



HUMAN RIGHTS STATEMENT **2022**

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INTEGRITY
ALWAYS,
EVERYWHERE.



HUMAN RIGHTS
STATEMENT 2022
OF IVECO GROUP N.V.
AND ALL ITS SUBSIDIARIES ^(*)

^(*)This Statement sets out the steps taken by Iveco Limited, Iveco Holdings Limited, IC Financial Services UK Limited all of which fall within the scope of Section 54(2) of the Modern Slavery Act 2015





OUR ORGANIZATIONAL STRUCTURE

Iveco Group N.V. is a global automotive leader active in the Commercial & Specialty Vehicles, Powertrain, and related Financial Services arenas. The Company's statutory seat is in Amsterdam, the Netherlands, its headquarters are in Turin, Italy, and its common shares are listed on the Euronext Milan.

OUR BUSINESS

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.

OUR COMMITMENT ON RESPECT OF HUMAN RIGHTS

Iveco Group is committed to the creation of long-term sustainable value for all our stakeholders and believe that upholding fundamental human rights and ensuring decent working conditions is a prerequisite for achieving such results.

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.





OUR CODE OF CONDUCT

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 on 1 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 OECD¹ Guidelines for Multinational Companies.

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.

Please [visit our Code of Conduct](#) at this [link](#) ↘

OUR SUPPLIER CODE OF CONDUCT

Together with the Iveco Group Code of Conduct, the Company issued its Supplier Code of Conduct that provides the framework for responsible supply chain management. Compliance with the Supplier Code of Conduct is a requirement for continuing business relations with Iveco Group. In addition to compliance with local legislation, the Supplier Code of Conduct calls for observance of human rights, decent working conditions, and respect for the environment and business ethics, including prohibiting all forms of human trafficking, all forms of involuntary servitude, slavery, forced labour, sex trafficking, and commercial sex activities

As highlighted in the Supplier Code of Conduct, suppliers must work with Iveco Group to enforce the Code itself and are required to transfer its principles to their employees, subsidiaries, affiliates, and subcontractors. To this end we have set up sound due diligence, selection, risk-assessment and audit processes aimed at preventing or minimizing non-compliance from our Suppliers. These processes are also a way to engage them while promoting high sustainability standards, and thus continuous improvement.

Any violation of the Supplier Code of Conduct can alter the business relationship with Iveco Group, and may result in contract termination. Moreover, Supplier Code of Conduct training materials are made available to suppliers during the year.

Please [visit our Supplier Code of Conduct](#) at this [link](#) ↘

(1) Organisation for Economic Co-operation and Development.



OUR HUMAN RIGHTS POLICY

Our commitment on Human Rights is also specified in our Human Rights Policy, which supplements the Iveco Group Code of Conduct, and in the Supplier Code of Conduct.

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).

Our Human Rights Policy outlines the commitment of Iveco Group to prevent human trafficking and slavery, including in its supply chain, in compliance with, among others, the California Transparency in Supply Chains Act, the Human Trafficking Prevention Act, the UK Modern Slavery Act 2015, and similar laws such as the Australia Modern Slavery Act 2018, the 2022 Norwegian Transparency Act. Iveco Group prohibits the use of forced or mandatory labor, child labor, slavery, involuntary or coerced labor, human trafficking or sex trafficking in any of its operations.

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.

For more information please see **2022 Sustainability Report, Human and Labor rights management** page 103 at this [link](#) ↘

Please **visit** our **Human Rights Policy** at this [link](#) ↘



SUPPLIER SELECTION

Supplier selection is based not only on the quality and competitiveness of the supplier's products and services, but also on compliance with our social, ethical, and environmental principles. The supplier assessment process is built on objective criteria and tools designed to ensure fairness and equal opportunities for all parties involved. Through the Commitment Declaration stipulated for new suppliers, the latter are requested to comply with the Iveco Group Code of Conduct and Supplier Code of Conduct.

Specific contractual conditions require our suppliers to provide references and demonstrate abilities in relation to: fighting corruption, safeguarding the environment, promoting health and safety at work, ensuring nondiscrimination, prohibiting forced and/or child labor, and recognizing freedom of association.

If a supplier fails to adhere to these principles, the Company reserves the right to terminate the business relationship or instruct the supplier to implement an acceptable corrective action plan.

For more information please see **2022 Sustainability Report, Supplier Selection**, page 144 at this [link](#) ↘



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*⁽⁴⁾, 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.

For more information please see [2022 Sustainability Report, Conflict Minerals](#), page 107 at this [link](#) ↘

(4) Third edition, OECD Publishing.



RISK ASSESSMENT, DUE DILIGENCE AND STEPS TO MITIGATE RISKS

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.

In 2022, Iveco Group carried out a materiality analysis applying the revised approach to materiality introduced by the new GRI Universal Standards 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.

Risks linked to the violation of human rights are included in our Enterprise Risk Management (ERM) system. Iveco Group's ERM methodology defines risk as any event that could affect the Company's ability to meet its objectives. The methodology enables the timely identification of risks and the evaluation of their significance and allows action to be taken to mitigate and if possible, eliminate such risks.





OUR SUPPLY CHAIN

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, and implements a specific operational procedure to monitor their compliance and risks.

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 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.

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.

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.



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 records⁵
- 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.

In 2022, sustainability audits were conducted at 75 supplier plants worldwide, involving 75 suppliers.

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.

For more information please see [2022 Sustainability Report, Supplier Evaluation](#), page 109 at this [link ↘](#), and [Supplier Assessment](#) page 145, at this [link ↘](#)

(5) Refer to the list published by the US Department of State.





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.

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.



OUR WORKFORCE

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.

To monitor respect for human rights within our internal operations⁶, 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 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.

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, 20112 (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 workforce⁷ 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.

For more information please see [2022 Sustainability Report, Internal Operations](#), page 108 at this [link](#) ↘

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.

(6) Joint ventures in which Iveco Group holds at least a 51% interest are included in the perimeter.

(7) Survey conducted on the total workforce as at 31 October 2022



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