086
Deduct assets not included in segment net assets:		
Cash and cash equivalents	**(1,234)**	(2,948)
Deferred tax assets	**(491)**	(421)
Long-term receivables from joint venture partners	**(14)**	(15)
Deduct liabilities included in segment net assets:		
Accounts payable	**(6,999)**	(6,465)
Accrued salaries and wages	**(850)**	(851)
Other accrued liabilities	**(2,118)**	(2,156)
Segment Net Assets	**$16,083**	$16,230

[d] The following table aggregates external revenues by customer as follows:

	2022	2021
General Motors	**$ 5,903**	$ 4,884
BMW	**5,243**	5,680
Stellantis	**5,013**	4,683
Daimler AG	**4,953**	5,032
Ford Motor Company	**4,904**	4,205
Volkswagen	**3,872**	3,717
Other	**7,952**	8,041
	$37,840	$36,242

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

[e] The following table summarizes external revenues and long-lived assets by geographic region:

	External Sales		Fixed Assets, Net	
	2022	2021	**2022**	2021
North America				
United States	**$ 9,648**	$ 8,612	**$1,860**	$1,686
Canada	**4,870**	4,253	**921**	960
Mexico	**4,393**	3,833	**1,260**	1,210
	18,911	16,698	**4,041**	3,856
Europe				
Austria	**6,617**	7,661	**737**	771
Germany	**3,800**	3,989	**832**	972
Czech Republic	**1,024**	931	**307**	274
Poland	**695**	610	**224**	220
France	**381**	262	**61**	58
Italy	**357**	296	**223**	237
Spain	**351**	331	**75**	79
United Kingdom	**343**	344	**163**	208
Turkey	**305**	293	**7**	6
Slovakia	**206**	204	**299**	273
Russia	**81**	371	**—**	110
Other Europe	**135**	139	**203**	208
	14,295	15,431	**3,131**	3,416
Asia Pacific				
China	**3,901**	3,534	**851**	875
India	**228**	147	**82**	83
Other Asia Pacific	**38**	21	**7**	7
	4,167	3,702	**940**	965
Rest of World	**467**	411	**61**	56
	$37,840	$36,242	**$8,173**	$8,293

23. SUBSEQUENT EVENT

NORMAL COURSE ISSUER BID

Subsequent to December 31, 2022, the Company purchased 151,377 Common Shares to satisfy stock-based compensation awards under our existing normal course issuer bid for cash consideration of $8 million.

Exhibit 3

Magna International Inc.

Management's Discussion and Analysis of Results of Operations and Financial Position

December 31, 2022

Unless otherwise noted, all amounts in this Management's Discussion and Analysis of Results of Operations and Financial Position ["MD&A"] are in U.S. dollars and all tabular amounts are in millions of U.S. dollars, except per share figures, which are in U.S. dollars. When we use the terms "we", "us", "our" or "Magna", we are referring to Magna International Inc. and its subsidiaries and jointly controlled entities, unless the context otherwise requires.

This MD&A should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022 included in our 2022 Annual Report to Shareholders.

This MD&A may contain statements that are forward looking. Refer to the "Forward-Looking Statements" section in this MD&A for a more detailed discussion of our use of forward-looking statements.

This MD&A has been prepared as at February 26, 2023.

USE OF NON-GAAP FINANCIAL MEASURES

In addition to results presented in accordance with accounting principles generally accepted in the United States of America ["U.S. GAAP"], this report includes the use of Adjusted earnings before interest and taxes ["Adjusted EBIT"], Adjusted EBIT as a percentage of sales, Adjusted diluted earnings per share, Return on Invested Capital, and Adjusted Return on Invested Capital [collectively, the "Non-GAAP Measures"]. We believe these non-GAAP financial measures provide additional information that is useful to investors in understanding our underlying performance and trends through the same financial measures employed by our management. Readers should be aware that Non-GAAP Measures have no standardized meaning under U.S. GAAP and accordingly may not be comparable to the calculation of similar measures by other companies. We believe that Return on Invested Capital is useful to both management and investors in their analysis of our results of operations and reflect our ability to generate returns. Similarly, we believe that Adjusted EBIT, Adjusted EBIT as a percentage of sales, Adjusted diluted earnings per share and Adjusted Return on Invested Capital provide useful information to our investors for measuring our operational performance as they exclude certain items that are not reflective of ongoing operating profit and facilitate a comparison with prior periods. The presentation of any Non-GAAP Measures should not be considered in isolation or as a substitute for our related financial results prepared in accordance with U.S. GAAP. Non-GAAP financial measures are presented together with the most directly comparable U.S. GAAP financial measure, and a reconciliation to the most directly comparable U.S. GAAP financial measure, can be found in the "Non-GAAP Financial Measures Reconciliation" section of this MD&A.

HIGHLIGHTS

INDUSTRY PRODUCTION ENVIRONMENT

- Global light vehicle production continued to be negatively impacted by supply constraints throughout 2022, albeit to a lesser extent than the industry experienced in 2021. Largely due to the supply constraints, we have experienced labour and other operational inefficiencies at our facilities as a result of our production lines being stopped/started unexpectedly due to OEM allocation of scarce semiconductor chips to specific production programs.
- During 2022, we were also negatively impacted by inflationary production input cost increases including for commodities, labour, energy and freight costs.
- Global light vehicle production increased 6% in 2022, including a 9% increase in North America and a 3% decrease in Europe, our two largest markets. In addition, light vehicle production increased 9% in China.

SALES & EARNINGS

- Total sales increased 4% to $37.8 billion, primarily reflecting the launch of new programs, higher global light vehicle production, and customer price increases to recover certain higher production input costs, partially offset by the net weakening of foreign currencies against the U.S. dollar, lower assembly volumes, lower sales as a result of the substantial idling of our Russian facilities, and divestitures, net of acquisitions.
- Diluted earnings per share were $2.03 and adjusted diluted earnings per share were $4.10 in 2022. Adjusted diluted earnings per share decreased $1.03 compared to 2021 primarily reflecting higher net production input costs, inefficiencies and other costs at certain underperforming facilities, and higher net engineering costs related to our electrification and ADAS businesses, partially offset by earnings on higher sales and higher net favourable commercial resolutions.
- We recorded $424 million in restructuring and impairment charges in 2022, including $376 million relating to our investment in Russia.

CASH & CAPITAL

- Cash generated from operating activities was $2.1 billion, compared to $2.9 billion in 2021, largely reflecting a decrease in net income.
- We continued to invest in our business, including:
  - $1.7 billion for fixed assets;
  - $455 million in investment and other asset spending; and
  - $32 million for public and private equity investments, acquisitions and business combinations.
- We returned approximately $1.3 billion to shareholders in 2022 through $780 million in share repurchases and $514 million in dividends.
- Our Board of Directors increased our quarterly dividend to $0.46 per share reflecting its continued confidence in Magna's future.

STRATEGIC UPDATES

- Electrification – we continue to advance our position in electrification in order to capitalize on the global shift towards vehicle electrification, including:
  - Launching new hybrid dual clutch transmission business with the BMW Group and Stellantis;
  - Winning two additional integrated e-drive programs;
  - Launching battery enclosures for the Ford F150 Lightning;
  - Significant program awards and volume increases for battery enclosures with multiple OEMs.
- ADAS – we continue to progress in developing our advanced driver assistance systems business ["ADAS"], as evidenced by:
  - Launching our advanced Clearview vision system, which bundles our camera and mirror technology to provide full-system solutions.
  - Launching our Surround View System technology on the all-new Toyota Tundra.
  - Winning additional business in integrated driver and occupant monitoring systems.
  - Entering into an agreement to acquire the Veoneer Active Safety business for $1.525 billion, subject to working capital and other customary purchase price adjustments. The transaction broadens our ADAS portfolio with complementary products, customers, geographies, engineering and software resources. The transaction is expected to close near mid-year 2023, subject to certain regulatory approvals and customary closing conditions.
- New Mobility – we are leveraging our capabilities and platform technologies to enter growing adjacent mobility markets such as micromobility. This includes:
  - investing in Yulu Mobility, India's largest electrified mobility provider and together with Yulu Mobility, established a new battery swapping entity.
- We were awarded:
  - a 2022 Automotive News Pace Award for our Auto Adjusting Balance Blocks ["AABB"] process, a smart die solution offering real-time die adjustments to counter thermal expansion during stamping runs; and
  - a 2022 Automotive News PACEpilot Innovation to Watch, an award which acknowledges post-pilot, pre-commercial innovations in the automotive and future mobility space, for our Aural 5R aluminum die-cast alloy for structural applications.

OVERVIEW

OUR BUSINESS[(1)]

Magna is more than one of the world's largest suppliers in the automotive space. We are a mobility technology company with a global, entrepreneurial-minded team of over 168,000 employees[(2)] and an organizational structure designed to innovate like a startup. With 65+ years of expertise, and a systems approach to design, engineering and manufacturing that touches nearly every aspect of the vehicle, we are positioned to support advancing mobility in a transforming industry. Our global network includes 343 manufacturing operations and 88 product development, engineering and sales centres spanning 29 countries. Our common shares trade on the Toronto Stock Exchange (MG) and the New York Stock Exchange (MGA).

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[1] Manufacturing operations, product development, engineering and sales centres include certain operations accounted for under the equity method**.**

[2] Number of employees includes over 158,000 employees at our wholly owned or controlled entities and over 10,000 employees at certain operations accounted for under the equity method.

FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A may constitute "forward-looking information" or "forward-looking statements" (collectively, "forward-looking statements"). Any such forward-looking statements are intended to provide information about management's current expectations and plans and may not be appropriate for other purposes. Forward-looking statements may include financial and other projections, as well as statements regarding our future plans, strategic objectives or economic performance, or the assumptions underlying any of the foregoing, and other statements that are not recitations of historical fact. We use words such as "may", "would", "could", "should", "will", "likely", "expect", "anticipate", "believe", "intend", "plan", "aim", "forecast", "outlook", "project", "estimate", "target" and similar expressions suggesting future outcomes or events to identify forward-looking statements.

Forward-looking statements in this document include, but are not limited to, statements relating to: the implementation of our business strategy, including ability to capitalize on growth in vehicle electrification, ADAS, and New Mobility; and our pending acquisition of the Veoneer Active Safety business, including the expected closing date.

Forward-looking statements are based on information currently available to us, and are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. While we believe we have a reasonable basis for making any such forward-looking statements, they are not a guarantee of future performance or outcomes. Whether actual results and developments conform to our expectations and predictions is subject to a number of risks, assumptions and uncertainties, many of which are beyond our control, and the effects of which can be difficult to predict, including the risk factors which are described later in this MD&A.

INDUSTRY TRENDS

Our operating results are primarily dependent on the levels of North American, European and Chinese car and light truck production by our customers. While we supply systems and components to every major original equipment manufacturer ["OEM"], we do not supply systems and components for every vehicle, nor is the value of our content consistent from one vehicle to the next. As a result, customer and program mix relative to market trends, as well as the value of our content on specific vehicle production programs, are also important drivers of our results.

Ordinarily, OEM production volumes are aligned with vehicle sales levels and thus affected by changes in such levels. Aside from vehicle sales levels, production volumes are typically impacted by a range of factors, including: general economic and political conditions; labour disruptions; free trade arrangements; tariffs; relative currency values; commodities prices; supply chains and infrastructure; availability and relative cost of skilled labour; regulatory considerations, including those related to environmental emissions and safety standards; and other factors. Additionally, COVID-19 can impact vehicle production volumes, including through: mandatory stay-at-home orders which restrict production; elevated employee absenteeism; and supply chain disruptions, such as the semiconductor chip shortage currently impacting global vehicle production volumes.

Overall vehicle sales levels are significantly affected by changes in consumer confidence levels, which may in turn be impacted by consumer perceptions and general trends related to the job, housing and stock markets, as well as other macroeconomic and political factors. Other factors which typically impact vehicle sales levels and thus production volumes include: interest rates and/or availability of credit; fuel and energy prices; relative currency values; regulatory restrictions on use of vehicles in certain megacities; and other factors. Additionally, COVID-19 can impact vehicle sales through: mandatory stay-at-home orders which restrict operations of car dealerships, as well as through a deterioration of consumer confidence.

While the foregoing economic, political and other factors are part of the general context in which the global automotive industry operates, there were a number of significant industry trends that impacted us during 2022, including:

- elevated inflation in all markets in which we operate, with higher commodities, energy, labour, freight and other production input pricing expected to persist throughout 2023 and 2024;
- price increases and surcharges from sub-suppliers impacted by inflationary pressures;
- supply chain disruptions, including the global shortage of semiconductor chips that has materially affected global automotive production volumes since 2020 and is expected to continue impacting volumes and chip pricing in 2023; and
- significant operational inefficiencies as a result of our production lines being stopped/restarted unexpectedly due to OEM allocation of scarce semiconductor chips to specific production programs.

We continue to implement a business strategy which is rooted in our best assessment as to the rate and direction of change in the automotive industry, including with respect to trends related to vehicle electrification and advanced driver assistance systems, as well as future mobility business models. Our short and medium-term operational success, as well as our ability to create long-term value through our business strategy, are subject to a number of risks and uncertainties which are discussed later in this MD&A.

RESULTS OF OPERATIONS

AVERAGE FOREIGN EXCHANGE

	2022	2021	Change
1 Canadian dollar equals U.S. dollars	**0.769**	0.798	-4%
1 euro equals U.S. dollars	**1.053**	1.183	-11%
1 Chinese renminbi equals U.S. dollars	**0.149**	0.155	-4%

The preceding table reflects the average foreign exchange rates between the most common currencies in which we conduct business and our U.S. dollar reporting currency. The changes in these foreign exchange rates for the year ended December 31, 2022 impacted the reported U.S. dollar amounts of our sales, expenses and income.

The results of operations for which the functional currency is not the U.S. dollar are translated into U.S. dollars using the average exchange rates for the relevant period. Throughout this MD&A, reference is made to the impact of translation of foreign operations on reported U.S. dollar amounts where relevant.

Our results can also be affected by the impact of movements in exchange rates on foreign currency transactions (such as raw material purchases or sales denominated in foreign currencies). However, as a result of hedging programs employed by us, foreign currency transactions in the current period have not been fully impacted by movements in exchange rates.

Finally, foreign exchange gains and losses on revaluation and/or settlement of monetary items denominated in a currency other than an operation's functional currency impact reported results. These gains and losses are reflected in net income.

LIGHT VEHICLE PRODUCTION VOLUMES

Our operating results are mostly dependent on light vehicle production in the regions reflected in the table below:

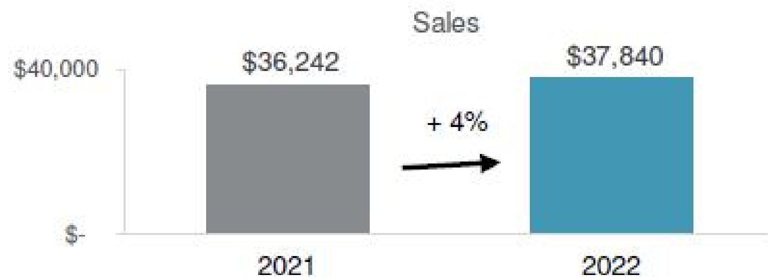
Light Vehicle Production Volumes *(thousands of units)*

	2022			2021			Change		
	North America	**Europe**	**China**	North America	Europe	China	North America	Europe	China
For the three months ended:									
March 31	**3,641**	**4,004**	**6,432**	3,752	4,916	6,036	-3%	-19%	+7%
June 30	**3,563**	**4,010**	**5,548**	3,213	4,115	5,706	+11%	-3%	-3%
September 30	**3,612**	**3,603**	**7,294**	2,921	2,997	5,455	+24%	+20%	+34%
December 31	**3,461**	**3,991**	**7,582**	3,247	4,043	7,386	+7%	-1%	+3%
Full Year	**14,277**	**15,608**	**26,856**	13,133	16,071	24,583	+9%	-3%	+9%

Overall, global light vehicle production increased 6% in 2022, largely reflecting the significant industry production disruptions during 2021 caused by global semiconductor chip shortages. These industry production disruptions continued in 2022, but to a lesser extent than we experienced in 2021.

RESULTS OF OPERATIONS – FOR THE YEAR ENDED DECEMBER 31, 2022

SALES



Sales increased 4% or $1.60 billion to $37.84 billion for 2022 compared to $36.24 billion for 2021 primarily due to:

- the launch of new programs during or subsequent to 2021;
- higher global light vehicle production; and
- customer price increases to recover certain higher production input costs.

These factors were partially offset by:

- the net weakening of foreign currencies against the U.S. dollar, which decreased reported U.S. dollar sales by $2.39 billion;
- lower sales as a result of the substantial idling of our Russian facilities;
- divestitures, net of acquisitions during or subsequent to 2021, which decreased sales by $137 million; and
- net customer price concessions subsequent to 2021.

COST OF GOODS SOLD

	2022	2021	Change
Material	**$ 23,388**	$ 21,817	$ 1,571
Direct labour	**2,791**	2,781	10
Overhead	**7,009**	6,499	510
Cost of goods sold	**$ 33,188**	$ 31,097	$ 2,091

Cost of goods sold increased $2.09 billion to $33.19 billion for 2022 compared to $31.10 billion for 2021, primarily due to:

- higher material, direct labour and overhead associated with higher sales;
- higher net production input costs, including as a result of higher prices for commodities, labour, energy and freight;
- inefficiencies and other costs at certain underperforming facilities;
- higher net engineering costs related to our electrification and ADAS businesses;
- higher launch costs;
- higher pre-operating costs incurred at new facilities; and
- higher net warranty costs of $24 million.

These factors were partially offset by:

- the net weakening of foreign currencies against the U.S. dollar, which decreased reported U.S. dollar cost of goods sold by $2.13 billion;
- lower material, direct labour and overhead costs as a result of the substantial idling of our Russian facilities; and
- divestitures, net of acquisitions during or subsequent to 2021.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization decreased $93 million to $1.42 billion for 2022 compared to $1.51 billion for 2021 primarily due to:

- the net weakening of foreign currencies against the U.S. dollar, which decreased reported U.S. dollar depreciation and amortization by $84 million; and
- the end of production of certain programs.

These factors were partially offset by increased capital deployed at new and existing facilities to support the launch of programs subsequent to 2021.

SELLING, GENERAL AND ADMINISTRATIVE ["SG&A"]

SG&A expense decreased $57 million to $1.66 billion for 2022 compared to $1.72 billion for 2021, primarily as a result of:

- the net weakening of foreign currencies against the U.S. dollar, which decreased reported U.S. dollar SG&A expense by $97 million;
- a $45 million provision on an engineering services contract with the automotive unit of Evergrande in our Complete Vehicles segment during 2021;
- a favourable commercial settlement in 2022;
- divestitures, net of acquisitions during or subsequent to 2021 which decreased SG&A by $22 million; and
- higher net transactional foreign exchange gains in 2022 compared to 2021.

These factors were partially offset by:

- higher labour and benefit costs;
- provisions against certain accounts receivable and other balances;
- higher costs to accelerate our operational excellence initiatives;
- a favourable value-added tax settlement in Brazil during 2021; and
- higher travel costs.

INTEREST EXPENSE, NET

Net interest expense increased $3 million to $81 million for 2022 compared to $78 million for 2021 primarily as a result of interest income recognized on a favourable value-added tax settlement in Brazil during 2021 partially offset by interest savings due to the redemption of the Cdn$425 million 3.100% Senior Notes during the first quarter of 2022.

EQUITY INCOME

Equity income decreased $59 million to $89 million for 2022 compared to $148 million for 2021, primarily as a result of higher net production input costs at certain equity-accounted entities; electrification spending by our LG Magna e-Powertrain Co., Ltd. joint venture, which was formed in July 2021; and the net weakening of foreign currencies against the U.S. dollar, which decreased reported U.S. dollar equity income by $4 million; partially offset by earnings on higher sales at certain equity-accounted entities.

OTHER EXPENSE, NET

	2022	2021
Impairments related to operations in Russia (1)	**$ 376**	$ —
Net losses (gains) on investments (2)	**221**	2
Loss on sale of business (3)	**58**	75
Restructuring and impairments (4)	**48**	101
Merger agreement termination fee (5)	**—**	(100)
Gain on business combinations (6)	**—**	(40)
Other expense, net	**$ 703**	$ 38

(1) Impairments related to operations in Russia

As at December 31, 2022, our operations in Russia remain substantially idled. In accordance with U.S. GAAP, as a result of the expected lack of future cashflows and the continuing uncertainties connected with the Russian economy, we recorded a $376 million [$361 million after tax] impairment charge related to our investment in Russia. This included net asset impairments of $173 million and a $203 million reserve against the related foreign currency translation losses that are included in accumulated other comprehensive loss. The net asset impairments consisted of $163 million and $10 million in our Body Exteriors & Structures segment and our Seating Systems segment, respectively.

(2) Net losses (gains) on investments

		2022		2021
Revaluation of public company warrants	**$**	**173**	$	(4)
Revaluation of public and private equity investments		**49**		6
Net gain on sale of public equity investments		**(1)**		—
Other expense, net		**221**		2
Tax effect		**(53)**		7
Net loss attributable to Magna	**$**	**168**	$	9

(3) Loss on sale of business

During 2022, we entered into an agreement to sell a European Power & Vision operation in early 2023. Under the terms of the arrangement, we are contractually obligated to provide the buyer up to $42 million of funding, resulting in a loss of $58 million [$57 million after tax].

During 2021, we sold three Body Exteriors & Structures operations in Germany. Under the terms of the arrangement, we provided the buyer with $41 million of funding, resulting in a loss on disposal of $75 million [$75 million after tax].

(4) Restructuring and impairments

For the year ended December 31, 2022, we recorded restructuring and impairment charges of $26 million [$25 million after tax] in our Power & Vision segment and $22 million [$21 million after tax] in our Body Exteriors & Structures segment.

For the year ended December 31, 2021, we recorded restructuring and impairment charges of $67 million [$52 million after tax] in our Power & Vision segment, $18 million [$17 million after tax] in our Seating Systems segment and $16 million [$14 million after tax] in our Body Exteriors & Structures segment.

(5) Merger agreement termination fee

In the fourth quarter of 2021, Veoneer, Inc. ["Veoneer"] terminated its merger agreement with us. In connection with the termination of the merger agreement, Veoneer paid us a termination fee which, net of our associated transaction costs, amounted to $100 million [$75 million after tax].

(6) Gain on business combinations

During 2021, we acquired a 65% equity interest and a controlling financial interest in Chongqing Hongli Zhixin Scientific Technology Development Group LLC. ["Hongli"]. The acquisition included an additional 15% equity interest in two entities that were previously equity accounted for. On the change in basis of accounting we recognized a $22 million gain [$22 million after tax].

Also during 2021, we recorded a gain of $18 million [$18 million after tax] in connection with the distribution of substantially all of the assets of our European joint venture, Getrag Ford Transmission GmbH.

See Note 5, "Business Combinations", to the consolidated financial statements included in this Report.

INCOME FROM OPERATIONS BEFORE INCOME TAXES

Income from operations before income taxes was $878 million for 2022 compared to $1.95 billion for 2021. The $1.07 billion decrease is a result of the following changes, each as discussed above:

	2022	2021	Change
Sales	**$ 37,840**	$ 36,242	$ 1,598
Costs and expenses			
Cost of goods sold	**33,188**	31,097	2,091
Depreciation and amortization	**1,419**	1,512	(93)
Selling, general & administrative	**1,660**	1,717	(57)
Interest expense, net	**81**	78	3
Equity income	**(89)**	(148)	59
Other expense, net	**703**	38	665
Income from operations before income taxes	**$ 878**	$ 1,948	$ (1,070)

INCOME TAXES

	2022		2021	
Income taxes as reported	**$ 237**	**27.0%**	$ 395	20.3%
Tax effect on Other expense, net	**71**	**(7.5)**	(14)	(1.1)
Adjustments to Deferred Tax Valuation Allowances	**29**	**1.8**	13	0.6
	$ 337	**21.3%**	$ 394	19.8%

During 2022 and 2021 we recorded partial releases of valuation allowances against certain deferred tax assets in Europe as a result of tax reorganizations. During 2021 we also had changes in our valuation allowances in North America and Europe ["Adjustments to Deferred Tax Valuation Allowances"].

Excluding the tax effect on Other expense, net, and the Adjustments to Deferred Tax Valuation Allowances our effective income tax rate increased to 21.3% for 2022 compared to 19.8% for 2021 primarily as a result of:

- higher losses not benefited in Europe;
- lower favourable changes in our reserves for uncertain tax positions; and
- a change in mix of earnings.

These factors were partially offset by favourable adjustments from foreign exchange effects not recognized for U.S. GAAP purposes and an unfavourable re-measurement of deferred tax assets of a China subsidiary in 2021.

INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

Income attributable to non-controlling interests was $49 million for 2022 compared to $39 million for 2021 primarily due to higher net income at our non-wholly owned operations in China.

NET INCOME ATTRIBUTABLE TO MAGNA INTERNATIONAL INC.

Net income attributable to Magna International Inc. decreased $922 million to $592 million for 2022 compared to $1.514 billion for 2021 as a result of a decrease in income from operations before income taxes of $1.07 billion and a $10 million increase in income attributable to non-controlling interests, partially offset by a $158 million decrease in income taxes.

EARNINGS PER SHARE

		2022		2021	% Change
Earnings per Common Share					
Basic	**$**	**2.04**	$	5.04	-60%
Diluted	**$**	**2.03**	$	5.00	-59%
Weighted average number of Common Shares outstanding (millions)					
Basic		**290.4**		300.6	-3%
Diluted		**291.2**		302.8	-4%
Adjusted diluted earnings per share	**$**	**4.10**	$	5.13	-20%

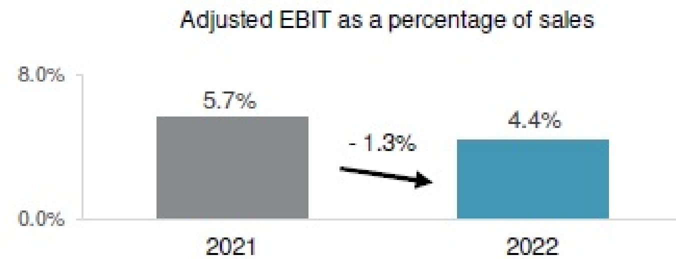
Diluted earnings per share was $2.03 for 2022 compared to $5.00 for 2021. The $2.97 decrease was substantially a result of lower net income attributable to Magna International Inc., as discussed above, partially offset by a decrease in the weighted average number of diluted shares outstanding during 2022. The decrease in the weighted average number of diluted shares outstanding was primarily due to the purchase and cancellation of Common Shares, during or subsequent to 2021, pursuant to our normal course issuer bids and a decrease in diluted shares related to outstanding stock options as a result of the decrease in our share price.

Other expense, net, after tax, and Adjustments to Deferred Tax Valuation Allowances negatively impacted diluted earnings per share by $2.07 in 2022, and $0.13 in 2021, respectively, as discussed in the "Other expense, net" and "Income Taxes" sections above.

Adjusted diluted earnings per share, as reconciled in the "Non-GAAP Financial Measures Reconciliation" section, was $4.10 for 2022 compared to $5.13 for 2021, a decrease of $1.03.

NON-GAAP PERFORMANCE MEASURES - FOR THE YEAR ENDED DECEMBER 31, 2022

ADJUSTED EBIT AS A PERCENTAGE OF SALES



The table below shows the change in Magna's Sales and Adjusted EBIT by segment and the impact each segment's changes have on Magna's Adjusted EBIT as a percentage of sales for 2022 compared to 2021:

	Sales	Adjusted EBIT	Adjusted EBIT as a percentage of sales
2021	$ 36,242	$ 2,064	5.7%
Increase (decrease) related to:			
Body Exteriors & Structures	1,527	23	-0.2%
Power & Vision	519	(267)	-0.8%
Seating Systems	378	(53)	-0.2%
Complete Vehicles	(885)	(52)	—
Corporate and Other	59	(53)	-0.1%
2022	**$ 37,840**	**$ 1,662**	**4.4%**

Adjusted EBIT as a percentage of sales decreased to 4.4% for 2022 compared to 5.7% for 2021 primarily due to:

- higher net production input costs, including as a result of higher prices for commodities, labour, energy and freight;
- inefficiencies and other costs at certain underperforming facilities;
- higher net engineering costs related to our electrification and ADAS businesses, including at certain equity-accounted entities;
- lower equity income;
- reduced earnings as a result of the substantial idling of our Russian facilities; and
- higher launch costs.

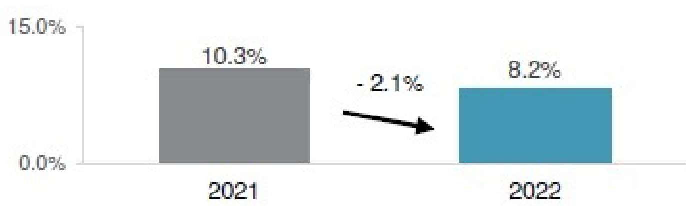
These factors were partially offset by:

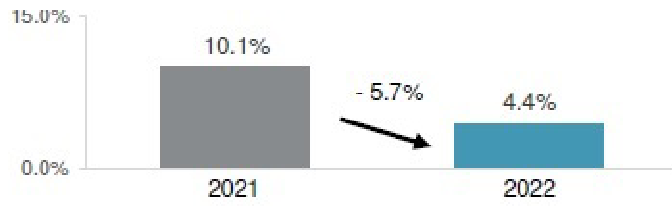
- earnings on higher sales;
- higher favourable commercial resolutions; and
- a provision on an engineering services contract with the automotive unit of Evergrande in our Complete Vehicles segment during 2021.

RETURN ON INVESTED CAPITAL

Adjusted Return on Invested Capital

Return on Invested Capital





Adjusted Return on Invested Capital decreased to 8.2% for 2022 compared to 10.3% for 2021 as a result of a decrease in Adjusted After-tax operating profits. Other expense, net, after tax and Adjustments to Deferred Tax Valuation Allowances, negatively impacted Return on Invested Capital by 3.8% in 2022 and by 0.2% in 2021.

Average Invested Capital decreased $81 million to $15.92 billion for 2022 compared to $16.01 billion for 2021.

SEGMENT ANALYSIS

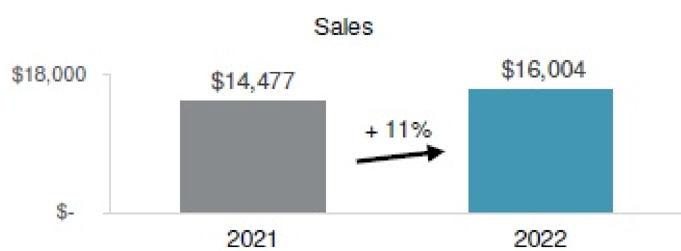
We are a global automotive supplier that has complete vehicle engineering and contract manufacturing expertise, as well as product capabilities which include body, chassis, exterior, seating, powertrain, active driver assistance, electronics, mechatronics, mirrors, lighting and roof systems. We also have electronic and software capabilities across many of these areas.

Our reporting segments are: Body Exteriors & Structures; Power & Vision; Seating Systems; and Complete Vehicles.

	Sales			Adjusted EBIT		
	2022	2021	Change	**2022**	2021	Change
Body Exteriors & Structures	**$ 16,004**	$ 14,477	$ 1,527	**$ 843**	$ 820	$ 23
Power & Vision	**11,861**	11,342	519	**471**	738	(267)
Seating Systems	**5,269**	4,891	378	**99**	152	(53)
Complete Vehicles	**5,221**	6,106	(885)	**235**	287	(52)
Corporate and Other	**(515)**	(574)	59	**14**	67	(53)
Total reportable segments	**$ 37,840**	$ 36,242	$ 1,598	**$ 1,662**	$ 2,064	$ (402)

BODY EXTERIORS & STRUCTURES

	2022	2021	Change	
Sales	**$ 16,004**	$ 14,477	$ 1,527	+11%
Adjusted EBIT	**$ 843**	$ 820	$ 23	+3%
Adjusted EBIT as a percentage of sales	**5.3%**	5.7%		-0.4%



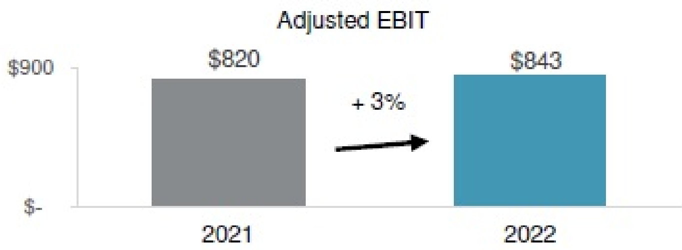
Sales – Body Exteriors & Structures

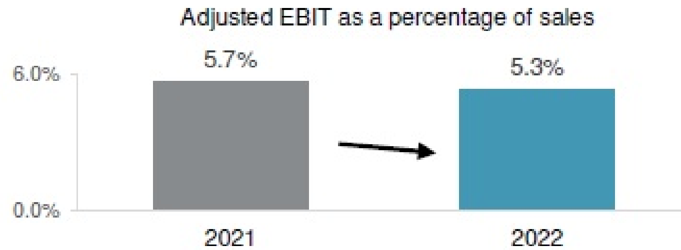
Sales increased 11% or $1.53 billion to $16.00 billion for 2022 compared to $14.48 billion for 2021, primarily due to:

- the launch of programs during or subsequent to 2021, including the:
    - Ford Maverick;
    - Jeep Wagoneer and Grand Wagoneer;
    - Ford Bronco; and
    - Rivian R1T and R1S;
- higher global light vehicle production; and
- customer price increases to recover certain higher production input costs.

These factors were partially offset by:

- the net weakening of foreign currencies against the U.S. dollar, which decreased reported U.S. dollar sales by $692 million;
- lower sales as a result of the substantial idling of our Russian facilities;
- divestitures, net of acquisitions subsequent to 2021, which decreased sales by $143 million; and
- net customer price concessions subsequent to 2021.





Adjusted EBIT and Adjusted EBIT as a percentage of sales – Body Exteriors & Structures

Adjusted EBIT increased $23 million to $843 million for 2022 compared to $820 million for 2021 while Adjusted EBIT as a percentage of sales decreased to 5.3% from 5.7%. Adjusted EBIT was higher primarily as a result of earnings on higher sales. Excluding this factor, Adjusted EBIT and Adjusted EBIT as a percentage of sales were lower primarily due to:

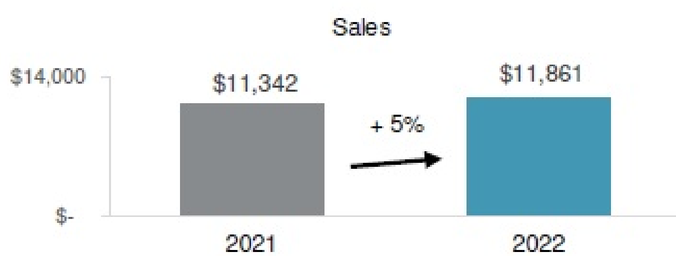
- higher net production input costs, including as a result of higher prices for labour, energy, commodities, and freight;
- inefficiencies and other costs at certain underperforming facilities;
- reduced earnings as a result of the substantial idling of our Russian facilities;
- the net weakening of foreign currencies against the U.S. dollar that had a $22 million unfavourable impact on reported U.S. dollar Adjusted EBIT;
- higher pre-operating costs incurred at new facilities; and
- provisions against certain accounts receivable and other balances.

These factors were partially offset by:

- higher favourable commercial resolutions;
- divestitures, net of acquisitions subsequent to 2021;
- lower net warranty costs of $24 million; and
- higher tooling contribution in 2022 compared to 2021.

POWER & VISION

	2022	2021	Change	
Sales	**$ 11,861**	$ 11,342	$ 519	+5%
Adjusted EBIT	**$ 471**	$ 738	$ (267)	-36%
Adjusted EBIT as a percentage of sales	**4.0%**	6.5%		-2.5%



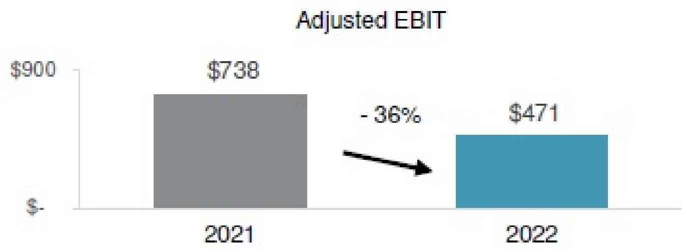
Sales – Power & Vision

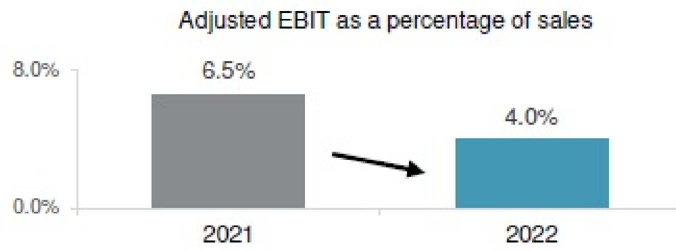
Sales increased 5% or $519 million to $11.86 billion for 2022 compared to $11.34 billion for 2021, primarily due to:

- higher global light vehicle production;

- the launch of programs during or subsequent to 2021, including the:
  - Ford Bronco;
  - Toyota Tundra; and
  - BMW X5;
- customer price increases to recover certain higher production input costs; and
- an acquisition during 2022, which increased sales by $37 million.

These factors were partially offset by the net weakening of foreign currencies against the U.S. dollar, which decreased reported U.S. dollar sales by $762 million and net customer price concessions subsequent to 2021.





Adjusted EBIT and Adjusted EBIT as a percentage of sales – Power & Vision

Adjusted EBIT decreased $267 million to $471 million for 2022 compared to $738 million for 2021 and Adjusted EBIT as a percentage of sales decreased to 4.0% from 6.5%. These decreases were primarily due to:

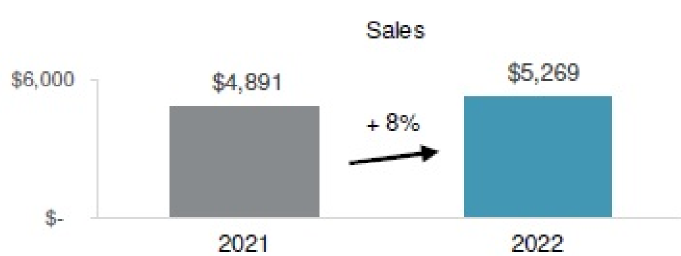
- higher net production input costs, including as a result of higher prices for commodities, energy, freight, and labour;
- higher net engineering costs related to our electrification and ADAS businesses, including at certain equity-accounted entities;
- lower equity income;
- higher net warranty costs of $47 million; and
- the net weakening of foreign currencies against the U.S. dollar, which had a $17 million unfavourable impact on reported U.S. dollar Adjusted EBIT.

These factors were partially offset by:

- earnings on higher sales; and
- higher net favourable commercial resolutions.

SEATING SYSTEMS

	2022	2021	Change	
Sales	**$ 5,269**	$ 4,891	$ 378	+8%
Adjusted EBIT	**$ 99**	$ 152	$ (53)	-35%
Adjusted EBIT as a percentage of sales	**1.9%**	3.1%		-1.2%



Sales – Seating Systems

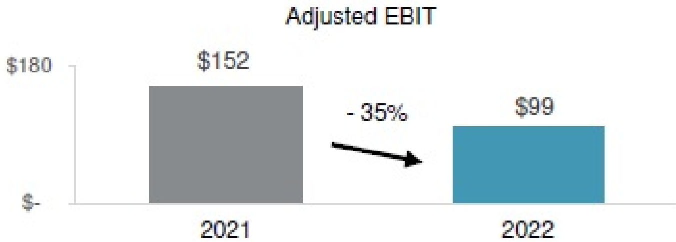
Sales increased 8% or $378 million to $5.27 billion for 2022 compared to $4.89 billion for 2021, primarily due to:

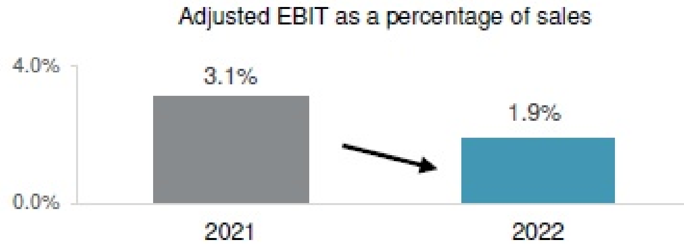
- the launch of programs during or subsequent to 2022, including the:
  - BYD Qin Plus;
  - BYD Atto 3;

- Changan Shenlan SL03; and
- Chevrolet Bolt;
- higher global light vehicle production; and
- customer price increases to recover certain higher production input costs.

These factors were partially offset by:

- the net weakening of foreign currencies against the U.S. dollar, which decreased reported U.S. dollar sales by $338 million;
- lower sales as a result of the substantial idling of our Russian facilities;
- divestitures, net of acquisitions subsequent to 2021, which decreased sales by $32 million; and
- net customer price concessions subsequent to 2021.





Adjusted EBIT and Adjusted EBIT as a percentage of sales – Seating Systems

Adjusted EBIT decreased $53 million to $99 million for 2022 compared to $152 million for 2021 and Adjusted EBIT as a percentage of sales decreased to 1.9% from 3.1%. These decreases were primarily due to:

- higher net production input costs, including as a result of higher prices for commodities, labour, freight, and energy;
- higher launch costs;
- reduced earnings as a result of the substantial idling of our Russian facilities;
- the net weakening of foreign currencies against the U.S. dollar, which had a $9 million unfavourable impact on reported U.S. dollar Adjusted EBIT; and
- net customer price concessions subsequent to 2021.

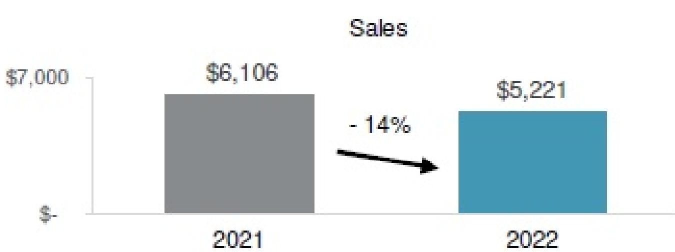
These factors were partially offset by:

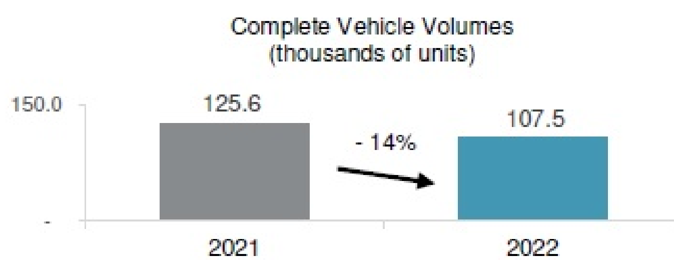
- earnings on higher sales; and
- higher favourable commercial resolutions.

COMPLETE VEHICLES

	2022	2021	Change	
Complete Vehicle Assembly Volumes *(thousands of units)*[(i)]	**107.5**	125.6	(18.1)	-14%
Sales	**$ 5,221**	$ 6,106	$ (885)	-14%
Adjusted EBIT	**$ 235**	$ 287	$ (52)	-18%
Adjusted EBIT as a percentage of sales	**4.5%**	4.7%		-0.2%

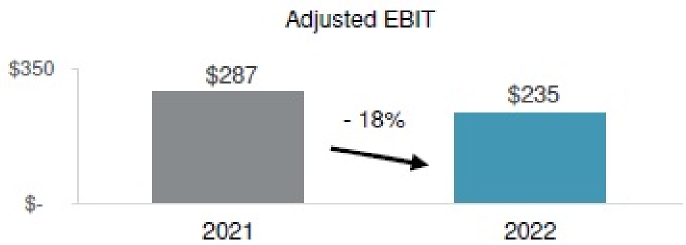
(i) Vehicles produced at our Complete Vehicle operations are included in Europe Light Vehicle Production volumes.

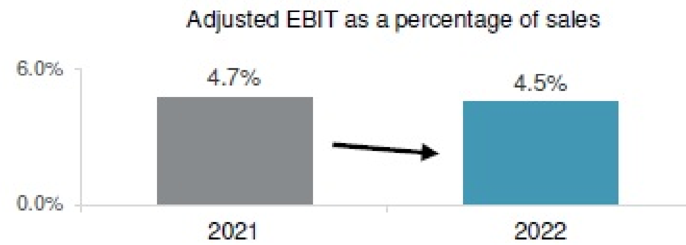




Sales – Complete Vehicles

Sales decreased 14% or $885 million to $5.22 billion for 2022 compared to $6.11 billion for 2021 and assembly volumes decreased 14%. The decrease in sales is primarily as a result of a $648 million decrease in reported U.S. dollar sales as a result of the weakening of the euro against the U.S. dollar and the impact of lower assembly volumes.





Adjusted EBIT and Adjusted EBIT as a percentage of sales – Complete Vehicles

Adjusted EBIT decreased $52 million to $235 million for 2022 compared to $287 million for 2021 while Adjusted EBIT as a percentage of sales decreased to 4.5% from 4.7%. These decreases were primarily due to:

- the net weakening of the euro against the U.S. dollar had a $27 million unfavourable impact on reported U.S. dollar Adjusted EBIT;
- higher net production input costs, including as a result of higher prices for energy and labour;
- lower assembly volumes, net of contractual fixed cost recoveries on certain programs;
- lower government research and development incentives; and
- lower margins on engineering programs.

These factors were partially offset by a $45 million provision on an engineering services contract with the automotive unit of Evergrande in our Complete Vehicles segment during 2021.

CORPORATE AND OTHER

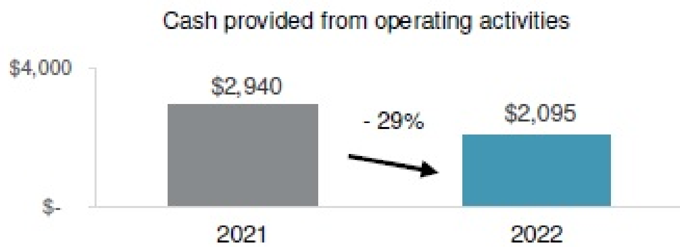
Adjusted EBIT was $14 million for 2022 compared to $67 million for 2021. The $53 million decrease was primarily the result of:

- higher costs to accelerate our operational excellence initiatives;
- higher labour and benefit costs;
- lower equity income;
- higher stock-based incentive compensation; and
- a decrease in fees received from our divisions.

These factors were partially offset by amortization related to the initial value of public company securities.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

OPERATING ACTIVITIES



		2022		2021		Change
Net income	$	**641**	$	1,553		
Items not involving current cash flows		**1,776**		1,576		
		2,417		3,129	$	(712)
Changes in operating assets and liabilities		**(322)**		(189)		(133)
Cash provided from operating activities	**$**	**2,095**	$	2,940	$	(845)

Cash provided from operating activities

Comparing 2022 to 2021, cash generated from operating activities decreased $845 million primarily as a result of an increase in production costs. Specifically, the decrease is primarily a result of:

- a $1.0 billion increase in cash paid for materials and overhead;
- a $206 million increase in cash paid for taxes;
- a $247 million increase in cash paid for labour; and
- a $94 million decrease in dividends received from equity investments.

These factors were partially offset by a $743 million increase in cash received from customers.

Changes in operating assets and liabilities

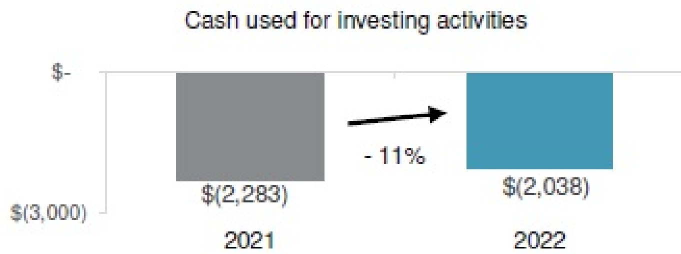
During 2022, we used cash of $322 million for operating assets and liabilities primarily as a result of:

- $798 million increase in accounts receivable as a result of increased operating activity in the months of November and December 2022 compared to the months of November and December 2021; timing of production receivable payments received from customers delayed to early January; and delayed payments on certain tooling receivables;
- $448 million increase in inventory as a result of the increased operating activity, an increase in stock to protect against supply chain disruptions, as well as an increase in tooling inventory to support future programs; and
- $115 million increase in cash taxes paid.

These uses of cash were partially offset by:

- $812 million increase in accounts payable related to increased operating activity, including higher payables related to capital, combined with delayed payments at year end; and
- $250 million increase in other accrued liabilities primarily related to customer advances.

INVESTING ACTIVITIES



		2022		2021		Change
Fixed asset additions	**$**	**(1,681)**	$	(1,372)		
Increase in investments, other assets and intangible assets		**(455)**		(403)		
Increase in public and private equity investments		**(29)**		(68)		
Fixed assets, investments, other assets and intangible assets additions		**(2,165)**		(1,843)		
Proceeds from dispositions		**124**		81		
Proceeds on (funding for) disposal of facilities		**6**		(41)		
Business combinations		**(3)**		(13)		
Increase in equity method investments		**—**		(517)		
Settlement of long-term receivable from non-consolidated joint venture		**—**		50		
Cash used for investing activities	**$**	**(2,038)**	$	(2,283)	$	245

Cash used for investing activities in 2022 was $245 million lower compared to 2021. The change was primarily due to the $517 million of cash used in 2021 to fund the acquisition of a 49% non-controlling interest in LG Magna e-Powertrain Co., Ltd. partially offset by a $322 million increase in fixed assets, investments, other assets and intangible assets.

FINANCING ACTIVITIES

		2022		2021		Change
Repurchase of Common Shares	**$**	**(780)**	$	(517)		
Dividends paid		**(514)**		(514)		
Repayments of debt		**(456)**		(121)		
Dividends paid to non-controlling interest		**(46)**		(49)		
Tax withholdings on vesting of equity awards		**(15)**		(13)		
Contributions to subsidiaries by non-controlling interests		**5**		8		
Issue of Common Shares on exercise of stock options		**8**		146		
Increase (decrease) in short-term borrowings		**11**		(101)		
Issues of debt		**54**		55		
Cash used for financing activities	**$**	**(1,733)**	$	(1,106)	$	(627)

During 2022 we repurchased 12.6 million Common Shares under our normal course issuer bid for aggregate cash consideration of $780 million. During 2021 we repurchased 6.0 million Common Shares under our normal course issuer bid for aggregate cash consideration of $517 million.

Cash dividends paid per Common Share were $1.80 for 2022 , for a total of $514 million compared to $1.72 for 2021, for a total of $514 million.

During 2022 we redeemed all of the Cdn$425 million [$336 million] 3.100% Senior Notes for $340 million. The redemption price included a $4 million make-whole payment which has been included in interest expense.

FINANCING RESOURCES

		2022		2021		Change
Liabilities						
Short-term borrowings	**$**	**8**	$	—		
Long-term debt due within one year		**654**		455		
Current portion of operating lease liabilities		**276**		274		
Long-term debt		**2,847**		3,538		
Operating lease liabilities		**1,288**		1,406		
	$	**5,073**	$	5,673	$	(600)

Financial liabilities decreased $600 million to $5.07 billion as at December 31, 2022 primarily as a result of redeeming the Cdn$425 million [$336 million] 3.100% Senior Notes during 2022 and the weakening of foreign currencies against the U.S. dollar.

CASH RESOURCES

In 2022, our cash resources decreased by $1.7 billion to $1.2 billion, primarily as a result of cash used for investing and financing activities partially offset by cash provided from operating activities, as discussed above. In addition to our cash resources at December 31, 2022, we had term and operating lines of credit totaling $3.7 billion, of which $3.5 billion was unused and available.

MAXIMUM NUMBER OF SHARES ISSUABLE

The following table presents the maximum number of shares that would be outstanding if all of the outstanding options at February 26, 2023 were exercised:

Common Shares	286,072,036
Stock options (i)	5,798,933
	291,870,969

(i) Options to purchase Common Shares are exercisable by the holder in accordance with the vesting provisions and upon payment of the exercise price as may be determined from time to time pursuant to our stock option plans.

CONTRACTUAL OBLIGATIONS

A purchase obligation is defined as an agreement to purchase goods or services that is enforceable and legally binding on us and that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Consistent with our customer obligations, substantially all of our purchases are made under purchase orders with our suppliers which are requirements based and accordingly do not specify minimum quantities. Other long-term liabilities are defined as long-term liabilities that are recorded on our consolidated balance sheet. Based on this definition, the following table includes only those contracts which include fixed or minimum obligations.

At December 31, 2022, we had contractual obligations requiring annual payments as follows:

		2023		2024-2025		2026-2027		Thereafter		Total
Operating leases	$	310	$	514	$	371	$	701	$	1,896
Long-term debt		655		1,456		646		756		3,513
Unconditional purchase obligations:										
Materials and services		2,557		467		482		12		3,518
Capital		1,055		169		63		14		1,301
Total contractual obligations	$	4,577	$	2,606	$	1,562	$	1,483	$	10,228

Our unfunded obligations with respect to employee future benefit plans, which have been actuarially determined, were $515 million at December 31, 2022. These obligations are as follows:

	Pension Liability	Retirement Liability	Termination and Long Service Arrangements	Total
Projected benefit obligation	$ 498	$ 21	$ 387	$ 906
Less plan assets	(391)	—	—	(391)
Unfunded amount	$ 107	$ 21	$ 387	$ 515

Foreign Currency Activities

Our North American operations negotiate sales contracts with OEMs for payment in U.S. dollars, Canadian dollars and Mexican pesos. Materials and equipment are purchased in various currencies depending upon competitive factors, including relative currency values. Our North American operations use labour and materials which are paid for in U.S. dollars, Canadian dollars and Mexican pesos. Our Mexican operations generally use the U.S. dollar as the functional currency.

Our European operations negotiate sales contracts with OEMs for payment principally in euros. Our European operations' material, equipment and labour are paid for principally in euros and U.S. dollars.

Our Asian operations negotiate sales contracts with OEMs for payment principally in Chinese renminbi. Our Asian operations' material, equipment and labour are paid for principally in Chinese renminbi.

We employ hedging programs, primarily through the use of foreign exchange forward contracts, in an effort to manage our foreign exchange exposure, which arises when manufacturing facilities have committed to the delivery of products for which the selling price or material purchases have been quoted in foreign currencies and for labour in countries where their local currency is not their functional currency. These commitments represent our contractual obligations to deliver products over the duration of the product programs, which can last a number of years. The amount and timing of the forward contracts will be dependent upon a number of factors, including anticipated production delivery schedules and anticipated production costs, which may be paid in the foreign currency. Despite these measures, significant long-term fluctuations in relative currency values, in particular a significant change in the relative values of the U.S. dollar, Canadian dollar, euro, Chinese renminbi and Mexican peso, could have an adverse effect on our profitability and financial condition (as discussed throughout this MD&A).

NON-GAAP FINANCIAL MEASURES RECONCILIATION

The reconciliation of Non-GAAP financial measures is as follows:

ADJUSTED EBIT

	2022	2021
Net income	**$ 641**	$ 1,553
Add :		
Interest expense, net	**81**	78
Other expense, net	**703**	38
Income taxes	**237**	395
Adjusted EBIT	**$ 1,662**	$ 2,064

ADJUSTED EBIT AS A PERCENTAGE OF SALES

	2022	2021
Sales	**$ 37,840**	$ 36,242
Adjusted EBIT	**$ 1,662**	$ 2,064
Adjusted EBIT as a percentage of sales	**4.4%**	5.7%

ADJUSTED DILUTED EARNINGS PER SHARE

	2022	2021
Net income attributable to Magna International Inc.	**$ 592**	$ 1,514
Add :		
Other expense, net	**703**	38
Tax effect on Other expense, net	**(71)**	14
Adjustments to Deferred Tax Valuation Allowances	**(29)**	(13)
Adjusted net income attributable to Magna International Inc.	**$ 1,195**	$ 1,553
Diluted weighted average number of Common Shares outstanding during the period (millions)	**291.2**	302.8
Adjusted diluted earnings per share	**$ 4.10**	$ 5.13

RETURN ON INVESTED CAPITAL AND ADJUSTED RETURN ON INVESTED CAPITAL

Return on Invested Capital is calculated as After-tax operating profits divided by Average Invested Capital for the period. Adjusted Return on Invested Capital is calculated as Adjusted After-tax operating profits divided by Average Invested Capital for the period. Average Invested Capital for the twelve month period is averaged on a five-fiscal quarter basis.

	2022	2021
Net Income	**$ 641**	$ 1,553
Add :		
Interest expense, net	**81**	78
Income taxes on Interest expense, net at Magna's effective income tax rate:	**(17)**	(15)
After-tax operating profits	**705**	1,616
Other expense, net	**703**	38
Tax effect on Other expense, net	**(71)**	14
Adjustments to Deferred Tax Valuation Allowances	**(29)**	(13)
Adjusted After-tax operating profits	**$ 1,308**	$ 1,655

	2022	2021
Total Assets	**$ 27,789**	$ 29,086
Excluding:		
Cash and cash equivalents	**(1,234)**	(2,948)
Deferred tax assets	**(491)**	(421)
Less Current Liabilities	**(10,998)**	(10,401)
Excluding:		
Short Term Borrowing	**8**	—
Long-term debt due within one year	**654**	455
Current portion of operating lease liabilities	**276**	274
Invested Capital	**$ 16,004**	$ 16,045

	2022	2021
After-tax operating profits	**$ 705**	$ 1,616
Average Invested Capital	**$ 15,924**	$ 16,005
Return on Invested Capital	**4.4%**	10.1%

	2022	2021
Adjusted After-tax operating profits	**$ 1,308**	$ 1,655
Average Invested Capital	**$ 15,924**	$ 16,005
Adjusted Return on Invested Capital	**8.2%**	10.3%

SUBSEQUENT EVENTS

NORMAL COURSE ISSUER BID

Subsequent to December 31, 2022, we purchased 151,377 Common Shares to satisfy stock-based compensation awards under our existing normal course issuer bid for cash consideration of $8 million.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Our significant accounting policies are more fully described in Note 1, "Significant Accounting Policies", to the consolidated financial statements included in this Report. The preparation of the audited consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosure of contingent assets and liabilities, as of the date of the consolidated financial statements. These estimates and assumptions are based on our historical experience, and various other assumptions we believe to be reasonable in the circumstances. Since these estimates and assumptions are subject to an inherent degree of uncertainty, actual results in these areas may differ significantly from our estimates.

We believe the following critical accounting policies and estimates affect the more subjective or complex judgements and estimates used in the preparation of our consolidated financial statements and accompanying notes. Management has discussed the development and selection of the following critical accounting policies with the Audit Committee of the Board of Directors, and the Audit Committee has reviewed our disclosure relating to critical accounting policies in this MD&A.

REVENUE RECOGNITION - COMPLETE VEHICLE ASSEMBLY ARRANGEMENTS

The Company's complete vehicle assembly contracts with customers are complex and often include promises to transfer multiple products and services, some of which may be implicitly contracted. For these complex arrangements, each good or service is evaluated to determine whether it represents a distinct performance obligation, and whether it should be characterized as revenue or reimbursement of costs incurred. The total transaction price is then allocated to the distinct performance obligations based on the expected cost plus a margin approach and recognized as revenue.

Significant interpretation and judgment is sometimes required to determine the appropriate accounting for these contracts including: (i) combining contracts that may impact the allocation of the transaction price between products and services; (ii) determining whether performance obligations are considered distinct and are required to be accounted for separately or combined; and (iii) the allocation of the transaction price to each distinct performance obligation and determining when to recognize revenue.

The terms of the Company's complete vehicle assembly contracts with customers differ with respect to the ownership of components related to the assembly process. Under contracts where we act as principal, the cost of purchased components are reflected in the revenue recognized from the sale of the final assembled vehicle to the customer. Where a contract provides that the primary components are held on consignment by us, the revenue recognized reflects only the assembly fee.

IMPAIRMENT ASSESSMENTS – GOODWILL, LONG-LIVED ASSETS, AND EQUITY METHOD INVESTMENTS

We review goodwill at the reporting unit level for impairment in the fourth quarter of each year or more frequently if events or changes in circumstances indicate that goodwill might be impaired. Goodwill impairment is assessed by comparing the fair value of a reporting unit to the underlying carrying value of the reporting unit's net assets, including goodwill. If a reporting unit's carrying amount exceeds its fair value, an impairment is recognized based on that difference. The fair value of a reporting unit is determined using the estimated discounted future cash flows of the reporting unit.

In addition to our review of goodwill, we evaluate fixed assets and other long-lived assets for impairment whenever indicators of impairment exist. Indicators of impairment include the bankruptcy of a significant customer or the early termination, loss, renegotiation of the terms of, significant volume decrease in, or delay in the implementation of, any significant production contract. If the sum of the future cash flows expected to result from the asset, undiscounted and without interest charges, is less than the reported value of the asset, an asset impairment may be recognized in the consolidated financial statements. The amount of impairment to be recognized is calculated by subtracting the fair value of the asset from the reported value of the asset.

As of December 31, 2022, we had equity method investments of $997 million. We monitor our investments for indicators of other-than-temporary declines in value on an ongoing basis in accordance with U.S. GAAP. If we determine that an other-than-temporary decline in value has occurred, we recognize an impairment loss, which is measured as the difference between the book value and the fair value of the investment.

We believe that accounting estimates related to goodwill, long-lived asset, and equity method investment impairment assessments are "critical accounting estimates" because: (i) they are subject to significant measurement uncertainty and are susceptible to change as management is required to make forward-looking assumptions regarding the impact of improvement plans on current operations, in-sourcing and other new business opportunities, program pricing and cost assumptions on current and future business, the timing of new program launches and future forecasted production volumes; and (ii) any resulting impairment loss could have a material impact on our consolidated net income and on the amount of assets reported in our consolidated balance sheet.

WARRANTY

We record product warranty costs, which include product liability and recall costs. Under most customer agreements, we only account for existing or probable claims on product default issues when amounts related to such issues are probable and reasonably estimable. Under certain complete vehicle assembly, powertrain systems, and electronics contracts, we record an estimate of future warranty-related costs based on the terms of the specific customer agreements and/or the Company's warranty experience.

Product liability and recall provisions are established based on our 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. In making this estimate, judgement is also required as to the ultimate negotiated sharing of the cost between us, the customer and, in some cases a supplier. Where applicable, insurance recoveries related to such provisions are also recorded.

Due to the uncertain nature of the net costs, actual product liability costs could be materially different from our best estimates of future costs.

INCOME TAXES

The determination of our tax liabilities involves dealing with uncertainties in the application of complex tax laws. Significant judgement and estimates are required in determining our provision for income taxes, deferred tax assets and liabilities, and liabilities for unrecognized tax benefits. We recognize tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

At December 31, 2022, we had gross unrecognized tax benefits of $142 million excluding interest and penalties, of which $135 million, if recognized, would affect our effective tax rate. The gross unrecognized tax benefits differ from the amount that would affect our effective tax rate due primarily to the impact of the valuation allowances on deferred tax assets.

Deferred tax assets and liabilities are recognized for the estimated future tax effects attributable to temporary differences between financial statement carrying value of existing assets and liabilities and their respective tax bases and tax loss and credit carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Accounting standards require that we assess whether valuation allowances should be established or maintained against our deferred income tax assets, based on consideration of all available evidence, using a "more-likely-than-not" standard. The factors used to assess the likelihood of realization are: history of losses, forecasts of future pre-tax income and tax planning strategies that could be implemented to realize the deferred tax assets. On a quarterly basis, we evaluate the realizability of deferred tax assets by assessing our valuation allowances and by adjusting the amount of such allowances as necessary. We use tax planning strategies to realize deferred tax assets in order to avoid the potential loss of these tax benefits. Changes in our estimates, due to unforeseen events or otherwise, could have a material impact on our financial condition and results of operations. Refer to Note 9, "Income Taxes" of the notes to the consolidated financial statements for additional information.

EMPLOYEE FUTURE BENEFIT PLANS

The determination of the obligation and expense for defined benefit pension, termination and long service arrangements and other post-retirement benefits, such as retiree healthcare and medical benefits, is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, the discount rate, expected long-term rate of return on plan assets and rates of increase in compensation costs. Actual results that differ from the assumptions used are accumulated and amortized over future periods and therefore impact the recognized expense in future periods. Significant changes in assumptions or significant plan amendments could materially affect our future employee benefit obligations and future expense.

At December 31, 2022, we had past service costs and actuarial experience losses of $106 million included in accumulated other comprehensive income that will be amortized to future employee benefit expense over the expected average remaining service life of employees or over the expected average life expectancy of retired employees, depending on the status of the plan.

COMMITMENTS AND CONTINGENCIES

From time to time, we may be contingently liable for litigation, legal and/or regulatory actions and proceedings and other claims. Refer to Note 20, "Contingencies" of our audited consolidated financial statements for the year ended December 31, 2022.

For a discussion of risk factors relating to legal and other claims/actions against us, refer to "Item 5. Risk Factors" in our Annual Information

Form and Annual Report on Form 40-F, each in respect of the year ended December 31, 2022.

CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended [the "Exchange Act"]), are designed to ensure that material information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported on a timely basis, and that such information is accumulated and communicated to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to enable them to make timely decisions regarding required disclosure of such information. We have conducted an evaluation of our disclosure controls and procedures as of December 31, 2022, under the supervision, and with the participation of our Chief Executive Officer and our Chief Financial Officer. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures (as this term is defined in the rules adopted by Canadian securities regulatory authorities and the United States Securities and Exchange Commission ["SEC"]) are effective as of December 31, 2022.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal control over financial reporting is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with U.S. GAAP. Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Additionally, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Our management used the Committee of Sponsoring Organizations of the Treadway Commission ["COSO"] Internal Control-Integrated Framework (2013) to evaluate the effectiveness of internal control over financial reporting. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer have assessed the effectiveness of our internal control over financial reporting and concluded that, as at December 31, 2022, such internal control over financial reporting is effective. The Company's internal control over financial reporting as of December 31, 2022, has been audited by Deloitte LLP, Independent Registered Public Accounting Firm, who also audited the Company's consolidated financial statements for the year ended December 31, 2022. Deloitte LLP expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting. This report precedes our audited consolidated financial statements for the year ended December 31, 2022.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes in our internal controls over financial reporting that occurred during 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

RISK FACTORS

Our short and medium-term operational success, as well as our ability to create long-term value through our business strategy, are subject to risks and uncertainties. The following are the more significant risks:

MACROECONOMIC, GEOPOLITICAL AND OTHER RISKS

- **Impact of Russian Invasion of Ukraine:** Our operations in Russia were substantially idled in the first quarter of 2022 and remain substantially idled. In the second quarter of 2022, we impaired the value of the balance sheet investments for our operations in Russia, including deferred cumulative translation losses, by recording a $376 million impairment charge. However, we remain subject to a number of other risks relating to the conflict which are described elsewhere in these Risk Factors, including: increased inflationary pressures, including in energy (particularly natural gas and oil); commodities and transportation/logistics; disruptions to vehicle production and/or supply chains; a further slowdown in global economic growth and consumer confidence; disruptions to the supply of certain gases required in semiconductor chip manufacturing; and increased cybersecurity threats originating in Russia, or from cyber criminals sympathetic to Russia. A material occurrence of one or more of the foregoing risks could have a material adverse effect on our business and results of operations.

- **Inflationary Pressures:** We continue to experience elevated inflation in all markets in which we operate, with higher commodity, energy, labour, freight and other production input pricing expected to persist throughout 2023 and 2024. While many of these input price increases will moderate over time, the increases in wage levels we are currently experiencing are likely to have a longer-term effect on our cost structure. Additionally, we may continue to experience price increases or surcharges from sub-suppliers in connection with the inflationary pressures they face. The inability to offset inflationary price increases, recoveries from our customers, modifications to our products, continuous improvement actions or otherwise, could continue to have a material adverse effect on our profitability.

- **Interest Rates:** Increasing global inflation rates have spurred a cycle of monetary policy tightening, including through central bank increases to key short term lending rates. The availability and cost of credit are both factors affecting consumer confidence, which is a critical driver of vehicle sales and thus automotive production. A material, sustained decrease in consumer demand for vehicles could result in further reductions to vehicle production from levels assumed in our business plan, which could have a material adverse effect on our profitability and financial condition. Higher interest rates will have an adverse effect on our borrowing costs at a time when our debt level is increasing as we finance the acquisition of Veoneer's active safety systems business, as well as higher capital expenditure needs in connection with new program awards. A prolonged period of higher interest and/or sustained interest rate increases could have an adverse effect on our profitability.

- **COVID-19:** While we believe that the worst of the pandemic is behind us, the continued development and spread of highly transmissible COVID-19 variants continues to create a risk of disruptions to the automotive industry. Although unlikely in our key production markets, such risks could include mandatory lockdowns/stay-at-home orders or other restrictions, which could: restrict consumers' ability to purchase vehicles; restrict production; cause elevated employee absenteeism; result in us incurring significant unrecoverable costs; and lead to supply chain disruptions. Over the medium-to long term, the pandemic may result in societal changes that impact the automotive industry, positively or negatively, including as a result of: expanded work-from-home practices that reduce consumers' reliance on vehicles; and/or increased reluctance by people to utilize modes of public transit and/or shared mobility. Any resurgence of COVID-19 that causes prolonged production shutdowns and/or restrictions on consumers' ability to purchase vehicles, or long-term changes in consumers' vehicle purchasing behaviour, could have a material adverse effect on our operations, sales, and profitability.

RISKS RELATED TO THE AUTOMOTIVE INDUSTRY

- **Economic Cyclicality:** Ordinarily, the global automotive industry is cyclical, with potential for regional differences in the timing of expansion and contraction of economic cycles. In normal industry cycles, lower consumer confidence typically translates to lower vehicle sales and production volumes. Examples of factors which often reduce consumer confidence include: worsening economic, political, and other conditions; military conflict; increasing inflation (particularly fuel and energy prices); and rising interest rates. A significant decline in vehicle production volumes from levels assumed in our business plan could have a material adverse effect on our profitability and financial condition.

- **Regional Production Volume Declines:** North America, Europe and China are key automotive producing regions for us, and our operating results are primarily dependent on car and light truck production by our customers in these regions. A significant or sustained decline in vehicle production volumes in any or all these geographic regions could have a material adverse effect on our operations, sales, and profitability.

- **Deteriorating Vehicle Affordability:** Vehicle affordability to consumers is becoming more challenged due to a combination of factors, including: higher prices for electric vehicles; costs related to advanced electronic systems; increasing vehicle finance costs due to rising interest rates; inflationary cost increases; and limited vehicle supply. A material, sustained decrease in consumer demand for vehicles due to deteriorating vehicle affordability could result in further reductions to vehicle production from levels assumed in our business plan, which could have a material adverse effect on our profitability and financial condition.

- **Potential Consumer Hesitancy:** the automotive industry is transitioning from vehicles powered by internal combustion engines to electric vehicles ("EVs"). EV penetration rates differ regionally based on factors such as government regulation, availability of government subsidies, charging infrastructure and consumers' levels of disposable income. Consumers may be hesitant to purchase EVs due to: the higher cost compared to ICE vehicles; reduction or elimination of government subsidies; uncertainty regarding battery technologies and/or charging infrastructure; the proliferation of new, EV-focused OEMs and/or new EV models with little or no operating and warranty history; and other factors. At the same time, consumers may be hesitant to purchase new ICE vehicles, during the transition toward EVs. Any widespread consumer hesitancy which results in consumers deferring purchases of both new EVs and ICE vehicles during the transition to EVs could materially affect vehicle production volumes which could have a material adverse effect on our profitability.

- **Intense Competition:** The automotive supply industry is highly competitive and becoming more so. Some of our competitors have higher or more rapidly growing market share than we do in certain product or geographic markets. Additionally, a number of established electronics, semiconductor chip and contract manufacturing companies have entered or expanded their presence in the automotive industry. At the same time, disruptive technology innovators have been introducing novel product and service solutions which traditional automotive suppliers may not be able to match. Failure to successfully compete with existing or new competitors, including failure to grow our electronics and/or EV content at or above the rate of growth of vehicle production, could affect our ability to fully implement our corporate strategy.

STRATEGIC RISKS

- **Alignment With "Car of the Future":** The success of our corporate strategy is correlated in part to our ability to evolve our product mix based on alignment with trends defining the "Car of the Future." Accordingly, we seek to grow our business and capabilities in areas which are positively impacted by megatrends related to vehicle electrification, autonomy, new mobility, and connectivity. Examples of such product areas include powertrain electrification, advanced driver assistance systems (ADAS) and battery enclosures. Some elements of our product portfolio are negatively impacted by the foregoing megatrends, including manual transmissions, mechanical all-wheel drive/four-wheel drive systems and fuel tank systems. The failure to grow our megatrend-aligned product areas at or above the industry rates of growth for such products could have a material adverse effect on our profitability and financial condition.

- **Technology and Innovation:** While we continue to invest in technology and innovation which we believe will be critical to our long-term growth, the automotive industry is experiencing significant electrical, electronic, and software-driven change and disruption. Our ability to anticipate changes in technology and to successfully develop and introduce new and enhanced products and/or manufacturing processes on a timely basis will be a significant factor in our ability to remain competitive. Additionally, our success is dependent on our ability to attract, train, develop and retain employees with the required technical and software skills. If we are unsuccessful or are less successful than our competitors in consistently developing innovative products and/or processes, we may be placed at a competitive disadvantage in bidding for new business and may not be able to recover some or all of our engineering, research and development costs, which could have a material adverse effect on our profitability and financial condition and ability to fully implement our corporate strategy.

- **Investments in Mobility and Technology Companies:** In addition to our development activities, we have invested in various mobility and technology companies, as well as funds that invest in such companies. Such investments are an important element of our long-term strategy, and we may make further investments in such companies. However, investing in such companies involves a high degree of risk, including the potential loss of some or all our investment value. There is currently no public market for the shares or units of some of these investments and, as a result, we may be unable to monetize such investments in the future. In some cases, we have shares or share purchase warrants with technology-driven suppliers or OEMs with which we have commercial relations and the value of our shares in such companies may be closely related to the commercial success of such programs. Investments in companies or funds which are currently or subsequently become publicly traded are "marked-to-market" quarterly, which may result in us recording unrealized gains or losses in any given quarter. The realization of any of the foregoing investment-related risks could have an adverse effect on our profitability and financial condition.

- **Evolving Business Risk Profile:** The risk profile of our business continues to evolve with the increasing importance to us of product areas such as electrified powertrains, ADAS and electronics, as well as new mobility business models. With this continuing evolution, we may face new or heightened risks, including: forecasting and planning risks related to penetration rates of EVs, as well as take-rates for ADAS systems or features offered to consumers as optional items; reduction in demand for certain products which are unique to internal combustion engine vehicles; challenges in quoting for profitable returns on products with leading-edge technologies and/or new service models for which we may not have significant quoting experience; rigorous testing and validation requirements from OEM customers for complex new products; increased warranty and recall risks on new products and leading-edge technologies; increased product liability risks; heightened risk of technological obsolescence of some of our products, processes and/or assets; and difficulties in attracting or retaining employees with critical skills in high-demand areas. Realization of one or more such risks could have a material adverse effect on our operations, profitability, or financial condition.

CUSTOMER-RELATED RISKS

- **Customer Concentration:** Although we supply parts to all the leading OEMs, a significant majority of our sales are to six customers: General Motors, BMW, Stellantis, Daimler, Ford and Volkswagen. In light of the amount of business we currently have with these six customers, our opportunities for incremental growth with them may be limited. Shifts in market share away from our top customers could have a material adverse effect on our profitability to the extent we are unable to offset such lost sales with sufficient sales growth with alternative OEMs.

- **Emergence of Potentially Disruptive EV OEMs:** A number of potentially disruptive EV-focused OEMs, including Fisker, Lucid, Nio, Rivian and Vinfast, have emerged in recent years, but it remains too early to predict which EV-focused OEMs will succeed. Vehicle electrification is an important component of our strategy, including through product areas such as electric drive systems and battery enclosures, as well as services such as complete vehicle engineering and contract vehicle manufacturing. While we are developing business relationships with some of the newer EV-focused OEMs, we do not have relations with all, nor are such relationships as well established as those with our traditional customers. The failure to sufficiently grow our sales to such OEMs which achieve significant commercial success could adversely impact our long-term strategy. At the same time, the failure of newer EV-focused OEMs to which we supply systems or vehicles to achieve their sales projections could adversely impact the success of our customer diversification and electrified product strategies, as well as create counterparty risks described below.

- **Evolving Counterparty Risk Profile:** Conducting business with newer EV-focused OEMs continues to alter the risk profile of our business and poses incremental risks and challenges compared to our traditional customers, including as a result of: their relatively short operating histories; limited financial, liquidity/capital or other resources; less mature product development and validation processes; uncertain market acceptance of their products/services; and untested business models. These factors may elevate our counterparty risks in dealing with such OEMs, particularly with respect to recovery of: pre-production (including tooling, engineering, and launch) and production receivables; inventory; fixed assets and capitalized pre-production expenditures; as well as other third party obligations related to such items. As at December 31, 2022, our balance sheet exposure related to these factors was approximately $400 million, the majority of which related to Fisker. In some cases, we may hold a minority equity position in such companies which involves a high degree of risk, including those discussed above under " Investments in Mobility and Technology Companies". The inability of newer EV-focused OEMs to achieve commercial success, or the bankruptcy or insolvency of any such OEM with which we conduct business, could result in us incurring material cash and impairment charges, which could have a material adverse effect on our financial condition.

- **Dependence on Outsourcing:** We depend on outsourcing by OEMs, including the outsourcing of complete vehicle assembly to our contract vehicle manufacturing business. The extent of such outsourcing is dependent on a number of factors, including: the cost, quality, and timeliness of outsourced production relative to in-house production by an OEM; the degree of unutilized capacity at an OEM's facilities; and collective bargaining agreements and labour relations between OEMs and labour unions. Currently, OEMs in Europe and China have excess vehicle assembly capacity. Additionally, since EVs have fewer components than vehicles with internal combustion engines, some OEMs may insource production of certain components or systems to maintain employment levels committed to in collective bargaining agreements and/or in connection with government incentives. A reduction in outsourcing by OEMs, or the loss of any material production or assembly programs combined with the failure to secure alternative programs with sufficient volumes and margins, could have a material adverse effect on our profitability.

- **Customer Consolidation and Cooperation:** There have been a number of examples of OEM consolidation in recent years. Additionally, competing OEMs have cooperated and collaborated in different ways to save costs, including through joint purchasing activities, platform sharing, powertrain sharing, joint R&D and regional joint ventures. While OEM consolidation and cooperation may present opportunities, they also present a risk that we could lose future business or experience even greater pricing pressure on certain production programs, either of which could have an adverse effect on our profitability.

- **Market Shifts:** While we supply parts for a wide variety of vehicles produced globally, we do not supply parts for all vehicles produced, nor is the number or value of parts evenly distributed among the vehicles for which we do supply parts. Shifts in market shares away from vehicles on which we have significant content, as well as vehicle segments in which our sales may be more heavily concentrated, could have a material adverse effect on our profitability.

- **Consumer Take Rate Shifts:** Shifts in consumer preferences may impact "take rates" for certain types of products we sell. Examples of such products include: all-wheel drive systems; power liftgates; active aerodynamics systems; ADAS; and complete vehicles with certain option packages or option choices. Where shifts in consumer preferences result in higher "take rates" for products that we do not sell or for products we sell at a lower margin, our profitability may be adversely affected.

- **Customer Purchase Orders:** Contracts from our customers consist of blanket purchase orders which generally provide for the supply of a customer's annual requirements rather than a specific quantity of products, and can be terminated by a customer at any time. If a purchase order is terminated, we may have various pre-production, tooling, engineering and other costs which we may not recover from our customers, and which could have an adverse effect on our profitability.

- **Potential OEM Production-Related Disruptions:** Any significant OEM production disruptions, including as a result of labour unrest related to collective bargaining agreement negotiations occurring at GM, Ford and Stellantis in 2023, would lead to disruptions to our production, which could have a material adverse effect on our sales, and profitability.

SUPPLY CHAIN RISKS

- **Semiconductor Chip Supply Disruptions and Price Increases:** A global shortage of semiconductor chips for use in automotive applications has had a material adverse effect on global automotive production volumes since 2020 and is expected to continue impacting volumes and chip pricing in 2023. In response to semiconductor chip shortages, OEMs continue to take actions such as: unplanned shutdowns of production lines and/or plants; reductions in their vehicle production plans; and changes to their product mix. Such OEM responses can result in a number of direct and indirect consequences for Tier 1 suppliers like Magna, including: lower sales; significant production inefficiencies resulting from our production lines being stopped/restarted unexpectedly when OEMs allocate scarce chips to specific production programs; higher inventory levels; premium freight costs to expedite shipments; other unrecoverable costs and charges, including from sub-suppliers which have been adversely affected by higher chip prices and/or production inefficiencies; and increased challenges in retaining employees through production disruptions. It remains unclear when supply and demand for automotive semiconductor chips will fully rebalance. A worsening or prolongation of the semiconductor chip shortage could have a material adverse effect on our operations, sales, and profitability.

- **Supply Chain Disruptions:** In addition to the global shortage of semiconductor chips for automotive applications, OEMs and Tier 1 automotive suppliers may also experience supply disruptions or constraints on other critical manufacturing inputs, such as steel and/or aluminum. Supply chain disruptions which prevent us from timely supplying products to our customers could result in a range of potential adverse consequences, including: unrecoverable price increases; elevated, unrecoverable costs such as those for premium freight or re-sourcing of supply; penalties or business interruption claims by our customers; loss of future business; and reputational damage. The impacts of prolonged supply chain disruptions or constraints could have a material adverse effect on our operations and profitability.

- **Regional Energy Supply and Pricing:** Regional energy supplies have experienced disruptions due to the impact of Russia's invasion of Ukraine, supply/demand imbalances, regulatory restrictions on energy usage, severe weather events, and challenges related to the transition to renewable energy generation. Prices for energy inputs critical to manufacturing, such as natural gas and electricity, spiked in parts of Europe in 2022 and, although they have eased from their 2022 peaks, are expected to remain significantly higher than pre-2022 levels throughout 2023. Unforeseen supply or demand shocks, prolonged energy disruptions and/or significant energy price increases could have a material adverse effect on our operations and profitability.

- **Supply Base Condition:** We rely on a number of suppliers to supply us with a wide range of components required in connection with our business. The financial health of automotive suppliers is impacted by a number of factors, including economic conditions and production volumes. A significant worsening of economic conditions or reduction in production volumes could deteriorate the financial condition of our supply base, which could lead to, among other things: disruptions in the supply of critical components to us or our customers; and/or temporary shut-downs of one of our production lines or the production lines of one of our customers; all of which could have a material adverse effect on our profitability.

MANUFACTURING / OPERATIONAL RISKS

- **Product Launch:** The launch of production is a complex process, the success of which depends on a wide range of factors, including: the timing and frequency of design changes by our customers relative to start of production; product maturity and complexity; production readiness of our own, as well as our customers' and suppliers' manufacturing facilities; robustness of manufacturing and validation processes; launch volumes; quality and production readiness of tooling and equipment; sufficiency of skilled employees; and initial product quality. Failure by us to successfully launch a new product or complete vehicle could result in commercial or litigation claims against us which could have a material adverse effect on our profitability. Additionally, a significant product or program launch failure could adversely affect our reputation and/or ability to execute our strategy.

- **Operational Underperformance:** From time to time, we may have operating divisions which are not performing at expected levels of profitability. The size and complexity of automotive manufacturing operations often makes it difficult to achieve a quick turnaround of underperforming divisions. Significant underperformance in our operating divisions could have a material adverse effect on our profitability and operations.

- **Restructuring Costs:** We may sell some product lines and/or downsize, close, or sell some of our operating divisions. By taking such actions, we may incur restructuring, downsizing and/or other significant non-recurring costs. These costs may be higher in some countries than others and could have a material adverse effect on our profitability.

- **Impairments:** We have recorded significant impairment charges related to equity interests in joint ventures, goodwill, and long-lived assets in the past and may do so again in the future. The early termination, loss, renegotiation of the terms of, or delay in the implementation of, any significant production contract could be indicators of impairment, as may the technological obsolescence of any of our products or production assets or volumes that are lower than previously expected. In conducting our impairment analysis, we make forward-looking assumptions regarding: the impact of turnaround plans on underperforming operations; new business opportunities; program price and cost assumptions on current and future business; the timing and success of new program launches; and forecast production volumes. To the extent such forward-looking assumptions are not met, any resulting impairment loss could have a material adverse effect on our profitability.

- **Skilled Labour Attraction/Retention:** Our business is based on successfully attracting, training, developing and retaining employees at all levels of the company from "shop-floor" to Executive Management. The markets for highly skilled workers, as well as talented professionals and leaders in our industry are extremely competitive, particularly in the major global automotive and technology centres in which many of our operations are located. The inability to meet our needs for skilled workers and talented professionals and leaders, whether through recruitment or internal training and development activities could impact our ability to profitably conduct business and/or effectively implement our strategy.

- **Leadership Expertise and Succession:** Effective succession planning programs and practices are a critical element of our overall talent management strategy. We experienced a significant number of planned retirements in the last few years and may experience similar waves in future years. As a result of such retirements, we have multiple senior leaders recently appointed to roles at a time of significant macroeconomic, geopolitical, industry and other disruptions discussed elsewhere in these Risk Factors. While we believe that our leadership development and succession program has been effective in facilitating leadership transitions to date, our ability to profitably conduct business and/or successfully implement our strategy could be impacted by the failure to: identify, train, develop and support high-performing leaders; ensure effective knowledge transfers from transitioning leaders to successors; and/or otherwise promote organizational robustness and resilience through leadership transitions in critical roles.

PRICING RISKS

- **Quote/Pricing Assumptions:** The time between award of new production business and start of production typically ranges between two and four years. Since product pricing is typically determined at the time of award, we are subject to significant pricing risk due to changes in input costs and quote assumptions from the time of award through the start of production. This risk is elevated in a rising inflation environment, as is currently the case globally, including with respect to wages, energy, and commodities. The inability to quote effectively, or the occurrence of a material change in input cost or other quote assumptions between program award and production, could have a material adverse effect on our profitability.

- **Customer Pricing Pressure/Contractual Arrangements:** We face ongoing pricing pressure from OEMs, including through: quoting pre-requirements; long-term supply agreements with mutually agreed price reductions over the life of the agreement; non-contractual annual price concession demands; pressure to absorb costs related to product design, engineering and tooling, and/or amortize such costs through the piece price for the product; pressure to assume incremental warranty costs; and OEM refusal to fully offset inflationary price increases. OEMs possess significant leverage over their suppliers due to their purchasing power and the highly competitive nature of the automotive supply industry. As a result of the broad portfolio of parts we supply to our six largest OEM customers, such customers may be able to exert greater leverage over us as compared to our competitors. We attempt to offset price concessions and costs in a number of ways, including through negotiations with our customers, improved operating efficiencies and cost reduction efforts. Our inability to fully offset price concessions, absorb design, engineering, and tooling costs, and/or fully recover such costs over the life of production, could have a material adverse effect on our profitability. Moreover, while we attempt to negotiate contractual terms with our suppliers that align with the contractual terms between us and our OEM customers, we may not always be successful in doing so. Any such gaps between our customer and supplier contract terms could, in certain circumstances, have an adverse effect on our profitability.

- **Commodity Price Volatility:** Prices for certain key raw materials and commodities used in our parts, including steel, aluminum, and resin, can be volatile. In some cases, our risk is mitigated because we purchase steel or aluminum under customer resale programs. Where such commodity purchases are not made under customer resale programs, we seek to offset commodity price increases by: passing such increases to our customers; engineering products with reduced commodity content; implementing hedging strategies; or otherwise. To the extent we are unable to offset commodity price increases, such additional commodity costs could have an adverse effect on our profitability.

- **Scrap Steel/Aluminum Price Volatility:** Some of our manufacturing facilities generate a significant amount of engineered scrap steel and/or aluminum in their manufacturing processes but recover some of the value through the sale of such scrap. Scrap steel and scrap aluminum prices can also be volatile and do not necessarily move in the same direction as steel or aluminum prices. Declines in scrap steel/aluminum prices from time to time could have an adverse effect on our profitability.

WARRANTY / RECALL RISKS

- **Repair/Replacement Costs:** We are responsible for repair and replacement costs of defective products we supply to our customers. Certain of our products, such as transmissions and battery enclosures, typically have a higher unit and labour service cost in the event of replacement. Other products, such as cameras and side door latches, are supplied in multiples of two or four for a single vehicle, which could result in significant cost in the event all need to be replaced. OEMs and/or government regulators can initiate recalls of safety or regulated products, which could place us at risk for the costs of the administrative costs of the recall in addition to the repair/replacement costs of defective products, even in situations where we dispute the need for a recall or the responsibility for any alleged defect. The obligation to repair or replace defective products could have a material adverse effect on our operations and profitability. To the extent such obligation arises as a result of a product recall, we may face reputational damage, and the combination of administrative and repair/replacement costs could have a material adverse effect on our profitability.

- **Warranty Provisions:** In certain circumstances, we are at risk for warranty, product liability and recall costs. We are 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. Warranty provisions for our products are based on our best estimate of the amounts necessary to settle existing or probable claims related to product defects. In addition, warranty provisions for our powertrain systems, electronics and complete vehicle programs are also established based on our or our customers' warranty experience with the applicable type of product and, in some cases, the terms in the applicable customer agreements. Actual warranty experience which results in costs that exceed our warranty provisions, could have a material adverse effect on our profitability.

- **Product Liability:** We cannot guarantee that the design, engineering, testing, validation, and manufacturing measures we employ to ensure high-quality products will be completely effective, particularly as electronic content and product complexity increases and/or as we enter newer product areas such as ADAS. If our products fail to perform as expected or as required by governmental regulations, and/or to the extent any such failure results in, or is alleged to result in, bodily injury and/or property damage or other losses, our customers or government regulators may initiate a product recall of such products and/or third party product liability claims may be brought against us. The defense of product liability claims, particularly class action claims in North America, may be costly and judgements against us could impair our reputation and have a material adverse effect on our profitability.

CLIMATE CHANGE RISKS

- **Transition Risks and Physical Risks:** Our Sustainability Report, which is appended to our current Annual Information Form / Annual Report on Form 40-F, contains a detailed discussion of transitional and physical climate change risks, along with our efforts to mitigate them. Readers are encouraged to review such climate risk disclosures.

- **Strategic and Other Risks:** A number of the risk factors discussed above contain detailed discussion of strategic and other risks related to the evolution of the automotive industry and our business within the context of the transition to electromobility, including: Alignment with Car of the Future; Technology and Innovation; Evolving Business Risk Profile; Emergence of Potentially Disruptive EV OEMs; and Evolving Counterparty Risk Profile. Readers are encouraged to review this entire Risk Factors section in its entirety.

IT SECURITY / CYBERSECURITY RISKS

- **IT/Cybersecurity Breach:** Although we have established and continue to enhance security controls intended to protect our IT systems and infrastructure, there is no guarantee that such security measures will be effective in preventing unauthorized physical access or cyber-attacks. A significant breach of our IT systems could: result in theft of funds; cause disruptions in our manufacturing operations; lead to the loss, destruction, or inappropriate use of sensitive data, including employees' personal data; or result in theft of our, our customers' or our suppliers' intellectual property or confidential information. The occurrence of any of the foregoing could adversely affect our operations and/or reputation and could lead to claims against us that could have a material adverse effect on our profitability.

- **Product Cybersecurity:** The risk of vehicle cyber-attacks have risen with the proliferation of technology designed to connect vehicles to external networks. Although vehicle and systems-level cybersecurity controls and protections are typically managed and/or specified by our OEM customers, we cannot provide assurance that such controls and protections will be effective in preventing cyber intrusion through one of our products. Furthermore, an OEM customer may still seek to hold us financially responsible, even where the OEM specified the cybersecurity controls and protections. Any such cyber intrusion could cause reputational damage and lead to claims against us that have an adverse effect on our profitability.

ACQUISITION RISKS

- **Inherent Merger and Acquisition Risks:** Acquisitions are subject to a range of inherent risks, including the assumption of incremental regulatory/compliance, pricing, supply chain, commodities, labour relations, litigation, environmental, pensions, warranty, recall, IT, tax, or other risks. While due diligence on an acquisition target is intended to mitigate such risks, these efforts may not always prove to be sufficient in identifying all risks and liabilities related to the acquisition, including as a result of: limited access to information; time constraints for conducting due diligence; inability to access target company facilities and/or personnel; or other limitations in the due diligence process. Additionally, we may identify risks and liabilities that we are not able to sufficiently mitigate through appropriate contractual indemnities or other protections. The realization of any such risks could have a material adverse effect on our profitability.

- **Acquisition Integration and Synergies:** We may not be able to successfully integrate or achieve anticipated synergies from our acquisitions and/or such acquisitions may be dilutive in the short to medium term. Either of these outcomes could have a material adverse effect on our profitability.

OTHER BUSINESS RISKS

- **Joint Ventures:** We conduct certain of our operations through joint ventures under contractual arrangements under which we share management responsibilities with our joint venture partners. Joint venture operations carry a range of risks, including those relating to: failure of our joint venture partner(s) to satisfy contractual obligations; potential conflicts between us and our joint venture partner(s); strategic objectives of joint venture partners that may differ from our own; potential delays in decision-making; a limited ability to implement some or all of our policies, practices and controls, or to control legal and regulatory compliance, within the joint venture(s); and other risks inherent to non-wholly-owned operations. The likelihood of such occurrences and their potential effect on us vary depending on the joint venture arrangement, however, the occurrence of any such risks could have an adverse effect on our operations, profitability, and reputation.

- **Intellectual Property:** We own intellectual property that is important to our business and product portfolio. Our intellectual property is an important factor in protecting our innovation activities and maintaining our competitive advantage. From time to time, our intellectual property rights may be challenged, including through the assertion of intellectual property infringement claims which could result in us: being prevented from selling certain products; having to license the infringed product/technology; and/or incurring monetary damages. The foregoing consequences could have an adverse effect on our sales, profitability, and ability to fully implement our corporate strategy.

- **Risks of Doing Business in Foreign Markets:** Conducting business in markets outside our traditional markets of North America and Europe carries a number of potential risks, including those relating to: political, civil and economic instability and uncertainty; military conflict; corruption risks; high inflation and our ability to recover inflation-related cost increases; trade, customs and tax risks; potential sanctions and export control risk; expropriation risks; currency exchange rates; currency controls; limitations on the repatriation of funds; insufficient infrastructure; competition to attract and retain qualified employees; and other risks associated with conducting business internationally. Expansion of our business in China is an element of our long-term strategy and, as a result, our exposure to the risks described above may be greater in the future. The likelihood of such occurrences and their potential effect on us vary from country to country and are unpredictable, however, the occurrence of any such risks could have an adverse effect on our operations, profitability, and financial condition.

- **Relative Foreign Exchange Rates:** Our profitability is affected by movements of our U.S. dollar reporting currency against the Canadian dollar, the euro, the Chinese renminbi, and other currencies in which we generate revenues and incur expenses. Significant long-term fluctuations in relative currency values, in particular a significant change in the relative values of the U.S. dollar, Canadian dollar, euro or Chinese renminbi, could have an adverse effect on our profitability and financial condition and any sustained change in such relative currency values could adversely impact our competitiveness in certain geographic regions.

- **Returns on Capital Investments:** In recent years, we have invested significant amounts of money in our business through capital expenditures to support new facilities, expansion of existing facilities, purchases of production equipment and acquisitions. We expect higher capital expenditures in 2023 to support program awards and our continued growth, including in megatrend areas. Returns achieved on such investments in the past are not necessarily indicative of the returns we may achieve on future investments and our inability to achieve returns on future investments which equal or exceed returns on past investments could have a material adverse effect on our level of profitability.

- **Financial Flexibility:** The occurrence of an economic shock not contemplated in our business plan, a rapid deterioration of conditions or a prolonged recession could result in the depletion of our cash resources, which could have a material adverse effect on our operations and financial condition.

- **Credit Ratings Changes:** There is no assurance that any credit rating currently assigned to us will remain in effect for any period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future. A downgrade in the credit ratings assigned to us by one or more agencies could increase our cost of borrowing or impact our ability to negotiate loans, which could have an adverse effect on our profitability, financial condition, and the trading price of our Common Shares.

- **Stock Price Fluctuation:** Trading prices of our Common Shares cannot be predicted and may fluctuate significantly due to a variety of factors, many of which are outside our control.

LEGAL, REGULATORY AND OTHER RISKS

- **Legal and Regulatory Proceedings:** From time to time, we may become involved in regulatory proceedings, or become liable for legal, contractual, and other claims by various parties, including customers, suppliers, former employees, class action plaintiffs and others. Depending on the nature or duration of any potential proceedings or claims, we may incur substantial costs and expenses, be required to devote significant management time and resources to the matters and suffer reputational damage as a result of regulatory proceedings. On an ongoing basis, we attempt to assess the likelihood of any adverse judgements or outcomes to these proceedings or claims, although it is difficult to predict final outcomes with any degree of certainty. Except as disclosed from time to time in our consolidated financial statements and/or our MD&A, we do not believe that any of the proceedings or claims to which we are currently a party will have a material adverse effect on our profitability; however, we cannot provide any assurance to this effect.

- **Changes in Laws:** A significant change in the current regulatory environment in our principal markets, including changes in tax laws, laws related to the COVID-19 pandemic, laws related to vehicle emissions, and other laws which impose additional costs on automotive manufacturers or consumers, could have an adverse effect on our profitability. More than 135 jurisdictions have agreed to implement a new global minimum tax regime ("Pillar Two") based on model rules published by the Organization for Economic Co-operation and Development. The proposed Pillar Two rules are intended to ensure that large multinational enterprises pay a minimum tax of 15% on the income arising in each jurisdiction in which they operate. Although the impact on Magna will depend on how each jurisdiction implements the model rules, as well as profitability and local tax liabilities of Magna's operations in those jurisdictions, this change in law may have an adverse effect on our profitability.

- **Trade Agreements:** Historical global growth of the automotive industry has been aided by the free movement of goods, services, people, and capital through bilateral and regional trade agreements, particularly in North America and Europe. Introduction of measures which impede free trade could have a material adverse effect on our operations and profitability.

- **Trade Disputes/Tariffs:** International trade disputes could, among other things, reduce demand for and production of vehicles, disrupt global supply chains, distort commodity pricing, impair the ability of automotive suppliers and vehicle manufacturers to make efficient long-term investment decisions, create volatility in relative foreign exchange rates, and contribute to stock market volatility. The imposition of sanctions, tariffs and/or escalation of trade disputes which interfere with automotive supply chains could have an adverse effect on our operations and profitability.

Exhibit 4

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in Registration Statement Nos. 333-210449 and 333-128257 on Form S-8 and Registration Statement No. 333-270086 on Form F-10 and to the use of our reports dated February 26, 2023 relating to the consolidated financial statements of Magna International Inc. (the "Company"), and the effectiveness of the Company's internal control over financial reporting appearing in this Annual Report on Form 40-F for the year ended December 31, 2022.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
March 31, 2023

Exhibit 99.1

CERTIFICATION

I, Seetarama (Swamy) Kotagiri, Chief Executive Officer, certify that:

1. I have reviewed this annual report on Form 40-F of Magna International Inc. (the issuer");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date as of the 31st day of March, 2023.

/s/ "Swamy Kotagiri"

Seetarama (Swamy) Kotagiri
Chief Executive Officer

Exhibit 99.2

CERTIFICATION

I, Patrick W.D. McCann, Executive Vice-President and Chief Financial Officer, certify that:

1. I have reviewed this annual report on Form 40-F of Magna International Inc. (the issuer”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the issuer’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the issuer’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer’s internal control over financial reporting; and

5. The issuer’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer’s auditors and the audit committee of the issuer’s board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the issuer’s ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer’s internal control over financial reporting.

Date as of the 31st day of March, 2023.

/s/ “Patrick McCann”

Patrick W.D. McCann
Executive Vice-President and
Chief Financial Officer

Exhibit 99.3

CERTIFICATE OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002

I, Seetarama (Swamy) Kotagiri, Chief Executive Officer of Magna International Inc. (the “Company”), certify that:

1. the Annual Report on Form 40-F of the Company dated the 31st day of March, 2023 for the fiscal year ending December 31, 2022 (the “Report”) fully complies with the requirements of Sections 13(a) and 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated as of the 31st day of March, 2023.

/s/ “Swamy Kotagiri”
Seetarama (Swamy) Kotagiri
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 99.4

CERTIFICATE OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002

I, Patrick W.D. McCann, the Executive Vice-President and Chief Financial Officer of Magna International Inc. (the “Company”), certify that:

1. the Annual Report on Form 40-F of the Company dated the 31st day of March, 2023 for the fiscal year ending December 31, 2022 (the “Report”) fully complies with the requirements of Sections 13(a) and 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated as of the 31st day of March, 2023.

/s/ “Patrick McCann”
Patrick W.D. McCann
Executive Vice-President and
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.