

Sustainability Report 2020

MARTINREA INTERNATIONAL INC.



An Introduction to Our Culture and Sustainability – A Message from Our Leadership



We talk about culture a lot at Martinrea.

Because it matters. It matters a lot. It matters to all of us at Martinrea. Our culture has a profound impact on our company and our people. So we take it very seriously. Peter Drucker once said, “culture eats strategy for breakfast”. And we think he is right, especially in challenging times. Sustainability is at the core of our culture.

Our vision for the future is: Making lives better by being the best supplier we can be in the products we make and the services we provide. Our people need a why, and that’s a “why” vision. There’s a proverb that says, “where there is no vision the people perish”. Very true and very appropriate. The Company’s mission is Making People’s Lives Better by: (i) delivering outstanding quality products and services to our customers; (ii) providing meaningful opportunity, job satisfaction and job security for our people; (iii) providing superior long term investment returns to our stakeholders; and (iv) being positive contributors to our communities. The Company’s vision and mission is supported by a four-pillar strategy: a high performance culture, operational excellence, superior financial management and customer satisfaction. This has internally become known as Martinrea 2.0: a framework to become a great company with diverse people and groups working together.

In pursuing our vision and mission, we developed, on a collaborative basis, a set of guiding principles, to be communicated, reinforced and adopted throughout the Company on a consistent basis as follows:

1. We make great, high quality products
2. Every location must be a center of excellence
3. Discipline is key
4. We attract, train and work with excellent people, and we motivate our people to perform well
5. We are a team
6. Challenges make us better
7. Think differently
8. Work hard, play hard
9. The Golden Rule – Treat everyone with dignity and respect
10. Our leadership has to drive these messages consistently



Culture

Sustainability, as with any aspect of the Company, has to start with culture. The Company believes a great culture is core to a sustainable business and successful company. The Company’s culture is founded upon principles that are core to its beliefs for a sustainable business, and are reinforced continuously.

We articulate our company culture, comprised of entrepreneurship, lean manufacturing principles, and the Golden Rule philosophy core to our Guiding 10 Principles, as demonstrated in a picture:

MAKING PEOPLE'S LIVES BETTER



The Company has been entrepreneurial in nature since the beginning, a company embracing characteristics of encouraging executives, general managers and all employees to act and think like an owner with a stake in the enterprise, supporting a can do attitude, promoting an ability and willingness to urgently get things done, acting to avoid unnecessary bureaucracy, and developing an ability to learn from challenges openly and constructively with the trust of working in a team. As a Company, we embrace new initiatives, and we focus on developing new products, new technologies, and new ways of doing things consistently.

The Company embraces lean thinking as part of its culture too. Simply stated, the lean thinking way emphasizes eliminating waste in all aspects of the Company's business and operations. The elimination of waste allows us to take out unnecessary cost, thereby making us competitive. It enables us to see problems we can fix in our operations more easily. It allows us to simplify processes to have safer, cleaner, more efficient and more sustainable workplaces. It is a culture of continuous improvement in whatever we do.

At the core of our One Martinrea culture is a Golden Rule philosophy, based on treating others the way we want to be treated, with dignity and respect, but more also. It means following our 10 Guiding Principles in our business and operations, and in how we deal with our customers, suppliers, stakeholders (lenders and shareholders) and our communities. Being lean or being entrepreneurial is not enough. These cultural elements overlap but are tied together with our Golden Rule/dignity and respect approach. We make people's lives better in what we do, and we can only do that with a service oriented approach to our work and our colleagues at work, and all those who we deal with in our work. At Martinrea, we believe our culture is and will be a sustainable competitive advantage for the Company over the long term, and we know it has driven the improving financial, safety, and quality performance over the past several years.

Culture and Sustainability

Martinrea has been built on strong values and the Company's goal is to run its business in a socially responsible and ethical manner, by respecting the environment, respecting the law, supporting universal human rights and contributing to communities around the world.

Since 2001, the Company has implemented labour and environmental policies and practices addressing these important matters, including policies promoting fair compensation and work hours, freedom of association and collective bargaining, anti-harassment and discrimination, health and safety, community engagement, respect for the environment and policies prohibiting bribery and corruption, and child and forced labour (including from its

supply base). The Company assesses and updates its sustainability strategies and environmental policies where possible to meet its own goals for an environmentally and socially responsible company.

The Company's approach to health and safety, diversity and inclusion, and sustainability is not formulaic in response to popular trends: it is at the core of Martinrea's culture to make people's lives better. It is a given that people are to be treated the way we wish to be treated, with dignity and respect. It is foundational that a person has to be safe in our Company, physically or emotionally, that prejudice in any form is unacceptable, that opportunity is provided equally to all, and the Company strives to do that every day. It is also foundational that we as a company promote sustainability in all we do in our communities, by respecting and improving the environment (indeed, our lightweighting business focuses on reducing emissions and saving energy), by supporting good causes in communities, by being an employer of choice, and being able to do all these things for a very long time. To be a sustainable business, one must be in business. These realities outline what sustainability means to us.



Pat D'Eramo
President and Chief Executive Officer



Rob Wildeboer
Executive Chairman

Sustainability Report

The Company's sustainability policies can be summarized as falling under five general areas which overlap in some respects:



Culture and Ethics

The Company's approach to culture is outlined above under "An Introduction to Our Culture and Sustainability". In this section some specific approaches to ethics and legal compliance are outlined.



Ethics and Legal Compliance

Martinrea's culture embraces and, indeed, requires ethical behaviour. The Company's most important assets are its people and its reputation for integrity, in its products and in how they are made. The Company believes it must be clear on what it stands for, and honour its commitment to its people, customers, owners, lenders and communities. Martinrea is committed to doing business in a legal, ethical, honest and responsible manner.

The Board of Directors of Martinrea has adopted a Code of Conduct (our Code). The Code sets out the Company's expectations of its employees to:

- Act honestly and ethically and in the best interests of the Company
- Comply with all applicable laws, rules and regulations
- Not use or disclose any confidential information acquired as a result of a person's role with the Company
- Avoid all actual or apparent conflicts of interest between personal and professional relationships, ethically handling such actual or apparent conflicts of interest
- Not take any opportunity that belongs to the Company or is discovered through the use of corporate property, information or position; or use any corporate property, information or position for personal gain
- Not compete with any business activity of the Company
- Promptly and accurately provide all necessary information to assure that the Company's public reports, documents, filings and communication are full, fair, accurate, timely and understandable and that the Company's public disclosure requirements are fully met
- Promptly report any known violations of the Code to the Audit Committee Chairman
- Not permit retaliation of any kind against good faith reports or complaints of violations of the Code or other illegal or unethical conduct



The Code is an integral part of Martinrea's ethical backbone. In today's world, with Martinrea operating in various countries, the expectations for responsible business conduct are higher than ever. The Company's customers, partners and shareholders trust Martinrea will maintain and uphold the law and the highest possible standards of conduct. The Code of Conduct is reviewed at least annually. The Company has implemented training to help its people understand and apply key rules to help ensure all business activities are conducted with the highest level of fairness, honesty, integrity, and ethical standards and to know where they can go for guidance if ever unclear about the right course of action. The Company has also in place policies for employees to safely communicate suspected violations of the Code, such as the Employee Bill of Rights. The Company also maintains a confidential and anonymous whistle-blowing line, which is administered by a third party. The Company has adopted a Vision and Mission Statement and a set of 10 Guiding Principles to help the Company achieve its goals and to provide guidance to employees on acceptable behaviour and how to apply these principles to their jobs.



Respect for People

Human Resources Principles and Policies

The Company's 10 Guiding Principles are the foundation for its approach to dealing with all aspects of its business, including our people.

The Company is committed to the fair treatment of employees, a safe, healthy and diverse workplace, competitiveness of wages and open communication. The Company believes that providing employees with a safe and pleasant working environment, based on dignity and

respect, is an important factor in maintaining labour productivity and goodwill in order to produce quality products. The Company believes that it has a strong relationship with its employees. The future success of the Company depends in part on its ability to attract and retain qualified people.

In addition to its 10 Guiding Principles, the Company adopted an Employee Bill of Rights in 2001, still relevant today, as follows:



Job Security

Every employee is an important member of the Martinrea team. Together we build our future and protect our job security by exceeding customer expectations while remaining competitive within our industry.



Health and Safety

Our employees work in a safe, healthy environment and an ergonomically friendly workplace.



Fair Treatment

Our employees shall be treated with dignity and respect. Accordingly, we provide equal opportunities in a workplace free from discrimination and harassment.



Compensation

Our wages and benefit programs are reviewed annually to ensure that employees receive fair compensation for the industry in which we work and the communities in which we live.



Coaching

Regular feedback will be provided so our employees know where they stand at all times and can build on their strengths.



Training

Employees shall be provided the opportunity to develop to their full potential through ongoing training and continuous learning.



Communication

We believe in open, honest two-way communication supported by visible, responsible action in a timely manner.



Open Door Policy

If an employee feels that his or her rights under the Martinrea Employee Bill of Rights are not being met or if they have any questions, concerns, or suggestions, they are encouraged to approach any member of the management team up to and including the CEO. Our doors are always open. We promise to listen and respond appropriately without reprisal or retaliation.

In furtherance of the Company's commitment to fairness, as demonstrated in its Employee Bill of Rights, the Company has established a variety of employee communication programs.



Human Rights

Martinrea respects the dignity of every human being and supports the compliance with internationally recognized human rights. The Company rejects all forms of physical, sexual, psychological or verbal abuse of its employees. Martinrea respects the freedom of opinion and expression and freedom of association.

The Company condemns child labour and respects the rights of children. The Company complies with the applicable laws and regulations regarding the minimum age for admission to employment or work.

Martinrea compensates employees to enable them to meet their basic needs and provide the opportunity to improve their skill and capability in order to raise their social and economic opportunities.



Diversity



The Company believes in creating a diverse culture, based on its Golden Rule culture, with treating people the way we want to be treated, with dignity and respect, which is foundational. The Company believes a great work environment allows everyone to reach their full potential. The Company's objective is to encourage diversity and inclusion within the Company, including in its Board and senior management and to not discriminate on the basis of gender or any other basis.

The Company believes diversity and inclusion is important to a well-functioning team to ensure the Company has the necessary range of perspectives, experience and expertise required to achieve the Company's objectives, including effective stewardship and management.

As noted above, fair treatment and dignity and respect are core principles in the Company's Employee Bill of Rights and in the Company's 10 Guiding Principles. These principles, which are discussed and reinforced through employee meetings, conferences, training and in daily life, also encourage diversity. Any employee who believes he or she is not being treated fairly, has an open line of communication up to the CEO and the Executive Chairman.

In an increasingly complex global marketplace, the ability to draw on a wide range of viewpoints, backgrounds, skills, and experience is critical to the Company's success. The Company's global growth plans assume cultural nimbleness and, competitively, the Company needs to continue to develop a brand and environment that appeals to the breadth of talent that will help the Company be successful.

The Company recognizes the importance of gender diversity in leadership, and at all levels, to executing on the Company's strategy. This belief forms an important part of the focus of management in the appointment and recruitment of officers and the Board in the search and selection of nominee directors. The Company participates in activities promoting automotive as a career for women, such as sponsoring student and university co-op programs, and supports the development of the next generation of talent in Science, Technology, Engineering and Mathematics (STEM), including programs engaging and encouraging young women to enter into STEM such as First Robotics.

Labour Matters

The Company maintains a strong relationship with its employees and the unions that represent them where collective bargaining agreements are in place. The Company's operations in Canada and the U.S. are generally non-unionized; however, the Company does have certain facilities in the U.S. and Canada which are unionized, as are the plants in other jurisdictions. From time to time, various unions seek to represent certain of the Company's employees and, consequently, the Company may become party to additional collective bargaining agreements at some future time.



Management Incentive Compensation

To attract and retain key management employees, the Company compensates these individuals by various means. Senior executives are paid a base salary plus bonuses based on pre-tax profits and may receive options to purchase the Company's common shares or other equity-based compensation, such as units under the Company's performance and restricted share unit program. The Company has in place share ownership guidelines for executives and has geared certain bonus payments to the purchase of the Company's common shares by the executives. The Company's employee compensation principles are determined by the Human Resources and Compensation Committee and administered by each facility's human resources department with the assistance of the Company's Executive Vice President Human Resources, if necessary.



Health and Safety

Martinrea has a strong commitment to workplace health and safety and the prevention of occupational injury and illness. Martinrea's objective is to continuously improve its health and safety performance, and to meet or exceed industry standards and health and safety legislation. A safe and healthy workplace is created through the combined effort and participation of leadership and employees.

Leadership is responsible for establishing and maintaining health and safety policies, programs, safe-work practices and resources, and employees are responsible for maintaining safe and healthy work conditions and following the safety standards and training provided. Prevention is the goal and all parties will continue to work together to ensure a safe and healthy workplace.

A Company health and safety report is presented and considered at every quarterly board of directors meeting; the goal of the Company is to be in the top decile of industry safety performance using recognized objective standards.

Protection for employee health and safety is a core principle in the Company's Employee Bill of Rights. The Company is committed to providing people with a healthy and safe work environment, free from harassment and violence.

The Company has a health and safety management system ensuring the laws in each country are followed. The Company's goal is to be better than industry standards and it has achieved that based on key safety performance indicators.



The Company routinely discusses health and safety issues and ensures best practices are adopted throughout its operations, with focus on identifying and eliminating risks pertaining to health and safety, industrial-hygiene, ergonomics and emergency preparedness. The Company incorporates legislative changes, learnings from near misses and accidents, and changes to industry standards into its global safety management system.

The Company has an emergency preparedness and response plan in place at each facility to ensure timely response and communication in the event of an emergency, and incident investigation procedures to ensure incidents are investigated and corrective action implemented to prevent recurrence.

The Company has a Joint Health and Safety Committee at each plant and office, and ensures compliance with local and global standards by auditing and inspecting compliance with both routine and unscheduled audits. Audits are designed to address documentation requirements, assess physical conditions at the plant and compliance to legal requirements. 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 that is reviewed by the leadership team. Health and safety issues are encouraged to be corrected as they arise. Executive leadership reviews and discusses health and safety issues and compliance monthly and presentations are made to the Company's Board of Directors on a quarterly basis.

The health and safety management system incorporates international and regional standards, including: OHSAS 18001, Canadian Standards Association (CSA), American National Standards Institute (ANSI), as well as country-specific safety regulations. Audits and inspections are conducted by specialists with knowledge of Martinrea's standards and country-specific requirements.

The Company's health and safety committees hold regular conferences with representatives of its manufacturing facilities to reinforce its commitment to providing a safe and healthy work environment and share best practices with respect to occupational health and safety. Any employee who believes he or she is not being treated fairly, has an open line of communication up to the CEO.

COVID-19 Response

In addition to its usual focus on employee safety, the Company has been extremely busy and focused on employee health and safety protocols in responding to the COVID-19 pandemic. Martinrea has developed a very robust set of safety protocols for plants and offices. Our people have to be safe and feel safe. Martinrea was heavily involved in the industry wide response to the pandemic, working with the Original Equipment Suppliers Association (OESA) and the Canadian Automotive Partnership Council (CAPC) (chairing the COVID-19 Task Force) to develop industry wide protocols, which have been recognized by all industry players, including governments, as appropriate. Safety protocols include the following:

- Use of additional personal protection equipment
- Reduce the number of workers present on premises to perform critical functions and improvement activities
- Limiting visitors to facilities
- Reworking processes to provide social distancing/enhanced PPE
- Additional cleaning and disinfecting protocols
- Adopting policies to prevent workers from entering the premises if they display symptoms or are suspected to have COVID-19
- COVID-19 Health Assessment Tools and fact sheets have been provided to all employees
- Educating employees on the best preventative steps for communicable diseases, including COVID-19.

Environmental Sustainability



Environmental Sustainability

Martinrea's goal for environmental sustainability is to ensure the responsible use of natural resources and the prevention and reduction of negative environmental impacts like emissions, energy and water consumption, or waste generation, and not to endanger the environment.



The Company is an environmentally responsible company and has corporate strategies and risk management procedures in place to reduce its impact on the environment.

The Company has a global environmental compliance program, which requires that its manufacturing facilities receive, where required, ISO 14001 or functionally equivalent environmental certification. ISO 14001 specifies requirements of an environmental management system and is a systematic approach to handling environmental issues within an organization. The Company monitors its operations to ensure compliance with environmental requirements and standards, and takes action to prevent and correct problems if needed. Third party and internal audits or inspections are conducted at its plants.

The Company has a disaster response and recovery plan in place at each facility to protect the health and safety of the employees and to ensure disruptions to the Company's operations are minimized in the event of an environmental issue. The Company's customers are becoming increasingly focused on supply chain sustainability in manufacturing, which could impact future sourcing decisions.

The Company is subject to environmental regulation by the federal, provincial and municipal authorities in Canada, the United States, Mexico, Slovakia, Germany, Spain, Brazil, South Africa and China. The Company's operations involve the use of equipment and products which are subject to regulatory guidelines and must be controlled in accordance with applicable standards. The Company's operations also produce various wastes, which must be handled, stored, transported and disposed of in accordance with applicable environmental laws and regulations. To date, the Company's record in complying with environmental laws and regulations is good and any environmental costs have not had a meaningful adverse effect on the Company.



Climate Change

Climate change can be described as the alteration of long-term weather patterns and increasing frequency of extreme weather events.

Environmental laws, regulations and permits, and the enforcement thereof, change frequently and have tended to become more stringent over time. In particular, more rigorous greenhouse gas (GHG) emission requirements are in various stages of development. In addition to legislation, climate change has resulted in trends which present opportunities and challenges for the automotive industry. The Company strives to realize on the opportunities and address these risks in numerous ways, including with sustainability-focused innovation, minimizing the impact of operations, including through lean manufacturing principles, which also indirectly results in CO₂ reductions. The Company's operations are not major GHG emitters.



Lightweight Structures and Propulsion Systems Strategy

Changes in environmental regulation have presented an opportunity for the Company as a manufacturer of Lightweight Structures and Propulsion Products and Systems, which are in demand from its customers to meet their regulatory requirements and consumer demand for goods that have less of an impact on the environment. No matter what propels the vehicle, the Company will be able to manufacture the lightweight structures or to provide products or systems to propel the vehicle. The Company develops technologies that help its customers produce vehicles which meet or exceed consumer expectations regarding fuel consumption and GHG emissions, for example through:

- use of advanced and lightweight materials;
- components and systems with reduced mass, through use of advanced/lightweight materials, innovative multi-material joining processes and reduced number of parts; and
- solutions to help optimize internal combustion engines.



Reducing CO₂ Footprint through Lean Manufacturing

The Company uses lean manufacturing principles in its operations, which has a positive effect of reducing the Company's environmental impact as it results in a reduction of materials, equipment, CO₂ emissions, energy use and waste in its operations.

The Company strives to improve the efficiency of its manufacturing operations, including through energy, water and waste reduction efforts.



Reporting

Martinrea provides sustainability reporting directly to customers where required by its customers.

The Company also supports its customers, where required, with Conflict Minerals reporting to help ensure that conflict minerals such as gold, tantalum, tungsten and tin, which are sourced from mines under the control of armed groups in the Democratic Republic of Congo and certain neighbouring countries, are not used in automotive parts and assemblies.



Hazardous Waste and Industrial Emissions

The Company operates a number of manufacturing facilities using environmentally-sensitive processes and hazardous materials. The Company believes all of these operations meet, in all material respects, applicable governmental standards for waste handling and emissions. Some of its facilities have in the past and may in the future receive a notice of violation or similar communication from local regulators during routine reviews. The Company has in the past and will continue in the future to address any such notices promptly.



Energy Efficiency, Water and Waste Reduction

The Company aims to achieve efficiencies in and minimize waste from its manufacturing operations and has activities in place at various divisions to increase energy efficiency, reduce water consumption (including through recycling efforts where applicable) and reduce waste generation.

Waste reduction and scrap elimination are important considerations in our manufacturing activities. In many areas the Company manufactures its own racking and storage systems that are reusable.

Supply Chain Responsibility

Suppliers to Martinrea are considered valuable business partners. Suppliers help the Company meet and exceed the expectations of Martinrea's customers. Suppliers help to keep the Company competitive through world class manufacturing and cutting edge innovations. Through a rigorous supplier selection process, Martinrea strives to ensure the Company's culture and values cascade to the supply base.



Martinrea evaluates suppliers for the following policies and procedures using Martinrea Supplier Quality Guidelines and Supplier Assessments:

- Product Safety and Quality Assurance
- Social Responsibility

- Respect for Basic Human Rights and Working Conditions and the promotion of Health and Safety in the workplace
- Environmental Sustainability
 - Energy reduction programs, water purification programs, use of renewable resources
 - Suppliers are encouraged to become ISO 14001 certified
 - Recyclability and End of Vehicle programs: IMDS / ELV
- Code of Conduct and Ethics
 - Anti-Trust and Competition
 - Anti-Corruption and Anti-Bribery
 - Compliance with Laws and Regulations
- Promotion of Diversity and Inclusion within their operation and their supply base
 - Joining Supply Chain Security programs such as CTPAT, PIP, FAST

Supplier Diversity

To Martinrea, our vision of “Making people’s lives better . . .” includes supporting diverse owned businesses in the communities in which we operate. As such, Martinrea’s Supplier Diversity program has expanded to include purchases in excess of \$200 million annually from over 150 diverse companies. In addition, we are corporate members of several industry-recognized supplier diversity organizations, and sponsor a variety of supplier diversity events, conferences, and procurement fairs. We are proud to have received awards for our supplier diversity efforts from many of our customers over the years.

Making People’s Lives Better

Martinrea’s vision and culture is based on making people’s lives better. In the context of sustainability and working with communities, core to Martinrea’s mission is to be a positive contributor, both globally and by supporting the communities in which Martinrea operates with involvement in local clubs, events and charities. Making lives better in communities has been a foundational belief of the Company from the beginning and is directly reflected in the Company’s Vision, Mission, Principles, as well as in the Company’s culture.



Making People’s Lives Better

Martinrea rebranded and unified its charitable initiatives in 2018 under a global charitable giving program called “Making People’s Lives Better.” The Company’s charitable goals include sponsoring tangible projects inside a charity, impacting people’s lives and making lives better (both in the communities in which we work and support and those in need anywhere in the world), providing donations for sponsored projects, and encouraging one another to volunteer our devoted time to those in need. Martinrea also leverages the app-based technology of Givesome to encourage employees to give to their communities and make it easier for them to track their donations and volunteer time. The employees are able to directly see the impact they make through videos provided by the charities after certain goals are met.

With the COVID-19 pandemic, Martinrea, as well as many other automotive companies, immediately became involved in a number of initiatives to fight the disease. Its industrial operations became heavily engaged in making parts for ventilators, and the Company became a key supplier of ventilator stands on the GM/Ventec ventilator project, as well as other ventilator initiatives. Martinrea Spain produced face shields and aerosol boxes for hospitals and local law enforcement. Martinrea Vaughan developed a production line to produce face masks for all its employees globally, with excess capacity to be utilized for employee family members and to support food banks, public health workers and other worthy recipients.

FORWARD-LOOKING INFORMATION

Special Note Regarding Forward-Looking Statements

This report contains forward-looking statements within the meaning of applicable Canadian securities laws. The words “continue”, “expect”, “anticipate”, “estimate”, “may”, “will”, “should”, “views”, “intend”, “believe”, “plan”, “outlook” and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate in the circumstances, such as expected sales and industry production estimates, current foreign exchange rates (FX), timing of product launches and operational improvements during the period and current Board approved budgets. Many factors could cause the Company’s actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, including the industry trends and risk factors (including those relating to Covid-19) outlined in the Company’s Annual Information Form, Management Discussion and Analysis, and other public filings which can be found at www.sedar.com.

These factors should be considered carefully, and readers should not place undue reliance on the Company’s forward-looking statements. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

The common shares of Martinrea trade on The Toronto Stock Exchange under the symbol “MRE.”



3210 Langstaff Road, Vaughan
Ontario, Canada L4K 5B2
www.martinrea.com