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GRI CONTENT
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WHAT IS GRI?



The **Global Reporting Initiative (GRI)** is a leading organization in the sustainability field. GRI promotes the use of sustainability reporting as a way for organizations to become more sustainable and contribute to sustainable development.

A sustainability report is a report published by a company or organization about the economic, environmental and social impacts caused by its everyday activities. It also presents the organization's values and governance model, and demonstrates the link between its strategy and its commitment to a sustainable global economy.

Source: Global Reporting Initiative website



GRI Content Index and GRI-Specific Disclosures – 2016

General Approach

Navistar, Inc. (the “Company”) has referenced GRI Standard 2016 Core in the preparation of this Sustainability Report. This GRI Content Index references the location of disclosure corresponding with the Core Disclosure or summarizes the information within the Index. In some cases, the referenced information partially satisfies the referenced disclosure standard. The term 10-K refers to the Annual Report Form 10-K filed for Navistar International Corporation (“NIC”) for fiscal year 2016.

GRI DISCLOSURES		CONTENT
102-1 to 102-8		Corporate names, description of corporate form are at 10-K Item 1, page 5. Corporate headquarters are located in Lisle, Illinois and the Company operates, for the purposes of the content in this Report, in the United States, Canada, Mexico and Brazil. Information as to the scale of the Company is at 10-K, p. 11 (employees); operating segments at 10-K, pp. 8-9; properties at 10-K, pp. 23-24; net sales and revenues at 10-K, p. 27; detailed information on markets served and products provided at 10-K, pp. 33-43.
102-9	Supply chain	Supply chain is described at 10-K, pp. 11-12. The monetary value of payments to suppliers as a component cost of goods sold, 10-K, pp. 32-33 along with other factors, including warranty costs.
102-10	Significant changes to the organization and its supply chain	Changes to the organization are described at 10-K, pp. 23-24, 28-31. While the Company has a broad supply chain and, as a result, has limited visibility into impacts for its suppliers, we are not aware of changes to the supply chain that would have significant economic, social or environmental impacts.
102-11	Precautionary principle or approach	The Company does not explicitly employ the precautionary approach as a matter of broad policy, but may employ such an approach in relation to specific risks.
102-13	Membership of associations	The Company is a member of the Truck and Engine Manufacturers Association, the National Association of Manufacturers, the Ohio Manufacturers Association, the Illinois Manufacturers Association, the Lisle, Ill., Chamber of Commerce, the Naperville, Ill., Chamber of Commerce, the Tulsa, Okla., Chamber of Commerce, and the Springfield, Ill., Chamber of Commerce.
102-14	Statement from senior decision maker	Sustainability Report at p. 3.
102-15	Key impacts, risks, and opportunities	10-K at pp. 15-23, 29-31.
102-16	Values, principles, standards and norms of behavior	10-K at pp. 5-7; Sustainability Report at p. 3.
102-17	Mechanisms for advice and concerns about ethics	The Company Code of Conduct and other resources are available to employees. In addition, a hotline and email addresses are available to bring ethics concerns to the attention of appropriate Company personnel and the Audit Committee of the Board. Guidance on ethics concerns is also available from the Law Department, Human Resources and the Internal Audit and Compliance Department.
102-18	Governance structure	See NIC Proxy Statement. The Audit Committee of the Board of Directors has jurisdiction over environmental issues.



102-40 List of stakeholder groups engaged by the organization			
Stakeholder	Approaches to Engagement	Key Issues	How Issues Have Been Addressed
Communities	<ul style="list-style-type: none"> ▪ Direct engagement and dialogue with community members, government officials and NGOs ▪ Encouraging employee and executive engagement with communities 	<ul style="list-style-type: none"> ▪ Jobs ▪ Opportunities for local businesses ▪ Opportunities for local not-for-profits ▪ Environmental impacts 	<ul style="list-style-type: none"> ▪ Providing appropriate employment and supplier opportunities ▪ Working with local and state government officials to assure alignment of needs ▪ Encouraging employee volunteerism and community involvement ▪ Providing philanthropic support to organizations that align with Navistar's strategic priorities, including education ▪ Making contributions and grants to community nonprofit organizations ▪ Implementing energy and environmental improvements in company operations, products and services
Dealers	<ul style="list-style-type: none"> ▪ Dealer Advisory Boards ▪ Direct dealer contacts through company's Dealer Operations unit ▪ Direct dealer contacts through company's sales and marketing professionals, parts professionals and service professionals 	<ul style="list-style-type: none"> ▪ Product availability ▪ New truck, used truck and parts sales intensity ▪ Saleability of products, parts and service ▪ Post-sales uptime support ▪ Order-to-delivery effectiveness 	<ul style="list-style-type: none"> ▪ Recruitment of new dealers in emerging markets ▪ Establishment of company standards for training and service availability ▪ Issuance of Service Level Authorizations permitting dealer performance of warranty service ▪ Training for dealer personnel ▪ Holistic and automated Dealer Score and Dealer Performance Dashboard ▪ Issuance of awards and financial incentives for outstanding dealer performance, as well as difficult discussions for underperforming dealers ▪ Sharing of customer survey data to provide insights into market trends



102-40 List of stakeholder groups engaged by the organization (continued)			
Stakeholder	Approaches to Engagement	Key Issues	How Issues Have Been Addressed
New Customers	<ul style="list-style-type: none"> ▪ Ongoing customer research ▪ Customer Advisory Boards for truck market segments ▪ Direct company interaction with customers by sales people or senior executives ▪ Branding and advertising ▪ Marketing communications ▪ Active social media engagements ▪ Quality improvement actions and communication of these activities ▪ Increased activity at industry events and organizations. 	<ul style="list-style-type: none"> ▪ Cost competitiveness ▪ Perceived reliability ▪ Fuel economy ▪ Driver issues ▪ Competitive segment issues ▪ Government incentives ▪ Regulation (fuel economy, emissions, driver hours, etc.) ▪ Product innovation ▪ Return on Investment/ Residual Value ▪ Warranty coverage period 	<ul style="list-style-type: none"> ▪ Understanding product satisfaction and purchase consideration drivers by customer type and by business, and closing gaps ▪ Developing and communicating targeted action plans based on customer feedback and purchase criteria ▪ Focusing business strategy on innovation and ongoing productivity improvements ▪ Identifying and implementing energy-saving, driver satisfaction and operating cost reduction opportunities for customers ▪ Providing operating cost information on new technologies to facilitate better-informed decisions
Shareholders & Providers of Capital	<ul style="list-style-type: none"> ▪ Shareholder communications ▪ Board communications 	<ul style="list-style-type: none"> ▪ Monitoring investors' changing expectations ▪ Demonstrating performance that meets socially responsible investor expectations, while also meeting Company's strategic goals 	<ul style="list-style-type: none"> ▪ Regular communications with investors and analysts through quarterly earnings releases, conference calls, participation in industry financial conferences, investor/analyst day events, and SEC documents (8-Ks, 10-Qs and 10-Ks) ▪ Active marketing and face-to-face meetings with shareholders, through conference participation, non-deal roadshows (NDRs), hosting shareholder visits and plant tours ▪ Assuring that senior management is accessible to all stakeholders and providing full access to obtain their thoughts and perspectives ▪ Providing investor feedback to the Board of Directors throughout the year

102-40 List of stakeholder groups engaged by the organization (continued)			
Stakeholder	Approaches to Engagement	Key Issues	How Issues Have Been Addressed
Suppliers	<ul style="list-style-type: none"> ▪ Supplier selection process ▪ Supplier segment framework ▪ Comprehensive supply agreements ▪ Regular purchase orders ▪ Master service agreements ▪ Operational communications and data sharing 	<ul style="list-style-type: none"> ▪ Assuring supplier performance meets Navistar expectations ▪ Communicating production requirements ▪ Assuring competitiveness ▪ Supplier relationship management ▪ Maintaining supplier relationships ▪ Keeping abreast of developing supplier technology, including energy and emissions improvement opportunities ▪ Aligning Navistar global growth with suppliers ▪ Managing raw materials costs and exposure ▪ Managing for sustainability ▪ Assuring Navistar's ability to source parts in the event of changes in suppliers' financial viability and industry crisis ▪ Assuring suppliers regarding Navistar's own financial performance 	<ul style="list-style-type: none"> ▪ Posting requirements to do business on Company website; supplier scorecard utilized to communicate supplier performance to expectations ▪ Using EDI and supplier capacity questionnaires for capacity assessments ▪ Following industry benchmarking and cost modeling, followed by supplier meetings with purchasing supply managers ▪ Holding regularly scheduled executive face-to-face meetings with select suppliers ▪ Holding supplier technology fairs and other meetings between supplier and Navistar engineering teams ▪ Sharing global growth strategies by region with key suppliers; conducting joint reviews of manufacturing footprint (present and future) ▪ Collaborating with suppliers on market forecasts, hedging strategies and joint brokerage ▪ Conducting supplier diversity program; working with suppliers to address materials handling and disposal requirements ▪ Working with suppliers to share financial updates and develop contingency plans ▪ Refining supplier portal to improve two-way communication ▪ Diamond Supplier Awards to help drive supplier performance

102-40 List of stakeholder groups engaged by the organization (continued)			
Stakeholder	Approaches to Engagement	Key Issues	How Issues Have Been Addressed
Employees, Other Workers and Their Trade Unions	<ul style="list-style-type: none"> ▪ Communications and information sharing ▪ Training ▪ Performance management 	<ul style="list-style-type: none"> ▪ Meeting Company performance goals ▪ Assuring development of employee skill sets needed for business requirements and personal development ▪ Assuring employee support for company sustainability focus 	<ul style="list-style-type: none"> ▪ Communicating Company strategy to employees through internal communications, executive presentations, team and business unit meetings, and public recognition ▪ Development and communication of policies to encourage a progressive, diverse and inclusive work environment ▪ Use of company's Total Performance Management system to identify and meet employee developmental needs, both short- and long-term ▪ Provision of competitive compensation and benefit programs ▪ Use of employee surveys to track employee engagement and identify specific needs ▪ Establishment of proactive employee safety programs ▪ Establishment of internal Employee Resource Groups, based on employee needs

GRI DISCLOSURES		CONTENT
102-41	Collective bargaining agreements	44 percent of employees are union employees covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	In compiling this report, a review of stakeholders with whom the Company has engaged during the reporting period is developed. The stakeholders include those who may have been engaged for any purpose, as discussed under the "Key Issues" section of 102-40.
102-43	Approach to stakeholder engagement	The method of stakeholder engagement depends on the stakeholder group. For example, governmental entities are engaged regularly as a part of routine business for regulatory and other purposes. For a more detailed list of methods by which each stakeholder group is engaged, please see the "Approaches to Engagement" section of 102-40.
102-44	Key topics and concerns raised	Please see "Key Issues" section of 102-40.

GRI DISCLOSURES		CONTENT
102-45	Entities included in the consolidated financial statements	10-K at pp. 69-70.
102-46	Defining report content and topic boundaries	This report addresses the material economic, environmental, and social impacts of the organization, within the context of the boundary of the report as described in 102-45.
102-48	Restatements of information	During calendar year 2016 we sold plants in Canoas, Brazil, Huntsville, Alabama, and Indianapolis, Indiana. Data from those plants is included to the extent they were operated in calendar year 2016. The greenhouse gas inventory was adjusted in 2015 and again in 2016 due to the sale of the Waukesha foundry and the Indianapolis foundry, respectively. Per our GHG Protocol these sites' emissions were significant and required removal from the baseline 2008 and subsequent years as is presented in this report.
102-49	Changes in reporting	There were no significant changes from previous reporting periods in the list of material topics and topic boundaries.
102-50	Reporting period	For environmental data, this report includes data from the 2016 calendar year. For other aspects of this report, including all references to 10-K in this index, the fiscal year 2016 is the appropriate period.
102-51	Date of most recent report	The previous Sustainability Report was issued in calendar year 2016 for the 2015 fiscal year.
102-52	Reporting cycle	Annual
205-2	Communication and training about anti-corruption policies and procedures	Our Vice President of Internal Audit and Chief Compliance Officer is committed to creating an ethical environment. Anti-corruption training is therefore incorporated within our standard training on the company Code of Conduct. All salaried employees are required to complete e-learning relating to our Code of Conduct on an annual basis. In addition, all U.S.-based production employees receive in-person Code of Conduct training. During 2016, 4,781 salaried employees and 3,617 production employees received Anti-Corruption training, either in person or via e-learning, for a total of 8,398 employees who received the training during the year.
302-1	Energy consumption within the organization	Pp. 8-9 and 17, Navistar Sustainability Report 2016, and Tables in this report: GRI 302-1: Total, Direct, and Indirect Energy Consumption
302-2	Energy consumption outside of the organization	N/A. The Company currently does not compile information on energy consumption outside of the organization, commonly referred to as Scope 3 sources and emissions.
302-3	Energy intensity	Navistar tracks electric consumption load ratios (consumption loads during nights and weekends versus production period) at its North America manufacturing facilities. Navistar's major energy consumption facilities in the United States participate in USDOE Better Plants Program and track and report their energy consumption intensity reductions on an annual basis.



GRI DISCLOSURES		CONTENT
302-4	Reduction of energy consumption	Pp. 8-9, and 17, Navistar Sustainability Report 2016, and Tables GRI 302-1 in this report.
302-5	Reductions in energy requirements of products and services	Pp. 8-9, and 17, Navistar Sustainability Report 2016
303-1	Water withdrawal by source	P. 15, Navistar Sustainability Report 2016
303-2	Water sources significantly affected by withdrawal of water	All significant corporate water uses rely on municipally supplied water sources.
303-3	Water recycled and reused	Navistar's Escobedo, Mexico Assembly Plant is a zero wastewater discharge facility. All wastewater generated at this facility is treated for reuse. Some other Navistar facilities have modified their once-through cooling water systems to re-circulation systems.
305-1	Direct (Scope 1) GHG Emissions	P. 15, Navistar Sustainability Report 2016
305-2	Energy indirect (Scope 2) GHG emissions	P. 15, Navistar Sustainability Report 2016
305-5	Reduction of GHG emissions	Navistar realized a 21.7% reduction in absolute GHG emissions in 2016 over the previous year.
305-6	Emissions of ozone-depleting substances (ODS)	The company currently does not compile information on the amount of ODS it produces or uses in its processes, products and services.
306-2	Waste by type and disposal method	Pp. 9-10, 16, Navistar Sustainability Report 2016, Table GRI 306-2
306-3	Significant spills	The Company had no significant spills during 2016.
306-4	Transport of hazardous waste	Pp. 9-10, 16, Navistar Sustainability Report 2016, Table GRI 306-2, hazardous waste.
306-5	Water bodies affected by water discharges and/or runoff	Melrose Park, IL : Stormwater runoff and sanitary wastewater; Stormwater runoff; Storm sewer tributary to Silver Creek. Sanitary wastewater: Metropolitan Water Reclamation District of Greater Chicago Springfield, OH: Moore Run Tulsa, OK: Mingo Creek Huntsville, AL: Bradford Creek Cherokee, AL: Whitley Branch
307-1	Non-compliance with environmental laws and regulations	In calendar year 2016, Navistar operations received 4 notices of violations and self-reported 8 deviations related to environmental issues. All were resolved without further enforcement.
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Pp. 11, 15, Navistar Sustainability Report 2016. Statistics are reported using U.S. OSHA definitions. In 2016, the OSHA recordable injury/illness rate for Navistar was 2.22, and the lost time case rate was 0.48. There were no occupational diseases in 2016. Other occupational diseases, defined as any non-acute condition such as muscle strain or skin conditions, are included in the injury data. There were no workplace-related fatalities in 2016.



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THE 2016 SUSTAINABILITY REPORT WAS DESIGNED
INTERNALLY BY THE CSO GRAPHICS TEAM.

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