2023 SUSTAINABILITY REPORT

ACCELERATE THE IMPACT OF SUSTAINABLE MOBILITY







FROM THE CEO MATHIAS CARLBAUM

"WHEN YOU'RE FINISHED CHANGING, YOU'RE FINISHED."

This quote from one of the founding fathers of the United States, Ben Franklin certainly rings true today. At Navistar we are working with dealers, customers, partners, and other stakeholders every day to venture boldly into unchartered territory to responsibly propel our businesses into the future.

Whether it's water conservation, energy efficiency, circular business practices, human rights due diligence, or embracing diversity, equity, and inclusion, sustainability initiatives are impacting how business is conducted across the globe.

In the North American commercial vehicle market, sustainability efforts are being driven, in part, by regulatory requirements and consumers demanding more ethically sourced and environmentally responsible products. For us, it's not only the right thing to do, but we believe that in the long run battery-electric vehicles will be a suitable solution for our customers when it comes to both efficiency and cost.

While challenges will always loom in any endeavor we pursue, sustainability initiatives open new areas of growth and opportunity in business developments, digitalization, and more efficient design thinking. When it comes to electric vehicles, the approach of waiting for the stars to align won't work. It's important to start the transition along the routes and applications that make sense today, so we can learn and better plan for the future. Now is the time for us to make bold moves on behalf of our planet, its people, and our business development. Both sustainable and financial ambitions will be prerequisites to run a successful business in the future.

DECARBONIZING TRANSPORTATION

Navistar is proud to be one of those bold actors. As momentum grows to decarbonize the transportation sector and as part of our vision to accelerate the impact of sustainable mobility, Navistar actively supports initiatives that aim to tackle the ramp up of developing nationwide infrastructure for medium- and heavy-duty zero-emissions vehicles (ZEVs). Although the transition to ZEVs has its challenges, we are aiming to manage them one step at a time.

We recognize charging infrastructure for zero-emissions battery-electric vehicles is challenging in the years to come. Instead of seeing the glass half empty, we are focused on finding solutions with partners on behalf of our customers, while also meeting our customers where they are in their journey and working with them to develop solutions that make sense for them right now. One of those partnerships, for instance, was announced in May 2023 with integrated infrastructure solutions provider Quanta Services. With partners like Quanta, we aim to deliver engineering, construction and maintenance services, and power and infrastructure assessment for electric vehicle charging and related infrastructure for our dealers and customers.

In 2023, IC Bus unveiled the next-generation flagship CE Series school bus, designed to transport the next generation into their future. School buses are the tip of the spear in the transition to electrification for the entire industry, contributing to a sizable reduction in greenhouse gas emissions and air pollutants.

While we set clear ambitions on the journey to zero emissions, we are aware that battery-electric vehicles are not a one-size-fits-all solution for every application. We also understand the importance of the role of the internal combustion engine in our industry. We are invested in the International S13 Integrated Powertrain, developed in collaboration with the TRATON GROUP, to increase operating efficiency and reduce operating costs and fleet emissions. We continue to work hand-in-hand with our customers and dealer partners to ensure our customers have the best solutions possible for their unique needs.

SUSTAINABILITY IN ACTION

Throughout 2023, Navistar also made bold moves to further solidify our commitment to sustainability. We signed a commitment to develop science-based emissions reductions targets aligned with the Science-Based Targets Initiative (SBTi), we joined the United Nations Global Compact Initiative, and we implemented additional foundational practices to drive responsibility throughout our supply chain.

As Navistar continues working towards decarbonization and circular business practices, our updated Code of Conduct for Suppliers and Business Partners serves as a testament to our commitment to integrity, compliant and sustainability business practices, and our expectations in relation to our suppliers and business partners. We take seriously our responsibility to respect human rights and the environment, and in 2023, we established a Business & Human Rights Committee to monitor and advise how we implement human-rights related obligations around topics such as risk management and analysis, preventive measures, and remedial actions.

LIVING OUR VALUES

Our values are our foundation. They shape the way we make decisions and the way we treat one another. In 2023, Navistar made it a top priority to incorporate our values—Customer First, Respect, Team Spirit, Elimination of Waste, and Responsibility—into our people processes and daily interactions.

In the past year, Navistar has successfully navigated some previously uncharted courses —many of which are detailed throughout this report. But we refuse to rest and continue to find ways forward. We remain resolute in our vision to accelerate the impact of sustainable mobility and to deliver on our four strategic pillars—Sustainable Impact, Foundation for Future, Profitable Performance, and Culture & Leadership—to create a better environment for future generations.

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INTRODUCTION

COMPANY OVERVIEW

With a history of innovation dating back to 1831, Navistar, Inc. and its subsidiaries ("Navistar" or the "Company") produce International[®] commercial trucks and engines, IC Bus[®] school and commercial buses, including two electric vehicle models: the IC Bus[®] Electric CE Series school bus and the International[®] eMV[™] Series medium-duty electric truck. Additionally, the Company provides all-makes OnCommand[®] Connection advanced connectivity services as well as Fleetrite[®] and ReNEWed[®] part lines.

Navistar continues to 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 (ZEVs) and investments for the entire lifecycle. In parallel, Navistar is developing processes for managing battery end-of-life repurposing and recycling.

In October 2023, Navistar relaunched its financial retail capabilities to serve International truck and IC Bus customers. A captive financial services provider for Navistar, Navistar Financial Corporation provides customers with tailor-made, competitive loan and lease financing. The structure of the new captive financial services organization will allow it to evolve to best support the development of our customers' business potential in a transformative transportation and logistics landscape. As part of TRATON Financial Services, Navistar Financial Corporation will leverage global synergies and years of global multibrand experience to best service customers in the U.S. Navistar Financial Corporation offers customers new and used equipment ownership and leasing options, including truck bodies and vehicle modifications, extended service contracts, and service solutions and will soon extend to insurance offerings and preventative maintenance contracts.

As of December 31, 2023, Navistar had approximately 15,300 employees worldwide. Roughly 53% of all employees were represented by labor unions and supported by collective bargaining agreements.

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

Rochester Hills Zero Emissions R&D Facility – Rochester Hills, 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:

Truck Assembly Plant - Escobedo, Mexico Powertrain Plant - Huntsville, Alabama Truck Assembly Plant - San Antonio, Texas Truck Assembly Plant - Springfield Ohio School Bus Plant - Tulsa, Oklahoma

Parts distribution center locations:

Atlanta, Georgia Dallas, Texas Edmonton, Acheson, Alberta, Canada Hamilton, Ontario, Canada Las Vegas, Nevada Memphis, Tennessee (closed in 2024) Midwest (Joliet, Illinois) Querétaro, Mexico York, Pennsylvania

COMPANY OVERVIEW

CORE BUSINESS: CLASS 6-8 TRUCKS AND BUSES IN U.S. AND CANADA

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#2







INTERNATIONAL® BRAND IN CLASS 6-7°

IC BRAND IN

SCHOOL BUSES^b

INTERNATIONAL® BRAND IN CLASS 8°

21% of U.S. Class 6 through 8 vehicles on the road today are an International[®] truck^d

a. Including service partnership with Love's Travel Stops and Speedco. b. Based on Polk new registration data

c. Based on Wards retail sales data

d. Based on Vehicles in Operation registration data. School Buses include Classes B, C, and D

PRIMARY BUSINESS OPERATIONS IN



HEADQUARTERS: LISLE, ILLINOIS

2023 total unit sales:

88,890 trucks and buses Worldwide employees:^e

~15,300

e. Includes active employees and employees on paid leave for US/Canada/Mexico as of 31 December 2023 - excludes co-ops, interns, apprentices, and contractors

FINANCIALS

NAVISTAR SALES & SERVICES¹

2023——COMPARED TO——2022

INCOMING ORDERS 60,932 UNITS

SALES UNITS **TOTAL:** 88,890 **TRUCKS:** 75,532 **BUSES:** 13,358

SALES REVENUE \$11,944 MILLION (€11,042 MILLION)²

OPERATING RESULT (ADJUSTED) \$794 MILLION (€734 MILLION)²

OPERATING RETURN ON SALES (ADJUSTED) 6.6%

INCOMING ORDERS 86,019 UNITS

SALES UNITS **TOTAL:** 81,892 **TRUCKS:** 69,073 **BUSES:** 12,819

SALES REVENUE \$11,069 MILLION (€10,501 MILLION)³

OPERATING RESULT (ADJUSTED) \$529 MILLION (€502 MILLION)³

OPERATING RETURN ON SALES (ADJUSTED) 4.8%

1: i.e. manufacturing excluding financial services 2: Converted from EUR to USD at a conversion rate of 1.08170 as of December 31, 2023 3: Converted from EUR to USD at a conversion rate of 1.05409 as of December 31, 2022

A MEMBER OF TRATON GROUP

Navistar, along with the brands Scania, MAN, and Volkswagen Truck & Bus, is part of the TRATON GROUP ("TRATON"). TRATON, one of the world's leading commercial vehicle manufacturers, aims to reinvent transportation – with products, services, and as a partner to customers.

For 2023, highlights of Navistar's integration into the TRATON GROUP include:

- The beginning of production for the International® S13 Integrated Powertrain
- Continuing to leverage the TRATON GROUP modular system
- The re-launch of Navistar Financial as part of TRATON Financial Services

Navistar's contribution to TRATON GROUP's record unit sales in the year 2023:

One notable achievement in 2023 is that the TRATON GROUP hit a new record in unit sales and sold 338,183 (2022: 305,485) vehicles for the first time. That is roughly 11% more than in the previous year. The increase in the Group's unit sales was the result of the very high order backlog, increasingly stable supply chains, and a higher production volume. The TRATON GROUP's truck business contributed to this increase with a 11% growth in unit sales to 281,290 (2022: 254,300) vehicles. Bus unit sales were up 2% to 30,266 (2022: 29,601) vehicles. Navistar recorded unit sales of 88,890 (2022: 81,892) vehicles in 2023, 9% higher than in the previous year. Unit sales of trucks rose by 9% to 75,532 (2022: 69,073) vehicles, whereas bus unit sales were 4% higher at 13,358 (2022: 12,819) vehicles. Incoming orders decreased by 29% to 60,932 (2022: 86,019) vehicles because most of the orders for 2023 had already been commissioned in 2022.

SUSTAINABILITY WITHIN THE TRATON GROUP

Navistar is part of TRATON's strategy of being a responsible Company and is embedded into TRATON'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 TRATON GROUP brands, are the basis for TRATON's sustainability efforts and are built on the Sustainable Development Goals (SDGs) adopted by the United Nations (UN). Because the TRATON GROUP's organization is decentralized, the brands – including Navistar – set their priorities, resources, and methods individually in line with their own corporate culture and strategy. TRATON, as the overarching brand umbrella, creates an environment in which its brands support each other to learn from their individual strengths and to leverage synergies. The focal point of this dialogue and development process are solutions that help to significantly reduce greenhouse gas and pollutant emissions. The central Sustainability function at TRATON reports directly to the Chief Executive Officer and the other Executive Board members via the TRATON Sustainability Board and is responsible for coordinating sustainability management at TRATON. Developing TRATON's sustainability strategy is a cross-functional task with responsibilities embedded at the level of the brands and in several central TRATON functions.

The TRATON Sustainability Board is led by the Chief Executive Officer of the TRATON GROUP. The TRATON central functions Sustainability and ESG are represented, and each brand – including Navistar – is represented by its CEO and Head of Sustainability. The TRATON Sustainability Board gives overall strategic direction, defines ambition level, and decides on strategic focus areas with an impact on sustainability for the TRATON GROUP. New programs and measures receive their final approval from the TRATON Sustainability Board and at the level of each brand – including Navistar –, with the brands solely responsible for their implementation. The TRATON Sustainability Board met four times in 2023.

Together with the TRATON GROUP brands in 2021, the TRATON Sustainability Board analyzed which material issues are necessary to understand TRATON's course of business and the impact of the TRATON GROUP's activities on the five nonfinancial aspects. As a result of this process, three strategic focus areas were identified that can contribute substantially to transforming the transportation sector and to achieving the SDGs.



Each of these strategic focus areas covers material issues that have been identified for TRATON:

1. Decarbonization & Circularity: Transforming the business model and product design to reduce CO2 emissions and resource consumption.

2. People & Diversity: Promoting a variety of competencies and equal opportunities for employees and partners to increase employer attractiveness and innovative strength.

3. Governance & Ethics: Facilitating a transparent, risk-oriented, and fair decision making process that is consistent with the Company's rights and obligations and generates long-term value for TRATON and its stakeholders. This also includes looking beyond our own Company and putting social responsibility into practice along our value chain.

VISION & STRATEGY

In 2023, 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.



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.

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.

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.

FNGAGING WITH 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.

DOUBLE MATERIALITY ASSESSMENT

Sustainability efforts must be grounded in impacts. A systematic way of understanding impacts in the sustainability context is a materiality assessment. Part of this is considering the views of various stakeholders, internal and external, to identify the right impacts upon which to focus. The list of Navistar's stakeholders includes TRATON, employees, dealers, customers, government officials, allies, suppliers and partners, and communities in which we live and work.

Navistar conducted its first double materiality assessment in 2023. The goal of a materiality assessment is for a Company to evaluate and engage with stakeholders on various sustainability topic areas to determine the topics that are most relevant and important to the Company. As the name implies, a double materiality assessment has two dimensions of analysis, impact materiality and financial materiality. Each of these facets are examined through a lens of inside-out and outside-in - that is, the effects the Company has on the topic and how the topic affects the Company. The results of a materiality assessment are not stand-alone information, but rather a tool for a Company to continually review and reevaluate to guide and steer their decisions in strategy and goal setting.

The process involved surveying and interviewing over 100 people, inside and outside the Company, and analyzing their responses to derive our ranking. Our methodology was consistent with the requirements of the EU Corporate Sustainability Reporting Directive and will ultimately be considered in the overall materiality analysis for TRATON GROUP.

The results of the Navistar Double Materiality Assessment can be found in a matrix. This matrix ranks Navistar's top 15 sustainability topics in relation to one another. This is not meant to diminish the importance of any particular topic, all 15 are important, but the relative impacts are different and inform priorities. Navistar has started in 2024 to take the results, analyze them, and use them to inform our strategic decisions and goal setting.

NAVISTAR DOUBLE MATERIALITY MATRIX*



*This matrix ranks Navistars top 15 sustainability topics in relation to one another and is not meant to diminish the importance of any particular topic.

SOLIDIFYING OUR COMMITMENT

OUR PATH TO ZERO EMISSIONS

UN GLOBAL COMPACT

In July 2023, Navistar joined the United Nations (UN) Global Compact initiative, solidifying its commitment to sustainability.

The UN Global Compact is a call to companies everywhere to align their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environment, and anti-corruption. The initiative is also a call to action in support of UN goals and issues embodied in the UN's Sustainable Development Goals, which include climate action, good health and wellbeing, clean water and sanitation, affordable and clean energy, responsible consumption and production, and industry innovation and infrastructure.

Navistar joins other companies who are taking shared responsible business action to create a world in which we can all live and thrive. Participating in the UN Global Compact provides Navistar with a framework to contribute actions towards broader goals as the Company continues to pursue a vision to accelerate the impact of sustainable mobility.

SCIENCE-BASED TARGETS

In 2023, Navistar committed to developing science-based targets consistent with the criteria of the Science Based Target Initiative (SBTi) based on these measurements and to submitting these targets for validation. Navistar is aiming to submit these targets in a timely manner after the SBTi releases its target calculation guidance for the automotive sector.

SUSTAINBILITY INCENTIVES FOR EMPLOYEES

Navistar also included EV readiness and energy efficiency as metrics for annual performance incentives. The energy metric measures intensity (energy use per unit of production) at its major facilities and will account for 5% of its overall incentives. Energy intensity is directly related to the reduction in CO2 emissions since Scope 2 emissions account for the largest portion of Navistar's direct and indirect emissions in the production process.

S13 AS PART OF OUR TRANSITION TO ELECTRIFICATION

In 2023, Navistar announced the start of production on the new International[®] S13 Integrated Powertrain at the Company's Huntsville, Alabama, production facility. The International S13 Integrated Powertrain - composed of the S13 Engine, T14 Transmission, and Dual State Aftertreatment system - is a key part of Navsitar's product roadmap to help truck fleet customers offset some of their high operating costs. This is the base core powertrain that will continue to improve to meet diesel efficiency needs within the commercial vehicle market, as fleets will continue to require efficient, cleaner diesel applications throughout the industry's transition to zero-emissions transport solutions.

ZERO-EMISSIONS VEHICLES

With the right policies and infrastructure development, we see the stage being set for deployment of ZEVs. Some of it is out of our direct control—the infrastructure deployment most critically—but we are dedicated to moving commercial transportation to electric with our battery-electric vehicle products and behind-the-fence charging solutions. This will ensure that commercial EV fleets can still operate efficiently with the right depot charging strategy.

Consequently, Navistar will continue to work with customers, policy makers, and other parties to promote electrification in its market in the future. In addition to engaging with EPA and other U.S. regulators to ensure that policy aligns with the conditions in the heavy-duty on-road sector, one element of Navistar's annual incentive for employee measures dealer readiness to sell and support electric vehicles.

To help support ZEVs, Navistar in 2023 worked on partnering with medium- and heavy-duty truck competitors, along with other industry stakeholders, to launch Powering America's Commercial Transportation (PACT), a coalition focused on education and advocacy for accelerating the construction of nationwide infrastructure for medium- and heavy-duty ZEVs.

The coalition's main purpose is to overcome the many barriers delaying access to ZEV infrastructure and enhancing national climate policies to address the infrastructure needs of medium- and heavy-duty ZEVs.



PLANET

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.

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.

In 2023, Navistar committed to setting near-term science-based emissions reduction targets with the Science-Based Targets initiative (SBTi). SBTi is an independent organization that validates corporate decarbonization targets. Our targets will encompass Scope 1 and Scope 2 emissions and also include a target for Scope 3 emissions from the use of products. The result of this effort will be near-term targets reflecting the emissions reductions from our 2022 presumed baseline necessary to align us with the Paris Agreement.

SCOPES 1, 2 AND 3 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).

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.

In 2023, though production increased 8% over the previous year, Navistar sites continued to reduce overall greenhouse gas emissions. Scope 1 and Scope 2 GHG emissions were 48 ktCO2e and 94 ktCO2e, respectively. This represents a 6% increase from 2022 Scope 1 emissions of approximately 44 ktCO2e and Scope 2 emissions of 90 ktCO2e. Company facilities increased Scope 1 GHG emissions 9.5% in 2023, while Scope 2 increased by 4.5% over 2022.

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 2023.

Navistar's full carbon footprint, including upstream and downstream Scope 3 value chain emissions for 2023 was estimated to be approximately 78 million metric tons CO2e. Of this, 96% was from the use of products. The amount of emissions from the use of products represents an estimation of the lifetime emissions from each vehicle produced and sold in 2023. The next highest emissions comes from those related to purchased goods and services, which constitutes 3.4% of Scope 3 emissions.

DECARBONIZATION

ENERGY MANAGEMENT

Of Navistar's Scope 1 and Scope 2 carbon emissions, 66% are indirect emissions related to purchased energy usage. Energy efficiency, therefore, continues to be an important part of our decarbonization efforts. And although our production increased by 8% in 2023, purchased electricity by our facilities decreased 4.6% over 2022; evidence of the energy efficiency gains and reduction of wasted energy in our operations. In addition to increased production, we saw manufacturing infrastructure expansion, also presenting an opportunity to increase efficiency.

As part of a voluntary partnership with the US DOE, we continued to make progress toward reducing energy intensity 20% across our manufacturing facilities and our world headquarters offices in the U.S. We are aiming to achieve this target by 2030 with 2018 as a baseline. In 2023, Navistar reduced energy intensity 1.5% over 2022 and 2.9% over 2018. To help us find additional ways to continually improve energy use, several Navistar employees completed training sponsored by DOE to implement an energy management system following the ISO 50001 standard.



EMISSIONS REGULATIONS

In 2023, the U.S. Environmental Protection Agency (EPA) and the National Highway Traffic Safety Administration (NHTSA) added more stringent standards to its joint rulemaking that governs greenhouse gas (GHG) emissions controls. EPA published its Notice of Proposed Rulemaking (NPRM) in the Federal Register to promulgate GHG Phase 3 standards for heavy-duty vehicles in April 2023. The rulemaking, projected to be finalized in 2024, is expected to impact the heavy-duty transportation industry as it aims to drive the national scale of ZEVs.

Through Navistar's line of both medium- and heavy-duty ZEVs, Navistar aims to meet GHG Phase 3 requirements and California Air Resources Board (CARB) regulations, which direct ZEV sales mandates in California.

In Navistar's comments on EPA's GHG Phase 3 NPRM, Navistar stated that it supports a uniform national framework for emission rules that will support early adoption of zero-emissions trucks in commercial applications best suited for longer charging periods as the infrastructure is built out. Ultimately, the solution to the transport sector's contribution to reducing carbon emissions is in the shift to ZEVs, with battery-electric vehicles (BEVs) as the primary technology.

There are well-known challenges that operators face in building out their own charging infrastructure for depot charging as well as the public charging infrastructure that is important for long-haul applications. Current and future assistance for operators to help with this transition is required for Navistar's goals.

ZERO-EMISSIONS VEHICLES

Navistar is focused on providing customers with insights about the process and benefits of battery-electric vehicle adoption. Key was understanding that the whole ecosystem matters, and that e-mobility goes beyond the vehicle to support customers in their EV journeys. In 2023, Navistar partnered with integrated infrastructure solutions partner Quanta Services, Inc., an infrastructure and energy transition solutions provider. In this collaboration, Navistar will provide International[®] truck and IC Bus[®] vehicle customers with a charging infrastructure solution that enables fleets to implement battery-electric vehicles more efficiently.

Our customer-journey map for EVs focuses on education, awareness, and addressing customer questions and concerns throughout the electrification process. Navistar's EV consulting process begins with establishing an EV roadmap for customers by hosting discovery workshops designed to understand fleet needs and concerns around electrification. In partnership with the International[®] and IC Bus[®] dealer network, Navistar delivers a tailored roadmap with scalable strategies that align with growth goals for successful adoption and continued successful use.

International[®] eMV[™] Series Market Success and ePower Options

Navistar continues to accelerate the impact of sustainable mobility by logging additional operational miles and expanding market applications for its electric truck offerings. In 2023, Navistar announced the International[®] eMV[™] Series now has factory-installed ePower and electric power take-off (ePTO) electrical system options available. This lays the foundation for the introduction of a Class 8 battery-electric vehicle.

With the availability of the ePower and ePTO electrical system options, fleets now have the ability to spec International eMV Series Class 6 and 7 battery electric trucks for additional market applications. The ePower electrical system option pulls power directly from the electric vehicle's battery pack and is the foundation for electric transport refrigeration unit (eTRU) applications. The eTRU is an especially important solution to help customers meet sustainability goals and regulatory requirements.

The ePTO electrical system option pulls power directly from the vehicle's battery and utilizes an electric motor to convert power for other systems on the truck, such as a boom or concrete mixer. Electric utility and telecommunications equipment provider Altec has taken delivery of the first eMV Series truck with a factory-installed ePTO electrical system to operate a pilot distribution bucket truck. Altec has committed to ordering additional International eMV Series trucks with the ePTO option for upfit and sale to its utility customers in 2023.

ZERO-EMISSIONS VEHICLES

ELECTRIC SCHOOL BUS SUPPORT

The school bus industry is the tip of the spear for transportation's shift to EVs. IC Bus supports customers through their electrification journeys from consultation to successful onboarding of their IC Bus® Electric CE Series school bus.

Since the launch of the IC Bus® Electric CE Series school bus in late 2020, IC Bus has worked to educate dealers, technicians and customers alike on the transition to electric. IC Bus remains an end-to-end resource for customers as their trusted advisor through every step of the electrification journey taking a consultative approach to educate on the full ecosystem – everything from and to vehicle routes, charging needs and vehicle deployment, as well as vehicle readiness to ensure maximized uptime of the school bus fleet.

Through 2023, bus deliveries demonstrated the commitment customers and school districts are taking to provide a cleaner, more sustainable approach to provide safe transport for students.

Examples of these efforts include:

- Moorpark Unified School District in California received several EV buses and grant application assistance from IC Bus. The school district is in the process of purchasing more IC Bus electric buses with two grants they received.
- Moreno Valley School District in California operates 42 IC Bus electric CE Series buses to transport 3,100 children to 42 area schools. All EV school buses were upfitted with special features, such as wheelchair lifts, to transport children with disabilities. Moreno Valley's own sustainability goals as a district drove it to jumpstart the EV adoption process. From the site survey deployment, the IC Bus team assisted every step of the way.
- Elk Grove Unified School District in California runs a fleet with both regular and specially outfitted special needs electric CE Series buses. Juggling the day-to-day operations of running a fleet of buses while upgrading to cleaner technology was made easier with the help of IC Bus.

THE NEXT GENERATION OF SUSTAINABLE STUDENT TRANSPORTATION

In July, IC Bus launched its next generation CE Series school bus, a newly redesigned and updated version of its flagship CE Series originally launched 20 years ago. The all-new CE Series provides customers with efficient operations and enhanced driver comforts, improved total cost of ownership (TCO), and increased safety features.

The IC Bus® CE Series school bus will be available in both diesel and zeroemissions electric powertrain options. The electric powertrain for the all-new CE Series offers a quieter ride for drivers and passengers, as well as three levels of selectable regenerative braking, allowing vehicles to collect electricity and improve range. It comes standard with alternating current (AC) and direct current fast charging (DCFC) readiness and a state-of-the-art digital instrument cluster. Two battery pack options of 210 kWh with an approximate 135-mile range or 315 kWh with approximately 200 or more miles of range are available to meet range expectations. The electric powertrain option operates at a peak power of 255 kW or 342 horsepower.



POWERTRAIN

OUR MOST EFFICIENT POWERTRAIN

The International[®] S13 Integrated Powertrain marks a significant collaboration between Navistar and the TRATON GROUP and a heavy investment in a common base engine, transmission, and aftertreatment system. The clean sheet design of the S13 Integrated Powertrain sets an industry standard for efficiency, profitability, and sustainability. The S13 Integrated Powertrain—which comprises the S13 Engine, the T14 Transmission and the Dual Stage Aftertreatment system—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. On a global scale, modularity optimizes our production footprint, increases purchasing power, creates manufacturing efficiencies, and reduces the number of parts for production and aftermarket.

PERFORMANCE BENEFITS

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

The S13 Engine was developed from the ground up, using selective 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 with less soot buildup. The Dual Stage Aftertreatment system saves fleets time and fuel, including extended service intervals.

PRODUCTION

In 2023, production of the International® S13 Integrated Powertrain began at Navistar's Huntsville, Alabama, production facility and the Escobedo Assembly Plant (EAP) in Mexico.

To support production, Navistar completed a 110,000-sq.-ft. expansion of the Huntsville Powertrain Plant. With the addition, the now 410,000-sq.-ft. facility is transitioning from a single assembly line to two—one for the T14 Transmission and one for the S13 Engine—along with the incorporation of three major machining lines.

VOCATIONAL MARKET INTRODUCTION

In 2023, Navistar announced the International® S13 Integrated Powertrain launch for the vocational market in 2024.

Vocational trucks often spend quite a bit of time idling on a job site which has historically required more frequent active regens. The aftertreatment system of the S13 Integrated Powertrain, combined with the engine combustion strategy, vastly reduces the need for both active and parked regens.

Additionally, the International[®] T14 Transmission, a 14-speed automated manual transmission, uniquely combines the transmissions low range and reverse gears through the use of a planetary gear set. The T14 combines two deep crawler gears and a wide 26.7 overall ratio to provide slow-speed maneuverability, exceptional startability, and enhanced performance running to and from the job site.

The T14 Transmission features various vocational-specific drive modes. These drive modes combined with other vocationally focused functionalities, such as split-shaft mode and rock-free mode, which breaks the truck free when stuck. As part of the clean sheet design, shifting logic and integrated software controls maximize efficiency and performance resulting in gear shifting that is matched to engine revolutions.

The T14 also uses an electronic clutch actuator with controls integrated with the engine to deliver faster, smoother shifting.

BOOTCAMPS

In 2023, Navistar held several S13 Integrated Powertrain training events over the course of nine weeks for International dealer sales professionals. Navistar trained more than 700 dealer sales professionals during this event.

After the bootcamps, Navistar continued S13 educational efforts by building two new expandable trailers that will tour International dealerships across North America. As S13 education continues, the trailers will show off the components of the powertrain, with Navistar SMEs providing disassembly and ongoing training exercises for sales professionals and fleet end users.

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 emergy, 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 continues to make 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.

WASTE MANAGEMENT

In 2023, total waste generation increased by 22% over 2022, mainly due to an increase in vehicle production. The total waste per vehicle increased by 13% compared to 2022. We aim to find ways to reduce the waste generation going forward. Additionally, 86% of all waste generated was recycled which represents an increase over 2022. We have programs to recycle cardboard, pallets and other packaging material. We aim to shape the circular economy, continuously improve toward our recycling rates, and create a less resourceintensive Company.

Navistar refurbishes and re-purposes 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. This effort resulted in 48,540 pounds of e-waste processed, equivalent to 67,659 pounds of GHG emissions, as estimated by our certified recyclers.

REMANUFACTURING

Navistar focuses on remanufacturing used parts in its resource efficiency approach. The Company collects used parts through four core facilities dedicated to assessing parts for remanufacturing. It then restores them through a network of around 50 suppliers and distributes these "ReNEWed" parts through its parts sales network — and thus returns the parts to another product life cycle. More than 3,000 unique part types are regularly remanufactured as part of this process. During the reporting period, Navistar launched a new reverse logistics process and an associated fifth core facility for the collection of batteries for electric vehicles, together with the commercial launch of a "ReNEWed" version of such batteries for use in warranty replacement.

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 re-manufacturing programs or for recycling if they cannot be re-manufactured. 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 re-manufactured, offering a source of replacement parts in short order to help offset supply chain issues.

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

CIRCULAR BUSINESS

WATER MANAGEMENT

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 2023, we used 0.51 million cubic meters of water in our operations, less than a 1% increase over 2022.

Within our manufacturing locations, 38% of the water withdrawal in 2023 was from our plant in Escobedo, Mexico. The Escobedo plant gets its water indirectly from the San Juan River in Monterrey, Mexico. The plant is in a place 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.

Our Escobedo plant is a zero wastewater discharge facility. The Escobedo plant treats all wastewaters at the facility using the water for irrigation of green spaces. Furthering our efforts to minimize water use, we are installing additional ultrafiltration equipment for water recirculation. With this equipment, the water treatment plant can recycle around 150 cubic meters of water for paint processes and another approximately 110 cubic meters for irrigation at the facility.

Additionally, many of our other 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 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. Since 1991, we have had an Environmental Protection and Energy Conservation Policy in place. In 2023, we had no significant environmental enforcement actions at our facilities. We have established a corporate Environmental Compliance Management System which applies to all of our locations based on the ISO 14001 environmental management system standard. The scope of Navistar's ISO 14001 certificate currently includes our world headquarters and our Escobedo, Huntsville, Springfield, and Tulsa plants. We also plan to add our San Antonio plant and research and development sites to the scope of our registration.

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 2023, 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 next emission tier within Phase 2 comes into effect in 2024. The rules apply throughout the product line to both engines and vehicles. To certify each engine, Navistar 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.

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.

EMPLOYEE AWARENESS AND ENGAGEMENT

Navistar continued to promote sustainability and environmental efforts and initiatives throughout the Company in 2023. Our Company-wide celebration of Earth Week focused on raising general awareness of sustainability, circular business practices, and Navistar's sustainability commitments and ambitions.

Employees were also invited to share their input on opportunities and barriers to build a circular business model. Navistar's Office of Environment and Sustainability (OES) held a unique competition to celebrate Earth Day and foster a culture of innovation. All Navistar employees were invited to submit their ideas for circular business practices that could be implemented at Navistar. Employees submitted 184 ideas, many of which focused on improving existing practices and facilities at Navistar's headquarters in Lisle, Illinois. The top 5 ideas were selected for recognition. These winning ideas included component and packaging reuse, recycled content standards and circular business model ideas. As part of our Earth Day celebrations, many of our locations also connected with local communities with acts of service.

Employees in our World Headquarters in Lisle and Training Facility in Woodridge volunteered to clean up a neighborhood beach in Chicago. Volunteers worked with the Alliance for the Great Lakes to clean up about 160 pounds of plastic and garbage.

Several Navistar locations partnered with local organizations to plant trees in their local communities:

- Tulsa Bus Plant volunteers partnered with local nonprofit UP With Trees to plant 47 trees along two city blocks.
- San Antonio Advanced Technology Center employees worked with students at Freedom Elementary School to plant 16 oak trees on their school grounds.
- Escobedo Plant continued their impressive reforestation project and has now reached over 350 trees planted since the project started in 2019.
- San Antonio Assembly Plant employees donated their time at Mitchell Lake Audubon Center by helping to clear the land for native vegetation and to support bird migration and their habitat.



PEOPLE

PEOPLE AND CULTURE HIGHLIGHTS

OUR CORE VALUES

At Navistar, our values are the foundation for everything we do. They shape how we behave, think, and make decisions that are critical to our results. Navistar joins more than 100,000 employees across the TRATON GROUP by anchoring our values on customer first, respect, team spirit, responsibility, and elimination of waste.

Following the successful leader-led activation of our new values across our teams in 2023, the People & Culture team started to incorporate the values into our people processes, including onboarding and performance management. In addition, each employee was asked to bring the values into their daily interactions and to document their experience and achievements.

EMPLOYEE EXPERIENCE LISTENING, LEARNING & ACTING

To create a work experience that allows people to bring the best of themselves to their work, Navistar is unapologetically focused on Employee Experience (EX). EX has a proven impact on engagement and performance, with a direct connection to creating a first-rate Customer Experience (CX).

In 2021-2022, we began by measuring how we are doing through an annual EX Survey. In 2023, we expanded the EX Survey to include our entire workforce with the addition of our hourly employees. We utilized artificial intelligence to manage the volume of information and comments to simplify the discovery of themes and understand actions needed. Next, we launched new materials to support leaders and teams through an easy-to-use EX CARE pathway in our learning experience platform.

The new EX CARE pathway walked leaders through a simple Check in, Analysis, Review, and Engagement (CARE) process with their teams to identify an EX Action Goal for each team leader's performance goals. With 10,955 participants (74% participation rate) across 49 locations, 1,151 EX Action Goals have been created so far. We are on our way to forging the desired EX, where we are:

- United in purpose: What we do is more than a job. Our everyday impact fuels our passion for delivering sustainable products and solutions for people, industry and the planet.
- Powered by people: All that we do starts and ends with our people. No matter who we are or where we sit, we all play a role in creating a better place through our products and for our workplace.
- Energized by connections: We think big, find meaningful connections and break down barriers to achieve the best for each other, our customers and our partners.
- Forward focused, always: With courage, grit and determination, we explore new possibilities and dare to dream what can be.









ELIMINATION OF WASTE

The tireless work to find and remove actions and activities that have no value to our end customers – that no one is prepared to pay for. This kind of waste can be many things – overproduction, overprocessing, underprocessing, waiting, lack of collaboration, not using human potential, biases, and many others.

Anything that brings unnecessary costs to a process is wasteful, and all waste is disrespectful toward the people working in our processes. We continuously minimize unnecessary cost through eliminating waste.

RESPONSIBILITY

We recognize that the TRATON GROUP is part of a greater society. We always act with integrity and look beyond our immediate areas of responsibility, considering the long-term impact of our actions. We take responsibility as a group and as individuals for the sustainability and development of the society and environment we are part of.

CUSTOMER FIRST

Our current and potential future customers are the starting point of everything we do. Our understanding of our end customers' needs defines the value within our processes.

RESPECT

We respect each individual. Everyone can contribute, be heard, and has the potential to grow and learn over time. Respect is the foundation of all processes, all improvements, and all value creation.

TEAM SPIRIT

We work in teams toward a common goal, united by a joint purpose. A team includes everything from the smallest group of colleagues, through each brand, up to the TRATON GROUP itself and partners. We work together in a transparent way. And in every team, we show the same team spirit.

PEOPLE AND CULTURE HIGHLIGHTS

WELL-BEING FOR THE WHOLE PERSON

In 2023 we continued to focus on employee wellness through a four-pillar lens.

- **1. Mental:** Well rested and equipped to deal with daily demands and stressful situations. We offer an Employee Assistance Program for all employees and approximately 25% of our employees take advantage of a wellness app that focuses on movement, meditation, master classes and sleep.
- **2. Physical:** Having overall good health with the energy to meet daily challenges and opportunities.
- **3. Financial:** The ability to manage personal finances in a stress-free way, providing a sense of security.
- **4. Social:** Having supportive relationships that bring happiness and a sense of contentment. Employees are able to connect to others socially through our Employee Resource Groups.

PARENTAL LEAVE

To increase support of employees and their families, Navistar expanded its Paid Parental Childbirth and Parental Leaves policy. As of September 1, 2023, 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.

FINANCIAL WELL-BEING

The ability to manage personal finances in a stress-free way, providing a sense of security.

In 2023, Navistar took several actions to help non-represented employees reach their retirement goals.

- The employer matching contribution into the retirement plan is now 100% vested.
- New hires are enrolled in the retirement plan at a 6% deferral rate and now also enrolled in the automatic increase feature that increases their deferral rate by 1% per year up to a maximum of 15% deferral rate.
- Navistar re-enrolled current employees who elected a deferral rate of less than or equal to 6% into a 6% deferral rate and into the auto increase feature.
- Finally, Navistar provided a true-up matching contribution so employees can receive the maximum match when considering their full year of contributions rather than only during each pay period.

All these actions improved the percentage of employees reaching their retirement goals. This percentage is now above the recordkeeper's benchmark for other employer retirement plans with similar size participants and assets.

SURGERY CENTER OF EXCELLENCE BENEFIT

In April 2023, Navistar launched a surgery center of excellence benefit, which offers employees access to high-quality, non-emergent surgeries at no cost to them. It reduces unnecessary surgeries, increases the number of surgeries going to a higher quality site of care, has a 90% lower readmission rate, and an 80% lower rate of complications compared to national averages.

Through December 2023, there were 13 surgical procedures performed with a 0% complication rate, one surgery was avoided, and Navistar saw a 1.6 return on investment.

HEALTHCARE NAVIGATION

In 2023, Navistar launched a healthcare navigation service. This service helps Navistar employees and dependents navigate the world of health insurance and health care. When an employee contacts the healthcare navigation service, they can get help with understanding benefits, finding a quality provider, scheduling appointments, understanding/resolving billing issues, and saving money on health care.

Through December 2023, 1,839 unique households have used healthcare navigation services, in which there have been 4,021 doctor recommendations and 627 insurance benefit questions.

EMBRACING DIVERSITY, EQUITY, & INCLUSION

Navistar continues to be deeply committed to diversity, equity, and inclusion (DEI). Navistar's vision is to cultivate a culture of respect, belonging, and fairness that fosters a transformative legacy. 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.

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 already achieved the goal for 2024, and our goal is to reach 30% by 2029.

In the fall of 2023, we worked to provide access to the Connected Leaders Academy (CLA), a training program to help organizations make demonstrable progress on inclusion and equity, improve talent pipelines, and unlock the full potential of people within the Company. At Navistar, leaders have the opportunity to nominate women to participate in the Signature Leaders Program. This program is a highly regarded, invitation only program for women leaders focused on enhancing leadership impact, accelerating careers, and connecting leaders with an on-going network of accomplished women. This program is for women not about women.

We are proud to be named one of "The Elite 30" in the Women in Trucking (WIT) Association's 2023 list of top companies for women in transportation to work. As a nonprofit organization, WIT's mission is to encourage women's employment in the trucking industry, promote their accomplishments and mitigate their obstacles. Approximately 140 Navistar women 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. Navistar's DEI team also includes a dedicated resource for diverse recruiting and a diversity analyst to focus on expanding DEI communications.

DE

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.

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.

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 any ERG regardless of their primary affinity to encourage allyship.

In 2023, Navistar's ERGs again 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.

THESE ARE SOME HIGHLIGHTS FROM 2023:

Several ERG events honored 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. Over the year, our ERGs recognized and celebrated monthly commemorations, including Black History Month, Pride Month, and Women's History Month. MVAN collectively donated over 250 toys on behalf of Navistar's Illinois facilities in Lisle, Woodridge, and Joliet to brighten up the holidays for less fortunate children. WIN organized several awareness and fundraising events for breast cancer education and research alongside various other ERGs and functional departments. Employees across various locations and corporate contributions raised around \$20,000 for the Susan G. Komen Foundation, Breast Cancer Research Foundation and National Breast Cancer Foundation.

THESE ARE OUR 8 ERGS AND THEIR MISSIONS:



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 fastestgrowing economies.



NAVISTAR PRIDE ALLIANCE

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.



NAVISTAR YOUNG PROFESSIONALS

NYP

Navistar Young Professionals NYP empowers and develops young professionals, leverages strengths through a multigenerational workforce. and contributes to Navistar's profitability and growth initiatives.

PCA

Alliance with appropriate personal best.



Parents and Caregivers

PCA strives to celebrate and support Navistar's parents and caregivers resources, guidance and encouragement to help them achieve their



PROFESSIONAL LATINO ASSOCIATION AT NAVISTAR

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.

PROMOTING SUPPLIER DIVERSITY

In 1981, Navistar created the 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 2023, Navistar hosted its annual DEI Supplier Diversity Summit themed "Embrace and Empower: A Journey Towards Equity and Excellence". The summit included a moderated panel of distinguished diverse leaders that shared their perspective and experiences on the critical topic of unconscious bias regarding the impacts on supply chains and workplaces. It was an engaging and powerful conversation covering how unconscious bias affects supply chains, particularly within managerial roles, impeding the development of diverse networks. To foster an inclusive future, addressing unconscious bias in supply chains and workplaces is crucial for creating equitable environments that benefit future generations.

To further recognize diverse suppliers, in 2023 we held regular 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) Assured Quality Systems (AQS): Minority & Women & Small Business Enterprise (MBE) (WBE) (SBE)

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.

WOMEN'S BUSINESS DEVELOPMENT CENTER (WBDC)

Navistar is a member of WBDC and has participated in their events as a long-term corporate member, supporting their vision, mission, and values to accelerate the development and growth of women-owned businesses in the region. WBDC's network of certified WBE's exceeds 2400 with 4000+ corporate members working together to support \$8.7M in annual spend with certified women-owned businesses. WBDC has eight offices across the Midwest and a nine-state WBE certification coverage area.

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.

AS A RESULT OF OUR EFFORTS TO SUSTAIN A ROBUST AND DIVERSE SUPPLIER BASE, NAVISTAR FINISHED 2023 HAVING SPENT:

- ~ 288.3M with Minority Business Enterprises (MBE) and Women Business Enterprises (WBE)
- ~ \$720M with Small Business Enterprises (SBE)
- ~ \$33.7M with Veteran Business Enterprises (VBE)
- ~ \$89.4M with Small Disadvantaged Business Enterprises
- ~ \$15.8M with Historically Underutilized Business Enterprises (HUB Zones)

PROMOTING SUPPLIER DIVERSITY

HOWARD UNIVERSITY

Howard University, in Washington D.C., is a Historically Black College and University (HBCU) with a strong Supply Chain Program. Navistar has built a meaningful partnership 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 HBCUs to expand our talent base. Navistar in 2023 became a Priority Partner of Howard University with their supply chain 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 GROUP OF AMERICA

Navistar has a collaborative relationship with Volkswagen Group of America, currently meeting on a regular cadence to mentor and share best practices from our Supplier Diversity Program. Navistar is working with Volkswagen Group of America to leverage our purchasing power by combining Request For Proposals ("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.

NAVISTAR UNIVERSITY

In the year under review, Navistar relaunched the Navistar University, hired a talent team, and put a learning system landscape in place. The Navistar University is now an essential tool in developing the Company's culture and leadership. The Navistar University is focused on the strategic competencies needed to guide Navistar's transition to new technologies and processes that allow the Company to be more innovative and responsive to change.

In 2023, some notable efforts included:

- Change Enablement Programs that help employees adapt to change effectively and develop crucial skills to embrace an industry that constantly evolves due to technological advancements and market demands
- Leadership Development Programs that ensure a solid pipeline of competent leaders who can guide the organization toward success
- A Learning Strategy emphasizing a learning culture that encourages continuous professional development, innovation, and knowledge sharing, enabling the Company to stay competitive and meet the evolving needs of its industry
- The rollout of Company values. Through its learning system landscape, the Navistar University has been providing leaders with tools and resources to communicate and reinforce the values within their teams at Navistar and TRATON.

INVESTING IN LEARNING & DEVELOPMENT

Investing in a well-trained workforce ensures they are better equipped to understand and address the new technical and professional challenges to meet future needs.

During 2023, one focus need was to put a learning technology landscape in place, in which it we provide all our employees with different content to:

- A curated library of online courses covering various topics, from technical skills to soft skills, leadership development, and business training
- Interactive learning modules: Bite-sized learning modules provide just-in-time knowledge and skills development
- Access to live and on-demand workshops and webinars delivered by industry experts and thought leaders
- Learning pathways: Tailored learning paths that recommend courses and resources based on individual needs and career goals
- Online communities, discussion forums, and mentoring programs where employees can connect, share knowledge, and learn from each other
- Short, engaging learning activities that can be completed in minutes, fitting into even the busiest schedules

ENABLING CHANGE

Our Change Enablement programs prepare employees to adapt to change effectively through developing crucial skills. Employees learn to embrace change in an industry that constantly evolves due to technological advancements and market demands. In 2023, we launched two programs to prepare our teams to adapt and evolve their practices to address current and future challenges.

Our Change Leadership curriculum is a comprehensive learning experience for leaders designed to develop the necessary skills and mindsets to effectively lead themselves and others through change in their organizations and teams.

The Change Practitioner Certification Program equips individuals with the necessary skills and tools to lead change management on organizational projects. The goal is to meet the needs of the people impacted by a change. These tools help create targeted strategies and plans for communication, learning, and readiness that increase the adoption of changes.

LEADERS IN EVERY SEAT

Effective leaders inspire sustainability and drive it with urgency, placing customer-centricity and innovation at the forefront. They understand the importance of acting swiftly to meet customer demands for eco-friendly products and services while leveraging innovation to develop sustainable solutions that differentiate the organization.

In 2023, we embarked on a new journey to re-imagine our leadership programming:

- Emerging Leaders: for those leading projects, independent work or who are on succession plans for their first people leadership role
- Leadership Fundamentals: for those leading people and teams
- Leading the Organization: for those leading leaders and divisions
- Various leadership open classes for professional development
- TRATON Leadership Programs for leaders working in global roles

TALENT AND PERFORMANCE MANAGEMENT

The successful implementation of SAP SuccessFactors in Mexico enables seamless talent and performance management across the full Navistar organization. Emphasizing global collaboration, we utilized global assignments within the TRATON Group and Navistar to facilitate knowledge exchange and provide our employees with global experience. To enhance visibility into skills and experiences, and to provide additional career opportunities, we extended our talent management process deeper into the organization. Navistar's new values were integrated into our talent and performance processes. Inclusivity is paramount; we embedded Diversity, Equity, and Inclusion programs into our talent development program campaign.

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

- 98% of salaried employees receive a performance review and a career conversation on at least an annual basis
- 70% of hourly employees receive a performance review and a career conversation on at least an annual basis
- 82% of all employees receive a performance review and a career conversation on at least an annual basis



As Navistar works toward its vision of accelerating the impact of sustainable mobility, Navistar is proud to offer multiple programs that address a growing need for engineers for Navistar and qualified technicians for the International[®] and IC Bus[®] dealer network across a range of career possibilities.

NAVISTAR SUPPORTS ITS DEALERS

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 2023, Navistar expanded the TECH EmPOWERment platform. This includes specific outreach programs to recruit more women technicians and supporting a broader strategy to impart EV education among our youth and prepare the future workforce for a successful career as an EV technician.

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 2023, with the help of dealers across North America, the TECH EmPOWERment program donated equipment and training aids to support 22 technical schools and four companies through the engineering group.

IN 2023, NAVISTAR CONTINUED ITS PRIMARY TECH EMPOWERMENT WORKSTREAMS:

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 2023, the third year of this initiative, Navistar welcomed nine apprentices from the dealer network. This program spans four states, eight cities, and five unique dealer groups.

STEERING AHEAD

To supplement the pipeline for new hires, the International[®] 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 2023, Steering Ahead was successfully launched with the dealer network, and 8 dealer groups launched the high school curriculum. One of our dealer groups has graduated 12 students from the program and 16 are currently enrolled in the program.

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 2023, we initiated partnerships between dealerships and 23 local schools and contributed over 120 multilingual training courses at no expense to either the dealer or the school.

SERVICE ALLIES

As part of its Service Allies program, Navistar supports military veterans by connecting them with International® and IC Bus® dealers for internships and directplacement jobs. In 2023, Service Allies helped 21 dealer groups hire 77 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 technicians, service advisors, parts counter, managers, warranty, and sales personnel. This program continues 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.

CURRICULUM DEVELOPMENT

Navistar, IC Bus[®], and the ASE Education Foundation joined forces at the end of 2023 to provide a training opportunity during the summer of 2024 for mediumand heavy truck/diesel instructors from ASE-accredited post-secondary training programs. Ten instructors will win a trip to attend a five-day session at Navistar's training center in Woodridge, Illinois, along with a \$1,000 scholarship to underwrite travel expenses.

EV COURSE DEVELOPMENT

Navistar offered training to nine instructors from Texas State Technical College (TSTC) during December 2023. It was the first time Navistar trained instructors from school programs on EV safety. The school partnered with International dealership, Kyrish Truck Centers to strengthen the program and create employment opportunities for the students.

RETENTION STRATEGY

In 2023, the commercial transportation industry was affected by an average 42% attrition in service department jobs. To help our dealers increase employee retention, Navistar created several new dealer tools, including a technician career Playbook, employee experience survey templates, and award recognition programs.

To recognize technician excellence, Navistar launched its inaugural Top Team technician skills competition. It took place at the 2023 Navistar's Service Solutions Expo where 10 International Truck and IC Bus Master Certified and Diamond Certified technicians from North America competed in a series of skills-based contests surrounding diagnostics, maintenance, and repairs.

Part of Navistar's TECH EmPOWERment program's retention and recognition strategy, the Top Team competition replaces the Technician Rodeo, which was last held in 2019. All Master Certified technicians and Diamond Certified technicians from the International[®] and IC Bus[®] dealer networks were invited to test for a spot in the Top Team competition. Approximately 420 certified technicians took the test, with the top 10 being selected to participate in the competition. During the competition, the service technicians had the opportunity to display their skills, knowledge, and professionalism as they safely and efficiently diagnosed and repaired different systems in mobile or stationary equipment. Beyond learning and testing their expertise, the Top Team contestants fostered camaraderie, networked with industry leaders, and identified trusted mentors to offer guidance as their careers advance.

In 2023, 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 2023 Technician of the Year Awards, selected two winners, from a pool of 48 monthly Technician of Influence winners, as Navistar's Technician of the Year (Rookie and Veteran Divisions). The award included a vacation trip chosen from six U.S. and Canada destinations offered.

Navistar also sponsored and celebrated the achievement of two Dealer Technicians who were recognized by ASE as winners of the 2023 ASE Technician of the Year award. The ASE annually recognizes individuals who distinguished themselves in the automotive service industry as the best of the best.

STUDENT SCHOLARSHIPS

During 2023, Navistar partnered with TechForce to create the International Truck and IC Bus® Technician Scholarship to support qualified students as they pursue their technical education to become professional technicians. TechForce Foundation is a 501(c)(3) national nonprofit with the charitable mission of championing all students to and through their technical education and into careers as professional technicians. Navistar provided three Accelerate Tuition Scholarship Awards of \$3,000 each. This tuition scholarship supported financially disadvantaged high school graduates, career-changing adults, and veterans pursuing post-secondary education in automotive, aviation, collision, diesel, marine, motorcycle, motorsports, restoration, welding, and emerging technologies.

With EVs hitting the road, the need for EV-certified technicians is rising. In response, Navistar and IC Bus partnered with ASE during 2023 to launch a new program to sponsor 1,000 high school students at accredited ASE high schools to undergo the first level of electrical safety awareness during the 2023-2024 school year. The goal for this partnership is to have students take their certification test and meet with their local International or IC Bus dealer. This will allow the students to make professional connections, see the dealership and its workflow in person, and meet technicians who could potentially act as mentors. Additionally, this will help us to promote EV safety awareness and let students earn industry-recognized credentials for working safely around this rapidly expanding technology.

RECRUITING AND CAREER DEVELOPMENT

In 2023, 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. Seven 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 PROGRAM

Navistar partnered with Northern Illinois University to carefully craft a two-year master's degree that rotates between offering a mechanical and electrical engineering degree, 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. In 2023, 29 employees earned their degree through this partnership with Northern Illinois University. The Class of 2024 cohort includes employees in Navistar's World Headquarters as well as in Mexico and Texas. The program was designed to fit within the tuition reimbursement levels allowing Navistar to offer it with no out of pocket expense to the employees.

KETTERING UNIVERSITY

For nearly 20 years, Navistar 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 co-op students 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 2023, 21 Kettering University students completed their work rotations at Navistar and of those, eight accepted full-time positions at Navistar.

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. In 2023, Navistar welcomed its inaugural class that included four ITDP Associates.

CITY SCHOLARS

This program specifically addresses the growing need for technology expertise as we drive towards EVs. 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 2023, Navistar hosted two new co-ops to the Navistar City Scholars program.

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 2023, five new associates began their rotations, for a total of six associates participating in the OMDP program.

FINANCE & ACCOUNTING LEADERSHIP DEVELOPMENT (FALD)

Navistar also offers development opportunities for hired college graduates. For example, the Finance and Accounting Leadership Development (FALD) program is a three-year full-time rotational program to explore a career in finance and accounting. It includes executive mentorship and interaction, tuition assistance, and opportunities to relocate. 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 2023, nine new students participated in the FALD program, in addition to 26 previously enrolled.

PEOPLE & CULTURE DEVELOPMENT PROGRAM

In 2023, Navistar People & Culture launched their first development program for early career hires. This two-year program focuses on gaining rich experiences across four distinct areas; Learning and Development, Diversity, Equity and Inclusion, Employee Experience and a rotation as Chief of Staff. Employees participating in the program also experience a rotation at a manufacturing facility, broadening their perspective of the diverse needs of employees across all locations. Participants gain a deeper understanding of how rolling out a new process or program at our Corporate office looks different in a manufacturing environment. We offer real on-the-job experiences, project support and mentoring.

WORKPLACE SAFETY

As in 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 zero injury or illness state so our employees return home safe. In 2023, we began our journey to an ISO 45001 certification, updated all our policies and procedures, and expanded our conversations with colleagues from within TRATON GROUP and the Volkswagen Group. This past year all Navistar's manufacturing facilities were audited for health and safety. Plans were established to ensure corrective actions were taken, as well as implementing long-term sustainable compliance activities for lock-out tag-out measures and machine placarding. Navistar aims to audit all its Parts Distribution Centers and Used Truck facilities over the next two 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 2023, our corporate goals were not met as we ramped up our production activities and experienced new operational requirements at all of our manufacturing facilities. The incorporation of new machinery and equipment reinforced our awareness for the need for training, communication, and accountability around the health and safety of our employees. We continuously work toward a workplace injury rate of zero. Each year we have self-set corporate targets for IFR and LTCR. Our corporate 2023 IFR goal of 0.69 was not met, as we achieved a rate of 1.18. Our 2023 LTCR goal of 0.20 was also exceeded for a final rate of 0.25. According to the US Bureau of Labor Statistics, the latest injury standard rate (as of 2020) in the heavy-duty truck manufacturing industry is an IFR of 4.8 and an LCTR of 3.3.

Navistar started developing an electric vehicles safety policy as well as the required training document to ensure that relevant Navistar employees are informed and educated in the process of building EVs. In addition, we initiated the creation of an online training class to ensure that relevant employees may be trained in the EV process and how this could affect their health and safety.

We continue to be active in AIAG – Automotive Industry Action Group – and are in close contact with colleagues from within TRATON GROUP and the Volkswagen Group. Two trips to the Volkswagen facility in Chattanooga, Tennessee, allowed us to exchange safety strategies and bond together as a safety group assuring our standards in the automotive industry provide safe automotive manufacturing operations.

CONTRIBUTING TO OUR COMMUNITIES

Navistar's commitment to being a responsible Company encompasses donations and other corporate resources to support qualified nonprofit organizations in communities where we operate.

In 2023, we advanced our giving strategy, devoting more funding over 2022 to support our impact areas of focus: education, equity, and environment.

Donations totaled around \$1.3 million with engines and other equipment donated to Automotive Service Excellence accredited technical schools to support their technician training programs and dealer technician recruitment (all numbers rounded):

ENVIRONMENTAL GRANTS= \$617,000 SCHOLARSHIPS & EDUCATION= \$380,000 ANNUAL CORPORATE SPONSORSHIPS= \$165,000 DEPARTMENTAL CONTRIBUTIONS= \$145,500 EMPLOYEE GIVING= \$2,000

TOTAL= \$1,309,500

ENVIRONMENTAL EQUITY IMPACT FUNDS

As a part of the Company's commitment to strategic, intentional efforts that positively impact our workplace and communities, Navistar announced inaugural award recipients for its newly launched environmental equity programs. In 2023, Navistar awarded \$570,500 for various environmental equity impact projects.

The programs considered for up to three years of funding were required to present outcomes-based proposals supporting local environmental initiatives in under-resourced communities. Each organization's three-year plan articulated a theory of change for community impact from the program activities. Programs considered for funding were required to map out a logic model identifying resources contributed, proposed activities, expected short-term outputs, desired long-term outcomes, associated indicators of program success, and data collection and evaluation methods.

The 2023 awardees are:

- Eco-Friendly Mobile Farm Stand Project
- Friends of the Forest Preserve of DuPage County
- Fundación Universidad Autónoma de Nuevo León, A.C.
- National Audubon Society
- Urban Growers Collective
- Up with Trees
- San Antonio River Foundation
- The Land Trust of North Alabama

The projects from the award recipients listed include supporting conservation education programs, increasing tree canopies in high need areas, supporting urban farming to reduce food insecurity, and contributing to innovative approaches to carbon capture in public spaces.

STRENGTHENING RELATIONSHIPS

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 2023, we donated \$45,000 to the University of Texas San Antonio Engineering program for first-year students exploring careers in engineering.

In addition, Navistar also provided a \$250,000 scholarship for Prairie View A&M University College of Engineering in Texas to be distributed over two years in support of underrepresented students with financial need.

SUPPORTING STEM SCHOLARS

Navistar supports a three-part initiative to bolster STEM (Science, Technology, Engineering, and Math) efforts for underrepresented engineering students at North Central College (NCC) in Naperville, Illinois. In 2023, 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.

STEM AMBASSADORS

To celebrate Hispanic Heritage Month in October 2023, Navistar participated in a Museum of Science and Industry (MSI) event that helped children and their families learn about STEM careers and their importance.

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, 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 2023.

CONTRIBUTING TO OUR COMMUNITIES

ANNUAL SPONSORSHIPS

In 2023, Navistar provided support for social responsibility as a corporate priority.

In 2023, we sponsored the following organizations:

- \$25,000 Museum of Science & Industry-Chicago, Illinois
- \$30,000 San Antonio Botanical Garden-San Antonio, Texas
- \$25,000 Shedd Aquarium-Chicago, Illinois
- The Morton Arboretum-Lisle, Illinois \$25,000
- \$25,000 YWCA-Chicago, Illinois
- \$10,00 Tulsa Botanical Garden-Tulsa, Oklahoma
- \$25.000 Alliance for the Great Lakes-Chicago, Illinois

ROBOTICS COMPETITION

To continue supporting STEM education and the development of young engineers, Navistar's R&D Department sponsored the FIRST Illinois Robotics Midwest Regional Competition.

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.

BACK TO SCHOOL

IC Bus donated \$10,000 to the Kids in Need Foundation, a national 501(c) charity that helps create equitable learning spaces through the distribution of supplies and resources and investing in teachers and students in underserved schools. This donation will fund 363 students through a program that ships pre-assembled backpacks filled with essential school supplies to qualifying schools.

Employees from seven Navistar locations participated in a school supply drive through August to collect supplies to send nearly 700 children back to school. Along with the 363 backpacks donated via IC Bus, other donations included:

- 60 backpacks from Lisle's procurement team
- 50 backpacks, 50 supply kits and four boxes of supplies collected in Lisle and Woodridge via the International Community of African Americans at Navistar (ICAAN)
- One box of supplies from the Joliet parts distribution center (PDC)
- 36 backpacks from the Eastern Canadian PDC and Canadian Navistar offices
- A donation equivalent to 80 backpacks from the San Antonio plant, supply chain and quality teams
- 35 backpacks from the Tulsa bus plant and Water's Truck and Tractor.

INTERN SERVICE DAY

In celebration of National Intern Day, a total of 35 Navistar interns headed to Lake Michigan in Chicago to lead a beach cleanup through our partnership with the Alliance for the Great Lakes. In total, they collected and properly disposed of 55 lbs. of litter to help maintain a beautiful beachfront and healthy environment.

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 \$2,000 in donations by serving 15 or more hours as volunteers at a nonprofit organization. Through donations and volunteering efforts in 2023, Navistar employees worked hard to support communities near and far, uplift underrepresented people and children, and advocate to make the world a better place. While strengthening their team dynamics, Navistar employees came together to serve others, donating food, school supplies, and gifts to children and families in need. Navistar employees also rolled up their sleeves to improve ecosystems and the environment.





RESPONSIBILITY
GOVERNANCE

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. Its sole shareholder is TRATON U.S., 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 U.S., 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 have 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: **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. Additional information on the Executive Management can be found here: **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 2023 here: **TRATON Annual Report**

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.

COMPLIANCE, & 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 2023, Navistar held its 9th Annual Compliance Week offering activities dedicated to ensuring the Company remains focused on the policies that support operating with integrity and honesty.

CODE OF CONDUCT FOR SUPPLIERS AND BUSINESS PARTNERS

In 2023, Navistar updated its Code of Conduct for suppliers and business partners, outlining expectations for all suppliers and business partners. The Code of Conduct pays particular attention to human rights, labor rights, environmental protection, business ethics, and responsible supply chains.

POLICIES

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

CODE OF CONDUCT

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.

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.

ANTI-RETALIATION POLICY

This policy establishes the protection of employees who speak-up on ethics, compliance and workplace harassment matters.

CONFLICTS OF INTEREST POLICY

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.

GIFTS, HOSPITALITY AND INVITATIONS TO EVENTS POLICY

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.

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.

MONEY LAUNDERING AND TERRORISM FINANCING PREVENTION POLICY

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.

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.

COMPLIANCE, & RISK MANAGEMENT

TRAINING

Navistar offers its employees trainings in various areas of corporate compliance, including but not limited to code of conduct, 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.

WORKSHOPS

Navistar continued to be active in Volkswagen Group's Together4Integrity (T4I) initiative. This initiative 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 and two additional workshops in 2023.

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 a consistent investigation approach, including how the process is managed and any resulting decisions. 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.

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 Governance, Risk, and 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.

BUSINESS AND HUMAN RIGHTS

Human rights are rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more. Our definition of human rights also includes environmental aspects that can ultimately affect human rights.

Navistar commits to respecting human rights and following applicable human rights due diligence laws as reflected in our Navistar Policy Statement on Human Rights. We have set the framework for respecting human rights within our organization through our internal policies and procedures and by setting expectations for business conduct within our supply chain.

In 2023, Navistar established a Business & Human Rights Committee consisting of cross-functional departmental representatives, including Legal, Compliance, People & Culture, Procurement, Finance, Sustainability, Trade Compliance and Supplier Quality. The Business & Human Rights Committee's primary role is to monitor and advise on Navistar's human rights program, including but not limited to the following topics: risk management system, risk analysis, preventive measures, remedial actions and grievance mechanism. It meets regularly on a quarterly basis and ad-hoc, if necessary.

Also in 2023, Navistar introduced two trainings related to Human Rights, which are mandatory for all executives, employees and contractors (who have access to our internal learning system) in the United States, Canada and Mexico. It consists of two parts: how to prevent human trafficking and protect human rights, as well as outlining the supply chain due diligence process.

A new workshop introduced to Navistar in 2023, the Business & Human Rights workshop, is designed to be an interactive session to identify Navistar's top risks and risk exposure relating to Business & Human Rights with subject matter experts from different parts of the organization.

For our Navistar Human Rights Policy Statement, please see: **Navistar Policy Statement on Human Rights**



RESPONSIBILITY IN THE SUPPLY CHAIN

In 2023, Navistar implemented additional foundational practices to drive responsibility in the supply chain. These activities begin with clearly articulating our expectations and requirements to our stakeholders and continuing with new methods to measure performance relative to those expectations. Additionally, Navistar continued our efforts to better understand and take action in the areas where we have the largest impacts relative to human rights and the environment, and to increase stakeholder awareness of these topics. New mechanisms were introduced to identify and address potential concerns and new tools were deployed to improve velocity.

1. COMMUNICATING EXPECTATIONS

In 2023, Navistar published a new Code of Conduct for Suppliers & Business Partners. Navistar considers the Code of Conduct for Suppliers & Business Partners to be fundamental to our business relations. This Code of Conduct cascades responsibility through the supply chain by clearly outlining our expectations for suppliers related to human rights, labor rights, environmental protection, business ethics and responsible supply chains. This Code of Conduct is referred to in Navistar's standard terms and conditions.

2. MEASURING PERFORMANCE

Building from the new Code of Conduct for Suppliers & Business Partners, Navistar began onboarding suppliers to a Sustainability Rating (S-Rating) in 2023. The S-Rating measures suppliers' commitment and performance related to sustainability topics outlined in the Code of Conduct and establishes minimum requirements for working conditions and human rights, occupational safety, corporate ethics and environmental management. A positive S-Rating will be required for new business awards beginning in 2024.

Navistar's S-Rating utilizes the Self-Assessment Questionnaire (SAQ) developed by Drive Sustainability specifically for the automotive and trucking industry. The SAQ asks suppliers to provide details and documentation regarding internal policies, controls and certifications. SAQ submissions are validated by a third party. After completing the SAQ, suppliers are assessed an S-Rating and have the opportunity to receive feedback on their sustainability performance relative to peers.

3. EVALUATING IMPACT AREAS

Navistar identified key focus areas in our supply chain related to human rights and the environment that require both long- and short-term actions. These include improving visibility of forced labor in our supplier network and decarbonization of our purchased goods.

In 2023, Navistar began utilizing a new risk-identification tool designed to provide insight into human rights concerns in our complex supplier network. Findings from this tool are investigated and then reviewed by Navistar's Business Human Rights Committee. Additionally, Navistar's on-going human rights risk assessment includes consideration of workers in our supply chain.

Navistar's environmental efforts for purchased goods are focused on decarbonization for both internal combustion engine and battery electric vehicles. Based on the Company's overall emissions calculations, we have identified priority hot spot areas within our purchased goods. The hot spots include steel, aluminum and electric vehicle batteries. In 2023, steel was the largest source of emissions for our purchased goods. Choosing recycled materials helps to reduce emissions for these products.

One milestone in 2023 marks Navistar's recognition as a U.S. Environmental Protection Agency (EPA) High Performer in the SmartWay Program's Shipper category. The EPA's SmartWay Program helps companies advance supply chain sustainability by measuring, benchmarking and improving freight transportation efficiency.

The EPA's SmartWay Program provides a comprehensive system for tracking fuel use and freight emissions across supply chains; helps companies identify more efficient freight carriers, transport modes, equipment, and operational strategies; supports global energy security; and reduces emissions by accelerating the use of advanced fuel-saving technologies.

4. RAISING AWARENESS

We are continuously working with our stakeholders to integrate sustainability with our procurement processes and practices and supplier relationships. As part of on-going efforts to broaden sustainability knowledge, Navistar conducted a series of internal trainings to employees and external trainings to suppliers and business partners. These trainings covered topics including the Sustainability Rating, forced labor, decarbonization and human rights due diligence.

Additionally, in 2023, Navistar hosted a Supplier Summit which focused on sustainability. The Supplier Summit provided an opportunity for Navistar to share our commitment with leadership from top suppliers.

5. ADDRESSING CONCERNS

Recognizing the need to be able to address potential deviations from our Code of Conduct for Suppliers & Business Partners, in 2023 Navistar introduced several measures for identifying, evaluating and actioning areas of concern related to sustainability in our supply chain. To identify concerns, Navistar introduced capabilities to screen for adverse media and established a supply chain specific pathway within our existing whistle blower system.

These potential concerns are evaluated through a Supply Chain Grievance Committee which was established in 2023. This committee reviews investigations and recommends appropriate action and is overseen by the Business & Human Rights Committee.

GOVERNMENT RELATIONS

GOVERNMENT RELATIONS

In 2023, 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.

With respect to regulations, Government Relations worked with industry and regulators to achieve alignment between the California Air Resources Board (CARB) and the EPA on NOx standards in 2027 allowing manufacturing and customer certainty with respect to our engines.

Navistar continued advising federal (U.S. and Canada) and state/provincial 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 ZEV product portfolio, it opposes regulations that mandate minimum sales requirements that are not accompanied by equivalent adoption requirements or support infrastructure build out. To this end, Navistar is now involved in a group called the Powering America's Commercial Transportation to advocate for charging infrastructure policies and programs at the state and federal levels. We also work separately in states to advise them as they develop vehicle electrification programs and approaches.

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 to increase EV and EV component manufacturing in the U.S., and to inform customers of how they can benefit from these programs (especially tax credits) as well.

Other efforts Navistar has supported include assisting the EPA as it continues to implement the Clean School Bus program. In addition to the \$1 billion in 2022. EPA made available \$2 billion in funds for clean school buses in 2023.

A list of 2023 memberships greater than \$50,000 include:

- American Truck Dealers (ATD)
- American Trucking Associations (ATA)
- National Association of Manufacturers (NAM)
- Partners for a Zero Emission Vehicle Future
- Truck & Engine Manufacturers Association (EMA)
- Powering America's Commercial Transportation (PACT)

To successfully advocate for its public policy agenda, Navistar participates as a member in several organizations to support and amplify the Company's goals. Navistar actively participates in the political process. The Company has an internal government relations team comprising three federally registered lobbyists and a Washington, D.C.-based lobby consultant organization to advocate for its priorities. In 2023, Navistar's political lobbying spend was around \$1.5 million, compared to a \$900,000 spend in 2022.

Navistar continued to provide 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 for 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 Election Commission. There has never been an enforcement action against 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 & AUTONOMOUS SOLUTIONS

Navistar continued to make strategic growth in the field of connected technologies, which remotely broadcast secure vehicle data to help further enhance the performance 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

At the beginning of 2023, Navistar standardized production of all Class 6-8 International[®] and IC Bus[®] vehicle products to include factory-installed telematics device on all new builds, including electric models. The telematics device broadcasts data about the vehicle's status via OnCommand[®] Connection (OCC). OCC aggregates and disseminates vehicle data, covering such elements as vehicle health and performance, into critical insights that help drive greater uptime, reduce total cost of ownership, and reduce a Company's carbon footprint.

Throughout 2023, Navistar continued to make advances in its over-the-air (OTA) capabilities. OTA helps deliver increased uptime to our customers by keeping vehicle software and calibrations up to date without the need to take vehicles off the road.

CROSS-BRAND COLLABORATION ENABLES SAFETY ADVANCES

To kick off the 2023 back-to-school season, Navistar's IC Bus and Audi of America demonstrated the role direct communication via Cellular Vehicle to Everything (C-V2X) technology can play to provide potentially life-saving safety technology for the 26 million children riding school buses every day in the U.S.

In September, that demonstration went mainstream when it aired on NBC's TODAY Show after NBC visited Navistar's proving grounds in New Carlisle, Indiana, to learn more about how IC Bus and Audi are using C-V2X technology to further unlock safety improvements for children getting on and off school buses every day. With C-V2X direct communications technology, the driver receives a direct message alert in the cockpit of the Audi vehicle providing

an early notification of an approaching school bus stop situation. The alert is provided even when the school bus is not visible to the driver, such as around a corner, over a hill, or if the driver's view is blocked by other vehicles. Conversely, the school bus driver receives an alert of the approaching vehicle during a school bus stop as well as a warning if a vehicle is potentially approaching too quickly to be able to stop in time. This gives the school bus driver additional time to prepare or react in a safe manner.

Direct communication allows vehicles and school buses to communicate 10 times per second at up to 400 yards, virtually eliminating the latency inherent to communicating via cell tower networks. Each vehicle shares its location, speed, and direction with others, thereby providing enhanced safety for all.

PARTNERSHIPS

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 vehicle to our customers. Navistar believes in developing partnerships in autonomous driving solutions and other areas as a key component of a future transportation and logistics system.





IMPACT

SUSTAINABILITY PERFORMANCE METRICS

ENVIRONMENTAL PERFORMANCE 2021-2023

Total		2021	2022	2023
Vehiclesª		82,728	109,428	118,003
Energy use (gigajoules)	Total	1,686,991	1,676,653	1,699,704
Direct Energy Consumption ^b				
Natural Gas		767,212	634,363	643,362
Other fuels ^b		119,458	224,215	275,525
Indirect Energy Consumption				
Electricity		800,321	818,075	780,816
Water use (cubic meters (m ³) in millions)	Total	0.469	0.512	0.512
Purchased city water		0.465	0.508	0.510
Groundwater		0.002	0.002	0.002
Rainwater		0.002	0.002	0.000
Waste (pounds)	Total	51,809,210	76,329,585	93,051,010
Hazardous waste ^c		2,989,408	6,790,353	8,107,185
Recycling		1,789,647	2,942,423	4,361,854
Energy recovery		777,787	3,491,009	3,648,378
Incineration (mass burned)		22,308	5,080	77,666
Landfill		56,450	351,842	19,287
Other (Wastewater treatment)		343,215	-	
Non-hazardous waste		48,819,802	69,539,232	84,943,825
Recycling		33,041,175	45,933,911	52,257,384
Energy recovery		468,740	5	
Incineration (mass burned)		17,935	3,925	
Landfill		14,092,743	20,392,293	32,686,44
Other (Wastewater treatment)		1,199,210	3,209,098	
Greenhouse gas emissions ^d (1000 tonnes CO ₂ e))			
Scope 1 & Scope 2		151	134	142
Scope 1 emissions / Direct		61	44	48
Scope 2 emissions / Indirect		91	90	94
Scope 3 ^e		56,836	70,900	78,410
Use of Sold Products		55,008	68,602	75,249
Purchased Goods and Services		1,143	1,849	2,66
Other (rounded)		685	449	50

	- 1

Non-compliances with environmental laws regulations

Total number of significant instances of non-compliance

Total number of monetary value of fines for instances of non-compliance

Total Per Vehicle ^b	2020	2021	2023	
Energy use (gigajoules)	20.4	15.3	14.4	
Water use (cubic meters (m ³) in millions)	5.7	4.7	4.3	
Greenhouse gas emissions, Scope 1 & Scope 2 (tonnes CO ₂ e)	1.8	1.2	1.2	
Waste (pounds)	626.3	697.5	788.5	
Hazardous waste	36.1	62.1	68.7	
Non-hazardous waste	590.1	635.5	719.8	
Safety Performance				
Incident Frequency Rate	0.74	0.75	1.18	
Lost Time Case Rate	0.22	0.24	0.25	

NOTES

- included in emissions, energy, waste, and water data.
- c. Wastes are considered hazardous based on the applicable regulatory requirements.
- d. 2021 and 2022 data are updated.
- e. Scope 3 emissions 2023 are based on preliminary data.

	2021	2022	2023	
and				
	1	-	1	
	\$52,000,000	\$0	\$0	

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. Emissions, 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

b. 2021 and 2022 data are updated to reflect proper accounting for diesel fuel usage in sold vehicles.

ABOUT THIS REPORT

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 2023**

REPORTING PERIOD, FREQUENCY AND CONTACT POINT

This yearly report covers Navistar's fiscal year from January 1, 2023 to December 31, 2023 with certain additional highlights from 2024. It is being published on June, 6 2024.

The previous Sustainability Report was published on July 31, 2023. 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.

For more information, please see: NAVISTAR SUSTAINABILITY

NAVISTAR GOVERNANCE TRATON ANNUAL REPORT 2023

GRI CONTENT INDEX AND **GRI-SPECIFIC DISCLOSURES**

Statement of Use:	Navistar has reported the information cited in this GRI co January 2023 to 31 December 2023 with reference to the	
GRI 1 used	GRI 1: Foundation 2021	
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2-19 Remuneration policies		See TRATON Annural Report 2023, pages 254 - 280
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GRI CONTENT INDEX AND GRI-SPECIFIC DISCLOSURES

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