

SUSTAINABILITY



REPORT 2022

I V E C O • G R O U P  
WE GO BEYOND

# About this Report

With our Sustainability Report, we aim to give our stakeholders a comprehensive overview of Iveco Group's operations, integrating our financial results and economic commitments with our environmental and social ones.

This Report was prepared in accordance with the GRI Standards and includes correspondence tables for the main international standards, i.e., those of the Sustainability Accounting Standards Board (SASB), World Economic Forum (WEF), and Taskforce on Climate-related Financial Disclosures (TCFD).

Approximately 200 key performance indicators (KPIs) are reported in this document.

The Report has 3 sections – the Governance and Economic Dimension, Environmental Dimension, and Social Dimension – followed by the Appendix with details on all KPIs.

Opening each section is a work by a young artist: we asked 5 students taking the Bachelor of Arts degree in Photography at the IED Design School in Turin (Italy) to give us their interpretation of energy transition. These works were exhibited at Iveco Group's BEYOND event, held in July 2022 at the OGR hub of innovation and art in Turin (see page 13 ↘).

The Report was designed for digital viewing and to be compatible with screen readers, so as to give visually impaired people ease of access. Furthermore, in addition to hyperlinks, it has navigation buttons to make it easier to view.

## KEYS

 Back to previous page

 Hyperlink

 Watch the video

 More info

 Strategic sustainability target



# Look Beyond

In 2022, Iveco Group collaborated with IED Torino (Istituto Europeo di Design), an international higher education institute in the fields of design, fashion, visual arts, and communication: we asked 5 IED students to depict the role renewable energy plays in the world today through art aligned with our tagline, We Go Beyond. The resulting 'Look Beyond' exhibit debuted at our 5-day BEYOND event in Turin (Italy), and is an integral element within this Report.

Our collaboration with IED Torino spotlights our commitment to renewable resources and fosters attention and awareness among the future generation, while demonstrating Iveco Group's ability to go beyond the obvious in developing unique partnerships.

We are proud of this creative collaboration, which sheds light on a sustainable world that Iveco Group dares to imagine possible.

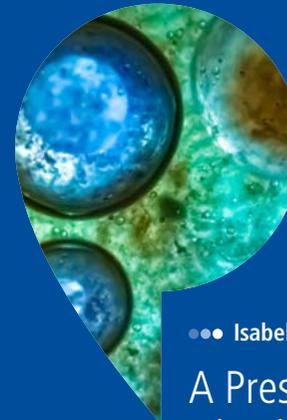


●●● **Susanna Giacinto**

## Valuable Waste

Susanna Giacinto used existing materials to give a second life to elements that would otherwise have been thrown away. Her collage focuses on the circular economy and on how renewable energy will lead the human race towards a more responsible future.

See page 6 ↘



●●● **Isabella Castellano**

## A Present that Tastes Like the Future

Isabella Castellano shot photographs in locations where she came into direct contact with new resources: electricity, hydrogen, and biogas. Her artwork aims to raise awareness and encourage people to reflect on their responsibility to protect the planet.

See page 72 ↘



●●● **Greta Ratto**

## Connexio

Greta Ratto created a collage of decomposed portraits, putting together a series of faces representing renewable energy sources that can contribute to a more sustainable world. The finished product conveys the coming together of people in a collective commitment to protect the planet.

See page 101 ↘



●●● **Alessandro Di Lenardo**

## First Aid

Alessandro Di Lenardo photographed isothermal blankets over large boulders and applied a technique that sets the images in motion to mimic air and water, essential elements in the production of renewable energy and the very foundation of our ecological transition.

See page 166 ↘



●●● **Samuele Chinaglia**

## Si(E)nergy

Samuele Chinaglia used unaltered primary natural elements placed side by side with modernity to symbolise the need for coexistence and synergy within the Earth's ecosystem. The resulting hybrid portraits illustrate how human beings and innovations are in constant evolution.

See page 212 ↘

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## Letter from the Chair and the Chief Executive Officer

### DEAR STAKEHOLDERS,

We are proud to present our first Sustainability Report as an independent Company. Within this document you will find details outlining Iveco Group's path to becoming ever more sustainable and our ESG accomplishments in 2022. Our journey relies on a clear strategy, advanced governance, and a well-defined business model, all of which have sustainability at their core and are driven by our determination to make a positive impact on the world and create long-term value for all our stakeholders.

In 2022, our foundational year, everyone at Iveco Group worked together to renew and bolster our focus on designing, producing, selling, and serving innovative solutions for more sustainable mobility worldwide. This made it possible for us to deliver what we promised to our customers while facing geopolitical challenges that impacted our business and our industry, including the war in Ukraine, exacerbated supply chain disruptions triggered by Covid-19, and spiralling raw material prices. Throughout the year we remained intent on reaching our targets linked to the four priorities of our ESG strategy: reducing our carbon footprint, improving workforce and product safety, incorporating life cycle thinking, and increasing the inclusion and engagement of our people and stakeholders.

Our people also made a major contribution by voicing their opinions in Iveco Group's first employee engagement survey. One of the focus areas that emerged was a shared ambition to make the world more sustainable and this was incorporated in our new Company purpose as being "home of unique people and brands that power your business and mission to advance a more sustainable society". We also formulated the five core values that guide the way in which we work, and it is through these that we want to begin to tell you about what we have achieved thus far.

### WE GO BEYOND THE OBVIOUS

All of us at Iveco Group are determined to do more than what is expected or predictable. We encourage each other to embrace new challenges and drive positive change for our stakeholders, our local communities, and our planet. This bold approach has led us to take our commitment to the

Paris Agreement one step further by establishing the ambitious target of reaching net zero carbon by 2040, ten years ahead of the treaty's goal. Working towards this target, in 2022 we reduced emissions at our plants and our overall energy consumption, cutting our absolute CO<sub>2</sub> emissions by 16% compared to 2019.

**WE CONTRIBUTE DIVERSE STRENGTHS**

At Iveco Group we value the unique skills and points of view of all our people. We strongly believe that an inclusive environment in which everyone is able to express their full potential contributes to creating a better organisation. To help foster an increasingly engaging and inclusive workplace, in 2022 we established our Diversity, Equity, and Inclusion (DEI) Council with clear objectives and responsibilities around six leader-led workstreams: DEI awareness; employer branding; talent mobility, succession, and hiring; career development; the gender pay gap; and wellness. The DEI Council guides the Company in reaching our Inclusion and Engagement targets, including that of having 23% of our management positions held by women by the end of 2026 and involving 100% of our people in culture and engagement initiatives before the end of 2023.

**WE TAKE OWNERSHIP**

We work proactively and take full responsibility to meet the needs of our customers and our stakeholders, holding ourselves accountable for ensuring positive results within a sustainable work context. To help us focus our efforts on the ESG issues that have an important impact both within and outside our Company, in 2022 we carried out our first materiality analysis. We used a double materiality approach that, on the one hand, examined the impact we have on communities, the environment, and people; on the other, it assessed the risks and opportunities that meeting sustainability objectives can present for our Company's reputation and business growth. This detailed analysis laid the groundwork for implementing improvement measures globally.

**WE DO WHAT IS RIGHT**

Our Company acts with integrity always and everywhere, a commitment that makes our business stronger and more sustainable over time. We care passionately about respecting human rights and work systematically to uphold them within our internal operations and across our entire value chain. With this in mind, when the war in Ukraine broke out – directly impacting our colleagues in the conflict zone, our business, and society at large – we wasted no time in getting our people to safety, assisting them and their families throughout the year. We also supported three non-profit organisations who continue to help many of the other people affected by the war, matching employee donations 3 to 1 so that together we could make a difference for the most vulnerable. And our brands contributed vehicles, apparel, and equipment to aid first responders and victims.



**WE COLLABORATE TO WIN**

Iveco Group is home to an impressive group of people committed to reaching ambitious objectives – together. We prioritise partnering with like-minded organisations and suppliers who share in this commitment and collaborate to ensure mutual success. In 2022 we took steps to formalise this approach along our value chain by joining Open-es, a community-based digital platform that increases awareness and engagement in topics related to sustainability, and brings companies together to face the challenge of the energy transition. In our first year with Open-es, 77% of our suppliers subscribed to the platform, benefitting from valuable resources to monitor and improve their ESG performance and helping us generate value transparently.

These are just a few examples of what is included in our 2022 Sustainability Report. There is much more we would like to share with you about our commitment to sustainable work practices and to delivering innovative solutions for capital goods and for sustainable mobility. We invite you to read further and discover how at Iveco Group, we go beyond.

Sincerely,

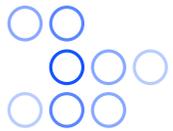
**SUZANNE HEYWOOD  
CHAIR**

**GERRIT MARX  
CHIEF EXECUTIVE OFFICER**



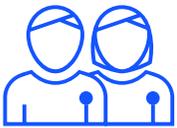


## 2022 Key Figures



**8**

Brands



Over

**35,000**

Employees



**€14.4**  
billion

Net Revenues



**€4,364**  
million

Available Liquidity<sup>a</sup>



**29**

R&D Sites



**5,425**

Active Patents

Commercial  
Presence in

**160**

Countries



**250**

Dealerships in Europe

<sup>(a)</sup> Non-IFRS financial information.

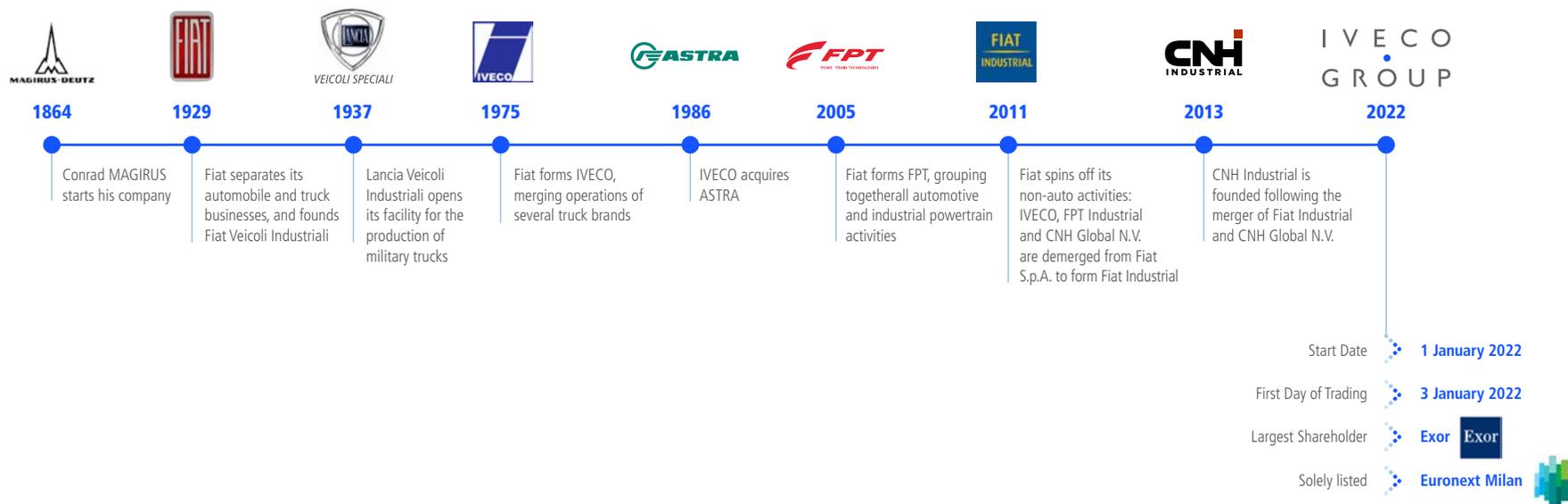
# We Go Beyond Our Business Model

Iveco Group is a global automotive leader active in the Commercial and Specialty Vehicles, Powertrain, and related Financial Services arenas, and it bases its strategy on the three pillars of innovation, sustainability and partnerships.

Each of Iveco Group's 8 brands is a major force in its own specific line of business: IVECO, a pioneering commercial vehicles brand that designs, manufactures, and markets heavy, medium, and light-duty trucks; FPT Industrial, a global leader in advanced powertrain technologies

offering a vast array of solutions in the agriculture, construction, marine, power generation, and commercial vehicles sectors; IVECO BUS and HEULIEZ, both premium mass-transit bus and coach brands; IDV, for highly-specialised defence and civil protection equipment; ASTRA, a leader in large-scale heavy-duty quarry and construction vehicles; MAGIRUS, industry-renowned firefighting vehicle and equipment manufacturer; and IVECO CAPITAL, the finance arm supporting them all.

## Iveco Group's Evolution



Through its *Voice* engagement survey, Iveco Group involved every employee in defining its **purpose** and its 5 new Company **values** that truly reflect the way Iveco Group wants to do business (see page 110 [↘](#)).

The Company's purpose and values are applied every day and in everything it does, with the support of:

- a system of principles, rules, and procedures in which roles and responsibilities are clearly defined (see page 34 [↘](#))
- a process that anticipates and manages current and future economic, environmental, and social risks and opportunities
- a set of strategic **business** and **sustainability priorities** that help steer everyone's efforts.

Iveco Group believes that innovation and the design of products and services tailored to its customers' needs are fundamental aspects of its competitive advantage, integral to all its activities and processes in the creation of value, enabling the Company to compete with other market players and to be seen by its customers as a true partner.

The main purpose of Iveco Group's business is to create value for stakeholders, which are classified based on the pillars identified by the World Economic Forum (WEF):

- **Planet:** representing the commitment to not underestimate the risks the planet is facing. Building a safer and more sustainable world requires the right balance between humanity and nature, and pursuing the necessary targets can no longer be postponed
- **People:** representing the commitment to consider the different perspectives of those who are impacted by our business, while actively encouraging them to join us on our path towards a positive change
- **Prosperity:** representing the commitment to ensure more prosperity for all, through the adoption of new technologies and the transition towards a more inclusive and digital society.

The key points of Iveco Group's value chain can be summarised as follows:

- **Our People & Operations:** representing the people who apply their skills to develop products and services with the utmost dedication in all Company areas, supported by production processes that are efficient, technologically innovative, and environmentally friendly
- **Our Products & Services:** representing the Company's product offering ensuring customers enjoy lower operating and maintenance costs, superior performance, maximum profitability, lower total cost of ownership (TCO), and technological innovation
- **Our Valued Partners:** representing those who make up Iveco Group's ecosystem (mainly the dealerships, service network, and suppliers), with whom the Company shares a common understanding and works to map out a path through the current challenging transition; and who make Iveco Group an efficient Company able to give its utmost to customers, the ultimate and most valued partners.

Iveco Group believes that long-term success is achieved by pairing innovation with resource efficiency, and financial prosperity with ESG performance. For this reason, the organisational model implemented at Iveco Group was designed to strengthen:

- the entrepreneurial agility of business units
- the focus on new technologies and digital solutions
- customer centricity
- clear accountability
- synergies between business units to achieve global consistency
- the Company's efficiency and effectiveness
- governance.

Our Business Model

**OUR PURPOSE**

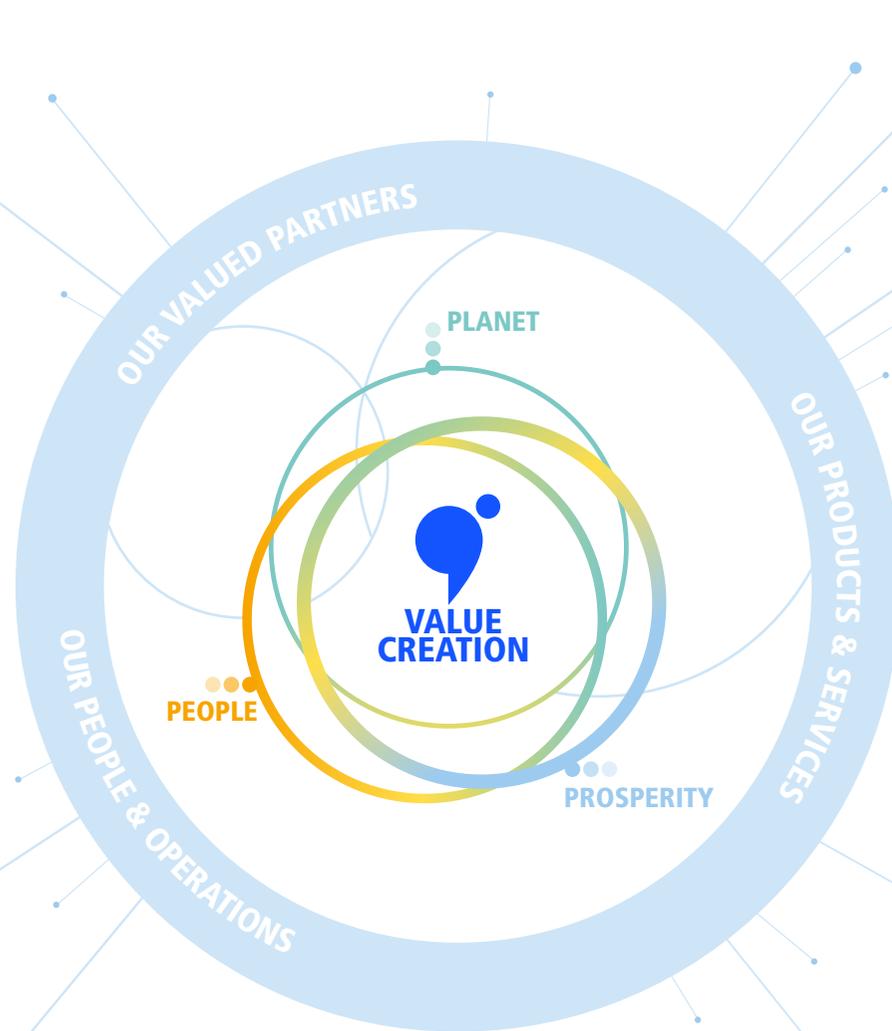
Home of **unique people** and brands that power your business and mission to **advance** a more sustainable society

**OUR STRATEGIC PRIORITIES**

- Product Range & Positioning
- Operational Performance
- Alternative Powertrains
- Collaborations & Partnerships
- Life Cycle Services

**OUR STRATEGIC SUSTAINABILITY PRIORITIES**

- Carbon Footprint
- Workplace and Product Safety
- Life Cycle Thinking
- Inclusion and Engagement



**OUR VALUES**

- We go beyond the obvious
- We contribute diverse strengths
- We take ownership
- We do what is right
- We collaborate to win

# Our Stakeholders

Stakeholders<sup>1</sup> present a wide range of differing interests, so establishing and maintaining stable and lasting relationships with them is crucial for creating shared value over the long term. At Iveco Group, we promote ongoing communication and active engagement with our stakeholders worldwide, interacting with them continually and proactively throughout the year via our dedicated functions. We consider these exchanges as opportunities for mutual growth and improvement, which is why we work hard to build cooperation and trust with receptiveness and engagement.

Through an internal assessment performed by the corporate functions that manage our stakeholder relations on a daily basis, we have identified and selected several key stakeholders to better understand their specific requirements and priorities; this enables us to deal with issues before they become critical, and to fine-tune our responses according to their interests.

GRI 2-29

Stakeholder Categories	CORPORATE FUNCTIONS
<ul style="list-style-type: none"> <li>Employees</li> <li>Employees' Families</li> <li>Other Workers</li> <li>Trade Unions &amp; Employee Representatives</li> </ul>	<ul style="list-style-type: none"> <li>Human Resources</li> <li>Communications</li> <li>Business Units</li> <li>Manufacturing</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Business Units</li> <li>Financial Services</li> <li>Communications</li> </ul>
Dealer and Service Network	<ul style="list-style-type: none"> <li>Business Units</li> </ul>
Suppliers & Business Partners	<ul style="list-style-type: none"> <li>Supply Chain</li> </ul>
<ul style="list-style-type: none"> <li>Financial Community: Shareholders &amp; Traditional and ESG Investors</li> </ul>	<ul style="list-style-type: none"> <li>Finance</li> <li>Institutional Relations &amp; Sustainability</li> <li>Communications</li> </ul>
Public Institutions <sup>a</sup>	<ul style="list-style-type: none"> <li>Institutional Relations &amp; Sustainability</li> </ul>
<ul style="list-style-type: none"> <li>Scientific and Technological Research Centres and Universities</li> </ul>	<ul style="list-style-type: none"> <li>Business Units</li> <li>Technology &amp; Digital</li> <li>Human Resources</li> </ul>
Local Communities <sup>b</sup>	<ul style="list-style-type: none"> <li>Institutional Relations &amp; Sustainability</li> <li>General Counsel</li> <li>Manufacturing</li> </ul>
Environment	<ul style="list-style-type: none"> <li>Manufacturing</li> <li>Institutional Relations &amp; Sustainability</li> <li>Business Units</li> <li>Technology &amp; Digital</li> </ul>
Next Generations	<ul style="list-style-type: none"> <li>Iveco Group</li> </ul>

<sup>(a)</sup> Governments, local authorities, public agencies, regulatory bodies, international institutions, trade associations, and non-governmental organisations.

<sup>(b)</sup> Religious, cultural, and socio-political associations; health systems; schools and universities; non-governmental and non-profit organisations.

<sup>(1)</sup> As per the ISO 26000 international standard providing guidance on social responsibility, a stakeholder is defined as an individual or group that has an interest that is affected or could be affected by the decisions or activities of an organisation.

In addition to the specific engagement process during the materiality analysis (see page 19 [↗](#)), we regularly promote ongoing communication with our stakeholders worldwide through the following 4 levels of engagement.

Engagement Level	ENGAGEMENT METHODS
<b>Inform</b> (one-way communication: Iveco Group to stakeholders)	<ul style="list-style-type: none"> <li>publications, reports, corporate website, press, and social/digital media</li> <li>official public events/activities and speeches</li> <li>advocacy</li> </ul>
<b>Listen</b> (one-way communication: stakeholders to Iveco Group)	<ul style="list-style-type: none"> <li>media</li> <li>interviews and meetings</li> <li>investor relationships</li> <li>conference calls</li> <li>special events</li> <li>questionnaires and surveys</li> <li>phone hotlines and email feedback forms</li> </ul>
<b>Involve</b>	<ul style="list-style-type: none"> <li>materiality analysis</li> <li>dedicated web portals</li> <li>multi-stakeholder forums</li> <li>shared projects</li> <li>workshops</li> <li>collective bargaining</li> <li>Compliance Helpline</li> </ul>
<b>Collaborate</b>	<ul style="list-style-type: none"> <li>partnerships</li> <li>joint projects</li> <li>shared decision-making processes</li> </ul>

### BEYOND - IVECO GROUP DAYS



In July 2022, Iveco Group officially introduced itself to its international stakeholders, as well as to the people of Turin (Italy), the city where it is headquartered, at *BEYOND - Iveco Group Days*: a 5-day event focusing on the Company's strong roots and long-standing experience in the automotive industry and on its innovative spirit built on solid strategies. Between 13 and 17 July, 61 speakers – including professors, experts, industry leading CEOs, startup entrepreneurs, and Iveco Group's Senior Leadership Team – engaged in more than 10 hours of keynote speeches, debates, and roundtables, before an audience of over 4,300 guests and 30,000 stream viewers. The event was structured around Iveco Group's 3 key strategic pillars – technology, sustainability, and partnerships – with an impressive array of experts exploring how trends and innovation will shape the future of mobility and the transport industry. The programme also included dedicated sessions for the public and employees, as well as a *Career Day* for students and job seekers, focusing on the professional opportunities at Iveco Group. The venue was also opened up to the local community for an inside look at the Company's brands and products. *BEYOND - Iveco Group Days* was organised with a view to minimising its environmental impact; in fact, the event was completely plastic-free, and the CO<sub>2</sub> emissions generated were calculated, reduced, and offset through the *Life Gate Zero Impact* initiative (providing for the reforestation and protection of 1.3 square kilometres of land).



Find out more about [BEYOND - Iveco Group Days](#).

## Our Sustainability

Iveco Group has embraced the mission to put sustainability at the heart of its strategy, so becoming an integral part of its day-to-day activities to ensure business is conducted in an economically sound, environmentally friendly, and socially beneficial way. By fully integrating environmental and social considerations with economic objectives, we are able to identify potential risks and seize additional development opportunities, creating a process of continuous – and above all sustainable – improvement that creates value over the long-term.

We have established a sound **organisational structure** to optimise the management of sustainability aspects within the Company.

The highest responsibility for sustainability matters at Iveco Group lies with the Board of Directors' **ESG Committee** (see page 31 [↗](#)). From an executive point of view, this responsibility falls under the **SLT Sustainability Committee** (see page 32 [↗](#)); from an operational one, under the Sustainability Department within the Sustainability Team.

The **Sustainability Team** is a network of experts responsible for incorporating sustainability criteria more effectively into Company strategy and for ensuring the necessary support for sustainability activities.

The Team comprises the following:

- the Head of the Institutional Relations & Sustainability function (IR&S)
- the Sustainability Department
- Sustainability Representatives
- Local Initiative Representatives.

The **Head of IR&S** oversees the Company's sustainability activities, provides visionary leadership, and coordinates with management, shareholders, and employees to promote the continuous improvement of an effective corporate sustainability approach. The Head of IR&S is a member of the Senior Leadership Team (SLT) and chairs the SLT Sustainability Committee.

The **Sustainability Department** oversees two main areas: our sustainability strategy and our sustainability initiatives. Among other things, it monitors external trends and incorporates them into the Company's activities in line with stakeholder requirements, it proposes projects involving the Company and/or the community, and promotes the adoption of good practices to encourage their integration into Company processes. From an operational perspective, it is tasked with: conducting the materiality analysis and stakeholder engagement processes (see page 19 [↗](#)); managing all sustainability planning and reporting aspects; completing questionnaires required by sustainability rating agencies; and managing initiatives that support the development of local communities (see page 158 [↗](#)).

The Sustainability Department manager also acts as secretary to the SLT Sustainability Committee.

Additionally, the Sustainability Department is responsible for:

- promoting a culture of sustainability throughout the Company
- promoting the integration of sustainability into day-to-day activities, implementing the strategies defined by the sustainability committees
- facilitating continuous improvement by supporting and motivating the corporate functions
- strengthening relationships with stakeholders while enhancing their perceptions.

**Sustainability Representatives** are appointed to represent Iveco Group's operating areas.

They are responsible for:

- ensuring the support and alignment required across the Company
- bringing expertise to specific issues relating to the Company's reporting process
- formulating proposals for continuous improvement.

They provide a direct link between the Sustainability Department and the various operating areas, ensuring both technical and organisational support.

Lastly, the **Local Initiative Representatives** are responsible for the local operational aspects of community projects and for implementing them in accordance with country specific requirements.



Find out more  
about our Governance Structure.

## STRATEGIC SUSTAINABILITY PRIORITIES AND TARGETS

We have defined and fine-tuned our sustainability priorities so as to ensure better alignment with our core business. The 4 strategic sustainability priorities that underpin our sustainability strategy are:

- **carbon footprint:** to reduce CO<sub>2</sub> emissions from manufacturing processes along our entire value chain (supply and logistics) and from our product range, aiming for net zero carbon emissions by 2040
- **workplace and product safety:** to minimise the risk of workplace injuries through effective preventive and protective measures, and to ensure Company products have the highest safety standards
- **life cycle thinking:** to implement solutions that efficiently minimise the impact of products and processes through a circular product life cycle approach
- **inclusion and engagement:** to build ever-stronger relationships with stakeholders, continuing to work proactively and effectively to create an inclusive work environment.

To strengthen Iveco Group's efforts on its journey towards a sustainable future, we have mapped out the path to achieving these 4 strategic priorities by setting clear objectives, with specific reference to our people, direct operations, products and services, and valued partners.

These targets are a part of our Strategic Business Plan, and progress is regularly reported to both the ESG Committee and to the SLT Sustainability Committee (see page 32 [↗](#)).

They are also incorporated into the Sustainability Plan (see pages 168-172 [↗](#)), which includes both long and short-term targets and reflects the Company's commitment to contributing to development, in harmony with people and the environment. Clear responsibilities are defined for each target to ensure they are consistently monitored and achieved.

It should be noted that **executive compensation** is linked, among other things, to the achievement of 2 strategic sustainability targets: specifically, the long-term incentive plan is linked to the reduction in CO<sub>2</sub> emissions (Scope 1 and 2) compared to 2019 (under our former corporate structure), and the short-term incentives to the increase in management positions held by women.

Mindful that our strategic sustainability targets can contribute to the achievement of the UN's Sustainable Development Goals (SDGs), we developed a process to identify the SDGs most relevant to our business and that we are best equipped to support.

This process consisted of 3 phases:

- all 17 SDGs, and their respective targets and indicators, were compared with our strategic targets to determine possible links
- associated risks and actual or potential impacts were identified for each SDG and strategic target in relation to our processes, products, and services
- the results were analysed, confirming 10 SDGs as most relevant to the Company.



Find out more about SDGs.



Strategic Sustainability Targets



**CARBON FOOTPRINT**



2040  
**net zero carbon emissions**

**OUR PEOPLE & OPERATIONS**

2030  
**-50%** vs 2019  
in absolute CO<sub>2</sub> emissions (Scope 1 & 2)

2030  
**100%** of total electricity consumption  
derived from renewable sources

**OUR PRODUCTS & SERVICES**

2030  
**-38%** vs 2022<sup>a</sup>  
in Scope 3 CO<sub>2</sub> emissions from the use of sold  
vehicles per vehicle/km

**OUR VALUED PARTNERS**

2026  
**-7%** vs 2022<sup>a</sup>  
in kg of CO<sub>2</sub> emissions per ton of goods shipped

2026  
**-20%** vs 2022<sup>a</sup>  
in absolute CO<sub>2</sub> emissions derived from key  
suppliers of purchased goods and services and  
capital goods

<sup>(a)</sup> Target revised.



**WORKPLACE AND PRODUCT SAFETY**



2026  
**-40%** vs 2019  
in employee injury frequency rate  
(manufacturing and non-manufacturing  
perimeter)

2026  
**100%** of new vehicles in Europe  
equipped with Advanced Driver Assistance  
Systems and additional advanced functions,  
such as Adaptive Cruise Control (ACC) Stop  
& Go, Corrective Steering Function (CSF), and  
Lane Centering (LC)

2026  
**100%** of dealership staff involved in  
safety training sessions on product portfolio



**LIFE CYCLE THINKING**



2026  
**75%**<sup>a</sup> of water recycled at Company plants  
worldwide

2026  
**100%** of new products developed using  
sustainability/recyclability design criteria

2030  
**100%** recovery of the cores of spare  
parts sold

2026  
**15%** of net sales from spare parts  
generated by remanufactured components



**INCLUSION AND ENGAGEMENT**



2026  
**23%** of management positions held by  
women

2026  
partnership with **100%** of key customers  
to improve working conditions and life balance  
for drivers

2026  
**+20%** vs 2021  
in Net Promoter Score (IVECO Trucks)

2026  
**100%** of Tier 1 suppliers involved in  
sustainability self-evaluations

2026  
**+100%** vs 2021  
in number of collaboration projects with  
suppliers to improve products' sustainability  
performance

2026  
**+50%** vs 2019  
in number of students involved in education  
activities, focusing on the jobs of the future

# 2022 Main Results related to our Strategic Targets

## Environmental Dimension

### CARBON FOOTPRINT



**2030** ●●● **-50%** vs 2019 in **absolute CO<sub>2</sub> emissions** (Scope 1 & 2)

**2030** ●●● **100%** of total **electricity consumption** derived from renewable sources

### 2022 RESULTS



**-16%** **-50%** by 2030

**98%** **100%** by 2030

### LIFE CYCLE THINKING



**2026** ●●● **75%<sup>a</sup>** of **water recycled** at Company plants worldwide

**2026** ●●● **15%** of **net sales** from **spare parts** generated by remanufactured components

**2030** ●●● **100%** recovery of the cores of **spare parts sold**

**60.1%** **75%** by 2026

**7.8%** **15%** by 2026

**6%** **100%** by 2030

<sup>(a)</sup> Target revised and made more challenging.

# 2022 Main Results related to our Strategic Targets

## Social Dimension

2022 RESULTS



### WORKPLACE AND PRODUCT SAFETY



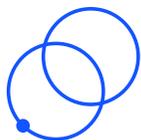
2026 ●●● **-40%** vs 2019 in **employee injury frequency rate** (manufacturing and non-manufacturing perimeter)

**-12.4%** **-40%** by 2026

2026 ●●● **100%** of dealership staff involved in **safety training** on product portfolio

**80%** **100%** by 2026

### INCLUSION AND ENGAGEMENT



2026 ●●● **23%** of management positions held by **women**

**21.7%** **23%** by 2026

2026 ●●● **+20%** vs 2021 in **Net Promoter Score** (IVECO Trucks)

**+7%** **+20%** by 2026

2026 ●●● **100%** of **Tier 1 suppliers** involved in sustainability self-evaluations

**77%** **100%** by 2026

2026 ●●● **+50%** vs 2019 in number of **students** involved in **education activities**, focusing on the jobs of the future

**+23%** **+50%** by 2026

## MATERIALITY ANALYSIS

In 2022, Iveco Group carried out a materiality analysis applying the revised approach to materiality introduced by the new GRI Universal Standards<sup>1</sup> published in 2021. This new approach focuses on the identification of topics that are likely to be material for an organisation based on the latter's most significant impacts (whether positive or negative, actual or potential) on the economy, the environment, and people (including on human rights). This inside-out perspective, which considers the impacts that are or could be generated by a company, was adopted when performing Iveco Group's impact materiality analysis, as per the new GRI requirements.

Acting proactively and anticipating the requirements of the EU's Corporate Sustainability Reporting Directive (CSRD), we also performed a second materiality analysis, implementing, for the first time, a **double-materiality** approach, which integrates a **financial materiality** perspective with the **impact materiality** perspective. The former entails an outside-in approach, identifying topics that are likely to be material for an organisation due to the sustainability risks and opportunities associated therewith that have or could have a significant impact on future cash flows, with potential financial repercussions for company development, performance, and positioning in the short, medium, and long term.

The following are the main steps involved in identifying Iveco Group's material topics:

### Materiality Analysis Process



<sup>(1)</sup> The Global Reporting Initiative (GRI) is a multi-stakeholder association for the development and disclosure of standards for reporting on an organisation's economic, environmental, and/or social impacts.

### Step 1: Analysis and understanding of the organisational and business context

Understanding Iveco Group's activities, business relationships, and stakeholders, as well as the sustainability context in which it operates, was the first step towards identifying the Company's impacts, risks, and opportunities. To this end, a benchmark analysis was performed against comparable sector enterprises and according to the requirements of the main international sustainability standards. An analysis of the external context was performed as well, to identify the main sustainability-related trends and aspects of the industry in which we operate.

### Step 2: Identification of impacts, risks, and opportunities

To obtain an exhaustive list of Iveco Group's main impacts, risks, and opportunities according to both impact and financial materiality perspectives, the analysis performed in Step 1 also took into consideration the risks identified through the Company's Enterprise Risk Management (ERM) risk assessment process, which is conducted on a regular basis (see page 49 [↗](#)).

### Step 3: Assessment of the significance of impacts, risks, and opportunities

The significance of the identified impacts was assessed based on their severity, extent, irreparable nature (only for negative impacts), and probability. The significance of the identified risks and opportunities, on the other hand, was assessed based on the severity and probability parameters employed by the ERM system, and on their extent in terms of potential to create or diminish corporate value – and therefore to impact the Company's development, performance, and positioning in the short, medium, and long term.

The above impacts, risks, and opportunities were duly assessed (on a scale of 1-4) by the members of our Sustainability Leadership Team (SLT, see page 32 [↗](#)) during a day-long workshop, after in-depth discussions on emerging ESG trends led by external experts attending the event. The assessment process also involved online interviews with sustainability experts and some of the Company's main stakeholders.

### Step 4: Definition and prioritisation of the material topics based on the significance of impacts, risks, and opportunities

As per the requirements of the new 2021 GRI Universal Standards, we used the outcomes of Iveco Group's impacts assessment to create a priority list of material topics (14 in total), classified according to the 4 priorities<sup>2</sup> of our sustainability strategy. This list was submitted to and approved by the ESG Committee of Iveco Group's Board of Directors.

<sup>(2)</sup> Iveco Group's 4 strategic sustainability priorities are: carbon footprint, workplace and product safety, life cycle thinking, and inclusion and engagement.

2022 Impact Materiality Analysis

Position	MATERIAL TOPIC	Priority
1	Product quality and safety	Workplace and product safety
2	CO <sub>2</sub> emissions from vehicles	Carbon footprint
3	Human rights	Inclusion and engagement
4	Occupational health and safety	Workplace and product safety
5	Diversity, equity, and inclusion	Inclusion and engagement
6	Sustainable supply chain	Life cycle thinking
7	Dealer and customer management	Inclusion and engagement
8	Circular product life cycle	Life cycle thinking
9	CO <sub>2</sub> emissions from logistics	Carbon footprint
10	Employee development and training	Inclusion and engagement
11	CO <sub>2</sub> emissions from operations	Carbon footprint
12	Responsible management of natural resources	Life cycle thinking
13	Digitalisation and connectivity	Workplace and product safety
14	Local communities	Inclusion and engagement

It should be noted that, within the scope of the analysis, aspects related to Corporate Governance, business ethics, and regulatory compliance were considered prerequisites, and therefore were not examined individually. Furthermore, the concept of innovation is integral to all material topics, particularly those related to products and to production processes.

All topics submitted for assessment within the **impact materiality** analysis were found to be material to Iveco Group.

The two most material topics, product quality and safety and CO<sub>2</sub> emissions from vehicles, reflect the importance to Iveco Group's brands of offering customers products that have low environmental impact, are safe and reliable, and comply with high quality standards.

The material topics human rights, occupational health and safety, and diversity, equity, and inclusion reflect the Company's commitment to ensure a safe and inclusive work environment, where all diversity is valued and human rights are protected – not only within the organisation but also across the entire value chain.

The presence of sustainable supply chain and dealer and customer management on the list reflects the Company's continuous effort towards the increasingly efficient and responsible management of its activities and entire value chain.

By integrating the outcomes of the two assessments (risks and opportunities with impacts), we were able to define Iveco Group's material topics and position them within a Materiality Matrix, a visual representation of both impact materiality and financial materiality perspectives.

2022 Materiality Matrix



With the addition of **financial materiality** to the matrix, product quality and safety and CO<sub>2</sub> emissions from vehicles emerged as priorities on which Iveco Group believes it should focus its efforts, reflecting the importance of offering ever safer, low-emission products to consolidate its market position.

From an outside-in perspective, CO<sub>2</sub> emissions from vehicles is the topic with the most material financial impact, given the investment needed to reduce the environmental impact of vehicles, as well as the potential economic incentives and/or market opportunities relevant to the decarbonisation strategy that Iveco Group is pursuing. This topic is also significant from an inside-out perspective, reflected in its high impact materiality.

Product quality and safety is a priority from both a financial materiality and impact materiality perspective, reflecting how the focus on high-quality, reliable products is indispensable for generating value and increasing market share.

Dealer and customer management is especially important in financial materiality terms, demonstrating how the customer relationship is vital in creating new business opportunities. Human rights emerged as material from both perspectives, highlighting an increase in awareness of this topic and of the needs of minority groups. This increased awareness can help enhance our Company's reputation. Furthermore, when combined with continuous monitoring, it can also help minimise the number of human rights violations.

List of Iveco Group's Material Topics and Respective Impacts, Risks, and Opportunities

SUSTAINABILITY PRIORITIES	MATERIAL TOPICS	DESCRIPTION OF MATERIAL TOPIC	DESCRIPTION OF INSIDE-OUT IMPACT (IMPACT MATERIALITY)	DESCRIPTION OF OUTSIDE-IN RISKS AND OPPORTUNITIES (FINANCIAL MATERIALITY)	REFERENCE (page no.)
 <p><b>CARBON FOOTPRINT</b></p>	<p><b>CO<sub>2</sub> EMISSIONS FROM LOGISTICS</b></p>	<p>Initiatives that promote sustainable logistics processes, focusing on increasing low-emission transport, adopting intermodal solutions, and optimising transport capacity</p>	<p>– Inbound and outbound logistics flows using high carbon-emissions transport contribute to climate change</p> <p>+ Sustainable logistics processes, such as intermodal solutions and transport capacity optimisation, contribute to reducing logistics-related emissions</p>	<p>! Requests from both regulatory bodies and the market to reduce the entire value chain's carbon footprint, including logistics, may require ongoing financial investments</p> <p>⊛ An increase in logistics infrastructure to reduce the carbon footprint of the transport sector may contribute to reducing logistics costs</p>	84
	<p><b>CO<sub>2</sub> EMISSIONS FROM OPERATIONS</b></p>	<p>Implementation of measures to reduce CO<sub>2</sub> emissions, through the use of renewable sources and energy efficiency initiatives within Iveco Group's operational processes</p>	<p>– CO<sub>2</sub> emissions from energy consumption related to Iveco Group's operations contribute to climate change</p> <p>+ A reduction in CO<sub>2</sub> emissions from manufacturing processes following energy-efficiency initiatives and the use of renewable fuels</p>	<p>! More stringent carbon regulatory requirements (e.g., carbon taxes, renewable energy regulations, etc.) may entail unforeseen incremental costs to ensure compliance</p> <p>⊛ EU and/or national incentives to promote decarbonisation strategies may boost Iveco Group's commitment to fighting climate change</p>	76
	<p><b>CO<sub>2</sub> EMISSIONS FROM VEHICLES</b></p>	<p>Development of innovative solutions to reduce the carbon footprint of vehicles</p>	<p>– Failure to develop low carbon-emitting products</p> <p>+ Launch of solutions that can help tackle climate change by optimising efficiency during vehicle use</p>	<p>! An increase in the demand for low-carbon vehicles, which require significant investments, could impact Iveco Group's financials</p> <p>⊛ An increase in the demand for low-carbon vehicles may create new business opportunities and market share gains</p>	81

**KEY**

- Negative Impact
- ! Risk
- + Positive Impact
- ⊛ Opportunity

SUSTAINABILITY PRIORITIES

MATERIAL TOPICS

DESCRIPTION OF MATERIAL TOPIC

DESCRIPTION OF INSIDE-OUT IMPACT (IMPACT MATERIALITY)

DESCRIPTION OF OUTSIDE-IN RISKS AND OPPORTUNITIES (FINANCIAL MATERIALITY)

REFERENCE (page no.)

WORKPLACE AND PRODUCT SAFETY



PRODUCT QUALITY AND SAFETY

Delivery of safe, high-quality vehicles to customers by adopting the highest standards to maximise road user safety

- Poor-quality products due to the increase in complexity of design and production processes can reduce customer safety and/or satisfaction
- + Enhanced vehicle quality and safety achieved through new technologies can improve customer satisfaction and reduce potential vehicle damage

- ! Unforeseen changes in technical and/or product safety regulations may increase costs to achieve compliance
- ⊛ An increase in customer demand for high-quality vehicles may create new business opportunities and market share gains

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OCCUPATIONAL HEALTH AND SAFETY

Protection of workers' and third parties' health and safety through the adoption of management systems and initiatives that promote a safety culture

- Non-compliance with safety standards can cause injuries and critical incidents
- + The development of a safety culture by delivering training and promoting accident prevention

- ! Infectious diseases or pandemics may threaten the workers' health, affecting business continuity
- ⊛ Initiatives implemented with business partners to improve workplace health and safety may strengthen the spread of a safety culture within the organisation, contributing to safeguarding business continuity

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DIGITALISATION AND CONNECTIVITY

Development of digital technologies and use of big data analysis aimed at establishing a direct connection between vehicles and their surrounding environment, so as to support users' real-time decision making while safeguarding data and cybersecurity

- A lack of digital solutions can lead to a poor or outdated product offering, impacting customer loyalty
- + Vehicle enhancement through innovative solutions (such as remote damage identification, predictive diagnosis algorithms, AI or autonomous vehicles) can help reduce accidents

- ! An increase in demand for innovative technologies, which require a high level of investment, could impact Iveco Group's financials
- ⊛ An increase in demand for innovative vehicles and digital solutions may create new business opportunities and a gain in market share

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LIFE CYCLE THINKING



CIRCULAR PRODUCT LIFE CYCLE

Integration of circular economy principles in product development, promoting the responsible use of resources throughout the entire life cycle of the product

- Traditional, linear product design can have a negative environmental impact, such as increased waste and inefficient resource use
- + The reduced exploitation of natural resources by developing recyclable and reusable products helps preserve the environment

- ! The exploitation of natural resources may cause shortages, increased costs, and supply disruptions
- ⊛ A greater availability of reused and/or recycled materials may reduce supply costs

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RESPONSIBLE MANAGEMENT OF NATURAL RESOURCES

Responsible and efficient management of resources across all operations, with the aim to reduce Iveco Group's environmental footprint

- Excessive waste generation, inefficient water consumption, and raw material use in Company operations depletes resources, causing environmental damage
- + Promoting the use of fewer resources through circular economy practices helps reduce the Company's environmental footprint

- ! More stringent environmental regulatory requirements (e.g., plastic taxes) may entail unforeseen incremental costs to ensure compliance
- ⊛ EU and/or national incentives aimed at promoting circular economy initiatives may boost Iveco Group's commitment to preserving the environment

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SUSTAINABLE SUPPLY CHAIN

Promotion of responsible practices among suppliers, with the aim to improve their reliability and safety levels while supporting them in minimising their environmental footprint

- Failure to adequately engage with suppliers can lead to non-compliance with safety and environmental regulations, causing critical incidents, and injuries to contract workers
- + The development of a responsible supply chain through Company engagement and training initiatives

- ! Supplier non-compliance with safety and environmental regulations may result in reputational damage to Iveco Group
- ⊛ Suppliers willing to implement social and environmental improvements may lead to synergies and new business opportunities

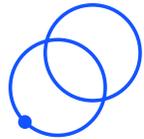
139

KEY

- Negative Impact
- ! Risk
- + Positive Impact
- ⊛ Opportunity

SUSTAINABILITY PRIORITIES

INCLUSION AND ENGAGEMENT



MATERIAL TOPICS

EMPLOYEE DEVELOPMENT AND TRAINING

DIVERSITY, EQUITY, AND INCLUSION

DEALER AND CUSTOMER MANAGEMENT

HUMAN RIGHTS

LOCAL COMMUNITIES

DESCRIPTION OF MATERIAL TOPIC

Ensuring employees' professional and personal growth and promoting adequate welfare plans, to enhance their value and wellbeing

Promotion of an inclusive work environment, enhancing diversity and challenging all discriminatory behaviour

Active engagement with dealers and customers, by behaving with correctness, transparency, and promptness, in order to satisfy their expectations and respond to their requests

Ensuring respect for fundamental human and labour rights across the entire value chain

Promotion of initiatives aimed at supporting and developing local communities in the regions in which Iveco Group operates

DESCRIPTION OF INSIDE-OUT IMPACT (IMPACT MATERIALITY)

- Outdated training programmes and inadequate welfare plans can affect employee satisfaction and motivation
- The promotion of welfare and training programmes aimed at ensuring employee wellbeing and skills development
- Discrimination in the hiring process or in personnel management can negatively affect the corporate climate
- Pursuing equal opportunities and development programmes for protected groups can improve employee inclusivity
- Failure to acknowledge dealers' and customers' needs due to an ineffective engagement process can impact their loyalty
- Establishing strong relationships with dealers and customers can improve their satisfaction levels
- An ineffective monitoring system can lead to human rights violations along the entire supply chain
- Continuous monitoring of Company and supply chain operations can help protect human rights
- Failure to engage with the Company's local communities can lead to grievances or acceptance issues
- Supporting the development of local communities through initiatives aimed at creating shared value

DESCRIPTION OF OUTSIDE-IN RISKS AND OPPORTUNITIES (FINANCIAL MATERIALITY)

- A lack of available trained people with specific sector knowledge may hinder the achievement of strategic and business objectives and impact stakeholder relations
- Collaborations with universities and the academic community may increase the pool of potential new hires
- Discriminatory behaviour by partners may lead to reputational damage to Iveco Group
- Increased social awareness and the inclusion of minority groups may expand labour market opportunities
- Detrimental decisions by dealers could negatively affect Iveco Group's sales and reputation
- An increase in dealers' and customers' interest in Company products may create new business opportunities and a gain in market share
- The violation of human rights across the value chain may cause reputational damage to Iveco Group
- An increase in stakeholders' awareness of human rights may enhance the Company's reputation
- Hostility by local communities towards activities conducted by Iveco Group in the regions in which it operates may cause reputational damage or affect business continuity
- An increase in the Company's business development thanks to synergies with local partners

REFERENCE (page no.) ↘

123; 129

113

148; 151

103; 107

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KEY

- Negative Impact
- Risk
- Positive Impact
- Opportunity

## SUSTAINABILITY MANAGEMENT SYSTEM

Iveco Group's sustainability management system consists of the following tools:

- our Code of Conduct, approved by the Board of Directors, and related policies that set out our approach to key issues (see page 34 [↗](#))
- our Supplier Code of Conduct (see page 35 [↗](#))
- a set of Company policies to manage specific issues (see page 34 [↗](#))
- stakeholder engagement on material topics (see page 13 [↗](#))
- our materiality analysis, which defines social and environmental priorities (see page 19 [↗](#))
- a set of approximately 200 sustainability-related key performance indicators, designed to provide maximum coverage of all our key environmental, social, and governance aspects, in line with the GRI Sustainability Reporting Standards (GRI Standards [↗](#)), the Sustainability Accounting Standards (SASB Standards [↗](#)), the Guidelines of the World Economic Forum (WEF [↗](#)), and the standards of the major sustainability rating agencies
- our Sustainability Plan, which tracks the commitments undertaken (see pages 168-172 [↗](#)) and includes our strategic sustainability targets
- our annual Sustainability Report, which discloses the Company's sustainability performance
- a summary in the Annual Report, supplementing the financial data as per the requirement of the Dutch Decree on Non-Financial Information, which incorporated Directive 2014/95/EU into Dutch law. It also reports on our climate change mitigation actions as per both the framework and recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD)<sup>3</sup> and the requirements of the EU Taxonomy Regulation. The latter establishes a list of environmentally sustainable economic activities in support of the EU Green Deal objectives.

## THE SUSTAINABILITY PLAN AND REPORTING PROCESS

The Sustainability Report is the means by which we present our non-financial performance to stakeholders. It also includes the Sustainability Plan, which states the sustainability-related commitments made to them by Iveco Group. The Report is prepared according to the following procedure.

The commitments and targets that make up the Sustainability Plan are identified and set by the corporate functions with the assistance of the Sustainability Department, which also ensures the incorporation of the stakeholders' expectations evidenced by our materiality analysis. It is the responsibility of the Sustainability Department to ensure that our medium-to-long-term targets are in line with both stakeholders' expectations and Company strategies. The Plan will be updated annually and reviewed mid-year.

After the Sustainability Plan and Sustainability Report have been prepared and updated by the Sustainability Department, the various targets and chapters are sent to the relevant individual owners for approval. Once this approval process is completed, the full Sustainability Report, including the Sustainability Plan, is:

- submitted to SGS Nederland B.V., an independent certification body, for auditing as per Sustainability Reporting Assurance (SRA) procedures and in compliance with both the GRI Standards and the AA1000 Accountability Principles Standard (2018). SGS is officially authorised to provide assurance as per the AA1000 Assurance Standard v3. The audit also covers the alignment of Iveco Group's sustainability management system with the ISO 26000:2010 guidelines on social responsibility<sup>4</sup>
- approved by the SLT members (see page 32 [↗](#)), with each chapter approved by the relevant members
- approved in its entirety by the SLT Sustainability Committee (see page 32 [↗](#))
- approved by the Chief Executive Officer
- reviewed by the Board of Directors' ESG Committee (see page 31 [↗](#))
- presented along with the Annual Report at Iveco Group's Annual General Meeting of Shareholders, to provide a complete and up-to-date overview of our sustainability strategy to shareholders and investors
- published and made publicly available in the sustainability section of our website.

<sup>(3)</sup> Task force of 32 international members (including providers of capital, insurers, large non-financial companies, accounting and consulting firms, and credit rating agencies) established by the Financial Stability Board (FSB) in 2015 to develop recommendations for more efficient and effective climate-related disclosures.

<sup>(4)</sup> The Statement of Assurance, describing the activities carried out and the opinions expressed, is available on pages 213-214 [↗](#).

Contact us for questions regarding the Report.

# Governance Bodies

## Governance Structure

Iveco Group is a public limited liability company, incorporated and organised under the laws of the Netherlands and listed on the Euronext Milan, managed by the Italian Stock Exchange. As such, we comply with applicable Dutch law, the Italian Stock Exchange's relevant regulations, and the best practice provisions<sup>1</sup> of the Dutch Corporate Governance Code (DCGC). The DCGC's purpose is to facilitate a sound and transparent system of checks and balances within Dutch listed companies; to this end, it regulates the relationships within each board of directors and between boards and their respective shareholders.

**Our Company's Governance** model is built on a structure and a set of rules adopted to ensure the ethical and transparent management of operations. We believe that a robust Governance model is crucial in managing our businesses effectively and in the long-term interests of all our stakeholders. Moreover, by giving due weight to sustainability issues, our model fosters a long-term corporate outlook and contributes to risk-adjusted returns, as it ensures that our performance is due to careful consideration and long-term thinking and makes continuous improvement possible, based on analysis and results achieved each year. It also ensures that risk management controls are in place to safeguard the value of investments. Since a robust system of governance is essential for all Company activities, it is a prerequisite for the materiality analysis (see page 19 [↘](#)).

A comprehensive description of the most significant aspects of our Governance model is included in the Board Report available on our corporate website. Also, the document entitled *Remuneration Report* includes a detailed insight into the Company's remuneration policy and practices. The following are some highlights of the aspects considered of specific interest.

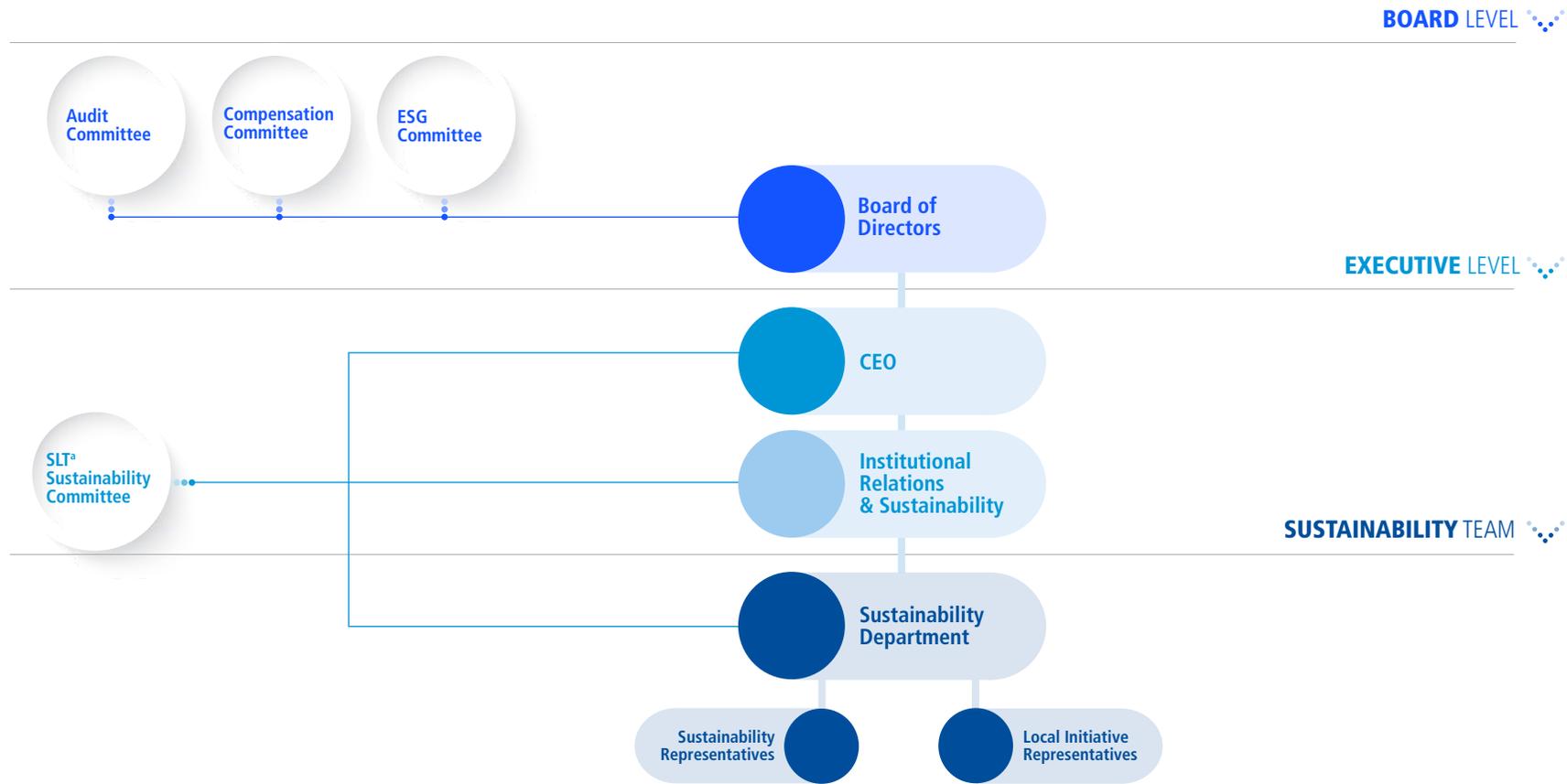
Iveco Group's Articles of Association<sup>2</sup> envisage a **one-tier** Board of Directors structure where the executive directors are primarily responsible for all day-to-day operations, while the non-executive directors (directly and through the Board Committees, entirely made up of non-executive directors) have oversight of the executive directors' policy and performance of duties and of the Company's general affairs and business; the non-executive directors also render advice and direction to the executive directors. On certain key industrial matters (including sustainability), the Board is advised by the Senior Leadership Team (SLT), an operational decision-making body of Iveco Group responsible for reviewing the operating performance of our business areas and that is supervised by the non-executive directors. The SLT also provides the non-executive directors with all the information they need to fulfil their responsibilities.

<sup>(1)</sup> Except as discussed in the section 'Compliance with the Dutch Corporate Governance Code' in the 2022 Annual Report.

<sup>(2)</sup> The Articles of Association are available on the Company's website [↘](#).



Our Governance Structure



<sup>a)</sup> Senior Leadership Team.

## Board of Directors

The Board of Directors<sup>1</sup> has collective responsibility for the strategy, management, supervision, and continuity of the Company. Among other things, it oversees the development of Iveco Group's mission and vision, as well as its strategies, policies, and goals regarding economic, environmental, and social topics.

As per the Company's Articles of Association, the Board consists of 3 or more directors, who are individually elected by the General Meeting of Shareholders on an annual basis.

As at 31 December 2022, it was **composed** of 9 directors, of whom 2 (22.3%) were executive directors (one with the title of Chairperson – Suzanne Heywood – and one with the title of Chief Executive Officer – Gerrit Marx), and 7 (77.7%) non-executive directors. At the same date, 33% of the directors identified as female and 67% identified as male, and the Board included representatives of 7 different nationalities; 4 Board members were in the 30-50 age group (44%), 5 members were in the over-50 age group (56%), and no member was under 30 years of age.

As per the Dutch Corporate Governance Code (DCGC), the overall composition of the non-executive directors is such that they can operate independently and critically with respect to one another, to the executive directors, and to any other particular interest involved. As at 31 December 2022, 4 directors (44%) met the independence criteria set forth by the DCGC. Independent directors play an essential role in protecting the interests of all stakeholders. Their contribution is also necessary for the proper composition and functioning of the Board Committees, whose advisory functions include preliminary examination and formulation of proposals relating to areas of potential risk, such as the prevention of potential conflicts of interest.

In 2022, Independent Director Lorenzo Simonelli was appointed Senior Non-Executive Director. According to the Company's Articles of Association, it is the senior non-executive director who performs the role of chair of the Board of Directors as stated in law. As per the Company's Regulations of the Board of Directors<sup>2</sup>, the senior non-executive director presides over meetings and is responsible for the proper functioning of the Board and its Committees.

As set forth by the Regulations of the Board of Directors<sup>3</sup>, an appropriate and diversified mix of skills, professional backgrounds, and **diversity factors** are fundamental to the proper functioning of the Board as a collegial body. It is generally recognised that a diverse board is more effective in performing its monitoring and advisory activities, due to the variety of professional experience, perspectives, insights, skills, and connections to the outside world that diversity can bring to the table. Indeed, pursuant to the DCGC's recommendations, a formal statement by the Board is available on the Profile page of our corporate website [↗](#) acknowledging that the Board of Directors should be composed of individuals who bring the appropriate skills and experience needed for a company of Iveco Group's size, geographic distribution, and business focus. To this end, when assessing candidates for appointment as directors, the Board also considers several diversity factors including, but not limited to, gender, ethnicity, schooling, and nationality, believing that bringing different perspectives into the Boardroom creates more effective discussions. In light of the attributes of its individual directors, and based on a self-assessment performed at the end of 2022 under the oversight of the ESG Committee, the Board considers itself a diverse body, well suited to fulfilling its duties *vis-à-vis* the Company's existing and prospective challenges, and will continue to consider enhanced diversity as a priority.

The Board considers the **evaluation** of its performance and that of its Committees and individual directors an important aspect of Corporate Governance; as such, the effectiveness and performance of said parties was duly addressed during the aforementioned self-assessment process, which will be repeated on an annual basis. At the end of 2022, Iveco Group's first year of operations, the process was facilitated by a written questionnaire on the Profile, Responsibilities, and Functioning of the Board (and its Committees), allowing members to comment on various relevant topics such as Board composition, collegiality, information, oversight, and involvement. The response rate was 100%. The responses received were tabulated by the Board Secretary and used as the basis for subsequent one-on-one conversations between each Board member and the Chairperson (focusing on the overall functioning of the Company's collective bodies, on the individual directors, and on the executive directors), and for further collective discussion. The Board review process may in future involve a third party to facilitate the annual performance assessment. Each Board member's main **skills** have been summarised in individual charts available on the corporate website under their respective profiles; these skills were self-assessed using a 3-level scale (basic, medium, or full skill)<sup>4</sup>.

<sup>(1)</sup> References to the Board of Directors are as at 31 December 2022.

<sup>(2)</sup> The Regulations of the Board of Directors are available on the Company's website [↗](#).

<sup>(3)</sup> The Regulations of the Board of Directors are available on the Company's website [↗](#).

<sup>(4)</sup> The Skills Definitions are available on page 179 [↗](#).

Iveco Group Board of Directors Skills Matrix

As at 31 December 2022

DIRECTORS	PERSONAL INFORMATION			IVECO GROUP DIRECTORSHIP			SKILLS CATEGORIES								EXTERNAL EXPERIENCE		
	BORN IN	GENDER IDENTITY <sup>(a)</sup>	GEOGRAPHIC DIVERSITY	EXECUTIVE	INDEPENDENT	YEAR OF INITIAL APPOINTMENT	INDUSTRY <sup>(b)</sup>	STRATEGY & CORPORATE DEVELOPMENT	INNOVATION	SUSTAINABILITY	RISK MANAGEMENT	ICT & CYBERSECURITY	GOVERNANCE	FINANCIAL	EXECUTIVE EXPERIENCE	MANDATES <sup>(c)</sup> IN OTHER LISTED COMPANIES (no.)	LISTED COMPANIES AS AT 31 DECEMBER 2022
SUZANNE HEYWOOD	1969	F	UK	yes	no	2022	●●●	●●●	●●	●●●	●●	●●	●●●	●●●	yes	2	CNH Industrial N.V. Juventus Football Club S.p.A.
GERRIT MARX	1975	M	DE	yes	no	2022	●●●	●●●	●●●	●●	●●	●●	●●●	●●	yes	1	Nikola Corporation
TUFAN ERGINBILGIC	1959	M	UK TR	no	yes	2022	●	●●●	●●	●●●	●●	●●●	●●●	●●●	yes	2	Dcc Plc. Türkiye Petrol Rafinerileri AŞ
ESSIMARI KAIRISTO	1966	F	FIN DE	no	yes	2022	●	●●●	●●●	●●	●●●	●●	●●●	●●●	yes	2	Applus+ S.A. Fortum Oy
LINDA KNOLL	1960	F	USA	no	no	2022	●●●	●●●	●●●	●●●	●●	●	●●●	●●	yes	2	Astec Industries Inc. Schneider Electric SE
ALESSANDRO NASI	1974	M	IT	no	no	2022	●●●	●●●	●●	●●●	●●	●●	●●●	●●●	yes	3	Exor N.V. CNH Industrial N.V. GVS S.p.A.
OLOF PERSSON	1964	M	SE	no	yes	2022	●●●	●●●	●●●	●●●	●●●	●●●	●●●	yes	1	New Wave Group AB	
BENOÎT RIBADEAU-DUMAS	1972	M	FR	no	no	2022	●●	●●●	●●●	●	●●	●●	●●	●●	yes	0	-
LORENZO SIMONELLI	1973	M	IT UK CH	no	yes	2022	●●	●●●	●●●	●●	●●●	●●●	●●●	yes	1	Baker Hughes Company	

**SKILLS**

- Full
- Medium
- Basic

<sup>(a)</sup> Gender identity is defined as an individual's internal sense of being male (M), female (F), both (B), neither (N), or something else (SE).

<sup>(b)</sup> Iveco Group activities related to 2 sub-industry groups, as per MSCI and Standard & Poor's Global Industry Classification Standard (GICS): Construction Machinery & Heavy Trucks, classified under the sector Industrials; and Automobiles, classified under the sector Consumer Discretionary. See definitions on page 179.

<sup>(c)</sup> Publicly listed companies only.

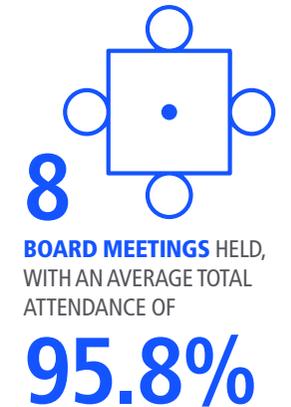
Regarding **conflicts of interest**, the Regulations of the Board of Directors, par. 1.8<sup>5</sup>, state that Board members shall not participate in discussions or decision making with respect to a matter in relation to which they have a direct or indirect personal interest that is in conflict with the interests of the Company and/or business associated with the Company. In the event of a conflict of interest, Board members are required to report it immediately, so that the non-executive directors can assess the situation and, if appropriate, exclude the conflicted director from the discussion and decision-making process; all conflicted transactions require the approval of the non-executive directors. Furthermore, in compliance with the DCGC, in our continuous effort to prevent conflicts of interest in general, the Board as a whole may, on an ad hoc basis, resolve that the perception of a conflict of interest of an individual director is significant enough in relation to a specific matter that it is in the best interest of a proper decision-making process that said individual director be excused from participation. Finally, as a precautionary measure and based on the information available to the Company, should the perception of a conflict of interest of an individual Board member be significant enough in relation to a specific matter, the Chairperson will exclude said director from the relevant information flow, pending a decision by the full Board.

In 2022, there were 8 Board meetings. During the year, though no minimum attendance requirement was in force, the directors' overall attendance at Board meetings was 95.8%, whereas individual member attendance is indicated in the following table.

### THE BOARD'S COMMITTEES

As per the Company's Articles of Association<sup>6</sup>, the Board has appointed 3 Committees, entirely made up of non-executive directors: the Audit Committee, the ESG Committee, and the Compensation Committee, each governed by a charter defining their duties and powers. The respective charters are posted on the Company's website.

The function of the **Audit Committee** is to assist and advise the Board of Directors and act under authority delegated by the Board of Directors, with respect to: the integrity of the Company's financial statements, including any published interim reports; the Company's policy on tax planning adopted by management; the Company's financing; the application by the Company of information and communication technology, cybersecurity measures, and personal data protection matters; the systems of internal controls that management and/or the Board of Directors have established; the Company's overall compliance with legal and regulatory requirements; the Company's compliance with recommendations and observations of internal and external auditors; the Company's policies and procedures for addressing certain actual or perceived conflicts of interest; the qualifications, independence, and remuneration of the Company's independent auditors and any non-audit services provided to the Company by them; the functioning of the Company's internal auditors and independent auditors; risk management guidelines and policies; and the implementation and effectiveness of the Company's ethics and compliance programme.



#### 2022 Board Meeting Attendance (%)

Board Member	Suzanne Heywood	Gerrit Marx	Tufan Erginbilgic	Essimari Kairisto	Linda Knoll	Alessandro Nasi	Olof Persson	Benoit Ribadeau-Dumas <sup>a</sup>	Lorenzo Simonelli
Attendance	100	100	87.5	87.5	100	100	100	100	87.5

<sup>a</sup> Mr. Ribadeau-Dumas was appointed non-executive director by the General Meeting of Shareholders on 13 April 2022; at the time, 2 out of 8 Board meetings had already taken place.

<sup>5</sup> The Regulations of the Board of Directors are available on the Company's website [↗](#).

<sup>6</sup> The Articles of Association are available on the Company's website [↗](#).

In 2022, the Audit Committee met 8 times. As at 31 December 2022, each member of the Audit Committee qualified as independent.

2022 Audit Committee Meeting Attendance (%)

Audit Committee Member	Essimari Kairisto (chair)	Olof Persson (member)	Lorenzo Simonelli (member)
Attendance	87.5	100	100

The Compensation Committee is responsible for, among other things, assisting the Board in: determining executive compensation consistent with the Company's Remuneration Policy; reviewing the compensation of executive directors; administering equity incentive plans and deferred compensation benefit plans; and discussing with management the Company's policies and practices regarding compensation.

In 2022, the Compensation Committee met 6 times. As at 31 December 2022, one member of the Compensation Committee qualified as independent.

2022 Compensation Committee Meeting Attendance (%)

Compensation Committee Member	Linda Knoll (chair)	Tufan Erginbilgic (member)	Alessandro Nasi (member)
Attendance	100	100	100

GRI 2-12; 2-17

The ESG Committee is responsible for, among other things, assisting the Board in: overseeing the Company's significant environmental, social, and governance risks, strategies, policies, programmes, and practices to further its business purpose, strategy, culture, values, and reputation in the best interests of all Iveco Group stakeholders; overseeing the Company's ongoing commitment to environmental stewardship and corporate social responsibility; overseeing and evaluating the policies, procedures, and practices related to the health and safety of Company employees; and globally monitoring, evaluating, and reporting on the sustainability strategy, governance, policies, procedures, practices, management standards, and performance of the Company and its subsidiaries. The ESG Committee helps the Board develop its collective knowledge on sustainability and provides guidance on key global environmental, social, and governance issues.

In 2022, the ESG Committee met 6 times. As at 31 December 2022, one member of the ESG Committee qualified as independent.

2022 ESG Committee Meeting Attendance (%)

ESG Committee Member	Alessandro Nasi (chair)	Linda Knoll (member)	Tufan Erginbilgic (member)
Attendance	100	100	100



# Senior Leadership Team

At executive level, the Senior Leadership Team (SLT) oversees the quality of our Company's decision making and the implementation of our strategy. The SLT is an operational decision-making body of Iveco Group; it is responsible for reviewing the operating performance of our business areas and making decisions on certain operational matters. It reports to and advises the Board, which remains accountable for the decisions of the SLT itself and has ultimate responsibility for the Company's management and external reporting.

The SLT comprises Iveco Group's Chief Executive Officer and key senior managers. It is supervised by the non-executive directors and, to this end, provides them, either directly or through the CEO, with all information they require to fulfil their responsibilities.

As at 31 December 2022, the SLT had 16 members and its composition was as follows:

- gender: 13 males (representing 81% of the total); 3 females (representing 19% of the total)
- age group: 9 members were in the 30-50 age group (56%), 7 members were in the over-50 age group (44%), and no member was under 30 years of age.

GRI 2-13; 405-1

## SLT SUSTAINABILITY COMMITTEE

**Once a month**, the SLT members meet in their role as the Sustainability Committee. This ensures regular updates on Iveco Group's sustainability performance and a continuous focus on shared priorities and targets. Specifically, the SLT Sustainability Committee is responsible for:

- providing visionary leadership
- identifying the sustainability strategy
- integrating the sustainability strategy with business needs, adopting a medium- to long-term vision
- facilitating continuous improvement by identifying and supporting global actions and initiatives.

### SLT SUSTAINABILITY WORKSHOP



In 2022, we held our first Iveco Group Sustainability Workshop, a full day devoted to sustainability during which our CEO and entire Senior Leadership Team (SLT) listened to in-depth talks on emerging sustainability aspects (such as the new directives and regulations on ESG aspects) from sustainability experts and partner companies. The topics of discussion were chosen following a brief survey of SLT members to identify their areas of interest. The day was also an opportunity to work on our first materiality analysis, implementing a double-materiality approach that integrates financial materiality and impact materiality perspectives (see page 19 [↗](#)). SLT members assessed the positive and negative impacts and risks and opportunities of various aspects, sharing their experiences and perceptions and splitting into work groups to encourage vigorous debate.

# Ethical Behaviour

## Our Regulations

At Iveco Group, we strongly believe that our long-term success depends on our ability to do business in a manner that is socially responsible, ethical, and compliant with the laws of each country of operation. To this end, our actions are guided by specific policies on various compliance and ethics issues, such as conflicts of interest, corruption, competition, human rights, and health and safety. These policies are summarised in our Code of Conduct, reflecting among other things our commitment to adopting fair employment practices, ensuring safety in the workplace, supporting and fostering environmental awareness, and respecting the communities in which we operate, as per applicable legislation.

The policies are also evidence of our commitment to creating long-term sustainable value for all our stakeholders, which we are firmly convinced is only attainable by ensuring full respect for fundamental human and labour rights. Fostering a culture of long-term value creation requires compliance with all applicable laws. This responsibility lies with our Board of Directors, which implements both the Iveco Group Code of Conduct and Supplier Code of Conduct to ensure such compliance and to communicate the Company's values and expectations as clearly and explicitly as possible.

### CODE OF CONDUCT AND POLICIES

Iveco Group's **Code of Conduct** is one of the pillars of our Corporate Governance system, which regulates decision-making processes and the approach used by Company and employees alike in interacting with all stakeholders. The Code of Conduct summarises the values we recognise, adhere to, and promote, in the belief that integrity and fairness are important drivers of long-term value creation and social and economic development.

The Iveco Group Code of Conduct, adopted by our Board of Directors in January 2022, is an integral part of our internal control systems. It applies to all Iveco Group directors, officers, and employees, as well as to those acting for or on behalf of any Iveco Group companies worldwide (including all joint ventures in which the Company holds a controlling interest).

Among other things, the Code of Conduct addresses the ethical aspects of economic, social, and environmental issues. Explicit reference is made to the UN's Declaration of Human Rights, the relevant International Labour Organization (ILO) Conventions, and the OECD<sup>1</sup> Guidelines for Multinational Companies.

In addition to the Code of Conduct, the Company has adopted several **corporate policies**, as well as specific internal and business processes and procedures in support thereof. These policies supplement the Code of Conduct itself by providing more detailed guidance to employees, which means that the Code should be read and interpreted in conjunction with them. Iveco Group is committed to adhering to its Code of Conduct, Company policies, and all applicable laws in the countries in which it operates.

<sup>(1)</sup> Organisation for Economic Co-operation and Development.

INSPIRATIONS



United Nations' Universal Declaration of Human Rights

International Labour Organization Conventions

Organisation for Economic Co-operation and Development Guidelines

National and local laws

CODE OF CONDUCT



MAIN CORPORATE POLICIES

- Anti-Corruption Policy
- Anti-Harassment Policy
- Anti-Money Laundering Policy
- Anti-Retaliation Policy
- Bilateral Contacts with Shareholders Policy
- Community Investment Policy
- Competition Policy
- Compliance Helpline Policy
- Conflict of Interest Policy
- Communications Policy
- Data Privacy Policy
- Environmental Policy
- Gifts, Entertainment & Travel Policy
- Health and Safety Policy
- Human Rights Policy
- Inside Information Procedure
- Insider Trading Policy
- International Trade Policy
- Policy for US Lobbying Activities
- Related Party Transactions Policy
- Social Media Policy
- Supplier Code of Conduct
- Use of Company Property Policy

The Code of Conduct is available in the Governance section of the Company’s website, while the compliance policies, available in multiple languages, can be found on the corporate website and in the Compliance and Ethics section of our Intranet portal.

Iveco Group’s **Supplier Code of Conduct** summarises the Company’s expectations of all its suppliers. Adopted in 2022, it is available in 6 languages and can be found on the Company’s website (in the Suppliers’ section), Intranet, and Supplier Portal. Compliance with the Supplier Code of Conduct is a mandatory requirement for continuing business relations with the Company (see page 139 [↘](#)).

**Application and Dissemination**

Our Code of Conduct and corporate policies apply to all members and officers of Iveco Group’s Board of Directors, to all employees of Iveco Group companies, and to anyone acting in the name or on behalf of one or more Iveco Group companies worldwide.

Available in 7 languages (Czech, English, French, German, Italian, European Portuguese, and European Spanish), the Code of Conduct can be viewed and downloaded through our corporate website and Intranet, and hard copies are available from the HR Department.

The principles and values of good corporate governance established in the Code of Conduct are conveyed to all Company employees irrespective of their level or role, through periodic training and other communication channels. They are also shared outside the Company, with targeted training offered to a number of our business partners.

The 2022 Code of Conduct **training course** included 3 modules: *Conflict of Interest*, *Creating a Respectful Workplace* (human rights aspects), and *Raising Concerns* (Compliance Helpline). This training was delivered to approximately 11,357 employees worldwide (salaried and above) for a total of 4,766 hours.

We also delivered targeted compliance training (for a total of 14,183 hours) on the main issues identified via a risk assessment, with a focus on:

- antitrust/competition law
- anti-corruption and bribery
- Compliance Helpline (*Raising Concerns*)<sup>2</sup>
- confidential information
- conflict of interest<sup>2</sup>
- data privacy
- human rights (*Creating a Respectful Workplace*)<sup>2</sup>.

<sup>(2)</sup> Module included in the Code of Conduct training course.

GRI 2-26

Outside the Company, in 2022, we provided Code of Conduct compliance training to 25% of the joint ventures in which Iveco Group has a controlling interest. Moreover, Supplier Code of Conduct training materials were made available to our suppliers through the Supplier Portal.

**2022 Code of Conduct Reach and Coverage**

Iveco Group worldwide (%)

	Coverage	Written/digital acknowledgement of the Code of Conduct <sup>a</sup>	Training made available
Employees	100	100	100
Subsidiaries <sup>b</sup>	100	100	100

<sup>(a)</sup> The results achieved relate to all employees in management positions in the following functional areas: CEO Staff, Company business units, Finance, Institutional Relations & Sustainability, HR & ICT, Technology & Digital, Supply Chain, General Counsel, Enterprise Risk Management & Internal Audit, and Communications.

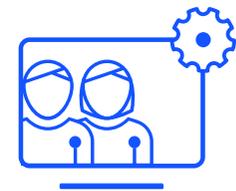
<sup>(b)</sup> Refers to salaried employees at Iveco Group N.V. subsidiaries.

As evidenced by the previous table, the Code of Conduct also applies to 100% of the subsidiaries in which Iveco Group holds at least a 51% interest. For information on the reach and written acknowledgment of the Code of Conduct among suppliers, please refer to the chapter on the Supplier Code of Conduct (see page 139 [↘](#)).

Every year, our Compliance function asks the members of the Board of Directors and Senior Leadership Team (SLT, see page 32 [↘](#)) and certain categories of employees to formally acknowledge, in writing, that they have read both the Iveco Group Code of Conduct and the Conflict of Interest Policy and understand their contents; and to confirm that they have no information or knowledge of any violation of either document that hasn’t already been disclosed to the Company. The employee categories involved in 2022 were:

- managers (all functions)
- all Purchasing employees
- all Sales employees (eligible for the Sales Incentive Plan, or SIP).

We advocate our Code of Conduct and Supplier Code of Conduct as best practice standards in business ethics to our partners, suppliers, consultants, agents, dealers, and other third parties with whom we have long-term relationships. Company contracts with such third parties include specific clauses relating to the recognition of, and adherence to, the fundamental principles of our Code of Conduct and related policies, as well as compliance with applicable laws, particularly those related to bribery and corruption, money laundering, antitrust/competition law, and other corporate criminal liabilities.



**100%**  
OF EMPLOYEES<sup>a</sup> INVOLVED IN  
**ONLINE TRAINING ON THE  
CODE OF CONDUCT**

<sup>(a)</sup> Salaried employees and above.

## ANTI-CORRUPTION AND BRIBERY

Specific procedures are in place at Iveco Group to ensure full compliance with applicable anti-corruption laws. These procedures are outlined in our Anti-Corruption Policy, which is overseen by our Compliance function. Iveco Group’s culture of integrity requires all employees to actively collaborate in monitoring the policy’s enforcement, and to set an example of ethical conduct by reporting any potential violations – either to their managers, HR or Compliance representatives, or via the Compliance Helpline. The policy has been circulated to all Company employees and senior management worldwide and is available on the corporate website in 7 languages.

As stated in the Anti-Corruption Policy, Iveco Group does not tolerate any kind of bribery (the paying or offering of anything of value in order to obtain an improper business advantage) concerning public officials, representatives of international organisations, any other party connected with a public official, private entities/individuals, or anyone otherwise prohibited by applicable laws.

The **Corruption Perception Index**, published by Transparency International, is generally used as a guide by our Compliance function in assessing and categorising the specific risks and prevalence of corruption in each of our countries of operation, and the type of controls needed. In addition, we periodically assess factors such as the risks associated with our businesses, the likelihood of a violation, the potential consequences, and the effectiveness of applicable internal controls.

The Company also provides corruption prevention training using both online and scenario-based classroom training. Indeed, in 2022, an online anti-corruption course was delivered globally to all employees (salaried and above), broken down as per the next table. Moreover, specific training on corruption prevention and on Italian Legislative Decree 231/2001 (on corporate criminal liability) was provided to all members of the Senior Leadership Team (SLT, see page 32 [↗](#)).

### GRI 205-1; 205-2

#### 2022 Code of Conduct Reach And Coverage

Iveco Group worldwide (no.)

	Employees involved	Training hours
Europe	9,677	4,018
South America	1,020	427
North America	70	30
Rest of World	554	196
<b>Total</b>	<b>11,321</b>	<b>4,671</b>

Company employees are required to report compliance issues (including those related to corruption) by any of multiple means (e.g., by reporting them to managers or through the Compliance Helpline).

**No violations related to corruption or bribery** were reported to the Compliance Helpline in 2022.

We engage in benchmarking with peer companies to assess our approach to corruption and verify the consistent adoption of best prevention and detection practices. We also implement an internal audit programme to verify the efficiency of our corruption prevention processes and controls. Results are submitted to both senior management and the Audit Committee, so as to take action when an opportunity to improve internal controls is identified. All corruption allegations are duly investigated and tracked, enabling us to evaluate the need for further controls and training. Additionally, the Company surveys all employees annually, reminding them of their obligation to report compliance issues. Senior employees, as well as those in higher risk functions, are required each year to formally disclose any potential Code of Conduct or conflict of interest violation of which they have knowledge.

### Third-Party Due Diligence Process

Iveco Group implements a Third-Party Due Diligence process, designed using a specific web-based third-party screening tool. This process gives us more insight into the specific risks posed by different third parties with whom we do business, based on attributes such as: location, type of interaction between the third party and the Company, and possible interaction between the third party and government officials in connection with its work for Iveco Group. The process provides a ranking of high-risk third parties representing the Company in the marketplace (including sales commission agents, trading companies, etc.). Third parties identified as posing a high risk are subject to variable levels of additional due diligence based on their specific risk profile. The due diligence process ranges from the basic screening of relevant watch lists to obtaining in-depth corporate intelligence reports from external diligence sources. Within the scope of the process, our Compliance & Ethics Committee has oversight of high-risk third-party relationships.

In 2022, the Company established a working group – composed of Compliance, Trade Compliance, Financial Services, and HR Industrial Security & Facilities representatives – tasked with re-evaluating existing anti-bribery, anti-corruption, and anti-money laundering practices and processes, as well as those related to trade compliance, while identifying opportunities to improve, streamline, and rationalise them in the framework of a risk-based approach.

### ANTITRUST AND COMPETITION

As stated in our Code of Conduct, Iveco Group recognises the critical importance of an open and competitive market, and is committed to complying with all applicable competition and antitrust legislation and to not engaging in business practices that may violate applicable antitrust or competition laws (such as the establishment of cartels, price fixing, market divisions, limitations with respect to production or sales, tying arrangements, the exchange of commercial information or business views, etc.).

With reference to safeguarding confidential information, the Code of Conduct expressly indicates that the know-how, trade secrets, intellectual property, and/or other proprietary information developed by the Company are a fundamental and critically valuable resource that every employee is required to protect. The Company and its subsidiaries are also required to protect the confidentiality of information they may receive from third parties.

Every year, our Compliance and Ethics function collects a statement from a number of employees declaring they understand and adhere to the Code of Conduct (including the antitrust aspects), and that they have no knowledge of any violation of the Code of Conduct nor of any conflicts of interest that have not already been disclosed to the Company.

We also have a programme in place to promote compliance with competition and antitrust laws and to identify and minimise the risk of any violations. This compliance programme includes a dedicated **Competition Policy**, overseen by the Legal Department and available on the Company's website. The policy applies to Iveco Group and to all of its directors, officers, and employees, as well as to those acting for or on behalf of all Iveco Group companies worldwide. It sets detailed and stringent rules to be observed when dealing with competitors, trade associations, suppliers, and customers, as well as rules to be observed in response to Competition Authority investigations, emphasising full cooperation in the event of antitrust/competition investigations or any requests for information regarding alleged anti-competitive conduct. The Competition Policy also emphasises the importance of promptly reporting any actual or suspected policy violations, either to a member of the Legal and Compliance departments or anonymously using the Company's Compliance Helpline (see page 41 [↗](#)).

In 2022, an online **Antitrust/Competition Law course** was delivered to approximately 11,246 employees worldwide (salaried and above) for a total of 4,108 hours. Moreover, a specific training module on antitrust and competition aspects was provided to all members of the Senior Leadership Team (SLT, see page 32 [↗](#)). Specific training initiatives were also deployed at local level in some jurisdictions to maintain a high level of awareness of competition law compliance. The Company plans to continue to follow this approach in 2023 and onward, selecting a number of jurisdictions every year for ad hoc training to the business, on top of the general online Antitrust/Competition Law course.

Our internal audit programme verifies, among other things, the competition and antitrust processes and controls (see page 42 [↗](#)) in place at Iveco Group. In relation to the acquisition of new businesses, an antitrust audit is conducted in connection with other due diligence activities, with the support of specialised external law firms.

### TRADE COMPLIANCE

Iveco Group is a material participant in international trade, an area of increasing focus where laws are complex and dynamic. We address these challenges by implementing our International Trade Policy, whose subject matter is also an important part of the Supplier Code of Conduct (see page 139 [↗](#)). In accordance with this policy, the Company is committed to complying with all applicable international trade laws and regulations (including import and export control laws; anti-boycott, anti-dumping, anti-corruption laws; and sanction programmes). In addition, in 2022, we established a dedicated Trade Compliance function, tasked with expanding and diversifying our current processes (by building on existing compliance tools) so as to encompass and address such a dynamic trade environment and any relevant new regulations.

## INFORMATION SECURITY

In today's computerised world, new risks can emerge on an hourly basis and the simple act of connecting to the internet exposes any organisation to potential hacker attacks. Cybercrime is big business, and organisations and governments worldwide are increasingly devoting resources to addressing cyber threats, given the significant monetary and reputational risks they could be exposed to without an appropriate cybersecurity plan. At Iveco Group, we believe that information security and the correct processing of personal data in our possession are fundamental, and so have implemented a number of dedicated controls and protection measures that we monitor constantly. In addition, in line with ICFR<sup>3</sup> principles, the security controls for our IT infrastructure and information security management system are audited and certified annually by an external auditor.

### Governance

Information security refers to all the practices and processes adopted to prevent access to or use, modification or deletion of data by unauthorised individuals or parties. It covers more than just personal data, protecting all information and data assets managed by or for Iveco Group. To regulate information security, we implement a set of operational procedures at global level, known as **Information Security Policies**.

The Chief Information Officer (CIO) is a member of the Global Compliance & Ethics Committee, which is responsible for approving said Information Security Policies with regards to both individual employees and ICT personnel. A dedicated team within the ICT Department monitors and manages information security. The Chief Information Security Officer (CISO) is directly responsible for the ICT Cybersecurity Division, namely for coordinating security initiatives based on corporate programmes and business objectives while ensuring adequate protection for IT assets and technologies.

Our **security governance** is based on the 5 functions of the NIST<sup>4</sup> Cybersecurity Framework – Identify, Protect, Detect, Respond, and Recover – designed to build an effective security culture and environment involving all those in security management. Our **Cybersecurity Roadmap** incorporates several initiatives aimed at ensuring effective information security governance. The main 2022 initiatives are listed below, grouped according to the aforementioned functions.

### Identify

Under the Identify function, the following initiatives were set up to assist in developing our understanding of managing cybersecurity risks to systems, people, assets, data, and capabilities:

- implementation of **multi-factor/passwordless authentication** options to enable more secure access to corporate assets
- adoption of the **Cyber Security Management System (CSMS)**, a systematic risk-based approach that defines organisational processes, responsibilities, and governance to manage and protect against the risk of cyber threats to vehicles.

### Protect

The Protect function outlines appropriate safeguards to ensure delivery of critical infrastructure services. Initiatives deployed in 2022 focused on improvements to the security of data related to cloud platforms and IP (intellectual property), with a **data loss prevention solution** combined with a strengthened password policy.

### Detect

The Detect function's main aim is to identify the likelihood/occurrence of a cybersecurity event. Two ICT partners, NPO Sistemi and Kyndryl, provide support for 90% of our IT infrastructure. NPO Sistemi's services are compliant with ISO 27001:2013 and ISO 9001:2015 standards; Kyndryl's IT security, networking, cloud, system, and resiliency services are ISO 22301:2012-certified, while its IT security services are also ISO 27002:2013-compliant.

To further safeguard confidential information, we protect it against unauthorised access (both physical and logical) and limit the number of accounts with privileged access to it.

To prevent **information security breaches**, we have deployed a complex array of complementary measures – involving software, networks, servers, and devices assigned to users (such as laptops and smartphones) – to protect data when at rest, in transit or in use. Our data loss prevention measures include, but are not limited to: data loss prevention software, encryption, advanced anti-malware software, and secure data disposal.

<sup>(3)</sup> Internal Control over Financial Reporting.

<sup>(4)</sup> National Institute of Standards and Technology.

Information/Cybersecurity Incidents & Breaches

Iveco Group worldwide (no.)

2022

Total number of information security breaches or other cybersecurity incidents <sup>a)</sup>	P0 P1 P2 P3	0 3 31 2,521
Total number of information security breaches involving customers' personally identifiable information		0
Number of customers affected by the Company's data breaches		0
Total amount of fines/penalties paid in relation to information security breaches or other cybersecurity incidents (€)		0

<sup>a)</sup> An incident's priority, from high (P0) to low (P3), is determined according to its assigned impact and urgency levels. In 2022, all incidents were resolved with zero impact on business activities.

Additionally, we have set up an Information Security Competence Centre dedicated to the security of our connected vehicle products (see page 155 ↘).

**Vulnerability** analysis and management are essential to ensure the confidentiality, integrity, and availability of our sensitive information, and to maintain business continuity, protect our reputation, and prevent financial losses. Every effort is made to properly identify, report, prioritise, and remediate vulnerabilities that pose a significant risk to our Company.

Risk assessments, vulnerability scanning, and penetration tests (including **simulated hacker attacks**) are conducted on a yearly basis to ensure the security of our IT infrastructure and information security management systems.

Iveco Group's ICT Security conducts an **information security risk assessment**, based on the NIST Cybersecurity Framework, to evaluate cybersecurity maturity (with assistance from external third parties) and to identify ICT risks while assessing their likelihood and impact. This is followed up with continuous risk management and improvement measures. In 2022, 13 risks were downgraded to a lower risk level due to the implementation of mitigation measures. Furthermore, a number of assessments were performed specifically on the IDV Brand and on the Financial Services business unit, considering the unique nature of these businesses.

Before the disposal of any IT asset, the **IT asset management process** removes all confidential data via a data erasure procedure. The partner in charge of fleet management oversees the data-sanitisation of such assets, and the activity is tracked via the asset management tool.

Our **Information Security Incident Management Policy** stipulates how to respond appropriately to any actual or suspected security incident relating to our information and/or information systems. Our Security Incident Response Plan, which is tested at least annually, provides a framework of procedures, roles, responsibilities, and accountability for incident handling, while enabling breach detection, analysis, containment, eradication, recovery, and follow-up in response to incidents. The Company's Security Operations Centre (SOC) is active 24/7 in preventing, detecting, and remediating security threats across the corporate network before any impact on business activities occurs. Should there be a computer security breach or incident, the dedicated Cyber Security Incident Response Team (CSIRT) coordinates and provides support.

We have also adopted the Bitsight<sup>5</sup> Security Ratings solution to measurably reduce cyber risk: it provides data-driven, dynamic measurements of our cybersecurity performance and oversees the performance of our cybersecurity programme through broad measurement, continuous monitoring, and detailed planning.

**Respond and Recover**

One of the main aims of these NIST functions is to develop the Company's ability to take action on a detected cybersecurity incident and resume normal operations in a timely manner to minimise any impact.

Accordingly, in 2022, as part of our development of and investment in IT security, we engaged an external third party, PricewaterhouseCoopers (PWC), to perform a tabletop and ransomware resilience assessment, with the direct involvement of the CIO and the managers reporting directly to him. The results will be used for development measures and road mapping going forward.

<sup>5)</sup> Leading cybersecurity ratings company.

### Communication, Training, and Awareness

Every employee using our information systems receives **online training** on information security at least once every 3 years, while new hires receive it as part of the onboarding process.

The Company offers 3 training courses:

- *Protecting our Information* – a mandatory, entry-level information security course
- *Phishing - Don't Take the Bait!* – an anti-phishing course on avoiding scams and the theft of sensitive personal data
- *Smishing and Vishing - Unveil the Cheat* – a specific anti-phishing course on avoiding scams and the theft of sensitive personal data on mobile devices.

In 2022, the courses *Protecting our Information* and *Phishing - Don't Take the Bait!* were delivered to over 3,575 employees worldwide, for a total of more than 2,383 hours; *Smishing and Vishing - Unveil the Cheat* was delivered to over 15,982 employees worldwide, for a total of more than 3,995 hours.

The training programme also included **simulations** (4 campaigns on phishing and 4 on smishing) to raise employee awareness of real-world phishing attacks and how to recognise them.

In 2022, to mark Cybersecurity Awareness Month, a number of 60-second videos were released on our Intranet portal, addressing security topics like phishing, multi-factor authentication (MFA), business email compromise (BEC), and password reuse.

Our Intranet features 2 dedicated sections – *Email and Instant Messaging Guidelines* and *Information Security* – outlining the most widespread types of **malicious/suspicious messages** (spam, phishing, spear-phishing, etc.), with hints and instructions on identifying them and on when and how to notify ICT Security.

### DATA PROTECTION AND PRIVACY

Iveco Group implements specific **data privacy** rules and regulations that govern the way we collect and handle personal data from start to finish, i.e., from processing to use, transfer, sharing, possession, and disposal. As stated in our Code of Conduct, we are committed to collecting, storing, and processing personal data in compliance with all applicable laws. To this end, the Company has built and is continually expanding its own Privacy Management framework: a set of policies, guidelines, tools, skills, and resources aimed at ensuring compliance with multiple data privacy regulations around the world.

The Privacy Management framework includes:

- organisational and technical measures to ensure correct and secure data processing, according to the Company's Data Privacy Policy and the Privacy by Design principle
- procedures to collect and respond to privacy-related enquiries from data subjects
- a comprehensive record of data processing activities, including personal data retention schedules/criteria
- third-party data management.

Compliance with data privacy regulations is monitored by a dedicated body within our General Counsel function and may be subject to audits by the Internal Audit function.

In 2022, 1,190 employees worldwide (new hires) received **training** on the appropriate handling of personal information, for a total of 338 hours. In line with the Company's guidelines, online data privacy training will be provided to all employees at least once every 3 years.

During the year, Iveco Group received no substantiated complaints concerning breaches of privacy.

## Our Control Systems

Integrity and ethics are the principles on which Iveco Group is founded, intrinsic to all its business practices. One of our 5 Values (see page 110 [↗](#)), *We do what is right*, is a perfect example of such principles, and we understand that acting with integrity requires vigilance and commitment. We also believe these principles boost our competitiveness, and are a stepping stone to our sustainable growth and to building a reputation that our customers, employees, and other stakeholders can trust and rely on. Furthermore, it is through our strong integrity and ethics culture that we prevent ethics violations.

While we strive to implement these principles in everything we do, we believe they are particularly important when complying with regulations or standards that promote sustainable development (such as those related to value distribution, progressive taxation, cash transfers, and investments in our people), or that support inclusive growth.

To further strengthen its integrity, the Company has adopted the following control tools, implemented by our departments as appropriate:

- whistleblowing procedures, overseen by the Compliance function
- periodic auditing, overseen by the Internal Audit function
- monitoring of legal violations, overseen by the Legal Department.

### WHISTLEBLOWING PROCEDURES

At Iveco Group, employees are encouraged to actively engage in the detection and prevention of misconduct by reporting any activity that violates applicable laws, the Code of Conduct or Company policies. Reporting potential violations gives the Company the opportunity to investigate matters and take corrective action, reducing the risk or potential damage to the employee in question, co-workers, the Company itself, or the communities in which it operates.

In 2022, we established a **Compliance Helpline**, a global reporting tool available in 15 languages managed by an independent third party. It was set up following consultation with representatives from many different functions, including HR, Internal Audit, Legal, and Compliance.

This communication channel provides our employees, customers, suppliers, and other third parties with a dedicated means to report potential violations of applicable laws, the Code of Conduct, the Supplier Code of Conduct, or Company policies.

As indicated in the Compliance Helpline Policy, reports can be submitted (including anonymously, where permitted by law):

- in person to a manager or other Company representative
- through a dedicated Internet website [↗](#)
- through dedicated phone lines (to a call centre managed by a third party).

Iveco Group employees have an obligation to report misconduct. The Compliance Helpline is an important tool meant to encourage reporting and foster a culture of individual and collective responsibility for compliance and ethics. This culture is also promoted via our *Speaking Up* global communication campaigns, rolled-out in 2022 targeting employees worldwide. Company policy protects anyone reporting a concern in good faith from retaliation of any kind. We also respond to every report submitted through the Compliance Helpline. A global case management system, implemented in conjunction with the Compliance Helpline, helps us ensure the accurate tracking and timely resolution of investigations, which are primarily conducted by the Internal Audit, HR, Legal, and/or Compliance functions.

The materiality of all reported matters is evaluated according to criteria approved by the Compliance & Ethics Committee. Whether a matter is defined as material depends on aspects such as the extent of the potential penalties or monetary losses involved, the seniority of the implicated person, or the nature of the alleged violation. Matters defined as material are escalated to the Investigation Oversight Sub-Committee (IOS), comprising representatives from HR, Internal Audit, and the General Counsel, which oversees the investigation process and agrees on the necessary corrective actions and disciplinary measures. In general, matters with the potential to incur penalties or monetary losses in excess of €100,000, or that involve allegations against a director or above, or that relate to bribery, fraud, trade compliance, accounting or internal controls, are all considered material. Summaries of all such material matters, which are collected by geographic area, are reported to the Compliance & Ethics Committee and the Audit Committee. In 2022, **6 cases** were classified as material and reported to the IOS and the Compliance & Ethics Committee.

During the year, the Chief Compliance Officer provided the Audit Committee with a quarterly update on the Company's compliance and ethics activities. Information regularly communicated to the Audit Committee relates to: training activities, risk assessment results, emerging compliance risks, updates on material compliance and ethics projects, Compliance Helpline reports and related statistics, the status of closed and ongoing investigations, and a summary of material matters.

If a reported matter is substantiated, the Company implements appropriate disciplinary action, up to and including termination of employment. In this regard, the Compliance & Ethics Committee has approved specific disciplinary guidelines, so as to clearly communicate its expectations with respect to appropriate disciplinary actions and ensure a consistent disciplinary approach.

**Violations**

In 2022, the Company responded to and/or investigated 137 new matters (107 were related to various potential violations, while 30 were conflict of interest disclosures), reported through the Compliance Helpline (40% of which anonymously) or through other available corporate communication channels.

**Compliance Helpline Reported Matters**

Iveco Group worldwide (no.)

Matters by category	2022
Questions related to specific business activities and/or Company policies	11
HR issues, including but not limited to general workplace conflicts <sup>a</sup>	29
Discrimination and harassment (including sexual harassment) <sup>b</sup>	40
Business conduct	19
Health, safety, and environment	6
Conflict of interest disclosures	30
Other	2
<b>Total</b>	<b>137</b>

<sup>(a)</sup> 21 of these issues were resolved in the reporting period, while 8 were still in process at year end.

<sup>(b)</sup> Includes 31 harassment reports, 4 sexual harassment reports, and 5 reports of discrimination. 33 of these matters were resolved in the reporting period (9 were unsubstantiated, 11 were substantiated, 7 were closed due to insufficient information, and 6 were duplicates), while 7 were still in process at year end.

In 2022, we closed investigations for 81 of the 107 reported violations, of which 27 were substantiated as breaches of the Code of Conduct or of Company policies (a 33% substantiation rate).

GRI 205-1; 205-3; 406-1

**Disciplinary Approach to Substantiated Breaches of the Code of Conduct or Company Policies**

Iveco Group worldwide (no.)

Type of disciplinary action	2022
Termination of employment	5
Disciplinary action	14
Coaching, remedial training or review of the relevant policy/process	8
<b>Total</b>	<b>27</b>

**PERIODIC AUDITING**

Iveco Group regularly monitors the application of its main compliance policies in each geographic area of operation. Monitoring is carried out by the Internal Audit Department based on the Annual Audit Plan. Audit results, identified violations, and agreed corrective measures are notified to the relevant corporate departments and senior management.

In 2022, the Company disclosed the results of 30 compliance-related internal audits conducted at its main operational sites, regarding anti-corruption and bribery as well as other regulatory requirements; they also covered investigations linked to matters reported through the Compliance Helpline. The audits revealed substantial compliance with the main standards in force. Any violations relating to aspects included in the Code of Conduct were managed either through appropriate disciplinary action or through action plans to improve internal control procedures. The Internal Audit Department also implemented a programme to verify the adherence of Iveco Group’s dealers and authorised workshops to vehicle Warranty Manuals, performing 31 third-party dealer audits.

Periodic Audits by Type

Iveco Group worldwide (no.)

	2022
Regulatory compliance	25
Whistleblowing	5
Dealers	31
<b>Total</b>	<b>61</b>

FINAL RULINGS AND ADDITIONAL INFORMATION

Significant Final Rulings

In this section, Iveco Group reports final court judgments or final arbitration awards that individually had an adverse material effect on the Company (referred to as ‘significant final rulings’).

In 2022, **no significant final rulings** were issued against the Company for violations of laws in the following areas: environment; rights of local communities and impacts on society; human rights; marketing and advertising; privacy and loss of customer data; anti-competitive behaviour and antitrust; intellectual property; contractual liability; product responsibility; product and service information and labelling; sales of banned or disputed products; anti-corruption and anti-bribery; and labour and social security.

European Commission Settlement

In 2011, Iveco S.p.A. (hereinafter IVECO) – which, following the demerger, became part of Iveco Group N.V. – and its competitors in the European Union were subject to an investigation by the European Commission (hereinafter the Commission) into certain business practices in the European Union (in the period 1997-2011) in relation to medium and heavy-duty trucks. On 19 July 2016, the Commission announced a settlement (hereinafter the Decision) with CNH Industrial, which included a settlement with IVECO. Specifically, IVECO received a reduced fine of €494.6 million in exchange for cooperating with the European Commission throughout the investigation. Similar decisions were taken by the Commission with reference to other competitors. Following the Decision, CNH Industrial N.V., IVECO, and IVECO Magirus AG (IMAG) were named as defendants in many proceedings across Europe and Israel. The extent and outcome of these claims cannot be predicted at this time.

The above case dates back to 1997, with the most serious conduct occurring no later than 2004. In other words, the matters in question are associated with a company that was very different – in terms of culture, management, and shareholding – from the current Iveco Group. Furthermore, the Company has since implemented a robust compliance programme aimed at preventing similar conduct (see the section on Antitrust and Competition on page 37 ↘).

Emissions Regulatory Action

On 22 July 2020, a number of CNH Industrial’s offices in Europe were visited by investigators in the context of a request for assistance by the public prosecutors of Frankfurt am Main (Germany) and Turin (Italy) in relation to alleged non-compliance of two engine models produced by FPT Industrial S.p.A. (hereinafter FPT Industrial), which is now part of Iveco Group N.V., and installed in certain Ducato (a vehicle manufactured and distributed by Stellantis) and IVECO Daily vehicles. FPT Industrial is cooperating fully to properly address the requests received. FPT Industrial, other companies of Iveco Group, and, in certain instances, CNH Industrial and other third parties have received various requests for compensation from German and Austrian customers on various contractual and tort grounds. These include requests for damages resulting from the termination of the purchase contracts, or in the form of requests referring to the alleged reduced residual value of their vehicles as a consequence of the alleged non-compliance with type approval regulations regarding emissions. In certain instances, other customers have brought judicial claims on the same legal and factual grounds. Although, at the date hereof, Iveco Group has no evidence of any wrongdoing, it cannot predict at this time the extent and outcome of these requests or of directly or indirectly related legal proceedings, including customer claims or potential class actions alleging emissions non-compliance.

Provisions

As a global Company with a diverse business portfolio, Iveco Group is exposed to numerous legal risks in the ordinary course of its business, including, without limitation, dealer and supplier litigations, intellectual property right disputes, product warranty and defective product claims, product performance, asbestos, personal injuries, regulatory and contractual issues, competition law, anti-corruption laws, and other investigation and environmental claims. The outcomes of any current or future proceedings, claims or investigations cannot be predicted with certainty. Adverse decisions in one or more of these proceedings, claims or investigations could require Iveco Group to pay substantial damages or fines or undertake service actions, recall campaigns or other costly actions.

When it is probable that an outflow of resources incorporating economic benefits will be required to settle current or future obligations, and this amount can be reliably estimated, Iveco Group recognises specific provisions for this purpose (for details, see the 2022 Annual Report, Note 23).

#### Labour and Social Security Disputes

Labour and social security disputes culminating in final court judgments in 2022 involved a total payout of 0.03% of labour costs for the year.

In Brazil, such judgments, mainly relating to the interpretation of particularly controversial legislation, accounted for 56% of all such judgments against the Company, or approximately 29% of the Company's total payout. However, in the specific context of South America, these judgments were not exceptional in nature or in number.

In France, on the basis of a claim made by a trade union, a final court judgment was issued against the Company recognising the right of the claimant to modest compensation. The trade union claimed that the bonus allocation clause of the profit-sharing agreement entered into in 2014 with 3 trade unions (including the same trade union making the claim) was discriminatory, envisaging a double payment for the employees with no absences during the year and for those with up to 5 days of sick leave. Such a clause was found to be invalid (but only prospectively, with effect from the date of the judgement), as it differentiates between the employees striking for up to 5 days and the employees on sick leave for up to 5 days. The contested clause is no longer included in profit-sharing agreements.

## Public Policy and Interest Representation

Iveco Group's participation in the debate on shaping public policy and defining regulations on issues that affect its business, as well as the communities in which it operates, is fundamental to help develop workable international standards and guidelines and thus preserve the value of its investments. Indeed, these activities, combined with the promotion of public-private relationships, are crucial to identifying innovative, shared sustainability solutions built on high-level standards and guidelines.

In our dialogue with governments, international organisations, local authorities, sector associations, and other stakeholders, we contribute our technical expertise and knowledge on policies concerning the automotive industry and other sectors related to the transport of people and goods, with a focus on products, processes, sustainable mobility, and innovation. We firmly believe in contributing to society's technological advancement, and in cooperating with public institutions, universities, and other organisations on research and development into innovative solutions in the fields in which we operate. As a result of our proactive approach to institutional relations, we are able to identify new product development and business opportunities early on, and create competitive business conditions that are sustainable over the long term.

The highest responsibility for Iveco Group's Institutional Relations lies with the Senior Leadership Team (SLT, see page 32 [↗](#)). The Institutional Relations Department is responsible at global level for overseeing advocacy activities, supporting our engagement with institutions and stakeholders, and interacting daily with the departments and functions of both the Company and its brands. In detail, these responsibilities include:

- monitoring future policy trends and engaging with public authorities, trade associations, international organisations, the business sector, and NGOs in the institutional and regulatory decision-making processes that affect Iveco Group's product and operations strategies
- advocating with policy makers and other relevant stakeholders
- protecting and enhancing the Company's and brands' profiles and strategies, by proactively interacting with external stakeholders and participating in public dialogue
- supporting our business goals by addressing specific business issues and identifying opportunities in the context of institutional and/or diplomatic relations.

### LOBBYING AND COMPLIANCE WITH STRATEGY AND POLICIES

Interest representation is conducted only where permitted by and in strict compliance with applicable laws, including anti-corruption and antitrust laws, and in full compliance with our Code of Conduct and related policies and procedures (see page 33 [↗](#)). Iveco Group is registered with the European Transparency Register, which is operated jointly by the European Parliament, the Council of the European Union, and the European Commission and provides information about interest representatives that seek to contribute to the European Union's decision-making processes; it also has a code of conduct to regulate their activities.

In Italy, Iveco Group is also registered with the Italian Transparency Register, set up by the Italian Ministry of Economic Development and adopted by drawing upon the same model applied across other European institutions, and with the Register of Interest Representatives of the Italian Chamber of Deputies. In France, Iveco Group brands are also registered with the High Authority for Transparency in Public Life; in Spain, with the Transparency Register of the Community of Madrid; and in Germany, with the lobby register for interest representation in the German Bundestag and Federal Government.

Iveco Group abides by its *US Lobbying Activities and Other Contacts with US Government Officials*, a compliance policy<sup>1)</sup> implemented in relation to our Code of Conduct that regulates relations with public institutions. Our relationships with various types of public and private organisations (including universities and research centres) also fall under the purview of our Environmental Policy, since the organisations we deal with are stakeholders, and our climate change commitments require their engagement.

In order to report potential violations of corporate policies, the Code of Conduct, or applicable laws, we have established a dedicated grievance mechanism, the Compliance Helpline, which can also be used to report specific violations concerning relations with public institutions (see page 41 [↗](#)).

Iveco Group is a member of many industry and other associations, and of national and international advocacy organisations. The complete list of such bodies in which the Company plays a significant role is available on page 181 [↗](#).

In 2022, Iveco Group's membership fees for trade associations, lobbying activities, etc. totalled about €1.5 million globally.

<sup>1)</sup> Compliance policies are available in the Compliance and Ethics section of the Company's Intranet site.

Memberships, Contributions, and Other Expenditures

Iveco Group worldwide (€million)

	2022
Trade associations or tax-exempt groups <sup>a)</sup>	1.5
Lobbying, interest representation <sup>b)</sup>	0
Political parties (campaigns/candidates)	0
<b>Total</b>	<b>1.5</b>

<sup>a)</sup> A trade association's membership comprises, on a voluntary basis, companies working in the same industry or region to strengthen advocacy activities and promote or defend major interests with key institutions and actors; for this reason, various trade associations participate in public affairs activities such as lobbying, in compliance with local legislation and context.

<sup>b)</sup> Excluding management overheads related to lobbying activities.

The three largest fees were paid to the European Automobile Manufacturers' Association (ACEA), for almost €0.4 million (of which €70,000 for technical studies), the American Engine Manufacturers Association (EMA), for almost €0.2 million, and the China Automotive Technology and Research Center (CATARC), for almost €0.1 million.

**IVECO GROUP AND HYDROGEN EUROPE: FAST TRACKING ZERO-EMISSION MOBILITY**



In 2022, Iveco Group took part in several institutional events organised by Hydrogen Europe – the leading European association representing the hydrogen industry, promoting and advocating for national, European, and international policies and initiatives to support the development of hydrogen mobility. In this regard, in October 2022, our CEO Gerrit Marx participated in the high-level panel **Transforming the Mobility Sector with Hydrogen**, held in Brussels (Belgium) during the third annual European Hydrogen Week. It was attended by key representatives from EU institutions, including the Executive Vice-President of the European Commission Frans Timmermans. Earlier in the year, our CEO had joined other major industry players in the roundtable discussion **Hydrogen - The Key Fuel for Trucks**, where he highlighted the complementarity of hydrogen in on-road mobility with other zero-emission technologies such as battery-electric powertrains. He also discussed the key enabling conditions required for commercial vehicles to fully embrace their zero-emission potential.

**PARTNERING WITH TRADE ASSOCIATIONS TO FIGHT CLIMATE CHANGE**

As a member of various sector associations, Iveco Group is committed to contributing to the development of climate change policies and of regulations and standards for the capital goods industry, mainly by promoting the use of alternative powertrain solutions and innovative vehicles, while participating in the institutional and public debate around mitigating climate change and improving air quality.

In particular, our Institutional Relations function focuses on increasing the awareness and active participation of institutional stakeholders, the public, and international organisations with regards to:

- the importance of key issues related to Iveco Group's product strategy and related advocacy, such as sustainable mobility, alternative fuels and propulsions (e.g., natural gas, biomethane, hydrogen, and electric and hybrid vehicles), the decarbonisation of transport, reduction of emissions from vehicles and manufacturing, as well as digitalisation, safety, and autonomous driving
- Iveco Group's corporate positioning on sustainability, climate change, renewable energy, the circular economy, transportation systems, safety, and product innovation.

In 2022, to foster public debate and policy making on the most relevant matters for sustainability, such as climate change, we organised and actively participated in institutional webinars, conferences, working groups, roundtables, initiatives, and virtual and in-person meetings.

Our fight against climate change at national and global level also includes playing an active role as a member of various industry and multi-stakeholder associations, organisations, business networks, and think tanks, as part of our commitment to verifying that they operate in accordance with the objectives of the Paris Agreement and with our decarbonisation roadmap.

We conduct an annual review of the associations' alignment with Iveco Group's strategy.

The following are some examples of the main trade associations that we have engaged with during the year that share our position on climate change.

Partnerships to Fight Climate Change



**Trade Association:**  
European Automobile Manufacturers Association (ACEA)



**Position on climate change**

We participate in ACEA's working groups, sharing its vision for a sustainable future for the transport sector, supporting alternative, carbon-neutral fuels and zero-emission technologies to meet the EU's goals, while also focusing our attention on safety requirements, materials, and future trends, such as automated driving, connectivity, and smart mobility.

Iveco Group is represented both on ACEA's Board of Directors (BOD) and on its Commercial Vehicles Board of Directors (CV BOD), which are composed, respectively, of the CEOs of the member companies and the CEOs of the heavy-duty vehicle member companies.

The technical working groups and task forces are composed of experts from member companies who work directly on climate change, safety, materials and chemicals, trade, alternative fuels, etc.

Climate change is a global challenge that demands collective action and international cooperation; a challenge in which the automotive industry will be a key contributor to achieving net-zero emissions and carbon neutrality. The European automobile industry is a world leader in technology and clean vehicles – with regard to both production and use – and Europe's number one investor in R&D, responsible for 33% of total EU spending on innovation. Much of this goes towards developing fuel-efficiency technologies and reducing the environmental impact of products and processes. The association sees the revision and adaptation of vehicle regulations (e.g., those related to the CO<sub>2</sub> emissions of cars, vans, and heavy-duty vehicles) as a crucial step in decarbonising road transport; it also advocates the importance of supportive measures and conditions, and of a consistent policy framework, as key enablers of the energy transition in road transport.

**Trade Association:**  
Hydrogen Europe



**Position on climate change**

As a member of Hydrogen Europe's BOD, Iveco Group actively participates in several of the association's working groups (e.g., Mobility, Truck, RED II, Funding and Finance, Advocacy) and in its Technical Committee. We also participate in the European Clean Hydrogen Alliance<sup>a)</sup> and, until the beginning of 2022, co-chaired its Mobility Roundtable, representing the road transport industry and contributing to the development of a sustainable and competitive industrial-hydrogen economy in the EU.

Moreover, Iveco Group actively contributes to the association's H2ero Net Zero strategy, aimed at removing barriers to hydrogen investments, contributing to policy making, enabling the development of clean hydrogen technologies, and scaling their deployment to deliver net zero by 2050.

Hydrogen Europe brings together various industry players, large companies, and SMEs that support the delivery of hydrogen and fuel-cell technologies. Through its partnership with Iveco Group and involvement in both the EU Clean Hydrogen Alliance and Important Projects of Common European Interest (IPCEI), the association collaborates with public authorities to achieve this objective.

Hydrogen Europe is also actively involved in public private partnerships (PPP) supporting research, technological development, and practical demos regarding fuel-cell and hydrogen technologies in Europe. Its main policies focus on the role of hydrogen technology as the key to decarbonising the EU's economy, while ensuring essential investments are channelled towards hydrogen applications and projects in time to meet the 2030 climate targets.

<sup>(a)</sup> Initiative by the European Commission and Hydrogen Europe.

Partnerships to Fight Climate Change



Trade Association:  
Australian Hydrogen Council (AHC)



Position on climate change

Iveco Group is member of the Australian Hydrogen Council (AHC), which represents Australia’s emerging hydrogen industry and value chain. It advocates for national policies that accelerate Australia’s move towards clean and renewable hydrogen technologies, supporting collaboration within the industry and with governments, academia, and the public. The association has also developed an interactive hydrogen tool intended for the public, available on the website of Australia’s national scientific agency; shared across all Australian governments, it features 200 Q&As on hydrogen.

AHC’s priority is to develop adequate policies to improve hydrogen-related investments, thus encouraging the market while reducing knowledge gaps. This must take account of the economic, regulatory, and social requirements involved in operating a sustainable future industry, and AHC has a range of work programmes within each of these categories.

Australia has considerable potential to become one of the leading exporters of green hydrogen. Its federal and state governments have launched a series of initiatives to support projects within the sector, with a focus on the transport industry and the necessary refuelling infrastructure. In this regard, our AHC membership reflects our commitment to support, through our products, the development of zero-emission vehicles and their introduction onto the Australian market, and to contribute to the development of a national policy and regulatory framework. Such commitments are in line with Australia’s National Hydrogen Strategy, launched in 2019, and relevant state guidelines and action plans.

POLITICAL PARTIES

Iveco Group employs the highest standards of transparency and integrity in any and all relationships it has with political parties, as well as with their representatives or candidates (collectively referred to as Political Parties). Financial contributions to Political Parties are only allowed where permitted by law and must be authorised at the appropriate level within each company.

In 2022, **no contributions** were made to Political Parties. An employee’s political affiliation or financial contribution is considered a personal matter and is completely voluntary, including contributions made through a Political Action Committee (PAC).

# Risk and Opportunities

## Risk Management

### IVECO GROUP RISK MANAGEMENT

Following the demerger (effective as of 1 January 2022), Iveco Group adopted an Enterprise Risk Management (ERM) process designed to assist in the identification, evaluation, and prioritisation of business risks (including environmental, social, and governance risks), followed by a coordinated and balanced application of resources to minimise, monitor, and control the probability or impact of adverse events or to maximise the realisation of opportunities. Risk management is an important component of our overall corporate culture and is integral to the achievement of our long-term goals. The ERM process is also linked to the Company's Sustainability Programme, its strategic sustainability targets, its aspirational goals articulated in the Strategic Business Plan, and its employee and customer safety goals. These targets and goals provide a framework to address the long-term challenges of increasing stakeholder value and proactively mitigating the associated risks.

Iveco Group's ERM process is based on the framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), as well as the principles of the Dutch Corporate Governance Code (DCGC), and adapted for specific business requirements by incorporating Company management expertise and best practices identified by third-party risk consulting firms within our risk perimeter.

A risk assessment entails carefully analysing the risk events that could impact Iveco Group's strategic and management objectives, taking into account: changes in our business, organisational model, processes, and procedures; developments in the external environment (political, economic, social, technological, and legal); and our industry and competitors.

Through the **ERM process**, we have identified 55 primary risks, including several related to significant topics such as business strategies and operations, competitive factors, social responsibility, environmental issues, and regulatory compliance (for further details, see the Risk Factors section of the 2022 Annual Report). The analysis process followed a bottom-up approach, starting at the business unit level, and included a risk survey completed by business and function leaders worldwide, cross-functional reviews, one-on-one interviews with all Senior Leadership Team (SLT) members, presentations, and risk assessment discussions with the Audit Committee.

Direct feedback received from each of these layers, up to and including the Board of Directors, was then used to identify and develop risk mitigation activities as necessary within the respective business or functional areas. These activities, which are initiated and deployed by management, are designed to mitigate adverse impacts on the Company's strategic goals, including those related to financial and operational performance.

Despite the risk management and internal control processes in place, it is not possible to fully predict, identify, or eliminate all risks and uncertainties that could impact Iveco Group's business. For details on the Company's potential overall risk exposure, see the Risk Factors section of the 2022 Annual Report.

### EMERGING RISKS

Iveco Group's Enterprise Risk Management (ERM) process also monitors emerging risks, defined as new risks or risks for which the impacts are unknown or evolving; as such, they may be incorporated into risk assessment and mitigation activities when appropriate. In 2022, risks related to the supply of public utilities, raw materials, parts, and components, and to financial planning uncertainty impacting cash flow (as described in the Risk Factors section of the 2022 Annual Report), were identified as key emerging risks that could have a significant potential impact on our Company.

The events of the last few years (such as the COVID pandemic, the consequent effects on supply and demand, and the escalation of the conflict in Ukraine) have caused significant supply chain disruptions, affecting the global availability of certain materials and components (such as semiconductors) on a regular basis and causing significant volatility in public utility (i.e., energy and gas) and raw material prices. We have continued our ongoing efforts to reduce energy consumption at our sites, monitoring of material availability and price increases from suppliers, spot purchasing in case of favourable market opportunities, and activation of hedging strategies (after assessing their cost-effectiveness). In addition, we have started to implement specific mitigating actions, such as holding periodical Supplier Risk Management meetings to assess critical suppliers and potential dual/alternative sourcing options. Furthermore, where possible, indexed contracts with clients are taken into consideration to offset increases in raw material costs.



With regard to semiconductors, we also explore opportunities to purchase them on the broker market or to establish direct relationships with semiconductor suppliers.

As regards the emerging risk related to financial planning uncertainty (which impacts cash flow), the current macroeconomic context and relevant supply chain disruptions, along with regulatory challenges, require rapid adjustment initiatives, which themselves cause financial planning uncertainty and potential impacts on cash flow. Our mitigation activities include the improvement of working capital management (specifically, inventory management), and the selection of a new treasury management IT system, which is expected to help Iveco Group's financial planning and execution capabilities, enabling the distribution of cash generated throughout the year.

### RISK APPETITE

Iveco Group's risk appetite is set within risk-taking and risk-acceptance parameters, driven by its Strategic Business Plan, Code of Conduct, core principles and values, policies, and applicable laws. In the best interest of our stakeholders, we have defined the following levels of risk appetite:

- tolerant: high tolerance to risk occurrence, meaning Iveco Group is willing to accept risk exposure in pursuing its business objectives
- moderately tolerant: moderate tolerance to risk occurrence, meaning Iveco Group is comfortable with the risk but within certain limits
- moderately averse: aversion to risk occurrence, meaning Iveco Group seeks to minimise the occurrence and consequences of unforeseen risks
- averse: no acceptance of risk, meaning Iveco Group's priority is to avoid risk occurrence.

In continuity with the methodology applied in previous years (under our former corporate structure), a risk appetite has so far been applied to the risk categories and risk areas described in the following table, based on our current ERM risk model. However, it should be noted that, in some cases, the individual risk factors (listed in the Risk Factors section of the 2022 Annual Report) can deviate – in terms of risk tolerance and of resources and/or investment to mitigate the risk – from the risk appetite level of the relevant category. The process and methodology to determine the risk appetite of each risk level is currently under definition.

	RISK CATEGORY	ENTERPRISE RISKS	RISK APPETITE	
<b>Long-term</b>	<b>Strategic risks</b> Create value	Strategic risks may affect the performance targets, innovation roadmap, and sustainability objectives of Iveco Group's long-term Strategic Business Plan	Macroeconomics and socio-political events, product portfolio, technological innovation and regulatory evolution, customer demand, investments, competition, joint ventures, and alliances	Taking into consideration the interests of Iveco Group stakeholders, the Company has a risk appetite from tolerant to moderately tolerant for strategic risk, meaning it is willing to accept additional risk while applying cost/benefit considerations in pursuing its long-term targets
<b>Short- and medium-term</b>	<b>Operational risks</b> Enhance value	Operational risks are related to internal processes, people, and systems, or to external events linked to the current operation of Iveco Group's portfolio of businesses	Supply chain, production capacity, quality control, labour relations, information technology, cybersecurity, tender management, and health and safety	Iveco Group seeks to minimise the occurrence and consequences of unforeseen operational risks, meaning it has a moderately averse risk appetite for them
	<b>Financial and taxation risks</b> Enhance & protect value	Financial risks include uncertainty of returns and the potential for losses due to financial performance	Financial management, foreign exchange rates, interest rates, counterparties, liquidity, and cash flow	Iveco Group has a moderately averse risk appetite for financial risk (such as risks regarding liquidity, markets, foreign exchange rates, and interest rates)
	<b>Compliance risks</b> Protect value	Compliance risks cover unanticipated failures to comply with applicable laws, regulations, policies, and procedures	Technical and safety regulations, regulatory requirements, contractual obligations, ethics and integrity, anti-corruption, antitrust/ fair competition, corporate compliance and culture, privacy, intellectual property, and conflicts of interest	Iveco Group has a risk appetite from moderately averse to averse for compliance risk and requires full compliance

## ENHANCEMENTS TO THE RISK MANAGEMENT PROCESS

The development and implementation of an effective and robust Enterprise Risk Management (ERM) process require continuous evaluation and improvement. Iveco Group consistently enhances its process in compliance with Company principles and international best practices. Our evolving ERM model comprises the following:

- risk governance: providing management with a general framework as regards roles, responsibilities, and information flows concerning the Company's main risks
- process: covering all groups of activities through which the various people involved can identify, measure, manage, and monitor the main risks that could affect Iveco Group's ability to achieve its objectives
- reporting: representing the results of our risk assessment and risk monitoring activities, with reports highlighting the most significant risks in terms of likelihood and potential impact, as well as the plans for dealing with them.

As we further develop the ERM process, our aim is to pursue more in-depth risk quantification based on the forecasts of our Strategic Business Plan, and to create a direct connection with the Company's sustainability objectives and values. By way of example, we have already used the Enterprise Risk Assessment results as input for Iveco Group's materiality analysis, which is aimed at identifying and prioritising the sustainability aspects of Iveco Group's business that could substantially influence our stakeholders' opinions and decisions, and that are therefore considered most significant for the Company.

## Pure Risk Management

At Iveco Group, we make a conscientious effort to prevent losses that could potentially result in property damage or business interruptions. All stages of pure risk management<sup>1</sup> – from risk identification and analysis to treatment (including loss prevention) – are addressed by our Risk Management Centre of Competence<sup>2</sup>.

The 4 pillars of pure risk management consist in:

- preventing accidents or limiting their effect
- adopting the highest standards to prevent property loss
- minimising the cost of risk by optimising loss prevention, investments, self-insurance, and risk transfer programmes
- centralising and consolidating relationships with global insurance markets.

Our Risk Management Centre of Competence oversees pure risks such as fires, explosions, or natural disasters, as well as their related insurance coverage, and plays a crucial role in managing events that have the potential to impact the continuity of our operations or the integrity of our physical assets (i.e., Iveco Group's 296 sites worldwide)<sup>3</sup>.

In 2022, the Risk Management Centre of Competence managed 33 sites worldwide, representing 85% of the insured value (which represents 100% of the scope of all loss prevention activities). To ensure the continual and efficient monitoring of industrial risks, 100% of the sites within the scope are audited every 3 years, and more than 50% every year. We performed a total of 15 on-site inspections during the year, covering approximately 51% of the Iveco Group scope in terms of insured value. We also tracked 51 new projects, confirming the highest level of compliance with international loss prevention standards.

Over the year<sup>4</sup>, we invested a total of €2.97 million in **loss prevention and mitigation measures**, specifically in recommended improvements to align our sites to our loss prevention standards. These targeted investments cut our loss expectancies by approximately €296 million,

resulting in a Global Efficiency Index (GEI) of 1.00<sup>5</sup>, in line with the highest international standards. The goal of our loss-prevention investment strategy is to reduce damage to assets and any resulting production stoppages (business interruptions), at both site and Company level, through the full or partial adoption of existing physical protection recommendations. In 2022, Iveco Group's loss-prevention investments cut the expected loss due to property damage by 75% and to business interruptions by 25%.

Today's business environment is fast-changing and highly competitive, which makes it crucial to detect new and emerging risks, and adapt the necessary technical and financial mitigation measures, as quickly as possible.

To this end, the Risk Management Centre of Competence has made a critical, real-time contribution in terms of:

- fine-tuning existing tools and processes as well as risk measurements and modelling, to enable a more comprehensive analysis of both risk-based business decisions and emerging risk-based opportunities
- integrating and consolidating risk management programmes
- enhancing risk awareness across the organisation.

### CLIMATE PHYSICAL RISK ASSESSMENT AND ADAPTATION

As regards **climate change physical risk assessments**, there is significant evidence suggesting that climate change has become a serious risk for industrial groups worldwide. Without intervention, average global temperatures are expected to keep rising, increasing the prospect of physical risks. This could impact several of the currently known risks (in terms of both probability and severity) while also creating new ones.

<sup>(1)</sup> Pure risks are associated with natural causes or accidental or malicious acts (fires, explosions, floods, etc.) that may result not only in damage to goods or facilities, but also in the short or long-term interruption of operations.

<sup>(2)</sup> The risk management process is led by FC Risk Management, which provides its services to Iveco Group.

<sup>(3)</sup> Source: 2023 Insurance Renewal; the term 'site' refers to an individual unit, identified by a company, employer, or business area, on which a specific risk assessment is performed. Therefore, every manufacturing plant may be broken down into more than one site.

<sup>(4)</sup> Figures relate to the period from 1 July 2021 to 30 June 2022 (Insurance Year), and therefore in part under our former corporate structure.

<sup>(5)</sup> 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.

It is likely that climate change will alter the magnitude and frequency of hydrological and meteorological disasters and introduce new hazards in areas unaccustomed to them. Some may even argue that this has already happened, given how industrial losses from natural hazards such as earthquakes, flooding, tornadoes, and severe storms are on the rise.

The Risk Management Centre of Competence addresses climate change issues by monitoring the impact of climate change on existing risks, and by assessing whether risk management measures need to be modified or adapted. This process may involve external business owners and advisors, if necessary.

To enhance sustainability and resilience within Iveco Group, the Risk Management Centre of Competence is also tasked with developing and implementing forward-looking, innovative risk engineering approaches and solutions to better understand the impacts of natural hazards and to properly respond to them. The ability to assess the losses and costs associated with natural hazards is in fact essential for better decision making on hazard mitigation investments and planning.

Iveco Group performed a **quantitative climate-related scenario assessment** of the material physical climate risks that could significantly affect its operations, assets, and production continuity; the process was completed with the support of specialist companies, recognised worldwide by scientific bodies, universities, and major industrial insurance groups. The assessment involved several modelling and forecasting tools (geo risk insurance tools), and the results obtained were verified by performing specific in-depth field checks to ensure their reliability.

As regards **physical climate risk adaptations**, the industrial risks associated with low frequency/high severity natural hazard events are posing an increasing issue for large manufacturing companies. Our 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 Iveco Group's insurance panel. This analysis takes place during field audits and in all new project developments, using analytical techniques as well as practical, cost-effective methodologies delivering optimised risk-mitigation options where feasible.

The assessment of material, physical climate risks covered 85% of the Company's insured value, with completion schedules for implementing mitigation plans typically 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.

### FLOOD RISK REENGINEERING PROJECT

A specific flood risk reengineering project is in place to study potential new risks posed by climate change. Its 3 main goals are:

- to raise awareness across the entire organisation of potential new flood risks posed by climate change
- to explain the nature of the flood risks associated with climate change
- to verify that all risk management processes in place, as well as new measures under development or yet to be developed, take account of the potential impacts of climate change.

Iveco Group's Risk Management function created an ad hoc working team made up of field assessment experts from the loss prevention engineering departments of 4 companies recognised as world leaders in the insurance and reinsurance sector. These companies have provided us with mapping tools (made available by their respective natural hazards research centres) that exploit geomorphological satellite imagery and mathematical modelling, used by the above team to carry out the first macro analysis of our risk portfolio.

This risk analysis was based on visual and/or tool-based interpretation techniques and field checks. The project's aim was the design of a state-of-the-art methodology to assess flood risks, which we applied comprehensively at all 33 sites worldwide under the supervision of the Risk Management Centre of Competence.

### MITIGATING POTENTIAL ENVIRONMENTAL LOSSES

Environmental risk management is a critical component of Iveco Group's corporate strategy and an integral part of overall business and strategic management.

In this regard, thanks to a collaboration between our Risk Management function, our Environment Health & Safety (EHS) departments, a major international consultancy and certification firm, and an insurance partner, we have developed an innovative risk management methodology that enables us to:

- obtain objective, quantified information on insurable environmental exposures
- improve risk profiles according to the business units' EHS strategies
- identify and clearly communicate priorities and benefits
- effectively inform the insurance market about the loss prevention activities in place to prevent or mitigate potential environmental losses
- obtain adequate environmental insurance coverage, commensurate with risk exposures and current loss prevention activities
- carry out loss prevention activities in line with Company strategies.

To date, 21 major Iveco Group plants, representing approximately 90% of the total insured value, have been analysed and quantified using this methodology, via self-assessments performed by the sites. To validate the information thus collected, audits were carried out at 11 plants (selected as representative of the Company in terms of size, activities, and geographical distribution), organised by the EHS Department for each operating legal entity. The audits were conducted by environmental risk engineers from a leading global environmental risk insurer to validate the consistency of the self-assessment checklists and identify possible improvement opportunities.

The outcomes provided the framework for the development of the Company's environmental maps, which quantify overall levels of risk using a certified scientific self-assessment tool. They also led to comprehensive global insurance coverage.

### SEISMIC RISK ASSESSMENT AND MANAGEMENT FRAMEWORK

Having witnessed several industrialised countries suffer the consequences of seismic events (Japan, 2011; Italy, 2012 and 2016), there is no question about the importance of an efficient, transparent, and proactive seismic risk management system within a global manufacturing organisation. A quantitative seismic risk assessment that delivers sound probabilistic estimates of potential earthquake impacts is therefore crucial to any meaningful and grounded decision-making process. Iveco Group collaborates with AXA XL Risk Consultants and the *Università degli Studi di Napoli Federico II* in a risk management research project that has led to the development of an Integrated Approach to Seismic Risk Assessment and Management. This is a multilevel methodology allowing for both advanced seismic risk assessments and the rational allocation of resources, which enables us to efficiently assess, properly quantify, and proactively manage the seismic risks that could potentially impact our plants.

The research project adopts a multilevel and quantitative approach that:

- focuses on quantitative and transparent seismic risk prioritisation (Level 1 analysis)
- provides a quantitative seismic loss assessment (Level 2 analysis)
- delivers dedicated risk mitigation recommendations developed by on-site loss prevention engineers specialised in earthquakes (Level 3 analysis).

This methodology has allowed us to classify and prioritise our sites based on seismic risk, facilitating decision making and the identification of the highest-ranking facilities potentially in need of closer analysis.

The Integrated Approach focuses not only on building performance under seismic excitation, but also on the consequences of earthquakes in terms of economic impact on activities. Since its inception, it has been extended to all Iveco Group plants worldwide (Level 1 assessments); a Level 2 assessment was performed at the FPT Industrial plant in Foggia (Italy), and a Level 3 assessment at the IVECO plant in Brescia (Italy). Results are collected and reported using standardised output forms, developed to streamline and simplify the process. The project will continue in 2023, with targeted assessments of plants at high seismic risk (in terms of vulnerability and impact), identified on the basis of Level 1 assessments.

### CYBER RISK ASSESSMENT

Cyber risks are those associated with online activity, internet trading, electronic systems, technological networks, and the storage of data. We have recently completed a comprehensive and in-depth cyber risk assessment to evaluate our insurance needs. It was performed by a cross-functional workgroup made up of cyber risk experts and insurance market leaders, coordinated by our Risk Management loss prevention team. Through an ad hoc risk assessment framework, we analysed:

- threats of exposure of vital company assets, the information to be protected, and protection level requirements
- existing policies and procedures to reduce the risk of an attack in the event of a security breach
- existing plans and procedures to neutralise threats and remedy security issues.

The assessment allowed us to define and implement adequate insurance coverage. In 2022, based on the recommendations of cyber insurance companies, the team continued to work on possible improvements to current policies and procedures to reduce the likelihood and impact of a cyber-related loss.

## Supply Chain Risk Management

Any company managing risk proactively must not only focus on its own risk, but also on that within its supply chain. This dual focus makes supply chain risk management a priority.

To this end, in 2019 (and hence under our former corporate structure), we developed the Company Strategy Reporting tool that provides all key information on existing suppliers worldwide in a single database (subdivided by business unit, sourcing area, geographic area, plant, part number, and product group). The tool is an evolution of the previous system, and gives all teams real-time access to structured information within an Excel database, used to analyse suppliers both during and after their initial assessment process in order to monitor any status changes.

In 2022, our first year as Iveco Group, we developed a new tool called EVA. In addition to providing the same key information as the former Company Strategy Reporting tool, this new database contains other specific procurement KPIs. It also features a one-page CPO dashboard providing the Chief Purchasing Officer with a highly detailed summary of suppliers, including a list of the most critical ones from a business or financial perspective. EVA is a valuable tool that helps the Company's decision-making process by using risk management to anticipate, highlight, and **prevent potential risk exposures**. By analysing business, quality, and financial indicators, it evaluates the potential risk for Iveco Group of certain non-sustainable supplier

activities and/or behaviours (e.g., relating to environmental and/or social risks). Furthermore, by yielding rapid results through a dynamic system of alerts, it promptly warns the Company of any areas that may need improvement, avoiding supply delays and obstacles to future risk management.

To further improve our risk management process, we have also developed a new supplier evaluation and financial management system that has been integrated with the tools used to assign new business to suppliers. This new system is known as TIGRAN.

TIGRAN is an integrated system that collects, aggregates, and analyses supply chain information made available by the leading providers of business and financial data and analytics. It therefore simplifies comparisons between suppliers from different countries, helps anticipate potential risks, and optimises the **efficiency of internal decision-making processes**.

We are in the process of fully integrating the TIGRAN system into our EVA tool through an automated interface, which is currently being finalised. The aim is to populate the EVA system with additional data, namely supplier ratings and other financial information from financial statements (e.g., turnover, closing dates, number of employees, etc.).

We expect to give specific procurement areas access to the TIGRAN platform in 2023, enabling them to investigate suppliers' financial details directly via the database.

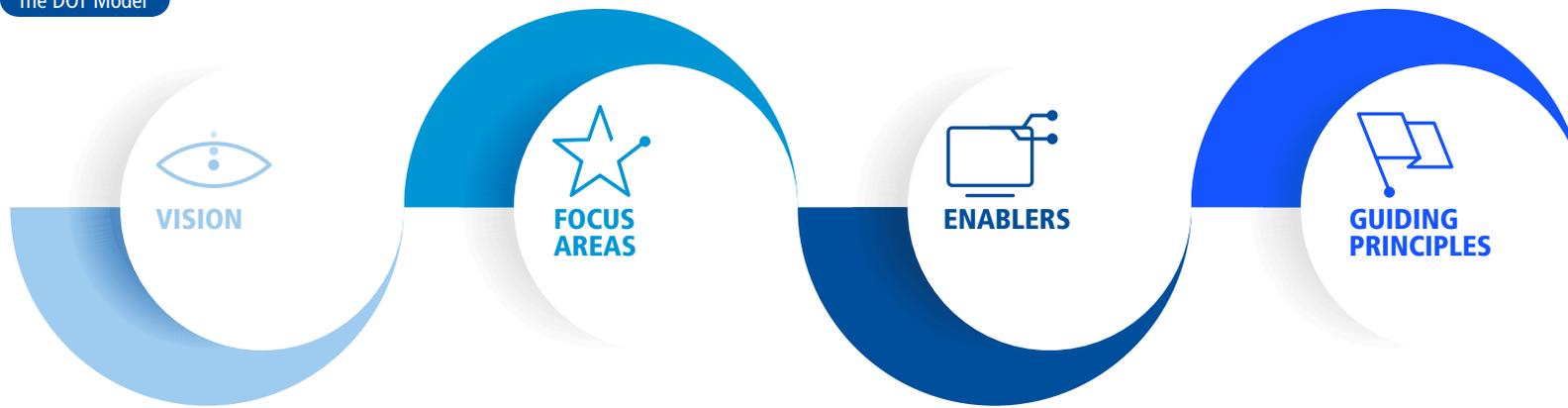
# Creating Prosperity

## Driving Operations Together

The Driving Operations Together (DOT) programme is Iveco Group's new results-oriented approach for continuous improvement, designed to optimise the Company's operations worldwide and incorporate sustainability into its processes. The programme brings a new managerial focus to drive accountability and a more entrepreneurial mindset across all business

areas. The DOT holistic model aims to deliver this vision by sustaining a culture of operational excellence across all Company processes. It is targeted at reducing waste, increasing margins, and improving performance across all value streams, and ultimately at adapting rapidly to change.

The DOT Model



A description of the programme's aspirations and future direction, in line with our organisation's overall purpose.



- Client-oriented
- Production Effectiveness
- Innovation
- Sustainability

The 4 key areas in which we aim to excel to achieve our vision.



- Business Excellence
- People Excellence
- Process & Product Excellence
- Green Excellence

A series of key levers we have identified to help us achieve our DOT objectives, such as: innovating with digitalisation, engaging all necessary stakeholders, implementing a robust management system, and ensuring a governance structure to sustain cultural change.



- Digitalisation
- Cultural Change
- Management System
- Governance
- Stakeholder Engagement

The essential principles that support our objectives and steer us in the achievement of our specific targets on the journey towards our vision.



- Accountability
- Commitment to Customers
- Teamwork
- Innovation
- Transparency
- Easiness
- Agile Approach

This results-driven approach ensures all personnel are working towards the same goals, contributing to the achievement of operational excellence in all business practices.

In the short-to-medium term, the DOT programme will involve all personnel working in the manufacturing and supply chain spheres, utilising parallel processes. In manufacturing, a set of standards will be applied to meet both key performance indicators (KPIs) and performance targets; in the supply chain functions, processes will be analysed and optimised.

The DOT model has identified 10 fields of application (i.e., intervention areas), each having a set of corporate performance indicators, and 11 functional commitments, representing the corporate functions responsible for applying a specific set of standards to ensure each field's targets are met. This structure enables us to apply technical KPIs and KAIs (key activity indicators), as well as corporate performance metrics, to any Company activity. An intrinsic aspect of the DOT system is benchmarking, which enables technical content to be dynamically updated to steer processes towards the best applications and best market practices.

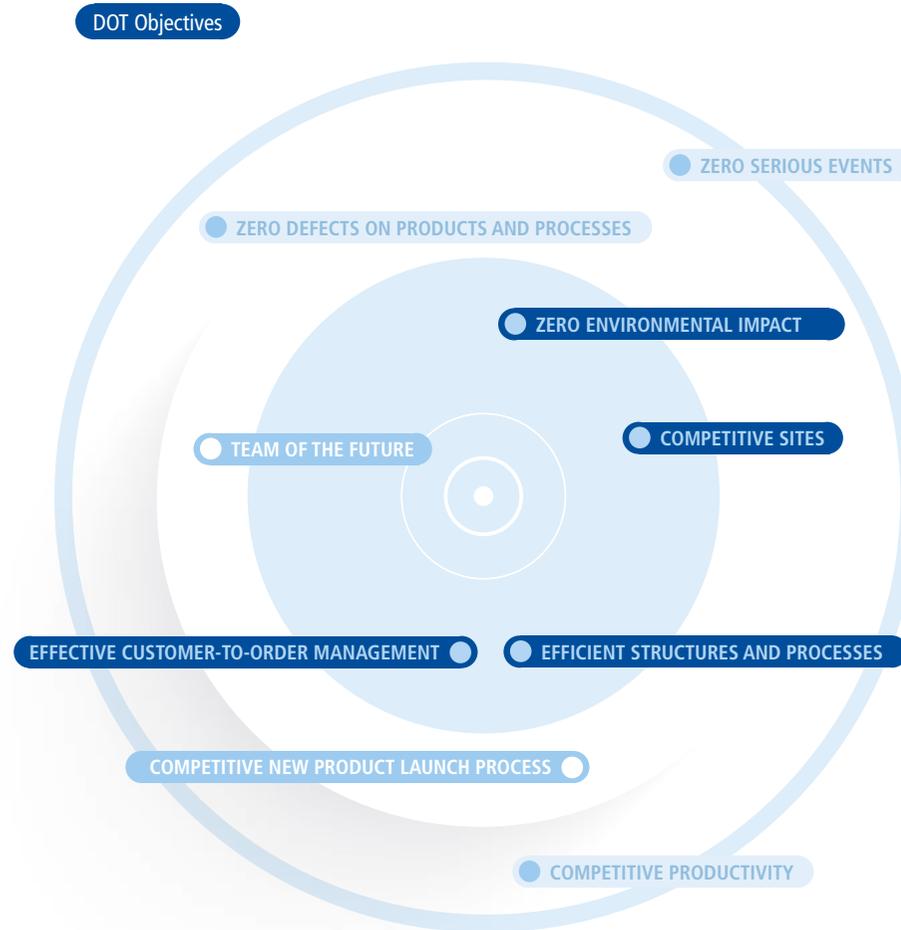
The DOT programme is built on competitiveness, engagement, and recognition. Skills management and information sharing on our technical performance and on the programme's implementation will help us develop expertise and embrace new opportunities, so supporting growth. This innovative framework guides our new strategy in terms of performance, digitalisation, and competitiveness, while also ensuring common goals for all in our effort towards operational excellence.

The programme's implementation can be adapted dynamically to meet the specific needs of sites and offices, whose targets are linked to Company strategy and results measured year on year. To establish stronger ties between the functions and facilitate the spread of best practices, implementation is guided by two different approaches:

- intra-functional, enabling sustainable and incremental growth
- inter-functional, enabling breakthrough changes.

Governance and project management are fundamental components for sustaining momentum and programme implementation, steering actions, increasing accountability, and promoting teamwork.

At manufacturing level, the DOT holistic model focuses on specific activity areas; it guides plants towards achieving operational excellence based on their needs and strategies, and synergistically defines action flows for each department in order to obtain sustainable results.



When assessing programme implementation and performance, the DOT evaluation system introduces a new way of displaying information on benchmark values and on the status of individual plants. Comprehensive and integrated evaluations provide continual performance and implementation benchmarks against other businesses both within and outside Iveco Group. As at 31 December 2022, 21 plants were participating in the programme, accounting for 99.7% of plant personnel worldwide and 99.8% of revenues from sales of products manufactured at Company plants<sup>1</sup>.

The 4 Essential Factors Model



LESSONS LEARNED



- from past experience; sharing solutions so as to not repeat the same mistakes



KNOWLEDGE INVENTORY



- lean methods and tools, improving accessibility via the self-learning platform



BENCHMARKING



- webinars, trade shows, workshops, and visits to companies outside Iveco Group



CROSS FERTILISATION



- implementing best practices and interdisciplinary projects driven by the central functions and by the plants, with an integrated operational approach. Sharing and circulating best practices, standards, and procedures

<sup>(1)</sup> The percentage is calculated on 23 plants; for the complete list of these plants, see page 175

## Economic Contribution

Iveco Group has adopted a set of finance policies, available in the Finance Community section of the corporate Intranet, which cover the following main areas:

- general accounting
- internal controls
- management authority and approvals
- process accounting and management estimates
- intercompany transactions.

Potential violations of corporate policies, the Code of Conduct, or applicable laws can be reported via a dedicated grievance mechanism, the Compliance Helpline (see page 41 [↗](#)).

Information on potential financial risks for Iveco Group can be found in the 2022 Annual Report (see Note 30).

Our Finance function is responsible for: ensuring a global commitment to commercial excellence and delivering financial transparency; supporting financially sound business decisions; and driving our Company's inorganic growth through corporate strategy and M&A activities. The function is headed by the Chief Financial Officer (CFO), who is a member of the Senior Leadership Team (SLT, see page 32 [↗](#)).

Iveco Group N.V. is incorporated under the laws of the Netherlands, has its corporate seat in Amsterdam (the Netherlands) and its principal office in Turin (Italy).

All Iveco Group's financial data included in this Sustainability Report is taken from the 2022 Annual Report in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU-IFRS).

We report our operations according to our 7 business units: Truck, Bus, Powertrain, Defence Vehicles, ASTRA, Firefighting, and Financial Services. The activities carried out by the first 6 business units, along with those of the corporate functions, are collectively referred to as Industrial Activities.

With manufacturing, commercial, and financial services companies located in 36 countries, in 2022 we produced 961,220 units (see page 221 [↗](#)).

Our activities fall under two GICS<sup>®1</sup> sub-industries: Construction Machinery & Heavy Trucks, and Automobile Manufacturers (for light trucks only). See definitions on page 179 [↗](#).

### FINANCIAL PERFORMANCE

We monitor our operations using several non-IFRS financial measures. We believe these provide useful and relevant information on our operating results and facilitate the assessment of our financial performance and position, a snapshot of which is provided by the following table summarising our main financial data and other indicators from the last 2 years.

#### ESG INVESTORS



The presence of Iveco Group shares in the portfolios of environmental, social, and governance (ESG) investors, i.e., those who integrate standard financials with ESG considerations, is a clear indication of appreciation of the Company's commitment to sustainability.

As at 31 December 2022, according to the Nasdaq analysis, Iveco Group's ESG ownership represented 41 million shares, or **34.9%** of total institutional shares (an increase compared to the 29.1% at the end of February 2022). This level remains above the average when compared to 3 of the Nasdaq's benchmarks (for the Industrial sector, Italian market, and European market, respectively).

The analysis covers the largest global mutual funds and asset owners. The latter include pension funds (national, occupational, company-specific, or local government), foundations, public funds, insurance funds, endowments, sovereign wealth funds, and large financial organisations investing their own assets.

<sup>(1)</sup> Global Industry Classification Standard.

Financial Performance

Iveco Group (€million)

	2022	2021
Consolidated revenues	14,357	12,651
Net sales of industrial activities	14,165	12,520
EBIT	466	295
Net income/(loss)	159	76
Diluted EPS	0.54	0.19
Adjusted EBIT <sup>a</sup>	527	376
Adjusted EBIT of industrial activities <sup>a</sup>	424	302
Adjusted diluted EPS <sup>a</sup>	0.78	0.43
Net cash of industrial activities <sup>a</sup>	1,727	1,063
Investments in tangible and intangible assets	777	563
R&D expenditures <sup>b</sup>	634	509
Total assets	16,013	16,560
Total equity	2,391	2,311
Equity attributable to owners of the parent	2,354	2,289

<sup>(a)</sup> Non-IFRS financial information. For details on reconciling a non-IFRS financial measure to the most comparable IFRS financial measure, refer to the 'Operating and Financial Review - Alternative Performance Measures (or non-IFRS Financial Measures)' section of the Iveco Group 2022 Annual Report.

<sup>(b)</sup> Includes capitalised development costs and R&D costs charged directly to the income statement.

DISTRIBUTION OF VALUE ADDED

At Iveco Group, we are committed to creating value and to distributing it to our stakeholders. The calculation<sup>2</sup> of value added gives us a better understanding of our economic impacts, enabling us to determine how much wealth we create, how it is created, and how it is distributed to stakeholders.

In 2022, the value added generated by our industrial activities and distributed to our various stakeholders totalled €2,966 million, equivalent to 20.7% of revenues.

During the year, we received €4.4 million in research and development grants, of which 98% in Europe and 2% in the Rest of the World.

<sup>(2)</sup> The value added, representing the value generated by corporate business activities, was calculated via an internal method as the difference between production value and the associated intermediate costs, net of depreciation. The global net value added was then divided among beneficiaries as follows: employees (direct remuneration comprising salaries, wages, and severance pay; and indirect remuneration consisting of welfare benefits); governments (taxes distributed to governments); financial providers (interest paid on borrowed capital); shareholders (dividends paid); Company (share of reinvested profits); and local communities.

GRI 201-1; 201-4

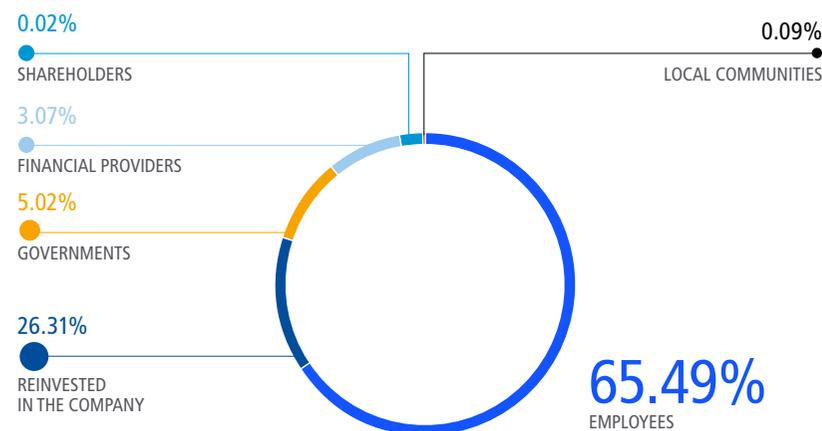
Direct Economic Value Generated

Iveco Group (€million)

	2022
Consolidated revenues	14,357
Income of financial services companies	(81)
Government grants (current and deferred/capitalised), release of provisions, other income	199
Other income	69
<b>Direct economic value generated</b>	<b>14,544</b>
Cost of materials	10,455
Depreciation and amortisation, including assets under operating lease and assets sold under buy-back commitments	803
Other expenses	320
<b>Value added by Industrial Activities</b>	<b>2,966</b>

2022 Distribution of Value Added

Iveco Group worldwide



# Tax Transparency

## OUR APPROACH TO TAX MATTERS

Everything we do, both within and outside the Company, is according to the highest ethical standards as outlined in our Code of Conduct, which applies to every aspect of our business, all levels of our organisation, and every geographic area in which we operate.

The same applies to how we approach tax matters. For this reason, in 2022, the Board of Directors of Iveco Group N.V. (hereinafter Iveco Group) – which has collective responsibility for the strategy of the Company and its consolidated subsidiaries, including all joint ventures in which the Company holds a controlling interest – approved the Iveco Group Tax Strategy, which guarantees that our tax behaviour is consistent with our ethical principles.

The Tax Strategy, publicly available on our corporate website, reflects the set of values recognised as the underlying principles of Iveco Group's tax approach, and provides the relevant guidelines to ensure the Company's integrity and reputation over time, as well as consistency when conducting business affairs and when dealing with tax risks across our entities.

The Board of Directors is responsible for ensuring that the purposes, principles, and guidelines set out in our Tax Strategy are promoted internally, and that its underlying values are applied and disseminated consistently. Each update of the Tax Strategy must be approved by the Board of Directors. The Audit Committee assists and advises the Board, and acts under authority delegated by the Board, with respect to the Tax Strategy thus adopted.

Iveco Group's principles are founded on tax sustainability, tax legality, tax transparency, and the pursuit of value creation for our stakeholders.

## Our Tax Guidelines

Iveco Group's Tax Strategy incorporates a number of guidelines to ensure the effective implementation of our tax principles, steering the management of our tax affairs by establishing the appropriate processes to guarantee the efficacy and application of these principles. These guidelines provide for the following tax practices:

- **transfer pricing:** Iveco Group's cross-border intercompany transactions are regulated, for tax purposes, on the basis of the arm's length principle, as outlined by the OECD<sup>1</sup> (in the Model Tax Convention and in the Transfer Pricing Guidelines), with the aim of aligning, as fairly as possible, the transfer pricing outcomes to value creation. Iveco Group also complies with the provisions of OECD Guidelines on transfer pricing documentation
- **aggressive tax planning:** Iveco Group does not engage in conduct and/or operations, whether domestic or cross-border, that result in purely artificial arrangements devoid of economic reality, and from which improper tax advantages can reasonably be expected to the extent that they are contrary to the purpose or spirit of the relevant tax provisions or regulations
- **low tax jurisdictions and economic substance:** Iveco Group is committed to having a tax presence only where it carries out substantial economic activity, and therefore does not make artificial use of tax havens for the sole purpose of reducing the Company's tax burden
- **tax whistleblowing:** in compliance with the provisions of our Code of Conduct, Iveco Group is committed to fully implementing and maintaining a procedure that allows its employees and third parties to report alleged irregularities or suspicious conduct in tax matters.

<sup>(1)</sup> Organisation for Economic Co-operation and Development.

## TAX GOVERNANCE, CONTROL, AND RISK MANAGEMENT

### Governance

Based on Iveco Group's organisational model, our central Tax Department is responsible for:

- modifying our Tax Strategy and adapting it to changes in our business model and to regulatory requirements (e.g., by proposing updates to our tax risk management system)
- identifying optimisation initiatives
- monitoring key tax issues
- providing support to other Iveco Group departments.

The Tax functions across our jurisdictions and business units act in compliance with the provisions of our Tax Strategy and under the coordination of the central Tax Department, to ensure the correct execution of tax obligations at local level. We see to it that the Tax Department is adequately resourced (from a personnel, material, and financial perspective) and organised to perform its functions. It is responsible, among other things, for promoting the culture and values of tax compliance, and organises training initiatives for our people, including those not part of the Tax Department itself.

### Tax Risks and Control Management

We have committed to designing and implementing an internal control system to assist in the identification, evaluation, and prioritisation of tax risks, followed by a coordinated and balanced application of resources to minimise, monitor, and control the probability or impact of any adverse events. This system, the **Tax Control Framework (TCF)**, has already been adopted by our main companies, and will be progressively extended throughout Iveco Group. Through our TCF, which is aligned with OECD Guidelines, we are able to ensure the proper execution of tax risk assessments, identify tax risks while verifying the controls in place at operational level, and see to it that the roles and responsibilities within our tax management process are clearly defined and assigned, with due consideration given to the principles of the segregation and escalation of decisions.

The TCF is part of a broader system of internal controls and corporate risk management, in which the various components (including the TCF) work in synergy to ensure maximum effectiveness and efficiency in protecting Iveco Group from business risks. This synergy is achieved through the efficient integration of the various control tools, and by establishing specific information flows between the different internal control departments, so that each can benefit from the results of checks carried out by the others according to their respective spheres of competence.

In accordance with applicable international best practices, Iveco Group's TCF provides for three **levels of control against risk**. Specifically, a Tax Risk Officer is in charge of second-level controls and for the implementation of adequate monitoring to ensure that our internal tax risk control system is up-to-date and fit for the mitigation purpose for which it is designed. The Tax Risk Officer is a member of a unit within the Tax Department, but does not perform operational tax compliance activities or interpret tax regulations, as per the principle of segregation of duties. Meanwhile, the third-level controls are overseen by the Internal Audit Department, which verifies the effectiveness of the TCF and its compliance with the guidelines provided for by Iveco Group's Tax Strategy.

On an annual basis, the Tax Risk Officer and the Tax Department draw up a report for the Audit Committee and the Board of Directors on the TCF's operational effectiveness in ensuring that the Iveco Group entities that have adopted it are in control of their tax processes. The report also addresses how the processes in place are actually implemented, maintained, and monitored.

## STAKEHOLDER ENGAGEMENT AND CONCERNS OVER TAX MATTERS

### Tax Authority Engagement

In accordance with the principles of our Tax Strategy, and in order to enhance our relationships of trust with tax authorities, Iveco Group promotes adherence to cooperative compliance regimes among those of its entities that are compliant with their respective local regulations. To this end, in 2022, we submitted our application to adhere to the Italian Cooperative Compliance Regime. Our aim is to gain more tax certainty by encouraging our entities that meet the requirements of similar regimes in their respective countries to gradually follow suit. In addition to adhering to cooperative compliance regimes, Iveco Group operates with transparency and good faith in all its relations with tax authorities, including in the event of tax audits. Moreover, to avoid double taxation, the Company promotes mutual agreement procedures for the settlement of international disputes, directly involving the tax authorities from the contracting countries.

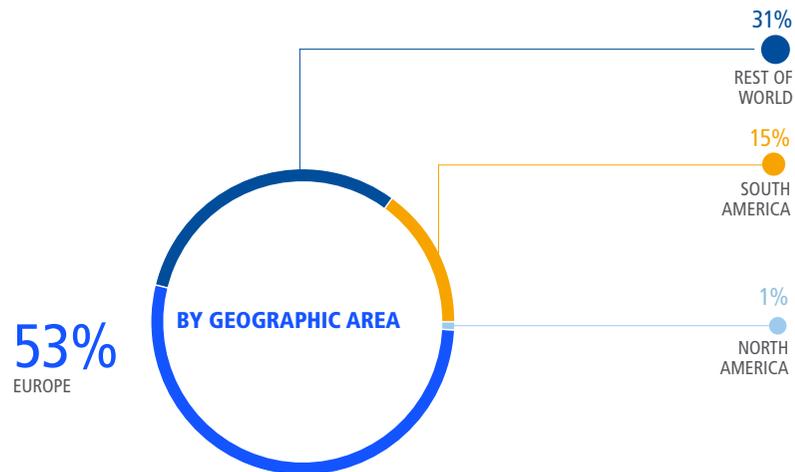
### Creating Value for Stakeholders

Iveco Group manages its taxes in part through available incentives and provisions that allow for the optimisation of its tax burden. Moreover, taxes are managed in compliance with the principle of legality, and with the aim of safeguarding the Company's assets and of pursuing its main goal to create sustainable value for all stakeholders in the medium and long term.

## REPORTING

From an ESG perspective, we firmly believe that taxes are a key contributor to the economies of the jurisdictions in which we operate. Our business activities generate tax revenues for the governments of our countries of operation. We therefore intend to provide a timely disclosure of the allocation of income taxes paid for fiscal year 2022, reporting the total income taxes paid by Iveco Group's companies by geographic area, including: income tax advance payments; income taxes related to the previous fiscal year (i.e., income tax balances related to 2021); taxes paid in reference to the tax assessments of previous fiscal years; and withholding taxes applied on cross-border payments.

2022 Cash Income Tax Paid  
Iveco Group worldwide



## Financial Services

The Financial Services business unit supports the growth of our industrial activities by developing and structuring financial products to increase product sales, profitability, and customer loyalty. Its strategy is to grow as a core business unit to support Iveco Group's business proposition, at the same time securing the credit quality of the portfolio, adequate service levels, operational effectiveness, customer satisfaction, and business gain.

In 2022, the Financial Services' managed portfolio, including the pro-rata portfolio held by non-consolidated joint ventures, reached approximately €6.8 billion globally. Its primary products are: wholesale financing for dealers; retail financing for the purchase or lease of new and used products by end users; factoring towards importers, municipalities, and direct accounts; and financing programmes for industrial suppliers.

Financial Services provides support to Iveco Group on all aspects of the management of receivables and related risks, in line with its goal to drive best-in-class performance, leveraging core competencies and ensuring skills enhancement within the Company. It also performs progressive process standardisation and system integration, as well as the implementation of shared policies, all of which drive efficiencies in terms of operations and governance.

The selection and monitoring of business counterparts is a key element in securing the performance of the managed receivables. Business relationships are assessed according to sound know-your-customer practices, anti-money laundering laws, and Company policies and procedures, so as to ensure that third parties' business counterparts are reputable, qualified, and involved in legitimate businesses. The reference framework is regularly updated according to the evolution of regulations and to reflect experience gained in operations and business practices.

### AN ALL-INCLUSIVE RENTAL MODEL FOR ELECTRIC VEHICLES



In 2022, Iveco Group launched GATE (Green & Advanced Transport Ecosystem), a new entity with an independent business structure dedicated to the long-term, all-inclusive rental of commercial electric vehicles (trucks and vans), which will significantly advance the industry's energy transition. Expected to become operational by mid-2023, GATE will begin offering its services to pilot customers in Italy, initially serving brands IVECO and Nikola. The new entity will offer a comprehensive service based on a pay-per-use formula that will give customers access to the propulsion of tomorrow – a full ecosystem of zero-emission vehicles for assignments ranging from last-mile delivery to long haulage. With green technology at its core, GATE will deliver sustainable solutions to customers and provide them with the level of support and flexibility that best meets their business needs, covering everything from maintenance and repairs to connectivity and telematics, financing, insurance, energy, and auxiliary services.

# Investments for the Planet and People

## THE PLANET

In 2022, Iveco Group invested a total of over **€2.1 million** in improving **energy performance**, generating more than €1.3 million in savings, and leading to a reduction in energy consumption of approximately 6.4 TJ and in CO<sub>2</sub> emissions of about 4,000 tons<sup>1</sup>.

Over €1 million (about 43% of the total investment) was spent on the widespread replacement of existing lighting systems with LED technology. The remaining initiatives involved the installation of photovoltaic systems, heat pumps, inverters, high-efficiency motors, and intelligent stand-by systems on machinery, and set-point regulation adjustments according to operational requirements. For details on our approach and projects, see page 88 [↗](#).

### Energy Performance Improvements Expenditure and Investments

Iveco Group worldwide (€million)

	2022	2021	2020	2019
Plants (no.)	23	25	26	26
Expenditure	<b>89.1</b>	94.5	84.4	96.5
Investments	<b>2.1</b>	2.8	3.3	3.9
Cost savings	<b>1.3</b>	1.2	2.1	2.2

The Company's overall expenditure on **environmental protection** was approximately **€29.7 million**, broken down as follows: about €17.7 million on waste disposal and emissions treatment, and almost €12 million on prevention and environmental management. A total of €1.2 million was invested in initiatives to reduce the Company's environmental impact, while improvement projects and measures generated €0.8 million in cost savings. For details on our approach and projects, see page 89 [↗](#).

### Environmental Protection Expenditure and Investments

Iveco Group worldwide (€million)

	2022	2021	2020	2019
Plants (no.)	23	24	25	25
Expenditure	<b>29.7</b>	20.3	17.5	23.0
of which on waste disposal and emissions treatment	<b>17.7</b>	16.0	13.7	18.8
of which on prevention and environmental management	<b>12.0</b>	4.3	3.8	4.2
Investments	<b>1.2</b>	1.6	0.9	1.5
Cost savings	<b>0.8</b>	1.4	1.2	2.0

## PEOPLE

### Our People

In 2022, Iveco Group invested approximately **€1.8 million in training**, with an average amount of €50.3 spent per employee. For details on our approach, see page 125 [↗](#).

The Company also spent approximately **€50.3 million** on improving **health and safety** protection (representing 2.6% of personnel costs<sup>2</sup>), of which almost €45 million on improvements to occupational safety and working conditions (worker protection, structural improvements, inspections of plants and working environments), and approximately €5.3 million on employee health care costs.

The year's investments in health and safety led to almost €1.3 million in savings on the insurance premiums paid to the Italian National Institute for Insurance against Accidents at Work (INAIL). For details on our approach and projects, see page 117 [↗](#).

<sup>(1)</sup> The types of energy included were fuel, electricity, and heating. The energy consumption reduction value was estimated as per the International Performance Measurement and Verification Protocol (IPMVP), volume 1 (January 2012). The estimated CO<sub>2</sub> value includes Scope 1 and Scope 2 emissions.

<sup>(2)</sup> Personnel costs totalled €1,943 million in 2022.

### Local Communities

In 2022, the resources allocated by Iveco Group to local communities totalled €2.81 million, including over €201,000 for total management costs. The investment data for local communities is categorised as per the principles set out in the Business for Societal Impact (B4SI) Guidance Manual [↗](#). Figures are based on accounting data and calculations, and include estimates.

For details on the methodology, see page 178 [↗](#).

GRI 413-1

GOVERNANCE & ECONOMIC

#### Philanthropic Contributions

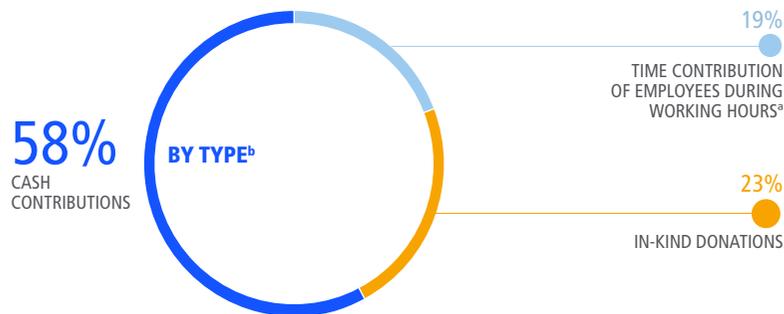
Iveco Group worldwide (€)

2022

Cash contributions	1,638,330
Time contributions (employee volunteering during paid working hours)	350,834
In-kind contributions (products/services, projects/partnerships, or similar)	615,205
Management costs	201,065
<b>Total</b>	<b>2,805,434</b>

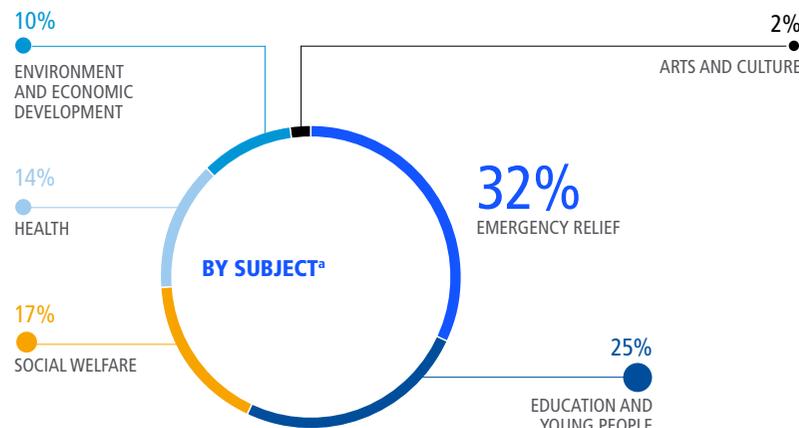
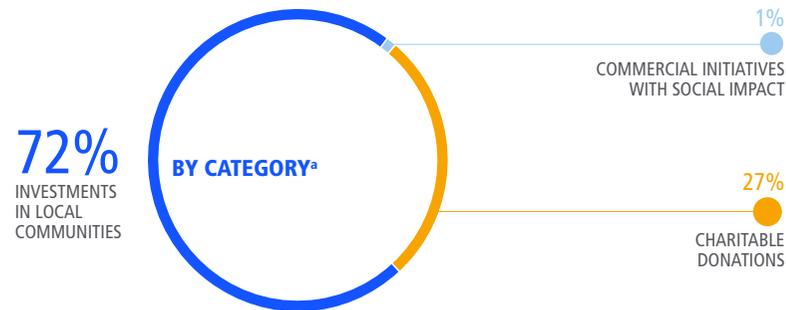
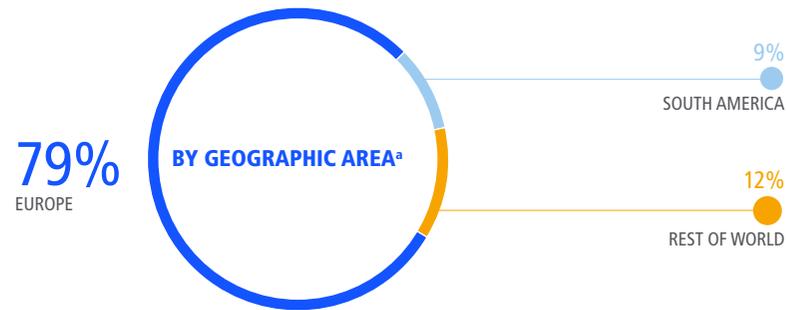
#### 2022 Contribution to Local Communities

Iveco Group worldwide



<sup>(a)</sup> Represents the monetary value of hours of volunteer work carried out by employees during working hours (also includes initiatives where legal entities are fully or partially reimbursed through public funds).

<sup>(b)</sup> Including total management costs.



<sup>(a)</sup> Including total management costs.

€2.81  
MILLION INVESTED IN  
LOCAL COMMUNITIES

Find out more about our approach and projects.

# Value Creation through Innovative Solutions

## QUALITY PRODUCTS THROUGH INNOVATION

Iveco Group's Technology & Digital function is the single point of reference for new technologies and innovation across the Company. It manages product engineering, digital product capabilities, and zero-emissions vehicle programmes for each of our Truck, Bus, and Powertrain business units, leveraging technological innovation to accelerate the pace of product development and evolution. The Chief Technology & Digital Officer is also a member of our Senior Leadership Team (SLT, see page 32 [↗](#)).

For each business unit (BU), the Technology & Digital function: increases profitability, playing a leading role in evolving the Company's business in line with the Strategic Business Plan; approaches the value proposition with a mindset focused on end-to-end quality and customer service, so as to quickly adapt and respond to customer needs; explores potential partnership opportunities to boost the scaling of innovation; and negotiates deals on inorganic growth opportunities to acquire expertise while reducing time-to-market.

Within each BU are several product platforms, organised according to a cross-functional model supporting the development of new products and services with the highest quality standards in mind. These platforms are the epicentre of decision making for our product lines' life cycles, ensuring speed, business agility, and competitiveness. Every platform is supported by all industrial functions, each representing different business needs, and each involved in the decision-making process.

The product platforms act as a bridge between the industrial functions and the BUs. This structure ensures all-round coordination and a focus on business results. It also creates further benefits, such as a direct link between BU objectives and product plan implementation, greater customer centricity, and the broader involvement (and hence responsiveness) of all Company functions. This cross-functional alignment enables us to deliver our best to end customers; by integrating the product platforms directly within our BUs, we are able to stay closer to customers and their needs.

As part of our efforts to adopt innovative solutions, a strategic sustainability target was incorporated into our Strategic Business Plan: to ensure that [100% of new products are developed using sustainability/recyclability design criteria by year-end 2026](#). This sustainability target was also included in our Sustainability Plan (see pages 168-172 [↗](#)) and as an individual goal in the Performance Management process (see page 123 [↗](#)).

## RESEARCH AND PRODUCT DEVELOPMENT

Iveco Group's core business is the design, manufacture, and sale of trucks, commercial vehicles, buses, special vehicles, and powertrain applications. Ongoing research into innovative solutions enables our brands to manufacture products that respect the environment while satisfying customers' demand for high-performance vehicles that are reliable, safe, comfortable, and competitive in terms of operating costs, for enhanced profitability. Our approach meets market demand through products aligned as closely as possible to customer requirements, with a particular focus on the total cost of ownership (TCO). This can mean that some product lines are modified or entirely redesigned on site to better meet local customer needs. To this end, Iveco Group has R&D sites in Emerging Markets such as Argentina, Brazil (since 1997)<sup>1)</sup>, and China (since 2006), actively engaged in enhancing and expanding Iveco Group's expertise and technologies. The resulting wealth of information is mainly disseminated within the Company through web platforms and IT systems, under the responsibility of our global head of R&D. Furthermore, our best practices are shared and made accessible to all Iveco Group R&D staff worldwide via our corporate Intranet.

As a side note regarding the above R&D sites, our Company supports the hiring of local talents, providing them with training as needed. To further develop our R&D capacity in these local markets and accelerate the transfer of knowledge, we also rely on more experienced R&D staff relocated from developed markets, as well as on the acquisition (be it direct or through joint ventures) of local product designs and knowledge. In-person *Learning Days* involving R&D teams from both developed and Emerging Markets are organised on a yearly basis.

<sup>1)</sup> <https://www.iveco.com/brasil/institucional/pages/iveco-no-brasil.aspx> [↗](#)

In 2022, Iveco Group's R&D expenditure was €634 million, or 4.5% of net sales of Industrial Activities. R&D involved approximately 3,300 employees at 29 sites worldwide, with approximately 350 of them located at 6 sites in Emerging Markets. At year end, we had a total of 5,452 active patents. As regards the specific investments in the R&D of low-carbon technologies, Iveco Group complies with the requirements of the EU taxonomy classification system, which provides a list of environmentally sustainable economic activities that support the EU Green Deal objectives (see page 186 [↗](#)).

Our Company usually delegates its basic research to dedicated partners, for example, the CRF and IMAMOTER<sup>2</sup> research centres in Italy. In Europe, academic collaborations include those with the universities: *Politecnico di Torino*, *Politecnico di Milano*, *Università degli Studi di Torino*, and *Università Tor Vergata di Roma* (Italy); *Univerza V Ljubljani* (Slovenia); *Technische Universiteit Eindhoven* (the Netherlands); and *Vrije Universiteit Brussel* (Belgium). In Brazil, collaborations include those with the universities *Universidade Federal de Minas Gerais* (UFMG) and *Pontificia Universidade Católica de Minas Gerais* (PUC-MG). In Australia, Iveco Group collaborates with the Swinburne University of Technology.

Iveco Group is also involved in national and international workgroups, playing an active role in joint research projects with other academic institutions, business partners, and global players, focusing on the development of new innovations while enhancing its own knowledge and skills. These collaborations, some of which are listed below, reflect our Company's and brands' approach to external expertise as a means to expand and complement our in-house R&D efforts:

- Iveco Group's collaboration with HTWO (a Hyundai Motor Group brand developing a hydrogen fuel cell system) to equip our future range of European hydrogen-powered buses with world-leading fuel cell systems
- FPT Industrial's agreement regarding the acquisition of a minority stake in Blue Energy Commercial Vehicles Private Ltd, a zero-emission technology company headquartered in Pune (India) engaged in the manufacture of clean-energy commercial vehicles under the brand Blue Energy Motors (see page 70 [↗](#))
- the partnership between Brand IVECO and Plus (formerly Plus.ai), global leader in autonomous driving solutions for heavy-duty vehicles, to validate and integrate Plus's technology into our latest-generation IVECO S-WAY heavy-duty truck.

<sup>2)</sup> Research Institute of the National Research Council of Italy (CNR).

## ECO-DESIGN

The greatest environmental impact of any product occurs during use. To help reduce this impact (as well as the total cost of ownership), we must improve product performance: specifically, by optimising fuel consumption, energy efficiency, durability, and length of intervals between maintenance cycles. With this in mind, Iveco Group promotes the development of more eco-friendly products right from the design phase by:

- aiming at reducing CO<sub>2</sub> and other polluting emissions
- selecting components that:
  - have a lower environmental footprint
  - are easy to dismantle
  - can be repaired or remanufactured
  - can be recycled at product end-of-life
- selecting components that do not contain regulated substances
- aiming at greater efficiency during use
- aiming at longer intervals between maintenance cycles
- reducing noise emissions.

One of the most challenging aspects of the design phase is determining adequate sustainability criteria to help assess a product's impact in every phase of its life cycle, from conception to component sourcing, manufacture, use, and end of life. Because of this, we have established a dedicated Eco-Design working group tasked with identifying new design criteria to help us achieve the strategic sustainability target included in our Strategic Business Plan: to ensure that **100% of new products are developed using sustainability and/or recyclability design criteria by year-end 2026**. This cross-functional group comprises members from different expertise areas, such as technology, compliance, purchasing, after-sale services, and sustainability.

Although Iveco Group does not always purchase **raw materials** directly (with the exception of steel used for direct processing), it constantly monitors their overall consumption (see page 141 [↗](#)). When designing components for new products (which is done in close collaboration with suppliers), priority is given to the use of easily recyclable materials, especially recoverable metals such as aluminium and cast iron, thermoplastics, and paints with low solvent content.

When designing new products, the estimated **water** usage throughout a product's life cycle and potential reductions in customers' water use are not relevant, because the product's total water usage over its lifespan and the impact of product use on water quality are minimal in relation to overall consumption.



ABOUT  
**€239**  
 MILLION IN **CAPITAL EXPENDITURE** ON ENVIRONMENTALLY SUSTAINABLE ACTIVITIES

**Life Cycle Assessments**

Iveco Group uses life cycle assessments (LCAs) in response to the growing need to measure and reduce the environmental impacts of products. To date, we have performed LCA studies on several of our products (both vehicles and engines). In 2022, given the lack of an official regulatory framework of reference, we established a dedicated cross-functional working group to develop a formal, standardised LCA methodology based on data granularity and comparability criteria, and to obtain better-quality assessment results and a more systematic and structured approach to product ecolabelling.

FPT Industrial performed its first LCA study in 2014: a pilot project at its Foggia plant (Italy) for the assessment of the 3-litre F1C engine for light commercial vehicles. The goal was to quantify the engine’s environmental impact in terms of CO<sub>2</sub> emissions throughout its lifespan, from the selection of raw materials to final engine disposal. In 2019, the Brand then pursued the certification of its F1C NG engine, deemed strategic in terms of environmental impact, while in 2020 it conducted an LCA of the carbon footprint of its Cursor 13 diesel engine. In 2021, it proceeded to certify said Cursor 13 diesel (heavy range) engine and re-certify its F1C diesel and NG engines (both light range), all as per the ISO 14067:2018 standard. In 2022, to complete the set, an assessment was performed on the Brand’s NEF (medium range) engine, manufactured in Turin (Italy), thus covering all 3 available ranges (light, medium, and heavy).

In 2022, a cradle-to-gate LCA study was conducted on the carbon footprint of the IVECO eDaily’s 37-kWh battery pack, made with components supplied by strategic partner Microvast. The battery pack is assembled at FPT Industrial’s new ePowertrain plant (see page 78 ↘) in Turin (Italy), which is completely carbon-neutral as the assembly line is powered using 100% renewably sourced energy. The outcomes of the study, which was performed in collaboration with a startup (see page 71 ↘), were compared against those of other academic research and studies, revealing that the battery pack has one of the smallest carbon footprints in the sector.

During the year, a complete LCA study was also performed on the diesel-powered IVECO Daily van, consistent with the methodology stipulated by the ISO 14040 and ISO 14044 standards, as the first step towards achieving an Environmental Product Declaration (EPD). Through this study, our goal was to:

- use the LCA findings to identify opportunities to reduce the environmental impacts of our products throughout their life cycle

- establish a solid baseline enabling an objective discussion with policy makers on the definition of a formal LCA methodology and framework for the automotive sector
- encourage the promotion of environmentally certified products (ecolabelling).

This in-house LCA study was conducted with the support of the universities *Politecnico di Torino* and *Politecnico di Milano* (Italy). Results indicated that the vehicle’s CO<sub>2</sub>-eq emissions are highest during its use phase, accounting for about 75% of total emissions, of which most (around 80%) are attributed to total tank-to-wheel energy use while covering a specific distance. The second greatest contributor to emissions during product use is related to the raw materials used and the manner in which some of the vehicle’s metal parts are processed.

A cradle-to-grave LCA study was also performed in 2022 on the IVECO BUS E-WAY (corresponding to the HEULIEZ GX 337 for the French market) to assess the electric bus’s main environmental impacts.

**Impacts Covered by Iveco Group’s Environmental Management Systems**

RESOURCE USE	ECOLOGICAL CONSEQUENCES	HUMAN HEALTH
<ul style="list-style-type: none"> <li>• Water depletion</li> <li>• Land use</li> <li>• Abiotic depletion (fossil fuels, minerals)</li> </ul>	<ul style="list-style-type: none"> <li>• Acidification</li> <li>• Ecotoxicity</li> <li>• Dust &amp; particulate matter</li> <li>• Eutrophication</li> <li>• Global warming</li> <li>• Ozone depletion</li> <li>• Photochemical ozone formation</li> <li>• Species richness</li> </ul>	<ul style="list-style-type: none"> <li>• Human toxicity</li> <li>• Ionising radiation</li> </ul>

## Collaborating with Startups

Over the past few years, Iveco Group's brands have been active – and successful – in the field of open innovation, creating value for the Company and its stakeholders by collaborating with new, high-tech startups. These partnerships serve a dual purpose: to accelerate the technological evolution of our products while enhancing their sustainability, and to support the development of startup ecosystems in the local communities in which we operate, creating value and prosperity for all.

In an industry where technology is advancing rapidly and competition is fierce, we are able to stay one step ahead thanks to a structured scouting process (managed directly by us and/or with the assistance of local advisors and business accelerators), which enables us to reach out to a few hundred startups each year. To seize the best growth and collaboration opportunities available, we have devised a comprehensive system of tools that enable us to: participate as a venture client in the co-development of pilot projects (as a preliminary stage to establishing actual partnerships); invest in minority shares (hence supporting the growth of startups); or execute actual mergers and acquisitions (M&A).

One of the newest players in open innovation is the so-called venture builder, a company that builds startups using its own ideas, resources, and networks. As an early adopter of this innovative approach, in 2022 Iveco Group proudly launched GATE, a new and independent startup dedicated to electric vehicle rentals; it will become operational in 2023, providing pay-per-use services to its pilot customers (see page 64 [↗](#)).

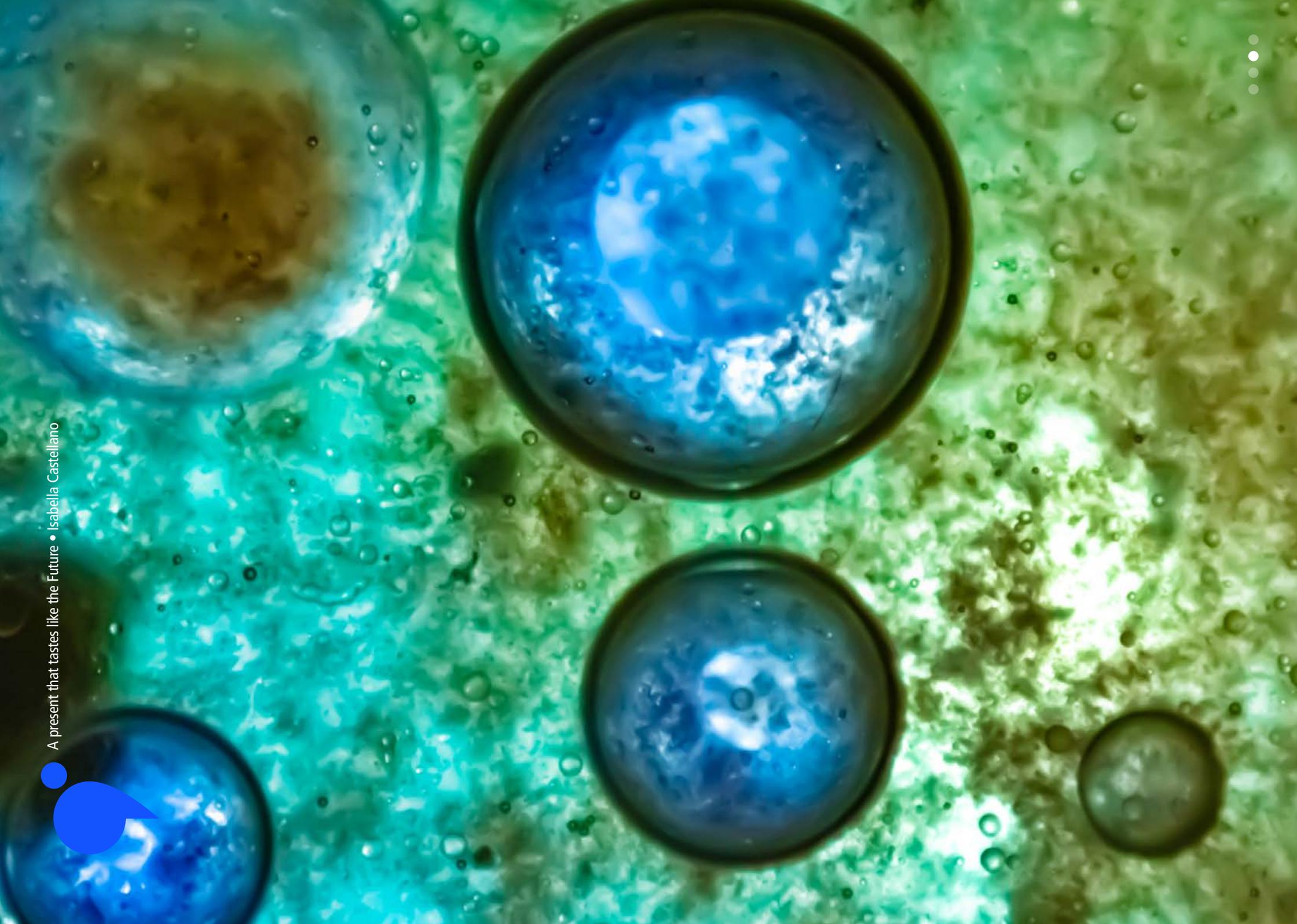
For several years, under our former corporate structure, we collaborated successfully with companies and startups in Israel to advance research, development, and technological innovation in the industry, and to develop cutting-edge solutions that meet today's many challenges. In 2022, we joined forces with the Israel Innovation Authority by signing a memorandum of understanding to further strengthen such technological collaborations, particularly with startups, especially on sustainable mobility, low- and zero-emission technologies, and vehicle automation and digitalisation.

2022 was a year full of momentous partnerships with and investments in innovative companies in different sectors and ecosystems, all sharing the same objective – to boost sustainability by minimising the environmental impact of products and processes. Some of these collaborations are described below.

- **Blue Energy Commercial Vehicles** is a zero-emission technology company headquartered in Pune (India) focused on the decarbonisation of road transport. Our Brand FPT Industrial made a minority investment in the company, starting a long-term partnership that will enable the startup to expand and to benefit from our Brand's twenty years' expertise in methane applications. FPT Industrial will also supply its N67 Natural Gas engine for the production of a new truck under the brand Blue Energy Motors, to be launched on the Indian market.
- **Bennamann** is a fast-growing British agricultural technology company with an innovative business model for energy-independent sustainable farming. The partnership between FPT Industrial and Bennamann has led to the development of the *Smart Hybrid Hub*, the world's first multi-mode, hybrid genset featuring a variable-speed, low-pressure natural gas engine (FPT Industrial's F28) powered by biomethane and a latest-generation lithium battery pack. FPT Industrial's hybrid multi-mode genset was developed specifically for Bennamann's sustainable, net-zero-carbon circular economy model, which focuses on producing biomethane on site from organic waste. This will enable farmers to become fossil-fuel independent and to generate additional revenue streams from sales of surplus biomethane.

- **Sealence** is a startup in Italy specialised in zero-emission marine propulsion systems. The partnership between FPT Industrial and the startup focuses on the latter's DeepSeed technology, which is based on a hydrojet compatible with both hybrid and full-electric applications. The first DeepSeed prototype, as well as battery packs co-developed by both companies, were presented at the 2022 Consumer Electronic Show (CES) in Las Vegas (USA).
- **Plus (formerly Plus.ai)** is a startup in the USA that develops autonomous driving technology for heavy-duty vehicles leveraging AI algorithms applied to various types of sensors (video cameras, radars, and lidars). Through our collaboration with the startup, we have launched a pilot project to integrate this technology into a heavy-duty IVECO S-WAY and test it in real-life road traffic conditions.
- **Via Transportation** is an American startup that develops mobility software for public transport. Our Brand IVECO BUS signed a memorandum of understanding with the tech company to explore possible collaborations on developing custom on-demand public transport solutions and related digital services for buses. The initial outcome of this partnership is an exclusive value proposition that will be available to IVECO BUS customers in Italy as early as 2023.
- **Circularor** is a startup in the UK that develops innovative software solutions for supply chain traceability and for assessments of the environmental impacts of the production and transport of goods. In 2022, in partnership with the startup, FPT Industrial successfully completed a pilot project on the life cycle assessment of its battery packs assembled at the new e-Powertrain plant in Turin (Italy) (see page 78 [↪](#)).
- **ReLearn** is an Italian startup that has designed a system using optical sensors and AI to monitor a company's waste production. More specifically, the system is able to monitor and report on the quality of separate waste collection, providing feedback on the most common errors so as to spread sustainable best practices among employees. A pilot project to improve separate waste collection was launched at the site in Turin (Italy), involving the installation of 5 smart bins on the premises.

A present that tastes like the Future • Isabella Castellano





# 02

# ENVIRONMENTAL DIMENSION



## Mitigating Climate Change

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## Protecting the Environment

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## Mitigating Climate Change Transitioning to Net Zero Carbon

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 – ten years ahead of the deadline set by the Paris Agreement – in accordance with The Climate Pledge signed by the Company. To further address the potential impacts of climate change, we have implemented major projects to improve the environmental performance of our manufacturing processes, logistics, and product portfolio. Meanwhile, we actively advocated the importance of supportive measures and of a consistent policy framework, as key enablers of the energy transition in road transport. As regards the management of climate-related risks and opportunities, our aim is to ensure full transparency as per the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)<sup>1</sup>.

The highest responsibility for defining and implementing Iveco Group's decarbonisation strategy lies with our Board of Directors (see page 28 [↗](#)). The Board's ESG Committee (see page 31 [↗](#)) 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<sub>2</sub> emissions and energy efficiency.

As regards the risks associated with climate change, our Enterprise Risk Management (ERM) process (see page 49 [↗](#)) has been designed to assist in the identification, evaluation, and prioritisation of business risks. This is followed by a coordinated and evenly balanced application of resources to minimise, monitor, and control the probability or impact of adverse events or to maximise the realisation of opportunities. The ERM process is linked to Iveco Group's Sustainability Programme and its strategic sustainability targets and priorities, including those related to climate change, which are incorporated into our Strategic Business Plan (see page 15 [↗](#)).

To further strengthen sustainability and resilience within the organisation, we also work hard to develop and launch forward-looking solutions to better understand the impacts of natural hazards and to respond accordingly (see page 52 [↗](#)). Our ability to assess the losses and costs associated with natural hazards is essential for better decision making on hazard mitigation investments and planning. Our systematic approach allows us to gain objective, measurable

<sup>(1)</sup> See the Taskforce on Climate-related Financial Disclosures chapter in the Iveco Group 2022 Annual Report and the TCFD Correspondence Table in the Appendix (on page 222 [↗](#)).

information on our insurable environmental exposures, thus improving risk profiles in line with the EHS strategies of our business units. It also enables us to identify and clearly communicate priorities and benefits, and implement prevention activities accordingly, consistent with Company strategies. Furthermore, having such a clear picture allows us to duly inform the insurance market about the loss prevention activities implemented by Iveco Group to prevent or mitigate potential environmental losses, and therefore obtain adequate environmental insurance coverage, proportionate to our risk exposures and said activities.

These activities provided the basis for the development of our first environmental maps, which quantify the overall level of risk using a certified, scientific, self-assessment tool. The results were presented to the insurance market as evidence that the Company's environmental risks are known, well-quantified, and properly managed. The results also led to comprehensive global insurance coverage. A similar approach is being followed for earthquake and flood risks.

As stated in our Environmental Policy (see page 34 [↗](#)), Iveco Group is committed to reducing: its impacts on natural heritage and biodiversity through the efficient use of energy and natural resources and by using the best available technologies and/or technical innovations; energy consumption through more efficient production processes and products; and GHG and other polluting emissions from production processes, not only by cutting energy consumption but also by promoting renewable energy sources. Our aim is to reduce the energy impact of manufacturing processes and the risks associated with new legislation and rising energy costs through: the implementation of our energy management system; ongoing employee involvement in energy resource conservation while raising awareness of its importance; and the realisation of technical and management improvement projects.

The Company is also committed to minimising the environmental impact of its vehicles by developing products that deliver industry-leading performance in terms of fuel efficiency, noise and polluting emissions, and recoverability rates.



TARGETING  
NET ZERO CARBON  
EMISSIONS BY

# 2040



Find out more about  
the Climate Pledge.

Our path to achieving our net-zero goal by 2040 is marked by strategic sustainability targets that we have incorporated into our Strategic Business Plan; two of these, both to be reached by year-end 2030, are: to reduce our Scope 1 and 2 emissions, as well as our Scope 3 emissions from the use of sold products (the most important category for Iveco Group). It should be noted that executive compensation (i.e., our long-term incentive plan) is linked, among other things, to the achievement of the strategic target related to Scope 1 and 2 emissions.

GRI 305-3

Company's ongoing commitment to managing these issues, a number of specific targets were included in 2022's Performance Management process (see page 123 [↗](#)) for several of our energy and plant managers.

An operational grievance mechanism, the Compliance Helpline (see page 41 [↗](#)), is available to all Iveco Group stakeholders to report potential violations of all corporate policies, the Code of Conduct, and applicable laws (see page 34 [↗](#)).

Scope 1, 2, and 3 Emissions<sup>a)</sup>

Iveco Group worldwide

	Target	2019	2020	2021	2022
Scope 1 & 2 Direct and indirect CO <sub>2</sub> emissions (tons)	-50% 2030 vs 2019	122,588	105,274	113,080	101,736
Scope 3 Indirect CO <sub>2</sub> -eq emissions from use of sold products (grammes per vehicle/km)	-38% 2030 vs 2022	-	-	-	681
Scope 3 Absolute CO <sub>2</sub> -eq emissions from use of sold products (million tons)		-	-	-	42

<sup>a)</sup> For the calculation methodology, see pages 176-177 [↗](#).

Given the all-pervasiveness of climate change issues, all competent functions (Manufacturing, Logistics, Purchasing, Technology & Digital, and all the business units) contribute to the achievement of our CO<sub>2</sub> emissions reduction targets according to their respective areas of responsibility, through specific projects and initiatives. Moreover, as further evidence of the

USING SOLAR POWER TO CUT CO<sub>2</sub> EMISSIONS

Iveco Group has installed over 16,000 solar panels in total at our plants in Brescia (Italy), and Madrid and Valladolid (Spain). These photovoltaic systems have an installed power of about 7 MWp, and will produce about 9 GWh of electricity annually. At the Brescia plant, the panels will power the heat pumps used by the environmental conditioning units in a new building at the site that covers about 20,000 square metres. This project is expected to cut the Company's carbon footprint by about 1,100 tons of CO<sub>2</sub> per year.



Estimating that an urban tree (subject to greater environmental stress than in natural habitats) in a temperate climate absorbs on average 10-30 kilos of CO<sub>2</sub> per year during its growth cycle, the photovoltaic systems installed at the plant correspond to the planting of about 55,000 trees.

## GHG Emissions (Scope 1 and 2)

Iveco Group approaches climate change mitigation by reducing its energy consumption and by limiting the use of fossil fuels in its manufacturing processes, sources of air pollution and, above all, CO<sub>2</sub> emissions. Managing greenhouse gas emissions (GHG) and optimising energy consumption are prerequisites for the continuous improvement of the Company's performance and the protection of the environment in which it operates.

As stated in our 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 innovative technical solutions.

The strategic sustainability targets that we have set for year-end 2030 are:

- **to obtain 100% of electricity consumed from renewable sources**
- **to reduce absolute CO<sub>2</sub> emissions by 50%** (compared to 2019, under our former corporate structure).

Iveco Group applies the **Internal Price of Carbon** (IPoC) methodology, considered a strategic business tool in guiding investments to reduce CO<sub>2</sub> emissions. The IPoC allows us to classify and prioritise energy saving projects based on their ability to generate the greatest CO<sub>2</sub> emissions reductions in relation to the investment cost sustained by the Company. The methodology also enables the cross-fertilisation at global level of the most effective projects in terms of CO<sub>2</sub> reductions based on the specific IPoC of each geographic area and plant.

Our activities also include the analysis of externalities, used to quantify, in monetary terms, the impact of a company's processes on human health, the ecosystem, and the overall landscape, and hence on the environment. We assess our externalities using the ExternE [↘](#) methodology developed by the International Environment Agency. This enables the tracing of each pollutant and/or climate-altering emission from point of emission to the affected receptors (populations, crops, forests, buildings, etc.) and the quantification of their impact in terms of costs. These costs are called externalities because, despite being generally acknowledged as real costs, they are normally overlooked. They do however contribute to quantifying the overall short- and long-term economic impact of Iveco Group's energy saving projects.

## ENERGY MANAGEMENT AND PERFORMANCE

### Responsibility And Organisation

At Iveco Group, we rely on a specific internal structure to oversee issues related to the conservation of energy resources. Energy management activities are organised both centrally and at plant level. To ensure the necessary alignment and support from across the Company, they are coordinated by the Energy function's team and Sustainability Representative. The team is made up of the energy managers and specialists from each business unit and geographic area, interacting directly with plants and with the Sustainability Department. In line with the strategies defined by the Senior Leadership Team (SLT, see page 32 [↘](#)), the Energy team sets out Iveco Group's guidelines and objectives, as well as the best strategies to achieve them; it also manages investment budgets for specific projects and monitors the progress of our Energy Action Plan. The team also performs internal compliance audits and raises awareness of energy issues among management and employees through meetings and campaigns. An IT platform allows energy managers to share data reports and energy performance results. Our overall energy management structure consists of more than 50 professionals, located at both corporate offices and plants.

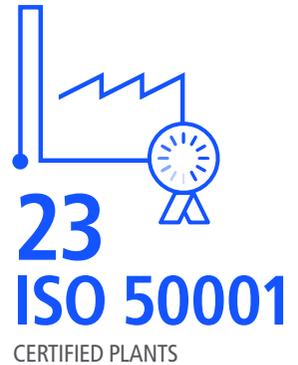
### Energy Management System

In our effort to reduce the energy impact of manufacturing processes and the risks associated with new legislation and rising energy costs, we rely among other things on a robust energy management system. As of the end of the 2022 certification period, all of Iveco Group's 23 plants were ISO 50001:2018 certified, representing 100% of the Company's energy consumption – evidence of our quest to reduce our energy impact. For the complete list of plants, see the table on page 175 [↘](#).

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 greenhouse gas (GHG) emissions. In 2022, our GHG emissions and energy consumption were reported and monitored through voluntary compliance with the Corporate Accounting and Reporting Standard of the WBCSD<sup>1</sup> and WRI<sup>2</sup> (GHG Protocol) and with ISO 14064 standards, covering 100% of Iveco Group's energy consumption.

<sup>(1)</sup> World Business Council for Sustainable Development.

<sup>(2)</sup> World Resources Institute.



### Sharing and Awareness

Promoting employee involvement and awareness of the importance of energy resource conservation is key to achieving Iveco Group's improvement targets.

In 2022, approximately 1,500 hours of **training** were provided (mainly by internal professionals) to 7,800 people across different plants. Training focused on the correct monitoring and management of energy performance, the Company's decarbonisation pathway, and the best and latest technologies available.

We introduced several employee initiatives to enhance pro-environmental behaviour and raise awareness of a more sustainable lifestyle. Among these are the numerous energy workshops organised during the year, covering a range of topics of interest to the many energy specialists attending from our plants worldwide. Three events in particular caught their attention: a lecture held by a famous climatologist on global warming and the evolution of international agreements; a study on the evaluation of health risks related to hygiene in HVAC<sup>3</sup> systems; and a speech about energy scenarios and the role of hydrogen in the transition towards decarbonisation. Moreover, our central Energy Department attended several advanced training courses provided by the Italian Federation for Energy Efficiency (FIRE), later passing on what they had learned to our plant energy specialists.

These are but a few examples reflecting how sustainability matters have become embedded in Iveco Group's daily activities and how they help drive our way of doing business.

### Energy Performance

An efficient energy management system requires effective monitoring of energy performance. We have achieved this by adopting specific energy performance indicators (EnPI) to measure the benefits and effectiveness of our initiatives, plan improvement measures, and establish new and ever-more challenging targets. In 2022, we monitored energy performance at each of our plants, as well as their secondary vectors and compliance with Iveco Group's Energy Action Plan, using our Energy Monitoring & Targeting (EMT) management and control platform.

Additionally, we 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 regarding the redesign of processes, equipment conversions and retrofitting for decarbonisation, and operational changes to new installations.

<sup>3</sup> Heating, ventilating, and air-conditioning.

## GRI 302-4



### COMPRESSED AIR

- efficiency and modulation improvements
- sealing of air leaks
- installation of additional inverters
- lower overall pressure
- increase in machinery shutdowns when idle
- replacements with more efficient systems
- elimination of inappropriate compressed air use



### EMF<sup>a</sup> (PUMPS/FANS/MOTORS)

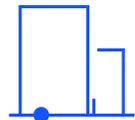
- installation of inverters
- modulation of fan extractors
- ventilation optimisation
- optimisation of transformers and cabins
- installation of intelligent stand-by for idle systems



### METERING

- system expansion

<sup>a</sup> Electromotive force.  
<sup>b</sup> Photovoltaic.



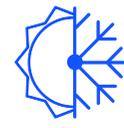
### BUILDINGS

- roof repairs
- insulation of walls
- installation of rapid doors
- office automations



### LIGHTING

- installation of high-efficiency and intelligent lighting systems (LED) inside and outside plants
- use of presence detectors and dimmers



### HEATING/PROCESS HEAT AND COOLING

- heating electrification through the installation of heat pumps powered by PV<sup>b</sup> systems
- replacement of old heating systems
- decrease in heating temperatures
- replacement of burners
- establishment of startup and shutdown procedures
- application of optimal setpoints
- cooling reduction
- installation of air vents

2022 Improvement Projects in Detail

Iveco Group worldwide

	Total energy reduction (GJ/year)	Estimated project cost (€)
Installation of new equipment	43,155	1,305,599
Conversion and retrofitting of equipment	15,771	795,868
Operational changes	569	21,964
Process redesign	4,900	28,016
<b>Total</b>	<b>64,395</b>	<b>2,151,447</b>

In 2022, we invested over €2.1 million in efficiency projects, generating about €1.4 million in savings. The simple payback period is estimated at 1.5 years. The projects led to a reduction in energy consumption of approximately 64 TJ and a reduction in CO<sub>2</sub> emissions of about 4,500 tons.

Approximately €1 million (about 43% of the total investment) was spent on the widespread replacement of existing lighting systems with LED technology. The remaining initiatives centred on the installation of photovoltaic systems, heat pumps, inverters, high-efficiency motors, intelligent stand-by systems on machinery, and set-point regulation adjustments according to operational requirements.

Other significant initiatives involved:

- buildings (about 0.9% of the total investment), with a particular focus on reducing thermal losses
- heat generation and distribution systems, with approximately €0.15 million (about 7% of the total investment) spent on: replacing low-efficiency burners with new high-efficiency, low-emissions technology; installing solar collectors for the production of sanitary hot water; and sectioning distribution networks
- compressed-air consumption (about 5% of the total investment), with the ongoing monitoring and sealing of air leaks, the sectioning of distribution lines, and set-point regulation adjustments.

**NEW ePOWERTRAIN PLANT:  
THE FUTURE OF CARBON-NEUTRAL TRANSPORT**



In October 2022, FPT Industrial opened its new ePowertrain plant, where it manufactures its electric range, including electric axles, central drives, and battery packs for light commercial vehicles, minibuses, and buses. This marks another important milestone for our decarbonisation

strategy to achieve net-zero emissions from products and industrial operations. The new plant is fully carbon-neutral, a result achieved by purchasing energy from renewable sources and by offsetting its residual CO<sub>2</sub> emissions through carbon credits. In addition, the plant generates energy thanks to innovative technologies installed on site, such as solar panels on its façade, a mini wind turbine, and a Smartflower<sup>a</sup>.

The ePowertrain plant also features a Sustainability Garden, a 6,000 square metre space planted with 100 drought-resilient native plants with high CO<sub>2</sub> absorption capacity. A path was created in the garden using recycled pallets; moreover, there are four panels lining the path, also made with recycled pallets, illustrating our sustainability priorities and targets.

<sup>(a)</sup> Sculptural solar flower with advanced, self-cleaning photovoltaic solar panels that follow the sun's path and open and close automatically for maximum efficiency.

**Energy Consumption**

In 2022, Iveco Group reported a total energy consumption<sup>4</sup> of about 3,052 TJ, a decrease of approximately 6.1% over the previous year (under our former corporate structure). As regards energy performance, measured as the Company's total internal energy consumption divided by hours of production, our 2022 year-end results improved, with the key performance indicator (KPI) falling by approximately 8% compared to the previous year. This outcome was the result of the successful synergy between the ISO 50001 energy management system and the energy efficiency projects realised.

**Total Energy Consumption<sup>a</sup>**

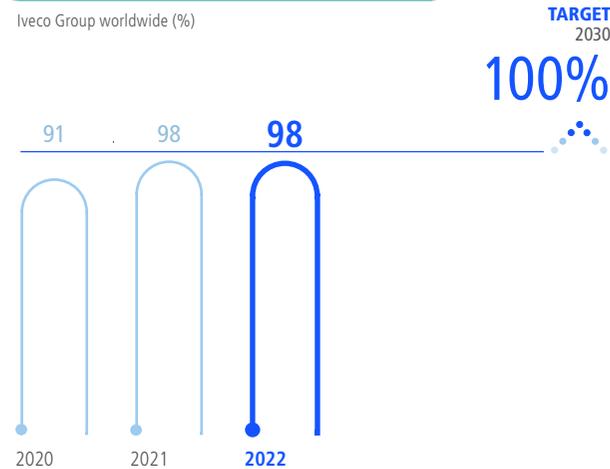
Iveco Group worldwide (GJ)	2022	2021	2020
Plants (no.)	23	25	26
<b>Non-renewable sources</b>			
Direct energy consumption	1,043,148	1,137,398	968,336
Indirect energy consumption	667,348	730,583	635,902
<b>Total energy consumption from non-renewable sources</b>	<b>1,710,496</b>	<b>1,867,981</b>	<b>1,604,238</b>
<b>Renewable sources</b>			
Direct energy consumption	1,256	83	4
Indirect energy consumption	1,340,289	1,381,882	1,129,567
<b>Total energy consumption from renewable sources</b>	<b>1,341,545</b>	<b>1,381,965</b>	<b>1,129,571</b>
<b>Total energy consumption</b>	<b>3,052,041</b>	<b>3,249,946</b>	<b>2,733,809</b>

<sup>(a)</sup> The base year (2019) energy consumption is equal to 3,104,689 GJ. For information on the rationale for choosing 2019 as the base year, see page 176.

<sup>(4)</sup> Types of energy included: electricity, heat, steam, cooling, natural gas, metallurgical coal, diesel, and other fuels.

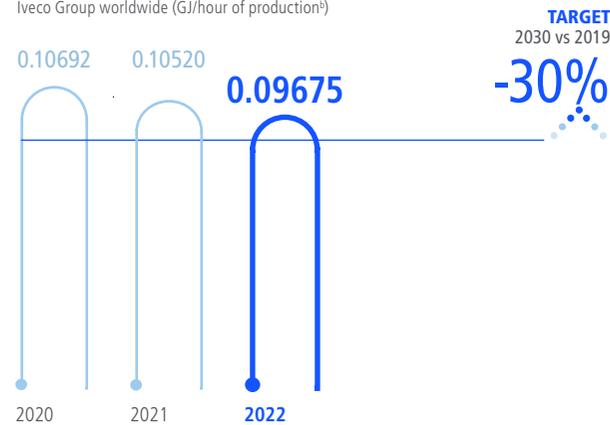
**Electricity Consumption from Renewable Sources**

Iveco Group worldwide (%)



**Energy consumption per production unit<sup>a</sup>**

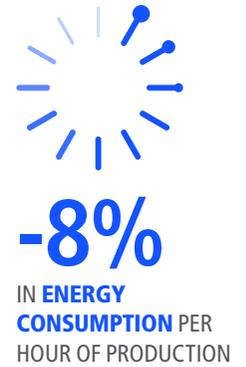
Iveco Group worldwide (GJ/hour of production<sup>b</sup>)



<sup>(a)</sup> The base year (2019) energy consumption per production unit is equal to 0.1086 GJ/hour of production. For information on the rationale for choosing 2019 as the base year, see page 176.

Types of energy included: electricity, heat, steam, cooling, natural gas, metallurgical coal, diesel, and other fuels. KPIs do not include the fuel used to test products.

<sup>(b)</sup> Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 176.



**CO<sub>2</sub> EMISSIONS**

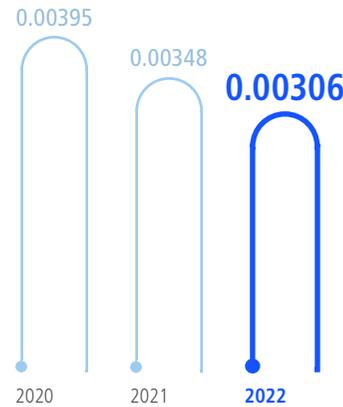
We calculated our CO<sub>2</sub> emissions according to the GHG Protocol standards incorporated into Company Guidelines. At Iveco Group, the only sources of greenhouse gas (GHG) emissions, besides those deriving from energy consumption, are associated with the use of hydrofluorocarbon (HFC) compounds with global warming potential (GWP). These are present in air-conditioning, cooling, fire suppression, and manufacturing equipment. The potential emissions from these substances (CO<sub>2</sub>-eq) are negligible compared with emissions from energy production: in fact, with an incidence of 1.2%, they fall outside the reporting scope<sup>5</sup>.

In 2022, Iveco Group's CO<sub>2</sub> emissions (Scope 1 and 2) were 101,736 tons<sup>6</sup>, a 10% decrease compared to the previous year (under our former corporate structure). This was due to a fall in natural gas consumption. As regards CO<sub>2</sub> emissions performance, measured as our total CO<sub>2</sub> emissions divided by hours of production, our 2022 year-end results improved, with the key performance indicator (KPI) falling by approximately 12.1% compared to the previous year.

GRI 305-1; 305-2; 305-4; 305-5

**Direct and Indirect CO<sub>2</sub> Emissions per Production Unit<sup>a</sup>**

Iveco Group worldwide (tons of CO<sub>2</sub>/hour of production<sup>b</sup>)



<sup>(a)</sup> CO<sub>2</sub> is the only significant greenhouse gas (GHG) within Iveco Group's processes (see page 176 [↗](#)). The base year (2019) CO<sub>2</sub> emissions per production unit are equal to 0.00408 tons/hour of production. For information on the rationale for choosing 2019 as the base year, see page 176 [↗](#). The indicator includes Scope 1 and Scope 2 emissions, as per the market-based methodology of the GHG Protocol. KPIs do not include the fuel used to test products.  
<sup>(b)</sup> Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 176 [↗](#).

**-12.1%**  
IN CO<sub>2</sub> EMISSIONS PER HOUR OF PRODUCTION

**Direct and Indirect CO<sub>2</sub> Emissions<sup>a</sup>**

Iveco Group worldwide (tons)

	2022	2021	2020
Plants (no.)	23	25	26
Direct emissions (Scope 1)	<b>60,712</b>	66,229	56,377
Indirect emissions (Scope 2) - market-based	<b>41,024</b>	46,851	48,897
Indirect emissions (Scope 2) - location-based	<b>132,064</b>	145,537	133,290
<b>Total CO<sub>2</sub> emissions<sup>b</sup></b>	<b>101,736</b>	<b>113,080</b>	<b>105,274</b>
Direct emissions from landfill gases	-	-	-

<sup>(a)</sup> CO<sub>2</sub> is the only significant greenhouse gas (GHG) within Iveco Group's processes (see page 176 [↗](#)). For Iveco Group, biogenic CO<sub>2</sub> emissions are those released by the combustion of landfill gases. The base year (2019) CO<sub>2</sub> emissions are equal to 122,588 tons. For information on the rationale for choosing 2019 as the base year, see page 176 [↗](#). There were no significant changes in emissions requiring the recalculation of base year emissions. GHG emissions were consolidated and reported using an operational control approach. For the methodologies and emission factors used, see pages 176-177 [↗](#).  
<sup>(b)</sup> Total CO<sub>2</sub> emissions are calculated as per the market-based methodology of the GHG Protocol, and do not include emissions from landfill gases.

**MANUFACTURING MOVES TOWARDS ZERO CO<sub>2</sub> EMISSIONS**



In 2022, FPT Industrial continued to offset the CO<sub>2</sub> emissions generated by its Turin Testing Center (Italy), in pursuit of becoming a zero-impact testing facility. About 15,000 tons of CO<sub>2</sub> generated by the facility were balanced to zero by supporting specific carbon offsetting initiatives, aimed at reducing deforestation and degradation and preserving biodiversity through sustainable forest management practices, ultimately benefitting local communities.

<sup>(5)</sup> Details on the reporting scope are available in the chapter on Report Parameters (see pages 174-175 [↗](#)).  
<sup>(6)</sup> Value stated as per the market-based methodology of the GHG Protocol.

## GHG Emissions (Scope 3)

The only way to truly accomplish our transition to net zero carbon is by giving due consideration to Scope 3 emissions. To this end, we monitor each of the 15 categories of Scope 3 emissions defined by the GHG Protocol<sup>1)</sup> but our main focus is on our products, logistics, and suppliers.

As also evidenced by the many life cycle assessments (LCAs) performed on our products (see page 69 ↗), Scope 3 category 11 – emissions from ‘use of sold products’ – has the greatest impact at Iveco Group. We have therefore set a CO<sub>2</sub> emissions reduction target for this category, based on our Strategic Business Plan forecasts for product types and volumes, along with analogous targets for our logistics processes (see page 84 ↗) and supply chain (see page 86 ↗).

### PRODUCT DECARBONISATION STRATEGY

Iveco Group has a highly diversified product portfolio, from IVECO commercial goods vehicles to IVECO BUS and HEULIEZ passenger buses, ASTRA excavators, and MAGIRUS firefighting vehicles. They each offer a very different range of features to perform the very different tasks they were designed for. To this broad product mix we then add FPT Industrial, which manufactures industrial engines for trucks, buses, agricultural and construction equipment, boats, and power generators. Of course, this diversified offering played a major role when formulating our decarbonisation strategy, requiring the multi-energy approach that we have been pursuing for many years now, and that currently comprises propulsions ranging from traditional technologies to natural gas (NG), biofuels, and e-mobility.

In line with our goal of achieving net zero carbon by 2040, we have set a vehicle CO<sub>2</sub> emissions reduction target to be achieved by year-end 2030: **• a 38% reduction in Scope 3 CO<sub>2</sub> emissions from the use of sold vehicles per vehicle-km** (compared to 2022).

To reach this target, our vehicle sales will gradually shift towards battery electric vehicles (BEV) and fuel cell electric vehicles (FCEV); indeed, our ambition is that by 2030, electric vehicles will account for at least 35% of our sales.

Meanwhile, even though we believe that the majority of vehicles sold in the future will be electric, we still foresee a potential market for internal combustion engines (ICE) running on sustainable biofuels or other fossil-free fuels. We also know that, on our journey towards

decarbonised transport, there will be legislative milestones for CO<sub>2</sub> emissions globally. For these reasons, we are continuing to invest in ICEs and aftertreatment systems to increase fuel efficiency, meet legislative requirements, and remain competitive.

### Internal Combustion Engines

The new XC13, unveiled at the IAA 2022 commercial-vehicle trade show in Hanover (Germany), is FPT Industrial’s first **multi-fuel**, single base engine – an example of its Cursor X’s 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 (NG, including biomethane), hydrogen, and renewable fuels.

Besides delivering world-class performance, the new XC13 engine has the potential to be a primary driver in achieving short- and medium-term CO<sub>2</sub> emissions targets. Indeed, a truck fitted with an XC13 engine generates 9% fewer CO<sub>2</sub> emissions (9 tons less per year) compared to the same truck fitted with a C13 engine. This makes the XC13 a major player in our decarbonisation strategy.

FPT Industrial’s research is currently focusing on second-generation renewable biofuels, in accordance with EN 15940 fuel specifications, and specifically on **hydrogenated vegetable oil** (HVO), also known as green diesel (or XTL). Since 2020, all of the Brand’s engine families have been type-approved in this regard, and a number of our buses and coaches have already been adapted to run on HVO to reduce their CO<sub>2</sub> emissions.

HVO and XTL fuels in general are an effective way to tackle the CO<sub>2</sub> emissions of existing fleets, as they are fully compatible with current engine technologies and distribution infrastructure. Furthermore, we are seeing an increasing number of fuelling stations across Europe distributing HVO as a neat fuel (i.e., not mixed or diluted with other fuels). In this regard, Iveco Group signed a letter of intent with energy company Eni, which recently launched HVOLution (its first diesel fuel produced from 100% renewable raw materials) at 50 fuelling stations in Italy. The goal of this collaboration is to support the smooth transition from fossil to renewable fuels.

<sup>1)</sup> GHG Protocol, Technical Guidance for Calculating Scope 3 emissions.

For internal combustion engines (ICEs), **biomethane** remains one of the best alternatives to diesel in the medium term. All our currently available NG engines run on biomethane, the many benefits of which include:

- full compatibility with existing NG technology
- renewably sourced fuel
- net zero CO<sub>2</sub> emissions – or even negative emissions (180% fewer compared to diesel) if sourced from manure
- compliance with a circular economy approach.

With over 80,000 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. In 2022, the Brand launched its first NG engines for off-road vehicles, including the world's first liquefied petroleum gas (LPG) tractor powered by the N67 NG engine. It also signed agreements to sell its NG engines in other global markets such as India (for heavy commercial vehicles).

Among the available technologies suitable for NG engine development, the Brand is currently focusing on stoichiometric combustion, the only cost-effective solution to bring emissions in line with Euro VI standards. Indeed, thanks to the closed-loop control of the lambda sensor and the use of a 3-way catalyst, NG engines can reduce harmful emissions (of CO<sub>2</sub>, hydrocarbons,

and NO<sub>x</sub>) to very low levels. FPT Industrial's NG engines are 100% biomethane-compatible. 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 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 H2-ICE technology, designing a new series of engines that offer modular, multifuel solutions that are simple to install. It has also been working on a new XC13 prototype – a 13-litre direct injection hydrogen engine capable of developing a horsepower of 460 hp. In 2022, the prototype was mounted on a PRINOTH snow groomer, an ideal application for testing this high-potential zero-carbon technology.

#### e-Mobility

Our Brand FPT Industrial has an e-Powertrain team within its Powertrain Product Engineering Department that works exclusively on the development of electrified vehicle technologies. The Brand's goal is to meet customer needs with a wide range of tailor-made alternative propulsion solutions for every type of mission, thus strengthening its positioning in the market as a multi-power solutions provider. To date, FPT Industrial's portfolio includes:

- electric and fuel cell solutions
  - e-drivelines (e-axles and central drives)
  - energy storage systems (battery packs)
- hybrid vehicle solutions (electric assist systems).

In 2022, in Turin (Italy), FPT Industrial opened its new ePowertrain plant (see page 78 [↗](#)), entirely devoted to the production of the Brand's electric range – i.e., the manufacture of electric drivelines as well as the assembly of battery packs using components supplied by strategic partner Microvast.

As regards **e-drivelines**, the Brand offers 2 solutions: e-axles and central drives.

The **e-axle** is a compact and flexible solution that transfers power and torque to the wheels through the gearbox. It can support 3 vehicle layouts – front, rear, and all-wheel – and can be used for different vehicle categories, including light and heavy commercial vehicles and sports cars. Furthermore, thanks to its compact design, the e-axle can be installed in vehicles where space is very limited.

### THE WORLD'S FIRST SNOW GROOMER WITH A HYDROGEN COMBUSTION ENGINE



In 2022, FPT Industrial launched the first concept application of its new XC13 hydrogen combustion engine as part of a new partnership with PRINOTH, global leader in the manufacture of snow groomers and tracked vehicles. The LEITWOLF h2MOTION concept, the world's first hydrogen-powered snow groomer, has been fitted with the new hydrogen version of the FPT XC13: a 13-litre, 6-cylinder engine delivering 460 hp (338 kW) and 2,000 Nm of torque. Launched at the IAA 2022 commercial-vehicle trade show in Hanover (Germany), the XC13 is FPT Industrial's first multifuel single-base engine. The hydrogen is stored in 5 tanks mounted on the rear of the vehicle, with an estimated operating time of over 3 hours. Leveraging FPT Industrial's long experience with alternative fuels, the XC13 hydrogen engine further expands the Brand's portfolio of zero-CO<sub>2</sub> emission solutions for off-road applications.

The **central drive**, on the other hand, entails the addition of an electric power unit to the original engine, but can nevertheless be installed on existing vehicles with minimal impact. It is scalable to suit different modes, enabling the vehicle to run on all types of propulsion – electric, hybrid, and internal combustion. The central drive is the ideal solution for various applications, such as electric last-mile intercity missions and full-hybrid long-haul applications. E-axes are suitable for heavy-duty vehicles such as the Nikola Tre truck, while electric central drives are best for light commercial vehicles and minibuses like the new IVECO eDaily.

As regards **energy storage systems**, thanks to its partnership with Microvast, FPT Industrial offers 3 different battery pack solutions (also available in multipack configurations): 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. Moreover, NMC<sup>2</sup> pouch cell technology allows the battery packs' energy density to be maximised. Their end-of-life is managed using a 4R approach – repair, reconditioning, reuse, and recycle. As per several agreements in place in Europe at the end of 2022, battery pack recycling is carried out in compliance with applicable laws. Meanwhile, a number of projects are currently underway at Iveco Group to identify battery pack reuse options once removed from vehicles at the end of their service life.

**Electric assist systems** provide support to internal combustion engines in all operational modes, so as to improve efficiency, reduce CO<sub>2</sub> emissions, and enhance machine operation. In this area, FPT Industrial boasts the F28 Hybrid, a diesel engine paired with an e-flywheel resulting in a versatile, efficient, compact, and sustainable solution for both construction and agricultural applications, delivering excellent performance under all working conditions and ensuring maximum installation flexibility. Its compact dimensions make it easy to incorporate the F28 Hybrid into existing machine layouts and to combine it with electric implements, thus improving productivity. Moreover, it is scalable to both low- and high-voltage applications, depending on electric load requirements.

In September 2022, Iveco Group attended the IAA commercial-vehicle trade show in Hanover (Germany), where it launched its new **IVECO eDaily** – the first-generation, full-electric version

of the best-selling IVECO Daily commercial van. Available in a range of models – van, cab, and minibus, from 3.5 to 7.2 tons – the IVECO eDaily has all of the Daily's celebrated signature features. It is equipped with a 37 kWh fully modular battery pack that allows range optimisation and adaptability to all missions. It also breaks new ground by introducing electric vehicles in the field of electric conversion: indeed, thanks to the game-changing opportunity to install up to 15 KW ePTOs<sup>3</sup>, it has the capacity to easily power a variety of vehicle-mounted equipment, from refrigeration units and cranes up to the most demanding systems, such as waste collection and aerial platforms, as showcased at the event.

Our Brand IVECO offers customers a full ecosystem of e-mobility services, including a comprehensive selection of charging solutions delivered in collaboration with strategic energy partners. Other services include the innovative eDaily Routing and IVECO ON Easy Daily apps. The former communicates with the vehicle to predict vehicle range, required battery charge to reach a given 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 recharging stations, and more.

As regards zero-emission solutions for urban mobility, the portfolio offered by our Brand IVECO BUS boasts the **E-WAY**, a full-electric line-up of overnight charging e-buses (available in the 10, 12, and 18 metre versions). Featuring the latest battery technology, it contributes to the decarbonisation of people transport thanks to its 350 kWh battery pack delivering a range of up to 543 kilometres on a single charge, for a maximum on-board power of 462 kWh. It is also equipped with a camera mirror system for additional safety.

In 2022, IVECO BUS announced its plans to restart production in Italy, which will include: high-tech, zero-emission buses (BEVs – battery electric vehicles, and FCEVs – hydrogen fuel cell electric vehicles) and low-emission buses (latest-generation methane/biomethane and diesel/biodiesel).

<sup>(2)</sup> Nickel, manganese, and cobalt.

<sup>(3)</sup> Electric power take-off.

## E-ROADS, AN INNOVATIVE ZERO-EMISSION SYSTEM FOR MOBILITY



Through its brands IVECO and IVECO BUS, our Company is currently participating in *Arena del Futuro* (Arena of the Future), a pilot project trialling an inductive recharging technology for electric vehicles known as Dynamic Wireless Power Transfer (DWPT). The project was launched in May 2021 to demonstrate the effectiveness and efficiency of using contactless dynamic inductive currents (delivered by an innovative system of coils embedded in the roadbed) to charge the batteries of electric vehicles travelling on dedicated motorway lanes. In addition to enabling contactless charging in both a static and dynamic environment, the benefits of these so called e-roads include: improved vehicle energy efficiency, the capacity for longer distances and higher payloads, a reduction in the number of batteries needed, and lower TCOs. The technology being tested is a potential 'range extender' for all types of electric vehicles, from passenger cars to buses and trucks, and applies to both battery electric vehicles (BEVs) and fuel cell electric vehicles (FCEVs). Coordinated by the company managing the A35 Brebemi-Aleatica motorway, the project involves several industrial partners, universities, and international institutions. It entailed the construction of a 1-kilometre asphalt circuit (the so-called Arena of the Future) fed by 1MW of electrical power, as well as the optimisation of the road surface to make it more durable without altering the efficiency of the inductive charge. The coils embedded in the asphalt are able to simultaneously charge vehicles' electric engines for traction and their on-board batteries. IVECO BUS is contributing to the project through its 12-metre electric E-WAY, which has been equipped with the necessary connectivity and recharging technologies. It was tested on the asphalt circuit powered by inductive currents, and reached electric-power absorption peaks of 75 kW and speeds in excess of 70 km/h.

## Fuel Cell Electric Vehicles

One of the solutions in moving closer to decarbonisation is the use of fuel cell electric vehicles (FCEVs), which are particularly suitable for long-haul transport and applications demanding greater power. This applies to heavy-duty vehicles, light-duty commercial vehicles, and urban transport vehicles alike.

At the IAA 2022 trade show, Iveco Group presented the **Nikola Tre FCEV** heavy-duty truck beta version (for European markets), the result of a joint venture established in 2019 between IVECO, FPT Industrial, and Nikola Corporation. The truck has a range of up to approximately 800 kilometres. This first-generation vehicle is competing favourably in the toughest heavy-duty missions against very well-established fossil diesel engines, despite the latter having powered many generations of vehicles over the course of 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, Iveco Group's powertrain brand. The prototype has a 7.2-ton gross vehicle weight (GVW). It has been tested in Europe, confirming a range of 350 kilometres, a 3-ton maximum payload, and a refuelling time of 15 minutes or less.

While the eDaily BEV version is best suited for short journeys, the eDaily FCEV will be ideal for long-haul, high-payload missions.

## LOGISTICS PROCESSES

In managing our logistics processes, we continuously seek sustainable solutions to help fight climate change, preserve natural resources, and safeguard health. For this purpose, our logistics processes are managed both internally within the value chain, specifically within the Manufacturing, Sales, and Purchasing functions, and externally, by working with our 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.

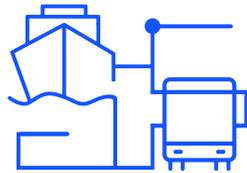
As stated in our Environmental Policy (see page 34 [↗](#)), Iveco Group’s approach to low-carbon logistics focuses on 3 areas:

Logistics Areas



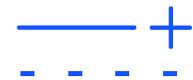
INCREASING

LOW-EMISSION TRANSPORT



ADOPTING

INTERMODAL SOLUTIONS



OPTIMISING

TRANSPORT SATURATION

Our Senior Leadership Team (SLT, see page 32 [↗](#)) has the highest responsibility for initiatives aimed at reducing the environmental impact of our logistics processes.

We have designed our logistics system to deliver safety, ergonomics, eco-compatibility, and uninterrupted transport logistics flows. This approach ensures effective management and evaluation of logistics projects in line with defined standards. Moreover, since the active engagement of our suppliers is integral to the efficiency and sustainability of our logistics system, we directly involve them in most of our projects and initiatives, working with them to develop and implement the best solutions to meet Iveco Group’s environmental impact reduction targets.

As evidence of our commitment to reducing our logistics impacts, we have incorporated a strategic sustainability target into our Strategic Business Plan: **a 7% reduction in kilos of CO<sub>2</sub> emissions per ton of goods shipped (inbound, outbound, and spare parts) by year-end 2026** (compared to 2022). In addition, individual targets were included in the Performance Management process (see page 123 [↗](#)) for several managers responsible for the main projects involved in reaching the aforementioned target.

Throughout the year, we had to contend with various transport network disruptions, issues dealt with by our Transport Logistics Team. We faced several strikes in Spain and periodic rail service interruptions caused by unpredictable freight volumes and ongoing lockdowns in a number of countries (e.g., China). We also encountered significant challenges due to the lack of available transport to handle our high outbound freight volumes, requiring us to find alternative solutions to ensure additional capacity.

During 2022, our Transport Logistics Team was able to achieve a 10 percentage-point global reduction in air shipments (recognised as the most polluting form of transport) by deploying its expanded ocean-route portfolio, along with other solutions to ship bulky parts.

Despite the challenges, we have put several initiatives in place to promote sustainable logistics processes. Focusing on technologies, procedures, and activities, our aim is to reduce the environmental impacts of our logistics processes without compromising service quality or profitability, while also favouring positive social impacts.

Aspects considered when seeking technical solutions to improve logistics are type of transport, intermodal flows, and long-haul transport. For example, to help reduce CO<sub>2</sub> emissions, we promote the use of road vehicles compliant with the most stringent environmental standards (in Europe, 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 we make technical and organisational changes to both routes and volumes to optimise and streamline the entire process.

**Monitoring Environmental Performance**

In order to substantiate the strategic sustainability target we have set for logistics and the relevant improvement projects, we duly monitor some of the environmental aspects considered most significant<sup>4</sup> for logistics processes.

CO<sub>2</sub> emissions are affected by:

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

By year-end 2022, the containment initiatives in place had already allowed us to cut CO<sub>2</sub> emissions by 8% compared to our mid-year result (in terms of kilos of CO<sub>2</sub> emissions per ton of goods shipped).

**CO<sub>2</sub> Emissions in Logistics Processes<sup>a</sup>**

Iveco Group worldwide (tons of CO<sub>2</sub>)

	2022	2021	2020
Inbound	93,955	85,133	53,397
Outbound	49,806	48,806	39,023
Spare parts	14,288	15,898	14,045
<b>Total</b>	<b>158,049</b>	<b>149,837</b>	<b>106,465</b>

<sup>(a)</sup> CO<sub>2</sub> emissions for road transport were quantified as per the GHG Protocol, revised edition, and for sea, air, and rail transport as per the EcoTransIT 2019 (latest update), which reflects the IFEU Heidelberg methodology for environmental calculations.

**SUPPLY CHAIN ENVIRONMENTAL FOOTPRINT**

Iveco Group suppliers are actively involved in our mission to reduce the environmental impact of our activities and fight climate change, in line with our commitments. In fact, to further limit the impact of manufacturing processes and products on the environment, our Supplier Code of Conduct expressly requires them to optimise their use of resources and minimise polluting and greenhouse gas (GHG) emissions. It also encourages them to effectively manage waste

<sup>(4)</sup> The criteria used to measure the significance of the environmental aspects of logistics processes are the size of their impact and the Company's ability to manage and mitigate both the impact and its potential effects on the surrounding environment.

**GRI 305-3**

treatment and disposal, and to adopt logistics management processes that limit environmental impact. For these reasons, our suppliers are strongly advised to adopt an environmental management system certified according to international standards.

In 2022, we joined a community-based digital platform known as Open-es, so as to increase our suppliers' engagement with and awareness of sustainability topics while tracking their sustainability performance (see page 144 [↗](#)). We use the Open-es platform to monitor environmental aspects in line with the guidelines of the World Economic Forum, related to the policies, activities, and results concerning:

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

The suppliers that registered on the platform in 2022 represent approximately 77% of direct material purchases. The platform is a valuable tool that we use both to communicate Iveco Group's priorities and to support suppliers on their path towards sustainability. This interactive ecosystem, combined with our ongoing dialogue and collaboration with suppliers, is a means to share experiences and find increasingly innovative solutions to reduce the environmental footprint of both parties.

During the year, as part of our assessment of Scope 3 emissions categories, we developed a new methodology to calculate category 1 emissions (from purchased goods and services) and category 2 emissions (from capital goods). Employing this methodology, we can build a solid scientific database to assist in achieving our CO<sub>2</sub> emissions reduction targets within each of these categories, in close collaboration with our suppliers.

A strategic sustainability target for the environment was incorporated into our Strategic Business Plan: **• a 20% reduction in key suppliers' absolute CO<sub>2</sub> emissions from purchased goods and services and from capital goods by year-end 2026** (compared to 2022).

## COMMUTING

In our effort to reduce the environmental footprint of employee commuting, we promote sustainable mobility by encouraging our people to make use of the full range of available transport options, and by subsidising eco-friendly mobility solutions. This approach yields many additional benefits that go beyond the reduction of our environmental impact: it enhances our people's satisfaction and wellbeing – as it lowers commute times, costs, and stress as well as the risk of accidents – and gives employees a chance to socialise.

Iveco Group collaborates on several initiatives for sustainable mobility (implemented at several of its plants and offices worldwide), exploiting all available synergies with its neighbouring plants. These projects are designed in collaboration with both local authorities and public transport companies.

In Italy, we revised a number of **mobility plans** for selected sites, at the same time conducting an analysis and assessment of employee commuting to/from such locations. The study focused on available transport services, methods, and infrastructure, as well as on the CO<sub>2</sub> emissions generated by employee commutes, with the aim of identifying further improvement measures and initiatives. In 2022, employee commuting in Italy generated 10,513 tons of CO<sub>2</sub> emissions. At the plant in Vysoke Myto (Czech Republic), car sharing is available to employees commuting to/from the site by means of the *JOBka* mobile app (first implemented in 2021 under our former corporate structure). In 2022, the mobile app was also introduced for carpooling at the sites in Annonay and Rorthais (France).

In Brazil, France, and Spain, the Company provides **shuttle services** for employees commuting between their workplaces and nearby strategic points.

Both the Turin site and the San Mauro Torinese logistics hub (Italy) are served by *MyShuttle!*, an innovative on-demand shuttle service that uses IVECO natural gas-powered minibuses. The service can be booked in advance or last minute, depending on employees' work needs, using a specially designed proprietary app that we developed with VIA Technologies.

In Switzerland, the Company partially subsidises public transport costs for 161 employees commuting to its Arbon site. Transport costs are also partially reimbursed at the site in Rorthais (France) through a transport allowance. In Belgium, employees are reimbursed the full cost of public transport to and from work.

During the year, we also organised many **bike events**. In Italy, our *Bike Race* saw our employees make over 5,000 commutes by bike, covering more than 33,000 kilometres and avoiding 4.3 tons of CO<sub>2</sub> emissions. A similar event, *Bike to Work*, took place in Arbon (Switzerland). In Annonay (France), we supported the local *Ardéchoise* bike race to encourage employees to travel by bike. The plant also took part, for the fourth consecutive year, in a mobility challenge promoting alternative modes of transport.

A further opportunity to reduce the environmental impact of employee commuting is provided by the **flexible working schemes** (see page 130 [↪](#)) that Iveco Group has adopted in several of its countries of operation.

## BUSINESS TRAVEL

Iveco Group assesses the impact of employees' business travel by air through continual monitoring of the associated CO<sub>2</sub> emissions. In 2022, employee air travel managed directly through Company headquarters<sup>5</sup> (71% of which was medium haul<sup>6</sup>) generated 2,678 tons of CO<sub>2</sub> emissions for 7,603 business trips. This figure was calculated according to the GHG Protocol and certified by Atmosfair, a climate protection organisation with a particular focus on the environmental impact of travel.

Because CO<sub>2</sub> is an inevitable by-product of fuel combustion in aircraft<sup>7</sup>, emissions are undoubtedly the most significant environmental impact of air travel. In many cases, however, travelling by air is unavoidable, in part because of the broad geographic dislocation of Iveco Group's sites.

We are able to rationalise our business travel and contain our environmental impact by using computer technology (online and electronic communication) to enable employees across the globe to interact effectively. Additionally, we leverage advanced online audio/video conferencing and other virtual tools, which allow our people to work remotely from their offices rather than travel long distances, thus contributing to reducing emissions and costs.

<sup>5</sup> Data refers to Belgium, China, France, Germany, Italy, Poland, Spain, Switzerland, the Netherlands, and the UK.

<sup>6</sup> Medium-haul transfers are those from 500 to 1,600 kilometres.

<sup>7</sup> According to the UN's Intergovernmental Panel on Climate Change (IPCC), aircraft emit gases and particles directly into the upper troposphere and lower stratosphere, where they: alter atmospheric composition, particularly of greenhouse gases (GHG), including carbon dioxide (CO<sub>2</sub>), ozone (O<sub>3</sub>), and methane (CH<sub>4</sub>); trigger the formation of condensation trails; and increase cirrus cloudiness. All of these elements modify the absorption and refraction of infrared radiation, hence contributing to the greenhouse effect. Source: Intergovernmental Panel on Climate Change, 1999 – Aviation and the Global Atmosphere (Summary for Policymakers) – A Special Report of the IPCC – Working Groups I and III in collaboration with the Scientific Assessment Panel to the Montreal Protocol on Substances that Deplete the Ozone Layer.

# Protecting the Environment

## Our Approach to Protecting our Planet

Iveco Group is mindful that, at every stage of the production chain – from the selection and use of raw materials and natural resources right up to product end-of-life and disposal – it leaves an environmental footprint, and so requires a multifaceted approach to minimise its impact. Our Environmental Policy (see page 34 [↗](#)), available on the Company website, outlines our short-, medium-, and long-term commitments to responsibly managing our environmental aspects (particularly energy, natural resources, raw materials, hazardous substances, polluting emissions, waste, natural habitats, and biodiversity). It also explicitly reflects our belief that efficient resource use and environmental impact reduction are crucial strategies in creating added value for both the Company and the communities in which it operates. We thus anticipate risks that could potentially impact the environment and human health by applying a precautionary approach when designing our products, managing our manufacturing processes, defining logistics flows, and managing end-of-life: namely, the **precautionary principle** introduced by the Rio Declaration on Environment and Development<sup>1)</sup>.

We are committed to developing products with industry leading performance in terms of fuel efficiency, noise and pollutant emissions, and recoverability rate. In this regard, our sense of responsibility also extends to our value chain. This means that, wherever we have influence, we ask our suppliers, dealers, contractors, and business partners to comply with all environmental rules and regulations, and to adopt measures and standards that comply with our Environmental Policy, thus contributing to an overall improvement in environmental performance throughout the value chain. Furthermore, when evaluating business relationships with potential business partners, we take environmental issues into account and conduct due diligence as necessary. As regards manufacturing processes, in order to make them more effective, efficient, economical, and environmentally friendly, we make every effort to streamline systems and technologies, improve existing materials and processes, and develop new materials, systems, processes, and/or techniques. We strive to ensure that all manufacturing processes, systems, and techniques are technologically appropriate, technically feasible, economically viable, and eco-friendly. The building of our new plants abides by environmental protection criteria, taking account of specific local needs and the impact of construction. Newly acquired plants, on the other hand, are assessed according to existing processes and operations to determine the measures

<sup>1)</sup> Principle 15 of the Rio Declaration on Environment and Development, approved by the United Nations in 1992 [↗](#).

necessary to comply with our environmental management standards. It should also be noted that our plants contribute to mitigating the environmental impact of manufacturing processes through many voluntary initiatives carried out on site (see page 89 [↗](#)).

An operational grievance mechanism, the Compliance Helpline, is available to Iveco Group stakeholders to report potential violations of corporate policies, the Code of Conduct, or applicable laws (see page 41 [↗](#)).

Our commitment to improving our environmental footprint is also reflected in the strategic sustainability targets incorporated into our Strategic Business Plan:

- **75% of water to be recycled at plants worldwide by year-end 2026**
- **100% of the cores from spare parts sold to be recovered by year-end 2030**
- **15% of net sales from spare parts to be generated by remanufactured components by year-end 2026.**

### REDUCING DIESEL COMBUSTION POLLUTION



Diesel engine combustion produces a series of pollutants including nitrogen oxides (NO<sub>x</sub>) and particulate matter (PM); their levels in exhaust gases mainly depend on the temperature of the combustion chamber, determined in the engine design phase. NO<sub>x</sub> gases are produced at about 1,600°C, while almost all PM particles burn up at high temperatures. A choice must therefore be made between optimised combustion, producing less PM but more NO<sub>x</sub>, or less efficient combustion, resulting in the emission of less NO<sub>x</sub> but more PM. Lower PM levels are achievable with a Diesel Particulate Filter (DPF), which requires periodic regeneration due to particulate build-up over time. NO<sub>x</sub> emissions, on the other hand, can be reduced using a Selective Catalytic Reduction (SCR) system. FPT industrial's diesel engines comply with the highest and most stringent regulations on air quality (Euro 6/VI). The Brand's SCR technology dates back to 2005, and has since further advanced significantly. The SCR systems by FPT Industrial are currently used in on-road, off-road, and power generation applications, and were present in more than 70% of the diesel engines produced as at year-end 2022.

## Mitigating Plant Impacts

One of our top priorities at Iveco Group is to continuously improve the environmental performance of our production processes. This means adopting both conventional and enhanced technologies to improve operational efficiencies, and acting responsibly to mitigate their environmental impact. It entails implementing a robust environmental management system to monitor, measure, and quantify significant environmental aspects and to set improvement targets at both corporate and plant levels. Just as importantly, it implies safeguarding the environment based on principles of prevention, protection, information sharing, and people engagement, so as to create effective long-term value.

We use well-established monitoring and reporting systems (such as SPARC<sup>1)</sup>) and effective key performance indicators (KPIs) to track our environmental performance, measure the effectiveness of actions taken to achieve our targets, and plan new improvement initiatives. The KPIs in place at Iveco Group can be analysed at different levels (plant, business unit, geographic area, or Company), which enables the simultaneous and parallel engagement of multiple corporate functions at various levels to meet our targets. We also perform periodic benchmarking activities, which help drive the continuous improvement of our plants' environmental performance.

### Responsibility and Organisation

The highest responsibility for Iveco Group's environmental protection initiatives lies with our Senior Leadership Team (SLT, see page 32 [↗](#)), while the specific projects to reduce the environmental impact of our manufacturing processes are the responsibility of plant managers. Our central Environment, Health and Safety (EHS) function (which serves as a reference point for sustainability) coordinates and manages environmental issues as per the Company's Environmental Policy; it implements improvement actions at local level, periodically verifies performance against targets, proposes new initiatives, and defines environmental policies. An important role is also played by plant employees from other functions/bodies (production lines, logistics, manufacturing engineering, etc.) involved with environmental issues in various capacities.

In 2022, we incorporated several individual environmental impact reduction targets into the Performance Management process (see page 123 [↗](#)) for several managers responsible for the projects indicated in our Sustainability Plan and for various plant managers. These targets aim, among other things, at developing new best practices and at identifying and mitigating situations or activities at plant level that pose a potential threat to the environment.

To monitor our environmental performance, we rely on centralised systems such as SPARC which is a performance indicator management tool, and the EHS IT platform, which provides users with training and information tools such as ISO 14001 certification support documents (guidelines, procedures, reporting guidelines, etc.).

### NANOTECHNOLOGY IN MANUFACTURING



Iveco Group uses nanotechnologies in the painting process for some of its products, specifically during the washing (pretreatment) of surfaces preceding the actual painting phase. Indeed, a number of our plants employ thin layer technology, through which nanotechnology products/nanoparticles are dosed in process tanks to react with the surfaces of metal substrates previously treated with a degreasing solution; the chemical-physical reaction triggered forms a layer of zirconium oxide that coats the metal surface. This treatment confers excellent resistance to corrosion and outstanding paint adhesion, while also reducing environmental impact and enhancing process quality and operational performance. The process usually takes place at room temperature, which means there is no vapor generation because no heat is applied. Chemical concentrations are very low, and product applications (spraying or dipping) are automated and performed in enclosed areas. Thin layer technology produces less sludge for disposal than traditional technology, and does not require hazardous acid cleaning of paint system equipment. It also cuts energy and water consumption, reduces wastewater, and requires less maintenance. This technology is currently in use in 2 paint shops at 2 plants.

<sup>1)</sup> Sustainability, Performance, Analysis, Reporting & Compliance.

**Process Certification**

To enhance environmental management and performance at Iveco Group, we have committed to certifying our plants’ environmental management systems as per the ISO 14001 international standard and to maintaining such certifications. To date, 100% of Iveco Group manufacturing plants currently in operation and falling within the scope of application of the Sustainability Report are ISO 14001 certified (see page 175 [↗](#)). An ISO 14001-certified environmental management system enables the systematic management of environmental aspects under normal operating conditions as well as in emergencies; indeed, as regards the latter, it requires the adoption and regular verification of emergency plans and procedures, and related staff training. These emergency procedures define roles, responsibilities, and responses for tackling anomalous and/or emergency situations, to protect both people and the environment.

Maintaining environmental certification entails annual monitoring with a series of external third-party audits carried out by accredited bodies, and certification renewal every 3 years. Individual plants are also required to verify the performance of their environmental management systems through annual internal audits.

**Engagement and Awareness Activities**

In our effort to promote and disseminate the principles of continuous improvement and environmental management both within and outside the Company, we have implemented specific communication and training tools to address employees and business partners, and have organised targeted events to engage employees’ family members and local communities. In 2022, Iveco Group provided 13,229 hours of environmental training to its employees, including 12,048 hours of on-the-job training for 14,539 individuals (93% of whom were hourly).

Employee engagement and awareness were also at the centre of a series of initiatives implemented at plant level both at and outside manufacturing sites, some involving local communities and schools.

In Europe, the **Vysoke Myto** plant (Czech Republic) donated unused manufacturing materials to 5 local kindergartens; the children then used their imagination to create trees from these materials in celebration of Arbor Day. The aim was to increase awareness among children and adults alike of the importance of trees for all life on earth.

In South America, inspired by the circular economy, the plants in **Cordoba** (Argentina) collaborated with a number of foundations to promote waste recycling. The initiative saw the plants deliver about 80 tons of paper and plastic waste to local recyclers for the production of toys and school kits, later distributed to children in the surrounding communities. Plants in **Sete Lagoas** (Brazil) focused on raising awareness of various environmental topics among employees and local communities. The events under this initiative included setting up stalls on World Environment Day to raise awareness of waste recycling (and hence the circular economy), and organising a children’s drawing contest on the topic of water consumption to mark World Water Day.

As might be expected, our commitment to raising awareness of environmental issues also extends to our suppliers (see page 146 [↗](#)) and dealers.

**SAFEGUARDING AIR QUALITY**

One of Iveco Group’s major goals is to reduce its air emissions. The application of advanced technologies in our manufacturing processes is critical to meet the improvement targets that we have set in this regard. Our main air emissions are carefully monitored, and results systematically recorded, through specific programmes and systems that help us verify compliance with existing regulations.

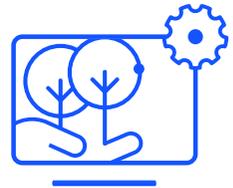
To date, there are no ozone-depleting substances<sup>2</sup> (which are only found in certain equipment used for cooling, air conditioning, and climate control) in any of our plants falling within the scope of application.

**Volatile Organic Compounds**

In terms of volatile organic compounds (VOC)<sup>3</sup> emissions, painting has the greatest environmental impact of all manufacturing processes at Iveco Group. In 2022, our average VOC emissions per square metre painted decreased by over 15% compared to 2021 (under our former corporate structure) thanks to the continuous management and control improvements to manufacturing processes, paired with a number of changes and upgrades at plant level.

<sup>2</sup> Ozone-depleting substances (ODS) are potentially harmful substances that contribute to the depletion of the ozone layer. The most significant and harmful are chlorofluorocarbons (CFCs), generally used as refrigerants, solvents, and propellants, and hydrochlorofluorocarbons (HCFCs), used to replace CFCs.

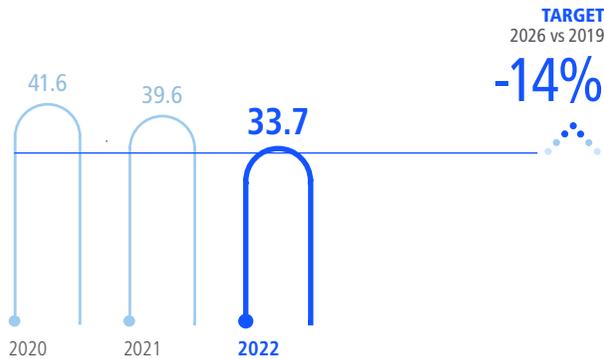
<sup>3</sup> Volatile organic compounds (VOC) are compounds such as hydrocarbons, containing only carbon and hydrogen, as well as compounds also containing oxygen, chlorine or other elements.



ABOUT  
**13,200**  
HOURS OF  
**ENVIRONMENTAL  
TRAINING**

**Volatile Organic Compounds (VOC) Emissions<sup>a</sup>**

Iveco Group worldwide (g/m<sup>2</sup>)



<sup>(a)</sup> The base year (2019) VOC emissions are equal to 38.5 g/m<sup>2</sup>. For information on the rationale for choosing 2019 as the base year, see page 176.

The plant in **Madrid** (Spain) invested in a series of modifications in its two paint shops to reduce its VOC emissions. In the plastic parts paint shop, a solvent recovery system for colour changes was installed for robotic paint applications; additionally, a dedicated paint line was installed for the manual application of the most commonly used shade of white, which reduces the number of colour change operations. In the plant’s chassis paint shop, the traditional paint guns were replaced with electrostatic ones, significantly reducing paint overspray and therefore paint consumption. Overall, the total €216,000 investment led to around €255,000 in annual savings and to a 16% decrease in VOC emissions.

The plant in **Piacenza** (Italy) was able to reduce VOC emissions in its paint shops by gradually transitioning from solvent-based painting products to water-based ones with a lower VOC content. It also installed an automatic paint mixing system that reduces solvent consumption in circuit washing operations. With a total investment of €43,000, the plant cut its VOC emissions by approximately 27%.

**NO<sub>x</sub>, SO<sub>x</sub>, and Dust Emissions**

Iveco Group monitors the emissions of nitrogen oxides, sulphur oxides, and inorganic particulate matter deriving from fossil fuel combustion, since these pollutants can impact the climate, ecosystems, and human health.

**NO<sub>x</sub>, SO<sub>x</sub>, and Dust Emissions**

Iveco Group worldwide (tons)

	2022	2021	2020
Plants (no.)	23	25	26
Nitrogen oxides (NO <sub>x</sub> )	123.6	134.8	114.7
Sulphur oxides (SO <sub>x</sub> )	17.3	19.1	16.3
Dust	1.5	1.7	1.4

**WATER MANAGEMENT**

From a global perspective, it is clear to us at Iveco Group that committing to sustainable water management is essential given the growth in population (and therefore in water demand) worldwide, accompanied as it is by a marked and increasingly widespread scarcity of water resources. From a business angle, we recognise the economic importance of proper water management to counter the potential risks that water scarcity and other related issues pose to the continuity of both supply and industrial processes. Lastly, from a manufacturing standpoint, we believe that the proper management of water resources can drive improvement and innovation within production processes.

Iveco Group draws water mainly for industrial use, specifically for painting, cooling, washing, and machining, and strives to increase water efficiency within all its industrial processes (regional and environmental circumstances permitting). Efforts are made not only at Company level, but also at individual plant level, with operations implemented locally to reduce water requirements and wastewater volumes without compromising quality standards.

Our approach to water management is to increase the use of recycled water to reduce our withdrawals from external sources, thus improving water independence and the availability of water for local communities. From a broader perspective, given that water is a resource shared with other stakeholders, it is important to ensure collaboration on water management, as well as joint efforts to improve community health and wellbeing, especially in water-stressed areas (see page 93).

Impact on water resources is an integral part of each plant’s environmental assessment, as required by the ISO 14001 standard; for this reason, all of our 23 ISO 14001-certified plants (see page 175 [↗](#)) have a water management plan in place.

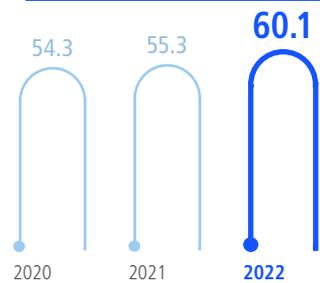
Iveco Group’s Water Management Guidelines apply to all plants and require them to:

- analyse their water consumption and withdrawal/distribution management systems, and identify and eliminate leaks and/or waste
- identify specific performance indicators and benchmarking for the different manufacturing processes
- identify the manufacturing processes with the greatest impact on water resources, and prioritise the necessary interventions
- adopt changes and technological innovations to boost water use efficiency, reduce consumption, and improve the quality of effluents
- promote water recirculation within individual manufacturing processes and its reuse in multiple processes
- raise staff awareness of responsible water use, both at work and at home.

Water Recycling Index

Iveco Group worldwide (%)

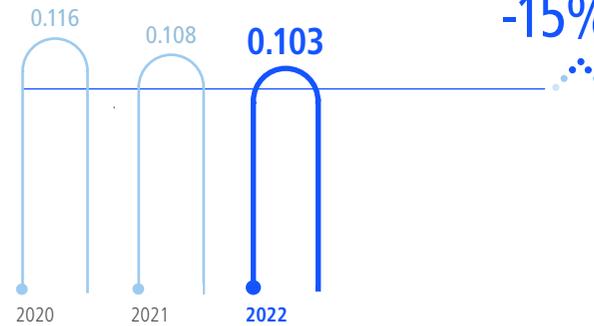
TARGET  
2026  
75%



Water Withdrawal per Production Unit<sup>a</sup>

Iveco Group worldwide (m<sup>3</sup>/hour of production<sup>b</sup>)

TARGET  
2026 vs 2019  
-15%



<sup>(a)</sup> The base year (2019) water withdrawal is equal to 0.108 m<sup>3</sup>/hour of production. For information on the rationale for choosing 2019 as the base year, see page 176 [↗](#).

<sup>(b)</sup> Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 176 [↗](#).

In terms of water withdrawal per production unit<sup>4</sup>, the key performance indicator (KPI) for 2022 dropped by almost 5% compared to the result achieved in 2021 (under our former corporate structure).

<sup>(4)</sup> The production unit corresponds to the hour of production. Total manufacturing hours are used to calculate the normalised production unit indicator. For the definition of total manufacturing hours, see page 176 [↗](#).

Water Withdrawal, Discharge, and Consumption

Iveco Group worldwide (thousands of m<sup>3</sup>)

	2022	2021	2020
Plants (no.)	23	24	25
<b>Withdrawal</b>			
Groundwater	2,303	2,230	2,000
Third-party water	963	1,005	902
of which municipal water supply	963	1,005	902
Surface water	10	10	13
of which rainwater	-	-	-
Seawater	-	-	-
Produced water	-	-	-
<b>Total water withdrawal</b>	<b>3,276</b>	<b>3,245</b>	<b>2,915</b>
<b>Discharge</b>			
Surface water	396	369	279
Third-party water	1,645	1,936	1,636
Seawater	-	-	-
Groundwater	1	13	12
<b>Total water discharge</b>	<b>2,042</b>	<b>2,318</b>	<b>1,927</b>
<b>Total water consumption<sup>(a)</sup></b>	<b>1,234</b>	<b>927</b>	<b>988</b>

<sup>(a)</sup> Calculated as total water withdrawal minus total water discharge.

In 2022, several initiatives were carried out to provide a detailed picture of water consumption at plant level and reduce our plants' water footprint.

In Europe, the plant in **Brescia** (Italy) conducted a water balance analysis and review that led to a number of improvements to the water distribution network, including the identification and repair of leaks and the relocation above ground of some network sections. This is expected to reduce the plant's water consumption by almost 65%, a saving of approximately 2,400 cubic metres per year. The plant in **Valladolid** (Spain) set out a plan to detect and repair water leaks in its underground firewater network. The project entailed injecting a tracer gas (helium) into the underground water pipes, drilling several holes in the floor above the pipes, and measuring the helium concentration in the air in proximity to the holes. 4 major leaks were identified and repaired, which cut firewater loss by 8,800 cubic metres and saved the plant €15,000 in water withdrawal costs.

In addition to promoting responsible water withdrawal and introducing appropriate measures through ad hoc initiatives, it is extremely important to the Company to safeguard the water bodies that receive the effluents from its industrial processes – as reflected in our efforts to exceed local wastewater requirements.

To this end, our plants rely on established operating procedures to ensure that the wastewater discharged during their manufacturing processes meets required quality standards. Indeed, the 3 wastewater quality indicators applied by Iveco Group – biochemical oxygen demand (BOD)<sup>5</sup>, chemical oxygen demand (COD)<sup>6</sup>, and total suspended solids (TSS)<sup>7</sup> – showed that our performance in 2022 was fully compliant with applicable local limits.

This result was achieved partly thanks to the adoption of specific wastewater treatment systems (operated either in-house or by specialised industry partners) that treat the water discharged from the plants; this mainly involves physical and chemical processes and, depending on wastewater quality, biological treatment.

Substances of concern (SoC) are defined by local law and restricted accordingly, and are therefore considered a priority; consequently, each plant is required to monitor and treat SoC discharges as per local provisions.

It should be noted that our plants do not use wastewater generated by other organisations, nor do they channel their effluents for reuse by other organisations.

Plants in Water-Stressed Areas

A few of our plants were classified in 2022 as being in areas considered sensitive in terms of the availability and use of water resources (so-called water-stressed areas<sup>8</sup>). These are our two plants in **Brescia** and the one in **Foggia** (all in Italy) and the plants in **Madrid** and **Valladolid** (Spain). These areas were identified using the WRI<sup>9</sup> Aqueduct Water Risk Atlas, a mapping tool recognised by the major organisations in the field, through which the list of countries that contain water-stressed areas is monitored annually to identify Iveco Group plants where specific water conservation and protection measures are needed.

<sup>(5)</sup> Biochemical oxygen demand (BOD) is the total mass of oxygen used by microorganisms, over a specific time period at 20°C, to decompose (oxidise) the organic material present in a litre of water (normally expressed in mg/l). The standard test period for BOD is 5 days (BOD5).

<sup>(6)</sup> Chemical oxygen demand (COD), expressed in milligrammes per litre (mg/l), is the quantity of oxygen required for the complete chemical oxidation of organic and inorganic compounds present in a sample of water.

<sup>(7)</sup> Total suspended solids (TSS) is the parameter used in water quality management and in water purification to indicate the quantity of solids present in suspension, which can be separated by vigorous mechanical means such as vacuum filtration or centrifugation of the water sample.

<sup>(8)</sup> Areas with a baseline water stress that is high (40-80%) or extremely high (>80%), according to the WRI Aqueduct Risk Atlas tool, as at 24 May 2022.

<sup>(9)</sup> World Resources Institute.

Accordingly, all plants focused on reducing their water consumption throughout the year, by implementing targeted measures and initiatives (see page 93 [↗](#)) and by setting specific improvement targets (see page 170 [↗](#)).

### PROTECTING THE SOIL AND SUBSOIL

We strive to minimise the risk of environmental impact on the soil and subsoil around our sites. In Europe, for example, following the circulation of specific guidelines for monitoring existing underground structures, plants periodically carry out the monitoring and inspection of tanks, vats, and underground pipes.

The plant in **Bourbon Lancy** (France) installed welded steel plates on the floor of the area used to store metal shavings, to prevent any residual contaminants in the shavings from seeping into the soil.

In 2022, no significant releases of potentially contaminating substances were recorded.

### WASTE MANAGEMENT

Iveco Group works to optimise manufacturing processes and operations across its plants not only to enhance the end product, but also to improve the management of waste by reducing its generation and increasing recovery, both key aspects of our Environmental Policy.

The manufacturing processes at our plants normally involve numerous raw materials – such as metals, plastics, chemical products, and components – each with their own packaging and each generating actual and potential waste-related impacts. The same also applies to most manufacturing activities, such as assembly, machining, painting, welding, testing, logistics, etc.

When the waste from our activities is managed by third parties, the latter’s waste collection and storage operations are inspected and checked to ensure the waste is managed in line with contractual or legislative obligations.

Our commitment to optimising waste management is shared across our plants, which seek solutions that facilitate waste recovery and minimise material sent to landfill. To this end, plants analyse their production chains to identify potential waste management improvements at different stages to limit the waste produced and the risks posed – particularly improvements that increase waste recovery and reuse. The waste management improvement methods adopted, in order of preference, are waste recovery, waste-to-energy conversion, and waste treatment.

Waste disposal methods are decided by the Company, either directly or in consultation with waste disposal contractors.

#### GRI 306-1; 306-2; 306-3; 306-4; 306-5

#### Waste Generation and Management

Iveco Group worldwide (tons)

	2022	2021	2020
Plants (no.)	23	24	25
<b>Waste generated</b>			
Hazardous waste	6,445	7,026	6,282
Non-hazardous waste	72,533	69,053	59,389
<b>Total waste generated</b>	<b>78,978</b>	<b>76,079</b>	<b>65,671</b>
of which packaging	34,460	31,045	24,852
<b>Waste diverted from disposal</b>			
Hazardous waste	4,090	4,428	3,956
Non-hazardous waste	69,462	66,315	55,563
<b>Total waste diverted from disposal</b>	<b>73,552</b>	<b>70,743</b>	<b>59,519</b>
<b>Waste directed to disposal</b>			
Hazardous waste	2,355	2,599	2,328
Non-hazardous waste	3,071	2,737	3,824
<b>Total waste directed to disposal</b>	<b>5,426</b>	<b>5,336</b>	<b>6,152</b>

The results achieved in 2022 demonstrate our serious commitment to managing this important environmental aspect. Indeed, the waste recovered at Company level during the year increased compared to the result achieved in 2021 (under our former corporate structure), reaching 96.7% of the total waste generated. In terms of waste generated per production unit<sup>10</sup> compared to 2021, the total waste indicator fell by approximately 2% while the hazardous waste indicator fell by 13.5%.

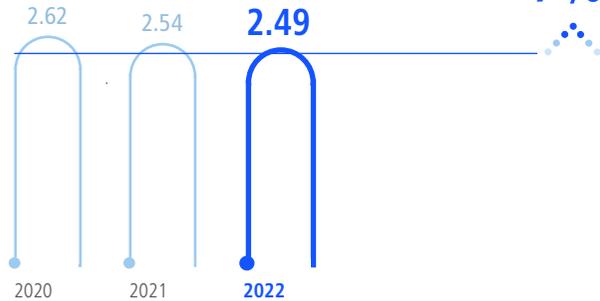
These excellent results were made possible by performance improvements in each geographic area, and are in line with our commitment to sustainable waste management set out in the Iveco Group Sustainability Plan (see page 170 [↗](#)).

<sup>(10)</sup> The production unit corresponds to the hour of production. Total manufacturing hours are used to calculate the normalised production unit indicator. For the definition of total manufacturing hours, see page 176 [↗](#).

Waste Generated per Production Unit<sup>a</sup>

Iveco Group worldwide (kg/hour of production<sup>b</sup>)

TARGET  
2026 vs 2019  
-7%



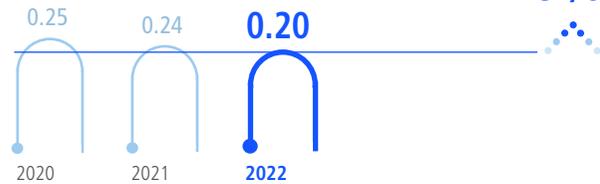
<sup>(a)</sup> The base year (2019) waste generated is equal to 2.66 kg/hour of production. For information on the rationale for choosing 2019 as the base year, see page 176.

<sup>(b)</sup> Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 176.

Hazardous Waste Generated per Production Unit<sup>a</sup>

Iveco Group worldwide (kg/hour of production<sup>b</sup>)

TARGET  
2026 vs 2019  
-6%



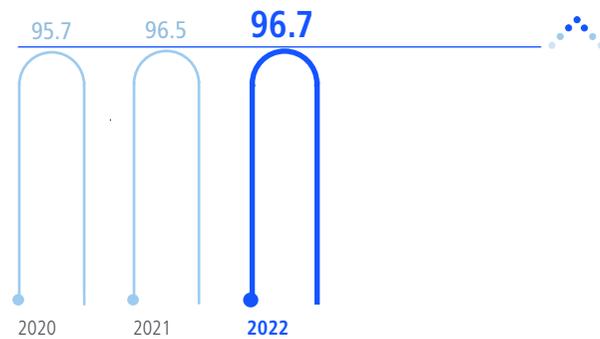
<sup>(a)</sup> The base year (2019) hazardous waste generated is equal to 0.23 kg/hour of production. For information on the rationale for choosing 2019 as the base year, see page 176.

<sup>(b)</sup> Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 176.

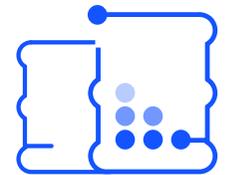
Waste Recovered<sup>a</sup>

Iveco Group worldwide (%)

TARGET  
2026 vs 2019  
97.1%



<sup>(a)</sup> Waste recovered is calculated as the sum of waste diverted from disposal and waste incinerated with energy recovery, calculated as a percentage of total waste generated.



**-13.5%**

IN HAZARDOUS WASTE  
GENERATED PER HOUR  
OF PRODUCTION

In 2022, our plants completed several waste-reduction initiatives, including circularity measures, to reduce waste generated by our operations and to manage its significant impacts.

Our plant in **Rorthais** (France) reduced the number of weekly truckloads of cardboard waste by installing a compactor on site at a cost of €7,500, saving €7,800 in the first year alone. Our plants in **Suzzara** (Italy) and **Valladolid** (Spain) realised circular economy projects involving the collection of plastic cups, plastic bottles, and plastic cans: after use, they are compacted in special machines before being sent for recycling separately from other plastic waste. Both these projects helped raise workers' awareness of the importance of recycling.

In addition, several Iveco Group plants focused on reducing packaging waste according to the 5 Rs<sup>11</sup> of waste management (in particular, the Reuse principle).

<sup>(11)</sup> Refuse, reduce, reuse, recycle, recover.

The powertrain plant in **Cordoba** (Argentina) realised several packaging-waste reduction and reuse initiatives, applying a circular economy approach. By reusing wood carpentry scraps, plant workers made approximately 600 pallets in one year for storing production materials; and by repairing pallets used for transporting engines, they were able to recover and reuse approximately 1,200 pallets in one year.

The Truck plant in **Sete Lagoas** (Brazil) transitioned from disposable packaging to returnable packaging for many components, reducing wood packaging waste by more than 100 tons. The total cost was about €16,000, for an annual saving of more than €53,000.

## PROTECTING BIODIVERSITY

At Iveco Group, we understand the importance of protecting and enhancing biodiversity in the areas surrounding our plants, in line with our Company policies.

In order to assess some of our manufacturing sites adjacent to protected areas of particular environmental interest, we adopted the biodiversity value index (BVI) methodology; through an in-depth study of ecosystems within about a 5-kilometre radius of these manufacturing sites, we analysed the level of biodiversity and identified possible improvement measures.

We then integrated our approach to biodiversity with a methodology focusing on the activities and impact of our plants and significant risks to biodiversity and natural resources, regardless of the plants' contribution to the overall activities and impacts reported in the surrounding areas. The new methodology is called biodiversity risk evaluation (BRE) and assesses the following 3 main aspects:

- assets – resources available in the region: protected areas, areas with high biodiversity value, protected species
- footprint – the impact of plant activities on biodiversity, in terms of use of resources and polluting emissions
- awareness – the level of environmental awareness among plant employees and stakeholders in the region.

The result is a map of risks, expressed in terms of potential damage to biodiversity. It is used to determine improvement measures – which are implemented based on the scores assigned to each risk – and to identify standardised indicators – which enable a consistent comparison between different plants' risk maps.

The BRE and BVI methodologies are used to establish a mitigation hierarchy for operations in areas with high biodiversity value. First, a screening assessment identifies which plants are located close to sensitive areas and therefore high priority. The two methods are then applied to measure risk to and impacts on biodiversity through a multi-criteria scoring system. Finally, mitigation and restoration measures are put in place based on the main risks identified and the potential involvement of local stakeholders.

Both BRE and BVI measure the potential environmental impact of plant operations on biodiversity based on their biodiversity footprint, which is quantified using the ReCiPe 2016 life cycle impact assessment method. This translates material and energy inputs and outputs into potential environmental impact scores, which are further aggregated so that the potential damage to biodiversity is expressed in time-integrated species loss (TISL, i.e., potential species loss per year).

The application of the BRE and BVI methods often involves external partners and stakeholders; their engagement is important both in the risk assessment phase, to measure their level of awareness of biodiversity conservation, and in the follow-up phase, when specific mitigation measures are implemented. In both cases, partnerships are encouraged with authorities, NGOs, and public or private third parties managing protected areas.

The methods themselves were developed with the support of external partners the *Università degli Studi di Torino* and *Studio Fieschi & soci Srl*, both in Italy.

The BVI and BRE methodologies revealed that biodiversity and ecosystem services at all the plants assessed to date were generally subject to insignificant levels of risk and impact overall.

Although no specific improvement measures were required following the adoption of these methodologies, a number of initiatives are being implemented to protect biodiversity within and around the plants that adopted them. For example, in 2022, the BRE was applied to the **Torino Driveline** and **Torino Motori** plants (Italy), where the combined assessment of the 3 aspects mentioned above evidenced a medium level of risk. Although not required, some improvement measures were put in place, such as biomonitoring with bees (see page 97 [↙](#)).

Regarding our sites near, bordering, or within protected or high-biodiversity areas, the 2 methodologies have been implemented at about 92% of such plants falling within the scope of application; their extension to potentially suitable plants will be assessed over the coming years.

### ADVANCING ENVIRONMENTAL PROTECTION



Iveco Group has numerous measures in place to protect biodiversity, and the environment in general, in and around its plants. The **Torino Driveline** and **Torino Motori** plants (Italy), in collaboration with an external provider of ecological and energy services, launched a project for the biomonitoring of a small colony of 6 hives in a green area within the plant perimeter. Bees are very sensitive to changes in their surrounding environment; the analysis of the bees themselves and of the products from their hives (honey, propolis, and pollen) provides an assessment of environmental conditions (such as air quality) over a vast area of up to 6-8 square kilometres. To keep the lawn trimmed in its green areas, the plant in **Annonay** (France) replaced the previously used lawn mowers with a flock of sheep. The result was a far lower environmental impact, given the minimal noise and CO<sub>2</sub> emissions and the elimination of fertiliser use due to the flock's natural manuring of the soil. The project has also served to raise biodiversity awareness among our people and the local community.

### Substances of Particular Concern for Health and the Environment

Iveco Group is strongly committed to adopting alternatives to certain substances identified as of particular concern for human health and the environment, and especially to studying and implementing alternatives to heavy metal-containing products used in painting processes. More broadly, we are committed to the sustainable and reduced use of chemicals, with a view to environmental protection, waste reduction, and cost savings.

Our Torino Motori (Italy) plant realised an initiative to optimise paint sludge treatment by replacing the previously used chemicals with more efficient products, reducing the quantity required by 45% (37 tons) and saving €137,000 over the year.

### External Noise Generated by Plants

Iveco Group seeks to minimise the noise impact of its plants, and so encourages the adoption of procedures provided for by plant environmental management systems and by the guidelines in place (such as those for the design and purchase of new, low-noise machinery).

### OTHER ENVIRONMENTAL INDICATORS

We are also concerned with reducing other environmental indicators, most notably hazardous substances and noise emissions to the external environment generated by our equipment and manufacturing processes.

As regards hazardous substances, no PCBs<sup>12</sup> or PCTs<sup>13</sup> are present in the operations carried out at Iveco Group.

In 2022, no fines or sanctions for non-compliance related to ecological or environmental issues (including water) were imposed on Iveco Group's plants.

<sup>12</sup> Polychlorinated biphenyls (PCBs) are a group of extremely stable chemical compounds with excellent dielectric and heat transfer properties, widely used in the past in both the industrial and commercial sectors (e.g., in capacitors and transformers). Because of their toxicity to humans and to the environment, PCBs are among the most dangerous pollutants.

<sup>13</sup> Polychlorinated terphenyls (PCTs) have physical and chemical properties similar to PCBs, and may contain up to 10% PCBs within the product matrix. They have been used as plasticisers, fire retardants, and in various types of coating.

# Resource Circularity

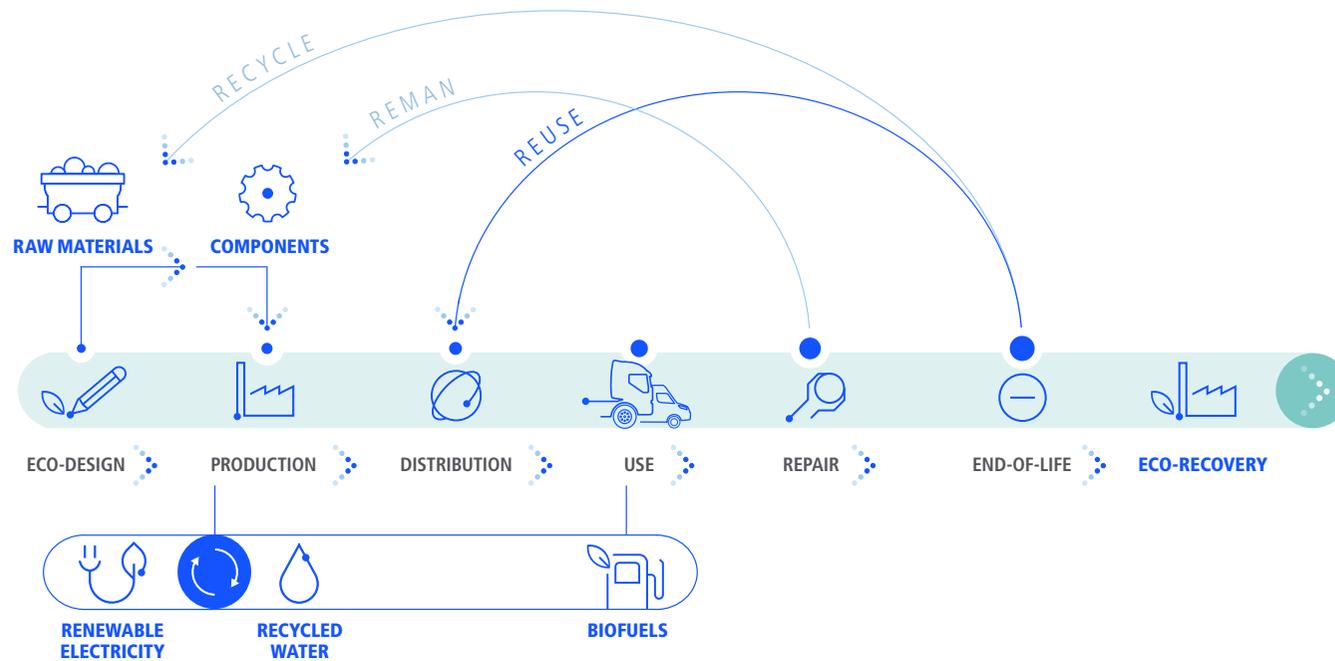
*Life cycle thinking* is one of Iveco Group's sustainability priorities, whereby applying a circular product life cycle approach ensures resources are used fully and for as long as possible. Our goals in this area are:

- to design all new products in alignment with sustainability and recyclability guidelines, looking at materials, technologies, and reuse potential from the very first stage of product development in order to maximise the life cycle of our products. Through product life cycle assessments (LCAs), we collect data on exact material composition and estimate the recyclability rates for each (see page 69 ↘)
- to collect broken or worn-out parts to identify which can be reused, repurposed or recycled and, in the meantime, offer our customers a range of remanufactured products

- to improve our capability to increase waste recovery and reuse as well as water recycling at our plants worldwide (see page 94 ↘)
- to increase the use of electricity from renewable sources (see page 79 ↘).

To better understand and improve our circular economy performance, we sought a standardised method able to quantify outcomes, compare collected data against that of other businesses, and assess not just the results but also the actions taken to advance our environmental transition. Two different methods are currently under evaluation: Circulytics and Circular Transition Indicators (CTI).

## Circular Approach



## REVERSE SUPPLY CHAIN

During the design phase, Iveco Group promotes the development of products using raw materials and/or components that can be easily dismantled, repaired, recovered, remanufactured or recycled. Indeed, in 2022, the percentage of spare parts sold by the Company that can be either reused or recycled reached 39%. Meanwhile, 6% of eligible products and materials were actually reused or recycled, for a financial benefit of €96.3 million.

Every year, our IVECO and FPT Industrial brands supply about 45 million spare parts through their dealerships and workshops. The goal is to maximise the adoption of a circular economy approach to generate new business through the centralised management of components over their entire service life. This approach allows us to offer customers spare parts of the highest quality, and to manage component end-of-life in an environmentally friendly manner. The centralised management of components is implemented under our *5R* project, which is progressively being rolled out across our service network.

A strategic sustainability target regarding the *5R* project was incorporated into our Strategic Business Plan: **to recover 100% of the cores from spare parts sold by year-end 2030**.

This sustainability target was also included in the Sustainability Plan (see pages 168-172 [↗](#)) and as an individual goal in the Performance Management process (see page 123 [↗](#)).

As at 31 December 2022, we had recovered 6% of the eligible cores from spare parts sold globally.

The *5R* project provides for the return of the cores from spare parts sold to the parent company, after which they undergo one of five processes:

- **remanufacture:** cores undergo a regeneration process
- **repair:** cores are repaired
- **reuse:** cores are still functional and are therefore refurbished and sold to customers as used
- **recover:** cores are disassembled, and the raw materials are either recovered by certified suppliers or reintegrated directly into the Company's production cycle
- **recycle:** cores are disposed of in an eco-friendly manner by certified companies.

**Remanufacturing** worn components (cores) reduces waste, reuses materials, and encourages the recycling of recoverable materials. Additionally, by avoiding the extraction of new raw materials, we reduce both energy use and greenhouse gas generation. Remanufacturing cores is an industrial process that ensures the same standards of operational performance as new, original equipment components, triggering a virtuous cycle of savings in raw materials and reductions in materials going to landfill. This process ensures reliability and reduced vehicle downtime for customers at competitive prices; furthermore, remanufactured FPT Industrial engines and transmissions come with a warranty of up to 36 months, which is three times the genuine parts' warranty period. Iveco Group manages the overall remanufacturing process, from the collection of cores from dealerships to the stocking of remanufactured products and their sale to end customers. As a result, our portfolio includes a full range of original spare parts to cover the entire life cycle of many of our products, as well as a broad selection of remanufactured components. This allows us to offer more environmentally friendly products, like-new quality, extended warranties, and good value since remanufactured parts save the customer an average 30% on list price.

A strategic sustainability target for remanufacturing was incorporated into our Strategic Business Plan: to ensure that **15% of net sales from spare parts are generated by remanufactured components by year-end 2026**. In 2022 the net sales from remanufactured components were 7.8% at global level, and 8.4% at European level.

This sustainability target was also included in the Sustainability Plan (see pages 168-172 [↗](#)) and as an individual goal in the Performance Management process (see page 123 [↗](#)).

The **repair** process is currently available at our dealers for less complex components, and at our plants for FPT Industrial engines.

For **reuse**, two options are available at this time: the first is the recovery of the main engine components that are still in good shape. These are resold as used parts, and often utilised to repair vehicles with a minimal residual value. After dismantling, the parts are cleaned, inspected, allocated a specific part number, and packaged. The benefit to customers is purchasing a part at half the price of the genuine one.

In 2022, we recovered 45% of engine components for selected engines, with a medium-to-long-term target of 80%.

The second option is to buy back unsold parts from dealers. These are put on sale, a preferable alternative to them lying unused in the warehouse for later disposal.

**Recovery** can presently only be conducted on noble metals, but we are working to extend it to other metal types.

**Recycling** is the final stage of the circular economy, applied to rejected parts or those not suitable for the other 4 processes. In Italy, an external supplier collects plastic materials from our plants for re-use. In 2022, around 700 tons were collected, of which 97% was reused.

In 2022, we conducted a study on spare parts' logistics flows, which analysed:

- the reverse logistics cost structure
- material and transport flows
- dealer support efforts
- a new process design
- a new ICT design concept
- the cost of a future concept and infrastructure.

Our next steps will focus on the activities to create a dedicated logistics hubs for core collection and subsequent allocation to one of the 5R processes, overseeing the entire life cycle of each component.

## GIVING VEHICLES A SECOND LIFE

OK TRUCKS sells and markets pre-owned vehicles certified by our Brand IVECO. The used vehicles, obtained through the company's *Buy Back* and *Trade In* programmes, undergo a complete reconditioning before being put back on the market.

After collection by IVECO, the used vehicles are carefully assessed by independent partners, with about 120 checks and inspections performed to guarantee the operational reliability of the following components: interiors, on-board electrical and electronic systems, cabs, bodywork, chassis, braking systems, engines, fuel systems, gearboxes and distributors, clutches, cooling systems, heating and air conditioning systems, equipment, and hydraulic systems. All checks and interventions are carried out following set procedures and using only original IVECO spare parts and components. Once a vehicle has been duly reconditioned and passed every internal certification step, it is offered to customers as a second-hand vehicle that is both reliable and in perfect condition.

In addition, OK TRUCKS also offers a wide range of services, such as warranties valid across Europe, mobility services, a 24-hour toll-free service number, as well as leasing and financing solutions (which can be tailored). A professional team assists customers in selecting the most suitable second-hand vehicles for their businesses, so as to get the best value for money and best total cost of ownership (TCO).

OK TRUCKS is present in more than 20 European countries and is affiliated with the entire network of IVECO workshops. This means that customers have access to the same level of service and assistance as if they had purchased a brand-new vehicle.

Through OK TRUCKS, IVECO has committed to extending product life cycles, so supporting a sustainable business model.





# 03

# SOCIAL DIMENSION



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# Human and Labour Rights Management

## Our Regulations

At Iveco Group, we work hard to create long-term sustainable value for all our stakeholders, an objective that we believe cannot be achieved without respect for fundamental human rights. We uphold the protection of these rights in all our operations, and seek to promote respect for the same principles by others over whom we have an influence, particularly our contractors, suppliers, and all other entities and individuals with whom we have a business relationship. Furthermore, we will not establish or continue a relationship with any counterpart that refuses to respect the principles of the Iveco Group Code of Conduct, which explicitly endorses the protection of human rights.

This commitment of ours is also specified in our Human Rights Policy, which supplements the Iveco Group Code of Conduct, and in the Supplier Code of Conduct. These documents are available on the Company's website.

While it is the responsibility of all covered persons<sup>1</sup> to ensure respect for human rights, our Senior Leadership Team (SLT, see page 32 [↗](#)) retains executive oversight and has responsibility for the implementation of the Human Rights Policy. Iveco Group's Board of Directors oversees the policy's implementation at Company level and is responsible for ensuring adherence to the commitments therein, while Company managers are responsible for overseeing its application at local level.

The human rights principles included in the aforementioned documents are consistent with the spirit and intent of the United Nations' (UN) Universal Declaration of Human Rights, the OECD Guidelines for Multinational Companies, and the relevant Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO).

<sup>(1)</sup> Covered persons collectively include: Iveco Group N.V. and its subsidiaries; the directors, officers, and employees of such entities; and those acting for or on behalf of such entities, comprising all parties the Company conducts business with, including, but not limited to: suppliers, service providers, sales representatives, agents, consultants, dealers, distributors, importers, resellers, and joint venture partners.

The Company's Code of Conduct and policies apply to all directors, officers, and employees, as well as to those acting for or on behalf of all Iveco Group companies worldwide. As regards our suppliers, in addition to their adherence to the values outlined in the Code of Conduct (see page 143 [↗](#)), their selection is also based on their social and environmental performance.

Iveco Group handles the risks associated with human rights violations through its Enterprise Risk Management (ERM) system. Based on our ERM methodology, a risk is defined as any event that could affect our ability to meet our objectives. This approach enables us to identify risks and evaluate their significance in a timely manner, giving us the ability to take action to mitigate and, where possible, eliminate them.

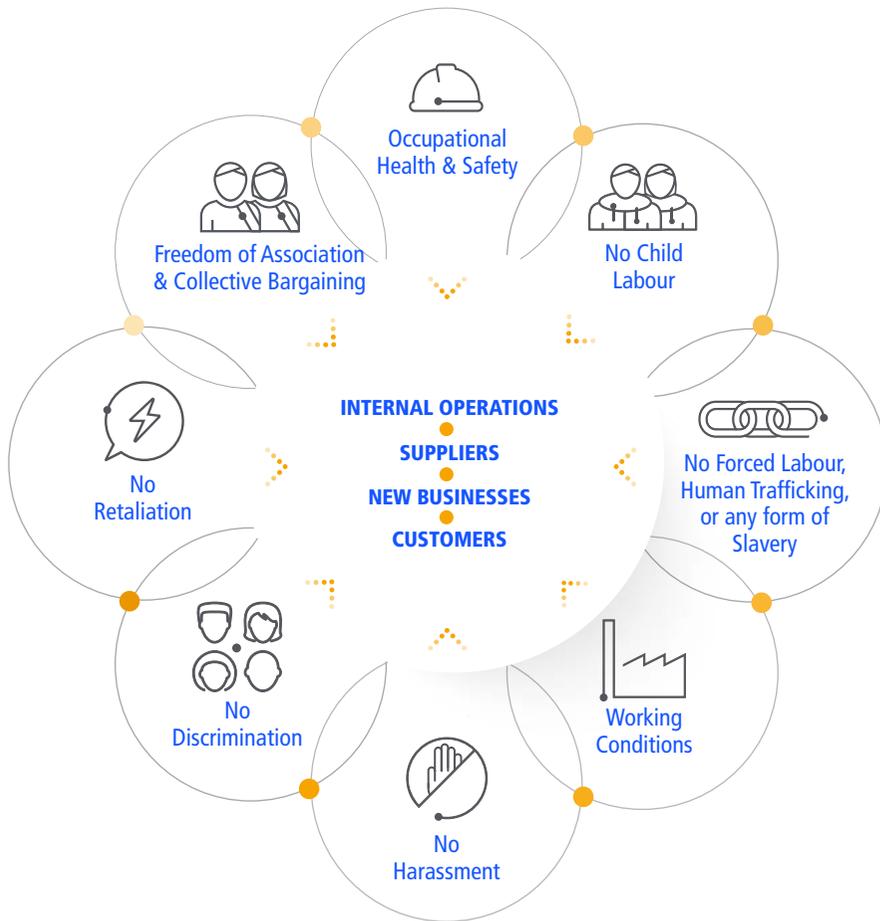
There are specific procedures in place at Iveco Group to monitor respect for human rights across our operations, enabling us to assess the potential impact of our activities in this regard and implement mitigating and preventative measures where needed.

To this end, a Compliance Helpline (see page 41 [↗](#)) is available to all Iveco Group employees, customers, suppliers, and other third parties to report potential violations of applicable laws, Company policies or the Code of Conduct.

In addition, we offer training on specific human rights issues.

In 2022, **online training** on human rights and other Code of Conduct aspects was delivered to approximately 11,357 employees worldwide (salaried and above) for a total of 4,766 hours. The course also included a specific module called *Creating a Respectful Workplace*, focusing on tackling harassment and discrimination and other aspects covered in our Human Rights Policy.

Iveco Group’s approach to the management of human and labour rights focuses on 8 main areas, as illustrated in the following diagram.



**No Child Labour**

As stated in our Code of Conduct, Iveco Group prohibits the employment of child labour – specifically, of anyone younger than the minimum legal working age in force where the work is carried out and, in any case, of anyone younger than 15, unless an exception is expressly provided for by international conventions and by local legislation. We also refrain from establishing or maintaining business relationships with suppliers that employ child labour. For information on how we address this aspect in the management of our supply chain, see page 139 [↘](#).

**No Forced Labour, Human Trafficking, or any form of Slavery**

As set forth by our Human Rights Policy, Iveco Group does not tolerate the use of forced or mandatory labour, slavery, human trafficking, or sex trafficking by any covered person<sup>2</sup>. Human trafficking is defined as arranging or facilitating the travel of another person with a view to that person’s exploitation. It is immaterial whether or not that person consents to such travel. Similarly, our Supplier Code of Conduct states that no supplier may employ forced labour or engage in any form of human trafficking (whether by force, fraud or coercion), and that all forms of involuntary servitude, slavery, forced labour, sex trafficking, and commercial sex activities are strictly prohibited. For information on how we address this aspect in the management of our supply chain, see page 139 [↘](#).

**Working Conditions**

As per our Human Rights Policy, we ensure that all workers receive the legally mandated minimum wage and benefits, or higher; and that working conditions, working hours, and compensation are fair and comply with the laws, standards, and practices of the country of operation. To this end, at Iveco Group, overtime is performed and remunerated according to applicable local laws and customs, collective labour agreements, or industry standards. We also hire contract workers to respond to temporary needs for manpower during peak production times or for other purposes within the limits set by local legislation.

<sup>(2)</sup> Covered persons collectively include: Iveco Group N.V. and its subsidiaries; the directors, officers, and employees of such entities; and those acting for or on behalf of such entities, comprising all parties the Company conducts business with, including, but not limited to: suppliers, service providers, sales representatives, agents, consultants, dealers, distributors, importers, resellers, and joint venture partners.

**No Harassment**

As stated in our Human Rights Policy, harassment can take many forms, all of which are considered cruel, inhumane, and/or degrading. We prohibit and do not tolerate any type of harassment at Iveco Group. By way of example, racial or sexual harassment, or harassment related to other personal characteristics (the purpose or effect of which is to create a hostile work environment, violating the dignity of the person who is the victim of such harassment), or demanding any kind of sexual favour in exchange for a workplace advantage (e.g., a raise or to avoid being fired) is totally unacceptable to the Company, whether it takes place inside or outside the workplace.

**No Discrimination**

As per our Human Rights Policy, Iveco Group does not accept discrimination against employees in any form on the basis of: ethnicity, race, gender, sexual orientation, personal or social status, health, physical condition, disability, age, nationality, religious or personal beliefs, political opinion, or other protected status. The Company recruits and hires employees on the basis of their experience, knowledge, and skills, and is committed to providing equal opportunities to all employees, both on the job and in their career advancement<sup>3</sup>.

The head of Human Resources of each business unit/function, in collaboration with all personnel managers, is required to ensure that in every aspect of the employment relationship – be it recruitment, training, compensation, promotion, transfer, or termination – employees are treated according to their abilities to meet job requirements, and all decisions are free from any form of discrimination.

Through our Supplier Code of Conduct, our suppliers are also required to treat their workers in a fair and non-discriminatory manner, guaranteeing equal opportunities and the absence of any policy aimed at, or indirectly resulting in, discrimination towards them on any basis whatsoever, including but not limited to: race, gender, sexual orientation, social or personal status, health, physical condition, disability, age, nationality, religious or personal beliefs, political opinion, or other prohibited basis (in accordance with applicable laws).

For further information on how Iveco Group manages diversity and equal opportunities, see page 113 [↗](#).

For information on how we address this aspect in the management of our supply chain, see page 139 [↗](#).

**No Retaliation**

As stated in our Human Rights Policy, it is prohibited at Iveco Group to retaliate in any way against someone for reporting in good faith a violation of this or any other Company policy, the Code of Conduct, or applicable laws; or for participating in the investigation of a reported violation. Any instance of retaliation may result in disciplinary action, up to and including termination of employment.

**Freedom of Association and Collective Bargaining**

As per our Human Rights Policy, Iveco Group recognises that employees are free to join (or not join) a trade union, and respects their right to be represented by said unions (or other representatives established in accordance with applicable local legislation and practice) and to participate in collective bargaining. When engaging in negotiations with such representatives, the Company seeks a constructive approach and relationship<sup>4</sup>.

The same principles apply to our suppliers, which are required to allow their workers to freely join associations and bargain collectively, in accordance with local law, without interference, discrimination, retaliation, or harassment (see the Supplier Code of Conduct [↗](#)).

For further information on freedom of association and collective bargaining, see page 133 [↗](#).

For information on how we address this aspect in the management of our supply chain, see page 139 [↗](#).

**Occupational Health and Safety**

At Iveco Group, we consider health and safety in the workplace not only a fundamental employee right, but also a key component of our sustainability efforts, a prerequisite of every choice we make.

Our approach to occupational health and safety is both effective and constantly evolving, with preventive measures implemented at both individual and collective levels to minimise the potential for injury in the workplace. We seek to ensure industry-leading working conditions, in accordance with principles of hygiene, industrial ergonomics, and individual organisational and operational processes. Iveco Group also believes in, and actively promotes, a culture of accident prevention and risk awareness among workers, through training and information. All employees are required to act responsibly and follow all preventive measures for the protection of health and safety as per Company directives, which are circulated via targeted communications, instructions, informational material, and training (see the Health and Safety Policy [↗](#)).

<sup>3)</sup> As per Convention No. 111 of the International Labour Organization (ILO).

<sup>4)</sup> As per Conventions No. 87 and 98 of the International Labour Organization (ILO).

Suppliers are also required to provide and maintain a safe work environment in compliance with all applicable laws, as per the Supplier Code of Conduct.

For further information on occupational health and safety, see page 117 [↗](#).

For information on how we address this aspect in the management of our supply chain, see page 139 [↗](#).

Given the increasing focus on human and labour rights at national and international level, Iveco Group endeavours to contribute to the relevant policy debate, such as on the UN Guiding Principles on Business and Human Rights and regarding EU measures on responsible business conduct. Indeed, we have actively engaged with both the Italian Inter-ministerial Committee on Human Rights and the Ministry of Foreign Affairs, and with sector associations at national and EU level, to address human rights issues from a business perspective and to share best practices.

## CONFLICT MINERALS

Another demonstration of Iveco Group's respect for human rights is its stand against the use of natural resources extracted in conflict zones. To this end, we have adopted a compliance programme and a Conflict Minerals Policy intended to promote the **responsible sourcing of tin, tantalum, tungsten, and gold** (referred to as conflict minerals or 3TG) from the Democratic Republic of Congo (DRC) and surrounding region, where revenues from their extraction have historically funded armed conflict and human rights abuses.

To perform its due diligence on the source and origin of 3TG in its products, Iveco Group has established a standard operating procedure, with specific measures implemented across our supply chain to address disclosure obligations on the source of any 3TG that may originate from the DRC or specific surrounding countries, in line with Regulation (EU) 2017/821 and subsequent amendments. The Company's due diligence process and measures have been designed to conform, in all material respects, with the due diligence framework presented by the Organisation for Economic Co-operation and Development (OECD) in its 2016 publication *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*<sup>5</sup>, including its Supplements on gold, tin, tantalum, and tungsten. This due diligence framework is also known as the OECD Guidance.

We are committed to making every reasonable effort to establish, and require affected suppliers to disclose, whether the products purchased contain 3TG obtained from sources that fund armed conflict or support inhumane treatment in the DRC or the surrounding region. Where

necessary, we have in place an IT infrastructure able to gather and analyse information on conflict minerals.

Our Conflict Minerals Policy (which also applies to our suppliers), and the General Purchasing Terms and Conditions (GPTC), require affected suppliers to conduct a reasonably comprehensive enquiry into the existence and origins of any 3TG in their respective supply chains, and to provide written evidence of due diligence by completing the **Conflict Minerals Reporting Template** (CMRT). If the products sold to Iveco Group do contain 3TG, suppliers must identify their sources and eliminate procurement, as soon as commercially feasible, of products containing 3TG obtained from sources that fund or support inhumane treatment in the DRC or surrounding region. We reserve the right to reassess future business dealings with suppliers that fail to comply with this policy.

## RESPONSIBLE USE OF COBALT

Cobalt is becoming an important material for Iveco Group, being a key element in the lithium-ion rechargeable batteries used in electric vehicles that, as we know, play a significant role in reducing greenhouse gas and polluting emissions. Cobalt is also used in the production of magnetic, wear-resistant, and high-strength engineering alloys, properties that are all critical in efficient vehicle design.

The world's largest producer of cobalt is the Democratic Republic of the Congo (DRC), holding more than 50% of global cobalt reserves. In recent years, annual cobalt consumption globally has trended upwards and is expected to rise significantly over the medium term. However, many reports have highlighted concerns over the social and environmental impacts of cobalt extraction, including the use of child labour and unsafe working conditions in artisanal cobalt mining operations.

Having previously benchmarked various companies' best practices under our former corporate structure, in 2022 we surveyed key lithium-ion battery suppliers on their sourcing information in light of our plan to implement a wider due diligence process on the responsible sourcing of cobalt throughout our supply chain.

Furthermore, given that the recently updated European Battery Regulation is introducing a new due diligence policy for several raw materials contained in batteries – cobalt, natural graphite, lithium, and nickel – we have readied ourselves to work with our supply chain and all other stakeholders to evaluate the social and environmental risks of using them.

<sup>5</sup> Third edition, OECD Publishing [↗](#).

# Human Rights Assessment

Iveco Group monitors respect for human rights across its internal operations and throughout its supply chain and customer base by means of dedicated processes for each area, as described in the following sections.

## INTERNAL OPERATIONS

To monitor human rights across internal operations, we have set up a structured process that helps us identify potential risk/non-compliance areas in need of further assessment and implement mitigation measures accordingly, if needed.

The initial **self-assessment** phase of this process, overseen by the HR Department in the country of reference, covers compliance with our Human Rights Policy and with international human rights standards. A second phase of **on-site audits** analyses any critical issues that emerged from the self-assessments, and then defines any remedial actions needed with a view to continuous improvement.

The Company also conducts detailed human and labour rights risk assessments when acquiring significant **new businesses, operations, and projects**. Such assessments may be conducted during the relevant due diligence process and often with the assistance of specialised external law firms or other professional advisors.

### Self-Assessments

To monitor respect for human rights within our **internal operations**<sup>1</sup>, each year the Company conducts an impact assessment survey that involves several countries selected in rotation so as to cover 100% of internal operations every 3 years. The aim of the survey, which is based on self-assessment questionnaires filled out by Iveco Group's HR country managers, is to identify and prevent any adverse corporate impacts on the following human rights aspects:

- non-discrimination and the right to equal remuneration (also covering the rights of women, indigenous people, and migrants)
- child labour and young workers
- forced labour (including, among others, human trafficking)
- harassment

<sup>(1)</sup> Joint ventures in which Iveco Group holds at least a 51% interest are included in the perimeter.

## GRI 412-1; 408-1

- freedom of association (including, among others, the right to collective bargaining)
- occupational health and safety.

The impact assessment also focuses on the promotion of local communities' social and economic development based on their specific needs.

### Internal Human Rights Assessment

Iveco Group worldwide

YEAR	Countries involved	Global workforce involved (%)	Employees involved (no.)
2022	Austria, France, Germany, Italy, Portugal, Spain, Switzerland	72	25,768

In 2022, in each geographic area evaluated, the assessment confirmed the presence of policies and controls designed to ensure respect for human rights, in line with local legal requirements, and did not identify any particular concerns or issues, including in relation to child or forced labour and freedom of association. The assessments complied with the requirements of Art. 17 and 18 of the Guiding Principles on Business and Human Rights, 2011<sup>2</sup> (the Ruggie Framework).

Every year, we also perform a specific assessment of the entire workforce focusing on the presence of child labour across Iveco Group's legal entities and on the level of compliance with our Code of Conduct's child labour principles. The survey conducted in 2022 on 100% of our total workforce<sup>3</sup> confirmed that none of our legal entities employed individuals under the statutory minimum age for employment or apprenticeship set by local legislation. The survey also showed that no minor under the age of 18 employed by Iveco Group under a regular employment or apprenticeship contract was exposed to hazardous working conditions<sup>4</sup>.

<sup>(2)</sup> United Nations' Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework 2011.

<sup>(3)</sup> Survey conducted on the total workforce as at 31 October 2022.

<sup>(4)</sup> For the purposes of the assessment, hazardous working conditions include: work with dangerous machinery, equipment or tools; the manual handling or transport of heavy loads; exposure to hazardous substances, agents or processes; exposure to health-damaging temperatures, noise levels, or vibrations; and work under particularly difficult conditions (long hours or night shifts).

**On-site Audits**

As per our risk management process, initial self-assessments of our performance in terms of respect for human rights across our internal operations are subsequently verified through on-site audits – or through virtual ones, when in-person audits are not possible.

The areas posing a potential risk to human rights are identified from the self-assessment results disclosed by internal operations and from the general risk assessment (GRA) performed the previous year; on-site audits are then planned accordingly.

On-site audits entail verifying the accuracy and completeness of the information disclosed by Iveco Group’s HR country managers, reviewing any documents, and interviewing the managers of the areas under audit. A report is drawn up to keep track of all relevant information on human rights issues and of any improvement measures identified by the audits. The report is subsequently passed on to the relevant corporate functions, along with any mitigation measures required.

In 2022, our Internal Audit Department carried out a human rights compliance audit at Iveco Group’s commercial vehicles plant in Sete Lagoas (Brazil), where production volumes have tripled in the last two years, to verify local employment practices and working conditions. The audit confirmed the plant’s compliance with the human rights principles stipulated by our Code of Conduct and Human Rights Policy. It also identified an opportunity to improve worker scheduling and attendance, which will result in more favourable working conditions and prevent excessive stress for certain workers in specific areas.

**SUPPLIER EVALUATION**

As regards suppliers, it is important to prevent or minimise any environmental or social impact arising from or related to the supply chain. To do so, Iveco Group assesses its suppliers on sustainability issues by means of sustainability self-assessments, risk assessments, and sustainability audits (see page 144 ↘), and implements a specific operational procedure to monitor their compliance and risks. In 2022, we identified 75 suppliers worldwide as presenting potential risks according to the following criteria: supplier turnover, risk associated with the supplier’s country of operation, supplier financial risk, level of participation in the assessment

process, and risk associated with the specific purchasing category. These suppliers were subsequently audited. Issues were identified for 8 of them, which agreed to a total of 12 corrective action plans for areas in need of improvement in terms of human rights issues (see page 146 ↘).

The improvement measures identified included:

- development of code of conduct contents
- identification of an individual responsible for all code of conduct aspects and dissemination.

Action plans are then monitored via follow-up meetings between each supplier and the Company auditor. In case of defaulting suppliers, further corrective actions are defined and implemented in agreement with the competent internal departments.

According to the assessment process, in 2022, no suppliers were considered at risk in terms of child labour, forced/compulsory labour, or violation of either freedom of association or collective bargaining. To the Company’s knowledge, there is no use of child or forced labour at the plants of its suppliers.

**CUSTOMERS**

Before engaging in a commercial transaction with a customer, Iveco Group conducts a due diligence screening and risk assessment. Company names, shareholders, and owners are screened against a number of lists – issued, among others, by the UN, the EU, and the USA – intended to counter, among other things, human rights violations. As an additional measure, when appropriate, the Company ensures that its sales agreements include specific end-user contract clauses, or end-user statements and/or undertakings, for certain transactions or locations identified as posing a high risk in the risk assessment. In AMEA<sup>5</sup>, Iveco Group introduced a more robust clause in its sales agreements that specifically refers to the obligation of all dealers and other third parties who distribute the Company’s products to comply with various human rights requirements when they resell Iveco Group’s products.

<sup>(5)</sup> Asia, Middle East, and Africa.

# Our People

## Context and culture

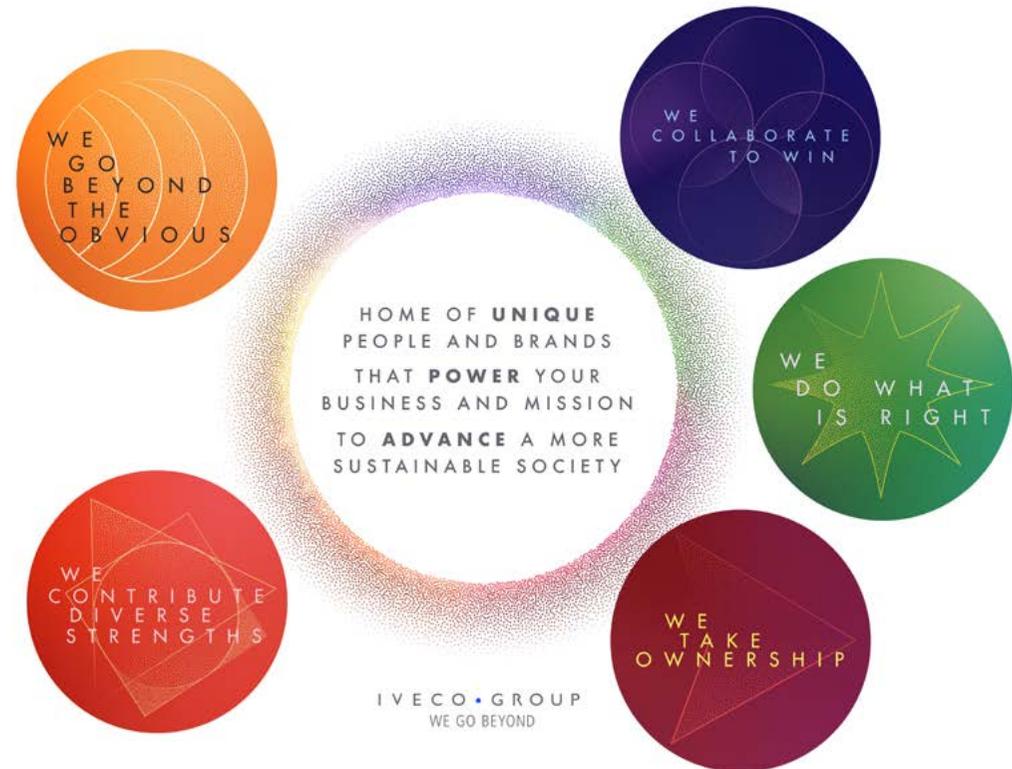
Our people are the engine that drives Iveco Group’s strategy and its ability to create and deliver long-term value. It is therefore a priority for us to accelerate their professional development, help them grow and strengthen their leadership capabilities, and improve individual performance through full engagement, while ensuring a safe working environment.

To attract and retain talent, it is critical to build and sustain a corporate culture of engagement and inclusion, combined with a willingness to promote and discuss it openly. For this reason, we believe in complete transparency when showing people how we do things. To this end, we have created an employee value proposition (EVP) that is both attractive and appealing, as a foundation for Iveco Group’s sustainable evolution.

Our Company is continually evolving to advance a sustainable society through growth, innovation, and highly engaged people. This requires a well-defined strategy, purpose, and values in which engagement is the glue that holds everyone together, ensuring we are all moving in the same direction.

Developing an inclusive and engaging environment is part of the Iveco Group business strategy presented to investors in November 2021. Indeed, engagement, diversity, and inclusion (see page 113 [↪](#)) are the foundations of sustainable development and underpin the work we do on Company culture and human capital management.

Purpose and Values



Using a bottom-up approach involving everyone within our organisation, we have defined the following 5 **key Values**, which are further translated into Behaviours. The use of ‘we’ emphasises the importance of adopting a collective approach in everything we do:

- We go beyond the obvious: this is about innovation, about taking the road less travelled, about being brave enough to explore and find unique solutions. It is what differentiates us from our competitors.
- We contribute diverse strengths: each of us is unique, and so is each of our Brands. We come with a broad portfolio of strengths, and we work as a team to utilise them.
- We take ownership: we take responsibility and aim to achieve high quality results.
- We do what is right: this is about ethics and integrity, and about doing certain things simply because they are the right thing to do, such as promoting diversity.
- We collaborate to win: what we achieve together as a Company is greater than the sum of individual achievements.

We have also laid the foundations for a culture of **continuous feedback**, strongly promoting two-way feedback by upskilling people across the organisation and by creating opportunities and role modelling for it. Two-way feedback involves asking for feedback, giving feedback, holding meaningful conversations, and acting upon it. Being a two-way exchange, a focus area was upskilling our managers, required not only to provide feedback to those under their supervision, but also to request feedback on their own performance and areas for improvement.

Iveco Group’s commitment to its people is stated in our Code of Conduct and Human Rights Policy. The Code of Conduct and corporate policies were approved by the Board of Directors and distributed to all employees, and are available on the corporate website and Intranet portal. For further information, see the Code of Conduct section on page 33 [↗](#).

The highest responsibility for matters concerning our people lies with the Senior Leadership Team (SLT, see page 32 [↗](#)). From an operational point of view, the Chief Human Resources & ICT Officer, who is also a member of the SLT, is responsible for the management of our people (including diversity, equity and inclusion, industrial relations, compensation and benefits, training and development, organisation, facilities, wellbeing, etc.).

Health and safety protection in the workplace, on the other hand, is promoted in every area and country of operation by a dedicated organisational structure (Environment, Health and Safety – EHS), established within the scope of the Manufacturing function (see page 117 [↗](#)).

In 2022, specific targets were included in the Performance Management process (see page 123 [↗](#)) for most of the managers responsible for our people.

Our commitment to our people is also reflected in the strategic sustainability targets incorporated into our Strategic Business Plan, to be achieved by year-end 2026:

- **to ensure that 23% of management positions are held by women**
- **to reduce the injury frequency rate by 40%** (compared to 2019, under our former corporate structure).

Several grievance mechanisms, such as the Compliance Helpline (see page 41 [↗](#)), are available to our people to report potential violations of corporate policies, the Code of Conduct, or other applicable laws.

Our Behaviours



# Our Workforce in Numbers

As at 31 December 2022, Iveco Group had 35,611 employees, an increase of 1,479 from the 34,132 employees as at 1 January 2022. The change was mainly attributable to the difference between new hires (approximately 4,500) and departures (approximately 3,000) during the year.

A decrease of approximately 200 employees was due to changes in the scope of operations, mainly due to the sale of 2HE SAS in France.

Excluding the changes in the scope of operations, the increase was attributable mainly to the hiring of workers on temporary and permanent contracts in manufacturing due to production volume increases. These were driven by market demand and by the launch of new products, primarily in the Truck business unit in South America and Europe and similarly in the Bus and Powertrain business units in Europe.

A significant increase in R&D personnel was due to the launch of projects aimed at strengthening the pool of skills and competencies relevant to the transition to innovative automotive technologies, particularly electrification, autonomous driving, alternative propulsion solutions, digitalisation, and cloud- and web-based software technologies.

GRI 2-7; 401-1

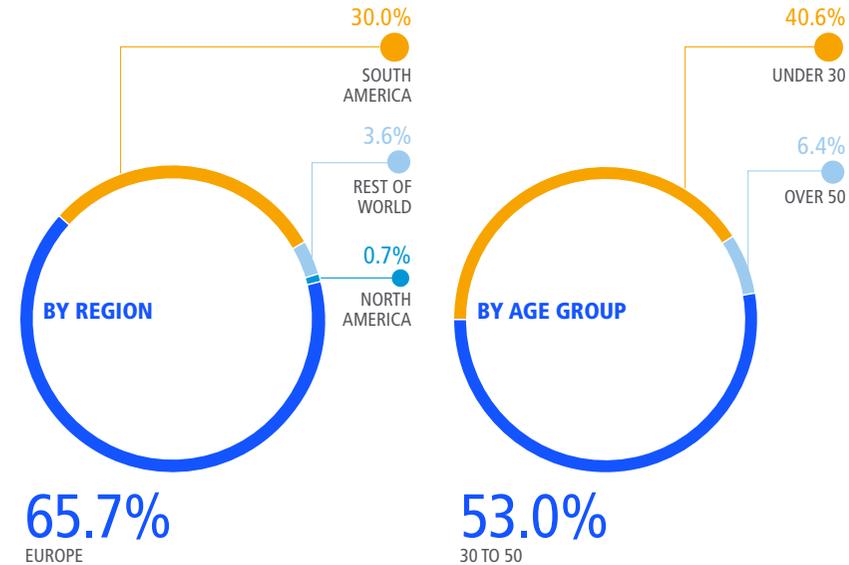
### Employee Turnover

Iveco Group worldwide (no.)

	2022
Employees at 1 January	34,132
New hires	4,538
Departures	(2,860)
Δ scope of operations	(199)
<b>Employees at 31 December</b>	<b>35,611</b>
Turnover (%)	8.0
New hires (%)	12.7

### 2022 New Hires<sup>a</sup>

Iveco Group worldwide



<sup>(a)</sup> As a percentage of total new hires.

In 2022, approximately 51% of new hires were employed under permanent contracts. Approximately 41% of new hires were aged under 30. Female employees accounted for 29% of the year's new hires, while male employees accounted for 71%.

In 2022, there were approximately 3,000 departures from the Company, 5.6% of which were collective redundancies following the reorganisation or rationalisation of operations, in some instances initiated in previous years (under our former corporate structure). Whenever possible, redundancies were managed through temporary social welfare mechanisms provided for by law, and through social programmes established in collaboration with trade unions and aimed at minimising the impact on employees. In all, 53.9% of the collective redundancies were managed through contract terminations at the Company's initiative, with payment of severance packages and other supporting measures more favourable than required by law, as per agreements with unions and/or employee representatives. 39.5% of the employees made redundant in accordance with such agreements will reach the retirement requirements within the timeframe covered by the unemployment benefit scheme, and will receive economic incentives more favourable than required by law.

Voluntary resignations with exit incentives at sites affected by collective dismissals accounted for 6.6% of total collective dismissals.

The Company also provides opportunities for transfers between business units. During the year, 518 Iveco Group employees transferred between legal entities within the same country, while 30 transferred to a different country.

More details on turnover data are available in the Appendix (see pages 202-205 [↪](#)).

95% of the Company's current employment agreements are permanent contracts, 98% of which are full-time. Temporary contracts represent 5% of all contracts. During the year, 2,016 contracts were converted into permanent contracts, 24% of which with female employees.

In Europe, there were 13 so-called non-guaranteed hours employees<sup>1</sup>, all of whom were male. Temporary hiring takes place in response to a temporary need for personnel, in line with applicable laws and the provisions of collective labour agreements (CLAs). As at 31 October 2022, agency contracts accounted for 3,818 of personnel. Most of these were hourly workers within the Manufacturing function. The number of hourly agency workers increased by around 15% in the last quarter of 2022 due to increasing production volumes. This type of contract is entered into or renewed in relation to business needs, as per applicable legislation and CLA provisions, and is thus ultimately subject to variation in relation to specific market requirements.

There were also 2,819 contractors<sup>2</sup> throughout the year, providing general services such as canteen work, cleaning, waste management, and maintenance.

<sup>(1)</sup> Non-guaranteed hours employees are those not guaranteed a minimum or fixed number of working hours per day, week or month, but who may need to make themselves available for work as required (e.g., casual employees, employees with zero-hour contracts, on-call employees) as defined by the GRI Standards (GRI 2-7).

<sup>(2)</sup> This figure is expressed as full-time equivalent (FTE) and calculated based on total hours worked.

## Diversity, Equity, and Inclusion

As stated in both our Code of Conduct and Human Rights Policy, Iveco Group does not accept discrimination against employees in any form on the basis of: ethnicity, race, gender, sexual orientation, personal or social status, health, physical condition, disability, age, nationality, religious or personal beliefs, political opinion, or other protected status. The Code of Conduct also states that harassment of any kind, such as racial or sexual harassment, bullying, or harassment related to other personal characteristics, which has the purpose or the effect of violating the dignity of the person who is the victim of such harassment, is unacceptable within the Company – whether it takes place inside or outside the workplace. We are committed to complying with all applicable laws prohibiting intimidation, bullying, or harassment of any kind (sexual or otherwise).

The responsibility for diversity, equity, and inclusion (DEI) lies primarily with the Senior Leadership Team (SLT, see page 32 ↘), led by our CEO, which is committed to creating a truly diverse and inclusive workplace where everyone benefits from equal opportunities based on their abilities and skills. Within the Human Resources & ICT function, the Talent Management Department is responsible for creating DEI programmes and initiatives and for promoting such a culture at all levels within the organisation, including in coordination with the HR heads of each business unit/function. This ensures that, in every aspect of the employment relationship – be it recruitment, training, compensation, promotion, or relocation – employees are treated based on their ability to meet the requirements of the job, and all decisions are free from any form of discrimination.

In 2022, we also established a **DEI Council** to oversee and promote diversity, equity, and inclusion within the Company. Our DEI strategy was defined based on the following 6 key pillars, which identify the areas we will work on as a Company, using a bottom-up approach:

- awareness and communication, regarding how we manage our key messaging and story telling
- career development programmes, which should be specifically tailored to employee diversity
- work-life balance, which entails supporting all employees in areas regarding, for example, paternity and maternity leaves as well as mental health (and how this issue is handled within the Company)

- the employee value proposition (EVP), encompassing how we attract, onboard, and retain diverse candidates
- gender pay gaps, currently being audited by an external third party
- hiring and mobility processes, while counteracting bias.

We **recruit** and **hire** employees on the basis of their experience, knowledge, and skills, and are committed to providing equal opportunities to all, both on the job and in their career advancement, as stated in our Human Rights Policy available on the Company's website and Intranet portal. Given Iveco Group's global presence, there may be differences in legislation among the countries where we operate, as well as different levels of awareness, concern, and ability among employees in applying the principles of non-discrimination. Our Code of Conduct and specific policies ensure that the same standards are applied worldwide. Indeed, as stated in the Code of Conduct itself, Company standards supersede in jurisdictions where legislation is more lenient.

To further strengthen our DEI efforts and outcomes, a strategic sustainability target was incorporated into our Strategic Business Plan: **23% of management positions to be held by women by year-end 2026**.

This KPI was also included in the Company Bonus Plan to provide goal alignment and as an incentive to reach the 2026 objective. In 2022, the percentage of management positions held by women at Iveco Group was 21.7%.

Many Company DEI initiatives were implemented throughout the year. For example, thanks to a partnership with the WINConference<sup>1</sup>, 20 of our senior female employees from across Iveco Group attended a career development and networking programme aimed at inspiring leadership and bringing organisations together to share best practices. The partnership also saw the Company's broader population (men and women alike) involved in a number of events to raise awareness of gender equity topics and best practices.

We also implemented various local programmes<sup>2</sup> aimed at attracting diverse candidates while raising awareness and understanding of gender topics. One example is the *Disability Awareness Day* held in France in November, engaging all site employees in conversations around the topic.

<sup>(1)</sup> Women's International Networking Conference.

<sup>(2)</sup> Projects implemented in Türkiye, the USA, the UK, Brazil, Austria, Poland, China, South Africa, France, Argentina, Spain, Australia, and Italy.



Another is the *D&I Week* organised in Brazil and Argentina, featuring livestreams on diversity and inclusion with a focus on unconscious bias, gender equity, and disability; around 1,000 people participated in the initiative.

At a more detailed level, **gender equity** is a focal point for the Company.

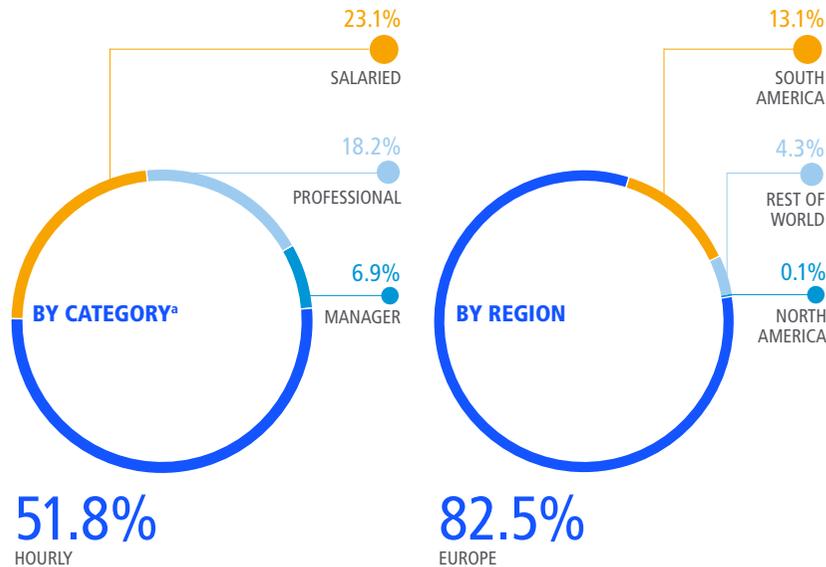
Women at Iveco Group constitute 18.4% of the global workforce. Female employees are mainly concentrated in the 30-50 year age group, and in the group with a length of service of up to 5 years. As regards distribution by education, 74.8% of female employees have a medium/high level of education (36% hold a university degree or equivalent, and 38.8% a high school diploma). More than 65% of the Company's part-time employees are female, and 33.5% of temporary contracts are with women.

In 2022, we conducted a survey<sup>3</sup> (to be repeated every 2 years) to monitor the employment of **people with disabilities**. It was carried out in 13 countries (where the law requires companies to employ a minimum percentage of workers with disabilities), covering more than 90% of the Company's global personnel. The survey showed that differently abled workers in these countries make up 5.3% of the total workforce. It also showed that differently abled women account for 36% of the total surveyed. In all of our other countries of operation, there is no legislation establishing minimum quotas for the employment of people with disabilities, although in some cases other forms of protection exist (i.e., related to working hours or workplace environments). In these countries, there are objective limitations to reporting the number of differently abled workers, as the information is sensitive and often subject to data protection legislation. As a result, the Company is only aware of an employee's personal status if he/she chooses to disclose it.

During the year, we also carried out an employee **nationality** survey<sup>4</sup> at Iveco Group legal entities in 8 countries, comprising 83% of our Company's workforce worldwide. The survey evidenced that 5% of employees were of a nationality other than the country surveyed. It should be noted that this percentage was higher for female employees (6%) than for male employees (5%). Germany, Italy, and Belgium were the countries where our legal entities employed the highest percentage of workers of a nationality other than that of the host country (11% in Germany and 7% in both Italy and Belgium). For female workers, the figure was 9% in Germany and 10% in Italy and Belgium.

2022 Female Employees

Iveco Group worldwide



<sup>(a)</sup> For more information on employee categories, see page 178.

<sup>(3)</sup> Survey carried out on 31 October 2022 in Austria, Brazil, China, Czech Republic, France, Germany, Italy, Poland, Russia, Spain, South Africa, Türkiye, and Ukraine.

<sup>(4)</sup> Survey carried out on 31 October 2022 in Belgium, France, Germany, Italy, Poland, Spain, Argentina, and Brazil.

# Compensation

Iveco Group adopts an overall progressive compensation system based on equitable criteria to ensure that all employees benefit from an inclusive work environment and equal opportunities. Our Company is committed to providing a base salary that, in compliance with local regulations, is competitive with the local market, affordable from a business perspective, and in line with our *achieve and earn* philosophy. Our compensation approach comprises several different components, delivering a comprehensive package that rewards employees for their contribution to the Company's results, allowing them to share in the business success they helped to create.

At Iveco Group, base salary, benefits and short- and long-term incentives are determined by market-driven benchmarks; this ensures that all our employees in the different markets around the world are treated fairly and objectively. The specific criteria for adjustments focus on closing gaps with respect to market position, giving priority to top performers.

As regards variable compensation, this is influenced by the individual employee's contribution, which undergoes a rigorous annual performance assessment deployed throughout the entire Company, with the same methodology applied to all eligible employees worldwide. Additionally, we employ a formal, monitored process to ensure our core equity and fairness principles are applied to compensation levels, annual salary reviews, and promotions alike. These reviews are in line with our *reward* philosophy.

Thanks to the combination of the above measures, the Company's overall compensation approach guarantees equal treatment for all individuals regardless of age, gender, race, religious belief or other such factors or attributes.

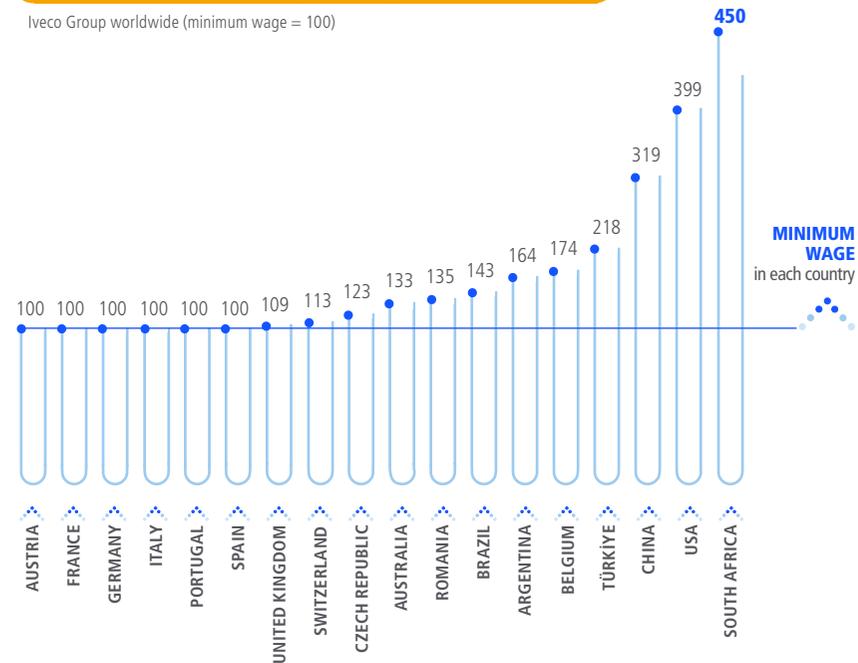
## LOCAL MINIMUM WAGES

In many countries, minimum wage levels are established by law (although in some countries there may be regional, state or other internal variations). Where no specific law exists, a minimum wage may be established by collective bargaining agreements between employer associations and trade union representatives. This, for example, is the case in Italy, Germany, and Belgium, where pay and employment conditions are negotiated at regional or national level with the possibility of further agreements on their application or supplementary terms and conditions at company level. There are other instances in which minimum wage levels are established based on specific economic, social, and political circumstances and therefore do not allow for cross border comparisons.

In 2022, Iveco Group analysed a number of its countries of operation, representing 98% of its employees, to evaluate the adequacy of entry-level wages in each. In all countries involved, our entry-level wages<sup>1</sup> were at or above the statutory minimum or collective labour agreements, as shown in the following graph.

### 2022 Comparison between Entry-level Wage and Minimum Wage<sup>a</sup>

Iveco Group worldwide (minimum wage = 100)



<sup>(a)</sup> Data reflects the effect of exchange rates.

<sup>(1)</sup> In accordance with the GRI Sustainability Reporting Standards (GRI Standards), an entry-level wage is defined as the full-time wage in the lowest employment category, on the basis of Company policy or agreements between the Company and trade unions. Interns and apprentices are not considered. For each country, results are based on the sector with the lowest entry-level wage. Figures reported are as at 31 October 2022.

## EMPLOYEE BENEFITS

Benefits can make up a meaningful part of the employees' total package, with a value that goes beyond their salaries and cash incentives. For this reason, we offer a competitive range of benefits normally available to all full-time employees, and in many countries also to part-time or temporary employees. Benefits may differ according to an individual's position and country of employment.

We conducted a survey on 98% of our workforce worldwide, covering all our major sites as at 31 October 2022, on the availability and adoption of various Company benefits (e.g., pension plans, supplemental health plans, financial support for those with accident-related permanent disabilities, life insurance, employee cafeterias or meal vouchers, etc.). Survey results are shown in the following table.

### Employees Entitled to Benefits<sup>a</sup>

Iveco Group worldwide (%)

Financial Benefits	2022
Supplementary pension plans	80.4
Supplementary health plans	80.5
Life insurance	52.1
Financial support for disability/invalidity	83.7
Employee cafeterias or meal vouchers	93.6
Transportation <sup>b</sup>	12.2
Social Benefits	
Childcare <sup>c</sup>	69.4
Sports facilities <sup>d</sup>	27.6
Wellness and nutrition programmes <sup>e</sup>	35.7
Other (e.g., flexible working schemes, emergency care/first aid, referral programmes, leave of absence, or other flexible benefits)	67.0

<sup>(a)</sup> Data as of 31 October.

<sup>(b)</sup> Includes benefits such as Company cars, fuel reimbursement, and transportation allowance.

<sup>(c)</sup> Includes kindergartens, summer camps/holidays, and other childcare services or educational assistance.

<sup>(d)</sup> Includes free gym access, gym/fitness courses, and other sports initiatives.

<sup>(e)</sup> Includes nutrition coaching, training on how to stop smoking, medical check-ups, vaccinations, medical screening, and other wellness programmes.

According to the survey, approximately 80% of employees were eligible for a supplementary **pension plan**, and 67% of them had joined one (representing 54% of the total population surveyed).

Supplementary pension plans fall into 2 categories:

- defined contribution pension plans, in which contributions (by the employee, the Company, or both) are defined at the outset, and benefits paid out depend on the total payments into the pension fund and the financial returns of the fund itself
- defined benefit pension plans, in which benefits paid out to employees are defined at the outset, while contributions may vary over time to guarantee the predefined benefit.

Most existing pension plans at Iveco Group companies are defined contribution plans.

In addition, nearly all our legal entities participate in supplemental **health care plans**, the majority being insurance-based. Levels of coverage vary by country, depending on the public health care system, tax and regulatory restrictions, and local market conditions. The survey showed that approximately 80% of employees were also eligible for a supplementary health plan, and about 75% of the eligible workforce had joined one.

During the year, we continued to promote a healthy lifestyle through wellness programmes (see page 129 [↘](#)) and by facilitating access to dedicated sports facilities.

## Health and Safety

Iveco Group's occupational health and safety strategy leverages effective preventive and protective measures, implemented both collectively and individually, to minimise risk of injury in the workplace. We apply principles of industrial hygiene and ergonomics to our managing processes (at both organisational and operational level) to ensure optimal working conditions, and adopt the highest standards (even in the countries where regulatory requirements are less stringent), believing this to be the best way to achieve excellence.

Under our safety management system, employees are integral to creating a culture of accident prevention and risk awareness, and are actively involved in identifying and reporting any actual or potential work-related hazards (e.g., by filling in specific forms). This proactive approach, combined with other tools such as training and awareness campaigns, allows us to share common, ethical occupational health and safety principles across the Company, and achieve improvement targets more effectively.

In 2022, the Company delivered 189,319 hours of occupational health and safety **training** (of which 119,663 on the job). This included general training as well as training on specific work-related hazards (e.g., working at heights or in confined spaces) and other topics (e.g., personal protective equipment, or PPE). The training's aim is to raise awareness and reduce operational health and safety incidents. On-the-job training involved 21,360 employees, 84.2% of whom were hourly. Specific refresher courses on safety rules and procedures are also delivered each year to contractors and agency workers.

We also require our suppliers and partners to comply with worker health and safety regulations, thus promoting high standards across the value chain to achieve continuous improvement. These principles are outlined in our Health and Safety Policy, adopted by the Company at its foundation, available in 7 languages to all employees and interested stakeholders via the corporate website. The policy also applies to all workers, including contractors and agency workers.

Iveco Group involves all employees and their representatives in the development, implementation, and evaluation of the occupational health and safety management system by:

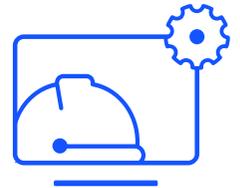
- arranging periodic meetings
- consulting with them to identify hazards, assess risks, define controls and preventive measures, and analyse incidents (presenting any such items at the above-mentioned meetings)

- engaging them in the development and revision of occupational health and safety objectives and policies
- collecting their feedback on the preventive measures adopted, on the organisation of the occupational health and safety management system, and on working methods and procedures.

Safety is a priority across the Company, as evidenced by the compliance of our management systems with the ISO 45001 international standard (see page 118 ↘).

We use consolidated monitoring and reporting systems – such as the SPARC (Sustainability, Performance, Analysis, Reporting, and Compliance) system – to track health and safety performance, measure the effectiveness of actions taken to achieve targets, and plan new improvement initiatives, all through the management of appropriate key performance indicators (KPIs). These indicators can be analysed at different levels (plant, business unit, geographic area, or Company), thus enabling the simultaneous engagement of different corporate functions at various levels to meet the targets set. We also perform periodic benchmarking, which helps drive the continuous improvement of our plants' health and safety performance. We have set ambitious annual targets for occupational health and safety, taking account of the particular work, experience, and technical advancement involved, while safeguarding employee health and the surrounding work environment. These targets, included in our Sustainability Plan (see page 168 ↘), are pursued by implementing the continuous improvement processes of our safety management systems. Furthermore, a specific strategic sustainability target (see page 15 ↘) was included in our Strategic Business Plan: **to reduce the injury frequency rate by 40% by year-end 2026** (compared to 2019, under our previous corporate structure).

We consistently carry out health and safety hazard identification and risk assessments for both our routine and non-routine activities, so as to establish specific action plans with quantified targets to address them. These action plans are prioritised based on risk assessment results, determining the short, medium and long-term countermeasures, which can include the modification or replacement of activities, materials, or processes as appropriate, particularly regarding the design (or redesign) of work areas, processes, and work organisation. The effectiveness of these activities is verified via periodic internal audits and management reviews.



MORE THAN  
**189,300**  
HOURS OF OCCUPATIONAL  
**HEALTH AND SAFETY**  
TRAINING DELIVERED

Risk assessments are conducted for normal, abnormal, and emergency conditions – as even emergencies require assessments and action plans to ensure they are dealt with promptly and effectively.

In addition, newly acquired plants are assessed based on existing processes and activities, to determine what interventions are necessary to achieve health and safety management compliance with Iveco Group’s standards.

### RESPONSIBILITY AND ORGANISATION

Iveco Group has established a consistent global organisational structure to safeguard and promote occupational health and safety in its activities across the countries in which it operates. Specific responsibilities in the fields of health and safety are defined in compliance with national regulations, and assigned by employers with clearly identified areas of accountability. Management at our plants and in the workplace rests with local employers. Employee health management (e.g., health monitoring, medical appointments, preventive consultations, vaccinations) is handled through in-house occupational medical services, delivered by specially hired medical professionals, and through similar external services regulated by ad hoc consulting agreements.

The highest responsibility for initiatives focusing on occupational health and safety at Iveco Group lies with the Senior Leadership Team (SLT).

Our central Environment, Health and Safety (EHS) function (which serves as a reference point for sustainability) coordinates and manages health and safety issues as per Iveco Group’s Health and Safety Policy. It periodically verifies performance against targets, proposes new initiatives, and defines health and safety policies.

Each plant’s EHS unit is responsible for dealing with occupational health and safety issues, as well as for providing specialised technical assistance to production managers and to those in charge of other processes at site level. Moreover, each plant manager is responsible for implementing specific projects to manage the occupational health and safety impact of manufacturing processes.

Lastly, our Board of Directors’ ESG Committee (see page 31 [↗](#)) is regularly informed of health and safety results, and comments where appropriate.

Individual health and safety targets were included in our Performance Management process (see page 123 [↗](#)) for plant managers and for most of the managers responsible for the projects indicated in the 2022 Sustainability Plan.

### CERTIFICATION PROCESS

The Company voluntarily certified its occupational health and safety management systems as per the ISO 45001 international standard, covering 23 Iveco Group manufacturing plants worldwide and accounting for 22,245 employees. Certifications are by accredited international bodies that are, in turn, continuously and rigorously monitored by other international organisations; they are issued following thorough checks, attesting to the high levels of reliability of our systems and effectiveness of our operational and procedural standards.

In 2022, we certified our occupational health and safety management systems as per ISO 45001 at some of our non-manufacturing sites, accounting for 3,043 employees at 7 different sites. This means that 30 Iveco Group sites worldwide (manufacturing and non-manufacturing) are now ISO 45001 compliant – covering 25,288 employees (about 71.5% of the employees within the reporting scope), as well as 2,755 contractors and 3,331 agency workers (representing, respectively, 97.7% and 96.6% of the relative populations within the reporting scope). All joint venture plants in which Iveco Group has at least a 51% interest are also ISO 45001 compliant.



#### ISO 45001 Certified Plants and Non-Manufacturing Sites

Iveco Group worldwide (no.)

	2022	2021	2020
<b>Certified plants</b>	<b>23</b>	24	25
Employees working at certified plants	22,245	22,359	20,749
Contractors working at certified plants	2,642	2,322	1,779
Agency workers working at certified plants	3,150	2,576	1,891
<b>Certified non-manufacturing sites</b>	<b>7</b>	7	6
Employees working at certified non-manufacturing sites	3,043	3,579	1,354
Contractors working at certified non-manufacturing sites	113	53	83
Agency workers working at certified non-manufacturing sites	181	128	81

We regularly verify the effectiveness of our management systems through documented and substantiated audits; these are performed either by our qualified internal auditors, or by external industry-specific auditors or independent certification bodies (second and third-party external audits).

In 2022, internal audits of our management systems covered 25,529 employees (about 72.2% of the employees within the reporting scope), as well as 2,018 contractors and 3,156 agency workers (representing, respectively, 71.6% and 91.5% of the relative populations within the reporting scope); external audits covered 25,288 employees (about 71.5% of the employees within the reporting scope), as well as 2,755 contractors and 3,331 agency workers (representing, respectively, 97.7% and 96.6% of the relative populations within the reporting scope).

**Audits and Workers Covered**

Iveco Group worldwide (no.)

	2022	2021	2020
<b>External audits</b>	<b>31</b>	32	33
Employees covered by external audits	<b>25,288</b>	25,938	23,164
Contractors covered by external audits	<b>2,755</b>	2,375	1,862
Agency workers covered by external audits	<b>3,331</b>	2,704	1,972
<b>Internal audits</b>	<b>289</b>	242	239
Employees covered by internal audits	<b>25,529</b>	22,987	20,790
Contractors covered by internal audits	<b>2,018</b>	1,678	1,615
Agency workers covered by internal audits	<b>3,156</b>	1,392	1,648

**SAFETY CULTURE**

The Company’s Health and Safety Policy promotes individual participation through communication and awareness activities designed to stimulate and motivate our staff to play an active role in the overall improvement process. This approach is particularly important in a multinational and interdisciplinary environment involving many cultures, multiple legal frameworks, and large numbers of people.

In 2022, we implemented several initiatives to promote a culture of safety and shared standards across the Company, including training and awareness activities to create a safer workplace. A few examples follow.

In **Turin** (Italy), interactive VR training on working at heights and on mechanical risks was provided to hourly employees at the Torino Motori and Torino Driveline plants. The aim was to increase learning and safety awareness, switching from theory to practice using virtual reality. Workers were also asked to share their experiences during team debriefs.

The plant in **Bourbon-Lancy** (France) launched a project involving both plant workers and external contractors, centred on the first-hand account of a severely injured work accident victim (from an external company). The touching testimony was a means of building awareness and helping participants reflect on the value of safety at work and on the possible consequences of work accidents, especially with regard to non-routine activities performed, for example, by workers in maintenance or logistics.

The plants in **Brazil** (South America) held many health and safety campaigns, such as the *SIPAMA - Internal Accident Prevention Week* organised to raise employee awareness by focusing on how to minimise accidents and occupational illnesses.

**CARING ABOUT OUR PEOPLE’S HEALTH**



At Iveco Group, we are always mindful of our people’s health and wellbeing, which we address through targeted initiatives. In Valladolid (Spain), an extensive programme was launched to promote health in the workplace, covering back health, therapeutic pilates, physiotherapy, nutrition, and ergonomics. In particular, a range of motion analysis was conducted on the plant’s workers using dedicated software, with data collected via sensors applied directly on the body. The study was further extended to assess improvements in: identifying occupational damage or disease; adapting work tasks to individual workers’ characteristics and health status; reducing the risk of musculoskeletal damage; and overall working conditions.

The above initiatives led to a decrease in occupational diseases and an increase in productivity. They also boosted workforce health and motivation, morale, and the overall climate.

## HEALTH AND SAFETY PERFORMANCE

### Accident Rates

Accident rates are a clear indicator of how successful a company is at preventing industrial accidents. Owing to our many initiatives, the overall employee injury frequency rate in 2022 was 1.942 injuries per 1,000,000 hours worked, a 2.6% drop compared to the result achieved the previous year (under our former corporate structure). Safety data relates to approximately 98% of employees within the reporting scope<sup>1</sup>.

#### Employee Injury Rates

Iveco Group worldwide

	2022	2021	2020
Injury frequency rate <sup>a</sup> (injuries per 1,000,000 hours worked)	1.942	1.995	2.039
Rate of high-consequence work-related injuries <sup>b</sup> (high-consequence work-related injuries per 1,000,000 hours worked, excluding fatalities)	-	-	-
Rate of recordable work-related injuries <sup>c</sup> (recordable work-related injuries per 1,000,000 hours worked)	2.199	1.832	1.599

<sup>a)</sup> The injury frequency rate is the number of injuries (work-related and non-work related, resulting in more than 3 days of absence) divided by the number of hours worked, multiplied by 1,000,000.

<sup>b)</sup> The rate of high-consequence work-related injuries is the number of such injuries reported divided by the number of hours worked, multiplied by 1,000,000.

<sup>c)</sup> The rate of recordable work-related injuries is the number of such injuries reported divided by the number of hours worked, multiplied by 1,000,000.

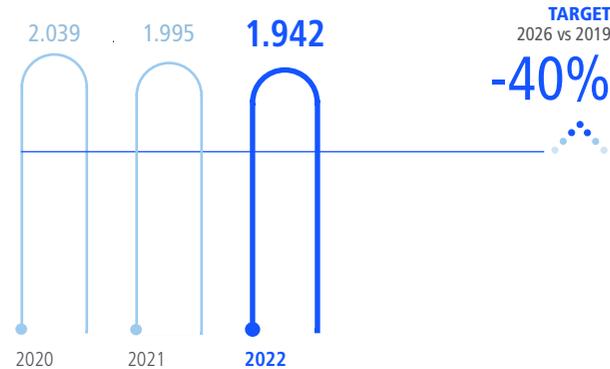
In 2022, for injuries involving contractors operating at Iveco Group sites worldwide, the overall frequency rate was 1.209 injuries per 1,000,000 hours worked.

For agency workers, the overall frequency rate was 1.482 injuries per 1,000,000 hours worked. In 2022, **no fatal accidents** or other high-consequence injuries were reported involving employees, contractors, or agency workers working at Iveco Group facilities worldwide.

<sup>1)</sup> The non-manufacturing data refers only to sites with a workforce of more than 30 people.

#### Employee Injury Frequency Rate<sup>a</sup>

Iveco Group worldwide (injuries per 1,000,000 hours worked)



<sup>a)</sup> The injury frequency rate is the number of injuries (work-related and non-work related, resulting in more than 3 days of absence) divided by the number of hours worked, multiplied by 1,000,000. The base year (2019) employee injury frequency rate is equal to 2.218 injuries per 1,000,000 hours worked. For information on the rationale for choosing 2019 as the base year, see page 176.

In the event of a work-related incident, a team is set up to conduct a field investigation and draw up a report to describe the event, analyse the root cause, and identify necessary countermeasures. During the follow-up, the team verifies the effectiveness of the countermeasures adopted, standardises them, and extends them to other areas subject to analogous risks to avoid any similar events in the future.

In 2022, 889 **near misses**<sup>2</sup> were reported and analysed. The remedial actions deemed necessary and implemented thereafter led to enhanced preventive measures contributing to further improvement. In addition, to improve the management of events (such as injuries, incidents requiring first aid, and near misses), unsafe acts, and unsafe conditions, and to enhance the effectiveness of the preventive measures in place, a number of activities were carried out across the Company to develop and disseminate tools with which to collect data on, analyse, and track such occurrences.

<sup>2)</sup> Near miss: an unplanned event that did not result in injury, illness, or damage, but had the potential to do so.

During the year, the main types of employee work-related injuries fell under one of the following 4 categories: contusions/bruises/abrasions; lacerations/punctures; fractures/dislocations/crushing; and strains/sprains. For contractors, the main categories were: contusions/bruises/abrasions and lacerations/punctures. For agency workers, they were: contusions/bruises/abrasions and fractures/dislocations/crushing.

**Occupational Diseases**

Specific occupational disease indicators reflect a company’s success in ensuring a healthy work environment for its employees. Occupational diseases are the result of lengthy, gradual, and progressive exposures during work activities to chemical, physical or biological agents harmful to workers.

We continually monitor occupational diseases in order to identify persistent working conditions that may have caused their onset, assess any residual risks and, if necessary, implement corrective and improvement measures to prevent recurrence.

Hazards with the potential to cause occupational illness are determined through risk assessments at each site; ergonomics issues were identified as the main such hazard in 2022. For the measures adopted or underway to eliminate these hazards and minimise risks, the section on Workstation Ergonomics.

**SAFEGUARDING HEALTH**

At Iveco Group, safeguarding employee health means more than reducing accidents and illnesses by identifying and eliminating hazards and minimising risks. In fact, we do our best to promote the psychological and physical wellbeing of our people through specific disease and disorder prevention programmes, backed up by assistance and support services (see page 129 [↗](#)).

We also strive to ensure industry-leading working conditions, in accordance with hygiene principles (including fully functioning WASH<sup>3</sup> services), industrial ergonomics, individual organisational and operational processes, and protocols in response to pandemics such as COVID-19.

**Work-Related Stress**

Iveco Group has implemented several initiatives to assess work-related stress. These include the adoption of a structured risk analysis process focusing specifically on our health and safety data, consistent with our Company characteristics in relation to the workplace, and in compliance with the specific regulations in each country of operation. Since work-related stress risk assessments are influenced by environmental, cultural, and psychosocial factors, we have also developed a specific training programme for employees at all levels to ensure the objectivity of risk assessments within any given country. Consequently, assessment outcomes may differ from country to country.

The systematic assessment of this type of risk helps us identify the most appropriate mitigation tools and promote employee wellbeing at all Company plants. The outcomes of this process are continually monitored to assess the effectiveness of the measures in place (e.g., through opinion surveys) and to implement new tools.

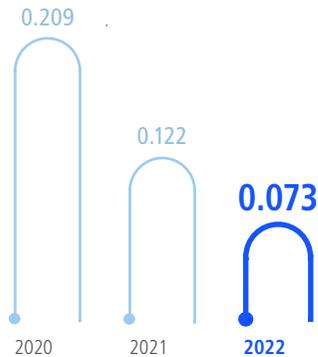
**Workstation Ergonomics**

We monitor workstation ergonomics at numerous plants across each geographic area, so as to prevent potential problems before they arise and identify and contain any critical situations. The probability and severity of an injury can be reduced by taking account of human physiology and of how people interact with equipment, right from the design phase of working environments.

<sup>(3)</sup> Water, Sanitation, and Hygiene. Acronym broadly adopted in the international development context and in the emergency sector with reference to access to adequate water supplies, sanitation facilities, and hygiene services.

**Employee Occupational Illness Frequency Rate (OIFR)**

Iveco Group worldwide (cases of recordable work-related ill health per 1,000,000 hours worked)



In 2022, there were 4 cases of occupational disease involving employees ascertained by the relevant insurance authorities in the countries of reference, while there were no cases of occupational disease involving contractors or agency workers operating at Iveco Group facilities worldwide.

To improve health, safety, and comfort, as well as employee performance, Iveco Group makes use of in-house expertise to study workplace ergonomics, often through virtual simulations and often in close collaboration with eminent universities.

The following are a few examples of the initiatives implemented in 2022 to improve ergonomics at various Iveco Group sites.

Several plants focused on collaborative robots (COBOTS), which are playing an increasingly important role in reducing workers' exposure to risk factors associated with ergonomics. The plant in **Annonay** (France), for example, introduced a COBOT to assist with sanding work, which helps the worker perform the task with less difficulty and fewer risks, thus improving working conditions. A COBOT was also installed at the plant in **Valladolid** (Spain) to assist with above-the-shoulders tightening operations. The system improves the ergonomic stress index by reducing muscle overload and unsafe positions during assembly.

The Powertrain plant in **Cordoba** (Argentina) was able to eliminate the ergonomic risk factors associated with tightening operations thanks to a series of assembly line improvements; specifically, the installation of an electronic screwdriver with a torque reaction arm suspended over the workstation, which absorbs the force applied during tightening and isolates it from the operator's hand.

### SAFETY IN E-VEHICLE PRODUCTION



The methodology involved in the manufacture of electric vehicles impacts the entire production process. Indeed, the presence of high voltage (HV) batteries requires an integrated approach in all phases of production, from logistics (storage, transportation, line feeding) to assembly (HV battery installation and housing), quality checks and testing, reworks, and after-sales services. Moreover, each phase requires specific risk assessments, new technological solutions to mitigate the risks identified, specific personal protection equipment (PPE) for workers, and training to qualify those working on the e-vehicles.

At Iveco Group, battery pack assembly is conducted at FPT Industrial's ePowertrain plant in Turin (Italy), which is the Company's most technologically advanced site in terms of innovative solutions to safely manage issues related to HV battery production.

As regards our e-vehicle production plants in Ulm (Germany), Rorthais (France), and Brescia (Italy), a number of technological solutions were introduced in the respective logistics and production areas, such as: thermal cameras to verify battery temperature; safe boxes for the recovery of suspected defective batteries; containment tanks to manage the risk of HV battery fires; dedicated firefighting systems; and testing systems for functional checks prior to battery installation.

# People Development

## PERFORMANCE MANAGEMENT

In 2022, using a bottom-up approach to engage our employees, we defined the Values at the core of Iveco Group’s management and development of human capital. These new Values are the essence of our Company’s identity and the foundation of our corporate culture. They reflect the way things are done at Iveco Group and shape our everyday Behaviours.

Behaviours are the expression of how we live our Values each day. They are tangible and observable elements and a key component of our Performance Management (PM) system, enabling the evaluation of how employees at all levels of the organisation act to achieve their set goals.

The PM process was adapted in line with our new organisational structure, Values, and Behaviours, and is one of the fundamentals of human capital management and development. It applies to managers, professionals, and salaried employees alike, and was designed to ensure consistency with the Company’s ongoing transformation. It aims to establish a transparent and two-way dialogue with employees, so as to define together how each individual can contribute to the organisation’s results by achieving agreed targets while acting in line with expected Behaviours.

We are currently in the process of creating a new management system called Performance Development, which will reflect the further alignment of our current PM system and process with our new Values and Behaviours. The new Performance Development system is expected by 2023.

### Performance Management System

As part of our Performance Management (PM) system, managers and employees sit down at the beginning of each year to discuss individual goals for that year. Individuals are then evaluated on their performance at the end of the year, focusing on two aspects – goal achievement and adherence to Company-endorsed Behaviours. Based on their evaluation, both aspects are plotted on a 9-square grid, providing a visual snapshot of overall performance. This performance-oriented model ensures that employees are evaluated not only on what they did, but also on how they did it.

The last phase of the process entails giving feedback to employees, a means not only to motivate them but also to facilitate open and positive relationships. The outcomes and the areas identified for improvement are openly discussed between manager and employee, paving the way for employee performance improvement. Upon completion, employees can access their respective evaluations online. Furthermore, at any moment in the process, they can enter details on their professional aspirations and request specific training (such as coaching, exposure to senior management, etc.) to address the areas identified for improvement. This unique skills mapping and appraisal process is supported by IT systems that give managers full access to up-to-date information on the people within their organisational unit, and on those indirectly in their reporting line. Individual employee evaluations are therefore also accessible to and can be examined by senior management within the organisational structure.

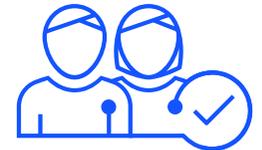
The main point is that our PM process provides a concerted management framework for employee development, one that is transparent and, above all, focused on the individual.

In 2022, we further adjusted the PM process by including a mid-year review checkpoint to encourage continuous two-way feedback, and by aligning Behaviours with our newly created Company Values.

During the year, 10,898 employees (salaried and above) were assessed via our PM system. The percentage of women engaged in the process was the same as the percentage of women employed by the Company. Furthermore, specific PM training was delivered to managers and employees worldwide.

Each employee is assessed through the PM system according to eligibility guidelines (for example, the employee must have worked at the Company for more than 3 months). Apart from a few exceptions for which PM is not required (for example, joint ventures in China), all salaried-and-above employees worldwide take part in the process.

In line with Iveco Group’s *achieve and earn* philosophy, designed to promote a culture of excellence and rewards, PM assessment results are used to determine the individual contribution component of eligible employees’ variable compensation. This demonstrates the extent to which our Company values a results-driven culture and rewards both achievements and behaviours.



**100%<sup>a</sup>**  
 OF SALARIED EMPLOYEES  
 AND ABOVE **ASSESSED**  
 VIA THE PM SYSTEM

<sup>(a)</sup> Based on eligibility guidelines and excluding organisations outside of the reporting scope

In 2022, we set key sustainability targets related to the Company's social, environmental, and climate change efforts (with the social ones also focusing on diversity, equity, and inclusion). These targets (the achievement of which affects variable compensation) were incorporated into the PM system, and duly assessed for relevant employees at different levels of the organisation, including Sustainability project leaders, Energy managers, Environment, Health and Safety managers, and other staff at plant level.

### TALENT MANAGEMENT AND SUCCESSION PLANNING

Universities, social media platforms, career events, and job fairs are a focal point of Iveco Group's recruiting efforts around the world.

We support several universities, which affords us privileged relationships, a strong presence on campus, and regular student internships. In some cases, we directly sponsor individual postgraduate students to carry out research projects on Company premises. In others, we award university scholarships to students studying in areas where the Company intends to recruit.

Iveco Group operates in dynamic, highly competitive industries where success is achieved by having talented individuals within the organisation, and by appointing the right people to key positions. These objectives are at the core of our talent management process, through which we identify the most talented employees and fast-track their development.

The selected individuals are offered professional opportunities that allow them to gain experience in other geographic areas or business units, which enables us to develop effective succession plans while giving priority to candidates from within the Company. In 2022, 43% of open positions across the Company were filled by internal candidates<sup>1</sup>.

The talent management process is implemented uniformly across different functions, business units, and levels of the organisation. Key individuals are evaluated and selected based on their professional performance, skill set, and potential for growth in positions of greater responsibility; this process directly involves management, from the immediate supervisors to senior management.

### GRI 202-2

In all countries of operation, Iveco Group encourages the appointment of local managers. However, the Company may opt for international appointments if considered to be development opportunities for talented individuals, or to ensure that specific skills and expertise are transferred between countries. In that case, the appointed manager is required to invest in the selection and development of a local successor.

The Company also deems it important to develop **internal human resources**. To this end, 52% of new manager level appointments in 2022 were internal candidates, the remaining 48% being external hires.

#### Managers of Local Nationality by Region<sup>a</sup>

Iveco Group worldwide (%)

	2022
Europe	91.2
South America	97.4
North America	90.0
Rest of World	86.6

<sup>a</sup> Local managers are those who come from the geographic area in question.

### TRAINING AND DEVELOPMENT

At Iveco Group, we believe that employee development is key to engagement and retention, both crucial to the Company's health, growth, and sustainability. Through training, the Company shares its operational and business know-how, as well as its strategy and Values.

We have adopted a Training Management Model to enable a more effective and flexible response to evolving training needs arising from changes within the Company and in the economic environment.



**43%**  
OF OPEN POSITIONS  
FILLED BY **INTERNAL**  
**CANDIDATES**

<sup>(1)</sup> Calculated by dividing the number of positions filled by internal candidates in 2022 by the total number of positions filled in the same year.

Training at Iveco Group entails a 4-step process: training needs identification, content development, programme delivery, and reporting. Ownership of each lies with different functions and business units, depending on which areas of content or expertise need to be improved.

The Training Management Model is business-oriented and therefore closely involves business functions on content areas such as:

- business and job-specific skills
- leadership and general skills
- shared tools, languages, soft skills, legal aspects and compliance, ethics, etc.

We manage our overall training process through an internet-based global learning management system, known as the ON LEARN platform. It allows the most effective and comprehensive learning process for each employee to be defined and managed based on business, location, and/or specific individual needs, and builds upon academies and training programmes specific to business units and functions.

Employees are given the opportunity to indicate development and training needs as part of their development plan, integrated into the Performance Management process, and to propose actions to support their personal development during the year and beyond.

Suggestions are shared with their direct managers and Human Resources (HR), and evaluated and implemented according to needs and priorities.

Training effectiveness and efficiency are monitored and measured based on the participants' satisfaction with the initiatives delivered and improvements in their knowledge/skills; in some cases, depending on the learning path, the Company also provides structured follow-ups.

Our Talent Management Department facilitates the overall training process by providing support to other functions and across business units; its team also guides the implementation of the Training Management Model by coordinating relevant activities with the HR departments of each function and business unit, focusing on the priorities that support Company strategy.

The Talent Management team centrally monitors:

- numbers of participants involved in training initiatives
- hours of training
- corporate training budget
- leadership development.

### Training in Numbers

In 2022, Iveco Group invested approximately €1.8 million in training, delivering a total of 402,131 training hours to 21,888 individuals, of whom 78% were men and 22% were women. Our training strategy relies on the use of in-house teaching experts, thereby enhancing efficiency as well as internal knowledge sharing.

#### Training in Numbers

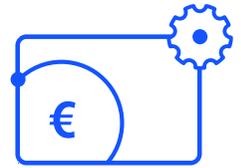
Iveco Group worldwide

	2022
Training hours (no.)	402,131
Employees involved in training (no.)	21,888
Average hours of training per employee (no.)	11.3
Average amount spent per employee (€)	50.3

In particular, most corporate learning campaigns are delivered online, which allows our people to pursue training when most convenient and minimises work disruption by allowing them to remain in their place of work. In 2022, 45,273 hours of online training were provided to 12,335 employees.

For details on the specific training modules delivered:

- Code of Conduct (see page 35 [↗](#))
- Anti-corruption and bribery (see page 36 [↗](#))
- Antitrust and competition (see page 37 [↗](#))
- Energy resource conservation (see page 77 [↗](#))
- Environment (see page 90 [↗](#))
- Occupational health and safety (see page 117 [↗](#)).



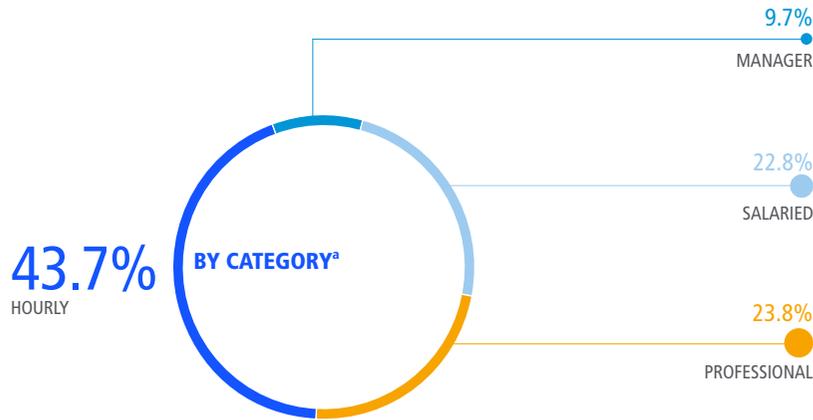
**€1.8**  
MILLION INVESTED  
IN TRAINING



Find out more  
about training data.

2022 Employees Involved in Training

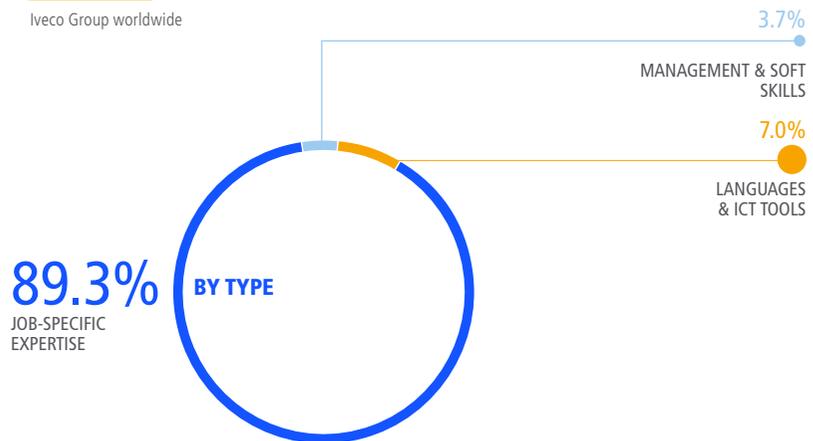
Iveco Group worldwide



<sup>(a)</sup> For more information on employee categories, see page 178.

2022 Training

Iveco Group worldwide



EMPLOYEE DEVELOPMENT PROGRAMMES AND TALENT RETENTION

Iveco Group firmly believes that a more skilled, engaged, and knowledgeable workforce is not only strongly correlated with improved performance, but also crucial to the sustainability of our business.

Key to individual development is the relationship with the manager, who regularly guides and coaches employees. To complement and further support development, the HR Department collaborates with business units on the development of specific programmes, for the most part customised to individual needs and always aligned with our Company Values.

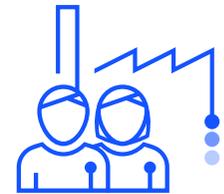
One of these is our *Human Centric Leadership* programme, a learning journey for current and future leaders within the Technology Department delivering a better understanding of how leadership roles must change and adapt, and of what will be required of tomorrow's leaders. Ultimately, the aim is to give our people the tools they need to grow into strong human-centric leaders.

As part of the development initiatives implemented in 2022, selected employees were given the opportunity to pursue further education (master/postgraduate programmes), funded by Iveco Group on the condition they remain with the Company for the period stipulated by respective regional policies.

People Development through the DOT Programme

At Iveco Group, we apply the principles of our Driving Operations Together (DOT) programme, which promotes the integrated management of all aspects within an organisation. The DOT holistic model supports a culture of operational excellence across the Company, and paves the way for developing a consistent and shared approach applied by everyone while aiming for best-in-class standards. As at 31 December 2022, 21 plants were participating in the programme, accounting for 99.7% of plant personnel worldwide and 99.8% of revenues from sales of products manufactured at Company plants<sup>2</sup>.

Our people play a pivotal role in the DOT programme, as reflected by one of its 11 commitments explicitly centred on people, recognising their essential role in helping us achieve excellence. This commitment focuses on building the teams of the future through effective knowledge and skill development, while raising awareness of and building a strong culture around improvements in safety, sustainability, quality, products, processes, and logistics.



MORE THAN  
**99%**  
OF PLANT PERSONNEL  
INVOLVED IN THE DOT  
PROGRAMME



Find out more about DOT.

<sup>(2)</sup> The percentage is calculated on 23 plants; for the complete list of these plants, see page 175.

This commitment is also about helping us establish a permanent competency development system within each plant, based on continuous skills gap analysis and evaluation, on the definition of targeted training to fill that gap, and on the development of appropriate learning paths.

The development of our people entails addressing some important challenges:

- zero accidents – creating a safety culture
- zero human errors – ensuring seamless interaction between people and systems, so as to improve process competencies
- developing outstanding technical professionals who can assess any facility’s current status, develop action plans to reach the desired status, and implement efficient and effective maintenance systems
- developing employees’ skills and competencies
- achieving excellent process control through the correct implementation of quality procedures
- involving and motivating people to assume responsibilities within a continuous improvement environment.

### THE LAUNCH OF THE DOT PROGRAMME



First implemented in our manufacturing areas, Iveco Group’s DOT programme began in the second quarter of 2022, with 2 launch campaigns and the streaming of a manufacturing meeting attended by 640 people. The pilot phase tested the new improvement programme directly on the shop floor and involved the plants in Annonay (France) and in Turin, Suzzara, and Foggia (Italy), with 858 people present including function managers and specialists. We also held several webinars to explain the ins and outs of the programme’s continuous improvement model to 1,433 people working at the plants.

In the third quarter of 2022, the Manufacturing DOT team began working on extending the programme to other production plants; 6,189 people have since received online or in-person technical training delivering the expertise and skills required by the programme.

We are already seeing the first results of the DOT programme at Iveco Group: since its inception, we have identified 1,620 improvement initiatives that support KPI-driven growth.

Our leadership approach to managing employee engagement ensures that our people’s wellbeing and input are valued, driven by the belief that the more passionate and engaged people are, the more productive they are; and the more their suggestions are heard, the more they become involved and feel valued by the organisation. In fact, the DOT programme’s framework enables our people to share their contributions and suggest improvement projects (known as *kaizen*) to optimise processes, which boosts their engagement while contributing to the Company’s growth.

### Outplacement

The Company has specific programmes in place to manage career transitions, helping employees move on to new jobs and find their bearings in the job market. In some countries, we also offer outplacement services outsourced to carefully selected external partners. Based on specific needs, and at the Company’s discretion, outplacement services are also offered to managers.

### PEOPLE SATISFACTION AND ENGAGEMENT SURVEYS

At Iveco Group, we use people satisfaction and engagement surveys not only for measuring the level of employee satisfaction and engagement, but also for identifying improvement opportunities that meet the needs and expectations of the entire organisation.

We also collect the information from exit surveys and/or interviews with departing employees worldwide. The goal is to understand what employees look for in a new organisation and gain awareness of any potential areas of dissatisfaction. Departing employees are asked to complete a questionnaire on management, career development, Company culture, and the work environment. The HR Department consolidates this data and shares specific business unit feedback with the relevant managers, in order to address specific areas of concern within each area.

Similarly, new hires are required to fill out questionnaires after 30 and 210 days of employment, providing valuable feedback on their first months at the Company.

In 2022, as part of our *Voice* culture transformation programme, we set up a survey to measure and monitor the engagement of our employees. After filling out the questionnaire, participants were asked to take part in so-called Dialogue & Action sessions, held at each team level across the organisation to discuss survey results and agree/follow up on specific actions for improvement. These sessions involved more than 1,600 teams.

**Voice Engagement Survey Results**

Iveco Group worldwide

**2022**

Total participants (%)	86	
Overall engagement score (out of 5)	3.46	
Engagement score by gender (out of 5)	Men	3.46
	Women	3.47
Engagement score by age (out of 5)	Under 30 years	3.59
	31 to 40 years	3.52
	41 to 50 years	3.41
	51 to 60 years	3.39
	Over 60 years	3.48

**Voice**

In 2022, to pursue the principle of engagement still further, we launched our *Voice* culture transformation journey, starting with the design of an engagement survey with very specific aims in mind: it was partly intended to assess levels of engagement, and partly to find out what our own people think the Company’s purpose and Values should be. The survey, like the overall culture journey, centres on a bottom-up approach by which we listen and give voice to the entire organisation, thus working from within. Indeed, it was the first time we had involved everyone in a project of this kind.

We also engaged customers and partners from outside Iveco Group, to understand their perceptions of our purpose and Values, so obtaining feedback from both within and outside the Company.

We used various methods to reach as many people as possible, including surveys, interviews, focus groups, and site visits. The *Voice Engagement Survey* was sent out to over 34,000 people in 38 countries, of which 29,012 responded. We held 51 one-hour interviews with Company Board members, senior leaders, plant managers, customers, and business partners, as well as 17 focus groups with salaried and hourly employees in various countries involving over 250 people. Furthermore, we held 6 on-site visits in 5 countries<sup>3</sup>, during which we shadowed people while they carried out their work to give us a more detailed understanding of their Values and Behaviours.

Our *Voice* journey towards creating an engaging workplace is a three-pronged process: define, drive, and sustain. This means defining the key pillars and processes that underpin the Company; driving dialogue and action within that space; and sustaining the whole process by ensuring we build upon the positive things we are currently doing and keep moving in the right direction.

Using this feedback, combined with that of several other interviews, visits, and workshops that we ran globally, we identified Iveco Group’s purpose statement and Values.

To effectively communicate our purpose and Values to the entire Company, and explain where they originated, we held major roadshows over the year (in multiple languages) at all our sites.



OVER  
**29,000**  
PEOPLE RESPONDED TO  
THE VOICE SURVEY

<sup>(3)</sup> Brazil, Czech Republic, Germany, Italy, and Spain.

# Welfare and Wellbeing

It is common practice at Iveco Group to offer our employees wellbeing initiatives in addition to traditional benefits (such as health care), going beyond our legal obligations in the countries where we operate. Time and money saving initiatives and flexible working arrangements help our people balance their personal commitments, while family initiatives, engagement with the community, and involvement in Company life cultivate employee motivation, pride, and a sense of belonging in the workplace.

## WORK-LIFE BALANCE

At Iveco Group, we recognise that our people’s wellbeing is directly linked to how well they can balance their professional and personal commitments; for this reason, we offer several programmes and services to help employees meet these obligations.

**Childcare** is an area where managing costs and time is crucial. We provide various types of assistance to our employees, including childcare nurseries, discounts at local day care centres, direct subsidies, school kits, and the flexible use of benefit funds for childcare expenses.

**On-site services** help our people make the best use of their time during working hours. It should be noted that in 2022 we had to adapt or suspend some of our services at various locations due to the pandemic.

In many locations, we offer on-site canteens, snack shops, and other meal services or vouchers. Additional types of assistance include: laundry and dry-cleaning services or discounts at certain locations in the USA, Switzerland, Italy, and Argentina; on-site banking and other financial services (including virtual workshops) available to over 28,000 people; and on-site fitness equipment at 7 locations.

## Health and Wellbeing Initiatives

Throughout the year, we engaged our people in many health programmes as well as awareness initiatives on health risks, preventive measures, and global health issues such as HIV and cancer. In support of new mothers, designated lactation/breastfeeding spaces ensuring hygiene and privacy were made available at sites in Argentina, Brazil, Czech Republic, China, Switzerland, and the USA.

### 2022 Main Health and Wellbeing Initiatives



#### INITIATIVES

#### COUNTRIES (no. of locations)

#### PEOPLE INVOLVED (no.)

●●● Pink October campaign on breast cancer awareness and Blue November campaign on prostate cancer prevention	●●● Argentina, Brazil, France (all)	●●● (made available to) at least 3,000
●●● Mental health campaigns (e.g., Yellow September)	●●● Brazil, UK (all)	●●● (made available to) at least 2,200
●●● Dengue fever awareness and prevention initiatives	●●● Brazil (all)	●●● (made available to) about 3,000
●●● Special programmes for pregnant women and/or new parents	●●● Brazil, Argentina, France (all)	●●● 170
●●● Annual medical screenings, health checks, and/or other lab analyses	●●● Argentina, China, USA, Brazil, France, Germany, Czech Republic, Portugal, Italy (all)	●●● (made available to) about 4,100
●●● Cancer screenings (breast, prostate, colorectal, cervix)	●●● Brazil (6); Spain and France (1 each)	●●● (made available to) about 3,000
●●● Vaccination campaigns	●●● France, Germany, Czech Republic, UK, Belgium, Argentina, Brazil, Spain, Italy (all)	●●● more than 4,000

### EMOTIONAL CHECK-UP



At Iveco Group, we care about our people’s mental health, especially following the challenges of COVID-19. To this end, we launched our *Emotional Check-Up* initiative, to offer employees mental health assessments, map the current emotional climate, and help the Company plan how to best support those facing depression, stress, trauma, isolation, and anxiety. In Brazil, the initiative benefitted around 590 people, with urgent cases referred to a specialist. Under this initiative, managers are tasked with submitting reports on our people’s mental wellbeing to the Human Resources and the Environment, Health and Safety departments, which use them to plan collective action accordingly.

### Flexible Working

Iveco Group believes in improving employee wellbeing through flexible work arrangements, as permitted by local customs and regulations, by the organisational requirements in place, and by the job position assigned to the employee. By allowing flexible working hours, including part-time employment, we help our employees reconcile work demands with family responsibilities, enabling them to balance their time to suit their needs (such as those related to childcare, care for the elderly, or other personal matters). These measures help the Company establish and maintain a positive working environment for all its employees.

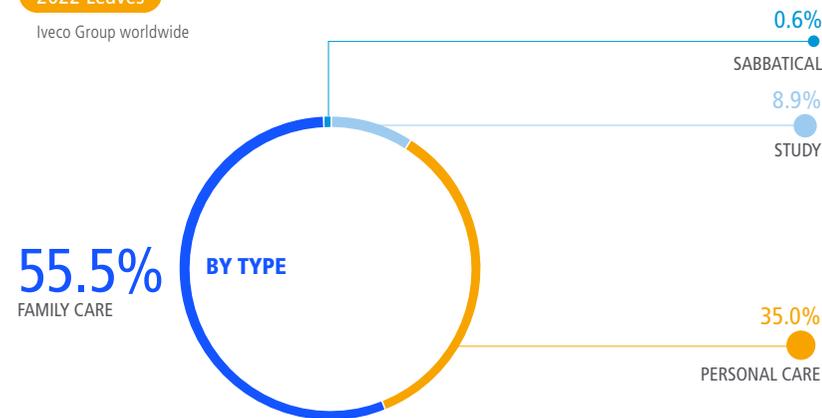
In 2022, we carried out a survey on the flexible working arrangements we offer to our people, focusing on flexible working hours and parental and other forms of leave. The wide-ranging results helped us identify appropriate action for improving employee work-life balance.

The survey revealed that approximately 92% of the employees surveyed<sup>1</sup> made use of flexitime. A separate survey<sup>2</sup> showed that, between January and October 2022, 9,480 employees (about 27% of Iveco Group’s total workforce) took leave to care for family members, for personal treatment and care (excluding all forms of compulsory leave for illness), or for study and sabbatical leave.

Overall, 32.4% of the above leaves (defined by Company policy or by agreements with trade unions or employee representatives) were more favourable than required by law, and 21.2% were granted to female employees. There are some instances in which the Company grants paid personal or family leaves. This is the case in Germany and Poland, where employees can take paid leave to care for a sick child, and in Belgium, where paid leaves are granted to employees whose children are receiving First Communion. In Italy, France, Belgium, Poland, and Brazil, employees are granted paid leave for weddings/civil unions and upon the death of a family member. In 2022, the type of leave most taken by employees was family-related (55.5% of the total), with 16.8% of this taken by female workers. Leave taken for personal treatment and care amounted to 35% of the total, with about 27.7% of this taken by female workers. Education leave comprised 8.9% of the total, 80.8% of which was taken by male workers. Sabbatical leave was 0.6%. We believe such benefits build a healthier, more motivated, and sustainable workforce that actively participates in the Company’s success.

#### 2022 Leaves

Iveco Group worldwide



<sup>(1)</sup> Survey of all Company employees, excluding hourlyies, carried out on 31 October 2022.

<sup>(2)</sup> Survey of all Company employees carried out on 31 October 2022.

During the year, we continued to expand a number of schemes (implemented under our previous corporate structure) that give our people the flexibility to work from different locations, and to launch new ones across the Company.

The *Work from Home* scheme, which allows people to work from home for up to 12 days per month, has been further extended and is now available in 25 countries.

Another flexible work programme, under which people can choose the time they clock in and out (within limits set by local policy), is available in 12 countries.

In Brazil, an hour bank allows employees to convert overtime hours into time off. They also receive an allowance for working from home, where applicable.

In Italy, we offer the *Venerdì Breve* (Short Friday) scheme, in which people can vary the number of hours worked per day, provided they work their set contractual hours per week (e.g., 8.5 hours from Monday to Thursday and 6 hours on Friday).

**Parental Leave**

The equal opportunities offered by Iveco Group with regards to maternity, paternity, and adoption are evidence of our commitment to encouraging both female and male employees to balance parental responsibilities with their careers. We grant parental leaves to all our employees in compliance with local regulations (labour law requirements may vary from country to country), collective labour agreements, and Company policies.

In 2022, 1,609 employees<sup>3</sup>, approximately 4.6% of Company personnel, took maternity, paternity, adoption, or breastfeeding leave. In terms of gender, 66.1% of overall leave was taken by male workers. Paternity leave accounted for 58.8% of the total, while maternity leave for 26.7%. Breastfeeding leave accounted for 14.5% and there were no adoption leaves.

**2022 Parental Leave**

Iveco Group worldwide (no.)

	Maternity leave entitlement			Paternity leave entitlement			Adoption leave entitlement			Breastfeeding leave entitlement		
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
Total number of employees entitled to parental leave <sup>a</sup>	6,388	-	6,388	28,742	28,742	-	30,647	24,446	6,201	19,674	14,687	4,987
	Maternity leave			Paternity leave <sup>c</sup>			Adoption leave <sup>c, d</sup>			Breastfeeding leave <sup>c</sup>		
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
Total number of employees taking parental leave <sup>b</sup>	430	-	430	946	946	-	-	-	-	233	118	115

<sup>(a)</sup> Number of employees entitled to parental leave as at 31 October 2022, as per applicable laws, collective labour agreements, and/or Company policies.  
<sup>(b)</sup> From January to October 2022.  
<sup>(c)</sup> In North America, paternity, adoption, and breastfeeding leaves are included in family care leave, and so are not included in the data for parental leave.  
<sup>(d)</sup> In many timekeeping/payroll systems, adoption leave is coded as maternity or paternity leave; therefore, the data for adoption is partial.

<sup>(3)</sup> Survey covering the period from 1 January 2022 to 31 October 2022.

In some cases, the conditions of parental leave granted by the Company are more favourable than those required by law. In Argentina, for example, the law requires companies to provide 16 weeks of maternity leave but does not require any of it to be paid. Our Company policy instead allows for 20 weeks of maternity leave, of which 4 are paid, followed by 8 weeks of working from home to ease the transition back to on-site work. In the USA, due to their size, Iveco Group companies do not meet the requirements of the Family Medical Leave Act, which provides for up to 12 weeks of unpaid leave for family or medical reasons; however, as per Company policy, employees are allowed up to 12 weeks of paid maternity leave. In the UK, by law, employees can take up to 2 weeks of paternity leave, paid at the relevant statutory rate or at 90% of their average weekly earnings (whichever is lower); however, our Company policy provides for the first 3 days to be paid in full, and the remaining days at statutory pay. In France, there is no statutory breastfeeding leave, the law stipulating an absence of 1 hour a day (30 minutes in the morning and 30 minutes in the afternoon); however, in accordance with a specific agreement between Iveco Group and the trade unions, our companies allow 8 weeks of breastfeeding leave, paid at 75% of the employee's gross earnings.

### SENSE OF BELONGING AND PRIDE

We have developed various initiatives to foster our employees' sense of belonging and pride in the Company, such as volunteering, Family Days, scholarship programmes for employees' children, and sport events.

In response to the **emergency in Ukraine**, the Company took immediate measures to support the people afflicted by the war, as well as the women and men on the ground saving lives. Since February 2022, Iveco Group has supported its employees in Ukraine by: donating satellite phones to safeguard communications in the event of service interruptions, including with dealers and partners; setting up temporary offices in the western part of the country to ensure logistical support and housing for employees seeking refuge from the war; paying advance salaries and incentives in local currencies for immediate use; and providing assistance to all employees and their family members who were able to leave the country. Iveco Group's employees in Poland offered immediate support by setting up temporary accommodation in Krakow and elsewhere for employees from Ukraine and their families. Iveco Group's rapid response to these tragic events has created a very strong feeling of pride within the Company and beyond.

To foster a sense of belonging, we also planned many activities worldwide especially for our **people's families**. In December, the Iveco Group Industrial Village in Turin (Italy) was transformed into a winter village hosting a children's party, enjoyed by their families. Young children were met with gifts and festive surprises, games, activities, and entertainment. Festive holiday events were also held at many of our plants in Europe, bringing together our teams and families in Bolzano, Brescia, Foggia, and Suzzara (Italy), Madrid and Valladolid (Spain), and Ulm (Germany). In South America, employees and their families came together to celebrate the holiday season before their summer break. Celebrating our achievements and results with employees and their families is one of the ways we show our appreciation for our teams and build a sense of belonging. To this end, we saw Family Days organised in Italy, Czech Republic, Belgium, the Netherlands, France, Brazil, and Argentina. As part of our *BEYOND* event (see page 13 ↘), we organised a Family Day especially for employees and families, to give them the opportunity to explore Iveco Group's brands; the day featured interactive art installations and multiple initiatives.

In 2022, about 2,000 people at various Iveco Group sites donated 12,177 hours to **volunteering** activities, with numerous initiatives realised to focus on helping people, society, and the environment.

Sete Lagoas (Brazil), for example, is the home of the *Próximo Passo* programme (see page 165 ↘), which we have supported since 2007 under our former corporate structure. November saw more than 70 of our people (employees, children, and elderly family members) involved in a workshop on cultivating vertical vegetable gardens, held at *Próximo Passo's* headquarters, during which participants learnt about growing vegetables in small spaces and were able to plant some themselves. They also received seedlings and pots to grow vegetables at home. The aim was to promote home-grown food production while creating a bond with the community.

Through the long-standing **grants and scholarship** programme – the *Sergio Marchionne Student Achievement Awards* – we offered our employees' children a chance to qualify for grants based on their level of academic excellence. In 2022, around 50 pupils were awarded.

We also focus on **sport and recreational activities**, which give our people an opportunity to network in addition to benefitting their health; in some cases, they also serve a broader social purpose. In 2022, 800 people were involved in marathons, cycling races, and walks.



ABOUT  
**2,000**  
EMPLOYEES VOLUNTEERING  
DURING WORKING HOURS

# Industrial Relations

## FREEDOM OF ASSOCIATION

As stated in the Iveco Group Code of Conduct, the Company recognises and respects the right of its employees to be represented by trade unions or other representatives established or appointed as per local applicable law.

A survey on unionisation was carried out during the year (figures as at 31 October 2022) in most of the Company's countries of operation, each of which has its own specific legislation regulating freedom of association. In certain countries, no surveys on the level of trade union representation can be conducted because an employee's union membership is considered a private matter and, as such, is not communicated to the employer.

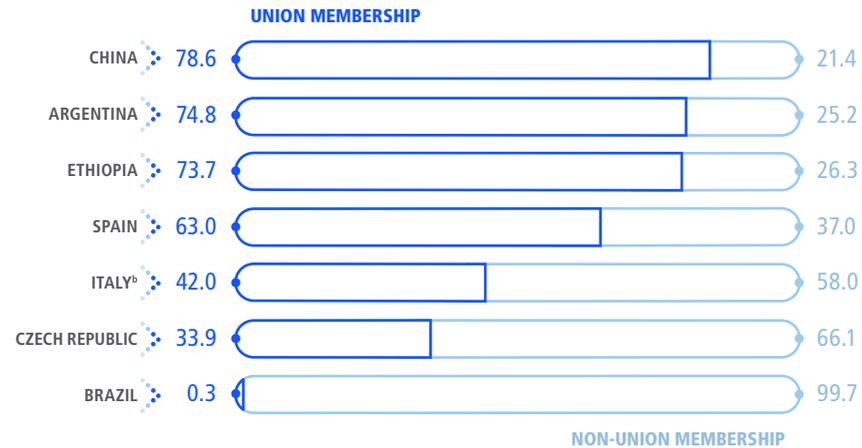
At the time of the survey, 10 countries were excluded due to data privacy protection (accounting for 20.8% of Iveco Group employees), whilst 17 countries (accounting for 3.4% of the population mapped) had no employees affiliated with a trade union. It should be noted that the absence of employee affiliations with trade unions does not prevent employees from establishing representation bodies with information, consultation, and negotiation rights.

This is the case in Romania, for instance, where around 150 Iveco Group employees (representing 15% of the workforce of the 17 countries with no employee affiliations to trade unions) elected such a representative body with information, consultation, and negotiation rights.

GRI 407-1

2022 Union Membership<sup>a</sup>

Iveco Group worldwide (%)



<sup>(a)</sup> Survey carried out on 31 October 2022 in countries where 99.7% of Iveco Group's global workforce is employed.  
<sup>(b)</sup> Figures for Italy updated as at 31 December 2022.

**Representative Bodies**

Representative bodies, normally elected by workers at their respective plants, have the right to be informed and/or consulted and/or to enter negotiations on issues that, as defined by law or applicable collective agreements, may regard health and safety in the workplace, wages and benefits, operational issues (working hours, shifts, collective vacations, etc.), training, equal opportunities, company restructuring, collective redundancies, etc. In the countries of the European Union, the establishment of employee representative bodies is envisaged for companies and/or sites where employee numbers exceed the minimum limits specified by national laws or procedures.

A survey carried out on 31 October 2022 in the countries where 99.4% of Iveco Group’s workforce is employed revealed the absence of any employee representative bodies in 21 of those countries (comprising only 4.4% of the workforce surveyed).

Worldwide, more than 90% of our employees are covered by representative bodies.

**Joint Committees**

A survey<sup>1</sup> conducted in October 2022 showed that 85% of Iveco Group employees worldwide were represented by occupational health and safety joint committees (i.e., committees made up of both Company and worker representatives).

In Italy, for example, the health and safety joint committees at plant/site level are made up, on the workers’ side, of a number of selected employee health and safety representatives; and on the Company’s side, of the employer or representative, the Human Resources (HR) manager or representative, and the head of the Prevention and Protection Service. These health and safety joint committees convene at least once a month, and carry out the information and consultation duties required by Italian law. They also have specific rights to prior consultation as well as power of proposal, for instance to:

- implement the health and safety programmes, initiatives, guidelines, and good practices defined by the *Organo Paritetico Health and Safety*<sup>2</sup> (OPHS), which was established according to the collective labour agreement (CLA) in force
- propose and evaluate measures aimed at the ongoing improvement of health and safety in the workplace

- inform and consult on the introduction of new technologies in the workplace – mainly of digital content (Industry 4.0) and relating to the health and safety of workers
- analyse and evaluate workstation ergonomics according to the standards recognised and applied by Iveco Group, CNH Industrial, and Stellantis, as specified in a technical annex of the CLA.

Globally, joint committees addressing equal opportunities, training, and pay were found to represent 30%, 19%, and 6%, respectively, of the employees surveyed, while more than 50% of them were represented by joint committees that deal with other issues. These include:

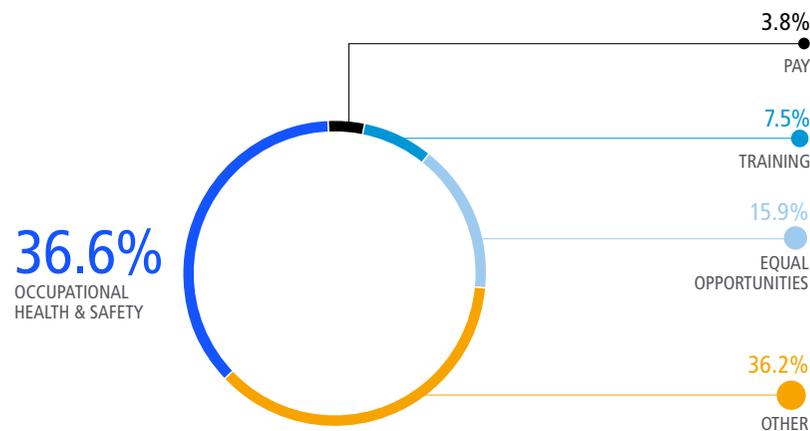
- several joint committees established in Italy under the CLA, such as the National Joint Committee, the National Joint Committee on Welfare, the National Equal Opportunity Joint Committee, and joint committees on organisation and production systems at plant and/or production department level
- joint committees for the management of apprenticeships and for social issues relating to individual workers, in place in various countries
- joint committees on housing, employee transportation, childcare, and cafeterias, in place in various countries.



OVER **90%**  
OF EMPLOYEES COVERED BY  
**REPRESENTATIVE BODIES**

**2022 Distribution of Joint Committees**

Iveco Group worldwide



<sup>(1)</sup> Data based on a survey of 99.4% of Iveco Group’s global headcount.

<sup>(2)</sup> Joint health and safety body.

## COLLECTIVE BARGAINING AGREEMENTS

As at 31 December 2022, collective bargaining agreements (CBAs) covered over 90% of Company employees<sup>3</sup>. This is an average figure, the actual percentage depending on local practices and regulations, as shown in the following table. It should be noted that more than 77% of the agreements reached in 2022 were signed with unions or employee representatives representing more than 50% of Company employees. Meanwhile, 5.5% of the Iveco Group employees surveyed are located in countries where CBAs are unavailable; for 20% of this population, the Company determines employment terms and conditions based on the CBAs covering its other employees in other countries, or on the CBAs in force at other organisations.

### 2022 Collective Bargaining Agreement Coverage

Iveco Group worldwide (%)

	Employees surveyed	Employees surveyed covered by CBAs
Europe	99.6	97.4
South America	100	94.7
North America	100	-
Rest of World	81.0	9.5
<b>Global</b>	<b>99.1</b>	<b>94.5</b>

## COLLECTIVE LABOUR AGREEMENTS IN DETAIL

In 2022, Iveco Group signed a total of 134 collective labour agreements (CLAs) at either Company or plant level, 29 of which included provisions on health and safety matters.

The following is a summary of the main wage and regulatory agreements signed during the year with Company legal entities:

- in **France**, agreements were reached in the first quarter of 2022 during the annual negotiations, providing for wage increases slightly higher than the previous year's inflation. It should be noted that, in consideration of rising inflation in the country (mainly due to the critical geopolitical situation), further negotiations were completed in the last quarter of the year, providing for wage increases as of early 2023 taking into account the loss of purchasing power suffered by the employees in 2022

- in the **Czech Republic**, where a salary agreement for 2022 had been reached in late 2021, the 2023 negotiations were brought forward to the latter part of 2022, for reasons substantially similar to those seen in France. An agreement was thus reached in November 2022, providing for wage increases as of March 2023 taking into account the loss of purchasing power suffered by the employees in 2022
- in **Brazil**, agreements were reached providing for a percentage pay increase similar to the average inflation rate, and for the alignment of benefits and working conditions with those applied across the country's industrial sectors. Consensus was also reached on profit sharing agreements, providing for payments linked to the achievement of targets related to production and sales volumes, market share, quality, and absenteeism
- in **Argentina**, agreements were entered into on a quarterly basis to provide the hourly employees with wage increases similar to the level of inflation. The signing of multiple agreements has been a standard and long-standing practice in South America, where hyperinflation is an issue. In fact, Argentina had one of the world's highest inflation rates in 2022, reaching an unprecedented rate of up to 80%, with the situation aggravated by food and fuel cost increases
- in **Italy**, an agreement was reached in March 2022 with the signatory national trade unions of the CLA in force, providing for a new performance bonus to replace the former bonus linked to World Class Manufacturing (WCM) efficiency, as previously provided for by the 2019-2022 CLA. This transitory solution, impacting about 13,000 employees (hourly, salaried, and professional), was made necessary by the Company's gradual discontinuation of the WCM programme, and was intended as a pilot solution before the possible inclusion of a new bonus plan in the 2023 CLA renewal. The new bonus remains consistent with Iveco Group's remuneration policy (which rewards employees for their participation in achieving the Company's competitiveness and profitability objectives), but is linked to a new mechanism based on 4 indicators, 3 of which set at plant level and 1 at Company level.

<sup>3</sup> Survey conducted on 99.1% of Iveco Group's global headcount.

Main Issues Covered under the Agreements<sup>a</sup>

Iveco Group worldwide (%)

	2022
Wages/pay issues	28.6
Operating issues	23.5
Other	13.3
Health & safety	9.7
Training	9.7
Restructuring	8.1
Equal opportunities	3.0
Initiatives related to COVID-19	2.6
Career development	1.0
Employability & lifelong learning	0.5

<sup>(a)</sup> There is no correlation between the number of agreements and the number of issues covered, as each agreement may deal with several issues.

**MINIMUM NOTICE PERIOD FOR OPERATIONAL CHANGES**

In the **European Union** (EU), the Council Directive 2001/23/EC stipulates that, should a contractual sale or merger result in the transfer of a business, plant, or parts thereof, an information and consultation procedure must be conducted with employee representatives. The procedure must be initiated a reasonable period of time prior to the transfer.

Moreover, the Council Directive 98/59/EC, on the approximation of the laws of the EU member states relating to collective redundancies, requires employers to hold consultations with workers’ representatives whenever collective redundancies are being contemplated. Accordingly, Iveco Group subsidiaries comply with the regulatory provisions resulting from the adoption of the above directives in each individual EU member state.

In **Brazil**, although bargaining is not mandatory in the event of a contractual sale or merger resulting in the transfer of a business, plant, or parts thereof, Iveco Group’s approach is to implement a direct and formal communication process with both employees and unions. Talks generally focus on minimising social impacts, if any. In South America, operational changes such as the deployment of new technologies to improve work efficiency, quality, competitiveness, or employee health and safety, are preceded by formal negotiations with labour unions, according to the specific terms and conditions of the collective bargaining agreement.

This procedure must be initiated a reasonable period of time prior to any change; when necessary, changes are made gradually so as to ensure employees are duly prepared.

In the **USA**, the federal Worker Adjustment and Retraining Notification Act (WARN), which applies whether a site is unionised or not, requires employers with 100 or more full-time workers to give a minimum of 60-days’ notice for any action that will cause at least 50 employees at a single site to lose their jobs.

In **China**, the National Labour Union stipulates that all operational changes – such as reorganisations, restructurings, or actions causing 20 or more employees, or 10% of company employees, to lose their jobs – must be notified to the union or to all the company employees. Such operational changes must be filed and approved by the Labour Bureau 30 days prior to any further notifications or actions, or the changes are deemed illegal.

In **Russia**, the minimum notice period required in the event of operational changes is 2 months. The Company must also notify the local employment centre in advance if mass redundancies are planned.

In **South Africa**, a 60- days’ consultation period is required, followed by a 30-days’ notice.

**RESTRUCTURING AND REORGANISATION**

Iveco Group’s best practice, in part derived from past experience under the corporate structure in place until 31 December 2021, is to make every effort to minimise the social impacts of any restructuring or reorganisation. In fact, this is also customary practice in all countries where the law requires consultations or negotiations with workers’ representatives or trade unions in the event of either.

If permitted by the regulations in force<sup>4</sup>, the Company minimises the social impacts of restructuring and reorganisation by adopting a series of measures, either individually or in combination, such as: retraining, internal mobility programmes, individual follow-up consultations with employees, reduced working hours, outplacement services, early retirement, and compensation more favourable than required by law.

In Italy, during the last quarter of 2019, a plan was announced for the reorganisation of FPT Industrial’s production network, made necessary by the decision of the former Fiat Chrysler Automobiles (FCA, now Stellantis) to terminate the engine procurement contract with the Foggia

<sup>(4)</sup> For example, early retirement can only be applied if provided for by the law of the country in question. Furthermore, unless supported by an adequate scheme formally recognised by the relevant public pension system, any solution mandating early retirement risks harming rather than helping employees.

plant as of June 2021. The plan affects 3 plants – Foggia, Pregnana Milanese, and Torino Motori – and is expected to be completed in 2023.

Originally presented and discussed within the scope of the tripartite dialogue involving regional and national institutions and trade unions, the plan aims at maximising the utilisation of the existing workforce at the Foggia plant, which would otherwise have an excess of circa 700 workers. Among other things, it envisages the transfer of production of the F5 engine from the Torino Motori plant to the site in Foggia, and for the transfer (implemented in 2021) of all engine adaptation operations from the Pregnana Milanese plant to the Torino Motori plant, to maximise workforce utilisation at the latter site. Furthermore, in 2022, the ePowertrain plant in Turin launched the production of battery packs and electric axles. The Pregnana Milanese site was fully decommissioned and its spare parts warehouse operations, which ceased in June 2021, were transferred to the new logistics hub in San Mauro Torinese, under IVECO SpA.

The reorganisation plan is being gradually implemented as per several agreements with trade unions. The first of these is a framework agreement entered into on 10 March 2020 with Italy's national trade unions in the presence of the Ministry of Economic Development, which requires the Company to offer socially responsible solutions to the workers at the decommissioned site in Pregnana Milanese, including the option to transfer to other FPT Industrial or Iveco Group sites, before initiating any individual or collective redundancy procedure to reduce labour surplus. Another agreement was entered into on 24 November 2020 with local trade unions and Company union representatives – in the presence of the Labour Councillor for the Region of Lombardy and as per the general provisions of the framework agreement of 10 March 2020 – providing for the terms (which are more favourable than the law requires) to deal with the workers affected by the site's closure.

The workers at the Pregnana Milanese site benefitted from the Extraordinary Wages Guarantee Fund (CIGS<sup>5</sup>), awarded because of the plant's shutdown, from 1 May 2021 to 30 April 2022, as per an agreement reached on 20 April 2021 with local trade unions and Company union representatives, in the presence of the Ministry for Labour and representatives of the Region of Lombardy. All said workers were offered relocation to other sites belonging to FPT Industrial or other companies within Iveco Group.

In April 2022, given the imminent expiry of the aforementioned CIGS benefits awarded following plant closure, an agreement was signed at the offices of the Region of Lombardy with trade unions

FIM, FIOM, and UILM, providing for further CIGS benefits effective from 1 May 2022 to 30 April 2023. The agreement also provides for a surplus-labour management plan, to be implemented during the same term as the aforementioned benefits and according to the following 5 measures:

- actions aimed at reemployment or self-employment. In this regard, in 2022, FPT Industrial launched a staff retraining plan, delivering training courses with the aim to develop soft and interdisciplinary skills that can be used in any workplace, thus facilitating the relocation of personnel to third-party companies as well as self-employment initiatives. The programme, delivering over 90 hours of training per person, is designed so as to meet the need to support change and to develop skills in the areas of digital and technological innovation
- staff relocation to other sites belonging to FPT Industrial or other companies within Iveco Group as per the terms of the agreement of 24 November 2020, more favourable than required by law
- specific incentives in case of acceptance of job offers from third-party companies, as per the conditions set out in the agreement of 24 November 2020
- voluntary resignation incentives. In this regard, it has been agreed that, during the period covered by the CIGS benefits, it would be possible to initiate one or more unopposed collective dismissal procedures to be defined by union agreement among the parties, applying the incentives as per the agreement of 24 November 2020
- site reindustrialisation by third parties. FPT Industrial has had contacts with a number of enterprises interested in taking over the Pregnana Milanese site and some of its workers. Unfortunately, despite the Company's readiness to support new industrial ventures that would acquire the site and part of its workforce, thus ensuring employment stability, and the Region of Lombardy's willingness to support the process through institutional arrangements, there has been no positive outcome to date based on business assessments exclusively of the potential buyers.

As at 31 December 2022, 63 Pregnana Milanese plant workers were still benefitting from the CIGS Fund, representing 26% of the approximately 240 workers employed as at year-end 2020. Any other labour surplus has been managed as per the terms, more favourable than required by law, of the agreement of 24 November 2020: over 17% of the workers received an early retirement incentive, about 34% accepted to relocate to other sites/companies, and approximately 23% agreed on the termination of the employment relationship.

<sup>5</sup> Unemployment benefits fund known as Cassa Integrazione Guadagni Straordinaria.

The reorganisation plan at the Foggia plant, envisaged by the framework agreement of 10 March 2020, aimed at dealing with the labour surplus and at relaunching the site, started during the third quarter of 2021, with the implementation of a 24-month solidarity agreement as of August of that year. This agreement, reached in July 2021 with local trade unions and workers council, allows for a reduction in working hours, so as to maintain employment levels in the event of a reorganisation. Most importantly, it provides for the installation, within the timeframe of the agreement itself, of the assembly lines and work areas required to start the production of: the F5 engine, to be transferred from the Torino Motori plant; the new F28 engine for off-road vehicles, originally to be manufactured in India; and the F5 engine crankcases, currently carried out in China by an external supplier – thus effectively reshoring operations from low-cost countries to Italy, in contrast to the practices observed in various sectors over the last few years.

The manufacture of the F5 crankcases was launched in July 2022, while the first F5 engine was produced the following November. Production of the F28 engine will start in the first quarter of 2023, ahead of schedule.

The above measures reflect the change of mission planned for the Foggia plant, of its transition from producing exclusively on-road engines to producing a mix of both on- and off-road engines, further expanding both the internal and external customer base. The plan's progress has allowed for the early termination, as of 1 December 2022, of the solidarity agreement for over 60 workers, engaged in various plant production areas to perform maintenance activities to improve the efficiency of production machinery – crucial for the gradual and full recovery of production, and for the implementation of predictive and preventive maintenance programmes following the changes to the engine production lines, so as to meet more stringent quality specifications. Owing to an increase in production of the F1 engine, an agreement with trade unions was reached in December providing for the early termination, as of 1 January 2023, of the solidarity agreement for an additional 200 workers on the F1's assembly line, which was not affected by either the reorganisation or the transfer of production of the F5 engine from the Torino Motori plant.

In May 2022, an announcement was made regarding the closure of the *Atelier d'Equipements Spéciaux* (AES), located in Orvault (France) and belonging to the *Société de Diffusion de Véhicules Industriels*, which is a dealership owned by Iveco Group. The decision was due to the dramatic drop in the number of vehicle conversions at the AES since 2017, causing a sharp decline in turnover as well as operating results recording a loss in 2021. The situation deteriorated even more in 2022, when a temporary layoff scheme was implemented from January to April. The 21

employees made redundant were managed as per a social plan agreed upon with local trade unions, through measures such as: internal mobility, providing for a list of over 50 posts available at other Iveco Group sites in France and a relocation package more favourable than the law requires; financial support more favourable than that stipulated in law, in the event of external redeployment; professional counselling to assist employees in developing new vocations, so as to facilitate their return to work at external companies or help them create their own businesses; training to further develop employability, either in preparation for a new job or as part of an external redeployment opportunity; and a severance package more favourable than legally required.

On 30 September 2022, the AES was permanently closed. More than 70% of the 21 employees affected by the closure decided to take reclassification leave<sup>6</sup>, with a good part of them eventually finding external employment. 2 employees terminated their reclassification leave at the end of December; 1 employee decided to forgo it and accept an immediate severance package, upgraded to take into account his disability status; and 1 employee accepted a job available within Iveco Group.

As announced in September 2021, at the end of the first half of 2022 the production of trucks at the site in Dandenong (Australia) ceased due to the introduction of the latest Model Year and the pursuit of the strategy to align Australia and New Zealand with the most technically advanced vehicles from Europe. About 80 workers were ultimately made redundant. All were offered a severance package more favourable than required by law as well as outplacement, retraining, and employment counselling. More than 90% obtained suitable alternative employment a short time after having left the Company; many continued to work with IVECO products, finding employment with customers and business partners.

## LABOUR UNREST

In **France**, the level of labour unrest was in line with the previous year. Apart from a number of strikes called by trade unions at regional level (i.e., also affecting other companies) to protest the reduction in purchasing power of wages (due to the level of inflation registered in the country), most strikes at our sites were related to annual wage negotiations or specific operational issues.

In **Italy**, the overall level of labour unrest in 2022 was low, with a 30% decrease compared to the previous year in hours lost due to strikes. It should be noted that more than 70% of these strike hours were due to external factors unrelated to the Company.

In our other countries of operation, the overall levels of labour unrest during the year were either zero or negligible.

<sup>6)</sup> In France, reclassification leave enables employees to benefit from training activities and job-search assistance.

## Our Suppliers

### Our Management Approach

2022 presented us with many challenges – the COVID-19 pandemic per se and the subsequent supply chain constraints, as well as Iveco Group's spin-off transaction and internal reorganisation. Throughout all of this, we continued to adopt a responsible approach to the management of our entire supply chain. From small local companies to large multinational organisations, we remained focused on establishing relationships that go beyond commercial transactions, working hard to foster long-lasting and mutually satisfying collaborations with eminent and qualified partners that share our Company's principles. The way we see it, supply chain sustainability means looking beyond corporate boundaries with a view to strategically and effectively promoting a sense of shared responsibility. This means that, in addition to the established priorities at the heart of supply chain management – quality, price, and lead times – one of our primary commitments is to advocate socially and environmentally responsible behaviour across our entire supply chain, while spreading a culture of sustainability among those Company employees who work with our suppliers every day.

Relationships based on open dialogue and collaboration foster efficiency, quality, innovation and, above all, a shared commitment to achieving sustainability targets, creating undeniable mutual benefits for both Company and suppliers. Furthermore, long-term relationships benefit both parties when centred on the implementation and monitoring of high standards of sustainability, because this reduces potential risks, ensures continuity of supply, and improves overall sustainability along the entire supply chain, mitigating reputational risks that could affect the Company's credibility.

Iveco Group's purchases are managed by the Purchasing & Supplier Quality Engineering (SQE) function, which operates globally through dedicated structures, by product line and sourcing areas. The Purchasing & SQE function defines strategies and guidelines to build and strengthen our partnerships with suppliers, offering them stability and development opportunities thanks to our broad product portfolio in the industry.

The highest responsibility for Iveco Group's supply chain management initiatives lies with our Senior Leadership Team (SLT, see page 32 [↗](#)). Our Purchasing Leadership Team, on the other hand, is responsible for monitoring suppliers' compliance with the Supplier Code of Conduct and the supplier sustainability assessment process (see page 144 [↗](#)). In 2022, supply chain management improvement targets were included in the Performance Management process (see page 123 [↗](#)) for most managers involved in sustainability-related processes.

In conjunction with the Iveco Group Code of Conduct, our Supplier Code of Conduct provides a framework for responsible supply chain management. Available in 6 languages on the corporate website and via our Supplier Portal (see page 146 [↗](#)), it stipulates suppliers' compliance with local legislation and their respect for:

- labour and human rights
  - rejecting any form of forced or child labour
  - guaranteeing fair working conditions, working hours, and wages
  - recognising the right to freedom of association in line with applicable laws
  - safeguarding employee health and safety
  - guaranteeing equal opportunities and the absence of policies that could lead to any form of discrimination
- environmental protection
  - optimising the use of resources (including energy and water) and minimising polluting and greenhouse gas emissions
  - designing and developing products while considering their impact on the environment and the potential to reuse or recycle them
  - responsibly managing waste treatment and disposal
  - eliminating the use of potentially hazardous substances
  - adopting logistics procedures while considering their environmental impact
- trade restrictions/export controls
  - sourcing minerals responsibly
- business ethics
  - complying with regulations against improper payments
  - ensuring accurate and complete bookkeeping
  - respecting intellectual property rights
  - disclosing conflicts of interest
  - respecting principles of fair competition and antitrust regulations
  - respecting anti-money laundering legislation.

The Supplier Code of Conduct applies to our entire supply chain, and requires suppliers to work with Iveco Group to enforce the Code itself and to pass on its principles to their respective employees, subsidiaries, affiliates, and subcontractors. In 2022, we developed a training module on Iveco Group’s Supplier Code of Conduct, scheduled for delivery to our suppliers in early 2023 (see page 35 [↗](#)).

All suppliers must comply with applicable laws (including, but not limited to, anti-corruption and antitrust regulations) and with our Supplier Code of Conduct, and are obliged to report any suspected violations thereof to the Company. Any violations by suppliers may result in the termination of the business relationship with Iveco Group.

All suppliers have access to an operational grievance mechanism, the Compliance Helpline, to report potential violations of corporate policies, the Code of Conduct, or applicable laws (see page 41 [↗](#)). Details on the Compliance Helpline are available in the Supplier Code of Conduct.

Two strategic sustainability targets for our suppliers were incorporated into our Strategic Business Plan:

- **100% of Tier 1 suppliers to be involved in sustainability self-evaluations by year-end 2026**
- **a 100% increase in the number of collaboration projects with suppliers to improve the sustainability performance of products by year-end 2026** (compared to 2021, under our previous corporate structure).

GRI 2-6; 204-1

## Supplier Profile

Iveco Group manages purchases worth approximately €9.1 billion, with a total network of 1,979 direct material suppliers. In 2022, 15 new eligible suppliers were added to our network, while there were no significant changes to supply chain structure and no additional outsourcing of activities. Our top 150 suppliers are considered strategic suppliers, not only because they generate 78% of the total value of purchases, but also because of the length of each relationship and the extent of each supplier’s production capacity and capability for handling spare parts.

### Suppliers in Numbers

Iveco Group worldwide

	2022
Direct and indirect material purchases <sup>a</sup> (% of the total volume of Iveco Group purchases)	85
Direct material suppliers (no.)	1,979
Value of purchases from direct material suppliers <sup>b</sup> (€billion)	6.7
Value of purchases from indirect material suppliers <sup>c</sup> (€billion)	1
Local suppliers (%)	96

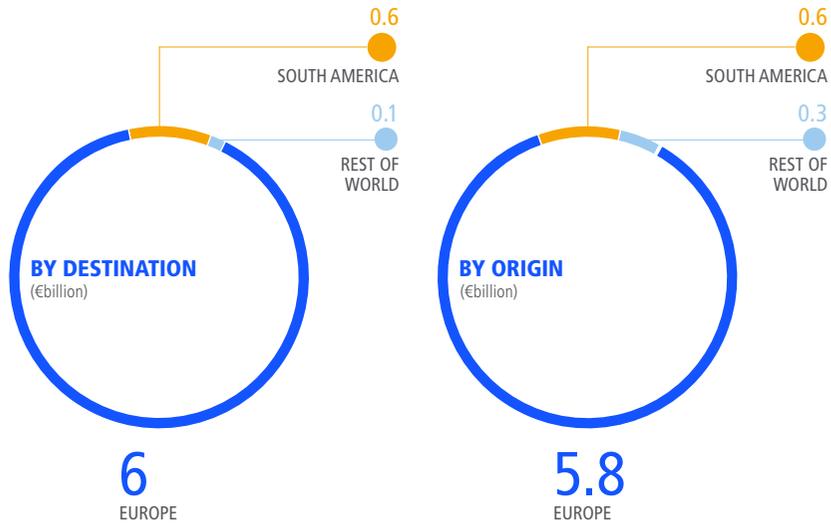
<sup>a)</sup> Refers to the value of purchases.

<sup>b)</sup> Direct materials are preassembled components and systems used in assembly. The value of raw material purchases is considered marginal.

<sup>c)</sup> Indirect materials are services, machinery, equipment, etc.

2022 Purchases<sup>a)</sup>

Iveco Group worldwide



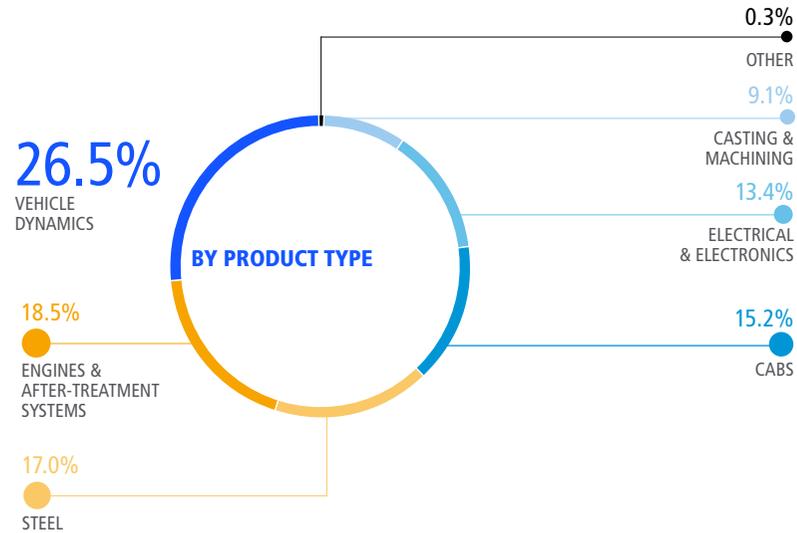
<sup>a)</sup> Refers to the value of direct material purchases.

The targets we have set ourselves include developing local skills, transferring our technical and managerial expertise, and strengthening local businesses. We strive to build strong long-term relationships with local suppliers as this leads to fewer risks associated with business operations and optimises costs.

Significant amounts are spent on local suppliers<sup>1)</sup>: in 2022, the contracts signed with them by Iveco Group accounted for 96% of our procurement costs. Furthermore, 96% of these contracts were signed in Europe, which is our major location of operation<sup>2)</sup>.

<sup>1)</sup> Local suppliers are those operating in the same country as the Iveco Group plant in question.

<sup>2)</sup> The significant locations of operation are defined by total direct material purchases. Europe represents our major location of operation as its direct material purchases account for 88% of the total value of our purchases.



**96%**  
OF PROCUREMENT  
SPENDING ON  
**LOCAL SUPPLIERS**

Although Iveco Group does not always purchase **raw materials** directly (one exception being steel used for direct processing), we constantly monitor their overall consumption and general price trends. In 2022, the main raw materials used in semi-finished goods purchased by the Company were steel and cast iron (including scrap), plastics and resins, rubber, and other miscellaneous materials.

Raw Materials Used in Semi-Finished Goods Purchased by the Company

Iveco Group worldwide (thousand tons)

	<b>2022</b>
Steel and cast iron <sup>a)</sup>	<b>1,077</b>
Plastics and resins	<b>54</b>
Rubber	<b>39</b>
Other miscellaneous materials	<b>60</b>

<sup>a)</sup> Including scrap.

The Company also monitors the consumption of paper, cardboard, and wood at its offices, and of packaging at its plants, so as to assess impact and devise improvement measures, if needed.

Paper, Cardboard, and Wood Consumption

Iveco Group worldwide (tons)

	<b>2022</b>
Paper (office use)	<b>343</b>
Cardboard (packaging used at plants)	<b>1,071</b>
Wood (packaging used at plants)	<b>24,391</b>
Related procurement spend (%)	<b>0.17</b>

In 2022, we carried out a detailed spend analysis (to be repeated regularly) to improve business performance and maximise operational efficiency. It involved 1,308 suppliers (accounting for approximately 82% of direct material purchases) in the following categories:

- casting and machining: 8%
- cabs: 16%
- electrical and electronics: 15%
- engines and after-treatment systems: 20%
- steel: 16%
- vehicle dynamics: 24%
- other: 1%.

Of the suppliers involved in the analysis, 93% were in Europe, 6% in South America, and 1% in the Rest of the World.

We recognise that the continuous monitoring of economic factors is essential to good supply chain management. We have therefore adopted a software tool known as the Financial Suppliers Sensitivity System (FS3) that gives our supply chain managers access to the suppliers' financial assessments, which we use for financial risk evaluation purposes. The tool is continually updated with confidential information provided by the suppliers themselves and with information contained in any financial reports. The results of this evaluation, which are generated automatically and checked by an analyst, allow us to identify suppliers according to their category of financial risk. Suppliers in particular difficulty are monitored weekly to prevent and minimise the risk of any interruptions to the supply chain.

# Sustainability in Supplier Management

## SUPPLIER SELECTION

Considerable effort went into ensuring the full integration of environmental and social sustainability standards into our supplier management system. Selecting and codifying new suppliers is an operational phase of the procurement process that is regulated by specific internal procedures. Selection is based not only on the quality and competitiveness of supplier products and services, but also on supplier compliance with our Company's social, ethical, and environmental principles.

**New suppliers are required** to sign a formal Commitment Declaration through which they agree to comply with both our Company's Code of Conduct and Supplier Code of Conduct. Specific contractual clauses require them to provide references and demonstrate abilities in relation to: fighting corruption, safeguarding the environment, promoting health and safety at work, ensuring non-discrimination, prohibiting forced and/or child labour, and recognising freedom of association. Supplier agreements contain these and other clauses, as well as best practices and the General Purchasing Terms and Conditions, all of which are shared and applied consistently across Iveco Group. If a supplier fails to adhere to any of the above principles, the Company reserves the right to terminate the business relationship or instruct the supplier to implement a corrective action plan.

We evaluate a company's potential to join our supply chain through the Potential Suppliers Assessment (PSA) process, which enables us to identify a supplier's strengths and weaknesses and its ability to manufacture according to the highest quality standards using best practices; it also

allows us to assess systems and processes directly at supplier plants. The PSA process is carried out not only to evaluate companies that do not currently provide direct materials to Iveco Group, but also suppliers that have undergone reorganisation or whose plants were relocated. PSAs are performed prior to the procurement phase to allow potential new suppliers to participate in tenders. PSA criteria involve key sustainability aspects, with explicit reference to both environmental and occupational health and safety management. Indeed, one of the requirements is to have environmental and health and safety systems in working areas, preferably certified by a third party. A dedicated section of the PSA also allows verifying suppliers' compliance with the restrictions on the use of hazardous substances. A suitable management system is a key factor in our decision to do business with suppliers, as it reflects their efforts to monitor and manage environmental aspects, labour practices, human rights, and their impacts on society.

In 2022, 15 new suppliers were evaluated according to the above criteria and added to our network. Supplier sustainability is then assessed regularly based on indicators included in a self-assessment questionnaire, with results verified by audit for a number of suppliers determined each year.

### Assessment Process



## SUPPLIER ASSESSMENT

Self-evidently, suppliers are central to supply continuity and can influence the way public opinion perceives Iveco Group's social and environmental responsibility. We have therefore developed a process to assess suppliers on sustainability issues, which helps us prevent or minimise any environmental or social impact of our supply chain. This process is also a means to engage suppliers while promoting high sustainability standards, and thus continuous improvement. The supplier assessment process is performed yearly, managed by the Purchasing & Supplier Quality Engineering (SQE) function and overseen by the Purchasing Leadership Team in collaboration with the Purchasing Sustainability Representative.

The assessment process involves 3 consecutive steps over a 1-year period.

During the first step of the evaluation, suppliers are asked to fill out a sustainability self-assessment questionnaire. Under our former corporate structure, we used the Automotive Industry Action Group (AIAG) questionnaire; since June 2022, however, Iveco Group uses **Open-es**, a digital platform designed to engage companies on a shared journey towards sustainability performance improvement. The platform is an interactive ecosystem in which Iveco Group serves as a Value Chain Partner playing an active role together with its suppliers. All companies within this ecosystem collaborate and compete on sustainability matters with a sense of purpose, so as to create tangible, long-term value across the entire production chain.

In order to monitor the ESG performance of our suppliers, we ask them to register on the platform, access the ESG Profile section, and fill out the respective questionnaire. The latter is based on the 4 pillars of the non-financial sustainability reporting framework of the World Economic Forum, and its questions therefore regard People, Prosperity, Planet, and Principles of Governance. Each pillar covers several themes, grouped as follows:



Find out more about the Open-es platform.

The self-assessment questionnaires are then analysed and used to perform a sustainability risk assessment, which enables the identification of critical suppliers whose compliance with sustainability criteria needs to be addressed. A risk map is thus created based on the following key aspects:

- supplier turnover
- risk associated with the supplier’s country of operation (focusing on countries with poor human rights records<sup>1)</sup>)
- supplier financial risk
- cooperation with the assessment process
- risk associated with the purchasing category (i.e., the sourcing area).

Based on risk assessment results, suppliers are classified according to 3 levels of risk (high, medium, and low) and selected for audit accordingly. These sustainability audits are organised in agreement with the suppliers, and performed on site at their plants by either Iveco Group Supplier Quality Engineers (SQEs) or independent third-party auditors. The aim is to check the information submitted via the self-assessment questionnaires and define possible improvement plans where necessary. In 2022, the sustainability audits were started in the first quarter of the year (to ensure continuity with the assessment process begun under our former corporate structure) and were therefore based on the analysis of 2021’s AIAG questionnaires.

Each supplier selects a manager and other representatives within its organisation (usually from Human Resources, Safety, Environment, and Quality) to take part in the audits. Should these reveal critical issues to be addressed, joint action plans are drawn up with the suppliers to define:

- improvement areas (e.g., implementation of internal procedures in line with sustainability principles)
- responsibilities (which could entail organisational changes)
- corrective measures (e.g., targeted training programmes)
- timeframes for action plans.

Action plans are then monitored via follow-ups between supplier and auditor, through a structured process supported by an IT system. At the end of the follow-up period, action plan results are collected and analysed for compliance according to a dedicated operational procedure. In case of defaulting suppliers, further corrective actions are defined and implemented in agreement with the competent internal departments.

Sustainability performances, along with each supplier’s financial, technical, and logistics data, make up the Summary by Plan document that we use to assign new orders. Furthermore, the suppliers that are registered on the Open-es platform, and that have therefore expressly chosen to join us on our shared journey towards ESG performance improvement, are given the green light on their respective Scorecards. Open-es memberships are tracked via the platform itself. The sustainability score is not a determining factor for supplier qualification as of yet; however, the Company will make it a mandatory prerequisite for new product sourcing by year-end 2023.

In 2022, we invited our direct material suppliers to join the Open-es platform. The total suppliers that registered on the platform represent approximately 77% of direct material purchases. Moreover, their average progress so far in filling out the Open-es questionnaire (70%) is a clear reflection of their willingness to join us on our path and to share their progress with us.

2022 Analysis of Supplier Self-Assessment Questionnaires

Iveco Group worldwide

	Number of suppliers identified as having significant actual and/or potential negative impacts <sup>a)</sup>	Significant actual and/or potential negative impacts
Environmental aspects	13	<ul style="list-style-type: none"> <li>• management and mitigation of environmental impacts</li> <li>• use of water resources</li> <li>• efficient use of energy</li> </ul>
Social aspects	4	<ul style="list-style-type: none"> <li>• diversity and equal opportunities</li> <li>• human rights risk management</li> <li>• health and safety policy</li> <li>• health and safety KPIs monitoring system</li> </ul>

<sup>a)</sup> Out of 125 suppliers that had completed over 50% of the Open-es questionnaire.

<sup>1)</sup> For countries with poor human rights records, refer to the list published by the US Department of State.

In 2022, sustainability audits were conducted at 75 supplier plants worldwide, involving 75 suppliers.

**Audits by Geographic Area**

Iveco Group worldwide (no.)

	<b>2022</b>
Europe	<b>48</b>
South America	<b>13</b>
Rest of World	<b>14</b>
<b>Total</b>	<b>75</b>

Globally, the total number of audits covered approximately 11% of our total purchase value. In 2022, 13 suppliers were involved in the formulation of 66 corrective action plans for areas in need of improvement. No critical issues emerged from the audits, and therefore no contracts were suspended or terminated.

**2022 Analysis of Corrective Action Plans**

Iveco Group worldwide

	<b>Percentage of suppliers identified as having significant actual and/or potential negative impacts, with which action plans were agreed upon<sup>a</sup></b>	<b>Number of action plans identified</b>	<b>Main action plan topics</b>
<b>Environment</b>	6.7	16	<ul style="list-style-type: none"> <li>● definition of environmental performance targets</li> <li>● improvement in environmental management system</li> </ul>
<b>Labour practices</b>	10.7	30	<ul style="list-style-type: none"> <li>● internal communications and training</li> </ul>
<b>Human rights</b>	10.7	12	<ul style="list-style-type: none"> <li>● development of code of conduct contents</li> <li>● identification of an individual responsible for all code of conduct aspects and dissemination</li> </ul>
<b>Impacts on society</b>	5.3	8	<ul style="list-style-type: none"> <li>● definition of a supplier code of conduct or formal supply chain engagement process</li> </ul>

<sup>a)</sup> The percentage is calculated based on the number of suppliers audited (75 in 2022). No suppliers were considered at risk in terms of child labour, forced/compulsory labour, or violations of either freedom of association or collective bargaining.

**ONGOING DIALOGUE WITH SUPPLIERS**

We are firmly convinced that suppliers are key to our sustainable growth, which is why we do our best to keep them engaged and informed at all times. This continuous dialogue and exchange allows us to strengthen supplier relationships, providing fertile ground for shared goals and strategies and for thriving collaborations and joint projects – as evidenced by our many long-standing and mutually beneficial alliances.

The **Supplier Portal** represents the main collaboration and communication platform used by the Company to interact with the supply chain. It contains the modules, documents, and tools used to manage any operations involving suppliers and to exchange information.

In 2022, Iveco Group implemented several initiatives promoting the exchange of ideas and information. Some of them were new, while some had been launched under our former corporate structure (but were suspended due to the pandemic).

In May, we organised our first-ever Iveco Group **Supplier Webinar**, a digital event for all suppliers during which we presented the Company, its challenges, and its strategic priorities.



Find out more about the Supplier Portal.

Above all, it gave us the opportunity to emphasise the importance of our supplier relationships, and their influence in generating synergies, support, and proactivity. The event was attended by over 500 participants worldwide, and sparked significant interest and debate during the Q&A session. During the year, we also held 5 local Supplier Webinars in South America to share key information on supply chain efficiency and to enhance engagement and collaboration with our partners; all of these events saw a high level of attendance.

In Turin (Italy), in July, our **Corporate Iveco Group Days** included a *Sustainable Supply Chain* roundtable, followed by a ceremony to award our best performing suppliers in 4 specific categories: Proactivity, Quality, Innovation, and Sustainability.

In South America, more than 300 people from local suppliers attended Iveco Group's first *Supplier of the Year Awards*, held in July and open to all our suppliers in the region. The in-person event saw several awards given in recognition of those that excelled in certain key areas, including sustainability.

Following Iveco Group's adoption of the Open-es platform to monitor supply chain environmental performance (see page 144 [↗](#)), we organised 2 digital **workshops** for the onboarding of new suppliers. The sessions were held in June and September, respectively, involving more than 1,300 participants. We also launched a further onboarding campaign focused on the platform's multiple functions and many useful features, delivered via ad hoc communications and newsletters, user manuals, and targeted meetings with suppliers.

Encouraging Open-es platform membership is our primary initiative for increasing supplier engagement in and awareness of sustainability matters. The platform's approach revolves around creating a sense of community and providing a space where experiences can be shared. The opportunity for comparison with other industry companies makes suppliers more aware of their areas of strength and more mindful of any areas for improvement and any action priorities.

The Company also promoted numerous initiatives to encourage innovation among suppliers. An example of this is our **Suppliers' Proposals Programme**, which advocates a proactive

approach to business and involves acting on supplier suggestions. Through the Suppliers' Proposals section accessible via the Supplier Portal (see page 146 [↗](#)), suppliers can submit both Cost Reduction and Quality Improvement ideas, which are then assessed by a dedicated cross-functional team at Iveco Group.

Under the programme, we also held 17 virtual **Technology Days** in South America, during which 20 local suppliers presented 175 new proposals related to product and manufacturing engineering, logistics, and purchasing.

### SPREADING AN INTERNAL CULTURE OF SUSTAINABILITY

In keeping with previous years under our former corporate structure, we realised a number of well-established initiatives targeting the Iveco Group employees responsible for supplier relationships, i.e., those tasked with ensuring sustainability and good governance awareness among suppliers through open and ongoing dialogue.

In October 2022, a webinar on sustainability was organised for our entire Purchasing & Supplier Quality Engineering (SQE) personnel, with more than 300 people attending. It was an opportunity to share and explore ESG matters while focusing on the role of procurement in achieving our strategic objectives. It also gave our Purchasing & SQE people a chance to gain further insight and a better understanding of their roles in adopting sustainable behaviours in their daily work and in interactions with suppliers.

### SUPPORTING SUPPLIERS IN DIFFICULTY

In light of today's global context, it is ever more important to closely monitor and manage any critical situations arising along the supply chain. To this end, Iveco Group has further strengthened its structures and mechanisms for managing suppliers in financial difficulty, focusing on promptly identifying high-risk situations and on stabilising them through appropriate measures to ensure supply continuity. These measures include a recently implemented supplier monitoring tool (see page 55 [↗](#)).

## Our Dealership

### Dealer Management and Partnerships

Customer centricity is the fundamental driving principle behind Iveco Group's strategy, guiding everything we do, and it is the dealer and service network that provides that crucial open line of communication with our customers. Dealerships are the first point of contact for those who use the Company's products in their work, and who need advice on the best purchasing options and assurance that they are investing the right amount of capital, time, and resources in a product that best meet their business needs. This relationship must be one of mutual trust, whereby customers can depend on prompt assistance and minimum downtime. This is why we invest in and work hard at continuously improving the customer experience (CX), redefining the customer journey as needed within each brand's network through targeted projects – such as the *Retail Excellence Programme*, aimed at improving the sales process, or the *Digital Job Card* initiative related to service delivery.

Our dealer and service network is made up of over 250 dealerships in Europe, of which 6% are owned by Iveco Group, employing more than 18,000 people.

The network is responsible for implementing our specific dealership development programmes, which enable it to offer customers the best possible service, thus contributing to its growth while making it stronger and more competitive. It must also meet the detailed Iveco Group **qualitative standards** for each brand, specified in the guidelines accompanying the contract that each dealership signs when joining the Company's dealer network. These standards are verified periodically and mainly cover:

- dealer facilities and visual identity guidelines
- sales processes
- after-sales services
- environmental impacts
- safety measures
- organisational structures
- financial requirements
- systems and tools
- the training of dealership staff (salespeople, technicians, and managers)
- e-mobility solutions.

For any non-compliance identified during audits, an action plan is established and monitored through follow-ups. Iveco Group representatives, who visit dealerships regularly, are responsible for communicating any changes in quality standards based on their area of competence, and for establishing a schedule for dealership compliance. Updates to quality standards are also provided during regular ad hoc events held to engage the dealer network's sales force. For the above reasons, we always strongly encourage our dealers to pursue international quality standards, such as ISO 9001 for quality management systems and ISO 14001 for environmental management systems.

The guidelines given to new dealers contain a section on facilities and visual identity regarding the physical appearance of the dealership, exterior and interior layouts, furnishings, posters, and staff uniforms. For all other aspects (sales, service, and spare parts), there are detailed indications to help dealers: define suitable outlet size, optimise internal flows, promote the right brand experience, acquire the required equipment (IT and special workshop tools), and ensure the appropriate headcount. The guidelines also specify the key performance indicators (KPIs) to be monitored for each line of business (response time in the event of downtime and management procedures for Product Improvement Programmes). Additionally, they cover international best practices as well as the training requirements for dealership personnel, indicating the number of hours and types of courses that Iveco Group will provide for each professional role (see page 150 [↗](#)).

Several of our people are tasked with providing induction training and support to the new dealerships joining the Company's network, giving guidance according to their areas of expertise on:

- network development
- sales
- after-sales
- financial services.

In addition, dealers may request the specific support of the Training function responsible for each respective market, and access many online profile-specific training courses made available by the Company.

In order to be admitted into the dealer and service network of one of our brands, candidate dealers must meet our recommended standards and have a business plan in place. Their processes are rigorously assessed for approval by Iveco Group's Dealer Network manager, regional Sales VP, and Service, Parts, Financial Services, and legal representatives, and their compliance is verified using ad hoc tools, with due diligence carried out by location and by function. The overall assessment process is managed through an Electronic Network Action Approval Form (eNAAF).

Once the contract is signed, the dealer's admission to our dealer and service network is coded, which entails the creation of a username and credentials to access the [Dealer Portal](#). This web portal connects our global dealer network to Iveco Group, and provides the tools to manage sales and after-sales. The Dealer Portal allows dealers to:

- configure a vehicle and draw up a quote for the customer
- enter purchase orders
- download Operator's Manuals
- register new vehicle warranties
- order spare parts
- obtain technical information and specialist assistance for repairs
- receive authorisations to perform warranty repairs
- receive information on Product Improvement Programmes (PIPs, or recall campaigns)
- order documentation
- receive promotional and marketing communications about spare parts
- follow up on progress towards achieving spare parts sales targets
- access documentation on the contractual quality standards.

## CUSTOMER CENTRICITY

A crucial aspect of customer centricity is the dealerships' level of expertise and proficiency at training end customers, and to this end we provide all of them with demos on vehicle functionality. Dealers are required to appoint demo drivers with expertise in driving efficiency and in the use of our connectivity services and programmes designed to improve driving styles. During vehicle handover, the dealers pass on this knowledge to customers, enabling them to optimise vehicle use and service life while reducing fuel consumption, which creates a positive impact on environmental sustainability and the customers' profitability. Furthermore, when collecting a new vehicle from the dealership, customers are also given a one-off training session on product safety features, which helps safeguard both the drivers and other road users.

## QUALITY AUDITS AND INCENTIVES

The dealer network is audited yearly on qualitative standards, either by Iveco Group, external agencies, or the dealership itself through self-assessments. The audit checklist, which is based on the Company's quality management system, covers 3 main areas – sales, after-sales, and spare parts – as well as specific aspects for each. Dealerships are evaluated on competitiveness, organisational structure, financial sustainability, customer service and satisfaction, visual identity, equipment and operations, administration and marketing, sales, spare parts, and participation in training.

The programmes implementing [dealership qualitative standards](#) and all relevant information are managed via the IVECO Dealer Network Assessment (IDNA) system, which enables dealers, sub-dealers, and authorised workshops to continually monitor their quality compliance while overseeing the measures in place to meet them. The system also collects information on every dealership audit performed, using the results to analyse dealer performance and, if necessary, develop action plans to help resolve any points of weakness detected.

In Europe, in 2022, 4% of IVECO dealerships were audited by internal brand auditors and 96% by third parties; all dealers are certified as per the ISO 9000 series of quality standards.

Quality audit results determine dealership access to the respective [incentive programmes](#) implemented by each brand to reward dealer compliance. These programmes assess dealers and reward best-in-class performance across a wide range of operational and performance criteria. They are developed in line with global market strategies, and their main objective is to drive business growth and the continuous improvement of quality standards so as to ensure outstanding customer service.

One of our incentive programmes is the *Annual Dealer Performance Bonus*, which sets priorities for dealerships and rewards those that excel in:

- customer experience (CX) management and customer satisfaction
- use of customer relationship management (CRM) tools
- improvement in sales and after-sales processes and services
- expansion of maintenance and response (M&R) contracts and connectivity services to enhance predictive assistance.

## Service Manual

The Service Manual provides information to the service network on the correct maintenance and repair of our products and components, explaining how to quickly and safely recover vehicle functionality and efficiency at the first attempt. It provides data, specifications, instructions, and procedures, and contains the following sections:

- mechanical procedures
- descriptions of electric/electronic components
- fault code resolution and troubleshooting
- descriptions of functions
- schematics (hydraulic, electrical, and pneumatic)
- tests, calibrations, and adjustments.

The manual is intended for specialised, qualified personnel, provided they use suitable personal protection equipment (PPE), workshop equipment, and special tools designed by IVECO.

It is available in every major language used in the markets where the products are sold, and is accessible to the service network via a dedicated webpage on the Dealer Portal. IVECO customers can also access a tool for navigating Service Manual contents offline, known as the IVECO eTIM GO, featuring live updates.

## DEALERSHIP TRAINING

We believe it is essential to develop the skills and know-how of all our dealership personnel, which is why we created a training department to meet dealer network training needs and enhance staff knowledge and expertise. We run special training programmes every year for approximately 17,000 dealership personnel (technicians, salespeople, and after-sales staff), designed according to the strategies and needs of each business unit, brand, and geographic area.

Our training approach is to build on the dealer network's expertise and ability to meet customer requirements, from tailoring product offerings to their needs to performing timely repairs to minimise product downtime. We offer customised training courses and solutions consistent with current market conditions, plus a wide range of activities, where possible delivered in the native languages of dealers and customers.

Courses are delivered in many forms, be it face-to-face at our training centres, via virtual classroom training (VCR), or via web-based training (WBT).

The WBT courses are delivered via our Web Academy platform, which maximises their availability time frame and cuts costs by reducing the need to travel. Delivery methods are chosen by course users according to the certification level required. Coaching sessions by an expert trainer are also available for a deep dive into innovation and technology in our dealer processes.

Quality management training programmes are provided to 100% of our dealership network each year, and technical training courses to 100% of our authorised workshops. All technical training courses feature specific sessions on **safe product operation** and on **environmental** and **climate change** issues. Additionally, we recently launched new High Voltage Certification courses for our workshop personnel to qualify them to work on electric vehicles. For our sales force, on the other hand, we provide specific training modules on electric ecosystems and on how CO<sub>2</sub> emissions reduction targets contribute to fulfilling our climate pledge, with detailed information on the emissions of individual models during their use.

In 2022, about 26,000 training days were provided to our service network, with a 75% take-up rate (attendance was 45% virtual and 55% face-to-face).

As evidence of our commitment to training our dealerships, we have incorporated a strategic sustainability target into our Strategic Business Plan: **to involve 100% of dealership staff in safety training on our product portfolio by year-end 2026** (compared to 2021, under our former corporate structure).

While general **product safety aspects** are covered by nearly all our training courses, we believe that gas-, electric-, and hydrogen-powered products require specific safety training, given their particular features.

In 2022, 90% of our dealer network attended the first module of a two-part course on the new IVECO eDaily; the second module, over 2-days, will be delivered in 2023 to complete the training.

Dealers are required to provide a one-off safety-induction or product safety session to all customers collecting a new vehicle, in line with the handover manual supplied by our Brand IVECO to the dealer network, which specifies each step for consigning vehicles. In 2022, following the launch of the new IVECO eDaily, dealers received an additional handover manual, specifically covering the safety issues of the vehicle's electric parts.

# Our Customers Lifelong Services

Customers are always seeking to enhance their productivity and so need practical advice on the best purchasing options, how much to invest, and the right product for their business needs. To this end, our product distribution network is structured to suit customer priorities, while our brands' websites help customers identify the most appropriate purchasing options.

A key factor in managing expectations is the effective handling of customer relations across the board, responding promptly and clearly and ensuring accessibility in the event of information requests and problem reporting. This aspect is also crucial for building long-term success because it helps determine the level of customer satisfaction. Furthermore, customer feedback and suggestions help us identify necessary changes to be made to existing product ranges, and new product lines to be developed to meet future market needs. We consider this aspect essential for building trust, while stakeholders view it as an opportunity to promote efficient equipment use and thus limit disruptions in the event of issues.

Commitment to our customers is a cornerstone of our Code of Conduct, which states that Iveco Group, together with all its executives, managers, and employees, shall deliver the highest value to its customers. We also strive to safeguard values such as confidentiality and personal data protection rights, in compliance with our Data Privacy Policy and with applicable laws.

Each of our brands is responsible for managing its customer relations and establishing its own guidelines.

Responsibility for delivering customer satisfaction lies with the business units, the presidents of which are members of the Senior Leadership Team (SLT, see page 32 [↗](#)).

When purchasing a product from Brand IVECO's portfolio, customers want the opportunity to evaluate not only purchase prices, but also maintenance, depreciation, insurance, and operating costs. To this end, leveraging IVECO's connected services, we have adopted a total cost of ownership (TCO) approach to assist customers seeking:

- lower fuel consumption and CO<sub>2</sub> emissions
- longer scheduled maintenance intervals, fewer breakdowns, and improved efficiency
- easier access to components for timelier interventions.

Through this approach, we are able to provide customers with an extremely valuable, easy-to-use online calculation tool to aid them in selecting the vehicle best suited to their specific business needs. Our TCO model, developed by IVECO, has become more comprehensive over the years to take account of the Brand's advanced connected services and increasingly customer-centric approach. In addition to covering aspects such as driver satisfaction and safety – providing specific KPIs to monitor driver behaviour, productivity, social responsibility, and economic and environmental sustainability – all factors within our latest TCO model revolve around the driver, and are integrated to continuously interact with and influence each other.

## TRANSPARENT COMMUNICATION

Iveco Group recognises that advertising must be truthful and transparent and advocates positive and responsible values and conduct across all forms of communication.

In 2022, no significant final rulings<sup>a</sup> (see page 43 [↗](#)) were issued against Iveco Group for non-compliance with regulations or voluntary codes concerning:



- marketing communications, including advertising, promotions, and sponsorships
- product and service information and labelling
- breach of customer privacy and loss of customer data.

<sup>a</sup> Significant final rulings are defined as having, individually, an adverse material effect on the Company.

## CUSTOMER-TAILORED MOBILITY SOLUTIONS

Iveco Group's Customer Uptime Centre provides support to customers in 48 countries across Europe and South Africa, in 34 languages, handling approximately 2.5 million contacts per year via the many channels available to our brands' customers (phone, email, mobile apps, and websites).

Over time, the Customer Uptime Centre has expanded its approach to meeting customer needs. This means that, in addition to being simply **reactive** to issues, dealing with them when reported (e.g., via the Assistance Non-Stop service), it also offers **proactive** and **predictive** assistance: proactive entails using telematics systems to detect vehicle issues, notifying customers, and promptly providing support and solutions; predictive uses fault code alerts to foresee potential issues, and to notify the customer accordingly so as to avoid any unscheduled vehicle downtime.

Our Assistance Non-Stop (ANS) is a round-the-clock, 365 days a year service available to all Iveco Group customers in Europe and South America, providing immediate technical support for vehicle problems.

Upon identifying and locating customer and vehicle location, the operator receiving an assistance request pre-diagnoses the problem and, once the fault has been verified, contacts the nearest mechanic, who is directed to the breakdown location. The operator continues to monitor proceedings until the repair is complete, assisting the mechanic, if needed, and keeping the customer updated until the vehicle is released (be it on the roadside or at the workshop). The Customer Uptime Centre shares its database with relevant departments, listing faults by number, type, and breakdown duration and matching them with faulty models.

The ANS service can be requested via a universal toll-free number or through the on-board infotainment system or the mobile apps designed for the drivers. In the event of a breakdown, the system serves as a gateway that enables the driver to send a breakdown assistance request to the Customer Uptime Centre directly from the vehicle, while the Customer Uptime Centre can send the driver regular updates on the status of the request and the estimated assistance arrival time.

Available for the IVECO S-WAY, IVECO Daily, and IVECO eDaily (each as of Model Year 2019), we have a Control Room that monitors and analyses the information received from the on-board telematics systems of all connected vehicles. This data provides information on vehicle status, and is processed using specific algorithms so as to identify potential malfunctions and intervene by promptly alerting customers before any serious issue or breakdown occurs. These innovative systems and real-time monitoring tools are also used to monitor current vehicle breakdowns across Europe.

We collect and analyse customer feedback on the service they received via our new smartphone apps, and use the Net Promoter Score (NPS) to measure customer satisfaction to better understand the overall customer experience (see page 154 [↪](#)).

Brand IVECO offers a wealth of integrated services and solutions for the drivers of our vehicles, designed to help customers become more competitive, profitable, and sustainable while simplifying the management of their businesses. The flexibility of the Brand's offering means that services can be customised based on specific business, job, and/or mission requirements – from connected telematics that exploit the vehicle's full potential, to a complete series of tailored aftermarket solutions – so as to support customers every step of the way. Whether fleet managers or fleet owners, customers can choose the individual service packages that best suit their businesses (in terms of size and needs), and rest assured that costs are fixed and known. To ensure vehicles stay in top shape, our customers have full access to our synergistic service, spare parts, and dealership offering. Additionally, IVECO offers a broad portfolio of components, such as accessories and original and remanufactured spare parts (see page 99 [↪](#)), to help boost customer productivity while keeping maintenance costs in check throughout the vehicles' service life.

The services offered to fleet managers [↪](#) range from vehicle and driver management to fuel consumption monitoring, mission assignment and planning, route optimisation, and the monitoring of driving safety parameters. Furthermore, the on-board systems generate specific reports on fuel consumption, tyre pressure, and driving style, which help optimise vehicle performance and on-board safety.

Our customers also have the option to purchase specific services that ensure vehicles remain operational at all times by anticipating and avoiding unexpected breakdowns and giving access to roadside assistance 24/7. Lastly, through on-board and smartphone apps, IVECO also offers remote diagnostics services and international assistance.

### Specially for Drivers

IVECO Driver Pal [↪](#) is a voice assistant specifically created to make the driver's life even easier, more productive, and safer. This perfect travel companion is fully integrated with Amazon Alexa technology, enabling the driver to use voice commands from the smart cab to interact with the vehicle and the driver community and access IVECO's connected services. Features include route navigation, vehicle status checks, and assistance to avoid delays and unplanned stops, thanks to traffic, weather, and other information accessed by voice command.

The IVECO Driver Pal assistant also helps maximise vehicle uptime: in the event of a breakdown or technical issue, drivers can request IVECO's Assistance Non-Stop service by voice command instead of using their mobile app or infotainment system. Thanks to this voice companion, drivers can enjoy a safer driving experience with fewer distractions as all secondary tasks can be performed by voice command, leaving drivers free to focus on their missions. Any notifications from the Control Room, including those related to software updates, can be sent to the driver via IVECO Driver Pal (in addition to the IVECO Easy Way and IVECO Easy Daily apps). Moreover, with our premium service, drivers have access to fast tracking at workshops, accommodation in case of vehicle breakdown, and medical assistance in case of need.

### SPARE PARTS DISTRIBUTION

It is important for customers using Iveco Group products in their work to find spare parts as quickly as possible at their dealership workshops. Through our global network of 22 parts warehouses, we are able to offer dynamic logistics and assistance teams that work hard to deliver the highest quality standards and technology, ensuring the prompt availability and delivery of parts and the best solutions to any issues. We then work in partnership with selected suppliers to provide our dealers with the right combination of such services, parts, and solutions, so as to best support them in increasing customer satisfaction and loyalty.

The Company boasts around 400,000 items in stock: a complete range of new, used, and remanufactured parts (see page 99 [↪](#)), accessories, attachments, and telematics solutions that ensure all our brands' current and past models deliver value and performance over the long term. All spare parts for our products are packaged in brown, eco-friendly cardboard that is certified by the Forest Stewardship Council (FSC), free of glossy paper and using a single colour of ink – features that make packaging far easier to recycle.

In December 2022, we launched a *Packaging Project* to streamline our parts packaging processes. With the clear objective of identifying improvement areas to reduce our environmental impact, we analysed our entire parts shipping operation, focusing on the two main processes that take place in our warehouses: the receipt and storage of parts from suppliers, and the selection and packing of parts for shipment to the service network. On receiving a shipment, the packaging (almost always made of cardboard) must somehow be disposed of. By installing shredding machines at our warehouses, we are now able to reuse the cardboard rather than discard it: shredded into perforated strips, it is employed in place of plastic as a packing filler, protecting and separating the individual packages to be shipped to the service network. We estimate the shredding machines at the warehouses in Turin (Italy) alone will cut our plastic packaging consumption by about 75 tons (about 2,455 kilometres in length) per year, and allow us to recover 1,240 tons of cardboard for later reuse.

The project also allowed us to explore new ways to reduce and optimise our packaging and to saturate box capacity to save space and minimise costs, in line with best practices adopted by all warehouses globally. Since December 2022, the new methods put in place have cut our plastic consumption by 8.1 tons and paper consumption by 3.3 tons, reducing CO<sub>2</sub> emissions by about 29.9 tons.

## Customer Satisfaction

Customer experience management (CXM) begins with the customer journey – a series of key touchpoints reflecting any interaction between customer and Company in the use of Iveco Group products and services before, during, and after purchase. Specific questionnaires enable us to quantify customer satisfaction while providing valuable information for identifying points of weakness ripe for improvement. The CXM process at Iveco Group is overseen by a central team that aims to harmonise the criteria and procedures for managing customer satisfaction, while respecting specific business needs, and makes sure that any reported issue is duly addressed by those responsible for that specific touchpoint in the customer journey.

CXM measures customer satisfaction by using the Net Promoter Score (NPS) to better understand the overall customer experience. The NPS methodology was developed in 2003 by Fred Reichheld, from Bain & Company, in collaboration with Satmetrix. It can be applied to any industry and centres on a single question: how likely is a customer to recommend a given brand or product to a friend or relative (on a scale of 0 to 10). The NPS is the main indicator within brand IVECO's CXM programme.

Customer feedback is collected and circulated within the company as quickly, effectively, and widely as possible, along with the status of KPIs, in order to have a clear picture of customer satisfaction at all times. The CXM programme also enhances customer inclusion and engagement, as the single NPS question elicits an emotion-based customer assessment, which can be assumed to stem from their fidelity and sense of belonging to the brand. Moreover, the feedback collected through the NPS survey and circulated throughout the company is used to improve products and services, so indirectly involving customers in the company's decisional processes.

Our commitment to customer satisfaction is also reflected in the strategic sustainability target incorporated into our Strategic Business Plan: **• a 20% increase in NPS by year-end 2026** (compared to 2021, under our former corporate structure). During the year, the overall NPS rose by 7%, revealing that general improvements in other areas were able to offset the negative impact of delivery times affected by global logistics issues.

### OPERATOR'S MANUAL

All our products come with an Operator's Manual (OM) through which we communicate key product information to our customers, making it an integral part of the product itself. The manual provides extensive information on safe product use and on how to minimise environmental impact, such as by correctly disposing of lubricating oils and additives, and by reducing fuel and energy consumption and pollution through efficient product use.

The manual contains comprehensive information on:

- product identification data
- product start-up and operation
- correct vehicle manoeuvring
- correct use of the vehicle equipment provided – e.g., fixed-body trucks, tail lifts
- correct use of advanced driver-assistance systems (ADAS) – e.g., lane departure warning systems (LDWS)
- safe product use – to avoid risk of injury and/or of serious damage to the vehicle and to safeguard the environment
- human-machine interaction (controls and devices)
- on-board equipment
- telematics features
- technical features
- periodic checks and scheduled maintenance
- refuelling
- product approval standards (emissions, noise, electromagnetic compatibility, etc.).

The safety and accident prevention information contained in the Operator's Manual is presented in line with EU Directive 2000/53/EC on end-of-life vehicles (light goods vehicles), EU Directive 2001/95/EC on general product safety, and ISO 3864 on graphical symbols.

Manuals are available in every major language used in the markets where the products are sold, as per applicable local regulations, and are accessible to the service network via a dedicated webpage on the Dealer Portal (see page 149 [↗](#)). IVECO Brand end-users can download a smartphone app (for iOS and Android), known as the IVECO Easy Guide, which helps navigate the contents of the Operator's Manuals and features live updates and links to multimedia material.

## Product Safety

The customers who purchase Iveco Group's products use them every day in their work. Therefore, to make their job as easy and safe as possible, we design all our products by combining ergonomics and comfort for increasingly intuitive and user-friendly controls. The Company delivers safe, high-quality vehicles by: researching, developing, and adopting ergonomic solutions as well as functional/technical solutions that help enhance product safety performance; conducting studies and research to find and develop safer and more sustainable materials and chemical compounds; and providing information on correct and safe product use via the Operator's Manuals and through ad hoc training programmes (see page 150 [↘](#)).

As stated in our Code of Conduct, ensuring product safety for our customers is one of our fundamental objectives and key responsibilities, which is why we make every effort to deliver extremely safe, reliable, and high-quality products and services. Moreover, everyone at Iveco Group is expected to comply with the safety standards in place, taking appropriate steps to identify, correct, and prevent any non-compliance. This means that any vehicle safety issues must be immediately reported to a supervisor, the Compliance or Legal departments, or via our Whistleblowing System. This commitment is stated in our Health and Safety Policy and applies to all Iveco Group products and brands. As a result, each brand is invested in pursuing the highest standards of preventive, active, passive, and tertiary product safety, so as to safeguard the health of drivers/operators, passengers, and pedestrians alike.

The technological features of latest-generation vehicles (e.g., connectivity and assisted/automated driving systems) make travelling safer and more comfortable. They rely on the exchange of data and information between the vehicle and its surroundings, allowing on-board instruments such as navigators to find the best routes and avoid accidents, traffic jams, and roadblocks. Advanced driver-assistance systems (ADAS) are one of the most important features in use today; they are able to read road signs and road markings and detect pedestrians, which is a significant advance for human safety.

While there are many advantages to adopting these technologies, they also make vehicles vulnerable to potential [cyberattacks](#). Since the safety of our customers is a top priority at Iveco Group, we have fully committed to securing automotive cybersecurity for all our vehicles. In this regard, we have adopted a Product Safety, Security, and Technical Compliance Policy (PSSC), reflecting our commitment to designing, validating, manufacturing, selling, and supporting safe products that

comply with or exceed all applicable laws, and to providing protection against cyber incidents and risks. Iveco Group considers this a prerequisite for conducting responsible and sustainable business, and essential to building and maintaining public trust in our products and in the Company itself. Through this approach we work to create, maintain, and constantly support a corporate culture of product safety, security, and technical compliance that goes beyond the 'mere' rules of compliance. As per our PSSC Policy, we have established our own Cybersecurity Management System, which ensures the safety of embedded vehicle software and data over the entire life cycle of products, thus minimising the risk of cyberattacks on vehicles. In December 2022, we certified the Cybersecurity Management System according to the UNECE R155 Regulation, which defines uniform provisions concerning the approval of vehicles with regards to cybersecurity and its management. In addition, we install the most innovative cybersecurity technologies on new vehicles, implementing structured processes along the entire development chain, from production to post-production.

### ROAD SAFETY

Designing products according to high safety standards to protect drivers, passengers, and all other road users presents a daily challenge for Iveco Group, and is a part of our responsibility towards the community. Accordingly, our research and development into safety systems focuses on 4 key areas: driving assistance, with a focus on devices that support the driver in both normal and emergency situations (when warning alerts are triggered); collision avoidance (active safety); damage mitigation (passive safety); and post-crash safety management (tertiary safety).

In terms of [active safety](#), the main solutions on the market include: advanced emergency braking systems (AEBS), which alert the driver to a potential collision and automatically activate the brakes to avoid, or reduce the speed of, impact; and advanced driver-assistance systems (ADAS), which encompass all the active systems and tools that help drivers prevent road accidents caused by human error, poor driving skills, fatigue, or simple lack of judgment. ADAS are classified according to the 6 levels of driving automation [↘](#) defined by SAE International, a leading authority on mobility standards development: Level 0: No Driving Automation; Level 1: Driver Assistance; Level 2: Partial Driving Automation; Level 3: Conditional Driving Automation; Level 4: High Driving Automation; and Level 5: Full Driving Automation.

The ADAS currently offered by Iveco Group include adaptive cruise control (ACC), the advanced emergency braking system (AEBS), and lane departure warning system (LDWS). Our goal is to equip all of our vehicles with Level 2 ADAS, which we began developing in 2022 for new models scheduled for release over the next few years. This commitment is also reflected by the strategic sustainability target we incorporated into our Strategic Business Plan: **to ensure that 100% of new vehicles manufactured in Europe are equipped with Level 2 advanced driver-assistance systems (ADAS) by year-end 2026, and with additional advanced functions such as adaptive cruise control (ACC Stop & Go<sup>1</sup>, corrective steering function<sup>2</sup>(CSF), and lane centring (LC).** This sustainability target was also included in our Sustainability Plan (see pages 168-172 ↘) and as an individual goal in the Performance Management process (see page 123 ↘).

### TOWARDS AUTONOMOUS DRIVING



In 2021, under our former corporate structure, Brand IVECO partnered with American startup Plus (see page 71 ↘) to test the latter's autonomous driving technology installed on the latest-generation IVECO S-WAY heavy-duty truck. The startup's autonomous driving systems are developed using a holistic system of sensors, cameras, radars, and lidars combined with accurate geolocation, all of which help map the external environment and guide vehicle responses. Co-development efforts continued in 2022, and circuit tests were carried out in Balocco (Italy) and Ulm (Germany) to fine-tune the technology. The first road tests in real traffic conditions are expected to start in 2023.

Following several studies on **passive safety** and biomechanics, our light and medium commercial vehicles can optionally be fitted with advanced occupant restraint systems (AORS) for enhanced protection in case of frontal impact. Light vehicles also come with the additional option of installing window airbags to protect occupants in the event of a side impact.

<sup>1)</sup> ACC allows drivers to maintain a pre-set speed and distance from the vehicle ahead, while ACC paired with Stop & Go helps them come to a complete stop.

<sup>2)</sup> CSF is part of an electronic control system whereby the automatic evaluation of indicators initiated on-board the vehicle may result, for a limited duration, in changes to the steering angle of one or more wheels, in order to: compensate a sudden, unexpected change in the side force of the vehicle; improve vehicle stability; or correct lane departure.

Manufacturers tend to focus mainly on primary and secondary safety to help drivers avoid accidents, limit their consequences, and reduce the effects of any impacts (kinetic energy dissipation). However, as underlined by Euro NCAP<sup>3</sup>, road safety is not only about protecting occupants and promoting driver assistance systems; it also concerns better post-crash safety management, a sphere known as **tertiary safety**. It is crucial that first responders know what they should and should not do at the scene of an accident. Intervention within the so-called 'golden hour' is essential, and rescuers need quickly available and straightforward information on a vehicle's construction to help remove persons safely from a crash site.

For this reason, Brand IVECO has developed specific rescue sheets and emergency response guides, and made them available in the Rescue Material section of its website. Compliant with the ISO 17840 standard (defining information for first and second responders) and available in multiple languages, rescue sheets are standardised summary documents containing all the information crucial to rescuers to carry out occupant extrication quickly and safely. Rescue guides, on the other hand, provide more detailed information that is used to train first responders, with a particular focus on alternative fuel vehicles.

In the knowledge that the human factor plays a key role in accident prevention, IVECO's portfolio of digital services includes the unique Safe Driving suite, with features designed to help **customers** become safer drivers. This on-board system monitors a set of key performance indicators (KPIs) and generates regular reports that, on the one hand, help drivers to acquire a safe driving style; on the other, they help fleet managers analyse trends at fleet level and identify driving style improvement areas, enhancing a safe driving culture among fleet drivers and thus safety on the road. The Safe Driving suite is designed to enhance the driver's risk awareness, thus improving road safety by reducing the risk of accidents and consequently the incidence of injuries to people and of damage to transported goods and vehicles. Safe Driving Reports summarise fleet KPIs in 3 categories:

- Dynamics – which focuses on harsh steering or acceleration, stability control, and handbrake use while driving
- Collision Risk – which looks at behaviours potentially contributing to accidents, such as harsh braking or insufficient safety distance between vehicles
- Compliance – which covers regulations on speed, driving hours, and maximum legal weight limits for vehicles.

The Safe Driving suite system is currently available on our vehicle models equipped with a Connectivity Box, and its features are easily accessible through the IVECO portal.

<sup>3)</sup> The European New Car Assessment Programme, which provides European consumers information on the safety of passenger vehicles.

### TRAINING FOR FIRE RESCUERS



In 2022, we participated in a special cross-border training event for fire rescuers held at the T4 Fréjus Tunnel, which connects Italy and France. Iveco Group provided an LNG-powered IVECO S-WAY that was used in a rescue simulation of a road-traffic accident in a confined space. During the session, we shared our expertise on LNG propulsion and safety systems. In addition to providing our technical input during the theory session, we also helped set up a practical session simulating the defueling procedure for emptying one of the IVECO S-WAY's LNG tanks and the transfer of the gas (methane) to a special high-flow burner, supplied by the Italian fire brigade, for safe de-energisation. The event was attended by members of the Chemical, Biological, Radiological, and Nuclear (CBRN) unit of the Fire Department of Turin (Italy), the Fire and Rescue Department (SDIS 73) of Modane (France), and the Fire Unit of the GEIE Groupement d'Exploitation du Fréjus (GEIE- GEF, France), which is responsible for the operation, maintenance, and safeguarding of the tunnel.

### RECALL CAMPAIGNS

The decision to launch a remedial action (including voluntary recall campaigns), also known as a Product Improvement Deployment (PID), is made by our Current Product Management (CPM) team. Such a decision takes account of both technical factors and the impact on customers. The CPM team, together with the Vehicle Conformance Team, evaluates the safety aspects of each PID using state-of-the-art tools and methodologies, such as safety risk assessments, and determines whether to launch a particular safety recall campaign based on the index obtained. In the event of a PID launch, we notify customers and the relevant bodies in complete transparency.

Once a voluntary recall campaign has been approved, it is launched and released to our service network. This ensures swift completion to minimise customer impact and customer vehicle downtime. Recall campaigns fall under our product quality control process and involve all customer-facing functions, including brand organisations and dealers. If a campaign involves vehicle repair, we utilise various programmes and channels to inform customers about the work involved.

GRI 416-2; 417-2

For countries within its remit<sup>4</sup>, the Customer Uptime Centre (see page 152 [↗](#)) oversees this process and is responsible for contacting affected customers. The Centre is notified about the impacted vehicles, type of recall campaign, and launch date, and also receives recall letter translations certified by each market concerned. It then contacts customers via a dedicated portal or by letter and email. Countries outside the remit of the Customer Uptime Centre are handled by local partners and dealers.

At Iveco Group, ensuring our customers safe and reliable products is key. For this reason, the quality control process includes a Reporting Procedure for Product Safety Problems through which both our service network and our people can report any product safety issue found. Employees can report events involving any of our products via a dedicated section on our corporate Intranet. The reports received are analysed and duly processed by our CPM team. In addition, to speed up the reporting of potential quality problems, the service network is provided with appropriate Incident Reporting Guidelines.

Number of Recall Campaigns (PIDs)

Iveco Group worldwide (no.)

	2022	2021	2020
Mandatory campaigns	39	44	38
Safety & regulatory campaigns	12	14	3
<b>Total</b>	<b>51</b>	<b>58</b>	<b>41</b>

<sup>(4)</sup> Belgium, Bulgaria, Czech Republic, France, Ireland, Italy, Luxembourg, the Netherlands, Poland, Portugal, Romania, Slovakia, Spain, and the UK.

# Local Communities Strategy and Governance

As a corporate citizen, Iveco Group believes in making a positive contribution to society in its countries of operation. We want to share our purpose and values, knowledge, and resources with our communities in order to foster development, unlock opportunities, and reduce inequalities for people who have fewer options due to limited resources.

Creating value for our stakeholders and for those who live and work near our plants requires a clear direction and vision to guide our operations. As set forth in our Code of Conduct, we are committed to community engagement by playing an active role wherever we operate, contributing to local social, economic, and institutional development through specific programmes. In addition, our Community Investment Policy, available on our corporate website, ensures that our activities are managed consistently, defining areas of application at global level.

Against this background, risks and opportunities were also identified. For example, hostility by local communities towards our activities may cause reputational damage and/or affect business continuity. Furthermore, both our credibility and goodwill to transition towards long-term equitable social development would be at risk if we supported projects that were not in tune with community priorities or were not socially impactful; the same is true if we were to cooperate with organisations whose conduct or actions were not in line with our ethical values. Our approach to such risks, given the scale of challenges facing both planet and people, is to

support projects that bring measurable benefits to the countries where we operate in terms of business and investments, as well as high-value, long-term partnerships. Our commitment to promoting equity, inclusion, and engagement also means focusing on community educational activities. A strategic sustainability target (see page 172 ↘) for education was thus incorporated into our Strategic Business Plan: **a 50% increase in the number of students involved in educational activities by year-end 2026** (compared to the result achieved in 2019, under our former corporate structure), focusing on the jobs of the future. Thanks to the many initiatives in place, we were already able to achieve a 23% increase by year end. In 2022, the resources allocated by Iveco Group to local communities totalled €2.81 million (see page 66 ↘).

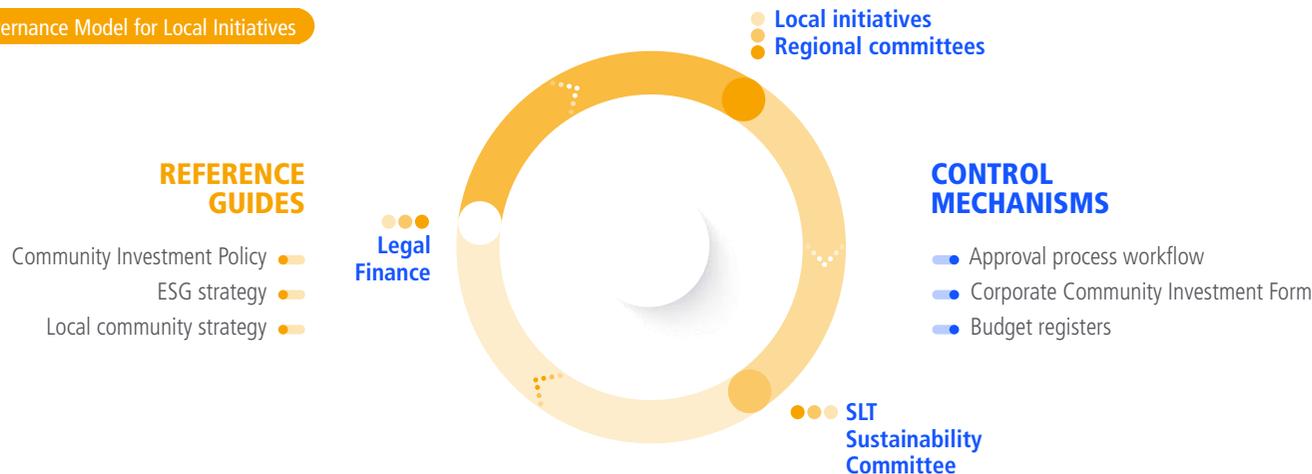


## GOVERNANCE SYSTEM FOR LOCAL COMMUNITIES

The main pillars of our local initiatives governance model include:

- the ESG and local community strategies
- two decision-making bodies (i.e., the SLT Sustainability Committee and 5 regional committees), each with an approval threshold, supported by the Legal and Finance functions
- dedicated control mechanisms, such as a structured approval workflow and budget registers.

### Main Pillars of the Governance Model for Local Initiatives



The 5 regional committees review and approve projects with a budget below €50,000, ensure alignment with local community strategy, and oversee the approval process workflow. They meet monthly, or as needed.

All local community projects with a budget above €50,000 require approval by the SLT Sustainability Committee (see page 32 ↘).

In addition, dedicated local initiative representatives are responsible for the operational aspects of local community projects, and for implementing them in accordance with country-specific requirements.

Such a structured process, led by our Sustainability Department, ensures consistency across geographic areas and alignment of all programmes and initiatives with our business drivers.

### STRATEGY FOR LOCAL COMMUNITY INITIATIVES

As a new Company established on 1 January 2022, we have built our strategy on solid foundations, starting with a context analysis and best practice benchmarking of our peers and competitors.

We identified our action priorities in line with both the UN SDGs<sup>1</sup> and our ESG strategy and shared them with 72 internal stakeholders. The latter helped us define our pillars of action and identify the best partners (NGOs, institutions, startups, and other companies) for planning and realising long-term collaborations and targeted projects, including considering the expectations of external stakeholders as envisaged by our strategy.



<sup>(1)</sup> Sustainable Development Goals are set out in resolution A/RES/70/1, Transforming our World: the 2030 Agenda for Sustainable Development, adopted by the United Nations General Assembly on 25 September 2015.

Through the process indicated above, we identified 3 main action priorities reflecting our business role in connecting people with other people, with goods, and with services across various locations worldwide:

- **PRESERVE BIODIVERSITY:** we aim to strengthen the intrinsic (the planet), instrumental (the economy), and relational (human health and cultural identity) connections between people and nature, rooted in mutually respectful relationships
- **REDUCE INEQUALITY AND PROTECT DIVERSITY AND VULNERABLE GROUPS:** we aim to promote the advancement of people, culture, and ideas by empowering vulnerable groups and migrants to enhance socio-economic inclusion and technological development
- **FOSTER HEALTH AND WELLBEING:** we aim to play an active role in fostering health and wellbeing, equity, and fairness to deliver improvements in education, income, and individual living and working conditions.

Driven by our commitment to social development, we empower our local communities through 5 pillars of action:

- **AWARENESS:** raising awareness of a cause or issue that reflects people’s lived experience
- **EDUCATION:** empowering people and building resilient communities, generating positive repercussions that can potentially extend generations into the future (i.e., developing the skills of tomorrow’s workforce by promoting STEM<sup>2</sup> disciplines, literacy, improved education, and problem-solving from childhood to university)
- **MENTORSHIP:** building the community and fostering closer ties to the Company
- **PARTNERSHIP:** working in community-based partnerships to identify specific needs, assets, and priorities
- **TAILORED PROJECTS:** designing and implementing tailored projects aimed at specific outcomes that bridge societal divisions and advocate for a shift 'from stockholder to stakeholder'.

Main Areas of Intervention



<sup>(2)</sup> Science, Technology, Engineering, and Mathematics.

## CORPORATE COMMUNITY INVESTMENT EVALUATION

To better meet current local needs, Iveco Group uses a specific business tool to measure the effectiveness of initiatives and their ability to strengthen communities and improve people's lives. This tool was developed by the Business for Societal Impact network (formerly known as LBG) – which the Company has joined – and is known as the Business for Societal Impact (B4SI) Framework: a globally recognised methodology used by companies to articulate and measure the positive social impact of their contributions and investments.



The application of the B4SI Framework helps a company measure its social impact in a clear, consistent, and robust way, enabling it to quantify its inputs (what it contributes to society) as well as understand the extent of its impact (the changes its contributions make to business and to society). When used to measure social impact initiatives, the information acquired through the B4SI Framework leads to better decision making on company activities.

Moreover, the B4SI network provides a forum through which companies can connect and learn from their peers, sharing information and best practices within their respective organisations. The B4SI Framework currently underpins the 'Community & Philanthropy' question in the Dow Jones Sustainability Index (DJSI) questionnaire, is reflected in the GRI Sustainability Reporting Standards (GRI Standards), and is recognised by the UN Global Compact as evidence of a company's social impact narrative to stakeholders.

Iveco Group's Corporate Community Investment Form (CCIF), developed in line with the B4SI Framework, is an internal tool used to evaluate the types of benefits gained in the 5 major areas potentially affected by any project: people, organisation, environment, employees, and business (see page 178 [↗](#)).

## POTENTIAL IMPACT OF OPERATIONS ON LOCAL COMMUNITIES

When monitoring the impact of its operations on the environment and on local communities, Iveco Group considers the suppliers it relies on and has partnered with, and to whom it transfers its best practices (see page 139 [↗](#)) Local suppliers are required to abide by our principles on human rights and working conditions (e.g., to reject all forms of forced and/or child labour), environmental protection, and business ethics (see page 139 [↗](#)). The aspects that could significantly impact local communities, and that Iveco Group is committed to improving, concern:

- the impact on the health of workers and their families (see page 117 [↗](#))
- improvements in the welfare of workers and their families (see page 129 [↗](#))
- the impact of atmospheric emissions (see page 80 [↗](#))
- air quality protection (see page 91 [↗](#))
- water management (see page 91 [↗](#))
- waste management and soil/subsoil protection (see page 94 [↗](#))
- biodiversity protection (see page 94 [↗](#))
- adoption of logistics solutions with lower environmental impact (see page 84 [↗](#)).

We monitor all of the above, along with other aspects, under our Risk Management system (see page 49 [↗](#)), initiating targeted projects (directly impacting local communities) at those plants where biodiversity protection and water management and monitoring are particularly important.



Find out more  
about B4SI.

# Main Projects

## WASH PROJECT



**Country:** Kenya (Africa)

**Project Developer:** WeWorld

**Goal:** To provide water facilities for livestock and for local food production, so as to prevent food crises in periods of drought and reduce conflict between small farmers and pastoralists

The County of Isiolo is in the central-northern belt of Kenya, has a population of 268,002, and covers an area of 25,350 square kilometres divided into three sub-counties (Garbatulla, Isiolo, and Merti). Drought and irregular rains – which categorise Isiolo county as one of the country’s arid and semi-arid lands – negatively impact the economy causing reduced yields, low productivity, high livestock mortality, significant loss of earnings, and a sharp rise in malnutrition. The latter is in fact a public health problem in the county.

The poor accessibility to and availability of water and food resources, linked to climate change and exacerbated by the inadequate road network, are fertile ground for disputes and violence over the ownership of the means of sustenance, therefore contributing to the general level of conflict across the county.

So far, the exact locations for building 2 water pans have been identified, 2 committees have been established, and the first community meeting has been held. The needs of both pastoralists and agro-pastoralists in two of the sub-counties have been discussed and considered.

GRI 413-1

## REFORESTATION PROJECT



**Country:** Argentina (South America)

**Project Developers:** Natura International, *Ambiente Argentino*, Municipality of Villa Allende, Municipality of Villa Carlos Paz

**Goal:** To tackle deforestation and forest degradation

At the Ansenenza National Park, an important site for biodiversity protection, we implemented a reforestation programme in partnership with the NGO Natura International (*Natura Argentina*). The park has more than 350 species of birds and 45 species of mammals, receives many migratory species every year, and helps protect South America’s largest saline lake. 113 Iveco Group employees volunteered to help in the reforestation of 150 native tree species and to raise awareness through informative posters and waste baskets made with recycled materials.

In conjunction with the company *Ambiente Argentino* (Amb.ar) and the municipality of Villa Allende, we realised another planting project in the Sierras Chicas de Córdoba mountain range, which has been hit by multiple fires in recent years, causing serious losses to flora and fauna. Iveco Group contributed to restoring ecosystems and native species and to reducing the risk of flooding in the surrounding towns. 50 employees and their families (over 180 people in total) planted 500 trees, and developed a forestry project in the nearby Villa Allende Recreational and Water Nature Reserve.

We also supported the cleaning of the San Roque Lake shoreline and the reforestation of native species, in collaboration with the municipality of Villa Carlos Paz. In total, 95 employees and their families planted 120 trees by the Villa Carlos Paz Lake and collected more than 750 kilos of plastic waste, later taken to a recycling centre.

### Projects Outputs and Impacts

#### COMMUNITY OUTPUTS (expected)

- **2** water pans will be built to increase water availability
- **2** committees (for a total of 30 members) will manage water resources as well as conflicts among small farmers and pastoralists
- **1,000** families of small farmers and pastoralists (totalling about **6,000** people) will benefit from the water pans, and product quality will improve

#### COMMUNITY IMPACTS (expected)

The **168,272** residents of the two sub-counties of Isiolo and Merti will benefit from reduced conflicts in the area.

### Projects Outputs and Impacts

#### COMMUNITY OUTPUTS

- **3** reforestation projects realised
- **150** trees planted in Ansenenza National Park
- **500** trees planted in Sierras de Córdoba
- **120** trees planted by Villa Carlos Paz Lake

#### COMMUNITY IMPACTS

- Increased tree mass (biomass) at selected sites
- Approximately **36.60** tons<sup>a</sup> in expected CO<sub>2</sub> capture on reaching maturity (in about 20 years)

<sup>(a)</sup> Data provided by Amb.Ar. Calculations were based on 3 reference species, since not all species achieve the same biomass when mature.

Find out more about impact assessment.

**TECHPRO<sup>2</sup> PROJECT**

**Country:** Italy (Europe); China (East Asia); Ethiopia and South Africa (Africa)  
**Project Developer:** Don Bosco Salesian Society  
**Goal:** To train mechatronic specialists to meet market demand

The growing mismatch between supply of and demand for industrial skills is one of the main causes of high youth unemployment around the globe, especially in many developing countries.

TechPro<sup>2</sup> is our worldwide joint project in a long-standing partnership with the Don Bosco Salesian Society that aims to train mechatronic specialists to meet the market’s growing demand for qualified personnel, offering young people more job opportunities – especially within our Company’s sales and service network.

Training includes theory and hands-on learning at Salesian centres, followed by targeted internships in the field. The objective is twofold: on the one hand, to ensure students have a future vocation; on the other, to enhance the quality of specialised technical assistance for our products while meeting the demand for qualified technicians at authorised dealers and workshops. To achieve this, we provide expertise by training the teachers, who in turn pass on their knowledge to students in the classroom. We also offer financial aid, tools, and essential parts (such as complementary vehicles, engines, drives, and diagnostic tools) for classroom training and practice.

**LITERACY BOOST PROJECT**

**Country:** Ethiopia (East Africa)  
**Project Developer:** Save the Children  
**Goal:** To improve children’s reading skills

In Ethiopia (East Africa), despite access to public education significantly improving in recent decades, quality education remains a challenge. Assessments of reading skills among children indicate that, after completing grade 2 and 3, a significant percentage are unable to read fluently in their native language, with the poorest skills found in the SNNPR and Sidama regions.

We support Save the Children’s Literacy Boost initiative, which aims to improve children’s literacy skills by enhancing the expertise of teachers and education experts, providing coaching and mentoring, strengthening relationships within the education sector at national, regional, and district level, and facilitating the initiative’s integration and implementation into the primary school curriculum across Ethiopia.

The project is aimed at the most disadvantaged children, including some with disabilities, residing in remote rural communities with the least access to quality education.

Projects Outputs and Impacts

**COMMUNITY OUTPUTS**

- **7** schools across **4** countries
- **469** students received classroom and on-the-job training in 2022
- **6,283** total training hours delivered in 2022

**COMMUNITY IMPACTS**

- Based on feedback from both the trainees and the schools, the project helped the former develop new skills and knowledge and enabled the latter to improve their technological competence and ability to attract more students
- **112** students found employment after completing the training course

Projects Outputs and Impacts

**COMMUNITY OUTPUTS (expected)**

- **187,500** children (aged 7-10) to benefit from the initiative
- **750** schools in the SNNPR and Sidama regions to be involved
- Approximately **1,500** teachers and **122** educational experts to be trained

**COMMUNITY IMPACTS (expected)**

- Improved literacy results for children
- Improved teachers’ skills and ability to implement Literacy Boost modules
- Improved quality of learning



Find out more about impact assessment.

**SPESASOSPESA.ORG PROJECT**

**Country:** Italy (Europe)  
**Project Developer:** LAB00 Foundation  
**Goal:** To collect and distribute food and basic necessities

In Italy, in partnership with the LAB00 Foundation, we supported the SpesaSospesa.org project, a solidarity initiative helping vulnerable families and the most economically disadvantaged. It provides for the collection of donations and the recovery of potential food waste and surpluses of basic necessities. All recovery, purchase, and distribution operations are traceable and transparent thanks to the use of digital technology: namely, the Regusto platform, which uses blockchain technology to manage all donations, recovered goods, and services, guaranteeing maximum transparency through the digitisation and traceability of cash flows.

In 2022, we made 3 IVECO Daily vans available to the charities *Caritas Perugia*, *Caritas Alessandria*, and *Terre des Hommes* Foundation, for distribution.

Projects Outputs and Impacts

**COMMUNITY OUTPUTS**

The help provided in 2022 through charities *Caritas Perugia*, *Caritas Alessandria*, and *Terre des Hommes* benefitted:

- **2,629** families
- **7,426** people
- **1,138** families with children
- **2,400** minors.

According to data collected via the Regusto platform, the initiative led to the following:

- **155,417** kg of goods transported by IVECO vehicles (data collected via the charities)
- **297,273** meal equivalents distributed
- **135,815** kg of CO<sub>2</sub> emissions avoided
- **139,165** m<sup>3</sup> in reduced water consumption.

**COMMUNITY IMPACTS**

Based on feedback from both charities and beneficiaries, the project was able to help people in need while tackling food waste. Furthermore, the support provided improved the beneficiaries' ability to face tough situations and focus on developing new skills, so encouraging self-empowerment.

**SUPPORT UKRAINE**

**Country:** Ukraine (Europe)  
**Project Developers:** AVSI, *Solettere*, WeWorld  
**Goal:** To support the people suffering in the war

Since the beginning of the conflict, we have undertaken all necessary action to protect our colleagues and their families in Ukraine, and supported local organisations assisting the population with in-kind donations. We also identified and supported 3 non-governmental organisations (NGOs), already operating in the country, whose programmes and activities matched our priorities of preserving health and wellbeing and of promoting education among vulnerable groups. They provided concrete help in the form of essential items as well as psychological and economic support, both in Ukraine and in the refugee camps of host countries.

We donated a combined total of over €570,000 to non-profit organisations assisting the victims of the war, helping over 30,000 people – almost the same as the number of Iveco Group employees worldwide. We also supported these organisations by providing equipment and several vehicles, and arranged donations to aid first responders saving lives, drivers transporting goods, and people in need of food, medical care, and basic supplies.

Partnering with AVSI, we contributed to strengthening community education and protection services for internally displaced women, children, and vulnerable local people in Kharkiv and Sumy Oblasts.

We then contributed to Solettere's activities to meet the medical care and basic needs of children with cancer or injuries at several Ukrainian hospitals, and to provide safe shelters for children and families to help protect them from the harsh Ukrainian winter.

Lastly, alongside the organisation WeWorld, we provided concrete aid to address the basic needs of vulnerable women, children, and people with special needs in Lviv, Kyiv, Izmail, and Odessa.

Projects Outputs and Impacts

**COMMUNITY OUTPUTS**

- **2** tons of medicine delivered to a hospital in Lviv to assist 90 children
- **800** minors assisted through educational activities and psycho-social support
- **700** people received psycho-social support
- **100** children with cancer or injuries evacuated and moved to other hospitals in Italy
- **152** chemo sessions provided to children with cancer
- **485** rehabilitation sessions provided to 30 injured children

**COMMUNITY IMPACTS**

**2,400** people received advice on how to prevent human rights violations during the migration process, and around **2,000** children with cancer received assistance.

The vehicles we donated were used to distribute goods to approximately **7,500** people and to help transfer about **150** people to and from shelters and reception centres.



Find out more about impact assessment.

## OTHER PROJECTS

Other tree planting initiatives were carried out in 2022 at several of our plants. In Europe, the Vysoke Myto plant (**Czech Republic**) donated funds to plant 4,365 trees in its surrounding forests, while the plant in Rorthais (**France**) planted 253 trees in its vicinity. In South America, the Cordoba plant (**Argentina**) used its waste materials to build a greenhouse for growing native tree species for reforestation, while the plant in Sete Lagoas (**Brazil**) planted 50 different tree species in nearby areas.

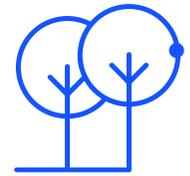
As regards socio-educational initiatives, we set up 2 training programmes in **Argentina**: *SOMOS* (to be) and *Potenciate – Futuras* (empower your future self), under which participants received training on leadership, diversity, project management, business planning, negotiation, public speaking, and job profile development. Both initiatives were realised in partnership with *Fundación Líderes de Ansenusa* and the US Embassy in Argentina.

*SOMOS* is a pioneering leadership training programme for 30 young people (aged 15-18), focusing on diversity, networking, team working, and communication development. As part of the programme, the potential young leaders were involved in talks on body-shaming, artistic pieces about indigenous peoples' roots, and workshops on gender identity, for a total of 13 activities in 9 provinces impacting more than 1,500 people. *Potenciate – Futuras* delivered a women's disruptive leadership, mentoring, and empowerment programme to help young women develop their skills as agents of change. The programme saw more than 30 professional speakers and specialists involved in female-leader training, community involvement, team building, and networking.

In Sete Lagoas (**Brazil**), we sponsored the *Próximo Passo* project in the city's Cidade de Deus neighbourhood, in partnership with the NGO *Cooperação para Desenvolvimento e Morada Humana* (cooperation for housing development). The project offers socio-educational workshops, a choir for the elderly, an educational programme to tackle school dropout rates, environmental activities, a digital literacy laboratory, and training courses to prepare 15-17 year-olds for the job market. In 2022, 620 people benefitted directly from the project.

Still in the Cidade de Deus neighbourhood, we supported the *Semeando o Futuro* (sowing the future) project aimed at promoting the development of young people, with workshops on socialising, contributing to the community, and qualifications for the job market. The goal is to develop skills and empower individuals to improve their current conditions. In 2022, the project involved about 140 children.

Moreover, in order to assist unemployed people in attaining the necessary skills to fill Company positions, we provided professional training in Sete Lagoas through the *Escola IVECO* (IVECO school), in partnership with the SENAI Institution. The course focused on technical and behavioural skills through distance and in-person classes. In 2022, 670 people received training (397 women and 273 men); after completing the course, 199 of them were hired by Iveco Group (106 women and 93 men).



OVER  
**4,600**  
TREES PLANTED

### SOLIDARITY CARGO



Brand IVECO's *Solidarity Cargo* project, started in **Brazil** in 2015 under our former corporate structure, aims to help socially vulnerable people and takes place around Christmas. In 2022, 20 employees at our plant in Sete Lagoas volunteered to help load an IVECO S-WAY with 400 toys, 1,023 uniforms (shirts, shorts, socks, and referee kits), football equipment, and everything needed to set up a professional football pitch. The *Solidarity Cargo* team then headed to Pedra Grande in Almenara, in the interior of Brazil, to donate the items to the local community and carry out renovation work at the local football pitch, which is also used as a community meeting point for festivals and other events.





# 04

# APPENDIX

## Our Sustainability Plan

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# Our Sustainability Plan

The Sustainability Plan is a statement of our people’s commitment to contributing to Iveco Group’s growth in harmony with society and the planet; its measurable and substantiated targets are clear and unequivocal pledges by the Company to its stakeholders.

The Plan also includes our strategic sustainability targets, which are an integral part of Iveco Group’s Strategic Business Plan. It should be noted that executive compensation is linked, among other things, to the achievement of two of these strategic targets: specifically, the long-term incentive plan is linked to the reduction in CO<sub>2</sub> emissions (Scope 1 and 2) compared to 2019 (under our former corporate structure), and the short-term incentives to the increase in management positions held by women.

All targets within our Sustainability Plan are:

- consistent with the 4 priorities that underpin Iveco Group’s sustainability strategy
- specific, measurable, achievable, relevant, and time-bound (SMART)
- contributors to the achievement of some of the UN Sustainable Development Goals (SDGs)
- identified and set by the corporate functions with the assistance of the Sustainability Department
- approved by the SLT Sustainability Committee.

The Plan will be updated annually, as well as reviewed mid-year by the SLT Sustainability Committee and by the ESG Committee of the Board of Directors.



## WORKPLACE AND PRODUCT SAFETY

**KEY**

- Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- Target postponed



### Our People & Operations

COMMITMENT	TARGETS	2022 RESULTS	ACHIEVEMENT AT 31 DECEMBER 2022
Maintain high standards in the prevention of accidents and injuries in the workplace	2026: -40% vs 2019 in employee injury frequency rate (manufacturing and non-manufacturing sites)	-12.4% vs 2019 achieved in employee injury frequency rate <span style="float: right;">120</span>	Base year 2019 <span style="font-weight: bold;">-12.4%</span> Target 2026 <span style="font-weight: bold;">-40%</span>

### Our Products & Services

COMMITMENT	TARGETS	2022 RESULTS	ACHIEVEMENT AT 31 DECEMBER 2022
Maintain high standards in the prevention of road accidents	2026: 100% of new vehicles in Europe equipped with advanced driver-assistance systems (ADAS) and additional advanced functions, such as adaptive cruise control (ACC), ACC Stop & Go, corrective steering function (CSF), and lane centring (LC)	Ongoing development of Level 2 ADAS for new vehicle models <span style="float: right;">156</span>	Target 2026 <span style="font-weight: bold;">100%</span>

### Our Valued Partners

COMMITMENT	TARGETS	2022 RESULTS	ACHIEVEMENT AT 31 DECEMBER 2022
Promote product safety through the dissemination of good practices	2026: 100% of dealership staff involved in safety training on product portfolio	80% of dealership staff involved in safety training on product portfolio <span style="float: right;">150</span>	Base year 2019 <span style="font-weight: bold;">80%</span> Target 2026 <span style="font-weight: bold;">100%</span>

# CARBON FOOTPRINT

**KEY**

- Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- Target postponed



COMMITMENT	TARGETS	2022 RESULTS
Implement a decarbonisation strategy in line with the Paris Agreement	2040: net zero carbon	The Climate Pledge signed by the Company <span style="float: right;">74</span>

## Our People & Operations

COMMITMENT	TARGETS	2022 RESULTS	ACHIEVEMENT AT 31 DECEMBER 2022
Reduce CO <sub>2</sub> emissions from manufacturing processes	2030: -50% vs 2019 in absolute CO <sub>2</sub> emissions (Scope 1 & 2)	-16% vs 2019 in absolute CO <sub>2</sub> emissions achieved at Company plants worldwide <span style="float: right;">75</span>	Base year 2019 <span style="display: inline-block; width: 100px; height: 10px; background: linear-gradient(to right, #007bff, #007bff); border-radius: 5px;"></span> -16% <span style="float: right;">Target 2030 -50%</span>

Reduce energy consumption via ad hoc measures and technologies	2030: -30% vs 2019 in energy consumption per production unit <sup>(a)</sup> at Company plants worldwide		REVISED TARGET
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Promote renewable energy generation and use	2030: 100% of total electricity consumption derived from renewable sources	98% of total electricity consumption derived from renewable sources <span style="float: right;">79</span>	98% <span style="display: inline-block; width: 100px; height: 10px; background: linear-gradient(to right, #007bff, #007bff); border-radius: 5px;"></span> Target 2030 100%
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## Our Products & Services

COMMITMENT	TARGETS	2022 RESULTS	ACHIEVEMENT AT 31 DECEMBER 2022
Reduce the environmental impact of the use of sold products	2030: -38% <sup>(b)</sup> vs 2022 in Scope 3 CO <sub>2</sub> emissions from the use of sold products per vehicle/km		REVISED TARGET

## Our Valued Partners

COMMITMENT	TARGETS	2022 RESULTS	ACHIEVEMENT AT 31 DECEMBER 2022
Reduce the environmental impact of logistics	2026: -7% vs 2022 <sup>(b)</sup> in kg of CO <sub>2</sub> emissions per ton of goods shipped		REVISED TARGET

Reduce the environmental impact of the supply chain	2026: -20% vs 2022 <sup>(b)</sup> in absolute CO <sub>2</sub> emissions generated by key suppliers of purchased goods, services, and capital goods		REVISED TARGET
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<sup>(a)</sup> The production unit corresponds to the hour of production. Total manufacturing hours are used to calculate the normalised production unit indicator. For the definition of total manufacturing hours, see page 176 [↗](#)  
<sup>(b)</sup> Target revised in 2022 in line with new regulatory requirements and the updated Strategic Business Plan.



LIFE CYCLE THINKING

**KEY**

- Target exceeded
- Target achieved or in line with plan
- ◐ Target partially achieved
- Target postponed



Our People & Operations

COMMITMENT	TARGETS	2022 RESULTS	ACHIEVEMENT AT 31 DECEMBER 2022
Optimise water management and increase water recycling	2026: 75% <sup>(c)</sup> of water recycled at Company plants worldwide	60.1% of water recycled at Company plants worldwide ↘ 92	60.1 % <span style="color: blue;">●</span> Target 2026 75%
	2026: -15% vs 2019 in water withdrawal per production unit <sup>(d)</sup> at Company plants worldwide		NEW TARGET
	2026: -10% vs 2019 in water withdrawal per production unit <sup>(d)</sup> at the (Truck) plant in Brescia (Italy)		NEW TARGET
	2026: -5% vs 2019 in water withdrawal per production unit <sup>(d)</sup> at the plant in Foggia (Italy)		NEW TARGET
	2026: -22% vs 2019 in water withdrawal per production unit <sup>(d)</sup> at the plant in Madrid (Spain)		NEW TARGET
	2026: -10% vs 2019 in water withdrawal per production unit <sup>(d)</sup> at the plant in Valladolid (Spain)		NEW TARGET
	Optimise waste management and increase waste recovery	2026: 97.1% of waste recovered at Company plants worldwide	
2026: -7% vs 2019 in waste generated per production unit <sup>(d)</sup> at Company plants worldwide			NEW TARGET
2026: -6% vs 2019 in hazardous waste generated per production unit <sup>(d)</sup> at Company plants worldwide			NEW TARGET

<sup>(c)</sup> Target revised in 2022 and made more ambitious.

<sup>(d)</sup> The production unit corresponds to the hour of production. Total manufacturing hours are used to calculate the normalised production unit indicator. For the definition of total manufacturing hours, see page 176 [↗](#).

**KEY**

- ⬆️ Target exceeded
- Target achieved or in line with plan
- ◐ Target partially achieved
- Target postponed

**Our People & Operations**

COMMITMENT	TARGETS	2022 RESULTS	ACHIEVEMENT AT 31 DECEMBER 2022
Safeguard protected species and biodiversity	➤ 2023: implementation of improvement measures identified through the biodiversity value index (BVI) or biodiversity risk evaluation (BRE)		<span style="background-color: #e0f0ff; padding: 2px;">NEW TARGET</span>
Reduce volatile organic compounds (VOCs) in paint processes	➤ 2026: -14% vs 2019 in VOC emissions per square metre painted at Company plants worldwide		<span style="background-color: #e0f0ff; padding: 2px;">NEW TARGET</span>

**Our Products & Services**

COMMITMENT	TARGETS	2022 RESULTS	ACHIEVEMENT AT 31 DECEMBER 2022
Promote best practices in the design of sustainable products	➤ 2026: 100% of new products developed using sustainability/ recyclability design criteria	Eco-Design working group established to draft relevant guidelines <span style="color: blue;">⬇️</span> 68	<span style="background-color: #e0f0ff; padding: 2px;">●</span> Target 2026 <b>100%</b>

**Our Valued Partners**

COMMITMENT	TARGETS	2022 RESULTS	ACHIEVEMENT AT 31 DECEMBER 2022
Optimise the management of the entire life cycle of spare parts	➤ 2030: 100% recovery of the cores of spare parts sold	6% of cores recovered from spare parts sold <span style="color: blue;">⬇️</span> 99	<span style="background-color: #e0f0ff; padding: 2px;">●</span> <b>6%</b> Target 2030 <b>100%</b>
Increase the production of remanufactured components	➤ 2026: 15% of net sales from spare parts generated by remanufactured components	7.8% of net sales from spare parts generated by remanufactured components <span style="color: blue;">⬇️</span> 99	<span style="background-color: #e0f0ff; padding: 2px;">7.8%</span> <span style="background-color: #e0f0ff; padding: 2px;">●</span> Target 2026 <b>15%</b>



## INCLUSION AND ENGAGEMENT

**KEY**

- Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- Target postponed



### Our People & Operations



COMMITMENT	TARGETS	2022 RESULTS	ACHIEVEMENT AT 31 DECEMBER 2022
Continuously update processes to remain aligned with best practices on human rights	2024: completion of human rights assessments cycle (2022-2024 period), to monitor 100% of employees working in internal operations		NEW TARGET
Promote diversity, equity, and inclusion and offer equal opportunities	2026: 23% of management positions held by women	21.7% of management positions held by women	<span>21.7%</span> Target 2026 23%
Promote employee engagement	2023: 100% of our people involved in culture and engagement initiatives		NEW TARGET

### Our Products & Services

COMMITMENT	TARGETS	2022 RESULTS	ACHIEVEMENT AT 31 DECEMBER 2022
Promote the health and wellbeing of drivers	2026: partnerships with 100% of key customers to improve the working conditions and work-life balance of drivers	Methodologies explored to assess the working conditions and work-life balance of drivers	<span>100%</span> Target 2026 100%
Deliver best-in-class customer journey	2026: +20% vs 2021 in Net Promoter Score (NPS) for IVECO Trucks	+7% vs 2021 in the NPS for IVECO Trucks	Base year 2021 <span>+7%</span> Target 2026 +20%

### Our Valued Partners

COMMITMENT	TARGETS	2022 RESULTS	ACHIEVEMENT AT 31 DECEMBER 2022
Promote social and environmental responsibility among suppliers	2026: 100% of Tier 1 suppliers involved in sustainability self-evaluations	77% of Tier 1 suppliers involved in sustainability self-evaluations through the Open-es platform	<span>77%</span> Target 2026 100%
	2026: +100% vs 2021 in number of collaboration projects with suppliers to improve products' sustainability performance	Several supplier proposals to enhance sustainability accepted and presented during Technology Days; relevant initiatives currently being planned	Base year 2021 <span>100%</span> Target 2026 100%
	2023: execution of 75 supplier sustainability audits		NEW TARGET
Promote the social and economic development of local communities	2026: +50% vs 2019 in number of students involved in education activities, focusing on the jobs of the future	+23% vs 2019 in number of students involved in education activities	Base year 2019 <span>+23%</span> Target 2026 +50%

# Report Parameters

## Sustainability Report Contents

Iveco Group's first annual Sustainability Report aims to give stakeholders a comprehensive overview of the Company's operations, integrating our financial results and economic commitments with our environmental and social ones.

The topics covered in the Report originate from the materiality analysis (see page 19 [↗](#)). As per the GRI Standards (GRI 1: Foundation 2021, Requirement 5), one or more of the disclosures listed in the GRI Topic Standards were monitored and reported for each material topic (see page 20 [↗](#)).

The contents of the Report were integrated with the information requirements of ESG investors and financial and non-financial analysts who periodically review Iveco Group's sustainability performance.

Iveco Group's strategic approach is set out in the chapter *We Go Beyond* (on page 8 [↗](#)), which also includes the Sustainability Model summarising the Company's approach to sustainability, and explains how the materiality analysis evolved from a context analysis tool into a business tool used by senior management to identify strategic targets consistent with, and integrated into, our business strategy.

Sustainability Report contents are selected through a process of exchange and comparison across Iveco Group's internal structures, via a network of representatives within the different organisational areas that oversee the implementation of initiatives and the reporting of sustainability performance.

**Defining the contents** of the Report is a process based on principles of materiality, stakeholder inclusiveness, sustainability context, and completeness. This complex and systematic process, which takes place during the Report's planning phase – in part through the materiality analysis (see page 19 [↗](#)) – focuses on defining the topics and scope considered relevant to Iveco Group's business and stakeholders owing to their economic, environmental, and social impact. The Report provides as complete a representation as possible of the relevant information, defining environmental and social action priorities and timeframes, to enable a thorough evaluation by stakeholders.

**Ensuring the quality of information**, on the other hand, is a process that concerns principles of balance, comparability, accuracy, timeliness, clarity, and reliability as per the GRI Sustainability Reporting Standards (GRI Standards). Indeed, the annual Sustainability Report

describes positive trends as well as weaknesses and areas for improvement, with the aim of presenting a clear and balanced picture of Iveco Group's sustainability performance to its stakeholders. Furthermore, information and quantitative data is collected in such a way as to enable data comparability over several years and between similar organisations for an accurate reading of the information provided.

The **preparation** of the Sustainability Report (see page 25 [↗](#)) was contingent on a systematic information and data retrieval process, crucial to ensure the accuracy of sustainability performance reporting. Approximately 200 key performance indicators (KPIs) were reported in this document. Where available, computerised management and control systems (e.g., the SAP HR platform for employee data) were used to ensure the reliability of information flows and data accuracy. Other indicators were monitored using electronic databases (e.g., the SPARC<sup>1</sup> reporting system for environmental and occupational health and safety data related to manufacturing sites) or spreadsheets, populated directly by the representatives of each thematic area worldwide and verified by their supervisors.

### SCOPE

Unless otherwise stated, the **reporting period** of the Sustainability Report covers information and data for the year 2022 – which coincides with the calendar year – for the whole of Iveco Group worldwide as consolidated<sup>2</sup> in the 2022 Annual Report as at 31 December 2022.

Unless otherwise indicated, the terms 'Company' and 'Iveco Group' refer to Iveco Group including all its subsidiaries (also called 'legal entities', 'companies', or 'group of companies'). Iveco Group is divided into 4 **geographic areas**: Europe, South America, North America, and Rest of the World. The countries that make up these geographic areas are listed on page 180 [↗](#).

<sup>(1)</sup> Sustainability, Performance, Analysis, Reporting & Compliance.

<sup>(2)</sup> The differences with respect to the scope of the 2022 Annual Report are: the scope of the 2022 Sustainability Report excludes the Fourchambault-Garchizy plant (France) and the Graz plant (Austria); the 2022 Annual Report includes the ATS plant in Chongqing (China) opened in 2020 (not yet included in the scope of the 2022 Sustainability Report) and the marine engines production line in Turin (Italy), which in the Sustainability Report is considered as part of the Torino Motori plant; the plant in Dandenong (Australia) was closed during the year and so is not included in the 2022 Annual Report, but is included the scope of the 2022 Sustainability Report due to its impact in the months prior to closure.

It should be noted that the **definition of plant** used in the Sustainability Report is in line with that in the 2022 Annual Report. The exclusion of any geographic area, legal entity, plant, or specific site from the scope of the Report is attributable to the inability to obtain data of satisfactory quality or to the immateriality of its activities (as is often the case for newly acquired legal entities, joint ventures, or manufacturing activities not yet fully operational). In some cases, subsidiaries or plants not consolidated in the financial statements were included within the scope of the Report because of their significant environmental and social impact. Furthermore, any plant closed during the year was also included in the reporting scope for that year due to its impact in the months prior to closure.

Any **significant variations** in the scope of the Report or in the data therein are expressly indicated in the text or tables in the Appendix.

### 2022 DATA COVERAGE

Iveco Group’s sustainability reporting scope includes 23 manufacturing plants.

#### 2022 Data Coverage

Iveco Group worldwide

	 <b>PLANTS COVERED (no.)</b>	<b>Plants covered (as a % of total plants within the reporting scope<sup>a)</sup></b>	<b>Revenue from sales of products manufactured at the plants covered (as a % of total revenue from sales of products manufactured at all plants within the reporting scope<sup>a)</sup></b>	<b>Employees at the plants covered (no.)</b>	<b>Employees at the plants covered (as a % of employees at all plants within the reporting scope<sup>a)</sup></b>	<b>Reference (page no.) ↴</b>
ISO 9001 or IATF 16949	23	100	100	21,849	100	-
DOT programme	21	91.3	99.8	21,782	99.7	56
Health & safety	23	100	100	-	-	117
ISO 45001	23	100	100	-	-	118
Environmental performance <sup>b)</sup>	23	100	100	21,849	100	89
ISO 14001	23	100	100	21,849	100	90
Energy performance <sup>c)</sup>	23	100	100	21,849	100	76
ISO 50001	23	100	100	21,849	100	76

<sup>(a)</sup> The percentage is calculated on the 23 plants listed in the table on page 175 ↴.

<sup>(b)</sup> Including volatile organic compounds (VOCs), water, and waste.

<sup>(c)</sup> Including CO<sub>2</sub>, NO<sub>x</sub>, SO<sub>x</sub>, and dust emissions.

2022 Plants within the Reporting Scope

Country	PLANT	Business unit <sup>a)</sup>	Primary functions	DOT	QUALITY		SAFETY		ENVIRONMENT		ENERGY	
					ISO 9001 or IATF 16949	ISO 45001	Scope	ISO 14001	Scope	ISO 50001	Scope	
<b>EUROPE</b>												
Czech Republic	↳ Vysoké Mýto	Bus	Buses (city, intercity)	•	•	•	•	•	•	•	•	•
France	↳ Annonay	Bus	Buses (coaches, city)	•	•	•	•	•	•	•	•	•
France	↳ Bourbon-Lancy	Powertrain	Engines (heavy)	•	•	•	•	•	•	•	•	•
France	↳ Rorthais	Bus	Buses (city)	•	•	•	•	•	•	•	•	•
Germany	↳ Ulm	Firefighting	Firefighting vehicles	•	•	•	•	•	•	•	•	•
Italy	↳ Bolzano	Defence Vehicles & ASTRA	Defence vehicles	•	•	•	•	•	•	•	•	•
Italy	↳ Brescia	Truck	Medium vehicles, cabs, chassis	•	•	•	•	•	•	•	•	•
Italy	↳ Brescia	Firefighting	Firefighting vehicles	•	•	•	•	•	•	•	•	•
Italy	↳ Foggia	Powertrain	Engines (light), drive shafts	•	•	•	•	•	•	•	•	•
Italy	↳ Piacenza	Defence Vehicles & ASTRA	Quarry and construction vehicles	•	•	•	•	•	•	•	•	•
Italy	↳ Suzzara	Truck	Light vehicles	•	•	•	•	•	•	•	•	•
Italy	↳ Torino Driveline	Powertrain	Transmissions, axles	•	•	•	•	•	•	•	•	•
Italy	↳ Torino Motori	Powertrain	Engines (heavy)	•	•	•	•	•	•	•	•	•
Italy	↳ Vittorio Veneto	Powertrain	Components	•	•	•	•	•	•	•	•	•
Spain	↳ Madrid	Truck	Heavy vehicles	•	•	•	•	•	•	•	•	•
Spain	↳ Valladolid	Truck	Light vehicles, heavy cabs components	•	•	•	•	•	•	•	•	•
<b>SOUTH AMERICA</b>												
Argentina	↳ Córdoba	Truck	Medium and heavy vehicles	•	•	•	•	•	•	•	•	•
Argentina	↳ Córdoba	Powertrain	Engines (heavy)	•	•	•	•	•	•	•	•	•
Brazil	↳ Sete Lagoas	Truck	Light, medium, and heavy vehicles	•	•	•	•	•	•	•	•	•
Brazil	↳ Sete Lagoas	Defence Vehicles & ASTRA	Defence vehicles	•	•	•	•	•	•	•	•	•
Brazil	↳ Sete Lagoas	Powertrain	Engines (light, medium, and heavy)	•	•	•	•	•	•	•	•	•
<b>REST OF WORLD</b>												
Australia	↳ Dandenong	Truck	Heavy vehicles	•	•	•	•	•	•	•	•	•
China	↳ Chongqing	Powertrain	Engines (light, medium, and heavy)	•	•	•	•	•	•	•	•	•

<sup>a)</sup> Truck (IVECO); Powertrain (FPT Industrial); BUS (IVECO BUS, HEULIEZ); Defence Vehicles & ASTRA (IDV, ASTRA); Firefighting (MAGIRUS).

# Methodologies

## APPROACH TO DATA CALCULATION

- Considering 2022 was Iveco Group's first year as an independent Company, **data comparability** over time was possible only for the manufacturing perimeter and for those perimeters of our previous corporate structure from which we could extrapolate the data. In such instances, the data reported refers to the 3-year period from 2020 to 2022.
- **Target achievement** dates are always year-end, i.e., they refer to 31 December of the year indicated.
- Several **base years** were selected when setting our targets, for the following reasons:
  - 2019 (for targets regarding CO<sub>2</sub> emissions reduction, environmental aspects, and safety) – to allow comparability with performance results achieved prior to the impact of external factors (i.e., the pandemic, supply chain disruptions, and the rise in gas prices as a result of the war in Ukraine)
  - 2019 (for targets regarding educational activities) – to allow comparability with the performance results under our previous corporate structure
  - 2021 (for newly-established targets regarding collaboration projects with suppliers and the Net Promoter Score) – being the first available year for tracking these new specific targets
  - 2022 (for targets regarding Scope 3 emissions) – to standardise all Scope 3 targets following the revision of our product use target, which was modified to align with the new regulatory requirements and our updated Strategic Business Plan.

## Governance and Economic Dimension

- **Financial data** was collected directly, rather than extrapolated, from the 2022 Annual Report, available on Iveco Group's website.
- Figures in **currencies** other than Euro were converted at the average exchange rate at 31 December 2022.
- The **value added**, representing the value generated by corporate business activities, was calculated via an internal method as the difference between production value and the associated intermediate costs, net of depreciation. The global net value added was then divided among beneficiaries as follows: employees (direct remuneration comprising salaries, wages, and severance pay; and indirect remuneration consisting of welfare benefits); governments (taxes distributed to governments); financial providers (interest

paid on borrowed capital); shareholders (dividends paid); Company (share of reinvested profits); and local communities.

## Environmental Dimension

- Regarding both **environmental** and **energy performance**, normalised production unit indexes were defined to evidence the respective medium- and long-term performance trends. This approach highlights enhanced performance due to process improvements, and not simply linked to variations in production volumes. Performance indicators are calculated on the total number of manufacturing hours, defined as the hours of presence of hourly employees within the manufacturing scope required to manufacture a product.
- Values expressed in **tons** refer to metric tons (1,000 kilos).
- **Energy consumption** was measured via specific measurement systems and converted into joules through specific equivalences depending on the energy vector. For example, when monitored as a secondary vector, compressed air is indicated in Nm<sup>3</sup> and, through conversion formulas, translated into kWh and then GJ. Direct energy refers to the forms of energy that fall within the scope of the organisation's operations; it can either be consumed by the organisation within its boundaries, or exported to other users. Indirect energy refers to the energy produced outside the scope of the organisation's operations, supplied to meet the needs of the organisation itself (e.g., electricity, heating, and cooling). The amount of fuel used for the following purposes is reported separately: to move unsold, newly manufactured vehicles to the designated parking lots; to fuel forklifts and internal utility cars; to perform engine tests; and to power generators, motor pumps, pressure washers, and other devices. The key performance indicators (KPIs) to assess energy consumption per production unit and CO<sub>2</sub> emissions per production unit do not take into account diesel or LPG consumption related to logistics or product testing.
- At Iveco Group, the sources of **greenhouse gas emissions (GHG)**, besides the CO<sub>2</sub> emissions from energy consumption, are associated with the use of hydrofluorocarbon (HFC) compounds with global warming potential (GWP) present in air-conditioning, cooling, fire suppression, aerosols (e.g., propellants), and manufacturing equipment. The potential emissions from these substances (CO<sub>2</sub>-eq) are negligible compared with emissions from energy production; in fact, with an incidence of 1.2%, they fall outside the reporting scope.

- **CO<sub>2</sub> emissions** were calculated according to GHG Protocol standards implemented through Company guidelines. Furthermore, calculations were made using the lower heat of combustion reference value and the emission factors specific to the energy industry's power generation stations, available in the second volume of the IPCC 2006 Guidelines. In terms of emission factors, only CO<sub>2</sub> was taken into account, as CH<sub>4</sub> and N<sub>2</sub>O components were considered negligible and therefore de minimis.
- For **Scope 2 emissions** accounting, we have applied the dual reporting system of the GHG Protocol Scope 2 Guidance, using both of its allocation methods across all Company plants:
  - the location-based method, which reflects the average emissions intensity of the grids on which energy consumption occurs (using mostly grid-average emission factor data)
  - the market-based method, which reflects emissions from electricity that companies have actively chosen to purchase (or reflects their lack of choice).

In the case of energy produced and purchased outside a plant (mainly electricity and heat), when reporting according to the location-based method, the CO<sub>2</sub> emissions associated with energy consumption were calculated, worldwide, using the emission coefficients (expressed in gCO<sub>2</sub>/kWh) provided by the International Energy Agency. The emission coefficients are updated every 3 years. When reporting according to the market-based method, on the other hand, they were calculated using the latest emission coefficients (expressed in gCO<sub>2</sub>/kWh) provided by the following sources:

  - Re-DISS for CO<sub>2</sub> emissions accounting in Europe
  - International Energy Agency for CO<sub>2</sub> emissions accounting in South America and Rest of the World
  - primary energy suppliers for CO<sub>2</sub> emissions accounting in North America.
- The key performance indicator (KPI) to assess CO<sub>2</sub> emissions per production unit refers to the Scope 2 emissions calculated according to the market-based method.
- To quantify Iveco Group's **CO<sub>2</sub> emissions from the 'use of sold products'** (Scope 3 category 11 of the GHG Protocol<sup>(1)</sup>), we used a well-to-wheel approach that is the sum of tank-to-wheel and well-to-tank emissions. 2022 was chosen as the base year for the relevant target following the introduction of new regulatory requirements and the updating of the sales forecasts of our Strategic Business Plan.

The tank-to-wheel emissions were measured based on the assessment of our entire model range manufactured in Europe (as production in other geographic areas is lower than 5%

in total and therefore negligible). Since the tank-to-wheel emissions of other greenhouses gases (GHG) at Iveco Group are less than 1% of our CO<sub>2</sub> emissions, and since our biogenic CO<sub>2</sub> emissions are negligible, they were not included in our calculations.

We looked at the diesel-, methane-, electric-, and hydrogen-powered versions of our: light commercial vehicles; medium- and heavy-duty trucks; and coaches and urban/intercity buses. Production volumes were calculated as the sum of the forecasts for 2026 of our Strategic Business Plan and the forecasts for 2030 of our individual brands. The average mileage by vehicle type was calculated according to the indications of the European Commission's latest proposal to amend EU CO<sub>2</sub> standards for trucks and buses. The average mileage for light commercial vehicles, on the other hand, was calculated using Iveco Group's telematics and warranty data. For trucks, fuel consumption and CO<sub>2</sub> emissions were calculated using VECTO, an official tool developed by the European Commission. For buses, they were calculated using an internal tool. For light commercial vehicles, they were calculated using the CO<sub>2</sub> emissions data of IVECO's fleet of Daily vehicles, type-approved as per the homologation tests of the Worldwide Harmonised Light Vehicles Test Procedure (WLTP test cycles).

Our well-to-tank emissions were measured based on information from accredited sources<sup>(1)</sup>, according to which we assigned a weighted percentage of CO<sub>2</sub> emissions to each fuel type, taking into account fuel extraction, transport, refining, and distribution.

The total annual CO<sub>2</sub> emissions were calculated as the well-to-wheel emissions from vehicles sold during the year multiplied by a 10-year lifetime estimate, determined based on internal data.

- With regard to **environmental data**, SPARC<sup>(2)</sup> or similar systems were individually compiled for each production department based on respective qualitative and quantitative data. Individual Standard Aggregation Databases only include data for the activities of the production department in question. Depending on data, the detection criterion was either measured, calculated, or estimated<sup>(3)</sup>.

<sup>(1)</sup> U.S. Department of Agriculture's Foreign Agricultural Service (FAS); Infineum; Joint Research Centre (JRC); Centre for European Policy Studies (CEPS); International Energy Agency (IEA); European Biogas Association (EBA); Planète Énergies; U.S. Energy Information Administration (EIA); RTE; UN Environment Programme (UNEP); European Environment Agency (EEA); Agence de l'Environnement et de la Maîtrise de l'Énergie (ADEME); and Fuel Cells and Hydrogen Joint Undertaking (FCH JU).

<sup>(2)</sup> Sustainability, Performance, Analysis, Reporting & Compliance.

<sup>(3)</sup> A value is considered as measured if detected using a certified measurement tool. This criterion remains valid even if a formula is applied to convert the detected value's unit of measurement. A value is considered as calculated if derived from 2 or more measured data items using a formula or algorithm. A value is considered as estimated if based on at least 1 uncertain data item in addition to other measured quantities.

- **NO<sub>x</sub>**, **SO<sub>x</sub>**, and **dust emissions** were calculated based on historical average values. Dusts are those deriving from the combustion of fossil fuels (methane, diesel, and LPG).
- The Sustainability Report accounts for **industrial waste**, i.e., any waste directly or indirectly related to production department activities. Industrial waste includes:
  - waste generated in production departments during normal working cycles
  - waste that, while not directly associated with manufacturing activities, is generated as a result of auxiliary or production support activities within the production department (e.g., maintenance, logistics, clerical, catering, medical room, sanitation, etc.).
- The reporting scope does not include **waste** that is not associated with manufacturing, auxiliary, or production support activities within the production department, nor waste generated as a result of activities outside the normal production cycle.
- Iveco Group's **wastewater quality indicators** – biochemical oxygen demand (BOD), chemical oxygen demand (COD), and total suspended solids (TSS) – correspond to the average concentrations measured at each plant's effluent discharge point and weighted according to the respective volumes discharged. For each plant, calculations were based on the highest BOD, COD, and TSS concentrations measured during the year under normal operating conditions.

### Social Dimension

- **Human resources data** refers to the entire corporate scope as at 31 December 2022 (unless otherwise specified).
- **Employees** are divided into 4 main categories: Hourly, Salaried, Professional, and Manager. Professional encompasses all individuals in specialised roles. Manager refers to individuals in manager/senior professional roles and above. They include both full-time and part-time personnel.
- **Contractors** are defined as external companies or freelance/self-employed workers who have a contract with an Iveco Group company and who provide services within the data reporting scope and within the Company perimeter (resident).
- **Agency personnel** are defined as working for, rather than employed by, Iveco Group, and are contracted and paid through a third-party company. They are coordinated and overseen by Iveco Group internal supervisors, and are usually temporary and conduct the same type of activities within the same business scope as Iveco Group employees.
- **Occupational health and safety** data refers to both manufacturing and non-manufacturing sites and includes employees, contractors, and agency workers. Data on senior managers is not included. Given the variability during the year of reference in the use

of contractors and agency workers at Iveco Group sites worldwide, their total numbers in the Occupational Health and Safety section are based on basic mathematical calculations: figures are full-time equivalent (FTE) and calculated based on respective total hours worked.

- **Injury rates** were calculated excluding commuting accidents, i.e., those involving employees during normal commutes between place of residence and work. When calculating injury rates for contractors, hours worked may have been estimated.
- In calculating **days of absence**, days refer to calendar days.
- Investment data for **local communities** is categorised as per the principles set out in the Business for Societal Impact (B4SI) Framework. Data is based on accounting data and methods, and also includes estimates. With regard to local community projects, the Company monitors both initiative costs and management costs. The initiative cost may be a cash contribution, in-kind donation, or volunteer work (the latter is estimated based on the number of hours employees spend volunteering for the initiative during paid working hours). Management costs can be internal (i.e., the cost of employee time to manage and organise humanitarian initiatives promoted by the Company) or external. The hourly rate is calculated by dividing the total cost of personnel by the number of employees. The result is then divided by the number of working days per year (240), and again by the standard number of working hours per day (8). Figures do not include brand promotion initiatives.
- The Corporate Community Investment Form, developed in line with the B4SI Framework, is used to evaluate the types of benefits gained in the 4 major areas potentially affected by any project: people, organisation, environment, and business. Based on this methodology, the 4 areas are weighted and the project's impact on specific aspects within each is rated on a scale from 1 (no impact) to 5 (very high impact). An average rating is then calculated for each area, representing the indicators (KPIs) to assess the project's overall impact on people, organisation, environment, and business, respectively. The KPIs in detail are:
  - benefit to people – positive change in people's attitude or behaviour; skills and personal development; direct impact on people's quality of life
  - benefit to organisation – capacity building
  - benefit to environment – direct environmental impact; impact on human activities and behaviour
  - benefit to business – benefits of volunteering for employees (job-related skills, personal impact, behavioural change); improvement in stakeholder relations/perceptions; business generated; brand awareness.

# Definitions

## MATERIAL TOPICS

- **Circular product life cycle.** This material topic is related to the integration of circular economy principles into product development, promoting the responsible use of resources throughout the entire life cycle of the product.
- **CO<sub>2</sub> emissions from logistics.** This material topic is related to initiatives that promote sustainable logistics processes, so as to increase low-emission transport, adopt intermodal solutions, and optimise transport capacity.
- **CO<sub>2</sub> emissions from operations.** This material topic is related to the implementation of measures to reduce CO<sub>2</sub> emissions, through the use of renewable sources and energy efficiency initiatives within Iveco Group's operational processes.
- **CO<sub>2</sub> emissions from vehicles.** This material topic is related to the development of innovative solutions to reduce the carbon footprint of vehicles, through the implementation of the most advanced technologies and the use of renewable fuels.
- **Dealer and customer management.** This material topic is related to active engagement with dealers and customers, by behaving with correctness, transparency, and promptness, in order to satisfy their expectations and respond to their requests.
- **Digitalisation and connectivity.** This material topic is related to the development of digital technologies and use of big data analysis aimed at establishing a direct connection between vehicles and their surrounding environment, so as to support users' real-time decision making while safeguarding data and cybersecurity.
- **Diversity, equity, and inclusion.** This material topic is related to the promotion of an inclusive work environment, enhancing diversity and challenging all discriminatory behaviour.
- **Employee development and training.** This material topic is related to ensuring employees' professional and personal growth and promoting adequate welfare plans to enhance their value and wellbeing.
- **Occupational health and safety.** This material topic is related to the protection of workers' and third parties' health and safety through the adoption of management systems and initiatives that promote a safety culture.
- **Human rights.** This material topic is related to ensuring respect for fundamental human and labour rights throughout the entire the value chain.

- **Local communities.** This material topic pertains to the promotion of initiatives aimed at supporting and developing local communities in the regions in which Iveco Group operates.
- **Product quality and safety.** This material topic is related to the delivery of safe, high-quality vehicles to customers by adopting the highest standards to maximise road user safety.
- **Responsible management of natural resources.** This material topic is related to the responsible and efficient management of resources across all operations, with the aim to reduce Iveco Group's environmental footprint.
- **Sustainable supply chain.** This material topic is related to the promotion of responsible practices among suppliers, with the aim to improve their reliability and safety levels while supporting them in minimising their environmental footprint.

## SKILLS MATRIX

The following are the skills definitions used to compile the Skills Matrix on page 29 [↗](#).

- **Industry:** Current or previous leadership or board position at companies operating in the following 2 sub-industries as per MSCI and Standard & Poor's 2018 Global Industry Classification Standard (GICS):
  - Industry: 201060 Machinery; sub-industry: 20106010 Construction Machinery & Heavy Trucks: Manufacturers of heavy-duty trucks, rolling machinery, earth-moving and construction equipment, and manufacturers of related parts. Includes non-military shipbuilding
  - Industry: 251020 Automobiles; sub-industry: 25102010 Automobile Manufacturers: Companies that produce mainly passenger automobiles and light trucks.
- **Strategy and corporate development:** Experience at executive and/or board level in developing and leading strategy. Experience in analysing, identifying, and evaluating corporate development opportunities in a financial/insurance institution, including mergers, acquisitions, partnerships, joint ventures, and product development. Experience in overseeing an organisation's transformation and disclosures resulting from identified risks and opportunities.

- **Innovation:** Experience at executive and/or board level in developing and leading forward-thinking innovation, or change initiatives including those that produce new solutions or efficiencies in business models, products, or operational excellence.
- **Sustainability:** Experience in sustainability, especially in the most material environmental, social, and governance (ESG) trends and risks and opportunities for the organisation, including climate change, employee health and safety, human rights, and diversity and inclusion aspects.
- **Risk management:** Experience at executive and/or board level in risk management.
- **ICT & cybersecurity:** Experience of enterprise-wide information technology systems, client-based digital infrastructures, data analytics, privacy, and cybersecurity strategy and policies.
- **Governance:** Understanding of board duties and responsibilities and of leading cooperative, regulatory, and/or governance principles and practices, including subsidiary governance, gained as a senior executive and/or board member of an organisation with solid cooperative and/or corporate governance practices.
- **Financial:** Experience in managing the financial activities of a public, private, and/or non-profit organisation or cooperative.

#### Skill Levels

- **Basic skill:** director has foundational level of skill/knowledge/experience; director has received basic induction.
- **Medium skill:** director has proven skill/knowledge/experience; director has received formal training.
- **Full skill:** director has extensive skill/knowledge/experience; director has received significant formal training and guidance, and is able to provide same to colleagues.

#### OTHER DEFINITIONS

Any reference to **Iveco Group's products and vehicles** regards the products and vehicles offered by the Company's brands.

Iveco Group's **4 geographic areas** include the following:

- **Europe:** member countries of the European Union, the European Free Trade Association, the United Kingdom, Ukraine, and the Balkans
- **South America:** Central and South America and the Caribbean Islands

- **North America:** the United States, Canada, and Mexico
- **Rest of World:** Continental Asia (including Türkiye and Russia), Oceania, member countries of the Commonwealth of Independent States, the African continent, and the Middle East.

**Adjusted EBIT:** is defined as EBIT net of restructuring costs and non-recurring items. In particular, non-recurring items are specifically disclosed items that management considers rare or discrete events that are infrequent in nature and not reflective of ongoing operational activities.

**Adjusted Diluted EPS:** computed by dividing Adjusted Net Income/(Loss) attributable to Iveco Group N.V. by a weighted-average number of common shares outstanding during the period, taking into consideration potential common shares outstanding deriving from the Iveco Group share-based payment awards, when inclusion is not anti-dilutive. When we provide guidance for adjusted diluted EPS, we do not provide guidance on an earnings per share basis because the IFRS<sup>1</sup> measure will include potentially significant items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end.

**Emerging Markets** are defined as low, lower-middle, or upper-middle income countries as per the 2022 World Bank list of economies.

**Performance changes** compared to previous years were calculated to all decimal places available at the time of calculation.

As regards the **infographics** included in the Report, the indicated percentage variations are calculated against 2021 (under our previous corporate structure), unless otherwise specified.

<sup>(1)</sup> International Financial Reporting Standards.

# Performance Indicators

## Governance and Economic Dimension

### 2022 Membership of Associations<sup>a)</sup>

Country	NAME	Type of Institution	COMMITMENT FROM IVECO GROUP			
			PROJECTS	MEMBERSHIP	POSITION ON GOVERNANCE BODY	FUNDING
<b>EUROPE</b>						
Belgium	European Association of Internal Combustion Engine Manufacturers (EUROMOT)	Association		●	●	
Belgium	European Automobile Manufacturers' Association (ACEA)	Association		●	●	
Belgium	European Biogas Association (EBA)	Association	●	●		
Belgium	European Council for Automotive R&D (EUCAR)	Association	●	●		
Belgium	European Council on Foreign Relations (ECFR)	Association		●		
Belgium	European Green Vehicles Initiative Association (EGVIA)	Association		●		
Belgium	European Land Defence Industry Group (ELDIG) - under the European Aerospace, Security and Defence Industries (ASD)	Association		●		
Belgium	Fédération Belge de l'Automobile & du Cycle (FEBIAC)	Association		●		
Belgium	Federation for the Technology Industry (AGORIA)	Association		●		
Belgium	Gruppo di Iniziativa Italiana (GII)	Association		●	●	
Belgium	Hydrogen Council (Europe)	Association		●		
Belgium	Hydrogen Europe	Association		●	●	
Belgium	International Automotive Task Force (IATF)	Association		●		
Belgium	Natural & bio Gas Vehicle Association (NGVA Europe)	Association		●	●	
Belgium	Union Internationale des Transports Publics (UITP)	Association		●	●	
Bulgaria	Association of Car Manufacturers and their Authorised Representatives for Bulgaria (ACM)	Association		●		
Czech Rep.	Automotive Industry Association (AIA)	Association		●		
Denmark	De Danske Bilimportører (Danish Car Importers Association)	Association		●		
Finland	Autotuoajat Ry (Association of Automotive Industry in Finland)	Association		●		
Finland	Suomen Kuljetus ja Logistiikka SKAL Ry (Finnish Transports and Logistics SKAL)	Association		●		
France	The European Association for Electromobility (AVERE France)	Association		●	●	
France	Association for School Transport (ANATEEP)	Association		●		
France	Association Française du Gaz Naturel pour Véhicules (AFGNV)	Association		●	●	
France	Le Cercle Lyonnais (DZA) (Forum supporting foreign investments in France and Europe)	Association		●		●

<sup>a)</sup> In which Iveco Group plays a significant role.

Country	NAME	Type of Institution	COMMITMENT FROM IVECO GROUP			
			PROJECTS	MEMBERSHIP	POSITION ON GOVERNANCE BODY	FUNDING
France	↳ Groupement des Autorités Responsables de Transport (GART)	Association		●		
France	↳ Chambre Syndicale Internationale de l'Automobile et du Motocycle (CSIAM)	Association		●	●	
France	↳ Cooperation for Urban Mobility in the Developing World (CODATU)	Association		●		●
France	↳ European Cluster for Mobility Solutions (CARA ex-LUTB)	Association	●	●	●	
France	↳ Fédération Française de Carrosserie - Industrie et Services (FFC)	Association		●		
France	↳ Mobilité Hydrogène France	Association		●		
France	↳ Mouvement des Entreprises de France International (MEDEF International)	Association		●		
France	↳ Medef Saône et Loire	Association		●		
France	↳ Pro France (Association for the promotion of French-made products)	Association		●	●	
France	↳ Union des Transports Publics et Ferroviaires (UTP)	Association		●		●
Germany	↳ Association of German Engineers (VDI)	Association		●		
Germany	↳ Deutscher Wasserstoff- und Brennstoffzellen-Verband (DWV)	Association		●		
Germany	↳ German Energy Agency (DENA)	Association		●	●	
Germany	↳ eFuel Alliance	Association		●		
Germany	↳ Verband Deutscher Maschinen und Anlagenbau (VDMA)	Association		●		
Germany	↳ Verband der Automobilindustrie (VDA)	Association		●	●	
Germany	↳ Zukunft ERDGAS (Natural gas association)	Association		●		
Greece	↳ Hellenic Association of Motor Vehicle Importers-Representatives (AMVIR)	Association		●		
Israel	↳ Israel Vehicle Importers Association (I-VIA)	Association		●		
Italy	↳ Federazione Aziende Italiane per l'Aerospazio, la Difesa e la Sicurezza (AIAD)	Association		●		
Italy	↳ AmCham Italy	Association		●		
Italy	↳ Camera di Commercio Italo-Libica	Association		●		
Italy	↳ Commissione Italiana Veicoli Elettrici Stradali (CIVES)	Association		●		
Italy	↳ Federazione Nazionale Costruttori Macchine per l'Agricoltura (FEDERUNACOMA)	Association		●		
Italy	↳ H2IT (Italian Hydrogen and Fuel Cell Association)	Association		●		
Italy	↳ MOTUS-E (Electric mobility association)	Association		●		
Italy	↳ National Association for Telematics for Transport and Safety (TTS Italia)	Association		●		
Italy	↳ Natural Gas Vehicle Italy (NGV Italy)	Association		●	●	
Italy	↳ Unione Nazionale Aziende Construction Equipment & Attachments (UNACEA)	Association		●	●	
Italy	↳ World Energy Council Italy (WEC Italy)	Association		●		
Netherlands	↳ Dutch LNG Platform	Association		●		
Netherlands	↳ Rijwiel en Automobiel Industrie (RAI)	Association		●		
Norway	↳ Bilimportørens Landsforening (BIL)	Association		●		

Country	NAME	Type of Institution	COMMITMENT FROM IVECO GROUP			
			PROJECTS	MEMBERSHIP	POSITION ON GOVERNANCE BODY	FUNDING
Norway	↳ Norges Bilbransjeforbund / Norwegian Motor Trade Association (NBF)	Association		●		
Poland	↳ Polish LNG Platform	Association		●	●	
Poland	↳ Polski Związek Przemysłu Motoryzacyjnego (PZPM)	Association		●		
Poland	↳ Transport Logistyka Polska (TLP)	Association		●		
Poland	↳ Polish Alternative Fuels Association (PSPA)	Association		●		
Portugal	↳ Câmara de Comércio Italiana	Association		●		
Romania	↳ Automotive Manufacturers and Importers Association (APIA)	Association		●		
Slovenia	↳ International Association of Fire and Rescue Services (CTIF)	Association		●		
Spain	↳ Asociación Española de Fabricantes de Automóviles y Camiones (ANFAC)	Association		●	●	
Spain	↳ Asociación Española de Profesionales de Automoción (ASEPA)	Association		●		
Spain	↳ Asociación Ibérica de Gas Natural para la Movilidad (GASNAM)	Association		●	●	
Spain	↳ Camara de Comercio e Industria Italiana para España	Association		●	●	
Spain	↳ Circulo de Confianza (Nueva Economía Forum)	Association		●		
Spain	↳ Asociación de Empresas del Metal de Madrid (AAECIM)	Association		●		
Sweden	↳ Swedish Association of Automobile Manufacturers and Importers (BIL Sweden)	Association		●		
Switzerland	↳ Auto-Schweiz (car importer)	Association		●		
Switzerland	↳ International Road Transport Union (IRU)	Association		●		
UK	↳ British Vehicle Rental and Leasing Association (BVRLA)	Association		●		
UK	↳ Logistics UK	Association		●		
UK	↳ Road Haulage Association (RHA)	Association		●		
UK	↳ Society of Operations Engineers (SOE)	Association		●		
UK	↳ Society of Motor Manufacturers and Traders (SMMT)	Association		●		
<b>SOUTH AMERICA</b>						
Argentina	↳ Association of Automotive Manufacturers (ADEFSA)	Association		●		
Argentina	↳ Unión Industrial de Córdoba (UIC)	Association		●		
Brazil	↳ Brazilian Association of Automotive Engineering (AEA)	Association		●		
Brazil	↳ National Association of Automotive Vehicle Manufacturers (ANFAVEA)	Association		●	●	
Brazil	↳ National Association of Brazilian Auto Parts Manufacturers (SINDIPEÇAS)	Association		●		
Brazil	↳ Brazilian Biogas Association (ABiogás)	Association		●		

Country	NAME	Type of Institution	COMMITMENT FROM IVECO GROUP			
			PROJECTS	MEMBERSHIP	POSITION ON GOVERNANCE BODY	FUNDING
<b>NORTH AMERICA</b>						
USA	➤ Association of Equipment Manufacturers (AEM)	Association		●	●	
USA	➤ Diesel Technology Forum (DTF)	Association		●		
USA	➤ Natural Gas Vehicles for America (NGV America)	Association		●		
USA	➤ Clean Fuels Alliance America (CFAA)	Association		●		
USA	➤ Truck and Engine Manufacturers Association (EMA)	Association		●	●	
<b>REST OF WORLD</b>						
Australia	➤ Australian Hydrogen Council (AHC)	Association		●		
Australia	➤ Australian Renewable Energy Agency (ARENA)	Government				●
Australia	➤ Australian Trucking Association (ATA)	Association		●		
Australia	➤ Bus Industry Confederation (BIC)	Association		●	●	
Australia	➤ Gas Energy Australia (GEA)	Association		●		
Australia	➤ Heavy Vehicle Industry Australia (HVIA)	Association		●		
Australia	➤ Italian Chamber of Commerce and Industry (Victoria)	Association		●		
Australia	➤ Truck Industry Council (TIC)	Association		●	●	
China	➤ American Chamber of Commerce in China (AmCham China)	Association		●		●
China	➤ China Association of Automobile Manufacturers (CAAM)	Association		●		
China	➤ China Automotive Technology and Research Center (CATARC)	Association		●		
China	➤ China Internal Combustion Engine Industry Association (CICEIA)	Association		●		
China	➤ European Union Chamber of Commerce in China (EUCCC)	Association		●		
Egypt	➤ Italian Chamber of Commerce - Egypt (CCI-Egypt)	Association		●		
Myanmar	➤ Italy-Myanmar Business Council	Association		●		
New Zealand	➤ Energy Efficiency and Conservation Authority (EECA)	Government	●			●
New Zealand	➤ Motor Industry Association of New Zealand Inc. (MIA)	Association		●		
South Africa	➤ Italian-South African Chamber of Trade and Industries	Association		●		
South Africa	➤ National Association of Automobile Manufacturers of South Africa (NAAMSA)	Association		●		
Türkiye	➤ Automotive Distributors' Association (ODD)	Association		●		
Türkiye	➤ Automotive Industrialists' Association (OSD)	Association	●	●	●	●
Türkiye	➤ Heavy Commercial Vehicles Association (TAİD)	Association		●	●	
Türkiye	➤ Italian Chamber of Commerce and Industry	Association		●	●	

## RESEARCH AND PRODUCT DEVELOPMENT

### Research and Development Highlights

Iveco Group worldwide	2022	2021
R&D spending (€million)	634	509
R&D spending as % of sales <sup>a)</sup>	4.5	4.1
R&D sites (no.)	29	29
of which in Emerging Markets	6	5
Active patents owned (no.)	5,452	5,275

<sup>a)</sup> Includes only net sales of industrial activities (€14,165 million in 2022).

### 2022 Revenues Generated from Product Innovations

Iveco Group worldwide	Share of gross revenues (%)
Newly commercialised products or services launched during the previous 4 years	52
Significantly improved products or services launched during the previous 4 years	16
Unchanged or minimally changed products or services	32
<b>Total</b>	<b>100</b>



Find out more about our approach to innovation.

## EU TAXONOMY FOR SUSTAINABLE ACTIVITIES

The EU taxonomy classification system provides a list of environmentally sustainable economic activities that support the EU Green Deal objectives. The Taxonomy Regulation defines which economic activities can be considered environmentally sustainable; it also establishes six environmental objectives, two of which have been regulated while the remaining four are expected to be regulated in 2023.

Climate Change Mitigation (CCM) and Climate Change Adaptation (CCA) are the two objectives that the EU has already regulated by adopting the Commission Delegated Regulation (EU) 2021/2139, which provides for two lists of economic activities (referred to as subsections) that can potentially contribute to achieving the CCM and CCA objectives. For each subsection identified, the Delegated Regulation provides a description and specific Technical Screening Criteria (TSC); the latter are subdivided in Substantial Contribution criteria (SCC) and Do No Significant Harm criteria (DNSH).

To be environmentally sustainable under the EU Taxonomy, an economic activity shall:

- be eligible, i.e., fall under the description of one of the subsections
- (only if eligible) be aligned, i.e., meet the TSC. Indeed, an economic activity must meet the SCC in order to substantially contribute to an environmental objective of the Taxonomy Regulation, and the DNSH criteria to ensure it does not cause significant harm to any of the other Taxonomy objectives.

Companies are required to disclose the proportion of turnover, capital expenditure (CapEx), and operating expenditure (OpEx) of taxonomy eligible and non-eligible activities, as well as of aligned and not-aligned activities. 2022 was the first year of reporting for which companies were required to assess and disclose the actual alignment of their activities with technical screening criteria.

### Eligibility assessment of Iveco Group's economic activities

Iveco Group conducted an eligibility assessment of its core business activities and operations, comparing the latter against the subsections of Annexes I and II of the Commission Delegated Regulation (EU) 2021/2139. The economic activities found to be eligible fell within the scope of one of the following activity categories:

- 3.3 'Manufacture of low carbon technologies for transport', which represents most of Iveco Group's core activities and operations
- 6.5 'Transport by motorbikes, passenger cars, and light commercial vehicles', which represents in particular Iveco Group's financial services activities.

Climate Change Mitigation was identified as the environmental objective most consistent with Iveco Group's business.

### Alignment assessment of Iveco Group's economic activities – Substantial Contribution criteria

For the economic activities identified as eligible, a further assessment was conducted to verify if they met the relevant SCC, so as to identify those among them that are aligned with Delegated Regulation requirements and determine their proportion of turnover, CapEx, and OpEx. The analysis performed confirmed that all technical screening criteria for substantial contribution to the CCM objective were met.

Particularly with regard to the Substantial Contribution criteria, the economic activities falling under the two subsections 3.3 'Manufacture of low carbon technologies for transport' and 6.5 'Transport by motorbikes, passenger cars, and light commercial vehicles' consist in the manufacture, repair, maintenance, retrofitting, repurposing, and upgrade of category M1 and N1 vehicles that meet the GHG emissions threshold (less than 50 g CO<sub>2</sub>/km).

## Alignment assessment of Iveco Group's economic activities

### – Do No Significant Harm criteria

The economic activities previously assessed in relation to Substantial Contribution criteria were further analysed to verify whether they also met the Do No Significant Harm (DNSH) criteria.

Keeping in mind that our activities are mainly related to the Climate Change Mitigation environmental objective, the results of the aforementioned analysis showed that all economic activities falling under subsection 3.3 met the DNSH criteria with regard to the other five environmental objectives as follows:

- Climate Change Adaptation: for each plant where economic activities took place, a climate risk and vulnerability assessment was conducted to identify the physical climate risks material to the activities themselves, as well as the adaptation solutions to reduce such risks accordingly
- Sustainable Use and Protection of Water and Marine Resources: degradation risks related to preserving water quality and avoiding water stress were identified and addressed through Iveco Group's environmental management system, with the aim of achieving good water status and good ecological potential. The WRI Aqueduct Water Risk Atlas was used to identify the Company's plants in water-stressed areas
- Transition to a Circular Economy: the circular economy criteria were met in relation to manufacturing processes
- Pollution Prevention and Control regarding Use and Presence of Chemicals: the requirements related to the use of certain substances, as set out in Appendix C to Annex I of Delegated Regulation (EU) 2021/2139, were met. Compliance with regulations such as REACH and RoHS is guaranteed through the collection of information from suppliers (IMDS - International Material Data System), the verification of the absence of dangerous substances, and the relevant communications required
- Protection and Restoration of Biodiversity and Ecosystems: two methodologies were implemented at the manufacturing sites adjacent to protected areas of particular environmental interest where the economic activities took place, so as to assess their impact on biodiversity and ecosystems.

With regard to the economic activities falling under subsection 6.5, they met the DNSH criteria with regard to the other five environmental objectives as follows:

- Climate Change Adaptation: for each plant where economic activities take place, a climate risk and vulnerability assessment was conducted to identify the physical climate risks material to the activities themselves, as well as adaptation solutions to reduce such risks accordingly
- Transition to a Circular Economy: the circular economy criteria were met in relation to M1 and N1 vehicles
- Pollution Prevention and Control regarding Use and Presence of Chemicals: both M1 and N1 vehicles complied with the requirements of the most recent applicable stage of the Euro 6 light-duty emission type-approval, as well as with external rolling noise requirements related to tyres.

### Minimum Safeguard Assessment

The EU Taxonomy Regulation sets a further requirement for economic activities to be considered sustainable: they must be not only environmentally sustainable by meeting the TSC, but also socially sustainable by meeting certain Minimum Safeguards.

More specifically, in conducting the economic activity, an entity shall also implement measures to ensure its alignment with the OECD Guidelines for Multinational Enterprises, with the UN Guiding Principles on Business and Human Rights, with the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation (ILO) on Fundamental Principles and Rights at Work, and with the International Bill of Human Rights.

Iveco Group conducted a specific assessment to verify the compliance of its activities with Minimum Safeguards.

Iveco Group upholds respect for human rights through its Code of Conduct, Supplier Code of Conduct, and Human Rights Policy. Human rights are monitored across the Company's internal operations and throughout its supply chain and customer base by means of dedicated processes for each area. To ensure full compliance with applicable anti-corruption and bribery

laws, an Anti-Corruption Policy and specific procedures are in place. The Company's tax risk management strategy focuses on managing and minimising the possibility of operating in violation of tax regulations or in a way that is contrary to the principles or purposes of the tax system. As regards grievances, a Compliance Helpline is available to all Iveco Group employees, customers, suppliers, and other third parties to report potential violations of applicable laws, Company policies, or the Code of Conduct. Lastly, Iveco Group safeguards consumer interest through its Code of Conduct and Supplier Code of Conduct, which stipulate, among other things, respect for the principles of fair competition and antitrust regulations.

### Accounting Policy (1.2.1)

The values related to the three KPIs were identified by Iveco Group's Sustainability and Finance departments. Specifically, according to the criteria set out in Annex 1 to EU Commission Delegated Act 2178/2021, they identified which values to be included in the KPIs from the balance sheet items, as described in the next paragraph.

As for the calculation of the numerator, only the balance sheet items related to the identified activities (subsections 3.3 and 6.5) were considered. As for the calculation of the denominator, all the items provided for by the regulations at a consolidated Iveco Group N.V. level were included (as further specified in the contextual information paragraph).

### Assessment of compliance with Regulation (EU) 2020/852 (1.2.2)

Iveco Group identified two taxonomy eligible activities:

- Manufacture of low carbon technologies for transport (3.3), considering the sales from the vehicles manufactured by the Company and vehicle maintenance and repair. Revenues from the sale of spare parts and individual components are excluded from the numerator. As per the Strategic Business Plan 2023 - 2026, the investments related to Manufacture of low carbon technologies for transport (3.3) will increase over the next years, changing the industry landscape with a focus on zero carbon footprint and carbon neutrality and expanding vehicle line-ups through tailored Zero Electric Vehicle Offerings
- Transport by motorbikes, passenger cars, and light commercial vehicles (6.5), considering active leasings for vehicles.

To avoid any double counting in the calculation of the KPIs, the values were determined directly from the items included in the financial statement of Iveco Group N.V.

### Contextual information (1.2.3)

Turnover KPI

- The denominator was identified based on Iveco Group's consolidated net turnover from industrial activities.
- The numerator was identified including net sales from sales of trucks and buses (new and used) and services, revenues from repair and maintenance, and leasing fees. Revenues from special vehicles (defence and firefighting), from the remaining segments of the industrial activities, and from spare parts are excluded.

CapEx KPI

- The denominator consists of additions to tangible and intangible fixed assets during the financial year, before depreciation, amortisation, and any re-measurements, including those resulting from revaluations and impairments, as well as excluding changes in fair value.
- The numerator equals capital expenditures, that are part of the denominator, referred to buses and light, medium, and heavy trucks.

OpEx KPI

- The denominator includes all direct non-capitalised costs related to maintenance, building renovation measures, research and development, short-term lease, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant, and equipment.
- The numerator equals the direct non-capitalised costs that are part of the denominator referred to buses and light, medium, and heavy trucks.

Within the CapEx and OpEx items, there are no items related to a plan to expand the economic activities aligned with the taxonomy regulation.

The CapEx and OpEx allocated to the numerator were calculated using the Tool Semplice (specific for Initiatives Mngt system) aggregating on the basis of dedicated field for tracking project on the basis of their motivation/aim.

After investigating and consulting on EU Taxonomy's list of activities, the relevant KPIs are included in the following table.

Proportion of turnover from products associated with Taxonomy-aligned economic activities

Disclosure covering year 2022

ECONOMIC ACTIVITIES	CODE(S)	ABSOLUTE TURNOVER	PROPORTION OF TURNOVER	Substantial Contribution criteria						DNSH criteria (Do No Significant Harm)						MINIMUM SAFEGUARDS	TAXONOMY -ALIGNED PROPORTION OF TURNOVER, YEAR 2022	TAXONOMY -ALIGNED PROPORTION OF TURNOVER, YEAR 2021	CATEGORY (ENABLING ACTIVITY)	CATEGORY (TRANSITIONAL ACTIVITY)
				CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER AND MARINE RESOURCES	CIRCULAR ECONOMY	POLLUTION	BIODIVERSITY AND ECOSYSTEMS	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER AND MARINE RESOURCES	CIRCULAR ECONOMY	POLLUTION	BIODIVERSITY AND ECOSYSTEMS					
		M€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>			%																	
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																				
Manufacture of low carbon technologies for transport	3.3	170	1.20	100	0	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	1.20		E	
<b>Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		170	1.20	100	0	-	-	-	-								1.20			
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																				
Manufacture of low carbon technologies for transport	3.3	11,191	79.00																	
<b>Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		11,277	79.61																	
<b>Total (A.1 + A.2)</b>		<b>11,447</b>	<b>80.81</b>														1.20			
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																				
Turnover of Taxonomy-non-eligible activities (B)		2,719	19.19																	
<b>Total (A + B)</b>		<b>14,166</b>	<b>100.00</b>																	

Proportion of CapEx from products associated with Taxonomy-aligned economic activities

Disclosure covering year 2022

ECONOMIC ACTIVITIES	CODE(S)	ABSOLUTE CAPEX M€	PROPORTION OF CAPEX %	Substantial Contribution criteria						DNSH criteria (Do No Significant Harm)						MINIMUM SAFEGUARDS Y/N	TAXONOMY -ALIGNED PROPORTION OF CAPEX, YEAR 2022 %	TAXONOMY -ALIGNED PROPORTION OF CAPEX, YEAR 2021 %	CATEGORY (ENABLING ACTIVITY) E	CATEGORY (TRANSITIONAL ACTIVITY) T
				CLIMATE CHANGE MITIGATION %	CLIMATE CHANGE ADAPTATION %	WATER AND MARINE RESOURCES %	CIRCULAR ECONOMY %	POLLUTION %	BIODIVERSITY AND ECOSYSTEMS %	CLIMATE CHANGE MITIGATION Y/N	CLIMATE CHANGE ADAPTATION Y/N	WATER AND MARINE RESOURCES Y/N	CIRCULAR ECONOMY Y/N	POLLUTION Y/N	BIODIVERSITY AND ECOSYSTEMS Y/N					
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																				
Manufacture of low carbon technologies for transport	3.3	238.62	30.79	100	0	-	-	-	-	Y	Y	Y	Y	Y	Y	30.79		E		
<b>CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		238.62	30.79	100	0	-	-	-	-							30.79				
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																				
Manufacture of low carbon technologies for transport	3.3	85.98	11.09																	
<b>CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		85.98	11.09																	
<b>Total (A.1 + A.2)</b>		<b>324.61</b>	<b>41.88</b>													30.79				
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																				
CapEx of Taxonomy-non-eligible activities (B)		450.39	58.12																	
<b>Total (A + B)</b>		<b>775.00</b>	<b>100.00</b>																	

Proportion of OpEx from products associated with Taxonomy-aligned economic activities

Disclosure covering year 2022

ECONOMIC ACTIVITIES	CODE(S)	ABSOLUTE OPEX M€	PROPORTION OF OPEX %	Substantial Contribution criteria						DNSH criteria (Do No Significant Harm)						MINIMUM SAFEGUARDS Y/N	TAXONOMY -ALIGNED PROPORTION OF OPEX, YEAR 2022 %	TAXONOMY -ALIGNED PROPORTION OF OPEX, YEAR 2021 %	CATEGORY (ENABLING ACTIVITY) E	CATEGORY (TRANSITIONAL ACTIVITY) T	
				CLIMATE CHANGE MITIGATION %	CLIMATE CHANGE ADAPTATION %	WATER AND MARINE RESOURCES %	CIRCULAR ECONOMY %	POLLUTION %	BIODIVERSITY AND ECOSYSTEMS %	CLIMATE CHANGE MITIGATION Y/N	CLIMATE CHANGE ADAPTATION Y/N	WATER AND MARINE RESOURCES Y/N	CIRCULAR ECONOMY Y/N	POLLUTION Y/N	BIODIVERSITY AND ECOSYSTEMS Y/N						
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																					
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																					
Manufacture of low carbon technologies for transport	3.3	77.09	23.08	100	0	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	23.08		E		
<b>OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>				100	0	-	-	-	-												
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																					
Manufacture of low carbon technologies for transport	3.3	6.93	2.07																		
<b>OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>																				6.93	2.07
<b>Total (A.1 + A.2)</b>		<b>84.02</b>	<b>25.15</b>													23.08					
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																					
OpEx of Taxonomy-non-eligible activities (B)		250.07	74.85																		
<b>Total (A + B)</b>		<b>334.10</b>	<b>100.00</b>																		

# Environmental Dimension

## ENERGY PERFORMANCE

### Total Energy Consumption<sup>a</sup>

Iveco Group worldwide (GJ)

Non-renewable sources	2022	2021	2020
Plants (no.)	23	25	26
<b>Direct energy consumption</b>			
Natural gas	921,375	1,002,851	853,070
Coal	-	-	-
Diesel	121,737	134,441	114,996
Liquefied petroleum gas (LPG)	36	106	270
Other (HS and LS fuel oil)	-	-	-
<b>Total</b>	<b>1,043,148</b>	<b>1,137,398</b>	<b>968,336</b>
<b>Indirect energy consumption</b>			
Electricity	28,016	27,442	101,658
Thermal energy	639,332	702,879	534,065
Other energy sources	-	262	179
<b>Total</b>	<b>667,348</b>	<b>730,583</b>	<b>635,902</b>
<b>Total energy consumption from non-renewable sources</b>	<b>1,710,496</b>	<b>1,867,981</b>	<b>1,604,238</b>
<b>Renewable sources</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Plants (no.)	23	25	26
<b>Direct energy consumption</b>			
Biomass	-	-	-
Solar-thermal	80	83	4
Photovoltaic	1,176	-	-
<b>Total</b>	<b>1,256</b>	<b>83</b>	<b>4</b>
<b>Indirect energy consumption</b>			
Electricity	1,165,529	1,209,535	974,322
Thermal energy	19,420	24,111	21,422
Other energy sources	155,340	148,236	133,823
<b>Total</b>	<b>1,340,289</b>	<b>1,381,882</b>	<b>1,129,567</b>
<b>Total energy consumption from renewable sources</b>	<b>1,341,545</b>	<b>1,381,965</b>	<b>1,129,571</b>
<b>Total energy consumption</b>	<b>3,052,041</b>	<b>3,249,946</b>	<b>2,733,809</b>

<sup>(a)</sup> The base year (2019) energy consumption is equal to 3,104,689 GJ. For information on the rationale for choosing 2019 as the base year, see page 176.



Find out more about our energy management and performance.

Energy Consumption by Type

Iveco Group worldwide (GJ)

	2022	2021	2020
Plants (no.)	23	25	26
Electricity <sup>a</sup>	1,321,355	1,365,458	1,197,598
Heat	658,832	727,073	555,490
Steam <sup>b</sup>	-	-	-
Cooling	28,706	20,017	12,385
Natural gas	921,375	1,002,851	853,070
Other energy sources	121,773	134,547	115,266
<b>Total energy consumption</b>	<b>3,052,041</b>	<b>3,249,946</b>	<b>2,733,809</b>

<sup>a</sup> Electricity also includes compressed air and the share of electricity generated by the photovoltaic (PV) systems.  
<sup>b</sup> Steam is included in heat.

Direct and Indirect CO<sub>2</sub> Emissions<sup>a</sup>

Iveco Group worldwide (tons)

	2022	2021	2020
Plants (no.)	23	25	26
Direct emissions (Scope 1)	60,712	66,229	56,377
Indirect emissions (Scope 2) - market-based	41,024	46,851	48,897
Indirect emissions (Scope 2) - location-based	132,064	145,537	133,290
<b>Total CO<sub>2</sub> emissions<sup>b</sup></b>	<b>101,736</b>	<b>113,080</b>	<b>105,274</b>
Direct emissions from landfill gases	-	-	-

<sup>a</sup> CO<sub>2</sub> is the only significant greenhouse gas (GHG) within Iveco Group's processes (see page 176). For Iveco Group, biogenic CO<sub>2</sub> emissions are those released by the combustion of landfill gases. The base year (2019) CO<sub>2</sub> emissions are equal to 122,588 tons. For information on the rationale for choosing 2019 as the base year, see page 176.  
 There were no significant changes in emissions requiring the recalculation of base year emissions. GHG emissions were consolidated and reported using an operational control approach. For the methodologies and emission factors used, see pages 176-177.  
<sup>b</sup> Total CO<sub>2</sub> emissions are calculated as per the market-based methodology of the GHG Protocol, and do not include emissions from landfill gases.

GRI 302-3; 305-1; 305-2; 305-4; 305-5

Energy Consumption per Production Unit<sup>a</sup>

Iveco Group worldwide (GJ/hour of production<sup>b</sup>)

	Target 2030 vs 2019	2022	2021	2020
Plants (no.)		23	25	26
Energy consumption per production unit	-30%	0.09675	0.10520	0.10692

<sup>a</sup> The base year (2019) energy consumption per production unit is equal to 0.1086 GJ/hour of production. For information on the rationale for choosing 2019 as the base year, see page 176.  
 Types of energy included: electricity, heat, steam, cooling, natural gas, metallurgical coal, diesel, and other fuels. KPIs do not include the fuel used to test products.  
<sup>b</sup> Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 176.

Electricity Consumption from Renewable Sources

Iveco Group worldwide (%)

	Target 2030 vs 2019	2022	2021	2020
Plants (no.)		23	25	26
Electricity consumption from renewable sources	100%	98	98	91

Direct and Indirect CO<sub>2</sub> Emissions per Production Unit<sup>a</sup>

Iveco Group worldwide (tons of CO<sub>2</sub>/hour of production<sup>b</sup>)

	2022	2021	2020
Plants (no.)	23	25	26
Direct and indirect CO <sub>2</sub> emissions per production unit	0.00306	0.00348	0.00395

<sup>a</sup> CO<sub>2</sub> is the only significant greenhouse gas (GHG) within Iveco Group's processes (see page 176). The base year (2019) CO<sub>2</sub> emissions per production unit are equal to 0.00408 tons/hour of production. For information on the rationale for choosing 2019 as the base year, see page 176.  
 The indicator includes Scope 1 and Scope 2 emissions, as per the market-based methodology of the GHG Protocol. KPIs do not include the fuel used to test products.  
<sup>b</sup> Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 176.



Find out more about our energy management and performance.

## MITIGATING PLANT IMPACTS

### AIR EMISSIONS

#### Volatile Organic Compounds (VOC)<sup>a</sup>

Iveco Group worldwide

	Target 2026 vs 2019	2022	2021	2020
Plants (no.)		23	24	25
Average VOC emissions (g/m <sup>2</sup> )	-14%	33.7	39.6	41.6
Total VOC emissions (kg)		878,801	878,851	638,493

<sup>(a)</sup> The base year (2019) VOC emissions are equal to 38.5 g/m<sup>2</sup>. For information on the rationale for choosing 2019 as the base year, see page 176 [↗](#).

#### NO<sub>x</sub>, SO<sub>x</sub> and Dust Emissions

Iveco Group worldwide (tons)

	2022	2021	2020
Plants (no.)	23	25	26
Nitrogen oxides (NO <sub>x</sub> )	123.6	134.8	114.7
Sulphur oxides (SO <sub>x</sub> )	17.3	19.1	16.3
Dust	1.5	1.7	1.4

### WATER MANAGEMENT

#### Quality of Water Discharges

Iveco Group worldwide (milligramme/litre)

	2022	2021	2020
Plants (no.)	23	24	25
Biochemical Oxygen Demand (BOD)	63.6	54.6	66.3
Chemical Oxygen Demand (COD)	118.5	119.4	147.9
Total Suspended Solids (TSS)	43.1	46.2	46.5

#### Water Withdrawal per Production Unit<sup>a</sup>

Iveco Group worldwide (m<sup>3</sup>/hour of production<sup>b</sup>)

	Target 2026 vs 2019	2022	2021	2020
Plants (no.)		23	24	25
Water withdrawal	-15%	0.103	0.108	0.116

<sup>(a)</sup> The base year (2019) water withdrawal is equal to 0.108 m<sup>3</sup>/hour of production. For information on the rationale for choosing 2019 as the base year, see page 176 [↗](#).

<sup>(b)</sup> Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 176 [↗](#).



Find out more about how we mitigate plant impacts.

Water Withdrawal, Discharge, and Consumption

Iveco Group worldwide (thousands of m<sup>3</sup>)

	2022		2021		2020	
Plants (no.)		23		24		25
	All areas	of which in water-stressed areas	All areas	of which in water-stressed areas	All areas	of which in water-stressed areas
<b>Withdrawal</b>						
Groundwater						
Freshwater <sup>a</sup>	2,303	555	2,230	497	2,000	427
Other water <sup>b</sup>	-	-	-	-	-	-
Total groundwater	2,303	555	2,230	497	2,000	427
Third-party water						
Freshwater <sup>a</sup>	963	467	1,005	434	902	363
Other water <sup>b</sup>	-	-	-	-	-	-
Total third-party water	963	467	1,005	434	902	363
of which municipal water supply	963	467	1,005	434	902	363
Surface water						
Freshwater <sup>a</sup>	10	-	10	-	13	-
Other water <sup>b</sup>	-	-	-	-	-	-
Total surface water	10	-	10	-	13	-
of which rainwater	-	-	-	-	-	-
Seawater						
Total seawater	-	-	-	-	-	-
Produced water						
Total produced water	-	-	-	-	-	-
<b>Total water withdrawal</b>	<b>3,276</b>	<b>1,022</b>	<b>3,245</b>	<b>931</b>	<b>2,915</b>	<b>790</b>
<b>Discharge</b>						
Surface water						
of which freshwater <sup>a</sup>	396	105	369	84	279	72
Third-party water	392	101	369	84	279	72
of which sent for use to other organisations	1,645	398	1,936	364	1,636	275
Seawater	-	-	-	-	-	-
Groundwater						
of which freshwater <sup>a</sup>	1	-	13	-	12	-
<b>Total water discharge</b>	<b>2,042</b>	<b>503</b>	<b>2,318</b>	<b>448</b>	<b>1,927</b>	<b>347</b>
of which freshwater <sup>a</sup>	818	376	2,022	448	1,532	347
of which other water <sup>b</sup>	1,224	127	296	-	395	-
<b>Consumption</b>						
<b>Total water consumption<sup>c</sup></b>	<b>1,234</b>	<b>519</b>	<b>927</b>	<b>483</b>	<b>988</b>	<b>443</b>
<b>Total net fresh water consumption<sup>d</sup></b>	<b>2,883</b>	<b>921</b>	<b>2,863</b>	<b>847</b>	<b>2,624</b>	<b>718</b>

<sup>(a)</sup> Water with a concentration of total dissolved solids equal to or below 1,000 mg/l, as defined by GRI Standards (GRI 303).

<sup>(b)</sup> Water with a concentration of total dissolved solids over 1,000 mg/l, as defined by GRI Standards (GRI 303).

<sup>(c)</sup> Calculated as total water withdrawal minus total water discharge.

<sup>(d)</sup> Calculated as the sum of the total municipal water supply, fresh surface water withdrawal (excluding rainwater), and fresh groundwater withdrawal minus the discharge to both fresh surface water and fresh groundwater.



Find out more about our water management.

Water Recycling Index

Iveco Group worldwide (thousands of m<sup>3</sup>)

	Target 2026	2022	2021	2020
Plants (no.)		23	24	25
Total water requirement		8,211	7,255	6,373
of which covered by recycling		4,935	4,010	3,458
of which water withdrawal		3,276	3,245	2,915
<b>Recycling index<sup>a</sup> (%)</b>	<b>75</b>	<b>60.1</b>	<b>55.3</b>	<b>54.3</b>

<sup>(a)</sup> The recycling index is calculated as a percentage of the total water requirement.

Plants Located in Water-Stressed Areas<sup>3</sup>

Iveco Group worldwide

BUSINESS UNIT AND PLANT	2022 discharge water quality (mg/l)	2019 water withdrawal per production unit (m <sup>3</sup> /hour of production <sup>b</sup> )	2022 water withdrawal per production unit (m <sup>3</sup> /hour of production <sup>b</sup> )	Reduction target <sup>c</sup> (2026 vs 2019 <sup>d</sup> )
Brescia Truck (Italy)	BOD: 25 COD: 21 TSS: 9	0.257	0.310	-10%
Brescia Firefighting (Italy)	BOD: 25 COD: 21 TSS: 9	0.043	0.095	-
Foggia (Italy)	BOD: 25 COD: 113 TSS: 52	0.080	0.087	-5%
Madrid (Spain)	BOD: 15 COD: 60 TSS: 33	0.036	0.031	-22%
Valladolid (Spain)	BOD: 80 COD: 188 TSS: 26	0.087	0.090	-10%

<sup>(a)</sup> Areas with a baseline water stress that is high (40-80%) or extremely high (>80%), according to the WRI Aqueduct Risk Atlas tool, as at 24 May 2022.

<sup>(b)</sup> Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 176.

<sup>(c)</sup> Refers to water withdrawal per production unit (m<sup>3</sup>/hour of production). Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 176.

<sup>(d)</sup> For information on the rationale for choosing 2019 as the base year, see page 176.



Find out more about our water management.

2022 Water Withdrawal, Discharge, and Consumption in Water-Stressed Areas<sup>a</sup>

Iveco Group worldwide (thousands of m<sup>3</sup>)

	Total	Brescia Truck (Italy)	Brescia Firefighting (Italy)	Foggia (Italy)	Madrid (Spain)	Valladolid (Spain)
<b>Withdrawal</b>						
Groundwater	555	544	11	-	-	-
Third-party water	467	99	3	142	110	113
of which surface water	365	-	-	142	110	113
of which groundwater	102	99	3	-	-	-
of which seawater	-	-	-	-	-	-
of which produced water	-	-	-	-	-	-
Surface water	-	-	-	-	-	-
Seawater	-	-	-	-	-	-
Produced water	-	-	-	-	-	-
<b>Total water withdrawal<sup>b</sup></b>	<b>1,022</b>	<b>643</b>	<b>14</b>	<b>142</b>	<b>110</b>	<b>113</b>
<b>Discharge</b>						
<b>Total water discharge</b>	<b>503</b>	<b>224</b>	<b>4</b>	<b>57</b>	<b>105</b>	<b>113</b>
<b>Consumption</b>						
<b>Total water consumption<sup>c</sup></b>	<b>519</b>	<b>419</b>	<b>10</b>	<b>85</b>	<b>5</b>	<b>-</b>
Water consumption per production unit (m <sup>3</sup> /hour of production <sup>d</sup> )	0.061	0.202	0.661	0.057	0.001	-

<sup>(a)</sup> Areas with a baseline water stress that is high (40-80%) or extremely high (>80%), according to the WRI Aqueduct Risk Atlas tool, as at 24 May 2022.

<sup>(b)</sup> The total water withdrawal in water-stressed areas corresponds to 31.2% of the Company's total water withdrawal.

<sup>(c)</sup> Calculated as total water withdrawal minus total water discharge.

<sup>(d)</sup> Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 176.



Find out more about our water management.

## WASTE MANAGEMENT

### Waste Generated, Diverted, and Directed to Disposal

Iveco Group worldwide (tons)

	2022	2021	2020
Plants (no.)	23	24	25
<b>WASTE GENERATED, BY COMPOSITION</b>			
Hazardous waste	6,445	7,026	6,282
Non-hazardous waste	72,533	69,053	59,389
<b>Total waste generated</b>	<b>78,978</b>	<b>76,079</b>	<b>65,671</b>
of which packaging	34,460	31,045	24,852
<b>WASTE DIVERTED FROM DISPOSAL, BY RECOVERY OPERATION<sup>a</sup></b>			
<b>Hazardous waste</b>			
Preparation for reuse	-	-	-
Recycling	4,090	4,428	3,956
of which recycled on site	-	-	-
Other recovery operations	-	-	-
<b>Total hazardous waste diverted from disposal</b>	<b>4,090</b>	<b>4,428</b>	<b>3,956</b>
<b>Non-hazardous waste</b>			
Preparation for reuse	-	-	-
Recycling	69,462	66,315	55,563
Other recovery operations	-	-	-
<b>Total non-hazardous waste diverted from disposal</b>	<b>69,462</b>	<b>66,315</b>	<b>55,563</b>
<b>Total waste diverted from disposal</b>	<b>73,552</b>	<b>70,743</b>	<b>59,519</b>
<b>WASTE DIRECTED TO DISPOSAL, BY DISPOSAL OPERATION<sup>a</sup></b>			
<b>Hazardous waste</b>			
Incineration (with energy recovery)	1,164	1,158	1,012
Incineration (without energy recovery)	7	21	54
Landfill	-	-	-
Other disposal operations (treatment)	1,184	1,420	1,262
<b>Total hazardous waste directed to disposal</b>	<b>2,355</b>	<b>2,599</b>	<b>2,328</b>
<b>Non-hazardous waste</b>			
Incineration (with energy recovery)	1,623	1,495	2,314
Incineration (without energy recovery)	55	53	38
Landfill	1,142	1,115	1,214
Other disposal operations (treatment)	251	74	258
<b>Total non-hazardous waste directed to disposal</b>	<b>3,071</b>	<b>2,737</b>	<b>3,824</b>
<b>Total waste directed to disposal</b>	<b>5,426</b>	<b>5,336</b>	<b>6,152</b>

<sup>(a)</sup> Operation carried out off site, unless otherwise specified.



Find out more about our waste management.

Waste and Hazardous Waste Generated per Production Unit<sup>a</sup>

Iveco Group worldwide (kg/hour of production<sup>b</sup>)

	Target 2026 vs 2019	2022	2021	2020
Plants (no.)		23	24	25
Waste generated	-7%	2.49	2.54	2.62
Hazardous waste generated	-6%	0.20	0.24	0.25

<sup>a</sup> The base year (2019) waste generated is equal to 2.66 kg/hour of production. The base year (2019) hazardous waste generated is equal to 0.23 kg/hour of production. For information on the rationale for choosing 2019 as the base year, see page 176.

<sup>b</sup> Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 176.

Waste Recovered<sup>a</sup> and Sent to Landfill

Iveco Group worldwide

	Target 2026	2022	2021	2020
Plants (no.)		23	24	25
Waste recovered <sup>b</sup> (%)	97.1	96.7	96.5	95.7
Waste recovered (tons)		76,339	73,396	62,845
Waste sent to landfill (%)		1.4	1.5	1.8

<sup>a</sup> Calculated as the sum of waste diverted from disposal and waste incinerated with energy recovery.

<sup>b</sup> As a percentage of total waste generated.



Find out more about our waste management.

BIODIVERSITY

2022 Plants Near, Bordering or Within Protected<sup>a</sup> or High-Biodiversity Areas

Iveco Group worldwide



PLANT

PLANT	Primary functions	Plant's total surface area (m <sup>2</sup> )	Location with respect to protected area	Species on IUCN Red List of threatened species and on national lists (no.)
✦ Bolzano (Italy) <sup>b</sup>	Defence vehicles	120,000	Adjacent to protected area (5,000 m)	387 species listed, of which: ● 0 critically endangered ● 6 endangered ● 17 vulnerable ● 27 near threatened ● 337 of least concern
✦ Bourbon-Lancy (France) <sup>c</sup>	Engines (heavy)	210,000	Adjacent to protected area (500 m)	193 species listed, of which: ● 0 critically endangered ● 2 endangered ● 1 vulnerable ● 1 near threatened ● 189 of least concern
✦ Foggia (Italy) <sup>c</sup>	Engines (light), drive shafts	601,680	Adjacent to protected area (3,500 m)	168 species listed, of which: ● 0 critically endangered ● 0 endangered ● 2 vulnerable ● 6 near threatened ● 160 of least concern
✦ Madrid (Spain) <sup>c</sup>	Heavy vehicles	347,200	Adjacent to protected area (1,500 m)	64 species listed, of which: ● 0 critically endangered ● 0 endangered ● 0 vulnerable ● 1 near threatened ● 63 of least concern
✦ Piacenza (Italy) <sup>b</sup>	Heavy vehicles	175,000	Adjacent to protected area (5,000 m)	241 species listed, of which: ● 2 critically endangered ● 6 endangered ● 11 vulnerable ● 13 near threatened ● 209 of least concern

<sup>(a)</sup> Protected areas (national, regional, of EU-level importance, special protection zones, oases, etc.) are geographically defined areas designated, regulated, or managed to achieve specific conservation objectives. Areas of high biodiversity value are not subject to legal protection, but are recognised by governmental and non-governmental organisations as having significant biodiversity.

<sup>(b)</sup> Plant implementing the BRE methodology (see page 96) that is located near, bordering or within protected or high-biodiversity areas.

<sup>(c)</sup> Plant implementing the BVI methodology (see page 96) that is located near, bordering or within protected or high-biodiversity areas.



Find out more about how we protect biodiversity.

PLANT	Primary functions	Plant's total surface area (m <sup>2</sup> )	Location with respect to protected area	Species on IUCN Red List of threatened species and on national lists (no.)
↳ Sete Lagoas (Brazil) <sup>c</sup>	Light, medium, and heavy vehicles	2,000,000	Adjacent to protected area (1,500 m)	79 species listed, of which: ● 0 critically endangered ● 0 endangered ● 0 vulnerable ● 0 near threatened ● 79 of least concern
↳ Suzzara (Italy) <sup>c</sup>	Light vehicles	520,000	Adjacent to protected area (4,000 m)	110 species listed, of which: ● 0 critically endangered ● 2 endangered ● 0 vulnerable ● 0 near threatened ● 108 of least concern
↳ Torino Driveline (Italy) <sup>b</sup>	Transmissions, axles	248,310	Adjacent to protected area (included in a 5 km radius)	299 species listed, of which: ● 7 critically endangered ● 10 endangered ● 21 vulnerable ● 19 near threatened ● 242 of least concern
↳ Torino Motori (Italy) <sup>b</sup>	Engines (heavy)	230,000	Adjacent to protected area (included in a 5 km radius)	299 species listed, of which: ● 7 critically endangered ● 10 endangered ● 21 vulnerable ● 19 near threatened ● 242 of least concern
↳ Ulm (Germany) <sup>c</sup>	Firefighting vehicles	679,000	Adjacent to protected area (2,000 m)	153 species listed, of which: ● 0 critically endangered ● 2 endangered ● 1 vulnerable ● 3 near threatened ● 147 of least concern

<sup>(b)</sup> Plant implementing the BRE methodology (see page 96) that is located near, bordering or within protected or high-biodiversity areas.

<sup>(c)</sup> Plant implementing the BVI methodology (see page 96) that is located near, bordering or within protected or high-biodiversity areas.



Find out more about how we protect biodiversity.

# Social Dimension

## OUR WORKFORCE IN NUMBERS

### Employees by Region

Iveco Group worldwide (no.)

	<b>2022</b>
Europe	29,914
South America	4,432
North America	74
Rest of World	1,191
<b>Total</b>	<b>35,611</b>

### Employees by Segment

Iveco Group worldwide (no.)

	<b>2022</b>
Commercial and Special Vehicles	26,718
Powertrain	8,198
Financial Services	488
Other Activities	207
<b>Total</b>	<b>35,611</b>

### Employees by Region and Category<sup>a)</sup>

Iveco Group worldwide (no.)

	<b>2022</b>			
	<b>Hourly</b>	<b>Salaried</b>	<b>Professional</b>	<b>Manager</b>
Europe	19,479	4,211	4,448	1,776
South America	3,373	479	386	194
North America	-	2	52	20
Rest of World	469	293	332	97
<b>Total</b>	<b>23,321</b>	<b>4,985</b>	<b>5,218</b>	<b>2,087</b>

<sup>a)</sup> For more information on employee categories, see page 178 [↗](#)

### Employee Turnover

Iveco Group worldwide (no.)

	<b>2022</b>
Employees at 1 January	34,132
New hires	4,538
Departures	(2,860)
Δ scope of operations	(199)
<b>Employees at 31 December</b>	<b>35,611</b>
Turnover (%)	8.0
of which voluntary turnover (%)	2.9
New hires (%)	12.7

GRI 401-1

Employee Turnover by Region

Iveco Group worldwide (no.)

Europe	2022
Employees at 1 January	29,151
New hires	2,982
Departures	(2,012)
Δ scope of operations	(207)
<b>Employees at 31 December</b>	<b>29,914</b>
Turnover (%)	6.7
New hires (%)	10.0

North America	2022
Employees at 1 January	63
New hires	29
Departures	(18)
Δ scope of operations	-
<b>Employees at 31 December</b>	<b>74</b>
Turnover (%)	24.3
New hires (%)	39.2

South America	2022
Employees at 1 January	3,606
New hires	1,362
Departures	(544)
Δ scope of operations	8
<b>Employees at 31 December</b>	<b>4,432</b>
Turnover (%)	12.3
New hires (%)	30.7

Rest of World	2022
Employees at 1 January	1,312
New hires	165
Departures	(286)
Δ scope of operations	-
<b>Employees at 31 December</b>	<b>1,191</b>
Turnover (%)	24.0
New hires (%)	13.9

Employee Turnover by Category<sup>a)</sup>

Iveco Group worldwide (no.)

Hourly	2022
Employees at 1 January	22,276
New hires	3,170
Departures	(1,936)
Δ change in category	(87)
Δ scope of operations	(102)
<b>Employees at 31 December</b>	<b>23,321</b>
Turnover (%)	8.3
New hires (%)	13.6

Salaried	2022
Employees at 1 January	5,110
New hires	565
Departures	(428)
Δ change in category	(230)
Δ scope of operations	(32)
<b>Employees at 31 December</b>	<b>4,985</b>
Turnover (%)	8.6
New hires (%)	11.3

<sup>a)</sup> For more information on employee categories, see page 178.

Professional	2022
Employees at 1 January	4,879
New hires	581
Departures	(369)
Δ change in category	182
Δ scope of operations	(55)
<b>Employees at 31 December</b>	<b>5,218</b>
Turnover (%)	7.1
New hires (%)	11.1

GRI 401-1

Manager	2022
Employees at 1 January	1,867
New hires	222
Departures	(127)
Δ change in category	135
Δ scope of operations	(10)
<b>Employees at 31 December</b>	<b>2,087</b>
Turnover (%)	6.1
New hires (%)	10.6

Employee Turnover by Age Group

Iveco Group worldwide (no.)

Under 30 years	2022
Employees at 1 January	3,678
New hires	1,841
Departures	(726)
Δ age range	(591)
Δ scope of operations	(22)
<b>Employees at 31 December</b>	<b>4,180</b>
Turnover (%)	17.4
New hires (%)	44.0

30 to 50 years	2022
Employees at 1 January	20,989
New hires	2,408
Departures	(1,322)
Δ age range	(435)
Δ scope of operations	(110)
<b>Employees at 31 December</b>	<b>21,530</b>
Turnover (%)	6.1
New hires (%)	11.2

Over 50 years	2022
Employees at 1 January	9,465
New hires	289
Departures	(812)
Δ age range	1,026
Δ scope of operations	(67)
<b>Employees at 31 December</b>	<b>9,901</b>
Turnover (%)	8.2
New hires (%)	2.9

Promotions

Iveco Group worldwide (no.)

	2022
Hourly	95
Salaried	323
Professional	138
Manager	102
<b>Total</b>	<b>658</b>

GRI 401-1; 405-1

Employee Turnover by Gender

Iveco Group worldwide (no.)

Men	2022
Employees at 1 January	28,353
New hires	3,242
Departures	(2,358)
Δ scope of operations	(163)
<b>Employees at 31 December</b>	<b>29,074</b>
Turnover (%)	8.1
New hires (%)	11.2

Women	2022
Employees at 1 January	5,779
New hires	1,296
Departures	(502)
Δ scope of operations	(36)
<b>Employees at 31 December</b>	<b>6,537</b>
Turnover (%)	7.7
New hires (%)	19.8

Employees by Category by Age<sup>a</sup>

Iveco Group worldwide (no.)

	2022		
	Under 30 years	30 to 50 years	Over 50 years
Hourly	3,377	13,778	6,166
Salaried	600	2,985	1,400
Professional	199	3,506	1,513
Manager	4	1,261	822
<b>Total</b>	<b>4,180</b>	<b>21,530</b>	<b>9,901</b>

Employees by Category by Age<sup>a</sup>

Iveco Group worldwide (%)

	2022		
	Under 30 years	30 to 50 years	Over 50 years
Hourly	14.5	59.1	26.4
Salaried	12.0	59.9	28.1
Professional	3.8	67.2	29.0
Manager	0.2	60.4	39.4
<b>Global</b>	<b>11.7</b>	<b>60.5</b>	<b>27.8</b>

<sup>(a)</sup> For more information on employee categories, see page 178.

<sup>(a)</sup> For more information on employee categories, see page 178.

Employee Gender Distribution by Category<sup>a</sup>

Iveco Group worldwide

	2022			
	Men		Women	
	(no.)	(%)	(no.)	(%)
Hourly	19,936	85.5	3,385	14.5
Salaried	3,478	69.8	1,507	30.2
Professional	4,026	77.2	1,192	22.8
Manager	1,634	78.3	453	21.7
<b>Total</b>	<b>29,074</b>	<b>81.6</b>	<b>6,537</b>	<b>18.4</b>

Employee Gender Distribution by Length of Service

Iveco Group worldwide

	2022	
	Total (no.)	of which women (%)
Up to 5 years	11,616	25.4
6 to 10 years	4,421	19.0
11 to 20 years	9,038	18.2
21 to 30 years	6,915	11.5
Over 30 years	3,621	8.5

<sup>(a)</sup> For more information on employee categories, see page 178.

Employee Gender Distribution by Level of Education<sup>a</sup>

Iveco Group worldwide	2022 <sup>b</sup>	
	Total (no.)	of which women (%)
University degree or equivalent	8,055	27.4
High school	13,968	17.0
Elementary/middle school	11,993	12.8
<b>Total</b>	<b>34,016</b>	<b>18.0</b>

<sup>(a)</sup> Data as of 31 October.

<sup>(b)</sup> 1,129 employees not mapped for 2022.

Employee Gender Distribution by Employment Contract

Iveco Group worldwide (no.)	2022	
	Permanent	Temporary
Men	27,885	1,189
Women	5,939	598
<b>Total</b>	<b>33,824</b>	<b>1,787</b>

Employee Gender Distribution by Employment Type

Iveco Group worldwide (no.)	2022	
	Full time	Part-time
Men	28,810	264
Women	6,031	506
<b>Total</b>	<b>34,841</b>	<b>770</b>

DIVERSITY, EQUITY, AND INCLUSION

Employee Gender Diversity Indicators

Iveco Group worldwide (%)	2022
Women as a share of total employees	18.4
Women in all management positions	21.7
Women in junior management positions	18.3
Women in top management positions	18.2
Women in management positions in revenue-generating functions	21.9
Women in STEM positions	13.6

GRI 2-7

Employee Distribution by Employment Contract by Region

Iveco Group worldwide (no.)	2022	
	Permanent	Temporary
Europe	28,950	964
South America	3,612	820
North America	74	-
Rest of World	1,188	3
<b>Total</b>	<b>33,824</b>	<b>1,787</b>

Employee Distribution by Employment Type by Region

Iveco Group worldwide (no.)	2022	
	Full-time	Part-time
Europe	29,148	766
South America	4,432	-
North America	74	-
Rest of World	1,187	4
<b>Total</b>	<b>34,841</b>	<b>770</b>

Employee Nationality<sup>a</sup>

Iveco Group worldwide (%)	2022	
	Share of employees <sup>b</sup>	Share of management positions <sup>c</sup>
Italian	42.7	67.2
Spanish	15.0	4.3
French	13.8	7.8
Brazilian	12.2	8.4
German	8.2	5.6
Argentinian	3.3	2.4
Moroccan	0.5	-
Others	4.3	4.3

<sup>(a)</sup> Survey carried out on 83% of Iveco Group employees.

<sup>(b)</sup> As a percentage of total employees.

<sup>(c)</sup> As a percentage of total managers.

HEALTH AND SAFETY

Health and Safety Performance – Employees

Iveco Group worldwide

	Target 2026 vs 2019	2022	2021	2020
Number of fatalities as a result of work-related injury <sup>a</sup> (no.)		-	-	-
Number of fatalities as a result of work-related ill health <sup>a</sup> (no.)		-	-	-
Number of high-consequence work-related injuries <sup>b</sup> , excluding fatalities (no.)		-	-	-
Number of recordable work-related injuries <sup>c</sup> (no.)		120	90	69
Number of cases of recordable work-related ill health <sup>c</sup> (no.)		4	6	9
Injury frequency rate <sup>d</sup> (injuries per 1,000,000 hours worked)	-40%	1.942	1.995	2.039
Injury severity rate <sup>e</sup> (days of absence per 1,000 hours worked)		0.058	0.061	0.075
Rate of high-consequence work-related injuries <sup>f</sup> (high-consequence work-related injuries per 1,000,000 hours worked, excluding fatalities)		-	-	-
Rate of recordable work-related injuries <sup>g</sup> (recordable work-related injuries per 1,000,000 hours worked)		2.199	1.832	1.599
Occupational illness frequency rate (OIFR) (cases of recordable work-related ill health per 1,000,000 hours worked)		0.073	0.122	0.209
Number of hours worked (no.)		54,578,057	49,124,368	43,158,635

<sup>a)</sup> Work-related injuries and ill health are those that arise from exposure to hazards at work, as defined by GRI Standards (GRI 403).  
<sup>b)</sup> A high-consequence work-related injury is one that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months, as defined by GRI Standards (GRI 403).  
<sup>c)</sup> A recordable work-related injury or ill health is that which results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness, as defined by GRI Standards (GRI 403).  
<sup>d)</sup> The injury frequency rate is the number of injuries (work-related and non-work related, resulting in more than 3 days of absence) divided by the number of hours worked, multiplied by 1,000,000. The base year (2019) employee injury frequency rate is equal to 2.218 injuries per 1,000,000 hours worked. For information on the rationale for choosing 2019 as the base year, see page 176 [↗](#).  
<sup>e)</sup> The injury severity rate is the number of days of absence (of more than 3 days, due to work-related and non-work related injuries) divided by the number of hours worked, multiplied by 1,000.  
<sup>f)</sup> The rate of high-consequence work-related injuries is the number of such injuries reported divided by the number of hours worked, multiplied by 1,000,000.  
<sup>g)</sup> The rate of recordable work-related injuries is the number of such injuries reported divided by the number of hours worked, multiplied by 1,000,000.



Find out more about our approach to health and safety.

Health and Safety Performance – Contractors

Iveco Group worldwide

	2022	2021	2020
Number of fatalities as a result of work-related injury <sup>a</sup> (no.)	-	-	-
Number of fatalities as a result of work-related ill health <sup>a</sup> (no.)	-	-	-
Number of high-consequence work-related injuries <sup>b</sup> , excluding fatalities (no.)	-	-	-
Number of recordable work-related injuries <sup>c</sup> (no.)	8	11	7
Number of cases of recordable work-related ill health <sup>c</sup> (no.)	-	-	-
Injury frequency rate <sup>d</sup> (injuries per 1,000,000 hours worked)	1.209	2.722	1.227
Injury severity rate <sup>e</sup> (days of absence per 1,000 hours worked)	0.085	0.200	0.058
Rate of high-consequence work-related injuries <sup>f</sup> (high-consequence work-related injuries per 1,000,000 hours worked, excluding fatalities)	-	-	-
Rate of recordable work-related injuries <sup>g</sup> (recordable work-related injuries per 1,000,000 hours worked)	1.612	2.495	1.431
Occupational illness frequency rate (OIFR) (cases of recordable work-related ill health per 1,000,000 hours worked)	-	-	-
Number of hours worked (no.)	4,961,303	4,408,721	4,891,493

<sup>a)</sup> Work-related injuries and ill health are those that arise from exposure to hazards at work, as defined by GRI Standards (GRI 403).

<sup>b)</sup> A high-consequence work-related injury is one that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months, as defined by GRI Standards (GRI 403).

<sup>c)</sup> A recordable work-related injury or ill health is that which results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness, as defined by GRI Standards (GRI 403).

<sup>d)</sup> The injury frequency rate is the number of injuries (work-related and non-work related, resulting in more than 3 days of absence) divided by the number of hours worked, multiplied by 1,000,000.

<sup>e)</sup> The injury severity rate is the number of days of absence (of more than 3 days, due to work-related and non-work related injuries) divided by the number of hours worked, multiplied by 1,000.

<sup>f)</sup> The rate of high-consequence work-related injuries is the number of such injuries reported divided by the number of hours worked, multiplied by 1,000,000.

<sup>g)</sup> The rate of recordable work-related injuries is the number of such injuries reported divided by the number of hours worked, multiplied by 1,000,000.



Find out more about our approach to health and safety.

Health and Safety Performance – Agency Workers

Iveco Group worldwide

	2022	2021	2020
Number of fatalities as a result of work-related injury <sup>a</sup> (no.)	-	-	-
Number of fatalities as a result of work-related ill health <sup>a</sup> (no.)	-	-	-
Number of high-consequence work-related injuries <sup>b</sup> , excluding fatalities (no.)	-	-	-
Number of recordable work-related injuries <sup>c</sup> (no.)	16	3	3
Number of cases of recordable work-related ill health <sup>c</sup> (no.)	-	-	-
Injury frequency rate <sup>d</sup> (injuries per 1,000,000 hours worked)	1.482	1.236	0.746
Injury severity rate <sup>e</sup> (days of absence per 1,000 hours worked)	0.048	0.028	0.027
Rate of high-consequence work-related injuries <sup>f</sup> (high-consequence work-related injuries per 1,000,000 hours worked, excluding fatalities)	-	-	-
Rate of recordable work-related injuries <sup>g</sup> (recordable work-related injuries per 1,000,000 hours worked)	2.635	0.618	0.746
Occupational illness frequency rate (OIFR) (cases of recordable work-related ill health per 1,000,000 hours worked)	-	-	-
Number of hours worked (no.)	6,072,202	4,853,592	4,020,685

<sup>a)</sup> Work-related injuries and ill health are those that arise from exposure to hazards at work, as defined by GRI Standards (GRI 403).  
<sup>b)</sup> A high-consequence work-related injury is one that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months, as defined by GRI Standards (GRI 403).  
<sup>c)</sup> A recordable work-related injury or ill health is that which results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness, as defined by GRI Standards (GRI 403).  
<sup>d)</sup> The injury frequency rate is the number of injuries (work-related and non-work related, resulting in more than 3 days of absence) divided by the number of hours worked, multiplied by 1,000,000.  
<sup>e)</sup> The injury severity rate is the number of days of absence (of more than 3 days, due to work-related and non-work related injuries) divided by the number of hours worked, multiplied by 1,000.  
<sup>f)</sup> The rate of high-consequence work-related injuries is the number of such injuries reported divided by the number of hours worked, multiplied by 1,000,000.  
<sup>g)</sup> The rate of recordable work-related injuries is the number of such injuries reported divided by the number of hours worked, multiplied by 1,000,000.



Find out more about our approach to health and safety.

PEOPLE DEVELOPMENT

Managers of Local Nationality by Region<sup>a</sup>

Iveco Group worldwide (%)

	2022
Europe	91.2
South America	97.4
North America	90.0
Rest of World	86.6

<sup>a</sup> Local managers are those who come from the geographic area in question.

Training in Numbers

Iveco Group worldwide

	2022
Training hours (no.)	402,131
Employees involved in training (no.)	21,888
Average hours of training per employee (no.)	11.3
Average amount spent per employee (€)	50.3

Hours of Training by Type of Training

Iveco Group worldwide (no.)

	2022		
	Job-specific expertise	Management & Soft skills	Language & ICT tools
Training hours	359,100	14,985	28,047
Average hours of training per employee	10.1	0.4	0.8

GRI 202-2; 404-1

Details of Training per Employee by Gender

Iveco Group worldwide (no.)

	2022	
	Men	Women
Training hours	319,488	82,643
Employees involved in training	16,994	4,894
Average hours of training per employee	11.0	12.6

Details of Training per Employee by Category<sup>a</sup>

Iveco Group worldwide (no.)

	2022			
	Hourly	Salaried	Professional	Manager
Training hours	217,096	69,783	84,908	30,345
Employees involved in training	9,571	4,984	5,213	2,120
Average hours of training per employee	9.3	14.0	16.3	14.5

<sup>a</sup> For more information on employee categories, see page 178.

Details of Training per Employee by Age Group

Iveco Group worldwide (no.)

	2022		
	Under 30 years	30 to 50 years	Over 50 years
Training hours	73,431	252,818	75,882
Employees involved in training	3,181	12,549	6,158
Average hours of training per employee	17.6	11.7	7.7



Find out more about our approach to people development.

LOCAL COMMUNITIES

Corporate Community Investment Evaluation<sup>a</sup> of the Main 2022 Projects

Priority area	Association	Project (country)	Impact evaluation <sup>b</sup>					Outputs & Impacts <sup>c</sup> (page no.)
			People	Organisation	Environment	Employees	Business	
Preserve biodiversity	WeWorld	WASH (Kenya)	5.0	4.8	5.0	3.2	3.6	162
	Natura International	Reforestation Project (Argentina)	2.7	2.2	5.0	4.0	2.2	162
	Ambiente Argentino							
Reduce inequality and protect diversity and vulnerable groups	CNOS-FAP	TechPro <sup>2</sup> (China, Ethiopia, Italy, South Africa)	5.0	4.6	1.0	3.6	4.2	163
	Save the Children	Literacy Boost (Ethiopia)	5.0	5.0	1.0	4.6	4.0	163
Foster health and wellbeing	SpesaSospesa.org	Spesa Sospesa (Italy)	4.5	4.4	4.0	3.2	3.6	164
	AVSI Foundation	Support Ukraine	3.5	3.6	1.0	4.2	3.0	164
	Soleterre Foundation							
WeWorld								

<sup>a)</sup> Evaluated according to the B4SI Framework.

<sup>b)</sup> Impacts are rated on a scale from 1 (no impact) to 5 (very high impact). For details on the methodology, see page 178.

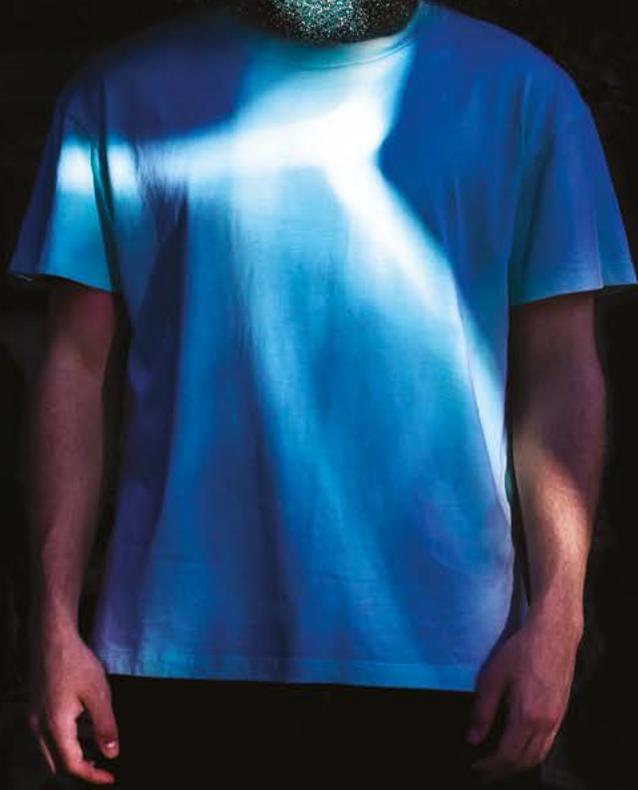
<sup>c)</sup> Outputs & Impacts are described in the respective project descriptions.

2022 TechPro<sup>2</sup> Project

Country	Location	Start year	Students (no.)	Training & internship hours (no.)	Employed after training (no.)
CHINA	Changshan (Zhejiang)	2014	193	1,889	50
	Yanji (Jilin)	2016	37	640	15
	Urumqi (Xinjiang)	2018	58	80	-
ETHIOPIA	Addis Ababa	2013	59	374	18
ITALY	Fossano	2011	79	1,100	25
	Verona	2019	32	640	-
SOUTH AFRICA	Johannesburg	2016	11	1,560	4
<b>Total</b>			<b>469</b>	<b>6,283</b>	<b>112</b>



Find out more about our local community strategy.



# Assurance Statement



## ASSURANCE STATEMENT

**SGS Nederland's report on sustainability activities in the Iveco Group N.V. 2022 Sustainability Report**

**NATURE OF THE ASSURANCE/VERIFICATION**  
 SGS Nederland B.V. was commissioned to conduct an independent assurance of the Iveco Group N.V. (henceforth referred to as "Iveco Group", or "Company", or "Organization") 2022 Sustainability Report.

**INTENDED USERS OF THIS ASSURANCE STATEMENT**  
 This Assurance Statement is provided with the intention of informing all Iveco Group Stakeholders.

**RESPONSIBILITIES**  
 SGS Nederland B.V. is responsible for expressing its opinion on information, graphs, tables, and statements in the Sustainability Report, within the assurance scope described below, for the purpose of informing all interested parties.  
 SGS Nederland B.V. expressly disclaims any liability or co-responsibility for the preparation of any of the material included in this document or for the process of collection and treatment of the data therein.  
 The information in the Sustainability Report is the exclusive responsibility of Iveco Group.  
 The information in the Report and its presentation are the responsibility of the governing body and the management of Iveco Group. The Company is responsible for the identification of stakeholders and of material issues, for defining objectives with respect to sustainability performance, and for establishing and maintaining appropriate performance management and internal control systems.

**ASSURANCE STANDARDS AND TYPE AND LEVEL OF ASSURANCE**  
 The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards, including the Principles contained within the GRI Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and ISAE3000.  
 The assurance of this Report has been conducted according to the following Assurance Standards: AA1000 Assurance Standard v3 Type 2 evaluation of report content and supporting management systems against the AA1000 Accountability Principles (2018).  
 Assurance has been conducted at a moderate level of scrutiny.

**SCOPE OF ASSURANCE AND REPORTING CRITERIA**  
 The scope of the assurance included evaluation of quality, accuracy, and reliability of specified performance information as detailed below.

SGS Nederland B.V. was asked to express an opinion in relation to the assurance scope, which includes the following aspects:

- the evaluation of the Report against the GRI Standards, "in accordance" option;
- the review of the Company's approach to the materiality analysis and stakeholder engagement processes and initiatives;
- the assessment of the robustness of the data management systems, information flow and controls, and the verification of qualitative and/or quantitative information (including environmental and social KPIs) to confirm the accuracy and the process of data elaboration and synthesis;
- the performance of a type 2 evaluation of the application of the AA1000 AP (2018) and of the reliability of the information reported;
- the confirmation of the adherence of the sustainability model adopted by Iveco Group to the requirements of ISO 26000 guidance.

**ASSURANCE METHODOLOGY LIMITATIONS AND MITIGATION**  
 The verification process is based on SGS Product Procedure for Sustainability Report Assurance and incorporates the AA1000 Assurance Standard as audit criteria. The assurance comprised a combination of pre-assurance research, validation of materiality analysis and stakeholder engagement methodology, the examination of records, procedures and documents, and interviews with personnel and management.  
 The texts, graphs, and tables included in the Report were verified by selecting, on a significant sample, qualitative and/or quantitative information to confirm the accuracy of the data collection and consolidation process.  
 Auditing activities were carried out in February 2023 involving the Company's central functions in Turin (Italy) and its plants in Turin (Italy) – both Driveline and Motori – and Rorthais (France) to assess the reliability of the data reporting process. The audits at both the plants and the central functions were conducted on site.  
 Financial data is taken directly from the independently audited Iveco Group Annual Report as at 31 December 2022, prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU-IFRS") and with Part 9 of Book 2 of the Dutch Civil Code.

**STATEMENT OF INDEPENDENCE AND COMPETENCE**  
 The SGS Group of companies is the world leader in inspection, testing, and verification, operating in more than 140 countries and providing services including: management systems and service certification; quality, environmental, social, and ethical auditing and training; environmental, social, and sustainability report assurance.  
 SGS Nederland B.V. affirms its independence from Iveco Group, being free from bias and conflict of interests with the Company, its subsidiaries, and stakeholders.  
 The assurance team was assembled based on the knowledge, experience, and qualifications of the team members, and comprised auditors that are experts in social, governance, and environmental fields and that are registered with ISO9001, ISO 14001, SA8000, ISO 37001, and ISO 50001 standards.

**ASSURANCE OPINION**  
 On the basis of the verification work performed, we are satisfied, with a reasonable level of assurance, that the information contained in the Iveco Group 2022 Sustainability Report is accurate, balanced, and reliable, representing a relevant summary of the activities carried out by Iveco Group in 2022 and an essential tool in communicating with stakeholders.  
 SGS Nederland B.V. confirms that the information included in the 2022 Sustainability Report provides a material and complete representation of the Company's sustainability performance.  
 We believe that the Organization has chosen an appropriate level of assurance for this stage in its reporting.

**ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES STANDARD (2018):**  
 With regards to the level of adherence to the AA1000 Principles (Inclusivity, Materiality, Responsiveness, and Impact), and to the approach of the Company to the materiality analysis and stakeholder engagement processes and initiatives, the audit team provides the following opinion:

**INCLUSIVITY**  
 The Organization has established a multi-stakeholder participation process that is integrated with the materiality analysis. The stakeholder engagement is continuous and effective and includes employees, customers, dealers, opinion leaders, public institutions, NGOs, investors, and journalists. In light of all that, SGS Nederland B.V. confirmed through the verification that the Organization supports the principle of Inclusivity.

**MATERIALITY**  
 Fourteen (14) material topics have been identified and prioritized in consideration of the requirements of international guidelines and stakeholder feedback. Based on the interpretation of stakeholders' expectations, the Organization has also defined four (4) sustainability priorities, these being Carbon Footprint, Workplace and Product Safety, Life Cycle Thinking, and Inclusion and Engagement. The sustainability priorities are further supported by strategic sustainability targets, set by the Company's senior management, aligned with the material topics included in the Materiality Matrix, and consistent with the UN Sustainable Development Goals (SDGs). The Board of Directors' ESG Committee regularly reviews the process for identifying key material issues. In light of all that, SGS Nederland B.V. confirmed through the verification that the Organization has identified key material issues and thus supports the principle of Materiality.

**RESPONSIVENESS**

The Sustainability Report discloses to stakeholders the strategies, programs, projects and initiatives that address the material topics identified by the Organization. The targets and the results for the identified material topics have been linked to the SDGs most relevant to the Organization's business activities and are also disclosed in the Report. In light of all that, SGS Nederland B.V. confirmed through the verification that the Organization supports the principle of Responsiveness.

**IMPACT**

The Organization has provided evidence that the data collection process is effective and robust. Through the Sustainability Report, the Organization fully discloses its impacts with respect to the key material topics and sustainability priorities identified. The disclosure includes a detailed update on the progress made concerning the strategic sustainability targets set by the Organization. In light of all that, SGS Nederland B.V. confirmed through the verification that the Organization supports the principle of Impact.

**ADHERENCE TO GRI STANDARDS**

With reference to the GRI Sustainability Reporting Standards (GRI Standards), the Organization satisfies the principles for defining report content and the principles for ensuring the quality of reported information.

We confirm that the Report is aligned with the requirements of the GRI Standards: **In accordance.**

Furthermore, we confirm that the Sustainability Model – integrated into the Company's business model – is in line with the requirements of ISO 26000 guidance.

For and on behalf of SGS Nederland B.V.

Andre Siraa  
Business Manager

DocuSigned by:  
  
2028C872CC5A498

Spijkenisse, March 20, 2023.

[WWW.SGS.COM](http://WWW.SGS.COM)



# Sustainability Reporting Standards

## GRI Content Index<sup>1</sup>

**Statement of use:** Iveco Group N.V. has reported in accordance with the GRI Standards for the period 1 January 2022 - 31 December 2022.

**GRI 1 used:** GRI 1: Foundation 2021.

**Applicable GRI Sector Standard(s):** Not available.

GRI STANDARDS	DISCLOSURE	LOCATION: ANNUAL REPORT (chapter) SUSTAINABILITY REPORT (page no.) ↴	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
<b>General Disclosures</b>					
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	59; 226; Annual Report: Major Shareholders	-		
	2-2 Entities included in the organization's sustainability reporting	173; Annual Report: Business Overview	-		
	2-3 Reporting period, frequency and contact point	25; 173	-		
	2-4 Restatements of information	173	-		
	2-5 External assurance	25; 213	-		
	2-6 Activities, value chain and other business relationships	59; 140; Annual Report: Business Overview	-		
	2-7 Employees	111; 178; 202; 206	-		
	2-8 Workers who are not employees	112; 178	-		
	2-9 Governance structure and composition	26-31	-		
	2-10 Nomination and selection of the highest governance body	28	-		
	2-11 Chair of the highest governance body	26; 28; Annual Report: Corporate Governance	-		
	2-12 Role of the highest governance body in overseeing the management of impacts	19; 26; 28; 31; 49; Annual Report: Risk Management and Internal Control System	-		
	2-13 Delegation of responsibility for managing impacts	26; 28; 32	-		
	2-14 Role of the highest governance body in sustainability reporting	19; 25	-		
	2-15 Conflicts of interest	30; Annual Report: Corporate Governance	-		

<sup>(1)</sup> The GRI Content Index is made up of two parts. The first contains references to the disclosures reported in accordance with the GRI Standards, based on the materiality analysis. The second contains references to additional GRI disclosures (not linked to the material topics) that complete the outline of Iveco Group's performance. For each disclosure, the page number refers to the 2022 Sustainability Report; however, where specifically stated, the reference is to the 2022 Annual Report as at 31 December 2022, available on the corporate website.

GRI STANDARDS	DISCLOSURE	LOCATION: ANNUAL REPORT (chapter) SUSTAINABILITY REPORT (page no.) ↴	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 2: General Disclosures 2021	2-16 Communication of critical concerns	41	-		
	2-17 Collective knowledge of the highest governance body	31	-		
	2-18 Evaluation of the performance of the highest governance body	28	-		
	2-19 Remuneration policies	Annual Report: Remuneration Report	-		
	2-20 Process to determine remuneration	Annual Report: Corporate Governance; Remuneration Report	-		
	2-21 Annual total compensation ratio	Annual Report: Remuneration Report	-		
	2-22 Statement on sustainable development strategy	4	-		
	2-23 Policy commitments	33; 88; 103; 139	-		
	2-24 Embedding policy commitments	45	-		
	2-25 Processes to remediate negative impacts	41	-		
	2-26 Mechanisms for seeking advice and raising concerns	35; 41	-		
	2-27 Compliance with laws and regulations	43; 97	-		
	2-28 Membership associations	45; 181	-		
	2-29 Approach to stakeholder engagement	12	-		
	2-30 Collective bargaining agreements	135	-		
<b>Material Topics</b>					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	19; 173	-		
	3-2 List of material topics	20	-		
<b>CO<sub>2</sub> emissions from operations</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	22	-		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	79; 176; 192	-		
	302-3 Energy intensity	79; 176; 193	-		
	302-4 Reduction of energy consumption	77; 79; 192	-		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	80; 193	-		
	305-2 Energy indirect (Scope 2) GHG emissions	80; 193	-		
	305-4 GHG emissions intensity	80; 193	-		
	305-5 Reduction of GHG emissions	80; 193	-		

GRI STANDARDS	DISCLOSURE	LOCATION: ANNUAL REPORT (chapter) SUSTAINABILITY REPORT (page no.) ↴	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
<b>CO<sub>2</sub> emissions from vehicles</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	22	-		
GRI 305: Emissions 2016	305-3 Other indirect (Scope 3) GHG emissions	75; 177	-		
<b>CO<sub>2</sub> emissions from logistics</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	22	-		
GRI 305: Emissions 2016	305-3 Other indirect (Scope 3) GHG emissions	86	-		
<b>Responsible management of natural resources</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	22	-		
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	68; 91; 93	-		
	303-2 Management of water discharge-related impacts	91	-		
	303-3 Water withdrawal	93; 195; 197	-		
	303-4 Water discharge	91; 93; 97; 194-195	-		
	303-5 Water consumption	93; 195; 197	-		
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	200	-		
	304-2 Significant impacts of activities, products and services on biodiversity	96	-		
	304-3 Habitats protected or restored	96	-		
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	200	-		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	68; 94	-		
	306-2 Management of significant waste-related impacts	94; 178	-		
	306-3 Waste generated	94; 178; 198	-		
	306-4 Waste diverted from disposal	94; 178; 198	-		
	306-5 Waste directed to disposal	94; 178; 198	-		
<b>Sustainable supply chain</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	22	-		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	140	-		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	141	-		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	143	-		
	308-2 Negative environmental impacts in the supply chain and actions taken	145	-		

GRI STANDARDS	DISCLOSURE	LOCATION: ANNUAL REPORT (chapter) SUSTAINABILITY REPORT (page no.) ↴	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	143	-		
	414-2 Negative social impacts in the supply chain and actions taken	145	-		
<b>Circular product life cycle</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	22	-		
GRI 301: Materials	301-3 Reclaimed products and their packaging materials	99	-		
<b>Human rights</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	22	-		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	42	-		
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	105; 133	-		
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	104; 107	-		
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	108	-		
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	107; 145	-		
	412-2 Employee training on human rights policies or procedures	103	-		
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	143	-		
<b>Diversity, equity, and inclusion</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	22	-		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	28; 32; 114; 205	-		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	42	-		
<b>Occupational health and safety</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	22	-		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	118	-		
	403-2 Hazard identification, risk assessment, and incident investigation	117; 120	-		
	403-3 Occupational health services	118	-		
	403-4 Worker participation, consultation, and communication on occupational health and safety	117; 134	-		
	403-5 Worker training on occupational health and safety	117	-		
	403-6 Promotion of worker health	129	-		

GRI STANDARDS	DISCLOSURE	LOCATION: ANNUAL REPORT (chapter) SUSTAINABILITY REPORT (page no.) ↴	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 403: Occupational Health and Safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	117	-		
	403-8 Workers covered by an occupational health and safety management system	118; 178	-		
	403-9 Work-related injuries	117; 120; 178; 207-209	-		
	403-10 Work-related ill health	121; 178; 207-209	-		
<b>Employee development and training</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	22	-		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	210	-		
	404-2 Programs for upgrading employee skills and transition assistance programs	126	-		
	404-3 Percentage of employees receiving regular performance and career development reviews	123	-		
<b>Dealer and customer management</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	22	-		
<b>Product quality and safety</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	22	-		
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	154	-		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	43; 157	-		
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	154	-		
	417-2 Incidents of non-compliance concerning product and service information and labeling	43; 151; 157	-		
	417-3 Incidents of non-compliance concerning marketing communications	43; 151	-		
<b>Digitalisation and connectivity</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	22	-		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	40; 43; 151	-		
<b>Local communities</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	22	-		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	66; 159; 162; 211	-		
	413-2 Operations with significant actual and potential negative impacts on local communities	161	-		

ADDITIONAL GRI DISCLOSURES\*

 <b>GRI STANDARDS</b>	DISCLOSURE	<b>LOCATION:</b> <b>ANNUAL REPORT (chapter)</b> <b>SUSTAINABILITY REPORT (page no.)</b> ↴
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	60
	201-2 Financial implications and other risks and opportunities due to climate change	52
	201-3 Defined benefit plan obligations and other retirement plans	116; Annual Report: Consolidated Financial Statements at 31 December 2022
	201-4 Financial assistance received from government	60; Annual Report: Consolidated Financial Statements at 31 December 2022
<b>GRI 202: Market Presence 2016</b>	202-1 Ratios of standard entry-level wage by gender compared to local minimum wage <sup>b</sup>	115
	202-2 Proportion of senior management hired from the local community	124; 178; 210
<b>GRI 205: Anti-Corruption 2016</b>	205-1 Operations assessed for risks related to corruption	36; 42
	205-2 Communication and training about anti-corruption policies and procedures	36
	205-3 Confirmed incidents of corruption and actions taken	42-43
<b>GRI 206: Anti-Competitive Behavior 2016</b>	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	43; Annual Report: Risk Factors; Business Overview; Consolidated Financial Statements at 31 December 2022
<b>GRI 207: Tax 2019</b>	207-1 Approach to tax	61
	207-2 Tax governance, control, and risk management	61
	207-3 Stakeholder engagement and management of concerns related to tax	61
	207-4 Country-by-country reporting	61
<b>GRI 305: Emissions 2016</b>	305-6 Emissions of ozone-depleting substances (ODS)	90
	305-7 Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions <sup>b</sup>	90; 176; 194
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	111; 203-205
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees <sup>b</sup>	116; 131
	401-3 Parental leave <sup>b</sup>	131
<b>GRI 402: Labor/Management Relations 2016</b>	402-1 Minimum notice periods regarding operational changes	136
<b>GRI 415: Public Policy 2016</b>	415-1 Political contributions	48

<sup>(a)</sup> Not linked to the material topics.  
<sup>(b)</sup> This GRI Standards Disclosure is partially reported.

# SASB Index

TOPIC	SASB CODE	METRIC	UNIT OF MEASURE	RESPONSE/COMMENT	Reference (page no.) ↴
Activity	RT-IG-000.A	Number of units produced by product category	Number	Commercial Vehicles: 165,587 Powertrain: 786,748 Buses: 5,945 Special Vehicles: 2,940	59
	RT-IG-000.B	Number of employees	Number	35,611	111
Energy Management	RT-IG-130a.1	(1) total energy consumed	Gigajoules (GJ)	3,052,041	192
		(2) percentage grid electricity	%	43.3	192
		(3) percentage renewable	%	44	192
Employee Health & Safety	RT-IG-320a.1	(1) total recordable incident rate (TRIR) <sup>a</sup>	Rate	0.454	207
		(2) fatality rate <sup>b</sup>	Rate	-	207
		(3) near miss frequency rate (NMFR) <sup>c</sup>	Rate	3.258	207
Fuel Economy & Emissions in Use-Phase	RT-IG-410a.1	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	Gallons per 1,000 ton-miles	(d)	-
	RT-IG-410a.2	Sales-weighted fuel efficiency for non-road equipment	Gallons per hour	not available	-
	RT-IG-410a.3	Sales-weighted fuel efficiency for stationary generators	Watts per gallon	not available	-
	RT-IG-410a.4	Sales-weighted emissions of: (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: (I) marine diesel engines (II) locomotive diesel engines (III) on-road medium- and heavy-duty engines (IV) other non-road diesel engines	Grams per kilowatt-hour	-	-
Materials Sourcing	RT-IG-440a.1	Description of the management of risks associated with the use of critical materials	n.a.	(e)	-
Remanufacturing Design & Services	RT-IG-440b.1	Revenue from remanufactured products and remanufacturing services	€million	93.3	99

<sup>(a)</sup> The total recordable incident rate is the number of recordable work-related injuries and illnesses divided by the number of hours worked, multiplied by 200,000.

<sup>(b)</sup> The fatality rate is the number of work-related fatalities divided by the number of hours worked, multiplied by 200,000.

<sup>(c)</sup> The near miss frequency rate is the number of work-related near misses divided by the number of hours worked, multiplied by 200,000.

<sup>(d)</sup> The metric used for evaluating emissions in the use-phase is CO<sub>2</sub> emissions per vehicle per km (see page 177 ↴).

<sup>(e)</sup> The Company's products are highly complex, typically containing thousands of parts that come from many different direct suppliers within Iveco Group's vast global supply network. This means that the Company must rely on its direct suppliers to work with their upstream supply chain to detect the presence and evaluate the origin of any critical substances contained.



Find out more about SASB standards.

# Taskforce on Climate-Related Disclosures (TCFD) Correspondence Table

THEMATIC AREA	RECOMMENDED TCFD DISCLOSURES	ANNUAL REPORT REFERENCE	SUSTAINABILITY REPORT REFERENCE (page no.) ↴
<b>Governance</b> Disclose the organisation's governance around climate-related risks and opportunities.	a) Describe the board's oversight of climate-related risks and opportunities.	<ul style="list-style-type: none"> <li>Our Commitment to Sustainability</li> <li>Corporate Governance /Board Committees: ESG Committee</li> </ul>	31
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	<ul style="list-style-type: none"> <li>Our Commitment to Sustainability</li> </ul>	32
<b>Strategy</b> 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.	<ul style="list-style-type: none"> <li>Our Commitment to Sustainability</li> <li>Risks Factors</li> <li>Industry Overview</li> <li>Risk Management and Internal Control System</li> </ul>	22
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	<ul style="list-style-type: none"> <li>Our Commitment to Sustainability</li> <li>Risks Factors</li> <li>Industry Overview</li> <li>Risk Management and Internal Control System</li> </ul>	22
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<ul style="list-style-type: none"> <li>Our Commitment to Sustainability</li> <li>Risks Factors</li> <li>Industry Overview</li> <li>Risk Management and Internal Control System</li> </ul>	74; 76; 81
<b>Risk Management</b> Disclose how the organisation identifies, assesses, and manages climate-related risks.	a) Describe the organisation's processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> <li>Our Commitment to Sustainability</li> <li>Risk Management and Internal Control System</li> </ul>	49; 52
	b) Describe the organisation's processes for managing climate-related risks.	<ul style="list-style-type: none"> <li>Our Commitment to Sustainability</li> <li>Risk Management and Internal Control System</li> </ul>	49; 52
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	<ul style="list-style-type: none"> <li>Our Commitment to Sustainability</li> <li>Risk Management and Internal Control System</li> </ul>	49; 52
<b>Metrics &amp; Targets</b> 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.	<ul style="list-style-type: none"> <li>Our Commitment to Sustainability</li> </ul>	74
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	<ul style="list-style-type: none"> <li>Our Commitment to Sustainability</li> </ul>	74
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities, and its performance against targets.		



Find out more about TCFD.

# WEF IBC Index

In 2020, the International Business Council (IBC) of the World Economic Forum (WEF) published a report, entitled *Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation*. It defines shared common metrics to measure and report on the level of sustainability delivered by the business model adopted by a company to create value for stakeholders. Level of sustainability refers to the effectiveness of a company's actions in pursuing the UN's sustainable development goals (SDGs). The metrics are based on existing standards and

aim to accelerate convergence among the leading private standard-setters. Above all, they are intended to bring greater consistency to the reporting of ESG disclosures, thus improving comparability between the various parameters used in different sustainability reports.

The following table provides information on the 21 core metrics and on most of the 34 expanded metrics indicated in the WEF report, as well as references to the relevant chapters of our 2022 Sustainability Report.

**WEF Content Index**

Iveco Group worldwide

Pillar	THEME	Core Metrics (●●● Expanded Metrics)	Reference (page no.) ↴
<b>PRINCIPLE OF GOVERNANCE</b>	Governing purpose	Setting purpose	19
		●●● Purpose-led management	15
	Quality of governing body	Governance body composition	29
		●●● Progress against strategic milestones	17
		●●● Remuneration	Annual Report: Remuneration Report
	Stakeholder engagement	Material issues impacting stakeholders	22
	Ethical behaviour	Anti-corruption	36
		Protected ethics advice and reporting mechanisms	41
		●●● Alignment of strategy and policies to lobbying	45
		●●● Monetary losses from unethical behaviour	43
Risk and opportunity oversight	Integrating risk and opportunity into business process	49	
	●●● Economic, environmental, and social topics in capital allocation framework	28	



Find out more about WEF.

Pillar	THEME	Core Metrics (●●● Expanded Metrics)	Reference (page no.) ↴	
PLANET	Climate change	Greenhouse gas (GHG) emissions	74	
		TCFD implementation	169	
		●●● Paris-aligned GHG emissions targets	169	
	Nature loss	Land use and ecological sensitivity	200	
		●●● Impact of land use and conversion	not material	
	Freshwater availability	Water consumption and withdrawal in water-stressed areas	195	
		●●● Impact of freshwater consumption and withdrawal	not available	
	Air pollution	●●● Air pollution	194	
		●●● Impact of air pollution	not available	
	Water pollution	●●● Nutrients	not material	
		●●● Impact of water pollution	not material	
	Solid waste	●●● Single-use plastics	not material	
		●●● Impact of solid waste disposal	not material	
	Resource availability	●●● Resource circularity	not available	
PEOPLE	Dignity and equality	Diversity and inclusion	113; 202	
		Pay equality	not available	
		Wage level	115; Annual Report: Remuneration Report	
		Risk of incidents of child, forced, or compulsory labour	104; 107	
		●●● Pay gap (% , #)	not available	
		●●● Discrimination and harassment incidents (#) and the total amount of monetary losses (€)	42	
		●●● Freedom of association and collective bargaining at risk (%)	105; 133	
	Health and wellbeing	●●● Human rights review, grievance impact & modern slavery (#, %)	107; 145	
		●●● Living wage (%)	not available	
		Health and safety	117; 207	
		●●● Monetized impacts of work-related incidents on organization (#, €)	not available	
		●●● Employee wellbeing (#, %)	117; 207	
		Skills for the future	Training provided	123; 210
			●●● Number of unfilled skilled positions (#, %)	not available
●●● Monetized impacts of training – Increased earning capacity as a result of training intervention (% , €)	not available			

Pillar	THEME	Core Metrics (●●● Expanded Metrics)	Reference (page no.) ↴
PROSPERITY	Employment and wealth generation	Absolute number and rate of employment	202
		Economic contribution	59
		Financial investment contribution	not available
		●●● Infrastructure investments and services supported	not material
		●●● Significant indirect economic impacts	67; 163
	Innovation in better products and services	Total R&D expenses	185
		●●● Social value generated (%)	60
		●●● Vitality Index	185
	Community and social vitality	Total tax paid	61
		●●● Total Social Investment (€)	66
		●●● Additional tax remitted	not available
		●●● Total tax paid by country for significant locations	63



I V E C O • G R O U P  
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