



Anti-Corruption and Anti-Bribery Policy

General Information:

Section:	05 – Business Conduct	Version:	15
Policy Number:	05-02	Effective Date:	08/01/2016
Policy Contact:	Bethzy Kunitzer	Reference Policies:	05-02 Global Third Party Due Diligence
Policy Owner:	Darcy Morowitz		01-07 Charitable Contributions
Approved By:	Darcy Morowitz		01-08 Records Management
			04-01 Political Activities
			05-10 Gifts and Entertainment

I. OBJECTIVE

Navistar is committed to conducting its business ethically and in compliance with all applicable laws and regulations that prohibit improper payments to obtain a business advantage.

II. SCOPE

This Anti-Corruption Policy applies to all Navistar employees, directors and officers, as well as its dealers and distributors, sub-dealers and sub-distributors, sales representatives, agents, intermediaries, consultants, suppliers, customers, joint ventures, subsidiaries and partners (Navistar Third Parties) who conduct business on Navistar’s behalf. All Navistar employees and third party representatives must comply with all applicable anti-corruption laws, including the Foreign Corrupt Practices Act (FCPA), the U.K. Bribery Act (UKBA), China's Anti-Corruption Law, Brazil’s Clean Company Act, Mexico’s Federal Law Against Corruption in Public Procurement, as well as laws in other countries when doing business in those jurisdictions, its worldwide operations (including domestic and foreign subsidiaries), and all Navistar third party locations.

III. DEFINITIONS

Agreements: Include, but are not limited to, commission agreements, retainer agreements, success fee agreements, sales agreements, dealer agreements, terms and conditions.

Anything of Value: Includes cash, gifts, gratuities, travel, meals, entertainment, and offers of employment; also may include event sponsorships, consultant contracts, and charitable contributions made at the request of, or for the benefit of, a government employee, their family, or other relations, even if made to a bona fide charity.

Government Officials: Broadly, includes anyone working at, for, or on behalf of a government entity (as defined below), as well as any candidate for political office, a political party official or employee, or a political party, or any relatives or designees thereof. A Government Official also includes an officer, director, or employee of a non-governmental institution whose employees are treated, because of their

status or other reasons, as Government Officials under applicable local or U.S. federal law, or any relatives or designees thereof.

Government Entity: Includes national, state, local or municipal governments or government departments, bodies, agencies, as well as "public international organizations" and political parties. "Public international organizations" include any organization with two or more governments as members. Government Entity also includes "government instrumentalities" which includes government-owned or controlled commercial enterprises, without regard to whether such entity is wholly or partially government-owned or controlled.

Commercial Entity: All entities excluded from the Government Entity definition, including, but not limited to, vendors, contractors, dealers, joint venture partners, and customers.

IV. POLICY

Navistar strictly prohibits bribery or other improper payments in any of its business operations. This prohibition applies to all business activities, anywhere in the world, whether they involve government officials or are wholly commercial. A bribe or other improper payment to secure a business advantage is never acceptable. Violations may result in penalties including monetary fines, debarment and suspension for Navistar. Each individual employee involved is subject to severe penalties, including monetary fines and imprisonment. By law, fines imposed on individuals for violations cannot be paid by Navistar and must be paid by the individual committing the violation. In addition to penalties that may be imposed by the laws of the countries where we operate, Navistar will discipline employee violations, up to and including termination.

See the [Global Third Party Due Diligence Policy](#) for policy specific to integrity requirements for engaging with third parties.

Prohibited Conduct

Navistar Parties are prohibited from offering, promising to make or making payment, or providing Anything of Value directly or indirectly to any other party, including, but not limited to, any Government Official, Government Entity ("Government Parties"), Commercial Entity, or agent for a Commercial Entity for the purpose of influencing the placement of contracts, the retention of business, obtaining a business advantage, or securing political or business concessions; nor may Navistar Parties provide Anything of Value directly or indirectly to any other party in connection with Navistar business for any other purpose where such transaction would violate applicable anti-bribery and anti-corruption laws. These payments should not be confused with reasonable and limited expenditures for gifts, business entertainment and other legitimate activities directly related to the conduct of Navistar's business. See the [Gifts and Entertainment Policy](#) for more details. Approval must be given by the VP of Internal Audit & Corporate Compliance Officer and the Chief Legal Council when providing courtesies to Government Officials.

Prohibited activities include, but are not limited to:

- Payments made to secure an improper advantage, including a decision to select Navistar to provide any products or services, or to provide Navistar with more preferential terms, including, but not limited to, providing any confidential, proprietary, or competitor information that may provide Navistar an improper advantage
- Payments made to influence any act or decision of a Government Official in his or her official capacity
- Payments made to induce another party to perform or fail to perform any act

- Payments made to induce another party to use his or her influence with a Government Entity to affect or influence any act or decision thereof
- "Facilitating payments" are small payments paid to foreign government officials to expedite or facilitate non-discretionary actions or services, such as obtaining an ordinary license or business permit, processing government papers such as visas, providing police protection, providing telephone, power or water service or loading or unloading of cargo
- Offer of employment to a Government Official or relative of a Government Official made to influence an act or decision in his or her official capacity
- Payments made to a charity designated by another party
- Contributions made to international political parties or committees or to individual politicians
- Gifts given to another party or their designee unless specifically allowed under Gifts and Entertainment Policy
- "Looking the other way", or not performing tasks that should otherwise be performed resulting in violation of laws
- Personal funds must not be used to accomplish what is otherwise prohibited by this Policy

Personal Safety Payments

Personal safety payments are permissible under this Policy. A personal safety payment is a payment to avoid imminent physical harm. Personal safety payments do not include payments made in response to commercial duress, or in response to threats to commercial, financial or other interests. If confronted with a situation in which you believe that there is an imminent threat to your health or safety, you must use your best judgment in determining whether to make a personal safety payment. If you reasonably elect to make a personal safety payment, you will not be subject to discipline under this Policy, but those payments must be immediately reported to the Corporate Compliance Department so Navistar can keep accurate books and records of any payments made by employees.

Maintaining Accurate Books, Records and Accounts

Navistar requires the keeping of accurate books and records that, in reasonable detail, reflect the transactions and asset dispositions of Navistar, and the development and maintenance of a system of internal accounting controls including periodic audits. These requirements apply to all payments, not just sums that would be "material" in the traditional financial sense. False, misleading, incomplete entries in the Company's books, records, and other business documents, and accounts kept "off-book" in order to facilitate or conceal improper payments are prohibited. All payments on behalf of Navistar must be approved and supported with appropriate documentation; i.e. valid business purpose, agreement or contract, original vendor invoice, evidence of services rendered, etc.

The following financial and accounting directives have been implemented to help ensure Navistar's compliance with the FCPA:

- The Internal Audit and Corporate Compliance Department will periodically review Navistar's books, records, and controls to ensure their compliance with the requirements of the FCPA.
- No employee shall falsify any accounting or other business record, and all employees shall respond truthfully and fully to any questions from Navistar's internal or independent auditors.
- Payments will not be made into anonymous bank accounts or other accounts not in the name of the payee or of any entity known to be controlled by the payee.
- Fictitious invoices, over-invoices or other misleading documentation will not be used.
- Fictitious entities, sales, purchases, services, loans or financial arrangements will not be used.
- Check requests will be in writing and contain a complete explanation of the purpose and authority for the payment. The explanation will accompany all documents submitted in the course of the issuing process and will be kept on file.

- Payments to third parties will only be made in the country where a substantial portion of the related services are performed or the country from which the third party performing such services normally conducts business.
- Payments for any services rendered to Navistar by a government official (including an officer of a foreign government-owned or controlled commercial enterprise), including honorarium payments and reimbursement of expenses, will be made solely to the foreign government agency or instrumentality employing the individual. Such payments will be made by check directly to the foreign government agency or instrumentality, or by wire to its named bank account within the foreign government agency's or instrumentality's country, or by wire through its duly authorized correspondent bank within the U.S.
- Receipts, whether in cash or checks, will be deposited promptly in a Navistar bank account. Any employee who suspects the possibility that a bribe, kickback or over-invoice is associated with a particular receipt or that an understanding exists that all or a portion of a receipt will be rebated, refunded or otherwise paid in contravention of the laws of any jurisdiction, will immediately report that suspicion in accordance with the reporting procedures addressed below under "Reporting Violations and Investigations."
- Quarterly, management is required to complete the Disclosure Checklist, which is a checklist of specific questions used in the periodic management representation letter process. As directed by Section 404 of the Sarbanes-Oxley Act, the SEC has adopted rules requiring Navistar and its independent auditors to report to the public on the effectiveness of Navistar's internal controls over financial reporting. These internal controls include those related to illegal acts and fraud—including acts of bribery—that could result in a material misstatement of Navistar's financial statements. See [Management Representation Letter Policy](#) for further guidance on financial statement disclosures.

See [Records Management Policy](#) and the supporting [Records Retention Schedule](#) for further guidance on records management, including maintenance and retention.

Reporting

In the course of doing business, issues may come up that require further review as they can be indicators of corruption. Some examples of Red Flags that all Navistar parties should watch for are summarized in the [Red Flag List \(Exhibit A\)](#). If you have a questions regarding whether a "Red Flag" is part of a transaction you are working on, please contact the VP of Internal Audit & Corporate Compliance Officer or the Foreign Trade Compliance Department at ThirdPartyDueDiligence@navistar.com immediately. Any employee who becomes aware of conduct contrary to this Anti-Corruption Policy must report it through normal reporting relationships, the Internal Audit and Corporate Compliance or Law Departments or through the Ethics and Compliance Hotline at 1-877-7DIALIT (1-877-734-2548).

V. ROLES AND RESPONSIBILITIES

Employees are responsible for:

1. Reading, understanding and complying with the statements in this Policy. For additional information about Navistar's Policy prohibiting corruption and bribery, please send questions to the Compliance Advice helpline (ComplianceAdvice@Navistar.com) or call 331.332.2500.
2. Reporting instances or activities that may violate this Policy.
3. Executing periodic certifications of Policy compliance.
4. Attending and successfully completing anti-corruption training.

Foreign Trade Compliance is responsible for:

1. Performing initial and on-going Third Party Due Diligence.

2. Monitoring third party partners for changes in risk profile.
3. Auditing and monitoring compliance with risk mitigation plans.
4. Assisting with anti-corruption training development and presentation.

Internal Audit and Corporate Compliance is responsible for:

1. Developing an anti-corruption training program.
2. Providing anti-corruption training to all employees, including training to employees seconded to another Navistar company or joint venture.
3. Auditing and monitoring compliance with this Policy.

The Law Department is responsible for:

1. Providing advice, guidance and interpretation to Navistar employees with regard to anti-corruption laws and regulations, prevention of corruption and internal policy.
2. Assisting and guiding employees who are responsible for ensuring that Navistar enters into appropriate written commission or fee agreements with Navistar third parties.

The appropriate Vice President and the Law Department are responsible for pre-approving in writing all third party representative agreements including, but not limited to, commission or fee contracts.

The President and Chief Executive Officer, the appropriate Vice President, and the Law Department are responsible for pre-approving in writing any third party representative agreements including, but not limited to, commission or fee agreements in excess of 5% of the value of the underlying sales agreement or \$1,000,000.

VI. REVISIONS AND APPROVALS

DATE	VERSION	APPROVER	CHANGE DESCRIPTION
01/15/2010	2.0	Steven Covey	Added "Foreign Corrupt Practices Act" to title; Revised Objectives; Added two Defined Terms; Revised Policy Statements; Revised Roles and Responsibilities.
02/22/2010	3.0	Steven Covey	Added four hyperlinks regarding the Third Party Due Diligence Process: Red Flag List; Request for Information Due Diligence Form - Third Party Service Providers.pdf; Third Party Diligence Process Flow.pdf; Third Party FCPA Due Diligence SBU Certification.pdf;
07/09/2010	4.0	Steven Covey	Updated hyperlinked form: Navistar Inc. Third Party Service Provider Due Diligence Request for Information.
11/29/2010	5.0	Steven Covey	Added cross-reference to Navistar Defense Code of Conduct Policy 01-01 in last sentence of "Objective:" paragraph.
02/17/2011	6.0	Steven Covey	Updated hyperlinked form: Third Party Diligence Process Flow.
03/17/2011	7.0	Bruce Patterson	Updated hyperlinked forms: Third Party Diligence Process flow and International Third Party FCPA Due Diligence Business Risk Assessment.

04/20/2011	8.0	Bruce Patterson	Updated hyperlinked form: Third Party Service Provider Due Diligence Request for Information.
08/02/2011	9.0	Steven Covey	Updated language to broaden it to cover UK Bribery Act and other anti-corruption laws.
09/27/2011	10.0	Bruce Patterson	Updated hyperlinked form: Third Party Service Provider Due Diligence Request for Information
01/26/2012	11.0	Amy Williams/Stacey Prange	Added hyperlinks regarding Third Party Due Diligence Process.
02/22/2012	12.0	Amy Williams/Stacey Prange	Updated Third Party FCPA Due Diligence Sponsoring Business Unit Risk Assessment
11/1/2014	13.0	Amy Williams / Terri Thomas	Update to entire Policy to clarify same, including definitions, due diligence review process and associated forms and to eliminate redundancies.
8/1/2016	14.0	Bethzy Kunitzer / Darcy Morowitz	Update to entire policy, update links, add personal safety payment section
03/15/2019	15.0	Bethzy Kunitzer / Darcy Morowitz	Removed Navistar Defense references, updated format to comply with Policy on Policies, updated approval requirements

Exhibit A - Red Flag List

In the course of doing business, issues may come up that require further review as they can be indicators of corruption. Some examples of Red Flags that you should be on the lookout for include:

Red Flag Category	Example
Business Entity	Third party is a shell company incorporated in an offshore jurisdiction or a non-end user.
Business Practices	Third Party engages in, or has been accused of engaging in, improper business practices (i.e. paying bribes, using side letters, large amount of petty cash transactions).
	Due Diligence reveals history of bankruptcies, default, civil suits alleging fraud, property seizures, criminal or regulatory issues.
	Third Party requests to use additional/specific third parties, intermediaries and/or intervening parties unknown to Navistar or with an unexplained or inadequate explanation of purpose; refuses to disclose additional third parties to be used.
	Third Party doesn't have the resources, staff or experience to deliver the scope of work required under the Agreement (e.g. logistics company is bidding on work as an equipment dealer).
	Third Party emphasizes his/her/its "connections" and/or demands lavish entertainment, gifts, or travel before commencing contract negotiations or other services.
	Third Party requests employment of a friend or relative.
	Third Party requests a donation from a customer or a party in a position to influence any potential business obtained or retained by Navistar; requests a payment to "overlook" potential violations of law.
Commissions and Compensation	<i>"This is the way business is done here."</i>
	Any commission or fee payment that appears unusually large (or above market rates) or excessive in relation to the services provided or atypical in the industry and region or Third Party.
	Third Party requests that payment for services be made to a company, bank, country or geographic location different from where the Third Party resides or conducts business or is unrelated to the transaction.
	Third Party insists upon receiving a commission or fee payment before the announcement of a contract or procurement decision and/or refuses to sign a formal commission or fee agreement with Navistar.
	Business transaction reveals unreasonable discounts to the Third Party and/or intermediary.
	Third Party refuses to make representations and warranties to Navistar regarding his/her/its interest in the underlying transaction or how any funds paid by Navistar to him/her/it will be used.
Third Party requests cash payment, payment "off-book", or additional commission or fees in order to "facilitate" services.	

	Third Party requests that Navistar make a payment to a numbered account instead of an account with a Third Party's name. (Please note that payments to numbered accounts are permissible, but only if made in compliance with documented policies and procedures).
Documents	Consulting Agreements with vaguely described services or involvement in different line of business other than that for which the Third Party has been engaged.
	Invoices which appear to be non-standard or customized; show higher than normal prices or fees, have inadequate matching or prices to particular goods or services; reimbursement document deficiencies.
	Third Party provides incomplete or inaccurate supporting documentation, required disclosures, accounting/financial records or inconsistent documentation for vendor expenses, particularly law firms, consultants, and travel agents.
	Third Party refuses to permit Navistar audit of finances and records, complete Navistar's Third Party Due Diligence review, or sign representations, warranties and covenants related to non-violation of FCPA or other anti-corruption laws.
Government Relations	Non-U.S. end user is a government, municipality or state-owned entity, agency or employee.
	Recommendation by a customer or government entity to use a particular consultant or distributor; Third Party was recommended to us by a foreign official of a potential government customer.
	Third Party has a family connection with or other personal affiliation with foreign government official(s) or other relationship that could improperly influence the decision of a customer or government employee.
	Indications of unusually large or frequent political contributions or close political associations.
Location	Transaction involves or takes place in a country with reputation for bribery or high level of corruption – http://www.transparency.org (Click on "Corruption Perceptions Index.")
	Third Party resides outside of the country in which the services are to be provided or products to be sold.

If any of these are part of a transaction you are working on, please contact the VP of Internal Audit & Corporate Compliance Officer or the Foreign Trade Compliance Department at ThirdPartyDueDiligence@navistar.com immediately.