

MAGNA INTERNATIONAL INC
Form 6-K
March 29, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

**Report of Foreign Private Issuer Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934**

For the month of March 2018

Commission File Number 001-11444

MAGNA INTERNATIONAL INC.

(Exact Name of Registrant as specified in its Charter)

337 Magna Drive, Aurora, Ontario, Canada L4G 7K1

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

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Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether the registrant, by furnishing the information contained in this Form, is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MAGNA INTERNATIONAL INC.
(Registrant)

Date: March 28, 2018

By: */s/ Bassem Shakeel*
Bassem A. Shakeel,
Vice-President and Corporate Secretary

2

EXHIBITS

Exhibit 99.1	Board of Directors Charter approved March 27, 2018.
Exhibit 99.2	Audit Committee Charter approved March 27, 2018.
Exhibit 99.3	Corporate Governance, Compensation and Nominating Committee Charter approved March 27, 2018.
Exhibit 99.4	Technology Committee Charter approved March 27, 2018.
Exhibit 99.5	Code of Conduct approved March 17, 2016.

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Audit Fees

Audit fees consist of fees billed for professional services rendered for the audit of our consolidated financial statements and review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by Ernst & Young LLP in connection with statutory and regulatory filings, our registration statements and securities offerings.

Audit Related Fees

Audit-related fees are fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under "Audit Fees." For the years ended December 31, 2015 and December 31, 2014, audit-related fees are primarily related to audit related consultations, compliance audits and agreed-upon procedures audits.

Tax Fees

Tax fees consist of fees billed for professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal, state and tax compliance, customs and duties, mergers and acquisitions and tax planning.

All Other Fees

All other fees consist of fees for products and services other than the services reported above.

The audit committee, or the chairperson of the audit committee to whom such authority was delegated by the audit committee, must pre-approve all services provided by the independent registered public accounting firm. Any such pre-approval by the chairperson must be presented to the audit committee at its next regular quarterly meeting. The audit committee has also adopted policies and procedures for pre-approving certain non-prohibited work performed by our independent registered public accounting firm. Specifically, the committee has pre-approved the use of Ernst & Young LLP for specific types of services within the following categories: audit, audit-related, tax and other. In each case, the committee has also set a specific annual limit, which can be updated, on the amount of such services which we may obtain from our independent registered public accounting firm. The audit committee does not delegate its responsibilities to pre-approve services performed by the independent registered public accounting firm to management.

The affirmative vote of at least a majority of the votes cast at the Annual Meeting is required for the approval of this proposal to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016. In the absence of instructions to the contrary, it is the intention of the persons named as proxies to vote such proxy **FOR** this proposal.

The Board, based on the approval and recommendation of the audit committee, recommends a vote FOR this proposal to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016.

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Notwithstanding anything to the contrary set forth in any of the Company's previous filings under the Securities Act of 1933, as amended (the "Securities Act"), or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that might incorporate future filings, including this proxy statement, in whole or in part, the following Report of the Audit Committee shall not be deemed to be "soliciting material" or to be "filed" with the Securities and Exchange Commission (the "SEC"), nor shall such information be incorporated by reference into any such filings under the Securities Act or the Exchange Act.

REPORT OF THE AUDIT COMMITTEE

The role of the audit committee (the "Audit Committee") of the board of directors (the "Board") of Ares Commercial Real Estate Corporation (the "Company") is to assist the Board in its oversight of: (1) the integrity of the Company's financial statements; (2) the Company's compliance with legal and regulatory requirements; (3) the qualifications and independence of any independent registered public accounting firm engaged by the Company; and (4) the performance of the Company's internal audit function and any independent registered public accounting firm. However, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate, fairly present the information shown or are in accordance with generally accepted accounting principles ("GAAP") and applicable rules and regulations. Nor is it the duty of the Audit Committee to conduct investigations or to assure compliance with any law, regulation or rule of the New York Stock Exchange ("NYSE"), or the Company's Corporate Governance Guidelines or Code of Business Conduct and Ethics. These are the responsibilities of management and the independent registered public accounting firm. Instead, the Audit Committee shall oversee the Company's accounting and financial reporting processes and the audits of the Company's financial statements.

The independent accountants are responsible for performing an independent audit of the Company's financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and expressing an opinion as to the conformity of such financial statements with GAAP.

The directors that serve on the Audit Committee have reviewed and discussed the Company's audited financial statements with management and with Ernst & Young LLP, the Company's independent registered public accounting firm for the fiscal year ended December 31, 2015. The Audit Committee has discussed with Ernst & Young LLP the matters required to be discussed by Auditing Standard No. 16, *Communications with Audit Committees*, as currently in effect (which superseded Statement on Auditing Standards No. 61), as adopted by the Public Company Accounting Oversight Board for audits of fiscal years beginning on or after December 15, 2012. The Audit Committee has received from Ernst & Young LLP the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board Rule 3526, *Communication with Audit Committees Concerning Independence*, regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm its independence.

The Board has determined that each member of the Audit Committee is independent for purposes of the NYSE Listed Company Manual. The Board has also determined that each member of the Audit Committee is financially literate as required by the NYSE Listed Company Manual, and that William L. Browning has the accounting or related financial management expertise required by the NYSE Listed Company Manual, and is an "audit committee financial expert" within the meaning of the rules and regulations of the Securities and Exchange Commission (the "SEC").

Based on the review and discussions referred to above, the Audit Committee has recommended to the Board that the audited consolidated financial statements for the fiscal year ended December 31, 2015 be included in the Company's Annual Report on Form 10-K for such year for filing with the SEC.

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In addition, the Audit Committee has approved, and recommended to the Board that it approve, Ernst & Young LLP to serve as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2016 and that the selection of Ernst & Young LLP be submitted to the Company's stockholders for ratification.

The Audit Committee

William L. Browning (Chairperson)

Caroline E. Blakely

John Hope Bryant

13

PROPOSAL 3: APPROVAL, ON A NON-BINDING, ADVISORY BASIS, OF THE RESOLUTION TO APPROVE THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS

As required by Section 14A of the Exchange Act, and in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the Board is providing our stockholders with the opportunity to vote to approve, on a non-binding, advisory basis, the resolution to approve the compensation of our named executive officers as disclosed in accordance with SEC rules in this proxy statement. This proposal is commonly known as a "say-on-pay" proposal. At the 2013 annual meeting of stockholders, we asked our stockholders to indicate if we should hold an advisory vote on the compensation of our named executive officers every one, two or three years. Because at such 2013 annual meeting of stockholders our stockholders voted in favor of an advisory vote every three years, we again are asking our stockholders to approve the compensation of our named executive officers as disclosed in this proxy statement in accordance with the SEC's rules. The compensation of our named executive officers as disclosed in this proxy statement includes the disclosure under "Compensation Discussion and Analysis," the compensation tables and other narrative executive compensation disclosure in this Proxy Statement, as required by SEC rules.

We are externally managed and advised by our Manager, a SEC registered investment adviser, pursuant to the terms of the management agreement between us and our Manager, dated April 25, 2012, as amended, (the "Management Agreement"). We rely on our Manager to provide us with investment advisory services. Our named executive officers as described in this Proxy Statement are employees of our Manager or one of its affiliates and do not receive cash compensation from us for serving as our executive officers. We do not reimburse our Manager for the salaries and other compensation of its personnel, except for the allocable share of the salaries and other compensation of (a) our Chief Financial Officer, based on the percentage of his time spent on the Company's affairs and (b) other corporate finance, tax, accounting, internal audit, legal, risk management, operations, compliance and other non-investment professional personnel of our Manager or its affiliates who spend all or a portion of their time managing our affairs based on the percentage of their time spent on the Company's affairs. However, we do not determine the compensation payable by our Manager to Mr. Yoon, our Chief Financial Officer, or the other personnel described above. The amounts payable to our Manager pursuant to the Management Agreement that relate to reimbursement of our Manager for the compensation paid by it to our named executive officers are described in more detail under "Compensation Discussion and Analysis" below.

In addition, our Manager and its personnel who support our Manager in providing services to us under the Management Agreement are eligible to receive grants of incentive compensation under our 2012 Equity Incentive Plan. Our named executive officers are also eligible to receive such grants. Please refer to "Compensation Discussion and Analysis" below for a description of grants made under our 2012 Equity Incentive Plan.

Accordingly, the following non-binding, advisory resolution will be presented to our stockholders at the Annual Meeting:

RESOLVED, that the stockholders of the Company approve, on a non-binding, advisory basis, the compensation payable to the Company's named executive officers, as disclosed in the Company's Proxy Statement for the Company's 2016 Annual Meeting of Stockholders pursuant to Securities and Exchange Commission rules, including the disclosure under "Compensation Discussion and Analysis," the compensation tables and other narrative executive compensation disclosure in the Company's Proxy Statement for the Company's 2016 Annual Meeting of Stockholders.

Although this proposal is advisory and non-binding, the Board and the compensation committee value the opinion of our stockholders and will consider the voting results when making future decisions regarding the compensation of our named executive officers.

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The affirmative vote of at least a majority of the votes cast at the Annual Meeting is required for the approval, on a non-binding, advisory basis, of the resolution to approve the compensation of the Company's named executive officers. The persons named in the accompanying proxy intend to vote proxies received by them in favor of this proposal unless a choice of "Against" or "Abstain" is specified. Abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote, although they will be considered present for determining the presence of a quorum.

The Board recommends a vote FOR the approval, on a non-binding, advisory basis, of the resolution to approve the compensation of our named executive officers as disclosed in this Proxy Statement pursuant to Securities and Exchange Commission rules, including the disclosure under "Compensation Discussion and Analysis," the compensation tables and other narrative executive compensation disclosure in this Proxy Statement.

CORPORATE GOVERNANCE BOARD OF DIRECTORS AND COMMITTEES

Board Leadership Structure

Our business is managed by our Manager, subject to the supervision and oversight of the Board. A majority of the Board is "independent," as determined by the requirements of the NYSE corporate governance listing requirements and the rules and regulations of the SEC. Our Board has the responsibility for establishing broad corporate policies and for our overall performance and direction, but is not involved in our day-to-day operations. Our directors keep informed about our business by attending meetings of the Board and its committees and through supplemental reports and communications with our Manager and our executive officers. Our non-management directors meet regularly in an executive session without the presence of our officers or management directors to review, among other matters, the performance of our Co-Chief Executive Officers and senior management. In addition, our non-management directors will meet in executive session at other times at the request of any non-management director. Our independent directors also meet in executive session at least once a year. In accordance with the Bylaws and the Corporate Governance Guidelines, the chairperson of the nominating and governance committee currently presides at meetings of the independent directors or non-management directors.

The Board monitors and performs an oversight role with respect to our business and affairs, including with respect to investment practices and performance, compliance with regulatory requirements and the services, expenses and performance of certain of our service providers. Among other things, the Board approves the appointment of our officers and either directly or by delegation to the audit committee or compensation committee reviews and monitors the services and activities performed by our Manager and our officers.

Under the Bylaws, the Board may designate a chairman to preside over the meetings of the Board and meetings of the stockholders and to perform such other duties as may be assigned to him by the Board. We do not have a fixed policy as to whether the chairman of the Board should be an independent director and we believe that our flexibility to select our chairman and reorganize our leadership structure from time to time is in the best interests of our Company and our stockholders.

Presently, Mr. Rosen serves as the Chairman of the Board and as our Interim Co-Chief Executive Officer. We believe that Mr. Rosen's history with our Company, familiarity with the Ares platform, including as an inaugural member of Ares Capital Corporation's (NASDAQ: ARCC) board of directors, and depth of experience as a senior executive and director of financial services, healthcare services, real estate and private equity funds in addition to his previously serving as the chairman of two boards of directors qualifies him to serve as the Chairman of the Board. Moreover, we believe that we are best served through our existing leadership structure with Mr. Rosen as Chairman of the Board, as Mr. Rosen's relationship with Ares provides an effective bridge between the Board and our Manager, thus ensuring an open dialogue between the Board and our Manager and that both groups act with a common purpose.

The Board has formed an audit committee, a nominating and governance committee and a compensation committee and has adopted charters for each of these committees which are available on our website at www.arescre.com. Each of the audit committee, compensation committee and the nominating and governance committee currently has three directors, and each is composed exclusively of independent directors, as defined by the NYSE corporate governance listing requirements and the rules of the SEC.

We believe that each board of directors leadership structure must be evaluated on a case by case basis and that our existing Board leadership structure provides sufficient independent oversight over our Manager. In addition, we believe that the current governance structure, when combined with the functioning of the independent director component of the Board and our overall corporate

governance structure, strikes an appropriate balance between strong and consistent leadership and independent oversight of our business and affairs. However, we continually re-examine our corporate governance policies on an ongoing basis to ensure that they continue to meet our needs.

Board Role in Risk Oversight

The Board performs its risk oversight function primarily through the audit committee, which reports to the entire Board and is comprised solely of independent directors. The audit committee, with input from our Manager and our General Counsel, discusses and reviews our guidelines with respect to risk assessment and risk management, including our major financial risk exposures and the steps management has taken to monitor and control such exposures. In addition, the audit committee's risk oversight responsibilities include overseeing (1) the integrity of our financial statements; (2) our compliance with legal and regulatory requirements; (3) the qualifications and independence of any independent registered public accounting firm engaged by us; and (4) the performance of our internal audit function and our independent registered public accounting firm.

In addition, the Board and the audit committee meet regularly with our Manager and consider the feedback our Manager provides concerning the risks related to our enterprise, business, operations and strategies. Our Manager regularly reports to the Board and the audit committee on our investment portfolio and the risks related thereto, asset impairments, leverage position, affiliate payments (including payments made and expenses reimbursed pursuant to the terms of the Management Agreement), compliance with applicable covenants under the agreements governing our indebtedness, compliance with our qualification as a real estate investment trust for U.S. federal income tax purposes, or "REIT," and compliance with our exemption from registration under the Investment Company Act of 1940, as amended. Members of the Board are routinely in contact with our Manager and our executive officers, as appropriate, in connection with their consideration of matters submitted for the approval of the Board or the audit committee and the risks associated with such matters. As described below in more detail under "Nominating and Governance Committee," the nominating and governance committee also assists the Board in fulfilling its risk oversight responsibilities.

We believe that the extent of the Board's (and its committees') role in risk oversight complements the Board's leadership structure because it allows our independent directors, through the three fully independent Board committees, executive sessions with the independent auditors, and otherwise, to exercise oversight of risk without any conflict that might discourage critical review.

We believe that a board of directors' role in risk oversight must be evaluated on a case by case basis and that the Board's role in risk oversight is appropriate. However, we re-examine the manner in which the Board administers its oversight function on an ongoing basis to ensure that it continues to meet our needs.

Number of Meetings of the Board and Attendance in 2015

During 2015, the Board held nine formal meetings, the audit committee held four formal meetings, the nominating and governance committee held two formal meetings and the compensation committee held three formal meetings. Each director then in office attended at least 75% of the meetings of the Board and of the meetings of the committees of the Board on which such director served. We expect each director serving on the Board to regularly attend meetings of the Board and the committees on which such director serves, and to review, prior to meetings, materials distributed in advance for such meetings. A director who is unable to attend a meeting is expected to notify the Chairman of the Board or the chairperson of the appropriate committee in advance of such meeting. We encourage, but do not require, the directors to attend our annual meetings of stockholders. Six directors attended our 2015 annual meeting of stockholders.

Audit Committee

The members of the audit committee throughout 2015 were Ms. Blakely and Messrs. Browning and Diamond. Mr. Bryant served as a member of the audit committee from January 11, 2016 to April 25, 2016. Ms. Blakely and Messrs. Browning and Skinner are the current members of the audit committee, each of whom is independent for purposes of the NYSE corporate governance listing requirements and rules and regulations of the SEC. Mr. Browning currently serves as Chairperson of the audit committee.

The audit committee is responsible for engaging our independent accountants, reviewing with our independent accountants the plan and results of the audit engagement, approving professional services provided by our independent accountants, reviewing the independence of our independent accountants and reviewing the adequacy of our internal accounting controls. In addition, the audit committee is responsible for discussing with management our major financial risk exposures and the steps management has taken to monitor and control such exposures, including our risk assessment and risk management policies. The specific responsibilities of the audit committee are set forth in its written charter, which is available for viewing on our website at www.arescre.com.

The Board has determined that each of Messrs. Browning and Skinner has the accounting or related financial management expertise required by the NYSE Listed Company Manual, and is an "audit committee financial expert" within the meaning of the rules and regulations of the SEC. In addition, the Board has determined that all of the members of the audit committee are financially literate as required by the NYSE Listed Company Manual.

Nominating and Governance Committee

The members of the nominating and governance committee throughout 2015 were Ms. Blakely and Messrs. Bryant and Diamond. Ms. Blakely and Messrs. April and Browning are the current members of the nominating and governance committee, each of whom is independent for purposes of the NYSE corporate governance listing requirements and rules and regulations of the SEC. Ms. Blakely currently serves as Chairperson of the nominating and governance committee.

The nominating and governance committee's responsibilities include identifying individuals qualified to become Board members (consistent with the criteria approved by the Board) and recommending for selection by the Board the director nominees to stand for election at each annual meeting of our stockholders, recommending to the Board director nominees for each committee of the Board, overseeing the evaluation of the Board and its committees, developing and recommending to the Board a set of corporate governance guidelines and recommending to the Board such other matters of corporate governance as the nominating and governance committee deems appropriate. In addition, the nominating and governance committee reviews the independence of Board members and director nominees and monitors all other activities that could interfere with such individuals' duties to us. The specific responsibilities of the nominating and governance committee are set forth in its written charter, which is available for viewing on our website at www.arescre.com.

In considering possible candidates for election as a director, the nominating and governance committee takes into account, in addition to such other factors as it deems relevant, the desirability of selecting directors who:

are of high character and integrity;

are accomplished in their respective fields, with superior credentials and recognition;

have relevant expertise and experience upon which to be able to offer advice and guidance to management;

have sufficient time available to devote to our affairs;

are able to work with the other members of the Board and contribute to our success;

can represent the long-term interests of our stockholders as a whole; and

are selected such that the Board represents a diverse range of backgrounds and experience.

The nominating and governance committee may consider recommendations for nomination of directors from our stockholders. Nominations made by stockholders must be delivered to or mailed (setting forth the information required by the Bylaws) and received at our principal executive offices not earlier than the 150th day nor later than 5:00 p.m., Eastern Time, on the 120th day prior to the first anniversary of the date on which we first mailed our proxy materials for the previous year's annual meeting of stockholders; provided, however, that if the date of the annual meeting has changed by more than 30 days from the prior year, the nomination must be received not earlier than the 150th day prior to the date of such annual meeting nor later than 5:00 p.m., Eastern Time, on the later of (1) the 120th day prior to the date of such annual meeting or (2) the 10th day following the day on which public announcement of such meeting date is first made.

Compensation Committee

The members of the compensation committee throughout 2015 were Messrs. Browning, Bryant and Diamond. The current members of the compensation committee are Messrs. Browning, Bryant and Skinner, each of whom is independent for purposes of the NYSE corporate governance listing requirements and rules and regulations of the SEC, including the compensation committee requirements of NYSE Rule 303A.05 and Rule 303A.02(a)(ii). Mr. Bryant currently serves as Chairperson of the compensation committee.

The compensation committee is responsible for overseeing plans and programs related to the compensation of our Manager, including reviewing the performance of and compensation payable to the Manager pursuant to the Management Agreement, administering and implementing our 2012 Equity Incentive Plan and preparing reports on or relating to executive compensation required by the rules and regulations of the SEC. The Compensation Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a sub-committee, independent director, or committee comprised of independent directors, to the extent permitted by applicable laws, regulations, and NYSE rules. The specific responsibilities of the compensation committee are set forth in its written charter, which is available for viewing on our website at www.arescre.com.

Communications with the Board of Directors

The Board welcomes communications from our stockholders and other interested parties. Stockholders and other interested parties may send communications to the Board, to the non-management or independent directors as a group or to any particular director, to the following address: c/o Ares Commercial Real Estate Corporation, 245 Park Avenue, 42nd Floor, New York, NY 10167. Stockholders should indicate clearly the director or directors to whom the communication is being sent so that each communication may be forwarded directly to the appropriate director or group of directors. Any such communications may be made anonymously. Unsolicited advertisements, invitations to conferences or promotional materials, in the discretion of our Secretary, are not required, however, to be forwarded to the directors.

Code of Business Conduct and Ethics

The Board has established a Code of Business Conduct and Ethics that applies to our directors, officers and employees. Among other matters, our Code of Business Conduct and Ethics is designed to deter wrongdoing and to promote:

honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

full, fair, accurate, timely and understandable disclosure in our SEC reports and other public communications;

compliance with applicable governmental laws, rules and regulations;

prompt internal reporting of violations of the code to appropriate persons identified in the code; and

accountability for adherence to the code.

Any waiver of the Code of Business Conduct and Ethics for our executive officers or directors may be made only by the Board and will be promptly disclosed as required by law or stock exchange regulations. Waivers to the Code of Business Conduct and Ethics can otherwise be obtained from the audit committee or another committee comprised of independent directors designated by the Board to serve such function. The Code of Business Conduct and Ethics can be accessed via our website at www.arescre.com.

Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines that address significant issues of corporate governance and set forth procedures by which the Board carries out certain of its responsibilities. Among the areas addressed by the Corporate Governance Guidelines are the composition of the Board, roles and standards of conduct of directors, director qualification standards, presiding independent director process, access to management and independent advisors, director compensation, director orientation and continuing education, management succession, the annual performance evaluation and review of the Board and its committees and our director resignation policy. For a description of our director resignation policy, see the section of this proxy statement entitled "Proposal 1: Election of Directors." Our Corporate Governance Guidelines do not prohibit directors from serving simultaneously on multiple companies' boards but require that, if a director serves on four or more public company boards simultaneously, including our Board, a determination is made by our Board as to whether such simultaneous service impairs the ability of such member to effectively serve our Company. In addition, under our audit committee charter, our Board must determine that the simultaneous service of an audit committee member on the audit committees of more than three public companies would not impair such member's ability to effectively serve on our audit committee. The Corporate Governance Guidelines can be accessed via our website at www.arescre.com.

Stock Ownership Guidelines

To align the interests of our directors and stockholders, the Board expects our directors to own significant equity in our Company. Accordingly, we have adopted stock ownership guidelines (the "Stock Ownership Guidelines") requiring each director to achieve an equity ownership level in the Company equal to three times the independent directors' annual cash fees for serving on the Board. Restricted common stock awards, including unvested restricted stock, granted in respect of annual director fees or otherwise are counted toward achieving the Stock Ownership Guidelines.

Directors have a three-year grace period to comply with the Stock Ownership Guidelines, commencing on the date which is the later of the adoption of the Stock Ownership Guidelines and

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upon appointment as a director. In the event of any increase to the directors' annual cash fees, the directors will have a one-year grace period from the time of the increase to acquire any additional equity needed to meet the Stock Ownership Guidelines. If, at the end of the applicable grace period, any director does not achieve the requisite equity ownership level, we will require such director to hold all vested awards of equity, other than awards withheld to pay withholding taxes, until the required ownership level has been satisfied. Additionally, the nominating and governance committee reserves the right to provide exceptions for extenuating personal circumstances on a case-by-case basis.

COMPENSATION OF DIRECTORS

In August 2014, while evaluating our Board compensation program for 2015, the compensation committee engaged FTI Consulting, a nationally recognized compensation consulting firm, to undertake a review of our Board compensation program. In October 2014, FTI Consulting met with the compensation committee to provide recommendations regarding our Board compensation program for 2015. Following a recommendation from the compensation committee, the Board approved an increase in the annual fees payable to our independent and outside directors for service as members of the Board, effective on January 1, 2015, taking into account FTI Consulting's recommendations. As a result of this increase our independent directors received an annual fee of \$120,000, payable 50% in restricted common stock and 50% in cash. The awards of restricted common stock in respect of annual fees, which are granted pursuant to our 2012 Equity Incentive Plan, vest ratably on a quarterly basis over a one-year period. Mr. Rosen, who was an outside director at the time the shares of restricted stock were granted, received an annual fee of approximately \$60,000 payable in restricted stock so that he received a number of shares of restricted common stock equal to that received by the independent directors in respect of their annual fee. The fees paid to the committee chairs and committee members for 2015 remained unchanged from 2014. For 2015, the chairperson of the audit committee received an additional annual fee of \$15,000 in cash, and the chairperson of each of the nominating and governance committee and compensation committee received an additional annual fee of \$5,000 in cash for his additional services in these capacities. In addition, each audit committee member, other than the chairperson, received an additional annual fee of \$10,000 in cash, and each member of the nominating and governance committee and compensation committee (other than the chairperson of such committees) received an additional annual fee of \$2,000 in cash for his or her services in these capacities. Each of our directors is also entitled to reimbursement of reasonable out of pocket expenses incurred in connection with attending each Board meeting and each committee meeting. Each of our directors who were outside directors at the time of joining the Board received an initial grant of 5,000 restricted shares of our common stock in connection with joining the Board.

The Board adopted Stock Ownership Guidelines in connection with the increase to the annual fees payable to our independent and outside directors. See "Corporate Governance Board of Directors and Committees Stock Ownership Guidelines."

The following table shows information regarding the compensation received by our independent and outside directors for the fiscal year ended December 31, 2015.

Name ⁽¹⁾	Fees Earned or Paid in Cash (\$) ⁽²⁾	Restricted Stock Awards (\$) ⁽³⁾	Total (\$)
Caroline E. Blakely	\$ 72,000	\$ 59,748	\$ 131,748
William L. Browning	77,000	59,748	136,748
John Hope Bryant	67,000	59,748	126,748
Michael H. Diamond	77,000	59,748	136,748
Brett White ⁽⁴⁾			

(1) The restricted stock awards granted to Mr. Rosen are reflected in "Executive Compensation Summary Compensation Table" below.

(2) Amounts in this column represent annual Board and committee fees paid to independent directors in 2015.

(3) Amounts in this column represent the aggregate grant date fair value of awards of restricted stock calculated in accordance with FASB ASC Topic 718. The grant date fair values of awards have been determined based on the assumptions and methodologies set forth in Note 10 to our financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2015.

(4) Departed the Board of Directors in January 2015.

EXECUTIVE OFFICERS

Set forth below is biographical information for each of our executive officers as of April 27, 2016. The information set forth below was furnished to us by each executive officer. No executive officer has been selected as an executive officer pursuant to any agreement or understanding with us or any other person. For our President and Co-Chief Executive Officer's, John B. Jardine and our Interim Co-Chief Executive Officer's, Robert L. Rosen, biographical information, please see "Proposal 1: Election of Directors."

Name	Age	Position(s) Held with Company and Length of Time Served
John B. Jardine	63	Director (Class I Director), Co-Chief Executive Officer and President since August 2015)
Robert L. Rosen	69	Chairman of the Board since October 2014 and Director (Class II Director) since April 2012; Interim Co-Chief Executive Officer since August 2015
Michael D. Weiner	63	Vice President since September 2011 and General Counsel since March 2012
Tae-Sik Yoon	48	Chief Financial Officer since July 2012 and Treasurer since June 2015

Michael D. Weiner was appointed as our General Counsel in March 2012 and has been serving as our Vice President since September 2011. Mr. Weiner is Executive Vice President and Chief Legal Officer of Ares Management GP LLC, Ares' general partner, Partner and General Counsel in the Ares Legal Group and a member of the Management Committee of Ares Management. Mr. Weiner joined Ares Management in September 2006 and is a member of its Management Committee. He may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. Mr. Weiner has been an officer of Ares Capital Corporation (NASDAQ: ARCC) since 2006, including General Counsel from September 2006 to January 2010, and also serves as Vice President and Assistant Secretary of Ares Dynamic Credit Allocation Fund, Inc. and Ares Multi-Strategy Credit Fund, Inc. Previously, Mr. Weiner served as General Counsel to Apollo Management L.P. and had been an officer of the corporate general partner of Apollo since 1992. Prior to joining Apollo, Mr. Weiner was a partner in the law firm of Morgan, Lewis & Bockius specializing in corporate and alternative financing transactions, securities law, as well as general partnership, corporate and regulatory matters. Mr. Weiner has served from time to time on the boards of directors of several corporations. Mr. Weiner also serves on the Board of Governors of Cedars-Sinai Medical Center in Los Angeles. Mr. Weiner graduated with a B.S. in Business and Finance from the University of California at Berkeley and a J.D. from the University of Santa Clara.

Tae-Sik Yoon is our Chief Financial Officer and Treasurer and also serves on our Manager's Investment Committee. Mr. Yoon has more than 20 years of commercial real estate finance, investment banking and legal experience with private and public companies. Mr. Yoon also serves as Partner and Chief Financial Officer of Ares Real Estate Group and is on the Ares Real Estate Group's U.S. Equity, Europe Equity, and Real Estate Debt Investment Committees. Prior to joining Ares Management in July 2012, Mr. Yoon served as Senior Vice President of Akridge, a privately held commercial real estate investment and services company, where he was responsible for its capital markets activities since 2010, including the development of funds, joint ventures and capital relationships. From 1999 to 2009, Mr. Yoon held various positions at J.E. Robert Companies, Inc. and its affiliates, including as Managing Director from 2003 to 2005 and Chief Financial Officer from 2005 to 2009, and was involved in the formation and management of several real estate private equity funds, a public commercial mortgage REIT (JER Investors Trust Inc.) and the firm's operating platforms in the U.S. and abroad. Mr. Yoon also served in the real estate investment banking group at Morgan Stanley & Co. from 1989 to 1991, and again from 1997 to 1999, and was an attorney at the law firm of Williams & Connolly LLP from 1994 to 1997. He is a graduate of Johns Hopkins University and Harvard Law School.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview

We are externally managed and advised by our Manager pursuant to the Management Agreement. For details regarding payments under the Management Agreement, see "Certain Relationships and Related Transactions Management Agreement."

Each of our officers is an employee of our Manager or one of its affiliates. We rely completely on our Manager to provide us with investment advisory services and our Manager manages our day to day operations (other than the operations of our subsidiary, ACRE Capital LLC, which has employees that provide certain services in connection with our mortgage banking business). As highlighted in the table below, we do not provide cash compensation to any of our named executive officers or other officers or employees (other than compensation provided by ACRE Capital LLC to certain of its employees (none of which are named executive officers)).

Instead, we pay our Manager a base management fee and reimburse our Manager for our allocable share of the salaries and other compensation paid by the Manager or its affiliates to our (a) Chief Financial Officer, based on the percentage of his time spent on our affairs and (b) other corporate finance, tax, accounting, internal audit, legal, risk management, operations, compliance and other non investment professional personnel of our Manager or its affiliates who spend all or a portion of their time managing our affairs based on the percentage of their time spent on our affairs.

Highlights of our Management Agreement and Compensation Structure

Base Management Fee Our Manager receives a management fee equal to 1.5% of our stockholders' equity, subject to certain adjustments, which is used, in part, to pay the compensation of our Manager's employees, with no specific portion allocated to our executive officers. For 2015, the management fee was approximately \$5.9 million.

Incentive Fee Our Manager is eligible for performance-based fees if our Core Earnings exceed certain thresholds set forth in the Management Agreement with our Manager. For 2015, no incentive fees were earned.

Role of our Executive Officers All of our executive officers are employees of our Manager or one of its affiliates and are engaged in additional capacities for our Manager and its affiliates. Our Manager is responsible for the compensation of our executive officers and other employees of our Manager who support the services our Manager provides to us. We do not determine the compensation payable by our Manager to our Chief Executive Officer, Chief Financial Officer or the other personnel described above. See "Compensation of our Executive Officers by Ares Management" below.

Allocation of Fees by our Manager Other than the reimbursed amounts otherwise disclosed herein, our Manager and its affiliates cannot segregate and identify that portion of the compensation awarded to, earned by or paid to each of our executive officers that relates exclusively to their services to us.

Compensation of our Executive Officers by Ares Management

Our Manager is a subsidiary of Ares Management, a publicly traded, leading global alternative asset manager. As of December 31, 2015, Ares Management had approximately 870 employees in over 15 principal and originating offices across the United States, Europe and Asia. Since its inception in

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1997, Ares Management has adhered to a disciplined investment philosophy that focuses on delivering strong risk-adjusted investment returns throughout market cycles.

Ares Management's compensation program is designed to attract, motivate and retain talented professionals who drive its success, including the success of our company. Ares Management's compensation policy has several primary objectives:

Performance-Based Compensation: Establish a clear relationship between performance and compensation;

Alignment: Align the interests of key employees with fund investors and unitholders to maximize value; and

Competitive Pay: Provide competitive incentive opportunities, with an appropriate balance between short-term and long-term incentives.

Ares Management utilizes a variety of compensation components to achieve its objectives, including the following:

Base salaries: Dictated by employee proficiency and experience in their roles. In addition to base salary, Ares Management utilizes a blend of variable and long-term pay vehicles to further incentivize and retain talent and provide an overall compensation package that is competitive with the market.

Performance-based discretionary bonuses: Generally paid annually to employees based on Ares Management's profitability, market analysis and employee performance. Select senior professionals may also receive carried interest or incentive fee participation. Our Manager and its affiliates take into account our performance as a factor in determining the compensation of certain of our executive officers. For example, to the extent that our Manager was to earn the incentive fee under the Management Agreement, certain of our executive officers may be eligible to receive a portion of such incentive fee.

Options and other equity grants: Ares Management's grants equity to incentivize its key employees' continued employment and to align the interests of management with fund investors and unitholders, including options to purchase common units and grants of restricted units.

For more information on the compensation program at Ares Management, please see Part III, Item 11 of their Form 10-K filed with Securities and Exchange Commission on February 29, 2016.

Equity Compensation

Pursuant to our 2012 Equity Incentive Plan, the compensation committee may, from time to time, grant awards consisting of restricted shares of our common stock, restricted stock units and/or other equity-based awards to qualified directors, officers, advisors, consultants and other personnel, including the named executive officers. These equity-based awards create incentives to improve long-term stock price performance and focus on long-term business objectives, create substantial retention incentives for award recipients and enhance our ability to pay compensation based on our overall performance, each of which further align the interests of the awardees with our stockholders. These equity-based awards are generally subject to time-based vesting requirements designed to achieve strong performance for our Company.

The Board has delegated its administrative responsibilities under our 2012 Equity Incentive Plan to the compensation committee. The charter of the compensation committee provides that it shall approve all awards granted under the plan.

Say-on-Pay Vote

At our annual meeting of stockholders during 2013, we provided our stockholders with the opportunity to vote to approve, on a non-binding, advisory basis, the compensation of the named executive officers. A substantial majority of our stockholders (99.8%) that voted on this matter at the annual meeting of stockholders approved the compensation of the named executive officers as described in our proxy statement for our annual meeting of stockholders during 2013. The Board and compensation committee reviewed the results of this non-binding, advisory "say-on-pay" vote and consider the results supportive of our compensation policies and decisions.

Say-on-Frequency Vote

At our annual meeting of stockholders during 2013, our stockholders recommended that we hold a non-binding, advisory stockholder vote on the compensation of the named executive officers every three years. In light of this recommendation from our stockholders, as well as other factors, we will hold a non-binding, advisory vote at the Annual Meeting and expect to next hold a stockholder advisory vote with respect to the compensation of the named executive officers at our annual meeting of stockholders in 2019. We will also hold a non-binding, advisory stockholder advisory vote with respect to the frequency with which we conduct our "say-on-pay" votes no later than our annual meeting of stockholders in 2019.

2016 Compensation Review

In 2016, the compensation committee engaged FTI Consulting, Inc. as its independent compensation consultant. The compensation committee, in consultation with FTI Consulting, is in the process of reviewing a range of options with respect to our compensation program and the methods available to us to further align the interests of our Manager and its personnel who support our Manager in providing services to us under the Management Agreement with those of our stockholders, including by means of granting equity-based awards to enable our Manager and its personnel, including to our executive officers, to participate in value created for our stockholders.

Notwithstanding anything to the contrary set forth in any of the Company's previous filings under the Securities Act or the Exchange Act that might incorporate future filings, including this proxy statement, in whole or in part, the following Compensation Committee Report shall not be deemed to be "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any such filings under the Securities Act or the Exchange Act.

COMPENSATION COMMITTEE REPORT

The compensation committee (the "Compensation Committee") of the board of directors (the "Board") of Ares Commercial Real Estate Corporation (the "Company") is responsible for administering the Company's 2012 Equity Incentive Plan and overseeing the performance of Ares Commercial Real Estate Management LLC (the "Manager") and the management fees and other compensation payable to the Manager pursuant to the Management Agreement between the Company and the Manager dated April 25, 2012, as amended. The directors that serve on the Compensation Committee have reviewed and discussed with management the Compensation Discussion and Analysis included in this proxy statement. Based on that review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

The Compensation Committee
John Hope Bryant (Chairperson)
William L. Browning

Summary Compensation Table

The following table shows the amounts reimbursed to our Manager with respect to the annual compensation received by the named executive officers for the fiscal years ended December 31, 2013, 2014 and 2015 that were allocable to us, except that no disclosure is provided for any named executive officer, other than our principal executive officers and principal financial officer, whose total compensation did not exceed \$100,000. No other executive officers are included as named executive officers in the table below because we did not reimburse our Manager for any amounts in excess of \$100,000 with respect to any compensation received by any other executive officer for the fiscal year ended December 31, 2015. As noted elsewhere herein, the named executive officers do not receive any direct compensation from us. See " Compensation of our Executive Officers by Ares Management" above.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) ⁽¹⁾	All Other Compensation (\$)	Total (\$)
John Jardine President and Co-Chief Executive Officer	2015					
Robert L. Rosen ⁽²⁾ Interim Co-Chief Executive Officer	2015			\$ 59,748		\$ 59,748
Tae-Sik Yoon ⁽³⁾ Chief Financial Officer	2015	\$ 289,424	\$ 225,108			\$ 514,532
	2014	\$ 279,077	\$ 264,167			\$ 543,243
	2013	\$ 260,435	\$ 215,281			\$ 475,716
Todd S. Schuster Former Chief Executive Officer ⁽⁴⁾	2015					
	2014					
	2013					

- (1) Amounts in this column represent the aggregate grant date fair value of awards of restricted shares of common stock computed in accordance with FASB Accounting Standards Codification ("ASC") Topic 718. The grant date fair values of awards have been determined based on the assumptions and methodologies set forth in Note 10 to our financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2015.
- (2) Amounts in the columns entitled "Stock Awards" for Mr. Rosen represent restricted shares of common stock with respect to annual Board fees received by Mr. Rosen, which were granted to him when he was an outside director.
- (3) Amounts in the columns entitled "Salary" and "Bonus" for Mr. Yoon represent the allocable share of the compensation, including annual base salary and bonus, which we reimbursed to our Manager.
- (4) Mr. Schuster resigned from the Board of Directors and as Chief Executive Officer in August 2015.

Grants of Plan-Based Awards

The following table summarizes certain information regarding plan-based awards granted during the 2015 fiscal year to our named executive officers.

Name	Grant Date	All Other Stock Awards:	
		Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards (\$) ⁽²⁾
John B. Jardine			
Robert L. Rosen	6/24/2015	5,111 ⁽¹⁾	\$ 59,748
Tae-Sik Yoon			
Todd S. Schuster			

(1) Represents shares of restricted stock granted to Mr. Rosen with respect to annual Board fees, which were granted to him when he was an outside director and which vest ratably on a quarterly basis over a one-year period that began on July 1, 2015, subject to certain conditions set forth in the applicable award agreement.

(2) The amount in this column represents the aggregate grant date fair value of the award granted in 2015 computed in accordance with FASB ASC Topic 718.

2015 Outstanding Equity Awards at Fiscal Year End

The following table summarizes certain information regarding equity-incentive plan awards outstanding as of the end of the 2015 fiscal year to the named executive officers.

Name	Stock Awards	
	Number of Shares of Stock That Have Not Vested (#)	Market Value of Shares of Stock That Have Not Vested (\$) ⁽³⁾
John B. Jardine		
Robert L. Rosen	2,555 ⁽¹⁾	\$ 29,229
Tae-Sik Yoon	4,686 ⁽²⁾	\$ 53,608
Todd S. Schuster		

(1) Represents shares of restricted stock granted to Mr. Rosen with respect to annual Board fees, which were granted to him when he was an outside director and which vest ratably on a quarterly basis over a one-year period that began on July 1, 2015, subject to certain conditions set forth in the applicable award agreement.

(2) Represents shares of restricted stock granted to Mr. Yoon pursuant to our 2012 Equity Incentive Plan, which vest ratably on a quarterly basis over a four-year period that began on October 1, 2012, subject to certain conditions set forth in the applicable award agreement.

(3) Based on the closing price of our common stock on the last business day of the fiscal year ended December 31, 2015 of \$11.44.

2015 Option Exercises and Stock Vested

No stock options have been granted by us to date. The following table summarizes certain information regarding awards of restricted shares of our common stock that vested during the 2015 fiscal year with respect to the named executive officers.

Name	Stock Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) ⁽¹⁾
John Jardine		
Robert L. Rosen	4,857 ⁽¹⁾	\$ 55,978
Tae-Sik Yoon	6,250 ⁽¹⁾	\$ 71,970
Todd S. Schuster		

(1)

The Value Realized on Vesting column reflects the aggregate value realized with respect to all restricted stock awards that vested in fiscal year 2015. The value realized in connection with each vesting of shares of restricted stock is calculated as the number of vested restricted shares multiplied by the closing price of our common stock on the vesting date. The value realized amounts are calculated in accordance with the rules and regulations of the SEC and may not reflect the amounts ultimately realized by the named executive officer.

Pension Benefits

The named executive officers received no benefits in the 2015 fiscal year from us under defined pension or defined contribution plans.

Nonqualified Deferred Compensation

We do not have a nonqualified deferred compensation plan that provides for deferral of compensation on a basis that is not tax-qualified for the named executive officers.

Potential Payments Upon Termination or Change in Control

The named executive officers are employees of our Manager or its affiliates and therefore we generally have no obligation to pay them any form of compensation upon their termination of employment, except with respect to any restricted stock agreement entered into between us and such named executive officer. These agreements provide that any unvested portion of the award shall be immediately and irrevocably forfeited upon a termination of employment. Upon a change in control (as defined in our 2012 Equity Incentive Plan), the compensation committee may make such adjustments as it, in its discretion, determines are necessary or appropriate in light of the change in control, but only if the compensation committee determines that the adjustments do not have a substantial adverse economic impact on the participants (as determined at the time of the adjustments).

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

The following table sets forth certain information as of April 15, 2016, the record date, regarding the ownership of each class of our capital stock by:

each of our directors;

each of the named executive officers;

each person known by us to beneficially hold 5% or more of our common stock; and

all of our directors and executive officers as a group.

In accordance with SEC rules, each listed person's beneficial ownership includes:

all shares the investor actually owns beneficially or of record;

all shares over which the investor has or shares voting or dispositive control (such as in the capacity as a general partner of an investment fund); and

all shares the investor has the right to acquire within 60 days (such as restricted shares of common stock that are currently vested or which are scheduled to vest within 60 days).

Ownership information for those persons who beneficially own 5% or more of the outstanding shares of the Company's common stock is based upon Schedule 13D, Schedule 13G or other filings by such persons with the SEC and other information obtained from such persons.

Unless otherwise indicated, all shares are owned directly, and the indicated person has sole voting and investment power. Except as indicated in the footnotes to the table below, the business address of the stockholders listed below is the address of our principal executive office, 245 Park Avenue, 42nd Floor, New York, NY 10167.

Name and Address	Number of Shares of Common Stock Beneficially Owned ⁽¹⁾	Percentage of Class ⁽²⁾
Directors and Executive Officers		
Michael J. Arougheti	322,776	1.13%
Rand S. April ⁽³⁾		
Caroline E. Blakely	13,333	*
William L. Browning	13,333	*
John Hope Bryant	17,334	*
John B. Jardine		
Robert L. Rosen	46,002	*
James E. Skinner ⁽³⁾		
Michael Weiner ⁽⁴⁾	17,882	*
Tae-Sik Yoon	25,000	*
Todd S. Schuster ⁽⁵⁾	71,610	*
All directors and executive officers as a group (10 persons)	455,660	1.60%
5% or More Beneficial Owners		
RS Investment Management Co. LLC ⁽⁶⁾	2,605,033	9.14%
Antony P. Ressler ⁽⁷⁾	2,319,511	8.14%
Boston Partners ⁽⁸⁾	1,872,369	6.57%
BlackRock, Inc. ⁽⁹⁾	1,747,469	6.13%

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Tokio Marine Holdings, Inc. ⁽¹⁰⁾	1,469,769	5.16%
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*

Represents less than 1% of the shares of common stock outstanding.

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- (1) Includes vested and unvested restricted shares of common stock granted to our directors and Chief Financial Officer pursuant to our 2012 Equity Incentive Plan as of April 15, 2016 as follows:

	Vested Restricted Shares	Unvested Restricted Shares
Caroline E. Blakely	12,082	1,251
William L. Browning	12,082	1,251
John Hope Bryant	18,002	
John Jardine		
Robert L. Rosen ^(a)	18,002	
Tae-Sik Yoon	23,438	1,562
Todd S. Schuster ^(b)	4,110	

- (a) The restricted shares of common stock granted to Mr. Rosen were with respect to annual Board fees during the period when he was an outside director.

- (b) The restricted shares of common stock granted to Mr. Schuster were with respect to annual Board fees during the period when he was an independent director.

- (2) Based on 28,503,778 shares of common stock outstanding on April 15, 2016.

- (3) Each of Messrs. April and Skinner was appointed as a director on April 25, 2016.

- (4) Consists of (1) 11,111 shares of common stock held directly by Mr. Weiner and (2) 6,771 shares of common stock held by the Amended and Restated Weiner Living Trust, dated May 29, 2009, of which Mr. Weiner is the trustee.

- (5) Mr. Schuster resigned from the Board of Directors and as Chief Executive Officer in August 2015. Based entirely on information filed with the SEC in a Form 4 on May 13, 2015, Mr. Schuster's beneficial ownership includes (1) 40,000 shares of common stock held by SBHWD LLC, a limited liability company, of which Mr. Schuster is the managing member, (2) 5,000 shares of common stock held by Mr. Schuster as custodian of an account for the benefit of Mr. Schuster's child under the Uniform Transfers to Minors Act (3) 5,000 shares of common stock held by Mr. Schuster's spouse, and (4) 12,500 shares of common stock held by Lauren B. Schuster 1992 Trust, of which Mr. Schuster's spouse is the trustee and Mr. Schuster and his children are the beneficiaries.

- (6) On its Schedule 13G filed with the SEC on February 12, 2016, RS Investment Management Co. LLC reported sole voting power with respect to 2,602,343 shares of common stock beneficially owned by it and sole dispositive power with respect to 2,605,033 shares of common stock beneficially owned by it. The Schedule 13G reports a beneficial ownership percentage of shares of common stock of 9.11%, which does not include any shares acquired or sold since such percentage was calculated for the purposes of the Schedule 13G. RS Investment Management Co. LLC's address is One Bush Street, Suite 900, San Francisco, CA 94104.

- (7) Includes (1) 811,957 shares of common stock held by Greek Associates, a California general partnership, of which Mr. Ressler is the general partner, and (2) 1,507,554 shares of common stock held by the Ressler/Gertz Family Foundation, of which Mr. Ressler is the trustee. Mr. Ressler is the Co-Founder and Chief Executive Officer of Ares Management. The business address of Mr. Ressler is 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067.

- (8) On its Schedule 13G filed with the SEC on February 11, 2016, Boston Partners reported sole voting power with respect to 1,528,724 shares of common stock and shared voting power with respect to 30,037 shares of common stock beneficially owned by it and sole dispositive power with respect to 1,872,369 shares of common stock beneficially owned by it. The Schedule 13G reports a beneficial ownership percentage of shares of common stock of 6.54%, which does not include any shares acquired or sold since such percentage was calculated for the purposes of the Schedule 13G. Boston Partners' address is One Beacon Street 30th Floor, Boston, MA 02108.

- (9) On its Schedule 13G filed with the SEC on January 25, 2016, BlackRock, Inc. reported sole voting power with respect to 1,718,429 shares of common stock beneficially owned by it and sole dispositive power with respect to 1,747,469 shares of common stock beneficially owned by it. The Schedule 13G reports a beneficial ownership percentage of shares of common stock of 6.1%, which does not include any shares acquired or sold since such percentage was calculated for the purposes of the Schedule 13G. BlackRock, Inc.'s address is 55 East 52nd Street, New York, New York 10022.

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On a Schedule 13G filed with the SEC on February 17, 2015, Tokio Marine Holdings, Inc. ("Marine Holdings") and Tokio Marine & Nichido Fire Insurance Co., Ltd. ("Nichido Fire") reported shared voting and dispositive power with respect to 1,469,769 shares of common stock. Based solely on the Schedule 13G, Marine Holdings is the parent

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company of Nichido Fire and each of the other members of the filing group. Each member of the filing group reported that it had shared voting and dispositive power with respect to the shares of common stock it beneficially owned. The Schedule 13G reports a beneficial ownership percentage of 5.14%, which does not include any shares acquired or sold since such percentage was calculated for the purpose of the Schedule 13G. The address of Marine Holdings and Nichido Fire is Tokio Marine Nichido Building Shinkan, 2-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo, 100-0005, Japan.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Pursuant to Section 16(a) of the Exchange Act our directors and executive officers, and any persons holding 10% or more of our common stock, are required to report their beneficial ownership and any changes therein to the SEC and us. Specific due dates for those reports have been established and we are required to report herein any failure to file such reports by those due dates. Based solely upon a review of Forms 3, 4 and 5 filed by such persons, we believe that each of our directors and executive officers and any persons holding 10% or more of our common stock during the fiscal year ended December 31, 2015 complied with all Section 16(a) filing requirements applicable to them during the relevant period.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We have procedures in place for the review, approval and monitoring of transactions involving us and certain persons related to us. For example, we have a Code of Business Conduct and Ethics and Corporate Governance Guidelines that generally restrict the ability of any of our officers, directors or employees to engage in any transaction where there is a conflict between such individual's personal interest and our interests. In addition, the audit committee is required to review and approve or ratify all related party transactions (as defined in Item 404 of Regulation S-K), unless such transactions are separately approved by a majority of our independent directors. In determining whether to approve or ratify a transaction, the members of the audit committee and our other independent directors will take into account such factors as they deem appropriate. The charter for the audit committee, Code of Business Conduct and Ethics and Corporate Governance Guidelines can be accessed via our website at www.arescre.com.

Management Agreement

We are party to the Management Agreement, pursuant to which our Manager provides for the day-to-day management of our operations. The Management Agreement requires our Manager to manage our business affairs in conformity with the policies and the investment guidelines that may be approved and monitored by the Board. The Management Agreement has a one-year term that expires on May 1, 2016, and will be automatically renewed for successive one-year terms thereafter, unless terminated by either us or our Manager. Our Manager is entitled to receive a termination fee from us under certain circumstances.

We do not reimburse our Manager for the salaries and other compensation of its personnel, except for the allocable share of the salaries and other compensation of our (a) Chief Financial Officer, based on the percentage of his time spent on our affairs and (b) other corporate finance, tax, accounting, internal audit, legal, risk management, operations, compliance and other non-investment professional personnel of our Manager or its affiliates who spend all or a portion of their time managing our affairs based on the percentage of their time spent on our affairs. In addition, we are required to pay our pro rata portion of rent, telephone, utilities, office furniture, equipment, machinery and other office, internal and overhead expenses of our Manager and its affiliates required for our operations.

Pursuant to the terms of the Management Agreement, our Manager is paid a base management fee equal to 1.5% per annum of our stockholders' equity (as defined in our Management Agreement), calculated and payable quarterly in arrears. For the fiscal year ended December 31, 2015, we incurred approximately \$5.9 million in base management fees payable to our Manager pursuant to the Management Agreement. In addition, we reimbursed our Manager for approximately \$3.9 million, which amount represented the portion of the allocable expenses payable by us under the Management Agreement for which our Manager sought reimbursement. Our Manager did not earn any incentive compensation under the Management Agreement for the fiscal year ended December 31, 2015.

Our Manager is a subsidiary of Ares Management, an entity in which certain directors and officers of our Company and members of the Investment Committee of our Manager have ownership and financial interests. Our Manager and Ares Management have agreed that for so long as our Manager is managing us, neither Ares Management nor any of its affiliates will sponsor or manage any other U.S. publicly traded REIT that invests primarily in the same asset classes as us. Ares Management and its affiliates may sponsor or manage another U.S. publicly traded REIT that invests generally in real estate assets but not primarily in our target investments. Other than as described in the immediately preceding sentence, neither Ares Management nor any of our affiliates are otherwise restricted from sponsoring or managing other funds or any other investment vehicles that are managed by Ares Management. In general, investment opportunities are allocated taking into consideration

various factors, including, among others, the relevant investment vehicles' available capital, diversification, their investment objectives or strategies, their risk profiles and their existing or prior positions in an issuer/security, as well as potential conflicts of interest, the nature of the opportunity and market conditions. The investment allocation policy may be amended by Ares Management at any time without our consent.

Credit Support for City National Bank Facility

On July 30, 2014, we entered into a \$75.0 million revolving funding facility (the "CNB Facility") with City National Bank ("City National Bank"). Ares Management LLC, a subsidiary of Ares Management and an affiliate of our Manager, agreed to provide credit support in connection with the CNB Facility and to purchase all loans and other obligations outstanding under the CNB Facility upon (i) an acceleration or certain events of default or (ii) in the event that, among other things, Ares Management LLC's corporate credit rating is downgraded to below investment grade. On July 30, 2014, we entered into a Credit Support Fee Agreement with Ares Management LLC under which we agreed to pay Ares Management LLC a credit support fee in an amount equal to 1.50% per annum times the average amount of the loans outstanding under the CNB Facility and to reimburse Ares Management LLC for its out-of-pocket costs and expenses in connection with the transaction. In connection with the Credit Support Fee Agreement on July 30, 2014, we entered into a Pledge Agreement pursuant to which we pledged to Ares Management LLC our ownership interests in our wholly owned direct subsidiary, ACRC Holdings LLC, the holding entity for our principal lending business ("Pledge Agreement"). This Pledge Agreement was subsequently terminated on December 9, 2015. For the fiscal year ended December 31, 2015, we paid approximately \$1.0 million in a credit support fees to Ares Management LLC pursuant to the Credit Support Fee Agreement.

Servicing Agreements

Certain of our subsidiaries, along with our lenders under certain of our secured funding facilities have entered into various servicing agreements with our Manager's servicer, which is a Standard & Poor's-ranked commercial special servicer that is included on Standard & Poor's Select Servicer List. Our Manager's servicer has agreed that no servicing fees pursuant to these servicing agreements would be charged to us or our subsidiaries for so long as the Management Agreement remains in effect, but that our Manager's servicer will continue to receive reimbursement for overhead related to servicing and operational activities pursuant to the terms of the Management Agreement. In addition, certain of our subsidiaries perform primary loan servicing activities for investment vehicles managed by affiliates of our Manager and receive market-based primary servicing fees related thereto.

Registration Rights Agreement

We are a party to a registration rights agreement with regard to shares held from time to time by Ares Investments Holdings LLC ("Ares Investments"), a subsidiary of Ares Management, and its affiliates, which we refer to as the registrable shares. Pursuant to the registration rights agreement, we granted Ares Investments and its direct and indirect transferees:

unlimited demand registration rights to have the registrable shares registered for resale; and

in certain circumstances, the right to "piggy-back" the registrable shares in registration statements we might file in connection with any future public offering.

Notwithstanding the foregoing, any registration is subject to cutback provisions, and we are permitted to suspend the use, from time to time, of the prospectus that is part of the registration statement (and therefore suspend sales under the registration statement) for certain periods, referred to as "blackout periods."

"Ares" License Agreement

We have entered into a license agreement with Ares Management, pursuant to which it granted us a non-exclusive, royalty-free license to use the name "Ares." Under this agreement, we have a right to use this name for so long as Ares Commercial Real Estate Management LLC remains our Manager. This license agreement may be terminated by either party without penalty upon 180 days' written notice to the other.

Director and Officer Indemnification and Liability Insurance

We purchase directors' and officers' liability insurance on behalf of our directors and officers. In addition, we have entered into indemnification agreements with each of our current directors and executive officers and intend to enter into indemnification agreements with each of our future directors and executive officers. The indemnification agreements provide these directors and executive officers the maximum indemnification permitted under Maryland law. The agreements provide, among other things, for the advancement of expenses and indemnification for liabilities which such person may incur by reason of his or her status as a present or former director of our Company in any action or proceeding arising out of the performance of such person's services as a present or former director or executive officer of our Company.

STOCKHOLDER NOMINATIONS AND PROPOSALS FOR THE 2017 ANNUAL MEETING

Stockholders may present proper nominations of candidates for director or other proposals for inclusion in our proxy statement and proxy card for consideration at the next annual meeting of stockholders by submitting such nominations or proposals in writing to our Secretary in a timely manner, calculated in the manner provided in Rule 14a-8(e) of the Exchange Act, applicable state law and our Charter and Bylaws.

Deadlines for Submitting Stockholder Proposals for Inclusion in the Company's Proxy Statement and Proxy Card

To be considered timely under Rule 14a-8(e) of the Exchange Act for inclusion in our proxy statement and proxy card for a regularly scheduled annual meeting, a stockholder's proposal must be received at our principal executive offices not less than 120 calendar days before the anniversary of the date our proxy statement was released to stockholders for the previous year's annual meeting. Accordingly, a stockholder's proposal must be received no later than December 28, 2016 in order to be included in our proxy statement and proxy card for the 2017 annual meeting of stockholders.

Deadlines for Submitting Notice of Stockholder Proposals for Consideration at the Company's 2017 Annual Meeting

The deadline for submitting notice of a stockholder's nomination of a candidate for director or other proposal for consideration at the 2017 annual meeting of stockholders under the current Bylaws, is not earlier than the 150th day prior to the first anniversary of the date of release of the proxy statement for the preceding year's annual meeting nor later than 5:00 p.m., Eastern Time, on the 120th day prior to the first anniversary of the date of release of the proxy statement for the preceding year's annual meeting; *provided, however*, that in the event that the date of the annual meeting is advanced or delayed by more than 30 days from the anniversary of the date of the preceding year's annual meeting, notice by the stockholder to be timely must be delivered not earlier than the 150th day prior to the date of such annual meeting and not later than 5:00 p.m., Eastern Time, on the later of (1) the 120th day prior to the date of such annual meeting or (2) the tenth day following the day on which public announcement of the date of such meeting is first made. Accordingly, a stockholder's nomination of a candidate for director or other proposal must be received no earlier than November 28, 2016 and no later than 5:00 p.m., Eastern Time, on December 28, 2016 in order to be considered at the 2017 annual meeting of stockholders. In order to be considered timely, such notice shall be delivered to the Secretary at our principal executive office and shall set forth all information required under Section 11 of Article II of the Bylaws.

ANNUAL REPORT AVAILABLE

A copy of our 2015 Annual Report containing audited financial statements accompanies this proxy statement.

We will provide to each stockholder a copy (without exhibits, unless otherwise requested) of our Annual Report free of charge. Requests should be directed to the Investor Relations Department at Ares Commercial Real Estate Management, 245 Park Avenue, 42nd Floor, New York, NY 10167. Copies of these documents may also be accessed electronically by means of the SEC's home page on the internet at <http://www.sec.gov>. The Annual Report is not part of the proxy solicitation materials.

HOUSEHOLDING OF PROXY MATERIALS

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement and annual report addressed to those stockholders. This process, which is commonly referred to as "householding," potentially means extra convenience for stockholders and cost savings for companies.

This year a number of brokers with account holders who are our stockholders will be "householding" its proxy materials. A single proxy statement will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. If you have received notice from your broker that it will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you revoke your consent. We will promptly deliver a separate copy of these documents to you upon written or oral request to our Investor Relations Department at Ares Commercial Real Estate Management, 245 Park Avenue, 42nd Floor, New York, NY 10167 or 888-818-5298. If, at any time, you no longer wish to participate in "householding" and would prefer to receive a separate proxy statement and annual report, please notify your broker. Stockholders who currently receive multiple copies of the proxy statement and annual report at their addresses and would like to request "householding" of their communications should contact their brokers.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on June 27, 2016: The Notice of Annual Meeting, Proxy Statement and the Company's 2015 Annual Report are available at: <http://materials.proxyvote.com/04013V>.

OTHER MATTERS

The Board is not aware of any other matters to be presented at the Annual Meeting or at any adjournment or postponement thereof. Should any other matter requiring a vote of stockholders arise, it is the intention of the persons named in the proxy to vote in accordance with their discretion on such matters.

You are cordially invited to attend the Annual Meeting in person. Whether or not you plan to attend the Annual Meeting, you are requested to promptly submit your proxy voting instructions.

By Order of the Board of Directors,

/s/ ANTON FEINGOLD

Anton Feingold

Secretary

New York, New York
April 27, 2016

QuickLinks

[NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 27, 2016](#)

[PROXY STATEMENT FOR 2016 ANNUAL MEETING OF STOCKHOLDERS](#)

[PROPOSAL 1: ELECTION OF DIRECTORS](#)

[PROPOSAL 2: RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
REPORT OF THE AUDIT COMMITTEE](#)

[PROPOSAL 3: APPROVAL, ON A NON-BINDING, ADVISORY BASIS, OF THE RESOLUTION TO APPROVE THE COMPENSATION
OF THE COMPANY'S NAMED EXECUTIVE OFFICERS](#)

[CORPORATE GOVERNANCE BOARD OF DIRECTORS AND COMMITTEES](#)

[COMPENSATION OF DIRECTORS](#)

[EXECUTIVE OFFICERS](#)

[EXECUTIVE COMPENSATION](#)

[COMPENSATION COMMITTEE REPORT](#)

[SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS](#)

[SECTION 16\(A\) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE](#)

[CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS](#)

[STOCKHOLDER NOMINATIONS AND PROPOSALS FOR THE 2017 ANNUAL MEETING](#)

[ANNUAL REPORT AVAILABLE](#)

[HOUSEHOLDING OF PROXY MATERIALS](#)

[OTHER MATTERS](#)