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IVECO GROUP

2024 CLIMATE REPORT

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Preface

Conscious of the urgency of climate change challenges and of the major role that decarbonisation will play in the short term, Iveco Group has set itself the ambitious goal of achieving net zero carbon by 2040, in accordance with The Climate Pledge signed by the Organisation[1].
To ensure the timely delivery of its decarbonisation strategy, the Group has defined specific strategic sustainability targets for Scope 1, 2, and 3 emissions.
The Group's decarbonisation trajectory includes the following medium- and long-term targets:

- Scope 1 and 2: reduce CO_2 emissions in manufacturing plants by 50% by the end of 2030, compared to 2019
- Scope 3 (Supply chain): reduce CO_2 emissions generated by major suppliers of purchased goods, services and capital goods by 30% by 2030, compared to 2022
- Scope 3 (Logistics): reduce CO_2 emissions per ton of goods shipped (inbound, outbound, and spare parts) by 7% by the end of 2026, compared to 2022
- Scope 3 (Use of Sold Products): reduce CO_2 emissions from the use of sold products per vehicle-kilometre (for vehicles manufactured in Europe) by 38% by 2030, compared to 2022.

These targets are instrumental to achieving net zero carbon by 2040.

This Report outlines actions taken to meet targets and adds key data, including past years' figures, supplementing the information included in the 2024 Annual Report (Sustainability Statement section).
The document has been prepared in line with the TCFD recommendations, and GHG emissions have been calculated according to the GHG Protocol.

1. Governance

The **responsibility** for defining the decarbonisation strategy lies with the Board of Directors. The Board's ESG Committee is responsible, among other things, for assisting the Board itself in reviewing and guiding this strategy, as well as the risk management policies on climate change, and for monitoring the implementation of measures to meet climate change targets, such as those for CO_2 emissions and energy efficiency. In addition, the ESG Committee ensures responsible management of climate risks and identifies trends and opportunities, including the potential impacts of new products under development and of new market trends and conditions.
At **management level**, the ultimate responsibility for initiatives focusing on energy efficiency and on the management of CO_2 emissions lies with the Senior Leadership Team (SLT). The SLT members are responsible for defining the sustainability strategy and for integrating sustainability aspects into operating

[1] *The Climate Pledge Signature.*

processes. To ensure focus and accountability, each Business Unit has full responsibility for the global growth and performance of its respective business.
At the **operational level**, for Scope 1 and 2 emissions, Iveco Group relies on a dedicated internal structure to manage energy resource conservation. Energy management activities are coordinated both centrally and at plant level by the Energy team, to ensure alignment and support across the Organisation. For Scope 3 emissions, responsibilities are assigned to the respective departments based on their area of expertise.

Iveco Group offers long-term incentive plans linked, among other things, to some of its strategic sustainability targets.
The **Long-Term Incentive Plan** (LTIP) consists of two components: Company performance awards (i.e., Performance Share Units or PSUs) and retention-based awards (i.e., Restricted Share Units or RSUs), both in recognition of favourable individual performances and alignment with Company values. The Company performance component is linked to achieving challenging predefined performance and market objectives over a 3-year period. For Executive Directors, only PSUs are awarded.
In 2024, in keeping with the previous year, the compensation plan for Executive Directors (the Chairperson and CEO) included long-term incentives linked to the Company's strategic sustainability target of reducing its CO_2 emissions (Scope 1 & 2) compared to 2019. As a result, the 2023-2025 LTI PSU awards are contingent, among other things, on a 22% reduction in CO_2 emissions (Scope 1 & 2 - Focus Area[2]) by 2025, while the 2024-2026 LTI PSU awards are contingent on a 28% reduction by 2026. With a 20% weighting towards overall individual awards, these incentives provide a significant inducement to align with the Strategic Business Plan's carbon footprint commitment.
As part of the Company's effort to drive sustainable, long-term value creation, the LTIP also applies to Senior Leadership Team (SLT) members and to certain individuals below senior management, namely directors, vice presidents, and other key positions.

2. Strategy

2.1 Scope 1 and 2 Emissions

Iveco Group works towards climate change mitigation by reducing its energy consumption and use of fossil fuels and by minimising air pollution, with the primary objective of reducing CO_2 emissions from its manufacturing processes. Managing greenhouse gas (GHG) emissions and optimising energy consumption are therefore prerequisites for the continuous improvement of the Group's performance and the protection of the environment in which it operates. As stated in its Energy Policy, Iveco Group is committed to reducing: the use of fossil fuels in favour of renewable energy sources; energy consumption through more efficient products and processes; and GHG emissions by cutting energy consumption while adopting both conventional and

[2] *For the definition of the Focus Area scope, see 4.3 Organisational boundaries.*

innovative technical solutions. Promoting employee involvement and raising awareness of the importance of conserving energy resources is key to achieving these improvement targets.
Energy efficiency is both a priority and an opportunity for companies to reduce operating costs and mitigate climate change. With this in mind, below are a few examples of how sustainability matters have become embedded in Iveco Group's daily activities and how they help drive its way of doing business.
An efficient energy management system requires effective monitoring of energy performance. The Group has achieved this by adopting specific energy performance indicators (EnPI) to assess the benefits and effectiveness of its initiatives, plan improvement measures, and establish new and ever-more challenging targets.
In 2024, Iveco Group continued to monitor energy performance at each of its plants (Focus Area[3]), as well as their secondary vectors and their compliance with the Group's Energy Action Plan, using its Energy Monitoring & Targeting (EMT) management and control platform. Additionally, it enhanced the exchange and dialogue between plants by means of an Intranet portal focusing on procedures, best practices, regulations, corporate guidelines, and solutions to energy-related issues and challenges. The initiative led not only to an increased level of people engagement and awareness, but also to numerous technical and management improvement projects involving the redesign of processes, equipment conversions and retrofitting for decarbonisation, and operational changes to new installations.
With regard to Iveco Group's Focus Area scope, as at the end of 2024, 22 plants were ISO 50001:2018 certified, evidence of the Group's quest to reduce its energy impact. The main advantage of ISO 50001 certification is its systematic approach to continuous improvement in energy performance; this approach leads to a more efficient and rational use of energy, which translates into economic benefits and fewer GHG emissions. These efforts also applied to other sites, each governed by its own energy management system, resulting in the logistics hub in San Mauro Torinese (Italy) becoming Iveco Group's first ISO 50001:2018 certified non-manufacturing site. The Group also obtained ISO 50005:2021 attestation (which provides for a phased approach to ISO 50001:2018 certification) for its dealers of property (DOPs) in Trento (Italy), Barcelona and Madrid (Spain), Vitrolles (France), Hamburg, Berlin, Cologne, Mannheim, and Nuremberg (Germany), Farnborough (UK), Lodenice (Czech Republic), and Manolache (Romania).
To reduce energy consumption and CO_2 emissions, targeted **actions** have been implemented across several key areas:
Metering: the system was expanded to gain deeper insights into consumption patterns and improve energy management
Buildings: efforts involved wall insulation improvements, roof repairs, the installation of rapid doors, and office automations, all working collectively to reduce energy loss
Lighting: involving the installation of high-efficiency intelligent LED systems with presence detectors and dimmers that ensure lights are used only when needed, both inside and outside facilities

[3] *For the definition of the Focus Area scope, see 4.3 Organisational boundaries.*

Heating and Cooling: the systems were optimised by electrifying heating through heat pumps powered by photovoltaic systems, replacing outdated heating equipment, lowering heating temperatures, and establishing startup and shutdown protocols with optimal set points. Additionally, cooling requirements were minimised, with air vents strategically placed to control temperature effectively while conserving energy.
The combination of these initiatives played a substantial role in lowering both energy consumption and carbon emissions.

2.2 Scope 3 Emissions (major categories)

Reducing greenhouse gas (GHG) emissions across the entire value chain is a key priority for Iveco Group, with Scope 3 Category 11 emissions – those generated during the use of sold products – accounting for the largest share of its total emissions. Given the Organisation's role in mobility and transport, tackling these emissions is essential to its decarbonisation strategy. To this end, the Group has set a CO_2 reduction target for Category 11 in line with its Strategic Business Plan, considering future product types and volumes. It has also committed to cutting emissions across its value chain by focusing on purchased goods, services, and logistics.

2.2.1 Purchased Goods

Suppliers are actively involved in Iveco Group's mission to reduce the environmental impact of its activities and fight climate change, in line with its commitments. In fact, to further limit the impact of manufacturing processes and products on the environment, the Supplier Code of Conduct expressly requires them to optimise their use of resources and minimise their polluting and greenhouse gas (GHG) emissions. It also encourages them to effectively manage waste treatment and disposal, and to adopt logistics management processes that limit environmental impact. For these reasons, suppliers are strongly advised to adopt an environmental management system certified according to international standards.
In 2024, Iveco Group continued to monitor and interact with its supplier network through Open-es, the community-based digital platform joined in 2022, so as to increase suppliers' engagement with and awareness of sustainability topics while tracking their sustainability performance. The Open-es platform is used to monitor environmental aspects in line with the World Economic Forum's guidelines on policies, activities, and results related to:

- climate change
- energy efficiency
- biodiversity
- water resources
- circular economy
- plastic recycling.

The suppliers that registered on the platform in 2024 accounted for approximately 89% of the Group's direct material purchases. The platform is a valuable tool used by the Organisation both to communicate its priorities

and to support suppliers in their sustainability journey. This interactive ecosystem, combined with ongoing dialogue and collaboration with suppliers, is a means to share experiences and find increasingly innovative solutions to reduce the environmental footprint of all parties involved.
Iveco Group's commitment to the environment is also reflected in the strategic sustainability **target** incorporated into the Strategic Business Plan: to achieve a 30% reduction in absolute CO_2 emissions generated by major suppliers of purchased goods, services, and capital goods by year-end 2030 (compared to 2022).

2.2.2 Upstream Transportation and Distribution

In managing logistics processes, Iveco Group continuously seeks sustainable solutions to enhance efficiency and reduce environmental impact. For this purpose, logistics processes are managed both internally within the value chain, specifically within the Manufacturing, Sales, and Procurement functions, and externally, by working with partners to optimise the efficiency of logistics flows to reduce their environmental impact. Sustainable logistics bring time and cost efficiencies, emissions reductions, and improved resource utilisation and packaging management; they also mitigate indirect impacts on traffic congestion and human health.
Iveco Group's approach to low-carbon logistics focuses on 3 areas:

- increasing low-emission transport
- adopting intermodal solutions
- optimising transport saturation.

Iveco Group has designed its logistics system to deliver safety, ergonomics, reduced emissions, and uninterrupted transport logistics flows. This approach ensures the effective management and evaluation of logistics projects in line with defined standards. Moreover, since the active engagement of suppliers is integral to the efficiency and sustainability of the logistics system, the Group directly involves them in most of its projects and initiatives, working with them to develop and implement the best solutions to meet the Organisation's environmental impact reduction targets.

As evidence of its commitment to reducing its logistics impacts, the Group has incorporated a strategic sustainability **target** into its Strategic Business Plan: a 7% reduction in kilos of CO_2 emissions per ton of goods shipped (inbound, outbound, and spare parts) by year-end 2026 (compared to 2022).

The Group continues to put initiatives in place to advance sustainable logistics processes without compromising service quality or profitability, with a focus on generating positive social impacts. The aim is to reduce the environmental impact of logistics operations by focusing on technologies, procedures, and activities to optimise the use of transport modes, intermodal flows, and long-haul transport.
The Group promotes the use of road vehicles compliant with the most stringent environmental standards: in Europe, for example, specific contractual clauses oblige external transport providers to use vehicles compliant with Euro IV standards or higher. Optimising transport capacity is also key to limiting costs and environmental

impact, which is why technical and organisational changes are made to both routes and volumes to optimise and streamline the entire process.
In order to substantiate the strategic sustainability target the Group has set for logistics and the relevant improvement projects, the Organisation duly monitors some of the environmental aspects considered most significant[4] for logistics processes. CO_2 emissions from logistics are affected by:

- the number of inbound/outbound transport flows
- the Organisation's effectiveness at promoting mitigation initiatives among suppliers (e.g., through specific contractual clauses)
- emissions reduction initiatives (e.g., the adoption of intermodal solutions and containment of air shipments).

By year-end 2024, the containment initiatives in place had already allowed the Organisation to cut CO_2 emissions by 3.5% compared to the previous year (in terms of kilos of CO_2 emissions per ton of goods shipped).

2.2.3 Use of Sold Products

The Group offers a diversified product portfolio, each delivering a very different range of features to perform the very different tasks they were designed for. Adding to this broad product mix is FPT Industrial, which manufactures industrial powertrains for trucks, buses, agricultural and construction equipment, boats, and power generators. This diversified offering has played a major role in shaping Iveco Group's decarbonisation strategy, driving the long-term adoption of a technology-neutral approach. Currently, this approach includes propulsion systems powered by traditional technologies as well as by natural gas (NG), biofuels, battery-electric solutions, and hydrogen. While the electric vehicle market is expected to grow in the future, a continued market presence is foreseen for internal combustion engine (ICE) vehicles running on sustainable biofuels or other non-fossil fuels, including hydrogen. Furthermore, legislative milestones are expected globally for CO_2 emissions on the path towards decarbonised transport. For these reasons, the Organisation continues to invest in ICEs and after-treatment systems to enhance fuel efficiency, meet regulatory requirements, and maintain a competitive edge.
In line with its goal of achieving net zero carbon by 2040, Iveco Group has set a vehicle CO_2 emissions reduction target for year-end 2030: a 38% reduction in Scope 3 CO_2 emissions from the use of sold products[5] per vehicle/km (compared to 2022). To reach this target, the Group is gradually shifting its vehicle sales towards battery electric vehicles (BEVs) and hydrogen-powered vehicles, including fuel cell electric vehicles (FCEVs), and is aiming for its electric vehicles to account for up to 35% of total sales by 2030.

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[4] The criteria used to measure the significance of the environmental aspects of logistics processes are the size of their impact as well as the Group's ability to manage and mitigate both the impact and its potential effects on the surrounding environment.

[5] The target refers to vehicles manufactured in Europe.

2.2.3.1 Internal Combustion Engines

The brand new XC13 engine, installed in the new IVECO S-WAY Model Year 2024, is FPT Industrial's first **multifuel**, single base engine – an example of the Brand's Cursor X power source concept, which is multi-power, modular, multi-application, and mindful (i.e., intelligent). For maximum component standardisation and simple vehicle integration, the base engine comes in multiple versions: diesel, natural gas (also compatible with biomethane) and, currently under development, hydrogen. Besides delivering world-class performance, the new XC13 engine has potential as a primary driver in achieving short- and medium-term CO_2 emissions targets. Indeed, a truck fitted with an XC13 Diesel engine generates 10% fewer CO_2 emissions (a reduction of 9 tons per year), of which 7% attributable to the engine itself, compared to the same truck fitted with a C13 Diesel engine (Model Year 2022). The new XC13 engine will help deliver future CO_2 reductions in agricultural and construction applications as well, making it a major player in the Group's decarbonisation strategy.
FPT Industrial is actively researching second-generation renewable biofuels, in accordance with EN 15940 fuel specifications, with a particular focus on hydrotreated vegetable oil (HVO), also known as green diesel (or XTL). Since 2020, all of the Brand's engine families have been type-approved for HVO, and several buses and coaches have already been adapted to run on this fuel to reduce their CO_2 emissions. HVO, and XTL fuels in general, are an effective way to tackle the CO_2 emissions of existing fleets, as they are fully compatible with current engine technologies and fuel distribution infrastructure. Furthermore, the availability of HVO as a neat fuel (i.e., not mixed or diluted with other fuels) is expanding across Europe, with an increasing number of fuelling stations offering this option. In this regard, Iveco Group signed a letter of intent with energy company Eni, which now sells HVOlution (a diesel fuel produced entirely from renewable raw materials) at over 600 fuelling stations in Western Europe. The goal of this collaboration is to support the smooth transition from fossil fuels to renewable alternatives.
FPT Industrial's 6.7L engine, featured in the CROSSWAY intercity coach produced by Brand IVECO BUS, is homologated for biodiesel B100 in accordance with EN14214, the European standard for biodiesel. This new version of the CROSSWAY is especially well-suited to address the decarbonisation needs of school and urban transport, given B100's ability to cut CO_2 emissions by almost 60% across the well-to-wheel cycle compared to traditional diesel. The first B100-compatible CROSSWAY units were delivered and registered mid-2024. The Brand is also exploring a retrofit protocol for its current CROSSWAY fleet equipped with the Tector 6.7 Euro VI step E engine.

For ICEs, **biomethane** remains one of the best alternatives to diesel over the medium term. All of the Organisation's currently available NG engines are 100% biomethane-compatible, the many benefits of which include:

- full compatibility with existing natural gas (NG) technology
- fully renewable fuel
- near-zero well-to-wheel CO_2 emissions – or even negative emissions (up to 130% fewer compared to diesel) if sourced from manure

- alignment with circular economy principles.

With over 100,000 units sold to date, FPT Industrial has the largest NG engine portfolio on the market and is a leader in NG engine sales in Europe. Furthermore, its N67 NG is the only medium-duty NG engine on the European market, delivering up to 10% fewer CO_2 emissions compared to the diesel version. It is featured in the IVECO Eurocargo truck Model Year 2024, and it was also installed on the IVECO BUS GWAY, the Brand's new gas midibus (effectively replacing the previous diesel version), as part of Iveco Group's portfolio transition to low-carbon transport solutions. This mid-size NG city bus is destined to become a best-seller in the European Union as it provides a sustainable mobility solution for narrow streets, mountainous regions, and/or areas of low population density. The N67 NG will soon also power New Holland's LNG tractor concept.
Meanwhile, FPT Industrial is focusing on multipoint stoichiometric combustion for NG engine development, as it is the most cost-effective solution to meet Euro VI emissions standards, enabling a significant reduction in harmful emissions (e.g., hydrocarbons and NO_X) to very low levels. They are used in commercial vehicles, buses, special vehicles, and agricultural equipment, and are available in the Cursor, NEF, and F1 engine series, offering customers significant cost benefits throughout the entire service life of vehicles.

The use of **hydrogen** as a fuel for ICEs to achieve zero-carbon emissions does not require major modifications to current vehicle architectures (whether on- or off-road), and avoids the need for an electric motor to provide power assist. FPT Industrial is currently developing its H_2-ICE technology, designing a new series of engines offering modular, multifuel solutions that are simple to install.

2.2.3.2 E-Mobility

FPT Industrial has a dedicated cross-functional ePowertrain business line that works exclusively on the development of electric vehicle technologies. The aim is to meet customer needs with a wide range of tailor-made alternative propulsion and energy storage solutions for every type of mission, thus strengthening the Brand's positioning in the market as a multi-energy solutions provider.
To date, FPT Industrial's portfolio includes:

- eDrivelines (eAxles, central drives, and electric drive units)
- energy storage systems (battery packs) and battery management systems (BMS)
- fuel-cell electric solutions
- hybrid vehicle solutions (electric assist systems).

As regards ePropulsion, of the 3 eDriveline solutions offered by the Brand, eAxles are a premium technological solution to maximise efficiency and optimise energy usage, with a complete lineup launched in 2024 for vehicles ranging from 3.5 to 49 tons.
As regards energy storage systems, FPT Industrial offers 3 different battery packs: a 37 kWh solution for the IVECO eDaily and for minibuses; a 69 kWh solution for the IVECO BUS range; and a 42 kWh solution for off-road vehicles.
The complete battery lineup is modular (more than one pack can be mounted in parallel). Moreover, NMC pouch cell technology allows the battery packs' energy density to be maximised, ensuring high levels of safety.

The Brand's eBS 37 EVO and eBS 69 batteries come with a Battery Passport, with traceable information collected via blockchain technology. The eBS 37 EVO is also already compliant with the ECE Regulation 100 Rev.3 on electric vehicle safety. This battery pack can be reused (and thus its lifespan extended) thanks to the Brand's proprietary BMS, while its end-of-life is managed using a 4R approach – repair, reconditioning, reuse, and recycle. As per several agreements in place with recycling companies in Europe, battery pack recycling is carried out in compliance with applicable laws. Meanwhile, the Group is exploring a number of options for battery pack reuse once it has been removed from vehicles at the end of its service life.
The IVECO eDaily – the first-generation, all-electric version of the best-selling IVECO Daily commercial van – offers customers a comprehensive eMobility ecosystem. This includes high added-value services such as IVECO's electric Mobility Service Provider (eMSP) solution, which provides access to more than 500,000 public charging points across Europe via an app and/or card, as well as a wide range of charging solutions delivered directly through Customer Service and in collaboration with strategic energy partners. Other services include the innovative eDaily Smart Routing and IVECO ON Easy Daily apps. The former interacts with the vehicle to predict vehicle range, required battery level to reach a destination, and precise time of arrival. The latter, which can be integrated with the IVECO Driver Pal voice assistant, offers vehicle-specific information on performance (health checks, battery levels, etc.), remote scheduling of battery recharge and preconditioning, navigation to charging stations, and more.
IVECO BUS launched its new array of electric models, extending its range of zero-emission vehicles and minibuses to meet the demands of urban, peri-urban, and suburban missions:

- the latest generation of the E-WAY range – featuring improved performance to match the most demanding European city missions. By year-end, nearly 2,000 units had been delivered to public authorities and operators
- CROSSWAY ELEC – a new all-electric bus designed for sustainable suburban and peri-urban mobility projects. Launched in December 2024 at AUTOCAR EXPO as part of its European premiere, it is the Brand's first battery-electric intercity coach for school transport. Its smart design integrates 4 battery packs (inherited from the Low Entry BEV and further developed in the CNG version). This represents a unique selling point as it preserves the full luggage compartment below the floor, similar to the conventional diesel version
- STREETWAY ELEC – a 12-metre battery-electric city bus designed to meet the specific needs of European and extra-European markets
- eDAILY – the latest addition to the DAILY minibus family; this new 100% electric minibus is also available in chassis version.

2.2.3.3 Fuel Cell Electric Vehicles

One of the solutions in moving closer to decarbonisation is the use of fuel cell electric vehicles (FCEVs), which is one option for long-haul transport and, in general, for applications requiring a trade-off between longer range, higher payload, and lower refuelling time. This applies to heavy-duty vehicles, light-duty commercial vehicles, and urban transport vehicles alike.

The IVECO S-eWAY FCEV is a heavy-duty electric truck for the European market with a range of up to 800 kilometres, fitted with Bosch fuel cells and an FPT Industrial eAxle. This first-generation prototype aims to compete favourably in the toughest heavy-duty missions against well-established conventional diesel vehicles, despite the latter having powered many generations of vehicles for more than a century. Within the light-duty range, IVECO and Hyundai unveiled a working prototype of the eDaily FCEV, featuring Hyundai's 90 kW hydrogen fuel cell system and 140 kW e-motor, and a battery pack designed by FPT Industrial. The prototype has a 7.2-ton gross vehicle weight (GVW). It has been tested in Europe, confirming a range of 400 kilometres, a 3-ton maximum payload, and a refuelling time of 15 minutes or less. While the eDaily BEV version is designed for short journeys, the eDaily FCEV will be ideal for long-haul, high-payload, and high-energy-demand missions.

2023 saw the launch of the IVECO BUS E-WAY, fitted with Hyundai 90 kW fuel cells and FPT Industrial batteries. IVECO BUS brought its zero-emission range to the city with its new E-WAY H2 urban bus. This 12-metre low-floor fuel cell bus can accommodate up to 110 passengers, giving customers the option to choose between two or three access doors. It is fitted with Hyundai's advanced fuel cell system, installed in the rear compartment and powered by 4 hydrogen tanks on the roof. This is in addition to a 290 kW SIEMENS ELFA 3 electric engine and an FPT Industrial NMC 69 kWh battery pack, thanks to which the vehicle consumes less hydrogen and achieves a range of up to 450 kilometres (under normal driving conditions). To optimise hydrogen distribution and maximise efficiency, on board the E-WAY H2 is the Group's new electric Vehicle Control Platform (eVeCoP) software, developed in-house.
The 2024 market launch was highly successful: indeed, the IVECO BUS E-WAY FCEV was selected by the French procurement agency UGAP[6] and also secured contracts for the acquisition of hydrogen bus fleets in the French cities of Cannes, Lorient, and La Roche-sur-Yon. As a result, the production of the first 30 units is scheduled to begin in 2025.

3. Climate Risk Management

At Iveco Group, climate risk management is integrated into a Group-Wide multidisciplinary risk management process designed to identify and assess climate-related risks and opportunities, as well as the current and anticipated effects of climate change relevant to the Group's business model and value chain. This process encompasses direct operations, the supply chain (upstream), and products (downstream).
Climate-related risks and opportunities span three time horizons, meaning they can be:

- short-term (0-1 years), as per climate change assessments of physical risks
- medium-term (1-6 years), as per the Group's Enterprise Risk Management (ERM), Strategic Business Plan, and 2030 climate scenario

[6] *Union des Groupements d'Achats Publics.*

- long-term (6-16 years), as per the Group's 2040 net zero carbon strategies and targets, set in line with the Paris Agreement, and its aligned 2040 climate scenario.

The Group assesses the implications of climate-related risks and its own level of climate resilience and adaptability using the requirements of both the ESRS and the International Financial Reporting Standards (IFRS) S2 Climate-related Disclosures for reference. This assessment considers each of the following risk categories to identify and assess risks, their likelihood and magnitude of impact, and the opportunities they present:

- current and emerging regulations
- technology risk
- policy and legal risks
- market risk
- reputation risk
- acute physical risk
- chronic physical risk
- liabilities.

3.1 Physical Risks

The first step in Iveco Group's physical risk identification and assessment process consists in evaluating the relevance of all such risks for each site within the risk perimeter, through the analysis of climate zones and site-specific morphological features (such as altitude and proximity to rivers, coasts, or mountains). The Group evaluates its physical risk exposure by taking into account specific drivers for each physical event (which is also relevant when selecting suitable data sources).

For each physical risk driver, the analysis, evaluation, and selection of data tools are based on:

- data quality – in terms of terrain resolution (i.e., the level of spatial detail in elevation and topographic data), estimation accuracy (which depends on the geographical scale, colour mapping, numerical precision), and the transparency of the calculation process
- time flexibility – the availability of data across different time horizons and (ideally) its applicability to all project phases (thus enabling both short- and long-term analysis)
- accessibility – the availability of open-access tools that support the replication of analyses over time
- multiple applications – a tool's ability to assess multiple physical risks concurrently.

During the subsequent risk evaluation phase, these drivers are transposed onto a matrix and classified according to a 4-level scale (high, medium-high, medium-low, low) based on predefined impact thresholds specific to each physical risk event. This approach helps determine the economic impact of each risk event in terms of property damage (cash flow), business interruptions (EBIT), and other direct or indirect costs (beyond EBIT or cash flow). The net impacts of each physical risk are then quantified and recorded on the ERM impact scale, considering each plant's specific characteristics, any physical mitigators (such as the presence of

mobile dams for river flooding), and insurance coverages. The results obtained are then submitted to and validated by the relevant stakeholders within Iveco Group associated with the selected sites.

In 2024, the Group performed an analysis over the short, medium, and long term (2025-2040) of each physical risk event for each site within its risk perimeter (including proprietary plants and the sites of suppliers and dealers of property), in order to evaluate potential changes in risk exposure over time. The analysis used the weather patterns of the RCP[7] 8.5 scenario of the Intergovernmental Panel on Climate Change (IPCC), which is based on various assumptions regarding emissions, policies, and rising temperature levels. The main drivers considered when evaluating Iveco Group's short-, medium- and long-term physical risks were data tool results for specific physical risks and IPCC predictions of variables such as: maximum precipitation levels; surface wind speed; maximum temperatures; and consecutive dry days.

As regards physical **climate risk adaptation**, the industrial risks associated with high-frequency/high-severity natural hazards are increasingly an issue for large manufacturing companies. Iveco Group's Risk Management Centre of Competence analyses such hazards with the support of its loss prevention engineering provider and of the technical departments of the insurance and reinsurance companies represented on the Group's insurance panel. This analysis takes place during field audits and for all new project developments, using analytical techniques as well as practical, cost-effective methodologies to develop optimised risk-mitigation measures where feasible.
The 2024 assessment of material physical climate risks covered 84% of the Group's insured value[8], with completion schedules for implementing mitigation plans typically set at less than 5 years. Furthermore, 100% of new projects and initiatives are analysed from the earliest stages of development to ensure the highest level of prevention and protection from material physical climate risks. Any physical risk event affecting direct operations is considered a significant business disruptor (potentially having a substantive financial or strategic impact on business) if it results in significant value erosion potentially leading to critical financial impacts, jeopardising the Group's market position (high impact risk). The aforementioned risks may cause material adverse effects in terms of business interruptions, property damage, or other indirect costs, thus impacting the Group's EBIT and/or cash flow. It is predicted that climate change will lead to an increase in water stress and in extreme weather events, such as floods, hurricanes, cyclones, tornados, hailstorms, heat waves, and bush fires – inevitably disrupting production and component supplies.
Based on the 2024 assessment of Iveco Group sites within the risk perimeter and an initial pilot evaluation of supplier and dealer of property (DOP) sites, most of them are located in areas that are not particularly associated with high-risk exposure, with the exception of a few located in areas susceptible to hailstorms, flash floods and/or water stress. However, extreme natural events still pose a risk to the Group given the significant

[7] Representative Concentration Pathways (RCPs) are a climate scenario analysis tool (with each scenario describing a potential future pathway). The RCP 8.5 scenario assumes a high GHG emission future without effective climate change mitigation policies.

[8] 2024's total insured value under the control of the Loss Prevention Centre of Competence as at the third quarter of the year.

damage they can cause. Overall, considering the mitigation measures in place and the nature of the risks, Iveco Group plants' main economic vulnerability is linked to their exposure to river floods, hurricanes, cyclones, and tornados, whereas suppliers' economic exposure is mainly linked to water stress, hailstorms, and cold wave events.

Over the year[9], the Group invested a total of €0.16 million in loss prevention and mitigation measures, specifically in recommended improvements to align its sites to its loss prevention standards. These targeted investments cut loss expectancies by approximately €92 million, resulting in a Global Efficiency Index[10] (GEI) of 0.17, in line with the highest international standards. The goal of Iveco Group's loss-prevention investment strategy is to reduce damage to assets and minimise any resulting production stoppages (business interruptions), at both site and Group level, through the full or partial adoption of existing physical protection recommendations. In 2024, the Group's loss-prevention investments cut the expected loss due to property damage by 81% and due to business interruptions by 19%.

3.2 Transition Risks

Iveco Group's transition risk assessment process starts with the identification of key trends and drivers relevant to the Organisation and its industry. The 2024 assessment was performed according to IFRS[11] S2 guidelines – considering the main climate-related risk categories specified therein: Market Risk, Policy and Legal Risks, Technology Risk, Reputation Risk, and Liabilities – as well as ESRS requirements.

The main drivers identified to evaluate Iveco Group's medium- to long-term transition risks and opportunities were: the diffusion of electric vehicles; changes in mobility habits; unavailability and price volatility of materials; carbon taxes and green accounting practices; tightening of vehicle regulations; new green production requirements; mandatory climate-related disclosures; development of green products, processes, and technologies; and changing stakeholder perceptions of climate-related themes.

The Group then created a risk register to map the climate-related transition risks and opportunities most relevant to the Organisation (linking each to the aforementioned drivers) and assessed their relevance through a qualitative analysis – along with an in-depth quantitative analysis of a number of them. Risk assessment results were subsequently validated within the Group's Climate Change Risk Management (CCRM) framework through a preliminary review by the Enterprise Risk Management (ERM) function, followed by final validation by the Senior Leadership Team (SLT).

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[9] Figures relate to the period from 1 July 2023 to 30 June 2024 (Insurance Year).

[10] The Global Efficiency Index for loss mitigation measures (GEI = cost of protection/reduction of expected damage) is recognised as a measure of best practice for industrial risk management.

[11] International Financial Reporting Standards.

The medium- to long-term (2030-2050) analysis of transition risks and opportunities was performed using the RCP[12] 1.9 scenario of the Intergovernmental Panel on Climate Change (IPCC), which is based on various assumptions regarding future emissions, policies, and economic trends. Iveco Group also adopted the NZE[13] scenario of the International Energy Agency (IEA) to perform a comprehensive analysis of the energy and automotive markets, as well as the SSP1[14] scenario developed by the IPCC. Transition risks are considered significant business disruptors (potentially having a substantive financial or strategic impact on business) if they result in any of the following:

- a negative effect on one or more key strategies for the Group's stability and growth
- a prolonged suspension of essential business activities
- a seizure of key assets or of profits
- negative repercussions on the Group's reputation or image, resulting in: a substantial decrease in share price; strained relations with stakeholders; and/or a significant adverse impact on rankings, potentially leading to exclusion from financial or sustainability rating indices.

Based on the analysis performed, Iveco Group's top (most severe) transition risks are associated with uncertainties regarding: the shift towards mixed transport, energy costs, the life cycle of new products, the growing need for investments in health and safety, and climate-related regulations and disclosures. Meanwhile, opportunities are linked to developments in market demand and financial benefits owing to electrification consolidation and the expansion of the internal combustion engine (ICE) product market in countries with more flexible ESG laws and regulations.

4. Metrics and Targets

GHG emissions accounting is conducted in accordance with the Greenhouse Gas Protocol.
Several base years were selected when setting Iveco Group's targets, for the following reasons:

- 2019 (for targets regarding Scope 1 and 2 emissions) – to allow comparability with performance results achieved prior to the impact of various external factors (i.e., the pandemic, supply chain disruptions, and gas price rises as a result of the war in Ukraine)
- 2022 (for targets regarding Scope 3 emissions) – to standardise all Scope 3 targets following the revision of Iveco Group's product use target, which was modified to align with new regulatory requirements and the Organisation's updated Strategic Business Plan.

In the consolidation of the GHG emissions, Iveco Group adopts the **operational control approach**.

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[12] Representative Concentration Pathways (RCPs) are a climate scenario analysis tool (with each scenario describing a potential future pathway). RCP 1.9 is a very ambitious scenario, being the IPCC's lowest emission pathway towards limiting global warming to below 1.5°C by the end of the century, which is the aspirational goal of the Paris Agreement.

[13] Net Zero Emissions, a scenario that outlines a pathway for the global energy sector to achieve net zero CO_2 emissions by 2050.

[14] Shared Socioeconomic Pathways (SSPs) describe alternative socio-economic developments. SSP1 'Sustainability – Taking the Green Road' considers a gradual but pervasive shift towards a more sustainable path.

4.1 Energy Mix and GHG Emissions Inventory

Energy Mix

Energy production mix – Group-Wide	**2024 (Group-Wide)**	**2024 (Focus Area)**	**2023 (Focus Area)**	**2022 (Focus Area)**
Fuel consumption from crude oil and petroleum products (MWh)	102,592.6	40,400.2	37,173.2	33,825.8
Fuel consumption from natural gas and consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	702,522.7	396,425.3	426,886.7	446,384.3
Total fossil energy consumption (MWh)	**805,115.3**	**436,825.5**	**464,059.9**	**480,210.1**
Share of fossil sources in total energy consumption (%)	69.0	55 .0	55.0	57.0
Consumption from nuclear sources (MWh)	57,824.9	N/A	N/A	N/A
Share of consumption from nuclear sources in total energy consumption (%)	4.9%	N/A	N/A	N/A
Fuel consumption from renewable sources, including biomass (MWh)	8,136.1	8,136.1	241.6	322.0
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	352,858.3	341,864.7	372,859.5	366,908.1
Consumption of self-generated non-fuel renewable energy (MWh)	7,661.9	7,559.7	5,264.2	349.0
Total renewable energy consumption	**368,656.3**	**357,560.5**	**378,365.2**	**367,579.1**
Share of renewable sources in total energy consumption (%)	31%	45%	45%	43%
Total energy consumption (MWh)[15]	**1,173,771.6**	**794,385.9**	**842,425.1**	**847,789.2**

Scope 1 and 2 Emissions

GHG Emissions (tons CO_2eq)	**2024 (Group-Wide)**	**2024 (Focus Area)[16]**	**2023 (Focus Area)[16]**	**2022 (Focus Area)[16]**
Gross Scope 1 GHG emissions[17]	130,791.4	81,888.9	85,108.8	87,452.9
Gross Scope 2 GHG emissions – location-based	110,434.9	85,774.7	95,508.6	99,032.26
Gross Scope 2 GHG emissions – market-based	38,389.0	3,508.0	3,960.5	4,730.2

[15] Energy consumption (Focus Area), as reported in the 2024 Annual Report and the 2023 Sustainability Report, totalled 753,985.7 MWh in 2024, 805,252.0 MWh in 2023, and 814,246.7 MWh in 2022, due to the exclusion of fuel used for product testing.

[16] Emissions from the car fleet are excluded.

[17] Gross Scope 1 GHG emissions (Focus Area), as reported in the 2024 Annual Report and in the 2023 Sustainability Report, totalled 71,214.9 tons CO_2eq in 2024, 75,067.0 tons CO_2eq in 2023, and 78,344.6 tons CO_2eq in 2022, due to the exclusion of fuel used for product testing.

Scope 3 Emissions

GHG Emissions (tons CO_2eq)	**2024 (Group-Wide)**
1 - Purchased goods and services	3,968,982.0
2 - Capital goods	-
3 - Fuel-and-energy-related activities (not included in Scopes 1 or 2)	35,135.9
4 - Upstream transportation and distribution	162,528.0
5 - Waste generated in operations	-
6 - Business travel	4,204.0
7 - Employee commuting	32,184.4
8 - Upstream leased assets	-
9 - Downstream transportation and distribution	-
10 - Processing of sold products	-
11 - Use of sold products	60,357,066.9
12 - End-of-life treatment of sold products	415,386.0
13 - Downstream leased assets	-
14 - Franchises	-
15 - Investments	-

4.2 PROGRESS VERSUS TARGETS

Energy

Energy consumption	**Target**	**Base Year Value (Focus Area)**	**2024 (Focus Area)**	**Progress**
Energy consumption per production unit[18] at manufacturing plants ([MWh/Total manufacturing hours)	2030: -30% vs 2019	0.0302	0.0251	-16.9%

[18] *The production unit corresponds to the hour of production. Total manufacturing hours are used to calculate the normalised production unit indicator.*

Scope 1, 2 and 3 Emissions

Scope 1 & 2	**Target**	**Base Year Value (Focus Area)**	**2024 (Focus Area)**	**Progress**
Absolute CO_2 emissions (Scope 1 & 2) from the manufacturing plants (tons CO_2eq) - excluding fuel used to test products	2030: -50% vs 2019	99,926	74,723	-25.2%
Scope 3	**Target**	**Base Year Value**	**2024**	**Progress**
Cat. 1 - Absolute CO_2 emissions generated by major suppliers of purchased goods, services, and capital goods (tons CO_2eq)	2030: -30% vs 2022	N/A	N/A	Activities on schedule
Cat. 4 - CO_2 emissions per ton of goods shipped (kg CO_2eq)	2026: -7% vs 2022	268	255	-4.9%
Cat. 11 - CO_2 emissions from the use of sold products[19] (grams CO_2eq per vehicle/km)	2030: -38% vs 2022	701.05	654.51	-6.6%

4.3 Organisational Boundaries

The Group's Scope 1 and 2 emissions data is presented according to two distinct reporting scopes:

- Group-Wide: this scope encompasses all Iveco Group entities and sites, providing a comprehensive overview of the Organisation's environmental performance as a whole
- Focus Area: this scope includes only production areas within manufacturing plants, identified as having the greatest impact on environmental performance, providing a targeted view of the scope with the greatest influence.

As the Group Wide information was part of a scope extension prepared for the ESRS implementation, previous years' data is not available. At the same time, the targets were set in accordance with the scope of the Focus Area, in some cases excluding certain aspects such as diesel used for product testing.

The Group Scope 3 emissions data is presented according to the Group-Wide scope.

The reporting scope of the data presented is consistent with that of the Annual Report (refer to Chapter 1. 1.1 General basis for the preparation of the Sustainability Statement (BP1, BP2), pages 12-14; and Chapter 3. Climate Change (E1), pages 61–68). In addition, this document includes supplementary information and data from previous years.

The reporting period of the information covers the period from 1 January to 31 December for the years 2022, 2023, and 2024.

[19] *The target refers to vehicles manufactured in Europe.*

This document follows internationally recognised methodologies and standards for the calculation and reporting of greenhouse gas (GHG) emissions. The main references adopted are the GHG Protocol and the European Sustainability Reporting Standards (ESRS), in particular ESRS E1 – Climate Change.

GHG emissions are reported in carbon dioxide equivalents (CO_2eq).

Further details on the calculation methodologies are available in the 2024 Annual Report and the 2024 GHG Statement.

4.4 Internal Price of Carbon

The Group is evaluating approaches to extend and improve the application of the Internal Price of Carbon (IPoC) methodology.
Projects are prioritised by their IPoC, favouring those that achieve greater emission reductions per euro invested.

In 2024, the methodology was applied to 32 projects, prioritising their implementation starting from those with the lowest IPoC, calculated as: EUR invested / (Avoided emissions × 10-year lifecycle).

Thanks to the availability of financial resources, all identified projects were implemented during the year. The IPoC values applied range from 3 to 145 EUR/tonne CO_2eq/year.
Some examples of projects implemented in 2024 and their associated IPoC values include:

- Replacement of natural gas with electric radiant panels in the touch-up oven: 3 EUR/tonne CO_2eq/year
- Retouching oven decarbonisation: 36 EUR/tonne CO_2eq/year
- Humidity automation in painting CTA units: 145 EUR/tonne CO_2eq/year.

These examples reflect the Group's commitment to decarbonisation, pursuing emissions reductions even beyond strictly economic criteria.

5. Appendix

5.1 TCFD Correspondence Table

THEMATIC AREA	RECOMMENDED TCFD DISCLOSURES	REFERENCE
Governance Disclose the organisation's governance around climate-related risks and opportunities.	a) Describe the board's oversight of climate-related risks and opportunities	1. Governance
	b) Describe management's role in assessing and managing climate-related risks and opportunities	1. Governance 3. Climate Risk Management
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	2. Strategy 3. Climate Risk Management
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	2. Strategy 3. Climate Risk Management
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	2. Strategy 3. Climate Risk Management
Risk Management Disclose how the organisation identifies, assesses, and manages climate-related risks.	a) Describe the organisation's processes for identifying and assessing climate-related risks.	3. Climate Risk Management
	b) Describe the organisation's processes for managing climate-related risks.	3. Climate Risk Management
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	3. Climate Risk Management
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	4. Metrics and targets
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	4. Metrics and targets
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	4. Metrics and targets