# **Navistar International Corporation - Climate Change 2020**

## **C0. Introduction**

## **C0.1**

### **(C0.1) Give a general description and introduction to your organization.**

Navistar International Corporation (NYSE: NAV) is a holding company whose subsidiaries and affiliates produce International® brand commercial trucks, proprietary diesel engines, and IC Bus™ brand school and commercial buses. An affiliate also provides truck and diesel engine service parts. Another affiliate offers financing services. Additional information is available at www.Navistar.com. This report is created and submitted by the operating subsidiary, Navistar, Inc.

Important disclaimer: The information provided in this questionnaire is provided for general information only and has not been audited or verified, except as may be set forth in an underlying document from which said information may be derived. Discussions of risk and materiality are applicable only to this questionnaire and are not to be read as tantamount to disclosures made in regulatory disclosures, including forms 10-K, 10-Q or 8K and other applicable regulatory disclosures. In the event of any conflict between statements in this report and any regulatory filing, including any disclaimers related to forward looking statements made therein the statements in the regulatory filings should be seen as controlling. Nothing in this questionnaire is meant to be a guarantee of performance or results and all responses in this response, including descriptions of business strategy, involve risks, uncertainties and assumptions.

## **C0.2**

### **(C0.2) State the start and end date of the year for which you are reporting data.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Start date** | **End date** | **Indicate if you are providing emissions data for past reporting years** | **Select the number of past reporting years you will be providing emissions data for** |
| Reporting year | January 1 2019 | December 31 2019 | No | <Not Applicable> |

## **C0.3**

### **(C0.3) Select the countries/areas for which you will be supplying data.**

Brazil

Canada

Mexico

United States of America

## **C0.4**

### **(C0.4) Select the currency used for all financial information disclosed throughout your response.**

USD

## **C0.5**

### **(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.**

Operational control

## **C-TO0.7/C-TS0.7**

### **(C-TO0.7/C-TS0.7) For which transport modes will you be providing data?**

Heavy Duty Vehicles (HDV)

## **C1. Governance**

## **C1.1**

### **(C1.1) Is there board-level oversight of climate-related issues within your organization?**

Yes

## **C1.1a**

### **(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.**

|  |  |
| --- | --- |
| **Position of individual(s)** | **Please explain** |
| Board-level committee | Audit Committee of the Board of Directors, (responsibility for environmental risks, including climate change.) |

## **C1.1b**

### **(C1.1b) Provide further details on the board’s oversight of climate-related issues.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Frequency with which climate-related issues are a scheduled agenda item** | **Governance mechanisms into which climate-related issues are integrated** | **Scope of board-level oversight** | **Please explain** |
| Scheduled – some meetings | Reviewing and guiding risk management policies | <Not Applicable> | Climate-related issues are managed through several channels. Regulatory risks, such as the impact of new climate regulation on both products and operations, are assessed as part of the disclosure process for quarterly and annual reports. Groups within the organization with responsibility for product compliance, environmental affairs, legal counsel and government relations, monitor and assess such climate related regulatory risks on at least a quarterly basis. These risks are discussed with the Corporate Controllers Office on at least a quarterly basis and assessed for disclosure through the quarterly and annual filings. These filings are reviewed by senior management and the Board. Broad product plans are also discussed periodically, as appropriate, with the Board. These presentations may include discussions of strategy as it relates to GHG and fuel economy, including regulatory compliance and product competitiveness. Navistar’s Enterprise Risk Management (ERM) process includes also risk assessments, risk management action plans and ERM reporting which are performed by ERM, individual business units and functional areas. This includes an annual Top Down assessment by the Executive Risk Committee. Individual projects/initiatives may also be assessed by both ERM and business units. The Corporate Risk Organization reports on risks to the Board annually and regularly to the Executive Risk Committee. Navistar's ERM process also established a Risk Committee whose members represent each individual business unit and functional area. The Committee oversees the implementation and ongoing application of risk management throughout all business units and functions of the Company with the goal of supporting and enhancing the current risk management program. Top level risks identified through this process are communicated to the Board. |

## **C1.2**

### **(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Name of the position(s) and/or committee(s)** | **Reporting line** | **Responsibility** | **Coverage of responsibility** | **Frequency of reporting to the board on climate-related issues** |
| Risk committee | <Not Applicable> | Both assessing and managing climate-related risks and opportunities | <Not Applicable> | Annually |

## **C1.2a**

### **(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).**

Climate-related issues are managed through several channels within the organization. Regulatory risks, such as the impact of new climate regulation on both products and operations, are assessed as part of the disclosure process for quarterly and annual reports and as part of the ongoing duties of certain groups. Groups within the organization with responsibility for Product Certification and Compliance, Environmental and Energy Affairs, Legal Counsel and Government Relations, monitor and assess such climate related regulatory risks on at least a quarterly basis. These risks are discussed with the Corporate Controllers Office on at least a quarterly basis and assessed for disclosure through the quarterly and annual filings. These filings are reviewed by senior management and the Board. Environmental and Energy Affairs, responsible primarily for environmental operational issues, and Legal Counsel, responsible for legal issues including environmental and climate, are under the General Counsel’s organization. Product Certification and Compliance, responsible for monitoring regulatory risk to products and product compliance, is within the Integrated Product Development group. IPD as a whole regularly reviews the impact of fuel economy and greenhouse gas regulation on the product portfolio. The Government Affairs and the Corporate Controller’s Office are within the Chief Financial Officer’s organization.

Navistar’s Enterprise Risk Management (ERM) process includes a common risk management framework across the organization that includes a continuous process for identifying, assessing, prioritizing, responding to, and monitoring risks. This framework includes risk assessments, risk management action plans, and ERM reporting which are performed by ERM, individual business units, and functional areas. Navistar's ERM process also established an Executive Risk Committee whose members represent each individual business unit and functional area. The Committee oversees the implementation and ongoing application of risk management throughout all business units and functions of the Company with the goal of supporting and enhancing the current risk management program. They also oversee the annual Top Down enterprise wide risk assessment focused on the top risks to the organization. The ERM Organization reports top risks to the Board annually and regularly to the Executive Risk Committee. If climate risks were to be identified as a top risk, this process would communicate it appropriately. The ERM process is performed by the Internal Audit and Compliance organization. An annual Sustainability Report is also prepared with public disclosure of certain environmental and energy data relevant to climate related issues. This report is prepared by several groups including Environmental and Energy Affairs and Corporate Communications, reviewed by management and presented to the Board of Directors

## **C1.3**

### **(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?**

|  |  |  |
| --- | --- | --- |
|  | **Provide incentives for the management of climate-related issues** | **Comment** |
| Row 1 | No, and we do not plan to introduce them in the next two years |  |

## **C2. Risks and opportunities**

## **C2.1**

### **(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?**

Yes

## **C2.1a**

### **(C2.1a) How does your organization define short-, medium- and long-term time horizons?**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **From (years)** | **To (years)** | **Comment** |
| Short-term | 1 | 2 | There is no set definition for these timelines and terms depend somewhat upon topic. These are presented for Climate Change discussions. |
| Medium-term | 2 | 5 |  |
| Long-term | 5 | 20 |  |

## **C2.1b**

### **(C2.1b) How does your organization define substantive financial or strategic impact on your business?**

## **C2.2**

### **(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.**

### **Value chain stage(s) covered**

Direct operations

Upstream

Downstream

### **Risk management process**

Integrated into multi-disciplinary company-wide risk management process

### **Frequency of assessment**

More than once a year

### **Time horizon(s) covered**

Short-term

### **Description of process**

Climate change risk assessment is performed as part of the multidisciplinary risk assessment process. Risks, including regulatory, are assessed on a quarterly basis as part of the quarterly and annual report development process. Various functions, including product compliance, government affairs, environmental affairs and legal counsel assess risks including climate regulatory risks. Integrated Product Development and other business units also continually review the impact of fuel economy and greenhouse gas regulation on the product portfolio. Risks are also assessed as part of the ERM Process. Depending upon the existence of risk and prioritization of the risk by either the business functions, or Executive Risk Committee, the risk is included in the “Top ERM risks” dashboard for risk mitigation. Also see 1.2a above and C2.2d below.

## **C2.2a**

### **(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?**

|  |  |  |
| --- | --- | --- |
|  | **Relevance & inclusion** | **Please explain** |
| Current regulation | Relevant, always included | Relevant current and upcoming proposed regulatory actions are monitored. This includes regulatory compliance risk in the context of operating facility compliance as well as product compliance. Product compliance risk can include compliance with GHG rules applicable to engines and vehicles as well as stationary facilities. See our latest 10-K or 10-Q report for further details. |
| Emerging regulation | Relevant, always included | Navistar monitors emerging trends in regulatory agencies and participates if appropriate. Longer-lead time emerging regulations are a key part of this monitoring. Current examples include the efforts at the California Air Resources Board to adopt a mandatory zero emission vehicle sales requirement. See also the discussion in our latest 10-K or 10-Q report for further discussion |
| Technology | Relevant, always included | Technology advances related to climate change and fuel efficiency can create risks and opportunities for the company relative to its competitors. Navistar’s product development functions continually works on technology developments internally, with third party vendors as well as monitoring technology developments in the industry . generally |
| Legal | Relevant, always included | Compliance with applicable rules and regulation is baseline for Navistar. All current and upcoming proposed regulatory actions are monitored and most often Navistar is an active stakeholder participant, ensuring flexibility to allow Navistar to meet all legal obligations, to the letter and intent. We plan for and invest as needed for compliance with legal changes and implications. |
| Market | Relevant, sometimes included | Climate change may lead to changes in the market impacting the demand for traditional vehicles and creating markets for new technologies. Navistar continually assesses these impacts. See our latest 10-K or 10-Q for details. |
| Reputation | Relevant, always included | Reputation risk is monitored through media, communication with investors, customers and other stakeholders. |
| Acute physical | Relevant, not included | Navistar is not aware of any acute or chronic effects from Climate Change at this time, but considers potential published impacts. |
| Chronic physical | Relevant, not included | Navistar is not aware of any acute or chronic effects from Climate Change at this time, especially none at or effecting our operations. |

## **C2.3**

### **(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes

## **C2.3a**

### **(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**

### **Identifier**

Risk 1

### **Where in the value chain does the risk driver occur?**

Direct operations

### **Risk type & Primary climate-related risk driver**

|  |  |
| --- | --- |
| Emerging regulation | Mandates on and regulation of existing products and services |

### **Primary potential financial impact**

Increased capital expenditures

### **Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

### **Company-specific description**

EPA and DOT have adopted regulations governing heavy duty engine and vehicle greenhouse gas and fuel efficiency requirements which continue to go into effect through 2027. In addition, California is adopting these rules and is adopting regulations including one that mandates the sale of electric or other advanced technology vehicles. These and other rules drive risks from costs for product development and regulatory implementation. See also 10-K and 10-Q filings for a description.

### **Time horizon**

Short-term

### **Likelihood**

Virtually certain

### **Magnitude of impact**

High

### **Are you able to provide a potential financial impact figure?**

Yes, an estimated range

### **Potential financial impact figure (currency)**

<Not Applicable>

### **Potential financial impact figure – minimum (currency)**

### **Potential financial impact figure – maximum (currency)**

### **Explanation of financial impact figure**

This is ever changing value and considered proprietary information.

### **Cost of response to risk**

0

### **Description of response and explanation of cost calculation**

Closely monitoring and stake-holder involvement in regulatory changes affecting manufacturing and products. Trade associations and direct contact with EPA and law makers. Proactive involvement. CASE STUDY EXAMPLE: EPA having just implemented Phase 1 GHG reductions, in 2015 and 2016 EPA and NHTSA embarked on an effort to adopt the next phase of greenhouse gas/fuel efficiency regulations in the heavy duty sector. Navistar was directly involved with rule-making and provided comments. The Phase 1 rule culminated in 2017, and Phase 2 will take effect over model years 2021 through 2027. These regulatory changes will require new and expanded efficiency technologies across vehicle and engine platforms.

### **Comment**

Cost information is proprietary and cannot be disclosed

### **Identifier**

Risk 2

### **Where in the value chain does the risk driver occur?**

Direct operations

### **Risk type & Primary climate-related risk driver**

|  |  |
| --- | --- |
| Market | Increased cost of raw materials |

### **Primary potential financial impact**

Increased indirect (operating) costs

### **Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

### **Company-specific description**

Fuel and energy regulation and taxes, causing increased costs or reliability of supplies.

### **Time horizon**

Medium-term

### **Likelihood**

More likely than not

### **Magnitude of impact**

Medium

### **Are you able to provide a potential financial impact figure?**

No, we do not have this figure

### **Potential financial impact figure (currency)**

<Not Applicable>

### **Potential financial impact figure – minimum (currency)**

<Not Applicable>

### **Potential financial impact figure – maximum (currency)**

<Not Applicable>

### **Explanation of financial impact figure**

The risk is the undetermined impact to costs in medium timeframe, as it is not possible to predict these costs or supplies. Changing political climate has eased this concern, however it could be more impactful by sudden changes due to public concern or world events.

### **Cost of response to risk**

0

### **Description of response and explanation of cost calculation**

Proactive monitoring of energy markets for both product and manufacturing, lobbying input for effects on customers, product demand, employment, profits. This includes investigating alternatives that could increase market sales or replace risk.

### **Comment**

Overall cost is an increase in tax due to GHG emissions whether direct or indirect via energy costs, stationary or mobile, currently not measurable. See also, discussion in 2019 form 10-K, Risk Factor and Business Outlook and Key Trends.

### **Identifier**

Risk 3

### **Where in the value chain does the risk driver occur?**

Direct operations

### **Risk type & Primary climate-related risk driver**

|  |  |
| --- | --- |
| Acute physical | Increased severity and frequency of extreme weather events such as cyclones and floods |

### **Primary potential financial impact**

Increased indirect (operating) costs

### **Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

### **Company-specific description**

Acute physical risks to specific operations are uncertain and difficult to quantify. Increase in cooling needs or damaged equipment, lost production as recorded ambient and earth temperatures rise, for both human comfort and equipment. This may have a direct increase in operational costs and indirect GHG emissions, causing additional tax or costs. Increased occurrences of extreme weather events can negatively affect production facilities and operations resulting in potential risk of increased costs or downtime. See also, discussion in 2019 form 10-K, Impact of Environmental Regulation, Business Outlook and Key Trends.

### **Time horizon**

Medium-term

### **Likelihood**

More likely than not

### **Magnitude of impact**

Medium-low

### **Are you able to provide a potential financial impact figure?**

No, we do not have this figure

### **Potential financial impact figure (currency)**

<Not Applicable>

### **Potential financial impact figure – minimum (currency)**

<Not Applicable>

### **Potential financial impact figure – maximum (currency)**

<Not Applicable>

### **Explanation of financial impact figure**

Navistar cannot ascertain exact financial impacts from potential physical risks at this time.

### **Cost of response to risk**

0

### **Description of response and explanation of cost calculation**

Proactive and continuous monitoring directly of our sites for weather related physical changes, trends, or impacts that present new or added risks, and direct involvement with industry groups and EPA initiatives.

### **Comment**

## **C2.4**

### **(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes

## **C2.4a**

### **(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.**

### **Identifier**

Opp1

### **Where in the value chain does the opportunity occur?**

Downstream

### **Opportunity type**

Markets

### **Primary climate-related opportunity driver**

Access to new markets

### **Primary potential financial impact**

Increased revenues through access to new and emerging markets

### **Company-specific description**

This opportunity involves growth of new markets for electric and other advanced vehicles. In 2019, we established NEXT eMobility Solutions, a Detroit-based business unit, to deliver the best electric solutions in commercial transportation. Having shown its prototype electric version of the International® MV™ Series, NEXT is working to launch medium truck and school bus products in the near future. The company also is exploring other alternative power sources.

### **Time horizon**

Medium-term

### **Likelihood**

Virtually certain

### **Magnitude of impact**

High

### **Are you able to provide a potential financial impact figure?**

No, we do not have this figure

### **Potential financial impact figure (currency)**

<Not Applicable>

### **Potential financial impact figure – minimum (currency)**

<Not Applicable>

### **Potential financial impact figure – maximum (currency)**

<Not Applicable>

### **Explanation of financial impact figure**

This information is confidential and proprietary

### **Cost to realize opportunity**

### **Strategy to realize opportunity and explanation of cost calculation**

Please see the company description above which also lays out the strategy of developing, partnering, and bringing to market various alternatives and customer product options.

### **Comment**

We cannot disclose confidential proprietary cost information

### **Identifier**

Opp2

### **Where in the value chain does the opportunity occur?**

Downstream

### **Opportunity type**

Products and services

### **Primary climate-related opportunity driver**

Development and/or expansion of low emission goods and services

### **Primary potential financial impact**

Returns on investment in low-emission technology

### **Company-specific description**

This opportunity involves expansion of demand for fuel efficiency technologies on existing vehicle lines. The company continues to pursue innovations to create fuel economy advantages, using improved aerodynamics and other approaches, to improve fuel efficiency and reduce emissions: • Some examples include: Predictive Cruise Control, now standard on our entire on-highway lineup, and the International® A26 engine, our customers can gain an average of 2% savings in fuel efficiency. • Advanced integration of engine and vehicle, utilizing proprietary intelligent controls for higher-efficiency; Innovative use of lighter-weight carbon-fiber panels in the upper body, roof headers, back panel and dash panel; and Aerodynamic improvements that reduce the trailer’s drag coefficient, and a feature that shifts the transmission into neutral automatically when the vehicle is stationary, which reduces emissions and fuel usage, to name a few. • Navistar worked extensively with EPA and NHTSA and with the industry, to develop workable GHG regulations. The final Phase 2 rule adopted in October 2016, now phases in over model years 2021 through 2027, and will require new and expanded efficiency technologies across vehicle and engine platforms. EPA estimated that the second phase of these rules may reduce emissions by approximately 1.1 billion metric tons and may reduce oil consumption by as much as two billion barrels of oil over the life of the vehicles covered by Phase 2. • Navistar also contributes to reduced emissions by offering many anti-idle solutions, such as battery-powered heating and air conditioning systems. Our Parts group offers validated diesel exhaust emission retrofit products from various manufacturers to help reduce emissions from older vehicles. • Navistar also offers alternative-fuel vehicles.

### **Time horizon**

Short-term

### **Likelihood**

Very likely

### **Magnitude of impact**

Medium-high

### **Are you able to provide a potential financial impact figure?**

No, we do not have this figure

### **Potential financial impact figure (currency)**

<Not Applicable>

### **Potential financial impact figure – minimum (currency)**

<Not Applicable>

### **Potential financial impact figure – maximum (currency)**

<Not Applicable>

### **Explanation of financial impact figure**

We do not disclose specific cost information that is proprietary and confidential.

### **Cost to realize opportunity**

### **Strategy to realize opportunity and explanation of cost calculation**

Please see the company description above which also lays out the strategy of developing, partnering, and bringing to market various alternatives and customer product options.

### **Comment**

Considered a competitive advantage and not something we can reveal.

## **C3. Business Strategy**

## **C3.1**

### **(C3.1) Have climate-related risks and opportunities influenced your organization’s strategy and/or financial planning?**

Yes

## **C3.1a**

### **(C3.1a) Does your organization use climate-related scenario analysis to inform its strategy?**

Yes, qualitative and quantitative

## **C3.1b**

### **(C3.1b) Provide details of your organization’s use of climate-related scenario analysis.**

|  |  |
| --- | --- |
| **Climate-related scenarios and models applied** | **Details** |
| Other, please specify (Reduce carbon/GHG IncreaseEnergy Efficiency) | Goals to reduce energy usage, which reduces GHG emissions, meeting these site reduction goals and product GHG regulations . Goals are driven both voluntarily at stationary sites and mandatory for product lines as driven by EPA GHG regulations. Reduction strategies are both qualitative and quantitative; qualitative being those with known reductions but specifically unmeasured. As such, climate-related issues are part of the 'top line growth' strategy of the company, rather than being dealt with solely at the operational level. |
| Other, please specify (Alternative fuels or propulsion, efficiency improvements and products - Opportunity) | The company examines scenarios related to potential adoption of various fuel efficiency improvements and greenhouse gas emission control products. Climate-change opportunity to grow markets for new products; alternative fuels trucks, electric truck development, as well as autonomous vehicles. |
| Please select |  |

## **C3.1d**

### **(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.**

|  |  |  |
| --- | --- | --- |
|  | **Have climate-related risks and opportunities influenced your strategy in this area?** | **Description of influence** |
| Products and services | Yes | In 2019, Navistar continued its implementation of the second tier of the federal Phase 1 greenhouse gas rules that began in 2017 and continued to plan for the future. Phase 2 of GHG regulations comes into force in tiers in 2021, 2024 and 2027. To meet these regulations, Navistar has and will continue to employ technological and other improvements in many aspects of the vehicle at a significant investment. |
| Supply chain and/or value chain | Yes | Navistar has been pursuing alternative vehicle power sources. In 2019, we established NEXT eMobility Solutions, to deliver the best electric solutions in commercial transportation. Having shown its prototype electric version of the International® MV™ Series, NEXT is working to launch medium truck and school bus products. |
| Investment in R&D | Yes | Navistar leads one of four teams in the second phase of the U.S. Department of Energy SuperTruck initiative. In addition, Navistar has been exploring other areas including alternative fuels, battery/electric powered, braking generated power assist, and anti-idling technologies. |
| Operations | Yes | Climate risks are considered by facilities. Examples where this has impacted facility level operations include facility assessments for emergencies, including floods, extreme weather events. |

## **C3.1e**

### **(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.**

|  |  |  |
| --- | --- | --- |
|  | **Financial planning elements that have been influenced** | **Description of influence** |
| Row 1 | Revenues  Direct costs  Indirect costs  Capital expenditures  Capital allocation  Liabilities | Please see all answers above, especially C3.1d. Climate-related events present significant opportunities to Navistar, especially products related; but also described risks. As such, certainly climate-related issues influence financial planning, for better or worse. |

## **C3.1f**

### **(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).**

## **C4. Targets and performance**

## **C4.1**

### **(C4.1) Did you have an emissions target that was active in the reporting year?**

Both absolute and intensity targets

## **C4.1a**

### **(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.**

### **Target reference number**

Abs 1

### **Year target was set**

2014

### **Target coverage**

Company-wide

### **Scope(s) (or Scope 3 category)**

Scope 1+2 (location-based)

### **Base year**

2014

### **Covered emissions in base year (metric tons CO2e)**

323388

### **Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

100

### **Target year**

2020

### **Targeted reduction from base year (%)**

15

### **Covered emissions in target year (metric tons CO2e) [auto-calculated]**

274879.8

### **Covered emissions in reporting year (metric tons CO2e)**

216900

### **% of target achieved [auto-calculated]**

219.52577090059

### **Target status in reporting year**

Achieved

### **Is this a science-based target?**

No, and we do not anticipate setting one in the next 2 years

### **Please explain (including target coverage)**

This is an internal GHG emission target intended to match our goals for energy reduction. This target and the corresponding intensity target discussed below have been achieved and we are developing new goals for 2020 and beyond.

## **C4.1b**

### **(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).**

### **Target reference number**

Int 1

### **Year target was set**

2010

### **Target coverage**

Country/region

### **Scope(s) (or Scope 3 category)**

Scope 1+2 (location-based)

### **Intensity metric**

Other, please specify (units are MMBTU, NOT CO2 tons. )

### **Base year**

2010

### **Intensity figure in base year (metric tons CO2e per unit of activity)**

2894159

### **% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure**

55

### **Target year**

2020

### **Targeted reduction from base year (%)**

25

### **Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]**

2170619.25

### **% change anticipated in absolute Scope 1+2 emissions**

27

### **% change anticipated in absolute Scope 3 emissions**

0

### **Intensity figure in reporting year (metric tons CO2e per unit of activity)**

2272794

### **% of target achieved [auto-calculated]**

85.8784883622496

### **Target status in reporting year**

Achieved

### **Is this a science-based target?**

No, and we do not anticipate setting one in the next 2 years

### **Please explain (including target coverage)**

2,894,159 Base year units are MMBTU, NOT CO2 tons. Intensity based includes HDD, CDD, and actual production, per site. Inclusion in DOE program allows only US specific sites, thus 55% in 2019. INTENSITY Goal 25% by 2020 was exceeded at 27% in 2018, two years ahead of schedule and continued. Voluntary commitment - Energy reduction. This is our voluntary commitment to the USDOE/USEPA Better Buildings, Better Plants Program. Base and final year normalized energy use was adjusted due to acquisitions and closures per Protocol. Thus, the base year energy and emissions have changed annually due to adjustments. Intensity-based values continued to show additional annual reductions. This goal was completed as of 2019 and we are currently developing a new long term energy reduction goal.

## **C4.2**

### **(C4.2) Did you have any other climate-related targets that were active in the reporting year?**

No other climate-related targets

## **C4.3**

### **(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.**

Yes

## **C4.3a**

### **(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.**

|  |  |  |
| --- | --- | --- |
|  | **Number of initiatives** | **Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked \*)** |
| Under investigation | 3 | 2000 |
| To be implemented\* | 1 | 500 |
| Implementation commenced\* | 0 |  |
| Implemented\* | 2 | 1500 |
| Not to be implemented | 0 | 0 |

## **C4.3b**

### **(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.**

### **Initiative category & Initiative type**

|  |  |
| --- | --- |
| Energy efficiency in production processes | Other, please specify (All the above initiative types listed are considered in Treasure Hunt: lighting, motors, compressed air, waste in off shifts) |

### **Estimated annual CO2e savings (metric tonnes CO2e)**

1000

### **Scope(s)**

Scope 2 (location-based)

### **Voluntary/Mandatory**

Voluntary

### **Annual monetary savings (unit currency – as specified in C0.4)**

70000

### **Investment required (unit currency – as specified in C0.4)**

0

### **Payback period**

<1 year

### **Estimated lifetime of the initiative**

1-2 years

### **Comment**

Behavioral based thus short life estimate; must be reinforced or automated. Note also no capital required. Implemented at Tulsa - TH process.

### **Initiative category & Initiative type**

|  |  |
| --- | --- |
| Energy efficiency in buildings | Other, please specify (Energy reduction during non-production, eliminating waste) |

### **Estimated annual CO2e savings (metric tonnes CO2e)**

500

### **Scope(s)**

Scope 2 (location-based)

### **Voluntary/Mandatory**

Voluntary

### **Annual monetary savings (unit currency – as specified in C0.4)**

35000

### **Investment required (unit currency – as specified in C0.4)**

0

### **Payback period**

<1 year

### **Estimated lifetime of the initiative**

1-2 years

### **Comment**

Behavioral based thus short life estimate; must be reinforced or automated. Note also no capital required. Implemented across the company, tracked at larger sites; Load Ratio reductions.

## **C4.3c**

### **(C4.3c) What methods do you use to drive investment in emissions reduction activities?**

|  |  |
| --- | --- |
| **Method** | **Comment** |
| Financial optimization calculations | Energy reduction 'Treasure Hunt' training and tools refine energy reduction specific calculations and GHG savings can be completed by anyone with TH tool and sent to Accounting for verification. Electrical engineers and other internal professionals assistance. These energy specific savings can help drive implementation. |
| Dedicated budget for other emissions reduction activities | Dedicated funds and resources for meeting and exceeding ongoing product emission reductions and freight efficiency improvements. |
| Employee engagement | Energy reduction 'Treasure Hunts' involving employees, before, during, and after. On-going facility efficiency activities are focused on non-production time energy reduction, often relying on employees active participation for non-automated energy systems or devices. |
| Partnering with governments on technology development | Currently Navistar leads one of four teams in the second phase of the U.S. Department of Energy SuperTruck initiative, which aims to more than double the freight efficiency of Class 8 trucks. Navistar often partners with academia and government entities on new technology. |
| Compliance with regulatory requirements/standards | As applicable, investments are always available for regulatory compliance, at a minimum. This represents significant investments. |
| Partnering with governments on technology development | In 2019, Navistar again using partner (U.S. Department of Energy, Better Buildings, Better Plants program) tools, our Tulsa Bus facility formed a focused energy team guided by the “energy treasure hunt” (TH) opportunities to identify ways of decreasing both CO2 emissions and energy cost. Their efforts lead to 6% site reduction in electric use and CO2e. |

## **C4.5**

### **(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?**

Yes

## **C4.5a**

### **(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.**

### **Level of aggregation**

Group of products

### **Description of product/Group of products**

Our products are highly customizable and Navistar offers packages of features that allow customers to specify a product that is low carbon relative to another configuration. The newest products in our line that are compliant with greenhouse gas and fuel economy regulations may help customers avoid emissions associated with older, non-regulated vehicles. International® LT® is available with powertrain and aerodynamic packages that allow customers to select a configuration that optimizes fuel economy for their use. Other elements that customers can specify for fuel efficiency are weight, rolling resistance, and the use of alternative power units and no idle systems. Customers can similarly specify fuel economy packages for other models and applications. With Predictive Cruise Control, now standard on our entire on-highway lineup, and the International® A26 engine, our customers can gain an average of 2% savings in fuel efficiency. Navistar announced in 2019 that Allison Neutral at Stop is featured as standard equipment starting Q1 2020 on International® MV™ Series medium-duty vehicles. This feature shifts the transmission into neutral automatically when the vehicle is stationary, which reduces emissions and fuel usage. These improvements, combined with engine fuel efficiency options, provide customers with the enhanced fuel efficiency that is critical to our environment and customers' ongoing business. Many additional aerodynamic Navistar also leads one of four teams in the second phase of the U.S. Department of Energy SuperTruck initiative, which aims to more than double the freight efficiency of Class 8 trucks. While continuously improving fuel efficiency, Navistar is also pursuing alternative vehicle power sources. In 2019, we established NEXT eMobility Solutions, a Detroit-based business unit, to deliver the best electric solutions in commercial transportation. Having shown its prototype electric version of the International® MV™ Series, NEXT is working to launch medium truck and school bus products in the near future. Navistar also contributes to reduced emissions by offering many solutions to support anti-idling, such as battery-powered heating and air conditioning systems.

### **Are these low-carbon product(s) or do they enable avoided emissions?**

Avoided emissions

### **Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**

Please select

### **% revenue from low carbon product(s) in the reporting year**

### **% of total portfolio value**

<Not Applicable>

### **Asset classes/ product types**

<Not Applicable>

### **Comment**

We have not defined a specific methodology or calculation because for our highly customized products the customer has the option to specify a custom product to its particular needs

## **C5. Emissions methodology**

## **C5.1**

### **(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).**

### **Scope 1**

### **Base year start**

January 1 2014

### **Base year end**

December 31 2014

### **Base year emissions (metric tons CO2e)**

107979

### **Comment**

### **Scope 2 (location-based)**

### **Base year start**

January 1 2014

### **Base year end**

December 31 2014

### **Base year emissions (metric tons CO2e)**

215409

### **Comment**

### **Scope 2 (market-based)**

### **Base year start**

### **Base year end**

### **Base year emissions (metric tons CO2e)**

### **Comment**

Location-based only, Scope 1 and Scope 2

## **C5.2**

### **(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.**

Energy Information Administration 1605B

IEA CO2 Emissions from Fuel Combustion

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

The Climate Registry: General Reporting Protocol

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

US EPA Center for Corporate Climate Leadership: Direct Emissions from Stationary Combustion Sources

US EPA Mandatory Greenhouse Gas Reporting Rule

## **C6. Emissions data**

## **C6.1**

### **(C6.1) What were your organization’s gross global Scope 1 emissions in metric tons CO2e?**

### **Reporting year**

### **Gross global Scope 1 emissions (metric tons CO2e)**

91171

### **Start date**

<Not Applicable>

### **End date**

<Not Applicable>

### **Comment**

## **C6.2**

### **(C6.2) Describe your organization’s approach to reporting Scope 2 emissions.**

### **Row 1**

### **​Scope 2, location-based​**

We are reporting a Scope 2, location-based figure

### **Scope 2, market-based**

We have operations where we are able to access electricity supplier emission factors or residual emissions factors, but are unable to report a Scope 2, market-based figure

### **Comment**

We are unsure if suppliers can provide specific emission factors and will investigate for 2020 reporting. Navistar follows WRI and other recognized protocols in its procedure for inventory, tracking and reporting . Grid factors for listed specific locations or areas are used. We previously understood this "market-based" factors question only as related to PPAs, RECs, and similar instruments, not standard local utility services.

## **C6.3**

### **(C6.3) What were your organization’s gross global Scope 2 emissions in metric tons CO2e?**

### **Reporting year**

### **Scope 2, location-based**

125729

### **Scope 2, market-based (if applicable)**

<Not Applicable>

### **Start date**

<Not Applicable>

### **End date**

<Not Applicable>

### **Comment**

## **C6.4**

### **(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?**

No

## **C6.5**

### **(C6.5) Account for your organization’s gross global Scope 3 emissions, disclosing and explaining any exclusions.**

### **Purchased goods and services**

### **Evaluation status**

Relevant, not yet calculated

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

Scope 3 not included.

### **Capital goods**

### **Evaluation status**

Relevant, not yet calculated

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

Scope 3 not included.

### **Fuel-and-energy-related activities (not included in Scope 1 or 2)**

### **Evaluation status**

Relevant, not yet calculated

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

Scope 3 not included. Emissions estimated from long life expectancy of products in use and the combustion of fossil fuels to operate, primarily diesel. Actual CO2 emissions from these vehicles rely heavily upon actual use and will vary depending on a number of factors, including final vehicle configuration, duty cycle, routes, maintenance and other factors.

### **Upstream transportation and distribution**

### **Evaluation status**

Relevant, not yet calculated

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

Scope 3 not included.

### **Waste generated in operations**

### **Evaluation status**

Not evaluated

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

### **Business travel**

### **Evaluation status**

Relevant, not yet calculated

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

Scope 3 not included.

### **Employee commuting**

### **Evaluation status**

Relevant, not yet calculated

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

Scope 3 not included.

### **Upstream leased assets**

### **Evaluation status**

Not evaluated

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

### **Downstream transportation and distribution**

### **Evaluation status**

Relevant, not yet calculated

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

### **Processing of sold products**

### **Evaluation status**

Relevant, not yet calculated

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

### **Use of sold products**

### **Evaluation status**

Relevant, not yet calculated

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

Scope 3 not included. Emissions estimated from long life expectancy of products in use and the combustion of fossil fuels to operate, primarily diesel. Actual CO2 emissions from these vehicles rely heavily upon actual use and will vary depending on a number of factors, including final vehicle configuration, duty cycle, routes, maintenance and other factors.

### **End of life treatment of sold products**

### **Evaluation status**

Relevant, not yet calculated

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

### **Downstream leased assets**

### **Evaluation status**

Not evaluated

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

### **Franchises**

### **Evaluation status**

Not relevant, explanation provided

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

None. Not applicable.

### **Investments**

### **Evaluation status**

Not relevant, calculated

### **Metric tonnes CO2e**

### **Emissions calculation methodology**

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

### **Please explain**

### **Other (upstream)**

### **Evaluation status**

Not relevant, explanation provided

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

No known "other" not already included or considered

### **Other (downstream)**

### **Evaluation status**

Not relevant, explanation provided

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

No known "other" not already included or considered

## **C6.7**

### **(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?**

No

## **C6.10**

### **(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

### **Intensity figure**

19.3

### **Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**

216900

### **Metric denominator**

unit total revenue

### **Metric denominator: Unit total**

11251

### **Scope 2 figure used**

Location-based

### **% change from previous year**

8

### **Direction of change**

Decreased

### **Reason for change**

Reduction attributed primarily to site's efforts in reducing electric use, especially focused on non-production time and load ratio monitoring ,emission reduction initiative as reported in relevant Scope in C4.3b, please see section. Increased demand for products, efficiency and increased revenue are contributors. Energy intensity (including HDD and CDD) was reduced by 1%, including significant production increase of 26% over 2018, thus added revenue.

### **Intensity figure**

17.6

### **Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**

216900

### **Metric denominator**

full time equivalent (FTE) employee

### **Metric denominator: Unit total**

12300

### **Scope 2 figure used**

Location-based

### **% change from previous year**

8

### **Direction of change**

Increased

### **Reason for change**

Increase attributed primarily to increased efficiency utilizing 6% less employees over 2018, with 26% increase in demand for our product. The slight 1% absolute increase of GHG in 2019 exacerbated the increase in FTE normalization.

### **Intensity figure**

2

### **Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**

216900

### **Metric denominator**

vehicle produced

### **Metric denominator: Unit total**

106500

### **Scope 2 figure used**

Location-based

### **% change from previous year**

21

### **Direction of change**

Decreased

### **Reason for change**

Reduction attributed primarily to site's efforts in reducing electric use, especially focused on non-production time and load ratio monitoring , emission reduction initiative as reported in relevant Scope in C4.3b. Please see section.. Increased demand for products, including significant production increase of 26% over 2018, and overall efficiency gain are contributors.

### **Intensity figure**

0.027

### **Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**

216900

### **Metric denominator**

square foot

### **Metric denominator: Unit total**

7955784

### **Scope 2 figure used**

Location-based

### **% change from previous year**

22.7

### **Direction of change**

Increased

### **Reason for change**

Reduction of 17% or nearly 2 million square feet of space as compared to previous year.

## **C7. Emissions breakdowns**

## **C7.1**

### **(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?**

Yes

## **C7.1a**

### **(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).**

|  |  |  |
| --- | --- | --- |
| **Greenhouse gas** | **Scope 1 emissions (metric tons of CO2e)** | **GWP Reference** |
| CO2 | 44855 | IPCC Fifth Assessment Report (AR5 – 100 year) |
| CH4 | 23670 | IPCC Fifth Assessment Report (AR5 – 100 year) |
| N2O | 22402 | IPCC Fifth Assessment Report (AR5 – 100 year) |
| HFCs | 244 | IPCC Fifth Assessment Report (AR5 – 100 year) |

## **C7.2**

### **(C7.2) Break down your total gross global Scope 1 emissions by country/region.**

|  |  |
| --- | --- |
| **Country/Region** | **Scope 1 emissions (metric tons CO2e)** |
| Brazil | 1693 |
| Canada | 721 |
| Mexico | 28750 |
| United States of America | 60007 |

## **C7.3**

### **(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.**

By facility

By activity

## **C7.3b**

### **(C7.3b) Break down your total gross global Scope 1 emissions by business facility.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Facility** | **Scope 1 emissions (metric tons CO2e)** | **Latitude** | **Longitude** |
| Section C7.3b facility data is tracked internally but deemed too detailed and unnecessary, thus retained as proprietary. |  |  |  |

## **C7.3c**

### **(C7.3c) Break down your total gross global Scope 1 emissions by business activity.**

|  |  |
| --- | --- |
| **Activity** | **Scope 1 emissions (metric tons CO2e)** |
| Manufacturing | 81605 |
| Used Truck | 217 |
| Offices | 2588 |
| Warehouses | 4865 |
| Other: Corporate-wide (DealCor and Fleet) | 1896 |

## **C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4**

### **(C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4) Break down your organization’s total gross global Scope 1 emissions by sector production activity in metric tons CO2e.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Gross Scope 1 emissions, metric tons CO2e** | **Net Scope 1 emissions , metric tons CO2e** | **Comment** |
| Cement production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Chemicals production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Coal production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Electric utility activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Metals and mining production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Oil and gas production activities (upstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Oil and gas production activities (midstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Oil and gas production activities (downstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Steel production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Transport OEM activities | 86470 | <Not Applicable> | Includes manufacturing and PDC product parts warehousing. |
| Transport services activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |

## **C7.5**

### **(C7.5) Break down your total gross global Scope 2 emissions by country/region.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Country/Region** | **Scope 2, location-based (metric tons CO2e)** | **Scope 2, market-based (metric tons CO2e)** | **Purchased and consumed electricity, heat, steam or cooling (MWh)** | **Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)** |
| Brazil | 1104 | 0 | 16230 | 0 |
| Canada | 521 | 0 | 2027 | 0 |
| Mexico | 36425 | 0 | 66216 | 0 |
| United States of America | 87679 | 0 | 166671 | 0 |

## **C7.6**

### **(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.**

By facility

By activity

## **C7.6b**

### **(C7.6b) Break down your total gross global Scope 2 emissions by business facility.**

|  |  |  |
| --- | --- | --- |
| **Facility** | **Scope 2, location-based (metric tons CO2e)** | **Scope 2, market-based (metric tons CO2e)** |
| Section C7.6b data is tracked internally but deemed too detailed and unnecessary, thus retained as proprietary. |  |  |

## **C7.6c**

### **(C7.6c) Break down your total gross global Scope 2 emissions by business activity.**

|  |  |  |
| --- | --- | --- |
| **Activity** | **Scope 2, location-based (metric tons CO2e)** | **Scope 2, market-based (metric tons CO2e)** |
| Manufacturing | 103412 | 0 |
| Used Truck | 885 | 0 |
| Offices | 14612 | 0 |
| Warehouses | 6820 | 0 |

## **C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7**

### **(C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7) Break down your organization’s total gross global Scope 2 emissions by sector production activity in metric tons CO2e.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Scope 2, location-based, metric tons CO2e** | **Scope 2, market-based (if applicable), metric tons CO2e** | **Comment** |
| Cement production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Chemicals production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Coal production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Metals and mining production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Oil and gas production activities (upstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Oil and gas production activities (midstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Oil and gas production activities (downstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Steel production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Transport OEM activities | 110232 | 0 | Includes manufacturing and PDC product parts warehousing. |
| Transport services activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |

## **C-TO7.8**

### **(C-TO7.8) Provide primary intensity metrics that are appropriate to your indirect emissions in Scope 3 Category 11: Use of sold products from transport.**

## **C7.9**

### **(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Increased

## **C7.9a**

### **(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Change in emissions (metric tons CO2e)** | **Direction of change** | **Emissions value (percentage)** | **Please explain calculation** |
| Change in renewable energy consumption | 0 | No change | 0 | No new renewables added to portfolio |
| Other emissions reduction activities | 49500 | Decreased | 23 | For reporting, this value is a mass balance; assumes all other reported values from actual CO2e emitted. Remainder is 'other activities' around energy conservation. |
| Divestment | 3992 | Decreased | 1.9 | CO2 value from divestitures divided by total CO2 emitted 2018. |
| Acquisitions | 0 | No change | 0 | No acquisitions to include in inventory |
| Mergers | 0 | No change | 0 | No mergers within operational control |
| Change in output | 56394 | Increased | 26 | Simple math for reporting purposes assumes percentage increase/decrease of CO2e is equivalent to percent change in production output. |
| Change in methodology | 0 | No change | 0 | No change |
| Change in boundary | 0 | No change | 0 | No change |
| Change in physical operating conditions | 0 | No change | 0 | None known other than identified energy savings initiatives included elsewhere. |
| Unidentified | 0 | No change | 0 | None known. |
| Other | 0 | No change | 0 | None known. |

## **C7.9b**

### **(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?**

Location-based

## **C8. Energy**

## **C8.1**

### **(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

More than 0% but less than or equal to 5%

## **C8.2**

### **(C8.2) Select which energy-related activities your organization has undertaken.**

|  |  |
| --- | --- |
|  | **Indicate whether your organization undertook this energy-related activity in the reporting year** |
| Consumption of fuel (excluding feedstocks) | Yes |
| Consumption of purchased or acquired electricity | Yes |
| Consumption of purchased or acquired heat | No |
| Consumption of purchased or acquired steam | No |
| Consumption of purchased or acquired cooling | No |
| Generation of electricity, heat, steam, or cooling | No |

## **C8.2a**

### **(C8.2a) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Heating value** | **MWh from renewable sources** | **MWh from non-renewable sources** | **Total (renewable and non-renewable) MWh** |
| Consumption of fuel (excluding feedstock) | HHV (higher heating value) | 0 | 428926 | 428926 |
| Consumption of purchased or acquired electricity | <Not Applicable> | 16230 | 234914 | 251144 |
| Consumption of purchased or acquired heat | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Consumption of purchased or acquired steam | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Consumption of purchased or acquired cooling | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Consumption of self-generated non-fuel renewable energy | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Total energy consumption | <Not Applicable> | 16230 | 663840 | 680070 |

## **C8.2b**

### **(C8.2b) Select the applications of your organization’s consumption of fuel.**

|  |  |
| --- | --- |
|  | **Indicate whether your organization undertakes this fuel application** |
| Consumption of fuel for the generation of electricity | No |
| Consumption of fuel for the generation of heat | Yes |
| Consumption of fuel for the generation of steam | No |
| Consumption of fuel for the generation of cooling | No |
| Consumption of fuel for co-generation or tri-generation | No |

## **C8.2c**

### **(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.**

### **Fuels (excluding feedstocks)**

Natural Gas

### **Heating value**

HHV (higher heating value)

### **Total fuel MWh consumed by the organization**

268955

### **MWh fuel consumed for self-generation of electricity**

<Not Applicable>

### **MWh fuel consumed for self-generation of heat**

<Not Applicable>

### **MWh fuel consumed for self-generation of steam**

<Not Applicable>

### **MWh fuel consumed for self-generation of cooling**

<Not Applicable>

### **MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

### **Emission factor**

53.32

### **Unit**

kg CO2 per million Btu

### **Emissions factor source**

The Climate Registry Default Emissions Factors 2019, Table 1.1 U.S. Default Factors for Calculating CO2 Emissions from Combustion of Fossil Fuel and Biomass

### **Comment**

US sites. factors are location-based for better accuracy.

### **Fuels (excluding feedstocks)**

Diesel

### **Heating value**

HHV (higher heating value)

### **Total fuel MWh consumed by the organization**

136678

### **MWh fuel consumed for self-generation of electricity**

<Not Applicable>

### **MWh fuel consumed for self-generation of heat**

<Not Applicable>

### **MWh fuel consumed for self-generation of steam**

<Not Applicable>

### **MWh fuel consumed for self-generation of cooling**

<Not Applicable>

### **MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

### **Emission factor**

10.24

### **Unit**

kg CO2 per gallon

### **Emissions factor source**

The Climate Registry Default Emissions Factors 2019, Table 2.1 U.S. Default Factors for Calculating CO2 Emissions from Combustion of Transport Fuels

### **Comment**

Fuels used in products for testing or as OEM products containing required fluids, such as fuel.

### **Fuels (excluding feedstocks)**

Motor Gasoline

### **Heating value**

HHV (higher heating value)

### **Total fuel MWh consumed by the organization**

5655

### **MWh fuel consumed for self-generation of electricity**

<Not Applicable>

### **MWh fuel consumed for self-generation of heat**

<Not Applicable>

### **MWh fuel consumed for self-generation of steam**

<Not Applicable>

### **MWh fuel consumed for self-generation of cooling**

<Not Applicable>

### **MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

### **Emission factor**

8.81

### **Unit**

kg CO2 per gallon

### **Emissions factor source**

The Climate Registry Default Emissions Factors 2019, Table 2.1 U.S. Default Factors for Calculating CO2 Emissions from Combustion of Transport Fuels

### **Comment**

Fuels used in products for testing or as OEM products containing required fluids, such as fuel.

### **Fuels (excluding feedstocks)**

Propane Gas

### **Heating value**

HHV (higher heating value)

### **Total fuel MWh consumed by the organization**

16038

### **MWh fuel consumed for self-generation of electricity**

<Not Applicable>

### **MWh fuel consumed for self-generation of heat**

<Not Applicable>

### **MWh fuel consumed for self-generation of steam**

<Not Applicable>

### **MWh fuel consumed for self-generation of cooling**

<Not Applicable>

### **MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

### **Emission factor**

5.74

### **Unit**

kg CO2 per gallon

### **Emissions factor source**

The Climate Registry Default Emissions Factors 2019, Table 2.1 U.S. Default Factors for Calculating CO2 Emissions from Combustion of Transport Fuels

### **Comment**

### **Fuels (excluding feedstocks)**

Liquefied Petroleum Gas (LPG)

### **Heating value**

HHV (higher heating value)

### **Total fuel MWh consumed by the organization**

1481

### **MWh fuel consumed for self-generation of electricity**

<Not Applicable>

### **MWh fuel consumed for self-generation of heat**

<Not Applicable>

### **MWh fuel consumed for self-generation of steam**

<Not Applicable>

### **MWh fuel consumed for self-generation of cooling**

<Not Applicable>

### **MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

### **Emission factor**

5.7

### **Unit**

kg CO2 per gallon

### **Emissions factor source**

The Climate Registry Default Emissions Factors 2019, Table 2.1 U.S. Default Factors for Calculating CO2 Emissions from Combustion of Transport Fuels

### **Comment**

### **Fuels (excluding feedstocks)**

Kerosene

### **Heating value**

HHV (higher heating value)

### **Total fuel MWh consumed by the organization**

119

### **MWh fuel consumed for self-generation of electricity**

<Not Applicable>

### **MWh fuel consumed for self-generation of heat**

<Not Applicable>

### **MWh fuel consumed for self-generation of steam**

<Not Applicable>

### **MWh fuel consumed for self-generation of cooling**

<Not Applicable>

### **MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

### **Emission factor**

10.18

### **Unit**

kg CO2 per gallon

### **Emissions factor source**

The Climate Registry Default Emissions Factors 2019, Table 2.1 U.S. Default Factors for Calculating CO2 Emissions from Combustion of Transport Fuels

### **Comment**

Used in some remote and portable heaters -human comfort mostly.

## **C-TO8.5**

### **(C-TO8.5) Provide any efficiency metrics that are appropriate for your organization’s transport products and/or services.**

### **Activity**

Heavy Duty Vehicles (HDV)

### **Metric figure**

### **Metric numerator**

Please select

### **Metric denominator**

Production: Vehicle

### **Metric numerator: Unit total**

### **Metric denominator: Unit total**

### **% change from previous year**

### **Please explain**

## **C9. Additional metrics**

## **C9.1**

### **(C9.1) Provide any additional climate-related metrics relevant to your business.**

## **C-TO9.3/C-TS9.3**

### **(C-TO9.3/C-TS9.3) Provide tracking metrics for the implementation of low-carbon transport technology over the reporting year.**

## **C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6**

### **(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?**

|  |  |  |
| --- | --- | --- |
|  | **Investment in low-carbon R&D** | **Comment** |
| Row 1 | Yes | Significant. Navistar remains on the forefront of technology advances and options for truck and engine, improving fuel efficiency, while also pursuing alternative vehicle power sources. In 2019, Navistar continued its implementation of the second tier of the federal Phase1 greenhouse gas rules that began in 2017 and continued to plan for the future. Phase 2 of GHG regulations comes into force in tiers in 2021, 2024 and 2027. To meet these regulations, Navistar has and will continue to employ technological and other improvements in many aspects of the vehicle at a significant investment, aimed at improved fuel efficiency. Navistar is also pursuing alternative vehicle power sources. In 2019, we established NEXT eMobility Solutions, a Detroit-based business unit, to deliver the best electric solutions in commercial transportation. Having shown its prototype electric version of the International® MV™ Series, NEXT is working to launch medium truck and school bus products. Navistar also leads one of four teams in the second phase of the U.S. Department of Energy SuperTruck initiative, which aims to more than double the freight efficiency of Class 8 trucks. |

## **C-TO9.6a/C-TS9.6a**

### **(C-TO9.6a/C-TS9.6a) Provide details of your organization’s investments in low-carbon R&D for transport-related activities over the last three years.**

## **C10. Verification**

## **C10.1**

### **(C10.1) Indicate the verification/assurance status that applies to your reported emissions.**

|  |  |
| --- | --- |
|  | **Verification/assurance status** |
| Scope 1 | No third-party verification or assurance |
| Scope 2 (location-based or market-based) | No third-party verification or assurance |
| Scope 3 | No emissions data provided |

## **C10.2**

### **(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

No, we do not verify any other climate-related information reported in our CDP disclosure

## **C11. Carbon pricing**

## **C11.1**

### **(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?**

No, and we do not anticipate being regulated in the next three years

## **C11.2**

### **(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?**

No

## **C11.3**

### **(C11.3) Does your organization use an internal price on carbon?**

No, and we do not currently anticipate doing so in the next two years

## **C12. Engagement**

## **C12.1**

### **(C12.1) Do you engage with your value chain on climate-related issues?**

Yes, our suppliers

Yes, our customers

Yes, other partners in the value chain

## **C12.1a**

### **(C12.1a) Provide details of your climate-related supplier engagement strategy.**

### **Type of engagement**

Compliance & onboarding

### **Details of engagement**

Other, please specify (Engagement largely relates to fuel efficiency and greenhouse gas discussions such as providing fuel efficiency specifications. It also includes discussions about potential technology for fuel efficiency improvements with suppliers. )

### **% of suppliers by number**

### **% total procurement spend (direct and indirect)**

### **% of supplier-related Scope 3 emissions as reported in C6.5**

### **Rationale for the coverage of your engagement**

### **Impact of engagement, including measures of success**

Assisting customers with fuel efficiency specifications. Engaging with supply chain to develop or acquire technology for increased fuel efficiency.

### **Comment**

Engagement largely relates to fuel efficiency and greenhouse gas discussions such as providing fuel efficiency specifications. It also includes discussions about potential technology for fuel efficiency improvements with suppliers.

## **C12.1b**

### **(C12.1b) Give details of your climate-related engagement strategy with your customers.**

### **Type of engagement**

Education/information sharing

### **Details of engagement**

Share information about your products and relevant certification schemes (i.e. Energy STAR)

### **% of customers by number**

5

### **% of customer - related Scope 3 emissions as reported in C6.5**

0

### **Portfolio coverage (total or outstanding)**

<Not Applicable>

### **Please explain the rationale for selecting this group of customers and scope of engagement**

Supply GHG emissions of products and manufacturing processes, reporting to outside parties, and voluntary efforts to reduce emissions are supplied at customer request.

### **Impact of engagement, including measures of success**

Customers request information related to fuel efficiency and greenhouse gas emissions, which we provide if we have responsive information. Perceived as competitive advantage providing in depth sustainability data and initiatives.

## **C12.1d**

### **(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.**

Other Partners: Previous collaboration with U.S. Department of Energy - Navistar delivered the results of the five-year SuperTruck research and development program undertaken with the U.S. Department of Energy (DOE) in 2016. Our SuperTruck I work also inspired our International® LT® Series of ergonomic, aerodynamic Class 8 vehicles. We are now participating in the next phase of DOE’s SuperTruck initiative, SuperTruck II, as Navistar leads one of four teams in the second phase of the U.S. Department of Energy’s SuperTruck initiative, whose goals include the demonstration of greater than 100% improvement in freight efficiency over 2009 equivalent product, and a 55% engine increase in brake thermal efficiency performance. DOE Better Plants Better Buildings program participation resulted in an award as "Goal Achiever" for a 27% reduction in energy intensity over just 8 years.

## **C12.3**

### **(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?**

Direct engagement with policy makers

Trade associations

Other

## **C12.3a**

### **(C12.3a) On what issues have you been engaging directly with policy makers?**

|  |  |  |  |
| --- | --- | --- | --- |
| **Focus of legislation** | **Corporate position** | **Details of engagement** | **Proposed legislative solution** |
| Other, please specify (Phase I and II GHG for truck) | Support with major exceptions | The company worked extensively with EPA and NHTSA on the next phase of greenhouse gas/fuel efficiency regulations in the heavy-duty sector. Navistar supported the larger goal of the proposed rule, while expressing concerns about certain specific aspects of the proposed rule. The final rule, which was adopted in October 2016, phases in over model years 2021, 2024 through 2027, and will require new and expanded efficiency technologies across vehicle and engine platforms. Currently EPA is working on technical amendments to the Phase 2 rule. Navistar generally supports EPA making certain technical amendments. | The technical amendments under consideration will make updates to the current rule. |
| Energy efficiency | Support with minor exceptions | Various sites working with local Chambers of Commerce or trade groups regarding support of incentives for energy efficiency improvements, energy efficiency investments, and real reduction projects at its manufacturing sites. | None. |
| Clean energy generation  *We SUPPORT clean energy generation but highly OPPOSED the Ohio proposed HB6.* | Support with minor exceptions | Since 2013 to date Navistar has lobbied against legislative proposals in Ohio to roll back renewable power standards in the state which in 2017 remained stayed but not eliminated. | Ohio legislature HB6, (passed but expected to be rescinded,) removed the renewable energy portfolio standards and add requirements, for utilities to impose new fee/tax to bailout failing nuclear plants. |
| Energy efficiency  *We SUPPORT energy efficiency but highly OPPOSE the removal of EE program and replacing with new fees dedicated to a specific utility business entity.* | Oppose | Since 2013 to date Navistar has lobbied against legislative proposals in Ohio to roll back energy efficiency and renewable power standards in the state. | Ohio legislature voted to remove the energy efficiency incentive program requirements and rebates, replacing with a new fee/tax to bailout failing nuclear plants. |

## **C12.3b**

### **(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?**

Yes

## **C12.3c**

### **(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.**

### **Trade association**

Engine Manufacturers Association

### **Is your position on climate change consistent with theirs?**

Mixed

### **Please explain the trade association’s position**

Navistar is primarily focused on regulations that impact our products, on manufacturing policy and on trade issues. The Engine Manufacturers Association served as a key liaison between commercial vehicle manufacturers and the EPA during the heavy duty GHG phase I and phase II. More recently, the association has been working with manufacturers, EPA and California to have a productive dialogue on NOx emissions, proposed California Advanced Clean Truck rule and EPA’s Clean Truck Initiative. Navistar also provides funding for technical studies of our industry vehicles to help guide policy and regulatory implementation.

### **How have you influenced, or are you attempting to influence their position?**

Yes, Navistar has participated in the development of positions taken by the EMA.

### **Trade association**

National Association of Manufacturers (NAM)

### **Is your position on climate change consistent with theirs?**

Mixed

### **Please explain the trade association’s position**

Navistar is primarily focused on regulations that impact our products on manufacturing and trade policy. The National Association of Manufacturers, Navistar and other commercial vehicle manufacturers have supported EPA’s Greenhouse Gas Phase Ii regulations and the inclusion of limiting high polluting glider vehicles in the market place, support our industry’s commitment to reduce emissions.

### **How have you influenced, or are you attempting to influence their position?**

Yes, Navistar has participated in the development of positions taken by the NAM.

## **C12.3e**

### **(C12.3e) Provide details of the other engagement activities that you undertake.**

## **C12.3f**

### **(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?**

Navistar has an annual policy and governmental affairs team meeting that develops the company’s lobbying agenda. This agenda is shared with the Vice-President of Product Development, the Chief Financial Officer, the Chief Operating Officer and the President/Chief Executive Officer for review and revision.

## **C12.4**

### **(C12.4) Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

### **Publication**

In voluntary sustainability report

### **Status**

Complete

### **Attach the document**

[Navistar\_2019-Sustainability-Report.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/YII6ynMkpEumsHu6SxXSMA/Navistar2019SustainabilityReport.pdf)

### **Page/Section reference**

Entirety

### **Content elements**

Emissions figures

Emission targets

Other metrics

### **Comment**

## **C15. Signoff**

## **C-FI**

### **(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

## **C15.1**

### **(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

|  |  |  |
| --- | --- | --- |
|  | **Job title** | **Corresponding job category** |
| Row 1 | Director, Environmental and Energy Affairs and Senior Counsel | Business unit manager |