

NAVISTAR[®]

2020 **SUSTAINABILITY** REPORT



FROM THE CEO



The year 2020 will forever be associated in my mind with the dual realities of *extreme challenges*, in the throes of a worldwide pandemic, and *resilience*, as we fulfilled the promises of an essential business. Navistar’s ability to adapt quickly in times of uncertainty was in no small part due to our shared commitment to delivering what matters – to all whose lives and businesses we touch. That same commitment guides Navistar’s journey toward making a sustainable, positive impact on both people and the planet. And it reminds us all that we are part of something with unlimited potential for good.

Of note, in the midst of all of this, we completed a merger agreement with TRATON SE that, when approved, will make Navistar part of the world’s second largest manufacturer of commercial vehicles. The combination will give us advantages of scale and access to the newest technologies, products and services. And an even greater ability to deliver what matters.

It is within this context that we offer a snapshot of Navistar’s progress toward sustainability in 2020.

People

We accelerated our commitment to diversity, equity and inclusion in 2020, developing a broad-based program with the overarching aim of increasing opportunities for everyone and ensuring we have the best possible workforce. We also increased our emphasis on our supplier diversity program.

We continued our investments in STEM education through scholarships, competitions and in-kind donations of truck engines and equipment to technical schools – helping to bring along the next generation of engineers and technicians.

As caring members of the communities where we live and work, we also continued our financial support for a wide range of community development organizations, while many of our employees donated time and money locally to help those most affected by the pandemic.

Planet

Navistar supports the goals of the Paris Agreement, including the effort to maintain global temperatures to well below 2°C above pre-industrial levels. Of particular relevance to Navistar is the U.S. commitment to heavy-duty vehicle greenhouse gas emission standards. Industry-wide, the EPA expects the second phase of those rules, which began in 2021, to reduce greenhouse gas emissions by 24% from the 2017 emission levels. In 2020, we continued to develop advanced solutions for our customers, setting the stage for further emissions reductions as we move into phase 2 of the greenhouse gas regulations that began in 2021.

We moved rapidly to develop solutions in electric, autonomous and alternative power vehicles in 2020. Some highlights:

- We will produce and deliver our first electric trucks and buses in 2021.
- We worked on a partnership with GM and J.B. Hunt, announced in 2021, to develop a comprehensive hydrogen fuel cell solution for class 8 vehicles, targeted for delivery in 2024.
- Our NEXT eMobility Solutions group worked to offer electric vehicles configured to specific customer needs, along with consulting, charging and connectivity solutions. We will begin to deliver vehicles in 2021.
- We made a strategic investment in a partnership with TuSimple, a global self-driving technology company, to co-develop SAE Level 4 self-driving trucks with delivery targeted by 2024.

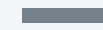
Our facilities continued a focus on efficiency. We met our goal of a 25% reduction in energy intensity in 2019. That reduction saw an accompanying 50% reduction of absolute greenhouse gas emissions from energy use and operations from 2008 to 2018. This year, we are adopting a new goal of a 20% energy intensity reduction by 2030 from a 2018 baseline. We are also working on developing additional goals and initiatives this year, including exploring new ways to add renewable energy to run our facilities and a focus on reducing absolute CO2 emissions.

Responsibility

One of our fundamental principles is that we will conduct our business in an ethical and compliant manner, and we have the governance structure in place to ensure that happens. We have established mechanisms to monitor compliance and provide several ways to communicate ethics or compliance concerns to the appropriate channels.

We learned a lot from the experiences of 2020 and, as you will read on the following pages, we accomplished a lot too. I am proud to share these details of the good work of our people who helped Navistar make a meaningful difference in 2020. We go forward now with new energy for dreaming bigger, thinking bolder and getting better every day.

Persio Lisboa
President and Chief Executive Officer



WHAT'S INSIDE

Who We Are

A Purpose-Driven Company

Driving a Sustainable Future

INTRODUCTION

NAVISTAR[®]



Who We Are

Navistar is reimagining how to deliver what matters as a leading North American commercial truck, school bus and proprietary engine manufacturer, as well as complete commercial vehicle solutions provider

History of Innovation since **1831**

More than **12,000** employees worldwide

BUSINESS OPERATIONS IN FOUR PRIMARY COUNTRIES

**U.S.
CANADA
MEXICO
BRAZIL**

Headquartered in **Lisle, Illinois**



Largest dealer network in North America, including service partnership with Love's Travel Stops

Consolidated 2020 Net Revenue **\$7.5 Billion**

Core business: **U.S. AND CANADA TRUCK AND PARTS MARKETS**

NEARLY ONE IN FIVE Class 6 through 8 vehicles on the road today is an **International[®] truck**

NEARLY HALF OF ALL SCHOOL buses on the road today are our **IC Bus[®] brand**

A PURPOSE-DRIVEN COMPANY

By capturing in just a few words why we exist and Navistar's impact on the world, we align our people – both within and outside of the company – around something bigger than ourselves.

We transform our teams to be more effective, cohesive and higher performing, able to adapt quickly in times of uncertainty because they know the right things to do.

We elevate our relationships with dealers, customers, suppliers and partners to be about more than a transaction, but instead about the things that matter most to them.

Having refined our purpose in these ways, we have enabled greater rewards and satisfaction for everyone dedicated to delivering what matters.



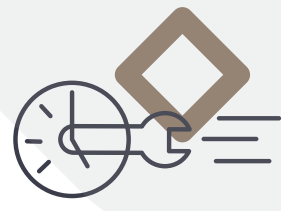


DRIVING A SUSTAINABLE FUTURE

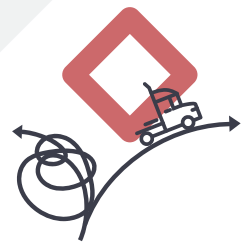
Navistar 4.0 is an enterprise-wide strategy with our customers at its core, supported by seven strategic initiatives that guide decision-making and investments.



Commercial Transformation
Sustainably Selling More Trucks – Building sustainable commercial success for our brand by engaging with more customers, professionalizing the sales process and building capabilities together with the International® truck dealer network.



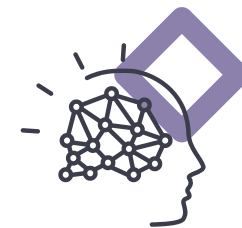
Uptime / TCO / Connected
Delivering Best Experience Through Technology – Supporting our customers on the road better than our competitors, through technology and responsiveness.



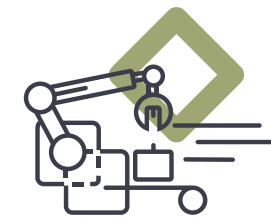
Project Compass
Efficient Customer-Centric Design – Reducing unnecessary complexity while meeting customer needs.



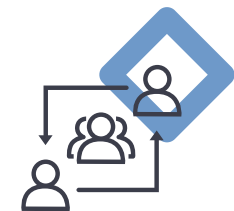
Emerging Technologies
Reimagining Mobility Solutions – Deploying lifecycle innovative solutions leveraging internal competencies and strategic partnerships to address new profit pools. This initiative is focused on electric, fuel cell and autonomous solutions.



Innovation
Exploring What's Possible – Building a mindset of curiosity, problem-solving and breakthrough thinking to grow new businesses and sources of revenue.



Manufacturing 4.0
Building Better and Smarter – Combining our manufacturing and procurement expertise, along with innovative technologies, to improve quality and minimize conversion cost.



People 4.0
Working, Leading and Learning Differently – Creating a culture of trust, empowerment and accountability to build the best teams.

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- COVID-19: Impact on People
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PEOPLE

Paying it forward in communities where we live and work

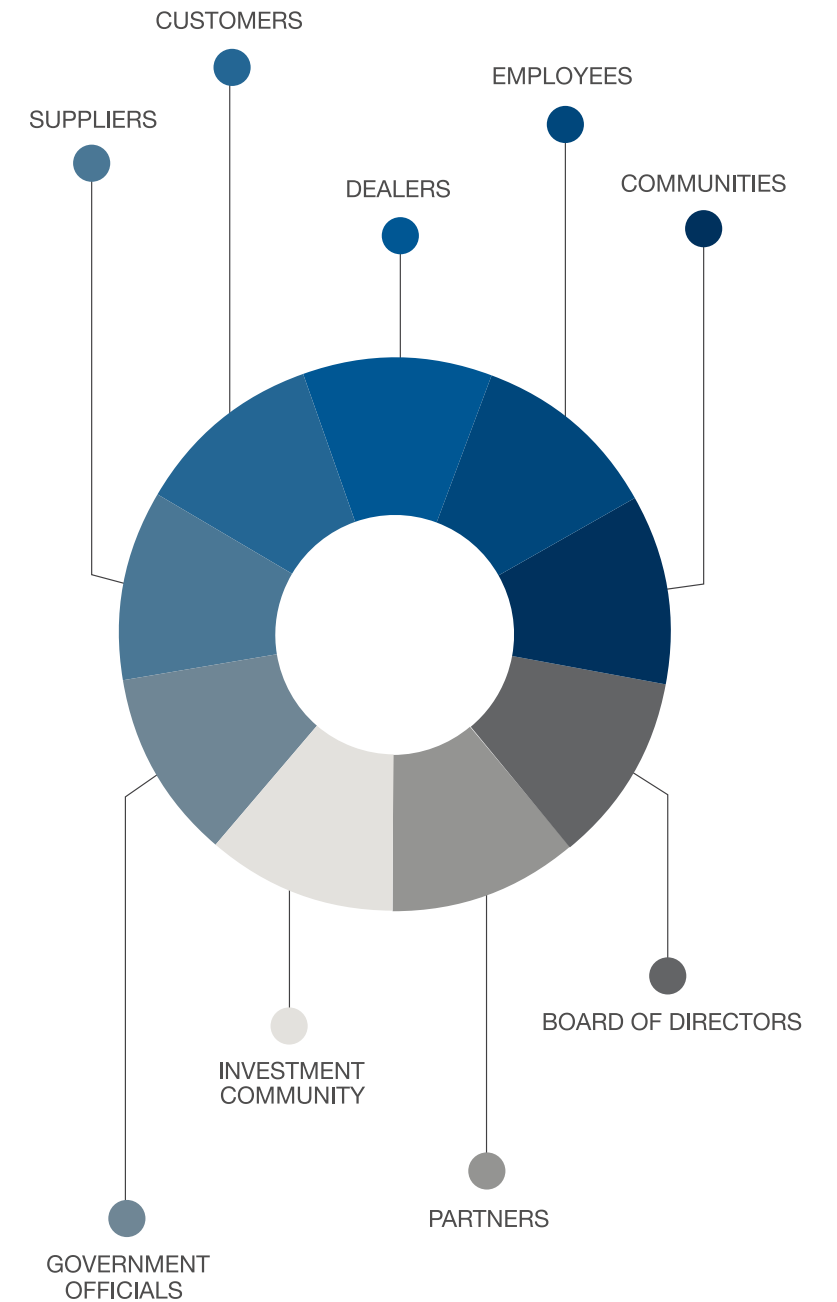
ENGAGING WITH ALL OUR STAKEHOLDERS

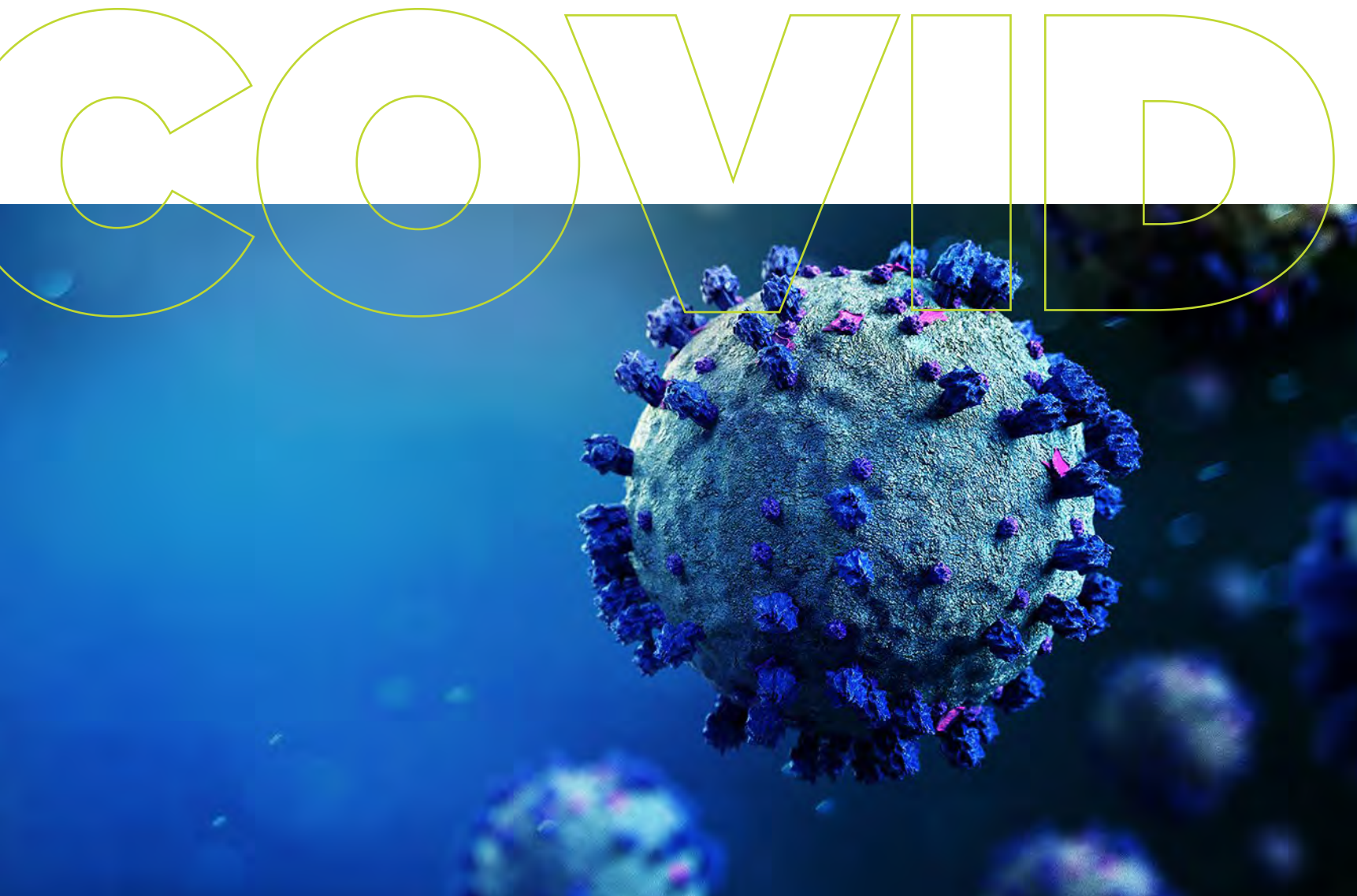
At Navistar, we hold ourselves accountable to stakeholders across the spectrum, from employees to customers and suppliers, to the community at large. Balancing these responsibilities with our innovation and productivity goals is central to who we are as citizens of the world.



“Delivering what matters means we bring empathy, insight, and intention to everything we do, because we are acting in service to others. We are accountable to the citizens of the world. They expect us to do what’s right not only for our immediate stakeholders, but for the environment, for social justice, and the planet itself. It means working for the kind of prosperity that benefits everyone.”

PERSIO LISBOA





IMPACT ON PEOPLE

The COVID-19 pandemic impacted the way we did business in 2020 in fundamental ways – and our employees found innovative ways to support our customers and the community while operating safely.

Navistar established a COVID-19 internal task force which evaluated the risks and developed policies for our entire workforce. This group also helped identify and procure necessary supplies like personal protective equipment.

As an essential business and key link in the supply chain, we quickly pivoted to these new methods of working to keep the business functioning; our assembly plants continued to meet our customers' needs, and our parts distribution centers made sure the flow of parts continued as needed.

Working together, we successfully continued our operations with as little disruption as possible. As the nation and world move toward recovery, we are proud to have played our part in keeping our employees safe and essential goods moving.

What is an Essential Business During the COVID-19 Pandemic?

BUSINESSES CONSIDERED ESSENTIAL

Manufacturers and Distributors of Food and Beverages

Healthcare Providers

Transporters of Essential Goods

Businesses That Support Critical Infrastructure

Critical Manufacturing





EMBRACING DIVERSITY, EQUITY AND INCLUSION



Navistar is deeply committed to diversity, equity and inclusion (DEI). Our vision is to empower an inclusive and engaged culture that drives a sense of belonging, and celebrates and respects our differences.

For employees, that means creating an inclusive work culture by recruiting, hiring, training, developing and retaining employees from diverse backgrounds.

For customers and suppliers, that means maintaining and growing Navistar's supplier diversity program.

For our communities, it means partnering with local organizations that support Navistar's social justice values.

Why Does DEI Matter?

We as a nation are becoming more diverse. As of 2020, Generation Z (people born during or after 1995) is the most racially and ethnically diverse generation yet; they have expectations from their employers that differ from other generations. As our customers and employees change, we need to prepare to accommodate their needs.



DEI



EMBRACING DIVERSITY, EQUITY AND INCLUSION

In 2020, we took the following actions to cultivate a workplace that embraces differences and supports open dialogue around difficult conversations – so people can bring their authentic selves to work.

INTERNALLY

Implementing a formal DEI platform integral to our culture

Providing a diversity demographic dashboard for all managers that was created seven years ago by a local diverse business

Creating a year-long program of diversity-focused events and celebrations for all employees

Continuing to support our seven Employee Resource Groups (ERGs) that help create a stronger sense of community within Navistar

EXTERNALLY

Engaging in a partnership with YWCA Racial Justice League for grassroots training of youth and adults

Celebrating the 40th anniversary of Navistar's Supplier Diversity program (see below)

Navistar stands united with people of all races, cultures, identities, sexual orientations, ages, religions, abilities, languages, experiences and expressions. We hold ourselves and each other accountable for building an equitable and inclusive workplace in which diverse teams thrive. We condemn all forms of injustice, intolerance and violence.

We have made great strides on our journey to create a more diverse, equitable and inclusive environment at Navistar. Yet, we know there is more work to be done. Creating a sustainable foundation for DEI is a marathon, not a sprint. We look forward to partnering with all our stakeholders on our journey to expanding diversity and inclusion at Navistar.



PROMOTING SUPPLIER DIVERSITY

2020 marked the 40th anniversary of Navistar’s pioneering supplier diversity program. We are proud to be the first U.S. truck maker with a formal supplier diversity program in place.

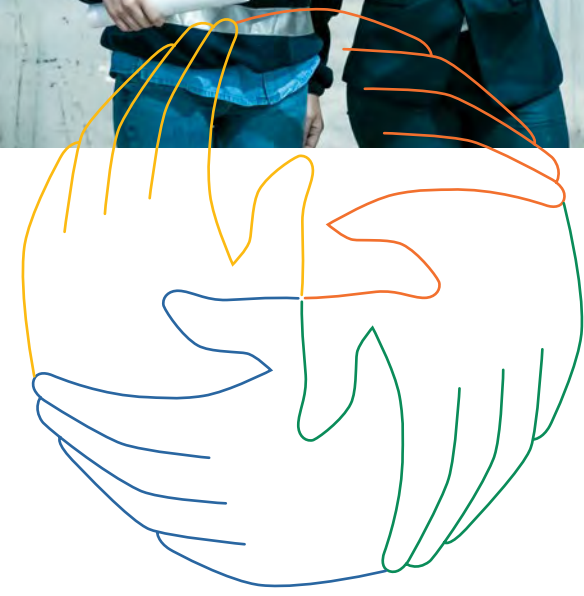
Recent data strongly supports our conviction that society, the economy and business all benefit from the contributions of the diverse supplier base that is encouraged by such programs.

One advantage is supplier diversity programs can actively address the challenges faced by diverse businesses. The pandemic has been a tough time for small businesses, and for diverse businesses in particular. A recent study by a unit of H&R Block, for example, found that more than half of Black-owned small businesses experienced at least a 50% decrease in revenue during the pandemic, compared to only 37% among white-owned small businesses.

Supplier diversity programs like Navistar’s can have considerable economic impact. During the last three years, Navistar has spent well over \$2 billion with diverse suppliers. Navistar’s supplier diversity program actively engages with a wide array of companies, including businesses owned by the disabled, minorities, women, veterans and service-disabled veterans, and HUBZone businesses. Our procurement goals drive us to continue increasing our diverse spend annually with these groups and with small business enterprises across the board.

The new ideas, improvements and modern approaches delivered by diverse suppliers are also key factors in helping Navistar maintain a competitive edge. Tapping into the experience and insight of diverse-owned companies allows us to better understand the expectations and needs of today’s diverse and increasingly multicultural population. Supplier diversity also helps attract new talent: Harvard Business Review recently reported that 52% of respondents in a survey commissioned by UPS said they want to work for a company that has a supplier diversity and inclusion program.

We’re proud that our supplier diversity program has been recognized for its contributions. For the last two years, for example, Navistar’s program has been named an All-Star of Supplier Diversity by Minority Business News USA. But much more important than recognition is the actual business impact. By capturing fresh and diverse perspectives, our supplier diversity program establishes a platform for delivering enhanced customer satisfaction.



During the last three years, Navistar has spent over \$2 billion with diverse suppliers.

Navistar’s supplier diversity program has been named an All-Star of Supplier Diversity by Minority Business News USA.





CONTRIBUTING TO COMMUNITIES

At Navistar, we are integral members of the communities where we live and work. We are proud to provide support for a wide variety of educational and community development organizations.

In 2020, Navistar provided financial support to a number of community development organizations, including:

- American Red Cross Chicago**
- Aspire**
- Junior Achievement**
- Morton Arboretum**
- Museum of Science & Industry**
- Northern Illinois Food Bank**
- Operation Support Our Troops**

We also support the Exchange Club of Naperville's Ribfest, which combats child abuse and domestic violence through donation to more than 50 local nonprofit organizations.



SUPPORT FOR VETERANS

In 2020, Navistar launched the Service Allies Initiative which connects veterans with career opportunities at International® truck and IC Bus® dealers.

This initiative will help accomplish two goals: providing job opportunities for veterans and helping address the shortage of qualified service technicians and other trained professionals. The program will offer services including internships and direct placement at dealers.



INTERNSHIPS



DIRECT PLACEMENTS



MILITARY CREDIT PROGRAM

VETS



STUDENTS WORK ON DONATED VEHICLES AND ENGINES AT TECHNICAL AND COMMUNITY COLLEGES.

SUPPORT FOR STEM EDUCATION

Navistar has actively supported science, technology, engineering and math (STEM) education for young people for decades. We continue to believe that STEM education provides a pathway to promising careers and helps support innovation in the industry.

Examples of our support for STEM education initiatives in 2020:

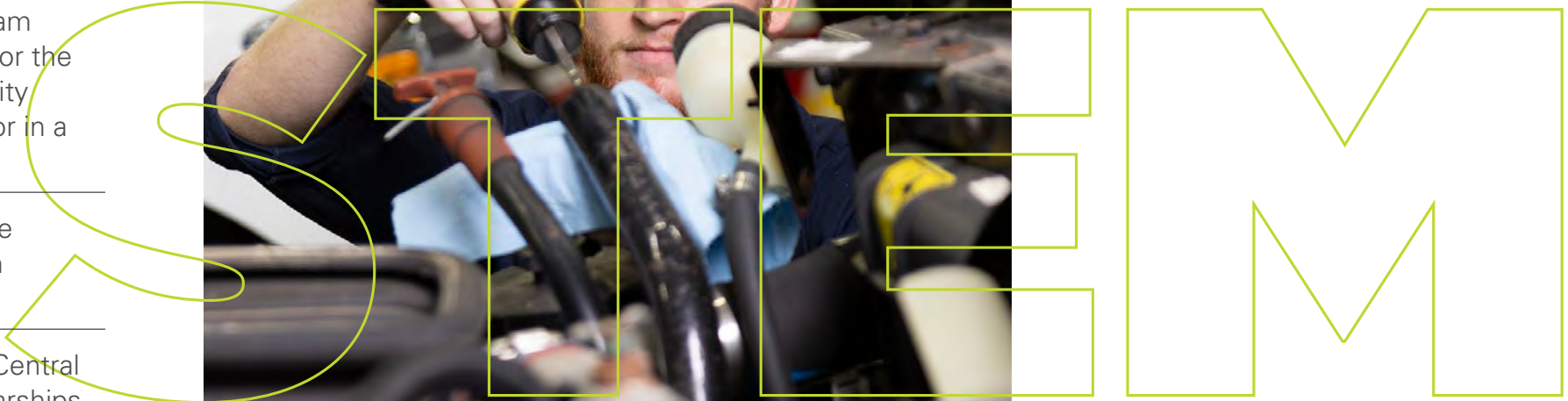
Under our TECH EmPOWERment Initiative, Navistar donates engines, vehicles and other equipment that would otherwise be scrapped to technical schools throughout the U.S. Students are able to learn valuable skills working with this equipment that will help them in their future careers. In 2020, we donated seven trucks, five engines and additional equipment to nine different community and technical colleges.

The equipment donation program was revamped to make it a dealer-driven program. This new approach is aimed at combating the growing technician shortage by combining vehicle donations with the powerful insights of our dealer personnel. Our dealer network will grow their relationships with technical schools, enabling students to learn rapidly on pertinent equipment while also discovering a rewarding and lucrative career.

We donated \$400,000 to Kettering University in Flint, Michigan, which focuses heavily on STEM education. Funds went to the building of the Learning Commons building, the Navistar Research Fund and the Navistar Scholars Program. The Navistar Scholars Program scholarships are distributed with a preference for the recruitment and retention of women and minority students from the state of Illinois who will major in a STEM-related field at Kettering.

At Northern Illinois University, we supported the Supermileage SAE Learning Competition which focused largely on fuel efficiency.

Navistar entered into a partnership with North Central College School of Engineering to provide scholarships and support for hands-on learning, undergraduate research and high school outreach.



VOLUNTEERING OUR TIME

For the eleventh consecutive year, Navistar’s subsidiary in Mexico received recognition as a Socially Responsible Company from the Mexican Center for Philanthropy for its corporate ethics and activities supporting quality of life, community and care for the environment.

Our Dollars for Doers program continued in 2020. This program is open to all full-time salaried Navistar employees and allows employees to earn donations from Navistar to the charities of their choice by volunteering their time.

Navistar employees have continued to volunteer in their communities despite the challenge of the pandemic. Local plants took matters into their own hands to help people with locally-driven, locally-funded activities including:

Food, coat and toy drives

Tree plantings

Donations of safety glasses to a hospital

“Thank a trucker” lunches

Scholarship funds for higher education available to employee families

YWCA local partnership to employ Zomi refugees, a minority ethnic group from Southeast Asia

Internal welding and painting training programs for external candidates

Christmas celebration for at-risk children

The Help in Troubled Times (HITT) fund, a voluntary payroll deduction rainy day fund





TO REINFORCE DISINFECTION WORK IN PUBLIC SPACES AND REDUCE THE SPREAD OF COVID-19, OUR ESCOBEDO ASSEMBLY PLANT ASSEMBLED A **WorkStar® TRUCK** TO SANITIZE MAIN AVENUES AND NEIGHBORHOODS OF THE MUNICIPALITY OF ESCOBEDO.

WITH SPREADERS FOR 8,000 LITERS OF SANITIZER, THIS TRUCK DISINFECTED SIDEWALKS AND ENTIRE STREETS AS IT DISPLAYED HEALTH RECOMMENDATIONS ON ITS EXTERIOR AND PLAYED MESSAGES OF COVID-19 AWARENESS.

When trouble hits, Navistar employees and Employee Resource Groups (ERGs) get busy. Much of the volunteer activity in 2020 involved reaching out and helping the communities most affected by the pandemic.



JUNE: NAVISTAR'S ESCOBEDO ASSEMBLY PLANT EMPLOYEES DELIVERED 277 FOOD BASKETS TO SUPPORT LOW-INCOME COMMUNITIES DURING THE COVID-19 PANDEMIC.

AUGUST: OUR SPRINGFIELD ASSEMBLY PLANT BOXED AND DISTRIBUTED 440 BOXES OF FOOD TO AN IN-NEED AREA OF SPRINGFIELD, OHIO. EACH BOX FED A FAMILY OF FOUR FOR ONE WEEK.



JUNE: BLOOD DRIVE AT OUR TRUCK DEVELOPMENT & TECHNOLOGY CENTER IN MELROSE PARK, ILLINOIS, IN SUPPORT OF THE RED CROSS.



VOLUNTEERS IN ESCOBEDO, MEXICO, CLEAN UP THE PLANT GROUNDS AND PLANT 200 TREES TO BEAUTIFY THE CAMPUS AND IMPROVE OUR ENVIRONMENTAL IMPACT.



NOVEMBER: FOR MANY NEEDY ILLINOIS FAMILIES, WE HELPED FEEDING AMERICA PUT A THANKSGIVING MEAL ON THE TABLE.



EMPLOYEE RESOURCE GROUPS

Employee Resource Groups (ERGs) are voluntary, employee-led groups that foster a diverse, inclusive workplace aligned with our organizational mission, values, goals, business practices and objectives.

Navistar’s seven ERGs provide a sense of community, personal and professional development, volunteer opportunities, allyship and more. Everyone at Navistar is welcome and encouraged to join.



ICAAN
International Community of African Americans at Navistar

Our Goal: Foster a culture where African Americans can develop professionally in a workplace that encourages diversity and inclusion, providing a competitive advantage that strengthens employee satisfaction and advocacy for Navistar.



MILITARY VETERANS AT NAVISTAR

MVAN
Military Veterans at Navistar

Our Goal: Promote camaraderie and mentorship, and create a networking forum for veterans while enhancing Navistar as an employer of choice for veterans and their families.



NAPA
Navistar Asian Professional Association

Our Goal: Share Asian culture, language and history with all of Navistar through food, celebration and social events. We believe sharing Asian values can help Navistar achieve its global business goals through understanding and learning from one of the world’s fastest growing economies.



NPA
Navistar Pride Alliance

Our Goal: Represent Navistar employees and contractors who are gay, lesbian, bisexual, transgender, questioning and/or queer (LGBTQ), as well as their supporters and allies.



NYP
Navistar Young Professionals

Our Goal: Empower and develop young professionals, leverage strengths through a multi-generational workforce, and contribute to Navistar’s profitability and growth initiatives.



PROFESSIONAL LATINO ASSOCIATION AT NAVISTAR

PLAN
Professional Latino Association at Navistar

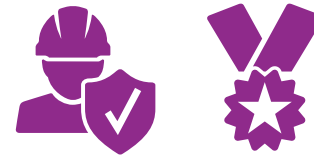
Our Goal: The mission of the Professional Latino Association at Navistar (PLAN) is to provide professional development, community involvement, and cultural awareness opportunities that align with Navistar’s values.



WIN
Women in Navistar

Our Goal: Empower and inspire women at Navistar by providing opportunities to foster professional success; mentor, network, and build on both product knowledge and organizational savvy.

WORKPLACE SAFETY



The health and well-being of employees continues to be a top priority at Navistar. Leadership is actively engaged in this commitment and continuously monitors safety performance. In 2020, our Safety teams played a key role in ensuring a safe workplace at all facilities during the pandemic. We coordinated efforts and helped identify and procure necessary safety equipment like cleaning products, sanitizer and personal protective equipment.

Our Safety teams worked closely with the teams developing our San Antonio plant, giving input to ensure that equipment meets safety expectations. Our Safety teams also are taking part in the development of new product capabilities and the development of procedures to safely produce and work on electric vehicles.

Annual targets for a reduction in the recordable Incident Frequency Rate (IFR) and the Lost Time Case Rate (LTCR) are continuously set, and progress towards these goals is monitored monthly by location. Any time there is risk of being off-goal, plans are put into place to get back on target. All incidents are immediately investigated, and corrective actions are communicated throughout the network to prevent similar incidents from occurring at other locations.

2020 results show a positive trend in reducing recordable injuries, while nearly holding steady on the rate of incidents that resulted in days away from work. For the Incident Frequency Rate, the company met its target of 1.17 and achieved an overall IFR of 0.92. This means that for every 100 employees, we had less than one recordable injury, a 25% improvement over 2019. The Lost Time Case Rate for 2020 was 0.26, against a target of 0.35, which reflects a reduction of 31.6% over 2019.

In addition, our Safety teams supported the development of alternative powertrain vehicles by helping to set company safety standards for dealing with electric vehicles. The energy contained in an electric vehicle poses a different challenge to that in traditional diesel vehicles, so technicians and others working on those vehicles must be trained to do so safely. In 2020, we worked to develop methods to ensure safety.

**25% improvement
in number of
recordable injuries**

2020 IFR

**Approx. 32% improvement
in days lost from work as a
result of incidents**

2020 LTCR





WHAT'S INSIDE

Climate Change and Emissions

**Alternative Powertrain and
Low-Emission Vehicles**

Controlling Energy Use

Reducing Waste

Conserving Water Resources

Environmental Compliance

Navistar 4.0 Strategy and Manufacturing

PLANET

Working to understand
and reduce our impact on
the environment

CLIMATE CHANGE AND EMISSIONS

Navistar takes seriously our responsibility to address the challenges of climate change and to do our part to move toward a sustainable transportation system. We consider the impact of our operations and products. We generate greenhouse gas (GHG) emissions directly through our operations (scope 1), through the energy we purchase (scope 2) and as a result of our activities through our value chain (scope 3).

Climate change presents both risks and opportunities for Navistar. Risks include the potential for adverse climate-related impacts to operations; although risks to specific operations are difficult to assess, they broadly include the potential for additional heat-related events and more frequent and intense storms. They also include regulatory risks in the form of rules mandating CO2 emissions limits in jurisdictions where we operate and sell our products. Given our historic use of fossil-fueled diesel engines, we also face reputational risk as more customers and society in general demand zero-carbon alternatives.

At the same time, we are also presented with significant opportunities. These opportunities include increased demand for low- and zero-emission vehicles. We believe we are well-situated to leverage our relationships with our customers and deep knowledge of the industry to provide these solutions. Some of these opportunities can be seen in current activities. An example of an opportunity to collaborate with a customer in developing solutions that help them achieve their goals is our partnership with a major customer, J.B. Hunt Transport, Inc., in the development of a hydrogen fuel cell system.

In 2020, our scope 1 and 2 greenhouse gas emissions were 64,515 and 110,747 tonnes CO2e, respectively. This represents a 19% reduction from our 2019 emissions of approximately 91,000 tonnes CO2e in scope 1, and 126,000 tonnes CO2e in scope 2. Navistar includes all corporate-wide associated emissions in the inventory where we have operational control and base our calculations on the World Resources Institute GHG Protocol for the accounting and reporting of GHG emissions. For scope 1, we collect data on fuels used or dispensed and all combustion sources for our facilities and company-owned vehicles. We then apply appropriate emission factors for the particular fuel to arrive at the emissions. For scope 2, our data is derived from invoicing data from energy providers to which appropriate emissions factors are applied, by region or country.

Greenhouse gas emissions reduced by 19% in 2020 Scope 1 and 2

CLIMATE



CLIMATE CHANGE AND EMISSIONS

Approximately 23% of the total greenhouse gas emissions in the transportation sector are related to medium and heavy vehicles. 2020 concluded the first phase of the Environmental Protection Agency's (EPA) and the National Highway Traffic Safety Administration's (NHTSA) rules governing greenhouse gas emission controls. Starting in model year 2021, the second phase of those rules take effect. According to the EPA, the phase 2 rules will achieve approximately 25% reduction in greenhouse gas emissions as compared with the phase 1 standards. The rules apply throughout our product line, to both engines and vehicles. In order to certify each engine, the company is required to use the Greenhouse Gas Emission Model developed by the EPA. This software creates a model of each product's greenhouse gas emissions which is then compared with a standard across vehicle or engine categories. We are currently in the process of developing scope 3 emissions metrics for the use of products.

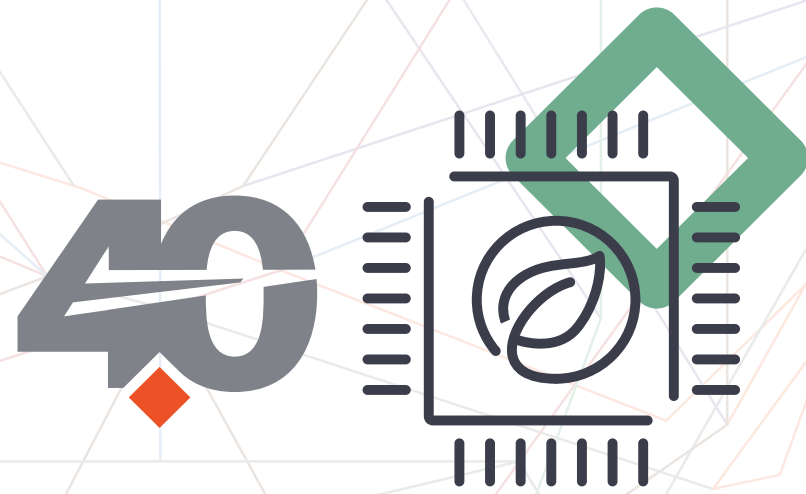
This year we are reporting the past three years of scope 3 data covering corporate travel. We have used company and supplier travel data for rental car usage and air travel. The data was impacted for CY2020 due to COVID-19, beginning in March 2020, which limited travel due to various travel restrictions. However, the data illustrates the pandemic impacts as opposed to normal operations and travel activities for the previous two years. In 2018, 5,366 tonnes CO2e were attributed to Navistar travel, increasing by 8.6% in 2019 before plunging 67% to 1,915 tonnes for 2020.

In addition to greenhouse gases, we also continue to concentrate on other emissions from our facilities and products.

Our vehicles are certified for nitrogen oxides, particulate matter and carbon monoxide to at or below the emission standards of the EPA and the California Air Resources Board (CARB). EPA and CARB are both contemplating lower emission standards in the future for NOx and we are engaged in those discussions.

Our plants also use appropriate technology to control emissions to at or below emission standards. Our latest plant, under development in San Antonio, will be a minor source for all applicable emissions under the permit issued by the state of Texas.





ALTERNATIVE POWERTRAIN AND LOW-EMISSION VEHICLES

Emerging technologies, including alternative powertrain vehicles, are a key part of our Navistar 4.0 strategy.

We accelerated our progress toward developing a range of zero-emissions solutions for our customers in 2020. We also started construction on our San Antonio plant, which will be capable of making both traditional and alternative power vehicles on the same line.



LEFT: INSTALLATION OF BATTERY PACKS AND ASSOCIATED COMPONENTS ON A CHASSIS OF AN ELECTRIC BUS AT TULSA, OKLAHOMA, BUS PLANT.

RIGHT: ELECTRIC BUSES UNDER CONSTRUCTION AT OUR NEXT eMOBILITY SOLUTIONS SITE.

ALTERNATIVE POWERTRAIN AND LOW-EMISSION VEHICLES

Our eMobility Solutions group, NEXT, established its facility in Rochester Hills, Michigan.

NEXT focuses on a “5 Cs” approach, offering:

Consulting

Charging

Construction

Connectivity

Conserving

This facility will serve as the technical lead location for NEXT, including design, engineering and analysis of all its electric vehicles and batteries. Approximately 50 employees at that location will focus on eMobility-specific engineering roles in areas including high voltage systems, batteries, power electronics, electric vehicle charging infrastructure, electric vehicle hardware and software integration. Our first electric trucks will be built and delivered in 2021.

In 2020 we received our first order for electric school buses. This order, for 18 IC Bus® CE model electric buses, was made by the province of British Columbia, Canada, and will help support their greenhouse gas reduction goals. The buses will be built and delivered in 2021. We also conducted a tour of California with our partner In-Charge Energy, showcasing our electric IC Bus® vehicles along with charging solutions suitable for school bus operators. The CE Series electric buses are designed to give customers a zero-emission vehicle that offers AC and DC charging as standard – which gives customers the flexibility of using a level 2 charger or a DC fast charger.

NEXT
eMOBILITY SOLUTIONS



ALTERNATIVE POWERTRAIN AND LOW-EMISSION VEHICLES

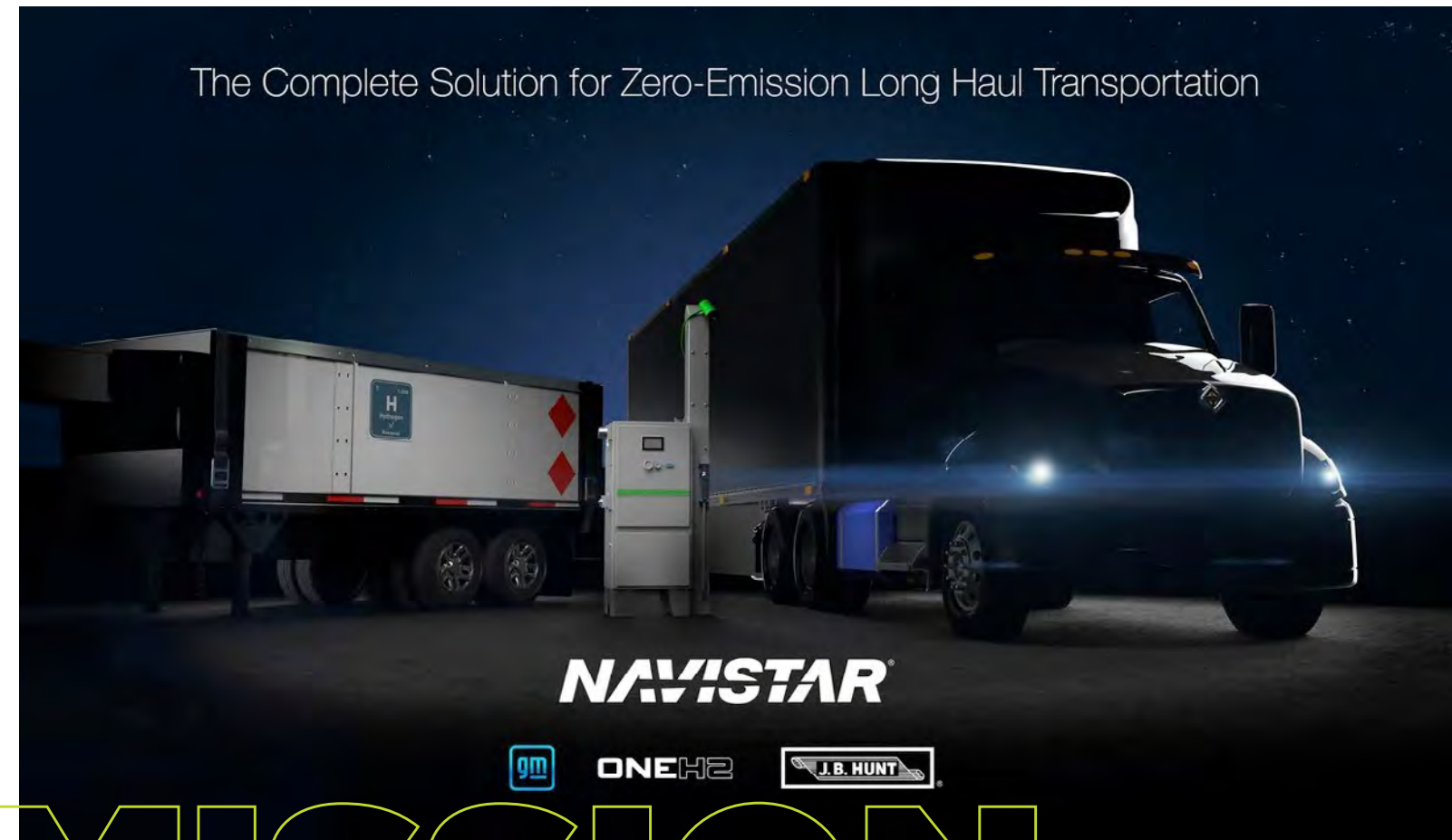
We developed a partnership with General Motors, OneH2 and J.B. Hunt Transport, Inc. to develop a hydrogen fuel cell electric vehicle.

The energy for the vehicle, the International® RH™ Series truck, will come from two GM Hydrotec fuel cell power cubes. Each Hydrotec power cube contains 300-plus hydrogen fuel cells along with thermal and power management systems. They are compact and easy to package into many different applications. Under its partnership agreement with Navistar, OneH2 will supply its hydrogen fueling solution, which includes hydrogen production, storage, delivery and safety. J.B. Hunt will utilize the solution on dedicated routes and share key lessons. These technologies leverage Navistar’s battery electric vehicle platforms and provide the customer with a single-source, fully integrated zero-emission solution that includes vehicles, fueling and service.

In addition to electric vehicles, Navistar is exploring additional technologies to increase efficiency and lower greenhouse gas emissions from our diesel products. 2020 saw us preparing for the first tier of the heavy-duty greenhouse gas phase 2 rules, which came into effect in 2021. These rules represent the strictest standards yet for heavy-duty fuel efficiency. In 2020, we evaluated our entire product portfolio and optimized our offerings for efficiency, including low-rolling resistance tires, and we made certain efficiency features standard on some models, such as predictive cruise. We also improved our ability to work with customers to specify the optimal configuration for their particular application.

We also remain a participant in the Department of Energy-sponsored Supertruck program, which explores the latest low-emissions and efficiency technologies in diesel-powered vehicles. This phase of the program, Supertruck II, was completed in 2020. We explored areas including advanced air management, combustion and fuel system improvements, cylinder deactivation, vehicle aerodynamics, weight reduction technologies, connected cruise control and other advanced technologies. We are planning to participate in the third phase of the Supertruck program commencing in 2021 as well.

LOW-EMISSION



CONTROLLING ENERGY USE

For Navistar’s scope 1 and 2 carbon emissions, the largest portion of emissions are driven by scope 2 emissions: those related to purchased energy usage. Concentrating on energy usage has two benefits: 1) reduced energy usage directly reduces costs and 2) increased efficiency also directly reduces carbon emissions both from our operations and from upstream energy production. Energy usage is, therefore, a key area of focus.

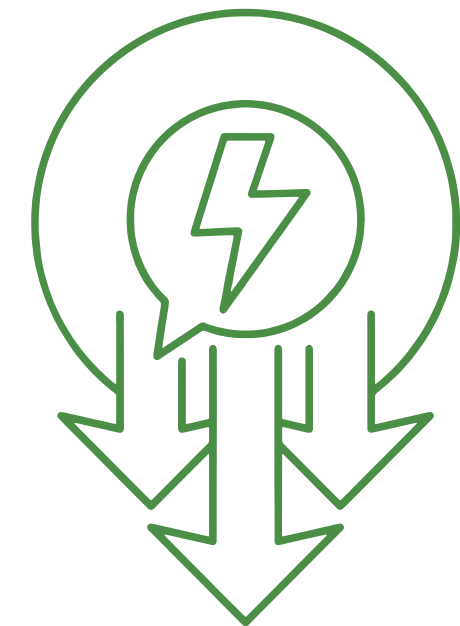
Our energy management strategy has several elements. We perform energy audits and energy “treasure hunts” at our facilities. In addition, we have partnered to perform energy reviews including under sponsorship of the Department of Energy (DOE). Our Environment and Sustainability office tracks certain metrics, including weeknight and weekend load ratios and reports to the U.S. plants on a regular basis. The global facilities also have energy management systems to monitor performance.

Navistar is continuing our relationship with the DOE’s Better Buildings, Better Plants program with a new pledge this year. In 2019, we earned the DOE Better Plants Goal Achiever Award for a 27% energy intensity reduction in just eight years, exceeding our goal of reducing by 25% over a 10-year period across all U.S. plants, with 2010 as a baseline. Navistar has committed to further reducing energy intensity through the DOE national partnership, pledging an additional 20% by 2030 (1.7% reduction per year) using the 2018 baseline.

In 2020, we consumed 22% less overall energy, primarily due to reduced electricity usage. As such, our scope 1 and 2 greenhouse gas emissions both dropped, allowing for a 19% absolute CO2e reduction over the previous year. Company facilities achieved a 29% scope 1 reduction over 2019. With COVID-19 during 2020, our sites were presented with many challenges and opportunities, including energy use. When sites were unoccupied, electric and heating reductions were implemented. For occupant protection as a result of the pandemic, air filtration was increased by adding filters or increasing filter efficiency where needed, and increased airflow universally. These actions served to also increase energy use by the building, increasing air exchanges and exhaust systems.



Energy usage down by 22% in 2020



CONTROLLING ENERGY USE

Being an essential industry, our facilities continued to build and deliver Navistar products with limited interruptions.

Truck demand diminished some, driving down the energy efficiency by certain metrics, such as energy usage per truck. However, energy intensity models performed by our DOE partner confirmed an annual improvement of 8.6% across the measured U.S. located manufacturing sites. The DOE model measures energy intensity, taking into account production, heating and cooling degree days.

The U.S. manufacturing facilities achieved a total of 9.3% energy intensity improvement from a 2018 baseline, the year we exceeded our last DOE goal.

Overall, in 2020, all energy and GHG emissions metrics were significantly reduced from the prior year. Much of this downward trend is due to actions at our facilities that continue to promote energy and cost reductions, reducing our carbon footprint.

We have focused for years on reducing our overall energy demand through improved efficiencies. One measure consistently used is electric load ratio measures. Navistar promotes active site energy conservation by challenging its facilities to identify waste and reduce their electric consumption loads and load ratios year over year. Navistar's corporate Environmental & Sustainability office tracks and communicates to facilities their monthly electric loads and load ratios, comparing energy consumption loads between production hours and non-production off hours.

Non-production hours represent a substantial opportunity for Navistar manufacturing facilities to reduce unnecessary electric consumption.



HUNTSVILLE, ALABAMA ENGINE GROUP

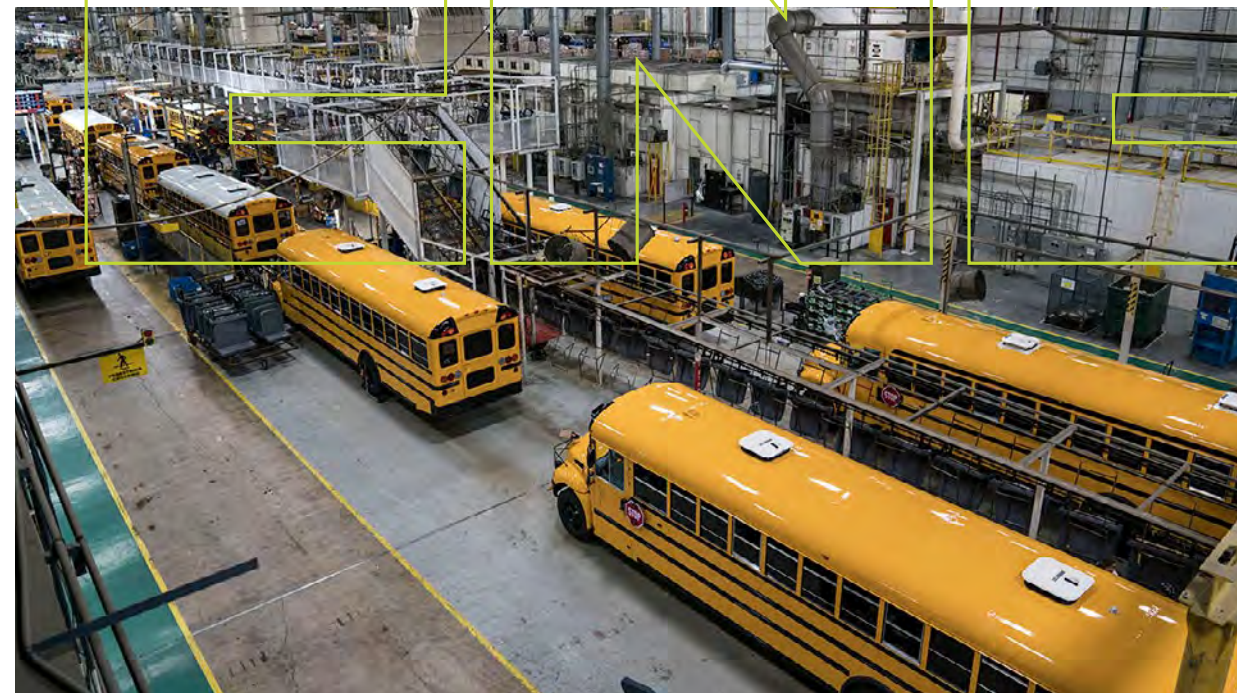


A26 ENGINE

CONTROLLING ENERGY USE

Navistar's engine plant in Huntsville, Alabama, is the company leader in low electric load ratios, averaging 45% in 2020, a 7% increase over 2019 performance. The engine plant has undergone major construction in 2020, nearly doubling the size of the facility for new production. The construction activity continued during production off hours. However, the site also achieved a complete LED re-lamping, eliminating older high-bay sodium lights with modern technology, anticipating future energy savings. Huntsville's electric operating average for CY2020 was significantly lower than CY2019 due to various activities to reduce production period load. The electricity load during operations is the most difficult to affect and represents the most significant energy load period.

Our Tulsa, Oklahoma, bus plant's average 2020 electric consumption loads during operating periods, weeknights, and weekends were 5.5%, 24.2% and 30.2% lower than their respective CY2019 averages. This represents significant load reductions especially during the non-production periods (weeknights and weekends) and is indicative of continuous improvements in energy management taken at the plant. These reductions were the result of active conservation measures by the Tulsa employees. The energy cost also decreased by more than \$500,000 in CY2020 compared to CY2019, partly due to the 20% reduction in total electricity consumed and commensurate 17.3% energy intensity reduction.



ENERGY

CONTROLLING ENERGY USE

The following major sites also realized energy and associated cost savings:

For our Lisle, Illinois, headquarters, the average 2020 electric consumption loads during operating periods, weeknights, and weekends were 16.6%, 13.0% and 6.2% lower than their respective CY2019 averages. The coinciding cost savings of \$715,000 were attained by 12% lower absolute energy consumption and 13.2% energy intensity reduction in 2020.

The Springfield, Ohio, plant continues to actively implement viable energy projects, including further reductions in cab painting, shutting down energy sources for the second base coating booths when not needed. Such efforts contributed to the incremental electric load reductions measured in 2020. A snapshot of the 2020 months as compared to the 2019 average shows nearly all measures are lower than 2019, even adjusted for the COVID-19 down month of April. Springfield managed the load well, especially during the down times, noting the base load values recorded were a new low to strive towards during normal operations.

Navistar facilities use grid-supplied power, which is generally comprised of a mix of renewable, fossil fuel and nuclear power.

In 2018, approximately 69% of the power was generated from fossil fuels. By 2020, the grid-supplied power by fossil fuels dropped 6% across our sites, with a slight increase in renewables.

In both 2019 and 2020, zero-emission provided power was about 36%, with a renewable content of 22.4% and 21.1%, respectively. Energy supplied by nuclear power was 14% and 14.6%, respectively.



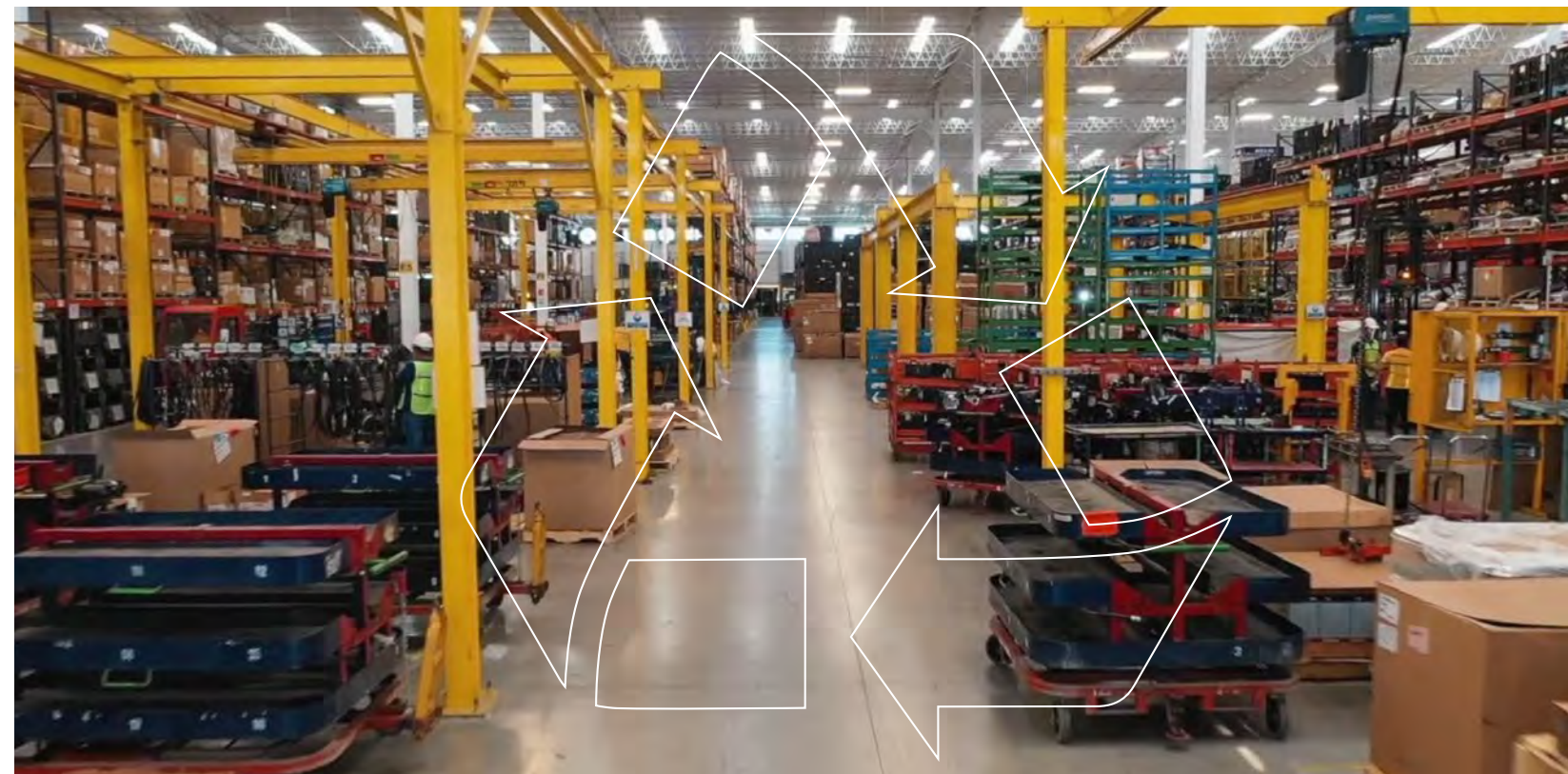


REDUCING WASTE

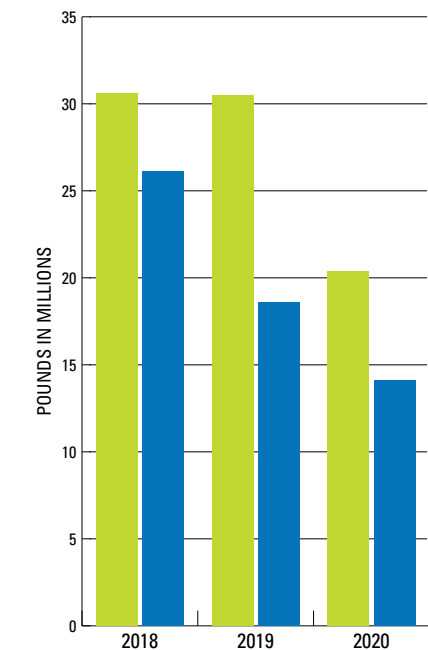
In 2020, total waste generation across the company was reduced by 28.5%, compared to 2019.

In 2020, 54% of all waste generated was recycled, compared to 62% in 2019 – which represents a significant challenge to our goal of a 75% recycling rate. While the benefits of waste reduction are clear, we recognize that lower waste generation and lower recycling rates were directly related to business disruptions caused by the COVID-19 outbreak that began in early 2020. We also recognize that global recycling markets continue to constrict, while domestic market demand continued to grow but has not kept pace with today’s waste stream. Therefore, rather than solving these recycling challenges alone, Navistar has entered a new partnership in total waste management to help our business in strengthening and making our recycling program more efficient to continuously improve toward our recycling goal.

Navistar refurbishes and repurposes its IT equipment internally wherever possible. If the equipment cannot be refurbished or reused, it is separated by materials and only recyclable materials are sent to R2 Certified recyclers to make sure that we maintain a low impact on the environment. In 2020, Navistar sent for reuse through its recycling contractor between 17% and 97% of IT equipment, depending on its category, including personal computers, laptops, LCD screens, servers, mobile phones and other networking equipment. This effort resulted in 31,000 pounds of e-waste processed, 900 pounds of toxic metals diverted from the environment, and reduction of approximately 43,000 pounds of GHG emissions as compared with disposal as estimated by our recycling contractor.



NONHAZARDOUS WASTE GENERATION



- RECYCLED
- DISPOSED

Nonhazardous Waste Generation is the amount of nonhazardous waste sent off-site for recycling or disposal from the company’s manufacturing, engineering, and parts distribution operations.

REDUCING WASTE

Our San Antonio, Texas, plant will institute an auger system to manage waste more efficiently by allowing trash and recyclable materials to be compacted. The auger system compacts the trash in its bin, decreasing the trash density in each container by 40%. This reduces the amount of space used in the landfill, as well as the number of trash pickups required. The same process is used for recyclables. We've already launched auger systems in our Huntsville plant, the warehouse for our Springfield assembly plant, and our Tulsa bus plant.

On average, each of these facilities has experienced nearly an 80% reduction in the total number of trash haul-offs, which equates to approximately \$160,000 in annual savings. Additionally, we are seeing about a 20% reduction in tonnage going to landfills.

Navistar parts distribution centers reduce the use of packing materials by increasing the use of returnable containers for the shipment parts. We expect to see the same level of savings in our San Antonio facility based on past company experiences.

Navistar sells and distributes remanufactured parts under the ReNEWed® and Fleetrite® brands, with approximately 11,300 different active part numbers for parts that can be remanufactured.

Our remanufacturing program is based on an exchange system where customers return a used component, known as core, in return for a remanufactured product. Some remanufactured parts can be reused as many as nine times.

Navistar utilizes four central core return facilities located in Springfield, Missouri; Franklin, Indiana; Querétaro, Mexico; and Hannon, Ontario – which gives us an infrastructure designed to make it easy for dealers and customers to return used truck parts.

The returned parts are used in our remanufacturing programs or for recycling. In addition, we have programs to recycle cardboard, pallets and other packaging material. Navistar maintains programs to incentivize the return of used parts core for remanufacturing.

Navistar has an extensive parts remanufacturing program, annually processing over 60 million pounds of parts materials. Remanufacturing can save energy and raw materials compared with new parts.



SAN ANTONIO, TEXAS, PLANT UNDER CONSTRUCTION



CONSERVING WATER RESOURCES

Navistar relies on water resources supplied by third parties for 99% of its water needs. We use water for general facility activities such as drinking, sanitation, building heating and cooling, and industrial purposes such as cooling, washing and paint operations. As part of our environmental training programs, we make sure our employees are aware of the importance of conserving water resources, and continually seek ways to reduce our water use; we also intend to establish new water use reduction targets soon.

In 2020, we used 0.45 million cubic meters of water in our operations, a decrease from 0.58 million cubic meters in 2019. Although our overall water usage trend has been decreasing for several years, there was a significant decrease in 2020 due primarily to the effect of the pandemic on our operations. Our Lisle, Illinois, world headquarters experienced a 68% reduction in purchased water as a result of employees working remotely based on local government restrictions on office occupancy. Manufacturing plant shutdowns due to supplier shortages and government orders during the pandemic also contributed to a decrease in water use in 2020. Water consumption at our parts distribution centers remained the same compared to the previous year as these operations were able to remain open throughout the year as essential businesses.

Within our manufacturing locations, 45% of the water withdrawal in 2020 was from our plants in Escobedo, Mexico, and Sao Paulo, Brazil. Both facilities are in places where water stress is high because there is greater competition among users for renewable surface and groundwater supplies. We define water stress through the World Resources Institute Aqueduct Water Risk Atlas tool. Our San Antonio plant, under construction, will also be designed to utilize grey water from the local utility.

Many of our facilities discharge wastewater to the local wastewater treatment utility. Some of our plants have wastewater pre-treatment systems, which bring the wastewater to local standards prior to discharge into the system. Our Springfield plant operates its own wastewater treatment plant, fully treating to applicable EPA standards its routine wastewaters before returning them to the local waters. Our plant in Escobedo, Mexico, is a zero-wastewater discharge plant. Our New Carlisle, Indiana, proving grounds, in conjunction with local jurisdictions, invested significantly to expand stormwater retention such that the site is zero-discharge for stormwater.



ENVIRONMENTAL COMPLIANCE

Environmental compliance remains a baseline value for us. Our manufacturing facilities are certified by outside auditors to comply with the ISO 14001 environmental management system standard. In addition, we perform internal audits of each of our major facilities for environmental compliance. These audits are led by our corporate Environment and Sustainability office with participation of personnel from other facilities. This cross-plant participation gives us the ability to ensure that best practices are spread across the company. We have a Product Regulatory group that ensures product compliance with emissions regulations and that our products obtain appropriate emission certifications.

We had no significant environmental enforcement actions at our facilities in 2020. For our products, we resolved in 2020 an allegation of the California Air Resources Board that we failed to notify them of a change to product. In resolution of this, we corrected the issue and paid approximately \$1 million as a penalty and contributed another \$1 million toward a program to install air filtration systems in southern California schools. Please also see our disclosures in our 10-K annual report, including descriptions of an ongoing matter with EPA related to the 2009-2010 period.

Navistar also takes seriously its responsibility to properly deal with its environmental legacy. We have a history of successfully redeveloping our former properties, using environmental remediation techniques to address environmental risks and bring those properties back into reuse by others. In the past, we received recognition from the State of Illinois and the City of Chicago for cleaning up and putting back into reuse legacy properties. We currently have approximately \$18 million in reserve for various environmental remediation obligations and are actively addressing a number of former sites as well as cooperating with other parties to address sites where hazardous substances were historically sent.

NAVISTAR 4.0 STRATEGY AND MANUFACTURING

In 2020, we started construction on our new plant in San Antonio, Texas. It is strategically located in relative proximity to our Escobedo and Tulsa plants, allowing for efficiency gains in logistics management. After receiving an air emission permit from the Texas Commission on Environmental Quality to construct the plant, classified as a minor source, we started physical construction in November 2020. This plant is a key part of our Navistar 4.0 strategy and will use benchmark technologies to increase our efficiency in manufacturing. We also announced that the first vehicle off the line will be an electric vehicle, with the plant having the capability to produce traditional diesel and electric vehicles off the same production line. The plant will also ultimately have the capability to produce the full range of vehicles. We plan to start production at the plant in 2022.

The San Antonio plant will benefit from the efficiencies inherent in newer equipment. In addition, we will be using hydrogen fuel cell forklifts and tuggers for transport within the plant; these technologies have zero emissions in their operation. The plant will also be designed to use grey water in various processes.

2020 also saw us investing in our Huntsville, Alabama, plant. The expansion will allow the manufacturing of advanced powertrains. Among other updates, the expansion will feature an Advanced Guided Vehicle (AGV) transfer system. This system replaces a standard assembly line, with a guided vehicle transporting the powertrain through the assembly process. This system will offer many advantages, including quick line rate adjustments to meet changes in customer demand, individual ergonomic settings unique to the station operator, and flexibility for repairs to return to proper quality stations on the line, supporting our no-fault forward strategy. From a Lean manufacturing point of view, AGVs also help create a clear manufacturing shop floor, improving safety.

Navistar 4.0 also involves the adoption of modular designs in our products. This involves designing and manufacturing products in a way that focuses on modular systems that are designed to work together. This increases efficiency in both design and manufacturing, saving costs and allowing us to more quickly meet customer requirements. It also reduces complexity in our products, another emphasis of our Navistar 4.0 strategy.



Our seven strategic initiatives support and enable our sustainability potential promises.

Manufacturing 4.0 *Building Better and Smarter* – Combining our manufacturing and procurement expertise, along with innovative technologies, to improve quality and minimize conversion cost.





WHAT'S INSIDE

COVID-19: Impact on Business

Merger with TRATON SE

Governance

Ethics and Compliance

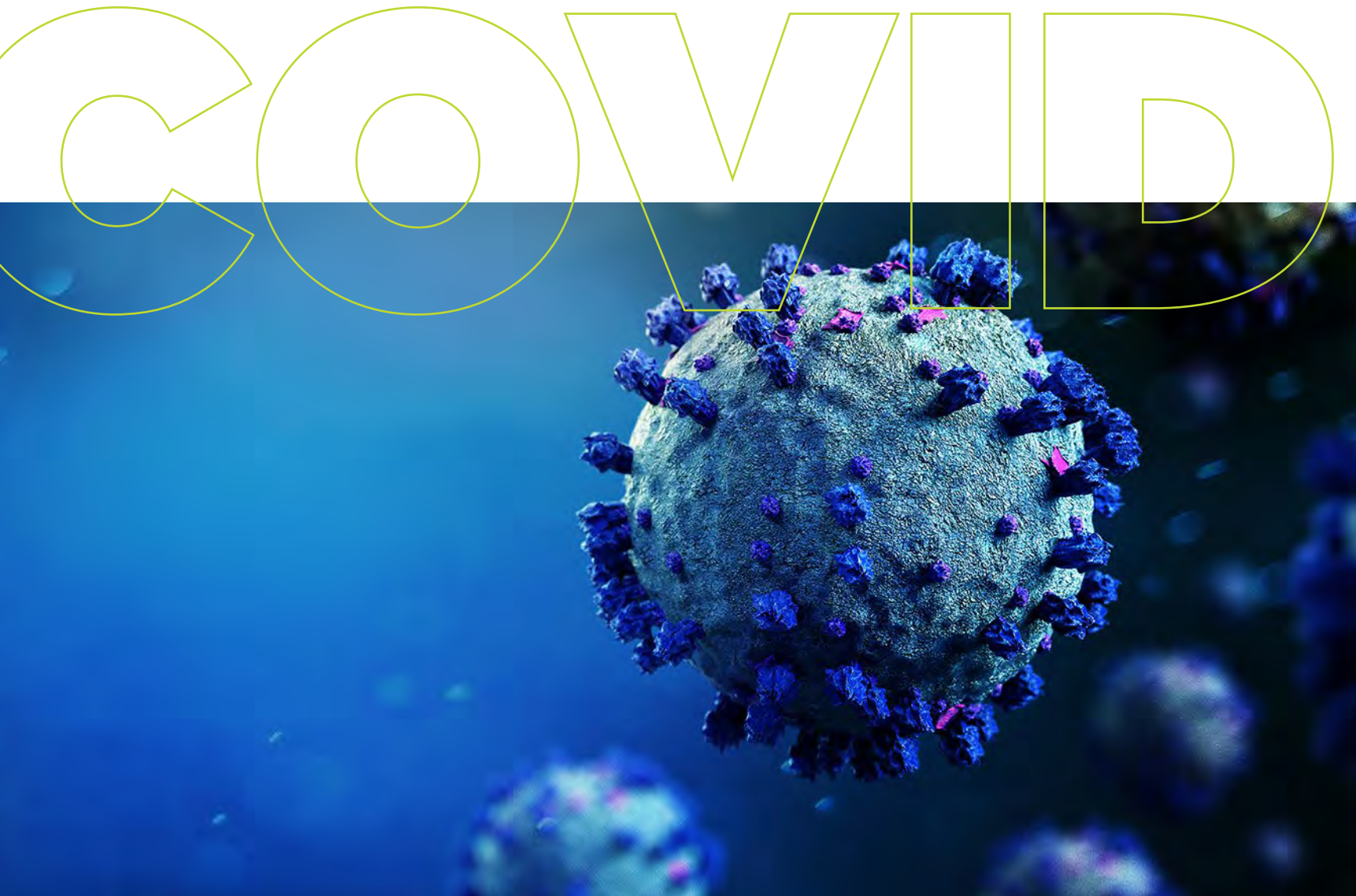
Risk

Government Relations

Connectivity and Autonomous Solutions

RESPONSIBILITY

Being accountable to all
our stakeholders



IMPACT ON BUSINESS

Like all other manufacturers and essential businesses, we were severely impacted by the COVID-19 pandemic. However, we kept our focus on producing the products and services that would keep our economy moving under the most difficult circumstances.

We took necessary actions to keep the company financially stable. We retimed expenditures and capital expenses, deferred a portion of our U.S.-based, non-represented employees and achieved savings from provisions of the CARES Act.

As a result, we were able to conserve over \$300 million in cash for the year, without compromising our long-term goals.

CEO Persio Lisboa oversees the first employee at Navistar given the vaccine, April 16, 2021.





MERGER WITH TRATON SE

Despite the challenges of the pandemic, Navistar mapped out important plans for the future. At the end of 2020, we entered into an agreement to merge with TRATON SE. Once the merger is approved, Navistar will become part of what will be the second largest commercial vehicle manufacturer in the world.

As a member of the TRATON family of companies, we will have access to the newest technologies, products and services as well as advantages of scale.

Full details of the proposed merger are in the Notice of 2021 Annual Meeting of Stockholders and Proxy Statement. At a meeting on March 2, 2021, the shareholders approved this proposal. Our merger is currently undergoing regulatory approval and is anticipated to close toward the middle of 2021.



GOVERNANCE

We remained dedicated to maintaining effective governance policies and practices during 2020. The highest level of governance with oversight of sustainability issues is the Board of Directors. The Board has four standing committees: Audit Committee, Compensation Committee, Finance Committee and Nominating and Governance Committee, each of which is governed by a charter.

The Audit Committee reviews legal, environmental and compliance activities for the company as well as certain ethics matters such as related party transactions. The Nominating and Governance Committee oversees governance and assesses risks from governance and the political environment. The Finance Committee oversees policies of the company related to financial risks including macroeconomic/environment risks. The Compensation Committee oversees officer and employee compensation issues as well as succession, training and development of company executives.

MORE INFORMATION on Board governance can be found in the 2021 Proxy Statement, available from the SEC or [via email request](#). The 2020 Board of Directors are listed on pages 118-126 of the Proxy Statement.



Some of the key elements demonstrating the strength of our governance and compensation profile at the Board level include:

- Nine of 10 directors are independent under our Corporate Governance Guidelines and the NYSE listing standards.

- We have Co-Independent Lead Directors.

- We have Board standing committees that are composed of 100% independent directors.

- We have a declassified Board.

- We have a director resignation policy for directors who fail to obtain a majority vote.

- We have no super-majority voting provisions to approve transactions, including a merger.

- We have a clawback policy to recoup incentive-based compensation in the event of an accounting restatement or intentional misconduct.

- We do not provide tax gross-ups for perquisites and other similar benefits to Section 16 Officers, and we do not provide tax gross-ups for any cash or equity awards for any employees.

- We have “double trigger” change in control benefits.

- Our Named Executive Officers and directors are subject to stock ownership guidelines and stock retention requirements.

- Our executives and directors are prohibited from engaging in short sales, derivatives trading and hedge transactions, and we impose restrictions on pledges and margin account use.





SOCIAL RESPONSIBILITY



TRANSPARENCY



INTEGRITY



GOVERNANCE

ETHICS AND COMPLIANCE

Navistar strives to create a culture of trust, empowerment and accountability in which employees from all walks of life can thrive. Our Code of Conduct represents a code of ethics that applies to all our directors, officers and employees. The Code, which is available in its entirety on our Governance webpage, establishes the overriding principles, policies and standards that apply to all professional behavior in the workplace. Concerns can be reported directly to the Audit Committee of the Board by hotline, the internet, regular mail or email.

In addition, we have robust mechanisms to investigate any ethics or compliance issue. Our VP of Internal Audit and Corporate Compliance leads a team which investigates allegations of noncompliance with our code or other standards. In addition, our legal department is available as a contact for employees with ethics concerns.

Navistar also has a supplier code of conduct that sets out our expectations. This code, available on our supplier website, outlines expectations for the conduct of all suppliers who provide goods and services to the company.

RISK

The highest level at which risk is assessed is at the Board level. Information on risk is also developed and communicated at other levels of the company. The various committees of the Board assess risks within their areas. Management ensures day-to-day risk management and has implemented an Enterprise Risk Management Process to identify, assess, manage and monitor risks faced by our company. The Enterprise Risk Management Process operates within the Internal Audit and Corporate Compliance Department. Various functions within the company monitor and assess risks such as those from regulatory developments. Among those are our Government Relations, Legal, and Integrated Product Development functions. On at least a quarterly basis, these functions review potential risks that may arise from regulations including those that may impact the company's products. Those risks include those posed by safety and environmental regulations and climate change and its impact on regulatory developments.

GOVERNMENT RELATIONS

We actively engage with policymakers and regulators in various levels of government on policies that impact our business and customers. We have historically leaned into regulations that provide a national focus and provide product certainty to deliver benefits for our customers. With this grounding, we supported the adoption of both phases 1 and 2 of the EPA's and the NHTSA's heavy-duty greenhouse gas (GHG) rules. This past year we focused on the implementation of phase 2 regulations and worked with the EPA and our industry association to adopt and finalize a technical amendments package to the GHG rules to ensure a smooth transition for the industry.

In addition to supporting carbon reductions for trucks, we also support the EPA's work to reduce NOx levels from the tailpipe. We have engaged directly with the EPA, and through our trade association, on the benefits that zero-emission trucks can provide to inventory emissions. We have committed our product development spend to delivering an electric school bus and electric medium-duty delivery truck. We support a uniform national framework for emission rules that will support early adoption of zero-emission trucks in commercial applications best suited for longer charging periods as the infrastructure is built out.

To successfully advocate for our public policy agenda, we are members of a handful of organizations that support or amplify our goals.

A list of our 2020 memberships greater than \$50,000 is below:

American Truck Dealers

American Trucking Associations

National Association of Manufacturers

Truck and Engine Manufacturers Association



GOVERNMENT RELATIONS

We actively participate in the political process. We have an internal government relations group that is comprised of two federally registered lobbyists as well as a Washington, D.C.-based lobby consultant organization to advocate for our priorities.

For 2020, our political lobbying spend was \$410,000, which was a 35% reduction in spend from 2019.

We offer our employees the opportunity to engage directly in the political process through our political action committee, NAVPAC. NAVPAC is funded solely by voluntary donations from our employees. NAVPAC is bipartisan and supports candidates that meet the giving criteria established each congressional cycle. NAVPAC's Board, which includes representatives from Navistar's diverse business units, provides oversight and approval on the giving strategy and criteria each election cycle. NAVPAC's candidates' priorities are the following:

Representation of a Navistar facility or employees

General support of Navistar's public policy agenda

Leadership on a committee of jurisdiction or oversight for legislation or agencies important to Navistar's operations of business

Political leadership in establishing the policy agenda

NAVPAC publicly discloses all of our political contribution through the Federal Elections Commission. There has never been an enforcement action against the PAC.

NAVPAC does not contribute to 501(c)(4) organizations or party committees. NAVPAC gives directly to candidates to support their election and reelection efforts.

INNOVATION: CONNECTIVITY AND AUTONOMOUS SOLUTIONS

Navistar is leveraging partnerships and internal competencies to create smarter, more efficient vehicles. Our investment in opportunities for connectivity and autonomous transport accelerated in 2020. We believe this area presents tremendous opportunities to enhance efficiency and safety in our products.

In 2020, we announced a partnership with and investment in TuSimple, a global self-driving technology company. This strategic partnership will codevelop a SAE Level 4 self-driving truck with a target for production by 2024. As part of this partnership, Navistar took a minority interest in TuSimple. This partnership will allow customers to purchase fully autonomous trucks through Navistar's traditional sales channels in the U.S., Canada and Mexico. In a recent study conducted by the University of California San Diego, TuSimple's autonomous driving technology was shown to reduce fuel consumption in heavy-duty trucks by 10% when compared with traditional operations.

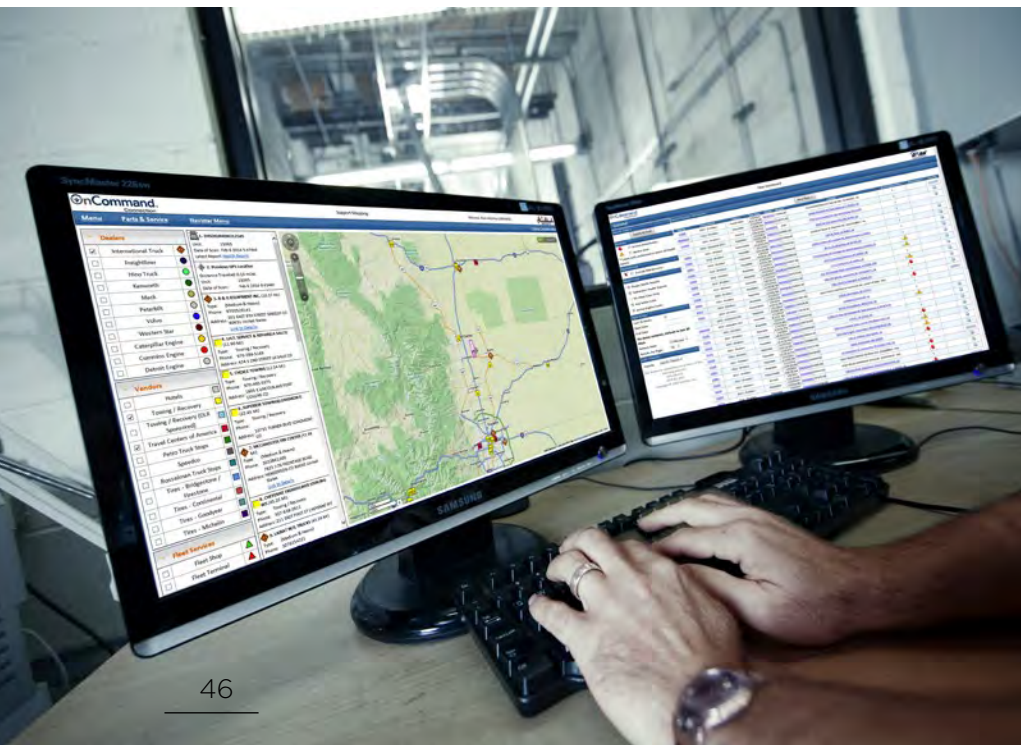
We upgraded the standard Bendix® Wingman® Fusion™ system on the International® LT® Series and RH™ Series trucks in 2020. This upgraded system delivers enhanced collision mitigation and stationary vehicle braking, multilane automatic emergency braking, highway departure braking and enhanced adaptive cruise control among other safety features.

2020 saw the launch of Intelligent Fleet Care, a comprehensive suite of connected vehicle solutions standard for new on-highway vehicle orders starting December 15, 2020. This solution builds on our existing OnCommand® Connection advanced remote diagnostics and the International® 360 service communications and fleet management platform. Intelligent Fleet Care adds a number of solutions driven by vehicle performance and telematics data, including advanced preventative maintenance, advanced fuel analytics, tire pressure monitor reporting and over-the-air programming.

We announced Gateway Integrations, a set of software integrations with the leading telematics and fleet management providers. This system allows any new International® truck or IC Bus® vehicle to subscribe, beginning in 2021, to any of seven partners through Navistar's telematics device. Gateway Integrations is designed to reduce fleet costs, streamline access to fleet management and compliance solutions using Navistar's factory-installed telematics device as a gateway to streamline software solutions without needing additional hardware.

TuSimple's autonomous driving technology was shown to reduce fuel consumption in heavy-duty trucks by 10% when compared with traditional operations.

University of California San Diego study





WHAT'S INSIDE

Sustainability Performance Metrics

GRI Index

IMPACT

GRI Index and Summary of Metrics

Sustainability Performance Metrics

Environmental Performance 2018-2020

Total	2018	2019	2020
Vehicles¹	107,926	116,211	79,221
Energy use (gigajoules) Total	2,393,075	2,447,147	1,912,110
Direct Energy Consumption²			
Natural Gas	988,885	968,233	778,456
Transport Fuels	542,960	574,796	352,084
Indirect Energy Consumption³			
Electricity	861,229	904,118	781,570
Water use (m3, cubic meters in millions) Total	0.590	0.576	0.446
Purchased city water	0.582	0.572	0.442
Groundwater	0.002	0.002	0.002
Rainwater	0.006	0.002	0.002
Greenhouse gas emissions (tonnes CO2e)			
Scope 1 & Scope 2	218,433	216,823	175,262
Scope 1 emissions / Direct	89,701	91,094	64,515
Scope 2 emissions / Indirect	128,732	125,729	110,747
Scope 3			
Scope 3 emissions / Company travel	5,366	5,826	1,915

Total Per Vehicle	2018	2019	2020
Energy use (gigajoules)	22.2	21.1	24.1
Water use (m3, cubic meters in millions)	5.5	5.0	5.6
Greenhouse gas emissions, Scope 1 & Scope 2 (tonnes CO2e)	2.0	1.9	2.2
Waste (lb)	544.7	456.4	478.8
Hazardous waste ⁴	19.8	33.9	43.5
Nonhazardous waste ⁵	525.0	422.6	435.2

Total	2018	2019	2020
Waste (lb) Total	58,789,624	53,044,477	37,929,733
Hazardous waste⁴	2,132,000	3,934,486	3,449,003
Recycling	120,000	2,209,472	1,489,589
Energy recovery	214,000	29,238	547,239
Incineration (mass burned)	1,610,000	54,303	69,575
Landfill	-	1,348,126	764,970
Other (Wastewater treatment)	188,000	293,347	577,630
Nonhazardous waste⁵	56,657,624	49,109,991	34,480,729
Recycling	28,143,600	30,211,691	19,866,285
Energy recovery	2,384,024	278,151	241,640
Incineration (mass burned)	56,000	12,893	314,689
Landfill	25,298,000	17,937,471	13,181,764
Other (Wastewater treatment)	776,000	669,785	876,351
Non-compliances with environmental laws and regulations			
Total monetary value of significant fines	—	—	\$2,026,800
Total number of non-monetary sanctions	—	—	—
Cases brought through dispute resolution mechanisms	—	—	—

Notes

¹ "Vehicle" includes truck and bus production data during the calendar year. Vehicle data does not include engine units produced for internal use or third-party sale. Emission, energy, waste and water impact data includes all corporate-wide operations data for the calendar year. Emissions and other impact data for engine production during the calendar year are included in emissions, energy, waste and water data. Direct energy consumption reflects non-renewable energy sources consumed at all Navistar manufacturing plants, parts distribution centers, offices, used truck centers, company-owned dealership locations and fuel consumed by leased vehicles.

² Direct energy consumption reflects non-renewable energy sources consumed at all Navistar manufacturing plants, parts distribution centers, offices, used truck centers, company-owned dealership locations and fuel consumed by leased vehicles.

³ Indirect energy consumption reflects non-renewable energy sources consumed at upstream power plants to generate the electricity consumed by Navistar facilities.

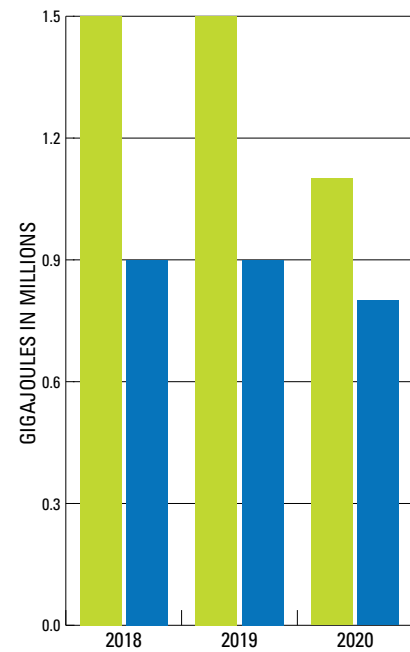
⁴ Hazardous waste generation is the amount of hazardous waste sent off-site for recycling, disposal or treatment from the company's manufacturing, engineering and parts distribution operations. Wastes are considered hazardous based on the regulatory requirements applicable.

⁵ Nonhazardous waste generation is the amount of non-hazardous waste sent off-site for recycling or disposal from the company's manufacturing, engineering and parts distribution operations.

Sustainability Performance Metrics

Summary

ENERGY CONSUMPTION

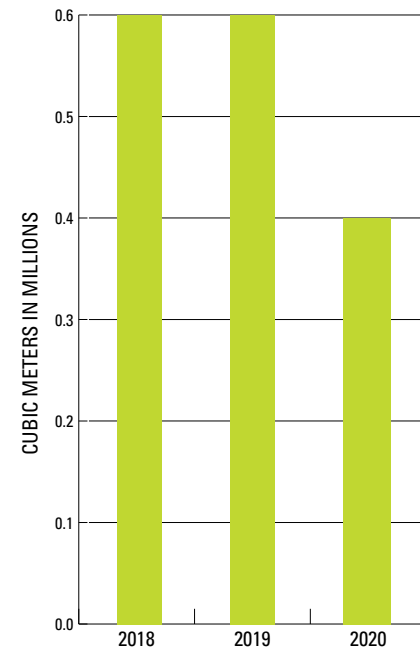


- DIRECT ENERGY USE
- INDIRECT ENERGY USE

Direct Energy Consumption reflects non-renewable energy sources consumed at all Navistar manufacturing plants, parts distribution centers, offices, used truck centers, company-owned dealership locations, and fuel consumed by leased vehicles.

Indirect Energy Consumption reflects non-renewable energy sources consumed at upstream power plants to generate the electricity consumed by Navistar facilities.

WATER WITHDRAWAL

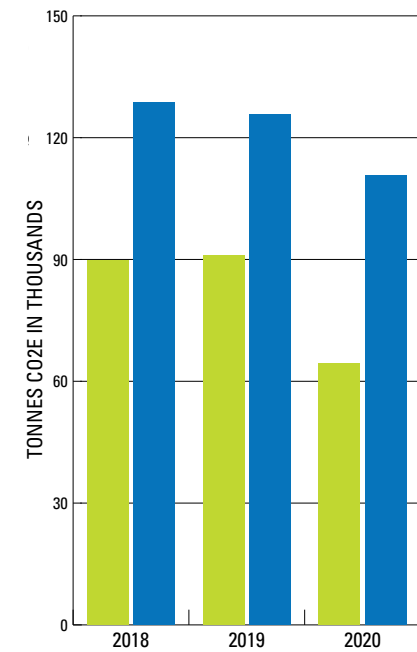


- WATER CONSUMPTION

Water Withdrawal is the sum of all water used by the company's manufacturing, engineering, and parts distribution operations.

99% of the total water withdrawal comes from municipal water supplies or other public or private utilities.

GREENHOUSE GAS EMISSIONS (SCOPE 1 & SCOPE 2)

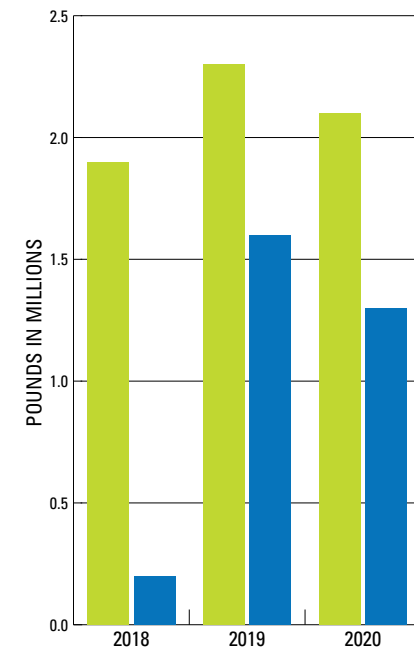


- SCOPE 1 EMISSIONS
- SCOPE 2 EMISSIONS

GHG Emissions are the six greenhouse gases listed in the Kyoto Protocol: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

Direct GHG Emissions (Scope 1) come from sources that are owned or controlled by the company. Indirect GHG Emissions (Scope 2) are a consequence of the operations of the company, but occur at sources owned or controlled by another company, such as purchased electricity.

HAZARDOUS WASTE GENERATION

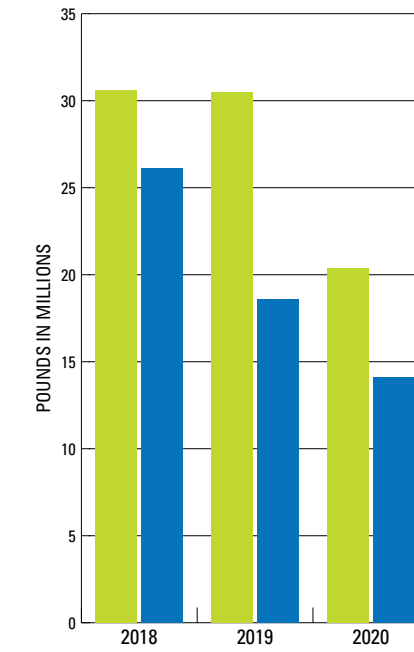


- RECYCLED
- DISPOSED

Hazardous Waste Generation is the amount of hazardous waste sent off-site for recycling, disposal or treatment from the company's manufacturing, engineering and parts distribution operations.

Wastes are considered hazardous based on the regulatory requirements applicable to each operation.

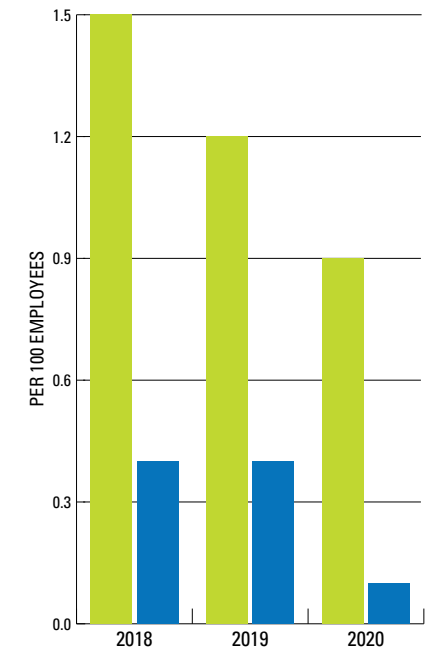
NONHAZARDOUS WASTE GENERATION



- RECYCLED
- DISPOSED

Nonhazardous Waste Generation is the amount of nonhazardous waste sent off-site for recycling or disposal from the company's manufacturing, engineering, and parts distribution operations.

SAFETY PERFORMANCE



- INCIDENT FREQUENCY RATE
- LOST TIME CASE RATE

OSHA incident rates are benchmarks for evaluating workplace safety. Tracking this allows large and small companies to fairly compare their safety performance; low incident rates are indicative of an effective safety program.

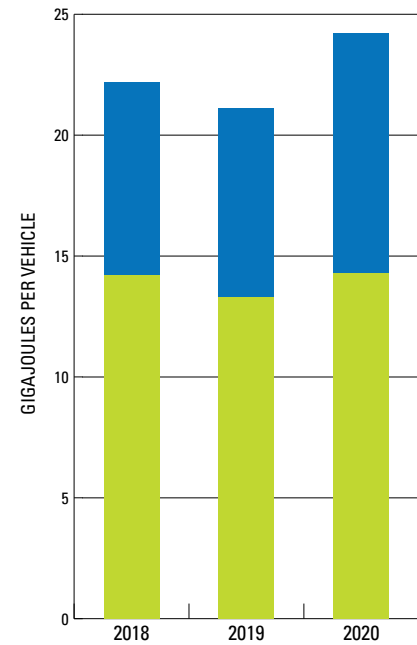
Incident Frequency Rate (IFR) is the number of OSHA recordable injuries or illnesses per 100 full-time employees (200,000 hours). OSHA recordable cases are those work-related incidents that require medical treatment beyond first aid, lost time or job reassignment.

Lost Time Case Rate (LTCR) is the number of work-related injuries or illnesses per 100 full-time employees where individuals are unable to perform work for a period of time and lose time from the job.

Sustainability Performance Metrics

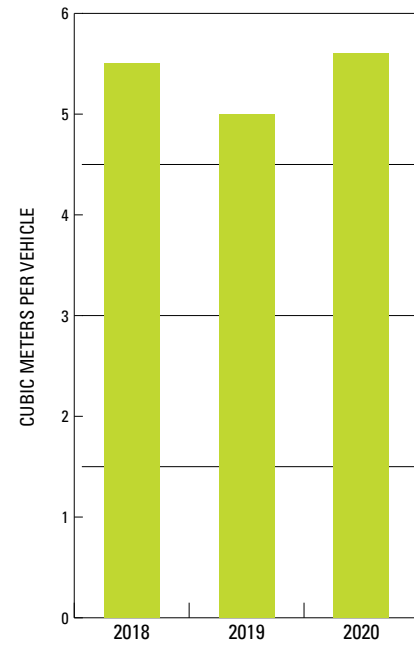
Summary per Vehicle¹ (Trucks and Buses Produced During the Period)

ENERGY CONSUMPTION



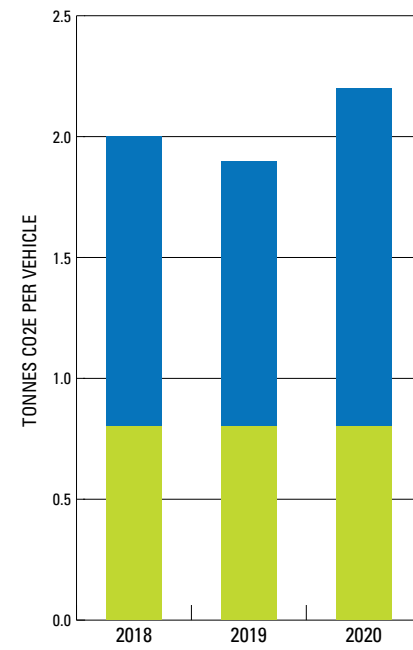
● DIRECT ENERGY USE
● INDIRECT ENERGY USE

WATER WITHDRAWAL



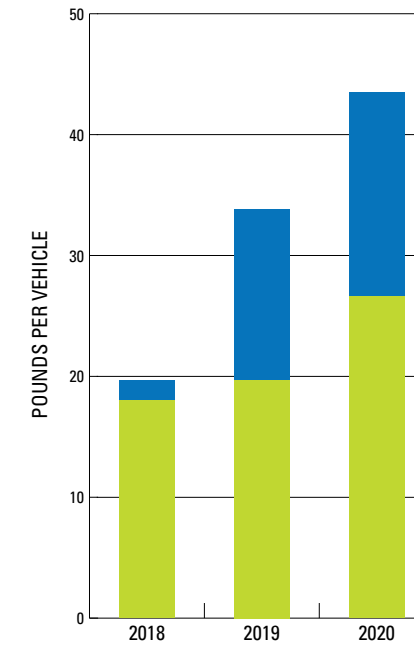
● WATER CONSUMPTION

GREENHOUSE GAS EMISSIONS (SCOPE 1 & SCOPE 2)



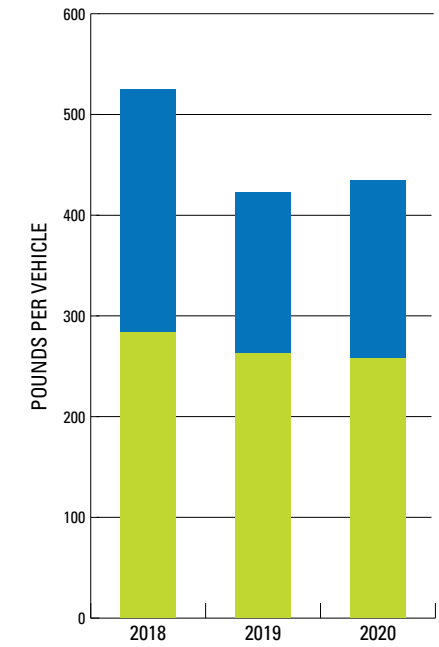
● SCOPE 1 EMISSIONS
● SCOPE 2 EMISSIONS

HAZARDOUS WASTE GENERATION



● RECYCLED
● DISPOSED

NONHAZARDOUS WASTE GENERATION



● RECYCLED
● DISPOSED

¹ "Vehicle" includes truck and bus production data during the calendar year. Vehicle data does not include engine units produced for internal use or third-party sale. Emission, energy, waste and water impact data includes all corporate-wide operations data for the calendar year. Emissions and other impact data for engine production during the calendar year are included in emissions, energy, waste and water data. Direct energy consumption reflects non-renewable energy sources consumed at all Navistar manufacturing plants, parts distribution centers, offices, used truck centers, company-owned dealership locations and fuel consumed by leased vehicles.

GRI Content Index and GRI-Specific Disclosures

General Approach

Navistar, Inc. (The “Company” or “Navistar”) has referenced the GRI standards published in 2016 in the preparation of this Sustainability Report. This GRI Content Index references the location of disclosure where the information can be found or summarizes the information within the Index. In some cases, the referenced information partially satisfies the referenced disclosure standard. The term 10-K refers to the Annual Report Form 10-K filed for Navistar International Corporation for fiscal year 2020. NIC Proxy Statement refers to the Navistar Notice of 2021 Annual Meeting of Stockholders and Proxy Statement, available from the SEC or by emailing Investor.Relations@Navistar.com.

GRI Disclosures		Content
102-1 to 102-8		Corporate names, description of corporate form are at 10-K Item 1, p. 5. Corporate headquarters are located in Lisle, Illinois and the Company operates, for the purposes of the content in this Report, in the United States, Canada, Mexico and Brazil. Information as to the scale of the Company is at 10-K, p. 12 (employees); operating segments at 10-K, p. 9-11; properties at 10-K, p. 28-29; net sales and revenues at 10-K, p. 38; detailed information on markets served and products provided is at 10-K, p. 5-11.
102-9	Supply chain	Supply chain is described at 10-K, p. 13. The monetary value of payments to suppliers is a component costs of goods sold, 10-K, p. 38-39 along with other factors, including warranty costs.
102-10	Significant changes to the organization and its supply chain	Changes to the organization are described at 10-K, p. 5, 7, 11, 17-18, 33-34.
102-11	Precautionary principle or approach	The Company does not explicitly employ the precautionary approach as a matter of broad policy but may employ such an approach in relation to specific risks. In certain cases, we may comply with a regulation that was developed, in part, through a precautionary approach. For example, the EPA heavy-duty greenhouse gas phase 2 regulations that our vehicles and engines comply with, as of MY2021, were identified as a nationally determined contribution by the United States under the Paris Agreement and are thus consistent with the precautionary approach under that agreement.
102-13	Membership of associations	The Company and its employees are members of several industry and governmental associations listed on p. 42, Navistar Sustainability Report 2020.
102-14	Statement from senior decision maker	Navistar Sustainability Report 2020, p. 2; CEO Statement on Supplier Diversity, available on Navistar.com .
102-15	Key impacts, risks, and opportunities	Economic impacts are discussed at 10-K, p. 5-11. Impacts of the business and the role it plays within broader society are discussed at 10-K, p. 5-11 and in this Navistar Sustainability Report, p. 9-22; 43-45. Governance documents below at 102-18. Key environmental impacts include: <ul style="list-style-type: none"> • Air emissions from operations, including emissions from coating operations. • Emissions from products. We manufacture primarily diesel engine powered vehicles, which have associated emissions in ordinary use. • Product end of life impacts. Our products at the end of their life will leave recyclable materials, reusable parts and waste. • Emissions related to electricity usage. We use primarily energy from the grid, which has associated emissions upstream from electricity generation.
102-16	Values, principles, standards and norms of behavior	10-K at p. 5-6; CEO letter, Sustainability Report 2020, p. 2.

GRI Disclosures		Content
102-17	Mechanisms for advice and concerns about ethics	The Company Code of Conduct and other resources are available to employees and are publicly available at Navistar.com. In addition, a hotline and email addresses are available to bring ethics concerns to the attention of appropriate Company personnel and the Audit Committee of the Board. See Proxy Statement at p. 129. Guidance on ethics concerns is also available from the Law Department, Human Resources and the Internal Audit and Compliance Department.
102-18	Governance structure	See NIC Proxy Statement, p. 128-134. The Audit Committee of the Board of Directors has jurisdiction over environmental issues. Navistar governance documents are available at Navistar.com.
102-23	Chair of the highest governance body	Troy Clarke. Mr. Clarke is executive chairman. 10-K, p. 6.
102-24	Nominating and selecting the highest governance body	NIC Proxy Statement, p. 116-127.
102-25	Conflicts of Interest	NIC Proxy Statement, p. 117, 136.
102-26	Role of governance body	NIC Proxy Statement, p. 127-128.
102-27	Collective knowledge	NIC Proxy Statement, p. 127, 136.
102-28	Evaluation	NIC Proxy Statement, p. 135.
102-35	Remuneration policies	NIC Proxy Statement, p. 141-179.
102-36	Process for remuneration	NIC Proxy Statement, p. 143-161, 158.
102-37	Stakeholders involvement in remuneration	NIC Proxy Statement, p. 145-146.
102-38	Annual compensation ratio	NIC Proxy Statement, p. 179.
102-40	List of stakeholder groups engaged by the organization	Employees, Customers, Dealers, Suppliers, Communities, Government Officials, Partners, Investment Community, Board of Directors. See chart, Navistar Sustainability Report 2020, p. 9.
102-41	Collective bargaining agreements	6,500 of our 12,100 employees worldwide are covered by union contracts. Annual Report, p. 12.
102-42	Identifying and selecting stakeholders	In compiling this report, a review of stakeholders with whom the Company has engaged during the reporting period is developed. The stakeholders include those with whom the Company has materially engaged.

GRI Disclosures		Content
102-43	Approach to stakeholder engagement	The method of stakeholder engagement depends on the stakeholder group. Please refer to the various sections of this Sustainability Report that relate to particular stakeholder group for a more complete description of the relevant method of stakeholder engagement.
102-44	Key topics and concerns raised	For the key issues relevant to each stakeholder, please see relevant portion of the Navistar Sustainability Report 2020.
102-45	Entities included in the consolidated financial statements	10-K at p. 5.
102-46	Defining report content and topic boundaries	This report addresses the material economic, environmental, and social impacts of the organization, within the context of the boundary of the report as described in 102-45.
102-48	Restatements of information	During calendar year 2020 we announced the closure of our Melrose Park facility. This event did not result in a restatement of information.
102-49	Changes in reporting	There were no significant changes from previous reporting periods in the list of material topics and topic boundaries.
102-50	Reporting period	For environmental data, this report includes data from the 2020 calendar year. For other aspects of this report, including all references to 10-K in this index, the fiscal year 2020 is the appropriate period.
102-51	Date of most recent report	The previous Sustainability Report was issued in calendar year 2020 for the 2019 fiscal year.
102-52	Reporting cycle	Annual
201-2	Financial implications and other risks and opportunities due to climate change	10-K at p. 13-14. We have identified emerging technologies as an opportunity. These technologies are driven, at least in part, by regulatory and public reaction to climate change concerns. 10-K at p. 8, 11.
205-2	Communication and training about anti-corruption policies and procedures	Our Vice President of Internal Audit and Chief Compliance Officer is committed to creating an ethical environment. Anti-corruption training is therefore incorporated within our standard training on the company Code of Conduct. All salaried employees are required to complete e-learning relating to our Code of Conduct on an annual basis. In addition, all U.S.-based production employees receive in-person Code of Conduct training. See also description at 2021 Proxy Statement on p. 129, and Navistar Sustainability Report 2020, p. 43.
206-1	Legal actions	10-K at p. 122-130.
207-1	Approach to tax	A description of taxes and their impact on the company is at 10-K at p. 112-116.
302-1	Energy consumption within the organization	Navistar Sustainability Report 2020, p. 48-50.

GRI Disclosures		Content
302-2	Energy consumption outside of the organization	Navistar, Inc. has included Scope 3 company travel data beginning in 2020, p. 25 and 48. Travel data obtained from corporate travel partners.
302-3	Energy intensity	Navistar tracks electric consumption load ratios (consumption loads during nights and weekends versus production periods) at its North America manufacturing facilities. Navistar's major energy consumption facilities in the U.S. track and report their energy consumption intensity reductions on an annual basis from DOE supplied modeling.
302-4	Reduction of energy consumption	Navistar Sustainability Report 2020, p. 29-32 and p. 48-50.
302-5	Reductions in energy requirements of products and services	Navistar Sustainability Report 2020, p. 28.
303-1	Water withdrawal by source	Navistar Sustainability Report 2020, p. 48.
303-2	Water sources significantly affected by withdrawal of water	Our major manufacturing facilities are located in areas which include the following water sources: San Juan River, Monterrey; Mad River Valley Aquifer, Ohio; Spavinaw/Eucha and Oolaga Lakes, OK; Lake Michigan; Tennessee River, AL; and Catareira and Alto Tiete systems, Sao Paulo, Brazil. None of these sources are significantly affected by our water withdrawals as our withdrawals account for less than 5% of the annual average volume of these water bodies.
303-3	Water recycled and reused	Navistar Sustainability Report 2020, p. 36.
305-1	Direct (Scope 1) GHG Emissions	Navistar Sustainability Report 2020, p. 48-50.
305-2	Energy indirect (Scope 2) GHG emissions	Navistar Sustainability Report 2020, p. 48-50.
305-5	Reduction of GHG emissions	Navistar realized a 19% reduction in absolute GHG emissions in 2020 over the previous year.
305-6	Emissions of ozone-depleting substances (ODS)	There was 1 tonne GHG emissions from a CO2 leak at one global site to the atmosphere in 2020 from our operations.
306-2	Waste by type and disposal method	Navistar Sustainability Report 2020, p. 34-35 and p. 48-50.
306-3	Significant spills	The Company had no significant spills during 2020.
306-4	Transport of hazardous waste	Navistar Sustainability Report 2020, p. 48-50.

GRI Disclosures		Content
306-5	Water bodies affected by water discharges and/or runoff	No water bodies and related habitats are significantly affected by Navistar water discharges.
307-1	Non-compliance with environmental laws and regulations	Navistar Sustainability Report 2020, p 37.
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Navistar Sustainability Report 2020, p. 48-50; statistics are reported using U.S. OSHA definitions. In 2020, the OSHA recordable injury/illness rate for Navistar was 0.92, and the lost time case rate was 0.26; there were no occupational diseases in 2020. Other occupational diseases, defined as any non-acute condition such as muscle strain or skin conditions, are included in the injury data. There were no workplace-related fatalities in 2020.

Please note our Disclosure Regarding Forward-Looking Statements at 10-K p. 3-4, which applies to this Sustainability Report and GRI Index. [Relevant 10-K filings are available online.](#)



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