The following pages contain the detailed scoring for your company based on public information.

The following table represents a summary of your scores:

<table>
<thead>
<tr>
<th>Topic</th>
<th>Number of questions</th>
<th>% score based on public information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership, Governance and Organisation</td>
<td>10</td>
<td>30%</td>
</tr>
<tr>
<td>Risk Management</td>
<td>5</td>
<td>10%</td>
</tr>
<tr>
<td>Company Policy and Codes</td>
<td>12</td>
<td>62.5%</td>
</tr>
<tr>
<td>Training</td>
<td>5</td>
<td>0%</td>
</tr>
<tr>
<td>Personnel and Helplines</td>
<td>7</td>
<td>50%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>39</strong></td>
<td><strong>37.2%</strong></td>
</tr>
</tbody>
</table>

TI has found no evidence that the company is involved in offsets and has therefore removed the two relevant questions (A13a and A13b).
A1:
Does the company publish a statement from the Chief Executive Officer or the Chair of the Board supporting the ethics and anti-corruption agenda of the company?

Score: 

1

Comments:
Based on public information, there is evidence that the company has published a statement from the Chief Executive Officer supporting the ethics and anti-corruption agenda of the company. The statement is contained within the Code of Conduct and it discusses ethical behaviour. The company therefore scores 1. To score higher the company would need to provide evidence of at least two other such statements from the last two years, or one statement that specifically supports the company’s strong stance against corruption.

References:
Public:
Code of Conduct, p.1:
‘What does it mean to act “ethically”? At Navistar, it means our behaviors reflect and demonstrate our values. It means we act with integrity, respect for people, and in relentless pursuit of quality. These values form the foundation of everything we do; they are embedded in every one of our products and all of our communications. Ethical business practices result in high quality products, happy customers, and prosperous shareholders. You hold Navistar’s guide to ethical business practices in your hands: our Navistar Code of Conduct. The Code of Conduct applies to all Navistar employees wherever located and provides a set of common guidelines we can all use to ensure we understand what it means to be ethical employees. It is designed to be a resource; there to assist each of us in determining how to always do the right thing. Doing the right thing includes raising your hand when you see something is not right, acknowledging mistakes and addressing them quickly, and not making assumptions. These three ethical themes help prevent the kind of irreparable damage to Navistar’s credibility, brands, and reputation in the marketplace that can result from ethical lapses.
Please read and ensure you understand our Navistar Code of Conduct. By doing so, we demonstrate our commitment to both our values and to using ethical business practices in all that we do.
Together we make Navistar a company we can all be proud to be a part of.
Troy Clarke Chief Executive Officer

A2:
Does the company’s Chief Executive Officer or the Chair of the Board demonstrate a strong personal, external facing commitment to the ethics and anti-corruption agenda of the company?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the Chief Executive Officer or the Chair of the Board demonstrate a strong personal, external facing commitment to the ethics and anti-corruption agenda of the company.

References:
Public:
NA
A3:
Does the company’s Chief Executive Officer demonstrate a strong personal, internal-facing commitment to the ethics and anti-corruption agenda of the company, actively promoting the ethics and anti-corruption agenda at all levels of the company structure?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company’s Chief Executive Officer demonstrates a strong personal, internal-facing commitment to the ethics and anti-corruption agenda of the company, actively promoting the ethics and anti-corruption agenda at all levels of the company structure.

References:
Public:
NA
A4:

Does the company publish a statement of values or principles representing high standards of business conduct, including honesty, trust, transparency, openness, integrity and accountability?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company has published a statement of values representing high standards of business conduct. TI notes that the company highlights integrity as a behaviour to be followed by employees, but there is limited explanation of what is meant by this and what it means for the company.

References:

Public:

TI notes:

Code of Conduct, p.1:

‘What does it mean to act “ethically”? At Navistar, it means our behaviors reflect and demonstrate our values. It means we act with integrity, respect for people, and in relentless pursuit of quality. These values form the foundation of everything we do; they are embedded in every one of our products and all of our communications. Ethical business practices result in high quality products, happy customers, and prosperous shareholders. You hold Navistar’s guide to ethical business practices in your hands: our Navistar Code of Conduct. The Code of Conduct applies to all Navistar employees wherever located and provides a set of common guidelines we can all use to ensure we understand what it means to be ethical employees. It is designed to be a resource; there to assist each of us in determining how to always do the right thing. Doing the right thing includes raising your hand when you see something is not right, acknowledging mistakes and addressing them quickly, and not making assumptions. These three ethical themes help prevent the kind of irreparable damage to Navistar’s credibility, brands, and reputation in the marketplace that can result from ethical lapses. Please read and ensure you understand our Navistar Code of Conduct. By doing so, we demonstrate our commitment to both our values and to using ethical business practices in all that we do. Together we make Navistar a company we can all be proud to be a part of.

Troy Clarke Chief Executive Officer’

NAVISTAR 23/06/14
HTTP://WWW.NAVISTAR.COM/NAVISTAR/
A5:
Does the company belong to one or more national or international initiatives that promote anti-corruption or business ethics with a significant focus on anti-corruption?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company belongs to one or more national or international initiatives that promote anti-corruption or business ethics with a significant focus on anti-corruption.

References:
Public:
NA
A6:

Has the company appointed a Board committee or individual Board member with overall corporate responsibility for its ethics and anti-corruption agenda?

Score:

2

Comments:

Based on public information, the company has appointed the Audit Committee with overall corporate responsibility for its ethics and anti-corruption agenda. The Committee’s responsibilities include reviewing the company’s compliance with the Code of Conduct and any matters raised by the Corporate Compliance Officer.

References:

Public:

Code of Conduct, p.2:

‘The Navistar Board of Directors has ultimate authority over the Code of Conduct.’

Audit Committee Charter (2014), p.1:

‘The Audit Committee (the "Committee") is appointed by the Board of Directors (the "Board" and each such director thereof a "Director") of Navistar International Corporation (the "Corporation") to assist the Board in fulfilling its responsibility for oversight of (i) the integrity of the financial statements of the Corporation, (ii) the Corporation's compliance with legal and regulatory requirements, (iii) the independence and qualifications of the Corporation's independent auditor, (iv) the performance of the Corporation's internal audit function and independent auditor and (v) for other such duties as directed by the Board.’

(p.3): ‘15. Provide guidance and oversight to the corporate compliance activities of the Corporation including

(i) approve the charter of the corporate compliance function, (ii) approve the appointment, removal and evaluation of the Corporate Compliance Officer and (iii) receive communications directly from the Corporate Compliance Officer on the results of compliance activities or other matters that he or she determines necessary, including periodic private meetings with the Corporate Compliance Officer without management present;’
16. Review the Board's and the Corporation's compliance with the Corporation's Code of Conduct and review and approve any waivers under such code so required by the Commit
http://files.shareholder.com/downloads/NAV/3333913283x0x60913/738c8d34-5dfd-41de-bb50-5cadd496ccbc/NAV_WebDoc_808.pdf
A7:

Has the company appointed a person at a senior level within the company to have responsibility for implementing the company’s ethics and anti-corruption agenda, and who has a direct reporting line to the Board?

Score:

2

Comments:

Based on public information, there is evidence that the company has appointed a person at a senior level within the company to have responsibility for implementing the company’s ethics and anti-corruption agenda. Steven Covey, General Counsel, holds the position of Chief Ethics Officer.

References:

Public:
Company Website: Our Company – Leadership Team:
‘Senior Vice President, General Counsel & Chief Ethics Officer
Steven K. Covey serves as senior vice president, general counsel and chief ethics officer of Navistar International Corporation and its principal subsidiary, Navistar, Inc. Covey was elected general counsel in 2004 and chief ethics officer in 2008. Prior to these positions, Covey served as deputy general counsel of Navistar, Inc. from April 2004 to September 2004 and as vice president and general counsel of Navistar Financial Corporation from 2000 to 2004. Covey also served as corporate secretary for Navistar International Corporation from 1990 to 2000 and associate general counsel of Navistar, Inc. from 1992 to 2000. He joined the company in 1981. Prior to joining Navistar, Covey was in private practice with the Chicago law firm of Reese and Covey.’
http://www.navistar.com/navistar/investors/corporategovernance/management
A8:
Is there regular Board level monitoring and review of the performance of the company’s ethics and anti-corruption agenda?

Score:

1

Comments:
Based on public information, there is evidence that the Audit Committee reviews the Board’s and the company’s compliance with the Code of Conduct, and any waivers that are approved. The company therefore scores 1. To score higher the company would need to provide evidence of a major, heavyweight, periodic review, of the entire ethics and anti-corruption agenda.

References:

Public:
Nominating and Governance Committee Charter (2014), p.2:
‘10. Monitor compliance with the Corporate Governance Guidelines and recommend amendments to the Board as appropriate;’
http://files.shareholder.com/downloads/NAV/3333913283x0x60910/9a4e91de-a622-4224-b250-a95123df31aa/Corp_Gov_Guidelines.pdf

Audit Committee Charter (2014), p.3:
15. Provide guidance and oversight to the corporate compliance activities of the Corporation including
(i) approve the charter of the corporate compliance function, (ii) approve the appointment, removal and evaluation of the Corporate Compliance Officer and (iii) receive communications directly from the Corporate Compliance Officer on the results of compliance activities or other matters that he or she determines necessary, including periodic private meetings with the Corporate Compliance Officer without management present;
16. Review the Board's and the Corporation's compliance with the Corporation's Code of Conduct and review and approve any waivers under such code so required by the Committee; ‘
Code of Conduct p.4:
‘Navistar’s Board of Directors has overall authority to guide and oversee the management of the Company, including oversight of the Code of Conduct.’
A8(a):
Is there a formal, clear, written plan in place on which the review of the ethics and anti-corruption agenda by the Board or senior management is based, and evidence of improvement plans being implemented when issues are identified?

Score:
0

Comments:
Based on public information, there is no readily available evidence of a formal, written plan that guides Board or senior management review, or evidence of the implementation of improvement plans.

References:
Public:
NA
A9:
Does the company have a formal process for review and where appropriate update its policies and practices in response to actual or alleged instances of corruption?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company has a formal process for review and where appropriate updates its policies and practices in response to actual or alleged instances of corruption.

References:
Public:
NA
A9(a):

Does the company have a formal anti-corruption risk assessment procedure implemented enterprise-wide?

Score:

1

Comments:

Based on public information, there is some evidence that the company has a formal anti-corruption risk assessment procedure implemented enterprise-wide. It appears to be conducted through the Enterprise Risk Management process. However, there is no readily available evidence of mitigation plans, their ownership or implementation timescales. The company therefore scores 1. To score higher the company would need to provide further evidence that anti-corruption specifically forms part of the company’s risk assessment procedure, and that this procedure is clearly implemented enterprise-wide.

References:

Public:
Audit Committee Charter (2014), pp.3-4:
‘21. Discuss policies and guidelines with respect to risk assessment and risk management. The Committee shall discuss the Corporation’s major financial risk exposure and the steps management has taken to monitor and control such exposure. The responsibility for risk assessment and management may be delegated to other committees of the Board, but the Committee must maintain responsibility for discussing guidelines and policies to govern the process by which risk assessment and management is undertaken. The Committee shall oversee and discuss any risks related to the Corporation’s financial statement compliance and control environment;

22. Discuss with management the status of legal and regulatory matters, taxation matters and other areas of oversight related to legal and compliance matters as may be appropriate;’

Corporate Governance Guidelines (2014), p.3:
‘9. RISK MANAGEMENT.
The Board provides oversight of the major risks facing the Corporation, and may delegate risk oversight responsibility to one or more Committees of the Board.’
Company Annual Report (2013), p.15:

‘Item 1A. Risk Factors

Our financial condition, results of operations, and cash flows are subject to various risks, many of which are not exclusively within our control, which may cause actual performance to differ materially from historical or projected future performance.

We have in place an Enterprise Risk Management ("ERM") process that involves systematic risk identification and mitigation covering the categories of Strategic, Financial, Operational, and Compliance risk. The goal of ERM is not to eliminate all risk, but rather to identify, assess and rank risks; assign, mitigate and monitor risks; and report the status of our risks to the Management Risk Committee and the Board of Directors and its committees. The risks described below could materially and adversely affect our business, financial condition, results of operations, or cash flows. These risks are not the only risks that we face and our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations.’

...We must comply with numerous miscellaneous federal national security laws, procurement regulations, and procedures, as well as the rules and regulations of foreign jurisdictions, and our failure to comply could adversely affect our business.

We must observe laws and regulations relating to the formation, administration and performance of federal government contracts that affect how we do business with our clients and impose added costs on our business. For example, the Federal Acquisition Regulations, Defense Federal Acquisition Regulation Supplement, foreign government procurement regulations and the industrial security regulations of the Department of Defense and related laws include provisions that:

- allow our government clients to terminate or not renew our contracts if we come under foreign ownership, control or influence;
- allow our government clients to terminate existing contracts for the convenience of the government;
- require us to prevent unauthorized access to classified information; and
- require us to comply with laws and regulations intended to promote various social or economic goals.

We are subject to industrial security regulations of the U.S. Departments of State, Commerce and Defense and other federal agencies that are designed to safeguard against foreigners’ access to classified or restricted information. Similarly, our international operations are subject to the rules and regulations of foreign jurisdictions. If we were to come under foreign ownership, control or influence, we could lose our facility security clearances, which could result in our federal government customers terminating or deciding not to renew our contracts and could impair our ability to obtain new contracts.

A failure to comply with applicable laws, regulations, policies or procedures, including federal regulations regarding the procurement of goods and services and protection of classified information, could result in contract termination, loss of security clearances, suspension or debarment from contracting with the federal government, civil fines and damages and criminal prosecution and penalties, any of which could adversely affect our
business.’

A10:
Does the company have a formal anti-corruption risk assessment procedure for assessing proposed business decisions, with clear requirements on the circumstances under which such a procedure should be applied?

Score: 0

Comments:
Based on public information, there is no readily available evidence that the company has a formal anti-corruption risk assessment procedure for assessing proposed business decisions.

References:
Public:
NA
A11:
Does the company conduct due diligence that minimises corruption risk when selecting or reappointing its agents?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company conducts due diligence that minimises corruption risk when selecting or reappointing its agents.

References:
Public:
TI notes:
Code of Conduct p.17:
In the course of business, it is common for Navistar representatives to interact with local and federal government officials. Navistar employees and representatives must comply with all applicable anti-bribery laws including, but not limited to, the United States Foreign Corrupt Practices Act, as well as laws in other countries influenced by the Organization for Economic Co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. All Navistar employees, as well as any party working on Navistar’s behalf, must never offer, promise to make or make payment or provide anything else of value directly or indirectly to government officials for the purpose of influencing the placement of contracts, obtaining a business advantage, securing political or business concessions or inducing a government employee to perform a routine duty or service.’
A12:
Does the company have contractual rights and processes for the behaviour, monitoring, control, and audit of agents with respect to countering corruption?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company has contractual rights and processes for the behaviour, monitoring, control, and audit of agents with respect to countering corruption. TI notes that the company expects representatives to abide by national laws and to not offer bribes to government officials. However, there is no evidence of formal procedures or contractual rights to ensure that these standards are met.

References:
Public:
TI notes:
Code of Conduct p.17:
‘Foreign Corrupt Practices Act, Anti-Corruption and Use of Foreign Dealers/Agents:
In the course of business, it is common for Navistar representatives to interact with local and federal government officials. Navistar employees and representatives must comply with all applicable anti-bribery laws including, but not limited to, the United States Foreign Corrupt Practices Act, as well as laws in other countries influenced by the Organization for Economic Co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. All Navistar employees, as well as any party working on Navistar’s behalf, must never offer, promise to make or make payment or provide anything else of value directly or indirectly to government officials for the purpose of influencing the placement of contracts, obtaining a business advantage, securing political or business concessions or inducing a government employee to perform a routine duty or service.’
A13:

Does the company make clear to contractors, sub-contractors, and suppliers, through policy and contractual terms, its stance on bribery and corruption and the consequences of breaches to this stance?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company makes clear to contractors, sub-contractors, and suppliers, through policy and contractual terms, its stance on bribery and corruption and the consequences of breaches to this stance.

References:

Public:
NA
A13(a):
Does the company explicitly address the corruption risks associated with offset contracting?

Score:

NA

Comments:
Based on public information, there is no readily available evidence that the company engages in offset contracting.

References:
NA
A13(b):
Does the company conduct due diligence that minimises corruption risk when selecting its offset partners and offset brokers?

Score:

NA

Comments:
Based on public information, there is no readily available evidence that the company engages in offset contracting.

References:

NA
A15:
Does the company have an anti-corruption policy that prohibits corruption in its various forms?

Score:
1

Comments:
Based on public information, there is evidence that the company has an anti-corruption policy that prohibits corruption, including improper gifts and payments. The company therefore scores 1. To score higher the company would need to provide evidence that it prohibits kickbacks.

References:
Public:
Code of Conduct, p.17:
‘Foreign Corrupt Practices Act, Anti-Corruption and Use of Foreign Dealers/Agents:
In the course of business, it is common for Navistar representatives to interact with local and federal government officials. Navistar employees and representatives must comply with all applicable anti-bribery laws including, but not limited to, the United States Foreign Corrupt Practices Act, as well as laws in other countries influenced by the Organization for Economic Co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. All Navistar employees, as well as any party working on Navistar’s behalf, must never offer, promise to make or make payment or provide anything else of value directly or indirectly to government officials for the purpose of influencing the placement of contracts, obtaining a business advantage, securing political or business concessions or inducing a government employee to perform a routine duty or service.’

Code of Conduct, p.18:
‘Government Laws and Regulations:
In order to avoid potential penalties and preserve Navistar’s reputation, it is important that we conduct our business in compliance with all applicable laws and regulations in all of the countries in which we operate. We must be diligent to remain apprised of all applicable government laws and regulations in our areas of operation. We establish and maintain programs to ensure full compliance with government laws and regulations. In the rare event
that Navistar standards conflict with local laws and regulations, employees must consult with Navistar’s Law Department for guidance.

Money Laundering Prevention:
Money laundering is the process used to move cash or other funds generated from illegal activities to conceal the initial source of the funds. Navistar faces the risk of damage to its reputation, fines and other penalties, if it knowingly or unknowingly transacts business with entities attempting to launder money. To help prevent money laundering, employees must be familiar with red flags that may indicate the occurrence of money laundering, perform appropriate follow-up when a red flag is identified and notify the Law Department when further investigation points to suspicious activity.’

Code of Conduct, p.1:
‘It means we act with integrity, respect for people, and in relentless pursuit of quality. These values form the foundation of everything we do; they are embedded in every one of our products and all of our communications.’

‘Doing the right thing includes raising your hand when you see something is not right, acknowledging mistakes and addressing them quickly, and not making assumptions. These three ethical themes help prevent the kind of irreparable damage to Navistar’s credibility, brands, and reputation in the marketplace that can result from ethical lapses. Please read and ensure you understand our Navistar Code of Conduct. By doing so, we demonstrate our commitment to both our values and to using ethical business practices in all that we do.’

Code of Conduct, p.7:
‘Gifts and Entertainment:
During the course of conducting business, it is common for Navistar employees to exchange gifts and entertainment with our customers and business partners. The purchase and receipt of gifts and entertainment is permitted provided that certain guidelines are followed. Any gifts given or received must be of nominal value, typically defined as $100 or less in cumulative value, and cash may never be given or received. We may not accept excessive or inappropriate meals or entertainment. In addition, gifts or entertainment must not be given or received if the intent is to directly influence business decisions. We must never offer or make payment or provide anything else of value directly or indirectly to government officials for the purpose of influencing the placement of contracts, obtaining a business advantage or securing political or business concessions.’
A16:
Is the anti-corruption policy explicitly one of zero tolerance?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company’s anti-corruption policy is explicitly one of zero-tolerance.

References:
Public: NA
A17:
Is the company's anti-corruption policy easily accessible to Board members, employees, contracted staff and any other organisations acting with or on behalf of the company?

Score:

1

Comments:

Based on public information, there is evidence that the company’s Code of Conduct is easily accessible to Board members, employees and third parties. The Code is available online in English, but evidence suggests that the company operates in numerous locations worldwide. The company therefore scores 1.

References:

Public:
Code of Conduct, p.1:
‘The Code of Conduct applies to all Navistar employees wherever located and provides a set of common guidelines we can all use to ensure we understand what it means to be ethical employees. It is designed to be a resource; there to assist each of us in determining how to always do the right thing.’

‘Please read and ensure you understand our Navistar Code of Conduct. By doing so, we demonstrate our commitment to both our values and to using ethical business practices in all that we do. Together we make Navistar a company we can all be proud to be a part of.’

(p.2): ‘The Navistar Code of Conduct provides general principles to guide our behavior and reinforce our expectation that all employees act in an ethical manner at all times. The Code of Conduct is supplemented by Corporate Policies, which provide more detailed requirements for employee compliance. The Code of Conduct and Corporate Policies apply to all employees. The term “employee” signifies all Navistar directors, executive officers and employees, unless otherwise specified. The Code of Conduct and Corporate Policies apply to all U.S. operations, foreign operations and subsidiaries.’

‘Our Code of Conduct provides clear guidelines for business behavior expected at Navistar. However, our Code of Conduct does not list every “do” and “don’t.” We expect our employees to read and understand the Code of Conduct and underlying policies. We also expect our employees to use common sense and our consciences, and to commit to 100
percent compliance with the law in applying the Code of Conduct to particular situations. If an employee has questions or needs further clarification about any aspect of the Code of Conduct or Corporate Policies, they should contact their immediate supervisor or the contacts specified in the respective policies. Questions, concerns or possible violations may also be directed to Navistar’s Business Abuse and Compliance Hotline at 1-877-DIALIT (1-877-734-2548), or via the internet at tnwinc.com/webreport/default.asp.’

Navistar Global Portfolio:
http://www.navistar.com/navistar/globalportfolio
A17(a):
Is the company’s anti-corruption policy easily understandable and clear to Board members, employees and third parties?

Score:
2

Comments:
Based on public information, there is evidence that the Code of Conduct is easily understandable and clear to Board members, employees and third parties. It is written in comprehensible language and does not contain dense, legal terms.

References:
Public:
Code of Conduct, p.1:
‘The Code of Conduct applies to all Navistar employees wherever located and provides a set of common guidelines we can all use to ensure we understand what it means to be ethical employees. It is designed to be a resource; there to assist each of us in determining how to always do the right thing.’

‘Please read and ensure you understand our Navistar Code of Conduct. By doing so, we demonstrate our commitment to both our values and to using ethical business practices in all that we do. Together we make Navistar a company we can all be proud to be a part of.’

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‘Our Code of Conduct provides clear guidelines for business behavior expected at Navistar. However, our Code of Conduct does not list every “do” and “don’t.” We expect our employees to read and understand the Code of Conduct and underlying policies. We also expect our employees to use common sense and our consciences, and to commit to 100 percent compliance with the law in applying the Code of Conduct to particular situations. If
an employee has questions or needs further clarification about any aspect of the Code of Conduct or Corporate Policies, they should contact their immediate supervisor or the contacts specified in the respective policies. Questions, concerns or possible violations may also be directed to Navistar’s Business Abuse and Compliance Hotline at 1-877-DIALIT (1-877-734-2548), or via the internet at tnwinc.com/webreport/default.asp.’
A18:

Does the anti-corruption policy explicitly apply to all employees and members of the Board?

Score:

2

Comments:

Based on public information, there is evidence that the Code of Conduct applies to all employees and Board members.

References:

Public:

Code of Conduct, p.2:

‘The Code of Conduct and Corporate Policies apply to all employees. The term “employee” signifies all Navistar directors, executive officers and employees, unless otherwise specified. The Code of Conduct and Corporate Policies apply to all U.S. operations, foreign operations and subsidiaries.’

(p.4): ‘The Board, the Executive Officers, and all employees granted authority by the Board and Executive Officers are expected to act in the best interest of Navistar’s stakeholders at all times. Employees granted authority must accept the responsibility with integrity, observe Navistar standards and policies and must not misuse the authority in any way. All employees are expected to create and maintain a culture of compliance and prevent, detect and respond to compliance issues in a fair, ethical and timely manner.’
A20:
Does the company have a policy on potential conflicts of interest, and does it apply to both employees and board members?

Score:
2

Comments:
Based on public information, there is evidence that the company has a clear policy on conflicts of interest that applies to all employees and Board members. It contains a definition of a conflict of interest and several examples.

References:
Public:
Code of conduct, p.4:
‘Conflicts of Interest:
While working for Navistar, we may encounter situations in which our private interests interfere with our professional obligations. We must be diligent to avoid activities and personal interests that may create or appear to create a conflict of interest when conducting business for the Company.
Actions that may lead to a conflict of interest include, but are not limited to, the following:
- Giving or receiving lavish or inappropriate gifts and/or entertainment
- Taking a business or financial interest in an external entity that seeks to do business with Navistar
- Divulging corporate opportunities and/or other confidential information to external parties
- Employing persons in your sphere of influence with whom you have a close personal relationship
We must use common sense and our consciences, and a commitment to 100 percent compliance with Company policies and all applicable laws and regulations when assessing individual situations. Ultimately, it is our responsibility to avoid any situation that creates or appear to create a conflict of interest.’

‘The Board, the Executive Officers, and all employees granted authority by the Board and Executive Officers are expected to act in the best interest of Navistar’s stakeholders at all times. Employees granted authority must accept the responsibility with integrity, observe
Navistar standards and policies and must not misuse the authority in any way. All employees are expected to create and maintain a culture of compliance and prevent, detect and respond to compliance issues in a fair, ethical and timely manner.’
A21:
Does the company have a policy for the giving and receipt of gifts to ensure that such transactions are bona fide and not a subterfuge for bribery?

Score:

2

Comments:
Based on public information, there is evidence that the company has a policy for the giving and receipt of gifts, to ensure that such transactions are bona fide and not a subterfuge for bribery. It prohibits cash gifts and sets upper limits for gift exchange.

References:
Public:
Code of Conduct, p.7:
‘Gifts and Entertainment:
During the course of conducting business, it is common for Navistar employees to exchange gifts and entertainment with our customers and business partners. The purchase and receipt of gifts and entertainment is permitted provided that certain guidelines are followed. Any gifts given or received must be of nominal value, typically defined as $100 or less in cumulative value, and cash may never be given or received. We may not accept excessive or inappropriate meals or entertainment. In addition, gifts or entertainment must not be given or received if the intent is to directly influence business decisions. We must never offer or make payment or provide anything else of value directly or indirectly to government officials for the purpose of influencing the placement of contracts, obtaining a business advantage or securing political or business concessions.’
A22:
Does the company's anti-corruption policy include a statement on the giving and receipt of hospitality that ensures that such transactions are bona fide and not a subterfuge for bribery?

Score:

1

Comments:
Based on public information, there is evidence that the company has a policy for the giving and receipt of hospitality, to ensure that such transactions are bona fide and not a subterfuge for bribery. However, the policy does not set clear upper limits or a specific threshold necessary for senior authorisation. The company therefore scores 1.

References:
Public:
Code of Conduct, p.7:
‘Gifts and Entertainment:
During the course of conducting business, it is common for Navistar employees to exchange gifts and entertainment with our customers and business partners. The purchase and receipt of gifts and entertainment is permitted provided that certain guidelines are followed. Any gifts given or received must be of nominal value, typically defined as $100 or less in cumulative value, and cash may never be given or received. We may not accept excessive or inappropriate meals or entertainment. In addition, gifts or entertainment must not be given or received if the intent is to directly influence business decisions. We must never offer or make payment or provide anything else of value directly or indirectly to government officials for the purpose of influencing the placement of contracts, obtaining a business advantage or securing political or business concessions.’
A23: Does the company have a policy that explicitly prohibits facilitation payments?

Score:

1

Comments:
Based on public information, there is evidence that the company has a policy that prohibits facilitation payments. However, the company provides no guidance or supplementary information on how the policy is to be implemented in practice. The company therefore scores 1.

References:
Public:
Code of Conduct p.17:
‘Foreign Corrupt Practices Act, Anti-Corruption and Use of Foreign Dealers/Agents
In the course of business, it is common for Navistar representatives to interact with local and federal government officials. Navistar employees and representatives must comply with all applicable anti-bribery laws including, but not limited to, the United States Foreign Corrupt Practices Act, as well as laws in other countries influenced by the Organization for Economic Co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. All Navistar employees, as well as any party working on Navistar’s behalf, must never offer, promise to make or make payment or provide anything else of value directly or indirectly to government officials for the purpose of influencing the placement of contracts, obtaining a business advantage, securing political or business concessions or inducing a government employee to perform a routine duty or service.’
A24:

Does the company prohibit political contributions, or regulate such contributions in order to prevent undue influence or other corrupt intent? Does the company record and publicly disclose all political contributions?

Score:

1

Comments:

Based on public information, there is evidence that the company regulates political contributions to prevent corruption or other undue influence. Employees may not use any company facilities, supplies, equipment or funds for any political activities. The company therefore scores 1. To score higher the company would need to provide further evidence of the mechanisms to regulate political contributions and publically disclose all political contributions.

References:

Public:
Code of Conduct, p.18:
‘Political Activities
Navistar encourages all employees to participate in the political process. In addition to registering and voting, our employees should give consideration to volunteering for their favorite candidates and parties and to seeking political office, but may only participate in such activities on their own time and with their own resources. We must not use any Company facilities, supplies, equipment or funds for any political activities. We may not use Company assets to make payments of any kind, whether money, services or property, to any political party or one of its officers, or any candidate for public office.
In addition, Navistar representatives who contact federal, state or local government officials or employees to influence legislation or regulations may be engaged in regulated lobbying activities. The Law Department must be contacted to determine whether a potential contact with government personnel constitutes lobbying’
A25:
Does the company have a clear policy on engagement in lobbying activities, in order to prevent undue influence or other corrupt intent, and discloses the issues on which the company lobbies?

Score:

1

Comments:

Based on public information, there is evidence that the company has a policy on engagement in lobbying activities, in order to prevent undue influence or other corrupt intent. Employees must contact the Law Department to determine whether contact with government personnel may constitute as lobbying. However, guidelines on its applications are not clear and there is no evidence that the company discloses the issues on which it lobbies. The company therefore scores 1.

References:

Public:
Code of Conduct, p.18:
‘In addition, Navistar representatives who contact federal, state or local government officials or employees to influence legislation or regulations may be engaged in regulated lobbying activities. The Law Department must be contacted to determine whether a potential contact with government personnel constitutes lobbying.’
A25(a):
Does the company prohibit charitable contributions, or regulate such contributions in order to prevent undue influence or other corrupt intent?

Score:
1

Comments:
Based on public information, there is evidence that the company regulates charitable contributions in order to prevent undue influence or other corrupt intent. All contributions must be approved by the Director, Corporate Communications and Community Affairs. However, the company does not appear to publically disclose the recipients of such contributions. The company therefore scores 1.

References:
Public:
Code of Conduct, p.8:
‘Charitable Contributions:
Navistar strongly believes in giving back to the community by providing financial contributions and other corporate resources to support non-profit community organizations. We contribute to health, welfare, education and other types of non-profit institutions, primarily in the communities in which we have major operations. In order to ensure that our contributions are aligned with our social-responsibility objectives and are compliant with all applicable laws, the Director, Corporate Communications and Community Affairs must approve the organization to which contributions will be made, as well as all subsequent contributions.’
A26:

Does the company provide written guidance to help Board members and employees understand and implement the firm’s ethics and anti-corruption agenda?

Score:

0

Comments:

Based on public information, there is insufficient evidence that the company provides written guidance to help Board members and employees understand and implement the firm’s ethics and anti-corruption agenda. TI understands that the company has Corporate Policies to supplement the Code of Conduct. However, these policies are not publicly available.

References:

Public:
TI notes:
Code of Conduct p.2:
‘The Navistar Code of Conduct provides general principles to guide our behavior and reinforce our expectation that all employees act in an ethical manner at all times. The Code of Conduct is supplemented by Corporate Policies, which provide more detailed requirements for employee compliance.’

‘Our Code of Conduct provides clear guidelines for business behavior expected at Navistar. However, our Code of Conduct does not list every “do” and “don’t.” We expect our employees to read and understand the Code of Conduct and underlying policies. We also expect our employees to use common sense and our consciences, and to commit to 100 percent compliance with the law in applying the Code of Conduct to particular situations. If an employee has questions or needs further clarification about any aspect of the Code of Conduct or Corporate Polices, they should contact their immediate supervisor or the contacts specified in the respective policies. Questions, concerns or possible violations may also be directed to Navistar’s Business Abuse and Compliance Hotline at 1-877-DIALIT (1-877-734-2548), or via the internet at tnwinc.com/webreport/default.asp.’
A27:
Does the company have a training programme that explicitly covers anti-corruption?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company has a training programme that explicitly covers anti-corruption.

References:
Public:
NA
A28:
Is anti-corruption training provided in all countries where the company operates or has company sites?

Score:

0

Comments:
Based on public information, there is no readily available evidence that anti-corruption training is provided in all countries where the company operates or has company sites.

References:
Public:
NA
A29: Does the company provide targeted anti-corruption training to members of the Board?

Score: 0

Comments: Based on public information, there is no readily available evidence that the company provides targeted anti-corruption training to members of the Board.

References:
Public: NA
A30:
Does the company provide tailored ethics and anti-corruption training for employees in sensitive positions?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company provides tailored ethics and anti-corruption training for employees in sensitive positions.

References:
Public:
NA
A31: 
Does the company have a clear and formal process by which employees declare conflicts of interest?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company has a clear and formal process by which employees declare conflicts of interest.

References:
Public:
TI notes:
Code of Conduct, p.4:
‘We must use common sense and our consciences, and a commitment to 100 percent compliance with Company policies and all applicable laws and regulations when assessing individual situations. Ultimately, it is our responsibility to avoid any situation that creates or appears to create a conflict of interest.’
A32: 
Is the company explicit in its commitment to apply disciplinary procedures to employees, Directors and Board members found to have engaged in corrupt activities?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company is explicit in its commitment to apply disciplinary procedures to employees, Directors and Board members found to have engaged in corrupt activities.

References:
Public:
NA
A33:
Does the company have multiple, well-publicised channels that are easily accessible and secure, to guarantee confidentiality or anonymity where requested by the employee (e.g. web, phone, in person), to report concerns or instances of suspected corrupt activity?

Score:

2

Comments:
Based on public information, there is evidence that the company has multiple, well-publicised channels that are easily accessible and secure, for employees to report concerns or instances of suspected corrupt activity. This includes a compliance hotline operated by an independent company, which allows anonymous reporting.

References:
Public:
Code of Conduct, p.21:
‘If you don’t feel comfortable with any of the above options, you have other options where you can remain anonymous:
Navistar Business Abuse and Compliance Hotline at 1-877-7DIALIT (1-877-734-2548) or via the internet at twnwinc.com/webreport/default.asp. This hotline and Web site are operated by The Network, an independent company, and are available 24 hours a day, seven days a week. When you call, a trained interview specialist documents your concern and relays the information to Navistar management for the appropriate follow-up. You do not have to give your name, if you are not comfortable doing so.
My Safe Workplace (1-877-524-9514) or via the internet at www.mysafeworkplace.com. This hotline and Web site are operated by an independent third party and are available 24 hours a day, seven days a week. We encourage you to use this hotline or Web site to report human resource related matters (such as discrimination, harassment, etc.).
You may also report concerns directly to the Audit Committee at audit.committee@navistar.com’
A33(a):
Are the whistleblowing channels available to all employees in all geographies?

Score:
2

Comments:
Based on public information, there is evidence that the company has whistleblowing channels and that across geographies, all employees have access to more than one reporting channel.

References:
Public:
Code of Conduct, p.21:
‘If you don’t feel comfortable with any of the above options, you have other options where you can remain anonymous:
Navistar Business Abuse and Compliance Hotline at 1-877-7DIALIT (1-877-734-2548) or via the internet at tnwinc.com/webreport/default.asp. This hotline and Web site are operated by The Network, an independent company, and are available 24 hours a day, seven days a week. When you call, a trained interview specialist documents your concern and relays the information to Navistar management for the appropriate follow-up. You do not have to give your name, if you are not comfortable doing so.
My Safe Workplace (1-877-524-9514) or via the internet at www.mysafeworkplace.com. This hotline and Web site are operated by an independent third party and are available 24 hours a day, seven days a week. We encourage you to use this hotline or Web site to report human resource related matters (such as discrimination, harassment, etc.).
You may also report concerns directly to the Audit Committee at audit.committee@navistar.com’

Code of Conduct, p.2:
‘The Code of Conduct and Corporate Policies apply to all employees. The term “employee” signifies all Navistar directors, executive officers and employees, unless otherwise specified. The Code of Conduct and Corporate Policies apply to all U.S. operations, foreign operations and subsidiaries.’

NAVISTAR 23/06/14
HTTP://WWW.NAVISTAR.COM/NAVISTAR/
A33(b):
Does the company have formal and comprehensive mechanisms to assure itself that whistleblowing by employees is not deterred, and that whistleblowers are treated supportively?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company has formal and comprehensive mechanisms to assure itself that whistleblowing by employees is not deterred, or that whistleblowers are treated supportively.

References:
Public:
TI notes:
Code of Conduct, p.11:
‘We are committed to maintaining a non-threatening work environment in which every employee is treated with dignity and respect. We will not tolerate offensive or inappropriate verbal, written or physical conduct directed towards our employees, contractors, customers or visitors. Employees found committing such acts may face disciplinary action up to and including termination. Anyone subjected to harassment or who witnesses such behavior should report it immediately without fear of reprisal.’

(p.21): ‘Navistar Business Abuse and Compliance Hotline at 1-877-7DIALIT (1-877-734-2548) or via the internet at tnwinc.com/webreport/default.asp. This hotline and Web site are operated by The Network, an independent company, and are available 24 hours a day, seven days a week. When you call, a trained interview specialist documents your concern and relays the information to Navistar management for the appropriate follow-up. You do not have to give your name, if you are not comfortable doing so. My Safe Workplace (1-877-524-9514) or via the internet at www.mysafeworkplace.com. This hotline and Web site are operated by an independent third party and are available 24 hours a day, seven days a week. We encourage you to use this hotline or Web site to report human resource related matters (such as discrimination, harassment, etc.). You may also report concerns directly to the Audit Committee at audit.committee@navistar.com.
Navistar seeks to respect and preserve the confidentiality of employees who report any issues
and incidents in good faith. We absolutely prohibit retaliation against anyone who raises a potential concern or issue. With your help, we can identify problems early, respond quickly and prevent such activity in the future.’
A34:
Does the company have well-publicised resources available to all employees where help and advice can be sought on corruption-related issues?

Score:

2

Comments:
Based on public information, there is evidence that the company has well-publicised resources available to all employees where help and advice can be sought on corruption-related issues. This includes local or corporate Human Resources, the Compliance Department, the Law Department and the Compliance Hotline.

References:
Public:
Code of Conduct, p.2:
‘If an employee has questions or needs further clarification about any aspect of the Code of Conduct or Corporate Policies, they should contact their immediate supervisor or the contacts specified in the respective policies. Questions, concerns or possible violations may also be directed to Navistar’s Business Abuse and Compliance Hotline at 1-877-DIALIT (1-877-734-2548), or via the internet at twninc.com/webreport/default.asp.’

(p.21):
‘If you ever see someone violating our policies or procedures, if you suspect unethical, illegal or unsafe activity or misconduct, or if you simply have questions about the right thing to do, you should immediately contact one of the following:
8 Your Manager
8 Local or Corporate Human Resources
8 Navistar’s Compliance Department at 1-331-332-2727
8 Navistar’s Law Department at 1-331-332-3186
8 Global Security at 1-800-247-2124
If you don’t feel comfortable with any of the above options, you have other options where you can remain anonymous:
Navistar Business Abuse and Compliance Hotline at 1-877-7DIALIT (1-877-734-2548) or via the internet at twninc.com/webreport/default.asp. This hotline and Web site are operated
by The Network, an independent company, and are available 24 hours a day, seven days a week. When you call, a trained interview specialist documents your concern and relays the information to Navistar management for the appropriate follow-up. You do not have to give your name, if you are not comfortable doing so.

My Safe Workplace (1-877-524-9514) or via the internet at www.mysafeworkplace.com. This hotline and Web site are operated by an independent third party and are available 24 hours a day, seven days a week. We encourage you to use this hotline or Web site to report human resource related matters (such as discrimination, harassment, etc.).

You may also report concerns directly to the Audit Committee at audit.committee@navistar.com.’
A35:
Is there a commitment to non-retaliation for bona fide reporting of corruption?

Score:

1

Comments:
Based on public information, there is evidence that the company has a clear, legally enforceable, non-retaliation policy for bona fide reporting of corruption. However, there is no evidence that disciplinary measures are applied to employees who breach this policy. The company therefore scores 1.

References:
Public:
Code of Conduct, p.21:
‘Navistar seeks to respect and preserve the confidentiality of employees who report any issues and incidents in good faith. We absolutely prohibit retaliation against anyone who raises a potential concern or issue. With your help, we can identify problems early, respond quickly and prevent such activity in the future.’
Information Sources:

Company website:
http://www.navistar.com/navistar/

Audit Committee Charter:
http://files.shareholder.com/downloads/NAV/3333913283x0x60913/738c8d34-5dfd-41de-bb50-5cadd496ccb0/NAV_WebDoc_808.pdf

Nominating and Governance Committee Charter:
http://files.shareholder.com/downloads/NAV/3333913283x0x60916/a1c152f5-d720-4dae-b035-12483c04944d/NAV_WebDoc_813.pdf

Company Code of Conduct (date not known):

Company Annual Report 2013:

Navistar Global Portfolio:
http://www.navistar.com/navistar/globalportfolio