



## **TESMA INTERNATIONAL INC.**

### **CODE OF CONDUCT AND ETHICS**

This Code of Conduct and Ethics (this “Code”) sets forth the basic principles we are committed to with respect to our dealings with all of our stakeholders, and also acts as a guide to assist our employees in meeting the ethical standards reflected in this Code.

As a statement of the basic principles we are committed to with respect to our stakeholders, this Code complements our Corporate Constitution which forms a part of our Articles (charter documents), our Employees’ Charter of Rights and a number of our corporate policies, including those dealing with insider trading, environmental, health and safety responsibility, and the policies set out in our Employee Handbooks, all as amended from time to time.

As a guide to assist our employees, this Code cannot address every situation that may arise. Where an employee is in doubt about how to act in any situation, he or she should first consider whether his or her action is or would be legal, ethical, honest and fair. It may be helpful for an employee to consider whether he or she would be unwilling or embarrassed to discuss a possible course of action with a friend, family member or co-worker; if so, there is a strong chance that the course of action may violate this Code. If still unsure, an employee can discuss the matter with a supervisor as contemplated by our Open Door policy or call the Employee Hotline on an anonymous basis. Employees will not be penalized, discharged, demoted, suspended or discriminated against for enquiring, in good faith, about actions which may violate this Code.

This Code applies to all of our employees, including all of our officers, and to our directors. Failure to abide by this Code will lead to disciplinary action, proportionate to the breach. In the case of a serious breach, an employee may be dismissed for just cause. Our consultants, independent contractors, agents and other representatives will also be required to meet the same ethical standards as our employees, and will face the same types of consequences, up to and including termination of any consulting contract, agency or representative relationship with us.

Waivers of this Code may from time to time be granted in limited circumstances to our directors, officers and employees. Any director or officer who requires such a waiver must seek it in writing from our Corporate Governance and Compensation Committee and any such waivers granted will be publicly disclosed in accordance with applicable law, rules and regulations. Any employee that is not a director or officer and who requires a waiver of this Code may seek such a waiver in writing from our Chief Executive Officer, our President, our Chief Financial Officer, our General Counsel or our Corporate Secretary.

From time to time, an employee may become aware of a violation of this Code by others in the Tesma family of companies. Any violations of this Code should be reported through our Employee Hotline, the “FYI” Line or other “whistleblowing” mechanism which we have established, or directly to our Audit Committee. In any such case, an employee may do so anonymously. We will ensure that an employee will not be penalized, discharged, demoted, suspended or discriminated against for reporting, in good faith, any violation of this Code.

We have developed a strong reputation for producing a “better product at a better price” and providing innovative solutions to our customers, delivering consistent financial returns to our shareholders, treating our employees with fairness and respect, and demonstrating our commitment to all our stakeholders. The success we have achieved has been based on the dedication and hard work of all of our employees, the entrepreneurial spirit of our operations managers and the leadership of our management. Our reputation and our success could not have been possible without our commitment to a corporate culture which is based upon fairness, integrity, honesty and a concern for people. We believe this Code will help strengthen these principles and allow us to continue to build on our past successes in the future.

### ***Corporate Constitution***

We have adopted and are committed to complying with our Corporate Constitution, which forms part of our Articles (charter documents). Our Corporate Constitution defines certain rights of our key stakeholders and imposes discipline on our management. The principles contained in our Corporate Constitution relate to:

- employee equity and profit participation;
- shareholder profit participation;
- management profit participation;
- research and development;
- social responsibility;
- minimum profit performance;
- a limitation on unrelated investments; and
- a majority of non-management members on our board of directors.

A complete description of our Corporate Constitution can be found on our website.

### ***Employment Practices***

We are committed to an operating philosophy which is based on fairness and a concern for people. This philosophy is part of our Fair Enterprise culture in which employees and management share in the responsibility to ensure our success. This philosophy is contained in our Employees' Charter of Rights which reflects the following principles:

- job security;
- a safe and healthful workplace;
- fair treatment;
- competitive wages and benefits;
- employee equity and profit participation;
- communication and information;
- an Employee Hotline; and
- an Employee Relations Advisory Board.

The complete text of our Employee's Charter of Rights can be found on our website.

### ***Protection of Personal Information***

We are also committed to protecting personal information relating to our employees and other stakeholders. Such information will only be collected, used and disclosed for legitimate business purposes and in administering the working relationship, such as administering employee wages and benefits, for discipline purposes or as otherwise required or permitted by applicable law. We will comply with all applicable privacy and

data protection legislation in force from time to time. Further information regarding our employee data protection practices is set out in our Policy on Personal Information, which can be found in our Employee Handbooks and on our website.

### ***Respect for Human Rights***

We will strive towards providing our employees with a workplace free from discrimination or harassment. In particular, we believe that all our employees should enjoy equal employment opportunities, without regard to their sex, race, ethnic background, religion, disability or any other personal characteristic protected by law. We will comply with applicable human rights legislation in force from time to time within those jurisdictions where we do business.

Our employees will not discriminate against or harass any fellow employees, or any other persons with whom they come in contact with in the course of their employment, on the basis of sex, race, ethnic background, religion, disability or any other personal characteristic protected by law.

### ***Compliance with Law***

We believe in complying with both the letter and the spirit of applicable laws, rules and regulations in the jurisdictions in which we conduct business. Our employees will not engage in unfair or illegal trade practices or violate the laws of the jurisdictions in which we conduct business.

### ***Conducting Business With Integrity, Fairness and Respect***

We firmly believe in conducting business with integrity, honesty and fairness, in all countries where we compete. Our employees will respect and act in a manner sensitive to the cultures and customs of the countries in which we operate, as well as the communities and environment where we conduct business.

### ***Fair Dealing***

We will seek to secure business from customers on the basis of having a “better product for a better price”.

Our employees will not, directly or indirectly, offer bribes, kickbacks or other similar payments, nor promise any other improper benefit, for the purpose of influencing any customer, supplier, public official or any other person, nor will they, directly or indirectly, accept bribes, kickbacks or any other improper benefit which could influence or appear to influence them in the performance of their duties, provided that any payments which are permissible under applicable law are not prohibited under this Code. Reasonable business entertainment and gifts or favours of nominal value or those which are appropriate in the circumstances will not be considered a breach of our commitment to fair dealing, as long as such entertainment, gifts or favours are consistent with business practice, not intended as an inducement, not contrary to applicable law and will not embarrass us or our employees if disclosed publicly.

### ***Financial Reporting***

We will maintain financial, accounting and business records that fully and accurately reflect all the transactions and businesses in which we engage, in accordance with applicable accounting principles, policies and practices.

No employee or anyone acting on the instruction of any employee will take any action to violate our financial reporting policies or circumvent our system of internal controls. Our employees will carry out transactions in accordance with the direction provided by our management and our board of directors.

### ***Conduct of Senior Financial Officers***

We expect our principal executive officer, principal financial officer, principal accounting officer or controller, and any persons performing similar functions, to engage in honest and ethical conduct, including by meeting the standards established for all of our employees in this Code. These senior officers should promptly disclose to our Audit Committee any breaches by them of this Code, particularly the existence of any transaction or relationship which could give rise to a conflict of interest.

### ***Improper Securities Trading***

We have adopted, will continue to maintain and will strictly enforce a policy restricting our directors, officers and other “insiders” from purchasing or selling our Class A Subordinate Voting Shares, Class B Shares, or other public securities, for specified periods of time prior to the release of our financial results and/or when such persons have knowledge of any material non-public information with respect to our business. In addition, these insiders are prohibited from engaging in certain other activities that could enable them to improperly profit from changes in our share price, including through the purchase of “put” or “call” options, “short sales”, “late trading” and “market timing”. The full text of our Insider Trading Policy can be found on our website.

Our employees recognize that it is illegal under applicable securities laws to purchase or sell our Class A Subordinate Voting Shares, Class B Shares or other public securities based on material non-public information. None of our employees will engage in illegal trades of our securities. Furthermore, our employees will not improperly disclose any material non-public information to any third party. All of our directors, officers and other “insiders” will comply with the terms of our Insider Trading Policy.

### ***Public Disclosure of Material Information***

As a public company, we are required to:

- make timely and accurate disclosure of material information to the public; and
- avoid selective disclosure of material non-public information.

We are committed to strictly observing all applicable legal requirements relating to the disclosure of material information. We have adopted and will strictly enforce our Corporate Disclosure Policy governing all disclosures of material non-public information. The full text of our Corporate Disclosure Policy can be found on our website.

Some of our employees are party to material information on a regular basis. Each such employee acknowledges that applicable securities law requires the timely public disclosure of material information relating to our business, operations and financial condition. Each employee who is responsible for public disclosures agrees to comply with applicable securities law and our Corporate Disclosure Policy in providing full, true and plain disclosure of all material information relating to our business, operations and financial condition.

### ***Compliance with Antitrust and Competition Laws***

We will comply with the applicable antitrust and competition laws in the jurisdictions in which we compete. Accordingly, we will not collude in any way with any competitor to:

- fix prices, discounts or terms of sale; or
- divide markets, market share, customers or territories.

To prevent the appearance of any collusion with our competitors, our employees will not discuss with competitors our prices, discounts, terms of sale, markets, market share or customers, except where such information already exists in the public domain.

## ***The Environment and Occupational Health and Safety***

We are committed to environmental responsibility and occupational health and safety. Accordingly, we have adopted and will strictly observe our Environmental, Health and Safety Policy which requires us to, among other things, comply with or exceed applicable environmental and occupational health and safety laws. The full text of our Environmental, Health and Safety Policy can be found on our website, and specific guidelines regarding the promotion of workplace health and safety, as well as protecting the environment, are set out in our Employee Handbooks.

### ***Avoidance of Conflicts of Interest***

We expect our employees to honor their duty of good faith and fidelity, and to perform their duties in a manner which seeks to ensure our best interests ahead of their own interests. We further expect that none of our employees will:

- take advantage of any business opportunity discovered through his or her position or through the use of our property or information;
- use their position or our property or information for personal gain;
- compete with us; or
- take any steps which involves or create the appearance of a conflict of interest.

### ***Use of Confidential Information***

We expect our employees to treat as confidential all trade secrets and proprietary information relating to us and our customers and suppliers. We also expect that our employees will prevent the misuse or improper disclosure of confidential information, both themselves and by other employees.

### ***Corporate Policies***

In addition to the corporate policies referred to in this Code, we maintain a variety of policies, procedures and guidelines from time to time governing various matters, and we expect our employees to abide by them.

### **Resources for Employees**

*Tesma Website:* [www.tesma.com](http://www.tesma.com)

*Employee Hotline:* 1-800-263-1691

*FYI Line:* To Be Announced

*Tesma Chairman and Chief Executive Officer:* Manfred Gingl  
Telephone (905) 417-2150; Fax: (905) 417-2106; email: [fred.gingl@tesma.com](mailto:fred.gingl@tesma.com)

*Tesma President and Chief Financial Officer:* Anthony E. Dobranowski  
Telephone (905) 417-2155; Fax: (905) 417-2122; email: [tony.dobranowski@tesma.com](mailto:tony.dobranowski@tesma.com)

*Tesma Vice President, Secretary and General Counsel:* Stefan T. Proniuk  
Telephone: (905) 417-2161; Fax: (905) 417-2103; email: [steve.proniuk@tesma.com](mailto:steve.proniuk@tesma.com)

*Chairman, Tesma Corporate Governance and Compensation Committee:* Vincent J. Galifi  
Telephone: (905) 726-7100; Fax: (905) 7267595; email: [vincw\\_galifi@magna.on.ca](mailto:vincw_galifi@magna.on.ca)

*Chairman, Tesma Audit Committee:* Judson D. Whiteside  
Telephone: (905) 415-6701; Fax: (905) 415-6720; email: [jwhitesi@millerthomson.ca](mailto:jwhitesi@millerthomson.ca)