

NAVISTAR[®]

SUSTAINABILITY REPORT 2022



Accelerate the Impact of Sustainable Mobility



FROM THE CEO

If you told me five years ago that I would become the CEO of a North American commercial vehicle company, I would have been humbled and surprised. If you went on to tell me how quickly the topic of sustainability would be amplified on the global agenda, I would have been equally taken aback. In 2022, my second year as Navistar CEO, I'm honored and appreciative that both have rung true.

As global sustainability efforts continue to gain momentum, we are steadfast in driving economic prosperity without creating an environmental debt for future generations. A rapid transformation is underway in the transportation sector, and we are at a pivotal moment to make decisions that will accelerate the impact of sustainable mobility.

This requires us to embrace an enormous amount of change, but one thing we all know is that change is constant. Like many of you, Navistar has thrived in critical moments of change throughout its rich history. We made the courageous decision to transition our business from agriculture to commercial transportation, developed new technology in safely assisting NASA's exploration to the moon, and became the first modern-day manufacturer of fully integrated school buses. I understand the difficulty in stepping outside our comfort zones, but there's only one way to do it – one step at a time.

We have experienced countless innovations that changed the world because of the bold few willing to take that first step. Today, we are fearlessly pursuing uncharted territory, hand-in-hand with our customers, dealers, and partners to develop modern mobility solutions and explore new and improved ways to sustainably move people and goods.

For us, it's not about being the first or the largest. It's about having the best value proposition for our customers. Our strategic pillars introduced in 2021 – **Profitable Performance, Foundation for Future, Sustainable Impact** and **Culture and Leadership** – continue to guide us in that relentless pursuit.

PROFITABLE PERFORMANCE

In 2022, we introduced our final internal combustion powertrain platform. The International® S13 Integrated Powertrain, which will begin powering vehicles on the road in the second half of 2023, was designed in collaboration with our partner brands within the TRATON Group. Recognizing that the transition to zero-emissions vehicles will not happen in one step, we invested in increasingly efficient traditional propulsion technologies that allow for progress toward a more sustainable future.

With the introduction of the S13 Integrated Powertrain, we are concentrating on services and solutions that offer customers improved uptime. Pairing the sale of a vehicle with a solution that minimizes repair and maintenance risks highlights our commitment to keep customers on the road and helps us win in the highly competitive landscape of transport and logistics.

FOUNDATION FOR FUTURE

While supporting our customers' transition toward more sustainable and profitable business operations, we are readying our unrivaled network of dealers and partners in zero emissions. There is a lot of conversation surrounding *when* zero-emissions vehicles will reach cost parity. When it happens, we aim to be ready to support every customer's journey, regardless of where they are.

Technologies like electrification, automation, and digitalization will fundamentally change our industry. As a member of the global TRATON Group, we have the benefit of leveraging a modular system to shape the transition to sustainable transportation. The TRATON Modular System allows for the TRATON Group to join forces, broaden performance steps, and increase the speed at which the latest technologies are validated and commercialized within the North American market.

SUSTAINABLE IMPACT

We are collaborating with our customers, dealers, partners, and local, state and federal authorities to help take the first, second, and third steps towards a decarbonized future. We remain dedicated to reaching the goal of 50% new zero-emissions vehicle sales by 2030 for the U.S. market, dependent on charging capacity.

Our sustainability efforts begin with zero-emissions vehicles. Sustainability encompasses our environmental footprint, total social impact, and diversity, equity, and inclusion efforts. We are developing targets aligned with the Science Based Targets initiative (SBTi) criteria to set emissions reductions targets in line with the latest climate science to reach net zero. We support outcomes-driven programs focused on impacting education, equity, and the environment to drive positive change in communities where we live and work. We also participate with more than 2,400 CEOs through CEO Action to cultivate and empower inclusive environments for all stakeholders.

CULTURE & LEADERSHIP

There is a deep connection between our performance and company culture. In 2022, we began to anchor our TRATON Group shared values of Customer First, Respect, Team Spirit, Responsibility, and Elimination of Waste within Navistar. I look forward to the integration of these values into how we make decisions, as they are critical to our financial results, employee experience, customer satisfaction, carbon footprint, and more.

This report underscores many of the successes Navistar achieved the past year. Together, we are unafraid to take risks and do not take lightly our responsibility to our people and planet. I am grateful to lead this great organization into a future where sustainable transportation is the reality.

Mathias Carlbaum
President and Chief Executive Officer

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INTRODUCTION



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COMPANY OVERVIEW

With a history of innovation dating back to 1831, Navistar and its subsidiaries produce International® commercial trucks and engines, IC Bus® school and commercial buses, as well as all-makes OnCommand® Connection advanced connectivity services and Fleetrite®, ReNEWeD®, and Diamond Advantage® aftermarket parts. In 2021, Navistar began serial production on two electric vehicle models: the IC Bus® electric CE Series school bus and the International® eMV™ Series medium-duty electric truck.

Navistar is making a notable shift from offering not only products but also providing comprehensive solutions to help customers meet their business needs now and in the future, including telematics, aftersales support and financing. For electric vehicles, Navistar helps customers plan, execute, and optimize zero-emissions vehicles and investments for the entire lifecycle. In parallel, Navistar is developing processes for managing battery end-of-life repurposing and recycling.

Navistar world headquarters are located in Lisle, Illinois. Additional facilities are located throughout North America, including:

Rochester Hills Zero Emissions R&D Facility – Detroit, Michigan

San Antonio Advanced Technology Center – San Antonio, Texas

New Carlisle Proving Grounds – New Carlisle, Indiana

Woodridge Product Support Center – Woodridge, Illinois

Manufacturing facility locations:

Escobedo, Mexico – truck plant

Huntsville, Alabama – powertrain plant

San Antonio, Texas – truck plant

Springfield, Ohio – truck plant

Tulsa, Oklahoma – school bus plant

Parts distribution center locations:

Atlanta, Georgia

Dallas, Texas

Edmonton, Acheson, Alberta, Canada

Hamilton, Ontario, Canada

Las Vegas, Nevada

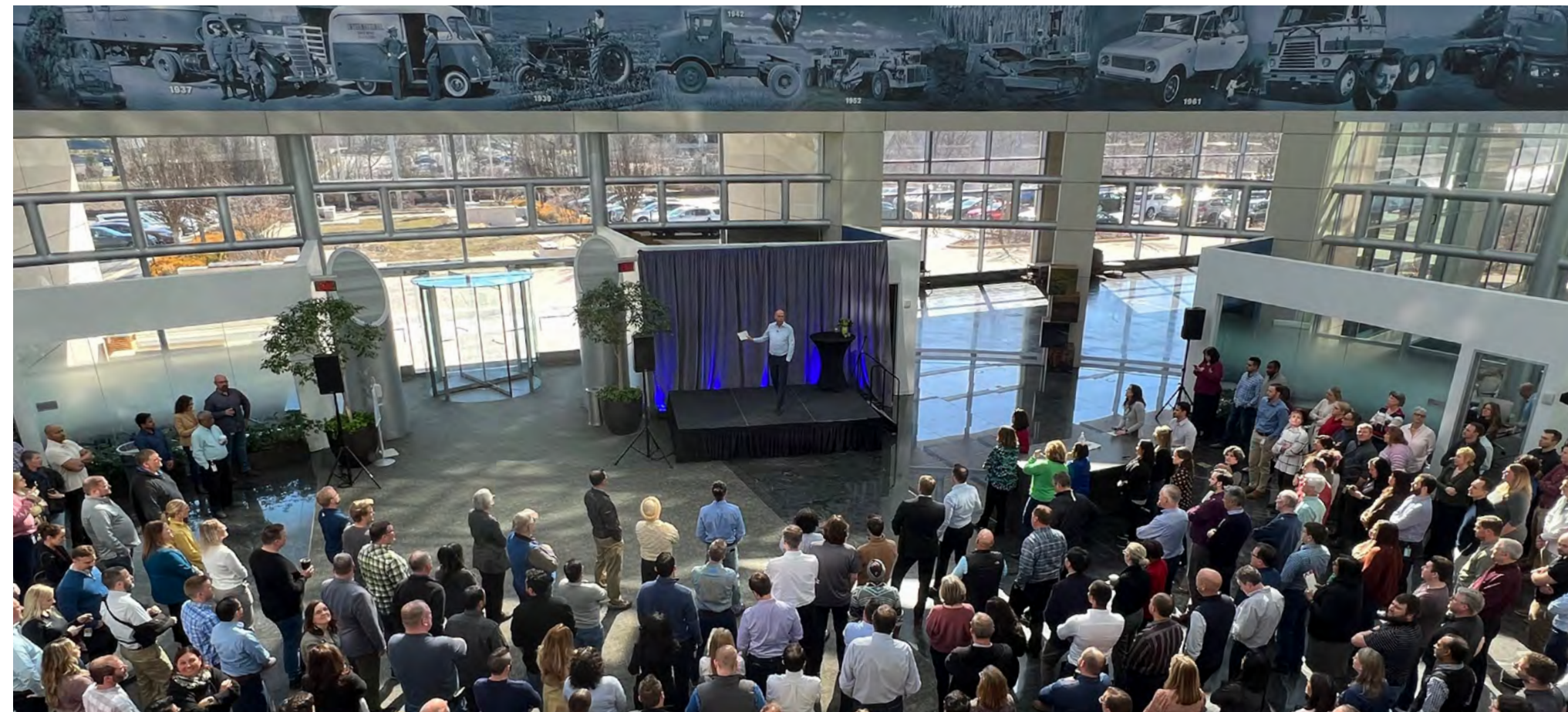
Memphis, Tennessee

Midwest (Joliet, Illinois)

Querétaro, Mexico

York, Pennsylvania

As of December 31, 2022, Navistar had approximately 14,200 employees worldwide. Roughly 58% of all employees were represented by labor unions and supported by collective bargaining agreements.



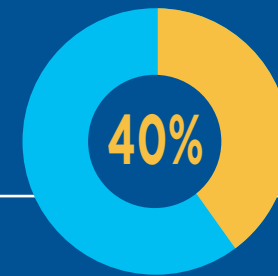
COMPANY OVERVIEW

NAVISTAR TODAY

CORE BUSINESS:
Class 6–8 trucks and buses
in U.S. and Canada

LARGEST DEALER AND SERVICE NETWORK

in North America^a



Primary business operations in:
U.S.
CANADA
MEXICO



Headquarters:
LISLE, ILLINOIS, U.S.



#1 BRAND IN SCHOOL BUSES^b

43% of all school buses on the road today are our IC Bus[®] brand



#2 BRAND IN CLASS 6–7^b

#4 BRAND IN CLASS 8^b

20% of U.S. Class 6 through 8 vehicles on the road today are an International[®] truck

2022 total unit sales:
81,892
trucks and buses

Worldwide employees:^{c,d}
~14,200

a. Including service partnership with Love's Travel Stops and Speedco.
b. Based on 2022 on the road today by OEM. School buses include Classes B, C and D.

c. Includes active employees and employees on paid leave for US/Canada/Mexico – excludes co-ops, interns, apprentices, and contractors.
d. Different method used compared to Navistar's 2021 Sustainability Report.

A MEMBER OF TRATON GROUP

TRANSFORMING TRANSPORTATION TOGETHER

Navistar merged with TRATON effective July 1, 2021, becoming a full member of TRATON Group, along with the brands Scania, MAN and Volkswagen Truck & Bus. The TRATON Group is one of the world’s leading commercial vehicle manufacturers. The aim is to reinvent transportation – with products, services and as a partner to customers.

Highlights of the further integration of Navistar into the TRATON Group include:

An introduction of the International® S13 Integrated Powertrain

A foundation to leverage the TRATON Group modular system

An established foundation to roll out the Navistar values as part of the company’s culture transformation and to support the Culture & Leadership pillar of the Navistar strategy

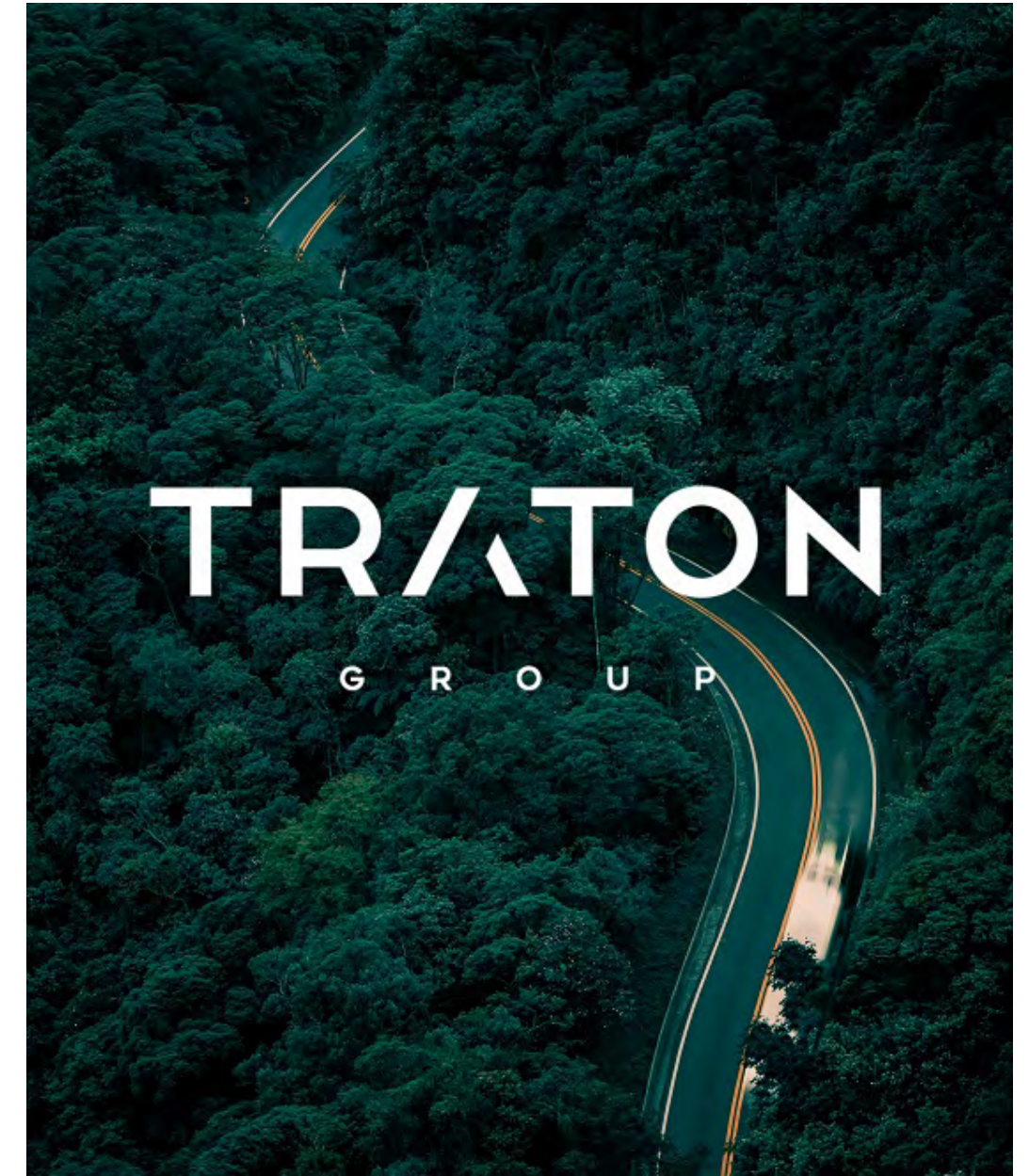
An increased knowledge across TRATON Group through new opportunities for cross-brand people exchange assignments

Navistar is part of TRATON’s strategy of being a responsible company and is embedded into TRATON Group’s sustainability governance structure. Navistar sets its priorities, resources, and methods individually in line with its corporate culture and strategy. Navistar’s strategy, together with the strategies of the other Group brands, build the basis for TRATON’s sustainability efforts. Based on this, the TRATON Sustainability Board gives strategic direction and defines joint impact areas. It is also used as a platform for knowledge transfer and for ensuring acceleration of best practices within the TRATON Group. The TRATON Sustainability Board consists of the TRATON Executive Board and certain key TRATON executives and is led by the Chief Executive Officer of TRATON SE. Navistar is also represented. New Group-wide programs and measures receive their final approval from the Navistar Executive Management and the TRATON Executive Board. Navistar is solely responsible for the implementation of these programs in its respective market.

TRATON



NAVISTAR



VISION & STRATEGY

In 2022, Navistar continued its vision and strategy it had developed in the previous year.

OUR COMMITMENT

We want future generations to look back and see that we acted to create a better place in which they can thrive.

Our vision is to **accelerate the impact of sustainable mobility**. This is our guiding star and informs all future decisions.

SUSTAINABLE IMPACT

Within the transport sector, our industry accounts for a significant percentage of total emissions. We accept responsibility for bending the curve on carbon emissions by driving change to advance sustainable solutions.



FOUNDATION FOR FUTURE

We are investing wisely in digitalization, zero emissions and autonomous solutions. We are creating new business models where it makes most sense for our customers. We are leveraging our partnerships and resources, as a member of TRATON Group, to accelerate our progress on technologies that anticipate and help manage demands coming our way.

PROFITABLE PERFORMANCE

Our number one priority is to become a healthy, well-rounded and profitable company. In partnership with our dealer network, we strive to offer the best holistic experience and solutions for our customers.



CULTURE & LEADERSHIP

We will be known for our strong culture, which guides every decision, every day. Each employee is empowered and trusted to make the right choices, embracing accountability for our long-term success.

OUR PATH TO ZERO EMISSIONS



In August 2022, Navistar unveiled the International® S13 Integrated Powertrain. Navistar and the TRATON Group invested heavily in a common base engine, transmission and aftertreatment system for more than five years.

Designed from the ground up, the S13 Integrated Powertrain leverages global scale across the TRATON Group. Modularity allows the TRATON Group to utilize shared research and development, and paring that development down to the best, most essential components that work in standardized interfaces across products.



Navistar also continued its journey of creating a sustainable range of zero-emissions solutions for customers in 2022. Navistar's products remain the largest source of its Scope 3 emissions.

We strive to achieve 50% new battery electric vehicle sales by 2030 and 100% by 2040 for the U.S. market. With the right policies and infrastructure development, we see the stage being set for rapid deployment of zero-emissions vehicles. Some of it is out of our direct control, the infrastructure deployment most critically, but we are dedicated to moving commercial transportation to electric. In 2022, we sold 267 truck and bus electric vehicles in the U.S. and Canada.



PEOPLE



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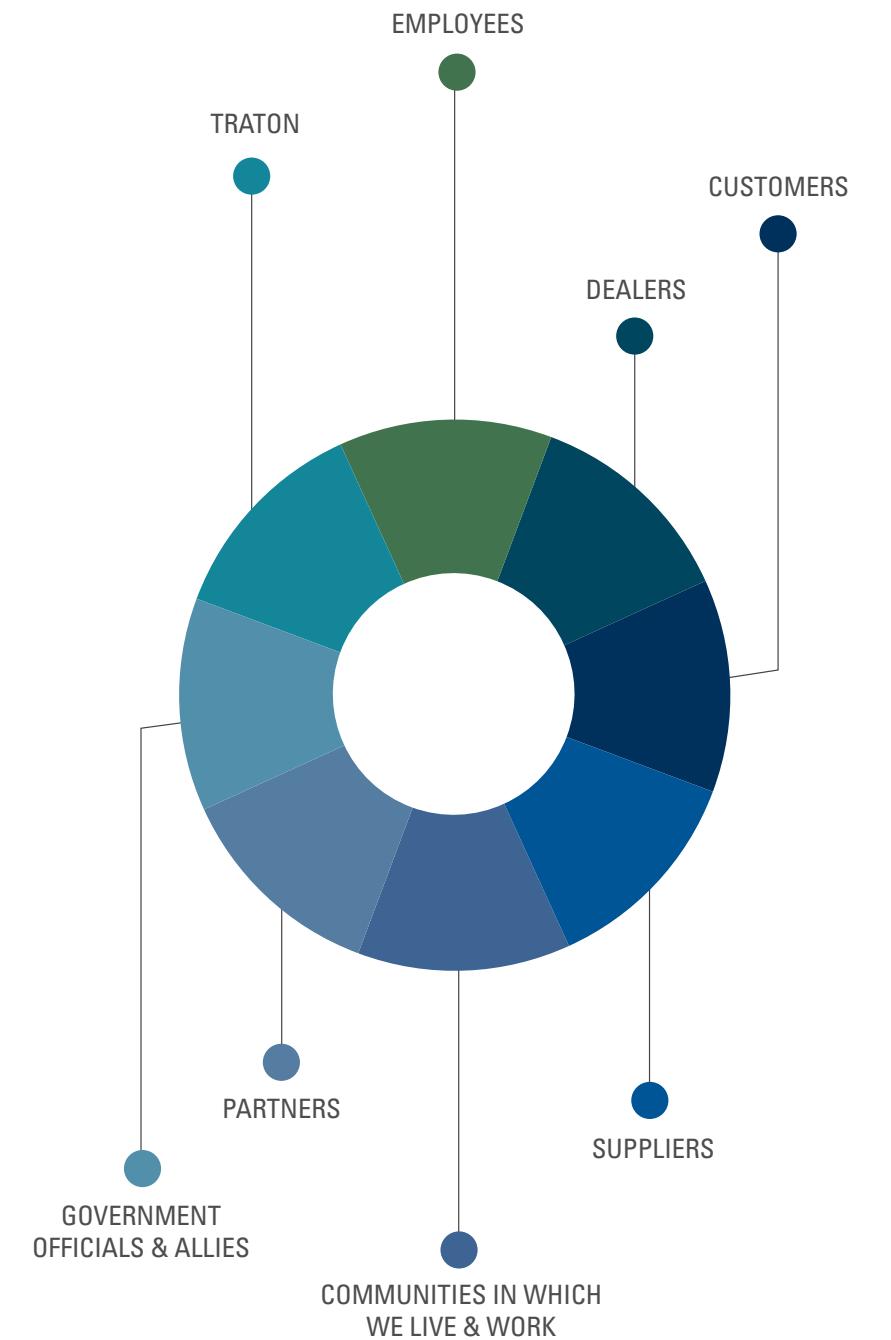
ENGAGING WITH ALL OUR STAKEHOLDERS

Navistar is collaborating across our entire interconnected ecosystem of stakeholders, and holding ourselves accountable to lead the biggest revolution in sustainable, reliable, and cost-effective transportation we have ever seen.



“International and IC Bus are collaborating side-by-side with our customers, dealers, partners and local, state and federal authorities to help take the first...and second and third...steps towards a decarbonized future.”

Mathias Carlbaum
President and Chief Executive Officer



NEW VALUES

WHY WE NEED CORE VALUES

In April 2022, global cross functional leaders representing all TRATON brands participated in a leadership strategy workshop to gain consensus regarding top priorities for increased collaboration and cross-brand alignment. The need to articulate shared values and leadership emerged as a vital focus. We agreed that our results are linked to how we behave, think, and make decisions. The realization of every goal – whether for profitability, employee experience, customer satisfaction, product quality, or carbon footprint – depends on collaboration and shared accountability. To be productive, people need to work from a synchronized foundation – a shared understanding that informs the methods used to gain results. These methodologies are a practical application of our principles – which are ultimately an expression of our core values.

Our core values drive every aspect of equitable, ethical growth

Navistar launched the evolution of its core values in November 2022 during a top management meeting and introduced the new values to all employees during a Town Hall in January 2023. Participation included over 2,100 employees, and people leaders were tasked to activate the company’s new values by leading three workshops with their team members where they discussed what each value means to their particular team.

RESPONSIBLE PEOPLE, RESPONSIBLE COMPANY

Navistar’s values-based culture has been many years in the making. What is new is the language we use, as part of TRATON Group, to advance our transformational journey. For example, we historically believed that responsible companies use their resources wisely. As we began to address our responsibility to the planet, this was expressed in terms of reducing materials waste. In 2022, we acknowledged that waste should be expunged from our processes and systems; it must be eliminated at its source. That’s why saving time and elevating the value of our greatest asset (our employees) is key to our sustainability plan. By focusing on how people thrive in a values-driven, global enterprise, we empower people to act with integrity, pursue innovation, and accelerate the impact of sustainable mobility.



PEOPLE & CULTURE TRANSFORMATION

At Navistar, we believe that the passion and potential of people is unleashed when they bring their best selves to work and life every day. Our teams are encouraged to cultivate diversity, embrace change and innovation, live our values, and lead with purpose.

People & Culture (P&C) initiatives launched in 2022 are reflective of a proactive approach to optimizing the employee experience within a culture focused on health and well-being, both at work and at home.

In 2022, the P&C team solidified its vision to optimize the employee experience through a culture focused on health and well-being at work and at home. Our mission is to foster the development of healthy individuals, teams, community and family. We use a well-being and inclusion lens when evaluating our programs and offerings to meet the needs of our employees. An overarching theme for these efforts is respect for each other's time and a commitment to focus our energy on activities that add value for stakeholders.

SAVING TIME WITH SAP

In 2022, Navistar laid the groundwork for switching to the SAP enterprise resource planning system – a strategic initiative designed to save time and limit issues for our people. The purpose of this cloud-based software platform is to drive process efficiency through an end-to-end suite of applications that can adapt and scale as part of our corporate transformation and that combines multiple systems into one consolidated platform.

Specific to P&C resources, this platform streamlines employee access to vital HR information, records, benefits forms, etc., providing a single go-to source that can be accessed from any authorized device with an internet connection and a web browser.

LISTENING TO LEARN

P&C teams continued efforts to build a culture of inclusivity at Navistar by proactively anticipating and addressing employee needs. This was accomplished by using a variety of surveys and listening sessions. In 2022, the following actions were taken to better understand how P&C efforts can best support our people:

People Leader Survey – 415 participants

EX Pulse Survey – 4,108 employee responses

Virtual Focus Group – 1,263 employee participants

Cross-functional Focus Group on Values – 80 participants representing the cross-brand talent programs

MENTAL HEALTH WELLNESS APP

To address the increasing levels of stress, anxiety, and depression seen in the workforce, Navistar launched a program to help employees monitor and manage their mental health through offering memberships to a self-guided mobile app. Offered companywide, the app presents a menu of features to support mental health at work and at home, and each Navistar employee can share the app with up to five people.



WELL-BEING FOR THE WHOLE PERSON

In considering initiatives, processes, and benefits to support Navistar employees, the P&C team also looked at opportunities for personal development in the context of the four pillars of healthy well-being that affect both work life and home life.

Mental – well rested and equipped to deal with daily demands and stressful situations

Physical – having overall good health, with the energy to meet daily challenges and opportunities

Financial – the ability to manage personal finances in a stress-free way, providing a sense of security

Social – having supportive relationships that bring happiness and a sense of contentment

EMBRACING DIVERSITY, EQUITY, & INCLUSION

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

For employees, we create an inclusive work culture by recruiting, hiring, training, developing, and retaining team members from diverse backgrounds. For customers and suppliers, we maintain and grow Navistar's supplier diversity program. For our communities, it means partnering with local organizations that support Navistar's social justice values.

WHAT DEI MEANS TO NAVISTAR

DIVERSITY

We embrace all expressions of diversity – race, ethnicity, gender, gender identity, age, national origin, religion, disability, sexual orientation, socioeconomic status, education, marital status, language, physical appearance, and diversity of thought (ideas, perspectives, and values).

EQUITY

We help all employees succeed by acknowledging their unique needs; providing fair treatment, access, opportunity, and advancement; and eliminating barriers to their full participation in all aspects of the employee experience.

INCLUSION

We create an environment that is both diverse and inclusive, that gives every individual and group space to be themselves at work because they feel welcomed, respected, supported, and valued. At Navistar, we succeed when we actively involve everyone's ideas, knowledge, perspectives, approaches, and styles.



EMBRACING DIVERSITY, EQUITY, AND INCLUSION

**CONTINUING PROGRESS,
GROWING OUR TEAM**

As the newest member of the TRATON Group, Navistar continued to collaborate cross-brand with our DEI counterparts to share best practices and brainstorm. We also continued leadership development programs for underrepresented groups. One common goal within all TRATON brands: Increase women in management positions – 20% by 2024 and 30% by 2029. At Navistar, we have already achieved the goal for 2024, and our goal is to reach 30% by 2029.

In total, approximately 1,000 Navistar women have graduated from leadership development training through the *Empowering Women Network*, a virtual education program that shortens the gap to women’s advancement. Using real-world examples and practical management insights, this six-week program helps new or emerging women managers to develop leadership abilities, competencies and strengths.

President and CEO Mathias Carlbaum continued to support CEO Action for Diversity and Inclusion. This initiative is the largest CEO-driven business commitment to advance diversity and inclusion within the workplace, and society at large.¹

In 2022, we established our eighth Employee Resource Group, the Parents and Caregivers Alliance.

The Navistar DEI team hired a dedicated resource for diverse recruiting and a diversity analyst to focus on expanding our DEI communications.



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



1. Source: www.ceoaction.com/pledge

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 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

ICAAN fosters 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.



MVAN

Military Veterans at Navistar

MVAN promotes camaraderie and mentorship, and creates a networking forum for veterans while enhancing Navistar as an employer of choice for veterans and their families.



N.A.P.A.

Navistar Asian Professional Association

N.A.P.A. shares 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

NPA represents 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

NYP empowers and develops young professionals, leverages strengths through a multi-generational workforce, and contributes to Navistar's profitability and growth initiatives.



PCA

Parents and Caregivers Alliance (established in 2022)

PCA strives to celebrate and support Navistar's parents and caregivers with appropriate resources, guidance and encouragement to help them achieve their personal best.



PLAN

Professional Latino Association at Navistar

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

WIN empowers and inspires women at Navistar by providing opportunities to foster professional success, mentor, network, and build on both product knowledge and organizational savvy.

EMPLOYEE RESOURCE GROUPS

EMPLOYEES GET INVOLVED

In 2022, Navistar’s employee resource groups (ERGs) collaborated across the company, raising funds and volunteering to help support communities and causes important to them. Navistar ERGs create awareness and fundraise for various causes, a vital part of the company’s social impact strategy and vision.

HELP FOR UKRAINE

In April 2022, all Navistar ERGs collaborated to raise funds for victims of the war in Ukraine. We echoed the call to action with Volkswagen Group and Navistar’s ERGs collectively agreed to supplement member donations. Navistar employees answered the challenge, resulting in a combination of personal and ERG-supplemented donations.

AIDS WALK

The Navistar Pride Alliance (NPA) organized a group to participate in the 2022 AIDS Run & Walk Chicago to raise funds for the AIDS Foundation. The NPA Team contributed to the event, which raises awareness and funds for AIDS Foundation Chicago. Proceeds directly benefit programs and services improving the lives of Chicagoans living with and vulnerable to HIV.

BREAST CANCER AWARENESS

The Women in Navistar (WIN) ERG took the lead to organize several awareness and fundraising events for breast cancer education and research alongside various other ERGs and functional departments. Employees from Lisle and Springfield to Tulsa, San Antonio and Mexico raised around \$23,000 for the Susan G. Komen Foundation, Breast Cancer Research Foundation and National Breast Cancer Foundation.

HONORING WHO WE ARE

Our ERGs play an important role in promoting inclusion and celebrating diversity.

In 2022, several ERG events honored our various backgrounds and experiences – from inviting all employees to learn about Juneteenth and Diwali through food and festivities to recognizing the contributions of women at Navistar.



PROMOTING SUPPLIER DIVERSITY

In 1981, Navistar created the very first supplier diversity program of any U.S. truck manufacturer. The goal for the program was to build a sustainable supplier base that reflects the diversity of the marketplace and fosters an increased year-over-year diverse spend, cost savings, and a best-in-class mentality that financially strengthens the communities where we live, work, and provide products. Navistar’s Supplier Diversity Program is an important component of our global strategy. We are committed to including diverse businesses in all communities where we live and work.

In 2022, Navistar hosted its annual DEI Supplier Diversity Summit themed “Fostering Innovation and Equity.” This event theme opened the conversation around how electrification, sustainability and DEI together influence workforce diversity in the manufacturing sector; how diverse suppliers promote innovation in our products; how existing policies promote diversity; and what is being done to prepare future leaders on the importance of DEI before they enter the workforce. The event helped to enforce that supplier diversity is not just the right thing to do, but a prudent way to create a best-in-class mentality that financially strengthens the communities where we live, work, and provide products.

Navistar executive leaders and the Supplier Diversity team hosted government officials, industry experts, diverse suppliers and thought leaders to discuss diversity recruitment, innovations in electrification, smart value chains and policy and investment. Illinois Senator Dick Durbin attended as a guest speaker to share the importance of policies that promote diversity, equity and inclusion, along with discussing electrification in the transportation sector.

A panel discussion focused on the influence of a diverse employee base, successful best practices of DEI, strategies to boost the number of women and minorities entering engineering careers, and ways that companies can proactively source candidates from underrepresented communities.

To further recognize our diverse suppliers, in 2022 we held bi-monthly Supplier Spotlight virtual events, where one potential or current diverse supplier was invited to present their capabilities, activities, and successes to the Navistar Procurement team.

Recognized companies included:

ICAT Logistics – Minority Business Enterprise (MBE)

Chrysan – Minority & Women Business Enterprise (MBE) (WBE)

Custom Service Plastics – Minority & Women Business Enterprise (MBE) (WBE)



As a result of our efforts to sustain a robust and diverse supplier base, Navistar finished 2022 having spent:

~\$266.4 million on purchases from Minority Business Enterprises (MBE) and Women Business Enterprises (WBE)

~\$608 million with Small Business Enterprises (SBE)

~\$25 million Veteran Business Enterprises (VBE)

~\$78.7 million – Small Disadvantaged Business Enterprises

~\$12 million with enterprises in Historically Underutilized Business Zones (HUB)

PROMOTING SUPPLIER DIVERSITY

DIVERSITY PARTNERSHIPS & PROGRAMS

CHICAGO MINORITY SUPPLIER DEVELOPMENT COUNCIL (CMSDC)

Navistar is a member of CMSDC and has held a seat on its Board of Directors for over 30 years. CMSDC is a nonprofit corporate membership organization that advances opportunities for Asian, Black, Hispanic, and Native American businesses by connecting them to corporate members who may need their services. CMSDC partnerships include over 250 private and public sector buying organizations and nearly 1,000 minority businesses. Minority enterprise members report the employment of more than 20,000 workers annually, and buying members report over \$3 billion in annual purchases from minority firms.

AUTOMOTIVE INDUSTRY GROUP

Navistar is proud to be one of 13 major OEMs who participate in the Automotive Industry Group (AIG). Hundreds of diverse suppliers attend AIG events and conferences to connect with OEMs and create awareness of their products and services. In July 2022, the AIG consortium hosted a virtual event entitled *Bridging Pathways*. At this event, diverse companies were given an opportunity to showcase their products and services and meet with select OEM Tier 1 suppliers with active supplier diversity programs who are looking to increase their diverse spend.

HOWARD UNIVERSITY

Howard University, in Washington D.C., is a historically Black university with a strong Supply Chain Program. Navistar has built an ongoing relationship with leaders and professors of this academic program, with a goal of recruiting diverse team members. Leveraging our experience with Howard, we will cultivate relationships with other historically Black colleges and universities to expand our talent base.

Navistar is currently working with Howard University to become part of their Priority Partnership Program. This program engages corporations to assist Howard University in advancing program growth and student advancement goals, and provides the following opportunities:

Navistar leaders engage with students as guest lecturers discussing supply chain challenges and processes with students in the classroom and other settings

Distribution of internship and permanent job placement opportunities

Introduction to students who share specific industry and subject matter interests

Limited invitation to panels and other student-facing events

VOLKSWAGEN USA

Navistar has a collaborative relationship with Volkswagen USA, currently meeting on a regular cadence to mentor and share best practices from our Supplier Diversity Program. Navistar is working with Volkswagen USA to leverage our purchasing power by combining RFPs between our U.S. facilities, and looking for collaborative initiatives to increase our diverse spend.

NAVISTAR LEGAL DIVERSITY HOLDBACK PROGRAM

Navistar has a Diversity & Inclusion Holdback Program within the Law Department. The purpose of the program is to increase retention and use of diverse attorneys so that these attorneys have an equal opportunity to become equity partners and relationship partners to Navistar. The program requires a designated set of U.S.-based law firms to meet certain minimum requirements for having minority and female attorneys perform work on Navistar matters. Navistar is using the ABA Model Diversity Survey’s definition of a “minority” attorney for the purposes of this program. If a law firm fails to meet such minimum requirements in a calendar year, Navistar may withhold a certain percentage of all billed time until the law firm has met the minimum requirements. Navistar intends to donate the withheld portions to a specific group benefitting women and minority attorneys. Each year the program is reviewed and adjusted if necessary. Navistar conducts regular meetings with the law firms to discuss current diversity analytics, possible holdbacks and ways to improve. Due to COVID-19 and other extenuating circumstances, no withholdings occurred in 2022 for the year 2021.



CONTRIBUTING TO OUR COMMUNITIES

Navistar’s commitment to being a responsible company encompasses donations and other corporate resources to support qualified nonprofit organization in communities where we have major operations.

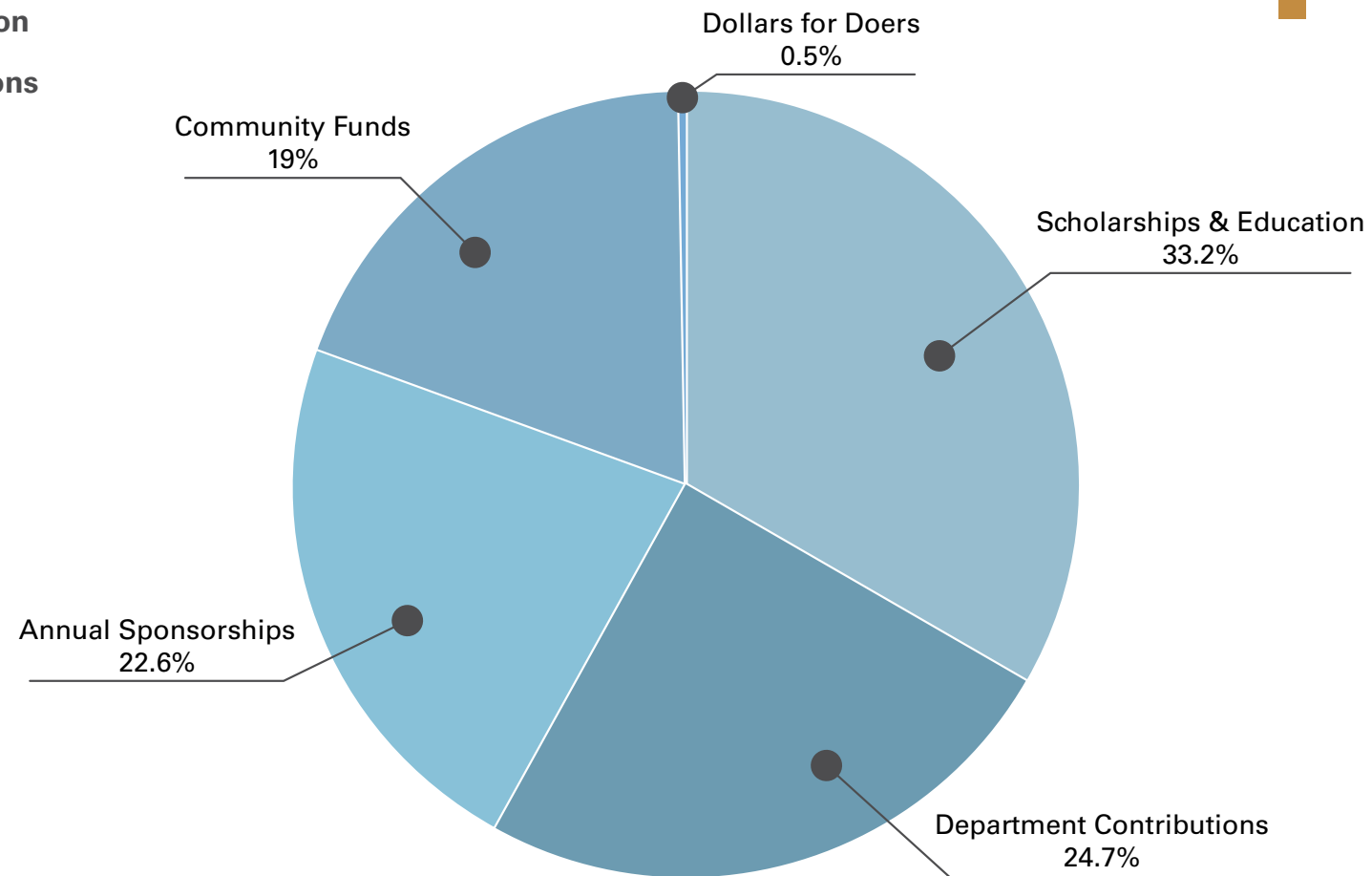
In 2022, we advanced our giving strategy, devoting more funding over 2021 to support our impact areas of focus: education, equity, and environment.

Donations totaled around \$475,000 with 14 engines and other equipment donated to ASE – Automotive Service Excellence – accredited technical schools to support their technician training programs and dealer technician recruitment (all numbers rounded):

\$157,500	Scholarships & Education
\$117,000	Department Contributions
\$107,500	Annual Sponsorships
\$90,000	Community Funds
\$2,500	Dollars for Doers
<hr/>	
\$474,500	TOTAL

2022 Equipment Donations

- 3 chassis
- 7 trucks
- 14 engines
- 1 transmission
- 5 equipment training aids



IMPACT AREAS

Education

Equity

Environment

CONTRIBUTING TO OUR COMMUNITIES

DOING GOOD THINGS EVERY DAY

International® trucks and IC Bus® vehicles are used to safely transport our children to school, delivering life-saving medicines, and even distributing critical supplies to remote villages in Mexico. Navistar vehicles are also used to help train first responders and create awareness of important equity and social causes in communities, such as breast cancer research and LGBTQ Pride events.

ELECTRIC BUSES FOR SPECIAL NEEDS CHILDREN

In 2022, Navistar’s Zero Emissions team delivered 38 IC Bus® CE Electric Series buses to the Moreno Valley School District in California. All buses were customized by adding wheelchair lifts and continuous air conditioning, which helped transport 3,100 special needs children to 42 different schools.

SCHOOL SUPPLIES FOR STUDENTS IN LOW-INCOME COMMUNITIES

Navistar employee volunteers, led by our IC Bus® team and the International Community of African Americans resource group, joined National Express employees to donate seven extra-large boxes of school supplies and personal protective equipment to support disadvantaged and autistic children at one Chicago public school and three community centers. Navistar volunteers delivered the supplies on the IC Bus® electric CE Series school bus.

PREPARING FIRST RESPONDERS

We donated a truck to the Romeoville, Illinois, Fire Department in 2022 to help firefighters practice rescuing trapped passengers during an accident. Navistar’s Zero Emissions team also educated first responders across the country on electric vehicles to build confidence in unknown scenarios.

CREATING AWARENESS LOCALLY

In 2022, our trucks and buses promoted awareness of local community causes through several events: In June, our Navistar Pride Alliance employee resource group celebrated LGBTQ Pride Month on one of Navistar’s trucks – used as a float at the annual Pride Parade in Aurora, Illinois. In October, for Breast Cancer Awareness Month, we custom-wrapped an International® MV™ Series truck for the Chicago Susan G. Komen Race for the Cure, of which Navistar was a corporate sponsor.

EQUIPMENT DONATIONS

14 engines and other equipment were donated to 15 ASE-accredited technical schools to support their technician training programs and dealer technician recruiting efforts.

- | | |
|--|--|
| Central Piedmont Community College – North Carolina | Southside High School – Texas |
| Chisholm Institute – Australia | South Texas Vocational Technical Institute – Texas |
| Greater Altoona Career & Technology Center – Pennsylvania | Southwest Research Institute – Texas |
| Johnsburg High School – Illinois | State University of New York at Cobleskill – New York |
| Lincoln Land Community College – Illinois | Tennessee College of Applied Technology – Tennessee |
| Metropolitan Community College – Nebraska | Texas State Technical College – Texas |
| Ohio Technical College – Ohio | Western Technical College – Wisconsin |
| Puerto Rico School – Puerto Rico | |



CONTRIBUTING TO OUR COMMUNITIES

SCHOLARSHIPS & EDUCATION

As Navistar works toward its vision to accelerate the impact of sustainable mobility, the company strengthened its commitment to equitable access to education. Navistar is proud to offer programs that address a growing need for engineers and qualified technicians, while providing career opportunities for high school graduates of every demographic and background. In 2022, Navistar’s contributions of \$157,500 in scholarships and education supported 19 diverse students.

TECHFORCE FOUNDATION

Through its International® trucks and IC Bus® Scholarship program, Navistar contributed \$10,000 to the Tech Force Foundation for scholarships granted to three high school students enrolled in diesel trucking programs within a 20-mile radius of any of Navistar’s 700 dealership locations nationwide. 2022 was Navistar’s inaugural year working with the foundation, which awards scholarships and grants annually to financially disadvantaged students pursuing technician careers.

EMERGING LEADERSHIP IN ENGINEERING

College sophomore Stephany Navarro was one of the recipients who earned a Navistar Emerging Leadership in Engineering Scholarship through Navistar’s “Engineering in Education 4.0 Partnership” with North Central College (NCC) in Naperville, Illinois. The partnership helps diverse students gain access to education that helps build a pipeline of highly qualified engineers.

NORTH CENTRAL COLLEGE

Navistar supports a three-part initiative to bolster STEM (Science, Technology, Engineering, and Math) efforts for underrepresented engineering students at NCC. In 2022, the company provided funding for: a simulated assembly line space; seven Next Generation Engineering Scholarships worth \$125,000; and various summer research and mentoring programs. In addition, Navistar supports NCC with funding to encourage high school students’ interest in STEM subjects.

IC BUS SCHOLARSHIPS FOR DEALERS

In 2022, Navistar awarded \$22,500 to nine high school and college students as part of its annual IC Bus Scholarship program. Granted to family members of IC Bus dealer employees as a joint effort with its dealer network, these scholarships demonstrate Navistar’s commitment to technical education for underrepresented students. Each student received \$2,500 for education expenses.

ANNUAL SPONSORSHIPS

In 2022, Navistar provided \$107,500 in sponsorship support to organizations with public education programs in STEM and programs to support environmental justice and conservation awareness.

Sponsorship often includes employee and/or family engagement access to museums or events to promote Navistar’s support for social responsibility as a corporate priority. For the first time, in 2022 we expanded our footprint beyond Illinois to impact more communities where we live and work, sponsoring six organizations, including:

- \$25,000** Museum of Science & Industry – Chicago, Illinois
- \$25,000** San Antonio Botanical Garden – San Antonio, Texas
- \$15,000** Shedd Aquarium – Chicago, Illinois
- \$10,000** DuPage Children’s Museum – Naperville, Illinois
- \$10,000** Michigan Science Center – Detroit, Michigan
- \$10,000** The Morton Arboretum – Lisle, Illinois

DEPARTMENT CONTRIBUTIONS

Departments within Navistar supported local, qualified charitable organizations with contributions provided from their own budgets. Donations in 2022 totaled \$117,355 for 10 organizations:

- \$50,000** First Illinois Robotics – Chicago, Illinois
- \$30,000** Harvester Homecoming – Fort Wayne, Indiana
- \$10,000** Michigan Science Center – Detroit, Michigan
- \$7,105** Força Sindical (Brazil) – Brazil
- \$5,000** Easter Seals Greater Houston – Houston, Texas
- \$5,000** Junior Achievement of Chicago – Chicago, Illinois
- \$5,000** Northwestern University – Chicago, Illinois
- \$2,500** The Salvation Army – Chicago, Illinois
- \$2,100** The United Nations Association of the USA – Washington, DC
- \$650** Rogers County 4-H – Claremore, Oklahoma

CONTRIBUTING TO OUR COMMUNITIES

STEM AMBASSADORS

To celebrate Hispanic Heritage Month in October 2022, Navistar participated in a Museum of Science and Industry (MSI) event that helped children and their families learn about STEM careers and their importance.

Almost 7,000 guests gathered, including 14 buses full of families from low-income, Spanish-speaking communities that traveled to Chicago. Navistar employees shared their experiences with attendees, answered questions about Navistar’s products, and discussed the many resources available to help pursue STEM careers.

With coaching from Navistar engineering colleagues, the children assembled miniature 3D printed engine piston models, explored a 3D model of how a piston works in an engine, manipulated a steering column, and saw how Navistar tests vehicles for aerodynamics.

Navistar STEM ambassadors participated in a similar event celebrating Black Creativity Careers at the museum during Black History Month in February 2022.

ROBOTICS COMPETITION

To continue supporting STEM education and the development of young engineers, Navistar’s R&D Department contributed \$50,000 in 2022 to sponsor the FIRST Illinois Robotics Midwest Regional Competition.

Teams of high school students showcased robots they developed and operated for a chance to win the title of Midwest Regional Champion. Students built robots that measured up to 6.5 feet tall, weighed up to 150 pounds, and played against each other on fields the size of a basketball half-court.

Their timed challenge was to grab and shoot balls into a center-court basket. An additional test required the robots to perform and score autonomously for the first few seconds of the challenge. Students learned and applied skills, such as focused brainstorming, real-world teamwork, and dedicated mentoring to meet project timelines and deadlines.

Navistar’s support of this important program fits with the company’s focus on education to address a growing need for talented engineers and technicians – while delivering career options to diverse high school graduates.





CONTRIBUTING TO OUR COMMUNITIES

COMMUNITY PROGRAMS

Navistar supports local, outcomes-driven programs that impact education, equity, and the environment with a focus on conservation awareness and environmental justice. In 2022, Navistar donated \$90,000 to community programs throughout the Midwest, including:

ALLIANCE FOR THE GREAT LAKES

\$15,000 Donated

Navistar’s commitment to conserving America’s Great Lakes and waterways involved a \$15,000 donation to the Alliance for the Great Lakes. The alliance completes important conservation research on areas such as the Calumet River Industrial Corridor in Chicago and organizes vital public events, including beach clean-ups in which Navistar employees participated.

ECO-FRIENDLY MOBILE FARM STAND

\$15,000 Donated

Navistar’s \$15,000 donation supported the creation of an eco-friendly mobile farm stand that delivered fresh produce from urban sustainable gardens to Chicago urban food deserts, including the Garfield Park community.

WILLOWBROOK WILDLIFE CENTER

\$20,000 Donated

As part of its strategic giving, Navistar donated \$20,000 to support the restoration of the Willowbrook Wildlife Center in Glen Ellyn, Illinois, a nationally recognized wildlife rehabilitation facility.

Navistar’s support will help develop educational exhibits that showcase the importance of environmental stewardship and respect for local ecosystems. Plans also include new outdoor and indoor rehabilitation areas, an outdoor classroom, and an interpretive trail with wildlife observation areas.

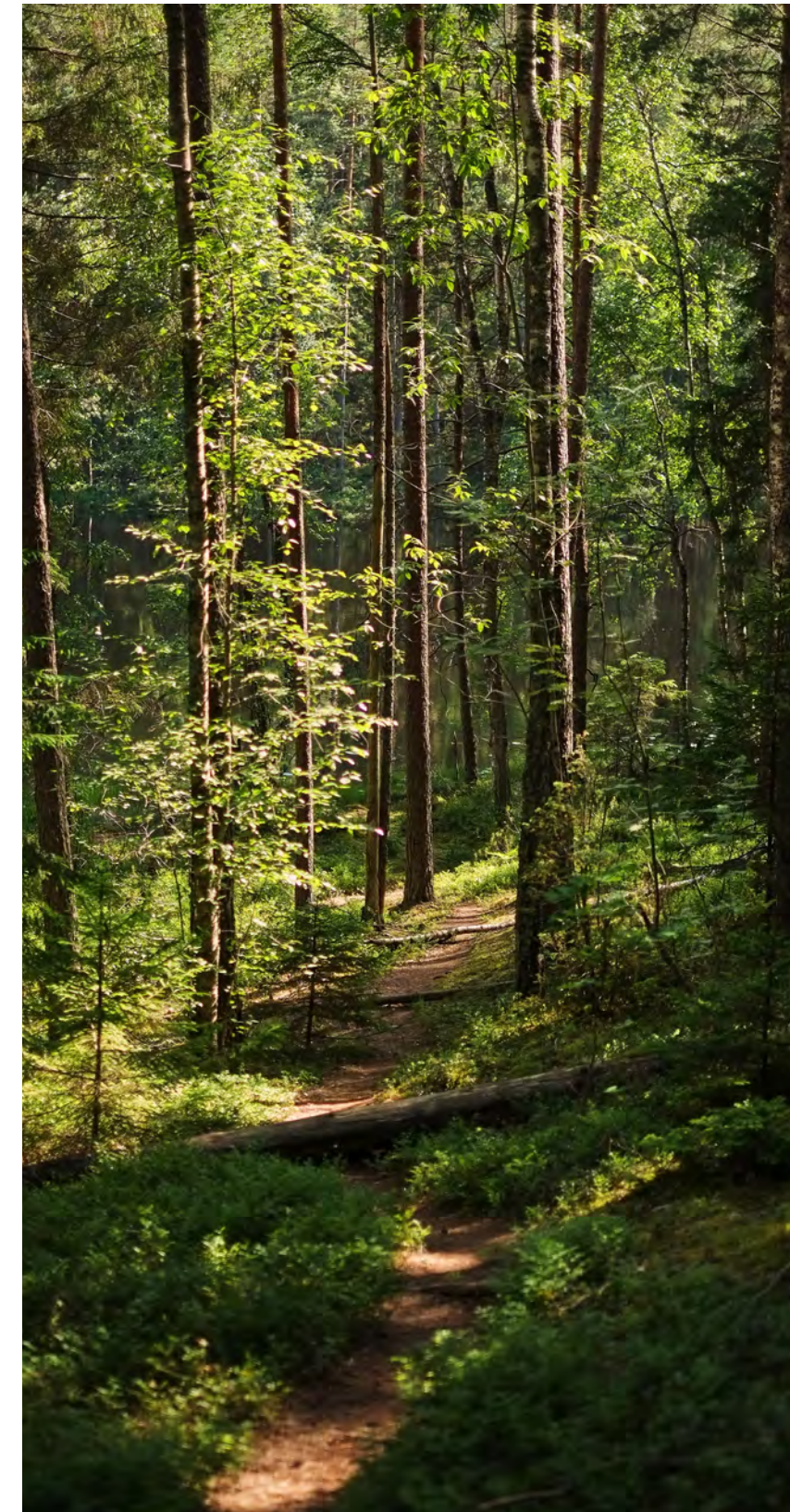
The exhibits will be a part of the forest preserve district’s first net-zero-designed visitor center, scheduled to open in spring 2024. Energy-efficient features, such as solar panels, will help the facility achieve net-zero status – where the energy produced from renewable resources will exceed the energy consumed by the building.

Support for this restoration demonstrates Navistar’s commitment to education and the environment by fostering positive, lasting change in our communities and world.

YWCA OF METROPOLITAN CHICAGO

\$25,000 Donated

With a donation of \$25,000, Navistar continued supporting the YWCA of Metropolitan Chicago’s Racial Justice League, which provides anti-racist training and support networks for corporate members. Navistar stands behind the league’s critical work to address systemic racial justice issues through its educational, entrepreneurial, and job support programs.





CONTRIBUTING TO OUR COMMUNITIES

DOLLARS FOR DOERS

Navistar’s “Dollars for Doers” program allows employees to earn Navistar monetary donations for charities of their choice by volunteering their time. Full-time, salaried Navistar employees who volunteer 15 or more hours to a nonprofit organization are eligible to earn a \$250 donation to that organization.

Individuals and groups of Navistar employees earned \$2,500 in donations by serving 15 or more hours as volunteers at a nonprofit organization. In 2022, 10 organizations received a donation from this Navistar program:

A Journey Home Dog Rescue – Oswego, Illinois

Camp Quality USA – Kalamazoo, Michigan

Canine Companions North Central Region – Santa Rosa, California

Carroll County Amateur Radio Club, Inc. – Westminster, Maryland

Feed My Starving Children – Coon Rapids, Minnesota

Illinois Equine Medical Center – Maple Park, Illinois

Lincoln Parent Teacher Council – DeKalb, Illinois

Loaves and Fishes Community Services – Naperville, Illinois

Metropolitan Family Services – Chicago, Illinois

Naperville Humane Society – Naperville, Illinois

VOLUNTEERING OUR TIME

Through donations and volunteering efforts in 2022, Navistar employees proved they are the heart of our organization – showing what it means to stand together to care for each other and our world. From aiding local food pantries to helping during a crisis to serving senior citizens, Navistar employees worked hard to support communities near and far, uplift underrepresented people and children, and advocate to make the world a better place.

CARING FOR THE ENVIRONMENT

Navistar employees rolled up their sleeves to improve ecosystems and the environment. In Escobedo, Mexico, employees partnered with the Autonomous University of Nuevo León to plant nearly 200 native trees in the community surrounding the manufacturing plant to enhance air quality and reduce rising temperatures. In San Antonio, Texas, Navistar volunteers spent a morning cleaning up brush to make way for fresh plants and native bird migration. In Chicago, employees joined Navistar CEO Mathias Carlbaum and his family to clean trash and plastics from one of the local beaches.

TEAM BUILDING THROUGH SERVICE

While strengthening their team dynamics, Navistar employees came together to serve others, donating food, school supplies, and gifts to children and families in need.

In the U.S., summer interns and the Navistar Young Professionals ERG packed food for the Northern Illinois Food Bank and Feed My Starving Children while members of Navistar’s York Parts Distribution Center in Manchester, Pennsylvania, organized a day of service with the York County Food Bank, labeling and boxing over 2,400 cans of food for local food pantries. Navistar Procurement team’s monthly events supported food donations to the Northern Illinois Food Bank, neighborhood clean-ups, and pantry box construction for southside Chicago neighborhoods through *My Block, My Hood, My City*.

Navistar’s San Antonio Assembly Plant team members served meals to senior citizens at the 43rd Annual Raul Jimenez Thanksgiving Dinner, and assisted Habitat for Humanity with landscaping and building a new home for a local family in need. Dealer Operations team members helped Metropolitan Family Services with a holiday gift drive to support local families affected by domestic abuse.

In Mexico, Navistar volunteers from the Querétaro and Mexico City locations joined forces to donate more than 1,000 food items for more than 70 children with special needs at the Casa Hogar San Pablo orphanage. Navistar’s Mexico City team also drove hours to a rural village to deliver backpacks full of school supplies for children starting the new school year.

COMING TOGETHER IN CRISIS

Navistar teams stepped up to help when tragedies struck. San Antonio (SATX) employees raised money for families and victims of the school shooting in Uvalde, Texas, located close to Navistar’s San Antonio facilities. The SATX team helped save almost 500 lives by collecting 164 units of blood through three blood drives, winning an award from San Antonio Blood & Tissue.

SUPPORT FOR TRAINING & EDUCATION

CREATING SUSTAINABLE CAREER PATHS

As Navistar works toward its vision of accelerating the impact of sustainable mobility, the company's commitment to STEM (Science, Technology, Engineering, and Math) education and hands-on training has only strengthened. Navistar is proud to offer multiple programs that address a growing need for engineers and qualified technicians across a range of career possibilities.

To support our dealers' recruitment efforts, in 2022 Navistar expanded the TECH EmPOWERment program. This leverages a number of initiatives that provide career opportunities for high school graduates of every demographic and background, as well as military veterans interested in employment with Navistar dealers.

In addition to programs targeting dealership technician opportunities, Navistar offers a number of early career programs to attract young professionals to our own organization.

TECH EmPOWERment

One of the ways Navistar generates sustainable career paths is by supporting our dealer network in efforts to recruit, train, and retain qualified personnel by establishing connections with young people in their communities.

Partnering with the National Institute for Automotive Service Excellence (ASE) and SkillsUSA in 2022, Navistar expanded the TECH EmPOWERment platform. This includes specific outreach programs to recruit more women technicians.

TECH EmPOWERment also helps facilitate donations of heavy equipment, training aids, and supplies to technical programs for the purpose of training students to service International® trucks and IC Bus® vehicles upon graduation. In 2022, with the help of dealers across North America, the TECH EmPOWERment program donated equipment and training aids to support 16 technical schools and one firefighter academy.

In 2022, Navistar continued its primary TECH EmPOWERment workstreams and piloted a new "Steering Ahead" internship initiative.

Uptime Academy

Steering Ahead

Dealership/School Partnership

Service Allies

Retention Strategy

Internships and apprenticeships are becoming more attractive in today's market because they create a pipeline for new hires, bring in fresh perspectives, and provide mentorship opportunities. Engaging with the newest generation at an early age is key to creating sustainable career paths. Further, employee recruitment and retention efforts help keep dealer personnel connected and committed.



SUPPORT FOR TRAINING AND EDUCATION

UPTIME ACADEMY

This 12-month, OEM apprenticeship program for high school graduates offers hands-on training to prepare for a career in Navistar vehicle service. Candidates are recruited locally by dealers who then sponsor them in the program. Based on an established curriculum, dealers provide job assignments at the shop so students can apply what they learned during lab time. The dealership also provides one of their employees as a mentor to each apprentice. The apprenticeship includes real-world experience along with classroom time and lab work. Graduates are then prepared to service multiple Navistar vehicle types – including electric and fuel cell technologies. In 2022, the second year of this initiative, Navistar onboarded one new instructor and 18 apprentices. This program spans 11 states and 12 unique dealer groups.

STEERING AHEAD

To supplement the pipeline for new hires, the International® Truck and IC Bus® Steering Ahead program provides high schools the opportunity to supplement their technical curriculum with manufacturer-specific online training and in-dealership experience. This takes the form of a part-time, four-month paid internship working at the sponsoring dealership with the goal of fast-tracking successful students into a technician role after they graduate. Students aged 16 to 18 are eligible (depending on local regulations) but must be enrolled in a participating automotive repair/diesel technology program through their high school. In October 2022, Steering Ahead was successfully piloted at Rush Trucks, one of the largest International® truck dealer groups, and is expected to launch across the dealer network in 2023.

DEALERSHIP/SCHOOL PARTNERSHIP

The Navistar Service Essentials Program pairs dealers with local technical schools to help build a pipeline of trained service technicians within their communities. In 2022, we initiated partnerships between dealerships and 67 local schools and contributed over 120 multilingual training courses at no expense to either the dealer or the school. Since the launch of the Navistar Service Essentials program in 2019, 196 dealer/school partners enrolled.

SERVICE ALLIES

As part of this Service Allies program, Navistar also supports military veterans by connecting them with International® truck and IC Bus® dealers for internships and direct-placement jobs.

In 2022, Service Allies helped 27 participating dealers hire 73 individuals with different backgrounds. This initiative also helps to address the shortage of qualified dealership professionals by filling a variety of critical roles, including Diesel Techs, Service Advisors, Parts Counter, Managers, Warranty, and Sales personnel.

In 2022, this program was expanded to engage military veterans in online training so they can get a head start on employment while they are still completing their last 30 to 60 days of active duty. Candidates can learn more about the opportunities available at their local International or IC Bus dealership, including the offered products and services. Dealers interested in establishing relationships with military veterans can arrange to provide them access to Navistar’s Learning Management System (LMS), which was developed to train dealership personnel.





SUPPORT FOR TRAINING AND EDUCATION

RETENTION STRATEGY

In 2022, the commercial transportation industry was affected by an average 36.5% attrition in service department jobs. In an effort to help our dealers increase employee retention, Navistar created several new dealer tools, including the Technician Career Playbook, employee experience survey templates, and award recognition programs.

The Technician Career Playbook

Launched in March 2022, this guide equips dealers with best practices and solutions designed to foster a culture of appreciation, job satisfaction, and employee retention. It was developed based on input from dealership personnel, district service managers, and market research conducted by Navistar.

Employee Experience Survey Templates

These tools were created to help our International® truck and IC Bus® dealer network listen to their employees and learn how to improve employee engagement and culture within their organizations. The survey templates are designed to be anonymous and can be conducted in person or online by each Dealer Group. Best-practice data is also provided to help dealers analyze survey results and prioritize opportunities and investments accordingly.

Technician Awards and Recognition

In 2022, Navistar expanded the *Technician of Influence Award*, which seeks to boost International® truck and IC Bus® vehicle technician retention by fostering a culture that recognizes excellent performance, outstanding leadership, and the value of continuous education. Each month, four rookie technicians (two years of service or less) and two veteran technicians (two or more years of service) are presented with certificates of achievement, gift cards, a *Technician of Influence* patch for their work shirt, and a magnet for their toolbox.

The program led to the creation of an annual award event in 2022, Navistar’s inaugural *Technician of the Year Awards*. From a pool of 48 monthly *Technician of Influence* winners, two were recognized as Navistar’s *Technician of the Year*. The award included a vacation trip chosen from six U.S. destinations offered.

Navistar also sponsored and celebrated the achievement of two Dealer Technicians who were recognized by the National Institute for Automotive Service Excellence (ASE) as winners of the 2022 ASE *Technician of the Year* award. The ASE annually recognizes individuals who have distinguished themselves in the automotive service industry as the best of the best.





SUPPORT FOR TRAINING AND EDUCATION

SUPPORT FOR EMPLOYEES AND THEIR DEVELOPMENT

ROTATIONAL AND INTERNSHIP PROGRAMS

In 2022, Navistar expanded its work with colleges and universities to provide meaningful work experience and career opportunities for students and recent graduates. These programs are designed to attract bright, young professionals to careers with Navistar through internships, rotational programs, and scholarships. Six programs give candidates a broad range of relevant experiences, including working with mentors, seeing how the business is run, and the opportunity to choose their desired career trajectory.

Northern Illinois University MSEE Program

Navistar partnered with Northern Illinois University to carefully craft a two-year master’s degree in Electrical Engineering, choosing courses that would fit best for future engineering work. Thirty-five Navistar engineers in 2022 started a new program designed to cultivate talent from within to meet the growing needs of the business.

The Class of 2024 cohort includes employees in Navistar’s World Headquarters as well as in Mexico and Texas. The program is provided at no cost to participants.

Kettering University

For nearly 20 years, Navistar has partnered with Kettering University, a STEM-focused institution with an educational model that relies on corporate partners to provide a real-world work experience. Beginning in their freshman year, students spend alternate semesters in the classroom and the workplace. Navistar interns rotate through a variety of engineering assignments and the result is that they already have more than two years of experience when they graduate. Through the end of 2022, 15 Kettering University students have completed their work rotations at Navistar and of those, seven accepted full-time positions at Navistar.

Finance & Accounting Leadership Development (FALD)

Navistar’s FALD program offers graduates a variety of three one-year rotations that provide hands-on experience and executive mentorship in Accounting, Finance, and Operations. In 2022, 13 new students participated in the FALD program, in addition to 13 previously enrolled.

Operations Management Development Program (OMDP)

Navistar’s OMDP program provides graduates with cross-functional experience in manufacturing, product development, engineering, purchasing, logistics, and more. These individuals are employed through four six-month rotations supplemented by formal training in skills deemed necessary for success. In 2022, two new associates began their rotations, for a total of six associates participating in the OMDP program.

Information Technology Development Program (ITDP)

Navistar began recruiting for its new ITDP program in 2022 to attract IT students who are within 12 months of graduation. Designed as a two-year, full immersion experience, each student cycles through four job rotations, each of which lasts six months. Each cohort also participates in management and leadership training.

City Scholars

This program specifically addresses the growing need for technology expertise as we drive towards electric vehicles. Beginning in September 2022, Navistar piloted its participation in the City Scholars Program, an initiative created by the University of Illinois Urbana-Champaign to expose exceptional college students from outside the region to computer science and computer engineering careers at Navistar. Funding to bring students to Chicago for a full semester is included in the program. In addition to carrying a full course load, students worked (in-person and virtually) at internships with Navistar. In 2022, four interns were registered to the Navistar City Scholars program.

SUPPORT FOR TRAINING AND EDUCATION

NAVISTAR UNIVERSITY

In 2022, Navistar decided to rebuild and invest in the corporate university, “Navistar University.” Our investment demonstrates our commitment to our employees’ growth and development, which in turn fosters engagement and loyalty, making them feel valued and motivated, leading to increased job satisfaction and retention. Focusing resources to Navistar University will allow us to design and deliver tailored learning programs that align with our strategic goals and objectives in our fast-developing industry. One of the focus areas moving into 2023 will be leadership, which is critical for the long-term sustainability of any organization.

TALENT AND PERFORMANCE MANAGEMENT

The new SAP SuccessFactors system also facilitates performance and talent management. A Talent Management and Performance Management Center of Excellence was created – this allows the organization to ensure that succession, performance, and development related conversations are intertwined, and that we are continuing to facilitate career growth within Navistar. A mid-year check-in was implemented – this is the first step taken towards a process focused on continuous performance management, career growth, and giving/receiving of feedback. A “People Exchange” workstream was created across the TRATON Group brands. This is in an effort to facilitate cross-brand knowledge sharing, as well as provide Navistar employees with experience working in a global environment.

PARENTAL LEAVE

To increase support of employees and their families, Navistar expanded its Paid Parental Childbirth and Parental Leaves policy. As of September 1, 2022, employees are offered eight weeks (previously two weeks) for bonding with and caring for newborns or newly adopted children, as well as an additional eight weeks to support physical recovery from childbirth.

PAY EQUITY

With regard to fair income, Navistar actively seeks to achieve pay equity. This means that employees are paid equally for the same or similar jobs, taking into account other factors such as experience, job performance, and length of service.



Percentage of employees receiving regular performance and career development reviews (across U.S., Canada, & Mexico)

99.6% of salaried employees receive a performance review and career conversation on at least an annual basis

56.9% of hourly employees receive a performance review and career conversation on at least an annual basis

73.8% of all employees receive a performance review and career conversation on at least an annual basis



WORKPLACE SAFETY

As in all previous years, the safety, health, and well-being of its employees remains a constant at Navistar. Executive leadership, plant leadership, and employees across the company are dedicated to a continuous focus on individual and collective safety performance.

Navistar is continuously working towards a zero injury or illness state. To do this, we expanded our scope, increased our staff, digitized our sampling plans and much of our historical records. In addition to confirming an overall state of compliance, Navistar will audit all of its facilities over the next three years.

Targets for a reduction in recordable Incident Frequency Rates (IFR) and Lost Time Case Rates (LTCR) are set annually. Progress toward these goals is monitored monthly by each location individually and reviewed at an enterprise level. Incidents are investigated, and corrective actions are communicated throughout the network during the monthly Central Safety Committee meeting to prevent similar incidents from occurring at other locations. These actions allow us to identify trends and implement recovery plans which contributed to our success last year.

In 2022, our corporate goals were not met due to the addition of our newest locations, the influx of personnel at several sites, and a fluid workforce in the health and safety departments. These items, in conjunction with the pandemic, created unique challenges. For instance,

our corporate IFR goal of 0.69 was not met, as we achieved a rate of 0.75, or 0.06 over our set goal. Our LTCR goal of 0.20 was also exceeded by 0.04 for a final rate of 0.24. These numbers represent a slight increase in employee injuries at our facilities even amid efforts to keep those rates as low as possible.

The electric vehicles safety policies, procedures and considerations for our production employees, as well as our service technicians and our engineers, will be a primary focus as we increase production of electric vehicles. Training for all levels of Navistar employees is critical to not only the safety of those who manufacture these vehicles but also our service technicians and our customers.

We are active in AIAG – Automotive Industry Action Group – and in close contact with our sister and parent companies within the Volkswagen Group. We exchange new safety standards in the automotive industry to ensure our employees are appropriately trained and equipped to complete their tasks in a safe and healthy manner, in particular in the transition to electrification.



PLANET



IN THIS SECTION:

[Decarbonization](#) ›

[Circular Business](#) ›

[Environmental Compliance](#) ›

DECARBONIZATION

CLIMATE CHANGE AND SCIENCE-BASED TARGETS

Navistar’s main area of strategic focus is decarbonization. That is, the move away from fossil fuel use both in our operations and in our products. In April 2023, Navistar received confirmation of our commitment to set near-term science-based emissions reduction targets with the Science-Based Targets initiative (SBTi). Navistar is now developing its near-term science-based targets for validation within the next 24 months, in line with the latest SBTi criteria. SBTi is an independent organization that validates corporate decarbonization targets.

Navistar takes seriously its responsibility to address the challenges of climate change and to do its part to accelerate the movement toward a sustainable transportation system. Recent reports from the Intergovernmental Panel on Climate Change lay out the challenges and show the significant contributions the transport sector makes to greenhouse gas (GHG) emissions.

Navistar generates GHG emissions directly through operations (Scope 1), through energy purchased (Scope 2), and as a result of activities upstream and downstream in the value chain (Scope 3). Navistar’s decarbonization effort to move away from product fossil fuels began in 2021. Navistar’s work through 2022 and into 2023, is leading to the development of targets to be submitted to the SBTi. This target will encompass Scope 1 and Scope 2 emissions and a target for Scope 3 emissions from the use of products. The result of this effort will be near-term targets that will show the emissions reductions from our baseline necessary to align us with the Paris Agreement. 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 Navistar operates and sells products. Given the historic use of fossil-fueled diesel engines, Navistar also faces reputational risk as more customers, and society, in general, demand zero-carbon alternatives.

At the same time, Navistar is also presented with significant opportunities. These opportunities include increased demand for low- and zero-emissions vehicles. Navistar believes it is well-situated to leverage relationships with customers and its deep knowledge of the industry to provide these solutions.



DECARBONIZATION

SCOPE 1 AND SCOPE 2 EMISSIONS



**10%
Scope 1 &
Scope 2
overall GHG
reduction
from
our 2021
emissions**

In 2022, though production increased 32% over the previous year, Navistar sites continued to reduce overall greenhouse gas emissions. Scope 1 and Scope 2 GHG emissions were 61,390 and 92,833 tonnes CO₂e, respectively. This represents a 10% overall reduction from 2021 Scope 1 emissions of approximately 79,500 tonnes CO₂e and Scope 2 emissions of 92,600 tonnes CO₂e. Company facilities reduced Scope 1 GHG emissions more than 22% in 2022, while Scope 2 slightly decreased by less than 1% over 2021. It is noteworthy that the former Melrose Park engine plant was fully decommissioned and demolished in early 2022, accounting for a significant reduction in Scope 1 from less natural gas once used to heat the former manufacturing campus. Though some

operations were transferred to San Antonio, Texas, the site natural gas use is minimal in comparison. Given the 32% increased production in 2022, the sites' ability to decrease overall GHG emissions demonstrates the continuous improvement commitment.

Navistar bases its calculations on the World Resources Institute GHG Protocol for the accounting and reporting of GHG emissions and includes in the inventory all corporate-wide associated emissions where there is operational control. For Scope 1, data is collected on fuels used or dispensed as well as all combustion sources for facilities and company-owned vehicles. Once data is collected, Navistar applies appropriate emissions factors

for the specific fuel used to calculate the emissions. For Scope 2, information is derived from invoicing data from energy providers to which appropriate source emissions factors are applied, by region or country.

Navistar facilities use grid-supplied power, which is generally comprised of a mix of renewable, fossil fuel and nuclear power. A continual steady increase in renewable generated power had been seen each year in the past and the proportion of nuclear-generated power also increases as fossil fuel-generated grid electricity use slowly diminishes across the U.S. Navistar did not purchase market-based renewable certificates in 2022.

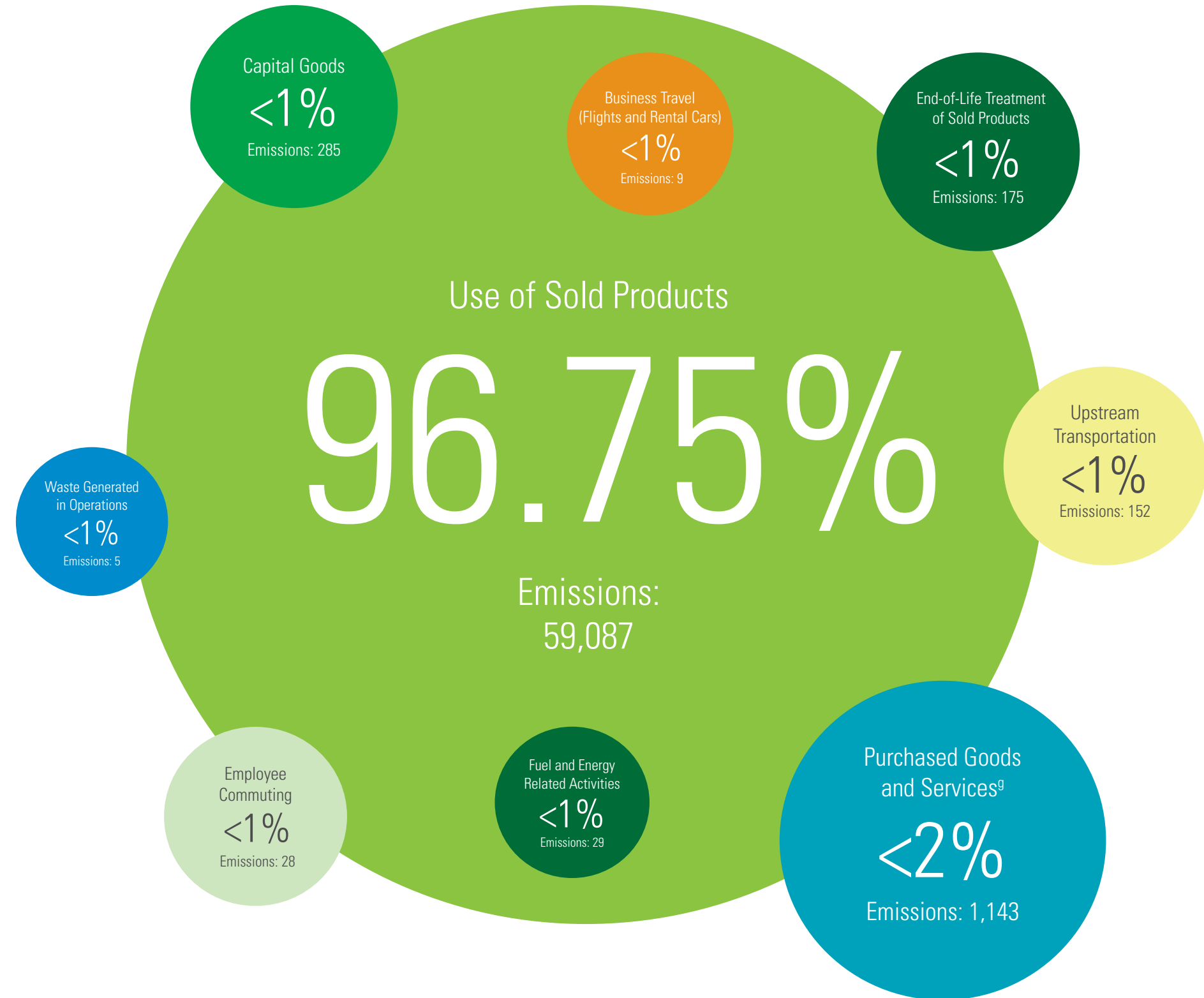
DECARBONIZATION

SCOPE 3 EMISSIONS

During 2022, Navistar calculated its full carbon footprint, including upstream and downstream Scope 3 value chain emissions for 2021. This is a key part of the SBTi effort. The total carbon footprint in 2021 was estimated to be approximately 61 million metric tons CO₂e. Of this, approximately 97% was from the use of products. Navistar calculated this using methods consistent with those established by GHG Protocol. The use of products represents an estimation of the lifetime emissions from each vehicle produced and sold in 2021. The next highest emissions comes from those related to the purchased goods and services, which constitutes almost 2% of Scope 3 emissions.

In 2022, all Navistar vehicles and engines were certified to the first tier of Phase 2 of the U.S. Environmental Protection Agency’s (EPA) and the National Highway Traffic Safety Administration’s (NHTSA) rules governing GHG emission controls, which originally came into effect in 2021. According to the EPA, the Phase 2 rules will achieve GHG reductions of approximately 25% for tractors and 24% for vocational vehicles compared with the 2017 Phase 1 standards when fully implemented in 2027. The rules apply throughout the product line to both engines and vehicles. In order to certify each engine, the Company is required to use the GHG Emission Model developed by the EPA. This software creates a model of each product’s GHG emissions, which is then compared with a GHG emission and fuel economy standard across vehicle or engine categories. Note that the methodology EPA uses in certification differs in material ways from the methods used to calculate Scope 3 emissions. In 2023, EPA proposed even more stringent emissions standards modifying those in 2027 and establishing new standards through 2032. EPA expects those emission standards to result in electrification of greater than 50% of the national fleet when fully implemented.

2021 Scope 3 Footprint (in 1000 t CO₂e)^f



For a list of Navistar’s emissions as well as footnotes ^f and ^g see Impact section.

DECARBONIZATION

ZERO-EMISSIONS VEHICLES

Navistar is focused on providing customers insights about the process and benefits of battery electric vehicle adoption. In 2022, Navistar conducted a multi-stop tour throughout North America and emphasized its strategy to support customers around electric vehicle education and adoption.

Navistar started the year 2022 with the NEXT Experience Trailer to highlight our commitment to lead zero-emissions technology adoption for commercial vehicles. This educational trailer provided industry stakeholders the opportunity to learn more about the process and benefits of electric vehicle adoption. The multi-stop tour throughout North America featured scheduled stops at more than 50 International® and IC Bus® dealers and select trade shows.

In the course of 2022, the NEXT eMobility Solutions Teams transformed into the Zero Emissions Team of Navistar. The Zero Emissions Team assumed the responsibility for success in supporting the integration and customer journey of zero emissions throughout the organization, leveraging TRATON Group as well as strategic partnerships that will allow us to scale and increase speed to market. The goal was to create simplicity and ease of doing business for customers to plan, execute, and optimize zero-emissions vehicles and investments for the entire lifecycle.

Key was understanding that the whole ecosystem matters, and that e-mobility goes beyond the vehicles to support customers in their EV

journeys. In 2022, we leveraged our five-step approach setting out our strategy to tackle the shift to e-mobility. This approach was updated in 2023, refining the approach to break down the complexities of zero-emissions vehicles and simplifying our customers' journey to cost-effective, successful implementation.

Navistar also announced in 2023 the newly formed relationship with integrated infrastructure solutions partner Quanta Services, Inc., a leading infrastructure and energy transition solutions provider. In this collaboration, Navistar will provide International® Truck and IC Bus® customers with a comprehensive vehicle and charging infrastructure solution that enables fleets to implement battery-electric vehicles quickly and efficiently.

Our approach with continued involvement from International Truck and IC Bus includes consultation to installation and beyond, reassuring customers and minimizing their stress – differentiating Navistar as a trusted brand with exemplary customer service.



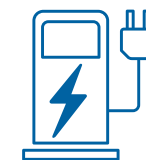
OUR EV ROADMAP
PATH TO A SEAMLESS TRANSITION



CONSULTING

Finding the best way forward

Our discovery workshops dive into a fleet's electrification needs and concerns, building a customized EV roadmap for success.



CHARGING

Laying the groundwork

We assess the placement of hardware and infrastructure, finding the best ways to support a customer's vehicle charging and uptime.



DEPLOYMENT

Bringing it all together

We ensure charging locations, staff, and remote diagnostics are prepared for the electric fleet to hit the road.

DECARBONIZATION

Navistar launched the International® eMV™ Series in August 2021. Some eMV Series electric vehicle deployments in 2022 were:

Terex Utilities, a manufacturer of materials processing machinery and aerial work platforms, announced the industry’s first all-electric bucket truck mounted on an eMV Series chassis.

Navistar partnered with Morgan Truck Body, LLC to release a prototype dry freight cargo van body integrated on an eMV Series chassis.

Penske Truck Leasing became Navistar’s first U.S. eMV Series customer, purchasing multiple vehicles to continue its commitment to zero-emissions technology. Penske integrated the EVs into its fleet to provide real-world feedback regarding performance. Navistar delivered the vehicles in April 2022.

Canadian utility provider ENMAX purchased two eMV Series trucks to join its fleet of mobile command centers as part of a pilot program.

Altec, a truck equipment manufacturer (TEM) serving the utility and contractor markets, took delivery of an eMV Series chassis upfitted with an Altec TA-60 body.

NAVISTAR International® eMV



Motor power:	max. 250 kW
Battery capacity:	up to 210 kWh
Range:	up to 135 miles
Production launch:	2021

The first IC Bus® Electric CE Series school buses were delivered in May 2021.

In 2022, IC Bus supported dealers in educating customers on funding opportunities for the U.S. Environmental Protection Agency’s (EPA) Clean School Bus Program. The federal rebate program allotted \$5 billion over the next five years to replace current school buses with alternative fuel or electric vehicle models. Through customer education and grant writing support, IC Bus helped more than 230 school districts – many of which are in high-need or low-income areas – take their first step toward electrification.

IC Bus began educating dealers in early 2022 on their critical role in supporting the EV transition. Dealers have aided customers in funding opportunities, charging infrastructure, route analysis and overall EV education.

In August 2022, International® dealer West Michigan International announced the grand opening of Michigan’s first public electric commercial vehicle charging station at its Kalamazoo location. Located directly off Interstate 94, one of the largest freight corridors in the Midwest, the new electric vehicle (EV) charging station is optimized for commercial vehicle charging and will provide fleets the ability to charge larger vehicles, including Class 8 electric trucks. The DC fast charger features two 24-hour charging hookups. The chargers at the West Michigan International in Kalamazoo were installed with support from Navistar’s charging partner, InCharge.

NAVISTAR IC Bus® CE Electric School Bus



Motor power:	max. 250 kW
Battery capacity:	up to 315 kWh
Range:	up to 200 miles
Production launch:	2021

DECARBONIZATION

EFFICIENT POWERTRAIN

In August 2022, Navistar unveiled the International® S13 Integrated Powertrain during an exclusive live event held for dealers, customers, and industry press at the Las Vegas Motor Speedway. For more than five years, Navistar and the TRATON Group invested heavily in a common base engine, transmission and aftertreatment system.

Design Philosophy

The clean sheet design of the S13 Integrated Powertrain sets an industry standard for efficiency, profitability and sustainability. The components of the S13 Integrated Powertrain, which comprise the S13 Engine, the T14 Transmission and the Dual Stage Aftertreatment system, were all considered at the beginning and throughout the development process. This ensures the S13 Integrated Powertrain makes significant efficiency gains while maintaining superior performance.

The S13 Integrated Powertrain leverages global scale across the TRATON Group and supports modularity as a core principle. Modularity allows the TRATON Group to utilize shared research and development, and paring that development down to the best, most essential components that work in standardized interfaces across products. This approach combines components in different ways to achieve a high degree of customization – with fewer components – and meet the unique needs of customers in every market. On a global scale, modularity optimizes our production footprint, increases purchasing power, creates manufacturing efficiencies, and reduces the number of parts that we need to stock for production and aftermarket support.

Performance Benefits

Internal combustion engines are an important part of customers’ businesses. The International S13 Integrated Powertrain demonstrates Navistar’s commitment to industry-leading fuel economy as part of the company’s bridge strategy toward sustainable mobility. The system optimizes efficiency without sacrificing performance.



Advanced fuel efficiency and performance is achieved through combustion efficiency and a reduction of friction and pumping losses. This equates to a more fuel-efficient engine with less greenhouse gas emissions.

With the S13 Integrated Powertrain, Navistar offers its most efficient combustion engine solution. Paired with the International® LT® Series model’s aerodynamics package, the S13 Integrated Powertrain delivers up to 15% improvement on fuel economy compared to the first-generation International A26 engine mated with a 12-speed Eaton Endurant HD automated transmission. When compared to the A26 engine, this equates to a significant reduction in fuel consumption.

The S13 Engine was developed from the ground up, using select catalytic reduction (SCR) technology as the only emissions reduction technology. This is enabled by the advanced, dual stage aftertreatment that provides great NOx conversion efficiency.

The S13 Engine has no exhaust gas recirculation (EGR) cooler and flows 100% of the exhaust to the turbocharger in normal engine operating conditions. This process delivers improved efficiency and engine performance. Eliminating the recirculation of exhaust gas ensures a more complete fuel burn and allows cleaner air to enter the combustion chamber on the intake cycle to mitigate soot buildup.

The S13 Engine enables use of simpler, more efficient fixed geometry turbo and combustion efficiency is further improved with a 23:1 compression ratio.

Because cooled EGR was eliminated from the combustion process, less soot and particulate matter are generated. This cleaner combustion cycle allows for extended service intervals and eliminates the diesel oxidation catalyst as well as the need for an active regeneration cycle. The Dual Stage Aftertreatment system saves fleets time and fuel.

Shifting logic and integrated software controls for the T14 Transmission maximize efficiency and performance resulting in gear shifting that is perfectly matched to engine revolutions.

OnCommand® Connection, Navistar’s connected services platform, comes standard and with over-the-air programming. The S13 Integrated Powertrain’s predictive capabilities help fleet owners and service managers stay ahead of potential service needs. International® 360, Navistar’s service communications tool designed to accelerate the repair process and streamline dealer communications, is also an available option to customers.

To manufacture the S13 Integrated Powertrain, Navistar is in the process of significantly expanding and technologically upgrading its Powertrain Plant in Huntsville, Alabama with a total \$205 million investment.

DECARBONIZATION

ENERGY USAGE

For Navistar’s Scope 1 and Scope 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 upstream.

Electrical energy usage, therefore, continues to be a key area of focus. Our production increased by 32% in 2022, yet the purchased utility energy used by our facilities increased only slightly, less than 2% over 2021; evidence of the energy efficiency gains and reduction of wasted energy in our operations. The significant increase in production with relatively static energy usage is evidence of efficiency. In addition to increased production, we saw manufacturing infrastructure expansion, also presenting an opportunity to increase efficiency. Our Powertrain Manufacturing Plant in Huntsville, Alabama expanded in 2021, adding 110,000 ft² of new manufacturing space and equipment. Our new manufacturing operations in San Antonio, Texas, are increasing in production, while the Escobedo, Mexico, facility continues to undergo major paint upgrades and site support expansions. Thus, our sites conserved energy during this manufacturing space expansion.

Our energy management strategy has many elements. We perform energy audits and encourage our sites to conduct informal “treasure hunts” at our facilities, seeking improvement opportunities. In addition, our Springfield, Ohio manufacturing facility partnered again with the Industrial Assessment Center at the University of Dayton, Ohio to perform energy reviews under sponsorship of the U.S. Department of Energy (DOE). The team also completed ISO 50001-ready energy management standard implementation training with the DOE in March 2023. The ISO 50001 energy standard elements are expected to be incorporated into the corporate ISO programs planned for 2023-2024.

Navistar’s relationship with the DOE’s Better Buildings, Better Plants program continues.



In 2021, Navistar committed to its second voluntary DOE goal to further reduce energy intensity through the DOE national partnership, pledging an additional 20% by 2030 (1.7% reduction per year),

using the 2018 baseline. The DOE tracks our progress toward this voluntary goal after analyzing our data each year. Four of our largest U.S. facilities are included: our manufacturing facilities in Springfield, Huntsville and Tulsa as well as our World Headquarters offices in Lisle. It does not yet include our new San Antonio facility. In 2022, the data indicated that we achieved 2% annual improvement in efficiency. This brings the total improvement to 5.7% from the new 2018 baseline year. The data was slightly adjusted by the DOE for 2022 to reflect more accurate predictors and improved analysis at two sites.

Navistar adopted this energy intensity metric, including our Escobedo, Mexico facility, on a year-over-year basis, as one element of our 2023 annual incentive metric, representing a company-wide sustainability commitment to using energy responsibly.



CIRCULAR BUSINESS

Navistar’s second area of strategic focus for environmental sustainability is circular business. A circular business practice is one that focuses on lifecycle impacts, resource use reduction and waste minimization.

A CIRCULAR MODEL LOOKS FOR WAYS TO REUSE, SHARE, REFURBISH, REMANUFACTURE AND RECYCLE PARTS AND MATERIALS.

Circularity not only saves raw resources from being used in the production of a new product, but uses less energy, causes less emissions and creates less waste than a new product. Navistar is early in its journey toward a circular business model but is committed to moving in that direction. This model supports decarbonization as a strategic focus area as well as conserving resources. As this progress continues, Navistar intends to find more ways to design products so circular business practices are built-in from the inception.

Navistar has been making strides to improve waste management practices minimizing waste generation, reusing goods and packaging, remanufacturing parts, and strengthening our recycling program. Navistar is exploring solutions for cost savings, selecting proper waste handling equipment, and setting metrics and sustainability goals. Navistar is actively looking for ways to eliminate more waste and pollution from packaging and manufacturing. It is fair to say Navistar is at the beginning of its circular business journey, but remains committed to it and can see the opportunities it affords.



lifecycle impacts | resource use reduction | waste minimization

CIRCULAR BUSINESS

REDUCE

In 2022, total waste generation increased by 47.3% compared to waste generated in 2021, mainly due to an increase in vehicle production and waste management in the wake of the COVID-19 pandemic. Similarly, the total waste generation from manufacturing facilities, including the San Antonio Manufacturing Plant, increased in 2022 by 66.7% compared to 2021. Additionally, total waste from all manufacturing facilities per vehicle increased by 26.1% compared to 2021. We aim to find ways to reduce the waste generation going forward.



REUSE

Navistar refurbishes and repurposes its IT equipment internally wherever possible. If the equipment cannot be refurbished or reused, it is sent to R2 Certified recyclers to maintain a low impact on the environment. In 2022, Navistar reused 46% of IT equipment through its certified recycling contractor. This effort resulted in 23,216 pounds of e-waste processed and a reduction of approximately 32,361 pounds of GHG emissions as compared with disposal, as estimated by our recycling contractor.



CIRCULAR BUSINESS

REMANUFACTURING

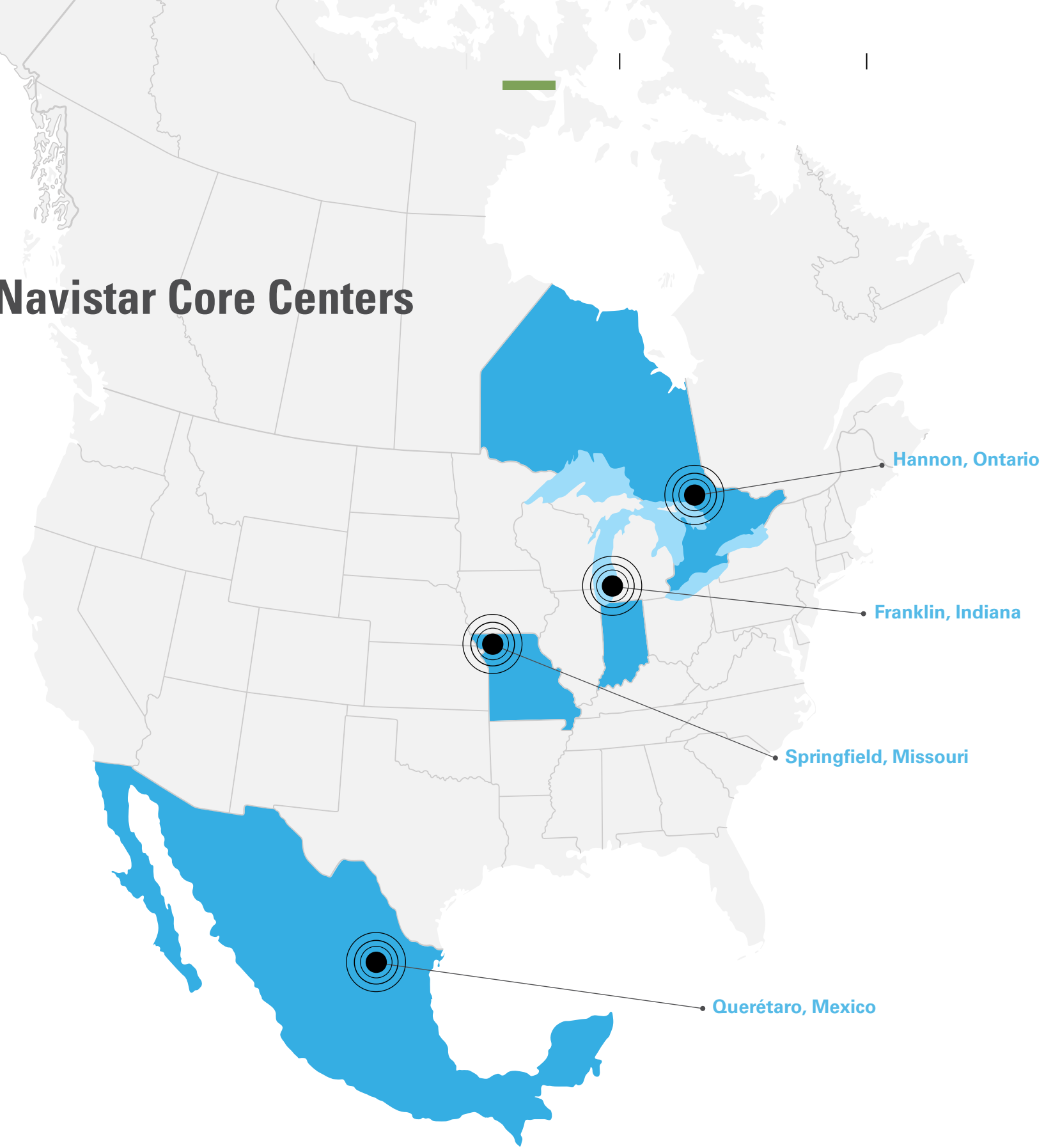
The energy and emissions impacts of a remanufactured vehicle part can be on average as low as 35% compared with a new part and the waste impacts can be less than 10% compared with a new vehicle part according to a 2018 United Nations Environment Program report.¹ As a result, remanufacturing can have a significant impact. Navistar sells and distributes remanufactured parts under the ReNEWed® and Fleetrite® brands, with approximately 3,000 different parts regularly remanufactured. Our remanufacturing program is based on a system where customers return a used component, known as core, which is then remanufactured into a product that meets the identical specifications of a new part. Certain parts can be remanufactured multiple 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 core is then distributed to various partner companies that remanufacture the parts to original specifications. The result is a like-new part option for the customer and can carry significant emissions, energy and waste advantages compared with a completely new part.

The returned parts are used in our remanufacturing programs or for recycling if they cannot be remanufactured. This system is flexible, and newly eligible parts can be brought into the system. One way Navistar was able to react to supply chain constraints, including those for microchips, was to expand the parts that could be remanufactured, offering a source of replacement parts in short order to help offset supply chain issues.

We are working on programs to expand remanufacturing opportunities. Our ambition is to have at least 20% of our parts revenue come from remanufactured parts. This makes sense both commercially and on the impact of our activities.

AMBITION:
20% of parts revenue
to come from
remanufactured parts

Navistar Core Centers



CIRCULAR BUSINESS

RECYCLE

In 2022, 64% of all waste generated was recycled, compared to 67% in 2021 – which represents a slight decrease likely related to the impacts of the COVID-19 pandemic affecting waste segregation and recycling. We have programs to recycle cardboard, pallets and other packaging material. We aim to shape the circular economy, continuously improve toward our goal of a 75% recycling rate, and create a less resource-intensive company.

We aim to continuously improve toward our goal of a 75% recycling rate.





CIRCULAR BUSINESS

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 educate our employees on the importance of conserving water resources and continually seek ways to reduce our water use. In 2022, we used 0.51 million cubic meters of water in our operations, a 9.1% increase from 0.47 million cubic meters in 2021. Our overall water usage has been trending lower during the years prior to the start of the pandemic but increased slightly compared to 2021. However, the total water use per vehicle decreased due to improved efficiency at higher production levels.

Within our manufacturing locations, 53% of the water withdrawal in 2022 was from our plants in Escobedo, Mexico, and Santo Amaro, Brazil (our facility in Santo Amaro, Brazil, was sold in 2022). The Escobedo plant gets its water indirectly from the San Juan River in Monterrey, Mexico. These plants 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. None of the water sources where facilities are located are

significantly affected by our water withdrawals as they account for less than 5% of the annual average volume of these water bodies. Furthering our efforts to minimize water use, a pipeline is being planned, which will allow our San Antonio plant to utilize gray water from the local utility.

Additionally, many of our facilities discharge wastewater to the local wastewater treatment utility. Some of our plants have wastewater pretreatment 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 sanitary and industrial wastewaters to applicable EPA standards before returning it to local waters, part of the Mad River Buried Valley Aquifer in Ohio. Our plant in Escobedo, Mexico, is a zero wastewater discharge plant. Escobedo treats all wastewaters at the facility, using the clean water for irrigation to support onsite grass and native vegetation. 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, except for the new San Antonio plant, which is planned to achieve certification in 2024. 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 Compliance group that evaluates product compliance with emissions regulations and ensures that our products obtain appropriate emissions certifications.

Our products are certified for emissions compliance by EPA and the California Air Resources Board. In addition to GHG emissions, they are also certified for other pollutants, including nitrogen oxides, particulate matter, and other emissions. Our products can also be certified to optional idle emissions standards. In 2022, we had no significant environmental enforcement actions at our facilities.



We take our environmental legacy seriously. 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. One of these sites was redeveloped into an urban solar energy facility. We currently have funds 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.



RESPONSIBILITY



IN THIS SECTION:

[Governance, Compliance, & Risk Management](#) ›

[Government Relations](#) ›

[Innovation](#) ›

[Responsibility in the Supply Chain](#) ›



GOVERNANCE, COMPLIANCE, & RISK MANAGEMENT

Navistar’s goal is to enable transparent, risk-oriented, and fair decision-making that is consistent with the company’s rights and obligations, and generates long-term value for Navistar and its stakeholders. Corporate governance aims to achieve set objectives while addressing uncertainty and acting with integrity.

For Navistar, this means focusing on:

Strong Corporate Governance Structure

Ethics & Compliance

Risk Management & Internal Controls

STRONG CORPORATE GOVERNANCE STRUCTURE

Navistar International Corporation, incorporated under the laws of the State of Delaware in 1993, is a holding company whose principal operating entities include Navistar, Inc. and Navistar Financial Corporation (together “Navistar”). Its sole shareholder is TRATON US, LLC, itself a 100% indirect subsidiary of TRATON SE. TRATON SE is an indirect subsidiary of Volkswagen AG and is listed on the Frankfurt Stock Exchange and the Nasdaq Stockholm Stock Exchange.

Navistar’s corporate governance structure includes the Board of Directors and Executive Management. Navistar holds at least annually a shareholder’s meeting.

The members of the Board of Directors of Navistar are appointed by its shareholder, TRATON US, LLC. Navistar’s Board of Directors primary responsibility is to determine the overall strategic planning and goals of the company. The Board of Directors oversees Navistar’s impacts on the economy, environment and people. It assesses risk, evaluates management’s performance, plans for successors and provides overall guidance and direction to the company. In addition, it appoints the President and Chief Executive Officer, who is also the Chairperson of the Board of Directors.

While Navistar’s Board of Directors has general oversight responsibility for risk at Navistar, it has delegated some of its risk oversight duties to the Audit Committee of the Board of Directors. Audit Committee members are elected amongst the members of the Board of Directors. The Audit Committee assists the Board of Directors in fulfilling its responsibilities to oversee the integrity of the financial statements of the company, compliance with legal and regulatory requirements, the performance of the internal audit and corporate compliance function, and other such duties as directed by the Board of Directors. The Audit Committee periodically

reviews these risks and then discusses the process and results with the full Board of Directors. Additional information on the Navistar Board of Directors can be found here: navistar.com/about-us/governance

Under the direction of the Chief Executive Officer, the Executive Management is responsible for the day-to-day operations, implementation of the strategic plan, the financial and management policies as well as the sustainability roadmap. The Executive Management includes the Chief Strategy and Transformation Officer who is responsible for corporate and sustainability strategy. Additional information on the Executive Management can be found here: navistar.com/about-us/governance

In addition, the Chief Executive Officer of Navistar is a member of the Executive Board of TRATON SE. A part of the Chief Executive Officer’s salary is a profit bonus which takes into consideration, amongst other items, environmental, social and governance (ESG) targets. The profit bonus is intended to motivate to pursue ambitious targets during the assessment period with the integration of sustainability targets reflecting the significance of the ESG factors. Details on remuneration policies, evaluation of the performance and the process to determine remuneration regarding the Chief Executive Officer can be found in the TRATON Annual Report 2022 here: ir.traton.com/download/companies/traton/Annual%20Reports/DE000TRATON7-JA-2022-EQ-E-02.pdf

According to Navistar’s conflicts of interest policy, each employee must make decisions on behalf of the company that are independent of any outside influences using common sense, individual conscience and a commitment to 100% compliance with the law. Some members of the Executive Management and the Board of Directors fulfill dual roles within TRATON Group. Each of these individuals is bound to act in the best interest of the company they are representing in their respective function.

GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT

ETHICS & COMPLIANCE

Navistar strives to create a culture of trust, empowerment, and accountability in which employees from all walks of life can thrive. Navistar expects its employees, contingent workforce, consultants and suppliers to act in compliance with all applicable laws and company policies while conducting business for the company.

The Governance, Risk and Compliance (GRC) function of Navistar includes the following areas: Corporate Compliance, Internal Control System, Enterprise Risk Management, Data Privacy and Business Continuity Management.

In August 2022, Navistar held its 8th Annual Compliance Week offering activities dedicated to ensuring the company remains focused on the policies that support operating with integrity and honesty.



CODES OF CONDUCT AND POLICY STATEMENT ON HUMAN RIGHTS

In September 2022, Navistar introduced its fully updated Employee Code of Conduct with a focus on responsibility as a member of society, as a business partner and in the workplace. Navistar’s goal is to establish and maintain a culture in which integrity and honesty are at the forefront of every decision and action. Every employee, regardless of position or department, is expected to live up to the responsibility to positively represent Navistar. The Employee Code of Conduct assists in fulfilling Navistar’s responsibility, outlining how to act with integrity, address risks transparently, and comply with rules and regulations.

Navistar also acknowledges the Declaration of Human Rights adopted by the United Nations and the European Convention for the Protection of Human Rights and Fundamental Freedoms. In August 2022, Navistar published its Policy Statement on Human Rights. This document outlines established principles which shall be incorporated and inherent in all company systems and processes. Navistar’s definition of human rights also includes environmental aspects that can ultimately affect human rights.

The Employee Code of Conduct is available in its entirety and the Policy Statement on Human Rights are both available on the Navistar Governance webpage. In 2023, Navistar also updated its Code of Conduct for suppliers and business partners. This outlines expectations for the conduct of all suppliers and business partners who provide goods and services to the company with a special focus on human rights, labor rights, environmental protection, business ethics and responsible supply chains.

POLICIES

With its polices, Navistar is implementing standards and binding rules for all employees throughout the Company. These include:

Report and Investigate Concerns Process

This process provides guidance for detecting, reporting, and investigating instances of legal, ethical, or compliance matters at Navistar. It also provides prescribed consequences for those who have been found to have committed legal, ethical, or compliance violations.

Anti-Corruption and Anti-Bribery Policy

This policy lays out prohibited conduct for all Navistar employees and third-party representatives under all applicable anti-corruption laws.

Money Laundering and Terrorism Financing Prevention

The purpose of this policy is to provide guidance to all Navistar employees and contractors on requirements for the prevention of money laundering and terrorism financing.

Gifts, Hospitality and Invitations to Events

This policy provides guidelines for appropriate behavior relating to the purchase and receipt of gifts, hospitality, and invitations to events with respect to third parties, e.g., (potential) business partners, suppliers, and/or government officials.

Conflicts of Interest

This policy lays out the need for employees and contractors making decisions on behalf of the company that are independent of any outside influences using common sense, individual conscience and a commitment to 100% compliance with the law.

Global Third-Party Due Diligence Policy

This policy describes the process under which the global third parties must undergo an integrity due diligence review to evaluate the potential ethical and regulatory risk associated with the business relationship. Results of the review are used to make informed decisions whether to engage the entity.

GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT

TRAINING

With the introduction of the new Employee Code of Conduct, Navistar also has updated its mandatory annual trainings for all employees to learn and become familiar with the Employee Code of Conduct.

In addition, Navistar offers its employees trainings in various areas of corporate compliance, including but not limited to conflicts of interest, anti-money laundering, anti-corruption, antitrust, whistleblowing, each according to an established cadence.

Navistar offers dedicated training to dealers on anti-corruption specifics under U.S. laws and other applicable anti-corruption laws, as well as Navistar’s Anti-Corruption and Anti-Bribery Policy.

Navistar has also joined the Volkswagen Group’s Together4Integrity (T4I) initiative. It is an interactive workshop with the purpose to inspire people to achieve excellence in integrity and compliance as part of Navistar’s corporate culture. The workshop requests honest feedback from employees regarding corporate culture and is intended to drive identified improvement actions. Navistar held its first T4I workshop in 2022.

9,309 In-person trainings participants

6,203 Web-based trainings participants

510 Business partners approved



REPORTING

When an employee, contractor, consultant, or supplier has reason to believe that an incident of fraud, an illegal act or related employee or third-party misconduct has been committed, the employee is asked to report to one of the following:

The employee’s immediate supervisor or next higher-level manager

Local or Corporate Human Resources

Navistar’s Corporate Compliance Department

Navistar’s Legal Department

Corporate Security

Navistar’s Whistleblower Hotline and Online Web Reporting

Navistar’s Audit Committee

TRATON’s Whistleblower Hotline

INVESTIGATIONS

The Investigations Operating Committee is responsible for establishing policies and procedures for consistent investigation approach and resulting decisions and managing the process. When an allegation is reported, Navistar will promptly undertake a thorough investigation.

The Investigative Review Committee is responsible for ensuring that all such investigations are carried out according to documented guidance and are thoroughly documented. An employee’s request for anonymity and/or confidentiality will be honored to the extent possible without compromising Navistar’s ability to conduct a proper investigation, institute remedial measures, or act in the company’s best interest. When an investigation is completed, the investigation owner, in conjunction with Human Resources, will include a recommended disciplinary action to the appropriate member of management, up to and including termination or termination of the business relationship.

Navistar strictly prohibits retaliation against any employee by any other employee for reporting policy violations or for filing, testifying, assisting, or participating in any manner in any investigation, proceeding or hearing conducted by Navistar or a government agency.



GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT

RISK MANAGEMENT AND INTERNAL CONTROLS

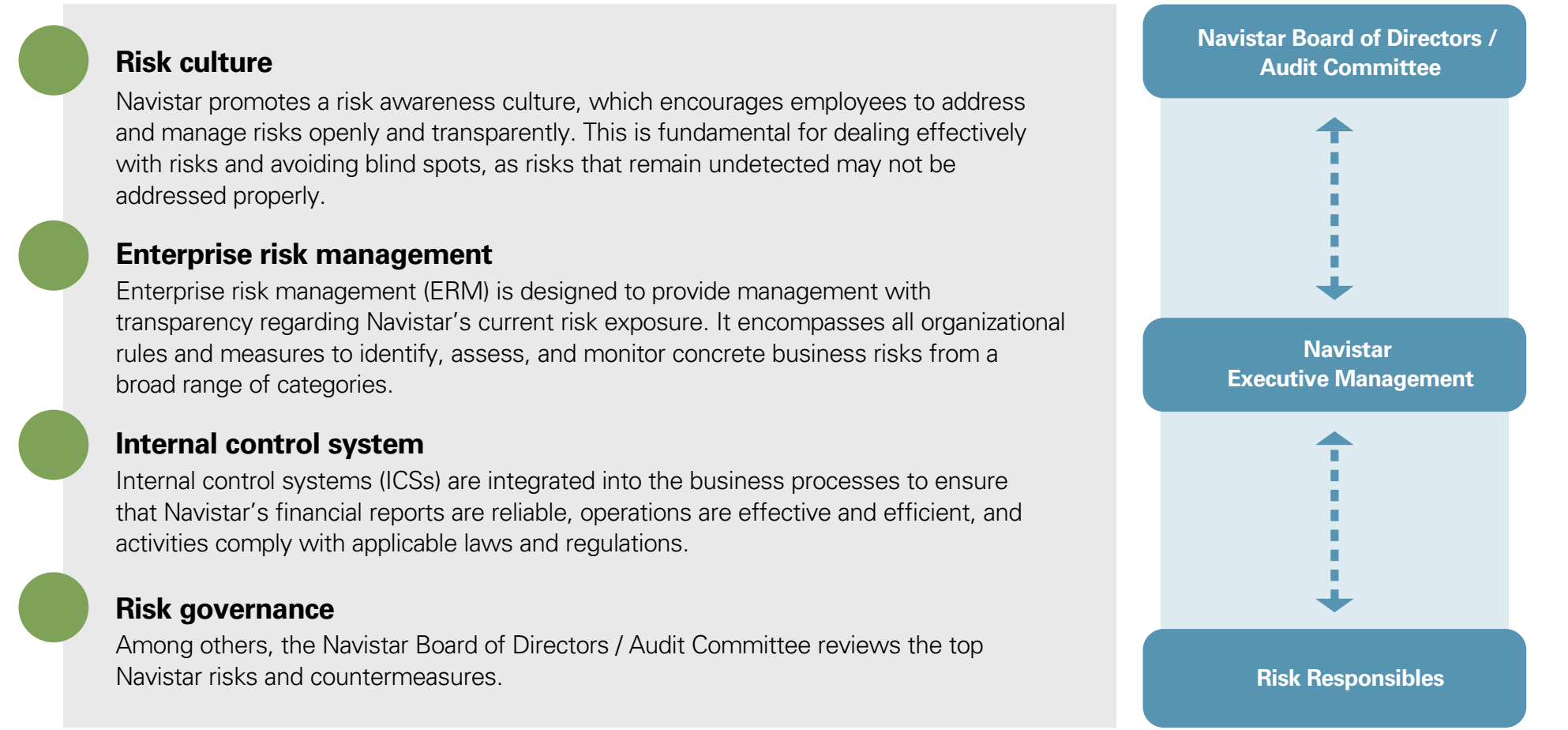
The highest level within Navistar at which risk is assessed is at the Board of Directors' level. Information on risk is also developed and communicated at other levels of the company. Management is responsible for day-to-day risk management and has implemented an Enterprise Risk Management Process to identify, assess, manage, and monitor risks faced by the 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 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. Risks include those posed by safety and environmental regulations, and climate change and its impact on regulatory developments.

Navistar is also integrated in TRATON's risk management process, which assesses risks within the context of TRATON Group.

Risk management & internal controls

An indispensable element of corporate management and business processes



GOVERNMENT RELATIONS

In 2022, Navistar continued its engagement with policymakers and regulators in all levels of government (federal, state, local) on policies, programs, and regulations that impact Navistar, its products and customers. Navistar has conditionally supported EPA and other regulations that are reasonable and lead to improved fuel economy and reduced emissions of vehicles, while setting the playing field for zero-emissions vehicles (ZEVs) at the same time.

Government Relations worked with the EPA and the industry to finalize the Control of Air Pollution from New Motor Vehicles: Heavy-Duty Engine and Vehicle Standards, updated requirements on the heavy-duty NOx rule for diesel vehicles and engines, set to begin with model year 2027 vehicles. Navistar is actively working with both California Air Resources Board (CARB) and the EPA to find common ground and alignment on their respective rules. For example, we continue to engage with CARB on their Advanced Clean Trucks and Advanced Clean Fleets with EPA's Clean Trucks Plan and Greenhouse Gas Phase 3. These efforts help provide guidance to dealers and customers about product availability. Navistar encourages regulators to balance emissions reductions in diesel products with the need to continue investment in ZEVs, including with adequate lead time for any new emission standard.

Navistar continued advising federal and state governments about the need for medium- and heavy-

duty vehicle charging infrastructure installation, incentive programs, and adoption requirements, which are essential to ZEV adoption and deployment. While Navistar is committed to growing its zero-emissions vehicle product portfolio, it opposes regulations that mandate minimum sales requirements that are not accompanied by equivalent adoption requirements or support infrastructure build out.

With respect to ZEVs and charging infrastructure, Navistar recognizes the importance of ensuring recently authorized programs in the Bipartisan Infrastructure Law (BIL) and Inflation Reduction Act (IRA) are successful for the benefit of the commercial vehicle industry as well as the environment. As such, Navistar continues collaboration with industry and environmental groups alike on these programs.

Other efforts Navistar has supported include assisting the EPA in the implementation of the Clean School Bus program. Navistar leaders were invited to attend the launch and award events for this program. EPA made nearly \$1 billion available for clean school buses in 2022. EPA will announce additional rounds of the program in 2023 and subsequent years.

Navistar also started work on EPA's Clean Heavy-Duty Vehicle Program implementation which will provide purchase incentives for Class 6 and 7 vehicles, including products under the Navistar portfolio such as the International® eMV™ Series electric medium duty truck and IC Bus® Electric CE Series school bus. Finally, Navistar has been working on the implementation of the Inflation Reduction Act tax credits for vehicle purchases, infrastructure installation, vehicle battery production, and ZEV manufacturing.



To successfully advocate for its public policy agenda, Navistar participates as a member in several organizations to support and amplify the company's goals.

A list of 2022 memberships greater than \$50,000 include:

- American Truck Dealers (ATD)

- American Trucking Associations (ATA)

- CALSTART

- National Association of Manufacturers (NAM)

- Partners for a Zero Emission Vehicle Future

- Truck & Engine Manufacturers Association (EMA)



GOVERNMENT RELATIONS

Navistar actively participates in the political process. The company has an internal government relations team comprised of two federally registered lobbyists as well as a Washington, D.C.-based lobby consultant organization to advocate for its priorities. In 2022, Navistar’s political lobbying spend was \$900,000, which was a 7% increase in spend from 2021.



Navistar provides employees the opportunity to engage directly in the political process through its political action committee, NAVPAC. NAVPAC is funded solely by voluntary donations from Navistar 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 include:

- Representation of Navistar facilities 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 political contributions through the Federal Elections Commission. There has never been an enforcement action against the NAVPAC. 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

In 2022, Navistar continued its journey with connected technologies, which collect and assess vehicle data to help further enhance the efficiency and safety of our products. This is critical to our goal of providing a seamless experience to customers of all sizes and across all market segments, maximizing uptime and reducing total cost of ownership.

STANDARDIZED TELEMATICS

In March 2022, Navistar solidified its commitment to a connected and data-driven future with the announcement to standardize a factory-installed telematics device on all new builds of the complete Class 6-8 International® and IC Bus® vehicle product portfolios, including electric models. The changeover in production took place in 2023. The telematics device broadcasts data about the vehicle’s status via OnCommand® Connection (OCC). OCC aggregates and disseminates vehicle data, such as vehicle health and performance data, into

critical insights that help drive greater uptime, reduce total cost of ownership, and reduce a company’s carbon footprint.

For example, OCC offers an Advanced Fuel Analytics tool that quantifies how driving behaviors such as use of cruise control and wide-open throttle affect fuel economy, so drivers can be coached to achieve greater efficiency and reduce total fuel consumption.

Another OCC tool, Advanced Preventive Maintenance, provides fleet managers with customized, data-driven maintenance interval recommendations for each vehicle based on its driving performance. This can help fleet customers extend oil life intervals, reducing their annual PM spend and avoiding unnecessary fluid changes.

This C-V2X technology can also send an audible and visual alert to a passenger vehicle driver that an emergency vehicle is approaching and redirect the driver to clear the way. This feature is expected to allow ambulances and other emergency vehicles to reach patients more quickly in order to provide care or transport them to a hospital for treatment.

PARTNERSHIPS

In December 2022, Navistar announced the end of the co-development under the 2020 Joint Development Agreement with TuSimple, a global self-driving technology company. Navistar has an ongoing process of evaluating potential new partners in the pursuit of knowledge and know-how that can be used to enhance safety and provide an efficient and better performing truck to our customers.

Navistar believes in developing partnerships in autonomous driving solutions as a key component of a future transportation and logistics system. In 2022, Navistar partnered with the LOTS Group to gain hands-on experience in commissioning and operating an autonomous truck fleet.

CROSS-BRAND COLLABORATION ENABLES SAFETY ADVANCES

In April 2022, Navistar and Audi of America, working with Applied Information and Traffic Control Corporation, partnered to further develop and demonstrate potential safety-enhancing technology in Navistar emergency vehicles and school buses. This C-V2X (cellular vehicle-to-everything) connected vehicle technology has the potential to prevent injuries and fatalities by issuing alerts regarding stop-arm violations or school zone situations. For example, IC Bus® school bus drivers at a bus stop would receive a visual and audible warning signal when an approaching vehicle may not be able to stop – allowing the school bus driver to intervene. In addition, passenger vehicles equipped with the technology would alert drivers as they approach a stopped school bus.



RESPONSIBILITY IN THE SUPPLY CHAIN

In 2022, Navistar completed foundational work to better understand our supplier decarbonization baselines so that we can build our understanding of the impact of our procurement decisions to move toward calculating Scope 3 emissions for the Science Based Target Initiatives (SBTi) in 2023.

Part of those efforts included preparing a supplier sustainability rating to cultivate more transparency in Navistar’s supplier relationships, identify risks, and drive action to improve sustainability performance. We also completed gap assessments with the goal of developing a robust, measurable due diligence system for all Navistar suppliers beginning in 2023. In addition, Navistar evaluated supplier carbon reduction roadmaps, specifically steel – our largest source of emissions. As Navistar continues adopting the TRATON Group’s practices and processes, sourcing commodities at the group level allows us to better effect meaningful change and create a stronger business case.

PREPARING A SUPPLIER SUSTAINABILITY (S) RATING

Navistar decided to introduce a supplier sustainability rating, which is used by multiple players in the automotive and trucking industries. This rating, which will launch in 2023, will require all suppliers doing business with Navistar to meet defined expectations and comply with regional regulations in five crucial areas:

1. HUMAN RIGHTS & WORKING CONDITIONS

Navistar expects its suppliers to provide safe working conditions and protect human rights, which encompasses child labor and young workers, harassment and non-discrimination, wages and benefits & working hours, modern slavery, and freedom of association. In addition, Navistar has taken steps to move our supply base closer to our locations, which moves our goods into areas with lower risk scores for potential human rights abuses.

2. HEALTH AND SAFETY

Evaluating the health and safety of Navistar’s suppliers encompasses four areas: emergency preparedness, incidents and accidents management, workplace ergonomics, and fire protection. Suppliers will be required to share their relevant policies in order to get a supplier sustainability rating.

3. CODE OF CONDUCT & BUSINESS ETHICS

In 2022, Navistar determined the need to create a new code of conduct for business partners. This new code of conduct will be published in 2023. It outlines our expectations for the conduct of all suppliers and business partners who provide goods and services to the company with a special focus on human rights, labor rights, environmental protection, business ethics and responsible supply chains. Navistar considers the code of conduct for suppliers and business partners to be fundamental to its business relations.

4. ENVIRONMENT

In 2022, Navistar evaluated supplier CO₂ roadmaps on GHG emissions, energy efficiency and renewable energy policies, sustainable resources management and waste reduction. These roadmaps are intended to help us understand where we are today and how we want to work with our suppliers going forward. The goal is to improve the impact on the environment within our supply chain.

5. MANAGEMENT

We are finding ways to work with our suppliers to integrate these sustainability requirements into our current procurement processes and practices. In order to be meaningful, it needs to be an integral part of our daily work and our relationship with our suppliers.

ENGAGING WITH STEEL SUPPLIERS

In 2022, Navistar engaged with all steel suppliers to begin measuring their Scope 3 carbon emissions and monitoring their CO₂ reduction roadmaps. Steel and aluminum comprise Navistar’s largest source of emissions, more than all other commodities combined. These two materials are used most in the chassis manufacturing process – the largest component on Navistar vehicles.

EXPANDING RECYCLED STEEL USE

In 2022, more than 50% of the steel that goes into Navistar vehicles was recycled¹. Using recycled steel compared with steel made from raw materials in a blast furnace helps reduce overall emissions and aligns with Navistar’s efforts to create a circular business which maximizes resources and minimizes waste.

Industry-wide pressure in 2022 resulted in a commitment from major steel suppliers to install new facilities that produce high-quality steel using scrap material. As a result, Navistar expects its largest steel suppliers to build new, more energy-efficient facilities to produce recycled steel that is intended to be used in our products.

IMPACT



IN THIS SECTION:

[Sustainability Performance Metrics](#) ›

[About this Report](#) ›

[GRI Index and Disclosures](#) ›

Sustainability Performance Metrics

Environmental Performance 2020-2022

Total	2020	2021	2022
Vehicles^a	79,221	82,728	109,428
Energy use (gigajoules) Total	1,912,110	1,924,702	1,876,628
Direct Energy Consumption^b			
Natural Gas	778,456	767,212	634,363
Transport Fuels	352,084	357,169	424,190
Indirect Energy Consumption^c			
Electricity	781,570	800,321	818,075
Water use (cubic meters (m ³) in millions) Total	0.446	0.469	0.512
Purchased city water	0.442	0.465	0.508
Groundwater	0.002	0.002	0.002
Rainwater	0.002	0.002	0.002
Waste (lb) Total	37,929,732	51,809,210	76,329,585
Hazardous waste^d	3,449,003	2,989,408	6,790,353
Recycling	1,489,589	1,789,647	2,942,423
Energy recovery	1,310,115	777,787	3,491,009
Incineration (mass burned)	69,575	22,308	5,080
Landfill	2,094	56,450	351,842
Other (Wastewater treatment)	577,630	343,215	0
Non-hazardous waste^e	34,480,729	48,819,802	69,539,232
Recycling	19,866,285	33,041,175	45,933,911
Energy recovery	241,640	468,740	5
Incineration (mass burned)	314,689	17,935	3,925
Landfill	13,181,764	14,092,743	20,392,293
Other (Wastewater treatment)	876,351	1,199,210	3,209,098
Greenhouse gas emissions (1000 tones CO ₂ e)			
Scope 1 & Scope 2	175	172	154
Scope 1 emissions / Direct	65	79	61
Scope 2 emissions / Indirect	111	93	93
Scope 3^f	—	60,913	*
Use of Sold Products	—	59,087	*
Purchased Goods and Services ^g	—	1,143	*
Other (rounded)	—	683	*

* currently under calculation

Total	2020	2021	2022
Non-compliances with environmental laws and regulations			
Total number of significant instances of non-compliance	1	1	—
Total number of monetary value of fines for instances of non-compliance	\$1,013,400	\$52,000,000	—

Total Per Vehicle	2020	2021	2022
Energy use (gigajoules)	24.1	23.3	17.1
Water use (cubic meters (m ³) in millions)	5.6	5.7	4.7
Greenhouse gas emissions, Scope 1 & Scope 2 (tonnes CO ₂ e)	2.2	2.1	1.4
Waste (lb)	478.8	626.3	697.5
Hazardous waste ^g	43.5	36.1	62.0
Non-hazardous waste ^f	435.2	590.1	635.5

NOTES

^a "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.

^b 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.

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

^d 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.

^e Non-hazardous 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.

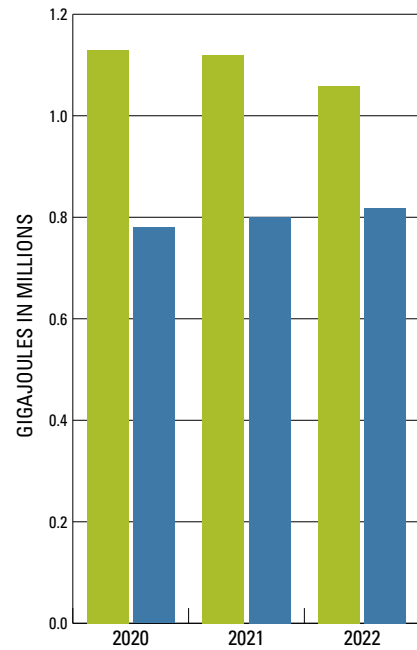
^f Carbon Footprint Measurement Disclaimer – Measuring carbon emissions, including Scope 3 emissions, poses inherent challenges. In many cases, emissions cannot be directly measured by Navistar. We have made a good faith attempt to estimate emissions using standard Scope 3 measurement techniques, including in many cases with reference to GHG Protocol guidance. We have also teamed with a third-party expert consultant who provided consulting expertise and access to emission factors in the course of this calculation. Nonetheless, the numbers presented in this report are, and should be seen as, estimates only and may vary from actual emissions, potentially materially, and may not match actual emissions measured upstream or downstream by third parties. Navistar intends to work to continually improve its emissions calculation techniques and may adopt different estimation techniques in the future.

^g Purchased goods and services emission estimate currently includes primarily commodities purchased by Navistar with estimates for certain intermediate products when information was sufficient to allow a calculation. We will be working to improve this calculation in future years to more fully reflect emissions associated with the manufacture of purchased intermediate products such as engines.

Sustainability Performance Metrics

Summary All

ENERGY CONSUMPTION

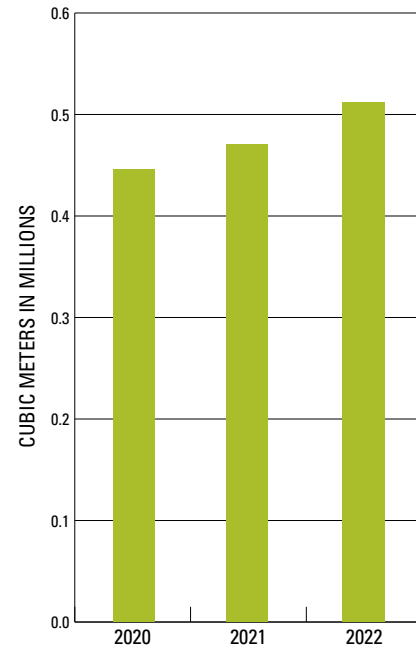


- DIRECT ENERGY USE
- INDIRECT ENERGY USE

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

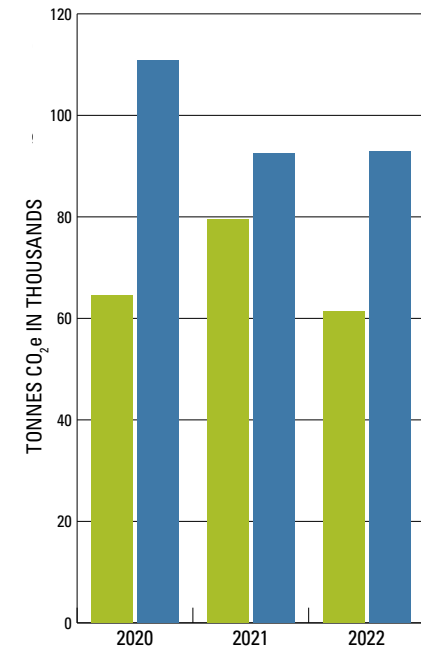


- WATER CONSUMPTION

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)

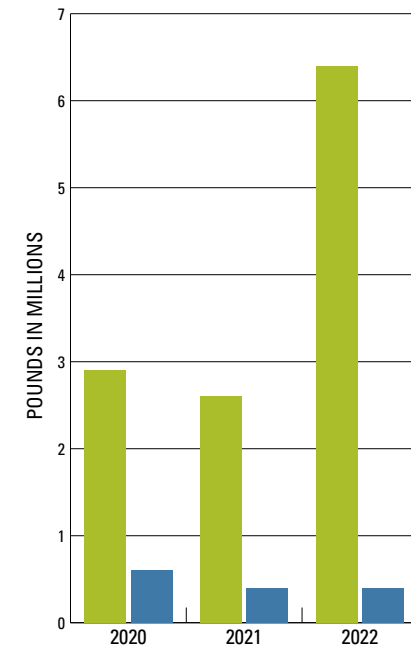


- SCOPE 1 EMISSIONS
- SCOPE 2 EMISSIONS

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

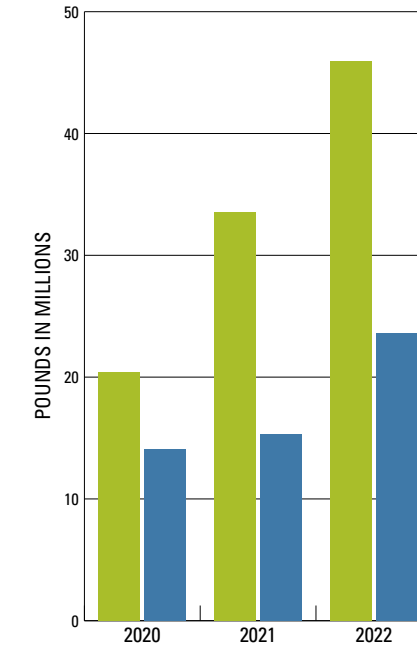


- RECYCLED
- DISPOSED

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.

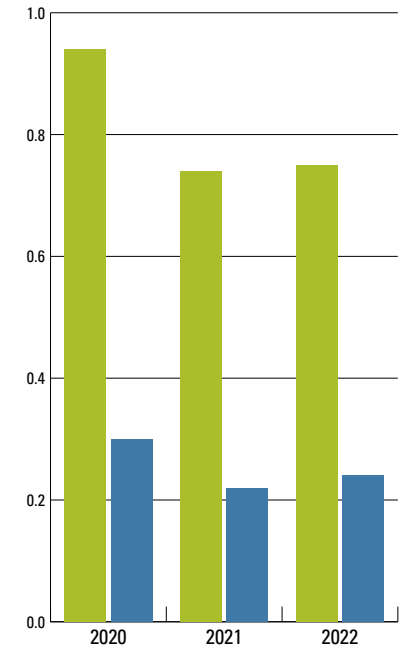
NON-HAZARDOUS WASTE GENERATION



- RECYCLED
- DISPOSED

Non-hazardous 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.

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.

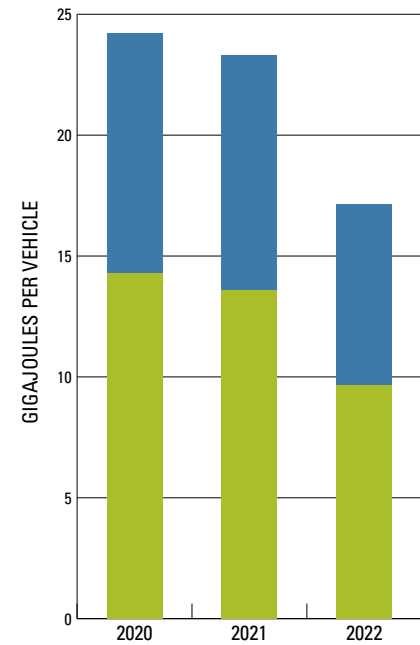
Incident Frequency Rate (IFR) is the number of OSHA recordable injuries or illnesses per 100 full-time employees (200,000 hours). OSHA recordable cases are those work-related incidents that require medical treatment beyond first aid, lost time or job reassignment.

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

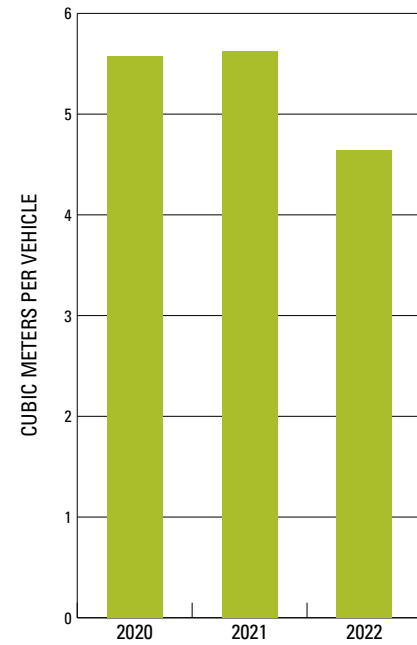
Summary per Vehicle¹ (Trucks and Buses Produced during the Period)

ENERGY CONSUMPTION



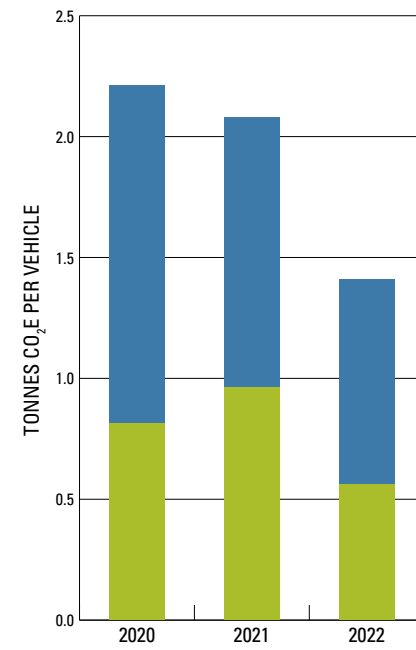
● DIRECT ENERGY USE
● INDIRECT ENERGY USE

WATER WITHDRAWAL



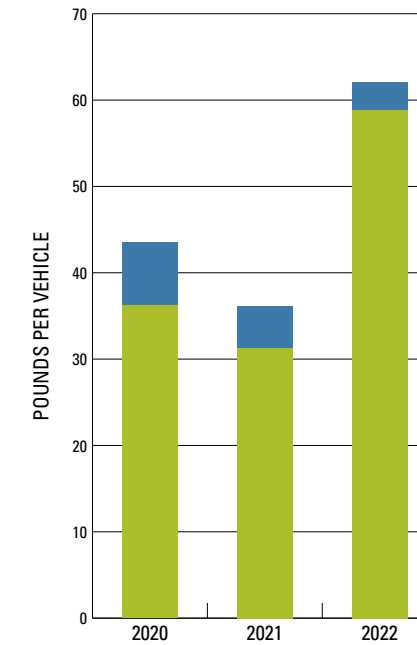
● WATER CONSUMPTION

GREENHOUSE GAS EMISSIONS (SCOPE 1 & SCOPE 2)



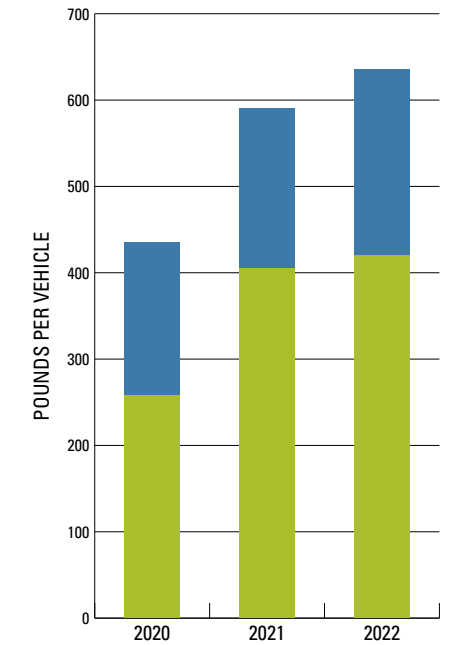
● SCOPE 1 EMISSIONS
● SCOPE 2 EMISSIONS

HAZARDOUS WASTE GENERATION



● RECYCLED
● DISPOSED

NON-HAZARDOUS 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.

ABOUT THIS REPORT REPORT STANDARD

This report was prepared with reference to the GRI Standards.

ENTITIES INCLUDED IN THIS REPORT

A list of Navistar entities included in this report can be found in the TRATON Annual Report 2022: ir.traton.com/download/companies/traton/Annual%20Reports/DE000TRATON7-JA-2022-EQ-E-02.pdf.

REPORTING PERIOD, FREQUENCY AND CONTACT POINT

This yearly report covers Navistar’s fiscal year from January 1, 2022 to December 31, 2022 with certain additional highlights from 2023. The closing date for contributions was June 16, 2023. It is being published on July 31, 2023. The previous Sustainability Report was published on July 29, 2022. The point of contact for questions about this report is NavistarSustainability@Navistar.com.

EDITORIAL INFORMATION

References herein to the “Company,” “Navistar,” “we,” “our,” or “us” refer to Navistar International Corporation and its consolidated subsidiaries.

GRI CONTENT INDEX AND GRI-SPECIFIC DISCLOSURES

Statement of Use:	Navistar has reported the information cited in this GRI content index for the period 1 January 2022 to 31 December 2022 with reference to the GRI Standards
GRI 1 used	GRI 1: Foundation 2021

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2-20	Process to determine remuneration	See TRATON Annual Report, pages 250 through 270

GRI CONTENT INDEX AND GRI-SPECIFIC DISCLOSURES

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