

Navistar Canada

Modern Slavery Report 2023

About Navistar Canada

We, at Navistar Canada ULC (“Navistar Canada”, “we” or “our”), are part of a larger group of Navistar companies (the “Navistar Group”).

Navistar Canada’s core business is in the truck and parts markets for Canada. We are headquartered in Ontario, where we participate primarily in the Class 6 through 8 vehicle markets.

At Navistar, we are aware of our responsibility to respect human rights and the environment. Navistar therefore commits to respecting human rights as stipulated in the Navistar Policy Statement on Human Rights, and to fulfill applicable human rights due diligence laws. We have been anchoring the respect for human rights within our organization and business conduct, all within our sphere of influence. At Navistar Canada, we acknowledge the Declaration of Human Rights adopted by the United Nations and the UN Guiding Principles on Business and Human Rights, which form the basis for our approach to observing and respecting human rights, including with respect to preventing and reducing the risk that forced labour or child labour is used by us or in our supply chains.

Scope

This document outlines the steps we have taken between January 1, 2023, and December 31, 2023 aiming to prevent and reduce the risk that forced labour or child labour is used by us or in our supply chains, and includes descriptions of the policies and procedures we rely on to detect and eliminate any abuses that may exist in our supply chain.

While we are part of the larger Navistar Group, this report, in compliance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the Act), relates solely to Navistar Canada. Other companies in the Navistar Group may report in different jurisdictions on their own activities.

Our Structure, Activities, Supply Chains

Navistar Canada engages in the wholesale and retail sale and distribution of trucks and buses, primarily, and their component parts. We import a majority of these goods from other members of the Navistar Group located outside of Canada.

Trucks and buses imported by Navistar Canada are produced in the United States and Mexico, while parts are imported from other jurisdictions as well. We rely on other Navistar Group companies to source the goods that we ultimately import into Canada for sale and distribution. As such, our practices for preventing and reducing the risk of child labour and forced labour in our supply chains are integrated with the practices of other Navistar Group companies, whose policies and procedures we adhere to.

Our commitment to preventing and reducing the risk of child labour and forced labour in our supply chains

At Navistar Canada, we take responsibility, not only for our products, but also for our people and for the consequences our business can have.

Navistar Group has adopted and implemented multiple measures aiming to prevent and reduce the risk that forced labour or child labour is used at any step in the production of components incorporated into our products.

Mapping supply chains and assessing risks: Navistar Group uses a third-party risk-based supply chain mapping tool that uses publicly available information to identify business relationships between entities and potential connections to forced and/or child labour.

Developing and implementing due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour and/or child labour in the organization’s activities: Navistar Group has created and implemented a program laying out our expectations related to human rights, consisting of: 1) the Navistar Policy Statement on Human Rights published on the Navistar Group website, 2) an updated Code of Conduct for Employees, 3) an updated Code of Conduct for Suppliers & Business Partners, 4) employee and supplier training, 5) a grievance mechanism published on the Navistar Group website.

In addition, Navistar Group has introduced requirements for the sourcing of certain materials, for example purchasing of cobalt from mines that have been audited by the Initiative for Responsible Mining Assurance (IRMA).

Engaging with suppliers, supplier requirements, contractual requirements and monitoring activities:

As it relates to its suppliers and business partners, the Navistar Group's processes include the following preventative measures which apply to its suppliers and business partners: 1) a Code of Conduct for Suppliers & Business Partners, 2) screening against sanctioned party lists and adverse media, 3) training opportunities, 4) sustainability rating (S-Rating), and 5) supply chain mapping (tier mapping).

In 2023, the Navistar Group (including Navistar Canada) began onboarding its suppliers to an S-Rating requirement which went into effect in January 2024. Among other factors, the S-Rating evaluates suppliers' commitments to human rights including the prevention of forced labour and child labour. As of January 2024, the Navistar Group, including Navistar Canada, began requiring positive S-Ratings for high-value new business awards. Navistar Canada relies on the S-Rating described above to monitor supplier compliance with the code of conduct for suppliers and business partners.

Navistar Group has also introduced training opportunities for its suppliers and business partners (including the suppliers of Navistar Canada), which focuses on the International Labour Organization's (ILO) Indicators of Forced Labour.

Navistar Group has implemented anti-forced labour clauses requiring compliance with law and its Code of Conduct for Suppliers & Business Partners through its Standard Terms and Conditions.

Developing and implementing anti-forced labour and/or -child labour standards and grievance mechanisms:

The Navistar Group outlines anti-forced labour and child labour standards in its Code of Conduct for Employees and its Code of Conduct for Suppliers & Business Partners. Additionally, the Navistar Group has joined and participates in the United Nations Global Compact, through its United States-based company.

The Navistar Group's whistle-blowing system provides a confidential and secure mechanism for reporting potential misconduct, including misconduct on the part of Navistar Canada suppliers and business partners. Information that is reported through the whistle-blowing system is managed through a grievance mechanism. In 2023, the Navistar Group added a new committee specific to concerns received about its suppliers and business partners, which Navistar Canada relies on to ensure that grievances arising in its supply chains are investigated and addressed appropriately.

Additionally, potential violations of our Code of Conduct for Suppliers & Business Partners are entered into the grievance mechanism for tracking.

Developing and implementing training and awareness materials:

Navistar Group has both internal and external training covering, among other topics, forced labor and child labor risks in our supply chain.

In 2023, the Navistar Group introduced new training modules related to human rights which are mandatory for all executives, employees and contractors (who have access to the training portal) in the United States, Canada and Mexico, including in respect of Navistar Canada personnel. Procurement professionals within the Navistar Group received further training related to child labour and force labour risk.

The Navistar Group also introduced training to suppliers and business partners focused on the International Labour Organization's (ILO) Indicators of Forced Labour.

By participating in these Navistar Group measures, we drive compliance within our own organization and in our supply chain to prevent and reduce the risk of child labour and forced labour.

Navistar Canada identifies human rights risks

We regard human rights violations as a dynamic and permanent risk. Therefore, we align procedures to monitor these with ongoing processes such as the implementation of human rights and environmental aspects in the compliance risk assessment. At the same time, we have a responsibility to remediate in case we have caused or contributed to a human rights violation or discover any such action by a supplier or business partner of ours.

Human rights risks are not only assessed in our own business area but also considered in the selection and due diligence process of suppliers and business partners.

Navistar Canada addresses human rights risk

Our policy statement on human rights requires that all our measures and guidelines for human rights are structured to protect all rights holders in the best way possible. Preventing and addressing possible violations is therefore an essential part of our approach.

When we receive information about cases of suspected misconduct, we investigate immediately and find solutions to stop actual violations and limit and mitigate the negative impact. In the event of substantiated knowledge of a violation in our supply chain, we seek dialogue with our supplier or business partner and first try to find a common solution that ensures future adherence to human rights. If required, we make use of contractually agreed audit rights to obtain further information on potential violations and risks and for identifying and implementing mitigating measures. However, if suppliers do not take sufficient action to prevent, end or mitigate the extent of human rights violations, this may result in the termination of our collaboration with the supplier or business partner.

The Navistar Group established the Navistar Investigation Office as a means of processing tip-offs concerning Navistar Group members (including Navistar Canada). It monitors and coordinates investigations together with the responsible Investigating Unit based on the nature of the grievance.

The Navistar Investigation Office confirms the receipt of the tip-off and aligns with the whistleblower on additional relevant information, wherever possible and necessary. If the Navistar Investigation Office is informed about a potential risk that does not involve Navistar Group employees (such as potential violations by suppliers) the Navistar Investigation Office will forward this information to a suitable department within the Navistar Group (such as the responsible procurement department).

All allegations are investigated in accordance with principles defined in the Navistar Group's Policy on Internal Investigations, such as the protection of whistle-blowers, procedural fairness, confidentiality, and principle of legality. Results of an investigation are reported to either the Investigations Operating and/or Investigations Review Committees, who decide on further measures to be implemented.

Navistar Canada assesses the effectiveness of its risk reduction activities

In 2023, the Navistar Group established a cross-functional supply chain due diligence working group – including participation from Navistar Canada – to review and update the organization's policies and processes around human rights with a focus on forced labour. Through this group, Navistar Group, *inter alia*, updated the Code of Conduct for Suppliers & Business Partners, established a supply chain grievance committee, and implemented trainings. Navistar Canada relies on these policies, processes, and training to ensure the effectiveness of the steps it takes to prevent the risk of child labour or forced labour being used in its supply chains. In addition, in 2023, Navistar established the Business & Human Rights Committee consisting of representatives of various departments, including Legal, Compliance, People & Culture, Procurement, Finance, Sustainability, Trade Compliance and Supplier Quality. The Business & Human Rights Committee's primary role is to monitor and advise on the implementation of Human Rights related obligations, including but not limited to the following topics: risk management system, risk analysis, preventive measures, remedial actions, grievance mechanism. It meets regularly on a quarterly basis and ad-hoc, if necessary.

Based on the current findings of the Navistar Group's assessment activities, we have not had to take remedial steps in 2023 to address forced labour or child labour or its impact on individuals or their families.

Conclusion

Navistar Canada's management is responsible for the implementation of the actions and requirements defined in this report and for the further development of our practices to prevent or reduce the risk of child labour or forced labour in our organization and in our supply chains. Navistar Canada has the responsibility to adequately address negative human rights impacts that are linked to our own business area, products, or services through our business relationships. Therefore, we strive to work with suppliers and business partners who share these values and the commitments required of them as described in this report. Where there are conflicting local human rights laws or standards, or where state/provincial jurisdiction and/or enforcement is different from international human rights laws or standards, we shall seek ways to respect human rights in line with international human rights conventions and standards while complying with federal, state, provincial and local law.

Helpful links

The Navistar Group Policy Statement on Human Rights:

<https://www.navistar.com/-/media/Project/Navistar/Navistar/Navistar/About-Us/Governance/2023/Navistar-Policy-Statement-on-Human-Rights-V3-08152023.pdf?rev=411cf929da7744848ed92a4334536983&hash=DEC6CB3854E1E10AAF90E91FD7E997A5>

The Navistar Group Code of Conduct for Employees

https://www.navistar.com/-/media/Project/Navistar/Navistar/About-Us/Governance/Documents/Navistar_COE_Final_v2.pdf?rev=83dbb2282df54373a18434f73a8f18ff&hash=44FB785F592EC08301756E39C03075B4

The Navistar Code of Conduct for Suppliers & Business Partners:

http://www.navistarsupplier.com/Documents/Supplier%20Guidelines/Navistar_Supplier%20CoC%20Final.pdf

The Navistar Group Standard Terms & Conditions:

<http://www.navistarsupplier.com/Documents/Supplier%20Guidelines/200.docx>

Information regarding the Navistar Group Whistleblowing Channels:

<https://www.navistar.com/about-us/governance/whistleblower-reporting-channels>

Approval:

This report was approved by the board members of Navistar Canada ULC on **May 24, 2024**.

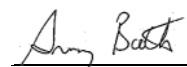
Attestation:

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Full name: Gregory Booth

Title: Controller

Date: May 24, 2024



I have the authority to bind Navistar Canada ULC