



NAVISTAR[®]

CODE OF CONDUCT for Suppliers & Business Partners

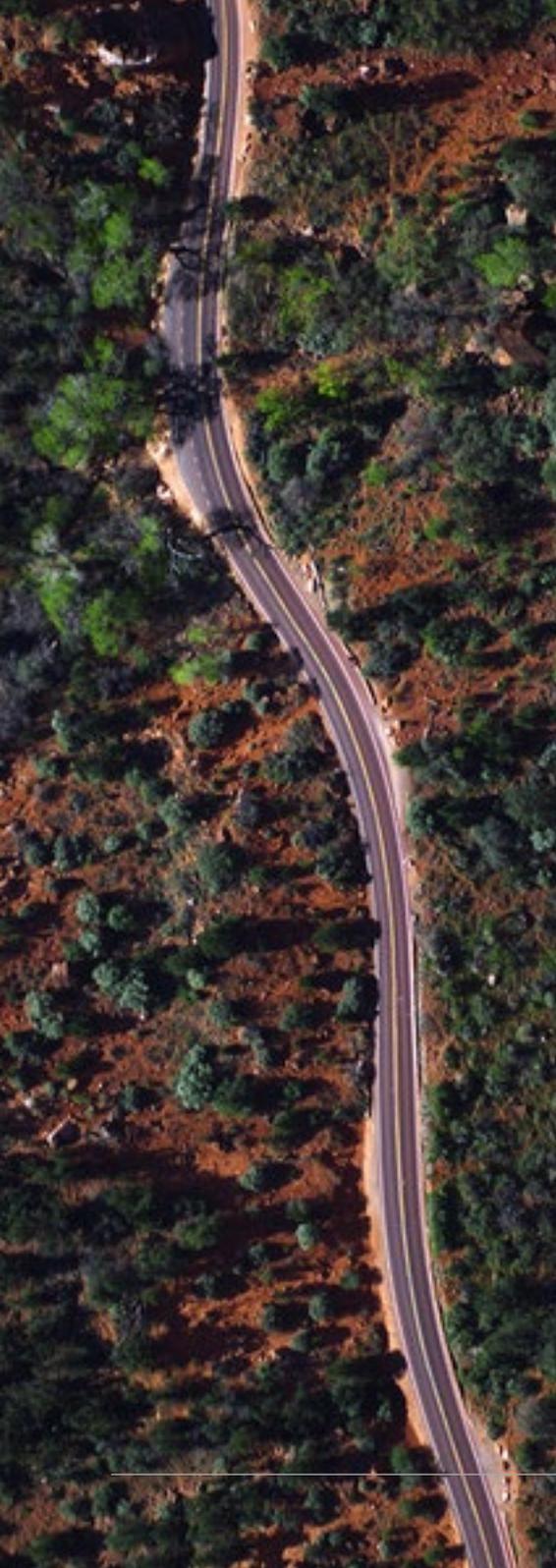
Navistar's requirements regarding sustainability in its relationships with suppliers and business partners

May 2023

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Preamble

Conducting business in a responsible way is a key priority for Navistar, Inc. and all its subsidiaries (collectively “Navistar”), a member of the TRATON GROUP. Therefore, Navistar has set itself binding guidelines in its Code of Conduct for employees for acting in an ethical manner. The Navistar Code of Conduct is applicable to all Navistar employees, regardless of their hierarchy level and function.

Applying the sustainability requirements, we are aware of our responsibility for the economic, ecological and social impact of our actions.

We also expect this of our suppliers and business partners, particularly where human rights, health and safety at work, tax and trade compliance, environmental protection and combatting corruption are concerned.

Navistar’s suppliers and business partners play an integral part in its business success. Navistar is focused on close cooperation with its suppliers and business partners to create lasting business relationships which are mutually beneficial.

In the spirit of partnership-based collaboration, Navistar offers its suppliers and business partners support in applying sustainability requirements, e.g. with practical training opportunities. It is recommended that all suppliers and business partners use these offers and information sources actively.

The following requirements define Navistar’s expectations regarding the mindset and conduct of suppliers and business partners in their corporate activities and are considered the basis for successful execution of business relations between Navistar and its suppliers and business partners.

Objectives and Scope

In this Code of Conduct for Suppliers and Business Partners (hereinafter referred to as “Code of Conduct”), Navistar has set out its aspirations and expectations as well as requirements for suppliers and business partners of Navistar in relation to sustainability (hereinafter referred to as “sustainability requirements”).

Sustainability includes respecting human rights, protecting the environment, conducting business ethically and lawfully, and the responsible sourcing of raw materials.

The Code of Conduct is applicable to all suppliers (i.e. all contracting parties that supply Navistar with goods, materials, or services) as well as sales and service partners and other B2B partners that do business with Navistar. Those parties are hereinafter referred to as “business partners”.

The business partners are required to contractually pass on all sustainability requirements to those business partners (especially suppliers) that affect the contractual relationship with Navistar and to ensure, to the extent possible and reasonable, that the sustainability requirements are passed on to their business partners in the supply chain. The business partners establish appropriate control measures to verify compliance with these sustainability requirements of their own business partners.

The sustainability requirements are based, amongst others, on the 10 Principles of the United Nations (UN) Global Compact, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multi National Enterprises, OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and the Conventions of the International Labour Organization (ILO), in particular its fundamental rights at work and the Guiding Principles of the Drive Sustainability Initiative including applicable federal/national, state and local laws.

Furthermore, this Code of Conduct is based on nationally and internationally agreed standards such as the Universal Declaration of Human Rights, codified in particular in the International Covenant on Civil and Political Rights and in the International Covenant on Economic, Social and Cultural Rights, Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (Basel Convention), Stockholm Convention on Persistent Organic Pollutants (POPs Convention), Minamata Convention on Mercury (Minamata Convention) and Montreal Protocol on Substances that deplete the Ozone Layer (Montreal Protocol).

Fundamental Sustainability Requirements

+ General Information

Navistar considers compliance with the sustainability requirements to be essential and fundamental to its business relations.

Navistar expects the business partner to integrate the values anchored in these sustainability requirements in day-to-day business through structured and competent management. Business partner management must identify and assess legal and other requirements and train employees to ensure compliance with the relevant requirements.

Business partners must always comply with the applicable law. Insofar as these sustainability requirements go beyond the requirements of the applicable law, these must also be observed.

In addition to the obligatory requirements from this Code of Conduct, further recommendations for business partners are given in extra text boxes.

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Fundamental Sustainability Requirements

+ Creation and Application of Management Systems

Those business partners that operate production locations with more than 100 employees must demonstrate certification for these locations according to the international standard ISO 14001 or the EMAS Regulation of the European Union.

+ Recommendation

For sales partners with more than 100 employees, we likewise recommend the international standard ISO 14001 or alignment with ISO 14001.

Business partners with fewer than 1000 employees in their locations should implement internal management systems or, where available, national/sector specific certifications.

For business partners that have production locations with more than 1000 employees or sales partners with workshops, we recommend to additionally obtain certification for these locations according to the international standard ISO 45001 or a comparable standard.



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Fundamental Sustainability Requirements

+ Corporate Statement

Business partners must prepare a corporate statement (e.g. a Code of Conduct), which commits them to social, ethical and environmental standards. This statement should be prepared in relevant local language.

+ Sustainability Officer

Business partners are encouraged to appoint a sustainability officer or a similar officer who reports to the management of the respective business partner. The officer should develop sustainability objectives and measures within the company.

+ Training

To support its business partners in complying with the sustainability requirements, Navistar offers its business partners different training formats free of charge. Participation in this training is obligatory depending on the result of a risk analysis for business partners carried out in advance. Business partners may be exempted from mandatory participation in such training if they can prove to have already undergone a similar training offered by third parties.

+ Recommendation

Business partners are recommended to develop their own training programs in order to define guidelines to improve implementation of processes and communication of expectations to their employees. Business partners should provide ongoing training for their employees.

Sustainability Requirements In Environmental Protection

Business partners know and must observe Navistar's policy on *Environmental Protection and Energy Conservation*.

+ Greenhouse Gas Emissions

Business partners must take appropriate measures to reduce air emissions that pose a risk to the environment and health, including greenhouse gas emissions. In order to improve the environmental performance of products and services, business partners must provide for proactive reduction of greenhouse gas emissions along the entire value chain, for instance through increased use of carbon neutral energy sources.

Business partners who supply products to Navistar must provide information to Navistar on request at product level in relation to the overall energy consumption in MWh and greenhouse gas emissions in tons of CO2 equivalents (scope 1, 2 and 3) so that Navistar can improve the environmental performance indicators of its products.

+ Recommendation

In addition, we recommend that our business partners set science-based and time-bound emission reduction targets and renewable energy objectives that are aligned to the Paris Agreement and put in place measures that drive forward the decarbonization along the entire value chain. Business partners are also encouraged to commit to the Paris Agreement of a carbon neutral economy by latest 2050.



Sustainability Requirements In Environmental Protection

+ Efficient Use of Resources

Business partners must take appropriate measures to ensure efficient use of energy, water and raw materials, usage of renewable resources and a minimization of damage to the environment and health.

+ Registration, Evaluation and Restriction of Substances and Raw Materials

Business partners must implement appropriate measures to avoid or refrain from using substances and materials with adverse effects on the environment or health (for example, carcinogenic, mutagenic, reprotoxic substances) within the framework of the respective applicable law and with due regard for applicable regulations of Navistar.

Business partners are obliged to act in conformity with the requirements of the international conventions and other legal instruments pertaining to the production, use, handling and disposal of certain substances (in particular including the requirements of the Minamata Convention of 10 October 2013 on mercury, the Stockholm Convention of 23 May 2001 on persistent organic pollutants (POPs)) as well as the related applicable implementing legislation at the national and supranational level.

In regard to smelters or refineries of tin, tungsten, tantalum and gold, business partners may only use raw materials from smelters or refineries that meet the requirements of the "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" as assessed by the Responsible Mineral Initiative (RMI) or similar organizations.

Business partners must take appropriate and adequate measures to exclude raw materials extracted from deep sea mining from their supply chains.

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Sustainability Requirements In Environmental Protection

+ Circular Economy and Waste Management

Business partners must take appropriate and adequate measures aimed at avoiding waste, re-using resources, recycling as well as the safe, environmentally friendly disposal of residual waste, chemicals and wastewater. Such measures can be applied in particular in development activities, production, product service life and subsequent end-of-life recycling as well as in other activities. Thereby, the business partners must comply with international agreements on the cross-border transport of hazardous waste, in particular the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989 as well as with the corresponding, applicable implementation rules at national and supranational level.

Business partners must not export hazardous waste within the meaning of the Basel Convention to (i) a party that has prohibited the import of such hazardous and other wastes, (ii) a state of import under the Basel Convention that does not consent in writing to the specific import, in the case where that state of import has not prohibited the import of such hazardous wastes, (iii) non-party to the Basel Convention, (iv) a state of import if such hazardous wastes or other wastes are not managed in an environmentally sound manner in that state or elsewhere. Business partners must not export hazardous waste within the meaning of the Basel Convention from countries listed in Annex VII to the Basel Convention to countries not listed in the same Annex, nor must they import of hazardous wastes and other wastes from a non-party to the Basel Convention.

+ Recommendation

Where practical, business partners will take a lifecycle, circular business approach to assessing environmental and sustainability impacts. All wastes must be handled in accordance with the local regulations applicable in the jurisdiction where the waste is generated, transported, recycled or disposed. Business partners will exercise reasonable due diligence to ensure that any facilities to which wastes or hazardous substances are sent are operated responsibly and in accordance with all applicable regulations.

Whenever technically possible and economically reasonable, business partners should use secondary materials within their processes. Business partners should know the percentage of recycled content in their products and make this information available to Navistar on request.

Business partners should endeavor to pursue and promote circular systems in addition to following these principles. This can generally be achieved by closing the material loop, optimizing the lifetime of products & improving their utilization.

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Sustainability Requirements In Environmental Protection

+ Water

Business partners must take appropriate and adequate measures to minimize water consumption at their sites and/or along their own supply chains with prioritization for water stressed regions. The right to water is respected at all times.

Business partners that supply products to Navistar must provide, upon request, Navistar with information on total freshwater consumption on product level.

+ Biodiversity

The protection of the natural ecosystem, especially the protection of endangered habitats of wild animals, and the sustainable usage of natural resources are required to be ensured.

Business partners must strive to ensure supply chains are free of deforestation and conversion in accordance with applicable law and international biodiversity regulations. These international regulations include, for example, the resolutions and recommendations on biodiversity from the Centre for Biological Diversity (CBD) and the World Conservation Union (IUCN).

+ Ethical Treatment of Animals

Business partners should support and promote ethical and humane treatment of animals.

+ Recommendation

Suitable measures may include those aimed at effectively reducing, re-using and recycling water with responsible and effective treatment of wastewater discharges to protect the environment and improve overall water quality.

Business partners shall, where required, seek to ensure that people affected by their operations have access to safe, acceptable and affordable water in sufficient quantities for personal use.

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Sustainability Requirements in the Area of Human Rights & Labor Rights of Employees

Business partners are required to comply with the conventions of the International Labour Organization (ILO) as amended from time to time, in particular the fundamental rights at work and applicable federal, state and local laws.

+ Elimination of Child Labor and The Protection of Young Worker

Business partners must comply with the minimum employment age requirements in their business activities and their supply chain. They particularly ensure that the minimum age requirements for acceptance for employment is determined according to the respective applicable law, and in any case shall be no less than the minimum age requirement stipulated in the ILO Minimum Age Convention, 1973 (No. 138), as well as complying with applicable federal, state and local laws pertaining to child labor. They further ensure that prohibited child labor and exploitation of children, including worst forms of child labor within the meaning of the ILO Worst Forms of Child Labour Convention, 1999 (No. 182) does not occur.

+ No Modern Slavery, No Human Trafficking and No Unethical Recruitment

Business partners must take appropriate and adequate measures to eliminate debt bondage, forced and compulsory labor according to applicable federal, state and local laws and within the meaning of ILO Forced Labour Convention, 1930 (No. 29), and ILO Abolition of Forced Labour Convention, 1957 (No. 105); this includes all work or service that is exacted from any person under the menace of any penalty and for which the said person has not offered voluntarily, with exceptions laid down in the ILO Forced Labour Convention, 1930 (No. 29) and the International Covenant on Civil and Political Rights ("ICCPR")."

Moreover, Suppliers and Business Partners must take appropriate and adequate measures to eliminate all forms of modern slavery and human trafficking in their own area of responsibility and/or along the supply chain. Business partners must ensure that employment relationships are voluntary and allow employees to give notice of their own volition. Business partners conduct their hiring processes in a way that complies with applicable laws and is sufficiently documented. Business partners truthfully inform their employees of their rights and obligations in a clear and understandable language.

Furthermore, business partners must not mislead or defraud potential employees about the nature of the work, ask employees to pay recruitment fees or inappropriate transportation fees, and/or confiscate, destroy, conceal, and/or deny access to employee passports and other identity documents issued by government and/or restrict the employees' freedom of movement or require employees to involuntarily use accommodation provided by the company for no operational reason.

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Sustainability Requirements in the Area of Human Rights & Labor Rights of Employees

+ Protection of Bodily Integrity, No Corporal Punishment

Business partners must attach the utmost importance to the protection of bodily integrity and introduce appropriate measures to ensure respect for this legally protected right. Furthermore, business partners must refrain from any involvement in torture, or cruel, inhuman, or degrading treatment or punishment as laid down in ICCPR. Business partners must ensure in their area of responsibility and along their supply chain that any involvement, including complicity or participation in kidnapping, torture, killing or similar acts, is excluded and that no corporal punishment is applied as part of their disciplinary practices. In addition, business partners must ensure in their own area of responsibility and along the supply chain that other serious human rights violations and abuses, such as sexual violence, as well as war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide, are prohibited.

+ Compensation and Benefits

Business partners must pay their employees a reasonable wage. A reasonable wage is at least the minimum wage established under the applicable law and is otherwise measured according to the law of the place of employment. To the extent possible, this wage should constitute a “living wage” to cover the basic needs of employees. Business partners are required to pay employees directly, in full and on time.

+ Occupational Health and Safety, Fire Protection

Business partners must comply with the applicable occupational health, safety and fire protection legislation. Business partners must establish a process enabling the continuous reduction of work-related health and safety risks and improvement of occupational health, safety and fire protection.

In particular, business partners must:

- Inform employees of identified hazards and the associated preventive and corrective measures put in place to minimize risks. The information must be available in relevant local language.
- Conduct sufficient training measures on the prevention of work-related health disorders and of accidents at work, as well as first aid, chemicals management and fire protection.

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Sustainability Requirements in the Area of Human Rights & Labor Rights of Employees

- Provide appropriate fire protection measures (technical, structural or organizational) to reduce damage in the event of fire.
- Monitor and control work-related health and safety hazards (e.g. chemical, biological, physical and physiological dangers) as well as the corresponding protective measures.
- Label chemicals used according to the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) or, in European countries, the Classification, Labelling and Packaging (CLP) regulation. Chemicals must be stored, transported and handled in accordance with the applicable legal and contractual requirements.
- Fully explain appropriate emergency plans and provide the corresponding first aid, fire protection and medical assistance, as well as materials and adequate transport for further treatment.
- Ensure an appropriate number of emergency exits, escape routes and emergency assembly points, all of which are marked with sufficient signage.

In case of an accident, first aid and medical assistance must be provided. In the event of work-related health hazards, such as pandemics, the business partners must take appropriate measures to protect their employees and the company. Thereby, any mandates issued by the local authorities must be fully observed and complied with.



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Sustainability Requirements in the Area of Human Rights & Labor Rights of Employees

+ Working Hours

Business partners must ensure that working hours comply with applicable national, state and local law and/or the national requirements in force in the respective economic sector. In any case working hours must comply with the relevant ILO Standards and with the applicable national, state and local laws on working time.

+ Working and Living Conditions

Business partners must provide their employees with toilet facilities and access to clean drinking water. All facilities for the consumption and preparation of food as well as for food storage must comply with applicable minimum hygiene requirements. If the nature of the work requires the provision of dormitories for employees, sufficient space, cleanliness and safety is ensured. Their access must not be restricted inappropriately.

+ No Harm to Land, Water, Air

Business partners must ensure that they do not cause harmful soil modification, water pollution, air pollution, harmful noise emission or excessive water consumption, which may lead to significant impairment of the natural foundations for food and drinking water or the health of a person.

+ No Forced Eviction

Business partners must comply with the prohibition of unlawful eviction and the prohibition of unlawful deprivation of land, forests and waters in the acquisition phase, development or other use of land, forests and waters.

+ Human Right Defenders

Business partners must not tolerate or engage in any form of threats, intimidation or attacks against human rights and environment defenders, including those exercising their rights to freedom of expression, association, peaceful assembly, strike, and protest against the business activities of the business partner. They must guarantee access to their grievance channels without the threat or imposition of retaliatory measures.

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Sustainability Requirements in the Area of Human Rights & Labor Rights of Employees

+ Employee Representation

The business partners recognize the right of employees to establish trade unions and pursue employee representations. They are committed to working with employee representatives in candor and trust, to conducting a constructive and cooperative dialog, and to striving for a fair balance of interests. Their employees have the right to unionize, to join together to advance their interests as employees, and to refrain from such activity. It is unlawful for an employer to interfere with, restrain, retaliate against, or coerce employees in the exercise of their rights.

+ No Discrimination or Harassment

Business partners must ensure that all forms of discrimination, intimidation, harassment or unwarranted disadvantage towards their employees and in the work environment are avoided. In particular, unequal treatment is prohibited, for example due to ethnic or national origin, color, sex, gender identity, sexual orientation, nationality, immigration status, veteran or military status, religion or other belief, physical or mental disability age, marital status, pregnancy/parenthood, to the extent that they are based on democratic principles and tolerance of dissent- or any other characteristics protected by law unless justified by the requirements of employment. Unfair treatment shall include, in particular, unequal pay for work of equal value based on any of the characteristics described above.

+ Use of Security Forces

Navistar business partners must prioritize the protection of people when conducting security operations and are expected to ensure that the commissioning or deployment of security forces does not lead to violations of human rights. Security forces must adhere to protection of health, life and limb as well as the right to organize and freedom of association, and refrain from any torture, inhumane or degrading treatment. Business partners must ensure not to contribute directly or indirectly to supporting private or public security forces that unlawfully exercise control over mining sites, transportation routes and upstream stakeholders in the supply chain.

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Sustainability Requirements in the Area of Human Rights & Labor Rights of Employees

+ Minorities, Vulnerable Groups and Indigenous People

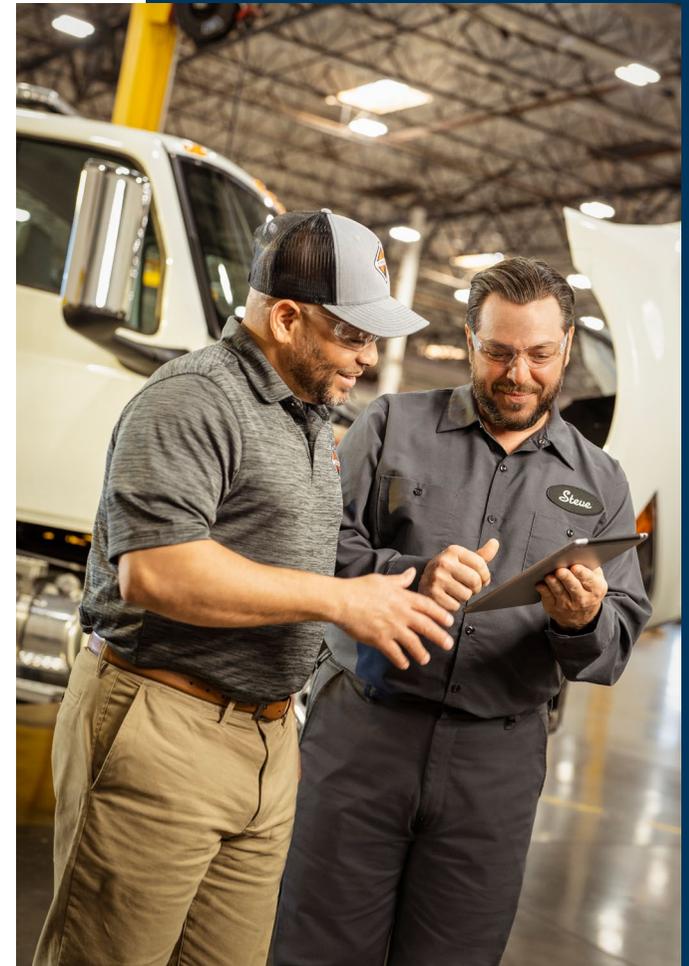
Business partners respect the rights of minorities, vulnerable groups and local communities to decent living conditions including the right to land, access to waters and other natural resources as well as the right to practice their culture.

+ Diversity and Inclusion

Business partners should develop and promote an inclusive culture where diversity is valued. Diversity shall be promoted among all employees at all hierarchical levels. Business partners shall ensure that all employees can contribute fully and realize their full potential and ensure a healthy work-life balance. Business partners are encouraged to foster working with diverse business partners managed or owned by minority groups and women.

+ Recommendation

Business partners should observe the Voluntary Principles for Security and Human Rights as established by the Voluntary Principles Initiative (2000), if applicable.



Sustainability Requirements for Business Ethics

Business partners must act with integrity at all times and take adequate and appropriate measures to end violations if they are identified.

+ Avoiding Conflicts of Interest

Business partners must make their decisions solely on the basis of objective criteria and must not allow themselves to be influenced by extraneous interests or relationships.

+ Prohibition of Corruption

Business partners must reject and prevent all forms of corruption, including what are known as facilitation payments (payments to speed up the performance of routine tasks by officials). Business partners must ensure that their employees, subcontractors and representatives do not grant, offer or accept bribes, kickbacks, inadmissible donations or other inadmissible payments or benefits to or from customers, public officials or other third parties. This also includes any inappropriate benefits either directly or indirectly in the form of gifts, hospitality, or invitations to unduly influence third parties. Neither must business partners ask for, nor accept such benefits.

When dealing with governments, authorities, and public institutions, business partners must consistently comply with the strict legal provisions. When taking part in a public solicitation for bids, they must comply with legal regulations and abide by the rules of free and fair competition.

Business partners must only employ consultants or agents in line with the laws in force. They must take particular care to ensure that consultants or agents are only remunerated for consulting and agency services actually rendered and that the payments are commensurate with the performance rendered.

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Sustainability Requirements for Business Ethics

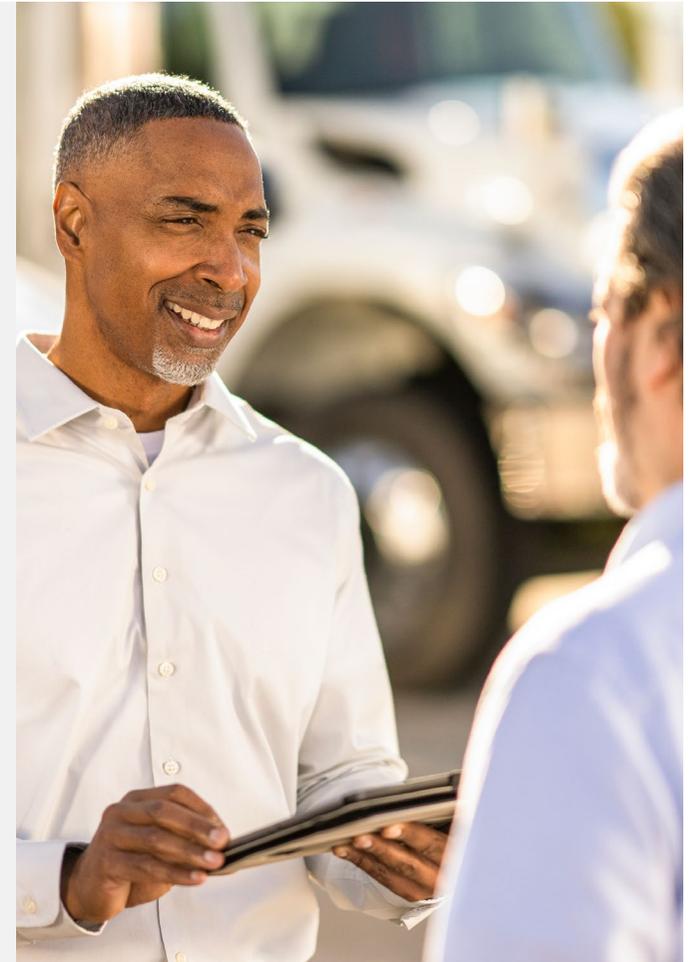
+ Free Competition

Business partners must respect fair and free competition and comply with the applicable competition and antitrust rules. In particular, they must not enter into anti-competitive arrangements or agreements in violation of any applicable national, state or local laws with competitors, suppliers, customers or other third parties nor abuse a possible market dominant position. Business partners ensure that no exchange of competitively sensitive information or any other behavior that restricts or could potentially restrict competition in an improper manner takes place within their area of responsibility.

+ Import and Export Controls

Business partners must strictly comply with all applicable laws for the import and export of goods, services and information. Furthermore, the respective applicable sanction lists must be followed.

Business partners must ensure that all taxes, duties and royalties levied in connection with the mining, trade and export of minerals in conflict and high-risk areas are remitted in accordance with respective applicable law.



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Sustainability Requirements for Business Ethics

+ Prohibition of Money Laundering

Business partners must only conduct business relationships with third parties of whose integrity they are convinced of. They must ensure compliance with the applicable legal provisions against money laundering within their business operations.

+ Intellectual Property Rights

Business partners must respect intellectual property rights and protect associated information.

+ Prohibition of Confidential Information

Business partners must ensure that sensitive data (trade secrets and personal data) is properly and lawfully collected, processed, saved and deleted. Business partners must impose a corresponding obligation on their employees. Sensitive data must not be transmitted to a third party or made available in any other form without the necessary authorization and must be protected in this respect.

+ Usage of Artificial Intelligence

Data privacy and security are crucial requirements for the use of Artificial Intelligence (AI). Business partners must ensure that all developments using AI are subject to applicable laws and regulations. AI systems are to be created reliable and without any discrimination. Control of AI applications always remains with human beings.

+ No Support for Armed Groups

Business partners must exclude that their business does not contribute directly or indirectly to supporting non-state armed groups.

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Sustainability Requirements for Business Ethics

+ Disclosure and Information

Business partners must record information regarding their business activities, working methods, health and safety and environmental practices. Such information is disclosed, when requested by Navistar, insofar as the disclosure does not violate legal requirements. Business partners must publish business information and report on their business activities truthfully and in line with the laws in force.

+ Data Protection

Navistar suppliers and business partners must observe all laws in force to protect the personal data of employees, customers, suppliers, and other parties concerned.

+ Handling Company Assets

Business partners must respect Navistar's tangible and intangible assets and do not use them for unfair or non-business purposes. They must ensure that their employees as well as any third parties they commission in the business relationship (such as subcontractors or representatives) neither damage nor misuse Navistar assets, i.e. use these assets contrary to Navistar's interests.

+ Product Safety

Navistar business partners must comply with all applicable legal product safety regulations and requirements, particularly legal requirements pertaining to the safety, labelling, and packaging of products as well as the use of dangerous substances and materials.

+ Security of the International Supply Chain

Navistar business partners have to ensure that the business premises and the loading and shipping areas where products for Navistar are produced, stored, prepared, loaded and transported, are protected against unauthorized access within a secure supply chain, and that all employed staff is reliable.

Sustainability Requirements for Responsible Supply Chains

+ Transparency

To identify and mitigate sustainability risks in the supply chain, business partners, on request, must disclose information on their supply chains to Navistar that are required by Navistar to fulfil its legal obligations. The business partners are also obliged to impose a corresponding disclosure obligation on their suppliers, which they in turn are required to pass on to their suppliers.

This may require in particular that business partners disclose their supply chain to Navistar up to the material origin (including choke points like smelters and refiners) and provide evidence of management systems or third-party verifications demonstrating processes that prevent or mitigate sustainability risks in the supply chain.

+ Raw Material Supply Chains

Due to their significant impact on people and planet, raw material supply chains, in particular, require special due diligence from all actors along the supply chain both in terms of compliance with human rights and protecting the environment.

Therefore, business partners must comply in particular with their due diligence obligations as described in the “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas” regarding relevant raw materials.



Verification of Compliance with the Sustainability Requirements by Navistar

+ General Information

Navistar reserves the right to verify compliance with sustainability requirements regularly, randomly or for specific events and using appropriate and adequate means before awarding a new contract and throughout the business relationship.

This can be done, for example, by means of a risk assessment of the relevant business partner's area of responsibility, a self-assessment by the business partner and/or by deploying experts locally (on-site assessment). An on-site assessment of this nature is only carried out in the presence of representatives of the business partner during regular working hours and in accordance with applicable laws, in particular with regard to data protection. The business partners must take appropriate and adequate measures that give Navistar the right to carry out similar assessments of their business partners if this is necessary for the fulfillment of legal obligations.



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Verification of Compliance with the Sustainability Requirements by Navistar

+ Assessment Prior to Entering a Contract

If sustainability risks are identified during pre-contractual assessments, the resulting measures, if any, shall then be binding on the contract to be concluded. In this case, the business partner is obliged upon entering into the contract to assess any determined or imminent violation of the sustainability requirements in its own business area or in its supply chain within a reasonable period and to remedy any such non-compliance at no additional cost to Navistar.

The findings of the pre-contractual assessments for compliance with the sustainability requirements constitute a criterion relevant to the award of contracts.

+ Violation of Sustainability Requirements by Business Partners

If a violation of the sustainability requirements by the business partner has occurred or is imminent, Navistar is entitled to take prompt and appropriate measures to prevent, stop or minimize the extent of such violation. The business partner is obligated in this case to take all appropriate measures to prevent, stop or minimize the extent of such violation.

The business partner must participate in one or more training formats of Navistar, provided that participation in the training may lead to the termination or minimization of the violation. If the nature of the violation is such that it cannot be terminated in the foreseeable future, the business partner must prepare and implements a plan (including a specific schedule) to stop or minimize the violation without undue delay. If required by law, Navistar shall be appropriately involved in the preparation of the plan.

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Verification of Compliance with the Sustainability Requirements by Navistar

+ Violation of Sustainability Requirements in the Business Partner's Supply Chain

If there are material grounds (substantiated information) for believing that a human rights or environmental obligation may have been violated in the upstream supply chain (with indirect suppliers of Navistar), the business partner must, without undue delay:

1. Participate in a risk analysis by Navistar.
2. Embed appropriate prevention measures with respect to respective business partner.
3. Appropriately support Navistar with the preparation and implementation of a plan to prevent, stop or minimize the violation.

+ Other Consequences

If a business partner violates or does not comply with the sustainability requirements, Navistar reserves the right to take appropriate steps to maintain its rights, such as:

- Requesting implementation of improvement measures.
- Verifying highlighted improvements/measures.
- Excluding the business partner from new orders and terminating the contract.
- Navistar may waive the exercise of its right of termination if the business partner can credibly affirm and prove that it has immediately initiated countermeasures to prevent future, similar violations.

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Reporting Misconduct

+ Reporting Misconduct

Misconduct must be identified at an early stage, dealt with and remedied without delay in order to protect employees, business partners, third parties and Navistar. This means that everyone needs to be aware of all compliance regulations and pay attention and be ready to point out potential serious violations of the rules in case of concrete suspicions.

+ Business Partner Grievance Mechanisms

Business partners must establish a grievance mechanism adequate to their business.

The mechanism must allow for concerns related to business ethics, human rights or the environment to be raised by both their own employees as well as other potentially affected people anonymously, confidentially and without fear of retaliation.

Business partners must not undertake any actions that hinder, block or impede access to the complaints procedure. Business partners must undertake to contractually pass on the obligations referred to in the preceding sentence to its suppliers and to ensure, to the extent possible and reasonable, that the obligations are passed on in the supply chain.

+ Recommendation

The grievance channel should build upon the effectiveness criteria from UN Guiding Principle 31 on Business and Human Rights and cover the company's own operations and the supply chain.

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Reporting Misconduct

+ Navistar Whistleblowing System

Navistar values confidential, relevant tip-offs from business partners, customers and other third parties.

In the event of specific indications of potential misconduct by employees of Navistar, or of the business partner or its business partners in turn in the context of collaboration with Navistar, Navistar offers all stakeholders the possibility to report such misconduct to the Navistar Whistleblowing System.

All information and contact channels can be found on the Navistar website under **Governance / Governance Documents / Whistleblower Reporting Channels**.

Business partners must provide their employees with unhindered access to the Whistleblowing System implemented by Navistar and must not perform any actions that obstruct, block or impede access. Business partners must undertake to contractually pass on the obligations referred to in the preceding sentence to its business partners and to ensure, to the extent possible and reasonable, that the obligations are passed on in the supply chain.

+ Recommendation

The Navistar Whistleblowing System is responsible for disclosures regarding serious regulatory and statutory violations. In the context of a fair and transparent procedure, the Whistleblower System protects the company, the persons implicated and the whistleblowers. The system is based upon uniform, fast processes as well as a confidential and professional system for the investigation of tip-offs.

This is a confidential and secure process. Whistleblowers can decide if they would like to remain anonymous or disclose their name when submitting a report.



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