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CNH INDUSTRIAL

SUSTAINABILITY REPORT

2018

1

CONTENTS

LETTER FROM THE CHAIRPERSON AND THE CHIEF EXECUTIVE OFFICER

DEAR STAKEHOLDERS,

In our inaugural Sustainability Report address as Chairperson and Chief Executive Officer, we wish to outline the results achieved Company-wide from our work in sustainability in 2018 and share our strategic vision and targets for CNH Industrial going forward.

We feel that it is only appropriate to begin by citing the important changes that 2018 saw in our Company's leadership structure, and how our roles in the Company will contribute to its future trajectory and efforts in sustainability.

The CNH Industrial Board of Directors and its previously entitled Group Executive Council were impacted by the sudden and unexpected passing of Chairman Sergio Marchionne, in July 2018. It was an event that marked a personal and professional loss for the entire organization. This followed the April resignation of former Chief Executive Officer and Executive Board Director, Richard Tobin, who was temporarily replaced by Derek Neilson as Interim Chief Executive Officer for four months. We would like to take this opportunity to thank Derek, who has now been appointed President Agriculture, for his leadership, which ensured that the Company successfully navigated this period of transition.

These developments led to us joining CNH Industrial as Chairperson in July 2018 and Chief Executive Officer in September 2018, respectively. Our appointments to the Company's Board of Directors were approved by the Extraordinary General Meeting of Shareholders held on November 29, 2018.

These have been intense and dynamic months for us since coming on-board and we are working hard to enhance CNH Industrial's strengths to make it the world's leading capital goods provider. As Executive Directors, it is one of our chief priorities to reaffirm our commitment to sustainability and see that it becomes ever more integrated with all of our Company's day-to-day operations.

To this end, in 2018, we made a point of establishing even more frequent meetings with the Governance and Sustainability Committee (a sub-committee of our Board of Directors) to discuss sustainability matters, particularly projects and targets for employee safety, a key priority, and the fight against climate change.

With regards to the latter, a theme of great resonance in the global debate, we have updated our key targets to reflect CNH Industrial's commitment to taking on this challenge. We have set even more ambitious goals for 2030: committing to cut CO_2 emissions per production unit by 60% (compared to 2014) across our plants worldwide and to obtaining 90% of our total electricity consumption from renewable sources.

Our sustainability targets are not limited to these aspects alone: for years, some of our key targets have focused on other areas of sustainability, based on the priorities set by our senior management and stakeholders through the materiality analysis – a tool we have been using for six years now to direct our improvement efforts. In 2018, some of our key targets for 2022, originally set at regional level, were turned into global targets that are in line with the Company's new organizational structure and will lead to the creation of new synergies. These targets concern training activities, flexible work locations, volunteering activities, and local community initiatives.

In the medium-to-long term, we will be developing our new organizational structure so that our Company can become:

- More customer centric, by focusing on its five strong operating segments whose mission will be to meet and exceed customers' expectations;
- More entrepreneurial, by simplifying and empowering these operating segments, while retaining appropriate corporate control;
- More lean and agile, by streamlining decision processes and the organizational structure;
- More innovative, by enabling faster and more market focused hardware and software innovations as well as new business models;
- More sustainable, by increasing the integration of sustainable practices into how we conduct business.

GRI STANDARDS GRI 102-14

Looking at our product strategy and growth drivers, we intend to lead the Company towards a further expansion in digitalization and automation, while adopting a decarbonization strategy that centers on biofuels and electrification solutions.

Sustainability highlights during 2018 saw our efforts once again acknowledged internationally. CNH Industrial was re-confirmed as Industry Leader in the Dow Jones Sustainability Indices (DJSI) World and Europe for the eighth consecutive year. Furthermore, we once again scored an A- in the CDP Climate Change Program, in acknowledgment of our measures to optimize energy use, cut CO_2 emissions, and mitigate the business risks of climate change. We were also one of 31 companies to be included in the CDP Water Program's 2018 'A List' for our efforts in water management.

Stakeholder engagement on the material topics that are fundamental to our business continued during the year, specifically focusing on Agricultural Equipment, Construction Equipment and Powertrain customers. The analysis revealed that the two most quoted material topics were the 'circular product life cycle' and 'CO_2 and other air emissions.' Specifically, from a circular economy perspective, the circular product life cycle material topic was considered as the most relevant to CNH Industrial by both the Company and its stakeholders, highlighting the importance of adopting alternative solutions that minimize the impact of the entire product life cycle. The importance attributed to CO_2 and other air emissions reflects the impact not only of manufacturing processes, but also of the entire value chain, from logistics to supply chain and product use.

When it comes to CO_2 and other air emissions, 2018 brought about significant developments across our plants – a 13% year-on-year reduction in CO_2 emissions per hour of production, and over 70% of electricity consumption is now derived from renewable sources. In terms of logistics, the year's CO_2 emissions from global inbound and outbound distribution fell in line with our targets.

We remained committed to fostering our most valuable resource of all – our people – with our focus on safety at an all-time high, enforcing specific management systems and continuing to implement our World Class Manufacturing program. We also continued to develop numerous engagement activities, seeking to enhance employee wellbeing and training, with a 22% increase in training hours delivered in 2018 compared to the previous year.

Always mindful of the needs of the communities in which we operate, we were delighted to continue to endorse projects and activities that encourage local economic, social, and cultural development. During the year, we further developed projects that were in line with the priorities of our Company strategy (youth training and quality education, food availability, and measures to combat climate change), continuing our long-standing partnerships with *Pastoral do Menor* in Brazil, *Telethon* in Europe, and *Habitat for Humanity*, *United Way* and *Team Rubicon* in the United States. In 2018, CNH Industrial continued to support relief efforts during several natural disasters, in large part through our latter-mentioned partnership between CASE Construction Equipment and Team Rubicon, a non-profit veteran-led disaster response organization. In partnership with U.S. Fish & Wildlife Service, the brand has trained Team Rubicon members on heavy equipment operations since 2015.

We are proud of all we have achieved in 2018 through our sustainability efforts. Despite the significant changes that took place, we were able to make a real difference for the better. Our main priority going forward is to boost CNH Industrial's global growth and profitability while maintaining a high level of sustainability, and delivering even greater long-term value in this respect to all of our stakeholders. We thank you for your continued support and encouragement.

Suzanne Heywood

CHAIRPERSON

Hubertus M. Mühlhäuser

CHIEF EXECUTIVE OFFICER

2018 MAIN RESULTS

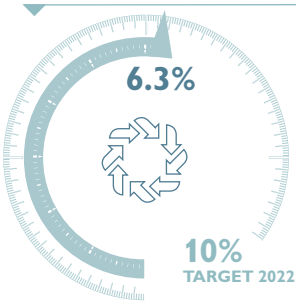
KEY
Target exceeded
Target achieved or in line with plan
See page ▸▸▸

INNOVATION-TO-ZERO

-33% IN EMPLOYEE **ACCIDENT FREQUENCY RATE** vs. 2014

▸▸▸ 80

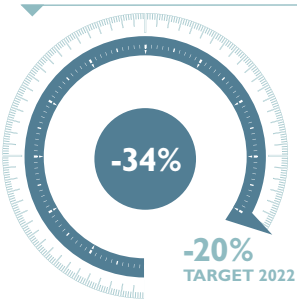
CIRCULAR PRODUCT LIFE CYCLE



10% OF **PARTS & SERVICE'S NET SALES** FROM REMANUFACTURED COMPONENTS

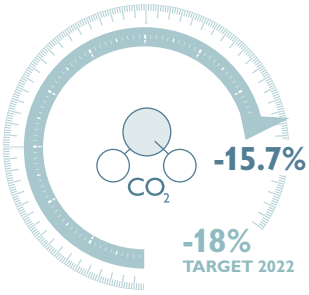
▸▸▸ 225

CO_2 AND OTHER AIR EMISSIONS



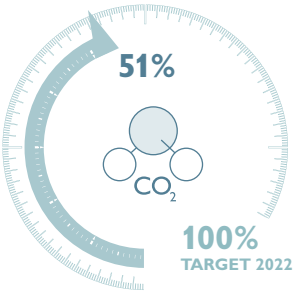
-20% vs. 2014 IN **CO_2 EMISSIONS** PER PRODUCTION UNIT[a]

▸▸▸ 191



-18% vs. 2014 IN KG OF **CO_2 EMISSIONS PER TON OF GOODS TRANSPORTED** (INBOUND, OUTBOUND, AND SPARE PARTS)

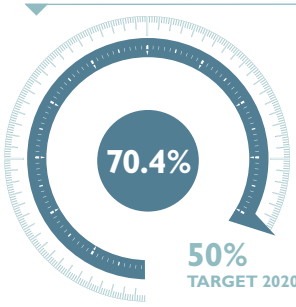
▸▸▸ 195



MONITORING OF **CO_2 EMISSIONS** OF 100% OF **KEY SUPPLIERS**

▸▸▸ 165

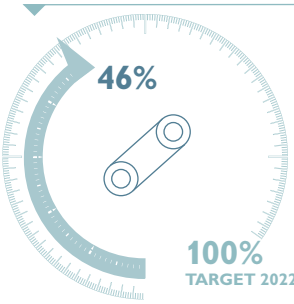
RENEWABLE ENERGY



50% OF TOTAL ELECTRICITY CONSUMPTION DERIVED FROM **RENEWABLE SOURCES**[a]

▸▸▸ 190

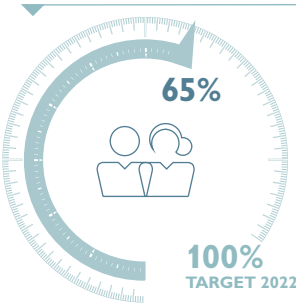
VALUE CHAIN MANAGEMENT



SUSTAINABILITY SELF-EVALUATION OF 100% OF **TIER 1 SUPPLIERS**

▸▸▸ 161

EMPLOYEE ENGAGEMENT



INVOLVEMENT OF 100% OF EMPLOYEES IN **WELLBEING INITIATIVES** PROMOTING **HEALTHY LIFESTYLES**

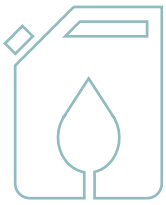
▸▸▸ 93

(a) This key target was made more ambitious and its timeframe extended; the new key target is shown in the Sustainability Plan.

GROWTH DRIVERS

ADVANCE **DECARBONIZATION**

INCREASE **DIGITALIZATION**



TRANSITION FROM FOSSIL FUELS TO BIOFUELS AND ELECTRIFICATION, USING A CIRCULAR ECONOMY APPROACH

EXPLOIT TELEMATICS AND OPEN CONNECTIVITY TO INCREASE CUSTOMER PRODUCTIVITY

01

02

REDUCE ENVIRONMENTAL IMPACT AND OPTIMIZE ENERGY CONSUMPTION IN ALL COMPANY PROCESSES

INCREASE OPPORTUNITIES FOR EXCHANGING IDEAS AND GOOD PRACTICES WITH ALL STAKEHOLDERS

03

04

ADVANCE **ENVIRONMENTAL PROTECTION**

FOSTER **PEOPLE ENGAGEMENT**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OUR SUSTAINABLE COMPANY

PAGES 8-35

ORGANIZATION PROFILE

OUR COMMITMENT TO THE FUTURE

ORGANIZATION PROFILE

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CNH INDUSTRIAL AT A GLANCE

CNH Industrial is a global leader in the capital goods sector with established industrial experience, a wide product range, and worldwide presence. Through its 12 brands[1], the Company designs, manufactures, and sells agricultural equipment, construction machinery, trucks, buses, specialty vehicles, and powertrains.

With 66 manufacturing plants, 54 Research and Development (R&D) centers, a workforce of 64,625 employees, and a commercial presence in approximately 180 countries (as at December 31, 2018), CNH Industrial is in a unique competitive position.

CNH Industrial aims to be a global leader in next-generation industrial equipment and commercial vehicles. It is a pioneer in ultra-efficient machinery that enables other sectors of the global economy to operate at maximum potential, and it achieves this by harnessing new technology and through its vast market reach and robust enterprise culture.

QUANTITY OF PRODUCTS SOLD

CNH INDUSTRIAL WORLDWIDE (thousands units)

Industrial segments	2018
Agricultural Equipment	**183**
Construction Equipment	**44**
Commercial Vehicles	**145**
Powertrain[a]	**861**

(a) Including 613,000 engines, of which 55% sold to external customers.

CNH Industrial N.V. was formed by the merger, completed on September 29, 2013, between Fiat Industrial S.p.A. and its majority-owned subsidiary CNH Global N.V.. It is incorporated in and abides by the laws of the Netherlands, and has its corporate seat in Amsterdam (the Netherlands) and its principal office in London (UK). CNH Industrial's financial communications focus mainly on US GAAP results; as a consequence, all financial data is taken from the Annual Report on Form 20-F, prepared in accordance with US GAAP.

ECONOMIC PERFORMANCE[a]

CNH INDUSTRIAL ($million)

	2018	2017[b]	2016[b]
Revenues	**29,706**	27,701	25,095
Adjusted EBIT	**2,101**	1,640	1,464
Adjusted EBITDA	**3,438**	2,990	2,725
Net income/(loss)	**1,099**	290	(261)
Investments in tangible and intangible assets[c]	**558**	492	503
R&D expenses	**1,061**	957	860
Net industrial cash/(debt)	**(600)**	(908)	(1,609)

(a) On January 1, 2018, the Company adopted, on a retrospective basis, updated FASB accounting standards for revenue recognition (ASC 606), retirement benefits accounting (ASU 2017-07), and cash flow presentation (ASU 2016-18), and began using Adjusted EBIT and Adjusted EBITDA (see definition on page 240).
(b) Figures recast following the retrospective adoption, on January 1, 2018, of the updated accounting standard Revenue from Contracts with Customers (ASC 606) and ASU 2017-07: Compensation-Retirement Benefits (Topic 715).
(c) Net of vehicles sold under buy-back agreements or leased out.

FUNDING AWARDED TO CNH INDUSTRIAL

CNH INDUSTRIAL ($million)

	2018	2017	2016
Grants	**54**	28	25
Loans	**5**	28	27
of which subsidized loans	**5**	28	27
Total public funding[a]	**59**	56	52

(a) Of which 71.2% in EMEA, 0.3% in LATAM, and 28.5% in APAC.

(1) Case IH, STEYR, CASE Construction Equipment, New Holland Agriculture, New Holland Construction, IVECO, IVECO ASTRA, IVECO BUS, Heuliez Bus, Magirus, Iveco Defence Vehicles, and FPT Industrial.

BREAKDOWN OF VALUE ADDED

CNH Industrial strives to create value and to distribute it to its stakeholders. The calculation[1] of value added gives the Company a better understanding of its economic impacts, enabling it to determine how much wealth it created, how it was created, and how it was distributed to stakeholders.
In 2018, the value added generated by CNH Industrial's activities and distributed to its various stakeholders totaled $6,275 million, equivalent to 21.1% of revenues (a 5% increase compared to the previous year).

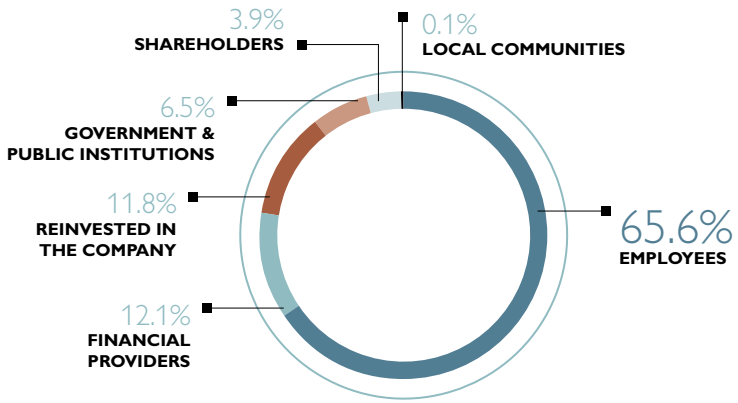
DIRECT ECONOMIC VALUE GENERATED

CNH INDUSTRIAL ($million)

	2018
Consolidated 2018 revenues	29,706
Income of financial services companies	(1,875)
Government grants (current and deferred/capitalized), release of provisions, other income	251
Other income	1,627
Direct economic value generated	**29,709**
Cost of materials	21,023
Depreciation and amortization, including assets under operating lease and assets sold under buy-back commitments	1,338
Other expenses	1,073
Value added	**6,275**

BREAKDOWN OF VALUE ADDED

CNH INDUSTRIAL



RECOGNITION AS A SOCIALLY RESPONSIBLE COMPANY

CNH Industrial's ongoing commitment to sustainability and results achieved in this regard have once again ensured the Company's inclusion in some of the world's most prestigious sustainability equity indexes.

PRESENCE IN SUSTAINABILITY INDEXES

Inclusion in sustainability indexes, and the ratings received from specialized sector-specific agencies, further reflect the robustness of CNH Industrial's sustainable system. In 2018, CNH Industrial was reconfirmed as Industry Leader in the Dow Jones Sustainability Indices (DJSI) World and Europe for the eighth consecutive year. It received a score of 88/100. Still in 2018, CNH Industrial scored A- in the CDP Climate Change program, in recognition of its actions to optimize energy consumption, reduce CO_2 emissions, and mitigate the business risks of climate change. It also ranked among the 31 A-listers in the CDP Water Security program, won the SAM Gold Class Sustainability Award 2019, and was awarded ISS-oekom Prime Status.

(1) *For details on the methodology used, see Report Parameters on page 236.*

As at December 31, 2018, CNH Industrial was included in the following indexes: MSCI ESG Leaders Indexes[1], FTSE4Good Index Series, ECPI Global Agriculture Liquid, ECPI World ESG Equity, ECPI Global Developed ESG Best-in-Class, ECPI Euro ESG Equity, ECPI Global Megatrend 100, Euronext Vigeo World 120, Euronext Vigeo Europe 120, Euronext Vigeo Eurozone 120, STOXX Global ESG Leaders Index, STOXX Global ESG Environmental Leaders Index, STOXX Global ESG Social Leaders Index, STOXX Global ESG Governance Leaders Index, STOXX Global ESG Impact Index, STOXX Global Low Carbon Footprint Index[2], STOXX Global Reported Low Carbon Index, Thomson Reuters Diversity & Inclusion Index, and Integrated Governance Index (IGI).

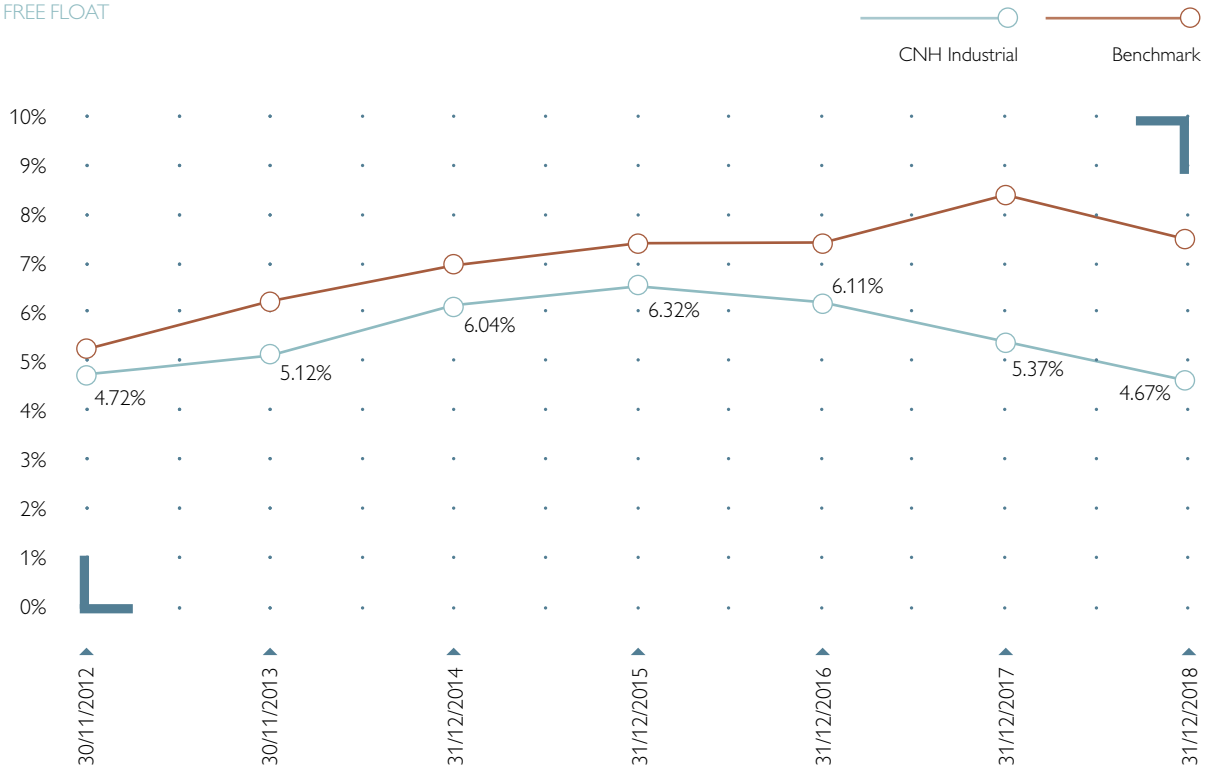
SOCIALLY RESPONSIBLE INVESTORS

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

As at December 31, 2018, 4.67% of CNH Industrial's free float was held by 31 (34 in 2017) asset owners and by 76 (92 in 2017) socially responsible mutual funds[3].

As in the previous year, CNH Industrial's result was lower than the benchmark by about 265 basis points (301 in 2017). The benchmark consists of an average of SRI investor holdings calculated on 5 companies (CNH Industrial plus 4 of its main competitors). CNH Industrial ranked third. The Company's result was below the benchmark only because the score of the top-ranking company – benefitting from a prosperous SRI domestic market – was once again so high it significantly raised the benchmark. Excluding this competitor from calculations, CNH Industrial's percentage of equity would be 61 basis points higher than the benchmark.

FREE FLOAT



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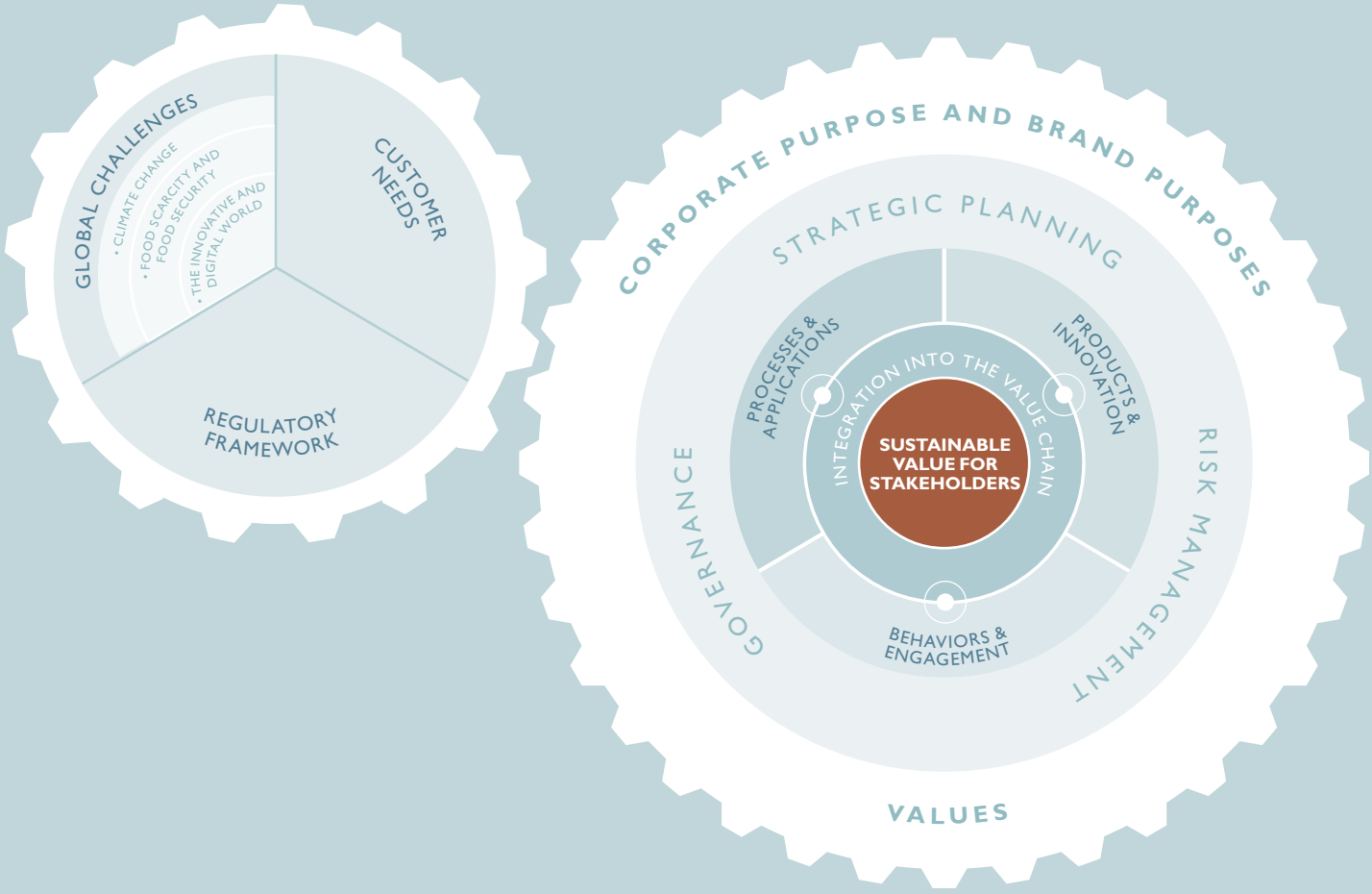
(2) Those listed are the main global STOXX indexes in which CNH Industrial is included.

(3) For details on the methodology used, see Report Parameters on page 238.

OUR COMMITMENT TO THE FUTURE

CNH INDUSTRIAL SUSTAINABILITY MODEL



SUSTAINABILITY MODEL

The Sustainability Model represents the relationship between CNH Industrial and the external drivers that affect the Company's business (or have the potential to do so), and provides an overview of how the Company is structured to deal with and manage them. These external drivers are the variables that continuously feed, guide, and steer the internal mechanisms of the Company, and they consist of global challenges, customer needs, and the regulatory framework.

Global challenges[1] are long-term global changes affecting governments, economies, and societies, and they provide a snapshot of ongoing changes across the globe and of emerging social needs; customer needs identify customer priorities and demand for products and services (see page 16); and the regulatory framework fosters continuous improvement through legislation, regulation, and industry standards (see page 121).

CNH Industrial responds to these external drivers with a shared corporate purpose and an individual purpose for each brand, consistent across the Company and viable over the medium-to-long term, as well as with a set of values that lie at the core of CNH Industrial's day-to-day activities.
The Company's purpose and values are implemented through:

- strategic planning, including medium-to-long term targets (see pages 26-35)
- a system of principles, rules, and procedures in which roles and responsibilities are clearly defined (Governance model, see pages 39-59)
- a process that anticipates and manages current and future economic, environmental, and social risks and opportunities (Risk Management, see page 60).

Moving closer to the core of the Model, the emphasis shifts from strategy and governance to the operational aspects of the Company. These consist of processes and applications such as manufacturing and logistics (see pages 166; 193), product development and innovation (see page 139), and employee behavior and stakeholder engagement, all of which must be integrated into the entire value chain in order to achieve CNH Industrial's core objective: the creation of sustainable value for all stakeholders.

SHARED VALUE APPROACH

Shared Value is an innovative approach to business sustainability in which companies generate economic value in a way that also creates value for society, thus meeting the needs of both. The approach offers a new perspective to encourage companies to redefine and reshape their overall value chain, and was expounded in an article published by M. Porter and M. Kramer[2] in 2011.

In recent years, the Company has changed its approach to sustainability, moving from a reactive one to a proactive one in which CNH Industrial leverages sustainability to make decisions for long-term value creation. Adopting a shared value approach is a significant challenge, as the main goal is to find a way to make business and social aims meet. It's not just about philanthropy or minimizing negative impacts; it's also about devising strategies able to benefit the society and communities in which they are implemented while generating a tangible gain for businesses.

To this end, the Company launched a pilot project to quantify shared value: specifically, the shared value generated by precision farming solutions, as agreed with senior management. The social needs identified as the starting point of the study were the United Nations Sustainable Development Goals (SDGs). The first step of the project involved defining the indicators to be measured, and the shared value is expected to be quantified in the coming years.

(1) The global challenges selected by CNH Industrial are: climate change; food scarcity and food security; and the innovative and digital world (see page 238).
(2) Michael E. Porter, Mark R. Kramer, Creating Shared Value, Harvard Business Review (January-February 2011).

MATERIALITY ANALYSIS

The materiality analysis is a tool that CNH Industrial uses to identify material topics and ensure their close alignment with its business decisions, increasingly integrating sustainability principles into the Company's daily activities. The materiality analysis is a strategic business tool that:

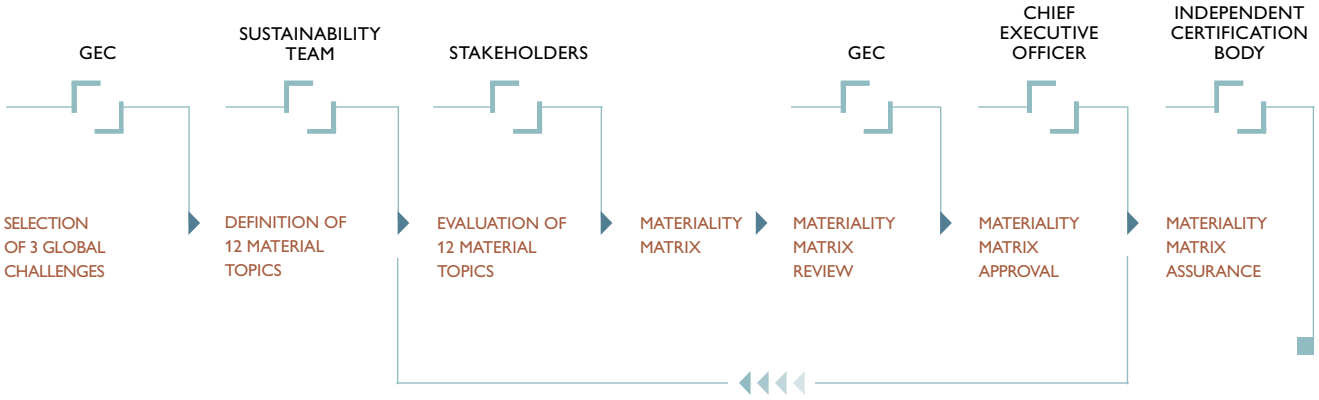
- supports the Company in aligning its purpose, brand portfolio, and regional presence with topics that are material for its stakeholders
- identifies the material topics through which CNH Industrial aims to respond to global challenges
- defines targets (aligned with the UN SDGs[1]) in the Sustainability Plan based on potential risks and opportunities linked to the Company's activities and arising from global challenges and material topics.

Moreover, the results of the materiality analysis contribute to defining the Company's growth drivers (see page 7), which inform and guide its investment decisions and help determine intervention priorities.
In the materiality analysis, topics are considered material if they reflect CNH Industrial's economic, environmental, and/or social impact, or influence the decisions of stakeholders (in line with the materiality reporting principle in the GRI Standards).
The materiality analysis uses the same boundaries within the organization as those consolidated in the 2018 EU Annual Report, which encompass every CNH Industrial segment worldwide (material topic boundaries and alignment with GRI Standards are shown in the table on page 20).

The materiality analysis process involves the following steps:

- selection of the global challenges (performed in 2016)
- definition of material topics related to the global challenges (performed in 2016)
- material topics evaluation by stakeholders in order to set respective priorities (performed yearly)
- preparation of the Materiality Matrix (performed yearly).

MATERIALITY ANALYSIS



GLOBAL CHALLENGES ANALYSIS

In 2016, CNH Industrial analyzed and identified the global challenges that affect its business (or have the potential to do so), thus turning the materiality analysis into a strategic tool to identify intervention priorities while considering the broader external context.
To provide a detailed and accurate snapshot of phenomena that are ongoing or reasonably foreseeable over the medium-to-long term, the global challenges most significant to CNH Industrial were selected by the GEC members (see page 43) from a list compiled after assessing many different sources; these included context and scenario analyses (including the SDGs), sustainability reports, and the websites of over 100 companies.

(1) *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 September 25, 2015.*

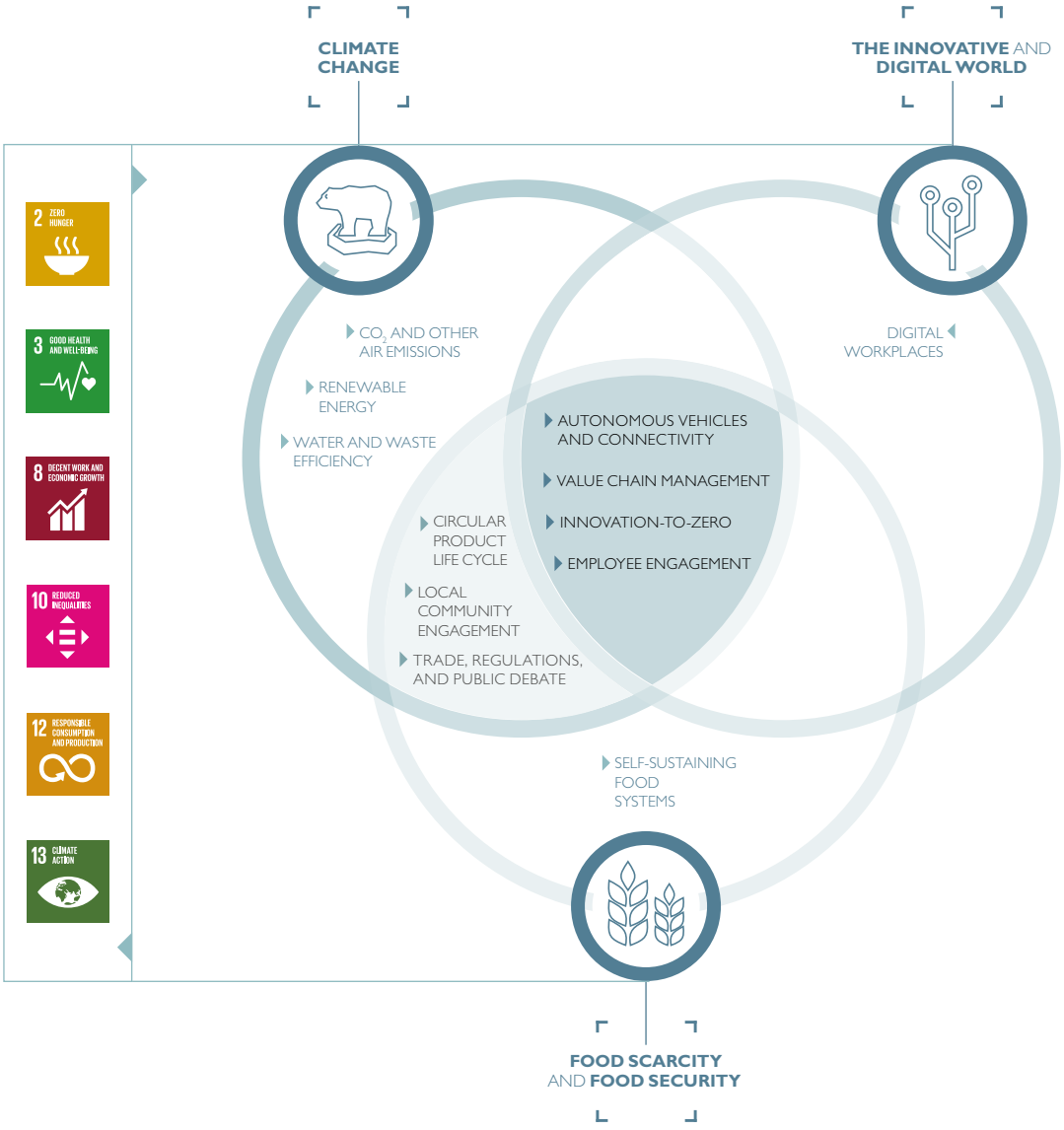
GRI STANDARDS GRI 102-21; GRI 102-29; GRI 102-32; GRI 102-46

The 3 global challenges identified as most relevant to the business of CNH Industrial are:

- *climate change*: which, as a broad concept, encompasses political, judicial, ethical, economic, and scientific factors, and goes far beyond the literal definition of natural climate variations
- *food scarcity and food security*: whose effects depend on the efforts of the individuals involved in the agricultural, processing, transport, manufacturing, and consumption production chains
- *the innovative and digital world*: which generates excellent opportunities for companies, as they can exploit the connectivity of the World Wide Web to access and manage huge amounts of data, position themselves in new markets, transform existing products, interact with their customers, and introduce new business and delivery models.

DEFINING MATERIAL TOPICS

After selecting the global challenges in 2016, a workshop was organized with the Sustainability Team (see page 45) to identify 12 material topics. These topics are the key aspects CNH Industrial focuses on to either mitigate and limit the impact and risks related to the global challenges, or exploit and enhance their positive effects and the opportunities they provide. Each material topic identified could be related to more than one global challenge.



EVALUATING MATERIAL TOPICS

The topics related to the global challenges are evaluated through stakeholder engagement[2], in line with the principle of stakeholder inclusiveness as per the GRI Standards (see page 235). The process engages an increasing number of stakeholders in the analysis each year.
When performing the materiality analysis, CNH Industrial's methodology was to consider all 12 topics material, before prioritizing them in terms of relevance according to the feedback collected via stakeholder engagement.

The evaluation of the 12 material topics identified in 2016 was two-fold:
- relevance to CNH Industrial was determined in 2016, based on feedback from the first reports to GEC (see page 43) members (74 responses out of 188)
- relevance to stakeholders was assessed based on feedback from a sample of 1,687 stakeholders (of which 440 were interviewed in 2018, 223 in 2017, and 1,024 in 2016) among employees, customers, dealers, opinion leaders, public institutions, NGOs, investors, and journalists.

The stakeholders to engage were chosen by the internal representatives interacting with them on a daily basis, and endorsed by the relevant GEC members; sensitive cases were also endorsed by the Chief Executive Officer (CEO).
CNH Industrial managers and stakeholders were engaged via an online survey or direct interview; they were asked to evaluate the 12 material topics identified, ranking the 5 most relevant based on their impact on the economy, the environment, and society.

In 2018, engagement activities mainly involved:
- 110 hourly employees in Brazil, France, India, Italy, and the USA, through dedicated workshops held at plants
- 307 customers through direct interviews at the following specialty trade fairs: M&T Expo in Sao Paolo (Brazil), EIMA in Bologna (Italy), and Agrovision in Nagpur (India).

PREPARING THE MATERIALITY MATRIX

The Materiality Matrix reflects how frequently each material topic was selected. Each material topic is positioned within the Materiality Matrix according to internal or external relevance, enabling the Matrix itself to be read in 2 ways:
- the horizontal axis illustrates the degree of significance to CNH Industrial, in ascending order
- the vertical axis illustrates significance to stakeholders, in ascending order.

Within the scope of the analysis, aspects related to Corporate Governance, respect for human rights, regulatory compliance, and economic value creation were considered prerequisites, and therefore were not examined individually. However, these topics are monitored and reported in the Sustainability Report. The Matrix also shows the degree of alignment between external stakeholders' expectations and the relevance of the material topics to the Company.

Every year, the Materiality Matrix is reviewed by senior management and given final approval by the Chief Executive Officer (CEO). The final phase involves third-party assurance of compliance, in which the Matrix development process is audited by SGS, an independent company.

The Materiality Matrix is updated annually to take account of changes in stakeholder perceptions and incorporate any new topic that may become significant for the Company. To this end, other stakeholders will be interviewed in 2019 to identify needs and priorities related to current material topics.

(2) For details on the functions responsible for dialogue with stakeholders, engagement tools used, and main stakeholder expectations, see the table on pages 258-259 in the Appendix.

2018 MATERIALITY MATRIX

The 2018 Materiality Matrix encompasses the overall results of a 3-year engagement process, which involved a total of 1,761 people.

The analysis confirmed the greater relevance of business-related aspects.

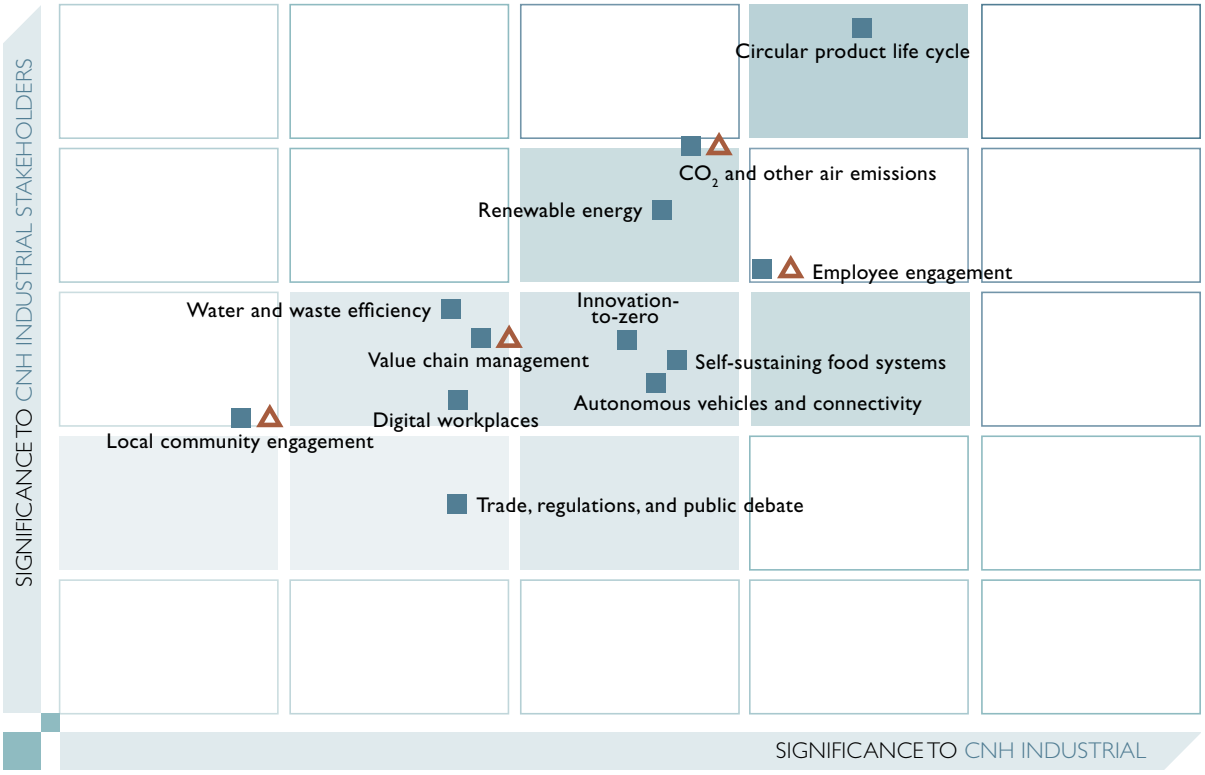
Specifically, from a circular economy perspective, the material topic **circular product life cycle** was considered, both within and outside the Company, as the most relevant to CNH Industrial, highlighting the importance of adopting alternative solutions that minimize the impact of a product's life cycle. **CO_2 and other air emissions** was also one of the most relevant topics, considering not only the impact of manufacturing processes, but also of the entire value chain (logistics, supply chain, and product use).

The importance of **employee engagement**, **value chain management**, **local community engagement**, and **CO_2 and other air emissions** increased significantly compared to the 2017 results, partly because of the greater resonance of these issues in the global debate, and partly because of the stakeholder categories involved in 2018. All other material topics remained almost unchanged compared to the evaluation carried out the previous year.

For more information on material topics, and the associated management approach and boundaries, please refer to the table *Material Topics in Detail* on page 20, which also shows the links to the GRI Standards.

MATERIALITY MATRIX[a]

CNH INDUSTRIAL



KEY

△ 0.5 increase compared to the 2017 Materiality Matrix.

[a] *Self-sustaining food systems fall under the scope of digitalization; CO_2 and other air emissions under electrification; autonomous vehicles under automation; and value chain management under servitization. Moreover, trade, regulations, and public debate fall under both electrification and automation.*

MATERIAL TOPICS IN DETAIL

MATERIAL TOPICS[a]	TOPIC BOUNDARY (WORLDWIDE)			LINK TO GRI STANDARDS	SUSTAINABILITY REPORT PAGE	
	Where the impacts occur		Organization's involvement with the impacts		MA[b]	Results & Targets
	Entities in the organization[c]	Entities in the organization's value chain				
PRODUCT & INNOVATION						
Circular product life cycle	AG - CE CV - PT	■ Customers ■ Dealer and service network ■ Suppliers and commercial partners	All products	◢ GRI 301: Materials	139; 199; 202; 225	32; 35
Autonomous vehicles and connectivity	AG-CV	■ Customers ■ Dealer and service network ■ Suppliers and commercial partners	AG-CV products	(d)	139; 199; 212	33
Self-sustaining food systems	AG	■ Customers ■ Dealer and service network ■ Suppliers and commercial partners	AG products	(d)	139; 199; 207	32
Trade, regulations, and public debate	Entire organization	■ Public institutions	All products and processes	◢ GRI 415: Public Policy	121	31
BEHAVIORS & ENGAGEMENT						
Local community engagement	Entire organization	■ Local communities	All products and processes	◢ GRI 413: Local Communities	107	30-31
Value chain management	Entire organization	■ Customers ■ Dealer and service network ■ Suppliers and commercial partners	All products and processes	◢ GRI 204: Procurement Practices ◢ GRI 308: Supplier Environmental Assessment ◢ GRI 414: Supplier Social Assessment ◢ GRI 416: Customer Health and Safety ◢ GRI 417: Marketing and Labelling ◢ GRI 418: Customer Privacy	131; 135; 153; 215	33-34
Employee engagement	Entire organization		Employee management	◢ GRI 404: Training and Education	67	27
Digital workplaces	Entire organization		Employee management	(d)	67; 83	29
PROCESSES & APPLICATIONS						
CO_2 and other air emissions	Entire organization	■ All stakeholders	All products and processes	◢ GRI 302: Energy ◢ GRI 305: Emissions	139; 153; 172; 184; 193; 199	34-35
Renewable energy	Entire organization	■ All stakeholders	Manufacturing processes	◢ GRI 302: Energy	184	35
Water and waste efficiency	Entire organization	■ Local communities	Manufacturing processes	◢ GRI 303: Water ◢ GRI 306: Effluents and Waste	172	34
Innovation-to-zero	Entire organization	■ All stakeholders	All products and processes	◢ GRI 403: Occupational Health and Safety	76; 168	28

(a) The list of material topics and their respective boundaries remain unchanged compared to the 2017 Matrix. For the definition of material topics, see page 239.
(b) Management Approach.
(c) AG = Agricultural Equipment
CE = Construction Equipment
CV = Commercial Vehicles
PT = Powertrain.
(d) For this material topic (although not directly identified by the GRI Standards), the Sustainability Report specifies how CNH Industrial manages it, along with its specific indicators.

GRI STANDARDS GRI 102-46; GRI 102-47; GRI 102-49; GRI 103-1

KEY TARGETS

As further evidence of the extent to which CNH Industrial considers the materiality analysis a business tool and integrates it into corporate strategy, the Company's senior management set 24 key targets aligned with the material topics included in the Materiality Matrix and consistent with the UN SDGs. Target definition was based on potential risks and opportunities relating to the Company's business activities, and involved all members of the GEC (see page 43). The progress towards their achievement as at December 31, 2018 is described in the following pages.

Progress towards key targets is verified twice a year, and new ones are added yearly. These new targets, as well as the restatement of existing ones, are based on the Sustainable Development Goals (SDGs) and reflect the evolution of the material topics, in the continuous search for new areas of improvement. Key targets are incorporated into the Sustainability Plan, which expresses CNH Industrial's commitment to contribute to development in harmony with people and the environment.

Through the actions, results, and targets included in the Plan, the Company clearly and directly communicates its commitment to its stakeholders. The Plan is updated annually to report the progress of existing projects and establish new targets, essential for long-term growth.
Since CNH Industrial embraces all 17 UN SDGs, efforts were made to ensure the commitments stated in the Sustainability Plan are aligned with said SDGs, not only to substantiate the Company's contribution to achieving global objectives, but also to ensure transparency in its communication with stakeholders by providing details on its responsibility to build a sustainable future.

The alignment process also led to the identification of the SDGs most relevant to CNH Industrial's business (i.e., those that emerged most frequently during the alignment with key targets), which enabled the Company to concentrate efforts more effectively on achieving its challenging goals. A total of 6 SDGs were identified as most relevant.

THE 6 SDGS MOST RELEVANT TO CNH INDUSTRIAL

	End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
	Ensure healthy lives and promote wellbeing for all at all ages
	Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all
	Reduce inequality within and among countries
	Ensure sustainable consumption and production patterns
	Take urgent action to combat climate change and its impacts

These 6 SDGs will inspire CNH Industrial's future endeavors in terms of targets, practices, and projects, as highlighted by specific icons throughout the Report corresponding to each goal. Furthermore, the activities, major projects, and related targets described herein are intended to provide an overview of how the Company approaches them.

HOW CNH INDUSTRIAL SUPPORTS THE 6 MOST RELEVANT SDGs

END HUNGER, ACHIEVE FOOD SECURITY AND IMPROVED NUTRITION, AND PROMOTE SUSTAINABLE AGRICULTURE

CNH INDUSTRIAL'S APPROACH TO THE SDGs

One of the future global challenges that CNH Industrial intends to tackle is offering agricultural products and solutions that promote an economic system with zero impact on resources.

CNH INDUSTRIAL KEY TARGETS RELATED TO THE SDGs

- 2022: up to +25% vs. 2015 in field productivity by expanding data management and control systems
- 2022: distribution of new alternative-fuel tractors (methane and propane)
- 2022: +50% vs. 2017 in number of people involved in CNH Industrial's local community initiatives

MAIN CNH INDUSTRIAL PROJECTS RELATED TO THE SDGs

- Precision agriculture ▸▸▸ 207
- Advancing farming technologies in Ghana ▸▸▸ 116
- A new engine for sustainable farming in Kenya ▸▸▸ 117
- *Food Security Week* in North America ▸▸▸ 117
- Improving farmers' livelihoods in India ▸▸▸ 117
- 1,000 meals in Zimbabwe ▸▸▸ 96

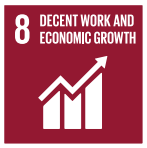
ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES

CNH Industrial is committed to promoting the wellbeing of its employees through specific programs, helping them balance their personal commitments through time and money saving initiatives and flexible working arrangements, while cultivating motivation, pride, and a sense of belonging at work. Moreover, CNH Industrial implements several initiatives for local communities to safeguard and improve health.

- 2022: -33% vs. 2014 in employee accident frequency rate
- 2022: involvement of 100% of employees in wellbeing initiatives promoting healthy lifestyles
- 2022: participation of 40% of employees in flexible work location scheme (excluding hourlies)
- 2022: involvement of 100% of employees worldwide in training activities
- 2022: -20% vs. 2014 in VOC emissions per square meter painted
- 2022: +50% vs. 2017 in number of people involved in CNH Industrial's local community initiatives

- Supplementary health plans for employees ▸▸▸ 72
- Campaigns on traffic safety for employees ▸▸▸ 93
- Smoking cessation programs for employees ▸▸▸ 93
- Automated External Defibrillators (AEDs) installed at all sites in Italy ▸▸▸ 82
- Fighting cancer ▸▸▸ 93 ▸▸▸ 113
- Fostering a safety culture from childhood ▸▸▸ 79
- Shuttle services for employees commuting ▸▸▸ 98
- Telethon Foundation in Europe ▸▸▸ 110
- Health and wellbeing initiatives for children and the elderly in Brazil ▸▸▸ 111
- Smile Foundation in India ▸▸▸ 113

PROMOTE SUSTAINED, INCLUSIVE, AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT, AND DECENT WORK FOR ALL



CNH Industrial endeavors to ensure optimal working conditions, implementing preventive and protective measures aimed at minimizing risk of injury in the workplace.

- 2022: -33% vs. 2014 in employee accident frequency rate
- 2022: involvement of 100% of employees worldwide in training activities
- 2022: sustainability self-evaluation of 100% of Tier 1 suppliers
- 2022: +50% vs. 2017 in number of people involved in CNH Industrial's local community initiatives

- Safety training and campaigns for employees ▸▸▸ 76 ▸▸▸ 79
- Inclusion of differently abled people in manufacturing ▸▸▸ 75
- Industry 4.0 ▸▸▸ 83
- Supplier assessments ▸▸▸ 158
- Professional inclusion in Brazil ▸▸▸ 115
- Disseminating World Class Manufacturing in Argentina ▸▸▸ 115
- Training future farmers in the USA ▸▸▸ 117

CNH INDUSTRIAL'S APPROACH TO THE SDGs

CNH INDUSTRIAL KEY TARGETS RELATED TO THE SDGs

MAIN CNH INDUSTRIAL PROJECTS RELATED TO THE SDGs

10 REDUCED INEQUALITIES

REDUCE INEQUALITY WITHIN AND AMONG COUNTRIES

CNH Industrial consciously supports projects and activities that encourage the economic, social, and cultural development of local communities. It acts in a socially responsible manner by respecting the culture and traditions of each country, and by operating with integrity and in good faith to earn the trust of the community. Moreover, advocating socially and environmentally responsible behavior across the entire supply chain is one of the Company's primary commitments.

- 2022: +10% vs. 2018 in number of employees involved in volunteering activities during paid working hours
- 2022: sustainability self-evaluation of 100% of Tier 1 suppliers
- 2022: +50% vs. 2017 in number of people involved in CNH Industrial's local community initiatives

- Leadership development initiatives for women ▸▸▸ 73
- *Managing Multicultural Teams* online training for employees ▸▸▸ 72
- Volunteering and social team-building initiatives for employees ▸▸▸ 96
- Supplier assessments ▸▸▸ 158
- *TechPro²* project ▸▸▸ 114
- Promoting culture in Brazil ▸▸▸ 112
- Educating underprivileged children in India and Turkey ▸▸▸ 116
- Training support in Thailand ▸▸▸ 115

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

CNH Industrial is committed to creating added value for itself and the communities in which it operates through solutions that are environmentally responsible and economically viable, ensuring the efficient use of resources and reduced environmental impact.

- 2022: involvement of 100% of employees worldwide in training activities
- 2022: sustainability self-evaluation of 100% of Tier 1 suppliers
- 2022: -20% vs. 2014 in VOC emissions per square meter painted
- 2022: -23% vs. 2014 in water withdrawal per production unit
- 2022: 93% of waste recovered
- 2022: -23% vs. 2014 in waste generated per production unit
- 2022: -35% vs. 2014 in hazardous waste generated per production unit
- 2030: -30% vs. 2014 in energy consumption per production unit
- 2030: -60% vs. 2014 in CO_2 emissions per production unit
- 2030: 90% of total electricity consumption derived from renewable sources
- 2022: -18% vs. 2014 in kg of CO_2 emissions per ton of goods transported
- 2022: development of next-generation alternative fuel engines
- 2022: focus on natural gas engine technologies
- 2022: distribution of new alternative-fuel tractors (methane and propane)
- 2024: distribution of new alternative-fuel wheel loaders (methane)
- 2022: up to +25% vs. 2015 in field productivity by expanding data management and control systems
- 2020: autonomous technology development on self-propelled vehicles

- Environmental and energy management training for employees ▸▸▸ 174 ▸▸▸ 186
- Supplier assessments ▸▸▸ 158
- New technology for the application of clear solvent-based top coats ▸▸▸ 176
- Construction of a rainwater collection system ▸▸▸ 179
- A new life for waste ▸▸▸ 182
- Replacing existing lighting systems with LED technology ▸▸▸ 187
- Installing high-efficiency motors and intelligent stand-by systems ▸▸▸ 187
- Installing solar flowers and solar walls ▸▸▸ 188
- Adopting intermodal solutions ▸▸▸ 197
- Optimizing transport capacity ▸▸▸ 197
- Increasing low-emissions transport ▸▸▸ 196
- Precision agriculture ▸▸▸ 207

13 CLIMATE ACTION

TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS

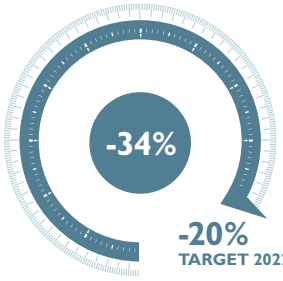
CNH Industrial is actively engaged in reducing CO_2 and other air emissions, while closely monitoring the emissions associated with its manufacturing processes, logistics, and the use phase of its vehicles.

- 2022: involvement of 100% of employees worldwide in training activities
- 2022: monitoring of CO_2 emissions of 100% of key suppliers
- 2022: -20% vs. 2014 in VOC emissions per square meter painted
- 2030: -30% vs. 2014 in energy consumption per production unit
- 2030: -60% vs. 2014 in CO_2 emissions per production unit
- 2030: 90% of total electricity consumption derived from renewable sources
- 2022: -18% vs. 2014 in kg of CO_2 emissions per ton of goods transported
- 2022: development of next-generation alternative fuel engines
- 2022: focus on natural gas engine technologies
- 2022: distribution of new alternative-fuel tractors (methane and propane)
- 2024: distribution of new alternative-fuel wheel loaders (methane)
- 2022: up to +25% vs. 2015 in field productivity by expanding data management and control systems
- 2020: autonomous technology development on self-propelled vehicles
- 2022: +50% vs. 2017 in number of people involved in CNH Industrial's local community initiatives

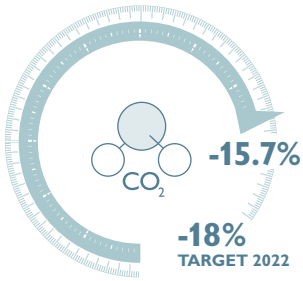
- CDP Supply Chain program ▸▸▸ 164
- Installing high-efficiency motors and intelligent stand-by systems ▸▸▸ 187
- Installing solar flowers and solar walls ▸▸▸ 188
- Increasing low-emissions transport ▸▸▸ 196
- Decarbonization strategy aimed at more environmentally-friendly products ▸▸▸ 200
- Life Cycle Assessment ▸▸▸ 145
- ECHOCHAMPS project ▸▸▸ 140
- Water Management project in Tunisia ▸▸▸ 118
- Alternative solution to crop burning in India ▸▸▸ 118
- Planting trees ▸▸▸ 119
- Environmental training for students from a local school in Italy ▸▸▸ 175

2018 PROGRESS TOWARDS QUANTITATIVE KEY TARGETS

CO_2 AND OTHER AIR EMISSIONS

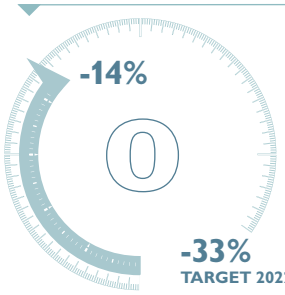


-20% vs. 2014 IN **CO_2 EMISSIONS** PER PRODUCTION UNIT[a]



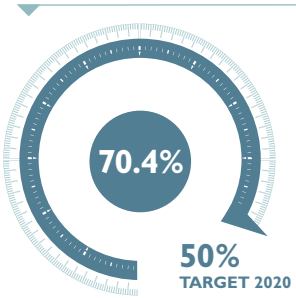
-18% vs. 2014 IN KG OF **CO_2 EMISSIONS PER TON OF GOODS TRANSPORTED** (INBOUND, OUTBOUND, AND SPARE PARTS)

INNOVATION-TO-ZERO



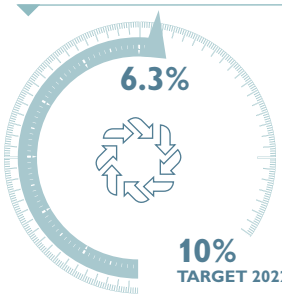
-33% IN EMPLOYEE **ACCIDENT FREQUENCY RATE** vs. 2014

RENEWABLE ENERGY

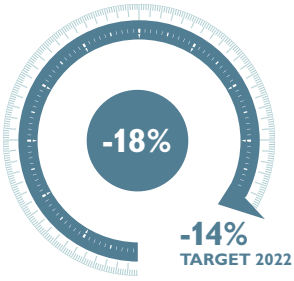


50% OF TOTAL ELECTRICITY CONSUMPTION DERIVED FROM **RENEWABLE SOURCES**[a]

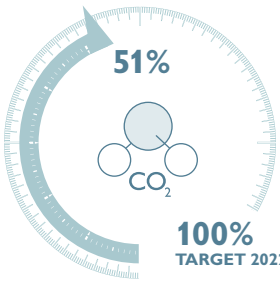
CIRCULAR PRODUCT LIFE CYCLE



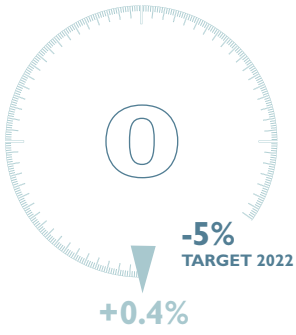
10% OF **PARTS & SERVICE'S NET SALES** FROM REMANUFACTURED COMPONENTS



-14% vs. 2014 IN **VOC EMISSIONS** PER SQUARE METER PAINTED[a]

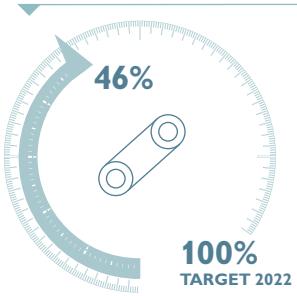


MONITORING OF **CO_2 EMISSIONS** OF 100% OF **KEY SUPPLIERS**



-5% (YEAR-ON-YEAR) IN VOLUME OF **PRODUCT IMPROVEMENT PROGRAMS** (PIPs) AND **WARRANTY CLAIMS PER UNIT**

VALUE CHAIN MANAGEMENT



SUSTAINABILITY SELF-EVALUATION OF 100% OF **TIER 1 SUPPLIERS**

[a] This key target was updated. The new target is available in the Sustainability Plan.

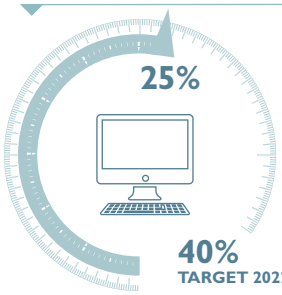
KEY

Target exceeded

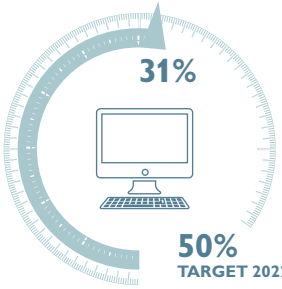
Target achieved or in line with plan

Target partially achieved

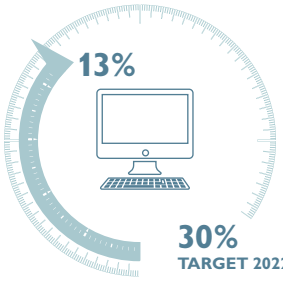
DIGITAL WORKPLACES



EMEA: PARTICIPATION OF 40% OF EMPLOYEES IN **FLEXIBLE WORK LOCATION SCHEME** (EXCLUDING HOURLIES)[a]

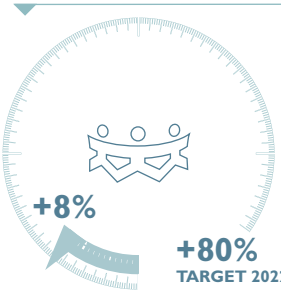


LATAM: PARTICIPATION OF 50% OF EMPLOYEES IN **FLEXIBLE WORK LOCATION SCHEME** (EXCLUDING HOURLIES)[a]

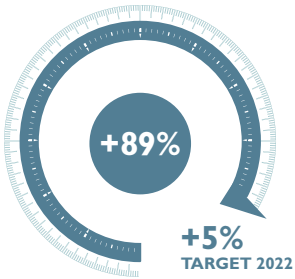


APAC: INVOLVMENT OF 30% OF EMPLOYEES IN **FLEXIBLE WORK LOCATION SCHEME** (EXCLUDING HOURLIES)[a]

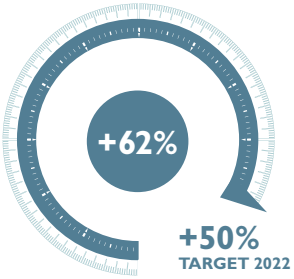
LOCAL COMMUNITY ENGAGEMENT



EMEA: +80% vs. 2016 IN NUMBER OF PEOPLE INVOLVED IN CNH INDUSTRIAL **LOCAL COMMUNITY INITIATIVES**[a]

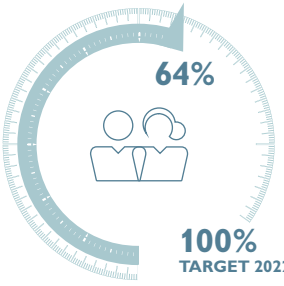


LATAM: +5% (YEAR-ON-YEAR) IN NUMBER OF **YOUNG PEOPLE** INVOLVED IN PLANTS' LOCAL PROJECTS FOSTERING **PROFESSIONAL INCLUSION**[a]

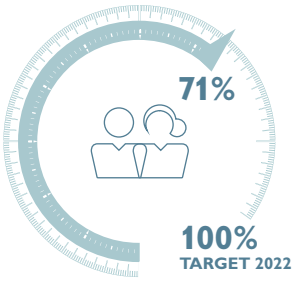


APAC: +50% vs. 2017 IN NUMBER OF PEOPLE INVOLVED IN CNH INDUSTRIAL'S **LOCAL COMMUNITY INITIATIVES**[a]

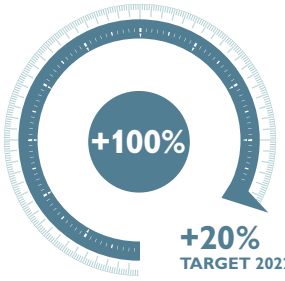
EMPLOYEE ENGAGEMENT



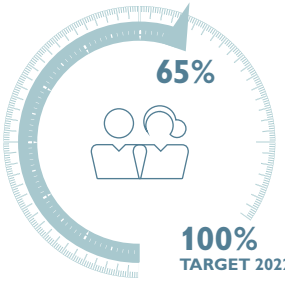
100% OF **EMEA EMPLOYEES** INVOLVED IN **TRAINING**[a]



100% OF **APAC EMPLOYEES** INVOLVED IN **TRAINING**[a]



+20% vs. 2016 IN NUMBER OF **EMPLOYEE VOLUNTEER HOURS** IN **NORTH AMERICA**[a]



INVOLVEMENT OF 100% OF EMPLOYEES IN **WELLBEING INITIATIVES** PROMOTING **HEALTHY LIFESTYLES**

[a] *This key target was updated. The new target is available in the Sustainability Plan.*

SUSTAINABILITY PLAN

CORPORATE GOVERNANCE AND SUSTAINABILITY

MAINTAINING BEST-IN-CLASS SYSTEMS FOR GOVERNANCE AND SUSTAINABILITY MANAGEMENT

Commitment: Continuously integrate sustainability into corporate systems

ACTIONS	2018 RESULTS	TARGETS
▸ Implementation of an integrated sustainability management system, incorporating environmental and social issues in business decisions	■ Focus of shared value study and first set of indicators identified ▸▸▸ *208*	▸ 2020: development of a study to identify the shared value generated by CNH Industrial activities and products
▸ Delivery of training to promote a culture of sustainability and raise awareness among stakeholders	■ Sustainability awareness campaign planned	▸ 2020: development, set-up, and provision of sustainability awareness campaigns

Commitment: Continuously update Corporate Governance, compliance systems, and monitoring processes to remain aligned with best practices

ACTIONS	2018 RESULTS	TARGETS
▸ Enhancement of Board members' knowledge of Company operations	■ Several meetings held (in parallel with Board meetings) between Board Directors and GEC members (brand, product, and segment leaders) to gain insight into industry-specific and region/country-specific business aspects and operations ▸▸▸ *42*	▸ 2019: onboarding of new executive directors and possible addition of new directors. Development of new strategic business plan; presentation and discussion with Board
▸ Conception, design, and oversight of a Corporate Compliance Program	■ Integration of Customer Master Data Workflow (CMDW) and third-party due diligence tool completed and activated in EMEA and at high-volume sites in APAC ▸▸▸ *53*	▸ 2019: configuration of new Governance, Risk, and Compliance (GRC) tool to be integrated with the CMDW system, in replacement of previous software. Extension of CMDW support to additional sites/plants in collaboration with Financial Services. Financial Services evaluation of CMDW extension to certain high-risk suppliers
	◧ Trade compliance organization (processes, procedures, and technology) further extended ▸▸▸ *53*	▸ 2019: further extension of Target Operating Model (TOM) to South America, Europe, and Asia
▸ Update of the Corporate Whistleblowing System for the reporting and investigation of complaints/allegations	■ Initiatives to further increase global Compliance Helpline awareness implemented via internal communication campaign, internal publication articles, and *LINK* articles ▸ In-person compliance outreach and town hall meetings held in multiple countries to further increase employee awareness ▸ Compliance smartphone app pilot project launched in North America ▸▸▸ *50*	▸ 2019: implementation of a communications plan and other activities to increase awareness of the Compliance Helpline and Company policy on retaliation North America ▸ 2019: evaluation of the outcomes of the compliance smartphone app pilot project, and of its extension to other regions
▸ Promotion of a work environment driven by the highest principles and respectful of human rights, using multiple tools (e.g., training courses, corporate Intranet)	■ 56,916 hours of training delivered on human rights and other corporate Code of Conduct aspects ▸▸▸ *48; 49; 52; 54*	▸ 2019: ongoing implementation of information and training activities
▸ Monitoring of the impact of business activities on human rights	■ Human rights assessments performed across the main CNH Industrial legal entities in APAC, covering 70% of the region's total workforce (equal to 3,753 employees) ▸▸▸ *57*	▸ 2020: completion of human rights assessment cycle (2018-2020 period), to monitor 100% of CNH Industrial legal entities
▸ Demonstration of climate leadership by providing climate change information in mainstream corporate reports	□ Development of internal monitoring process postponed to 2019 ▸▸▸ *184*	▸ 2019: development of internal monitoring process for all Company activities with repercussions for climate-related policies

KEY

Target exceeded ▲
Target achieved or in line with plan ■
Target partially achieved ◧
Target postponed □
Key target ◎
See page ▸▸▸

The full list of SDG icons along with their descriptions can be found on page 241

OUR PEOPLE

RESPECTING HUMAN AND LABOR RIGHTS

Commitment: Promote diversity and offer equal opportunities

ACTIONS	2018 RESULTS	TARGETS
▸ Monitoring of the global implementation of equal opportunity principles relating to performance and leadership appraisals, promotions, and recruitment processes	■ Same percentage of women as that employed by the Company engaged in the Performance and Leadership Management (PLM) process ▸▸▸ 86	
	■ External recruitment agencies made aware of the Company's role as Equal Opportunity Employer (EOE)	▸ 2019: continuous improvement and monitoring of recruitment processes across regions to ensure performance as EOE
▸ Promotion of job opportunities encouraging workforce diversity	■ Several outcomes achieved: ▸ +2.8% vs. 2017 in percentage of women employed ▸ 11.6% of management positions held by women ▸▸▸ 74; 246	▸ 2019: increase in the number of diversity candidates employed worldwide, in accordance with local requirements and limitations
▸ Promotion of women's leadership and self-awareness	▲ EMEA +28% vs. 2017 in number of women involved in leadership and self-awareness programs ▸▸▸ 73	▸ 2019: +15% vs. 2018 in number of women involved in leadership development initiatives

DEVELOPING HUMAN CAPITAL

Commitment: Enhance skills within the Company

ACTIONS	2018 RESULTS	TARGETS
▸ Assessment of employees through the Performance and Leadership Management appraisal system	■ 100% of salaried employees and above evaluated ▸▸▸ 85	
▸ Development of programs to upgrade and improve employee skills and behaviors	■ Several development programs implemented: ▸ *Action Learning* projects at regional/function level ▸ Coaching and mentoring initiatives ▸▸▸ 89	▸ 2019: ongoing targeted development and training programs customized to employees' individual needs
	■ EMEA 64% of employees involved in training activities	▸ 2022: involvement of 100% of employees worldwide in training activities ◎
	■ APAC 71% of employees involved in training activities	

Commitment: Maintain sustainability as a key corporate objective

ACTIONS	2018 RESULTS	TARGETS
▸ Incorporation of environmental and social targets in the performance management system	■ Sustainability targets incorporated into the performance management system for more than 1,400 employees ▸▸▸ 86	▸ 2019: ongoing application of role-specific and job-related sustainability targets

Commitment: Survey employee satisfaction, needs, and requests

ACTIONS	2018 RESULTS	TARGETS
▸ Execution of people satisfaction surveys	■ Exit surveys and/or interviews performed worldwide ■ CNH Industrial classified among the *150 Best Companies to Work For in Brazil* (online satisfaction questionnaire completed by 73% of the employees selected) ▸▸▸ *91*	▸ 2019: continuous monitoring, extending the sample to significant locations and organizations

Commitment: Attract and retain the best talent

ACTIONS	2018 RESULTS	TARGETS
▸ Implementation of long-term performance-related incentive plans	■ Long-term performance-related incentive plans implemented for key talents ▸▸▸ *87*	▸ 2019: ongoing implementation of long-term performance-related incentive plans for key talents

PROMOTING AND PROTECTING OCCUPATIONAL HEALTH AND SAFETY

Commitment: Continue process of internal and external certification of Occupational Health and Safety Management System

ACTIONS	2018 RESULTS	TARGETS
▸ Extension of OHSAS 18001 certification	■ 60 manufacturing sites, employing approx. 42,000 people, OHSAS 18001 certified ▸▸▸ *78* ■ 10 non-manufacturing sites, employing approx. 3,300 people, OHSAS 18001 certified ▸▸▸ *78* ■ All most relevant joint venture plants (in which CNH Industrial holds at least a 50% interest) as at 2011 OHSAS 18001 certified ▸▸▸ *77*	▸ 2019: maintenance of OHSAS 18001 certifications existing as at 2014, and extension to additional manufacturing/non-manufacturing sites and most relevant joint venture plants (in which CNH Industrial holds at least a 50% interest)

Commitment: Maintain high standards in the prevention of accidents and injuries

ACTIONS	2018 RESULTS	TARGETS
▸ Pursuit of a zero-accident and zero-injury rate	■ -14% vs. 2014 achieved in employee accident frequency rate ▸▸▸ *80* ■ Zero fatal accidents reported (involving employees or contractors working at CNH Industrial facilities worldwide) ▸▸▸ *80*	▸ 2022: -33% vs. 2014 in employee accident frequency rate

Commitment: Promote a culture of safety in the workplace

ACTIONS	2018 RESULTS	TARGETS
▸ Implementation of initiatives to increase employee health and safety awareness via multiple tools (e.g., training courses, corporate Intranet, video tutorials)	■ 267,410 hours of training delivered ▸▸▸ *76*	▸ 2019: continuous implementation of information and training activities

KEY

Target exceeded
Target achieved or in line with plan
Target partially achieved
Target postponed
Key target
See page

The full list of SDG icons along with their descriptions can be found on page 241

FOSTERING EMPLOYEE WELLBEING AND WORK-LIFE BALANCE

Commitment: Promote the health and wellbeing of employees

ACTIONS	2018 RESULTS	TARGETS
▸ Dissemination of information to employees on general health and infectious disease prevention, provision of medical support, and promotion of employee wellbeing through targeted programs	■ 65% of employees worldwide involved in wellbeing initiatives promoting healthy lifestyles ▸▸▸ *93*	▸ 2022: involvement of 100% of employees in wellbeing initiatives promoting healthy lifestyles

Commitment: Foster the development of digital workplaces

ACTIONS	2018 RESULTS	TARGETS
▸ Implementation of new technologies and smart working initiatives to improve work quality and efficiency and employee work-life balance	■ EMEA 25% of employees involved in flexible work location scheme (excluding hourlies) ▸▸▸ *83*	▸ 2022: participation of 40% of employees in flexible work location scheme (excluding hourlies)
	■ LATAM 31% of employees involved in flexible work location scheme (excluding hourlies) ▸▸▸ *83*	
	■ APAC 13% of employees involved in flexible work location scheme (excluding hourlies) ▸▸▸ *83*	

Commitment: Foster employee inclusiveness and pride

ACTIONS	2018 RESULTS	TARGETS
▸ Support for volunteer work during paid working hours	▲ North America More than +100% vs. 2016 achieved in number of employee volunteer hours ▸▸▸ 96	▸ 2022: +10% vs. 2018 in number of employees involved in volunteering activities during paid working hours

IMPROVING EMPLOYEE COMMUTING

Commitment: Improve commuting for employees

ACTIONS	2018 RESULTS	TARGETS
▸ Development of mobility plans to improve commuting to/from select sites by broadening the use of public transport, carpooling, and alternative mobility (cycling), and by improving entrances and loading/parking areas	■ Mobility plans implemented across Italy and at 3 sites in France ▸▸▸ *98*	▸ 2019: implementation of mobility plans in Italy and France
	■ Carpooling initiative implemented at 4 additional sites in Italy ▸▸▸ *98*	▸ 2019: implementation of carpooling initiatives at 3 additional plants in Italy
	■ *Giretto d'Italia* cycling event sponsored and organized at all sites in Italy, involving 1,498 people ▸▸▸ *98*	▸ 2019: ongoing support for *Giretto d'Italia* cycling challenge

LOCAL COMMUNITIES

SUPPORTING LOCAL COMMUNITIES

Commitment: Promote the social and economic development of local communities

ACTIONS	2018 RESULTS	TARGETS
▸ Promotion of initiatives fostering the growth of local communities, including through partnerships with associations and non-profit organizations	■ EMEA +8% vs. 2016 in number of people involved in CNH Industrial's local community initiatives[a] ▸▸▸ *110* ▲ LATAM +89% vs. 2017 in number of young people involved in plants' local projects fostering professional inclusion[b] ▸▸▸ *111* ▲ APAC +62% vs. 2017 in number of people involved in CNH Industrial's local community initiatives[c] ▸▸▸ *113*	▸ 2022: +50% vs. 2017 in number of people involved in CNH Industrial's local community initiatives

SUPPORTING YOUTH TRAINING

Commitment: Support the professional development of young people

ACTIONS	2018 RESULTS	TARGETS
▸ Implementation of professional skills development initiatives, including scholarships and training courses	■ Several outcomes achieved: ▸ 400 students trained under the *TechPro²* project in Italy, Ethiopia, China, and South Africa, for a total of 4,679 training hours ▸▸▸ *114* ▸ $22,000 donated to the non-profit Junior Achievement organization in North America ▸▸▸ *115* ▸ $52,000 donated to the CDM for the *Plantar & Construir* and *Proximo Passo* projects in LATAM, benefitting 105 young people ▸▸▸ *115* ▸ $23,405 donated to the OPEN Mission Education program in Noida (India), helping 220 children aged 4-14 ▸▸▸ *116*	▸ 2019: ongoing support of professional skills development and education for young people

IMPROVING FOOD AVAILABILITY

Commitment: Support projects to fight food scarcity and enhance food security

ACTIONS	2018 RESULTS	TARGETS
▸ Promotion of local projects	■ Several outcomes achieved: ▸ New engine donated to the University of Nairobi (Kenya), with training delivered to 440 students ▸▸▸ *117* ▸ $260,000 donated to the FFA (formerly Future Farmers of America) in North America ▸▸▸ *117* ▸ 150 farmers and respective families across 3 villages in India trained on new farming technologies under the *Swavlamban* project, impacting approx. 600 people ▸▸▸ *117*	▸ 2019: ongoing support for initiatives linked to the Company's global challenges, to either mitigate and limit their impact or exploit and enhance their positive effects ▸ 2019: creation of a garden in Ethiopia under the *Thousand Gardens in Africa* project

(a) Several initiatives supported: Telethon; TechPro² training; Slow Food; FAO for Water Management; Advanced farming in Ghana; Sustainable farming in Kenya.
(b) Several initiatives supported: Gente de Bem; Casa Bom Menino orphanage; Pastoral do Menor; Proximo Passo.
(c) Several initiatives supported: TechPro² training; Food Hampers in Pakistan; Training support in Thailand; Smile on Wheels in India; Straw Management in India; Education in India (Noida and Pune).

KEY

Target exceeded
Target achieved or in line with plan
Target partially achieved
Target postponed
Key target
See page

The full list of SDG icons along with their descriptions can be found on page 241

FIGHTING CLIMATE CHANGE

Commitment: Support projects to combat climate change

ACTIONS	2018 RESULTS	TARGETS
▸ Promotion of local projects	■ Several outcomes achieved: ▸ *Water Management* project implemented in Tunisia, involving 243 people ▸▸▸ *118* ▸ 10 projects executed with Team Rubicon and U.S. Fish & Wildlife Services in USA ▸▸▸ *118* ▸ *Straw Management Solution* project for crop burning prevention extended to 2 additional villages in Haryana (India) ▸▸▸ *118*	▸ 2019: ongoing support for environmental initiatives related to infrastructure and relevant repairs ▸ 2019: ongoing *Water Management* project in Tunisia, including: implementation of a planting campaign with the purchase of 1,000 fruit trees; training of 40 young people on sheep/goat farming and fertilization techniques

RELATIONSHIPS WITH PUBLIC AND PRIVATE ORGANIZATIONS

COLLABORATING WITH TRADE ASSOCIATIONS

Commitment: Collaborate to reduce polluting emissions and improve product safety

ACTIONS	2018 RESULTS	TARGETS
▸ Collaboration with sector associations and institutions to develop a methodology for the measurement of CO_2 emissions from product use	■ Commercial Vehicles ▸ Text released for the drafting of Commission Regulation (EU) 2017/2400 (regarding the determination of CO_2 emissions and fuel consumption of heavy-duty vehicles), including CNG and LNG technical specifications ▸ Regulation amendments approved by the Technical Committee on Motor Vehicles (TCMV) and released internally, awaiting final EU approval in 2019 ▸ Procedure regulating CNG and LNG vehicles defined	Commercial Vehicles Collaboration with ACEA on use of VECTO tool: ▸ 2019: application of draft procedure for CO_2 measurement to medium range vehicles, and of certified procedure for CO_2 measurement to heavy range vehicles
▸ Collaboration with sector associations on initiatives to improve vehicle safety	■ Agricultural Equipment ▸ Collaboration continued with CEMA, focusing on virtual testing of safety requirements for type-approval (Mother Regulation); testing expected to be further extended ▸ Proposal drafted for the adoption of virtual testing for Roll Over Protective Structures (ROPS)	Agricultural Equipment Collaboration with CEMA: ▸ 2020: development of safety measures for long cabin vehicles as per revised General Safety Regulations on masses and dimensions

INNOVATION AND PRODUCT DEVELOPMENT

IMPLEMENTING A DECARBONIZATION STRATEGY

Commitment: Continue to reduce polluting emissions

ACTIONS	2018 RESULTS	TARGETS
▸ Early implementation of regulations for the reduction of polluting emissions (NO_x, particulates, etc.)	■ Powertrain ▸ HI-eSCR2 production started ▸▸▸ *200*	Powertrain ▸ 2019: launch and complete roll-out of Stage V product line-up featuring engine power P<130kW, ahead of the requirement's coming into force (year-end 2019)
	■ Agricultural Equipment ▸ Numerous systems developed to ensure product compliance with Stage V regulations, in particular for small, medium, and large tractors and for combines ▸▸▸ *200*	Agricultural Equipment ▸ 2019: first implementation of Stage V engines and after-treatment systems on all products

Commitment: Optimize energy consumption and efficiency

ACTIONS	2018 RESULTS	TARGETS
▸ Reduction of CO_2 emissions through fuel consumption optimization	■ Powertrain/Agricultural Equipment ▸ Threshing efficiency of combine rotors improved using crop flow simulation techniques, achieving results in line with targets	Powertrain/Agricultural Equipment ▸ 2020: implementation of most efficient technologies on next-generation combine harvesters to significantly reduce Total Cost of Ownership
	■ Powertrain/Commercial Vehicles (heavy range) ▸ Results expected to be determined on MY2019 models; CO_2 emissions expected to drop by 3% in the Stralis and by 6% in the Daily vs. MY2016 models	Powertrain/Commercial Vehicles (heavy range) ▸ 2019: up to -4% in fuel consumption and CO_2 emissions on heavy vehicles vs. MY2016 models, depending on mission and product configuration

Commitment: Promote use of alternative fuels

ACTIONS	2018 RESULTS	TARGETS
▸ Expansion of natural gas-powered vehicle offering, featuring Compressed Natural Gas (CNG) and Liquefied Natural Gas (LNG)	■ Powertrain ▸ Production of Cursor 13 NG engine started ▸ Cursor 13 NG EVO engine demonstrator presented ▸▸▸ *204*	Powertrain ▸ 2022: development of next-generation alternative fuel engines running on CNG, LNG, and LPG and compatible with biomethane and H_2 blends, to further reduce CO_2 emissions and Total Cost of Ownership
	■ Powertrain ▸ After-treatment system (ATS) tested, featuring innovative formulation to increase NO_x conversion ▸ Numerical models developed to support ATS configurations	Powertrain ▸ 2022: focus on natural gas engine technologies to achieve ultra low NO_x emissions in urban applications
	■ Agricultural Equipment ▸ Methane-Powered Concept tractor displayed at many international trade events worldwide ▸ On-farm infrastructure solutions currently being developed	Agricultural Equipment ▸ 2022: distribution of new alternative-fuel tractors (methane and propane) generating approx. -80% in polluting emissions and -10% in CO_2 emissions compared to diesel models
		Construction Equipment ▸ 2024: distribution of new alternative-fuel wheel loaders (methane) generating approx. -80% in polluting emissions and -10% in CO_2 emissions compared to diesel models

PROMOTING DIGITALIZATION

Commitment: Promote agricultural products and digital solutions to optimize resources

ACTIONS	2018 RESULTS	TARGETS
▸ Development of solutions that minimize environmental impact	■ Agricultural Equipment ▸ Strategic digital farming agreement signed with Farmers Edge ▸▸▸ *210*	Agricultural Equipment ▸ 2022: up to +25% vs. 2015 in field productivity by expanding data management and control systems for harvesting, tractors, and crop production

KEY

Target exceeded
Target achieved or in line with plan
Target partially achieved
Target postponed
Key target
See page

The full list of SDG icons along with their descriptions can be found on page 241

IMPLEMENTING AUTOMATION

Commitment: Develop innovative products and solutions for autonomous and self-driving vehicles

ACTIONS	2018 RESULTS	TARGETS
▸ Development of automated/autonomous vehicle technologies	Agricultural Equipment ▸ Field pilot project launched for the testing of NH$^{Drive\ TM}$ autonomous technology applied to T4.110F vineyard tractors ▸▸▸ 212 ▸ Proactive and automatic settings integrated into CR combines to optimize throughput and grain quality ▸▸▸ 213	Agricultural Equipment ▸ 2020: autonomous technology development on self-propelled vehicles

IMPROVING PRODUCT SAFETY

Commitment: Continue to improve safety, ergonomics, and comfort

ACTIONS	2018 RESULTS	TARGETS
▸ Improvement in ergonomics of operator controls to reduce operator stress and enhance comfort	Construction Equipment ▸ Innovation Concept for a fully electro-hydraulic (EH) control unit developed and tested for graders; respective Human Machine Interface (HMI) production planning currently underway. Innovation Concept expected to be presented at the Bauma 2019 trade fair	Construction Equipment ▸ 2020: testing of EH controls on graders to validate improved ergonomics and operator fatigue reduction in EMEA ▸ 2021: testing of EH controls on graders to validate improved ergonomics and operator fatigue reduction in North America
▸ Enhancement of occupant safety level acting on body structure and restraint systems	Commercial Vehicles (heavy range) ▸ Virtual models created to determine proper restraint system dimensioning and simulate the biomechanical behavior of occupants in case of frontal impact	Commercial Vehicles (heavy range) ▸ 2022: development of a restraint system in heavy vehicle cabs to improve driver biomechanics in case of frontal impact

Commitment: Improve product quality

ACTIONS	2018 RESULTS	TARGETS
▸ Improvement of product quality and safety	▲ -14% vs. 2017 achieved in volume of Product Improvement Programs (PIPs) ▸▸▸ 150 ◧ +0.6% vs. 2017 achieved in volume of warranty claims per unit ▸▸▸ 151	▸ -5% (year-on-year) in volume of both Product Improvement Programs (PIPs) and warranty claims per unit (for Agricultural Equipment, Construction Equipment, and Commercial Vehicles)

SUPPLY CHAIN

INCREASING SUPPLY CHAIN SUSTAINABILITY

Commitment: Promote social and environmental responsibility among suppliers

ACTIONS	2018 RESULTS	TARGETS
▸ Distribution of self-assessment questionnaires on environmental and social performance to select suppliers	46% of Tier 1 suppliers involved in sustainability self-assessment questionnaire ▸▸▸ 161	▸ 2022: sustainability self-evaluation of 100% of Tier 1 suppliers

ACTIONS	2018 RESULTS	TARGETS
▸ Execution of sustainability audits at suppliers worldwide	■ 80 audits performed (60 by internal SQEs and 20 by third parties) ▸▸▸ 161	▸ 2019: execution of 85 audits (60 by internal SQEs and 25 by third parties)
▸ Enhancement of sustainability awareness among suppliers	■ Webinars related to CDP Climate Change questionnaire held for suppliers ▸▸▸ 163	▸ 2019: implementation of sustainability information activities for suppliers
▸ CO_2 emissions monitoring of key suppliers	■ 51% of key suppliers monitored for CO_2 emissions through the CDP Supply Chain program ▸▸▸ 164	▸ 2022: monitoring of CO_2 emissions of 100% of key suppliers
▸ Promotion of supplier involvement in the World Class Manufacturing (WCM) program	◧ 210 supplier plants involved in the WCM program ▸▸▸ 162	▸ 2019: execution of 50 audits (aiming at achieving +250 points in cumulative audit score) and 50 follow-ups

MANUFACTURING PROCESSES

FOSTERING CONTINUOUS IMPROVEMENT

Commitment: Spread a culture of excellence through World Class Manufacturing (WCM)

ACTIONS	2018 RESULTS	TARGETS
▸ Adoption of World Class Manufacturing (WCM) principles	◧ 2 plants received the silver award and 4 the bronze award ▸▸▸ 171	▸ 2019: further increase in the number of WCM plants achieving bronze level (2), silver level (4), and gold level (1)

REDUCING ENVIRONMENTAL IMPACT AND OPTIMIZING ENERGY PERFORMANCE

Commitment: Optimize the Company's environmental performance

ACTIONS	2018 RESULTS	TARGETS
▸ Application of best available techniques for the reduction of Volatile Organic Compounds (VOC) in paint processes	▲ -18% vs. 2014 in VOC emissions per square meter painted achieved at Company plants worldwide ▸▸▸ 176	▸ 2022: -20% vs. 2014 in VOC emissions per square meter painted at Company plants worldwide
▸ Optimization of water withdrawal and discharge management system based on country-specific characteristics	▲ -19% vs. 2014 in water withdrawal per production unit[d] achieved at Company plants worldwide ▸▸▸ 178	▸ 2022: -23% vs. 2014 in water withdrawal per production unit at Company plants worldwide
▸ Optimization of water withdrawal in water-stressed areas		▸ 2022: -29% vs. 2014 in water withdrawal per production unit at the plant in Noida (India)
		▸ 2022: -30% vs. 2014 in water withdrawal per production unit at the plant in Pithampur (India)
▸ Optimization of waste management based on country-specific characteristics	▲ 92% of waste recovered at Company plants worldwide ▸▸▸ 180	▸ 2022: 93% of waste recovered at Company plants worldwide
	▲ -19% vs. 2014 in waste generated per production unit[d] achieved at Company plants worldwide ▸▸▸ 181	▸ 2022: -23% vs. 2014 in waste generated per production unit at Company plants worldwide
	▲ -31% vs. 2014 in hazardous waste generated per production unit[d] achieved at Company plants worldwide ▸▸▸ 181	▸ 2022: -35% vs. 2014 in hazardous waste generated per production unit at Company plants worldwide
▸ Formulation of guidelines for the identification and safeguard of protected species and biodiversity	■ New Biodiversity Risk Evaluation (BRE) methodology implemented at 2 pilot plants, requiring no improvement measures ▸▸▸ 182	▸ 2019: implementation of improvement measures identified by BVI or BRE assessments, if needed

[d] The production unit corresponds to the hour of production. Total manufacturing hours are used to calculate the normalized production unit indicator. For the definition of total manufacturing hours, see page 236.

KEY

Target exceeded ▲
Target achieved or in line with plan ■
Target partially achieved ◧
Target postponed □
Key target
See page ▸▸▸

The full list of SDG icons along with their descriptions can be found on page 241

Commitment: Optimize the Company's energy performance and promote the use of renewable energy

ACTIONS	2018 RESULTS	TARGETS
▸ Implementation of an Energy Management System and certification of plants as per international standard ISO 50001	■ ISO 50001 certification achieved by 49 plants (accounting for approx. 96% of total energy consumption) ▸▸▸ *185*	▸ 2020: extension of ISO 50001 certification to all CNH Industrial plants worldwide
	■ Energy Management System adopted at all plants (accounting for 100% of total energy consumption) ■ Secondary energy vectors monitored, accounting for 61% of CNH Industrial's total energy consumption worldwide ▸▸▸ *186*	▸ 2020: implementation of the Energy Management System at all plants worldwide, and monitoring of secondary energy vectors (accounting for 100% of total energy consumption)
	■ GHG emissions associated with over 20% of total energy consumption verified, as per GHG Protocol requirements, according to ISO 14064-3 standard ▸▸▸ *188*	▸ 2019: verification (according to ISO 14064-3 standard) of GHG emissions associated with over 20% of total energy consumption, as per GHG Protocol requirements
▸ Identification of measures and technologies to reduce energy consumption and CO_2 emissions per production unit	▲ -14% vs. 2014 in energy consumption per production unit[d] achieved at Company plants worldwide ▸▸▸ *190*	▸ 2030: -30% vs. 2014 in energy consumption per production unit at Company plants worldwide
	▲ -34% vs. 2014 in CO_2 emissions per production unit[d] achieved at Company plants worldwide ▸▸▸ *191*	▸ 2030: -60% vs. 2014 in CO_2 emissions per production unit at Company plants worldwide
	■ Training sessions organized at several plants to raise awareness of WCM and ISO 50001 ▸▸▸ *186*	
▸ Promotion of renewable energy generation and use	▲ 70.4% of total electricity consumption derived from renewable sources ▸▸▸ *190*	▸ 2030: 90% of total electricity consumption derived from renewable sources

LOGISTICS PROCESSES

MINIMIZING ENVIRONMENTAL IMPACT

Commitment: Reduce environmental impact of logistics

ACTIONS	2018 RESULTS	TARGETS
▸ Implementation of initiatives to reduce CO_2 emissions and minimize the overall impact of logistics	■ -15.7% vs. 2014 achieved in kg of CO_2 emissions per ton of goods transported (including spare parts) ▸▸▸ *195*	INBOUND AND OUTBOUND ▸ 2022: -18% vs. 2014 in kg of CO_2 emissions per ton of goods transported (including spare parts)

END-OF-LIFE

PROMOTING REMANUFACTURING AND RECYCLING

Commitment: Increase production of remanufactured components

ACTIONS	2018 RESULTS	TARGETS
▸ Increase in number and distribution of remanufactured components	■ Parts & Service ▸ 6.3% of Parts & Service's net sales generated by remanufactured components ▸▸▸ *225*	Parts & Service ▸ 2022: 10% of Parts & Service's net sales from remanufactured components

[d] *The production unit corresponds to the hour of production. Total manufacturing hours are used to calculate the normalized production unit indicator. For the definition of total manufacturing hours, see page 236.*


HOW
WE GET
THINGS
DONE

03

HOW WE GET THINGS DONE

PAGES 36-127

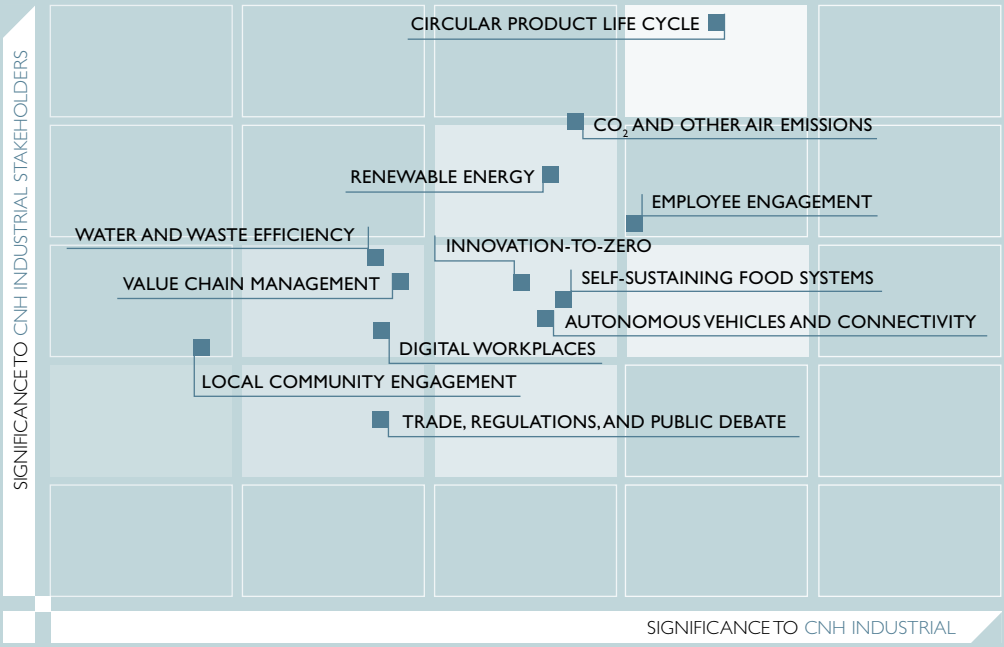
OUR GOVERNANCE MODEL

HOW WE MANAGE OUR PEOPLE

ENGAGING LOCAL COMMUNITIES

RELATIONSHIPS WITH PUBLIC AND PRIVATE ORGANIZATIONS

OUR GOVERNANCE MODEL



Material topics described in this chapter (for definitions see page 239).

MANAGEMENT FRAMEWORK

CNH Industrial's Governance model is built on a structure and a set of rules that the Company has adopted to manage its operations in an ethical and transparent way. CNH Industrial believes that a robust Governance model is essential to effectively manage the interests of all its stakeholders. For investors and analysts, a governance model that gives due weight to sustainability issues fosters a long-term corporate outlook and contributes to risk-adjusted returns. A robust governance model ensures that the Company's performance is not due to chance or random behavior and that continuous improvement is possible, based on analysis and results achieved each year. In addition, it ensures that risk management controls are in place to safeguard the value of investments. Since CNH Industrial considers a robust system of governance essential for its activities, it is a prerequisite for the materiality analysis (see page 16).

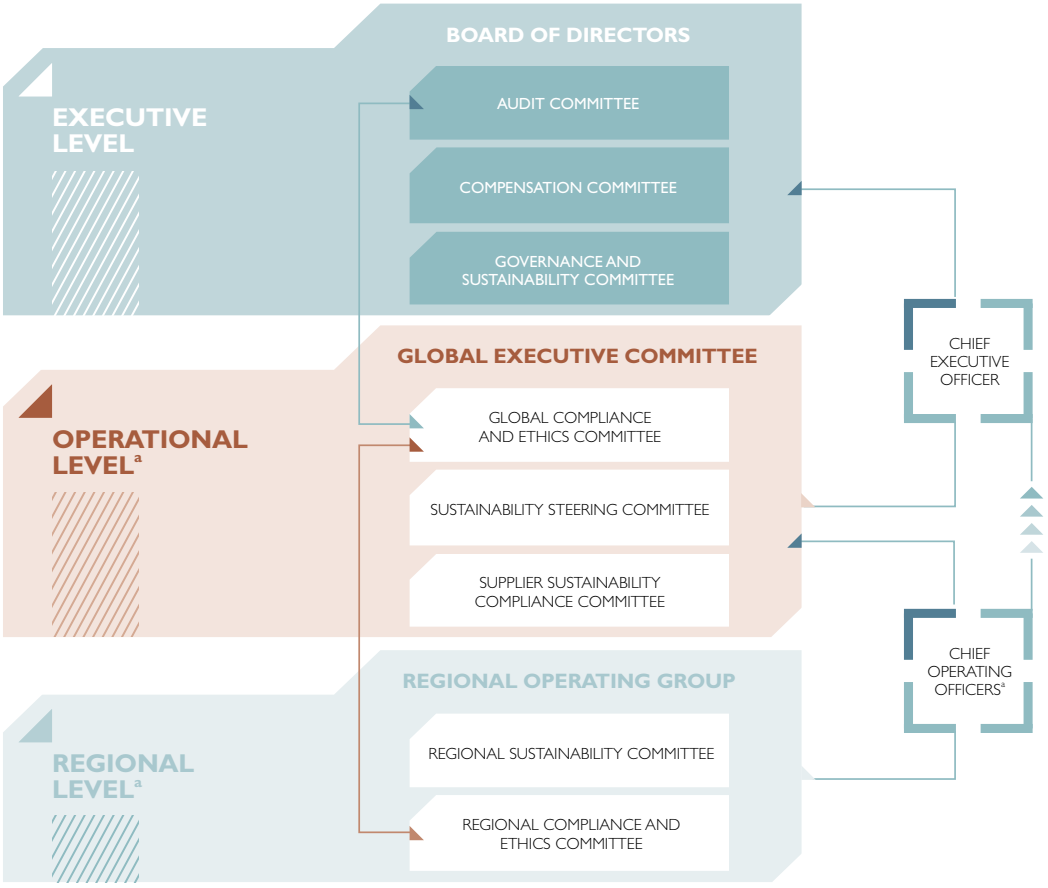
The central pillars of CNH Industrial's Governance model include:

- ongoing alignment with international principles and best practice provisions
- a clear and comprehensive Code of Conduct, with policies for implementing the principles contained in the Code of Conduct itself (see page 47)
- an advanced enterprise risk management system (see page 60).

CNH Industrial has adopted the best practice provisions[1] of the Dutch Corporate Governance Code (DCGC), which contains principles and best practice provisions that regulate relations between the Board of Directors of a listed Dutch company and its shareholders.

GOVERNANCE STRUCTURE

The Board of Directors (and its committees) is responsible for the governance of CNH Industrial. On certain key industrial matters, the Board of Directors is advised by the Global Executive Committee (formerly, Group Executive Council, or GEC), an operational decision-making body of CNH Industrial responsible for reviewing the operating performance of the businesses, and making decisions on certain operational matters (see page 43).



[a] *Function names and roles as at December 31, 2018.*

[1] *Except as discussed in the section Compliance with Dutch Corporate Governance Code in the 2018 EU Annual Report, page 95.*

BOARD OF DIRECTORS

The Board of Directors (BoD)[1] as a whole has collective responsibility for the strategy of the Company: it develops, approves, and updates the Company's purpose, long-term value, and mission statements, as well as its strategies, policies, and goals regarding economic, environmental, and social topics.
The BoD is **appointed** or re-elected annually by the shareholders during the Annual General Meeting, and Board members are elected individually.

The BoD[2], as at December 31, 2018, was **composed** of 2 (20%) Executive Directors (i.e., who have been granted the titles 'Chairperson' and 'Chief Executive Officer'), having responsibility for the day-to-day management of the Company, and 8 (80%) Non-Executive Directors, who have responsibility with respect to the Board's oversight function.
Three members of the BoD were in the 30-50 age group (30%), seven members were in the over-50 age group (70%), and no member was under 30 years of age.

The **criteria** used to select and appoint members of the BoD, and consequently its committees, are contained in the relevant Guidelines[3]. The Non-Executive Directors believe that, in consideration of the size of the Company, the complexity and specific characteristics of the segments in which it operates, and the geographic distribution of its businesses, the BoD should be composed of individuals with skills, experience and cultural background, both general and specific, acquired in an international environment and relevant to an understanding of the macro-economy and global markets, more generally, as well as the industrial and financial sectors, more specifically.

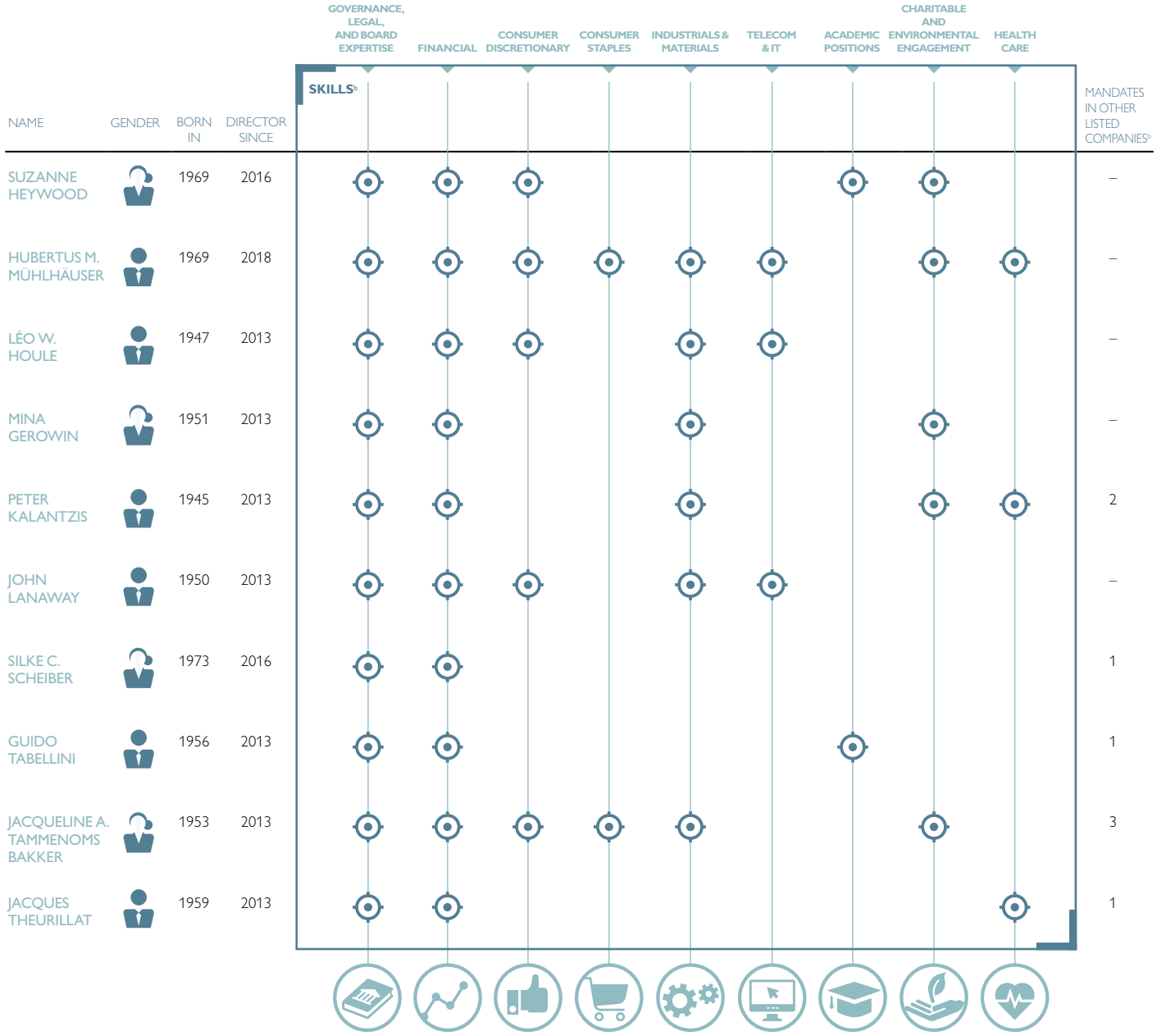
An appropriate and diversified mix of skills, professional backgrounds and **diversity** factors (such as gender, race, ethnicity, and country of origin or nationality) are fundamental to the proper functioning of the BoD as a collegial body. As at December 31, 2018, 40% of the Company's directors were female and the BoD included representatives of nine nationalities. There should also be an appropriate balance between the number of Executive Directors (20%) and Non-Executive Directors (80%). Moreover, independent directors (80%) have an essential role in protecting the interests of all stakeholders. Their contribution is also necessary for the proper composition and functioning of the Committees, whose advisory functions include preliminary examination and formulation of proposals relating to areas of potential risk, such as prevention of potential conflicts of interest. In addition, with regard to diversity, it is generally recognized that boards with adequate diversity are more effective in performing their monitoring and advisory activities, due to the variety of professional experience, perspectives, insights, skills and connections to the outside world that diversity can add.
Considering the foregoing factors and the attributes of the individual directors, the BoD considers itself a diverse body, well-suited to fulfilling its duties. The Governance and Sustainability Committee periodically assesses the skills, experience and other attributes of the individual directors, with a view toward ensuring an appropriate level of diversity and ensuring the directors have the necessary expertise to fulfill their respective duties.

The **independence** requirements for members of the CNH Industrial BoD were established with reference to the DCGC, the NYSE Rules, and Rule 10A-3 of the U.S. Securities Exchange Act. As at December 31, 2018, eight directors (80%) qualified as independent under the NYSE Listing Standards and best practice provision 2.1.8 of the DCGC. The composition of the Non-Executive Directors is such that they are able to operate independently and critically with respect to one another, the Executive Directors, and any other particular interest involved, and in accordance with best practice provision 2.1.7 of the DCGC. On April 13, 2018, the BoD appointed Mr. Léo W. Houle, an independent Director, as Senior Non-Executive Director for purposes of best practice provision 5.1.3, and in compliance with best practice provision 2.1.9, of the DCGC. The Senior Non-Executive Director is responsible for the proper functioning of the Board of Directors and its Committees.

(1) *References to the Board of Directors are as at December 31, 2018.*
(2) *The Board's two Executive Directors, Ms. Heywood and Mr. Mühlhäuser, were elected at an Extraordinary General Meeting of Shareholders held on November 29, 2018. The Board's eight Non-Executive Directors were appointed by the Company's shareholders at the Annual General Meeting of Shareholders on April 13, 2018.*
(3) *Guidelines on the composition of the Board of Directors are available on the Company's website.*

GRI STANDARDS GRI 102-20; GRI 102-22; GRI 102-24; GRI 102-26; GRI 405-1

CNH INDUSTRIAL BOARD OF DIRECTORS SKILLS MATRIX[a]



[a] *As at December 31, 2018.*
[b] *Industry sector classifications used for compiling the skills matrix are based on MSCI and Standard & Poor's Global Industry Classification Standard (GICS). See definition on page 239.*

Regarding **conflicts of interest**, the Regulations of the BoD (available on the Company's website) state that a member of the BoD shall not participate in discussions and decision making with respect to a matter in relation to which he or she has a direct or indirect personal interest which is in conflict with the interests of the Company and the business associated with the Company. In addition, the BoD as a whole may, on an ad hoc basis, resolve that there is such a clear appearance of a conflict of interest regarding an individual member of the BoD in relation to a specific matter that it is deemed in the best interest of a proper decision-making process that said individual member of the BoD be excused from participation in the decision-making process with respect to the matter, even though the member of the BoD in question may not be subject to an actual conflict of interest[4].

[4] *The Regulations of the Board of Directors are available on the Company's website.*

The Directors consider the **evaluation** of the Board, its Committees, and members to be an important aspect of corporate governance. Each year, under the oversight of the Governance and Sustainability Committee (see page 43) and with the assistance of the Corporate Secretary, the Board undertakes an annual evaluation of its own effectiveness and performance, and that of the Committees and individual Directors. In 2018, the evaluation of the Board and its Committees consisted of a self-assessment by each of the bodies facilitated by written questionnaires. The questionnaires cover key functions such as overseeing personnel development, financial, and other major issues of strategy, risk, integrity, reputation, and governance, and are designed to promote a robust and comprehensive performance assessment discussion. Assessments of individual Directors were performed through discussions between the Senior Non-Executive Director and each of the Directors. The Board of Directors discusses the results of such performance evaluations in executive session, and agrees upon actions to take advantage of identified opportunities for improvement. The Executive Directors were not present during discussion among the Non-Executive Directors relating to the Executive Directors' performance.

2018 BOARD MEETING ATTENDANCE (%)

Gerowin	Heywood	Houle	Kalantzis	Lanaway	Mühlhäuser	Scheiber	Tabellini	Tammenoms Bakker	Theurillat	Marchionne[a]	Tobin[b]
100	87	87	100	100	100	87	100	100	87	100	100

[a] *Mr. Sergio Marchionne was Chairman until July 21, 2018.*
[b] *Mr. Richard J. Tobin was Chief Executive Officer and member of the Board until April 27, 2018.*

In 2018, several meetings were held (in parallel with Board meetings) between Board Directors and GEC members (segment, brand, and product leaders) to gain insight into industry-specific and region/country-specific Company aspects and operations.

As provided for by the Company's Articles of Association and in alignment with the Dutch Corporate Governance Code: "the Company shall have a policy in respect of the remuneration of the members of the Board of Directors. Such remuneration policy shall be adopted by the General Meeting of Shareholders[5]." The **remuneration**[6] of the directors (executive and non-executive) must be therefore aligned to the provisions of the Company's Remuneration Policy. The shareholders of CNH Industrial discussed and approved the Company's Remuneration Policy during the first Annual General Meeting (AGM) held by the Company on April 16, 2014 after the completion of the merger by incorporation of Fiat Industrial S.p.A. and of CNH Global N.V. with and into CNH Industrial N.V. Due to a later proposed amendment, the Remuneration Policy was newly discussed and approved by the shareholders during the AGM held on April 14, 2017. In the absence of specific recommendations or proposals for amendments by the Compensation Committee (the competent body on the matter) to be voted upon by shareholders, the application of the Remuneration Policy is annually submitted to the shareholders (in the agenda of each AGM) as a discussion-only item. Non-Executive Directors are not awarded remuneration in the form of shares and/or rights to shares (they are paid only in cash) and their compensation is not affected by Company results.

THE BOARD'S COMMITTEES

The Company's Articles of Association require the BoD to appoint three different committees and to determine their duties and powers, which will then constitute their respective charters. These committees serve in an advisory role to the Board on aspects set out in their charters, and the BoD may also delegate powers to them on certain matters. In 2013, the BoD appointed the following internal committees: an Audit Committee, a Governance and Sustainability Committee, and a Compensation Committee.
The three committees are comprised of only non-executive directors and are assigned advisory roles, specifically in the fields of auditing (Audit Committee), compensation (Compensation Committee), and governance and sustainability (Governance and Sustainability Committee).
The charters of the Audit Committee, Compensation Committee, and Governance and Sustainability Committee set forth independence requirements for their members for purposes of the DCGC. Audit Committee members are also required to qualify as independent under the NYSE Listing Standards and Rule 10A-3 of the Exchange Act.

[5] *Excerpt of art. 13.4 of the Company Articles of Association, publicly available on the Company's website.*
[6] *Details of the remuneration of the Board of Directors and its Committees are set forth in the 2018 EU Annual Report under the section Remuneration Report, page 97.*

The **Audit Committee** is responsible for, among other things, assisting the BoD in overseeing certain specific issues and for approving the annual audit plan put forward by the Internal Audit function. The annual audit plan is prepared with the help of a Risk Assessment tool and is divided into four sections: operational, information technology, dealers, and compliance and special projects. Within the latter section, audits are planned in each of the Regions and cover areas of risk identified in the Risk Assessment (e.g., occupational health and safety, bribery and corruption, money laundering, conflicts of interest, reimbursement of expenses). The Company has established a separate department for the Internal Audit function, and the head of the Internal Audit function reports to the Audit Committee, which reviews and approves the annual audit plan. As at December 31, 2018, each member of the Audit Committee was independent (see the 2018 EU Annual Report, page 83).

The **Compensation Committee** is responsible for, among other things, assisting the BoD in: determining executive compensation consistent with the Company's Remuneration Policy; reviewing and recommending for approval executive directors' compensation; administering equity incentive plans and deferred compensation benefit plans; discussing with management the Company's policies and practices regarding compensation; and issuing recommendations thereon. As at December 31, 2018, all members of the Compensation Committee were independent (see the 2018 EU Annual Report, page 84).

The **Governance and Sustainability Committee** is responsible for, among other things, assisting the BoD in: monitoring and evaluating reports on CNH Industrial's sustainable development policies and practices, management standards, strategy, global performance, and governance; reviewing, assessing, and making recommendations on strategic guidelines for sustainability including climate-related issues; and reviewing the Company's annual Sustainability Report. The Governance and Sustainability Committee helps to develop the Board's collective knowledge on sustainability. As at December 31, 2018, all members of the Governance and Sustainability Committee were independent (see the 2018 EU Annual Report, page 84).

GLOBAL EXECUTIVE COMMITTEE

CNH Industrial has established the Global Executive Committee (formerly Group Executive Council, or GEC) to strengthen the quality of the Company's decision-making and the implementation of its strategy. On certain key industrial matters, the BoD is advised by the GEC.
The GEC is an operational decision-making body of CNH Industrial, which is responsible for reviewing the operating performance of the businesses and making decisions on certain operational matters. The BoD remains accountable for the decisions of the GEC and has ultimate responsibility for the Company's management and external reporting. The GEC is comprised of CNH Industrial's Chief Executive Officer and key senior managers. The GEC is effectively supervised by the Non-Executive Directors of the Board of Directors. For this purpose, the GEC, through the Executive Directors, provides the Non-Executive Directors with all information they require to fulfill their responsibilities.

As at December 31, 2018, the GEC had 18 members and its composition was as follows:

- gender: 2 members were women, representing 11% of the total
- age group: 10 members were in the 30-50 age group (56%), 8 members were in the over-50 age group (44%), and no member was under 30 years of age.

The GEC includes the Chief Sustainability Officer (see page 45), and is advised on sustainability matters by the Sustainability Steering Committee (SSC).

COMMITTEES OF THE GLOBAL EXECUTIVE COMMITTEE

The GEC is also assisted by several committees with specific duties at both global and regional level, particularly on compliance and ethics and on sustainability.

CNH Industrial's **Global Compliance and Ethics Committee** (GC&EC) provides assistance to management and the Company's Audit Committee to enable the Company and its operating subsidiaries to continue to operate according to the highest ethical business standards and in accordance with applicable laws.
The GC&EC:

- facilitates the development, implementation, and operation of an effective compliance and ethics program
- promotes an organizational culture that encourages compliance with the law and good ethical conduct
- considers and resolves any issues of interpretation regarding any aspect of the compliance and ethics program.

The GC&EC, through the Company's Chief Compliance Officer, reports to the Audit Committee of the Board of Directors, at least quarterly, on the operation, contents, and effectiveness of the Company's compliance program, on any alleged material compliance and ethics violations, and on the disposition (or proposed disposition) of material compliance and ethics violations that have been investigated.
As at December 31, 2018, the GC&EC was composed of the following members: the Chief Executive Officer, Chief Financial Officer, Chief Human Resources Officer, General Counsel, Chief Compliance Officer, Chief Internal Audit Officer, and the heads of the Company's Financial Services business and ICT function. The GC&EC meets at least quarterly, or more frequently as deemed necessary or appropriate by its members.
The Company has established Regional Compliance and Ethics Committees (RC&ECs) for each operating Region (EMEA, North America, LATAM, and APAC). These RC&ECs are responsible for overseeing the Company's compliance and ethics program in their respective Regions, and for providing assistance to regional Company management, as well as to the GC&EC. The RC&ECs are composed of the regional counterparts of the members of the GC&EC.

The **Sustainability Steering Committee** (SSC), established in 2016, is a committee of the GEC, and is responsible for:
- identifying sustainability strategies
- integrating sustainability into operating processes
- providing a forum for communication and benchmarking among the Regions.

The SSC provides a forum where CNH Industrial senior management is able to discuss sustainability issues, integrating a medium-to-long-term vision with business needs. The SSC is chaired by the Chief Sustainability Officer, who is also the Chief Financial Officer, and is coordinated by the Sustainability Planning and Reporting Department.
As at December 31, 2018, the permanent members of the committee were: the Regional Chief Operating Officers, brand leaders, and the heads of: Manufacturing, Purchasing, Quality, Human Resources, Corporate Communications, Legal, Compliance, Internal Audit, and Corporate Control and Accounting.
Proposals made by the SSC are shared with the GEC and submitted to the CEO for approval. The SSC meets at least twice a year.

The CNH Industrial **Suppliers Sustainability Compliance Committee**, established in 2015, supervises the monitoring of compliance with the Supplier Code of Conduct and of the sustainability assessment process for suppliers.
The Committee is responsible for:
- monitoring the application of the Supplier Code of Conduct
- periodically reviewing the Supplier Code of Conduct
- reviewing the results of self-assessments and audits
- evaluating critical cases where a regular auditing program is not possible
- periodically reviewing standard performance indicators for self-assessments and audits, and identifying possible changes or improvements
- evaluating critical cases that emerge during audits, specifically regarding the Supplier Code of Conduct.

The Committee also reviews and monitors targets to be included in the Sustainability Plan, evaluates various training opportunities for Purchasing personnel and for suppliers, assesses any potential improvements, and selects the *Sustainability Supplier of the Year.* The permanent members of the Committee are: the Supplier Quality Global Business Process Manager or delegate, and a representative from the Purchasing Commodities unit, from the Purchasing Legal Department, and from the Sustainability Planning and Reporting Department. The Committee may request the assistance of managers or other personnel that usually interface with the supplier in question. The Suppliers Sustainability Compliance Committee meets at least twice a year.

SUSTAINABILITY ORGANIZATION

As a leader in sustainability, CNH Industrial has established a sound organizational structure to optimize the management of sustainability aspects within the Company. 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 planning and reporting.
The Team comprises the following:
- Chief Sustainability Officer
- Sustainability Planning and Reporting Department
- Sustainability Business Points of Reference
- Regional Sustainability Coordinators.

The **Chief Sustainability Officer** (CSO), who oversees the Sustainability Team, was appointed in 2016 following a significant development in CNH Industrial's approach to sustainability. The CSO supervises 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 CSO is a member of the GEC (see page 43), chairs the Sustainability Steering Committee, and is also the Chief Financial Officer. The CSO oversees the Corporate Control & Accounting function, which in turn supervises the Sustainability Planning and Reporting Department.

The **Sustainability Planning and Reporting Department** (SPRD) is responsible for monitoring external trends and incorporating them into the Company's activities in line with stakeholder requirements, proposing projects and promoting the adoption of good practices to encourage their integration into Company processes.
The SPRD 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 stimulating the corporate functions across all geographic areas
- assisting with risk management
- strengthening the relationship with and enhancing the perceptions of stakeholders.

The SPRD has an operational role and is responsible for: conducting the materiality analysis and stakeholder engagement processes (see pages 18; 258), managing sustainability planning and reporting, and completing questionnaires required by sustainability rating agencies. The SPRD acts as secretary to the Sustainability Steering Committee.

The **Sustainability Business Points of Reference** are appointed, as representatives from within the various operating areas, to:

- ensure the support and alignment required across the Company
- bring expertise to specific issues relating to the Company's reporting process
- formulate proposals for continuous improvement.

They provide a direct link between the SPRD and the various operating areas, providing both technical and organizational support.

The 4 **Regional Sustainability Coordinators** ensure the integration of sustainability into regional operating processes, continually liaising with the SPRD, and coordinating with other regional functions.

SUSTAINABILITY MANAGEMENT SYSTEM

Consistent with the CNH Industrial Sustainability Model (see page 15), the sustainability management system consists of the following tools:

- the **Code of Conduct**, approved by the Board of Directors, and related Company policies that set out the Company's approach to key issues (see page 47)
- a set of **policies** to manage specific issues, as well as the Human Capital Management Guidelines, Green Logistics Principles, and the Supplier Code of Conduct (see page 48)
- the **materiality analysis**, which defines social and environmental priorities (see page 16)
- stakeholder engagement on material topics (see page 18)
- a set of approximately 200 sustainability-related **Key Performance Indicators**, designed to provide maximum coverage of all the key environmental, social, and governance aspects, in line with GRI Standards and those of the major sustainability rating agencies
- the **Sustainability Plan**, including long-term targets, which identifies action priorities and tracks commitments undertaken (see pages 26-36)
- the annual **Sustainability Report**, which discloses the Company's sustainability performance, expanding on and completing the information provided in the EU Annual Report
- a summary included in the **EU Annual Report** of material topics relating to sustainability, 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.

THE SUSTAINABILITY PLAN AND REPORTING PROCESS

The Sustainability Report is the mean by which the Company presents its non-financial performance to stakeholders each year. The Report, prepared according to the Global Reporting Initiative guidelines (GRI Standards), includes the Sustainability Plan, which states the sustainability-related commitments made by CNH Industrial to its stakeholders. The commitments, actions, and targets that make up the Sustainability Plan are identified by the corporate functions with the assistance of the Sustainability Planning and Reporting Department (SPRD), which, through the materiality analysis, communicates stakeholders' expectations. The SPRD is also responsible for ensuring medium-to-long-term targets are in line with stakeholders' expectations and Company strategies. The Plan is updated annually and reviewed mid-year.

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

- submitted to SGS Nederland B.V.[7], an independent certification body, for auditing as per Sustainability Reporting Assurance (SRA) procedures and in compliance with both the GRI Standards and AA1000 APS 2008 standard. SGS is officially authorized to provide assurance as per AA1000. The alignment of CNH Industrial's sustainability management system with the ISO 26000 guidelines on social responsibility is also audited[8]
- approved by the members of the GEC (see page 43)
- approved by the Chief Executive Officer
- reviewed by the Governance and Sustainability Committee (see page 43)
- presented along with the EU Annual Report at CNH Industrial's Annual General Meeting of Shareholders, to provide a complete and up-to-date overview of the sustainability strategy to shareholders and investors
- published and made available in the sustainability section of the Company's website.

GLOBAL TAX STRATEGY

CNH Industrial manages its tax matters in accordance with applicable laws and the Company's Code of Conduct, which defines its relationship with stakeholders and governs how it conducts its business. The Company's full Global Tax Strategy is available in the Governance section of the corporate website, while key principles are outlined below.
The Company considers tax planning options that are consistent with its overall business objectives and tax strategy. These include claiming available tax incentives and exemptions.
The Company is transparent in its disclosures and dealing with tax authorities, and seeks to build constructive working relationships with them based on a policy of open dialogue and full disclosure, with the goal of minimizing uncertainty in Company tax affairs. Advance tax rulings may be requested for material transactions.
Intercompany pricing arrangements are intended to reflect arm's length pricing in accordance with the OECD[a] Transfer Pricing Guidelines and applicable laws. Where appropriate, Advance Pricing Agreements are sought in respect of Company transfer pricing arrangements.
Senior management reviews the Company's tax matters with the Audit Committee of the Board of Directors on a regular basis.

[a] Organisation for Economic Co-operation and Development.

FOCUS ON

[7] As at December 31, 2018, Peter Kalantzis, Director of the CNH Industrial Board of Directors, was also Chairman of the Board of Directors of the SGS Group.
[8] The Statement of Assurance, describing the activities carried out and the opinions expressed, is available on pages 264-265.

GOVERNANCE SYSTEM

CNH Industrial believes that operating in a socially responsible and ethical manner, and in compliance with the laws of the countries in which it operates, is crucial to its long-term success. The Company's Code of Conduct summarizes its policies on various compliance and ethics issues (such as conflicts of interest, corruption, competition, and health and safety). Such policies reflect, among other things, the Company's commitment to adopting fair employment practices, ensuring safety in the workplace, supporting and fostering environmental awareness, and respecting the communities in which it operates, in full compliance with applicable laws. The Company is also committed to the creation of long-term sustainable value for all its stakeholders, and is firmly convinced that respect for fundamental human rights and for basic working conditions is a prerequisite to achieve this. The Board of Directors is responsible for creating a culture that fosters such long-term value creation – a task that requires compliance with all applicable laws. To this end, and to clarify and make explicit the Company's values and expectations, the Board adopted the Code of Conduct and Supplier Code of Conduct.

CODE OF CONDUCT AND POLICIES

CNH Industrial's **Code of Conduct** (hereinafter the Code of Conduct) is one of the pillars of the CNH Industrial Corporate Governance system, which regulates the decision-making processes and the approach used by the Company and its employees in interacting with all stakeholders. The Code of Conduct summarizes the values the Company recognizes, adheres to, and fosters, in the belief that integrity and fairness are important drivers of social and economic development.

The Code of Conduct, adopted by the Board of Directors in 2014, forms an integral part of the Company's internal control system. It sets out the principles of business ethics that CNH Industrial adheres to, and applies to all of its directors, officers, and employees, as well as to those acting for or on behalf of all CNH Industrial companies worldwide. The Code of Conduct addresses the ethical aspects of economic, social, and environmental issues. Explicit reference is made to the UN's Declaration on Human Rights, the relevant International Labour Organization (ILO) Conventions, and the OECD Guidelines for Multinational Companies.

In addition to the Code of Conduct, CNH Industrial has established **Company policies**, as well as internal and business processes and procedures, that supplement the Code of Conduct and provide more detailed guidance to employees. Therefore, the Code of Conduct should be read and interpreted in conjunction with the corporate policies. CNH Industrial is committed to adhering to the Code of Conduct, its Company policies, and all applicable laws in all countries in which it operates.

CNH Industrial's compliance policies implemented in relation to the Code of Conduct include:

- Conflict of Interest Policy
- Anti-Corruption Policy
- International Trade Compliance Policy
- Competition Policy
- Compliance Helpline Policy
- Health and Safety Policy
- Human Rights Policy
- Environmental Policy
- Community Investment Policy
- Corporate Communications Policy
- Privacy Shield Policy
- Data Privacy Policy
- Use of Company Property Policy
- Insider Trading Policy
- US Lobbying Activities and Other Contacts with US Government Officials
- Political Action Committee Activity and Other Political Contributions
- Anti-Money Laundering Policy
- Social Media Policy.

The Code of Conduct is available in the Governance section of the Company's website. Compliance policies are available in the Compliance and Ethics section of the Company's Intranet site. The Code of Conduct and compliance policies are available in multiple languages.
CNH Industrial adopted its **Supplier Code of Conduct** in 2015. It is also available in multiple languages on both the Company's website (in the Suppliers' section) and Intranet site. The Supplier Code of Conduct summarizes the Company's expectations of all its suppliers. Compliance with the Supplier Code of Conduct is a mandatory requirement for continuing business relations with the Company (see page 154).

APPLICATION AND DISSEMINATION

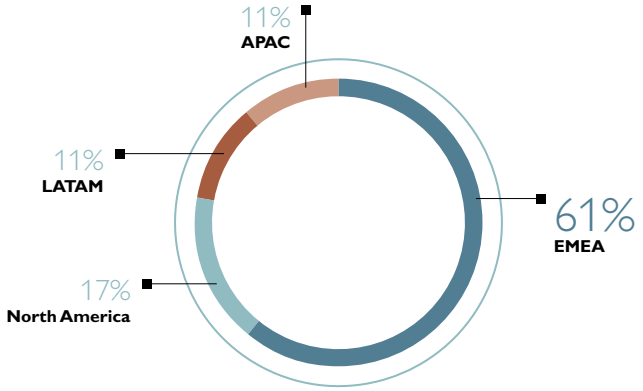
The Company's Code of Conduct and policies apply to all CNH Industrial Board members and officers, to all employees of CNH Industrial companies, and to all other individuals or companies that act in the name or on behalf of one or more CNH Industrial companies worldwide.

Available in 19 languages (Chinese, Czech, Danish, Dutch, English, French, German, Hindi, Italian, Polish, European Portuguese, Latin American Portuguese, Romanian, Russian, European Spanish, Latin American Spanish, Swedish, Turkish, and Thai), the Code of Conduct can be viewed and downloaded through the Company's corporate website and Intranet site, and hard copies are available from the Human Resources Department.

The principles and values of good corporate governance established in the Code of Conduct are conveyed, through periodic training and other communication channels, to all employees irrespective of their level or role. During 2018, the dissemination of the Code of Conduct and the respective training activities were supported and reinforced through a comprehensive communications campaign. In particular, some initiatives were implemented to further increase awareness of the global Compliance Helpline (including an internal communications campaign, articles on internal publications, and *LINK*[9] articles).
In 2018, the Code of Conduct training course included 3 modules: Anti-Corruption and Bribery, Careful Communication (social media), and Accurate Books and Records (see page 49). This training was delivered to all members of the CNH Industrial Board of Directors and GEC (see page 43), as well as to approximately 24,600 employees, of whom 80% were professional and salaried employees and 20% managers, for a total of 11,592 hours (13,985 in 2017).

2018 EMPLOYEE CODE OF CONDUCT TRAINING BY GEOGRAPHIC AREA

CNH INDUSTRIAL WORLDWIDE (%)



CODE OF CONDUCT REACH AND COVERAGE[a]

CNH INDUSTRIAL WORLDWIDE (%)

	Coverage	Written acknowledgement	Training provided
Employees	100	100	100
Subsidiaries	100	100	100

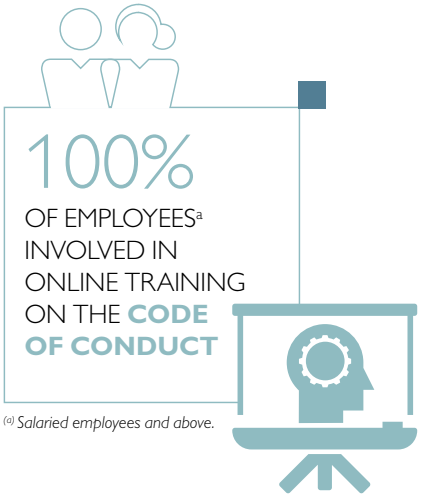
(a) Refers to categories considered at risk of corruption, as identified via specific risk assessment. Results refer to the 3-year period between 2016 and 2018; the same percentages were achieved each year.

(9) CNH Industrial's internal magazine.

Every year, the Compliance and Ethics function asks certain employees to formally acknowledge, in writing, that they have read both the CNH Industrial 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 the Code of Conduct or Conflict of Interest Policy that hasn't already been disclosed to the Company. The recipients in 2018 were:

- senior managers and above (already in the scope of operation)
- all purchasing employees
- HR managers / senior professionals
- Finance managers / senior professionals / any professional or salaried employee with a management role
- Financial services
- IT managers / senior professionals and above / any professional or salaried employee with a management role
- country heads (regardless of grade)
- sales managers / senior professionals (Brand / Parts and Service / Special vehicles / Commercial services / product support).

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 154). The Code of Conduct also applies to 100% of the subsidiaries in which CNH Industrial holds at least a 51% interest.



(a) Salaried employees and above.

The Company also advocates the Code of Conduct and the Supplier Code of Conduct as best practice standards in business ethics among the partners, suppliers, consultants, agents, dealers, and other third parties with whom it has long-term relationships. Company contracts include specific clauses relating to the recognition of, and adherence to, the fundamental principles of the 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. In addition, compliance with the Supplier Code of Conduct is a requirement for continuing business relations with CNH Industrial.

COMPLIANCE RISK ASSESSMENT

CNH Industrial conducts a compliance risk assessment on an annual basis. The assessment helps management measure the likelihood of an occurrence, and the type and degree of impact, of numerous compliance and ethics-related risks facing the Company. The risk assessment also assists management in evaluating the effectiveness of existing mitigation strategies, and in prioritizing the risks requiring attention and resources.

The degree of risk impact refers to the estimated severity of a risk's effect on the organization, or the potential loss that may result if the risk event occurs. The risk likelihood refers to the probability that a given risk event will occur.

When evaluating the effectiveness of existing controls, respondents to the risk assessment survey are instructed to evaluate the legal and compliance policies and processes in place to prevent errors and promote ethical behavior, as well as the related communications and training provided by the Company.

In 2018, the Compliance and Ethics function continued to implement and improve its compliance risk assessment, via a web-based risk survey involving approximately 250 managers worldwide. Survey recipients were selected based on their respective geographic location, business segment or function, roles and responsibilities, and the types of risks associated with such roles and responsibilities. The Company is currently developing action plans to further address the risks identified, with corrective actions to be implemented in 2019.

In 2018, CNH Industrial delivered targeted training (for a total of 56,916 hours) on the critical issues identified during the risk assessment performed at the beginning of the year, with a focus on:

- information security
- how to avoid retaliation and promote communication
- data privacy
- antitrust
- anti-corruption and bribery[10]
- careful communication (social media)[10]
- accurate books and records[10].

(10) Included in the Code of Conduct training course.

MONITORING AND INVESTIGATIONS

The Company encourages its employees 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 damage that could otherwise affect the employee in question, co-workers, the Company, or the communities in which it operates.

In January 2015, the Company launched its **Compliance Helpline**, a global reporting tool available in 14 languages, managed by an independent third party.
This communication channel provides CNH Industrial 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. Reports can also be submitted in person to a manager or other Company representative, via the Internet or via dedicated phone lines, as indicated in the Compliance Helpline Policy[11]. Where permitted by applicable laws, reports may be submitted on an anonymous basis.
CNH Industrial 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. Company policy protects anyone reporting a concern in good faith from retaliation of any kind. The Company is committed to responding to every report submitted through the Compliance Helpline. A global case management system, implemented in conjunction with the launch of the Compliance Helpline, helps ensure the accurate tracking and timely resolution of investigations. Investigations are primarily conducted by Internal Audit, the Legal Department, Human Resources, or the Compliance and Ethics function. Additionally, regional committees comprising representatives from Human Resources, Internal Audit, and Compliance or Legal are responsible for providing oversight of investigations within their respective geographic areas.

The materiality of all reported matters is evaluated according to criteria approved by the Global Compliance & Ethics Committee (GC&EC). Whether a matter is defined as material depends on aspects such as the amount of the penalties or monetary losses involved, the seniority of the implicated person, or the nature of the violation. Matters defined as material are escalated to either the applicable Regional Compliance & Ethics Committee (RC&EC) or the GC&EC, depending on their extent and severity, for review and approval of findings and corrective actions. In general, matters with the potential to incur penalties or monetary losses in excess of $50,000, or that involve allegations against a senior manager, or that relate to bribery, fraud or accounting controls are all considered material at regional level. Summaries of all such regional material matters are reported to the GC&EC and the Audit Committee.
Matters that involve a member of senior or regional management, or that have the potential to incur penalties or monetary losses in excess of $200,000, or that relate to bribery, accounting controls, or international trade compliance are all considered material at global level. Such matters are reported to the GC&EC, which is responsible for overseeing the investigation, and to the Audit Committee.

In 2018, 47 cases were classified as material at regional level and reported to the relevant RC&EC, with 5 of them further classified as material at global level. All 47 of such matters were reported to the GC&EC and the Audit Committee.

Each quarter, the Chief Compliance Officer provides the Audit Committee with an update on the Company's compliance and ethics activities. Information regularly communicated to the Audit Committee includes: 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 at both regional and global level.
If a reported matter is substantiated, the Company implements appropriate disciplinary action, up to and including termination of employment. The GC&EC has approved specific disciplinary guidelines and distributed them to the RC&ECs, so as to clearly communicate its expectations with respect to appropriate disciplinary actions and ensure a consistent disciplinary approach.
In 2018, to underline the importance of creating and maintaining a corporate culture of shared responsibility in reporting compliance violations, specific online training on how to avoid retaliation and promote communication was provided to approximately 23,700 employees for a total of 14,226 training hours.

(11) *www.cnhindustrialcompliancehelpline.com.*

PERIODIC AUDITING

CNH Industrial regularly monitors the application of the Company's main compliance policies in each geographic area. 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 2018, the Company disclosed the results of 65 compliance-related internal audits conducted at its main operational sites: 4 regarding business ethics; 3 related to environmental and occupational health and safety issues; and 58 related to bribery, antitrust, and other regulatory requirements, which also covered investigations linked to matters reported through the Compliance Helpline. The audits revealed substantial compliance with the main standards. 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.

2018 AUDITS BY TYPE AND GEOGRAPHIC AREA

CNH INDUSTRIAL WORLDWIDE (no.)

	Business Ethics Compliance (BEC)	Environment, Health & Safety (EHS)	Wistleblowing (WB)	Other[a]	**Total**
EMEA	3	3	12	22	**40**
North America	0	0	0	2	**2**
LATAM	1	0	1	3	**5**
APAC	0	0	15	3	**18**
World	4	3	28	28	**65**

[a] The category 'Other' refers to regulatory requirements, mainly included in the audits on SOX Quality Assurance and on compliance with Italian Legislative Decree no. 231/01.

VIOLATION REPORTING

In 2018, the Company responded to and/or investigated 572 matters submitted through the Compliance Helpline (58% of which were submitted anonymously) or via other available corporate communication channels.

COMPLIANCE HELPLINE REPORTED MATTERS

CNH INDUSTRIAL WORLDWIDE (no.)

Matters by category	**2018**
Questions related to specific business activities and/or Company policies	**35**
HR issues, including but not limited to general workplace conflicts, harassment, and discrimination	**303**
Business conduct[a]	**159**
Other	**75**
Total matters	**572**

[a] Two potential anti-competition issues involving individuals outside the Company were reported in 2018. CNH Industrial was able to intervene before any unethical conduct occurred internally.

In 2018, 543 investigations were closed, each requiring an average of 45 days for completion. 281 of the allegations investigated were substantiated as breaches of the Code of Conduct or of corporate policies (a 52% substantiation rate).

DISCIPLINARY APPROACH TO SUBSTANTIATED BREACHES OF THE CODE OF CONDUCT OR CORPORATE POLICIES

CNH INDUSTRIAL WORLDWIDE (no.)

Type of disciplinary action	**2018**
Termination of employment	**90**
Disciplinary action	**142**
Coaching, remedial training or review of the relevant policy	**44**
No action required[a]	**5**
Total	**281**

[a] Cases in which the implicated employee resigned before the Company moved to discipline or termination.

Moreover, 4 allegations of some form of discrimination were reported through the Compliance Helpline, of which 3 were unsubstantiated, while 1 investigation was still in process as of the end of 2018.

ANTI-CORRUPTION AND BRIBERY

CNH Industrial's Anti-Corruption Policy establishes procedures designed to ensure full compliance with applicable anti-corruption legislation and regulations. Oversight of the Policy lies with the Compliance and Ethics function. The Company'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 to their managers, HR or Compliance representatives or using the Compliance Helpline.
CNH Industrial's Anti-Corruption Policy is supplemented by means of regional addendums that take into account the specific corruption risk factors of each geographical area. The Policy was disseminated to all Company employees and senior management worldwide and is available on the Company's Intranet site in 16 languages.

Every year, the Compliance and Ethics function collects a statement from a number of employees certifying they understand and comply with the Code of Conduct (including the anti-corruption aspects and the Company's Conflict of Interest Policy) and that they have no knowledge of any Code of Conduct violations or conflicts that haven't already been disclosed to the Company. As stated in its Anti-Corruption Policy, CNH Industrial 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 or representatives of international organizations, or any other party connected with a public official, or 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 the Company's Compliance and Ethics function and Regional Compliance & Ethics Committees (RC&ECs) in assessing and categorizing the specific risks and prevalence of corruption in each geographical area, and the type of controls needed. In addition, the Company periodically assesses factors such as the risks associated with its 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.

In 2018, the Code of Conduct online training included a segment on corruption. This training was provided to all members of the GEC (see page 43), as well as to approximately 24,600 employees (of whom 80% were professional and salaried employees and 20% managers), for a total of 11,592 training hours. These employees represented the entire workforce deemed to present a higher level of risk, given their roles and responsibilities, at the time the training initiative was launched.

2018 ANTI-CORRUPTION TRAINING BY GEOGRAPHIC AREA

CNH INDUSTRIAL WORLDWIDE (no.)

	Employees involved	Training hours
EMEA	14,939	6,965
North America	4,094	2,023
LATAM	2,731	1,356
APAC	2,823	1,248
World	**24,587**	**11,592**

Company employees are required to report compliance issues (including corruption) by any of multiple means (e.g., by reporting them to managers or through the Compliance Helpline).
No cases of bribery were reported to the Compliance Helpline in the 2015-2017 period; 1 case was reported in 2018, but was investigated and found to be unsubstantiated.
CNH Industrial engages in benchmarking with peer companies to assess its approach and verify the continued adoption of best practices in preventing and detecting corruption. Corruption prevention processes and controls are verified through the Company's internal audit program. The 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. The Company also investigates and tracks all corruption allegations to evaluate the need for additional controls and training, and 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 on an annual basis to formally disclose any potential Code of Conduct or conflict of interest violation of which they are aware.

The Company's Legal and Compliance departments established a **Global Anti-Corruption Practice Team** of internal legal advisors from each geographical area. This Practice Team meets regularly to provide updates on new developments in corruption prevention, regulations, and enforcement, and to share best practices across the Company. Additionally, it designs training materials, provides classroom training, and develops and distributes legal notices and other information to all applicable Company employees. The Practice Team assesses various aspects of the Company's anti-corruption compliance and ethics program, identifying opportunities for, and assisting in, program development and improvement. Company contracts include specific clauses relating to the acknowledgment of, and adherence to, the fundamental principles of the Code of Conduct, Supplier Code of Conduct, and related policies, as well as compliance with applicable laws, particularly those related to bribery and corruption.

THIRD-PARTY DUE DILIGENCE PROCESS

In 2016, the Compliance and Ethics function developed and launched a new and enhanced Third-Party Due Diligence process, using a new web-based third-party risk assessment and due diligence workflow tool. This process gives the Company more insight into the specific risks posed by different third parties with whom it does 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 the Company. The new process provides a ranking of high-risk third parties representing the Company in the marketplace (including dealers and distributors). Third parties identified as posing a high risk are subject to variable levels of additional due diligence based on their specific risk profile. Additional controls (such as particular contract provisions and certifications) may be implemented with higher-risk third parties. 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, the individual RC&ECs (see page 44) and, if necessary, the GC&EC (see page 43) have oversight of high-risk third-party relationships.

TRADE COMPLIANCE

CNH Industrial is a material participant in international trade, an area of increasing focus where laws are complex and dynamic. The Company addresses these challenges by implementing an International Trade Compliance Policy, whose subject matter is also an important part of the Supplier Code of Conduct (see page 154), and through a dedicated Global Trade Compliance function. In 2018, the latter continued to implement the Company's Target Operating Model (TOM) to improve global trade compliance, with a focus on expanding the trade compliance team, deploying new processes to cope with emerging regulations in Europe and in the USA, and developing new compliance tools.

ANTITRUST AND COMPETITION

As stated in CNH Industrial's Code of Conduct, the Company recognizes 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, or the exchange of commercial information or business views, etc.). Every year, the Compliance and Ethics function collects a statement from a number of employees stating 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 any conflicts of interest that have not already been disclosed to the Company.

The Company has a program in place to promote compliance with competition and antitrust laws and to identify and minimize the risk of any violations. This compliance program includes a dedicated Competition Policy, available on the Company's website and overseen by the Legal Department. The Competition Policy applies to CNH Industrial and to all of its directors, officers, and employees, as well as to those acting for or on behalf of all CNH Industrial 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, emphasizing full cooperation in the event of antitrust/competition investigations or any requests for information regarding alleged anti-competitive conduct. The Competition Policy also emphasizes 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, a dedicated global tool created to report potential violations of applicable laws (see page 50).

The compliance program also provides for regular and mandatory **online training**, which is assessed with a final test. Additional scenario-based classroom training is provided if specific needs are identified. In 2018, a total of 4,570 hours of online competition and antitrust training, with a focus on conversations with competitors, was delivered to 10,000 employees, selected based on their risk exposure. In particular, the course explained how to avoid inadvertently entering into an illegal collaboration with a competitor, even without a formal agreement.

2018 ANTITRUST TRAINING BY GEOGRAPHIC AREA
CNH INDUSTRIAL WORLDWIDE (no.)

	Employees involved	Training hours
EMEA	6,210	2,770
North America	1,218	599
LATAM	1,020	501
APAC	1,552	700
World	**10,000**	**4,570**

CNH Industrial's internal audit program verifies, among other things, the competition and antitrust processes and controls (see page 51) in place. In relation to the acquisition of new businesses, the antitrust audit is conducted in light of the due diligence process and with the support of specialized external law firms.
With reference to safeguarding confidential information, the CNH Industrial Code of Conduct expressly indicates that the know-how, trade secrets, intellectual property, and other proprietary information developed by the Company is a fundamental and critically valuable resource that every employee is required to protect; at the same time, the Company's subsidiaries are required to protect the confidentiality of information they may receive from third parties.

INFORMATION SECURITY AND DATA PRIVACY

The rapid development of information technology is having a significant impact globally. Virtual points of exposure to potential cyberattacks are increasing exponentially, creating new challenges for governments and businesses. CNH Industrial believes that information security and the correct processing of personal data in its possession is fundamental; it has therefore implemented dedicated controls and protection measures that are constantly monitored.
Information security refers to all the practices and processes in place to ensure data is not accessed, used or modified by unauthorized individuals or parties. It covers more than just personal data: it means protecting all information and data assets managed by or for the Company. Information security is regulated by the Company's Information Security Policies, which detail the operational procedures implemented by CNH Industrial at global level. Information security is monitored and managed by a dedicated team within the ICT Department. The head of ICT is a member of the Global Compliance & Ethics Committee (see page 43), which is responsible for approving Information Security Policies concerning both individual employees and ICT personnel. Online training on information security is delivered regularly to all information system users and is supplemented by regular communications on specific topics. In 2018, such training was delivered to more than 24,300 employees worldwide, for a total of 14,732 hours.
CNH Industrial periodically undertakes an information security risk assessment, conducted by ICT Security and based on the NIST[12] Cybersecurity Framework, to identify ICT risks and assess their probability and impact. This is followed up by continuous risk management and improvement measures.
A dedicated Computer Security Incident Response Team (CSIRT) operating 24/7/365 is responsible for coordinating and providing support in the event of a computer security event or incident. Additionally, the Company created an Information Security Competence Center dedicated to the security of its connected vehicle products. To prevent information security breaches, data is protected when at rest, in transit or in use, via a complex set of complementary measures involving software, networks, servers, and devices assigned to users (such as laptops and smartphones). CNH Industrial adopts data loss prevention measures including, but not limited to: data loss prevention software, encryption, advanced anti-malware software, and secure data disposal.

Data Privacy establishes the rules that govern personal data collection and handling. The latter includes processing, use, transfer, sharing, possession, and disposal. As stated in the Company's Code of Conduct, CNH Industrial is 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.

(12) *National Institute of Standards and Technology.*

The Privacy Management framework includes:

- appropriate organizational and technical measures to ensure correct and secure data processing, according to the Company's Data Privacy Policy and the Privacy by Design principle (see page 47)
- procedures to collect and respond to privacy-related inquiries from data subjects
- a process to regularly assess and evaluate data privacy risks, including procedures to consult with representatives of data subjects upon use of their personal data, if necessary.

Compliance with data privacy regulations is monitored by a dedicated body within the Compliance and Ethics function and is subject to audits by the Internal Audit function.

In 2018, more than 24,400 employees worldwide received training on appropriate handling of personal information, for a total of 11,783 hours.

During the year, in total, 100% of salaried-and-above employees was involved in online training on data privacy and information security.

HUMAN AND LABOR RIGHTS MANAGEMENT

CNH Industrial is committed to the creation of long-term sustainable value for all its stakeholders, and is firmly convinced that respect for fundamental human rights is a prerequisite to achieve this.

The Company supports the protection of fundamental human rights in all its operations, and seeks to promote respect for these principles by others where it has an influence, particularly contractors, suppliers, and all other entities and individuals with whom it has a business relationship. In fact, the Company will not establish or continue a relationship with any entity or individual that refuses to respect the principles of its Code of Conduct.

The Company's commitment is stated in its Code of Conduct, in the Human Rights Policy that supplements it, and in the Supplier Code of Conduct. These documents are available on the Company's website.

In 2018, online training on human rights and other Code of Conduct aspects was delivered to all of CNH Industrial's Board of Directors and GEC (see page 43) members, as well as to approximately 24,600 employees, of whom 80% were professional and salaried employees and 20% managers, for a total of 11,592 hours (13,985 in 2017).

The human rights principles included in the aforementioned documents are consistent with the spirit and intent of the United Nations' 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).

The Company's Code of Conduct and policies apply to all of its directors, officers, and employees, as well as to those acting for or on behalf of all CNH Industrial companies worldwide.

Moreover, in selecting suppliers, CNH Industrial is committed to considering their social and environmental performance and the values outlined in the Code of Conduct (see page 157).

To monitor respect for human rights, CNH Industrial has implemented the Compliance Helpline (see page 50), a means for CNH Industrial employees, customers, suppliers, and other third parties to report potential violations of applicable laws, Company policies or the Code of Conduct.

Risks linked to the violation of human rights are included in the Enterprise Risk Management (ERM) system. CNH Industrial'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, where possible, eliminate them.

NON-DISCRIMINATION

As stated in its Code of Conduct, CNH Industrial does not accept discrimination against employees in any form, including on the basis of: race, gender, sexual orientation, social or personal status, health, physical condition, disability, age, nationality, religion, or personal beliefs, or against any other protected group. The Company recruits employees on the basis of their qualities, experience, and skills, and is committed to providing equal opportunities to all employees, both on the job and in their career advancement. The head of each department shall ensure, in every aspect of the employment relationship – from recruitment to training, compensation, promotion, transfer, or termination – that employees are treated according to their abilities to meet job requirements, and that all decisions are free from any form of discrimination.

The Supplier Code of Conduct states that all suppliers must 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 toward them on any basis whatsoever, including, but not limited to, race, gender, sexual orientation, social and personal status, health condition, disability, age, nationality, religion or personal belief (in accordance with applicable laws).

For further information on how CNH Industrial manages diversity and equal opportunities, see page 73.

For information on how this aspect is approached in the management of the supply chain, see page 154.

CHILD LABOR

As stated in the Code of Conduct, CNH Industrial does not employ child labor. Specifically, it does not employ anyone younger than the minimum legal working age in force where the work is carried out and, in any case, does not employ anyone younger than 15, unless an exception is expressly provided for by international conventions and by local legislation. CNH Industrial is also committed to not establishing or maintaining working relationships with suppliers that employ child labor. For information on how this aspect is approached in the management of the supply chain, see page 154.

FORCED LABOR AND HUMAN TRAFFICKING

As stated in its Human Rights Policy, CNH Industrial does not tolerate the use of forced or mandatory labor, slavery, involuntary or coerced labor, human trafficking or sex trafficking in any of its operations or by any individuals with whom it has a business relationship. The Supplier Code of Conduct stipulates that no supplier may employ forced labor or engage in any form of human trafficking, whether by force, fraud or coercion. All forms of involuntary servitude, slavery, forced labor, sex trafficking, and commercial sex acts are strictly prohibited. For information on how this aspect is approached in the management of the supply chain, see page 154.
See also CNH Industrial's Slavery and Human Trafficking statement, available on the corporate website.

HARASSMENT

As stated in its Human Rights Policy, all types of harassment are prohibited by CNH Industrial and will not be tolerated. By way of example, harassment of a racial or sexual nature, or harassment related to other personal characteristics, having the intention or effect of creating a hostile work environment or of violating the dignity of an individual is totally unacceptable to the Company, whether it takes place in or outside the workplace. The coercion of any kind of sexual favor in exchange for a workplace advantage (for example, a raise or to avoid dismissal) is also prohibited and will not be tolerated.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

As stated in the Code of Conduct, CNH Industrial recognizes and respects the right of its employees to be represented by trade unions or other representatives established in accordance with applicable local legislation. When engaging in negotiations with such representatives, CNH Industrial seeks a constructive approach and relationship.
Moreover, all suppliers shall allow 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 99.
For information on how this aspect is approached in the management of the supply chain, see page 154.

OCCUPATIONAL HEALTH AND SAFETY

CNH Industrial recognizes health and safety in the workplace as a fundamental right of employees and a key element of the Company's sustainability efforts. All Company choices must respect the health and safety of employees in the workplace. CNH Industrial has adopted and continues to develop an effective occupational health and safety policy, which implements preventive measures at both individual and collective levels, to minimize the potential for injury in the workplace.
CNH Industrial also seeks to ensure industry-leading working conditions, in accordance with principles of hygiene, industrial ergonomics, and individual organizational and operational processes. CNH Industrial believes in and actively promotes a culture of accident prevention and risk awareness among workers, in particular through the provision of training and information. All employees are required to be personally responsible and to take all preventive measures for the protection of health and safety, as established by the Company and communicated through specific directives, instructions, information, and training (see the Health and Safety Policy).
As stated in the Supplier Code of Conduct, all suppliers must provide and maintain a safe work environment in compliance with all applicable laws.
For further information on occupational health and safety, see page 76.
For information on how this aspect is approached in the management of the supply chain, see page 154.

HUMAN RIGHTS ASSESSMENT

CNH Industrial continuously monitors respect for human rights within the Company's operations and across its supply chain. As regards its **internal operations**, in 2013, CNH Industrial launched a pilot project under which, each year, the Internal Audit function sends an impact assessment survey to the Human Resources functions of the region selected that year[13] to monitor the following human rights aspects:

- non-discrimination
- child labor and young workers
- forced labor
- harassment
- freedom of association
- occupational health and safety.

In the first year, the monitoring project involved 5 countries in EMEA, covering about 30,000 employees, or 42% of the Company's global workforce. In 2014, the assessment survey was integrated into standard procedures and extended to APAC, covering more than 90% of the workforce in India. In 2015, it was extended to China, involving about 50% of the country's total workforce. Then, in 2016, it was extended to LATAM, involving 59% of the Region's total workforce. After the completion of the first cycle of surveys, the assessment process restarted in 2017 in EMEA, involving the main countries in Europe for CNH Industrial (Italy, France, Germany, Spain, Belgium, Czech Republic, Poland, and the UK), plus South Africa and Ethiopia. It covered 94% of the region's total workforce, or 39,160 out of the total headcount of 41,494, and did not identify any particular concerns or issues. In 2018, the survey was repeated in APAC, covering more than 70% of the region's total workforce (equal to 3,753 employees). The main countries involved were: Australia, New Zealand, Turkey, Uzbekistan, and Thailand. Overall, the assessment confirmed the presence of policies and controls across the region ensuring the respect of human rights, in line with local legal requirements.
The assessment complied with the requirements of Art. 17 and 18 of the Guiding Principles on Business and Human Rights, 2011[14] (the Ruggie Framework).

Every year, CNH Industrial also conducts an assessment of the entire workforce regarding the presence of child labor in its legal entities. In 2018, the Company surveyed 100% of its total workforce[15] to assess the level of compliance with the Code of Conduct with regard to child labor, confirming that none of its 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 CNH Industrial under a regular employment or apprenticeship contract was exposed to hazardous working conditions[16].

As regards CNH Industrial's **suppliers**, in order to prevent or minimize any environmental or social impact from the supply chain, the Company has developed a process to assess them on sustainability issues, by means of sustainability self-assessments, risk assessments, and sustainability audits (see page 158). A specific operational procedure is in place to monitor supplier compliance. In 2018, 80 suppliers worldwide were identified 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 purchasing category. These suppliers were subsequently audited: as a result, 16 of them were involved in the formulation of 24 corrective action plans for areas in need of improvement in terms of human rights issues (see page 161). These improvement areas concern the:

- implementation and/or development of a code of conduct
- improvement in communications and training on the code of conduct
- implementation of a grievance mechanism.

Action plans are monitored via follow-ups between supplier and auditor. Any non-compliance is brought to the attention of the Suppliers Sustainability Compliance Committee (see page 44), which determines the actions to be taken against the defaulting supplier. According to the assessment process, in 2018, no suppliers were considered at risk in terms of child labor, forced/compulsory labor, or violation of either freedom of association or collective bargaining.
To the Company's knowledge, there is no use of child or forced labor at the plants of its suppliers.

(13) Regions are surveyed in rotation on an annual basis.
(14) United Nations' Guiding Principles on Business and Human Rights: implementing the United Nations "Protect, Respect and Remedy" Framework 2011.
(15) Study conducted on the total workforce as at October 31, 2018.
(16) For the purposes of the study, 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).

CONFLICT MINERALS

Another demonstration of CNH Industrial's respect for human rights is its stand against natural resources extracted in conflict zones. Specifically, CNH Industrial has implemented a compliance program and policy intended to promote responsible sourcing of tin, tantalum, tungsten, and gold (3TG) from the Democratic Republic of Congo (DRC) and surrounding region (conflict minerals), where revenues from the extraction of natural resources have historically funded armed conflict and human rights abuses.

In particular, the Company has implemented measures across its supply chain designed to address disclosure obligations under the Dodd-Frank Act and regulations adopted by the US Securities and Exchange Commission regarding the source of 3TG that may originate from the Democratic Republic of Congo and specific surrounding countries.
CNH Industrial performed due diligence on the source and origin of 3TG in Company products. The Company's due diligence measures have been designed to conform, in all material respects, with the due diligence framework presented by the Organization for Economic Co-operation and Development (OECD) in the OECD publication (2016) – *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*: Third Edition, OECD Publishing (OECD Guidance) and the related supplements for gold, tin, tantalum, and tungsten.
CNH Industrial's Conflict Minerals Policy was adopted in 2013 and is available on the Company website. The Policy is intended to promote sourcing from responsible sources in the Democratic Republic of Congo and surrounding region.
The Company performs its supply chain due diligence consistently with OECD guidelines.

CNH Industrial is committed to making reasonable efforts to establish, and to require each supplier to disclose, whether 3TG are used or contained in products purchased by the Company. If such minerals are contained in the products purchased from suppliers, they must identify their sources and eliminate procurement, as soon as commercially practicable, of products containing 3TG obtained from sources that fund or support inhumane treatment in the Democratic Republic of Congo or the surrounding region.
CNH Industrial expects its suppliers to meet their commitments under its Conflict Minerals Policy. In particular, the Company expects its suppliers to conduct a reasonable inquiry into the existence and origins of 3TG in their supply chains, and to provide written evidence of the due diligence documentation. CNH Industrial reserves the right to reassess future business dealings with suppliers who fail to comply with this Policy.

CNH Industrial's products are highly complex, typically containing thousands of parts from many direct suppliers. The Company has relationships with a vast network of suppliers throughout the world.
In addition, there are generally multiple tiers between the 3TG mines and CNH Industrial's suppliers. Therefore, the Company must rely on its direct suppliers to work with their upstream suppliers to provide accurate information on the origin of any 3TG contained in components and materials purchased by CNH Industrial. As the Company enters into new agreements and relationships with suppliers, it is adding a clause that requires suppliers to provide the necessary 3TG information on a prospective basis.
Because of the scope and complexity of CNH Industrial's supply chain, the Company developed a risk-based approach focused on its major direct suppliers, as well as on direct suppliers that it believed were likely to provide the Company with components containing 3TG (collectively, the Surveyed Suppliers). For the year ended December 31, 2017[17], Surveyed Suppliers represented approximately 80% of the Company's purchases (in dollars) of goods from suppliers.
CNH Industrial requested that all Surveyed Suppliers provide information regarding 3TG and smelters, using the template developed by the Responsible Minerals Initiative, known as the Conflict Minerals Reporting Template (the Template). The Template was developed to facilitate disclosure and communication of information regarding smelters and refiners that provide material to a manufacturer's supply chain. It includes questions regarding a direct supplier's conflict-free policy, its due diligence process, and information about its supply chain, such as the names and locations of smelters and refiners as well as the origin of 3TG used by those facilities.
In 2015, pursuing the Company's commitment to support industry efforts for the responsible sourcing of minerals from conflict regions, CNH Industrial became a member of the Responsible Minerals Initiative (RMI). The RMI operates a smelter validation program to certify those smelters and refiners that are conflict-free, thereby helping companies verify the origins of minerals in their supply chain and ensure that those minerals are not funding armed conflict or human rights abuses in the DRC region.

[17] *The 2018 data will be available as of June 1, 2019.*

The RMI also offers members opportunities for information sharing, and helps companies implement best practices through the development of reporting tools and training.
Since 2017, CNH Industrial has employed a system that collects and analyzes conflict mineral information submitted by suppliers, automatically evaluating the smelter information provided against data from the Responsible Minerals Initiative.

FINAL RULINGS AND ADDITIONAL INFORMATION

SIGNIFICANT FINAL RULINGS

In this section, the Company 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 2018, 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, marketing and advertising, privacy and loss of customer data, anti-competitive behavior 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, labor and social security.

EUROPEAN COMMISSION SETTLEMENT

On July 19, 2016, the European Commission (hereinafter the Commission) announced a settlement with IVECO, the Company's wholly owned subsidiary, in relation to an investigation by the Commission into certain business practices in the European Union in relation to M&H trucks. Following the settlement, CNH Industrial has been named as defendant in private litigation commenced in various European jurisdictions and Israel by customers and other third parties, either acting individually or as part of a wider group or class of claimants. These claims remain at an early stage. Moreover, CNH Industrial expects to face further claims based on the same legal grounds in various other jurisdictions. 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 facts in question are associated with a company that was very different – in terms of culture, management, and shareholding – from the current CNH Industrial. Furthermore, the Company has since implemented a robust compliance program aimed at preventing similar conduct (see the section on Antitrust and Competition on page 53).

PROVISIONS

As a global Company with a diverse business portfolio, CNH Industrial is exposed to numerous legal risks, including dealer and supplier litigations, intellectual property right disputes, product warranty and defective product claims, product performance, asbestos, personal injuries, emissions and/or fuel economy regulatory and contractual issues, and environmental claims that arise in the ordinary course of business. The outcome of any current or future proceedings, claims or investigations cannot be predicted with certainty.
When it is probable that an outflow of resources embodying economic benefits will be required to settle obligations, and this amount can be reliably estimated, CNH Industrial recognizes specific provisions for this purpose. With specific reference to environmental risks, at December 31, 2018, the Company had estimated a provision[18] in the amount of $38 million ($43 million at December 31, 2017).

LABOR AND SOCIAL SECURITY

Labor and social security disputes culminating in final court judgments in 2018 involved a total payout of 0.15% of labor costs for the year. In Brazil, such judgments, mainly relating to the interpretation of particularly controversial legislation, accounted for 97% of all such judgments against the Company, or approximately 79% of the Company's total payout. However, in the specific context of Brazil, these judgments were not exceptional in nature or in number.

[18] *This provision represents management's best estimate of CNH Industrial's probable environmental obligations. Amounts included in the estimate comprise direct costs to be incurred in connection with environmental obligations associated with current or formerly owned facilities and sites. This provision also includes costs related to claims on environmental matters.*

RISK MANAGEMENT

CNH INDUSTRIAL RISK MANAGEMENT

In accordance with the regulatory guidelines requiring companies to adopt appropriate corporate governance models, and in response to market demands for enhanced transparency and disclosure on the risks associated with company activities, CNH Industrial has adopted its own Enterprise Risk Management (ERM) process. The adoption of a formal ERM process was also driven by the need for a systematic approach to identify and evaluate the risks associated with the Company's business activities, and to manage business performance from an integrated risk-return perspective.

CNH Industrial'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 appropriate, eliminate them. CNH Industrial's ERM process is based on the framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), adapted for specific Company requirements by incorporating Company management knowledge as well as industry best practice indicators with assistance from third-party risk consulting firms.

Through this process, the Company has identified 34 primary risk drivers, further broken down into 85 specific risk events. Primary risk drivers include a number of significant topics, such as business operations, competitive factors, and regulatory compliance. Risks are classified according to the probability of occurrence and potential impact on profitability, cash flow, business continuity and/or reputation, which determine the significance of a risk when analyzed holistically and in conjunction with other identified risks. For events that could potentially exceed predetermined risk thresholds, existing measures are analyzed and future containment measures, action plans, and persons of reference are identified to address the specific events and/or corresponding risks proactively. This process follows a bottom-up analysis starting at the business unit level, with risk survey completion by business and function leaders worldwide, followed by cross-functional reviews of the survey results, one-on-one interviews with Global Executive Committee (formerly Group Executive Council) members, presentations and risk assessment discussions with the Audit Committee of the Board of Directors, and review and discussion with the Board of Directors. Direct feedback received from each of these layers up to and including the Board of Directors is then used to identify and develop risk-mitigating activities as necessary within the business or functional area, which are usually deployed by management's first line of defense.

For more information on risks, risk management and control systems, see the 2018 EU Annual Report, pages 21; 72.

RISK APPETITE

The Company's risk appetite is set within risk taking and risk acceptance parameters driven by applicable laws, the Company's Code of Conduct, core principles and values, policies, and corporate directives.

The Company's ERM process includes a structured risk management process to address individual risk categories, with a delineated risk appetite applied to each of the risk categories as described below:

Risk Category	Category description	Risk driver areas	Risk appetite
STRATEGIC	Strategic risks may affect CNH Industrial's long-term strategic business plan performance targets, innovation roadmap, and sustainability objectives. Strategic risks include economic and political developments and the ability of the Company to anticipate and respond in a timely manner to unfavorable market developments.	Socio-political events, macroeconomics, competition, customer demands, product portfolio, technological innovation, investments, commercial policies, external relations, social responsibility, environment, and business combinations.	Taking into consideration CNH Industrial stakeholders' interests as well as cost/benefit considerations in pursuing our long-term targets, the Company has a responsible appetite concerning strategic risk. The Company recognizes the necessity to continually invest in research & development and manage its portfolio of businesses, which are cyclical and subject to sometimes volatile global political and economic environments.
OPERATIONAL	Operational risks include adverse, unexpected impacts resulting from internal processes, people, and systems, or from external events linked to the actual operation of the Company's portfolio of businesses.	Production capacity, logistics, distribution channels, quality control, supplier performance, labor relations, human rights, external reporting of results, asset safeguarding, intellectual property, information technology, cybersecurity, and *force majeure*.	CNH Industrial seeks to minimize the occurrence and adverse consequences of unforeseen operational failures by maintaining a consistently efficient and effective manufacturing system, delivering high quality products and services, maintaining reliable and reasonably secure IT systems, and honoring sustainability commitments via a balanced risk/reward approach.

Risk Category	Category description	Risk driver areas	Risk appetite
FINANCIAL	Financial risks include uncertainty of financial return and the potential for financial loss due to capital structure imbalances, inadequate cash flows, asset impairments, and the volatility of financial instruments associated with foreign exchange and interest rate exposure.	Interest rates, foreign exchange, capital markets, liquidity and credit, trade financing, and subsidized financing.	CNH Industrial has a prudent risk appetite with respect to financial risks (such as liquidity, market, foreign exchange, and interest risks as explained in more detail in Note 32 of the Consolidated Financial Statements). In addition, the Company, through capital market transactions, cash balances, and committed medium-term bank credit line agreements seeks to maintain a capital structure profile with access to liquidity to fund ongoing operations and maintain covenant compliance.
COMPLIANCE	Compliance risks cover unanticipated failures to comply with applicable laws, regulations, policies and procedures.	Laws and regulations, contractual obligations, and ethics and integrity.	CNH Industrial has an averse risk appetite with respect to compliance risks and requires full compliance. The Company takes appropriate measures in the event of a breach of applicable laws, the Company's Code of Conduct, and/or Company policies.

ENHANCEMENTS TO THE RISK MANAGEMENT PROCESS

The development and implementation of an effective and robust ERM process requires continuous evaluation and improvement. As part of these efforts, CNH Industrial took several steps in 2018 to enhance further the risk assessment process that included the following:

- new governance, risk, and compliance (GRC) platform implementation: CNH Industrial is in the process of implementing a new GRC software platform with the intent to enhance and automate its risk management and compliance activities throughout the organization. This platform uses the latest technologies not only to accommodate and optimize existing GRC requirements, but also to allow the Company to expand its risk management program over time and as the GRC environment evolves.
- cross-functional reviews: in 2018, CNH Industrial implemented an additional step in its risk management program, whereby upper management from all relevant departments conduct cross-functional reviews of each of the top business risks identified by risk survey results. The additional context gained from this review enables the Company to perform a more in-depth and informed analysis and assessment of each risk, its potential impact on established business strategies, and existing and proposed mitigating actions.

PURE RISK MANAGEMENT[1]

CNH Industrial believes in preventing losses that could potentially lead to property damage or business interruptions. The Risk Management Center of Competence[2] addresses all stages of pure risk management, including risk identification, analysis, and treatment (including loss prevention).

The 4 pillars of pure risk management consist in:

- preventing accidents or limiting their effect
- adopting the highest standards for the prevention of property loss
- minimizing the cost of risk by optimizing loss prevention, investments, self-insurance, and risk transfer programs
- centralizing and consolidating relationships with global insurance markets.

The Risk Management Center of Competence is responsible for overseeing pure risks (e.g., fires, explosions, or natural disasters) and related insurance coverage, and plays a central role in the management of events that could potentially impact the continuity of operations or the integrity of physical assets (in particular, the Company's 608 sites worldwide)[3]. The risk management process is executed with maximum transparency and the highest level of expertise, supported by consulting companies specializing in industrial risk that perform field audits to ensure in-depth, continual, and impartial risk assessments across the entire Company.

(1) Pure risks are risks resulting from 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.
(2) The risk management process is led by FCA Risk Management, which provides its services to CNH Industrial.
(3) Source: 2019 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.

In 2018, the Risk Management Center of Competence managed 94 sites, representing 85% of the insured value. To achieve continual and efficient industrial risk monitoring, the selection process ensures that over 95% of the sites within the scope are audited every 3 years, and more than 50% every year.
In 2018, 42 sites were inspected (covering approximately 57% of CNH Industrial sites) and 48 new projects were tracked, verifying the highest level of compliance with international loss prevention standards.
During the year[4], CNH Industrial's investment in loss prevention and mitigation measures totaled around $5.2 million in recommended improvements to align the sites to CNH Industrial's relevant loss prevention standards. These targeted investments cut loss expectancies by approximately $0.4 billion, resulting in a Global Efficiency Index (GEI) of 1.32[5], in line with the highest international standards.

Climate change is bound to alter the magnitude and frequency of hydrological and meteorological disasters (some may argue it already has), and possibly introduce new hazards in areas unaccustomed to them. Indeed, industrial losses from natural hazards such as earthquakes, flooding, tornadoes, and severe storms are on the rise.
In order to strengthen sustainability and resilience within CNH Industrial, the Company's Risk Management Center of Competence works to develop and launch forward-looking, innovative risk engineering approaches and solutions to better understand the impacts of natural hazards and to properly respond to this information. 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.
Assessments must also consider supply chain risk, the management of which is increasingly challenging in today's competitive world. To this end, the Company's Risk Management function is working on a dedicated initiative to implement suitable strategies to manage both every day and exceptional risk associated therewith.

CNH Industrial's projects highlight the contribution of risk management to addressing climate change issues. Current Company Risk Management projects include:
- a new approach to insurable environmental risks
- earthquake risk re-engineering
- climate change impact analysis – flood risk re-engineering
- cyber risk management
- mitigating supply chain risk through improved confidence.

The Risk Management Center of Competence provides a critical, real-time contribution to the Company's sustainable development and competitive advantage in a fast-changing, competitive, and global business environment, with a focus on:
- fine-tuning the existing tools and processes and the measurement and modeling of risks, in order to facilitate a more comprehensive analysis of risk-based business decisions and the evaluation of emerging risk-based opportunities
- integrating and consolidating risk management programs
- developing risk awareness across the organization
- creating a cross-functional risk management committee that will periodically review all areas of CNH Industrial's enterprise risk management.

INSURABLE ENVIRONMENTAL RISKS

Environmental risk management is a critical component of CNH Industrial's corporate strategy and an integral part of overall business and strategic management.
CNH Industrial's Risk Management function has developed an innovative risk management methodology in collaboration with: the Company's EHS (Environmental Health & Safety) departments, a major international consultancy and certification firm, and an insurance partner.

(4) *Figures relate to the period from July 1, 2017 to June 30, 2018 (Insurance Year).*
(5) *The Global Efficiency Index for loss mitigation measures (GEI = cost of protection/reduction of expected damage) is recognized as a measure of best practice for industrial risk management.*

This methodology has enabled CNH Industrial to:

- obtain objective, quantified knowledge of insurable environmental exposures
- improve risk profiles according to the segments' 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 prevention activities in line with Company strategies.

To date, approximately 76% of CNH Industrial's total insured value has been analyzed and quantified using this methodology, based on a total of 42 self-assessments performed by the sites since the methodology's first adoption in 2012 (of which 12 in 2018). To validate the information collected through the assessments, 15 on-site visits were conducted by year-end 2018 at sites selected as suitably representative of the Company in terms of size, activities, and geographical distribution. The audits, organized by the EHS department for each operating legal entity, 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.
These activities provided the basis for the development of the Company's first environmental maps, which quantify the overall level of risk using a scientific, certified self-assessment tool. The results were presented to the insurance market as evidence that CNH Industrial's environmental risks are known, well-quantified, and properly managed. The results also led to comprehensive global insurance coverage.

EARTHQUAKE RISK RE-ENGINEERING PROJECT

Currently, CNH Industrial's Risk Management continues to benefit from a long-term research project being carried out with AXA MATRIX Risk Consultants and the *Università degli Studi di Napoli Federico II*, aimed at developing cutting-edge, quantitative seismic risk assessment methods and scientific risk management procedures. The workgroup has developed an Integrated Approach to Seismic Risk Assessment and Management, which is a multilevel framework simultaneously allowing for advanced seismic risk assessment and a rational allocation of resources.
The methodology enables the Company to:

- efficiently assess
- properly quantify
- proactively manage

the seismic risks its industrial manufacturing sites are exposed to.

The research project adopts a multilevel and quantitative approach, i.e., a procedure capable of using different knowledge levels as inputs and of providing a quantitative measurement of seismic risk:

- the Level 1 analysis focuses on quantitative and transparent seismic risk prioritization
- the Level 2 analysis provides a quantitative seismic loss assessment
- the Level 3 analysis entails on-site loss prevention engineers specialized in earthquakes developing dedicated risk mitigating recommendations.

This procedure has allowed classifying and prioritizing the Company's sites based on seismic risk, facilitating decision making and the identification of the highest-ranking facilities potentially in need of closer analysis.
The application of the Integrated Approach was extended in order to focus not only on building performance under seismic excitation, but also on a more rational assessment of the consequences of earthquakes in terms of economic impact on activities and contents.
Recent seismic events affecting industrialized countries (Japan, 2011; Italy, 2012 and 2016) clearly corroborate the importance of an efficient, transparent, and proactive seismic risk management system within a global manufacturing organization.

Quantitative seismic risk assessment, providing sound probabilistic estimates of potential earthquake impacts, is a key step in any meaningful and grounded decision-making process.
Since its inception in 2013, the Integrated Approach has been extended to 30 selected CNH Industrial plants worldwide, with a Level 3 assessment performed in 2018 at the IVECO plant in Brescia (Italy). Results are collected and reported using standardized output forms, developed to streamline and simplify the process.

POTENTIAL IMPACT ANALYSIS OF CLIMATE CHANGE

The flood risk re-engineering project was launched to study potential new risks posed by climate change, with 3 main goals in mind:

- to raise awareness across the entire organization of the potential new risks posed by climate change
- to explain the nature of the 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 climate change.

Ten years after the first launch of the project, CNH Industrial's Risk Management function established a new working team to verify whether the methodologies used to identify and quantify flood exposures were still the most advanced available.
The team was made up of experts (specialized in field assessments) from the loss prevention engineering departments of 4 companies recognized as world leaders in the insurance and reinsurance sector.
These companies supplied mapping tools (made available by their respective natural hazards research centers) that utilize geomorphological satellite imagery and mathematical modeling, which the team used to carry out the first macro analysis of the risk portfolio.
The risk analysis performed by the companies' engineering departments was based on visual and/or tool-based interpretation techniques and field checks. The aim of the project was to establish a state-of-the-art methodology to assess flood risks.

Since its first adoption in 2015, the new industrial flood risk assessment methodology has been tested at 73 sites worldwide (48 in EMEA, 22 in North America, and 3 in LATAM), identifying 33 sites (21 in EMEA, 9 in North America, and 3 in LATAM) requiring a second flood risk study. To date, 27 of these 33 sites have already been revisited and reassessed for flood risks, of which 2 in 2018 (1 in EMEA, 1 in North America).
Special ad hoc flood surveys were conducted by the flood risk assessment team to test the accuracy and efficiency of the new process.

CYBER RISK MANAGEMENT

Cyber risk can be defined as the risk associated with online activity, internet trading, electronic systems, technological networks, and the storage of data. In recent years, a cross-functional workgroup made up of cyber risk experts and insurance market leaders, and coordinated by the Risk Management loss prevention team, has completed a comprehensive and in-depth cyber risk assessment to address insurance needs.

The ad hoc risk assessment framework covered:

- threats of exposure of vital company assets, the information to be protected, and at which level
- policies and procedures in place to reduce the risk of an attack in the event of a security breach
- plans and procedures in place to neutralize threats and remedy security issues.

The assessment led to the definition and implementation of adequate insurance coverage. Furthermore, in 2018, in line with previous years, the team made up of IT, Internal Audit, and Risk Management members continued to work on possible improvements to current policies and procedures to reduce the likelihood and impact of a cyber-related loss, based on the recommendations of cyber insurance companies.

MITIGATING SUPPLY CHAIN RISK THROUGH IMPROVED CONFIDENCE

Managing supply chains in today's competitive world has become increasingly challenging. This is particularly true in the capital goods industry due to:

- market globalization
- increasingly interconnected and integrated inter-company processes
- increased use of manufacturing, distribution, and logistics partners resulting in complex international supply network relationships
- reduced buffers
- increased demand for punctual deliveries with shorter time windows and lead times
- shorter product life cycles and reduced time-to-market
- key components with limited capacity for fast or substantial ramp-up.

Any company proactively handling risk will not only focus on its own risk, but also on that within its supply chain. Given the need for this dual focus, supply chain risk management has increasingly become a priority.
As a consequence, the Company's Risk Management developed and launched a first initiative to identify and list key suppliers and related risks, based on a semi-quantitative approach using data collected by field engineers during plant surveys and discussed with senior plant management.
Risk Management then developed a second project with the support of the purchasing departments and sustainability teams. Its goal is to collaborate with suppliers in collecting adequate information to verify that the suppliers' risk management departments are implementing the necessary processes to secure supply flow.
The project was approved by senior management, and key suppliers will be selected for pilot testing in 2019.

PRECAUTIONARY PRINCIPLE

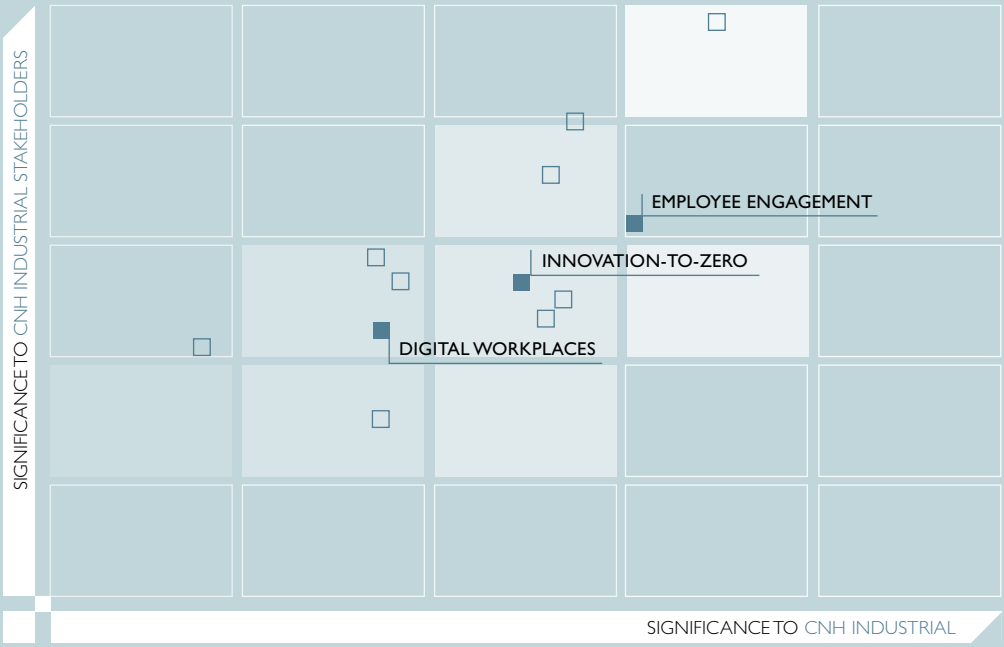
As per its Environmental Policy, CNH Industrial believes that using resources efficiently and reducing environmental impacts are crucial strategies in creating added value for both the Company and the communities in which it operates. CNH Industrial employs a precautionary approach to anticipate potential risks that could impact the environment and human health. In designing its products, managing its manufacturing processes, and defining logistics flows, CNH Industrial applies the precautionary principle introduced by the Rio Declaration on Environment and Development[6].

The product development process (see page 147) identifies, within its various phases, appropriate deliverables designed to anticipate future environmental regulations on product use, favoring the use of recycled materials and excluding the use of monitored hazardous substances (see page 143). Furthermore, innovation projects carried out in partnership with leading universities across the world give CNH Industrial privileged access to the latest scientific developments regarding products.
Through a consolidated environmental management system and the implementation of World Class Manufacturing (WCM), CNH Industrial evaluates the magnitude and importance of all the impacts of its manufacturing processes. Moreover, the Company governs its processes and manages its environmental and social aspects systemically, aiming at continuous improvement. Many voluntary initiatives are carried out within plants to mitigate the environmental impact of manufacturing processes (see page 172). In 2018, CNH Industrial's overall expenditure on environmental protection was approximately $42 million, broken down as follows: approximately $31 million for waste disposal and emissions treatment, and almost $11 million for prevention and environmental management.

In order to further reduce the environmental impact of its logistics processes, CNH Industrial carefully considers appropriate solutions, such as type of transport, intermodality, long-haul transport, and packaging design (see page 193).
All of the above reflect CNH Industrial's strong commitment to reducing its environmental footprint, using a life cycle approach that involves all impact factors: from the selection and use of raw materials and natural resources, to their processing and delivery, to the management of product end-of-life, to component remanufacturing (see also page 225), to product disposal.

[6] *Principle 15 of the Rio Declaration on Environment and Development, approved by the United Nations in 1992.*

HOW WE MANAGE OUR PEOPLE



Material topics described in this chapter (for definitions see page 239).

KEY TARGETS

2022: INVOLVEMENT OF **100%** OF EMPLOYEES WORLDWIDE IN TRAINING ACTIVITIES

2022: **-33%** vs. 2014 IN EMPLOYEE ACCIDENT FREQUENCY RATE

2022: INVOLVEMENT OF **100%** OF EMPLOYEES IN WELLBEING INITIATIVES PROMOTING HEALTHY LIFESTYLES

2022: PARTICIPATION OF **40%** OF EMPLOYEES IN FLEXIBLE WORK LOCATION SCHEME (EXCLUDING HOURLIES)

2022: **+10%** vs. 2018 IN NUMBER OF EMPLOYEES INVOLVED IN VOLUNTEERING ACTIVITIES DURING PAID WORKING HOURS

MANAGEMENT FRAMEWORK

CNH Industrial considers its people an essential resource. When operating in dynamic and highly competitive industries, success is achieved first and foremost through the talent and passion of skilled individuals. Indeed, the Company strongly believes that business growth is made possible through personal growth, which is why it invests its business gains in the development of its people, creating a virtuous circle.
As evidenced by the materiality analysis, both **employee engagement** in sustainability matters and **digital workplaces** are key contributors to being a more sustainable Company. These material topics affect, both directly and indirectly, how employees adapt their approach to the changing workplace environment.
Furthermore, as stated in CNH Industrial's Code of Conduct, occupational health and safety is an employee's fundamental right and a key aspect of the Company's sustainability management system (see page 76). This aspect is covered in the Materiality Matrix by the material topic **innovation-to-zero**, which aims to achieve zero-impact processes (see page 131).

Employee engagement, leveraged to increase employee awareness of sustainability topics (especially in terms of environmental protection, health and proper nutrition, and food security and waste), plays an important role in reaching the Company's goals, and hence is considered a strategic element in responding to the global challenges selected, particularly *food scarcity and food security* and *climate change* (see page 16).
In this regard, CNH Industrial's commitment to employee engagement is reflected in the key targets it has set in terms of training (see page 87), employee volunteering (see page 96), and wellbeing initiatives promoting healthy lifestyles (see page 93).
In 2018, the Company organized numerous employee engagement and awareness activities, including, among other things, training projects on specific environmental topics (see page 175).
It also organized a variety of targeted health initiatives on specific diseases, health issues, and risks, with a focus on preventive measures and healthy behaviors, as well as information campaigns to raise employee awareness of global health issues (see page 93).

As regards **digital workplaces** (see page 83), the Company promotes the use of new technologies to improve work quality and efficiency, employee work-life balance (remote work), and the exchange of information, in part to foster innovation. To this end, specific activities are organized to make it easier for employees to implement the latest technologies and new work methods in all areas of business (both office and manufacturing), while ensuring Company and personal data is properly managed and secure. This material topic is considered crucial to respond adequately to *the innovative and digital world* global challenge (see page 16). To further its commitment to digital workplaces, the Company has set a key target to involve 40% of its employees in the flexible work location scheme by 2022.
CNH Industrial's commitment to its people is stated in the Company's Code of Conduct and Human Capital Management Guidelines. 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 47.
From an operational point of view, the Chief Human Resources Officer (CHRO), who is also a member of the GEC (see page 43), is responsible for the management of human capital[1]. The initiatives focusing on the material topics associated with human capital are managed by the Heads of Human Resources of each Region, supported by Internal Communications[1]. They are also responsible for the management at regional level of work-life balance initiatives and of employee engagement in sustainability topics.
In 2018, individual targets related to the material topics described above were included in the Performance and Leadership Management system (see page 85) for several managers responsible for the projects indicated in the Sustainability Plan.
Health and safety protection in the workplace, on the other hand, is promoted in every area of operations and in every country by a dedicated organizational structure (Environment, Health and Safety - EHS), established within the scope of manufacturing (see page 77).
The objectives and actions that fulfill the Company's commitments to continuous improvement provide a clear measure of the effectiveness of human capital management. Targets are set annually on a voluntary basis and included in the Sustainability Plan (see pages 27-29), and their progress is regularly monitored to enable corrective actions, if necessary. Through the Sustainability Plan, CNH Industrial not only discloses its targets for each year, it also indicates the instruments used and results obtained, in the name of transparency towards all stakeholders.

(1) Function names and roles as at December 31, 2018.

Several grievance mechanisms are available to CNH Industrial employees (see page 103), such as the Compliance Helpline, an operational tool that enables employees to report potential violations of corporate policies, the Code of Conduct, or applicable laws (see page 50).
The following pages provide further details of the initiatives and projects focusing on people management, as well as the resources allocated and the mechanisms used to evaluate their effectiveness.

PROMOTING SUSTAINABLE BEHAVIORS

CNH Industrial continued to engage and educate employees on sustainability with a number of special internal communication initiatives. Through the *Sustainable Everyday* video campaign, available on the Intranet and screened on monitors at its sites, the Company promoted sustainable behaviors that employees can adopt both at home and at work. In 2018, 3 new video episodes were distributed, on reducing energy consumption, waste, and the use of natural resources. To mark World Environment Day (see page 175), whose 2018 theme was 'Beat Plastic Pollution', a special *Sustainable Everyday* episode was broadcast to inform employees about waste separation (with a focus on plastic), along with Intranet news highlighting the Company's challenging goals for recycling plastic waste. At all of its locations, the Company also displayed visual reminders to recycle and to use less paper, water, and electricity, with 4 signs installed in break areas, restrooms, meeting rooms, and near printers.
CNH Industrial celebrated its sustainability achievements, including its top rankings in the Dow Jones Sustainability Indices and in the CDP Climate Change and CDP Water Security programs (see page 12), by spreading the news via the Intranet and using posters targeting its hourly workforce.

OUR PROJECTS

EMPLOYEES IN NUMBERS

As at December 31, 2018, CNH Industrial had 64,625 employees, an increase of 1,269 from the 63,356 headcount at year-end 2017. The increase was mainly attributable to the difference between new hires (approximately 7,100) and departures (approximately 6,000) during the year. A further increase of approximately 100 employees was due to changes in the scope of operations, mainly related to the acquisition of CASE dealer's assets from TP Group in France. Excluding the changes in the scope of operations, the increase compared to year-end 2017 was attributable to the growth in permanent and fixed-term workers in manufacturing, mainly in EMEA, associated with higher production levels, primarily in the Agricultural Equipment and Powertrain segments and in the Bus business, partially offset by a workforce reduction in LATAM. Other increases included new hiring for Research and Development, in view of global challenges related to technology, such as electrification, alternative fuels, and autonomous driving, and for various functions in Emerging Markets.

EMPLOYEE TURNOVER

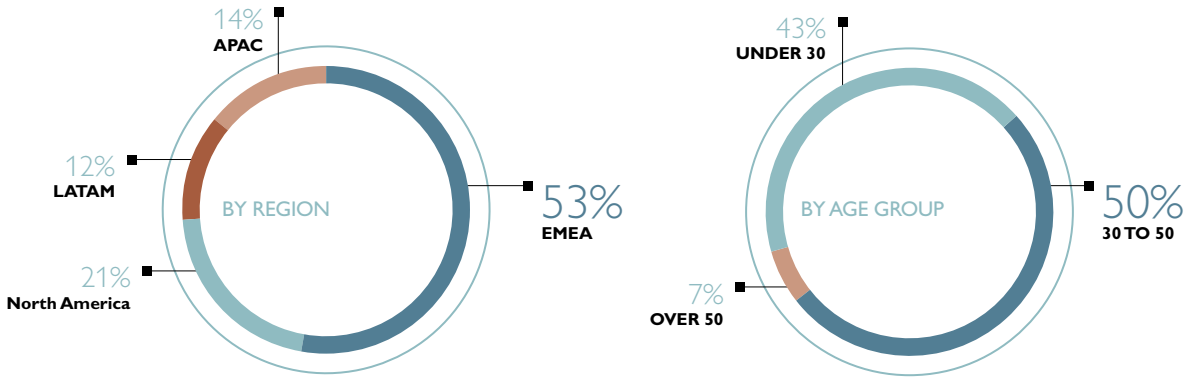
CNH INDUSTRIAL WORLDWIDE (no.)

	2018	2017	2016
Employees at January 1	**63,356**	62,828	64,391
New hires	**7,189**	5,575	4,888
Departures	**(6,049)**	(5,868)	(6,548)
Δ scope of operation	**129**	821	97
Employees at December 31	**64,625**	**63,356**	**62,828**
Turnover (%)	**9.4**	9.3	10.4
New hires (%)	**11.1**	8.8	7.8

GRI STANDARDS GRI 102-7; GRI 401-1

Most new hiring was in EMEA, with 53% of total new hires, followed by North America, with 21%. About 43% of new hires were aged under 30. Female employees accounted for 20% of the year's new hires, while male employees accounted for 80%.
In 2018, approximately 67% of new hires were employed under no-term contracts.

NEW HIRES[a]
CNH INDUSTRIAL WORLDWIDE



(a) *Of total new hires.*

In 2018, there were approximately 6,000 departures from the Company, almost 4.8% of which were collective redundancies following the reorganization or rationalization of operations, in some instances initiated in previous years. Whenever possible, redundancies were managed through temporary social welfare mechanisms provided for by law, and through social programs established in collaboration with trade unions and aimed at minimizing the impact on employees. In all, 73% of collective redundancies were managed through contract terminations at the Company's initiative, with payment of severance packages and other supporting measures as per agreements with unions and/or employee representatives. It should be noted that around 30% of the employees made redundant in accordance with such agreements will reach the retirement requirements within the timeframe covered by the unemployment benefit scheme.

Dismissals of US employees in permanent layoff and departures following the end of employees' recall rights, according to the applicable permanent layoff rules, represented 5.6% of total collective redundancies.

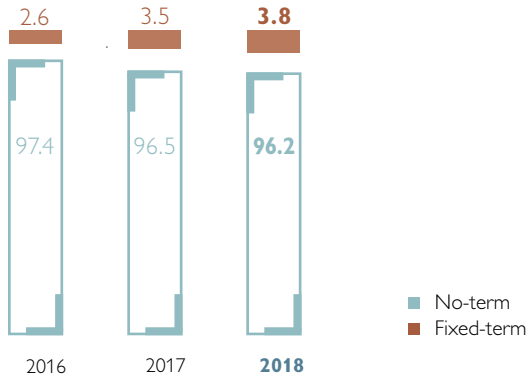
Voluntary resignations with exit incentives at sites affected by collective dismissals accounted for 20% of total collective dismissals. The residual portion mainly included voluntary exits without incentives that occurred at sites affected by a collective redundancy program, and that were linked to it.

In 2018, a dozen employees from sites affected by downsizing or restructuring projects, including those launched in previous years, accepted permanent transfers to other locations, thus limiting the potential impact of collective dismissals.

CNH Industrial also provides opportunities for transfers between segments and countries. During the year, 419 CNH Industrial employees transferred between countries, or between legal entities within the same country.
As regards departures, the highest percentage was reported in EMEA (48.3%) and North America (21.9%), and in the 30-50 age group (47.8%).

More details on turnover data are available in the Appendix (see pages 244-245).

FIXED-TERM AND NO-TERM CONTRACTS
CNH INDUSTRIAL WORLDWIDE (%)



Approximately 96% of the Company's current employment contracts are no-term contracts, 98% of which are full-time. Fixed-term contracts represent approximately 4% of all contracts. During the year, 1,246 contracts were changed into no-term contracts, 14% of which were with female employees. Around 2% of the Company workforce is employed part-time, of which approximately 52% are women. Fixed-term hiring takes place in response to a temporary need for personnel, in line with applicable laws and the provisions of Collective Labor Agreements (CLAs). As at December 31, 2018, agency contracts accounted for 4,389 personnel, of which 70% in EMEA, 11% in North America, 1% in LATAM, and 18% in APAC. 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.

LABOR PRACTICES

CNH Industrial believes its people are its most precious asset. Efforts to implement an inclusive recruitment practice, and the best use of available talent across the different geographic areas, forms the basis for developing the ability to attract a diverse and qualified workforce. The Company strives to provide its employees with an attractive compensation package, believing this to be a key factor in employee retention. To develop the most talented individuals, CNH Industrial offers challenging, rewarding careers where employees never stop learning and, above all, where they see their value recognized (see page 84).

COMPENSATION

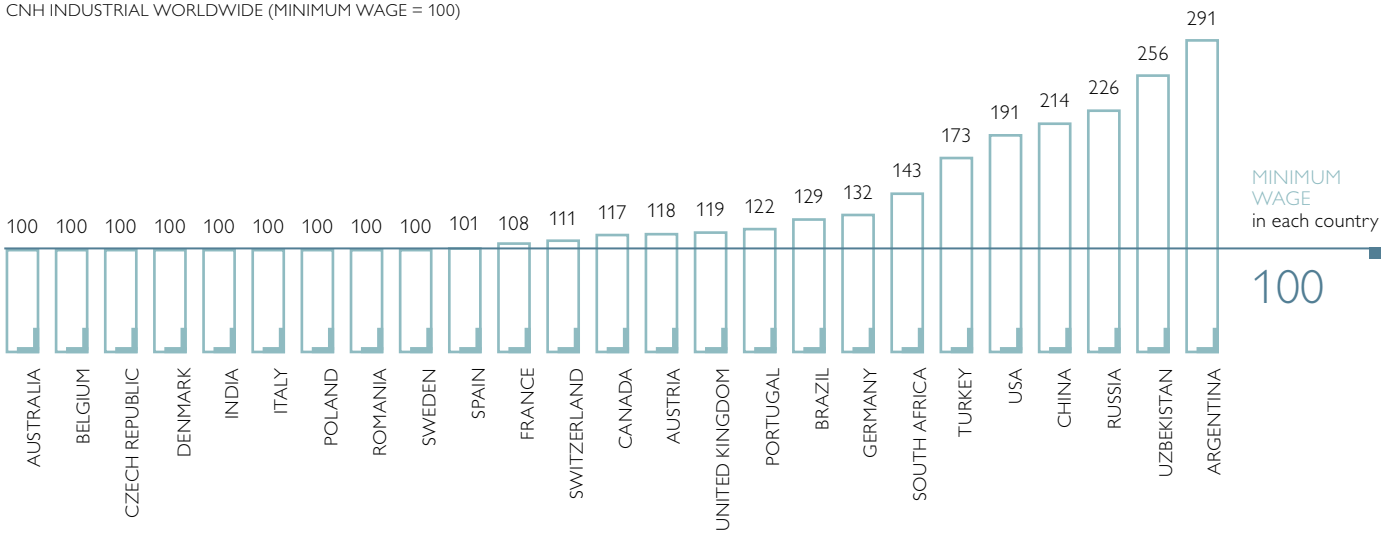
In its commitment to ensure an inclusive work environment and equal opportunities for all employees, CNH Industrial adopts a progressive total compensation system based on equitable criteria. The Company is committed to providing a base pay that, in compliance with local regulations, is competitive with the local market, affordable from a business perspective, and in line with the Company's *achieve and earn* philosophy. CNH Industrial's compensation approach comprises a number of different components. This comprehensive package rewards employees for their contribution to the Company's results, and allows them to share in the business success they help to create.
Base salary, benefits, and short and long-term incentives are determined by market-driven benchmarks, thereby ensuring fair and objective treatment for all employees in the different markets around the world. The specific criteria for adjustments focus on closing gaps with respect to market position, giving priority to top performers. Variable compensation is influenced by individual employee contribution, which is rigorously evaluated through a performance and leadership management program that is deployed throughout the entire organization. The same metrics and methodology are applied in the annual performance assessment of all eligible employees worldwide. Additionally, the Company employs a formal process to monitor the application of its core equity and fairness principles to compensation levels, annual salary reviews, and promotions. In particular, these reviews are based on standard criteria, and do not allow managers discretion over those receiving compensation actions. All of these measures combined ensure that the Company's total 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 and, in some cases, there may be variations within the country based upon region/state or upon other criteria. 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.
Lastly, minimum wage levels are also established on the basis of specific economic, social, and political circumstances and, therefore, do not allow for cross border comparisons. In order to evaluate the adequacy of entry-level salaries in each country, in 2018, CNH Industrial analyzed countries representing 99% of its employees. In all countries, CNH Industrial entry-level wages[1] were at or above the statutory minimum or non-company collective labor agreements, as shown in the graph below.

COMPARISON BETWEEN ENTRY-LEVEL WAGE AND MINIMUM WAGE[a]

CNH INDUSTRIAL WORLDWIDE (MINIMUM WAGE = 100)



(a) Data reflects the effect of exchange rates.

EMPLOYEE BENEFITS

Benefits provide employees with a value that goes beyond their salary and cash incentives, and can make up a meaningful part of the total remuneration package. For this reason, CNH Industrial offers a competitive range of benefits, normally available to all full-time employees and, in many countries, also to part-time or temporary employees. Benefits differ according to an individual's level and country of employment, and depend on local policy.
CNH Industrial conducted a survey on 99% of its workforce worldwide, covering all major Company sites as at October 31, 2018, on the availability and adoption of various Company benefits (supplemental health plans, financial support for those with accident-related permanent disabilities, life insurance, and employee cafeterias or meal vouchers). The results are shown in the table on the following page.
The survey found that approximately 83.6% of the employees surveyed were eligible for a supplementary **pension plan**, and that 71% of these had joined one (representing 60% of the total workforce 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 CNH Industrial companies are defined contribution plans.

(1) In accordance with the 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 October 31, 2018.

EMPLOYEES ENTITLED TO BENEFITS[a]
CNH INDUSTRIAL WORLDWIDE (%)

Financial benefits	2018	2017	2016
Supplementary pension plans	**83.6**	86.5	88.6
Supplementary health plans	**79.9**	78.3	78.1
Life insurance	**66.2**	50.0	49.3
Financial support for disability/invalidity	**86.2**	82.2	83.9
Employee cafeterias or meal vouchers	**77.6**	74.2	73.6
Other[b]	**5.7**	6.0	5.9
Social benefits			
Childcare[c]	**22.7**	15.0	15.0
Sports facilities[d]	**13.4**	10.7	10.7
Wellness and nutrition programs[e]	**37.2**	37.1	37.3
Other (e.g., flexible working schemes, emergency care/first aid, referral programs, leave of absence, or other flexible benefits)	**66.5**	52.9	53.4

(a) Data as at October 31, 2018.
(b) Includes benefits such as Company cars, fuel reimbursement, transportation allowance, credit card discounts, and Company vouchers/discounts.
(c) Includes kindergartens, summer camps/holidays, and other childcare services.
(d) Includes free gym access, gym/fitness courses, and other sports initiatives.
(e) Includes nutrition coaching, training on how to stop smoking, medical check-ups, medical screening, and other wellness programs.

In addition, nearly all CNH Industrial legal entities participate in supplemental **health care plans**, which in most cases are insurance-based. Levels of coverage vary from country to country depending on the public health care system, tax and regulatory restrictions, and local market conditions.
According to the same survey, approximately 79.9% of the employees surveyed were also eligible for a supplementary health plan, and about 80% of these had joined one.
Finally, CNH Industrial promotes a healthy lifestyle through comprehensive wellness programs (see page 93), and facilitates access to dedicated sports facilities.

MANAGING MULTICULTURAL TEAMS

Today's business world has become increasingly global, making it essential to communicate and collaborate harmoniously across cultural and geographic boundaries. For this reason, CNH Industrial offers its employees an innovative online training program called *Managing Multicultural Teams*, which provides a framework and the tools to improve the effectiveness and efficiency of collaborations within increasingly multicultural professional environments.
The program offers 3 courses:
- Recognizing Differences
- Managing Differences
- Sustaining Energy at a Distance.

Since the global launch of this online program, 7,184 employees have signed up and attended the 3 online courses, totaling 7,908 hours of training.
The program has enabled employees to enhance their ability to communicate and collaborate with colleagues located in other geographic areas and with different cultural backgrounds, enabling them to:
- recognize and handle cultural differences
- understand behavioral expectations in different contexts, including how different cultures handle conflict
- motivate and build trust in multicultural teams from a distance.

FOCUS ON

DIVERSITY AND INCLUSION

The Company rejects all forms of discrimination, specifically based on race, gender, sexual orientation, personal and social status, health, physical condition, disability, age, nationality, religious or personal beliefs, or against other protected groups.
The responsibility for diversity management lies with the heads of Human Resources of each Region, who report to the Chief Human Resources Officer[2], a member of the GEC (see page 43).
The head of Human Resources of each Region is responsible for ensuring that, in every aspect of the employment relationship – be it recruitment, training, compensation, promotion, relocation, or termination of employment – employees are treated on the basis of their ability to meet the requirements of the job[2].
Offering career opportunities and advancement free from discrimination while encouraging and respecting diversity are among the commitments emphasized in CNH Industrial's Human Capital Management Guidelines and Human Rights Policy, available on the Company's website and Intranet portal.
Given CNH Industrial's global presence, there may be significant differences in legislation among countries where the Company operates, as well as different levels of awareness, concern, and ability among employees in applying the principles of non-discrimination. The Company Code of Conduct and specific policies ensure that the same standards are applied worldwide. Indeed, as stated in the Code of Conduct, Company standards supersede in jurisdictions where legislation is more lenient.
Many Company initiatives were implemented in 2018 to promote and build awareness of the importance of a diverse and inclusive workforce, some of which are outlined below.
To promote **gender diversity**, in EMEA, some of the Company's most outstanding female employees participated in workshops held in schools, where they shared their experiences with students while encouraging girls to pursue their ambitions free from limiting stereotypes. In addition, support programs were organized for mothers returning from maternity leave, and several workshops were held on women's leadership, self-awareness, networking, and personal empowerment.
Coaching and mentoring programs specifically addressing women's growth were also developed in LATAM, while, in APAC, training was provided to help tackle sexual harassment and to encourage diversity.
In North America, CNH Industrial is a Corporate Partnership Council member of the Society of Women Engineers (SWE), an organization that empowers women to achieve their full potential in careers as engineers and leaders, highlighting the value of diversity. As a corporate member, the Company attended the SWE's annual conference and supports its mission and objectives by funding programs, supporting diversity, and creating and promoting opportunities for women in engineering and technology.
To support **veterans,** in North America, an experienced military recruiting team was actively involved in veteran recruitments at more than 150 military bases.
Sensitive to **personal beliefs**, special meat-free meals were prepared at the plant in Bolzano (Italy) and served during the night to employees observing Ramadan.
In EMEA and APAC, awareness of **intellectual and physical disabilities** was promoted through the many initiatives in place to engage differently abled people in the workforce. In Spain, for example, the Company participated in a career day focusing on recruiting differently abled people, launched the *Voluntary Program* (see box on page 75) to raise employee awareness of social diversity and economic inclusion, and continued its collaboration with an external agency specialized in the hiring of differently abled people.
For more **mature employees**, in EMEA, a workshop was organized for those over 50 on body awareness activities and posture exercises.
In addition to the above initiatives, CNH Industrial trained more than 300 people across EMEA, LATAM, and APAC, including senior management, on **unconscious bias**. It also collaborated with several diversity organizations (supporting veterans, people with disabilities, and the LGBT+[3] community, to name just a few) to advertise all of its open hourly and salaried positions across North America.
CNH Industrial aims to make diversity and inclusion a competitive advantage for the Company, and to create an environment that encourages creative ideas, excludes bias, and retains talent. Evidence of this commitment is the Diversity Committee in LATAM, which continues to support diversity and promote inclusivity, as well as the letter of intention sent by the regional Human Resources COO to external recruitment agencies at the beginning of 2018, inviting them to present diversity candidates (such as women for leadership roles, professionals with special needs, people from immigrant and LGBT+[3] communities, black professionals, and mothers).

(2) *Function names and roles as at December 31, 2018.*
(3) *Lesbian, gay, bisexual, transgender/transsexual, and related communities.*

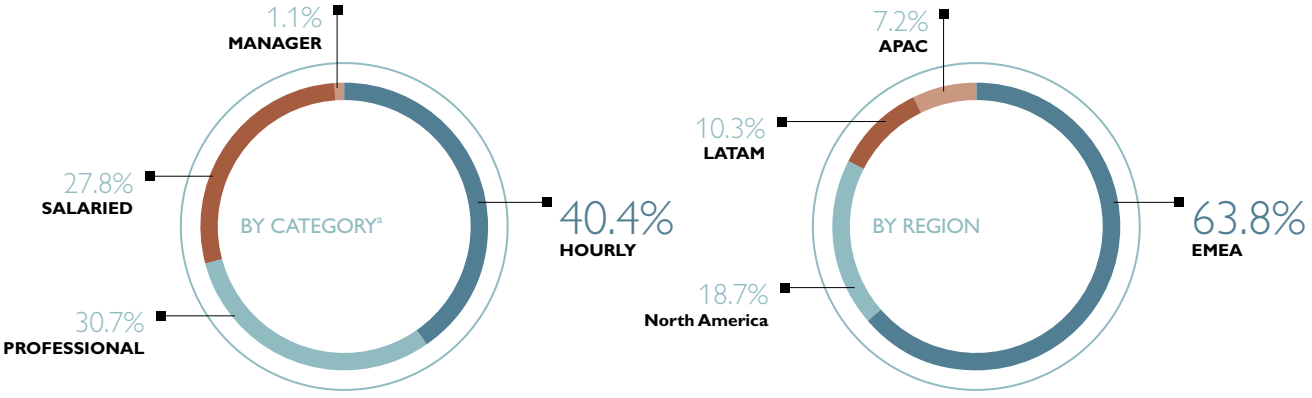
EMPOWERING WOMEN IN LATAM

Believing that diversity and inclusion are competitive differentiators for innovation, in 2018, CNH Industrial implemented many initiatives in LATAM focusing on gender equity.
The *Women's Mentoring* project, aimed at emerging talents among the female workforce, enabled a number of them to be mentored by colleagues in managerial positions on topics relevant to Company needs.
The *Coaching for Women* program focused on developing women in leadership positions, so as to strengthen the leadership pipeline and improve participants' performance in achieving the Company's business objectives.
Lastly, *Unconscious Bias* lectures were held by external experts across LATAM sites to raise awareness and help recognize and eliminate unwitting stereotyping, prejudice or any other form of unconscious bias. The target audience was male and female managers from all different functions.
All initiatives were supported by the Diversity Committee (see page 73), with the engagement of those in leadership roles to help enhance the understanding, and spread a culture, of diversity. Additionally, a communications campaign was launched to raise awareness of the importance of a prejudice-free work environment that values diversity.

OUR PROJECTS

As evidenced by the projects implemented during the year, gender equity was a focal point worldwide. Women at CNH Industrial constitute 15.5% of the global workforce. In 2018, the percentage of women in the Company's workforce increased by 2.8% over the previous year. Female employees are mainly concentrated in the 30-50 year age group, and have a length of service of up to 5 years. As regards distribution by education, 77% of female employees have a medium/high level of education (42% hold a university degree or equivalent, and 35% a high school diploma). About 52% of the Company's part-time employees are female, and around 18.4% of fixed-term contracts are with women.
A survey monitoring the employment of differently abled workers is conducted every 2 years. The last such survey[4] was carried out in 2018 in 42 countries, covering almost 99% of the Company's employees. The survey showed that, in the countries where the law requires companies to employ a minimum percentage of differently abled workers (15 mapped, accounting for about 69% of the Company's global personnel), differently abled workers make up 3.6% of total employees (compared to 3.4% in the 2016 survey).

FEMALE EMPLOYEES
CNH INDUSTRIAL WORLDWIDE



[a] *For more information on employee categories, see page 236.*

[4] *Survey carried out on October 31, 2018.*

In many other countries (including Argentina, Australia, Belgium, Canada, Mexico, Poland, the UK, and the USA) there is no legislation relating to the employment of differently abled people that establishes minimum quotas, although in some cases other forms of protection exist (i.e., related to working hours or workplace environments, specific grants/benefits for companies employing differently abled workers, etc.). In these countries (27 mapped by the survey), 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.

In September 2015, IVECO France agreed with all 5 trade unions represented in the company to implement, for an indefinite term, the agreement signed in 2007 and subsequently renewed in 2012. The agreement sets specific rules and measures aimed at the recruitment, training, and development of differently abled people and at their long-term employment. As of March 2017, CNH Industrial also entered into a 3-year agreement with all the trade unions in France represented in the Company, which establishes provisions for differently abled employees very similar to those in the IVECO agreement.

An employee nationality survey[5] was carried out in 2018 at CNH Industrial legal entities in 11 countries, comprising 83% of the Company's workforce worldwide. The survey evidenced that 4% of employees (the same percentage as in 2017) were of a nationality other than the country surveyed. It should be noted that this percentage was higher for female employees (5%) than for male employees (4%). Germany and the UK were the countries where CNH Industrial legal entities employed the highest percentage (9% and 12%, respectively) of workers of a nationality other than that of the host country. For female workers, the figure was 10% in Germany and 28% in the UK.

PROMOTING INCLUSION IN SPAIN

Aware of the value of diversity, CNH Industrial has implemented several measures and projects to support the integration of differently abled people and raise employee awareness of social diversity and inclusion. In 2018, in collaboration with local NGO *Fundación Roncalli Juan XXIII* and thanks to the *enclave laboral*[a], the Company successfully integrated 5 differently abled workers into the manufacturing area at the IVECO plant in Madrid (Spain). A dedicated induction and training plan was designed for all new hires, while ad hoc initiatives promoting a change in Company culture involved everyone at the plant. The project makes CNH Industrial the first-ever industrial company in Spain to have integrated people with cognitive impairments into a production line.

The collaboration with the aforementioned NGO also led to the launch of the *Integracamp* project, which promotes cognitive impairment awareness and builds diversity values among employees' children from an early age. *Integracamp* is a day urban summer camp where children can help and spend time with differently abled people, enjoying activities and workshops together. The project also helps meet employees' need for flexibility during the summer holidays, as they can leave their children at the camp during working hours.

Lastly, thanks to a collaboration with the NGO *Fundación Adecco*, CNH Industrial launched the *Voluntary Program* that, in 2018, engaged over 500 employees in activities with differently abled people. These activities, organized with the help of several special needs organizations, focused on reforestation and recycling, and on promoting healthy habits through organic foods and sports – with a positive impact on society and the environment. CNH Industrial started collaborating with *Fundación Adecco* in 2015 with the launch of the *Plan Aflora* program, involving employees at all levels. The program focuses on integrating new hires with disabilities into the workforce, with managers also participating in training on diversity and inclusion.

[a] Form of supported employment for the hiring of people with disabilities and their possible incorporation into the open market.

[5] Survey carried out on October 31, 2018 in Argentina, Belgium, Brazil, Canada, France, Germany, Italy, Poland, Spain, the UK, and USA.

OCCUPATIONAL HEALTH AND SAFETY

CNH Industrial's approach to occupational health and safety is based on effective preventive and protective measures, implemented both collectively and individually, aimed at minimizing risk of injury in the workplace. CNH Industrial endeavors to ensure optimal working conditions, applying principles of industrial hygiene and ergonomics to managing processes at organizational and operational level. The Company adopts the highest standards in the countries in which it operates, even where regulatory requirements are less stringent, believing this to be the best way to achieve excellence. The relevance of this aspect for CNH Industrial was confirmed by the materiality analysis; indeed, within the Materiality Matrix, occupational health and safety falls under the material topic **innovation-to-zero** (see page 131).
The safety management system engages employees in creating a culture of accident prevention and risk awareness, and involves them directly in identifying and reporting work-related hazards and potentially hazardous situations (e.g., by filling in specific forms). This proactive approach is intended to share common, ethical occupational health and safety principles, and allows achieving improvement targets using various tools, such as training and awareness campaigns.

Approximately 267,400 hours of occupational health and safety training (of which 143,392 hours on the job) was provided in 2018. This included general training as well as training on specific work-related hazards (e.g., working at height or in confined spaces) and topics (e.g., personal protective equipment). On-the-job training activities involved approximately 41,600 employees (a 53% increase compared to 2017), 80% of whom were hourly. CNH Industrial also requires its suppliers and partners to comply with worker health and safety regulations, focusing on continuous improvement by fostering high standards across the value chain. These principles are outlined in the CNH Industrial Health and Safety Policy, adopted by the Company at its foundation. The Policy is available to all employees and interested stakeholders on the corporate website.

CNH Industrial 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 analyze incidents (presenting such activities 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 preventative measures adopted, on the organization 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 management systems with both the OHSAS 18001 international standard and the continuous improvement principles of World Class Manufacturing (WCM) (see page 168).
Consolidated monitoring and reporting systems – such as the SPARC (Sustainability, Performance, Analysis, Reporting, and Compliance) system – are used to keep track of health and safety performance, measure the effectiveness of actions taken to achieve targets, and plan new improvement initiatives, through the management of appropriate Key Performance Indicators (KPIs). These indicators can be analyzed at different organizational levels (plant, segment, geographic area, or Company), thus enabling the simultaneous engagement of different corporate functions at various levels to meet the targets. Periodic benchmarking activities help drive the continuous improvement of plants' health and safety performance.

CNH Industrial sets ambitious annual targets for occupational health and safety, taking account of the particular nature of the work, experience, and technical advancement, while safeguarding employee health and the surrounding work environment. These targets are then included in the Sustainability Plan (see page 28). Progress towards these targets is achieved by utilizing the continuous improvement phases of the safety management systems. Specifically, the Company set a key target for 2022 to reduce the accident frequency rate by 33% compared to 2014.

CNH Industrial carries out ongoing health and safety hazard identification and risk assessments (for both routine and non-routine activities) and modifies activities, materials, and processes accordingly, particularly with regard to the design (or redesign) of work areas, processes, and work organization. The effectiveness of these activities is checked during periodic internal audits and management reviews.
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 CNH Industrial standards.

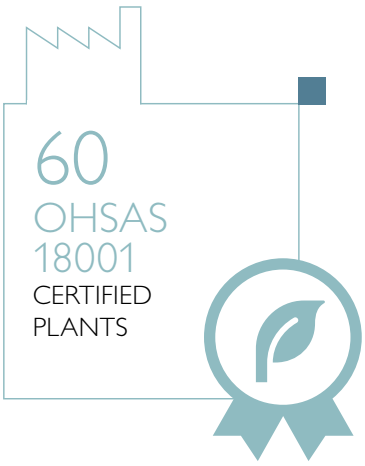
RESPONSIBILITY AND ORGANIZATION

CNH Industrial safeguards and promotes occupational health and safety in its activities and across the geographic areas in which it operates through a consistent global organizational structure.
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 plants and in the workplace rests with local employers.
Manufacturing plants have an Environment, Health and Safety (EHS) unit, responsible for dealing with occupational health and safety issues, as well as for providing specialized technical assistance to production managers and to those in charge of other processes at site level.
Plant EHS units are coordinated by regional EHS units[1], which support adherence to the CNH Industrial Health and Safety Policy and compliance with applicable regulations. In addition, regional EHS units[1] provide specialized assistance in Company processes that impact safety.
The Governance and Sustainability Committee, a committee of the Board of Directors (see page 40), is regularly informed of the health and safety results, and comments where appropriate. Individual health and safety targets were included in the Performance and Leadership Management system (see page 85) for plant managers and for most of the managers responsible for the projects indicated in the 2018 Sustainability Plan.

CERTIFICATION PROCESS

The Company's certification of occupational health and safety management systems as per the OHSAS 18001 international standard is voluntary and covers 60 CNH Industrial manufacturing plants worldwide, accounting for almost 42,000 people.
Certifications are awarded by accredited international bodies (which are also continuously and rigorously monitored by other international organizations), to review and certify the high levels of reliability and of operational and procedural standards.

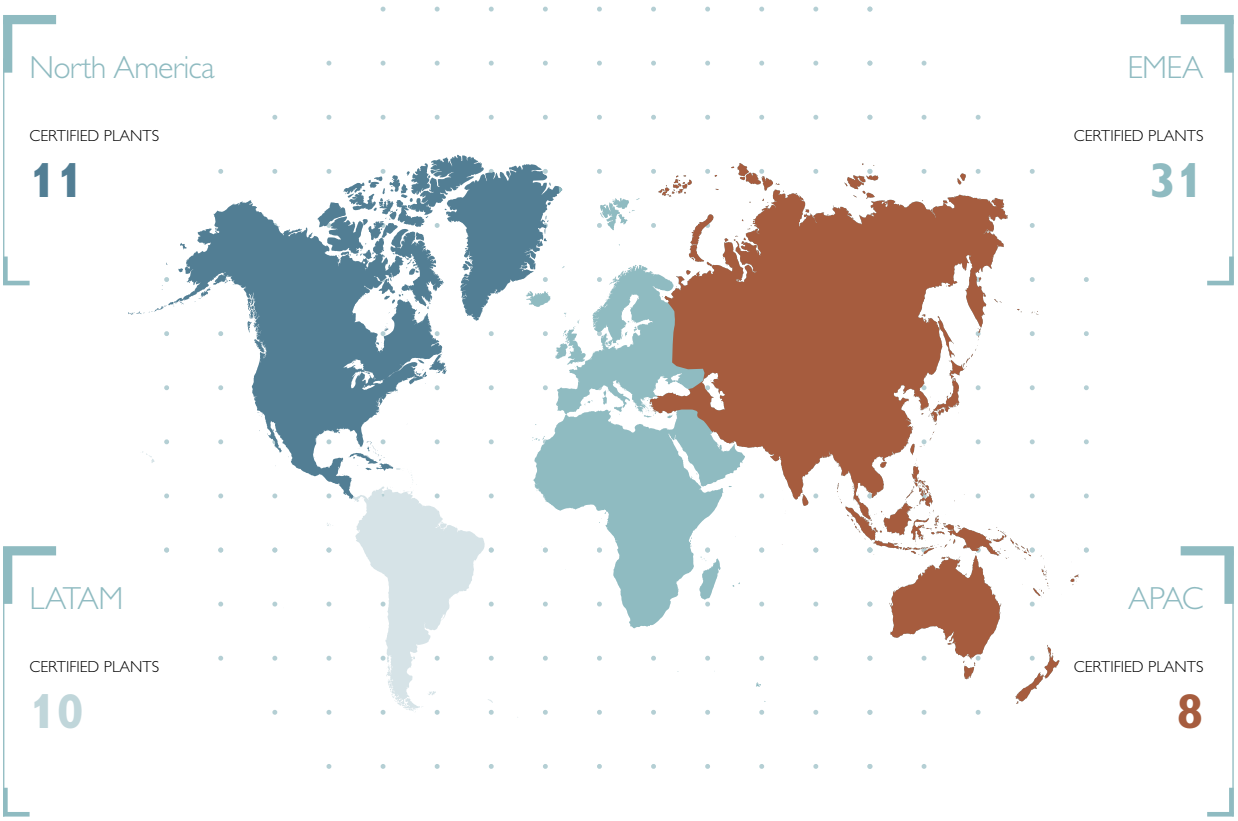
In 2018, the occupational health and safety management systems at some non-manufacturing sites were OHSAS 18001 certified, accounting for about 3,300 people at 10 different sites and locations. In total, 70 CNH Industrial sites worldwide (manufacturing and non-manufacturing) are now OHSAS 18001 compliant, covering 45,216 people (about 74% of the workforce within the reporting scope), as are all joint venture plants in which CNH Industrial has at least a 50% interest.



[1] *Function names and roles as at December 31, 2018.*

OHSAS 18001 CERTIFIED PLANTS[a]

CNH INDUSTRIAL WORLDWIDE



[a] *For the complete list of plants, see the table on pages 232-234.*

OHSAS 18001 CERTIFIED PLANTS

CNH INDUSTRIAL WORLDWIDE (no.)

	2018	2017	2016
Certified plants	**60**	60	57
Employees working at certified plants	**41,937**	40,471	42,838

OHSAS 18001 CERTIFIED NON-MANUFACTURING SITES

CNH INDUSTRIAL WORLDWIDE (no.)

	2018	2017	2016
Certified non-manufacturing sites	**10**	8	8
Employees working at certified non-manufacturing sites	**3,279**	1,996	1,691

The effectiveness of management systems is verified through regular, documented, and substantiated audits. These are performed by qualified internal auditors, as well as by either industry-specific auditors or external, independent certification bodies (second and third-party external audits).

AUDITS AND EMPLOYEES COVERED
CNH INDUSTRIAL WORLDWIDE

	2018	2017	2016
External audits (no.)	**83**	73	77
Total employees covered by external audits (no.)	**45,271**	36,861	44,807
Total employees covered by external audits (% of total headcount)	**70**	58.2	71.3
Internal audits (no.)	**1,074**	1,335	809
Total employees covered by internal audits (no.)	**43,098**	39,973	43,136
Total employees covered by internal audits (% of total headcount)	**66.7**	63.1	68.7

SAFETY CULTURE

The Company's Health and Safety Policy fosters individual participation through communication and awareness activities designed to stimulate and motivate 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 2018, several ongoing initiatives continued to promote a culture of safety and the adoption of shared standards across the Company. *Safety Captains* were appointed among hourly employees at several plants worldwide, tasked with identifying potentially unsafe acts and conditions, raising safety awareness among colleagues, promoting personal responsibility and involvement, and encouraging discussion on safety issues and on the development of solutions.

A *Safety Week* was organized in both EMEA and LATAM. To mark this, the plant in Croix (France) organized activities around a different topic for each day of the week, including: personal protective equipment, mechanical hazards, the handling of chemicals, unsafe acts and conditions, ergonomics, and effective safety visuals.
In LATAM, all plants in Brazil organized a further initiative, the *Safety Awareness Prevention Week*, involving both employees and contractors in several prevention activities.
In APAC, to raise awareness of safety in the workplace, at home, and on the road during India's *National Safety Week*, the plants in Noida, Pithampur, and Pune organized various on-site activities for the employees and their families (featuring safety slogans, posters, quizzes, and competitions).

Several other events were organized globally to mark the international campaign *World Day for Safety and Health at Work*, highlighting the importance of safety in the workplace, on the streets, and at home, and promoting a preventive approach to safety.
The health and safety results achieved over the last few years, along with the Company's key targets, were posted via the corporate Intranet with the aim of informing and raising awareness among all employees worldwide.
Furthermore, the plant in Curitiba (Brazil) organized the *Behavioral Audit Workshop* to discuss and evaluate proper safety behaviors for workers, involving 9 external companies from across the province.
The plant in Brescia (Italy), which manufactures firefighting vehicles, launched an initiative to encourage workers to become more proactive on safety. They were invited to develop their own safety improvement projects, and assigned Individual Safety Improvement (ISI) scores and awards based on results.
In Madrid (Spain), *Safety Boxes* were distributed to families upon the birth of a new child, containing useful safety gadgets for the home to foster a safety culture from childhood (see page 93).

OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE

In 2018, approximately $83 million was spent on improving health and safety protection, representing 2% of personnel costs[2]. The yearly expenditure on improvements to occupational safety and working conditions (worker protection, structural improvements, inspections of plants and working environments) totaled almost $73.2 million, while approximately $9.8 million was spent on employee health (health care costs).
During the year, the investments in health and safety led to more than $7.5 million in savings on the insurance premiums paid to the Italian National Institute for Insurance against Accidents at Work (INAIL).

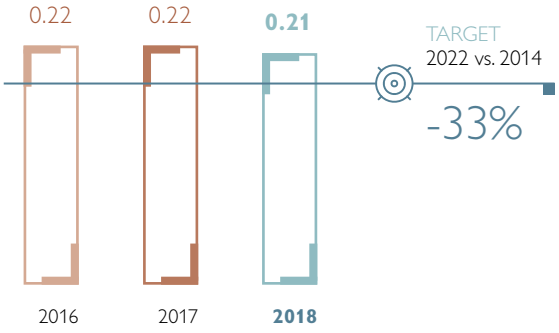
[2] *Personnel costs totaled $4,096 million in 2018.*

ACCIDENT RATES

Accident rates are a clear indicator of how successful a company is at preventing industrial accidents. Owing to the Company's many initiatives, the overall frequency rate in 2018 was 0.21 injuries per 100,000 hours worked, reflecting the positive trend in limiting the number of accidents and the high safety levels achieved thus far. The severity rate was 0.08 days of absence per 1,000 hours worked. Safety data relates to 96% of the workforce within the reporting scope[3].
The breakdown by gender showed that the percentage of accidents causing an absence of at least 3 days among female employees was 11.43%[4] of total accidents.
In 2018, for accidents involving contractors[5] operating at CNH Industrial plants worldwide, the overall frequency rate was 0.20 injuries per 100,000 hours worked, a 24% drop compared to the previous year[6]. As regards the breakdown by gender, the percentage of accidents causing an absence of at least 3 days among female employees of external companies was approximately 20%[7] of total accidents. The severity rate for contractors was 0.05 days of absence per 1,000 hours worked, a 25% drop compared to the previous year.
In 2018, **no fatal accidents** were reported involving employees or contractors working at CNH Industrial facilities worldwide.

EMPLOYEE ACCIDENT FREQUENCY RATE[a,b]

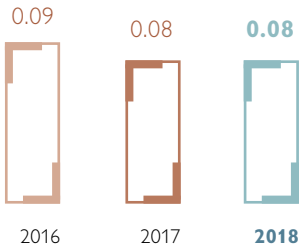
CNH INDUSTRIAL WORLDWIDE (accidents per 100,000 hours worked)



(a) The frequency rate is the number of injuries reported (resulting in more than 3 days of absence) divided by the number of hours worked, multiplied by 100,000.
(b) 2014 was chosen as the base year for global planning, in line with the Business Plan.The base year employee accident frequency rate is equal to 0.25 accidents per 100,000 hours worked.

EMPLOYEE ACCIDENT SEVERITY RATE[c]

CNH INDUSTRIAL WORLDWIDE (days of absence per 1,000 hours worked)



(c) The severity rate is the number of days of absence (of more than 3 days) divided by the number of hours worked, multiplied by 1,000.

In 2018, 2,913 near misses[8] were reported and analyzed. The remedial actions deemed necessary and implemented during the year led to enhanced preventive measures contributing to further improvement. In addition, activities continued in 2018 across CNH Industrial to develop and disseminate tools to collect data on, analyze, and track events (injuries, events requiring first aid, and near misses), unsafe acts, and unsafe conditions, in order to improve their respective management as well as the effectiveness of the preventive measures in place.

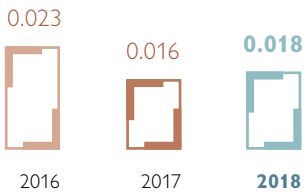
OCCUPATIONAL DISEASES

Specific occupational disease indicators reflect a company's success in providing 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.
Occupational diseases are continually monitored 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.

(3) The non-manufacturing data refers only to sites with a workforce of more than 30 people.
(4) Data does not include CNH Industrial plants in North America.
(5) Contractors are defined as external companies or freelancers/self-employed individuals who have a contract with a CNH Industrial company and who provide services within the data reporting scope and within the company perimeter (resident).
(6) In some cases, the hours worked are estimates.
(7) Data does not include CNH Industrial plants in North America.
(8) Near miss: an unplanned event that did not result in injury, illness, or damage, but had the potential to do so.

OCCUPATIONAL ILLNESS FREQUENCY RATE (OIFR)

CNH INDUSTRIAL WORLDWIDE (cases of occupational illness per 100,000 hours worked)



In 2018, 18 occupational disease cases were ascertained by the relevant insurance authorities in the countries of reference, while there were no cases of occupational disease involving contractors operating at CNH Industrial facilities worldwide.

SAFEGUARDING HEALTH

At CNH Industrial, safeguarding employee health goes beyond reducing accidents and illnesses through the identification and elimination of hazards and minimization of risks. Indeed, the Company is also committed to promoting the psychological and physical wellbeing of its people through specific disease and disorder prevention programs, backed up by assistance and support services (see page 93).

The Company strives to ensure industry-leading working conditions, in accordance with hygiene principles (including fully-functioning WASH[9] services), industrial ergonomics, and individual organizational and operational processes.

WORK-RELATED STRESS

For some years, CNH Industrial has undertaken a number of initiatives to assess work-related stress. Specifically, it has adopted a structured risk analysis process (with a specific focus on its health and safety data), consistent with the nature of the Company in relation to the workplace, and in compliance with the specific regulations in each country. Since work-related stress risk assessments are influenced by environmental, cultural, and psychosocial factors, the Company has developed a specific training program for employees at all levels to ensure the objectivity of risk assessments within a given country. As a consequence, assessment outcomes may differ from country to country.

The systematic assessment of this type of risk helps to 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 measures (e.g., through opinion surveys) and to implement new tools.

DRIVING FORKLIFTS IN SAFETY

One of CNH Industrial's objectives is to harness technologies that put its plants at the forefront of innovation and create a safer workplace for employees.

To this end, in 2018, the plant in Zedelgem (Belgium) installed LED lighting in the flooring to mark a safe route for pedestrians crossing the forklift track. Even from a distance, forklift drivers can clearly see the illuminated double LEDs in the floor, indicating where other employees may be crossing the track. Green means the track is clear and the forklift driver can safely continue. When an employee wants to cross the track, the LEDs turn red, indicating to the forklift driver to stop. The LEDs change back to green after 30 seconds.

The project is part of the plant's broader strategy of implementing Industry 4.0 technology and, particularly, simple and practical solutions to improve safety for employees. It was also submitted as a best practice under CNH Industrial's World Class Manufacturing program (see page 168).

[9] *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.*

WORKSTATION ERGONOMICS

In order to prevent potential problems before they arise, as well as to identify and contain critical situations, CNH Industrial monitors workstation ergonomics at numerous plants across each geographic area. 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. To improve health, safety, and comfort, as well as employee performance, CNH Industrial makes use of in-house expertise to study workplace ergonomics, often through virtual simulations and often in close collaboration with qualified university institutions.

By way of example, some of the initiatives implemented in 2018 to improve ergonomics at CNH Industrial sites are described below.
The **Piacenza** plant (Italy), manufacturing off-road vehicles for construction and mining, adopted a new tire handling system (i.e., tire manipulator) that can easily reach all tire pick-up and mounting points and that is easily maneuverable thanks to a gripper system with shaped jaws; this is driven by an electric motor, which allows the safe and ergonomic movement of all types of tires from the container in use.
At the **Madrid** plant (Spain), an exoskeleton solution was implemented to further ergonomics improvements for 80 employees on one of its production lines. The exoskeletons reduce postural load where it has not been possible to implement other technical solutions, and facilitate the line assembly of parts that would otherwise overexert the upper body.
The plant in **Burlington** (USA) designed and implemented a new lifting device that hoists batteries out of kit carts. The device was designed to be versatile and fit various types of batteries, improving ergonomics and minimizing strain.
Lastly, the tractor manufacturing plant in **Harbin** (China) created a special tool enabling the electronically-controlled rotation and movement of tractor engine casings, adjustable according to the operator's needs.

DEFIBRILLATORS AT COMPANY SITES

CNH Industrial believes that health and safety in the workplace is a fundamental employee right. For this reason, in 2018, the Company planned the introduction of defibrillators across all of its sites in EMEA, to ensure prompt intervention in case of sudden illness. The Automated External Defibrillator (AED) is an electronic device that can automatically detect abnormal changes in the heart's electrical activity and deliver an electric shock when needed to re-establish normal cardiac rhythm. It is therefore crucial in treating life-threatening cardiac dysrhythmias.
In 2018, AEDs were installed across all sites in Italy, covering over 17,000 employees, with specific training delivered to a number of personnel assigned as points of contact for the use of the device.

OUR PROJECTS

DIGITAL WORKPLACES

As emerged from the materiality analysis, **digital workplaces** is considered a material topic by both CNH Industrial and its stakeholders (see page 16), in that technological innovation is transforming working methods, offering new opportunities to companies and their employees. Given the relevance of this topic to CNH Industrial, the Company set a global key target to involve 40% of employees (excluding hourlies) in the flexible work location scheme by 2022.

The overall goal is to improve quality of life and individual productivity by managing available technologies and people's time more intelligently, whether in the office or at the plant.

CNH Industrial is using a multi-disciplinary approach to create digital workplaces across its sites: some initiatives are department-led, targeting specific needs, others are Company-wide, such as the corporate Intranet. The latter keeps employees informed and engaged, aligning them on key internal messages and success stories. Available in 6 languages, with a modern, user-friendly look and feel, the Intranet is accessible to 85% of the Company's salaried employees. To stimulate online participation, it employs smart interactive tools (such as surveys and other useful widgets) and a social network approach enabling employees to post likes and comments. It also provides access to a variety of Company resources and applications, and features a dedicated section for new hires. In some countries, some Intranet areas are also accessible to hourly workers: in Italy, 2,600 blue-collar employees use the portal's *LIFE* channel to keep up-to-date on special offers, discounts, and other initiatives for employees and their families.

In 2018, CNH Industrial launched a comprehensive program to implement Industry 4.0 concepts and technologies in its manufacturing areas. The aim is to digitalize manufacturing by leveraging the ability to collect, analyze, and drive decisions through data, but also to enhance sustainability through such technologies and concepts. The program involved many CNH Industrial employees in almost 30 experimental projects covering 10 different technologies, to better understand their added value as well as to learn about the potential of a digital and connected factory.

In today's world, work is increasingly organized in less individualistic and more collaborative ways. Indeed, teams are often spread across different sites and geographic areas, so accessing and managing data and information instantly and securely is of utmost importance. This requires integrated tools and new models for organization and collaboration, and thus an evolution in the concept of the physical workstation.

In keeping with previous years, several initiatives were launched to improve digital collaboration across the Company. Following the pilot project launched in 2017, the Microsoft Office 365 collaboration suite (featuring SharePoint Online, Yammer, Project Online, and OneDrive) was integrated with Skype for Business (enabling audio/video conferencing) and deployed globally, allowing people at different Company and remote locations to work simultaneously on documents while interacting live via video, audio, and written messages.

From a user productivity standpoint, Robotic Process Automation (RPA) has been progressing at a rapid pace, with several initiatives underway at both process and individual levels (Robotic Desktop Automation).

Lastly, business analytics tools have become increasingly user-friendly and are rapidly evolving to deliver self-service analytics and machine learning, which will play a significant role in the near future as they will allow complementing user-driven analyses with computer-generated ones.

FLEXIBLE WORK LOCATIONS

In 2018, CNH Industrial continued trials enabling its employees to work from different locations, extending ongoing initiatives and launching new ones across the Company.

In EMEA, the *Work from Home* scheme, under the *Smart Working* project, which allows employees to work from home once a week for a maximum of 4 days per month, was extended to a total of 9 countries.

In addition to remote working options, under the same *Smart Working* project, the *COMF-Location* initiative continued for all salaried employees in Turin and San Mauro (Italy), allowing them to work from the local Company office most convenient for them. Employees were also permitted to make use of 32 desks at *COMF-Locations* with the same frequency as for *Work from Home*, and to combine the 2 initiatives during the same week. In 2018, approximately 25% of employees were involved in the flexible work location scheme (excluding hourlies).

In North America, as part of its *Building a Better Workplace* campaign, the Company continued to offer flexible work arrangements, including remote working, to eligible personnel among its approximately 4,000 full-time salaried and above employees in the USA and Canada.

In LATAM, *Home Office*, which started as a pilot in 2017, enabled 31% of the eligible population in Brazil and Argentina to work from home for 1 day a week.

In APAC, a *Work from Home* program was available to 13% of salaried and above employees.

NEW LAYOUT OF SUZZARA FRONT-FLOOR AREA

In the pursuit of continuous improvement, the World Class Manufacturing (WCM) program often requires a new layout for some workstations or entire work areas within plants to eliminate certain non-value added activities (NVAA). To this end, the IVECO plant in Suzzara (Italy) launched an innovative project to redesign the layout of its front-floor area, i.e., where the front part of the IVECO Daily (including the floor) is assembled, and where the WCM system identified losses arising from certain NVAA associated with operator movements.

Previously, a 2D plan of the new work area would have to be created and sent to a supplier, which would then build a 3D model. Any minor change would thus require considerable time and resources.

The whole process was simplified, however, with the introduction of Google's Project Tango. Once this software is installed on a special smartphone, it can generate a 3D map of one's surroundings. A 3D model can then be quickly created from this map and sent to the supplier, which assesses the layout's feasibility in terms of materials and components.

Once an initial 3D model of the new layout is ready, assessments can be made on the model itself – of NVAAs or ergonomics, for example – before its actual implementation.

This solution has led to significant time and cost savings. Specifically, the rapid creation of the 3D model on a smartphone halved the time required to design the new layout, subsequently reducing the time spent dealing with the supplier.

Suzzara's project yielded the following benefits:

- -35% in space required by the front-floor area
- -50% in NVAAs
- -50% in specialized personnel
- -100% in forklifts used in the production area.

Given the results achieved by this innovative solution, the project won first place at the *Worldwide Kaizen Convention* (see page 170), in the 'Major Kaizen' category.

OUR PROJECTS

HUMAN CAPITAL DEVELOPMENT

One of CNH Industrial's key challenges is growing and adapting to a constantly changing environment. The Company understands that the nature of today's socio-economic context calls for leaders able to evolve. A solid people management process is the key to success because it includes employees in the Company's business goals, makes the most of employee talent, and fuels workforce motivation. CNH Industrial is committed to supporting its employees through training initiatives, and by recognizing and rewarding their achievements and contributions to business results. In this manner, the Company not only measures itself against today's expected levels of global competitiveness, but also gains insight into potential improvements and prospective succession plans that are essential for building the Company's future.

The conviction that people are the Company's greatest asset is the baseline principle of the CNH Industrial Human Capital Management Guidelines (available on the corporate website), which aim to increase organizational effectiveness. These Guidelines provide indications for all HR functions and managers worldwide on supporting and promoting the development of employees.

PERFORMANCE AND LEADERSHIP MANAGEMENT

The Company's approach to the management and development of human capital centers on 5 key **Leadership Principles**, as set out in the Human Capital Management Guidelines:

- Meritocracy – rewarding excellence
- Leadership – a key driver in managing change and people
- Competition – a factor to be embraced and encouraged
- Best-in-class performance – a core benchmark
- Accountability – delivering on promises.

These 5 Leadership Principles encompass specific **Leadership Behaviors** applied throughout the organization. The Company's Leadership Model is embodied in the Performance and Leadership Management (PLM) appraisal system, adopted worldwide to assess employees (managers, professionals, and salaried) and one of the key processes used by CNH Industrial in the management and development of human resources. Through the PLM process, specific targets are set to help guide and assess employees based on their results, attitude, and behavior.

CNH Industrial's Leadership Development function implements the 5 key Principles according to the following pillars, which are also defined in the Guidelines:

- skills are an asset to be developed and shared. CNH Industrial is committed to helping people adapt in real-time to change in an increasingly complex world. As employee development and the continuous improvement of corporate performance are closely interrelated, the Company's main objective is to increase the value of human resources through targeted programs. Indeed, training and knowledge management contribute to continuous improvement by developing cultural skills, reinforcing the Company's identity, and spreading its values
- leaders are the best guarantee for the future. To promote the value of leadership, CNH Industrial leverages a specific model based on 2 main dimensions – leading the change process and leading people. This is achieved by encouraging cultural change and enhancing leadership values to achieve outstanding results
- talent management and succession planning are central. Talent management is a key lever in achieving the Company's talent development goals and releasing the potential of its people. Attracting, retaining, and developing leaders capable of tackling future challenges, prioritizing the development of internal resources, is crucial to effective succession planning. A consistent global approach that encourages cross-functional and cross-segment mobility worldwide enables the capitalization of the talent management process across the Company, and constitutes an essential competitive advantage. This process ensures that the leadership pipeline is continuously fed at all levels of the organization.

PERFORMANCE MANAGEMENT SYSTEM

As part of the performance management system, managers and employees sit down at the beginning of each year to discuss individual targets for that year. At the end of the year, individuals are evaluated on performance (i.e., achievement of business targets) and leadership (i.e., the ability to lead change, work as part of a team, and manage people). These 2 dimensions – performance and leadership – are plotted on a 9-square grid, providing a brief assessment of the employee's results. Consistency in the evaluation process is achieved by comparison with the ratings of other employees in the same category/role. Calibrations within an expected distribution curve reduce the risk of inequity and align appraisal outcomes through defined criteria. The outcomes and the areas identified for improvement are openly discussed between manager and employee, contributing to validating the employee's performance and strengthening his/her bond with the organization. Upon completion, employees can access their evaluation 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 organizational 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 organizational structure.

The system thus reflects a concerted management framework for employee development, transparent and focused on the individual.

[a] *Based on eligibility guidelines, and excluding organizations outside of the scope.*

During 2018, performance and leadership mapping was carried out on 23,083 employees (salaried and above). The percentage of women engaged in the Performance and Leadership Management (PLM) process was the same as that employed by the Company. Every year, a PLM training program for managers and employees is organized worldwide. Each employee is assessed through the PLM process, according to eligibility guidelines (for example, the employee must have worked at the Company for more than 6 months).

Apart from a few exceptions for which PLM is not required (for example, joint ventures in China), the entire workforce of salaried-and-above employees worldwide takes part in the PLM process.

In line with CNH Industrial's *achieve and earn* philosophy, designed to promote a high-performance culture and reward those who achieve results based on performance and leadership, the results of PLM assessments are used to determine the individual contribution component of eligible employees' variable compensation. This demonstrates the extent to which the Company values a result-driven culture and rewards achievements (performance) and the means to achieve them (leadership).
In 2018, CNH Industrial identified the key roles actively involved in the Company's social, environmental, and climate change efforts, setting key sustainability targets for each. These targets (the achievement of which affects variable compensation) were incorporated into the performance management system, and duly assessed, for more than 1,400 employees identified among: vice presidents, sustainability project leaders, Energy managers, Environment, Health and Safety (EHS) managers, and relevant staff at plant level.

TALENT MANAGEMENT AND SUCCESSION PLANNING

CNH Industrial operates in dynamic, highly competitive industries where success is achieved by having talented individuals within the organization, and by appointing the right people to key positions. These objectives are at the core of the talent management process, which identifies the most talented employees and fast tracks their development. The selected individuals are offered professional opportunities that allow them to gain experience in other geographic areas or segments, enabling the Company to develop effective succession plans while giving priority to candidates from within the Company.
The process is conducted uniformly across countries, functions, segments, and levels of the organization. Key individuals, selected on the basis of their professional performance, leadership profile, and potential for growth in positions of greater responsibility, are evaluated through a process that directly involves management, from their immediate supervisor to senior management.
The process ensures that all key leaders are developing both short and long-term succession plans, with a special focus on talented individuals not yet widely known within the organization, but meriting investment as potential leaders for the future.

DEVELOPMENT OF MANAGEMENT

CNH Industrial encourages the appointment of local managers in all countries. However, international appointments may occur if considered development opportunities for talented individuals, or to transfer specific skills and expertise from other countries. In that case, the appointed manager is required to invest in the selection and development of a local successor. This also ensures that specific skills and expertise are successfully transferred across countries.
Furthermore, CNH Industrial also deems it important to develop its **internal human resources**, as evidenced by the seniority of the Company's senior executives.
The 180 leaders that report directly to GEC members (see page 43) have an average length of service of 16 years.
Additionally, 76% of new manager-level appointments in 2018 were internal candidates. Only 24% were external hires.

MANAGERS OF LOCAL NATIONALITY BY REGION[a]
CNH INDUSTRIAL WORLDWIDE (%)

	2018	2017	2016
EMEA	**84**	84	85
North America	**89**	89	92
LATAM	**88**	85	82
APAC	**59**	57	50

(a) *Local managers are those who come from the geographic area in question.*

TALENT ATTRACTION AND RETENTION

Around the world, CNH Industrial continues to adopt recruiting methods focusing on universities, social media platforms, and career events or job fairs.

The Company's sponsorship of several universities affords it privileged relationships, a strong presence on campus, and regular student internships. In some cases, CNH Industrial directly sponsors individual postgraduate students to carry out research projects on Company premises. In others, it awards university scholarships to students studying in areas where the Company intends to recruit.

During the year, CNH Industrial participated in 140 career events, with its own specially designed booths.

In 2018, new hires included more than 400 recent graduates, of which 28% were women. More than 50% of these graduates had previously worked at the Company, as trainees or interns.

TALENT ATTRACTION

CNH INDUSTRIAL WORLDWIDE (no.)

	2018	2017	2016
New graduates recruited	**407**	403	248
Traineeships	**2,691**	3,296	3,174

In addition to the employee development programs described on page 89, in 2018, CNH Industrial engaged in a series of initiatives to provide development opportunities for and increase the retention of talented employees.

For example, selected employees participated in a program to develop leaders in key positions, focused on maximizing performance in line with business needs and strategic thinking. Other programs were organized to refresh leaders on advanced and innovative management techniques.

Specific training was also offered to recently appointed or newly-hired supervisors to support them in managing the challenges of their new positions, in line with the Company's Leadership Model.

Lastly, selected employees were given the opportunity to pursue further education qualifications, funded by CNH Industrial on the condition they remain with the Company for a period dependent on respective regional policies. In 2018, 61 employees joined the Master/Postgraduate program alone.

CNH Industrial offers **long-term incentives** designed to engage and retain key leaders across the Company. The current long-term incentive program was launched in 2017 and covers a 3-year performance period (2017-2019). The program involves approximately 300 managers worldwide, and its aim is to strengthen key leaders' alignment with and commitment to achieving the Company's long-term goals. For more information, see the 2018 EU Annual Report on pages 105-106.

TRAINING AND DEVELOPMENT

CNH Industrial believes that employee training is key to skills management and development. Training allows sharing operational and business know-how, as well as the Company's strategy and values. As evidence of the importance given to training and to developing a qualified and specialized workforce, the Company set a key target to involve 100% of its global workforce in training by 2022.

CNH Industrial applies 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.

The Company manages training using a 4-step process: training needs identification, content development, program delivery, and reporting. Ownership of each lies with different corporate functions, depending on which areas of content or expertise need to be improved.

The Training Management Model is business-oriented; business functions are therefore deeply involved in the 4 steps of the training process for content areas such as:

- management, leadership, and development
- business and job-related skills
- shared tools, languages, soft skills, legal aspects and compliance, ethics, etc.

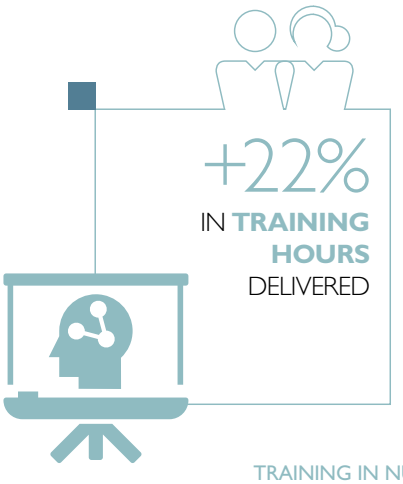
The Leadership Development function of Human Resources facilitates the overall training process by providing both functional and regional support.

CNH Industrial manages the overall training process through a global Learning Management System, an Internet-based Company tool available to employees via the corporate Intranet. It allows defining and managing a comprehensive learning process for each employee based on business, location, and/or specific individual needs. The Global Leadership Development team guides the implementation of CNH Industrial's Training Management Model, coordinating relevant activities with the regional Leadership Development team[1].

CNH Industrial builds upon segment-specific training programs, believing that the most effective solutions are specifically tailored to individual needs.

Employees are given the opportunity to indicate development and training needs in their respective Performance and Leadership Management (PLM) plans, and to propose actions to support their personal development during the year. Suggestions are shared with their direct managers and 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 initiative and improvements in their knowledge/skills; in some cases, depending on the learning path, structured follow-ups are provided.



The Leadership Development team centrally monitors:

- number of participants involved in training initiatives
- hours of training
- direct cost of training.

Each function is locally responsible for providing and following up on the above information.

TRAINING IN NUMBERS

In 2018, CNH Industrial invested approximately $5.1 million in training, delivering a total of 868,779 training hours (+22% compared to 2017) to 46,406 individuals, of whom 82% were men and 18% were women. Furthermore, the average hours of training per employee increased by 28% compared to 2017.

The training strategy relies on the use of in-house teaching experts, thereby enhancing efficiency as well as internal knowledge sharing.

TRAINING IN NUMBERS

CNH INDUSTRIAL WORLDWIDE (no.)

	2018
Training hours	868,779
Employees involved	46,406
Average hours of training per employee involved	18.7

VIRTUAL REALITY TRAINING

Through Industry 4.0 initiatives, CNH Industrial is continuously pursuing innovative technology in all its manufacturing processes. In 2018, a virtual reality (VR) forklift simulator was installed at the Company's New Holland plant (USA), combining a fully immersive VR warehouse environment with a mockup of an actual forklift with physical controls. The simulator teaches new logistics trainees about the vehicle's functions in a classroom environment, and also provides advanced training to existing operators.

This VR simulator is one of the most effective training projects at Company plants in terms of employee engagement and safety (100% reduction in safety incidents for truck loading and unloading since its introduction).

VR is also in use at the Zedelgem plant (Belgium) to train employees on working with specific components at a specific workstation. It recreates that part of the combine assembly process in a virtual environment with the aim of designing specific training on new products to be launched in the future.

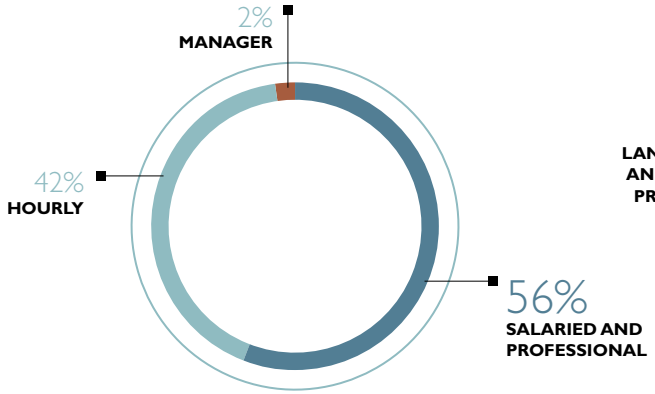
VR reduces training time by nearly 50% and has proved itself an effective training method that employees find engaging.

OUR PROJECTS

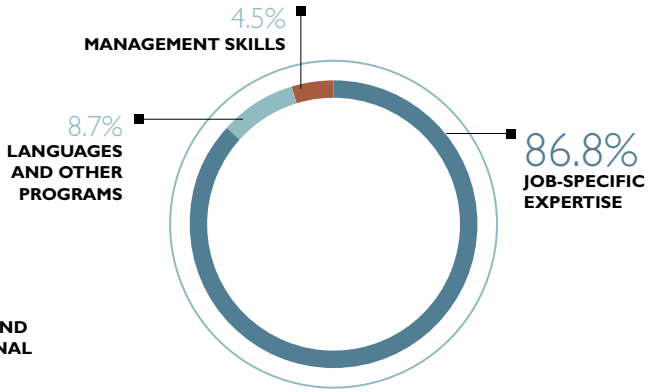
(1) *Function names and roles as at December 31, 2018.*

Most corporate learning campaigns are delivered online, which allows individuals to pursue training when most convenient and minimizes work disruption by allowing them to remain in their place of work. In 2018, 79,070 hours of online training were provided to 25,562 employees.
For details on specific training activities, see pages 52, 54, 76, 174, and 186.
More details and data on training are available in the Appendix (see page 249).

EMPLOYEES INVOLVED IN TRAINING BY CATEGORY[a]
CNH INDUSTRIAL WORLDWIDE



TYPE OF TRAINING
CNH INDUSTRIAL WORLDWIDE



[a] *For more information on employee categories, see page 236.*

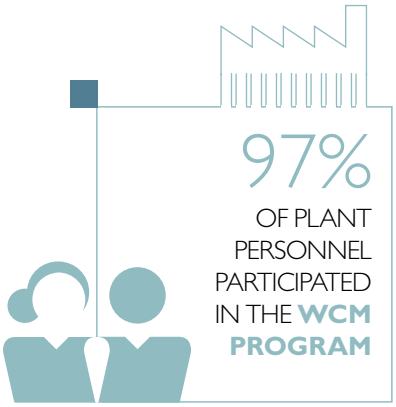
EMPLOYEE DEVELOPMENT PROGRAMS

CNH Industrial firmly believes that a more skilled and knowledgeable workforce enhances the value of human capital and contributes to employee satisfaction, which correlates strongly with improved performance. Key to individual development is the relationship with the manager, who regularly guides and coaches employees. In addition, and to complement and further support development, the HR Department collaborates with the business units in the development of specific programs, for the most part customized according to individual needs.
To this end, many *Action Learning* programs were rolled out in 2018, involving more than 250 talented employees from different functions.

All of these programs were created to accomplish several key objectives:
- help employees grow in their understanding of the business, beyond their normal day-to-day experience, working on projects that offer real solutions to business problems
- provide participants with opportunities to collaborate and build relationships with talented peers from across the organization
- offer participants significant exposure to senior leadership in the organization.

During the year, the Company organized several targeted training sessions on employee leadership and managerial and technical skills. It also delivered ad hoc mentoring and coaching programs to 100 people to support and encourage personal learning, maximize their potential, develop their skills, and improve their performance.

CNH Industrial applies the principles of the World Class Manufacturing (WCM) program, an integrated model for managing all the elements of an organization (from safety to the environment, from cost deployment to people development). Through the WCM system, the Company focuses on improving the efficiency of all its technical and organizational components with the aim of maximizing market competitiveness (see page 168). As at December 31, 2018, 54 plants were participating in the program, accounting for 97% of plant personnel worldwide and 99% of revenues from sales of products manufactured at Company plants.



People play a central role in the WCM program and, indeed, one of its 10 technical pillars is People Development (PD), considered a key competitive factor in achieving excellence. The PD pillar focuses on ensuring and enhancing the growth of employee competencies, starting from training gaps identified through the Safety pillar, using recommendations via the Cost Deployment pillar, and considering Quality issues at all times.

Using the WCM's Focused Improvement tools, the PD process aims at developing training methods and techniques that enable individuals to become key contributors to end-results.

The goal of the PD pillar is to establish a permanent competency development system within each plant, based on continuous competency gap analysis and evaluation, on the definition of targeted training to fill those gaps, and on the development of appropriate learning paths. The pillar consists of 3 phases: reactive, preventive, and proactive.

The development of people according to the WCM rationale 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 the skills and competencies of hourly workers to create a culture centered on the Autonomous Activities pillar
- achieving excellent process control through the correct implementation of Quality Control procedures
- involving and motivating people to assume responsibilities within a continuous improvement environment.

Over the years, the WCM competency development system has allowed employees to become more accomplished professionals, enabling those who have particularly excelled in certain areas to become specialists, i.e., employees who have mastered specific technical skills at the highest level, and whose expertise allows them to deliver training both in-house and to outside parties (e.g., suppliers), thus spreading WCM principles and best practices.

THE 3 PHASES OF THE PEOPLE DEVELOPMENT PILLAR

REACTIVE

TRAINING FOCUSES ON – AND IS PRIORITIZED ACCORDING TO – THE **ANALYSIS** OF:

- SAFETY ISSUES
- WASTE AND LOSSES
- MACHINE BREAKDOWNS
- MINOR STOPPAGES
- HUMAN ERRORS CAUSING INJURIES, QUALITY ISSUES, ETC.

THE AIM IS

to fill **any gaps**, whether a loss identified by Cost Deployment, or a specific problem at the plant caused by a knowledge gap

PREVENTIVE

TRAINING FOCUSES ON COUNTERMEASURES TO **PREVENT** THE RECURRENCE OF **KNOWN PROBLEMS** AND OF THE CIRCUMSTANCES THAT CAUSED THEM

THE AIM IS

to fill **gaps** in **required competencies**, using WCM methods and tools and role-specific technical training

PROACTIVE

TRAINING FOCUSES ON **THEORETICAL RISK ANALYSIS** AND ON COUNTERMEASURES TO PREVENT SERIOUS EVENTS

THE AIM IS

to develop the **competencies** required for the continuous development of the plant in terms of **technologies**, **methods**, **and tools** to implement in the future

OUTPLACEMENT

The Company has specific programs in place to manage career endings, helping employees transition to new jobs and find their bearings in the job market. Outplacement services, outsourced to carefully-selected external partners, are available in 21 countries. Based on specific needs, and at the Company's discretion, CNH Industrial offers outplacement services to managers.

INTERNAL MOBILITY

Through the *Job Posting* program, open positions can be posted and made visible to all employees within, and in some cases beyond, a given geographic area. Over the course of 2018, the program advertised almost 4,000 positions, with the majority of them posted in EMEA and North America, and with more than 8,000 internal candidacies received from all over the world. In all, 32% of open positions were filled by internal candidates[2].

HARVARD MANAGE MENTOR

Harvard Manage Mentor® is a global initiative for individual leadership development on demand. A variety of courses support employees in developing their skills and improving their performance on Leading Change, Leading People, and General Business and Economics.
Since the global launch of this program, 12,689 Company employees have signed up and attended almost 31,400 online courses, with a 36% completion rate and 22,642 hours of training. The feedback received has been positive, with employees appreciating the opportunity to access a variety of managerial courses that enhance their knowledge while reinforcing CNH Industrial's Leadership Behaviors.

FOCUS ON

PEOPLE SATISFACTION SURVEYS

CNH Industrial recognizes that people satisfaction surveys are a useful tool not only for measuring the level of employee satisfaction, but also for identifying improvement opportunities that meet the needs and expectations of the entire organization.
CNH Industrial collects the information provided by departing employees worldwide through departing surveys/exit interviews. The goal is to understand what employees look for in a new organization 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 Human Resources Department consolidates data on a monthly/quarterly basis and shares specific business unit feedback with the relevant managers, in order to address specific areas of concern within each area.
In 2018, following the previous year's satisfaction survey and the action plan implemented thereafter, a survey was carried out once again within the Commercial Vehicles Products Segment function, to monitor employee satisfaction as part of the *World Class Engineering Program* (see page 147). The survey involved more than 200 employees and consisted of 18 questions in 9 categories: evaluation, autonomy, sense of satisfaction, climate, goals, leadership, office environment, knowledge management, and training. The questionnaire, completed by 88% of the participants, showed an increase in employee satisfaction thanks to the action plan implemented after the 2017 survey.
In India, the Company launched the *Great Place to Work* engagement survey, with 100% of the workforce invited to participate and an 82% response rate. The results were favorable and are currently under review with regard to defining action plans in 2019.

(2) The percentage is calculated based on the number of positions filled by internal candidates in 2018 divided by the total number of positions opened the same year.

CNH INDUSTRIAL AMONG BEST COMPANIES TO WORK FOR IN BRAZIL

In 2018, for the fifth year running, CNH Industrial was classified among the *150 Best Companies to Work For in Brazil*, in one of the most important organizational climate surveys in the country.

The survey was conducted by Voce SA Magazine (published by *Editora Abril*), in partnership with *Fundação Instituto de Administração* of the University of Sao Paulo, one of Brazil's leading higher education institutions, recognized throughout the world in a number of rankings. To be included among the 150 companies, CNH Industrial had to successfully complete several stages.

First, 3,000 employees were randomly selected by the publisher to answer an online satisfaction questionnaire consisting of 56 questions covering various issues relating to identity, satisfaction and motivation, learning and development, and leadership. The questionnaire was completed by 73% of the employees selected.

The survey results were used to calculate the IQAT[a] (a work environment quality index), which was 82/100.

Secondly, the Company had to fill out a specific questionnaire providing information on several of its human resources policies and practices. The questionnaire was divided into 12 categories: strategic and objective management; recognition and reward management; leadership profile management; knowledge and education management; health, safety and quality of life management; career management; internal communication management; participation and autonomy management; interpersonal relationships management; process and organization management; sustainability and diversity management; and employer branding.

Lastly, a journalist from the magazine visited the Company to meet employees and the head of Human Resources.

This excellent result is recognition of the Company's effort and commitment to translating survey outcomes into concrete action. Moreover, to further strengthen awareness of available career opportunities, CNH Industrial developed an educational campaign in LATAM to engage employees, show them how to grow and develop within the Company, and guide them in managing their own careers.

Additionally, in the wake of the positive experience with Brazil's organizational climate survey, a similar survey was conducted internally in Argentina, involving 480 employees.

(a) *Índice de Qualidade do Ambiente de Trabalho.*

FOCUS ON

EMPLOYEE WELFARE AND WELLBEING

Employee welfare and wellbeing initiatives are an important part of the Company's **employee engagement**, one of the material topics included in the Materiality Matrix. CNH Industrial offers wellbeing initiatives in addition to traditional benefits (such as health care), going beyond its legal obligations in the countries where it operates. The aim is to help employees balance their personal commitments through time and money saving initiatives and flexible working arrangements, while cultivating motivation, pride, and a sense of belonging at work through family activities, engagement with the community, and involvement in Company life. With these objectives in mind, CNH Industrial has set specific key targets for 2022 to promote employee health and wellbeing and increase volunteerism.

WORK-LIFE BALANCE

CNH Industrial believes that successfully balancing work and leisure commitments is important for employee wellbeing, and so offers a number of programs and services designed to assist in meeting their daily obligations.

Childcare is an area where managing costs and time are crucial. To help its employees, CNH Industrial delivers assistance through a number of channels, including discounts at local daycare centers, direct subsidies, and flexible use of benefit funds for childcare expenses. In 2018, 5 locations throughout Italy, France, and Austria had agreements in place with 1 or more local daycare centers, including the *Mirafiori Baby* center in Turin (Italy), established for employees. In Spain, 588 employees received direct funds from the Company towards a daycare center of their choice. In the USA, 3,800 eligible employees were able to set aside pre-tax sums for childcare by contributing to a Dependent Day Care flexible savings account.

The Company also offered school kits, containing supplies for the scholastic year, to the children of 1,810 employees in Brazil and Argentina, and direct funds for school expenses to 749 parents in Mexico and 1,345 parents of children aged 3-16 in Spain. Still in Spain, 133 parents received safety kits for their newborns (see page 79). Discounted summer camps organized in Italy and the Czech Republic continued in 2018, involving 656 employees' children. During the year, the Company also launched a new camp in Spain, called *Integracamp*, which aims to promote awareness of intellectual disabilities. As part of the initiative, 20 employees' children engaged in activities and workshops at the *Juan XXIII Roncalli* Foundation (see page 75).

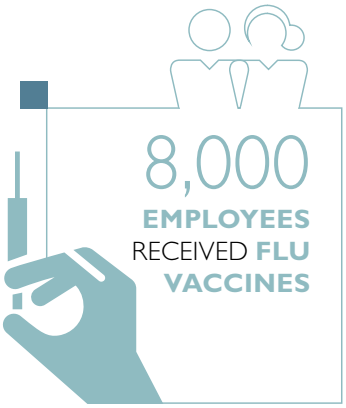
1,810
SCHOOL KITS
FOR EMPLOYEES' CHILDREN

The use of **flexible benefits** packages for employees continued in 2018. Through the voluntary program *Conto Welfare*, launched in 2017, employees in Italy were able to allocate funds to a variety of goods and services, including health products, educational expenses and care for family members, gym memberships, and entertainment.
In India, the *i-Flex* benefits program, launched in 2017, offered employees a host of discounts on food, travel, fitness, and medicine. Through a flexible benefits scheme in the UK, approximately 600 employees were eligible for direct funds for childcare or fitness purposes, such as gym memberships or bicycle purchases.

On-site services helped employees make the best use of their time during their workdays. At 65 of its locations, CNH Industrial offered subsidized on-site cafeterias, snack shops or other meal services, while other offerings, such as laundry and dry cleaning services, were available at selected locations in Italy, the USA, and Russia. To help employees with their daily financial needs, on-site banking, free checking accounts, loans, and/or financial consultations were made available to 7,821 employees in 8 countries. On-site fitness equipment was offered at 6 locations, and on-site pharmacy services were available at plants in Cordoba (Argentina), Khimki (Russia), Grand Island (USA), and Greater Noida (India). In Italy, the Company's on-site pharmacy services were available at 3 sites in Turin as part of the *Smart Working* program. Also in Italy, the Company's *We Love Book Sharing* initiative to promote reading and book sharing among employees, already available in San Matteo, Suzzara, and Turin, was extended to Brescia, Foggia, Piacenza, and San Mauro.

65%
OF **PEOPLE** INVOLVED IN **HEALTH AND WELLBEING** INITIATIVES

On a global level, CNH Industrial continued to engage in initiatives to raise employee awareness of **health** risks and preventive measures and to address global health issues such as HIV. With its global key target of involving 100% of employees by 2022 in wellbeing initiatives promoting healthy lifestyles, the Company adopted several health initiatives.
The *Pink October* campaign on breast cancer awareness and the *Blue October* campaign on prostate cancer prevention targeted employees at all sites in Brazil and Argentina, and also in Madrid (Spain), where mammograms and ultrasounds were provided to 250 female employees and prostate cancer tests to 75 male employees. Still in LATAM, a Dengue awareness campaign was launched in collaboration with the Dengue Prevention Committee, while special programs for pregnant employees and new mothers continued, benefitting 28 employees. New health campaigns on traffic safety and gastroenteritis in Argentina and on cancer prevention in Italy targeted approximately 800 employees.
Annual biomedical screenings and health checks were performed on 100 employees in the UK, approximately 1,000 in India, 1,200 in China, 3,070 in Brazil, and 62 in Argentina. In addition to annual screenings, over 1,000 employees in Basildon (UK) were offered free eye examinations and prescription glasses. In Italy, a new screening for maculopathy was offered to 1,800 employees in Turin under the program *Guardiamoci negli occhi* (Let's look into each other's eyes). Through the wellness program *THRIVE*, which promotes behavioral change through information on health issues and financial incentives, employees in the USA were encouraged to complete health assessments and biomedical screenings. In 2018, 90% of eligible employees participated in wellness activities (assessments and biomedical screenings), and 11% of eligible employees committed to stopping smoking through the *Breaking Free* voluntary cessation program. Indeed, the Company continued to encourage smoking cessation as part of its main health programs, and, in 2018, 20 employees in Jesi (Italy) and 3 in Sete Lagoas (Brazil) also joined specific programs to quit smoking.
Targeted programs were organized at Company plants to help workers maintain their health and reduce the risk of injury. Stretching programs, involving pilates and yoga, benefitted 100 workers at the Madrid and Valladolid plants (Spain), 250 at the Piracicaba plant (Brazil), 34 at the San Matteo plant (Italy), and 17 at the Ulm plant (Germany). At Sankt Valentin (Austria), 37 employees took advantage of in-house physical therapy. The *Back School*, introduced in 2016 at the Madrid plant (Spain) to provide employees with back exercise and rehabilitation machines, benefitted 200 employees in 2018. Ergonomics programs in Brazil benefitted employees in Contagem and Curitiba, and 45 welding employees in Germany received ergonomic screenings. Other offerings, including workshops and assessments on stress reduction, mindfulness,



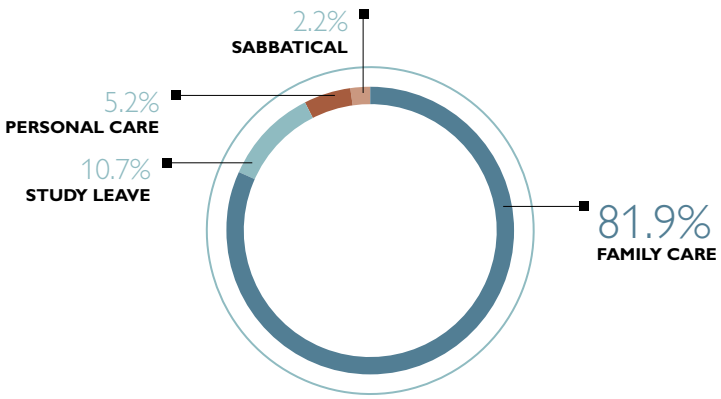
healthy eating, and addiction, took place in 11 countries, benefitting more than 7,000 employees. To encourage good nutrition, free fruit was distributed to 500 employees in Sankt Valentin (Austria) and to 173 employees in Lugano (Switzerland).

Throughout the year, for all the above-mentioned activities, CNH Industrial developed a number of internal **communication campaigns** to raise awareness of the different topics and keep employees informed and engaged. In particular, the Company created ad hoc internal campaigns to inform employees about new flexible benefits offerings, such as *Conto Welfare*, as well as a communication framework called *Building a Better Workplace* to promote on-site services aimed at improving employee life quality at work. Special attention was also given to preventive health care, through the launch of several targeted communication campaigns. The global *Well!* campaign continued to provide all employees with tips on the prevention of minor illnesses and potential health problems through posters and a dedicated corporate Intranet page; in 2018, the Company distributed 4 new communications: 2 on blood sugar, 1 on blood donations, and another on neck pain. Finally, **seasonal flu prevention** campaigns (offering workers voluntary vaccinations) were organized at locations worldwide, advertised through posters and communications on internal bulletin boards and the corporate Intranet, leading to the administration of approximately 8,000 vaccines.

FLEXIBLE WORKING

Flexibility in working hours, including part-time employment (see page 70), allows employees to balance their time when needs arise, such as for childcare, care for the elderly or other personal requirements. CNH Industrial offers flexible working hours according to local customs and regulations. In 2018, the Company carried out a survey on the flexible working arrangements offered to its employees, focusing on flexible working hours, parental leave, and other forms of leave. The results provided a wide range of information, helping to identify appropriate action for improving employee work-life balance. Flexible arrangements, along with tools to reconcile work needs with the responsibilities of family life, enable a positive working environment to be established and maintained for all employees within the Company. The survey revealed that approximately 83% of the employees surveyed[1] took advantage of flextime, and that this system was utilized most in North America and LATAM, both at 100%, while in EMEA the percentage was 84.8%, and in APAC 36.1%. Another survey[2] showed that, between November 2017 and October 2018, 5,830 employees (9% of the total CNH Industrial personnel) took leave of more than 3 days for the care of family members, for personal treatment and care (excluding all forms of compulsory leave for illness), or for study and sabbatical leave. Overall, 5.8% of these types of leave, which are defined by Company policy or agreements with trade unions or employee representatives, exceeded the provisions set by law, while 17% was granted to female employees. The type of leave most taken by employees was family related (almost 82% of the total), with 16.8% of this taken by female workers. Study leave comprised 10.7% of the total, 84.8% of which was taken by male workers, while leave taken for personal treatment and care amounted to about 5.2% of the total, with 37.1% of this taken by female workers. Sabbatical leave in 2018 was 2.2%, an increase on the 1.4% recorded in 2017. These benefits are part of a corporate philosophy that aims for a healthier, more motivated, and sustainable workforce that actively participates in the Company's success.

LEAVE OF 3 DAYS OR MORE
CNH INDUSTRIAL WORLDWIDE



(1) *Survey of all Company employees, excluding hourly employees, carried out on October 31, 2018.*
(2) *Survey of all Company employees carried out on October 31, 2018.*

In 2018, the Company continued to offer a number of flexible working arrangements. Approximately 4,200 employees at selected sites in Argentina, Brazil, India, Italy, Russia, and Turkey benefitted from flexible shift scheduling. In Brazil, 1,042 employees joined an hour bank plan, through which they were able to convert their overtime hours into time-off, for use at a later date. Eligible employees in the USA and Canada continued to benefit from the Birthday Time-Off vacation policy, which allows them to take an extra day off each year on or within 30 days of their birthdays.

PARENTAL LEAVE

The equal opportunities CNH Industrial offers in terms of maternity, paternity, and adoption are evidence of its commitment to encouraging both female and male employees to balance parental responsibilities with their careers. The Company grants parental leaves to all its employees in compliance with local regulations (labor law requirements may vary from country to country), collective labor agreements, and Company policies. In 2018, 2,948 employees[3], approximately 4.6% of Company personnel, took maternity, paternity, adoption or breastfeeding leave.
Overall, 75.8% of total leave was in EMEA, 13.8% in LATAM, 7.4% in APAC, and the remainder in North America. In terms of gender, 65.9% of overall leave was taken by male workers. Paternity leave accounted for approximately 61.1% of the total, maternity leave for 26.2%, while breastfeeding leave accounted for 12.6%. The percentage of leave for adoption was negligible. Over the total workforce, parental leave was most frequent in EMEA (5.3%) and in LATAM (5%). In North America, in 100% of cases, the conditions of maternity leave were more favorable than those required by law.

PARENTAL LEAVE

CNH INDUSTRIAL 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[a]	9,669	-	9,669	53,638	53,638	-	54,521	45,625	8,896	26,278	18,078	8,200

	Maternity leave			Paternity leave[c]			Adoption leave[c, d]			Breastfeeding leave[c]		
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
Total number of employees taking parental leave[b]	773	-	773	1,801	1,801	-	3	-	3	371	141	230

(a) Number of employees entitled to parental leave as at October 31, 2018, as per applicable laws, collective labor agreements, and/or Company policies.
(b) From November 2017 to October 2018.
(c) 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.
(d) In many time keeping/payroll systems, adoption leave is coded as maternity or paternity leave; therefore, the data for adoption is partial.

In October 2018, another survey was conducted in EMEA on the number of employees, by gender, who had returned to work after parental leave. The survey was carried out in Italy, Belgium, Spain, and Poland (where 41% of total CNH Industrial personnel are employed), and showed a return to work rate of 97.5% and a retention rate of 93.4%. The retention rate was negatively skewed by the presence, among the employees who took parental leave, of temporary workers whose assignment came to an end in the 12 months following their return to work. Excluding the exits of temporary employees in the 12 months following their return, the retention rate would be 95.8%. The results of the survey are reported in the table below.

RETURN TO WORK AFTER PARENTAL LEAVE[a]

CNH INDUSTRIAL EMEA (no.)

	Total	Men	Women
Employees who returned to work in the reporting period[b] after parental leave ended	**807**	684	123
Employees who returned to work[c] after parental leave ended and who were still employed 12 months after their return to work	**733**	598	135

(a) Survey carried out in Italy, Belgium, Spain, and Poland.
(b) November 2017 - October 2018.
(c) In the period November 2016 - October 2017.

(3) Survey covers the period from November 1, 2017 to October 31, 2018

STUDENT ACHIEVEMENT AWARDS

Through its long-standing grants and scholarship program, known as the *Student Achievement Awards*, the Company continued to offer the children of employees a chance to qualify for grants based on their academic excellence. The program is open to students with a high school or university diploma, or a university degree, and covers all countries where the Company has a significant presence. The Awards policy is overseen by the Grants and Scholarship Committee and is implemented through regional committees that have contacts in all countries involved. In 2018, the program awarded 165 grants and scholarships totaling $465,541 to employees' children worldwide.

OUR PROJECTS

4,678
WORKING HOURS VOLUNTEERED
FOR TEAM-BUILDING

INCLUSIVENESS AND PRIDE

The Company continued to implement several initiatives worldwide, in line with its key target to increase the number of employees involved in volunteering activities during paid working hours by 10% by 2022 compared to 2018. Through *#ImpactDay*, a volunteering and team-building initiative launched in North America in 2016, 560 employees volunteered 3,601 working hours over the course of 2018 for initiatives linked to food banks, shelters, disaster relief, and other charitable causes. Employees also continued to benefit from the Volunteer Time-Off (VTO) policy, introduced in 2016 to allow eligible people to use up to 8 hours a year during working hours to volunteer, with 129 employees donating 795 hours of VTO in 2018.

In EMEA, CNH Industrial's *Social Team Building* program engaged employees in relationship building while working on specific sustainability projects. For example, under the initiative organized with the Rise Against Hunger organization, employees packed 1,000 meals that were distributed to people in need in Zimbabwe and other countries. In 2018, 339 employees dedicated 1,077 volunteer hours through *Social Team Building* events.

In Brazil, the Company held several major events at its sites to promote employee volunteering, with a total of 275 employees volunteering 1,336 hours for local community initiatives during working hours. The *Winter Clothes Campaign*, which took place at all locations in Brazil, involved 60 volunteers and the donation of 4,293 articles of clothing. During the yearly *June Benefit Party*, employees, their families, and members of the community came together to enjoy food and games and to raise funds for social institutions with whom the Company works, involving more than 3,400 people.

Worldwide, **blood drives** also continued to take place across the Company. In 2018, they involved more than 1,030 employees.

Besides encouraging employees to interact with local communities, CNH Industrial also seeks to involve **employee families** in Company life, such as during its *Open Days*, when everyone is invited to take part in tours and fun activities involving carnival games, music, and food. During 2018, *Open Day* festivities took place at 10 plants worldwide. The Company also organized special *Bring Your Child to Work* days at 20 locations, engaging more than 4,000 employees, as well as holiday parties or gifts for employees' children in Belgium, Brazil, Italy, Russia, Switzerland, and the UK. CNH Industrial supports local educational awards programs, such as the *Talent Scholarship Scheme* in China and India, which recognizes children of employees for their outstanding academic results and other talents. In 2018, 18 children in China and 88 in India were awarded as part of this program. In Mexico, the *Alumnos Destacados* program awarded a backpack each to 240 employees' children who received top marks.

Sports and recreational activities are opportunities for employees to network with one another, while doing something positive for their health. In 2018, more than 400 employees in Australia, Austria, Germany, Spain, and the USA, were involved in running teams and footraces sponsored by the Company. In Italy, the plant in Jesi continued to engage 300 employees in its annual *CNH Industrial Olympic Games,* and 150 employees joined a similar event in Brescia. 200 employees in Madrid (Spain) joined people with disabilities in a Special Olympics in 2018, while in Turin (Italy), 400 employees participated in a memorial open day in which they could try out a variety of sports. Furthermore, 2,000

employees across Italy joined one of the Company football teams as part of the *Agnelli Tournament*, and 120 participated in a special foosball tournament, with proceeds donated to the Telethon foundation (see page 110). At the plants in Antwerp and Zedelgem (Belgium), 855 employees were involved in athletic and recreational team sports, arranged through a special sports committee. In France, 54 employees participated in the *L'Ardèchoise* cycling race, while in New Holland (USA), 37 employees joined the *Pedal to Preserve* bike event (see page 111). In North America, 4 locations sponsored local employee baseball, softball, and bowling teams. Games and tournaments between CNH Industrial employees and those from other companies continued in Denmark, where approximately 140 employees took part in an intercompany *DHL* event, and in Turkey, where 5 employees took part in the *Corporate Games*.
In LATAM, the Company held several sports events near its plants for employees and their families.
In Brazil, the *Sesi Games* saw 346 employees from the plants in Piracicaba, Sete Lagoas, and Sorocaba involved in athletics events, while 5,717 employees were provided access to sports practice areas near 4 Company plants. In APAC, all CNH Industrial employees at the Khimki site (Russia) were involved in a friendly football match against other local companies, while major sports events were organized in India, from cricket and volleyball to badminton and football. In China, a basketball team was formed in Urumqi and a football team in Shanghai.

To engage its diverse and global employee population, and foster a **sense of belonging and pride**, CNH Industrial carries out several Company-wide internal communication initiatives. Its *LINK* magazine connects with and engages salaried and hourly employees across the globe through success stories, positive examples of teamwork, and best practices from throughout the Company. The magazine has a circulation of 63,000 employees worldwide and is available in 17 languages. Furthermore, CNH Industrial circulates 12 regional digital newsletters, which highlight activities and events of local interest and serve as an important means of recognizing employees.
During the year, CNH Industrial continued to develop its motivational campaigns on World Class Manufacturing (see page 168) at its plants and World Class Logistics (see page 218) at its depots. The campaigns included mega posters featuring both employee photographs and quotes about their work, which were installed at 4 additional plants and depots across the Company, with more planned for 2019.
Bringing leadership and employees face-to-face is another way CNH Industrial seeks to better connect its people. To this end, quarterly town hall meetings were held across the Company to offer employees the chance to ask leaders direct questions, as they listened to quarterly results presentations. Moreover, other activities were organized in specific countries to allow employees to interact with management in an informal setting, such as the *Mann ki Baat* coffee hour established in India in 2017, with 3 meetings held during the year involving 80 employees. In 2018, with the arrival of the new Chief Executive Officer (CEO), a special Intranet page and dedicated email box were created to invite employees to interact directly with the Company's leader. Additionally, new quarterly videos by the CEO keep employees across CNH Industrial abreast of new developments and priorities, fostering two-way communication.

PLOGGING IN BOLZANO

3 GOOD HEALTH AND WELL-BEING

In 2018, bringing together a passion for both sports and the environment, the plant in Bolzano (Italy) set up a group to join the fitness trend originated in Sweden known as *plogging*. A combination of the Swedish '*plocka upp*' (to pick up) and 'jogging', it involves picking up litter while running through streets, parks, and squares, ensuring it ends up in landfill. The mastermind behind this initiative is a plant employee and former karate champion for the Senegal team, who organizes weekend meet-ups via a Facebook group.
His followers are a close-knit team of hourly and salaried employees of all nationalities, and interest from workers has grown in part through word of mouth. The initiative has gone viral and been covered in interviews and articles in the local press.
It has also increased environmental awareness, with several employees volunteering as 'Captains of Energy', who take turns to ensure plant lights are switched off at shift-end and who lead by example in adopting new green behavior, becoming actively involved in the sustainability goals of World Class Manufacturing.

EMPLOYEE ENVIRONMENTAL FOOTPRINT

COMMUTING

CNH Industrial is committed to improving employee commuting to and from work by encouraging the integration and efficient use of available transport systems and by subsidizing eco-friendly mobility solutions.
This approach brings benefits not only in terms of environmental impact, but also of employee satisfaction and wellbeing, as it lowers commute times, costs, stress, and the risk of accidents, and increases socializing opportunities among colleagues.

The Company collaborates on initiatives for sustainable mobility, exploiting all available synergies with its neighboring plants. These projects are designed in collaboration with both local authorities and public transport companies.
CNH Industrial's plants in Italy partnered with local authorities to implement a number of initiatives based on the mobility assessments performed and commuting plans adopted. Similar assessments and plans were also prepared for 3 plants in France.
In Italy, the Company subsidized the purchase of transit passes for 109 employees in Lecce, Modena, and San Matteo. In Switzerland, it subsidized public transportation costs for 28 employees in Lugano, as well as commuting costs for 164 employees living near its site in Arbon. In Belgium, it offered free bus and train passes to 195 employees.

CNH Industrial encourages its employees to **carpool**. In Spain and Italy, the *Jojob* carpooling app is available for 10 sites (4 of which were added in 2018), where more than 30 carpoolers were recognized as 'champions' during the year. In 2018, carpoolers shared over 510,000 kilometers on their commutes, cutting CO_2 emissions by over 40 tons.
Many other sustainable mobility initiatives continued at various plants and offices worldwide. In Piracicaba, Contagem, Sete Lagoas, Sorocaba, and Betim (Brazil), Harbin and Chongqing (China), Annonay (France), Pune, Pithampur, and Greater Noida (India), Turin (Italy), Khimki and Chelny (Russia), Madrid and Valladolid (Spain), and Istanbul (Turkey), the Company continued to provide **shuttle services** for employees commuting between their workplaces and nearby strategic points, benefitting more than 8,400 people.

Many **bike events** continued at several locations throughout the year. In September, all CNH Industrial sites in Italy took part in the *Giretto d'Italia*, where people are encouraged to travel to work by bike, with a special mention for the cities with the greatest number of participants. In 2018, more than 1,400 employees participated.
Furthermore, 479 employees in Belgium received mileage compensation for biking to work, and 109 participated in bike leasing. In France, employees were partially reimbursed for commuting by bike or public transportation. Employees in North America joined weekend biking events sponsored by the Company, including the annual *Pedal the Parks* ride in Burr Ridge (USA) and the *Pedal to Preserve* initiative in New Holland (USA) (see page 111). For employees driving electric cars, 2 plants in the USA set up recharging areas.
In Turin (Italy), thanks to an agreement with a local enterprise, the Company launched a summer bike sharing initiative, offering employee discounts when bikes were used to commute to work. The bikes were used for approximately 140 trips per month, mostly for commutes between the site and public transportation hubs. Another bike sharing initiative was launched in Argentina for commutes between the plants in Cordoba, benefitting 44 employees.

BUSINESS TRAVEL

Since 2011, CNH Industrial has assessed the impact of employees' business travel by air through continual monitoring of the associated CO_2 emissions. In 2018, air travel by employees managed directly through Company headquarters[1] generated 9,450 tons of CO_2 emissions for approximately 28,300 business trips, 71% of which were medium haul[2].

(1) *Data refers to Italy, France, the UK, Germany, and Spain.*
(2) *Medium-haul transfers are those from 500 to 1,600 kilometers.*

This figure was calculated according to the GHG Protocol and certified by *Atmosfair*, a climate protection organization with a particular focus on the environmental impact of travel. In many cases, air travel is unavoidable, in part because of the broad geographic dislocation of CNH Industrial sites. Emissions undoubtedly have the most significant environmental impact, as CO_2 is an inevitable by-product of fuel combustion in aircraft[3].
However, the Company's business travel is rationalized, and its environmental impact contained, by using computer technology (Internet and electronic communication systems) to enable employees across the globe to interact effectively. In 2018, audio conferencing and instant messaging services were enhanced, with an average of 150,000 online sessions per month.
Since 2011, CNH Industrial has also been investing in the phase-in of video conference facilities, and in 2018 it further enhanced its high-quality TelePresence videoconferencing system. There are now 93 specially-equipped conference rooms (79 in 2017), and these facilities were used for 51,398 hours throughout the year. Virtual tools contribute to reducing emissions and costs, while allowing employees to work from their offices rather than travel long distances.

GREEN ICT

In compliance with its Environmental Policy, CNH Industrial is committed to minimizing the environmental impact of its ICT activities by using energy-efficient products and solutions. Indeed, the Company implemented the Green ICT plan precisely to reduce energy consumption and CO_2 emissions.
In 2018, approximately 7,900 personal computers and 1,200 technical workstations were replaced with new equipment featuring more efficient power supply units, optimizing the consumption of electricity drawn from the grid.
Additionally, 3,013 computer monitors were replaced with new EnergyStar and EPEAT Silver/Gold rated units, which comply with environmental requirements concerning product energy consumption and efficiency, the use of hazardous substances, recyclability, packaging materials, and low-impact manufacturing methods. CNH Industrial rents its PCs, technical workstations, and computer monitors; when no longer usable, they are returned to the rental company, which handles their subsequent life cycle stages. In forthcoming tenders for ICT supply contracts, the assessment of suppliers will include sustainability requirements.
As regards the Data Center, which houses the computer systems hosting the IT applications and services, the ICT Department implements 2 complementary strategies: the virtualization of servers and their allocation to second/third generation data centers to optimize energy consumption. In 2018, approximately 230 physical servers were eliminated, and around 1,000 were moved to new generation data centers.
New and more environmentally friendly technologies are also being implemented with regard to data storage, opting for all-flash solutions instead of hard disks. In 2018, 300 terabytes of disk space was moved to all-flash storage.

INDUSTRIAL RELATIONS

CNH Industrial qualifies as a European Community-scale group of undertakings, and is therefore subject to regulations designed to improve employees' rights to information and consultation through the establishment of a **European Works Council** (EWC). The Council was established in July 2015, pursuant to the subsidiary provisions set forth by the law of the Netherlands, transposing the Directive 2009/38/EC; it comprises 22 members representing CNH Industrial employees in 18 countries of the European Union. In 2018, 1 EWC plenary meeting and 4 meetings with the EWC Select Committee took place to discuss cross-country Company initiatives.

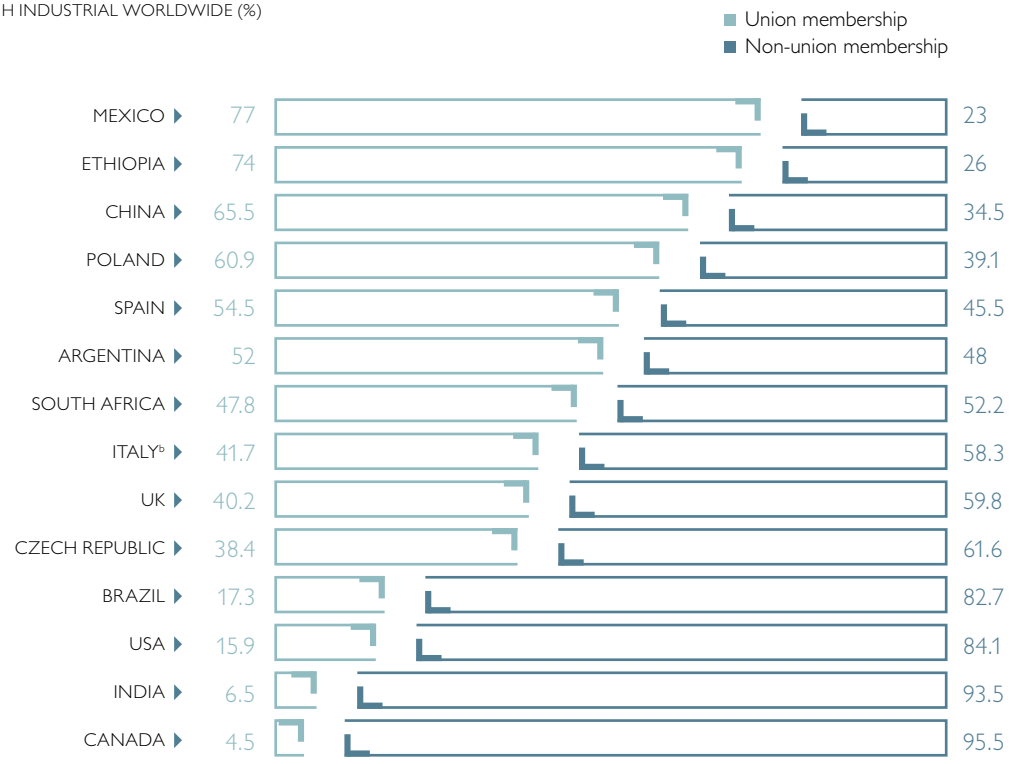
FREEDOM OF ASSOCIATION

Under the CNH Industrial Code of Conduct, the Company recognizes and respects the right of its employees to be represented by trade unions or other representatives established or appointed as per local applicable legislation. In 2018 (figures as at October 31, 2018), a survey on unionization was carried out in all the countries where CNH Industrial operates. Freedom of association is regulated by country-specific legislation. In certain countries, surveys on the level of trade union representation cannot be conducted because union membership is considered an employee's personal and private choice and, as such, is not communicated to the employer.

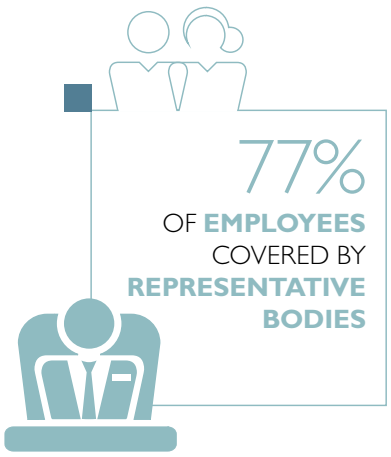
[3] *According to the UN's Intergovernmental Panel on Climate Change (IPCC), aircraft emit gases and particles directly into the upper troposphere and lower stratosphere where they: alter atmospheric composition, particularly of greenhouse gases, including carbon dioxide (CO_2), ozone (O_3), and methane (CH_4); 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.*

At the time of the survey, 13 countries were excluded due to data privacy protection, accounting for 23.4% of CNH Industrial's employees, whilst 21 countries had no employees affiliated with a trade union, and accounted for 1.6% of the population mapped. It should be noted that the absence of employee affiliations with trade unions does not exclude employees from establishing representation bodies with information, consultation, and negotiation rights. This is the case in Romania, for instance, where the approximately 200 CNH Industrial employees (representing 19.7% of the workforce of the 21 countries with no employee affiliations to trade unions) elected a representative body with information, consultation, and negotiation rights.

UNION MEMBERSHIP[a]
CNH INDUSTRIAL WORLDWIDE (%)



[a] *Survey carried out on October 31, 2018.*
[b] *Figures for Italy updated as at December 31, 2018.*



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. In North America, representative bodies are only present at sites where a trade union is already established.

A survey carried out on October 31, 2018 in all the countries where CNH Industrial operates revealed the absence of any employee representative bodies in 23 of those countries (comprising only 1.8% of the workforce surveyed).
Worldwide, more than 77% of employees are covered by representative bodies.

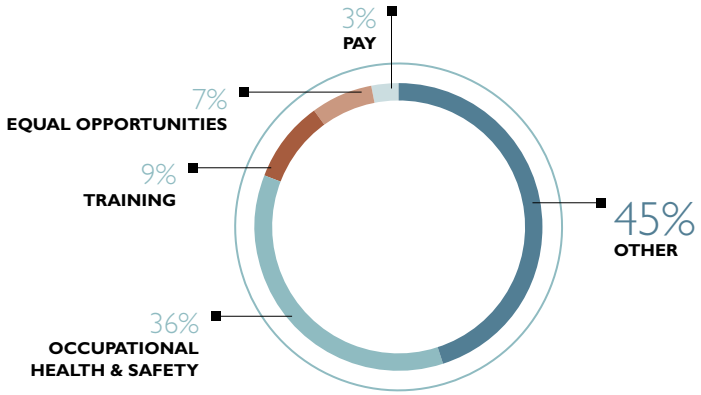
JOINT COMMITTEES

In October 2018, a survey conducted in all the countries where CNH Industrial operates[1] showed that more than 83% of employees were represented by occupational health and safety joint committees (i.e., committees made up of Company and worker representatives). Other joint committees addressing equal opportunities, training, and pay were found to represent 45.3%, 38.2%, and 5.9%, respectively, of the employees surveyed. Moreover, more than 55% of those surveyed were represented by joint committees dealing with other issues, including:

- the Joint WCM Steering Committee providing for the shared involvement with and leadership over plant WCM activities, established at the plant in Burlington (USA)
- the Joint Safety Steering Committee established at the Fargo plant (USA)
- peer review committees for suspension and termination, in place at several locations in the USA and Canada
- joint committees for the management of apprenticeships and for social issues relating to single workers
- joint committees on housing, employee transportation, childcare, and cafeterias
- several joint committees established in Italy under the collective labor agreement (CLA), such as the National Joint Committee, the National Joint Committee on Welfare, joint committees on organization and production systems at plant and/or production unit level, and joint committees on World Class Manufacturing (WCM) and plant efficiency established at plant level.

DISTRIBUTION OF JOINT COMMITTEES BY TYPE

CNH INDUSTRIAL WORLDWIDE



COLLECTIVE BARGAINING AGREEMENTS

As at December 31, 2018, collective bargaining agreements covered more than 80% of Company employees[2]. This is an average figure based on local practices and regulations, as shown in the table below. It should be noted that 39.5% of these agreements were signed with unions or employee representatives representing more than 50% of Company employees.

2018 COLLECTIVE BARGAINING AGREEMENT COVERAGE

CNH INDUSTRIAL WORLDWIDE (%)

	Employees surveyed	Employees surveyed covered by collective bargaining agreements
EMEA	98	99
North America	100	18
LATAM	100	95
APAC	93	10
World	**98**	**80**

(1) Data based on a survey of 99.9% of CNH Industrial's workforce worldwide.
(2) Survey conducted on 98% of CNH Industrial's global headcount.

NEW COLLECTIVE LABOR AGREEMENT AT THE FARGO PLANT

On April 27, 2018, at the Fargo plant (USA), CNH Industrial signed a new collective labor agreement (CLA) with the International Association of Machinists (IAM), effective from April 30, 2018 to April 28, 2024.
This agreement applies to all hourly workers at the plant, and includes the following provisions:

- the introduction of a new variable pay plan based on the plant's World Class Manufacturing (WCM) performance, with payments made twice a year based upon an audit of the plant's WCM program
- several new provisions regarding working hours and manpower utilization, including greater flexibility in scheduling overtime assignments to specific employees.

FOCUS ON

COLLECTIVE LABOR AGREEMENTS

In 2018, CNH Industrial signed a total of 190 agreements at either Company or plant level, 12 of which included agreed provisions on health and safety matters. The main wage and regulatory agreements signed in 2018 with Company legal entities include:

- the agreements reached in the annual negotiations in France, providing for wage increases ranging from slightly below to above inflation levels, depending on business results
- the agreement reached in the Czech Republic in March 2018, providing for wage increases above inflation as of April 2018 and as of April 2019, owing to country-specific circumstances and to positive business results
- the agreements reached at the 2 plants in Plock and Kutno (Poland) in March and July 2018, respectively, providing for wage increases above inflation owing to country-specific circumstances and to positive business results
- the agreement signed in Italy in December 2018, aimed at improving the flexible benefits scheme and extending it for a few years. The scheme applies to all CNH Industrial employees in Italy except managers (approximately 17,200 as at December 2018)
- the agreements reached in Brazil and Argentina, providing for the alignment of pay increases, benefits, and working conditions with those applied across the countries' industrial sectors.

2018 MAIN ISSUES COVERED UNDER THE AGREEMENTS[a]

CNH INDUSTRIAL WORLDWIDE (%)

Issues covered under the agreements	Coverage
Operating issues	49.3
Wages/Pay issues	17.2
Other	16.6
Training	5.4
Health & Safety	4.1
Restructuring	2.7
Equal opportunities	2
Career development	1.4
Employability & lifelong learning	1
Stress management	0.3

(a) There is no correlation between the number of agreements and the number of issues covered, as each agreement may deal with several issues.

GRIEVANCES ON LABOR PRACTICES

In 2018, several collective disputes/disagreements involving works councils, employee representative bodies, or unions were filed, discussed, and resolved worldwide, in compliance with specific procedures set forth by law or collective labor agreements (CLAs). It should be noted that, in the USA, grievances are a very common practice at unionized sites with a conciliation body established according to the applicable CLA. A similar practice is in place at certain non-unionized sites in the USA, where conciliation bodies, known as Peer Review Committees for Suspension and Termination, are established according to Company policy.
For further details on the number of grievances filed and resolved, see the table below.

2018 GRIEVANCES FILED AND RESOLVED

CNH INDUSTRIAL WORLDWIDE (no.)

	Grievances filed	Grievances resolved
EMEA	5	1
North America	273	238
LATAM	1	1
APAC	-	-
World	**279**	**240**

MINIMUM NOTICE PERIOD FOR OPERATIONAL CHANGES

In the **European Union** (EU), the Council Directive 01/23/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, CNH Industrial subsidiaries comply with the regulatory provisions resulting from the adoption of the above directives in each individual EU member state.

In the **USA**, the federal Worker Adjustment and Retraining Notification Act (WARN), which applies to both unionized and non-unionized sites, requires employers to give a minimum of 60-days' notice for any action that will cause at least 50 employees, or 33% of the workforce, to lose their jobs. The collective bargaining agreements between CNH Industrial America LLC and International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW), which cover the plants located in Burlington and Racine, contain a letter of understanding stating that the Company will refrain from permanently shutting down either plant during the stated agreement term, which expires on April 30, 2022. A separate letter of understanding under the same collective bargaining agreement requires the Company to provide 6-months' advance notice to the local union in the event of a full plant closure. Should this 6-month notice period impair the Company's need for speed, flexibility, and confidentiality, the Company may provide such notice no less than 60 days prior to full plant closure.

In **Canada**, the collective bargaining agreement between CNH Industrial Canada Ltd. and United Steelworkers Local Union No. 5917, which covers the Parts Depot located in Regina, provides for the Company's written notice to the union no later than 90 days prior to the scheduled depot closure date. At non-unionized sites and unionized locations with no specific requirements under the collective bargaining agreement, it is common practice to inform all employees of organizational changes related to outsourcing through a company-wide announcement, with appropriate advance notice.

In **Brazil**, bargaining is not mandatory in the event of the transfer of a business, plant, or parts thereof, resulting from a contractual sale or merger, but it is customary for CNH Industrial to implement a direct and formal communication process with both employees and unions. Talks generally focus on minimizing social impacts, if any. Operational changes within the LATAM Region, such as the deployment of new technologies to improve work efficiency, quality, competitiveness, or employees' health and safety, are preceded by formal negotiations with labor unions, according to the specific terms and conditions provided for under the collective bargaining agreement. The procedure must be initiated a reasonable period of time prior to the process. When necessary, changes are made gradually in order to prepare employees for the new scenarios.

In **China**, the National Labor Union stipulates that all operational changes such as reorganizations, restructurings, or actions causing 20 or more employees, or 10% of company employees, to lose their jobs must be notified to the Labor Union itself. Such operational changes must be filed and approved by the Labor Bureau 30 days prior to any further notifications or actions, or the changes are deemed illegal.

In **Australia**, the collective bargaining agreements applicable to CNH Industrial and IVECO include a clause that requires both to notify unions, delegates, and officials within 28 days in the event of changes that may significantly affect employees.

In **Russia**, the minimum notice period required in the event of operational changes is 2 months. The Company must also notify the local employment center in advance if mass redundancies are planned.

MANAGEMENT OF PRODUCTION LEVELS

In 2018, CNH Industrial's work with trade unions and employee representatives to reach consensus-based solutions for managing market conditions varied across the different businesses and markets.

At **EMEA** plants, production volumes in 2018 showed an upward trend in most segments compared to the previous year. In the Agricultural Equipment segment, only the Jesi plant (Italy) had to resort to production stoppages, for a few days per month as of the second quarter, whilst the remarkable growth in volumes at the Sankt Valentin plant (Austria) led to a line rate increase at the end of the first quarter, resulting in better equipment saturation. In the Construction Equipment segment, production volumes on almost all product lines continued to grow at both the Lecce and San Mauro plants (Italy), requiring the use of overtime and, at the latter plant, temporary workers. In the Commercial Vehicles segment, the further increase in light-duty truck production volumes at the IVECO plant in Suzzara (Italy) was managed through overtime and by hiring permanent and temporary workers. Medium-duty truck production volumes in Brescia (Italy) decreased, requiring production stoppages, mainly in the second half of the year. Heavy-duty truck volumes at the Madrid plant (Spain) dropped significantly from the previous year. To cope with this temporary trend, the Company had to resort to temporary layoffs (ERTE[3]), as required by Spanish law; the layoff plan covers the period June 2018-March 2019, for up to a total of 105 days, and the conditions applicable to the employees affected, agreed with the Works Council, are more favorable than the statutory ones. The Iveco Defence Vehicles plant in Bolzano (Italy) and the ASTRA plant in Piacenza (Italy) continued to require production stoppages, although fewer than in the previous year. Bus production volumes increased at the plants in Rorthais (France) – reversing the downward trend of the last couple of years – and in Vysoke Myto (Czech Republic) – where the previous upward trend continued – requiring both plants to make use of overtime and to hire temporary and permanent workers.

In **North America**, white collar and hourly employment levels increased slightly throughout the year due to increased market demand. Several Agricultural Equipment and Construction Equipment plants increased production levels compared to 2017, with the plants in Burlington, Fargo, and Racine (USA) increasing their headcounts over the course of 2018.

In **LATAM**, both the Construction Equipment and Commercial Vehicles plants in Brazil reported a major increase in production volumes compared to the previous year. The former managed this by hiring temporary workers, the latter by claiming time bank hours and with some additional overtime. Due to the economic crisis in Argentina, volumes across all brands were insufficient to ensure the full utilization of the workforce, thus requiring the combined adoption of a voluntary dismissal program and down days.

In **APAC**, the management of production levels varied by segment. The Commercial Vehicles plant in Dandenong (Australia) dealt with a further increase in volumes by hiring additional labor. In China, the Agricultural Equipment plant in Harbin adopted flexibility schemes for its hourly employees, entailing overtime during peak periods and days off in the low season, so as to align production levels with the seasonal market demand for harvesting products. In India, the Agricultural Equipment plants in Noida and Pune and the Construction Equipment plant in Pithampur coped with volume fluctuations by reducing temporary workers and using collective vacation days during low production periods. The plant in Chelny (Russia) dealt with volume fluctuations by leveraging temporary workers.

[3] *Expediente de Regulación Temporal de Empleo (temporary workforce adjustment plan).*

RESTRUCTURING AND REORGANIZATION

In **EMEA**, in 2018, the IVECO plant in Brescia (Italy) completed the restructuring plan announced in 2015 by executing the last agreement signed with the unions in November 2017, providing for up to 50 dismissals by the end of April 2018: accordingly, more than 40 employees, who met the requirements for retirement during the period covered by the unemployment benefit scheme, left the Company, receiving severance payments higher than statutory requirements.
At the Ulm plant (Germany), which manufactures firefighting vehicles, under the agreement with the workers' council signed in October 2017 and concerning 200 employees to be made redundant between 2017 and 2018, around 50 employees left the Company voluntarily, receiving better severance packages than required by law. Under the same agreement, 20 employees aged 58 or above voluntarily agreed to join a special bridging pension scheme, with severance provisions above statutory requirements. In December 2018, in agreement with the workers' council, the settlement announced in 2017 was extended until September 2019 so as to complete the dismissal plan.

In **LATAM**, the ongoing economic recession in Argentina is expected to continue for the next few years and will inevitably affect production volumes. For this reason, the Company was forced to implement a voluntary dismissal program making 150 workers redundant at 2 plants in Cordoba, providing severance packages above legal requirements so as to minimize the social impact.

LABOR UNREST

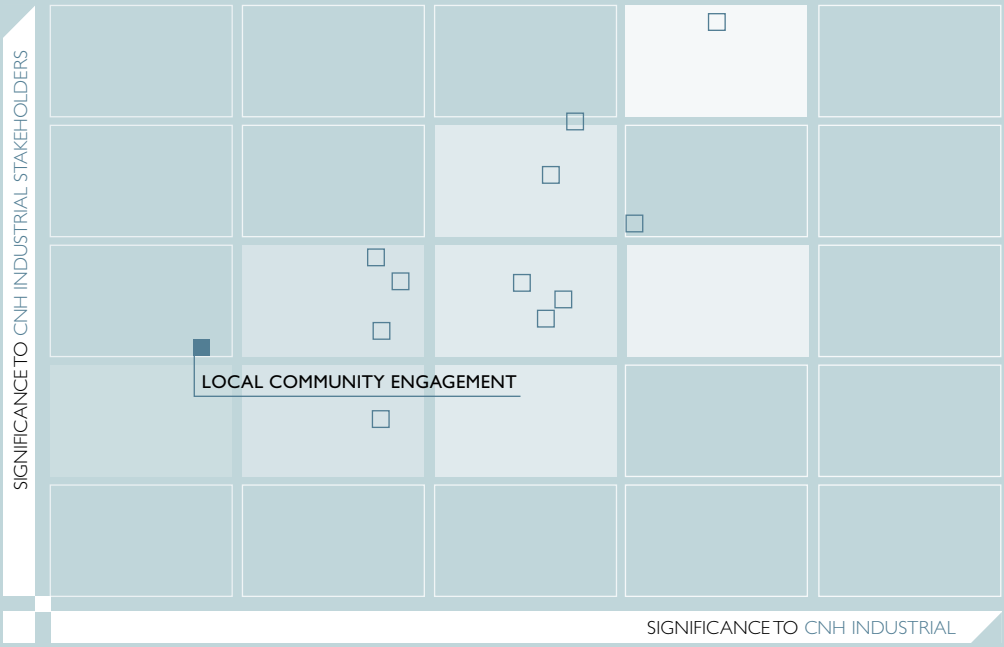
In **Italy**, the overall level of labor unrest in 2018 was low, albeit higher than the previous year.

In **France**, apart from a few episodes at different sites related to annual wage negotiations or due to specific operational reasons, most strikes were associated with the national anti-government protest of the so-called 'yellow vests movement'.

In **Belgium**, employees from all legal entities joined national protests against pension reform.

In other countries, the overall levels of labor unrest in 2018 were either zero or negligible.

ENGAGING LOCAL COMMUNITIES



Material topics described in this chapter (for definitions see page 239).

KEY TARGETS

2022: **+50%** vs. 2017 IN NUMBER OF PEOPLE INVOLVED IN CNH INDUSTRIAL'S LOCAL COMMUNITY INITIATIVES

MANAGEMENT FRAMEWORK

CNH Industrial's relationship with **local communities** is a key material topic, as emerged from the materiality analysis. Living and working in synergy with the surrounding area, and collaborating on projects that benefit the community, contribute to enhancing the satisfaction of employees (who often live close to plants) and their sense of belonging to the Company, while bringing economic advantages to both the Company and the community. Local initiatives are also deemed to have powerful strategic potential when integrated within a shared value strategy.

Organizations involved in activities to benefit local communities are regularly engaged in the materiality analysis (see page 16). The stakeholder engagement activities carried out in 2018 highlighted the importance for a company like CNH Industrial of being a corporate citizen embedded in the community and part of it; stakeholders acknowledged, however, the major challenge of being recognized as a community member. To achieve this objective, a company should enhance local competitiveness by offering, for example, the professional support of its skilled employees to career counseling centers and educational initiatives. It should also contribute to community revitalization, to improving the effectiveness of public works investments, and to safeguarding rural environments. Each regional Chief Operating Officer[1] (COO) has the highest responsibility for initiatives related to local communities. Based on the above principles, the individual functions or brands decide which projects to support based on actual local needs, maximizing open dialogue with local stakeholders and collecting their suggestions for improvement. They also decide whether to act directly or through partnerships with local institutions and organizations working in the social sphere. In line with its business approach and the opinions of stakeholders, the strategy developed by the Company prioritizes youth training and quality education, food availability, and measures to combat climate change. To this end, it continued to pursue a number of projects related to the global challenges it selected in 2016 as most relevant, particularly *food scarcity and food security* and *climate change*.

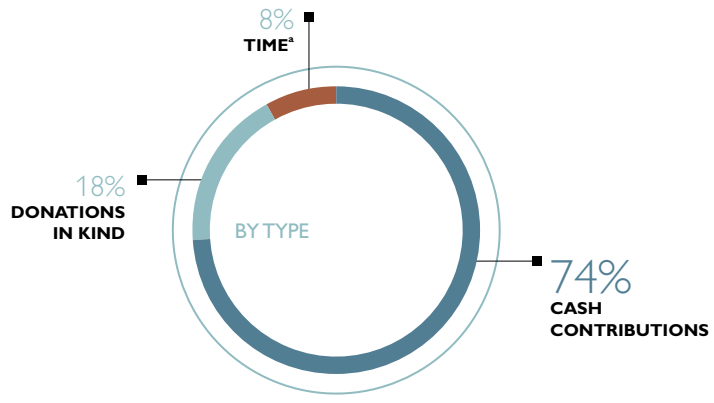
As stated in the Code of Conduct, CNH Industrial is aware of the potential direct and indirect impact of its decisions on the communities in which it operates. For this reason, the Company promotes an open dialogue to ensure that the legitimate expectations of local communities are duly taken into consideration, and voluntarily endorses projects and activities that encourage their economic, social, and cultural development. Moreover, CNH Industrial acts in a socially responsible manner by respecting the culture and traditions of each country, and by operating with integrity and in good faith to earn the trust of the community. The Community Investment Policy, available on the Company's website, ensures that activities are managed consistently, identifying methods and defining areas of application at global level. Specific guidelines are then implemented by geographic area to best adapt the process to local needs. The Compliance Helpline is an operational grievance mechanism available to CNH Industrial's local communities to report potential violations of corporate policies, the Code of Conduct, or applicable laws (see page 50).

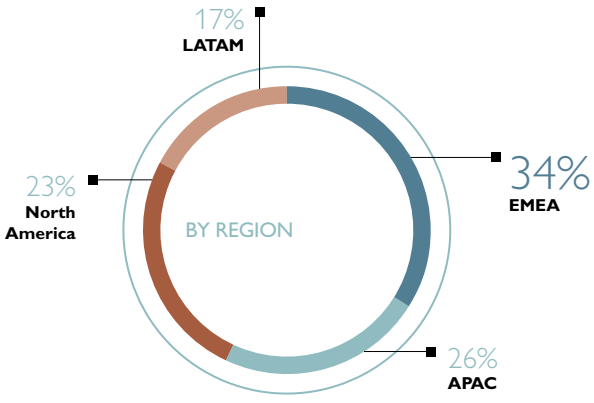
In 2018, the Company decided to combine regional targets for the engagement of local communities into a single global target: a 50% increase in the number of people involved in its local community initiatives by 2022 compared to 2017. This new key target was incorporated into the Sustainability Plan, aiming at the continuous improvement and monitoring of such activities (see page 30). Some of these targets are also included as individual objectives in the Performance and Leadership Management (PLM) system (see page 85). Projects and their results are included in the Sustainability Report, on the corporate website, and on other dedicated websites. In 2018, the resources allocated by CNH Industrial to communities were valued at more than $5.8 million.

$5.8 MILLION INVESTED IN LOCAL COMMUNITIES

CONTRIBUTION TO LOCAL COMMUNITIES

CNH INDUSTRIAL WORLDWIDE

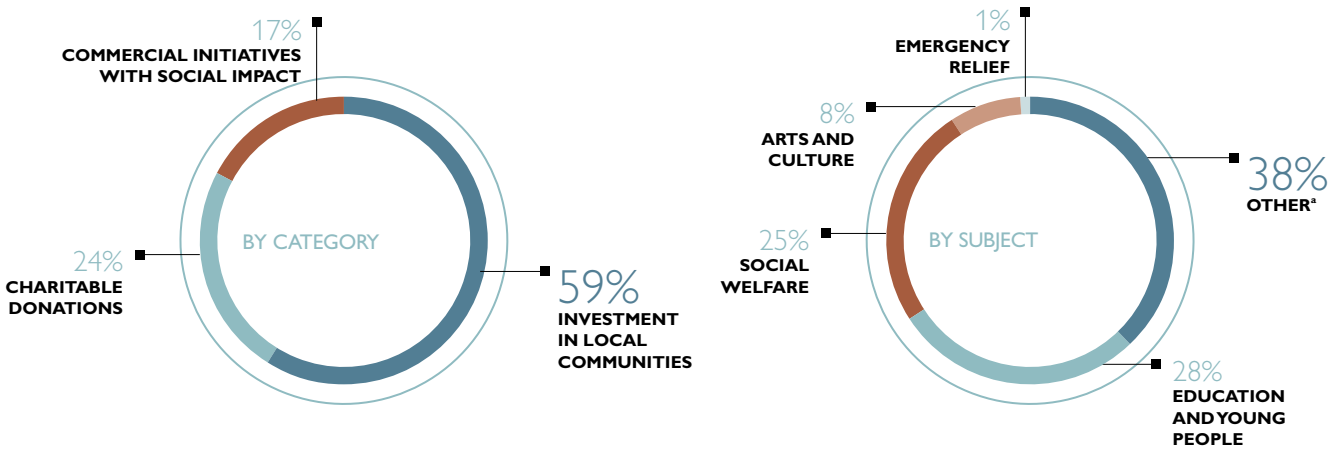




[a] *Represents the monetary value of hours of volunteer work carried out by employees during working hours (also includes initiatives where legal entities are fully or partially reimbursed through public funds).*

[1] *Function names and roles as at December 31, 2018.*

CONTRIBUTION TO LOCAL COMMUNITIES
CNH INDUSTRIAL WORLDWIDE



[a] *Also includes investments in economic development and the environment.*

IMPACT MEASUREMENT AND VALUATION

CNH Industrial addresses social needs through specific business tools, managed at regional level, to better meet local communities' actual needs:

- the Social Return on Investment (SROI) methodology, which measures the impact of an initiative on society and the social value generated
- the Social Impact Assessment (SIA) tool, which measures the effectiveness of an initiative and its ability to address needs.

Both of these tools help CNH Industrial select projects that specifically generate social and business value while addressing local community needs.

SOCIAL RETURN ON INVESTMENT

The impact of improvement projects on society and the social value generated were assessed and quantified using the Social Return on Investment (SROI) methodology developed by Social Value UK[1]. This methodology takes account of stakeholders' viewpoints and uses financial proxies to assign a value to social impacts identified as such by stakeholders, which typically do not have a market value.

The SROI analysis entails 6 stages:

- establishing scope and identifying key stakeholders
- mapping outcomes
- evidencing outcomes and giving them a value
- establishing impact
- calculating the SROI
- reporting, using, and embedding.

Since 2015, the methodology has been applied to 4 local community projects in EMEA and APAC. The projects' impact on society was appraised from a broader viewpoint and from the stakeholders' perspective to provide a more comprehensive analysis. An assessment analysis was carried out on 3 of the projects, and a predictive analysis on one.

The main positive externalities[2] (social and environmental) generated by each of the 4 projects were taken into account (for example, flood risk reduction, quality of life improvement, and enhancement of technical skills to facilitate entry into the labor market). For all the projects, the SROI was greater than 1. Given the results achieved, the methodology will be applied to other projects as common practice.

[1] *www.socialvalueuk.org.*
[2] *Externalities depend on the project being assessed, looking at the real benefits generated. Applicable externalities are selected from a longer list that takes account of their potential impact.*

SOCIAL IMPACT ASSESSMENT

The effectiveness of an initiative and its ability to address needs is measured using the Social Impact Assessment (SIA) tool. Developed in line with the LBG[3] framework, it is used to evaluate the types of benefits gained in the 4 major areas potentially affected by any project: people, organization, environment, and business.

SOCIAL IMPACT ASSESSMENT CRITERIA

Based on this method, 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) used to assess the project's overall impact on people, organization, environment, and business, respectively. The assessment, applied to a broad number of projects in 2018, is carried out by the people responsible for implementing the initiative itself. As of 2018, it is mandatory in EMEA to perform an SIA of the projects being evaluated for approval; the potential benefits indicated will serve as a parameter for project selection.

SOCIAL IMPACT ASSESSMENT OF MAIN PROJECTS

Project	Other KPIs	Evaluation of Benefit to				Reference Page
		People	Organization	Environment	Business	
LOCAL DEVELOPMENT INITIATIVES						
Telethon (Europe)	Amount given	2.3	2.7	1	3.8	110
Habitat for Humanity (USA)	Volunteering work hours	2.6	3.3	1	3.4	111
United Way (North America)	Amount given	3.7	3.9	1	3.5	111
Relay for Life (North America)	Amount given	2.3	3.7	1	3.4	113
YOUTH TRAINING						
TechPro² (Ethiopia)	Young people involved	4	2.3	1	3.9	114
TechPro² (Italy)	Young people involved	3.6	2.3	1	3.8	114
CDM (Brazil)	People involved	3.5	2.4	2	3.4	115
Gente de Bem (Brazil)	Young people involved	3.6	1.5	1.6	2.4	115
Pastoral do Menor (Brazil)	Young people involved	3.6	2.1	1.9	3	115
PROJECTS TO IMPROVE FOOD AVAILABILITY						
Advanced farming (Ghana)	Economic development	3.2	3.7	3.7	4.5	116
Irrigation power unit (Kenya)	Economic development	2.1	1.8	1.4	1.8	117
FFA (USA)	Amount given	2.8	3.6	1	4	117
PROJECTS TO COMBAT CLIMATE CHANGE						
Crop burning solution (India)	Economic development	1.2	1	3	3.6	118
FAO water management (Tunisia)	People involved	2.7	1.7	4	4	118

(3) LBG is the global standard in measuring and managing corporate community investments. LBG takes its name from the London Benchmarking Group.

POTENTIAL IMPACT OF OPERATIONS ON LOCAL COMMUNITIES

CNH Industrial is fully aware of the potential impact of its operations on the environment and local communities. To integrate more effectively with the community in which it operates, the Company adopts social and environmental policies that respect both people and the geographic areas in which it operates. This goes beyond corporate boundaries, extending to the supply chain. Where possible, the Company relies on and partners with local suppliers, to whom it transfers its best practices, such as the WCM program (see page 168). Local suppliers are also required to abide by the Company's principles on human rights and working conditions (i.e., to reject all forms of forced and/or child labor), environmental protection, and business ethics (see page 154).

The aspects that could significantly impact local communities, and that CNH Industrial is committed to improve, concern:
- the impact on the health of workers and their families (see pages 76; 93)
- improvements in the welfare of workers and their families (see page 92)
- the impact of atmospheric emissions (see page 190)
- air quality protection (see page 176)
- water management (see page 177)
- waste management, soil and subsoil protection (see page 180)
- biodiversity protection (see page 182)
- removal of hazardous substances (see page 143)
- adoption of logistics solutions with lower environmental impact (see page 193).

All of the above are monitored, among other aspects, under the Risk Management system (see page 60), but, for some plants, the monitoring of water management and biodiversity protection are particularly important. In those cases, targeted projects were launched, directly involving local communities.

LOCAL DEVELOPMENT INITIATIVES

INITIATIVES IN EMEA

In EMEA, CNH Industrial continued to strengthen collaborations with its brands to identify, promote, and support local community initiatives, in line with the objectives and priorities of each brand.
Several environmental and youth training initiatives were organized (see page 114) during the year, while the Company continued to maintain strategic collaborations with selected partners to strengthen its social role across the areas in which it operates.

In Italy, CNH Industrial continued to support the **Telethon Foundation**'s scientific research on rare genetic diseases through several fundraising initiatives involving its brands and almost 17,000 employees across the country.
Initiatives included the ongoing sale of cookies and chocolates, participation in the *Andare Lontano* (Go Far) campaign, entailing a Company donation to Telethon for each employee's child starting school for the first time, and the charity event *#Presente* (#Present) organized in Turin (Italy) for employees, dealers, suppliers, and local authorities.
Throughout the year, the CNH Industrial brands IVECO, New Holland Agriculture, and FPT Industrial also held charity sales of vehicles and equipment. Thanks to the proceeds from these sales, plus a donation of more than $53,000 from IVECO's Italian dealers and a direct contribution from the Company, a total of $278,000 was donated to the organization in 2018. Since the start of this partnership in 2014, CNH Industrial has given the Foundation approximately $1.3 million.

$1.3 MILLION DONATED TO TELETHON SINCE 2014

INITIATIVES IN NORTH AMERICA

Investments in the health and sustainability of local communities, charitable donations, and volunteering are a key part of CNH Industrial's community involvement in North America. Requests for funding and/or donations are reviewed by the **CNH Industrial Foundation**, which prioritizes education, health and human services, civic and community improvement, food security, and disaster relief. The grant review process is facilitated by the CNH Industrial Foundation Grant Application Portal, accessible to potential applicants via the corporate website. Grant applications that meet the initial criteria are reviewed on a quarterly basis by the Foundation's Board of Directors, made up of employee representatives.

In 2018, the recipients of grants of $5,000 (USD or CAD) or more were asked to submit an impact/progress report within 9 months of donation receipt, in order to better assess the impact of the Company's community investments and ensure consideration for future funding.
CNH Industrial also encouraged its employees to engage with local communities through individual and team volunteering opportunities during working hours (see page 96).
During the year, CNH Industrial supported several initiatives near its plants. Among other contributions, it donated $25,000 to the Bracewell Stadium in Burlington (USA) as part of a multi-year commitment to renovate this historical high school football venue, built in 1920. Near its site in New Holland (USA), 25 Company employees spent 80 hours supporting the local farming community by educating the public about agriculture during the 3-day *Family Farm Days* fair, while 37 employees participated in the *Pedal to Preserve* bike ride event, raising nearly $50,000 for farmland preservation.
Besides local initiatives, CNH Industrial also offers grants and employee volunteering opportunities within the scope of region-wide, long-term partnerships, such as Habitat for Humanity, the United Way, and the American Cancer Society.

As regards **Habitat for Humanity**, CNH Industrial continued to support the non-profit organization with funds, volunteers, and equipment to help build affordable homes for low-income families across the USA. During the year, the Company gave $45,000 to support 7 different Habitat for Humanity local chapters near its locations, allowing 76 CNH Industrial employees to assist in construction and repair works for a total contribution of 600 work hours. CASE Construction Equipment also donated a backhoe loader and a skid steer loader.
CNH Industrial started collaborating with Habitat for Humanity in 2007, and has since donated nearly $565,000.

In line with previous years, CNH Industrial continued to implement its annual employee giving campaign, supported since 2017 by a dedicated portal for donations and volunteering called *CNH Industrial Gives Back*. Through these and other initiatives, employees in North America were able to support a wide range of organizations in 2018, including more than $362,000 in employee and Company donations to **United Way**, a non-governmental organization present in 45 countries worldwide helping those in need of access to primary care, education, and financial stability.

In 2018, CASE Construction Equipment's *Dire States Equipment Grant* went to Surrey, North Dakota (USA), for road drainage revitalization and flood control projects across the city to remedy damage and other public health issues caused by flooding and poor drainage systems. The grant was launched in 2016 and awards one community each year with $25,000 in free equipment use, to help reduce the costs of building or repairing local infrastructure.

INITIATIVES IN LATAM

In LATAM, CNH Industrial focuses on understanding the context in which it operates to better contribute to local development. In Brazil, where most of the Company's regional plants are located, the motto at each of the 5 production facilities is *think globally, act locally*.
In Contagem and Sete Lagoas, local development is based on 6 pillars: youth leadership, job and income generation, teacher training and education, professional qualification and entrepreneurship, community development, and social capital. In Curitiba, Sorocaba, and Piracicaba, specific partnerships are in place to support quality of life, health, and youth leadership and development through cultural, sports, and educational initiatives.
There are 3 major social responsibility programs in place – *Case Multiação*, *Plantar & Construir*, and *Proximo Passo* (see page 115) – that reflect the Company's commitment to local communities, while *Banco CNH Industrial Capital* promotes art, culture, education, and training projects, in line with the Company's sustainability goals.

HEALTH AND WELLBEING FOR CHILDREN AND THE ELDERLY

In 2018, CNH Industrial continued to support 2 institutions in Curitiba (Brazil) assisting children and the elderly. Indeed, the Company donated approximately $48,000 to the *São Vicente de Paulo Asylum* nursing home, which cares for 160 elderly women, with 10 employees volunteering their time on Mother's Day. It also gave approximately $55,000 to the *Pequeno Príncipe* children's hospital, and organized a special initiative called *Popcorn Stories*, with 48 storytelling events throughout the year for approximately 4,000 children aged 0-18 and their families. In addition, 20 employees volunteered at the hospital on Children's Day for a plaster painting workshop.

Still in Curitiba, the Company also supported a new project, *Futebol de Rua* (Street Soccer), donating $49,000 to give 80 low-income children access to sports and educational activities for their social development and wellbeing. Similarly, in Sete Lagoas, CNH Industrial continued to sponsor the *Esporte na Cidade* initiative, offering children and teenagers from underprivileged areas opportunities to improve their intellectual and physical abilities through sports. In 2018, the Company donated approximately $52,000 to the project, helping 160 children and teenagers aged 9-17.
Lastly, near its site in Sete Lagoas, the Company invested $53,000 in a new project, *Troca de Talentos*, aimed at engaging disadvantaged elderly people in social activities and workshops involving singing and crafts.

PROMOTING CULTURE

In 2018, the Company extended its social activities to benefit those in Brazil with limited access to culture and education. In Mato Grosso, 800 book kits on Brazilian folklore and the environment were distributed to 32 rural school libraries. Through the *Viola* project, the Company sponsored 2 traditional Brazilian-music concerts, enjoyed by more than 18,000 people.
Still in Brazil, CNH Industrial continued to promote a broad variety of cultural initiatives in the cities surrounding its plants. It partnered with the street theater group *Trama*, organizing a festival for more than 10,000 people in Contagem. In Sete Lagoas, to promote recycling, the *Festival of Life* held workshops and concerts (featuring local artists) for more than 5,000 people. In Curitiba, the *Guritiba* project offered theater classes in disadvantaged areas, involving more than 2,000 children, while the *Platinum Concert Series Cultural Project* gave about 1,600 people access to affordable concert tickets. The *Pintura Solidária* cultural organization continued to promote art and creative expression among marginalized people through musical performances and painting workshops. Lastly, the *Color Compass* project held events in 10 different cities across the State of São Paulo, including Sorocaba and Piracicaba. The Company donated approximately $27,000 to the program, which benefited approximately 10,000 people.

46,800
PEOPLE
INVOLVED
IN **CULTURAL**
INITIATIVES
IN **LATAM**

CNH Industrial also continued to promote coverage of important topics in the media. In 2018, the Company published *Amazonia*, a photo book promoting the preservation of the Amazon biome, while the *New Holland Award for Photojournalism* continued to recognize works that portray rural life and agriculture in South America. Since its inception 14 years ago, the program has received 23,000 pictures and awarded 300 professional and amateur photographers. Furthermore, 4 photo workshops were held throughout the year for 200 people, whose final works will be displayed at exhibitions planned for 2019.
In total, in 2018, CNH Industrial contributed approximately $350,000 to cultural initiatives in LATAM.

SOLIDARITY CHRISTMAS

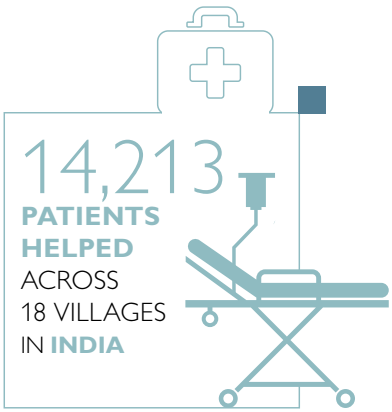
10 REDUCED INEQUALITIES

For several years, employees in LATAM have collected, delivered, and donated gifts to children in need near the Company's locations through its *Solidarity Christmas* initiative. In 2018, CNH Industrial took this annual event even further when its IVECO brand engaged its entire supply chain – dealerships, suppliers, and customers – as well as employees at the Sete Lagoas plant (Brazil), collecting 3,685 toys in 2 months. These toys were then loaded onto a fleet of IVECO trucks and driven some 5,000 kilometers to the remote town of Palestine do Pará in northern Brazil, where they were donated to 2,280 children.

OUR PROJECTS

INITIATIVES IN APAC

CNH Industrial has a strong presence in APAC, which enables it to share its expertise and show its solidarity with local communities. In recent years, this close relationship has taken on greater importance, with initiatives that range from providing information and access to health, to supporting education for young people across the region (see pages 115-116).



In India, following the directive on Corporate Social Responsibility requiring companies to invest in sustainable projects, CNH Industrial is adapting its internal organization to structure its activities to benefit local communities. In this regard, a dedicated committee was established in 2015 to evaluate a number of project proposals. The areas of intervention identified include primary health care for local communities, technical training, education for underprivileged children, and water management.
Still in India, New Holland Agriculture has partnered with the **Smile Foundation** since 2016 to provide better medical facilities in rural areas near CNH Industrial's Greater Noida plant, where underprivileged people lack access to health services and are reluctant to seek treatment due to financial constraints.
The Smile Foundation delivers healthcare services through a mobile medical unit, called *Smile on Wheels*. The unit runs 5 days a week, is equipped with first aid kits, preliminary diagnostic kits, and basic medicines, and is staffed by a doctor, nurse/lab technician, and ambulance driver. In 2018, the unit served 14,213 patients across 18 villages. Since 2016, the service has helped more than 54,000 patients.

In Uzbekistan, the Company partnered with the **APLA**[1] community foundation in Tashkent, donating 5 wheelchairs to children with limited abilities, thus improving their mobility, health, and wellbeing.

PARTICIPATION IN EMERGENCY RELIEF EFFORTS

In 2018, CNH Industrial continued to support relief efforts during several natural disasters, in large part through the partnership between CASE Construction Equipment and **Team Rubicon**, a non-profit veteran-led disaster response organization. In partnership with U.S. Fish & Wildlife Service, the brand has trained Team Rubicon members on heavy equipment operations since 2015.
In North America, specifically in the USA and with the support of its dealers, CASE contributed equipment to several of Team Rubicon's projects, including response missions after the Tinder Fire in Arizona, the Spring Fire in Colorado, mudslides in North Carolina, and the tornados in Connecticut. The brand also supported relief efforts following hurricanes Michael and Florence, in addition to an employee fundraiser organized by the Company for the hurricane victims, with donations matched by the CNH Industrial Foundation. Lastly, the Company donated 2 vans from its training facility to support rebuilding efforts in Houston following Hurricane Harvey.
In 2018, CASE Construction Equipment (in partnership with its dealers) donated $170,611 worth of equipment and services to Team Rubicon, while the Company contributed over $50,000 in cash.

FOCUS ON

FIGHTING CANCER TOGETHER

In 2018, for the ninth year running, CNH Industrial and its US employees participated in Relay for Life – a national, community-based fundraising event for the **American Cancer Society** – raising more than $70,000. New Holland Agriculture closed its 2018 campaign by auctioning the Survivor Tractor (purchased in 2016 and used ever since to raise cancer awareness) and donating the proceeds to the organization. Since its start, the campaign has helped raise more than $100,000 for the fight against cancer.
In Australia, 2018 marked the fourth year that New Holland Agriculture has sponsored the **Prostrate Cancer Foundation of Australia** (PCFA), by means of a joint logo on its tractors as the partnership's emblem. The logo was featured at all major New Holland Agriculture events across the country, reminding men to get regularly tested for prostate cancer. In 2018, the brand donated $75,000 to the Foundation.

(1) *Assistance to People with Limited Abilities.*

YOUTH TRAINING

CNH Industrial's community efforts also focus on young people, and in particular on their education. In addition to the awards and scholarships given to employees' children (see page 96), the Company works hard to promote young people's education by collaborating with private and public institutions and other stakeholders. Activities range from promoting long-running educational projects, to sponsoring organizations involved in young people's education.

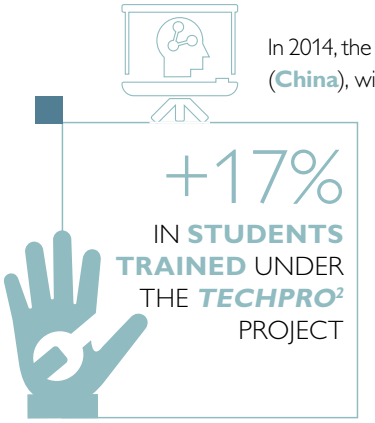
TECHPRO²

TechPro² is a joint project with schools run by the Salesian Society, aiming to train mechatronics specialists in products from all CNH Industrial segments. Training courses are two-fold: theory is taught at the Salesian training institutes, and hands-on learning is provided at authorized CNH Industrial repair shops. The Company provides teacher training, and its expertise is then passed on to the students in the classroom. It also offers financial aid and tools for classroom training (from complementary vehicles for practice exercises to essential parts such as engines, drives, and diagnostic tools). The training offering varies from country to country and is tailored to local needs, with the dual purpose of providing young people with a qualification they can use in the job market, while meeting the demand of workshops and dealerships for skilled personnel.

The *TechPro²* project began in **Italy** in 2011 with the opening of the first center in Fossano, followed by another center in 2015 at the Istituto Teresa Gerini, in Rome, with the support of New Holland Agriculture. In 2018, 76 students received 1,337 training hours and 21 students underwent a 320-hour internship at local repair shops in Fossano, while 24 students received nearly 1,000 hours of classroom and on-the-job training in Rome (683 hours in classrooms, 308 hours on the job).

In 2012, the project was extended to Belém (**Brazil**), involving 20 students. The project continued until 2015, when 800 hours of training were delivered.

In 2013, the project was launched at the Bosco Children Center in Addis Ababa (**Ethiopia**), delivering a course certificate officially recognized by the Ethiopian government. In 2018, a new training course was introduced by New Holland Agriculture. During the year, 40 students received 744 hours of training, with most of them finding employment.



In 2014, the *TechPro²* project was launched at the Changshan vocational secondary school in the province of Zhejiang (**China**), with teacher training, tools, parts, engines, vehicles, and internship opportunities all offered by IVECO. In 2016, another training program was set up at the Yanji International Technical School, in Northeast China, with the support of Case IH, New Holland Agriculture, and FPT Industrial. In 2018, the courses were attended by 147 students in Changshan (for a total of 219 training hours) and by 49 students in Yanji (for a total of 288 training hours). Furthermore, all 25 students who completed the course in Changshan were hired by CNH Industrial after their internships.
Still in 2018, in collaboration with educational partner Yizhong Edulife, the project was also extended to Urumqi (Xinjiang region, China) where the training program was established at the Xinjiang Agricultural Vocational Technical College. The project is expected to be rolled out to 4 more vocational schools across the region. The first 3-year course started with an 8-hour module, attended by 54 students.

In 2016, the *TechPro²* project was launched at the Ennerdale Don Bosco Educational Projects School, in Johannesburg (**South Africa**), where FPT Industrial provided an F1A engine and a power generator set, among other things. Additionally, a *Train the Trainer* course on engines was launched for specialist teachers, supplementing the existing IVECO course on commercial vehicles. In 2018, this new course delivered 1,400 training hours to 10 students. In all, in 2018, 400 students received classroom and/or on-the-job training through *TechPro²*, for 4,679 training hours.

SUPPORTING STEM EDUCATION IN THE USA

In 2018, CNH Industrial continued to support STEM[1] academic disciplines in North America by launching a new educational grants program for local schools. Under the new program, up to 4 schools/school districts were found eligible to receive a grant of up to $25,000 (or an equivalent in-kind equipment donation). The first grant was issued during the year and the program will continue in 2019. The Company had already donated $175,000 in STEM grants in 2017, to 7 different school districts or educational organizations near its US sites.

(1) *Science, Technology, Engineering, and Mathematics.*

CNH Industrial also held its first *Celebrate Education Week*, during which employees were able to donate school supplies and mentor young students through the non-profit Junior Achievement youth organization. In 2018, the Company and the CNH Industrial Foundation donated $22,000 to the organization. In addition, the Company hosted the *Lancaster County STEM Alliance Externship* at its site in New Holland (USA), with 60 local teachers attending a 3-day workshop on STEM skills. Other externships are expected to be held at other sites in North America in 2019.

PROFESSIONAL INCLUSION IN BRAZIL

In Brazil, many initiatives are in place to help children and teenagers integrate into society and gain useful skills for future employment.

One of these is the sponsorship, started in 2018, of *Gente de Bem*, an organization near the Company's Curitiba plant supporting the personal and professional development of 2,200 disadvantaged teenagers across 11 schools. Through the organization and in collaboration with the *Dirce Celestino do Amaral* school, the Company supported the *Crê-Ser* project, enabling 36 students aged 16-18 to attend visits and lectures focusing on career opportunities. In 2018, CNH Industrial donated approximately $12,000 to *Gente de Bem*.

In Contagem and Sete Lagoas, CNH Industrial works with the *Cooperação para o Desenvolvimento and Morada Humana* (CDM) to reduce poverty in highly deprived areas. Under this partnership, the Company runs the **Plantar & Construir** and the **Proximo Passo** programs, through both the New Holland and IVECO brands, focusing on young people's inclusion and on developing their entrepreneurial skills. In 2018, the Company donated approximately $52,000 for the 2 programs, which involved 105 children and teenagers aged 5-17.
The **Crescer** project, on the other hand, allowed 20 students to learn about the labor market and income generation. The project's entrepreneurship courses and technical lectures are also offered to the surrounding communities, with 800 people involved in 2018.

CASE Construction Equipment and Case IH continued to implement their **Case Multiação** program, started in 2009, in the areas surrounding the plants in Piracicaba and Sorocaba. The program is aided by non-governmental organizations, and focuses on human development through culture, sports, and continuing education. Furthermore, in 2018, the Company donated approximately $11,700 to the **Casa do Bom Menino** orphanage in Piracicaba, and offered access to a variety of educational and cultural activities, benefitting 118 children aged 0-18.
In Sorocaba, the *Pastoral do Menor – São José Social Center* supports at-risk children and teenagers through educational and recreational activities such as the **Molecada de Paz** project, aimed at improving interpersonal skills, school performance, cognitive and intellectual development, and motor and sensory coordination through art education. In 2018, CNH Industrial donated approximately $19,000 to program, benefitting 1,194 children and teenagers aged 6-18.

1,194
KIDS SUPPORTED
THROUGH *PASTORAL DO MENOR*

DISSEMINATING WCM IN ARGENTINA

In 2017, CNH Industrial signed an agreement with the Ministry of Education of the Province of Cordoba to share its extensive manufacturing expertise with local technical schools. Through the *WCM at Schools* project, devised within this framework, the Company provides training to teachers and students on the World Class Manufacturing (WCM) program implemented at its plants worldwide (see page 168). In 2018, several employees contributed to this training. Furthermore, the program was also extended to industrial engineering students through WCM at University, where employees provided project management training on site.

TRAINING SUPPORT IN THAILAND

In Thailand, CNH Industrial partnered with the King Mongkut's Institute of Technology Ladkrabang (KMITL) to provide training to 50 of the Institute's young agricultural engineers per year. The Company supplied educational materials, machinery, and its own experts, and the 4-year curriculum includes 2 years on CNH Industrial products and technologies. Courses will also feature guest instructors, as well as training sessions and internships on Company premises.

EDUCATING UNDERPRIVILEGED CHILDREN

In **India**, CNH Industrial continued to support initiatives aimed at improving education for underprivileged children. In 2018, for the third year running, it donated approximately $23,400 to the OPEN[2] Mission Education program, helping 220 children aged 4-14 at a local school near its plant in Greater Noida. The aim is to integrate the children into mainstream society by empowering them to thrive within the formal education system.
The Company also donated approximately $57,000 for the complete reconstruction of a dilapidated school near its plant in Pune. Handed over in 2018, the school accommodates 170 students and includes 2 classrooms and a garden.
Lastly, in December, the Company launched the *Multimedia-Aided School Education* project across the country's primary, elementary, and high schools, focusing on understanding technology. The first phase will involve 97 schools and the sites of 95 agricultural and construction equipment dealerships, 2 of which are near the Pithampur plant. The aim is to create a technology-driven learning environment using IT tools and solutions in classrooms. The Company will also provide the school with laptops.

In **Turkey**, in 2018, CNH Industrial partnered with a local NGO, *Geleceğe Işık Tut* (Light to the Future), to provide school supplies to children in need. A total of 50 school kits – consisting of notebooks, stationary, and other school items – and 2 whiteboards were donated to children at a school in Ağrı Diyadin.

PROJECTS TO IMPROVE FOOD AVAILABILITY

In line with the global challenges analysis conducted in 2016, CNH Industrial has initiated several projects related to *food scarcity and food security*, a key global challenge for Company strategy, which is also aligned with SDG 2 'Zero hunger' (see pages 17; 241). Countries' differing access to and consumption of food resources highlights a major disparity in global distribution. CNH Industrial's involvement in local communities, often through educational initiatives, can help these countries access resources. To enhance the link between the global challenges most relevant to CNH Industrial, the material topics identified, and intervention priorities, a specific improvement target was included in the Sustainability Plan, covering specific local activities and related responsibilities (see page 30).

ADVANCING FARMING TECHNOLOGIES IN GHANA

The modernization and mechanization of agricultural practices is a key aspect of Ghana's economic development, as is the need to encourage younger people to work in agriculture given the high average age of current farmers. To this end, through its brand Case IH and in collaboration with local third parties, CNH Industrial launched a training project in 2018 at the Damongo Agricultural College, offering courses on smart and modern farming practices and on machine operation and maintenance. The project's aim is to farm hundreds of hectares of land, turn students into future managers capable of transferring their field expertise, and, eventually, create up to 15,000 new jobs across the country.
The project, which involved 41 students in the 2018 pilot phase, is expected to expand in 2019, with the donation of other machinery and tools (including a Case IH utility tractor) and the introduction, among other things, of workshop facilities.

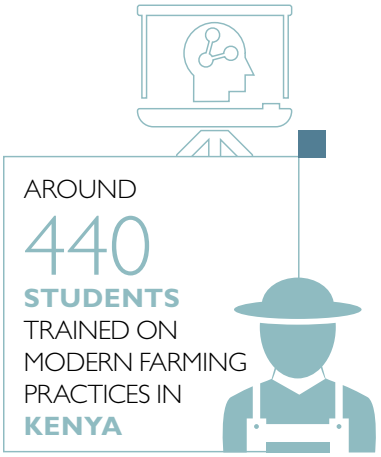
PARTNERSHIP WITH SLOW FOOD

In 2014, IVECO became a technical partner of the *Thousand Gardens in Africa* project, in collaboration with the Slow Food Foundation for Biodiversity. The project focuses on bringing together farming experience, community sharing, and educational/information initiatives, while respecting different environments, socioeconomic scenarios, and cultures. In the first year, a vehicle was donated to the Karrayyu shepherd community in Ethiopia able to carry almost a dozen cans of the camel milk they produce every day. The ongoing project currently involves 42 shepherds and respective family members, for a total of nearly 500 people.
In 2018, in line with previous years, IVECO BUS supported the twelfth edition of the *Slow Food Salone del Gusto* held in Turin (Italy), offering its state-of-the-art low-emission vehicles for shuttle services. The event was attended by 7,000 Slow Food representatives and around 250,000 visitors from all over the world.

(2) *Organization for Poor and Economical Needs.*

A NEW ENGINE FOR SUSTAINABLE FARMING IN KENYA

In 2018, FPT Industrial donated an irrigation system (powered by its F32 engine) to the University of Nairobi, in partnership with the Milan Center for Food Law and Policy and the E4Impact Foundation, with one shared goal in mind: to encourage the spread of modern farming practices across the country. The donation is part of a long-term training project delivering, each year, 40 hours of training to approximately 440 senior engineering students at the Jomo Kenyatta University of Agriculture and Technology.



TRAINING FUTURE FARMERS IN THE USA

In the USA, CNH Industrial supports the **FFA** (formerly known as Future Farmers of America), an association active in farming education since 1928. In 2018, to further its commitment, the Company chartered its own FFA Alumni and Supporters Chapter, through which employees can engage with students pursuing agriculture degrees and members of other FFA Chapters nationwide. The chapter, which comprises 133 members, hosted its first *FFA Day* at CNH Industrial's sites in Burr Ridge, New Holland, and Racine.
Meanwhile, Case IH continued to sponsor university students attending the FFA's *New Century Farmer* conference, an intensive 5-day event to promote careers in production agriculture, where students who are former or existing FFA members can gain access to industry experts and attend workshops on modern farming. The FFA's initiatives were promoted locally and/or nationally by both New Holland Agriculture and CNH Industrial Capital, in addition to a Company donation of $260,000.

During the year, Case IH also continued its 25-year sponsorship of the **American Farm Bureau** by donating 3 new tractors worth $75,000 to the organization, to be delivered in 2019. The donation was part of the annual *Young Farmers and Ranchers* contest.

HUNGER TASK FORCE FARM IN THE USA

Located near the Company's sites in Racine (USA), the *Hunger Task Force Farm* grows fresh produce to feed the hungry and create a reliable source of healthy food for its network of food banks. Established in 2004, the Farm ships about 340 tons of fresh produce per year and grows over 30 varietals of fruits and vegetables, using a New Holland Agriculture tractor donated by CNH Industrial Capital in 2017. The Company's support in 2018 included $11,000 in cash contributions, help during harvesting through the Company's *Impact Day* volunteering initiatives (see page 96), and a special event sponsored by Case IH to collect food donations during a baseball game. This last initiative saw 28 Company employees volunteer their time and collect 1,134 kilos of food for the organization.
In all, under the Company's *Impact Day* and *Volunteer Time-Off* (VTO) initiatives, employees donated 418 hours of their time in 2018 to help food banks and other food organizations.

FOOD SECURITY WEEK

In 2018, CNH Industrial organized its first-ever *Food Security Week* in North America to promote awareness of this critical topic among employees and other stakeholders, including FFA students starting their careers in agriculture. The event included presentations by local dealers focusing on the customers' need for new technologies to increase their yields. Employees and students also joined in a program to put together 400 snack packs and 200 hygiene kits, later distributed to charitable organizations in Racine, New Holland, and Burr Ridge (USA). In addition, friendly food-drive contests were organized amongst Company depots and manufacturing plants, resulting in the collection of more than 4,990 kilos of food.

IMPROVING FARMERS' LIVELIHOODS IN INDIA

In India, New Holland Agriculture partnered with the Drishtee Foundation on the **Swavlamban** project to improve the livelihoods and food security of farmers in the Kamrup district. The community-led farmer education program provides needs-based training to help farmers overcome current agriculture challenges, with a focus on modern farming practices and mechanization to increase productivity. In 2018, the project involved 150 farmers and respective families in 3 villages, impacting approximately 600 people.

200 FOOD HAMPERS IN PAKISTAN

In Pakistan, CNH Industrial sponsored the donation of 200 food hampers to families in need in Karachi. Their distribution was organized by a local NGO, the **Peace & Development Organization**, during 2 events in the presence of social and human rights activists and representatives from the local and national government and media.

PROJECTS TO COMBAT CLIMATE CHANGE

At CNH Industrial, a key priority is to combat *climate change*, a global challenge whose negative impact on ecosystems affects the quality of life for people in local communities, as well as consumer choices. For this reason, the Company increasingly focuses on projects to reduce its plants' environmental impact, including on local communities (see page 175), along with projects to help protect them against the effects of climate change, such as desertification, water scarcity, and the loss of biodiversity. The projects are aligned with SDG 13 'Climate Action' (see pages 17; 241). To enhance the link between the global challenges most relevant to CNH Industrial, the material topics identified, and intervention priorities, a specific improvement target was included in the Sustainability Plan, covering specific local activities and related responsibilities (see page 31).

STANDING WITH THE FAO FOR WATER MANAGEMENT IN TUNISIA

In late 2018, the Company completed its 3-year project in Tunisia with the United Nations' Food and Agriculture Organization (FAO) and the Government of Tunisia. The project was first established in 2015 to improve the country's water mobilization and irrigation, and to help reduce rural poverty and insecurity of resources in the Governorate of Kebili, significantly impacted by desertification and climate change. The project benefitted 243 people and provided for: the construction and repair of traditional water harvesting systems, the creation of vegetable gardens for families, training for farmers and breeders, intensification of plant and animal reproduction (with 1,400 olive trees planted and 115 sheep purchased), an increase in grazing, and the development of orchards and new wooded areas. The overall aim was to enable the fully sustainable management of water, a resource that is especially valuable in an area at such risk.

PROTECTING WILDLIFE AND NATURE IN THE USA

In 2018, in collaboration with **Team Rubicon** and the U.S. Fish & Wildlife Service, CASE Construction Equipment continued to support several initiatives to protect wildlife and nature in the USA. Projects included: removing invasive plants and reviving the ecosystem to support local wildlife in Iowa; repairing wildlife refuge sites in Hawaii following storm damage; flood mitigation in Wyoming; and wildfire mitigation on the Hoopa Indian Reservation in California.

NEIGHBORHOOD REVITALIZATION IN THE USA

In 2018, the Company supported several US neighborhood revitalization projects in collaboration with CASE Construction Equipment and its dealers. The brand contributed compact track loaders, excavators, and its specially outfitted CASE SV340 skid steer to *Operation Ray Chapman*, an urban blight recovery project in East Cleveland organized by non-profit partner Team Rubicon, which brought in 20 volunteers and numerous local residents to assist in the operation. In Milwaukee, CASE donated the use of a skid steer during the annual *Victory Garden Blitz*. In 2018, over 300 community volunteers created 525 gardens, bringing the total to over 4,000 community gardens created across the city since the project's inception.

CREATING AN ALTERNATIVE TO CROP BURNING IN INDIA

In Punjab and Haryana, in Northern India, approximately 35 million tons of paddy straw and stubble are burnt every year, causing severe air pollution. This leads to many respiratory problems and lung diseases, and to poor visibility resulting in road accidents. Burning the paddy straw and stubble also depletes them of precious soil nutrients, required for crop growth.

The **Straw Management Solution** project was launched in 2017 at the Kallar Majri village, in Punjab, by the Department of Agriculture in collaboration with the Ministry of Agriculture, the Government of Punjab, and CNH Industrial. The project aims to prevent crop burning and offer an alternative means for crop residue management. New Holland Agriculture contributed its full equipment range (baler, rake, mulcher, and tractor) to the initiative, which, in 2018, was extended to 2 more villages. In total, 1,597 tons of paddy straw were baled rather than burnt, cutting CO_2 emissions by 2,418 tons.
Moreover, the Company signed a Memorandum of Understanding (MoU) with the Indian Agricultural Research Institute, aimed at identifying and implementing customized technologies and practices for eco-friendly and economical crop residue management. The project will involve a participatory research program with farmers and the development of an economically sustainable business model.

AROUND
1,600
TONS OF **PADDY STRAW BALED** RATHER THAN BURNT IN **INDIA**

PLANTING TREES

Planting trees contributes to mitigating climate change as they help capture and store carbon. In 2018, many CNH Industrial plants engaged in tree-planting activities, some of which involved local communities directly.

In **EMEA**, employees and family members in Madrid and Valladolid (Spain) joined volunteer-based reforestation projects involving a natural park in the city of Álcalá de Henares and the PRAE Environmental Park, respectively. The 2 sites combined planted about 800 trees. The plant in Bourbon Lancy (France) collaborated with a local elementary school on the launch of the *Green Wall project*, which involved about 30 of the school's students. Lastly, the site in Vysoke Myto (Czech Republic) planted almost 700 oak and pine trees in a nearby urban forest, and lime trees in the city center.

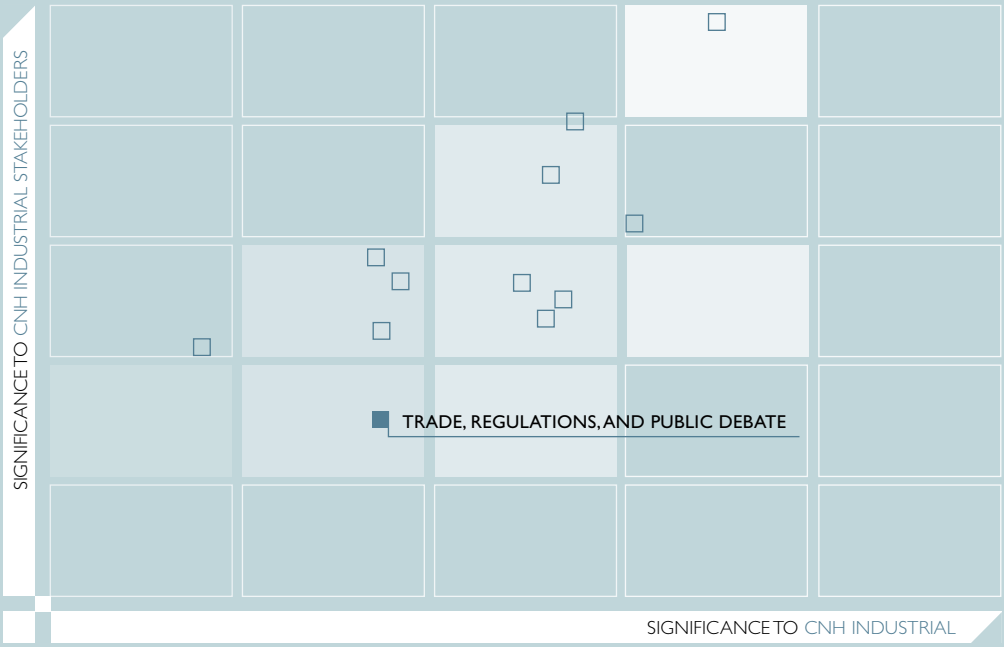
Similar initiatives took place in **North America**, where a total of more than 700 trees were planted. These included 400 trees in Canada (in collaboration with a local energy contractor) around the Saskatoon plant's perimeter to reduce soil erosion, 100 trees at the site in Fargo (USA) along its driveways and fields, and 50 trees in Queretaro (Mexico) planted by 65 employees and their family members using innovative COCOON[1] planting technology.

In **LATAM**, a reforestation project was undertaken in Cordoba (Argentina), in 2017, to reduce the carbon footprint around the Company's site, entailing the planting of 500 trees over a 2-year period. During the second phase of this initiative, an alliance between CNH Industrial and sister company FCA led to the creation of the *FCA-CNH Industrial Nature Reserve*, located near the agricultural and construction equipment plants. More than 100 employees from both companies came together for a day, volunteering in planting 280 trees (comprising 100 native species), forming a green fence between the commercial and industrial areas. In Brazil, the plant in Piracicaba donated 360 seedlings to its employees to raise awareness of the relationship between tree planting and rainfall, while approximately 800 native tree seedlings were planted at the site in Sete Lagoas.

In **APAC**, New Holland Agriculture continued its massive tree-planting drive, started in 2017 to celebrate its twentieth year of production in India. Throughout the year, the brand planted 45,000 saplings at dealer locations in Pune and Greater Noida to bolster community engagement and raise pollution awareness. Similarly, on World Environment Day, the New Holland Construction plant in Pithampur planted 5,000 saplings along a nearby 4.5-kilometer road divider.
In Turkey, in cooperation with TEMA[2], 108 employees were involved in an initiative to each plant 6 trees on their birthdays, resulting in 650 trees planted around the Company's various sites.

(1) A low cost, water efficient, biodegradable technology that enables the sustainable and scalable plantings of trees.
(2) Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats.

RELATIONSHIPS WITH PUBLIC AND PRIVATE ORGANIZATIONS



Material topics described in this chapter (for definitions see page 239).

MANAGEMENT FRAMEWORK

The materiality analysis highlighted that **trade, regulations, and public debate** are key issues for CNH Industrial and for its stakeholders. The Company's participation in the debate on shaping public policy and defining regulations is essential to help set workable standards and guidelines, and thus preserve the value of its investments. As evidenced by the stakeholder engagement results, promoting public-private relationships, entering the debate on public policies, and contributing to the establishment of international standards are crucial to help identify innovative, shared sustainability solutions, and to ensure high-level standards and guidelines.

CNH Industrial aims at making a positive contribution to the future development of policies, regulations, and standards on issues that affect its business and the communities in which it operates. Specifically, the Company contributes its expertise and knowledge in its dialogue with governments, local authorities, and other stakeholders on policies concerning the capital goods sector, including sustainable agriculture, construction equipment, the automotive industry and other sectors related to the transport of people and goods. CNH Industrial is committed to contributing to society's technological advancement, and to cooperating with public institutions, universities, and other organizations on research and development into innovative solutions in the fields in which it operates. The Company's proactive approach to institutional relations contributes to identifying new business opportunities early on, and to creating business conditions that are competitive as well as sustainable over the long term. 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 the Company's Code of Conduct and related policies and procedures (see page 47). CNH Industrial is registered with the European Transparency Register, which is operated jointly by the European Parliament and the European Commission. The Register provides information about the interest representatives (organizations and self-employed individuals) that seek to influence the decision-making processes of the European Union, and a code of conduct serving as a framework to regulate their activities. In 2016, CNH Industrial also registered with the Italian Transparency Register set up by the Italian Ministry of Economic Development and adopted for the first time in Italy, drawing upon the same model applied across other European institutions, while in 2018 it enrolled in the Register of Interest Representatives of the Italian Chamber of Deputies.

The function in charge of relations with institutions reports directly to the Chief Operating Officer of each Region[1], and is responsible for:

- monitoring future policy trends, engaging with public authorities, local governments, trade associations, regional institutions, international organizations, and NGOs in the institutional decision-making processes that affect CNH Industrial's product and marketing strategies
- strategies for interacting with policy makers and other relevant stakeholders
- protecting and enhancing Company and brand profiles, by proactively interacting with external stakeholders and participating in public dialogue
- supporting CNH Industrial's business goals by identifying specific business issues and opportunities in the context of institutional and/or diplomatic relations.

In line with its business approach and the opinions of stakeholders, CNH Industrial's strategy is to continue to pursue initiatives to tackle its global challenges (those it selected in 2016 as most relevant), particularly *climate change* and *food scarcity and food security* (see page 16). The objectives and actions implemented in this regard are also aimed at continuous improvement in the transparency of Company relations with public institutions, as disclosed in this Report.

As stated in the Code of Conduct, all such relations must be transparent and conducted in accordance with CNH Industrial's values and with applicable laws. Interest representation and other political activities shall only be conducted by duly designated departments and authorized individuals, and only where permitted by and in strict compliance with applicable laws and, in any case, in full observance of the Code of Conduct and any applicable Company procedures.

The Code of Conduct, its policies, and related procedures in the event of violations are the tools used by CNH Industrial to ensure a consistent Company-wide approach in line with its climate change strategy. The Code of Conduct regulates CNH Industrial's relationships with various types of public and private organizations (including universities and research centers); these relationships are also an aspect of the Company's commitment to combating climate change as stated in its Environmental Policy, as it involves stakeholder engagement.

In EMEA and APAC, the Institutional Relations Department is responsible for overseeing advocacy activities, supporting CNH Industrial's engagement with institutions and stakeholders, and engaging daily with Company and brand departments and functions.

(1) *Function names and roles as at December 31, 2018.*

CNH Industrial abides by 2 compliance policies[2], implemented in relation to the Code of Conduct, that regulate relations with public institutions: *US Lobbying Activities and Other Contacts with US Government Officials* and *Political Action Committee Activity and Other Political Contributions.*
The Compliance Helpline is an operational grievance mechanism to report potential violations of corporate policies, the Code of Conduct, or applicable laws; it can also be used to report violations related to relations with public institutions (see page 50).

PUBLIC POLICY AND INTEREST REPRESENTATION

At CNH Industrial, the function in charge of relations with institutions focuses on increasing the awareness and active participation of institutional and economic stakeholders, the public, and international organizations, with regards to:

- the importance of key issues related to CNH Industrial's product strategy and related advocacy, such as sustainable mobility, decarbonization of transport, reduction of emissions from vehicles and production, development of alternative fuels, digitalization, autonomous driving, precision farming, and agricultural mechanization
- CNH Industrial's corporate positioning on sustainability, renewable energy, the circular economy, alternative fuels, transportation systems, safety, product innovation, emergency relief, disaster recovery, and the future of agriculture.

In 2018, the Company actively participated in institutional conferences, working groups, roundtables, initiatives, and meetings to encourage and foster debate on the global challenges that are most relevant for sustainability: *climate change*, *food scarcity and food security*, and *the innovative and digital world* – the latter considered as facilitating the first two. The following are some examples of the activities carried out by CNH Industrial during the year, through its relations with institutions, to combat climate change and improve food availability.

INITIATIVES LINKED TO COMBATING CLIMATE CHANGE

CNH Industrial contributes to combating *climate change* mainly by promoting the use of alternative powertrains and innovative vehicles, and by participating in the debate around important issues, such as the reduction of polluting emissions.

In **EMEA**, CNH Industrial and all its brands actively participated in many events and projects, including in collaboration with the sector associations of which the Company's brands are members, within the framework of the European Union's policies on the environment and sustainable mobility. In particular, efforts were made to increase awareness across Europe of the role of natural gas and its impact on both the environment (in terms of lower emissions) and economy, as well as to promote autonomous driving.
As long-standing members of the European Automobile Manufacturers' Association (**ACEA**), the Company has actively contributed to the debate on European Union (EU) policies to lower CO_2 emissions. The automotive sector is currently playing a leading role in facing the global challenge of climate change, taking responsibility to reduce emissions from vehicles and production. In this regard, CNH Industrial has been participating in ACEA's working groups to share its vision for a sustainable future for the transport sector, supporting alternative carbon-neutral fuels while also focusing on safety requirements, materials, and future trends, such as automated driving and connectivity. Moreover, for the first time ever, the EU is currently working on setting CO_2 standards for trucks, aiming to reduce emissions. To this end, within the framework of its ACEA membership, IVECO has contributed to the debate of a new regulation by presenting solutions based on the leading role of natural gas and biomethane as the future of road freight transport, both deemed real and readily-available alternatives to diesel that can significantly contribute to the decarbonization of Europe.
As a member of the European Council for Automotive R&D (**EUCAR**), the association representing the major European passenger car and commercial vehicle manufacturers, the Company contributes to facilitating and coordinating pre-competitive research and development projects, participating in a wide range of collaborative European R&D programs; most of these relate to alternative fuels and clean vehicles, which contribute to combating climate change and improving air quality.
CNH Industrial is also a member of the Committee for European Construction Equipment (**CECE**), a trade association for construction equipment manufacturers. Throughout 2018, the Company collaborated with the association's committees and project teams to bring forward EU legislation on the safety and environmental aspects of construction machinery, such as engine exhaust emissions, outdoor noise, and the safety of machinery at work.

[2] *Compliance policies are available in the Compliance and Ethics section of the Company's Intranet site.*

Moreover, CNH Industrial has been a member of the European Association of Internal Combustion Engine Manufacturers (**EUROMOT**) since its foundation in 1991. During 2018, the Company contributed to the association's activities centered on Non-Road Mobile Machinery (NRMM) engine exhaust emissions, particularly relating to the EU Regulation on new emission limits.
Lastly, the Company is a member of the Natural and Bio Gas Vehicle Association (**NGVA Europe**), which advocates and fosters the use of natural gas and biomethane for transport in Europe. In 2018, together with **NGV national associations**, which endorse sustainable mobility, IVECO promoted the advance of alternative fuels in Europe, by organizing workshops with national institutions to support member states' plans to comply with EU legislation regarding the development of natural gas infrastructures: an integrated approach, also at national level, required to reduce CO_2 emissions efficiently.

In **North America**, CNH Industrial is a member of the Business Roundtable (**BRT**). Believing that the business community has a special obligation to step forward and help build an environmentally and economically sustainable future, the BRT is an association of chief executive officers of leading US companies working to promote a thriving economy and expand opportunity across the USA through sound public policy. The BRT supports policies that capitalize on the country's strengths in technology and energy diversity to maximize energy options and preserve environmental quality. It believes in harnessing the country's abundant renewable energy resources in a cost-effective manner, while diversifying energy supplies, enhancing energy security, and advancing environmental stewardship. Additionally, given the potentially serious and far-reaching consequences of global warming for both society and ecosystems, the association encourages addressing such risks, and supports collective actions that may lead to the reduction of greenhouse gas emissions on a global scale.
CNH Industrial is also member of the Engine Manufacturers Association (**EMA**), which represents worldwide manufacturers of internal combustion engines and on-highway medium and heavy-duty trucks. The EMA works with governments and industry towards achieving cleaner air (emissions control) and safer highways and vehicles, while ensuring environmental and safety standards and regulations are technologically feasible, cost-effective, ensure public safety, and provide environmental protection and benefits. The EMA sponsors scientific and technical research aimed at improving engine and truck performance and fuel efficiency, reducing emissions from internal combustion engines, and enhancing safety.
Moreover, the Company is a member of the National Association of Manufacturers (**NAM**), the largest manufacturing association in the USA, representing small and large manufacturers from every industrial sector across all 50 states. The NAM supports an energy strategy that embraces all forms of domestic energy production while expanding existing conservation and efficiency efforts. Indeed, while oil, natural gas, and clean coal remain essential contributors to US energy security, investments are increasingly being made in other energy sources such as alternative fuels, nuclear energy, and renewable energy. The association's manufacturers are leading the way in advancing energy efficiency and sustainability efforts that enhance environmental protection, with a particular focus on emissions reduction, waste management, biodiversity protection, and water discharges.
CNH Industrial is also a member of the US-based Association of Equipment Manufacturers (**AEM**), whose goal is to enable equipment manufacturers to be successful in the global marketplace. The AEM has adopted a comprehensive energy policy statement that addresses domestic energy production by focusing on both conventional and renewable energy sources, and by implementing the US Renewable Fuel Standard (RFS). The AEM focuses on educating the US administration and leaders in Congress about the importance of the RFS for manufacturers, and on advancing efforts to expand fueling infrastructure.
Lastly, the Company is a member of **Growth Energy**, USA's premier trade association working to advance biofuel policies and expand consumer access to higher ethanol blends at fueling stations. The association is committed to driving ethanol demand by empowering consumers with information on homegrown biofuels, and by forging strategic partnerships across the entire biofuels supply chain that may grow the US economy and improve the environment for future generations. Growth Energy believes in enhancing and facilitating market access to higher blends of ethanol, reintroducing consumers to ethanol, defending the Renewable Fuel Standard (RFS), and pursuing biofuel policies.

In **LATAM**, specifically in Brazil and Argentina, CNH Industrial has relations with institutions and associations that play a fundamental role in influencing governmental decisions that impact the Company´s business and performance, as well as the economic and social development of LATAM countries as a whole. In 2018, through its representatives, the Company actively participated in forums, technical committees, and advisory councils on specific themes such as: alternative fuels, automotive safety, vehicle emission levels, new technologies for urban and rural transportation, mobility, and enhanced machinery and commercial vehicle productivity. Other themes included the regulatory and legal requirements related to the automotive sector, other institutions and countries, and labor aspects.

As regards its local affiliations, CNH Industrial is a member of the National Association of Automobile Manufacturers (**ANFAVEA**), responsible for filing legislative and regulatory claims within the automotive sector with the Brazilian government and other institutions, including labor unions. CNH Industrial interacts with the association's branches for heavy vehicles (trucks and buses) and agricultural and construction equipment. ANFAVEA leads discussions on important milestones for emissions, alternative fuels, automotive safety, ergonomics, labor legislation, material recycling, vehicle inspections, and more.
The Company is also a member of the Society of Engineers of Mobility (**SAE Brazil**), which brings together engineers working in the production of automobiles, trucks, buses, and self-propelled machines. CNH Industrial engineers and executives participate directly in the SAE's technical commissions, debates, and forums. The Company has also sponsored events related to urban mobility, transportation, logistics, better use of fossil and alternative fuels, vehicle emission levels, new technologies for urban and rural transport, and the enhancement of machinery and commercial vehicle performance and productivity.
Furthermore, CNH Industrial is a member of the Brazilian Association of Automotive Engineering (**AEA**), which interacts with the government on automobile legislation for commercial vehicles and machinery with regard to the homologation of parts, components, and complete vehicles. In addition, it focuses on other topics such as: motorization, emissions, safety and dimensional specifications, weight and dimensions, and parts and other components involved in vehicle assembly. CNH Industrial participates in the AEA's consultative council focusing on upgrades and improvements to the materials used in vehicles, engines, and machines.

Since logistics have an indirect impact on tackling climate change, all relevant processes must be properly managed. To this end, CNH Industrial logistics processes are managed to optimize the efficiency of logistics flows and reduce their environmental impact. The importance of sustainable logistics to the Company lies not only in time and cost efficiencies, but also in the related environmental and social impacts, in terms of emission reduction, resource use, packaging management, as well as in their indirect impact on human health and traffic congestion. Some examples of the Company's memberships of institutions in LATAM related to logistics are described below.
CNH Industrial is a member of the National Freight Transportation and Logistics Association (**NTC & Logística**), the main entity for freight forwarders in Brazil. Through IVECO, the Company supports the association's technical and commercial events, such as Fenatran, the largest trade show for trucks and transportation materials in LATAM. The association defends the interests of carriers, with a focus on the best logistics flows between production sites and consumers in Brazil and neighboring countries. It also intervenes in critical matters regarding sector legislation, public safety, labor relations, and logistics infrastructure development and improvement.
CNH Industrial is also a member of the Brazilian Association of Machinery and Equipment Industry (**ABIMAQ**), which brings together and represents the capital goods industry in Brazil while promoting its development. ABIMAQ leads important discussions related to legislation on the use and application of machines in agribusiness and in public infrastructure works. It also promotes forums on tax and legal issues to enhance Brazil's industrial competitiveness.
CNH Industrial actively participated in the *Commission for Machinery and Agricultural Implements and Construction*, focusing on critical issues such as the environment, basic sanitation, and energy generation and distribution, as well as on road, rail, port, and airport logistics. Furthermore, a CNH Industrial representative was appointed chair of ABIMAQ's Road Machinery Chamber for the 2018-2020 period, a rotating position among the association's member companies.

In **APAC**, in 2018, CNH Industrial showcased its brands' leadership in natural gas technology, further highlighting the advantages of the large-scale use of this alternative fuel in decarbonizing transport in Asia. Natural gas, in fact, provides a solution to many current issues in terms of air quality, CO_2 emissions, energy efficiency, and noise levels (a key factor in urban and night missions).
As regards tackling climate change, CNH Industrial actively participated in several debates on China's on-road vehicle emission standards, held at: the local office of the European Automobile Manufacturers' Association (**ACEA**) in Beijing, where the Company presented key Chinese stakeholders and institutions with success stories from the European market, as well as policies on the reduction of emissions and pollutants; the local branch of the US Association of Equipment Manufacturers (**AEM China**); the local trade association of Agriculture Machinery Manufactures (**CAAMM**); and the China Internal Combustion Engine Industry Association (**CICEIA**). The aim was to offer Chinese legislators examples of best practices around the world, promoting and fostering a constructive dialogue on the main regulatory issues, possible future solutions for sustainable mobility in Asia, and the development of policies on transport sector decarbonization and air quality improvement.

ADVOCATING FOR CLIMATE CHANGE MITIGATION

In 2018, the Company actively engaged in several initiatives and opportunities to combat climate change, especially raising awareness of alternative fuels and sustainable mobility.

IVECO participated in a high-level meeting on EU infrastructure policy during the *Trans-European Network for Transport (TEN-T) Days* event, promoted by the European Commission and held in Ljubljana (Slovenia). The brand presented its vision for alternative fuels: i.e., the development of electric vehicles for last-mile logistics and hyper-centers, as well as methane and biomethane as a broad alternative to diesel and as a mature, affordable solution to reduce greenhouse gas emissions and address urban air quality issues.

IVECO's role in contributing to the promotion of natural gas as an alternative fuel, as well as its commitment to sustainability, were further underlined during the *Cleaner, Connected, and Connected Summit* organized by news organization POLITICO[1] in Brussels (Belgium), and at the *Gas Infrastructure Europe (GIE)* annual conference held in Bucharest (Romania). Both events were an opportunity to present the Company's contribution to a cleaner transport sector in Europe.

In 2018, CNH Industrial took part in the *3rd Bridge for Cities* initiative in Wien (Austria), an annual conference organized by UNIDO (United Nations Industrial Development Organization) on sustainable mobility. This was the occasion to share CNH Industrial's best practices and green technologies aimed at promoting inclusive and sustainable urban and industrial development.

IVECO also participated in the *International Road Transport Union (IRU) World Congress 2018*, in Muscat (Oman), where it outlined its commitment to sustainability and to reducing the industry's environmental impact, as well as the role of natural gas as a mature solution and alternative to diesel. The key role of innovation and digitalization at CNH Industrial, and their contribution to creating a greener future, was extensively highlighted (to policy makers, among others) at the *FPT Industrial Tech Day* organized in Turin (Italy), during which FPT Industrial presented its latest innovative technologies and projects and its vision for the future of engine technology, focusing on decarbonization as the way to a green and sustainable future. The Company's commitment to respect for the environment was also underlined during the *2018 Congress of the Committee for European Construction Equipment* (CECE), in Rome (Italy), where CASE Construction Equipment and New Holland Construction presented their state-of-the-art technologies, focused on reducing fuel consumption and emissions, as well as their increasingly efficient machines, with benefits for the environment.

In Cairo (Egypt), CNH Industrial participated in the *Egypt-Italy Business Forum*, organized to strengthen partnerships around green technologies for sustainable growth. IVECO, IVECO BUS, and FPT Industrial showcased their leading roles in developing sustainable mobility, as well as the key role of natural gas, a particularly viable solution in countries with large reserves, such as Egypt, where it could contribute to the development of a circular economy and a sustainable future.

With regard to Tunisia, the Company presented its 3-year sustainable water management project regarding one of the region's driest areas, the Kebili Governorate, at several international conferences and in collaboration with the Tunisian Government, the Food and Agriculture Organization of the United Nations (FAO), and New Holland Agriculture.

As a major industrial player in both the Italian and Chinese markets, CNH Industrial was invited to participate in the fifth *China-Italy Business Forum* in Shanghai, a platform to discuss potential opportunities in infrastructure, agriculture, green technology, sustainable mobility, and urban development. The Company discussed its involvement in promoting the long-term development of China's automotive sector, as well as the importance of natural gas, which reflects the objectives of China Blue Sky, the government's action plan for pollution prevention and control.

In 2018, within the scope of the Memorandum of Cooperation signed in July 2017 by the European Commission and the Japanese Ministry of Economy, Trade, and Industry, IVECO presented its latest action plans supporting the use of natural gas across the transport sector in Japan, and the development of advanced technologies for the use of liquefied natural gas (LNG) powertrains in road and maritime transport.

INITIATIVES LINKED TO IMPROVING FOOD AVAILABILITY

In 2018, in the non-road sector, CNH Industrial organized initiatives and participated in events to raise awareness among institutional, economic, and social stakeholders of its role in tackling food scarcity and enhancing food security, through precision farming, agricultural mechanization, and global collaborations.

In **EMEA**, as a member of the European Agricultural Machinery Industry Association (**CEMA**), the Company proactively contributed to many activities during the year, strengthening relationships with stakeholders within the agri-food chain while promoting precision farming (i.e., digital farming and Agriculture 4.0). To this end, CNH Industrial is a leading member of the CEMA working groups, and aims to promote Company policies on sustainable agriculture, alternative fuels, and autonomous driving. These topics are gaining in importance and are fueling the political debate for a better future EU Common Agricultural Policy (CAP).

(1) *Organization reporting on the politics, policy, and personalities of the European Union.*

At national level, the Company contributes to the development of sustainable agriculture policies through agricultural associations, such as the association of Belgian agricultural equipment manufacturers and importers (**FEDAGRIM**) in Belgium, the association of both French and foreign agricultural equipment manufacturers (**AXEMA**) in France, the Construction Equipment Association (**CEA**) in the UK, the Verband Deutscher Maschinen und Anlagenbau - Mechanical Engineering Industry Association (**VDMA**) in Germany, and the Association of Austrian Machinery and Metalware Industries (**FMMI**) in Austria.

In **North America**, CNH Industrial is a member of the Diesel Technology Forum (**DTF**), a non-profit organization raising awareness of the importance of clean diesel technology (engines, vehicles, and equipment), cleaner diesel fuel, and emissions-control systems. In the agricultural sector, diesel dominates the entire farm supply chain, as there is no cost-effective substitute for diesel engines that has the same combination of energy efficiency, power, performance, durability, and reliability. Despite today's general shift towards diesel-powered equipment, the growing global demand for food requires farms to become even more productive. This means not only more sustainable and efficient farming practices, but also more productive and efficient machines, such as the engine and equipment technology delivered by Case IH and New Holland Agriculture. Another way to make farms more productive is by investing in equipment – tractors and harvesters – that can do more work in less time using less fuel, i.e., autonomous vehicles like Case IH's and New Holland Agriculture's autonomous concept tractors. Today's tractors are connected to the farmer's tablet, each other, the dealer, the Cloud, and the field, and feature real-time data tracking, GPS guidance, and feedback on everything from ground conditions to direction of travel. This connected and smart farming technology saves time, reduces the use of fertilizers, herbicides, pesticides, and other inputs, and allows farmers to pre-program their equipment to perform operations precisely, maximizing equipment and fuel efficiency while minimizing soil compaction and crop damage.

Institutions and associations in **LATAM** encourage best agricultural practices that enable productivity according to environmental requirements aligned with local legislation on soil and water usage. They also promote access to the best technologies to overcome food scarcity and optimize food production, thus avoiding waste. Some of these institutions lead important discussions regarding laws on machinery usage and application in the agribusiness and public infrastructure sectors, besides promoting forums on legal and tax issues to enhance Brazil's industrial competitiveness.
CNH Industrial is a member of the Association of Argentine Factories and Distributors of Tractors and other Agricultural Equipment (**AFAT**), which brings together agricultural machinery manufacturers and dealers in Argentina. The association focuses on sector legislation and regulatory litigation with the government and other institutions, including local labor unions. CNH Industrial actively participates in the management of AFAT, leading important discussions related, among other things, to emissions, technical standards, types of fuel, safety, ergonomics, and labor legislation.
Moreover, the Company is also a member of the Brazilian Agribusiness Association (**ABAG**), which promotes the technological, economic, and social development of Brazil's entire agricultural production chain. It also serves as a liaison to strengthen the sector's trade and institutional relations with the government and other entities and countries (through their respective associations). CNH Industrial provides ABAG with financial and technical resources for events that promote sector improvements and facilitate rural producers' access to credit for agricultural investments. The association also encourages the best agricultural practices that enable productivity according to environmental requirements aligned with local legislation on land and water use, and promotes access to the best technologies to overcome food scarcity and to optimize food production, thus avoiding waste.
CNH Industrial collaborates with the Brazilian Agricultural Research Corporation (**Embrapa**), which has links with Brazil's Ministry of Agriculture, Livestock, and Supply (MAPA). Embrapa focuses on agricultural production research and the development of new technologies to increase agricultural production while reducing land use, promoting reforestation, and preserving native forests and water resources. The Company has established several partnerships with Embrapa regional companies throughout Brazil, with the aim to increase domestic agricultural productivity through the use of its agricultural machinery.
Lastly, CNH Industrial partners with the Capixaba Institute for Research, Technical Assistance, and Rural Extension (**Incaper**), which has links with the state government of Espírito Santo, in southeastern Brazil. Incaper's work focuses on coffee and forestry, as well as on other crops like fruits, vegetables, and seeds. CNH Industrial's partnership seeks to improve the development and local use of its machines, such as the Case IH coffee harvester.

In **APAC**, CNH Industrial actively participates in the debate on the future of agriculture, including through its membership of many sector associations, in order to support local policies and strategies. For example, it participates in the Agricultural Machinery Working Group China, organized by **VDMA China** (the German mechanical engineering industry association), and plays an active role in the Tractor and Machinery Association (**TMA**) of Australia, the Tractor Manufacturers Association (**TMA**) in India, and the Russian Association of Farm Machinery (**ROSAGROMASH**).

ADVOCATING TO IMPROVE FOOD AVAILABILITY

The benefits of digital farming technologies for agricultural sustainability and productivity, and the Company's vision for precision farming and agricultural mechanization to improve food security, were presented at various public events.
During 2018, CNH Industrial supported many international initiatives for sustainable development in Africa. In this regard, in January, the Company attended the *National Development Cooperation Conference*, held in Rome (Italy) in collaboration with the Ministry of Foreign Affairs and International Cooperation and the Agency for Development Cooperation. In April, CNH Industrial took part in a roundtable on Africa and its future, also organized in Rome by the Ministry of Foreign Affairs along with the Italian geopolitical magazine *Limes*. In October, the Company took part in the second *Italia-Africa Business Week*.
Key stakeholders from European, African, and international organizations took part in the conferences, an opportunity for the Company to highlight its contribution to combating climate change and promoting sustainable agriculture and innovation in Africa. CNH Industrial also underlined the strong need for investments in agricultural mechanization to achieve future sustainable development and greater food availability. In Addis Ababa (Ethiopia), Case IH and New Holland Agriculture took part in the *Second International Agro-Industry Investment Forum*, organized by Ethiopia's Ministry of Industry along with the UN's Industrial Development Organization (UNIDO) and Food and Agriculture Organisation (FAO). The Forum presented the joint efforts of the public and private sectors in Ethiopia and Italy to promote sustainable and equitable agro-industrial development in Ethiopia. The two brands also presented their current activities and future projects.
In Shanghai (China), the Company took part in the *Sino-Italian Agrifood Cooperation Forum*, organized by the Shanghai Municipal Agricultural Commission and the Italian Trade & Investment Agency in conjunction with Italy's Ministry of Agriculture, Food, Forestry, and Tourism. The Company presented its latest technology developments for agriculture and construction in support of sustainable development in the Chinese market.
CNH Industrial is a member of many industry and other associations, and of national and international advocacy organizations. A list of its main memberships is available on page 260, and the complete list is available on the Company's website.

POLITICAL PARTIES

Any and all relationships between CNH Industrial and political parties, as well as their representatives or candidates (hereinafter collectively referred to as Political Parties), are conducted according to the highest standards of transparency and integrity. Financial contributions to Political Parties are only allowed where permitted by law, and must be authorized at the appropriate level within each company.
In 2018, **no contributions** were made to Political Parties. Any political association or financial contribution made by an employee is considered a personal matter, and completely voluntary. This includes contributions made through a Political Action Committee (PAC). In the USA, in accordance with applicable laws, CNH Industrial provides administrative support to the CNH Industrial Excellence in Government Fund (a PAC), which collects personal voluntary contributions from Company employees for donation to candidates and/or other PACs. Information relating to these contributions is available on the US Federal Election Commission website (www.fec.gov).

RELATIONS WITH PUBLIC ORGANIZATIONS ON SOCIAL ISSUES

In some countries, such as the USA, interest representation on social issues is managed separately by the individual CNH Industrial legal entities, which deal directly with governments, institutions, and trade unions. CNH Industrial has well established processes in place to ensure that the Company's interest representation with US government bodies is in accordance with applicable laws and government ethics and disclosure rules.
In Europe, these activities are carried out by the industrial and employers' associations representing each legal entity, such as the *Bundesvereinigung der Deutschen Arbeitgeberverbände* (BDA) in Germany, and the *Mouvement des Entreprises de France* (MEDEF) in France. These associations are designed to protect the interests of their members, and to represent them in social dialogue with key political and administrative institutions, trade unions, and other groups, both locally and nationally.
In LATAM, CNH Industrial is committed to collaborating and maintaining an open dialogue with numerous organizations. It is an active member of the principal trade associations within the sector, and regularly participates in national roundtables, in the firm belief that contributing to public policy development is an essential requirement for a responsible company.
In APAC, several CNH Industrial subsidiaries are members of industry associations within their sector, representing the interests of members on labor and other issues, according to country-specific legal and best practice frameworks.

OUR VALUE CHAIN

04

OUR VALUE CHAIN

PAGES 128-227

CREATING VALUE FOR STAKEHOLDERS

MEETING CUSTOMER EXPECTATIONS

INNOVATION AND PRODUCT DEVELOPMENT

SUPPLY CHAIN

MANUFACTURING PROCESSES

LOGISTICS PROCESSES

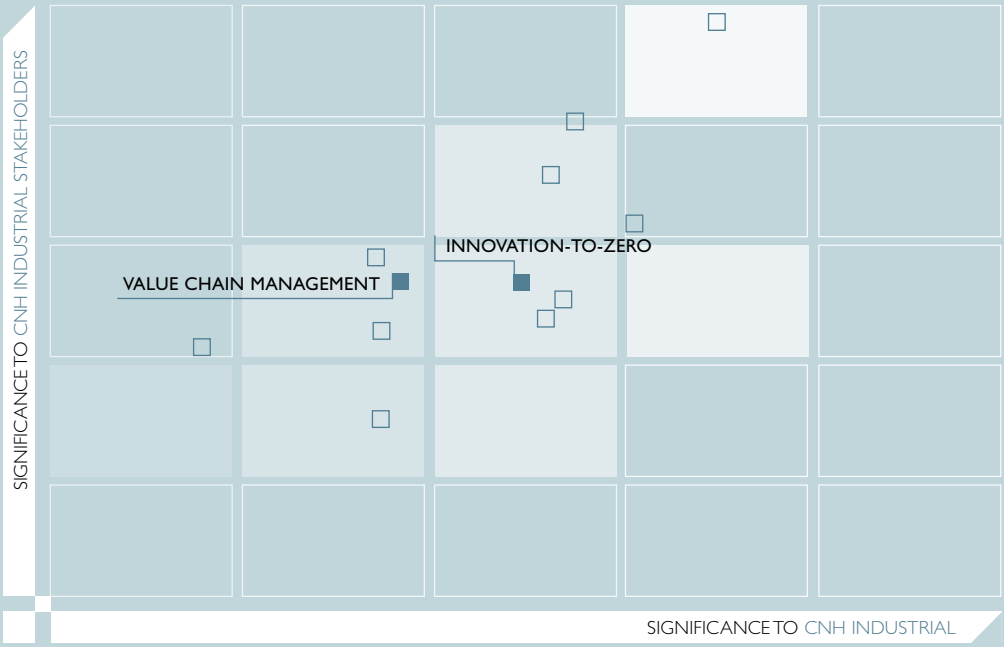
SUSTAINABLE PRODUCTS

SALES AND AFTER-SALES

END-OF-LIFE

CREATING VALUE FOR STAKEHOLDERS

131 MANAGEMENT FRAMEWORK



Material topics described in this chapter (for definitions see page 239).

MANAGEMENT FRAMEWORK

A company's value chain affects, and is affected by, many social and environmental issues (e.g., the use of natural resources, workplace safety, working conditions, etc.), which are inevitably related to the social needs of stakeholders. Analyzing and understanding the value chain can help to identify opportunities to create shared value, enhancing and rethinking relationships with the stakeholders involved.

Indeed, one of the ways in which CNH Industrial seeks to improve process efficiency and product competitiveness while creating value for society is by focusing on **value chain management**, considered a material topic by both the Company and its stakeholders (see page 19).

The stakeholders involved in CNH Industrial's value chain are the suppliers, dealers, and customers. CNH Industrial's value chain starts with the innovation process, during which market requirements are evaluated and brands collaborate on the development of products that better meet customer needs. It ends with product end-of-life, which can be postponed through remanufacturing, enabling products to continue to perform efficiently for as long as possible. Furthermore, since the Company provides customers with equipment they use in their work, it is aware of being an integral part of their value chain, and that it must therefore strive to maximize their competitiveness. For these reasons, the Company is committed to offering products with lower operating and maintenance costs and superior performance.

The dealer and service network provides a communication gateway between CNH Industrial and its customers (see page 215). For this reason, each brand has specific programs in place to help maintain preferential relationships with dealers, enabling them to offer customers the best service possible. This contributes to their growth, making the dealer network stronger and more competitive.

The final crucial aspect of the value chain is the supply chain (see page 153), since value is created in part by a supply chain that is integrated, collaborative, and safe – which includes preventing and managing reputational risk.

Another material topic that emerged from the materiality analysis, and that is considered fundamental within the value chain by both CNH Industrial and its stakeholders, is **innovation-to-zero**. The vision of a 'zero concept world' – with zero emissions, zero accidents, zero fatalities, zero defects, and zero breaches of security – is the ultimate goal that drives the Company's daily activities in multiple processes:

- customer management aims for zero loss of customer data (see page 132)
- the decarbonization strategy aims to achieve zero product impact on the environment (see page 200)
- World Class Manufacturing seeks to eliminate all types of waste and loss (see page 168)
- occupational health and safety aims to achieve zero accidents, which reflects the effectiveness of preventive and protective measures (see page 76)
- quality aims for zero defects (see page 149).

Both these material topics, value chain management and innovation-to-zero, relate to the 3 global challenges selected: they mitigate the negative impact of *climate change* and *food scarcity and food security*, and are an effective means of boosting the positive impact of *the innovative and digital world* (see page 16).

The main principles that drive CNH Industrial in doing business sustainably across the entire value chain are included in the Code of Conduct (see page 47), and consist in selecting suppliers fairly and equitably, delivering the highest value possible to its customers, and developing and implementing innovative technical solutions to minimize the environmental impact of its products and maximize safety.

In terms of processes, CNH Industrial is committed to continuously improving the environmental performance of its operations by developing effective systems that reduce environmental impacts and optimize the use of resources. The effectiveness of value chain management and innovation-to-zero is ensured by specific KPIs, published in the Sustainability Report. For accountability, objectives, and projects related to these material topics, refer to the respective sections in the Report.

Sustainability principles drive CNH Industrial's operations, and this creates sustainable value along the entire chain, as underlined in the CNH Industrial Sustainability Model (see page 15).

04

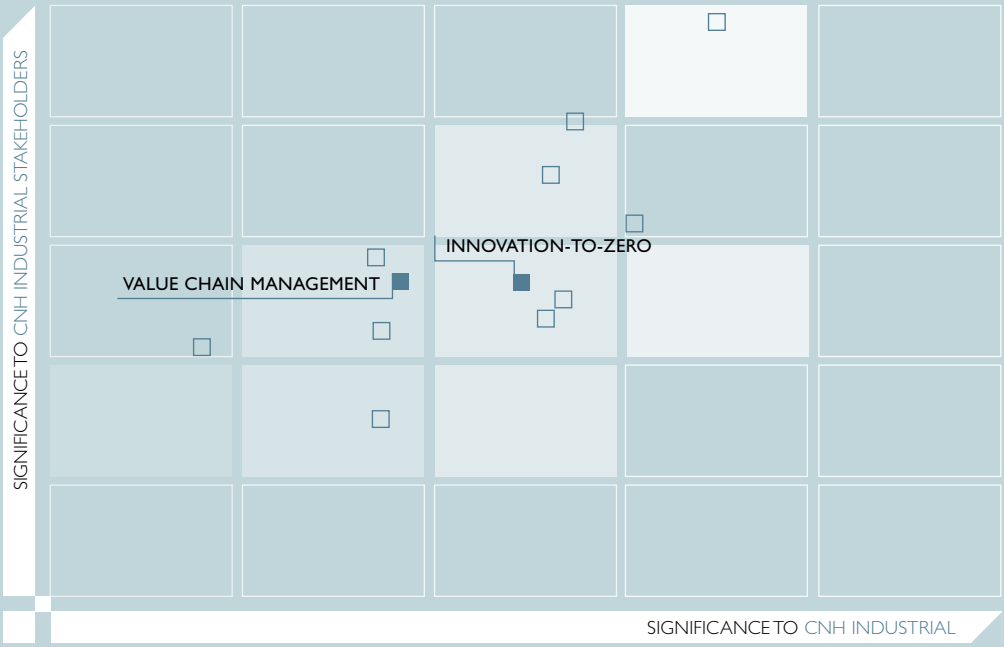
INNOVATION

CUSTOMER NEEDS ▶ BRAND VISION ▶ PRODUCT CONCEPT

	MEETING CUSTOMER EXPECTATIONS	INNOVATION AND PRODUCT DEVELOPMENT	SUPPLY CHAIN	MANUFACTURING PROCESSES
MATERIAL TOPICS	◢ Innovation-to-zero ◢ Value chain management	◢ Circular product life cycle ◢ CO_2 and other air emissions ◢ Innovation-to-zero ◢ Self-sustaining food systems ◢ Autonomous vehicles and connectivity	◢ CO_2 and other air emissions ◢ Value chain management	◢ Renewable energy ◢ CO_2 and other air emissions ◢ Innovation-to-zero ◢ Water and waste efficiency
KEY TARGETS		◢ 2022: development of next-generation alternative fuel engines ◢ 2022: focus on natural gas engine technologies ◢ 2022: distribution of new alternative-fuel tractors (methane and propane) ◢ 2024: distribution of new alternative-fuel wheel loaders (methane) ◢ 2022: up to +25% vs. 2015 in field productivity by expanding data management and control systems ◢ 2020: autonomous technology development on self-propelled vehicles	◢ 2022: monitoring of CO_2 emissions of 100% of key suppliers ◢ 2022: sustainability self-evaluation of 100% of Tier 1 suppliers	◢ 2022: -20% vs. 2014 in VOC emissions per square meter painted at Company plants worldwide ◢ 2022: -23% vs. 2014 in water withdrawal per production unit at Company plants worldwide ◢ 2022: 93% of waste recovered at Company plants worldwide ◢ 2022: -23% vs. 2014 in waste generated per production unit at Company plants worldwide ◢ 2022: -35% vs. 2014 in hazardous waste generated per production unit at Company plants worldwide ◢ 2030: -30% vs. 2014 in energy consumption per production unit at Company plants worldwide ◢ 2030: -60% vs. 2014 in CO_2 emissions per production unit at Company plants worldwide ◢ 2030: 90% of total electricity consumption derived from renewable sources
SDGs		2 ZERO HUNGER · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION	8 DECENT WORK AND ECONOMIC GROWTH · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION	3 GOOD HEALTH AND WELL-BEING · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION

LOGISTICS PROCESSES	SUSTAINABLE PRODUCTS	SALES AND AFTER-SALES	END-OF-LIFE
◢ CO_2 and other air emissions ◢ Value chain management	◢ Circular product life cycle ◢ CO_2 and other air emissions ◢ Self-sustaining food systems ◢ Autonomous vehicles and connectivity	◢ Value chain management	◢ Circular product life cycle
◢ 2022: -18% vs. 2014 in kg of CO_2 emissions per ton of goods transported (inbound, outbound, and spare parts)	◢ 2022: development of next-generation alternative fuel engines ◢ 2022: focus on natural gas engine technologies ◢ 2022: distribution of new alternative-fuel tractors (methane and propane) ◢ 2024: distribution of new alternative-fuel wheel loaders (methane) ◢ 2022: up to +25% vs. 2015 in field productivity by expanding data management and control systems ◢ 2020: autonomous technology development on self-propelled vehicles		◢ 2022: 10% of Parts & Service's net sales from remanufactured components
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	2 ZERO HUNGER 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION		12 RESPONSIBLE CONSUMPTION AND PRODUCTION

MEETING CUSTOMER EXPECTATIONS



Material topics described in this chapter (for definitions see page 239).

MANAGEMENT FRAMEWORK

Customers are part of CNH Industrial's value chain, which is an important material topic for both the Company and its stakeholders. Customers use CNH Industrial products in their daily work and therefore, in order to enhance productivity, they need practical advice on the best purchasing options, the right amount to invest, and which products meet their business needs.
CNH Industrial's product distribution network is structured so as to suit the priorities of its customer base, while the corporate website helps customers identify the best purchasing options.
A key factor is the ability to manage customer relations across the board, ensuring accessibility in the event of information requests and problem reporting, as well as clear and timely responses. This aspect is also crucial in laying the foundations for future success because it helps understand the degree of customer satisfaction; furthermore, customer feedback and suggestions help identify changes to be made to existing product ranges, and new product lines to be developed to meet future market needs. The Company considers this aspect important for building trust, while stakeholders view it as an opportunity to cultivate efficient equipment use and thus limit disruptions in the event of problems.

Value chain management, identified as a key material topic, relates to the 2 global challenges *climate change* and *food scarcity and food security* (see page 16), since the negative impact of both these global challenges can be mitigated by well-designed products and effective customer use.
CNH Industrial's commitment to its customers is a cornerstone of its Code of Conduct, which states that the Company and all its executives, managers, and employees shall strive to meet and exceed customer expectations, while continually improving the quality of the Company's products and services.
Moreover, as stated in the Company's Data Privacy Policy, CNH Industrial strives to protect values such as confidentiality and personal data protection rights, in compliance with applicable laws.
Each brand is responsible for managing customer relations and for defining its respective main guidelines. The Company continually monitors results and customer satisfaction levels, inviting every recipient of customer assistance to participate in follow-up surveys (see pages 219-222).
An operational grievance mechanism, the Compliance Helpline, is available to CNH Industrial customers to report potential violations of corporate policies, the Code of Conduct, or applicable laws (see page 50).

CNH Industrial participates in the EcoVadis Corporate Social Responsibility (CSR) assessment of how effectively a company integrates the principles of CSR into its business and management system. The assessment performed at year-end 2017, which covers 2018, focused on 4 themes: environment, social, ethics, and supply chain. CNH Industrial attained Gold Level, the highest level of CSR performance, ranking among the top 5% of companies for this benchmark.

CUSTOMER ENGAGEMENT

CNH Industrial is strongly committed to interacting closely with its existing and prospective customers in order to create transparent and lasting relationships, based on the Company's fundamental principles.

To this end, and to facilitate collaboration with all stakeholders (markets, area managers, dealers, and salespeople), the Company established the following activities:

- **Lead Management** (pre-sales) – interaction with customers and delivery of a caring, professional service, while collecting customer feedback and measuring customer satisfaction with the services offered
- **Customer Data** (pre and after-sales) – organization of data on existing and prospective customers, made easily accessible so as to optimize relations
- **Customer Relationship Management** (pre and after-sales) – through extensive activity planning, execution, and evaluation, Customer Relationship Management (CRM) focuses on the design, operation, and coordination of multiple interaction touch-points to deliver a real brand experience to the customer through digital channels. CRM drives the program, providing direction to involve all key players, creating synergies between the different stakeholders, and supporting brands and departments to align processes and strategies to the brand vision
- **Customer Experience** – the mapping, measurement, and optimization of the interaction between customer and brand at all touch-points, aiming to meet or exceed customer expectations, gain customer loyalty, create true advocates among customers, and monitor satisfaction levels to improve the quality of the services offered. Entering the customer mindset and mapping the customer journey are key elements in documenting and fully understanding the complete customer experience, so as to transition new customers from awareness to engagement and purchase.

CNH Industrial processes customer data in separate databases for each brand, through a central system managed by regional and business segments, adopting a unified approach for all brands and markets. The central database provides an integrated view of the customer information collected from the different sources, and, in terms of distribution and follow-up, assists in the operational management of both customers and leads (entered into the system by the brands, by the dealers themselves, or by the customers through the brand and/or product website). It also includes other data, such as on customer service interactions, information requests, breakdown assistance, lead management, surveys, and anything else that may involve the customer. All information can be accessed by the marketing teams to create advertising campaigns and generate lists of sales prospects, and by any sales team entering into a negotiation.

CUSTOMER FEEDBACK PROCESS

The Market Research Department manages CNH Industrial's market research projects worldwide. It defines the objectives of each assignment in collaboration with internal customers (mainly Marketing and Product Development), and achieves them by applying dedicated methodologies to collect customer feedback and suggestions. The approaches used include in-depth interviews, focus groups, telephone interviews, web surveys, product tests, and social media monitoring. The IVECO brand, for instance, is benchmarked against its competitors in EMEA through assessments focusing on commercial vehicles and trucks.

CNH Industrial has always considered the customer's opinion the foundation for developing new projects and for defining a customer-oriented brand strategy. To this end, the Market Research Department, both globally and regionally, supports all business units through market research with the aim of collecting customer inputs to use in future product developments and brand strategies.

Through various projects, the Market Research Department compiles key information on:

- specific customer needs, based on geographical, economic, and cultural background
- customer usage and attitudes
- customer interest in new solutions and features
- customer and dealer satisfaction
- brand perception and positioning.

All results are fully integrated into the Company's processes in order to build brand strategies in line with customer needs, and to provide customers with the best-in-class products and services required for the growth of their businesses.

Customer research complements the Global Product Development process, with emphasis placed on incorporating customer needs and preferences early in the design stages. Market research teams work closely with internal customers on both brand and technical aspects to design projects that efficiently elicit accurate customer input. Research methods vary based on the strategic questions to be addressed. The Company leverages leading edge tools (interviews at trade shows and other events, web surveys) to gather information effectively and make the experience of participating in research a positive one.

Research findings are incorporated into the product design process, the creation of business cases, and overall strategy to ensure that development and execution are customer-driven.

At the same time, customer satisfaction is measured throughout the process to assess how the Company is performing at various steps on the customer journey. Customer feedback is passed on to the relevant departments, providing opportunities to improve customer satisfaction and identify early trends. The results of these surveys are consolidated and submitted to the marketing research teams on a monthly basis.

Through Customer-Driven Product Definition (CDPD), CNH Industrial customers actively participate in the development and testing of new models. CDPD consists in: visiting and collecting feedback from customers; analyzing their suggestions; meeting with product platform teams; customer testing of new model prototypes followed by a comparison of their main features; and, finally, integrating customer suggestions into final product specifications. All of these stages lead to product designs that not only ensure optimal performance and efficiency, but also meet the needs of the customers who work with CNH Industrial vehicles every day.

TRANSPARENT COMMUNICATION

CNH Industrial recognizes that advertising must be truthful and transparent, and advocates positive and responsible values and conduct across all forms of communication.

In 2018, no significant final rulings[1] (see page 59) were issued against the Company for non-compliance with regulations or voluntary codes concerning:

- marketing communications, including advertising, promotions, and sponsorships
- product and service information and labeling
- breach of customer privacy and loss of customer data.

(1) *Significant final rulings are defined as having, individually, an adverse material effect on the Company.*

CUSTOMIZING FOR EMERGING MARKETS

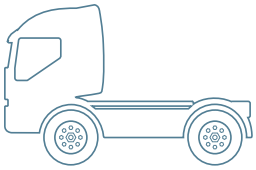
CNH Industrial believes in the strategic value of its activities in Emerging Markets[1], where the Company adopts the same standards and management systems implemented across all countries in which it operates. Indeed, the World Class Manufacturing (WCM) management system is in operation at 12 plants present in these markets, whilst ensuring the management of certain aspects according to the specific needs and regional differences of local economies.

On the product side, CNH Industrial's approach is to meet market demand by offering products that are aligned as closely as possible to customer requirements; therefore, when necessary, some product lines are modified or entirely redesigned on site to better meet local customer needs.

To this end, CNH Industrial has set up research centers in China, India, South Africa, and Brazil that actively participate in knowledge development and technology dissemination within the Company. These Research and Development (R&D) centers support local talent hiring as well as knowledge sharing, mainly through web platforms and IT systems.

Due to the complex product and application knowledge demanded by the industry, CNH Industrial uses a multi-faceted approach when developing its R&D capacity in Emerging Markets. The 3 main tools used are: relocation of experienced R&D staff from developed markets, recruitment of local staff, and acquisition (direct or through joint ventures) of local product designs and knowledge. As the Company's strategy is to leverage global platforms with local adaptations in all markets, its ultimate goal is to have local R&D capacity in each market area. The Company uses relocated, experienced R&D staff and acquisitions to accelerate knowledge transfer within local markets, so as to ensure that local R&D resources are developed and prepared to manage local capacity as quickly as possible.

In 2018, for the fourth year running, CNH Industrial was included in the prestigious annual ranking of the 150 most innovative companies in Brazil. *Inovação Brasil 2018*, compiled by the Valor Econômico financial newspaper in partnership with Strategy&, ranked CNH Industrial in first place in the *Automotiva e veículos de grande porte* (automotive and large vehicles) category, and in thirteenth place overall.



Meanwhile, IVECO introduced the African market to its latest Stralis X-Way: a light truck perfect for on-road missions requiring light off-road mobility. The truck combines the comfort of the most advanced on-road long-haul trucks with the high capacity and robustness of the toughest off-road vehicles. It also combines the most advanced features of the New Stralis, in terms of fuel savings, comfort, and safety, with the sturdiness and strength of the legendary Trakker chassis to deliver off-road capabilities: an ideal and attractive solution for Emerging Markets and regions where dirt roads are widespread.

Compared to 'pure' off-road vehicles, the Stralis X-Way has a competitive unladen weight, which translates into best-in-class payload capacity as well as excellent running costs due to the low fuel consumption and best performance within its category – all significant advantages for the customer.

The range developed for the African market is exactly the same as the European one, with some engine modifications to enable them to run on local fuels. Options include a 10 or 13-liter Curser engine, and manual or automatic gear shift. The entire range features mechanical and air suspensions, as well as disk brakes ensuring safety, reliability, and durability. Given that fuel range is key for vehicle productivity, the 990-liter tank in the 4x2 tractor unit, combined with reduced fuel consumption, delivers a range of 3,000 kilometers with normal traction control (and of 2,600 kilometers for the 6x4).

Emerging Markets are starting to see safety as an added value, if not an essential requirement, and so the Stralis X-Way presents all the safety features of the New Stralis. It also features the same cab range, with the option of a 2.5-meter cab for ultimate comfort.

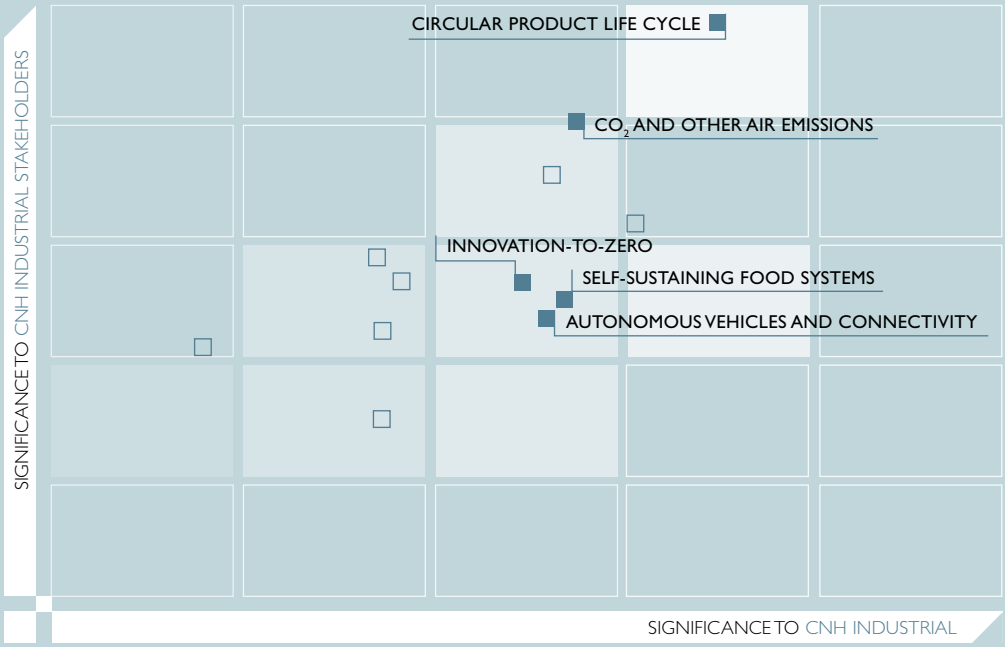
The Stralis X-Way's ground clearance is another feature that allows it to tackle any terrain. Customers can choose between 3 different setups, specifically designed and developed for this vehicle to offer the ideal configuration and competitive performance on mixed roads. The 'ON' setup activates the standard Stralis functions for on-road use; the 'OFF' setup enables off-road performance; and the 'ON+' option is the intermediate setup for customers who require the best combination for on-road and off-road missions.

'ON+' is the ideal setup for missions in Africa as it offers not only on-road comfort, but also a ground clearance suitable for the continent's widespread rugged terrain.

The key target markets for the Stralis X-Way are North Africa and the Middle East, where road conditions have consistently improved in recent years, but have yet to reach European standards. The truck is suitable for multiple types of missions – construction, municipal services such as waste collection, and medium and long-haul transport.

[1] *Emerging Markets are defined as low, lower-middle, or upper-middle income countries as per the World Bank list of economies as at June 2018.*

INNOVATION AND PRODUCT DEVELOPMENT



Material topics described in this chapter (for definitions see page 239).

KEY TARGETS

2022: DEVELOPMENT OF NEXT-GENERATION ALTERNATIVE FUEL ENGINES RUNNING ON CNG, LNG, AND LPG AND COMPATIBLE WITH BIOMETHANE AND H_2 BLENDS, TO FURTHER REDUCE CO_2 EMISSIONS AND TCO

2022: FOCUS ON NATURAL GAS ENGINE TECHNOLOGIES TO ACHIEVE ULTRA LOW NO_x EMISSIONS IN URBAN APPLICATIONS

2022: DISTRIBUTION OF NEW ALTERNATIVE-FUEL TRACTORS (METHANE AND PROPANE) GENERATING APPROX. **-80%** IN POLLUTING EMISSIONS AND **-10%** IN CO_2 EMISSIONS COMPARED TO DIESEL MODELS

2024: DISTRIBUTION OF NEW ALTERNATIVE-FUEL WHEEL LOADERS (METHANE) GENERATING APPROX. **-80%** IN POLLUTING EMISSIONS AND **-10%** IN CO_2 EMISSIONS COMPARED TO DIESEL MODELS

2022: UP TO **+25%** vs. 2015 IN FIELD PRODUCTIVITY BY EXPANDING DATA MANAGEMENT AND CONTROL SYSTEMS FOR HARVESTING, TRACTORS, AND CROP PRODUCTION

2020: AUTONOMOUS TECHNOLOGY DEVELOPMENT ON SELF-PROPELLED VEHICLES

MANAGEMENT FRAMEWORK

CNH Industrial's priority is to deliver products that best meet its customers' needs. At the core of the Company are innovation and product development that, in line with each brand's vision, respond to customer requirements by providing a continuously improving range of new products.

At CNH Industrial, R&D and product development adopt an **innovation-to-zero** approach, developing technologies and identifying fuels that can contribute to achieving zero product impact on the environment and zero defects. Efforts to minimize fuel consumption and **CO_2 and other air emissions** and to maximize efficiency and promote a **circular product life cycle** are pivotal to meeting the Company's commitment to the sustainability of its products. Furthermore, CNH Industrial closely monitors the new technologies underlying **autonomous vehicles and connectivity**, while the Agricultural Equipment segment is strongly committed to offering **self-sustaining food systems** that help optimize crop yield.

All of the aforementioned material topics relate to the 3 global challenges selected (see page 16): they mitigate the negative impact of *climate change* and *food scarcity and food security*, whereas *the innovative and digital world* can facilitate the diffusion of new technologies.

As stated in the Company's Code of Conduct and in its Environmental Policy (see page 47), CNH Industrial is committed to producing and selling, in full compliance with legal and regulatory requirements, products of the highest standard in terms of environmental and safety performance.

All Research and Development (R&D) and product conception and design activities are overseen by the Product Line Leaders, who are members of the GEC (see page 43), and are managed through the processes of Innovation and of Global Product Development.

Both processes rely on established procedures to assess the effectiveness of the management and monitoring of Key Performance Indicators, and are common to all brands worldwide, including in Emerging Markets.

In 2017, the Agricultural Equipment and Construction Equipment Product Development function adopted a new product innovation governance process, aligned with the material topics. The key sustainability targets and goals were integrated into the Product Innovation roadmaps and included as individual goals in the Performance and Leadership Management system (see page 85). Those targets that can be disclosed without compromising Company confidentiality are set out in the Sustainability Plan (see pages 31-33).

INNOVATION

In 2018, CNH Industrial's Research and Development (R&D) expenditure reached $1,061 million, or 3.8% of the Company's net sales from industrial operations. R&D activities involved approximately 6,000 employees at 54 centers worldwide, of which approximately 900 were in 11 R&D centers in Emerging Markets.

2018 RESEARCH AND DEVELOPMENT HIGHLIGHTS

CNH INDUSTRIAL WORLDWIDE

	2018	2017[a]	2016[a]
Research Centers (no.)	**54**	53	49
of which in Emerging Markets	**11**	12	10
R&D employess (no.)	**6,024**	5,891	5,922
R&D spending ($million)	**1,061**	957	860
R&D spending as % of sales[b]	**3.8**	3.7	3.7

[a] These figures have been recast following the retrospective adoption, on January 1, 2018, of the updated accounting standard Revenue from Contracts with Customers (ASC 606) and ASU 2017-07: Compensation-Retirement Benefits (Topic 715).

[b] Includes only net sales from industrial operations ($27,831 million in 2018).

RESEARCH AND DEVELOPMENT INVESTMENTS IN SUSTAINABLE PRODUCTS

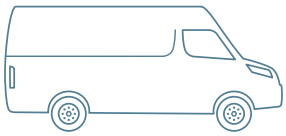
Based on CNH Industrial's scenario analysis of global challenges and growth drivers (see page 7), sustainable product R&D is focused on 3 main areas:

- decarbonization strategy (see page 200), which includes research on alternative fuels and electrification and is linked to the material topics **CO_2 and other air emissions** and **circular product life cycle**
- digitalization (see page 207), which includes research on precision solutions, telematics, and open connectivity. Investments will improve productivity and so reduce energy consumption. Digitalization research is linked to the material topics **CO_2 and other air emissions** and **self-sustaining food systems**
- automation (see page 212), which mainly includes research on commercial vehicles and is linked to the material topic **autonomous vehicles and connectivity**.

PARTNERSHIPS AND COLLABORATIONS

CNH Industrial's participation in workgroups and research projects is a strategic choice intended to increase its wealth of expertise and contribute to an active exchange of ideas. To this end, in addition to its long-standing partnerships in Italy with the *Politecnico di Torino*, *Università degli Studi di Modena e Reggio Emilia*, and *Politecnico di Milano*, the Company's legal entities collaborate with universities and research centers[1] across EMEA (Italy, Spain, Germany, and Belgium), North America (USA and Canada), and LATAM (Brazil) with the aim of increasing their capacity for innovation.

CNH Industrial has a long tradition of involvement in national and international workgroups and has played an active role in collaborative research projects for some years now. The Company is currently engaged in research projects on decarbonization, automated driving, and connectivity and data management.



The ECOCHAMPS[2] project, involving 26 partners from 6 European countries, ended in 2018. The project was conceived to make hybrid vehicles a more attractive option for customers by extending their functionality while minimizing cost. Its objective was to develop efficient, compact, light, robust, and cost-effective hybrid powertrains for cars as well as for light-commercial and heavy-duty vehicles (vans, city buses, and trucks), with increased functionality, improved performance, comfort, and safety, and emissions within Euro 6/VI limits.

These improvements are to be achieved through high levels of component standardization and system modularization, and by exploiting synergies across different vehicle types. Indeed, the 5 demonstrator vehicles built ranged from passenger cars to buses and heavy-duty trucks; one of these, a medium-duty commercial hybrid plug-in demonstrator, was built by IVECO.

Light and medium commercial vehicles perform different missions every day, both urban and rural, over straight and winding roads, carrying different load types. To meet these requirements, IVECO's medium-duty commercial demonstrator – the IVECO Daily Hybrid Plug-in – can easily switch between combustion and electric engine depending on journey type and conditions, an important innovation for environmentally friendly mobility.

The demonstrator's main technical objectives, innovations, and key results were:

- to devise the first first-ever modular pre-standard framework (MSF) recommending standards for components and auxiliaries for electric hybrid drivetrains for commercial vehicles
- to develop a set of electric hybrid components for hybrid powertrains
- to develop optimized drivelines for the selected vehicle classes
- to demonstrate the key innovations in 2 light-duty and 3 commercial vehicles at technology readiness level (TRL) 7
- to assess the technology's development in terms of its efficiency, cost effectiveness, weight, and volume.

The IVECO Daily Hybrid Plug-in is fully compliant with Euro VI emissions standards, verified by portable emission measurement systems (PEMS) testing, and meets or exceeds all performance parameters: it fully recharges in approximately 70 minutes (industrial 380V 3-phase connector at an 11kW continuous charging output), delivers satisfactory acceleration and operational performance (in both hybrid and all-electric modes), and has an all-electric range of approximately 30 kilometers on an urban drive cycle. Noise, vibration, and harshness (NVH), comfort, ride, and handling performance are equal or better than target levels.

(1) For the complete list of universities, see the table on pages 260-263.
(2) European COmpetitiveness in Commercial Hybrid and AutoMotive PowertrainS.

The vehicle meets the required safety, reliability, and durability standards, is easy to operate and recharge, and is equipped with a clear and intuitive human-machine interface (HMI) to provide the driver with the relevant information on the hybrid powertrain's operation. In conclusion, the test results were excellent, with the ECOCHAMPS IVECO Daily Hybrid 7.2 ton meeting all project targets: a significant advance over the 2013 state-of-the-art model, paving the way for the next generation of hybrid medium-duty vehicles.

INNOVATION PROCESS

CNH Industrial manages its Research and Development (R&D) portfolio through a structured, measurable, and clearly-defined methodology consistent across the Company, aimed at fully aligning customers' expected product needs with the actions required to most effectively meet them.
The Innovation process is closely linked to R&D, and to other important activities such as market research and product planning. The main stages of R&D innovation include:

- definition of the technologies to be developed (road mapping)
- selection of R&D themes
- analysis of past successes and failures
- diagnosis of engineering areas of competence
- feasibility study
- activity planning
- activity development through the Innovation Projects Development process
- release to the Product Development phase.

Once R&D themes have been selected, based on priorities and on available skills and expertise, CNH Industrial often collaborates on basic research through ad hoc partnerships with research centers and universities. For highly strategic projects, on the other hand, the core research is developed by the relevant internal segments themselves. CNH Industrial's innovation strategy is based on a fully integrated product development program revolving around 3 main areas of expertise: virtual development, basic technology evolution, and integrated modelling.
Virtual development, which is partially related to basic research, puts CNH Industrial one step ahead of the competition, enabling a higher level of expertise, the integration of powertrain innovations on a larger scale, and a clear picture of energy management optimization of the final product as a whole.

CNH Industrial's Innovation Projects Development process refers to applied research and consists of 9 clear-cut steps, grouped into 3 overall macro-phases: Concept, Innovation, and Advanced Engineering.
The **Concept phase**, the first in the Innovation process, is the most creative and is left deliberately unstructured. It mainly focuses on concept and development, and on the assessment of one or more technologies and their potential. At this stage, collaborations are established with companies of excellence, i.e., potential partners for current or future projects, and activities include technology scouting, benchmarking, and customer development trend-analysis to identify needs and opportunities for improvement and enhancement. This phase also encompasses the creative ideas submitted through the Open Innovation tools. Any idea suggested during the Concept phase is evaluated by a group of experts; in the event of a positive outcome, it becomes an innovation project and moves on to the next phase.

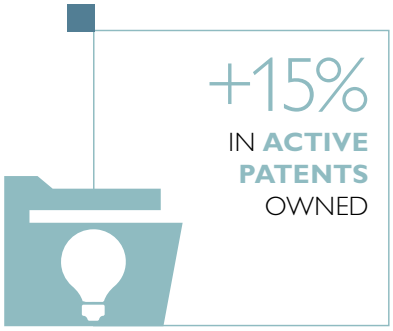
The initial feasibility study continues throughout all 4 steps of the **Innovation phase**, at the end of which a Technology Readiness Level (TRL) assessment is performed to demonstrate concept validity. The product or system being assessed must reach a TRL 5 (indicating the technology was validated in a relevant environment).

During the **Advanced Engineering** or **Pre-Development phase**, which follows Innovation, the concept is integrated into a product and completed so as to create a prototype to assess functionality and stability through virtual and field testing. This phase also formalizes the adoption of new technologies, new material purchasing needs, and the development of components not identified during the previous phase. If necessary, suppliers are engaged at this time to collaborate on the joint development of components required to execute the project. Cost analysis is part of this phase: if economic requirements are unmet, the project is discontinued; if they are met, the project is handed over to the Product Development platform for execution, provided it has reached TRL 8 (system complete and qualified).
Given the future goal of validating autonomous vehicles, the Company has redefined its product validation activity by increasing the use of virtual testing in place of traditional and expensive physical testing.

INTELLECTUAL PROPERTY

Intellectual Property Rights (IPR) are strategic, intangible assets actively protected by CNH Industrial. The Company's Intellectual Property (IP) team, which is part of the Legal Department, is responsible for:

- creating IPR awareness amongst Company employees
- prompting engineers and developers to share their innovative ideas with the IP Department
- filing and updating applications for new patents and trademarks
- managing the existing portfolio of registered patents and trademarks
- monitoring potential infringements of the Company's patents and trademarks by competitors or other third parties
- defending the Company's interests in IP conflicts
- ensuring that the Company does not infringe patents or trademarks of third parties.



The IP team is also actively involved in the product development process, conducting patentability and freedom-to-operate reviews at a variety of mandatory stages throughout the process itself. As an additional safeguard against potential infringement, CNH Industrial also relies on external specialists who provide periodic updates on competitors' published applications and patents.

In order to manage the wealth of innovative ideas generated inside the organization, the Company created an Innovation Portal accessible to all employees working in technology-related areas: these are the people who conceive, design, and build CNH Industrial products, and who often have ideas to further improve their quality and performance. The secure and user-friendly Innovation Portal (accessible from any workstation worldwide) provides an ideal channel for converting these ideas into disclosures, which may eventually lead to patents. Given the significant value-creating potential of these internally-generated ideas, the Company has set up a *Patent Award Program* to reward inventors whose ideas are successfully patented.

The Innovation Portal is managed by the IP team, with the support of product-specific Review Teams for the technical evaluation of new ideas. Each Review Team consists of internal personnel actively involved in all key aspects of the product, including engineering, manufacturing, marketing, testing, etc.

CNH Industrial's Innovation Portal process consists of 3 macro-phases: evaluation, official review, and patent search.

INTELLECTUAL PROPERTY
CNH INDUSTRIAL WORLDWIDE (no.)

	2018	2017	2016
Active patents	**11,051**	9,629	8,463
of which registered during the year	**2,195**	2,004	1,134
Patents pending	**4,009**	4,036	3,743
of which filed during the year	**1,459**	1,379	1,227
New disclosures on Innovation Portal	**1,054**	770	850

PRODUCT DEVELOPMENT

Since a product's impact on the environment is greatest during use, improving product performance (in terms of optimizing fuel consumption, energy efficiency, durability, and length of intervals between maintenance cycles) helps reduce its environmental impact, as well as the Total Cost of Ownership (TCO). For this reason, during the design phase, CNH Industrial promotes the creation of more eco-friendly products by:

- reducing CO_2 and other polluting emissions
- eliminating the presence of regulated substances
- aiming at greater efficiency during use
- lengthening the intervals between maintenance cycles
- reducing noise emissions
- using materials and components that are easily recoverable or recyclable
- selecting easy-to-dismantle components that can be remanufactured.

Although CNH Industrial does not always purchase **raw materials** directly (with the exception of steel used for direct processing), it constantly monitors their overall consumption (see page 156). 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 aluminum and cast iron, thermoplastics, and paints with low solvent content.

The **water** used throughout the life cycles of CNH Industrial's products and the potential to reduce customers' water use are not relevant in the design of new products, because a product's total water usage over its lifespan and the impact that product use might have on water quality are minimal in relation to overall consumption.

REGULATED SUBSTANCES

CNH Industrial is committed to reducing or eliminating regulated substances, which pose a potential risk to human health and the environment, from its products and its manufacturing operations.
There are a growing number of laws that restrict or prohibit the presence of designated regulated substances in products placed on the market. Under certain of these laws, such as EU REACH Regulation No. 1907/2006 (Registration, Evaluation, Authorization and restriction of CHemical Substances), EU RoHS Recast Directive No. 2011/65 (Restriction of Hazardous Substances), and EU-WEEE Recast Directive 2012/19 (Waste Electrical & Electronics Equipment), the Company has to collect from its supply chain detailed information with respect to the individual substances contained in its parts and whole goods. As the Company's supply chain may be as many as ten layers deep, collection of the required information requires the cooperation of many third parties. The Company also needs to design out restricted substances and register products that are considered in scope under the WEEE Directive.
CNH Industrial has been actively involved in trade associations that have coordinated meetings of industry participants to evaluate software systems to facilitate the collection and management of such information across common supply chains. In addition, CNH Industrial has been actively involved in supplier outreach efforts in order to, among other things, educate the suppliers on these legal requirements, share with such suppliers the approach being taken by CNH Industrial, and solicit feedback from the suppliers on how the approach can be improved.
CNH Industrial has also modified its supplier terms and conditions to require suppliers to provide CNH Industrial with information necessary to comply with such laws on regulated substances. As part of the Production Part Approval Process, parts will not be approved for production unless the applicable supplier has provided to CNH Industrial all required regulatory information.

ERGONOMICS AND SAFETY

Keeping operators safe while they work has always been a key factor in the Company's product design and development. Indeed, the Company strives not only to set and comply with high safety standards, but also to direct its innovations according to users' understanding of the product. Customers use CNH Industrial products in their work, hence the simpler the interaction between operator and machine, the safer the task performed. Furthermore, construction and agricultural equipment is often used under difficult conditions: steep terrain and extreme weather require products able to guarantee total safety and maximum comfort, minimizing the risk of human error caused by excessive fatigue.
For this reason, all CNH Industrial products are designed to shift the user's focus from how a machine works to how a task is performed, combining ergonomics and comfort for increasingly intuitive and user-friendly controls. The more effectively ergonomics is applied, the less it is perceived; indeed, an optimal working space should make any task feel as natural as possible, encourage good posture, and spare the operator any discomfort and/or strain.

To deliver comfort, as well as accessibility to machine components during maintenance, a working space must be designed according to the operator's known and expected movements. To this end, CNH Industrial uses proprietary and self-developed software (for tractors and commercial vehicles) to map operator movements onto a virtual 3D mannequin in order to optimize the interaction between operator and controls and devise the most ergonomic solutions. In 2018, this ergonomics study was extended to include vehicle simulators (virtual reality headsets paired with control consoles), enabling customers to try out the new product solutions devised.

Research also extends beyond cab interiors. Given that certain tasks require the operator to focus on the operations performed by the machine, the simulation of operator movements makes it possible to ensure they can be performed with ease before their execution in the field. For instance, it is extremely important that the operator has a clear view of a machine's operation during any given activity while maintaining a comfortable posture. Ergonomics studies are also increasingly focusing on operator posture and fatigue during maintenance due to the demanding nature of some tasks, particularly those required regularly every 30 or 50 hours of use.

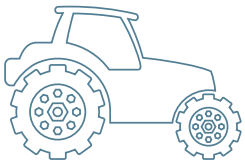
The Ergonomics Department and the platforms work together on the positioning of components to improve the operator's ease of access and execution, hence decreasing machine downtime during maintenance as well as the customers' Total Cost of Ownership (TCO). In order to identify the most comfortable working methods and positions, the Ergonomics engineers use motion capture camera systems and body markers, linking maintenance operators to virtual mannequins while creating a variety of alternative simulations of real-life operations. This method is also applied to manufacturing to simulate product assembly operations (using digital human modeling), analyzing and improving worker comfort and safety in line with World Class Manufacturing targets (see page 168) and with the criteria for comfort standards of: the National Institute for Occupational Safety and Health (NIOSH), the Rapid Entire Body Assessment (REBA), and the new Ergonomic Assessment Work-Sheet (EAWS).
The Ergonomics Department also collaborates with platforms by suggesting solutions, technologies, and components to improve product usability, adapting what is currently available in the automotive and other sectors to the specific needs of CNH Industrial's segments.
The Ergonomics Department focuses on:

- researching higher levels of comfort than those required by law
- exploring mechanisms to reduce the stress levels and mental and physical fatigue of vehicle drivers and operators
- improving vehicles customized for specific missions (which are often more complicated as they require more than a simple drive function)
- advancing innovative technologies already available in cars and best-in-class products.

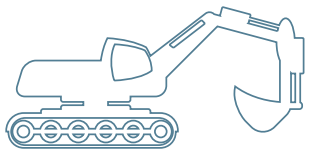
CNH Industrial believes it is the product manufacturer's responsibility to ensure **high safety standards**. Most CNH Industrial products are designed according to applicable government and/or industry standards on road safety, functional safety, occupational safety (see page 76), and environmental safety (noise and engine emissions). In this regard, the design phase takes into account several aspects of operational functionality, including:

- operating instructions and information (Operator's Manuals, see page 148)
- applicable regulations and/or standards
- limits of intended use
- operator experience
- operator training
- working conditions
- physical properties of the vehicle.

An essential step in any indexed safety risk assessment is the systematic identification of potential hazards and hazardous events for all types and phases of use, such as assembly and set-up, preparation for use, installation and removal of tools and accessories, on-road use, in-field use, use during transportation, blockage clearing, cleaning, service, and maintenance.

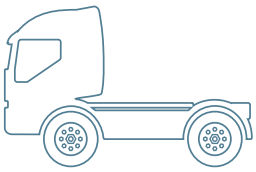


As regards **agricultural equipment**, safety is vital not only when working in the fields, but also when traveling by road from one field to another. To this end, all CNH Industrial tractors are fitted with a Falling Object Protection System (FOPS) to shield both cab and operator against objects falling from above, and with Roll Over Protective Structures (ROPS) as a safeguard in the event of vehicle rollover – two vital mechanisms to prevent these very common hazards when working with front loaders or in potentially hazardous areas. Tractors are also equipped with long range video cameras connected to the on-board display, which transmit rear and side view images of the tractor. This increases safety considerably when operating particularly large equipment or very long trailers, and avoids the operator needing to turn around to check maneuvers. All Operator's Manuals include an entire chapter on the safe use of each machine (see page 148).



Ergonomics and comfort are also important factors in the safe use of **construction equipment**. Indeed, the passive safety measures mentioned above – FOPS and ROPS – are also fitted on all CNH Industrial construction brand models, given their similar exposure to the risk of falling objects and vehicle rollover. Again, all Operator's Manuals include an entire chapter on the safe use of each machine (see page 148). Additionally, all potentially dangerous machine components are listed on a decal on the side of the machine itself, while maintenance activities are performed from the ground to minimize the risk of accidents.

High safety standards are also a priority for **commercial vehicles**, as reflected in the design and development of vehicles with high-quality preventive, active, and passive safety features to maximize the protection of vehicle occupants, cargo, and other road users alike. This comprehensive approach is part of the Company's daily challenge and commitment to continually raise safety standards for all road users. Accordingly, the research and development of safety systems focuses on 3 key areas:



- driver assistance: devices that assist the driver both in normal conditions and when a warning is triggered
- collision avoidance: systems activated during an emergency, providing maneuvering assistance to avoid collision
- damage mitigation: devices activated to minimize damage when impact is unavoidable.

Currently, the Advanced Driver Assistance Systems (ADAS) offered by CNH Industrial commercial vehicles include Adaptive Cruise Control (ACC), Advanced Emergency Braking System (AEBS), and Lane Departure Warning System (LDWS).

Furthermore, following several studies on passive safety and biomechanics, light and medium commercial vehicles can optionally be fitted with Advanced Occupant Restraint Systems (AORS) for enhanced protection in case of frontal impact, with the additional option of installing window airbags in light vehicles to protect occupants in the event of a side impact.

DESIGN

CNH Industrial puts a great deal of care and effort into design, given the lengthy service life of its equipment (durability), and its use over many consecutive hours (comfort), often by different people (configurability), each requiring ease of access and control over commands (ergonomics).

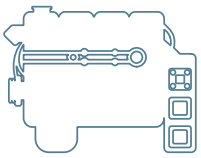
For this reason, the Company views design not only as the aesthetic counterpart of engineering, but also as the proper approach to developing products that are functionally and aesthetically appealing right from conception.

To this end, CNH Industrial created a Design function that actively collaborates with every platform, with style centers in Turin and Modena (Italy), Burr Ridge (USA), and Vénissieux (France).

The goal is to develop product components increasingly aligned with the latest technologies, while also offering contemporary and attractive styles paired with appealing yet strong materials fit for intensive and prolonged usage. For example, in addition to being resistant to wear and tear, internal materials must be easy to maintain and wash, and cabin colors must be calming. CNH Industrial designers work alongside engineers to bridge the gap between form and function, productivity and aesthetics, ecology and performance, often working together with the marketing functions of Company brands to support the communication and launch of new products.

Furthermore, collaboration with the Ergonomics Department allows CNH Industrial to achieve a perfect blend between product design and an optimal end-user experience. Both Design and Ergonomics functions play an active role in many of the Global Product Development phases.

LIFE CYCLE ASSESSMENT



In 2014, FPT Industrial launched a pilot project at the Foggia plant (Italy) for the Life Cycle Assessment (LCA) of the 3-liter F1C engine for light commercial vehicles. The goal was to quantify the engine's environmental impact in terms of CO_2 emissions along the entire process chain, from raw materials to final engine disposal. The 3-liter F1C diesel engine was ISO/TS 14067 certified in 2014. In 2018, after the completion of the 3-year certification renewal process, a new 3-year process was started for certification maintenance. At the same time, the company decided to pursue the certification of its F1C NG engine, also manufactured at the Foggia plant, deemed strategic in terms of environmental impact. To this end, the brand started collecting the necessary data and information, aiming to certify the engine by mid-2019.

Building on the experience gained from this initial project and the information collected and processed, FPT Industrial joined forces with an external company to develop a software tool known as the *Life Cycle - Environment Management System* (LC-EMS). This tool estimates the CO_2 impact of production plants from a life cycle perspective, as required by the ISO 14001:2015 standard. During the year, the brand started updating its database on the status of its plants as at year-end 2018; the process is expected to be completed by early 2019.

The LC-EMS tool is currently implemented at the plants in:

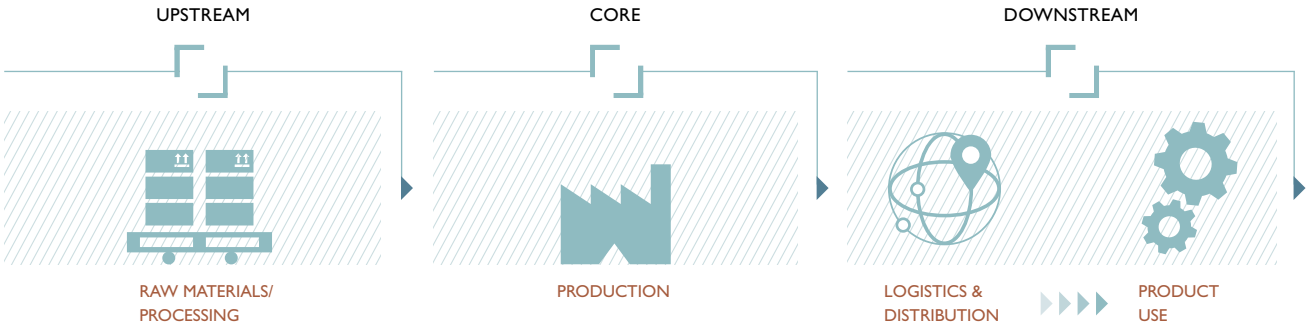
- Bourbon Lancy (France) – Cursor Engine
- Torino Motori (Italy) – NEF Engine
- Torino Driveline (Italy) – transmissions and axles.

The LC-EMS measures CO_2 emissions over the 3 distinct stages of the product's life cycle:

- upstream: the procurement of materials, from extracting raw materials to building the components required for product manufacturing at each plant (e.g., crankcases)
- core: the operations carried out at the plant in the manufacture of FPT Industrial products (e.g., engines)
- downstream: distribution, product use, and end-of-life.

The software requires each plant and platform function to jointly compile, each for their respective areas, 3 datasheets, one for each life-cycle stage. For the upstream stage, the software mainly uses CO_2 emissions values taken from data reported in the literature. For the core stage, each plant enters its actual data on the annual consumption of energy, water, chemicals and other materials, and on its direct emissions and waste disposal. The platform function, on the other hand, provides product data for the downstream stage: fuel consumption, specific emissions, and average life-cycle mileage. The data processed by the software allows CO_2 trends to be analyzed during all stages, in particular during product and process design.

LC-EMS TOOL



The LC-EMS tool is integrated into the plants' systems that regulate their environmental aspects, which include the WCM system (see page 168), the environmental management system (see page 172), and the energy management system (see page 184).

IMPACTS COVERED BY CNH INDUSTRIAL'S ENVIRONMENTAL MANAGEMENT SYSTEMS

RESOURCE USE	ECOLOGICAL CONSEQUENCES	HUMAN HEALTH
○ Water depletion	○ Acidification	○ Human toxicity
	○ Dust & particulate matter	
	○ Eutrophication	
	○ Global warming	
	○ Ozone depletion	
	○ Photochemical ozone formation	
	○ Species richness	

WORLD CLASS ENGINEERING

CNH Industrial first adopted the World Class Engineering (WCE) system in 2017, with a pilot project in the Commercial Vehicles IVECO Daily platform in EMEA, striving towards becoming best-in-class in terms of quality, costs, and delivery times. In 2018, the results came in following the Company's first-ever WCE audit, carried out at the recently inaugurated WCE Compass Room in Turin (Italy), with a final score of 16 points and very positive comments from the auditors.

Through WCE principles, the Company aims at standardizing its product development processes through a set of best practices, intended not only to eliminate waste, but also to strengthen teamwork. Indeed, WCE places importance on the growth of people, skills, and management procedures, which in turn helps improve products and meet customer needs. The process requires a deep understanding of both customer and market – from properly assessing the product's perceived value to the best product design and implementation – while always considering the need to develop new technologies.

The WCE system consists of 10 technical pillars and 10 management pillars. It entails an audit system that tracks implementation maturity and has the same awards as the World Class Manufacturing (WCM) system.

Leveraging the results of the first WCE audit, as well as the knowledge acquired through its other World Class Manufacturing (WCM) programs already in place, the Company plans to extend the WCE program to other platforms and product ranges across the Commercial Vehicles and other segments.

FOCUS ON

PRODUCT DEVELOPMENT PROCESS

At CNH Industrial, the development and launch of new products are managed through dedicated platform teams for each product class. Platform teams are responsible for the management of products' entire life cycles, from the development of new products to the maintenance of existing ones.

Each team is composed of representatives from the following functions:

- Brand – definition of market requirements, including regional variations
- Product Engineering – product design and fulfillment of technical requirements
- Product Validation – product validation and certification
- Manufacturing – planning and preparation for production
- Purchasing – management of sourcing process and procurement of parts
- Supplier Quality Engineering (SQE) as part of Purchasing – monitoring compliance of suppliers' production processes with CNH Industrial standards and requirements
- Parts and Service – management of spare parts
- Quality and Product Support – monitoring correct implementation of processes to ensure quality of final product
- Finance – monitoring budget and investment, analyzing profitability of new product programs and related activities.

Platform teams follow the standardized Global Product Development (GPD) process, which itself is subject to continuous monitoring and revision. Although its application is standardized across geographic areas, the process allows for variations in product specifications to meet local requirements, including those specific to Emerging Markets.
The GPD process consists of 6 phases, each including a set of deliverables, supported by the various business functions. At the end of each phase, reviews are carried out to determine if the objectives for the phase have been met. Once these objectives are achieved, the decision is made to continue to the next phase.

This approach optimizes resource planning and facilitates investment allocation and the definition of clear objectives; it also improves the ability to forecast and manage risk and, ultimately, to develop quality products. During each phase of the GPD process, the Design and Ergonomics departments work closely with each platform team to make new products more appealing and functional.
Every new product development and/or product change rigorously follows the Delegation of Authority (DOA), which defines the funding approval process. Management approval of the program depends on the overall spending level.

EARLY WARNING PHASE

The Global Product Development (GPD) process ends with the achievement of the Ok to Ship (OKTS) milestone, which authorizes the shipment of finished products to sales and service networks. The first few months thereafter are known as the Early Warning Phase, in which a specific team is appointed to focus on and quickly assess product performance by collecting feedback from the service network and internal support functions, to implement required improvements quickly and effectively.
This monitoring activity, which continues throughout the overall Current Product phase (see page 150), is a crucial resource for the development of new products, as the findings on the latest launches are integrated in new designs thereafter, creating a virtuous circle of continuous innovation.

PRODUCT CHANGE MANAGEMENT

Products are typically considered current 6 months after launch. The platform teams are responsible for introducing enhancements to current products by implementing action plans to achieve both warranty targets (set by the Quality team) and cost reduction targets, while managing and setting deadlines. Specific quality and reliability targets are set for each product and project, and assigned to the relevant teams of each respective development platform.
Product Change Management (PCM) is the standardized process used by platform teams to maintain and improve current products. It is consistent with the Global Product Development (GPD) process (phases, deliverables, and milestones) to guarantee high quality, speed, and disciplined execution, but is also flexible and scalable according to the risk and complexity of each change.

OPERATOR'S MANUAL

Each product sold comes with an Operator's Manual (OM) through which CNH Industrial provides key product information to customers, and that is in every respect an integral part of the product itself. The manual provides extensive information on safe use and on behaviors to minimize environmental impact, such as the correct disposal of lubricating oils and additives, and efficient product use to reduce fuel and energy consumption and pollution.
The manual contains comprehensive information on:

- product identification data
- product functions (start-up and operation)
- correct product maneuvering
- safe product use
- human-machine interactions (controls and devices)
- on-board equipment
- technical features
- periodic checks and scheduled maintenance
- product approval standards (emissions, noise, electromagnetic compatibility, etc.)
- instructions for biodiesel use, if applicable
- safe product transportation (for off-road equipment).

The safety and accident prevention information contained in the Operator's Manual is presented in line with the ANSI Z535 standard. Furthermore, all manual contents comply with EU directives specific to vehicle type, such as 2006/42 EC, 2010/52 EC, Commission Delegated Regulation (EU) 1322/2014, and Commission Delegated Regulation (EU) 2015/208. Manuals are available in every major language used in the markets where the products are sold, as per applicable local regulations, and available on the dedicated service network webpage on the Dealers Portal (see page 216).

INFORMATION PROVIDED IN THE OPERATOR'S MANUAL

	Agricultural Equipment	Construction Equipment	Commercial Vehicles
Sourcing of components	-	-	-
Presence of substances that could impact the environment	○	○	○
Safe product use	○	○	○
Product disposal	-	-	○[a]
Noise and vibration levels (as applicable)	○	○	○

[a] Data is published on a dedicated website for light-range vehicles in accordance with Directive 2005/64/EC (see page 227).

PRODUCT QUALITY CONTROL

Product Quality Control at CNH Industrial impacts all stages of a product's life cycle, from conception to after-sales management. An effective quality system helps improve product performance during usage to meet customer uptime expectations in the field, and is an important factor to drive customer loyalty and increase the Company's competitiveness. At CNH Industrial, the adoption of a quality system compliant with standards such as ISO 9001 or ISO/TS 16949 (see page 167) reflects a robust quality process and drives the continuous improvement of processes, products, and services through clear targets, responsibilities, and key performance indicators (KPIs).

Product quality control aims to:
- ensure product quality throughout the entire product life cycle
- maximize the input of qualitative product performance information into new product development processes (proactive approach)
- drive consistency of quality processes and methodologies across all brands and geographic areas
- optimize results while improving the efficiency and promptness of end-user support to meet customers' quality expectations.

The control process ensures that all quality aspects are built into the product life cycle, with a focus on:
- New Product Quality – by supporting new product development phases through a proactive problem-prevention approach
- Current Product Quality – by monitoring product behavior in the field and defining priorities that support solution development and enable efficiency monitoring
- Supplier Quality – by striving for the flawless launch, seamless production, and quality excellence of purchased components
- Manufacturing Quality – by setting quality targets based on benchmarking and performing end-of-line audits to verify customer requirements are met
- Quality Systems – by ensuring central coordination, operational execution, and monitoring through the established methodology standards of the Company's quality management system.

Production, Manufacturing Engineering, Quality, Purchasing, and other brand functions share responsibility for the intrinsic quality of all product-related processes while promoting process improvements, flawless execution, problem solving, and sound decision-making.
In addition, Quality Control is one of the 10 technical pillars of World Class Manufacturing (see page 168), whose objective is to maintain high quality standards throughout manufacturing processes. The pillar focuses on achieving zero defects via quality root cause analysis, countermeasures, and performance checks, to then standardize and extend improvements throughout the production process.
Quality control is based on the ability to monitor and measure production quality KPIs. The Quality Assurance Matrix is one of the tools available to guide the process of identifying the most critical areas for improvement. A detected defect is proactively removed from the next step in the production process.
One of the main KPIs monitored is Customer Quality Audit results, based on the tests conducted during the auditing of products for customer usability. Another important quality indicator is Pre-Delivery Inspection, carried out prior to vehicle registration to ensure the customer receives a quality-assured product.

CURRENT PRODUCT MANAGEMENT

The first few months after finished products are shipped to sales and service networks are known as the Early Warning phase (see page 148), during which product performance is assessed as quickly as possible so that improvements can be implemented, if needed.
After this initial period, the product is treated as current and its quality control and performance monitoring continues under Current Product Management (CPM). At CNH Industrial, CPM is a systematic business process designed to maintain and improve the product throughout its entire production life. The CPM team includes representatives from Quality, Engineering, Parts, Purchasing, Manufacturing, and Brand Service, who provide resources and expertise. The team is responsible for reviewing all product information channeled to CPM from various sources, such as customer visits, dealer reports transmitted via product support tools, warranty claims, and quality reports from manufacturing units and suppliers. Any product issue reported is analyzed and managed systematically so that speedy technical resolutions can be provided to the production platforms to improve product design or fine-tune assembly methods, in order to meet customer needs and prevent recurring issues. The process is tracked using ad hoc tools.

RECALL CAMPAIGNS

The decision to launch a remedial action (including voluntary recall campaigns), also known as a Product Improvement Program (PIP), is made by the Current Product Management (CPM) team. This decision takes account of both technical factors and the impact on customers. The CPM team evaluates the safety aspects of every PIP by using tools such as the Safety Risk Assessment and, based on the index obtained, determines whether to launch a specific safety recall campaign. Once a voluntary recall campaign has been approved and prepared for launch, it is released to the network, ensuring its rapid completion to minimize customer impact and maximize customer vehicle availability.

The implementation of a recall campaign falls within the product quality control process, and engages all of the functions that interact directly with customers, including brand organizations and dealers. During recall campaigns that require vehicle repair, CNH Industrial utilizes different programs and channels to inform customers about work to be performed on their vehicles. The *Best Service Program*, for example, is a tool for managing campaigns that are particularly sensitive due to the geographic area or product type. The program offers centralized support to dealers and other commercial entities, and fosters customer loyalty by reducing vehicle downtime at repair shops. A call center coordinates activities and keeps both customers and dealers informed, while ensuring spare parts are supplied as promptly as possible.
Ensuring CNH Industrial customers safe and reliable products is a key aspect for the Company. In this respect, the Quality Control process includes a Reporting Procedure for Product Safety Problems that enables both the service network and employees to report any product safety issue found. In a dedicated section on the corporate Intranet, employees can report events involving any of the Company's products. The reports received are analyzed and duly processed by the 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

CNH INDUSTRIAL WORLDWIDE (no.)

	2018	2017	2016
Mandatory campaigns	**136**	156	169
Safety campaigns	**11**	6	17
Total	**147**	**162**	**186**

2018 NUMBER OF RECALL CAMPAIGNS (PIPs)

CNH INDUSTRIAL WORLDWIDE (no.)

	Mandatory campaigns	Safety campaigns	Total
Agricultural Equipment products	74	8	82
of which units involved	39,979	16,354	56,333
Construction Equipment products	17	-	17
of which units involved	13,054	-	13,054
Commercial Vehicles products	45	3	48
of which units involved	165,293	37,583	202,876
Total products	**136**	**11**	**147**
Total units	**218,326**	**53,937**	**272,263**

FOCUS ON

IMPROVING SPRAY PAINT QUALITY

The New Holland Agriculture plant in New Holland (USA) was able to significantly reduce issues related to its painting process through a project using WCM methodologies.

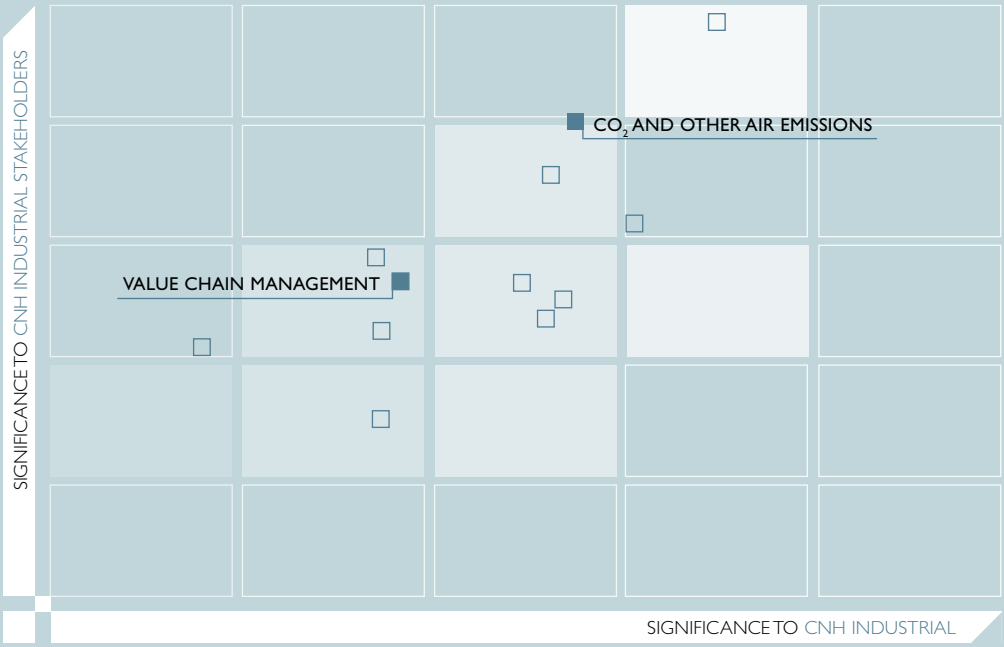
The project's main goal was to stabilize the consistency of spray paint, which is affected by changes in temperature and by the distance between the paint mixing room and the point of use, and thus achieve a consistent and uniform paint output from spray guns regardless of external factors such as variable temperatures. The project focused on 2 aspects:

- length of the paint line: the paint line was significantly shortened (by more than 50%) by creating a direct path in the flooring. This minimized the effects of external temperature fluctuations on paint across the entire line
- constant temperature across the paint line: each paint distribution pipe was equipped with heating elements to reach and maintain a specific temperature, and thus the desired paint consistency, across the paint line up to the spray guns. Previously, the paint used to be brought to a desired temperature only at its point of origin, and then suffer the effects of temperature changes down the line.

The combination of these two elements improves paint control and enhances its quality, ensuring a product fit for application at all times. In 2018, the project, which was also presented at the *Worldwide Kaizen Convention* (see page 170), enabled significant improvements compared to the former setup:

- -77% in paint used
- -46% in painting defects
- fewer reworks required, saving more than $74,300 in rework labor costs.

SUPPLY CHAIN



Material topics described in this chapter (for definitions see page 239).

KEY TARGETS

2022: MONITORING OF CO_2 EMISSIONS OF **100%** OF KEY SUPPLIERS

2022: SUSTAINABILITY SELF-EVALUATION OF **100%** OF TIER 1 SUPPLIERS

MANAGEMENT FRAMEWORK

CNH Industrial adopts a responsible approach to the management of its entire supply chain, from small local companies to large multinational organizations, establishing relationships that go beyond commercial transactions, and fostering long-lasting and mutually satisfying collaborations with eminently qualified partners that share the Company's principles. For CNH Industrial, supply chain sustainability means looking beyond corporate boundaries, strategically and effectively promoting a sense of shared responsibility.
Advocating socially and environmentally responsible behavior across the entire supply chain is one of the Company's primary commitments, along with spreading a culture of sustainability among those Company employees who work with suppliers every day. This approach goes hand in hand with the other priorities at the heart of supply chain management: quality, price, and lead times.

As evidenced by the results of the materiality analysis, **value chain management** is a material topic for CNH Industrial and stakeholders alike. Relationships based on open dialogue and collaboration increase efficiency, improve quality, foster innovation, and encourage a shared commitment to sustainability targets, creating undeniable mutual benefits. Furthermore, promoting and monitoring high standards of sustainability fosters long-term relationships with suppliers in the interest of both parties, as it reduces potential risks, ensures continuity of supply, and improves overall sustainability along the entire supply chain, mitigating reputational risk and any potential damage to the Company's credibility.
Another material topic to emerge from the materiality analysis as equally important to both CNH Industrial and its stakeholders, and that implicitly affects the supply chain, is **CO_2 and other air emissions**. Reducing such emissions must go beyond Company activities, thus including the supply chain, in order to help protect the planet from climate change and mitigate the depletion of natural resources.

These 2 material topics, among others, represent the Company's response to the global challenges identified as most relevant to CNH Industrial's future business, namely:
- *climate change*, in terms of reducing the impact of the supply chain
- *food scarcity and food security*, considering that many suppliers collaborate with CNH Industrial brands in developing best solutions to improve equipment productivity
- *the innovative and digital world*, in terms of keeping an open dialogue with businesses to develop increasingly innovative solutions.

Commitments to continuous improvement are realized through specific targets and actions, which also give an indication of how efficiently the supply chain is being managed. Targets are set annually on a voluntary basis and included in the Sustainability Plan; their progress is regularly monitored by the Suppliers Sustainability Compliance Committee in order to implement any corrective actions deemed necessary. The key improvement targets set in 2016 aim to increase both CO_2 monitoring within the supply chain and the coverage of sustainability assessments (see pages 33-34). The targets and results achieved are communicated to stakeholders via the Sustainability Report and the Company's website. Management effectiveness is measured through periodic benchmarking against the main competitors and leading sustainability companies, and through rating agency assessments on sustainability issues. The results of these assessments are the starting point for improvement measures.

CNH Industrial purchases are managed by the Purchasing function, which operates globally through dedicated structures in EMEA, North America, LATAM, and APAC, by product line and commodity group[1]. Purchasing defines strategies and guidelines to build and strengthen partnerships with suppliers, offering them stability and development opportunities thanks to the broad product portfolio that CNH Industrial has in the industry. The highest responsibility for CNH Industrial's supply chain management initiatives lies with the GEC (see page 43). Moreover, the Company's Suppliers Sustainability Compliance Committee, established in 2015, is responsible for monitoring suppliers' compliance with the Supplier Code of Conduct and their sustainability assessment process (see page 44).
In 2018, supply chain management improvement targets were included in the Performance and Leadership Management system (see page 85) for most managers of projects included in the Sustainability Plan.

(1) *Function names and roles as at December 31, 2018.*

CNH Industrial has adopted the Supplier Code of Conduct that, together with the CNH Industrial Code of Conduct, provides the framework for responsible supply chain management. It is available on the corporate website in 8 languages and is circulated to suppliers through CNH Industrial's Supplier Portal (see page 48). Besides compliance with local legislation, the Supplier Code of Conduct stipulates respect for:

- labor and human rights
  - rejecting any form of forced or child labor
  - guaranteeing fair working conditions, working hours, and wages
  - recognizing the right to freedom of association in line with applicable laws
  - safeguarding employee health and safety
  - guaranteeing equal opportunities and that no policies exist that could lead to any form of discrimination
- environmental protection
  - optimizing the use of resources (including energy and water) and minimizing polluting and greenhouse gas emissions
  - 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 the entire supply chain. As highlighted in the Supplier Code of Conduct, all suppliers must work with CNH Industrial to enforce the Code itself, and are required to transfer its principles to their employees, subsidiaries, affiliates, and subcontractors. CNH Industrial is committed to fostering long-term partnerships with its suppliers, through specific tools and periodic workshops designed to achieve a smooth integration between the respective business cultures and processes, in order to work jointly toward meeting market expectations.
Furthermore, CNH Industrial is committed to supporting small and local suppliers and minority-owned businesses (see page 165).
Any violation of the Supplier Code of Conduct can alter the business relationship with CNH Industrial, and may result in contract termination. All suppliers must comply with applicable laws (including, but not limited to, corruption and antitrust regulations) and with CNH Industrial's Code of Conduct and Supplier Code of Conduct; they are also obliged to report any suspected violations thereof to the Company.

An operational grievance mechanism, the Compliance Helpline, is available to CNH Industrial suppliers to report potential violations of corporate policies, the Code of Conduct, or applicable laws (see page 50). Details of the Compliance Helpline are available in the Supplier Code of Conduct.

SUPPLIER PROFILE

CNH Industrial manages purchases worth approximately $16.4 billion, with a total network of 4,924 direct material suppliers. In 2018, 104 new eligible suppliers were added to the network, while there were no significant changes to supply chain structure and no additional outsourcing of activities.
The Company's top 150 suppliers are considered strategic suppliers, not only because they generate more than 60% of the total value of purchases, but also because of the length of the relationships involved, along with their production capacity and handling of spare parts.

SUPPLIERS IN NUMBERS

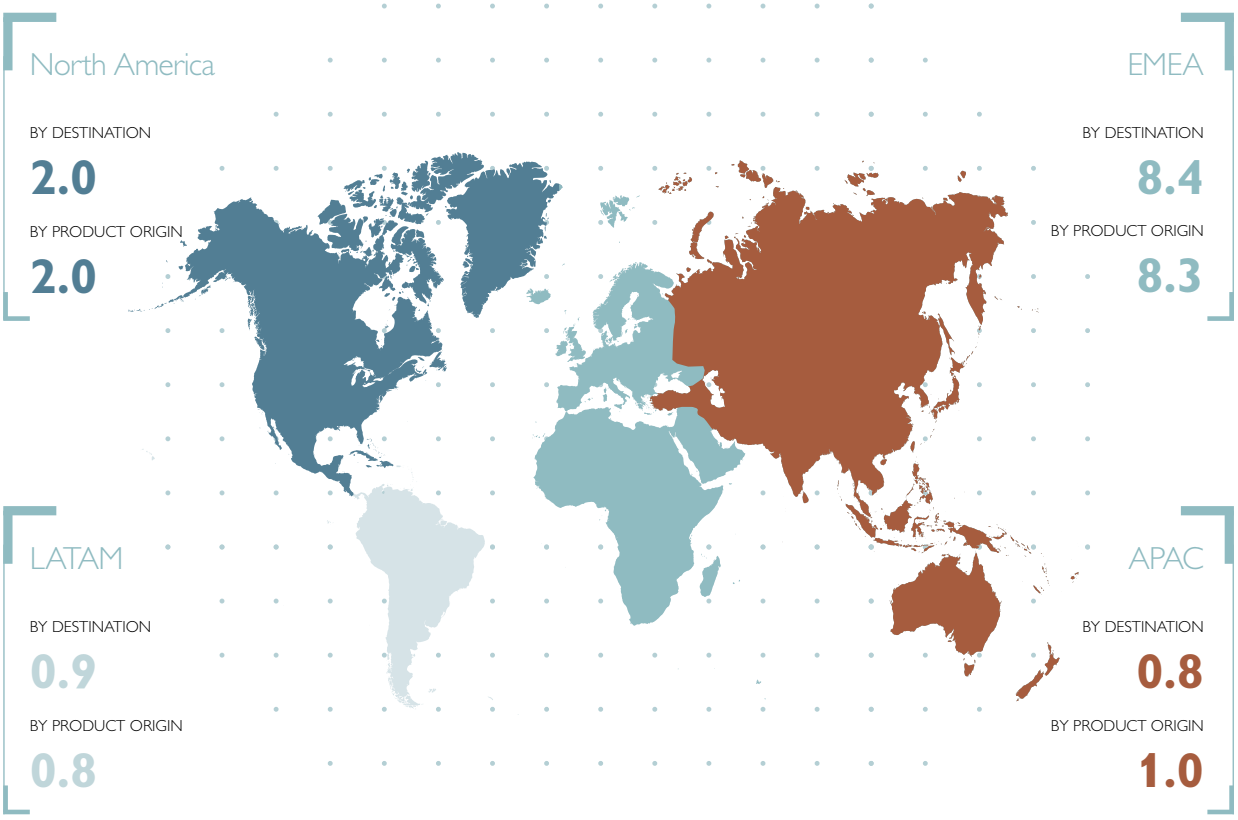
CNH INDUSTRIAL WORLDWIDE

	2018
Direct and indirect material purchases[a] (% of the total volume of CNH Industrial purchases)	85
Direct material suppliers (no.)	4,924
Value of purchases from direct material suppliers[b] ($billion)	12.1
Value of purchases from indirect material suppliers[c] ($billion)	1.8
Local suppliers (%)	96

(a) Refers to the value of purchases.
(b) Direct materials are preassembled components and systems used in assembly. The value of raw material purchases is considered marginal.
(c) Indirect materials are services, machinery, equipment, etc.

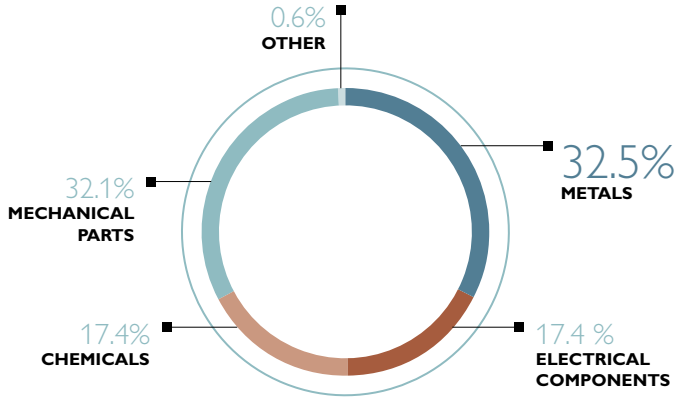
PURCHASES[a]

CNH INDUSTRIAL WORLDWIDE ($billion)

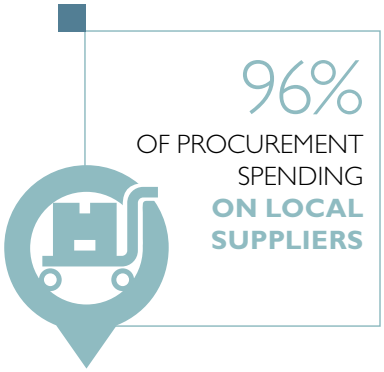


(a) Refers to the value of direct material purchases.

PURCHASES[a] BY PRODUCT TYPE
CNH INDUSTRIAL WORLDWIDE



(a) *Refers to the value of direct material purchases.*



Developing local skills, transferring its technical and managerial expertise, and strengthening local businesses are just some of the targets that CNH Industrial sets for itself. Creating ongoing relationships with local suppliers helps reduce risks associated with business operations and optimize costs.
Significant amounts are spent on local suppliers[1]: in 2018, contracts signed by CNH Industrial with local suppliers accounted for 96% of procurement costs. Specifically, 97% in EMEA and 94% in North America, which are CNH Industrial's major locations of operation[2].

Additionally, the Company promotes the World Class Manufacturing program (see page 162) at local supplier plants, to share best practices and methodologies.
Although CNH Industrial does not always purchase raw materials directly (one exception being steel used for direct processing), their overall consumption and general price trends are constantly monitored. In 2018, 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
CNH INDUSTRIAL WORLDWIDE (thousand tons)

	2018	2017	2016
Steel and cast iron[a]	**2,000**	2,000	2,000
Plastics and resins	**130**	100	120
Rubber	**100**	80	100
Other miscellaneous materials	**90**	60	70

(a) *Including scrap.*

Furthermore, in 2018, the Company started monitoring paper, cardboard, and wood consumption at its offices and in packaging at its plants, so as to assess impact and devise improvement measures, if needed.

PAPER, CARDBOARD, AND WOOD CONSUMPTION
CNH INDUSTRIAL WORLDWIDE (tons)

	2018
Paper (office use)	**637**
Cardboard (packaging used at plants)	**3,648**
Wood (packaging used at plants)	**21,312**
Related procurement spend (%)	**0.1**

(1) *Local suppliers are those operating in the same country as the CNH Industrial plant.*
(2) *The significant locations of operation are defined by total direct material purchases, which are 69% of the total value of purchases in EMEA and 17% in North America.*

In addition, a detailed spend analysis is carried out to improve business performance and maximize operational efficiency. In 2018, the spend analysis involved 4,201 suppliers (accounting for approximately 95% of direct material purchases) in the following categories:

- metals: 32%
- electrical components: 17%
- chemicals: 18%
- mechanical parts: 33%
- other: 1%.

72% of analyzed suppliers were in EMEA, 18% in North America, 7% in LATAM, and 3% in APAC.
Using a software tool known as the Financial Suppliers Sensitivity System (FS3), supply chain managers have access to suppliers' financial assessments. This tool is continually updated with confidential information provided by the suppliers themselves and contained in any financial reports. The evaluation, calculated automatically and checked by an analyst, allows suppliers to be identified according to their category of financial risk. Suppliers in particular difficulty are monitored weekly to prevent and minimize the risk of any interruptions to the supply chain. The continuous monitoring of economic factors is essential to good supply chain management.

SUSTAINABILITY IN SUPPLIER MANAGEMENT

SUPPLIER SELECTION

Environmental and social sustainability standards are fully integrated into CNH Industrial's supplier management. Selecting and codifying new suppliers is an operational phase of the procurement process that is regulated by specific internal procedures. It is based not only on the quality and competitiveness of supplier products and services, but also on compliance with CNH Industrial's social, ethical, and environmental principles. The assessment process is built on objective criteria and tools designed to ensure fairness and equal opportunities for all parties involved.
The Potential Suppliers Assessment (PSA) evaluates a company's potential to become a CNH Industrial supplier by identifying its strengths and weaknesses and its ability to manufacture according to the highest quality standards. The PSA tool is used to assess companies that do not currently provide materials or services, as well as suppliers that have undergone reorganization, or whose plants were relocated. The PSA must be carried out prior to the procurement phase to allow potential new suppliers to participate in tenders. The tool is a way to evaluate a potential supplier's ability to manufacture quality products using best practices, and to assess company systems and processes directly at supplier plants.

PSA evaluation criteria involve key sustainability aspects, with explicit reference to both environmental and occupational health and safety management; indeed, one of the requirements is the presence of an Environmental and Health and Safety System in the working area, preferably certified by a third party. Compliance with the provisions restricting the use of hazardous substances is carefully monitored through a dedicated section of the PSA. The presence of management systems reflects suppliers' efforts to monitor and manage environmental aspects, labor practices, human rights, and impacts on society. All potential new suppliers (104 in 2018) are evaluated according to the above criteria. Supplier sustainability is also assessed via indicators included in a self-assessment questionnaire that, for a number of suppliers determined each year, are verified by audit (see page 158).

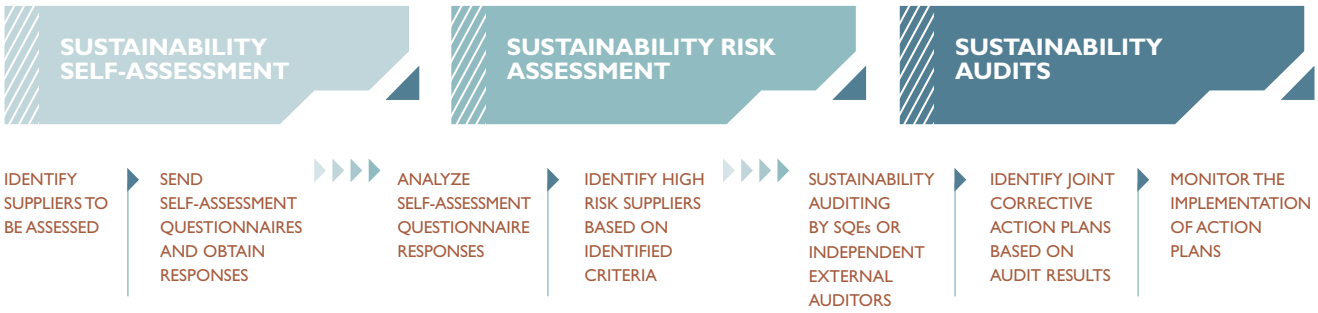
100%
OF **NEW SUPPLIERS** EVALUATED AS PER **SUSTAINABILITY CRITERIA**

In addition, through the Commitment Declaration stipulated for new suppliers, the latter are requested to comply with the CNH Industrial Code of Conduct and Supplier Code of Conduct. Specific contractual clauses require them to provide references and demonstrate abilities in relation to: fighting corruption, protecting and safeguarding the environment, promoting health and safety at work, ensuring non-discrimination, prohibiting forced and/or child labor, and recognizing freedom of association.
The best practices and contractual clauses to be incorporated into supplier agreements, including the General Purchasing Conditions, were shared at CNH Industrial level. If a supplier fails to adhere to these principles, CNH Industrial reserves the right to terminate the business relationship or instruct the supplier to implement a corrective action plan.

SUPPLIER ASSESSMENT

Suppliers play a crucial role in supply continuity and can influence the way public opinion perceives CNH Industrial's social and environmental responsibility. To prevent or minimize any environmental or social impact, CNH Industrial has developed a process to assess suppliers on sustainability issues. This process is also a way to engage suppliers while promoting high sustainability standards, and thus continuous improvement.
The supplier assessment process is managed yearly by the Purchasing functions and is overseen by the Suppliers Sustainability Compliance Committee (see page 44).
The assessment process involves 3 consecutive steps over a 1-year period.

ASSESSMENT PROCESS



During the first step of the evaluation, a number of suppliers are asked to fill out a **sustainability self-assessment** questionnaire. Since 2014, CNH Industrial has used the questionnaire drawn up by the Automotive Industry Action Group (AIAG). Suppliers are requested to provide information on: human rights, the environment, compliance and ethics, diversity, and health and safety. The process is carried out via a dedicated IT platform.

The questionnaires are then analyzed and used to perform a **sustainability risk assessment**, which allows identifying critical suppliers whose compliance with sustainability criteria needs to be addressed. The key drivers used to create the risk map are:

- supplier turnover
- risk associated with the supplier's country of operation (focusing on countries with poor human rights records[1])
- supplier financial risk
- participation in the assessment process
- risk associated with the purchasing category (i.e., the commodity group).

Based on risk assessment results, suppliers are classified according to 3 levels of risk (high, medium, and low) and selected for audit accordingly.

(1) *For countries with poor human rights records, refer to the list published by the US Department of State.*

Sustainability audits are performed at suppliers' plants by either Company Supplier Quality Engineers (SQEs) or independent external auditors. Audits, which are organized in agreement with the suppliers, aim at verifying the information submitted via the self-assessment questionnaires and at defining possible improvement plans where necessary. Each supplier selects representatives within its organization (usually from HR, Safety, Environment, and Quality) to take part in the audits, as well as a representative manager. Should audit findings 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 organizational changes)
- corrective measures (e.g., targeted training programs)
- timeframes for action plans.

Action plans are monitored via follow-ups between supplier and auditor, through a structured process supported by an IT system. Any non-compliance is brought to the attention of the Suppliers Sustainability Compliance Committee (see page 44), which determines the actions to be taken against the defaulting supplier. A specific operational procedure is in place to monitor supplier compliance.

The levels of supplier compliance and respective action plans are documented in a dedicated system accessible via the Supplier Portal (see page 162), and results are available to all employees engaged in supplier management. Every month, the Supply Quality Performance (SQP) system draws up a Supplier Scorecard, containing qualitative information and the scores from sustainability assessments. This information, along with each supplier's financial, technical, and logistics data, makes up the Summary by Plan document used to assign new orders.

ASSESSMENT CRITERIA

		Categories of reference[a]	Self-assessment	Audit
HUMAN RIGHTS	Company code of conduct	HR	○	○
	Supplier code of conduct	SO	○	○
	Supplier facilities	HR	○	○
	Supplier working conditions and practices	LA	○	○
	Supplier contract	HR	○	○
ENVIRONMENT	Environmental management system	EN	○	○
	Waste	EN	○	
	Metrics	EN	○	○
	Greenhouse gases (GHG)	EN	○	○
	Prevention	EN	○	
	Emergency planning	EN	○	○
	Regulatory tracking	EN	○	
	Training	EN	○	○
	Supplier training	LA	○	
	Environmental policy	EN	○	
	Environmental strategy	EN	○	
	Audit	EN	○	○
	Land and water conservation	EN	○	
	Verification	EN	○	
	Water policy	EN	○	
	Water targets	EN	○	
	Wetlands	EN	○	
	Water-stressed areas	EN	○	
	Logistics processes	EN	○	
	Logistics targets	EN	○	
	Disposable packaging	EN	○	

(a) *EN: Environment*
LA: Labor practices
HR: Human rights
SO: Impacts on society.

		Categories of reference[a]	Self-assessment	Audit
COMPLIANCE AND ETHICS	Corruption	SO	○	○
	Training	LA	○	○
	Supplier training	LA	○	○
	Conflict of interest	SO	○	
	Supplier ethics	SO	○	
	Risk assessment	SO	○	
	Intellectual property protection program	SO	○	
	Intellectual property violations	SO	○	○
	Contractual requirements	SO	○	
DIVERSITY	Organization	LA	○	○
	Employee policy	LA	○	○
	Supplier policy	LA	○	○
	Training	LA	○	○
	Supplier training	LA	○	○
	Corporate diversity strategy	LA	○	○
	Supplier diversity metrics	LA	○	○
HEALTH AND SAFETY	System	LA	○	○
	Substances of concern (SoC)	LA	○	○
	Audits	LA	○	○
	Employee involvement	LA	○	○
	Training	LA	○	○
	Supply chain	LA	○	○
	Emergency response	LA	○	○
	Emergency planning	LA	○	○
GENERAL	Industry associations	SO	○	
	Industry training	LA	○	
	Stakeholders	SO	○	
	Sustainable purchasing	SO	○	
	Recognition	SO	○	
	Conflict minerals	HR	○	
	Community development	SO	○	○

[a] *EN: Environment*
LA: Labor practices
HR: Human rights
SO: Impacts on society.

In 2018, almost 2,300 suppliers (accounting for approximately 88% of direct material purchases) were invited to access the online sustainability self-assessment questionnaire available via the Supplier Portal (see page 162). The questionnaire was completed by 604 suppliers (accounting for approximately 51% of direct material purchases). The average score achieved (72/100) confirmed that social and environmental issues were being properly addressed. Results were essentially in line with the previous year's findings, confirming the widespread implementation of sustainability initiatives, with a significant number of suppliers adopting their own social and environmental systems, setting specific targets, and drafting periodic reports.
No critical issues involving collective bargaining, child labor, or forced/compulsory labor were reported in 2018.

SUPPLIER SUSTAINABILITY SELF-ASSESSMENT QUESTIONNAIRES

CNH INDUSTRIAL WORLDWIDE

	2018	2017	2016
Suppliers involved in the assessment process (%)	**46**	33	21
Suppliers involved as a percentage of direct material purchases (%)	**88**	84	n.a.
Suppliers that responded to the questionnaire (no.)	**604**	448	380
Responding suppliers as a percentage of direct material purchases (%)	**51**	45	28
Average assessment score	**72/100**	72/100	67/100

2018 ANALYSIS OF SUPPLIER SELF-ASSESSMENT QUESTIONNAIRES

CNH INDUSTRIAL WORLDWIDE

	Number of suppliers identified as having significant actual and/or potential negative impacts	Significant actual and/or potential negative impacts
ENVIRONMENT (EN)	38	■ environmental targets ■ water management policy ■ measures for reducing the environmental impact of logistics processes
LABOR PRACTICES (LA)	4	■ safety management system ■ emergency planning ■ ethics and compliance training
HUMAN RIGHTS (HR)	7	■ code of conduct
IMPACTS ON SOCIETY (SO)	34	■ suppliers code of conduct ■ sustainable purchasing guidelines ■ periodic assessments to identify ethics and compliance risks

In 2018, 80 audits were carried out at 80 supplier plants worldwide (60 by SQEs and 20 by independent external auditors).

AUDITS BY GEOGRAPHIC AREA

CNH INDUSTRIAL WORLDWIDE (no.)

	2018	2017	2016
EMEA	**20**	18	20
North America	**20**	19	18
LATAM	**20**	19	14
APAC	**20**	19	18
World	**80**	75	70

The total number of audits worldwide covered approximately 5% of the total purchase value. In 2018, 26 suppliers were involved in the formulation of 164 corrective action plans for areas in need of improvement.
No critical issues emerged from the audits, and therefore no contracts were suspended or terminated.
The assessments performed in 2018 also highlighted an improvement in sustainability scores for 100% of the suppliers that had an action plan in place in 2017, thanks to the increased awareness deriving from the corrective measures implemented and from the audit process itself.

2018 ANALYSIS OF CORRECTIVE ACTION PLANS

CNH INDUSTRIAL WORLDWIDE

	Percentage of suppliers identified as having significant actual and/or potential negative impacts, with which action plans were agreed upon[a]	Number of action plans identified	Main action plan topics
ENVIRONMENT (EN)	13.8%	39	■ definition of environmental management documentation ■ definition of environmental targets (focus on water, greenhouse gases, waste)
LABOR PRACTICES (LA)	28.8%	78	■ definition of formal documentation ■ expansion of communications and training to employees and suppliers
HUMAN RIGHTS (HR)	20.0%	24	■ implementation and/or development of code of conduct ■ improvement in communications and training on the code of conduct ■ implementation of grievance mechanism
IMPACTS ON SOCIETY (SO)	23.8%	23	■ definition of a supplier code of conduct or of formal supplier management documents

[a] *The percentage is calculated based on the number of suppliers audited (80 in 2018). No suppliers were considered at risk in terms of child labor, forced/compulsory labor, or violation of either freedom of association or collective bargaining.*

ONGOING DIALOGUE WITH SUPPLIERS

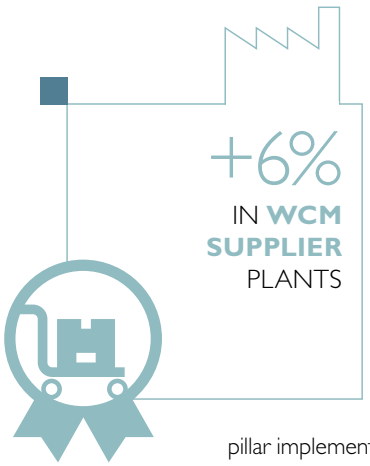
Strongly convinced that suppliers are key partners for its growth, CNH Industrial is committed to keeping them engaged and informed at all times. Promoting continuous dialogue and exchange with them builds stronger supplier relationships, in which goals and strategies can be shared, and collaborations and joint projects can thrive – as evidenced by the Company's many long-standing and mutually beneficial alliances.
Many events and activities to encourage continuous dialogue with the suppliers remained in place in 2018.
The primary collaboration platform and communication channel for the supply chain is the Company's **Supplier Portal**, an interactive website providing modules and tools through which operations involving suppliers are managed, as well as documents and communications for the exchange of information. The Portal also provides supplier contact details.
Moreover, dedicated email addresses were created for suppliers as additional communication channels for sustainability matters and to report any non-compliance within the supply chain.

In 2018, several initiatives promoting the exchange of ideas and information continued as in previous years.

One of these was **Come to our Plant**, originally launched in 2016, organized for suppliers at the manufacturing plants to which they deliver parts. Through interactive sessions in which suppliers visit the production lines, the goal of the initiative is to address operational issues and exchange improvement suggestions, so as to drive efficiencies and enhance both supplier and plant performance. In 2018, 88 of these sessions were held in North America and 63 in LATAM.

Key suppliers are also invited to **Supplier Conventions** at CNH Industrial manufacturing plants prior to the production launch of major products. The objective is to provide suppliers with relevant production kick-off information, enabling them to efficiently organize their operations and optimize supply quality and delivery. In 2018, 3 Supplier Conventions took place in EMEA involving 51 suppliers.

For some years now, the meetings of the **Supplier Advisory Council** (SAC) have served as an important opportunity for dialogue. The SAC includes CNH Industrial's main suppliers selected for their economic importance, as well as for their ability to represent market trends. In 2018, SAC events were organized at regional level and attended by 150 suppliers in EMEA and 17 in North America. These meetings provide an arena to exchange business information with suppliers, share results and common objectives, and discuss current issues and improvement opportunities. They also give suppliers space to present significant projects in the field of technology and innovation. Another important aspect is that, on occasion, these meetings are an opportunity to reward the Company's best suppliers, as in the case of the sustainability award presented at the SAC meeting in EMEA (see page 163). In 2018, in LATAM, a *Supplier Excellence Awards* initiative was launched to recognize and reward the region's most outstanding suppliers. The project involves all suppliers regardless of their strategic or economic importance, and rewards those who excel in 13 areas, including quality, technology and innovation, and World Class Manufacturing (WCM); it also recognizes the best projects in the field of social and environmental responsibility. The 2018 event was attended by approximately 200 participants.



Another initiative is known as **Technology Days**, which gives suppliers a chance to showcase their cutting-edge products in terms of innovation, technology, and quality, while addressing specific topics and sharing information on recent technological developments. In 2018, a total of 13 events were organized in EMEA, 6 in North America, and 1 in LATAM with the participation of approximately 760 people.

The **World Class Manufacturing** (WCM) activities carried out at suppliers' plants were expanded in 2018, with 210 plants included in the WCM program as at December 31, 2018. Activities took place in 2 distinct yet equally important phases, providing suppliers with the necessary knowledge to apply the intrinsic concepts of Lean Production. Firstly, various training sessions led by CNH Industrial's WCM program specialists took place on suppliers' premises. Secondly, supplier WCM teams were given the opportunity to visit selected CNH Industrial plants to learn about the Company's best practices. In 2018, 15 workshops were organized at CNH Industrial's best plants in terms of WCM pillar implementation, involving 65 WCM suppliers.
In addition, 96 follow-ups were conducted to verify the proper implementation of the WCM methodology.
This dual approach enabled a greater number of suppliers to achieve good results during the year. Activities continued to focus on the model areas (i.e., the areas within a plant where WCM methodologies and tools are first applied rigorously), but were also extended to other plant areas.

WCM SUPPLIER PLANTS
CNH INDUSTRIAL WORLDWIDE (no.)

	2018	2017	2016
Supplier plants involved in the WCM program	210	199	176

During the year, 51 WCM-related audits at suppliers' plants were carried out by certified auditors – 50 in EMEA and LATAM and 1 (the first ever) in North America – with good results in terms of WCM methodology implementation. This auditing system enables the inclusion of suppliers in the Company's WCM awarding system; indeed, as at December 31, 2018, 2 CNH Industrial suppliers had been awarded Bronze Level.

In 2018, CNH Industrial also continued to perform audits and follow-ups at supplier plants in EMEA to monitor a number of sustainability indicators (KPIs), such as accident frequency rate and energy consumption, recording significant improvements for all suppliers involved. As regards the Safety pillar, the average accident frequency rate (accidents per 100,000 hours worked) decreased by 15% compared to the previous year. Within the scope of the Environment pillar, suppliers were required to include the measurement of energy consumption in their standard practices. The plants monitoring energy consumption for at least a year recorded an average 3% reduction compared to 2017, confirming the trend recorded the previous year.

CNH Industrial continues to promote numerous initiatives to encourage innovation among suppliers. In particular, the **Suppliers' Proposals** program advocates a proactive approach to business, and allows sharing the benefits arising from the innovative methods and technologies introduced based on supplier suggestions. Through the Suppliers' Proposals section accessible via the Supplier Portal (see page 162), suppliers can submit both Cost Reduction and Quality Improvement ideas. The proposals are then assessed by a dedicated cross-functional team. In 2018, 134 suppliers were involved in the program in EMEA and in LATAM and 70 proposals were actually realized, creating a benefit of about $4 million.

As regards supplier **training activities**, the 150 suppliers selected to participate in the CDP Supply Chain initiative (see page 164) were given specific training on the Company's approach and commitment to fighting climate change, highlighting the importance of a supply chain that is also committed to this issue.

FOCUS ON

SUSTAINABILITY AWARD IN EMEA

In 2018, CNH Industrial's *Sustainability Supplier of the Year* was awarded, in recognition of the excellent results achieved by suppliers in support of sustainability. With this initiative, CNH Industrial aims at encouraging good stewardship practices within its supply chain.
The 2018 award winner was selected among Supplier Advisory Council (SAC) members in EMEA by a special committee, after assessing the 27 applications received from them against defined environmental criteria (e.g., environmental improvement) and social criteria (e.g., the involvement of people in the initiative). The award was presented at the SAC meeting held at the CNH Industrial Village in Turin (Italy), during which the winner's projects were presented to incentivize the other suppliers.

PROMOTING THE CONTINUOUS IMPROVEMENT OF ENVIRONMENTAL ASPECTS

CNH Industrial's commitment to curtail the environmental impact of its activities and to tackle climate change cannot exclude the involvement of its suppliers. In fact, to limit the impact of manufacturing processes and products on the environment, suppliers are, on the one hand, requested to optimize their use of resources and minimize polluting emissions and greenhouse gases; on the other, they are encouraged to properly manage waste treatment and disposal and adopt logistics management processes that minimize environmental impact. For these reasons, an environmental management system certified according to international standards is always strongly advised.

Within the supplier assessment process (see page 158), the self-assessment questionnaire monitors the environmental management approach implemented by suppliers by focusing on the following aspects:

- presence of an environmental policy and environmental management system (preferably certified)
- reduction targets for GHG emissions, energy and water consumption, and waste generation
- monitoring of environmental aspects
- monitoring of sources of potential releases to air, water, and land, and subsequent identification of improvement areas
- delivery of internal environmental training, while encouraging their own suppliers to do the same
- execution of regular audits to verify policies, non-compliances, and corrective actions
- presence of a biodiversity protection strategy.

The questionnaire also includes a dedicated **water management** section focusing on:

- policies, strategies, and/or strategic plans regarding water management and improvements to wastewater management
- specific improvement targets
- bodies of water, wetlands or natural habitats affected by the water withdrawals or discharges of plants
- operations located in water-stressed areas.

The assessment, which involved 604 suppliers in 2018, confirmed that environmental issues were being properly addressed, especially with regard to the adoption of environmental management systems, emergency plans, and regulatory controls.

CNH Industrial deems the protection of water sources increasingly important as it believes their scarcity could affect production continuity. For this reason, suppliers are explicitly requested to optimize their use of water resources, particularly fresh water, given their potential impact on the continuity of supply to the Company. In collaboration with its supplier Oerlikon Graziano India and the Indian Society of Agribusiness Professionals (ISAP), CNH Industrial launched a project to collect rainwater near its plant in Greater Noida. The project provided for the realization of a rainwater harvesting system at the Gautam Budh Balak Inter College, which required the construction of 11 groundwater recharge pits. The water collected is used to irrigate the school's playground and green areas. Furthermore, reverse osmosis water purifiers and water coolers were installed on school premises to ensure clean, safe drinking water for the students. This collaboration was established to minimize the risks associated with water quality and scarcity, as well as those related to conflicts with stakeholders.

Another important supplier engagement activity centered on the mitigation of environmental impacts is the CDP Supply Chain initiative. In keeping with previous years, about 150 suppliers were selected to fill out the CDP[2] questionnaire, in order to establish a clear picture of their strategies to tackle **climate change** and of their current and/or future initiatives to reduce CO_2 emissions. Suppliers were selected based on total purchase value, existing collaborations, and their expertise in environmental management. The analysis of the results gave rise to many ideas that will come into play when establishing future collaborations with suppliers. The companies involved in the CDP Supply Chain initiative generated 2.2 million tons of CO_2 emissions[3] in supplying CNH Industrial in 2018. The initiative will continue in 2019.

(2) CDP is an international non-profit organization providing the only global system for companies and cities to measure, disclose, manage, and share vital environmental information.
(3) Including scope 1, 2, and 3 emissions. 91% of the total CO_2 emissions reported are scope 3 emissions.

CDP SUPPLY CHAIN RESULTS

51% OF KEY SUPPLIERS PARTICIPATED IN THE CDP SURVEY

80% OF RESPONDING SUPPLIERS INTEGRATED CLIMATE-RELATED ISSUES INTO LONG-TERM BUSINESS OBJECTIVES

1.4 MILLION TONS OF CO_2 EMISSIONS CUT

SPREADING AN INTERNAL CULTURE OF SUSTAINABILITY

Initiatives targeting the employees responsible for supplier relationships have been consolidated over the years, aiming at ensuring satisfactory awareness of sustainability and good governance among suppliers through open and ongoing dialogue.

In this regard, Supplier Quality Engineers (SQEs) take part in training activities every year to explore some of the key issues of environmental and social responsibility, with training contents aligned with those of the Supplier Code of Conduct. In 2018, a number of sustainability training activities were organized for the SQEs in EMEA, focusing on sustainability processes closely related to supply chain management.

Moreover, the 2018 variable compensation system for SQE Managers and respective team members continued to incorporate sustainability criteria for the assessment of their performance.

SUPPORTING SUPPLIERS IN DIFFICULTY

The global financial meltdown and the continued economic crisis in Europe have demanded the close monitoring and management of critical situations arising along the supply chain.

CNH Industrial has strengthened the structures and mechanisms in place to manage suppliers in financial difficulty, focusing on promptly identifying high-risk situations and on stabilizing them through appropriate measures to ensure supply continuity.

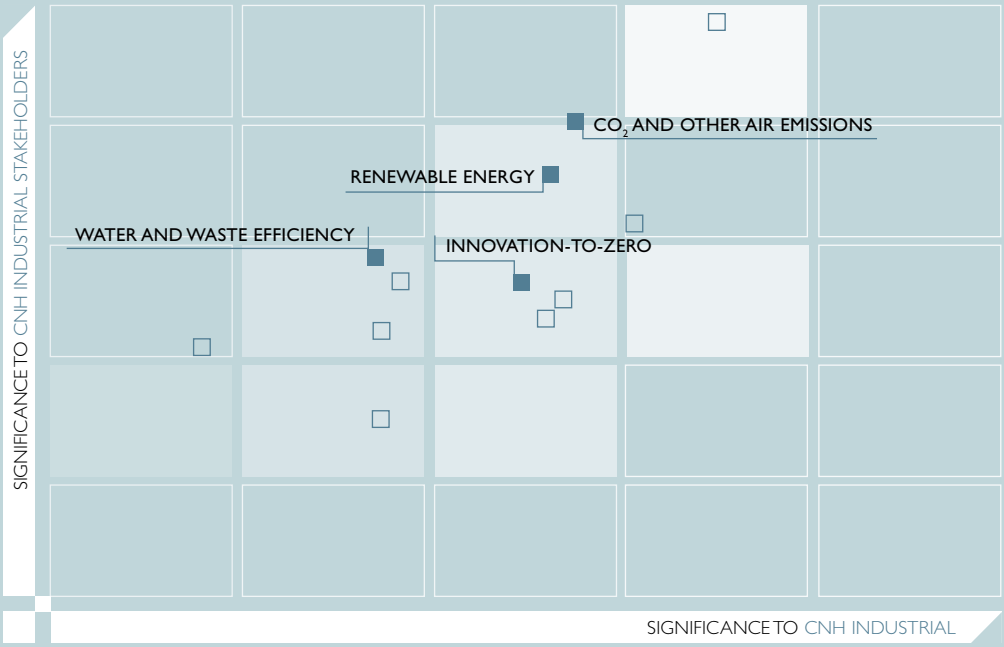
FOCUS ON

SUPPLIER DIVERSITY

In the procurement of its products and services, CNH Industrial's policy in North America is to promote, encourage, and increase the participation of diversity-owned enterprises. These may include businesses that are small, disadvantaged, or owned by women, ethnic minorities or veterans (including service-disabled), or that are part of the US Small Business Administration (SBA) program for small companies that operate and employ people in Historically Underutilized Business Zones (HUBZones). CNH Industrial actively seeks, identifies, and assists these companies to qualify as competitive suppliers, affording them the opportunity to increase their sales and expand their markets. It provides potential diversity-owned suppliers with adequate information during bidding processes, as well as reasonable delivery lead times, so as to support and increase, where possible, their participation in CNH Industrial procurement activities.

The Company's Purchasing personnel regularly reviews material requirements, identifying areas of potential participation for diversity-owned enterprises. The methods and procedures involved in these activities are a standard part of buyer training seminars.

MANUFACTURING PROCESSES



Material topics described in this chapter (for definitions see page 239).

KEY TARGETS

2022: **-20%** vs. 2014 IN VOC EMISSIONS PER SQUARE METER PAINTED AT COMPANY PLANTS WORLDWIDE

2022: **-23%** vs. 2014 IN WATER WITHDRAWAL PER PRODUCTION UNIT AT COMPANY PLANTS WORLDWIDE

2022: **93%** OF WASTE RECOVERED AT COMPANY PLANTS WORLDWIDE

2022: **-23%** vs. 2014 IN WASTE GENERATED PER PRODUCTION UNIT AT COMPANY PLANTS WORLDWIDE

2022: **-35%** vs. 2014 IN HAZARDOUS WASTE GENERATED PER PRODUCTION UNIT AT COMPANY PLANTS WORLDWIDE

2030: **-30%** vs. 2014 IN ENERGY CONSUMPTION PER PRODUCTION UNIT AT COMPANY PLANTS WORLDWIDE

2030: **-60%** vs. 2014 IN CO_2 EMISSIONS PER PRODUCTION UNIT AT COMPANY PLANTS WORLDWIDE

2030: **90%** OF TOTAL ELECTRICITY CONSUMPTION DERIVED FROM RENEWABLE SOURCES

MANAGEMENT FRAMEWORK

CNH Industrial makes its product manufacturing processes more effective, efficient, economical, and environmentally friendly through the application of streamlined systems and technologies, improvements to existing materials and processes, and the development of new materials, systems, processes or techniques. All manufacturing processes, systems, and techniques are required to be technologically suitable, technically feasible, economically viable, and eco-friendly. The Company's Central Manufacturing function[1] manages all manufacturing processes and supports regional organizations and business units in ensuring that objectives are met and in line with business targets.

The Central Manufacturing function[1] also:

- drives the development, standardization, convergence, implementation, and improvement of manufacturing processes
- drives the optimization of technology investments and synergies
- drives the development and implementation of new product manufacturing processes and improvements to existing ones, in line with the product segments (see page 147)
- oversees worker health and safety (see page 76)
- oversees issues concerning environmental and energy management (see page 172).

CNH Industrial adopts the World Class Manufacturing management system, a program for innovation based on continuous improvement, developed to eliminate all types of waste and loss through the rigorous application of specific methods and standards (see page 168). Due to customers demanding ever-higher quality and the level of excellence required by the WCM, the focus is on the quality of every aspect of the manufacturing process, which has led plants to also adopt a quality management system compliant with ISO 9001.

As at December 31, 2018, 57 CNH Industrial plants were ISO 9001 or ISO/TS 16949 certified, collectively accounting for 96% of revenues from sales of products manufactured at the Company's plants. To achieve its quality standards, CNH Industrial devised a robust supply chain management process (see page 153) to ensure the procurement of quality components, which are essential for the production of vehicles that meet the high standards demanded by CNH Industrial's customers.

QUALITY CERTIFIED PLANTS[a]

CNH INDUSTRIAL WORLDWIDE (no.)

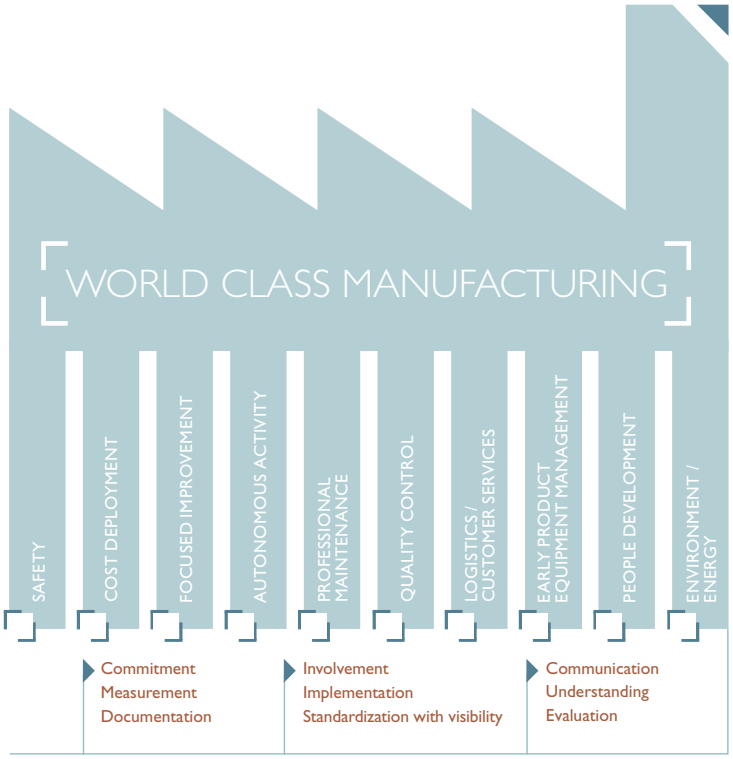
(a) For the complete list of plants, see the table on pages 232-234.

(1) Function names and roles as at December 31, 2018.

WORLD CLASS MANUFACTURING

In striving to consolidate and maintain high standards of manufacturing excellence, CNH Industrial applies the principles of World Class Manufacturing (WCM), an innovative program for continuous improvement originating from Japan.
WCM is an integrated model for managing all the elements of an organization, focused on improving the efficiency of all its technical and organizational components to maximize market competitiveness. WCM is a structured system encompassing the most effective manufacturing methodologies, which include Total Quality Control (TQC), Total Productive Maintenance (TPM), Total Industrial Engineering (TIE), and Just-In-Time (JIT). Through precise methods and standards, the WCM system seeks to eliminate all types of waste and loss by identifying objectives such as: zero injuries, zero defects, zero breakdowns, zero waste, inventory reduction, and suppliers' punctual delivery of parts to plants (and subsequently to dealers and end-users). This approach is related to the **innovation-to-zero** vision for manufacturing processes (see page 131).
These objectives require a strong commitment from plant management and all relevant departments, reinforced by continuous interaction across all organizational levels.
Some of the benefits of WCM implementation include greater competitiveness, the development of new and improved technology and innovation, increased flexibility, increased communication between management and production personnel, enhanced quality of work, and increased workforce empowerment.
The WCM system cuts across all boundaries and is applied to all departments within a company, embracing numerous topics (known as pillars) including safety in the workplace, the environment, quality, logistics, in-house and specialist maintenance, human resources, and process and product engineering (involving the reorganization of workstations, the installation of new machinery, and new product launches).

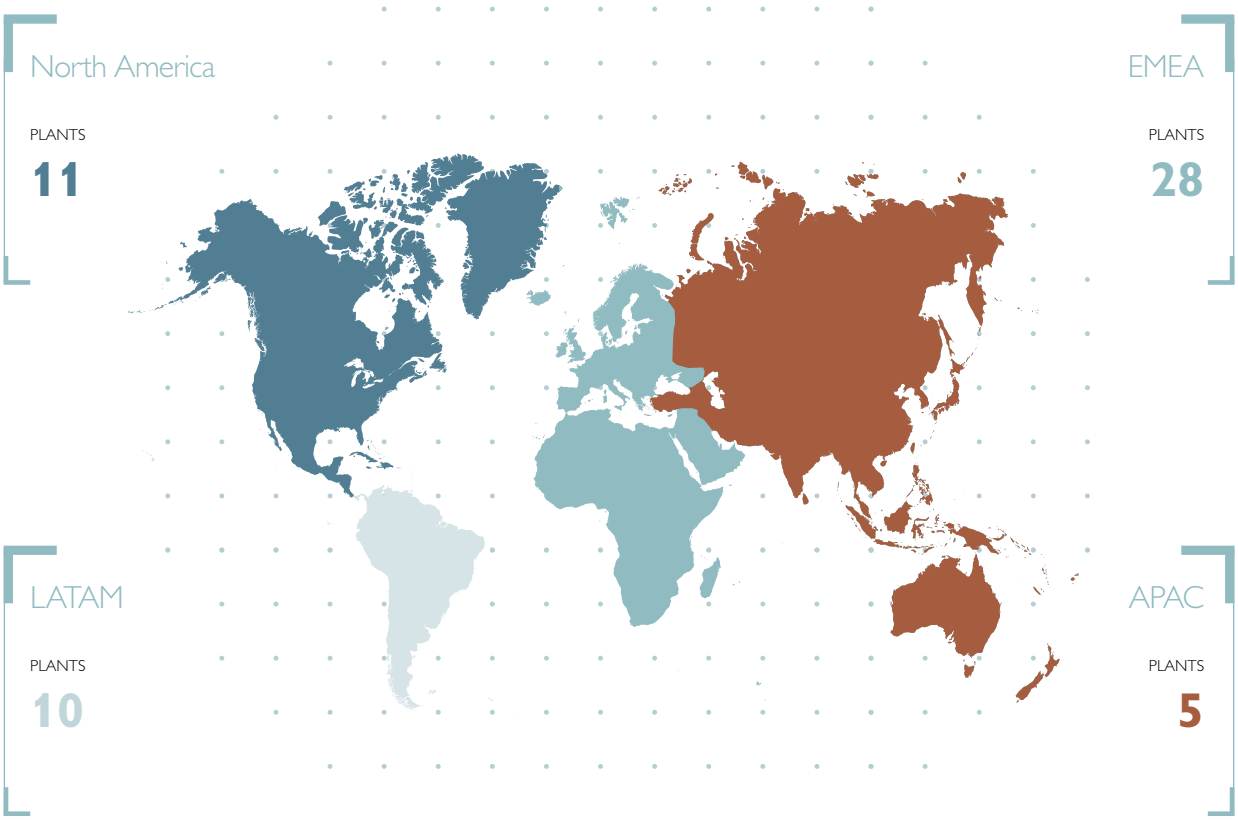
WCM PILLARS



One of the main features of the WCM program is the direct relationship between an activity or project and its cost benefits. Continuous improvement initiatives are driven by the Cost Deployment pillar, which accurately identifies all plant waste and losses, guides the functions tasked with containing and eliminating the sources of waste, evaluates project feasibility, and assesses and certifies the results achieved by carefully monitoring specific performance indicators (KPIs).

Such a methodical and structured approach ensures that the process for evaluating initiatives is genuinely effective, in that it measures and correlates all factors affected by the initiative itself.
The widespread use of WCM principles at CNH Industrial plants allows the Company to share a common culture based on efficient processes and on a language universally recognized across the plants and countries in which CNH Industrial operates. WCM leverages knowledge development through employee participation, by which implicit knowledge becomes explicit and codified, and subsequently incorporated into new products, new services, and new ways of working.
The WCM system is also implemented outside CNH Industrial: on the one hand, it enables the Company to meet its customers' needs with maximum flexibility and effectiveness; on the other, by sharing it with suppliers (see page 156), it allows the Company to ensure high product quality and process efficiency. WCM seeks to instill and reinforce the idea that everyone who is part of an organization must know their customers and strive to satisfy their needs, and those of all other stakeholders, in terms of products, order processing, delivery, quick response services, and after-sales assistance. After all, the aim of continuous improvement is to increase customer satisfaction and loyalty while also ensuring long-term profitability, by developing processes and adding value to products and services.
One of the WCM's strengths is its ability to motivate people – who are an intrinsic part of the model – to engage and take responsibility by contributing directly to process optimization via a well-established suggestion system. People are an integral part of target achievement and are involved throughout the entire improvement project (universally known as *kaizen*), from definition to realization. This allows them to acquire and develop skills and good practices that are then shared across plants, forming a network of expertise and knowledge at the service of the Company. WCM plays a role in creating an organization that is engaged and free of barriers, where ideas, knowledge, and talent are shared between working groups, both within and across different plants.

WCM PLANTS[a]
CNH INDUSTRIAL WORLDWIDE (no.)



[a] *For the complete list of plants, see the table on pages 232-234.*

KARAKURI IN MANUFACTURING

Karakuri is a work tool as well as a key concept in Low Cost Automation. The latter is a technology based on physical principles that creates a certain degree of process automation around resources that are already in place – machines, equipment, tools, methods, and manpower; it uses mostly standard components available on the market along with various types of systems (hydraulic, mechanical, pneumatic, and electrical) to automate manual operations, thus increasing productivity. Low Cost Automation aims at reducing or eliminating non-value added activities (NVAAs) from workers' tasks, thus improving the execution time of value added activities (VAAs).

Karakuri, Japanese for 'mechanism' or 'trick', is an ancient concept that originated with Karakuri Puppets, traditional mechanized puppets created in Japan around the 17th century. The concept has now been introduced and adapted by many leading manufacturing companies.

At CNH Industrial, Karakuri applications are a fundamental tool within the World Class Manufacturing program, specifically within the Logistics and Workplace Organization pillars.

By exploiting mass, gravity, and mechanics, as well as a system of weights, counterweights, springs, and rocker arms, these applications are designed to deliver the necessary tools and components to the workers on the assembly lines.

They improve ergonomics by delivering tools in specific positions intended to safeguard workers from bad posture and unnecessary movements. Furthermore, these applications optimize space on the assembly line and cut the time required to perform a task, thus making the supply, handling, and transport of tools and components much more efficient.

Karakuri applications are developed by the Labs at CNH Industrial's plants, with input from all workers (who understand the workplace better than anyone): their ideas and suggestions are collected through the WCM system, and they are personally involved in the design and realization of the applications.

The global WCM function identifies the best Karakuri applications, which then become best practice and are shared across all plants via an electronic platform – an excellent example of sharing and engagement.

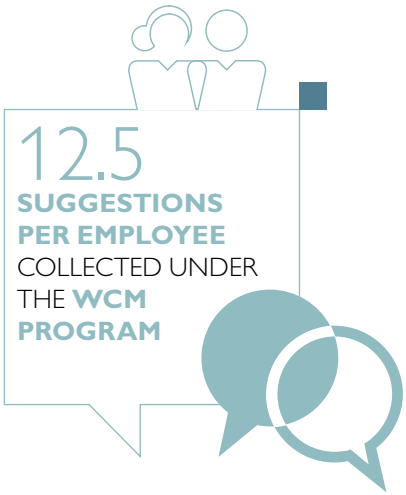
FOCUS ON

In 2018, CNH Industrial organized its own *Worldwide Kaizen Convention* to recognize commitment and encourage the continuous search for new areas of improvement. In the first stage, best practices were identified locally and awarded at regional conventions. The winners earned a place at the global convention, where the best Kaizen projects were announced before an international audience.

The ceremony's main objective was to drive motivation by recognizing teams' hard work in striving for excellence in manufacturing processes. After all, no one knows the Company better than the people who work for it: the employees serve as drivers and contribute the most toward continuous improvement, making suggestions and playing a direct role in projects.

At CNH Industrial, the use of tools for sharing information and collecting suggestions is well established. In 2018, about 441,500 employee suggestions were collected across the plants where WCM principles are applied, with an average of 12.5 per employee. Furthermore, 15,060 WCM projects were implemented throughout the year (of which 11% on Safety and Environment pillars), generating $127.3 million in savings. Each pillar involves a 7-step approach and auditing process, culminating in a series of awards (bronze, silver, gold, and world class). Increasingly challenging targets are reached by means of a rigorous approach comprising 3 progressive levels: reactive, preventive, and proactive.

As at December 2018, 54 plants were participating in the program, accounting for 84% of Company plants, 97% of plant personnel, and 99% of revenues from sales of products manufactured by Company plants; 2 of them received silver awards and 4 bronze awards.
During the year, internal auditing training courses were offered to plant managers, hence supporting the continuous spread of WCM principles.
WCM initiatives are coordinated by a steering committee (established in March 2012), consisting of senior manufacturing management and CNH Industrial WCM managers, which drives the relevant strategies and develops the necessary methodologies for the entire Company.



TRACK AND TRACE

The Jesi plant (Italy) assembles tractors. Because the Company's agriculture brands offer such a wide range of products, there can be as many as 13 different models on the plant's assembly lines at any one time, which in turn require a significant quantity of part numbers, each essential for building the end product.
Sometimes, for various reasons, certain part numbers considered critical are requested as urgent from the supplier, generating losses in supply management.
With the aim of achieving 'zero missing parts', an initiative was set up to analyze the supply process, with a focus on:

- the procedure for part number requests marked as urgent
- the procedure for delivery by the supplier
- delivery timeframes.

This identified a specific logistical step as the main cause of the problem: printed forms were being used to manage information on critical part numbers, and those requesting the parts were unable to get definitive feedback or information on the shipments in transit or at the gate.
The solution was to create the Track and Trace web platform, which processes all data from every party involved in the supply, with the information available to everyone simultaneously.
Checks were built into the platform to avoid errors and prevent urgent part orders when the quantity in stock is sufficient. This streamlines requests to suppliers, which can thus better manage delivery flows. Deliveries are made to the hubs, where the carriers' trucks are loaded to full capacity before subsequently transporting their goods to the plants, substantially reducing transport CO_2 emissions. In addition, deliveries at plants were streamlined by introducing 25 delivery time slots throughout the day, thus minimizing the carriers' waiting time.
Thanks to this initiative, supplier shipments went from 60-65 a day to 45-48. Furthermore, in 2018, the reduction/consolidation of shipments cut overall mileage travelled by almost 400,000 kilometers, and the initiative led to reductions of about 20,000 printed sheets (previously used for urgent part requests) and 113 hours of waiting.

ENVIRONMENTAL MANAGEMENT

CNH Industrial is committed to continuously improving the environmental performance of its production processes by adopting both conventional and enhanced technologies and by acting responsibly to mitigate their environmental impact. Safeguarding the environment at CNH Industrial is based on principles of prevention, protection, information sharing, and people engagement to ensure effective long-term management.

The materiality analysis identified air emissions (covered by the material topic **CO_2 and other air emissions**), the use of water, and the management of waste and effluents (both covered by the material topic **water and waste efficiency**) as the most significant environmental aspects for the Company and stakeholders alike.

CNH Industrial's efforts to manage environmental aspects efficiently is one of the ways it is responding to the global challenges identified as having the potential to shape the Company's future business, specifically:

- *climate change*, which has the potential to cause droughts and floods, and therefore deteriorate water quality; the effects of such phenomena can be mitigated through the implementation of efficient manufacturing processes with a reduced environmental impact
- *food scarcity and food security*, which requires minimizing the impact of Company activities in terms of the quality and quantity of withdrawals and emissions, in light of an ever-growing demand for water, which is key to all types of food production.

CNH Industrial's Environmental Policy (see page 45), available on the corporate website, describes the Company's short, medium, and long-term commitments to responsibly managing the environmental aspects of manufacturing (particularly energy, natural resources, raw materials, hazardous substances, polluting emissions, waste, natural habitats, and biodiversity).

These aspects are included in both CNH Industrial's environmental management system and the Environment pillar of the World Class Manufacturing system; both require compliance with guidelines, procedures, and operating instructions, and regular internal audits and reviews by management. This dual approach enables the effective management of environmental aspects and the evaluation of results (including against stated targets), which are duly reported in the Sustainability Report and on the Company's website.

Significant environmental aspects are monitored, measured, and quantified to set improvement targets at both corporate and plant levels. As further evidence of the Company's commitment to protecting the environment, the indicators for 2018 confirmed the improvements seen in previous years, and the improvement targets set (as indicated in the Sustainability Plan) were met in line with expectations (see page 34). Furthermore, new targets were set for 2022.

In 2018, CNH Industrial's determination to manage the environmental impact of its business in a sustainable way was recognized again at global level, with the Company's inclusion as Industry Leader in the Dow Jones Sustainability Europe and World Indexes (see page 12). Furthermore, CNH Industrial ranked among the A-listers in the CDP Water Security Program 2018, confirming the Company's commitment to sustainably managing resources.

The building of new plants abides by environmental protection criteria, taking into account specific local needs and the impact of construction. Newly acquired plants are assessed based on existing processes and activities, to determine what interventions are necessary to achieve environmental management compliance with CNH Industrial standards.

Throughout the year, the efforts made to reduce the Company's environmental footprint (which encompasses various aspects affecting the environment, from the selection and use of raw materials and natural resources, to product end-of-life and disposal) continued to require a significant commitment, both financially and in terms of measures to improve technical and management performance.

An operational grievance mechanism, the Compliance Helpline, is available to CNH Industrial stakeholders to report potential violations of corporate policies, the Code of Conduct, or applicable laws (see page 50).

In 2018, CNH Industrial's overall expenditure on environmental protection was approximately $42 million, broken down as follows: approximately $31 million on waste disposal and emissions treatment, and almost $11 million on prevention and environmental management. A total of $3.6 million was invested in initiatives to reduce the Company's environmental impact, while improvement projects and measures generated almost $3.3 million in cost savings.

GRI STANDARDS GRI 103-1; GRI 103-2; GRI 103-3

RESPONSIBILITY AND ORGANIZATION

The highest responsibility for initiatives focusing on environmental protection at CNH Industrial lies with the GEC (see page 43). The specific projects to reduce the environmental impact of manufacturing processes are the responsibility of plant managers.

In 2018, individual environmental impact reduction targets were included in the Performance and Leadership Management system (see page 85) for several managers responsible for the projects indicated in the Sustainability Plan and for several plant managers. These targets also aim at developing new best practices, and at identifying situations or activities at plant level posing a potential threat to the environment, and at mitigating their impact.

The Environment, Health and Safety (EHS) function coordinates and manages environmental issues as per CNH Industrial'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 line, logistics, manufacturing engineering, etc.) involved with environmental issues in various capacities.

The Company also uses centralized systems such as SPARC[1], which is a performance indicator management tool, and the Environment, Health and Safety IT platform, which provides users with training and information tools, such as ISO 14001 certification support documents (guidelines, procedures, reporting guidelines, etc.).

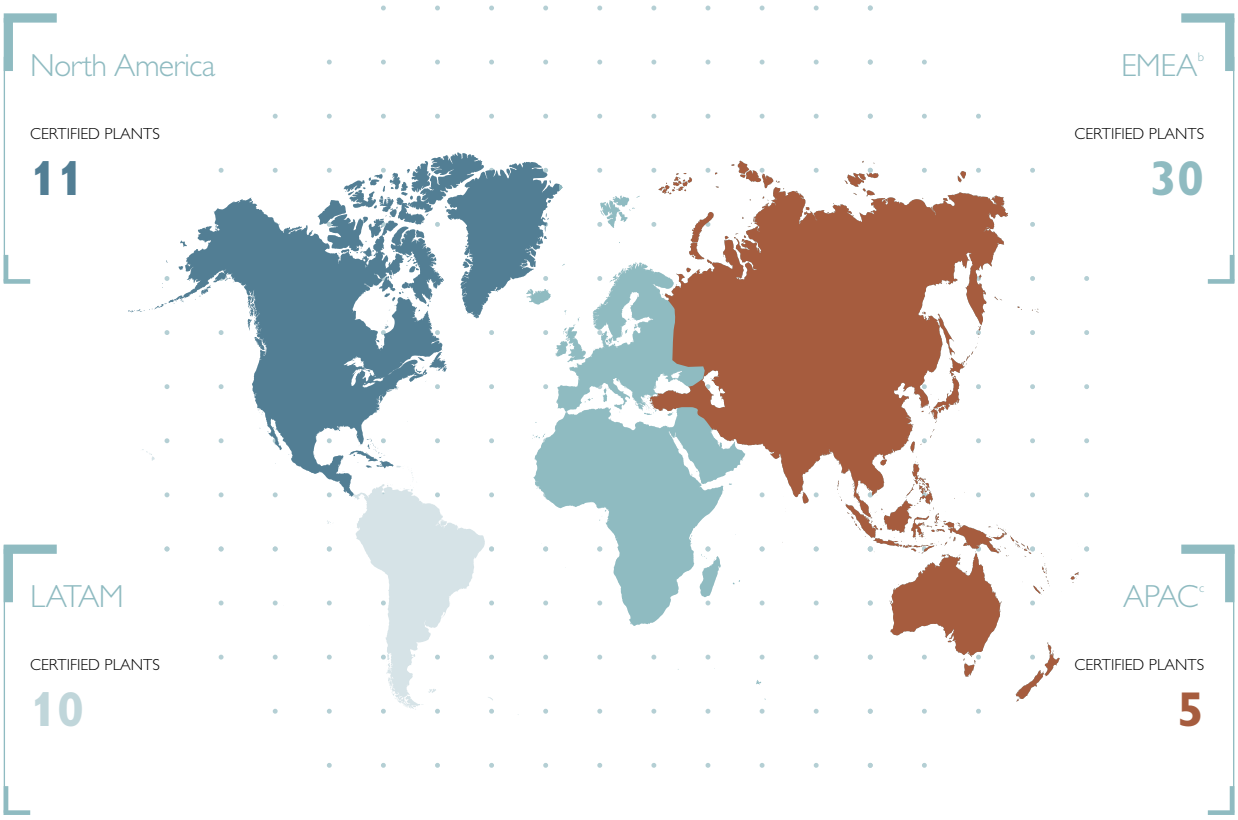
As at December 31, 2018, approximately 1,700 people from CNH Industrial plants worldwide had access to the platform.

PROCESS CERTIFICATION

In 2018, CNH Industrial continued to pursue and maintain the certification of its plants' environmental management systems as per the ISO 14001 international standard. To date, every CNH Industrial manufacturing plant currently in operation and falling within the scope of application is ISO 14001 certified (see pages 232-234).

ISO 14001 CERTIFIED PLANTS[a]

CNH INDUSTRIAL WORLDWIDE (no.)



(a) For the complete list of plants, see the table on pages 232-234.
(b) 1 additional plant in EMEA outside the reporting scope is ISO 14001-certified (see page 233).
(c) 3 additional plants in APAC outside the reporting scope are ISO 14001-certified (see page 234).

(1) Sustainability, Performance, Analysis, Reporting & Compliance.

In addition to the systematic management of environmental aspects under normal operating conditions, the ISO 14001-certified environmental management system requires the adoption and regular verification of emergency plans and procedures, and related staff training. These procedures define roles, responsibilities, and responses when tackling anomalous and/or emergency situations, to protect both people and the environment.
The environmental certification maintenance process entails a series of external third-party audits, carried out by accredited bodies, with annual monitoring and certification renewal every 3 years. Furthermore, plants are required to perform an internal audit every year to verify the performance of their environmental management system. To this end, as an example, environmental management systems continued to be regularly audited across EMEA and North America by teams of Environment, Health and Safety (EHS) representatives from the operational units, coordinated by specialists from the central EHS function.
In 2018, the Company completed its transition to the new ISO 14001:2015 environmental management standard, with all plants that were certified according to the previous version (ISO 14001:2004) transitioning by September 2018. Support was provided to transitioning plants, e.g., the central EHS departments in EMEA and North America processed the documents for developing each plant's new ISO 14001:2015-compliant environmental management system.

FOCUS ON

NANOTECHNOLOGY IN MANUFACTURING

CNH Industrial uses nanotechnologies in the process of painting some of its products, specifically during the washing (pretreatment) of surfaces preceding the actual painting phase. Indeed, some CNH Industrial plants adopt 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, in which case, because no heat is applied, there is no vapor generation. 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 in use in 27 paintshops across 16 plants (8 in EMEA, 5 in North America, 2 in LATAM, and 1 in APAC).

ENGAGEMENT AND AWARENESS ACTIVITIES

CNH Industrial is committed to promoting and disseminating the principles of continuous improvement and environmental management both within and outside the Company. It does so by addressing employees and business partners via specific communication and training tools, as well as by organizing events engaging employee family members and local communities.
A reliable and effective means of engaging people and sharing information is the World Class Manufacturing program (see page 168), which promotes good practices and improvement projects, including those suggested by the employees themselves.
In 2018, CNH Industrial provided environmental training to approximately 26,500 employees, for a total of approximately 36,900 hours.

Local Environment, Health and Safety (EHS) representatives at Company plants participated in several training activities coordinated by the central EHS functions. These included an in-depth workshop for Italian plants on external noise and physical agents, in light of the recent technical and regulatory developments on this topic. The workshop was also an opportunity to share information and best practices on topics of common interest.
Additionally, in EMEA, EHS personnel received training to become ISO 14001:2015-certified internal auditors.
CNH Industrial reaffirmed its commitment to environmental issues in 2018 by celebrating global events such as World Water Day and World Environment Day (see page 68). To mark the latter, CNH Industrial posted videos on its Intranet site to encourage employees to adopt sustainable behavior on a daily basis to reduce waste (particularly plastic, food, and paper) and cut the use of natural resources. Employees at the **Piracicaba** plant (Brazil), in partnership with its waste management subcontractor, marked the day by holding a workshop for teenagers on composting organic waste, in which participants built home composting systems using special boxes, food waste, sawdust, and earthworms.
In 2018, various plants implemented tree planting initiatives to conserve and extend existing green areas (see page 119) both within and outside manufacturing sites, and to increase environmental awareness among personnel and local communities alike.
CNH Industrial is also committed to raising awareness of environmental issues among its suppliers (see page 164) and dealers (see page 215).

CREATING A GREEN GENERATION

Several initiatives involving employees, their families, and local students were implemented during the year to increase awareness among future generations.
At the **Madrid** plant (Spain), about 200 employees and their families took part in environmental training workshops and themed events, such as *Recycling in the Family*, a workshop on recycling waste such as paper, wood, and plastic to make useful objects (e.g., keychains, notebooks, and pellets). Another such initiative was *Farmers for a Day*, in which employees and their families enjoyed a day in nature, taking part in several activities such as preparing seedbeds, making preserves, handcrafts, and natural soaps, and equine therapy.
To increase employee awareness of waste separation, the plant in **Modena** (Italy) invited local secondary school students to make drawings depicting nature and the environment, displaying the best in its break areas and offices. At the **Piacenza** plant (Italy), employees' children were taught about recycling waste and reducing food waste during the *Astra Kids* event.
The **Torino Driveline** and **Torino Engines** plants (Italy) provided training to 140 students from a local school (the *Istituto Comprensivo Scuola Media Martiri della Libertà*) on waste generation, water consumption, air emissions, soil and subsoil protection, climate change, and renewable resources.
During its annual *Open Day*, the **Valladolid** plant (Spain) organized lectures, games, and animated films on urban waste disposal for its employees and over 40 children to improve their understanding of waste generation and disposal at home.
Employees at the plant in **Contagem** (Brazil) held an exhibition of furniture made from recycled tires and wood waste, and students from the *Belo Horizonte Military School* visited the plant to learn how oil and wastewater can be reused. Moreover, employees planted vegetables, which will be grown without pesticides, in the garden of the *Lar dos Inocentes* creche to raise awareness among more than 50 local school children of environmental protection and the importance of a healthy diet. In **Fargo** (USA), employees created a potato patch, with harvests to be donated to the Great Plains Food Bank.
The plant in **Sete Lagoas** (Brazil) created the *Environmental Tour Room*, open to all plant employees, to provide information and raise environmental awareness among employees, their families, and the community. In 2018, more than 100 students from local elementary schools visited the room, where games, quizzes, and lectures were organized on waste collection, flora and fauna, and the plant's wider environmental context. Plant employees also helped a local association for the differently abled by planting vegetables, which will be grown organically.
In 2018, the plant in **Sorocaba** (Brazil) hosted several environmental education initiatives for children, in which they: made go-karts from wood waste and discarded bearings, learned about the proper use of natural resources (such as in the plant's water reuse projects), and were taught about natural remedies. Overall, plant initiatives involved more than 250 children and 130 employees.

ENVIRONMENTAL PERFORMANCE

Consolidated monitoring and reporting systems, such as SPARC[1], are used to track environmental performance, measure the effectiveness of actions taken to achieve targets, and plan new improvement initiatives, through the management of appropriate Key Performance Indicators (KPIs). These indicators can be analyzed at different organizational levels (plant, segment, geographical region, or Company), thus enabling the simultaneous and parallel engagement of different corporate functions at various levels to meet targets.
Periodic benchmarking activities help drive the continuous improvement of plants' environmental performance.

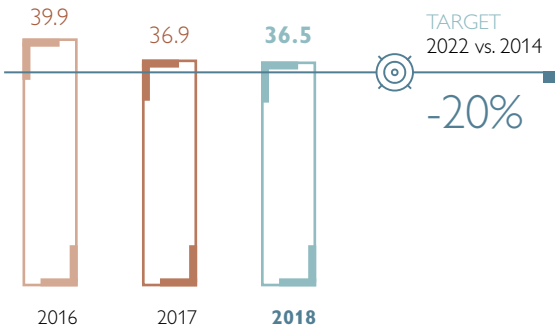
SAFEGUARDING AIR QUALITY

Reducing air emissions is one of CNH Industrial's strategic goals, consistent with the results of the materiality analysis. The application of advanced technologies in the manufacturing process is critical to meet the improvement targets set by the Company.
The main air emissions are monitored through specific programs to verify compliance with existing regulations, and results are systematically recorded via the monitoring system in place.
As of 2016, CNH Industrial has removed all ozone-depleting substances[2] (only found in certain equipment used for cooling, air conditioning, and climate control) from all of its plants falling within the scope of application.

VOLATILE ORGANIC COMPOUNDS

In terms of Volatile Organic Compounds (VOC)[3] emissions, painting has the greatest environmental impact of all manufacturing processes at CNH Industrial. For this reason, the Company is committed to monitoring and reducing VOC emissions per square meter painted, and has set a key target for 2022 to reduce VOC emissions by 20% compared to 2014.
In 2018, average VOC emissions per square meter painted decreased by 1% compared to 2017 thanks to the ongoing management and control improvements to manufacturing processes, paired with a number of changes and upgrades at plant level.

VOLATILE ORGANIC COMPOUNDS (VOC) EMISSIONS[a]
CNH INDUSTRIAL WORLDWIDE (g/m²)



(a) *2014 was chosen as the base year for global planning, in line with the Business Plan. The base year VOC emissions are equal to 44.5 g/m² (restated figure).*

The plant in **Vysoke Myto** (Czech Republic) cut VOC emissions by 2.35 g/m², equal to 1,700 kilos (-4% compared to the previous year), by adopting a new technology for the application of clear solvent-based top coats. For the painting of bus roofs, the entire drying cycle and the reloading and subsequent cleaning of painting robots was made unnecessary by a new 'wet-on-wet' painting technology. The bicomponent water-based top coat is applied directly to the water-based primer in a single cycle, reducing solvent use for both painting and cleaning.
At the plant in **Harbin** (China), the cleaning solvent used in the paint mixing room was replaced with a new product that can be reused in other cleaning processes; this reduced total plant VOC emissions by over 25% and the solvent required by more than 750 kilos.

(1) *Sustainability, Performance, Analysis, Reporting & Compliance.*
(2) *Ozone Depleting Substances are potentially harmful substances in the ozone layer that contribute to the depletion of stratospheric ozone. The most significant and harmful are chlorofluorocarbons (CFCs), generally used as refrigerants, solvents and propellants, and hydrochlorofluorocarbons (HCFCs), used to replace CFCs.*
(3) *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.*

NO_X, SO_X, AND DUST EMISSIONS

CNH Industrial also monitors the emissions of nitrogen oxides, sulfur oxides, and inorganic particulate matter deriving from fossil fuel combustion, since these pollutants can impact the climate, ecosystems, and human health.

NO_X, SO_X, AND DUST EMISSIONS

CNH INDUSTRIAL WORLDWIDE (tons)

	2018	2017[a]	2016[a]
Plants (no.)	57	58	60
Nitrogen Oxides (NO_X)	**370.9**	366.8	353.1
Sulfur Oxides (SO_X)	**56.9**	73.0	66.2
Dust	**6.3**	8.5	7.9

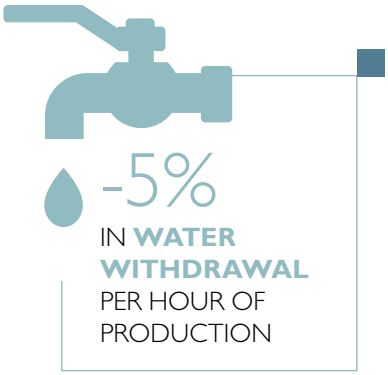
(a) 2016 and 2017 data restated with respect to the 2017 Sustainability Report, following a change in the reporting scope (see page 231).

WATER MANAGEMENT

CNH Industrial believes the sustainable management of water is a strategic commitment in a global context where the growth in population (and therefore in water demand) is met by a marked scarcity of water resources in an increasing number of regions worldwide. From a business perspective, the Company recognizes the economic importance of proper water management, and the potential risks associated with the lack thereof for the continuity of both supply and industrial processes.

CNH Industrial 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). Furthermore, the Company's plants operate locally to reduce water requirements and wastewater volumes without compromising quality standards.

Indeed, the scarcity of water resources and related issues represent a potential risk; however, if properly managed, they can drive improvement and innovation within the manufacturing process.



CNH Industrial believes that increasing the use of recycled water can reduce withdrawals from external sources, improving water independence and the availability of water for local communities.

From a broader perspective, water is a resource shared with other stakeholders; collaboration on water management is therefore important, and joint efforts should aim at improving the community's health and wellbeing, especially in water-stressed areas (see page 179).

The impact on water resources is an integral part of plants' environmental assessments, as required by the ISO 14001 standard.

CNH Industrial's Water Management Guidelines, issued in 2012, require plants to:

- analyze the management of water withdrawal and distribution systems and the consumption of water, and identify and eliminate leaks and waste
- identify specific performance indicators and benchmarking for the different manufacturing processes
- identify the manufacturing processes with the greatest impact on water resources, and prioritize 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.

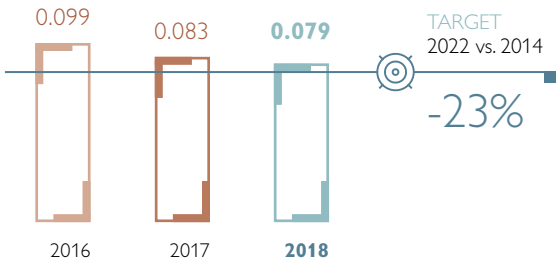
As evidence of its commitment to reduce water consumption, CNH Industrial set a key target to cut water withdrawals per production unit by 23% by 2022 (compared to 2014). Accordingly, all plants contribute to cutting water consumption by setting specific reduction targets.

In terms of water withdrawal per production unit[4], the key performance indicator (KPI) for 2018 fell by more than 5% compared to 2017.

(4) The production unit corresponds to the hour of production. Total manufacturing hours are used to calculate the normalized production unit indicator. For the definition of total manufacturing hours, see page 236.

WATER WITHDRAWAL PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (m^3/ total manufacturing hours[b])



(a) 2014 was chosen as the base year for global planning, in line with the Business Plan. The base year water withdrawal is equal to 0.10 m^3/hours of production (restated figure).
(b) Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 236.

WATER WITHDRAWAL, DISCHARGE, AND CONSUMPTION

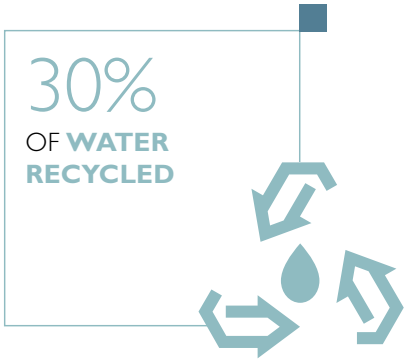
CNH INDUSTRIAL WORLDWIDE (thousands of m^3)

	2018	2017[a]	2016[a]
Plants (no.)	56	57	59
Withdrawal			
Groundwater	**2,948**	2,970	3,274
Third-party water	**1,640**	1,748	1,825
of which municipal water supply	**1,636**	1,745	1,821
Surface water	**28**	27	21
of which rainwater	**3**	2	2
Seawater	**-**	-	-
Produced water	**-**	-	-
Total water withdrawal	**4,616**	4,745	5,120
Discharge[b]			
Surface water	**501**	518	531
Third-party water	**2,683**	2,713	2,873
Seawater	**-**	-	-
Groundwater	**-**	-	-
Total water discharge	**3,184**	3,231	3,404
Consumption			
Total water consumption[c]	**1,432**	1,514	1,716

(a) 2016 and 2017 data restated with respect to the 2017 Sustainability Report, following a change in the reporting scope (see page 231).
(b) Includes only water discharges related to industrial water.
(c) Calculated as total water withdrawal minus total water discharge.

Many initiatives were implemented in 2018 to limit the impact of manufacturing processes on water resources.
The **Bolzano** plant (Italy) launched a project to cut industrial water consumption in its heat treatment area by optimizing the oven's cooling system based on the actual temperatures measured. This decreased water withdrawals by approximately 10,000 cubic meters, i.e., over 25% of the area's water consumption and 13% of the plant's total consumption.
Applying Industry 4.0 concepts, the **Valladolid** plant (Spain) installed several new water meters in its paint shop to take real-time measurements, as well as a new ultrasonic portable water meter for digital data collection, to monitor water consumption more accurately and identify further potential optimization measures.
The plant in **Grand Island** (USA) cut water consumption in its painting lines by more than 7,500 cubic meters by reducing the water in the overflow rinse tanks and by reusing it to cool the e-coat tank.

CNH Industrial plants do not use wastewater generated by other organizations.
Safeguarding the water bodies that receive the effluents from industrial processes is equally important to CNH Industrial. In order to exceed local wastewater requirements, Company plants rely on established operating procedures to ensure the required quality standard of wastewater discharged during their manufacturing processes.



Indeed, the 3 wastewater quality indicators applied by CNH Industrial – Biochemical Oxygen Demand (BOD)[5], Chemical Oxygen Demand (COD)[6], and Total Suspended Solids (TSS)[7] – showed that performance in 2018 was fully compliant with applicable local limits (see page 251). This result was achieved partly thanks to the adoption of specific wastewater treatment systems (operated either in-house or by specialized industry partners), which treat the water discharged from the plants; this occurs mainly through physical and chemical processes and, depending on wastewater quality, through biological treatment.
The substances of concern (SoC) restricted by local law are considered a priority, and consequently each plant is required to treat the discharges associated therewith.
The effluents from CNH Industrial plants are not channeled for reuse by other organizations.

PLANTS IN WATER-STRESSED AREAS

Out of all the countries in which the Company operates, 3 plants were classified as being in areas considered sensitive in terms of availability and use of water resources. These areas were identified using the world map of water-stressed areas, as defined by the Food and Agriculture Organization (FAO) in 2008. Countries considered water-stressed are those where water availability per capita is less than 1,700 cubic meters per year.
The plants identified were Plock (Poland), Vysoke Myto (Czech Republic), and Noida (India). Since 2011, specific initiatives have been in place at all 3 plants to significantly reduce water withdrawals and demand, thus contributing to the preservation and safeguarding of water resources in each respective country (see page 252). Such initiatives focus mainly on the treatment and recovery of wastewater, the reduction or elimination of waste (e.g., by installing flow restrictors in the shower rooms and bathrooms), and the monitoring of consumption.

In 2018, 2 initiatives were carried out to further reduce water consumption in the painting lines at the **Plock** plant (Poland). The first was in the pre-treatment area, where a new reverse osmosis water purifier and new sand and carbon filters were installed for water recirculation and reuse. The second enabled the reuse of treated wastewater in place of fresh water to feed the water curtain, which catches overspray in the painting booth.
The initiatives sharply reduced water consumption compared to the previous year by over 30,000 cubic meters (-37%), wastewater discharge by 27,000 cubic meters/year (-50%), and sludge containing hazardous substances by 9 tons (-3%). Overall, savings were more than $90,000.
During the year, all 3 plants reached the improvement targets set in 2015, evidence of their commitment to conserving water resources.

In 2018, CNH Industrial changed its methodology to improve the identification of its plants in water-stressed areas and their potential impact on such areas already considered at risk. Specifically, it adopted the WRI[8] Acqueduct Water Risk Atlas, a mapping tool recognized by the major organizations in the field, through which the list of countries in water-stressed areas will be monitored and updated annually to identify CNH Industrial plants where specific water conservation and protection measures are needed.
According to this new mapping tool, there are 3 Company plants located in water-stressed areas[9]: in **Queretaro** (Mexico) and in **Noida** and **Pithampur** (India).
As a consequence, as of 2018, all 3 plants furthered their commitment to reduce water consumption by implementing targeted measures, with 2 of them also setting specific improvement targets (see page 253).
For example, the plant in **Pithampur** (India) installed a drip irrigation system to water its green areas, built a collection system for rainwater, which is then reused for civil works inside the plant (e.g., the construction of ramps), and installed faucet aerators for hand washing. These efforts cut water consumption by more than 4,500 cubic meters, saving $7,000.
In all water-stressed areas containing one or more Company plants, CNH Industrial continually engages with its stakeholders in an effort to minimize its impact and implement shared solutions.

(5) *Biochemical Oxygen Demand (BOD) is the total mass of oxygen used by microorganisms, over a specific time period at 20°C, to decompose (oxidize) the organic material present in a liter of water (normally expressed in mg/l). The standard test period for BOD is 5 days (BOD5).*
(6) *Chemical Oxygen Demand (COD), expressed in milligrams per liter (mg/l), is the quantity of oxygen required for the complete chemical oxidation of organic and inorganic compounds present in a sample of water.*
(7) *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.*
(8) *World Resources Institute.*
(9) *Areas with a baseline water stress that is high (40-80%) or extremely high (>80%), and with an overall water risk that is high (3-4) or extremely high (4-5), according to the WRI Aqueduct Risk Atlas tool, as at December 5, 2018.*

PROTECTING THE SOIL AND SUBSOIL

CNH Industrial strives to minimize the risk of environmental impact on the soil and subsoil. In EMEA, 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.
In this regard, in 2018, the plant in **Foggia** (Italy) carried out a video inspection of about 800 meters of its underground industrial water pipes.
The plant in **Pithampur** (India) removed 2 underground tanks containing a total of 45 cubic meters of diesel, replacing them with 2 tanks above ground.
In 2018, no significant releases of potentially contaminating substances were recorded.

WASTE MANAGEMENT

CNH Industrial strives to optimize manufacturing processes and activities across its plants, aiming not only to enhance the end product, but also to eliminate waste and improve the management of the waste produced, a key aspect of its Environmental Policy.
The Company's commitment to optimizing waste management is shared across its plants, which seek solutions that facilitate waste recovery and minimize material sent to landfill. To this end, plants analyze their production chains to identify potential waste management improvements at different stages that will limit the quantities of waste produced and the risks posed. In addition, particular emphasis is given to improvements that increase waste recovery and reuse. The order of preference for waste management improvements is 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.
The results achieved in 2018 are proof of CNH Industrial's major commitment to managing this important environmental aspect. Indeed, the waste recovered at Company level during the year increased compared to 2017, reaching 92.4% of the total waste generated, while the percentage of waste sent to landfill continued to fall, to approximately 2.3% (an 8% reduction compared to 2017). In terms of waste generated per production unit[10], total waste fell by more than 1% and hazardous waste by 14% compared to 2017.
These excellent results were made possible by performance improvements in each geographic area, and are in line with the commitment to sustainable waste management set out in the CNH Industrial Environmental Plan.

WASTE GENERATION AND MANAGEMENT

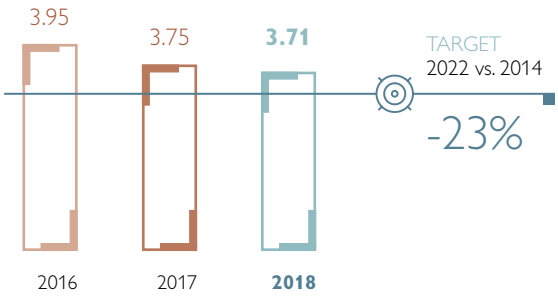
CNH INDUSTRIAL WORLDWIDE (tons)

	2018	2017[a]	2016[a]
Plants (no.)	56	57	59
Waste generated			
Non-hazardous waste	**201,876**	196,201	187,152
Hazardous waste	**15,759**	17,738	17,010
Total waste generated	**217,635**	**213,939**	**204,162**
of which packaging	**66,453**	66,107	55,188
Waste disposed			
Treatment	**11,492**	12,381	11,126
of which incineration	**727**	623	247
Sent to landfill	**4,969**	5,443	6,907
Total waste disposed	**16,461**	**17,824**	**18,003**
of which non-hazardous	**9,994**	9,850	10,118
Waste recovered			
Waste recovered (excluding waste-to-energy)	**193,479**	189,157	176,824
Waste-to-energy conversion	**7,695**	6,958	9,845
of which hazardous	**3,038**	2,739	2,982
Total waste recovered	**201,174**	**196,115**	**186,129**
of which hazardous	**9,292**	9,764	9,095
Waste recovered (%)	**92.4**	**91.7**	**91.2**
Waste sent to landfill (%)	**2.3**	**2.5**	**3.4**

[a] 2016 and 2017 data restated with respect to the 2017 Sustainability Report, following a change in the reporting scope (see page 231).

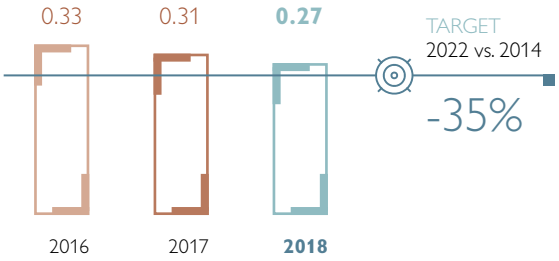
[10] The production unit corresponds to the hour of production. Total manufacturing hours are used to calculate the normalized production unit indicator. For the definition of total manufacturing hours, see page 236.

WASTE GENERATED PER PRODUCTION UNIT[a]
CNH INDUSTRIAL WORLDWIDE (kg/hours of production[b])



[a] *2014 was chosen as the base year for global planning, in line with the Business Plan. The base year waste generated is equal to 4.56 kg/hours of production (restated figure).*
[b] *Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 236.*

HAZARDOUS WASTE GENERATED PER PRODUCTION UNIT[a]
CNH INDUSTRIAL WORLDWIDE (kg/hours of production[b])



[a] *2014 was chosen as the base year for global planning, in line with the Business Plan. The base year hazardous waste generated is equal to 0.39 kg/hours of production (restated figure).*
[b] *Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 236.*

In 2018, CNH Industrial plants completed several initiatives to reduce waste generation.
In order to increase the life of the cutting fluid used as coolant, the plant in **Antwerp** (Belgium) purchased a wheeled centrifuge system to enhance the removal of impurities from the cutting fluid itself. The system improved the plant's key performance indicator (KPI) for hazardous waste by 6%, cutting hazardous liquid waste by 85 tons and annual coolant consumption by 5 tons.

The plant in **Pregnana Milanese** (Italy) achieved about a 30-ton reduction in liquid waste for disposal by introducing a coolant, in a closed loop system, during the engine hot test.

The **Sankt Valentin** plant (Austria) introduced innovative waste compactors that automatically transmit information on filling level, location, and technical issues to the plant's waste management partner. This reduces transport costs and subsequent CO_2 emissions, thus generating cost benefits and waste flow improvements.

The plant in **Suzzara** (Italy) installed a new system for paint recovery and for the washing of recirculation pipes, so as to minimize paint waste and reduce the amount of solvent used for cleaning operations. The new system led to an annual reduction of 46 tons in solvent waste produced and of 30,000 liters in new solvent used, generating over $35,000 in savings.

The **Saskatoon** plant (Canada) saved approximately 9 tons of powder paint, and $87,000, in its paint changeover process by collecting the powder paint's overspray in a sealed canister, enabling the reuse of 9 kilos of powder paint at each changeover.

Composting systems for organic waste (food and gardening waste) were installed at the plants in **Sorocaba** (Brazil) and **Pithampur** (India) to reduce waste disposal, saving more than $25,000 in total. The system at the first plant consists of several fixed 8-ton composting containers, while the second plant features a wheeled composter able to process 200 kilos of waste.

In addition, several efforts were made by the Company's plants to reduce the wood waste associated with logistics. The plants in **Jesi** (Italy), **Fargo** and **Grand Island** (USA), and **Sete Lagoas** and **Curitiba** (Brazil) cut their overall wood waste by over 1,000 tons, saving almost $95,000, by reusing the same packaging for different deliveries, replacing disposable packaging with reusable materials (plastic or metal), and adopting reusable racks.

A NEW LIFE FOR WASTE

CNH Industrial is committed to minimizing waste generation. Where this is not possible, it seeks ways to give waste a new life, by turning it into something of value. At the Lecce plant (Italy), for example, with the aim of integrating its local production site into the city's social fabric, CNH Industrial supported *Ricrea*, an urban regeneration project launched by the Municipality of **Lecce** (Italy). The project aims at transforming 58,000 square meters of a local park into a place of meeting, recreation, and sports for people of all ages, with the help of community members and Company employees alike. A key aspect of the initiative is that the Company's leftover materials – wood used for packaging – will be recycled and reused to create the park's outdoor furniture.

At the **Antwerp plant** (Belgium), plastic caps are collected from the cafeteria and processed and reused by a non-profit organization to make plastic products such as storage boxes, benches, and garden furniture. Funds raised from sales go towards the cost of guide dogs for the blind.

Several plants in LATAM launched projects to recover waste to be used for local communities. For example, the plant in **Cordoba** (Argentina) started to collect used PET plastic bottles, donating them to a charity to make ecological bricks to build houses for disadvantaged families.

Finally, employees at the **Curitiba** plant (Brazil) were encouraged to find new ideas to reuse wood waste at the end of its useful life as packaging. As a result, 37 tons of it was reused to create new resting areas at the plant for reading, leisure, and breaks.

OUR PROJECTS

PROTECTING BIODIVERSITY

Understanding how important it is to protect and enhance biodiversity in the areas surrounding its plants, CNH Industrial continued to pursue this commitment in 2018, in line with Company policies.

In 2010, the Company adopted the Biodiversity Value Index (BVI) methodology to assess some of its manufacturing sites adjacent to protected areas of particular environmental interest. Through an in-depth study of ecosystems within about a 5-kilometer radius of these manufacturing sites, the methodology has been used to assess the level of biodiversity in such areas and identify possible improvement measures for existing ecosystems.

To date, all plants that implemented the BVI methodology (see table on page 255) report having a negligible impact (<1%) compared to the already low overall impact of all other anthropic activities in the areas where the plants are located. Although no specific improvement measures were required following the BVI, CNH Industrial has continued to implement improvement initiatives over the years to protect biodiversity within and around the plants that implemented the methodology.

In 2018, CNH Industrial integrated its approach to biodiversity with a methodology focusing only on the activities and impact of its plants, and on the risks they might pose to biodiversity and natural resources, regardless of the plants' contribution to the overall activities and impacts reported in the surrounding areas.

The new methodology, called Biodiversity Risk Evaluation (BRE), involves the assessment of 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 assessment translates into a map of risks, expressed in terms of potential damage to biodiversity. The results are used to determine improvement measures, which are implemented based on the scores assigned to each risk, and to identify standardized indicators enabling a consistent comparison between different plants' risk maps.

In 2018, the BRE was tested at 2 pilot plants: **Bolzano** (Italy) and **Zedelgem** (Belgium). At both plants, the combined assessment of the 3 aspects mentioned above evidenced a low level of risk, so no improvement measures were required. The process was also shared with local authorities, reflecting CNH Industrial's commitment to protecting biodiversity. Despite the positive results, the 2 plants decided to pursue a number of employee awareness and engagement initiatives on biodiversity. The plant in Zedelgem, for example, in partnership with *Natuurpunt* (a nature conservation organization), organized a walk in a *Natura 2000* protected area, with a guide describing various activities that can positively affect local biodiversity.

To date, as regards the Company's sites near, bordering, or within protected or high-biodiversity areas, the 2 methodologies – BVI and BRE – have been implemented at about 47% of plants falling within the scope of application; their further extension to potentially suitable plants will be assessed over the coming years.

ADVANCING ENVIRONMENTAL PROTECTION

13 CLIMATE ACTION

In addition to the measures implemented as a consequence of the methodologies followed by CNH Industrial, other activities to protect biodiversity – and the environment in general – have been carried out by the Company's plants.

Following a classification of bird and insect species inhabiting its green areas, the plant in **Annonay** (France) installed a number of birdhouses and wooden insect hotels in its surroundings, and planted over 100 field hedges. Employees also launched a sheep eco-pasture project near the plant. Furthermore, several visits focusing on biodiversity (particularly on beekeeping) were organized for local primary and high school students and for employees and their families, featuring a small bee colony used for environmental biomonitoring in the plant's green area.

The plant in **Vysoke Myto** (Czech Republic) gave financial support to *Pasíčko*, an animal rescue and care center near the city, often visited by local kindergartens and primary schools. The plant is planning to continue this partnership over the next few years. Furthermore, around 40 employees volunteered for a day to clean the nearby castle of Neratov.

Employees at the **Zedelgem** plant (Belgium) participated in a yearly public event, the Eneco Clean Beach Cup, joining almost 4,000 volunteers in the clean-up of around 5.5 tons of waste from local beaches.

OUR PROJECTS

OTHER ENVIRONMENTAL INDICATORS

Other indicators are also of concern to CNH Industrial, most notably the reduction of hazardous substances and noise emissions to the external environment, generated by Company equipment and manufacturing processes.

As regards PCBs[11] and PCTs[12], CNH Industrial completed the process to eliminate these hazardous substances in 2012. In 2018, no fines or sanctions for non-compliance were identified at CNH Industrial's plants.

0 INNOVATION-TO-ZERO

SUBSTANCES OF PARTICULAR CONCERN FOR HEALTH AND THE ENVIRONMENT

CNH Industrial is strongly committed to adopting alternatives to certain substances identified as of particular concern for human health and the environment. In recent years, the Company has concentrated its efforts on the study and application of alternative solutions to replace heavy metal-containing products used in painting processes. In addition, CNH Industrial is more broadly committed to the sustainable use and reduction of chemicals, with a view to environmental protection, waste reduction, and cost savings.

The consumption of cutting fluids is a significant aspect in the machining area at the **Torino Driveline** plant (Italy). In this regard, in 2018, the implementation of new and innovative technologies led to their significant reduction (by more than 10,000 kilos) and to $65,000 in savings. In particular, a new dry cutting system was integrated into the 3 traditional metal turning machines with cooling systems, thus eliminating the need for cutting fluid and its negative environmental impact (in terms of air emissions, water withdrawal, wastewater, and waste disposal). The new system also led to longer tool life while improving the machining area's performance. Moreover, an ionization device that increases anionic bacteria was integrated into the cooling-lubricant systems to extend cutting fluid life; this device also contributed to improving workplace conditions as it eliminates the odors caused by lubricant deterioration.

The plant in **Grand Island** (USA) replaced the alkaline cleaner used in 3 paint systems with a new, more compact and effective one, leading to $20,000 in savings and to an annual reduction of 5,000 kilos in the amount of chemicals used by the plant.

EXTERNAL NOISE GENERATED BY PLANTS

In order to minimize the noise impact of its plants, CNH Industrial encourages the adoption of procedures provided for by plant environmental management systems and by guidelines issued in previous years (such as the guideline for the design and purchase of new, low-noise machinery).

(11) 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.

(12) 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 plasticizers, fire retardants, and in various types of coating.

ENERGY MANAGEMENT

Climate change was one of the global challenges identified as having the potential to shape the Company's future business (see page 16). CNH Industrial approaches climate change mitigation by reducing energy consumption and by limiting the use of fossil fuels, responsible for air pollution and, above all, CO_2 emissions.

Managing greenhouse gas emissions and optimizing energy consumption are prerequisites for the continuous improvement of the Company's performance and the protection of the environment in which it operates.

As evidenced by the materiality analysis, **renewable energy** and **CO_2 and other air emissions** are considered priority material topics by both CNH Industrial and its stakeholders, due to the nature and extent of their environmental and economic impact, and to their association with global warming, an issue gaining increasing importance among the international community. The significance of these aspects is further highlighted by their political, technological, and economic implications, in terms of both sustainable procurement and impact mitigation.

As stated in the Energy Policy representing the framework of each plant's management system, CNH Industrial is committed to reducing: the use of fossil fuels in favor of renewable energy sources; energy consumption through more efficient products and processes; and greenhouse gas emissions by cutting energy consumption while adopting both conventional and innovative technical solutions.

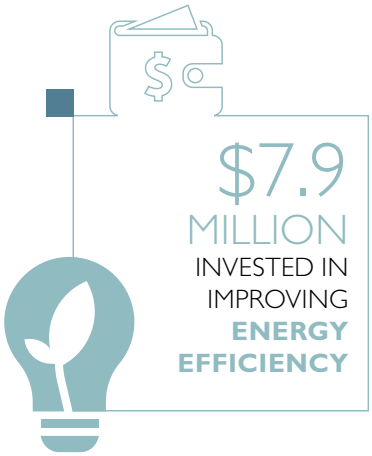
The short, medium, and long-term targets related to energy performance, CO_2 emissions, and the use of renewable energy are included in the Sustainability Plan. They were set in line with the Business Plan and reflect CNH Industrial's voluntary commitment to improving its daily energy performance across its manufacturing operations. In 2018, new and even more challenging targets for energy consumption, CO_2 emissions, and the use of energy from renewable sources were set for 2030, reflecting the Company's commitment to continuous improvement (see page 35).

Moreover, as further evidence of its effort to fight climate change, CNH Industrial endorsed 2 of the commitments promoted by the CDP[1] through its *Commit to Action* campaign during the UN Climate Change Conference (COP21) held in Paris (France) in December 2015. CNH Industrial is determined to produce and use climate change information in mainstream corporate reports, out of a sense of fiduciary and social responsibility, and to develop an internal monitoring process for all Company activities with repercussions for climate-related policies (see page 26).

During the year, the Company started to align the reporting of its climate practices with the framework and recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD)[2]; it is also planning to carry out the recommended 2°C scenario analysis in the coming years and to set science-based targets accordingly.

The improvement process is supported by a robust energy management system and by the application of World Class Manufacturing principles. Plants rely on this dual, integrated methodology and on its systematic implementation to set standards and energy targets, to implement improvement actions, and to guide the respective monitoring processes, the evaluation of results against stated targets, and their dissemination through proper communication channels.

An operational grievance mechanism, the Compliance Helpline, is available to CNH Industrial stakeholders to report potential violations of corporate policies, the Code of Conduct, and applicable laws (see page 50).



In 2018, over $7.9 million was invested overall in improving energy performance, leading to a reduction in energy consumption of approximately 160 TJ and a reduction in CO_2 emissions of over 11,800 tons[3]. Furthermore, CNH Industrial continued to apply the Internal Price of Carbon (IPoC) methodology, considered a strategic business tool in guiding investments to reduce CO_2 emissions. The IPoC enables classifying and prioritizing energy saving projects based on their ability to generate the greatest benefit in terms of CO_2 reductions in relation to the investment cost sustained by the Company. The methodology also enables the cross-fertilization of the most effective projects in terms of CO_2 reductions worldwide based on the specific IPoC of each geographic area and plant. Currently, based on the historical data analysis, CNH Industrial's global carbon price is $100-135 per ton of CO_2.

(1) *CDP is the international non-profit organization providing the only global system for companies and cities to measure, disclose, manage, and share essential environmental information.*
(2) *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.*
(3) *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_2 value includes scope 1 and scope 2 emissions.*

RESPONSIBILITY AND ORGANIZATION

The highest responsibility for initiatives focusing on energy efficiency and on the management of CO_2 emissions at CNH Industrial lies with the GEC (see page 43). As evidence of the Company's ongoing commitment to managing these issues, a number of related targets were included once again in 2018's Performance and Leadership Management system (see page 85) for several energy and plant managers.

CNH Industrial has a specific internal structure overseeing issues related to the conservation of energy resources. Energy management activities are organized both centrally and at regional and plant level.

To ensure the necessary alignment and support from across the Company, activities are coordinated by the Energy function's Business Point of Reference for Sustainability and respective team, made up of the energy managers and specialists from each segment and geographic area, which interacts with the Sustainability Planning and Reporting Department, as well as directly with plants. Based on the strategies defined by the GEC, the Energy team sets out CNH Industrial's guidelines and objectives (with the Chief Manufacturing Officer)[4], as well as the best strategies to achieve them; it also manages investment budgets for specific projects and oversees the progress of the Energy Action Plan through monitoring. 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. The Company's overall energy management structure consists of 85 professionals, located at both corporate offices and plants.

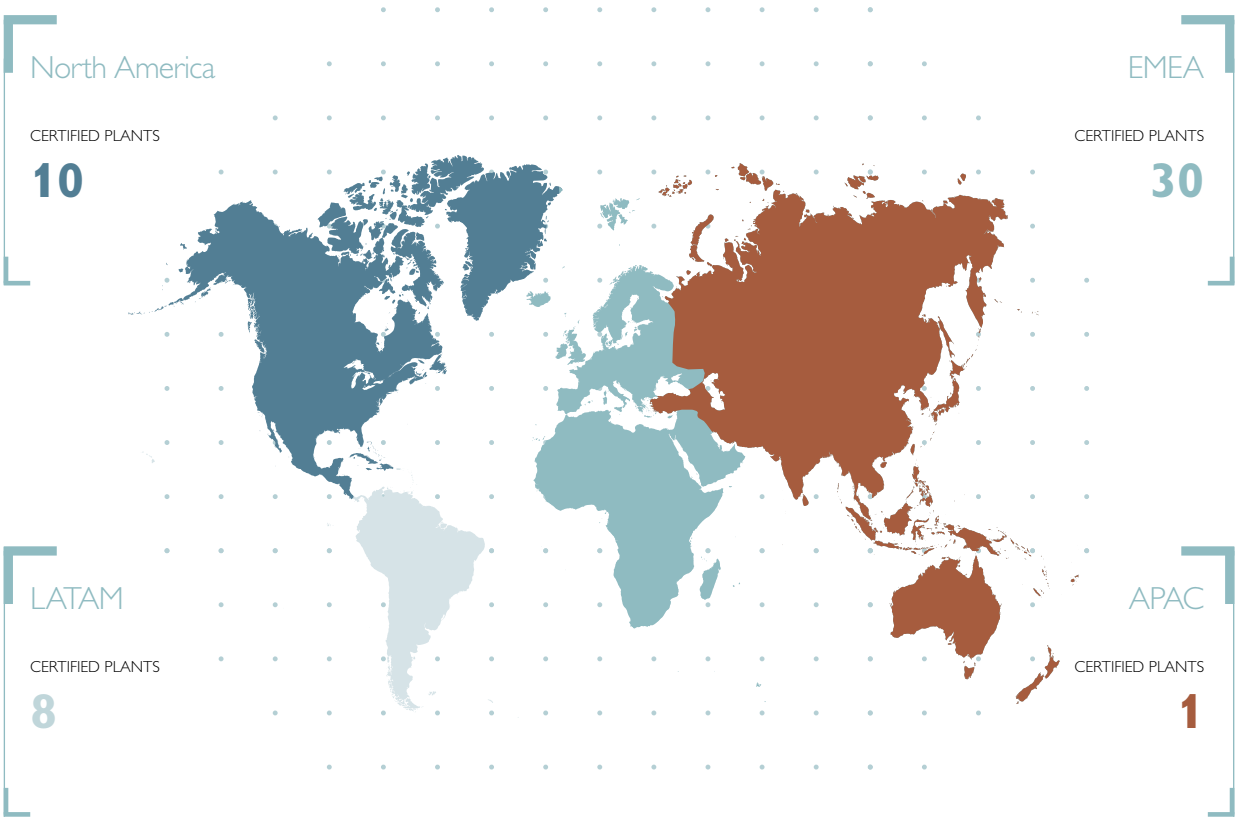
ENERGY MANAGEMENT SYSTEM

CNH Industrial aims at reducing the energy impact of manufacturing processes and the risks associated with new legislation and rising energy costs, in part through the development and implementation of an energy management system.

In 2018, as evidence of its quest to reduce its energy impact, CNH Industrial continued to pursue the certification of its manufacturing processes as per the ISO 50001 standard, according to the challenging target of certifying all sites worldwide by 2020. It also started a process to transition to the latest version of the ISO 50001 standard, published in August 2018.

ISO 50001 CERTIFIED PLANTS[a]

CNH INDUSTRIAL WORLDWIDE (no.)



[a] *For the complete list of plants, see the table on pages 232-234.*

[4] *Function names and roles as at December 31, 2018.*

The main advantage of ISO 50001 certification is the systematic approach it provides to continuous improvement in energy performance: a more efficient and rational use of energy translates into economic benefits and fewer greenhouse gas emissions. In 2018, CNH Industrial's energy management system was rolled out to 49 plants, representing about 96% of the Company's energy consumption, outperforming the targets set for the year.

Voluntary compliance with the ISO 50001 standard reflects CNH Industrial's determination to manage its business sustainably, as recognized globally by its inclusion in the Dow Jones Sustainability Index and its CDP results (see page 12). Specifically, CNH Industrial scored an A- in the CDP Climate Change Program.

In 2018, the reporting and monitoring of greenhouse gas (GHG) emissions and energy consumption continued through voluntary compliance with the Corporate Accounting and Reporting Standard of WBCSD[5] and WRI[6] (GHG Protocol) and with ISO 14064 standards, covering 100% of CNH Industrial's energy consumption.

SHARING AND AWARENESS ACTIVITIES

The ongoing promotion of staff involvement and awareness of the importance of energy resource conservation is key to reaching CNH Industrial's improvement targets. To this end, best practices are standardized and disseminated across plants through the World Class Manufacturing (WCM) system, to enable the kind of synergy that is crucial for the development and continuous improvement of any global company.

In 2018, 15,234 hours of training were provided (mainly by internal professionals) to 10,217 people across different plants. Training focused on the distinctive features of the ISO 50001 energy management system, the correct monitoring and management of energy performance, the training of certified internal auditors at various plants, and WCM energy management principles.

During the year, CNH Industrial actively participated in *M'illumino di meno*, the Italian radio campaign to raise awareness of energy saving and rationalizing energy consumption among public and private entities. It also launched several initiatives among employees to promote responsible environmental behavior. For example, a series of information capsules called *Sustainable Every Day* were posted on the corporate Intranet to promote a more sustainable lifestyle through small changes to everyday routines (such as turning off computer monitors when idle, lowering room temperatures by one degree), which can help save energy and safeguard the environment.

Harnessing the experience gained at some plants, in 2018, the Company also continued to extend the energy lab concept: an area usually designed using recycled materials and adorned with plants where employees can develop, plan, and track improvement activities related to energy management.

ENERGY PERFORMANCE

An efficient energy management system requires effective monitoring of energy performance, by means of specific Energy Performance Indicators (EnPI).

These indicators allow CNH Industrial to measure the benefits and effectiveness of its initiatives, plan improvement measures, and establish new and ever-more challenging targets. In 2018, the Company continued to monitor energy performance and compliance with the Action Plan at all plants via the Energy Monitoring & Targeting (EMT) management and control platform. Furthermore, in order to achieve a higher level of monitoring by 2020 of both primary energy vectors, purchased directly from external suppliers, and secondary energy vectors, transformed and then distributed to manufacturing processes, the Company continued to monitor secondary vectors at all plants via the same EMT platform. As at December 2018, approximately 61% of consumption associated with secondary energy vectors had been monitored.

In addition to carefully monitoring energy performance, the exchange and dialogue between plants was enhanced via an Intranet portal focusing on procedures, best practices, regulations, corporate Guidelines, and solutions to energy-related issues and challenges. The initiative led to the set-up and realization of 195 technical and management improvement projects, and to an increased level of people engagement and awareness. These projects were able to address the different types of losses indicated in the WCM Energy methodology, which are used to classify and clearly identify energy inefficiencies.

(5) *World Business Council for Sustainable Development.*
(6) *World Resources Institute.*

The WCM Energy pillar aims at optimizing energy use in manufacturing processes. This pillar is a management tool that enables each plant to understand, monitor, and reduce energy consumption and the impact of CO_2 generated during manufacturing operations, which translates into benefits for the environment and lower production costs.

In 2018, CNH Industrial implemented several short to medium-term initiatives involving the redesign of processes, equipment conversion and retrofitting, operational changes to new installations, and increased employee awareness. The following is a list of the main outcomes achieved:

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

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

EMF[1] (PUMPS/FANS/MOTORS)

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

METERING

- system expansion

HEATING/PROCESS HEAT AND COOLING

- replacement of old heating systems
- hot water supply from CHP[2] system
- heating reduction
- replacement of burners
- establishment of startup and shutdown procedures
- application of optimal setpoints
- cooling reduction
- installation of roof air vents.

2018 IMPROVEMENT PROJECTS IN DETAIL

CNH INDUSTRIAL WORLDWIDE

	Projects (no.)	Total energy reduction (GJ/year)	Estimated project cost ($)
Installation of new equipment	54	37,820	1,975,098
Conversion and retrofitting of equipment	119	101,267	5,575,273
Operational changes	6	4,576	95,814
Process redesign	16	16,346	283,773
Total	**195**	**160,009**	**7,929,958**

(1) *Electromotive force.*
(2) *Combined Heat-Power.*

SOLAR FLOWERS AND SOLAR WALLS

13 CLIMATE ACTION

To optimize production processes, reduce and monitor energy consumption, and cut waste and CO_2 emissions, CNH Industrial installed solar-powered systems at 3 of its plants.

As part of the World Class Manufacturing (WCM) program, the plants in Annonay (France) and Valladolid (Spain) installed the SmartFlower™, a new photovoltaic energy generator that follows the sun's path the same way sunflowers do. By keeping its panels at a 90° angle to the sun, it generates up to 40% more energy compared to static panels, and its self-clean and self-ventilation functions ensure minimal maintenance.

Meanwhile, the plant in Madrid (Spain) installed the SolarWall® solar heating system, a custom-designed cladding system fitted onto its exterior walls that uses solar energy to heat and ventilate its interior spaces. The air is heated to 16-38°C above ambient temperature on sunny days, and somewhat less when cloudy, reducing the energy load on the conventional heating system. The solar-heated air is distributed throughout the building via the existing HVAC[a] system.

[a] Heating, Ventilation, and Air-Conditioning.

OUR PROJECTS

In 2018, the Company realized 195 efficiency projects investing approximately $7.9 million in total, of which over 78% in EMEA, 10% in North America, 11% in APAC, and the rest in LATAM. The projects generated about $3.3 million in savings. The simple payback period is estimated at 2.4 years, in part due to the approximately $90,000 in savings generated by management initiatives implemented at no cost.

About 40% of the total investments focused on optimizing energy consumption, while over 20% aimed at the widespread replacement of existing lighting systems with LED technology, for an investment of over $2.9 million. The remaining initiatives centered, as in previous years, on the installation of inverters, high-efficiency motors, intelligent stand-by systems on machinery, and set-point regulation adjustments according to operational requirements.

Other significant interventions involved:

- buildings (about 8% of the total investment), with a particular focus on reducing thermal losses
- heat generation and distribution systems, with approximately $2.3 million (about 30% 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 7% of the total investment), with the ongoing monitoring and sealing of air leaks, the sectioning of distribution lines, and set-point regulation adjustments.

Direct and indirect energy consumption by source, and the associated CO_2 emissions, continued to be reported throughout 2018. For each source, a distinction was made between renewable and non-renewable energy. CO_2 emissions were calculated according to GHG Protocol standards, incorporated into Company Guidelines.

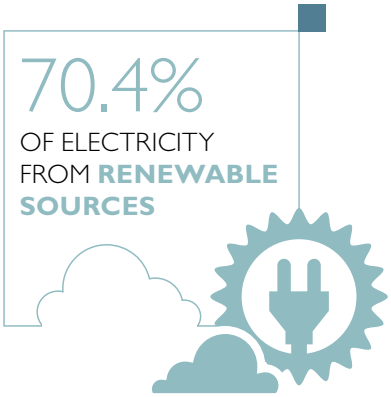
At CNH Industrial, the only sources of greenhouse gas emissions, besides those deriving from energy consumption, are associated with the use of HFC compounds with global warming potential (GWP) present in the air-conditioning and cooling units of work spaces, and in production and fire suppression equipment. The potential emissions from these substances (CO_2 eq) are negligible compared with emissions from energy production: in fact, with an incidence of less than 0.64%, they fall outside the reporting scope[3].

ENERGY CONSUMPTION

In 2018, CNH Industrial reported a total energy consumption[4] of 6,837 TJ, an increase of approximately 1.5% over the previous year, mainly due to a 3.5% increase in hours of production. As regards energy performance, measured as the Company's total internal energy consumption divided by hours of production, CNH Industrial's 2018 year-end results improved compared to the previous year, with the KPI falling by 1.5%.

[3] Details on the reporting scope are available in the chapter on Report Parameters (see pages 231-235).
[4] Types of energy included: electricity, heat, steam, cooling, natural gas, metallurgical coal, diesel, and other fuels.

This outcome was the result of the effective synergy between the energy management and WCM systems adopted by the Company and of the energy efficiency projects realized. Indeed, while the increase in production would have been expected to cause an increase in energy consumption per hour of production, management's responsiveness made it possible to limit variable consumption directly linked to production.
Furthermore, considerable efforts went into specific operational measures leading to a reduction in the fixed share of energy consumption, which is independent from the production process.



TOTAL ENERGY CONSUMPTION[a]

CNH INDUSTRIAL WORLDWIDE (GJ)

Non-renewable sources	2018	2017[b]	2016[b]
Plants (no.)	57	58	60
Direct energy consumption			
Natural gas	**2,875,474**	2,781,706	2,713,720
Coal	**90,493**	139,724	131,242
Diesel	**262,043**	294,300	250,300
Liquefied petroleum gas (LPG)	**72,711**	66,176	46,414
Other (HS and LS fuel oil)	**154**	148	119
Total	**3,300,875**	**3,282,054**	**3,141,795**
Indirect energy consumption			
Electricity	**774,835**	1,204,612	1,134,079
Thermal energy	**694,710**	641,537	610,687
Other energy sources	**16,058**	40,580	115,017
Total	**1,485,603**	**1,886,729**	**1,859,783**
Total energy consumption from non-renewable sources	**4,786,478**	**5,168,783**	**5,001,578**

Renewable sources	2018	2017[b]	2016[b]
Plants (no.)	57	58	60
Direct energy consumption			
Biomass	**6,801**	4,702	22,169
Solar-thermal	**17**	137	246
Total	**6,818**	**4,839**	**22,415**
Indirect energy consumption			
Electricity	**1,843,182**	1,399,965	1,342,881
Thermal energy	**52,485**	52,404	57,666
Other energy sources	**148,519**	111,331	9,998
Total	**2,044,186**	**1,563,700**	**1,410,545**
Total energy consumption from renewable sources	**2,051,004**	**1,568,539**	**1,432,960**
Total energy consumption	**6,837,482**	**6,737,322**	**6,434,538**

[a] 2014 was chosen as the base year for global planning, in line with the Business Plan. The base year energy consumption is equal to 7,469,657 GJ (restated figure).
[b] 2016 and 2017 data restated with respect to the 2017 Sustainability Report, following a change in the reporting scope (see pag 231).

ENERGY CONSUMPTION BY TYPE

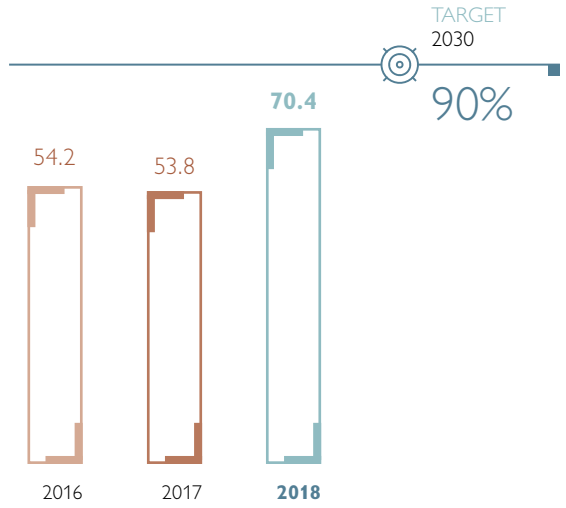
CNH INDUSTRIAL WORLDWIDE (GJ)

	2018	2017[a]	2016[a]
Plants (no.)	57	58	60
Electricity[b]	**2,759,208**	2,724,536	2,571,863
Heat	**747,212**	694,078	668,599
Steam[c]	**-**	-	-
Cooling coal	**23,386**	31,952	30,112
Natural gas	**2,875,474**	2,781,706	2,713,720
Other energy sources	**432,202**	505,050	450,244
Total energy consumption	**6,837,482**	**6,737,322**	**6,434,538**

[a] 2016 and 2017 data restated with respect to the 2017 Sustainability Report, following a change in the reporting scope (see page 231).
[b] Electricity also includes compressed air.
[c] Steam is included in heat.

ELECTRICITY CONSUMPTION FROM RENEWABLE SOURCES[a]

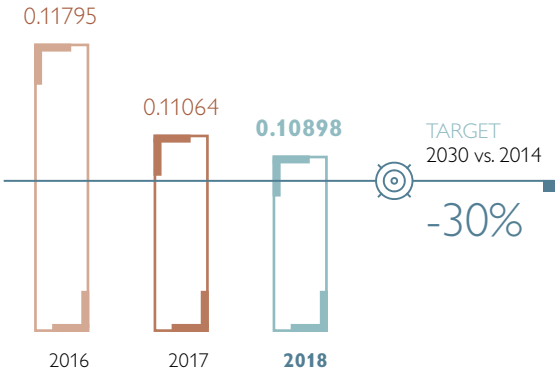
CNH INDUSTRIAL WORLDWIDE (%)



(a) 2016 and 2017 data restated with respect to the 2017 Sustainability Report, following a change in the reporting scope (see page 231).

ENERGY CONSUMPTION PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (GJ/hours of production[b])



(a) 2014 was chosen as the base year for global planning, in line with the Business Plan. The base year energy consumption per production unit is equal to 0.1275 GJ/hours of production (restated figure).
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.
2016 and 2017 data restated with respect to the 2017 Sustainability Report, following a change in the reporting scope (see page 231).

(b) Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 236.

CO_2 EMISSIONS

In 2018, CNH Industrial's CO_2 emissions (scope 1 and 2) were 379,014 tons[5], a 10% reduction compared to the previous year. This result was due to the greater share of renewable energy in CNH Industrial's energy mix, which reached 70.4% of the Company's total electricity consumption.
Furthermore, the increased use of renewable energy cut CO_2 emissions by approximately 157,000 tons.

DIRECT AND INDIRECT CO_2 EMISSIONS[a]

CNH INDUSTRIAL WORLDWIDE (tons)

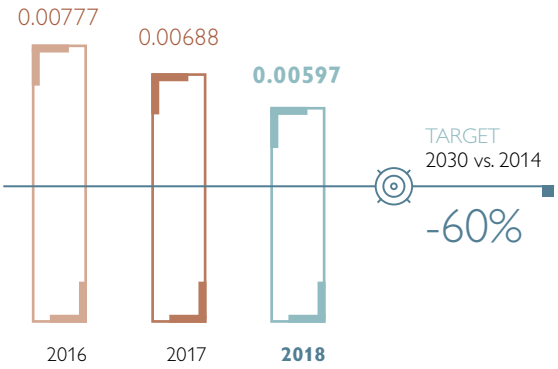
	2018	2017[b]	2016[b]
Plants (no.)	57	58	60
Direct emissions (scope 1)	**184,439**	186,598	178,555
Indirect emissions (scope 2) – market-based	**194,575**	235,246	246,926
Indirect emissions (scope 2) – location-based	**312,409**	305,308	276,660
Total CO_2 emissions[c]	**379,014**	**421,844**	**425,481**
Direct emissions from landfill gases	**371**	257	1,210

(a) CO_2 is the only significant greenhouse gas within CNH Industrial's processes (see page 237).
For CNH Industrial, biogenic CO_2 emissions are those released by the combustion of landfill gases.
2014 was chosen as the base year for global planning, in line with the Business Plan.
The base year CO_2 emissions are equal to 530,851 tons (restated figure).
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 page 237.
(b) 2016 and 2017 data restated with respect to the 2017 Sustainability Report, following a change in the reporting scope (see page 231).
(c) Total CO_2 emissions are calculated as per the market-based methodology of the GHG Protocol, and do not include emissions from landfill gases.

(5) Value stated as per the market-based methodology of the GHG Protocol.

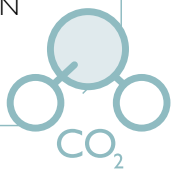
DIRECT AND INDIRECT CO_2 EMISSIONS PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (tons of CO_2/hours of production[b])



-13%

IN **CO_2 EMISSIONS** PER HOUR OF PRODUCTION



[a] CO_2 is the only significant greenhouse gas within CNH Industrial's processes (see page 237).
2014 was chosen as the base year for global planning, in line with the Business Plan.
The base year CO_2 emissions per production unit are equal to 0.0090 tons/hours of production (restated figure).
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.
2016 and 2017 data restated with respect to the 2017 Sustainability Report, following a change in the reporting scope (see page 231).
[b] Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 236.

PARTICIPATION IN EMISSION TRADING PROGRAMS

The energy used at CNH Industrial plants comes primarily from third-party power generation plants or directly from the national electricity grid. The only plants subject to the European Emission Trading System (EU-ETS) are those in Basildon (UK) and Vysoke Myto (Czech Republic)[6].

The energy generated in 2018 by the Basildon plant was 133,959 GJ, giving the plant extra credits in terms of CO_2 emission allowances for the year.

On the other hand, the energy generated in 2018 by the Vysoke Myto plant was 78,563 GJ, which put the plant in debt in terms of its CO_2 emission allowances for the year.

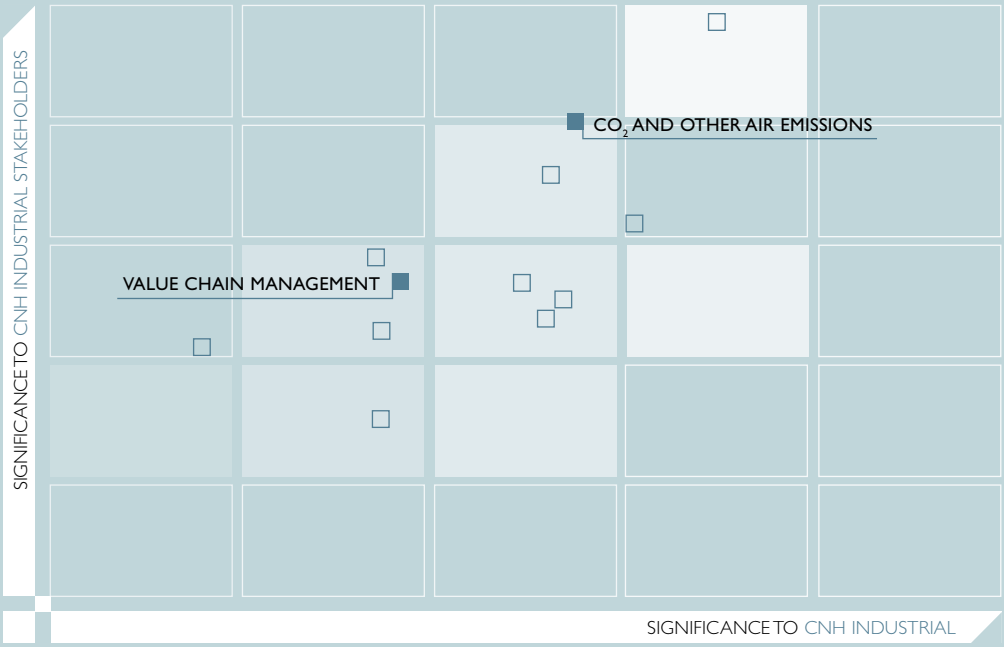
FOCUS ON

ZERO-EMISSION TESTING

FPT Industrial's Turin Testing Center (with a covered area of 22,000 square meters) aims to become a zero-impact testing facility. In 2018, following a number of optimization measures completed in 2017, the Company decided to offset the 15,000 tons of CO_2 emissions generated by the Center during the year. This was achieved by purchasing CO_2 emission allowances from a 120-MWp hydroelectric power plant in Chongqing (China), which can generate 390 GWh per year fed directly into the grid.

[6] 2013 marked the start of the third phase of the ETS, which sets a single EU-wide cap on emission allowances; this limit will decrease linearly over time, even after the end of the third trading period (2013-2020).

LOGISTICS PROCESSES



Material topics described in this chapter (for definitions see page 239).

KEY TARGET

2022: **-18%** vs. 2014 IN KG OF CO_2 EMISSIONS PER TON OF GOODS TRANSPORTED (INBOUND, OUTBOUND, AND SPARE PARTS)

MANAGEMENT FRAMEWORK

In managing its logistics processes, CNH Industrial continually strives to find sustainable solutions to combat climate change, conserve natural resources, and safeguard health.
To this end, logistics processes at CNH Industrial are managed both internally within the value chain, specifically within the functions responsible for manufacturing, sales, and purchasing, and externally, by interacting with the operational context outside the Company to optimize the efficiency of logistics flows and reduce their environmental impact.
In terms of the material topics identified in the Materiality Matrix, logistics processes have an economic, environmental, and social impact on both **CO_2 and other air emissions** and **value chain management**. The importance of sustainable logistics to the Company lies not only in time and cost efficiencies, but also in emissions reduction, resource use, packaging management, and, not least, in their indirect impact on human health and traffic congestion.

To coordinate its efforts effectively towards improvements in this area, CNH Industrial published the Green Logistics Principles, available on the Company's website. The Green Logistics Principles are intended to coordinate the Company's initiatives on promoting sustainable behaviors, and help both corporate functions and suppliers effectively monitor their performance and meet improvement targets.
In line with these principles, CNH Industrial's approach focuses on 4 areas:

Initiatives and projects developed to reduce the environmental impact of logistics processes are described in the following sections.

The logistics system is structured so as to pursue safety, ergonomics, eco-compatibility, and transport logistics flow optimization. This approach ensures effective management and the evaluation of projects according to defined standards. As an integral part of its approach, CNH Industrial believes that actively engaging suppliers is key to achieving an effective, sustainable logistics system. To this end, the Company directly involves suppliers in most of its projects and initiatives, promoting and encouraging the development and implementation of the best solutions to meet CNH Industrial's environmental impact reduction targets.

As further proof of this commitment, some logistics providers were engaged in the *CDP Supply Chain* initiative (see page 164), which monitors the CO_2 emissions of selected suppliers and promotes projects to reduce them through joint initiatives and partnerships.

The Company's main sustainable logistics improvement targets are to reduce CO_2 emissions derived from handling components and finished goods, and to minimize the use of non-reusable packaging. In this regard, in 2016, a key target was set for 2022, specifically associated with the material topic **CO_2 and other air emissions**, which aims at an 18% reduction in kilos of CO_2 emissions per ton of goods transported (inbound, outbound, and spare parts) compared to 2014. This voluntary target is included in the Sustainability Plan (see page 35).
Target achievement is monitored quarterly and, if necessary, corrective measures are implemented. The results are made available to stakeholders annually through the Sustainability Report and the Company's website.
In addition, the main projects for reaching the target included in the Sustainability Plan in 2018 were incorporated in the individual targets of managers involved in the Performance and Leadership Management system (see page 85).
The GEC (see page 43) has the highest responsibility for initiatives aimed at reducing the environmental impact of logistics processes at CNH Industrial.

MACRO LOGISTICS FLOWS

Inbound distribution management (i.e., the transport of components and materials to Company plants) is either handled by external transport providers engaged by CNH Industrial, or managed directly by the material suppliers themselves.
The distribution of finished goods from plants to the dealer network (outbound) is carried out by external transport providers, or, for ex works shipping agreements, is organized by the customer.

Spare parts are managed by CNH Industrial's Parts and Service[1], and their inbound distribution (to warehouses and distribution centers) is handled either by external providers engaged by CNH Industrial, or directly by suppliers. On the other hand, outbound distribution (including to dealerships) is handled by specialized transport providers.

MONITORING OF ENVIRONMENTAL PERFORMANCE

In 2018, monitoring continued of some of the environmental aspects considered most significant[2] for logistics processes in order to substantiate the targets included in the Sustainability Plan and the improvement projects that followed.
The extent of the environmental impact of CO_2 emissions is affected by: the number of inbound/outbound transport flows generating the impact; CNH Industrial's ability to promote mitigation initiatives among suppliers (e.g., the inclusion of contractual clauses); the initiatives implemented to reduce the impact (e.g., the adoption of intermodal solutions); and the impact's potential effects on the community (e.g., traffic congestion related to plant location).

In 2018, CO_2 emissions from global inbound and outbound distribution were reduced by 6,465 tons. These emissions reductions were a result of the improvement projects implemented in 2018. One such improvement project concerned intermodal transport between Italy and Germany: IVECO vehicles produced in Suzzara, previously shipped by road, are now transported by train. In 4 months, this led to a reduction in CO_2 emissions of 844 tons.

(1) *Function names and roles as at December 31, 2018.*
(2) *The criteria used to measure the significance of the environmental aspects of logistics processes are the size of the impact and the Company's ability to manage and mitigate both the impact and its potential effects on the surrounding environment.*

CO_2 EMISSIONS IN LOGISTICS PROCESSES[a]

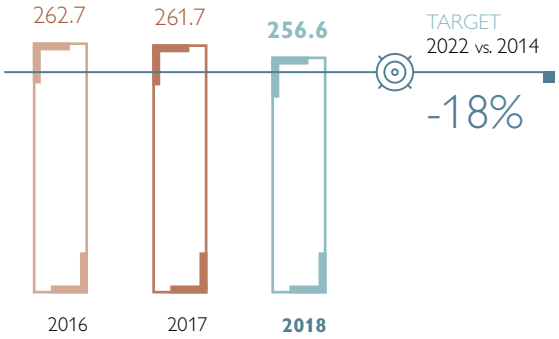
CNH INDUSTRIAL WORLDWIDE (tons)

	2018	2017	2016
Inbound	**190,187**	181,331	160,246
Outbound	**178,419**	184,649	170,833
Parts	**43,623**	37,302	31,835
Total	**412,229**	**403,282**	**362,914**

(a) CO_2 emissions for road transport were quantified as per the GHG Protocol, revised edition, and for sea and rail transport as per the IFEU Heidelberg methodology for environmental calculations. The increase in overall CO_2 emissions was mainly due to the increase in volumes in North America.

CO_2 EMISSIONS IN LOGISTICS PROCESSES[a]

CNH INDUSTRIAL WORLDWIDE (kg of CO_2 emissions/tons of goods transported)



(a) 2014 was chosen as the base year for global planning, in line with the Business Plan. Base year CO_2 emissions are 304.6 kg per ton of goods transported.

Managing the environmental aspects associated with logistics focuses particularly on reducing non-reusable packaging and protective materials, in line with Company standards and quality requirements. Where this is not possible, CNH Industrial seeks the best solutions to ensure the recovery of materials.

Although this aspect is less significant than air emissions, a monitoring process is in place to provide a solid database for building future areas for improvement.

CNH Industrial plants in Europe recorded an average of 0.34 kilos of cardboard disposed of per total manufacturing hours[3], slightly more than in 2017.

Wherever possible, finished goods (e.g., engines, axles) are shipped in returnable racks to reduce cardboard and wood waste, for both the Company and customers.

CARDBOARD DISPOSED OF IN LOGISTICS PROCESSES

CNH INDUSTRIAL EUROPE (kg/hours of production[a])

	2018	2017	2016
Cardboard disposed of per hours of production	**0.34**	0.32	0.32

(a) Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 236.

(3) Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 236.

IVECO DAILY'S TRAIN

13 CLIMATE ACTION

In September 2018, CNH Industrial's logistics team devised a sustainable business solution, introducing an intermodal transport route that stretches from IVECO's light vehicle plant in Suzzara (Italy) to a new distribution center in Rheine (Germany). The service is based on a specially adapted train running bi-weekly, with a third weekly train expected to be added to the schedule between May and July 2019 if extra capacity is needed. An estimated 10,500 vans will be transported annually, leading to a CO_2 emissions reduction of approximately 3,200 tons.
On the return journey, the train is used by another company to transport truck trailers, new trucks, and new vans from Germany to Italy, hence balancing the transport flow, optimizing costs, and reducing CO_2 emissions.

OUR PROJECTS

INITIATIVES TO REDUCE ENVIRONMENTAL IMPACT

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

CNH Industrial implements numerous initiatives to promote ever-more sustainable logistics processes. These initiatives focus on technologies, procedures, and activities aimed at reducing the environmental impact of logistics processes without compromising service quality or profitability, while taking account of the social impact of the activity itself. The aspects considered in defining technical solutions include type of transport, intermodality, long-haul transport, and packaging design.

INCREASING LOW-EMISSION TRANSPORT

CNH Industrial is committed to reducing CO_2 emissions arising from the transport of components and finished products by continually promoting the use of road vehicles that conform to the most stringent environmental standards and, therefore, generate fewer emissions. Indeed, since 2013, all segments in Europe have gradually introduced specific environmental contractual clauses obliging external transport providers to use vehicles compliant with Euro IV standards or higher.

92% OF **SERVICE** PROVIDERS IN **NORTH AMERICA** PARTICIPATED IN THE *SMARTWAY* PROGRAM

In North America, the Agricultural Equipment and Construction Equipment segments continued to engage their logistics partners in the *SmartWay* transport program. Launched in 2003, the program is sponsored by the Environmental Protection Agency (EPA) to improve efficiency and reduce greenhouse gas and air pollutant emissions along the transport chain. *SmartWay* provides its partners with a set of EPA-tested tools that help make informed transportation choices, measure and report CO_2 emissions, and improve supply-chain efficiency and environmental performance. It also helps them exchange reliable and credible performance data, and it accelerates the adoption of advanced technologies and operational practices. Participation in the program is one of the factors considered in evaluating potential suppliers. In 2018, 92% of service providers (rail and road transport) participated in the *SmartWay* program.

ADOPTING INTERMODAL SOLUTIONS

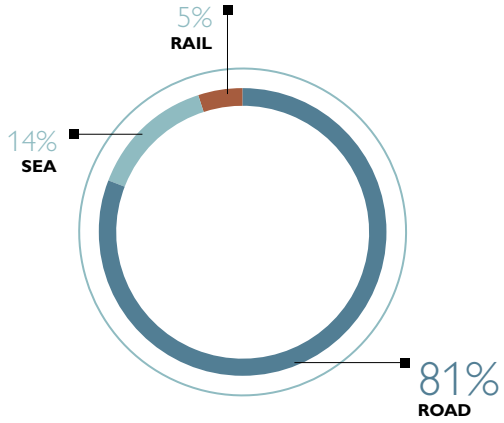
The inbound and outbound transport of materials can generate significant road transport volumes, depending on geography, infrastructure, and production levels. CNH Industrial always strives to promote alternative modes of road transport using intermodal solutions, with the aim of reducing both traffic congestion and CO_2 emissions. Intermodal solutions take a holistic view of transportation services, treating them as an integrated logistics chain and employing a variety of solutions for the movement of goods from source to destination.

In 2018, all components were shipped by sea from Italy to the plants in Madrid and Valladolid (Spain).

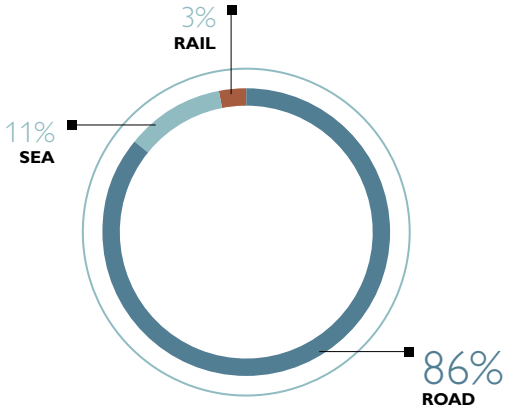
With a view to continuous improvement, the intercontinental flow by rail between East Asia and Europe was also used to move finished goods (engines) in the opposite direction from Italy to Japan.

In Europe, finished goods and components continued to be moved by rail between plants in Southern Italy and the North, with approximately 280 train journeys in each direction in 2018.

BREAKDOWN OF INBOUND TRANSPORT[a]
CNH INDUSTRIAL EUROPE



BREAKDOWN OF OUTBOUND TRANSPORT[a]
CNH INDUSTRIAL EUROPE



[a] *Percentages refer to the Agricultural Equipment, Construction Equipment, and Commercial Vehicles segments, and are based on the principal mode of transportation used for each vehicle.*

OPTIMIZING TRANSPORT CAPACITY

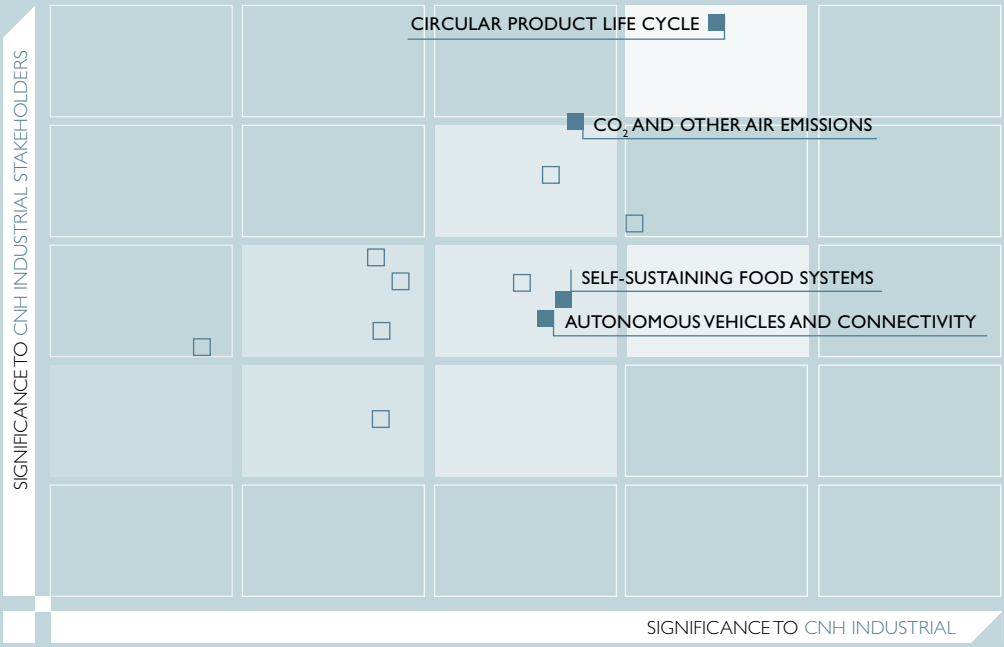
Optimizing transport capacity is one of the methods used by CNH Industrial to reduce the costs and environmental impact of transportation. Technical and organizational changes are made to both routes and volumes to optimize and streamline the entire process, including in environmental terms.

A project was launched in November 2017 to optimize the transport of cabs from the plant in Valladolid to the one in Madrid (Spain), by using new 21.5-meter *megacamiones* (i.e., mega-trucks) instead of the standard 13.6-meter semitrailers. In 2018, this cut the number of trips by 29% and CO_2 emissions by 139 tons.

MINIMIZING NON-REUSABLE PACKAGING AND PROTECTIVE MATERIALS

Packaging design and use standardization – including the adoption of lighter materials and structures, as well as reusable materials – reduces the use of raw materials, cuts waste, and optimizes transport capacity, thus reducing CO_2 emissions. In 2018, as part of the *World Material Flow* (WMF) program, the Agricultural Equipment, Construction Equipment, and Commercial Vehicles segments continued to monitor the quantity of cardboard and wood used in consolidating shipments of materials by sea to plants in North and South America and in Australia. The improvement measures implemented led to the use of fewer wood crates, reducing the amount of wood shipped compared to the previous year by approximately 230 tons (-23%), thanks to the increased use of metal racks.

SUSTAINABLE PRODUCTS



Material topics described in this chapter (for definitions see page 239).

KEY TARGETS

2022: DEVELOPMENT OF NEXT-GENERATION ALTERNATIVE FUEL ENGINES RUNNING ON CNG, LNG, AND LPG AND COMPATIBLE WITH BIOMETHANE AND H_2 BLENDS, TO FURTHER REDUCE CO_2 EMISSIONS AND TCO

2022: FOCUS ON NATURAL GAS ENGINE TECHNOLOGIES TO ACHIEVE ULTRA LOW NO_x EMISSIONS IN URBAN APPLICATIONS

2022: DISTRIBUTION OF NEW ALTERNATIVE-FUEL TRACTORS (METHANE AND PROPANE) GENERATING APPROX. **-80%** IN POLLUTING EMISSIONS AND **-10%** IN CO_2 EMISSIONS COMPARED TO DIESEL MODELS

2024: DISTRIBUTION OF NEW ALTERNATIVE-FUEL WHEEL LOADERS (METHANE) GENERATING APPROX. **-80%** IN POLLUTING EMISSIONS AND **-10%** IN CO_2 EMISSIONS COMPARED TO DIESEL MODELS

2022: UP TO **+25%** vs. 2015 IN FIELD PRODUCTIVITY BY EXPANDING DATA MANAGEMENT AND CONTROL SYSTEMS FOR HARVESTING, TRACTORS, AND CROP PRODUCTION

2020: AUTONOMOUS TECHNOLOGY DEVELOPMENT ON SELF-PROPELLED VEHICLES

MANAGEMENT FRAMEWORK

CNH Industrial designs, manufactures, and sells trucks, commercial vehicles, buses, specialty vehicles, and agricultural and construction equipment, in addition to a broad portfolio of powertrain applications. Ongoing research into innovative solutions enables CNH Industrial's brands to manufacture products that respect the environment while satisfying customers' demand for high performance and for reliable, safe, and comfortable vehicles with globally competitive operating costs for enhanced profitability.

As evidenced by the materiality analysis, the reduction of **CO_2 and other air emissions** is one of the challenges being tackled by CNH Industrial. To this end, in line with its growth drivers (see page 7), the Company has adopted a decarbonization strategy aimed at offering products with lower CO_2 emissions, by:

- enhancing the use of biofuels (see page 202)
- developing electrification (see page 205).

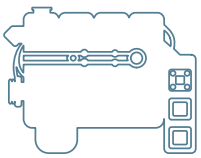
Among the other material topics identified by the materiality analysis, the need for **circular product life cycles** is the most relevant for both CNH Industrial and its stakeholders. Promoting the use of fuels from renewable sources is one of the possible responses to this topic.

Autonomous vehicles and connectivity could radically change product use by the customer, as well as the product's impact on the environment during use. Therefore, the sale and diffusion of autonomous vehicles can potentially reduce CO_2 emissions, prevent driving accidents due to human error, and enhance productivity in agriculture.

Meanwhile, CNH Industrial remains strongly committed to offering **self-sustaining food systems** that help optimize crop yield – a topic that significantly affects external stakeholders (customers and the environment), given CNH Industrial's role in the food production and distribution value chain. Indeed, the Company's agricultural brands are also committed to delivering and supporting enhanced agricultural productivity, rural economic development, local and national food security, and local equipment and machinery production.

All of the aforementioned material topics relate to the 3 global challenges selected (see page 16): they contribute to mitigating the negative impact of *climate change* and of *food scarcity and food security*, whereas *the innovative and digital world* can facilitate the diffusion of self-sustaining food systems and autonomous vehicles.

CLEAN DIESEL



Internal combustion engines can be divided into 2 main operation categories, depending on whether they feature compression ignition (lean burn or diesel cycle) or stoichiometric spark ignition. Diesel engines are ultimately the most efficient, and are compatible with other fuels such as hydrogenated vegetable oils (HVOs, see page 204) and potentially compatible with dimethyl ethers (DMEs, see page 205). Because of their operational efficiency in terms of fuel consumption and CO_2 emissions reductions, paired with emission reduction technologies such as Selective Catalytic Reduction (SCR) and Diesel Particulate Filters (DPF), diesel engines continue to prevail in most industrial applications.

When purchasing a CNH Industrial product, customers need to evaluate not only purchase prices, but also maintenance and operating costs. To this end, the Company has adopted a Total Cost of Ownership (TCO) approach to assist in product evaluation, enabling customers to seek out:

- lower fuel consumption
- longer maintenance intervals
- easier access to components for timelier interventions.

The TCO approach was initially adopted in the Commercial Vehicles segment and proved to be extremely valuable for customers, who were provided with an easy-to-use online calculation tool aiding in the selection of vehicles best suited to specific business needs. In the Agricultural Equipment segment, Case IH started using this approach in 2014, specifically in relation to sugarcane harvesters, in anticipation of a gradual extension enabling the use of TCO targets to measure and compare machine efficiency. An online tool for customers is currently under development.

In 2017, CASE Construction Equipment launched an online TCO calculator in North America. The tool enables customers to calculate the total cost of ownership for the full line of CASE based on real-life cost factors such as fuel, labor, parts, and maintenance.

FPT Industrial is currently focusing on developing even cleaner diesel engines, aimed at delivering the highest efficiency (up to 50%) and on enhancing exhaust heat recovery systems, so as to offer customers the best TCO when using clean diesel (e.g., for long-haul trucks and high-power off-road machines).

HI-eSCR

MA

As evidenced by the materiality analysis, the reduction of **CO_2 and other air emissions** is an issue of relevance to CNH Industrial's stakeholders. Diesel engine combustion produces a series of pollutants including nitrogen oxides (NO_X) 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_X 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 optimized combustion, producing less PM but more NO_X, or less efficient combustion, resulting in the emission of fewer NO_X 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_X emissions, on the other hand, can be reduced using one of 2 systems.

The first is known as Exhaust Gas Recirculation (EGR), which recirculates exhaust gases in the combustion chamber to lower its temperature, thus reducing NO_X levels. However, this system penalizes engine efficiency and increases particulate production, thus requiring frequent DPF regeneration.

The second system is known as Selective Catalytic Reduction (SCR), which maintains optimized combustion and reduces NO_X emissions through the addition of a reductant (ammonia, obtained from AdBlue). This produces little PM and requires less frequent DPF regeneration.

As regards the latter, in 2005, FPT Industrial developed and introduced an SCR system that cuts NO_X emissions by breaking them down into non-polluting molecules (O_2 and N_2) with a level of efficiency that makes EGR unnecessary.

Further developments led to the brand's launch, in 2012, of a new, innovative SCR system called Hi-eSCR, which maintains optimized combustion and fuel consumption, produces little PM, and requires less frequent DPF regeneration. Like its predecessor, the new system uses AdBlue for NO_X reduction. An additional advantage is the enhanced safety it delivers for construction equipment: since the system works below 200°C, the equipment can be used near flammable materials, which is particularly valuable, for example, in wood recycling centers. In 2016, FPT Industrial launched its second-generation HI-eSCR2 technology for Agricultural Equipment and Construction Equipment applications. The new technology meets the stringent Stage V legislation, introduced in Europe for off-road applications as of 2019, requiring a 40% reduction in PM. Production started in October 2018 with the NEF67 Stage V engine, with more than 100 engines for high-power agricultural tractors produced by the end of the year. FPT Industrial's SCR systems are currently used in on-road, off-road, and power generation applications, and were present in 80% of the diesel engines sold as at year-end 2018.

DECARBONIZATION STRATEGY

MA

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

The reduction of **CO_2 and other air emissions** is one of the challenges being tackled by CNH Industrial. The Company has always kept a close watch on the emissions associated with its manufacturing processes (see page 184) and logistics (see page 194), and is now developing its own decarbonization strategy to shift towards a more environmentally-friendly product portfolio, starting with the Powertrain segment.

In 2015, the International Energy Agency (IEA) stated: "[…] Today, transport-related emissions account for over 20% of global energy-related CO_2 emissions, and are set to increase unless there is a significant uptake of alternative fuel vehicles. In the *450 Scenario*[1], the use of electric vehicles and advanced biofuels could, by 2040, reduce oil consumption by 13.8 mboe/d[2] and CO_2 emissions by 11.5 gigatons. Furthermore, over time, the decrease in the emissions intensity of grid electricity, which fuels electric vehicles, would help lower transport-related emissions. The transition to a low-carbon economy depends upon overcoming current challenges and creating the right scenario for innovators and financiers within an appropriate market structure. Government intervention is needed to create sustainable markets for low-carbon technologies, to fill in RD&D[3] funding gaps, to create the enabling infrastructure, and to encourage international collaboration[4]."

Within the Powertrain segment, in the short term, internal combustion engines will continue to predominate in most industrial applications, and so the challenge is to further reduce emissions. In this regard, CNH Industrial believes natural gas (NG) will play an important role: currently the most widely available green fuel, NG-powered vehicles are used extensively in on-road applications, and the technology will soon extend into off-road, making NG an essential element in all emission reduction strategies in the years to come.

(1) *The 450 Scenario of the International Energy Agency (IEA) is the most widely used climate scenario in energy models.*
(2) *Millions of barrels of oil equivalent per day.*
(3) *Research, development, and demonstration.*
(4) *International Energy Agency (IEA), Energy and Climate Change, page 105.*

Furthermore, other fuels may play a role in decarbonization, such as dimethyl ether (DME) and hydrogenated vegetable oil (HVO), and the possibility of modifying engines to offer the best solutions for a given area or application is bound to broaden the offering and integration of compressed natural gas (CNG) technology (see pages 202-205).

In the medium term, the focus will be on electric drive technologies (see page 205) – not as an alternative to internal combustion solutions (at least, not yet), but as a way to further improve their performance, efficiency, and sustainability – developing different configurations depending on vehicle missions.

In the slightly longer term, hydrogen fuel cells (see page 206) represent the most promising electric drive technology for industrial, heavy-duty applications such as long-haul transport.
FPT Industrial foresees a future built on mixed-energy use: energy sources have different characteristics and meet different needs, and so a variety of solutions will co-exist in the market. For this reason, the Company intends to remain very open and pragmatic – adopting a multi-power approach.

THE POWER SOURCE CONCEPT DESIGNED FOR PLANET EARTH

In 2018, at its *Tech Day* event in Turin (Italy), FPT Industrial unveiled the Cursor X, a multi-power, modular, multi-application, and mindful 4.0 Power Source Concept. An engine concept for the future 'designed for Planet Earth', the Cursor X reflects FPT Industrial's product strategy vision and pioneering approach to innovation. Jointly developed by the brand's Product Development and CNH Industrial's Design Center, it has 4 main features that, in line with FPT Industrial's vision, will shape the architecture, logic, and operational modes of the power units of the future.

Multi-power: the Cursor X Concept was conceived to be highly adaptable so as to deliver the best solution based on the customer's business and/or mission. Be it via natural gas (NG) internal combustion, hydrogen fuel cell electricity generation, or battery-stored electric power, the Concept provides for pure electric, parallel, and series hybrid modes alike, and a combination thereof. Energy transfer to the wheels would change according to the type of power input, with a choice of power transmission solutions to suit machine requirements – including the option of a mechanical transmission for the electric drivelines.

Modular: the Power Source Concept would be the same size as an internal combustion engine, with a modular architecture that simplifies assembly, vehicle integration, and servicing, and enables full scalability. This modularity would allow the Concept's implementation with all FPT Industrial engine families in a wide range of power modes. It could also be supplied as an all-inclusive package or in a knock-down configuration.

Multi-application: with its wide range of options, the Cursor X is designed to power traction, auxiliary systems, tools, and power take-offs for any kind of industrial vehicle or machine – including delivery vans, buses, small dozers, crawler excavators, specialty tractors, and combines. The solution could also be offered as a pre-validated standard package for low-volume products that require electric power.

Mindful: the Power Source Concept is designed to feature self-learning capabilities and provide significant amounts of data to enable further hardware and software design developments. It could be equipped with processors and sensors to identify anomalies, analyze wear and tear, and pre-empt maintenance needs, as well as with a wireless connection to send, for example, valuable operational data to stakeholders. The Cursor X is also devised to monitor its own operational status, anticipate future trends through artificial intelligence, and interact with CNH Industrial's Customer Control Room (see page 211).

The Cursor X will deliver power according to specific customer needs and missions. The NG configuration, with an electric mode option, is ideal for suburban and regional passenger transport, reducing CO_2 emissions by up to 30%. The battery electric configuration is ideal for urban deliveries, with an estimated autonomy of 200 kilometers. Finally, the hydrogen fuel cell configuration has the potential to become the first fully electric technology suitable for long-range, heavy-duty missions, with an estimated autonomy of 800 kilometers.

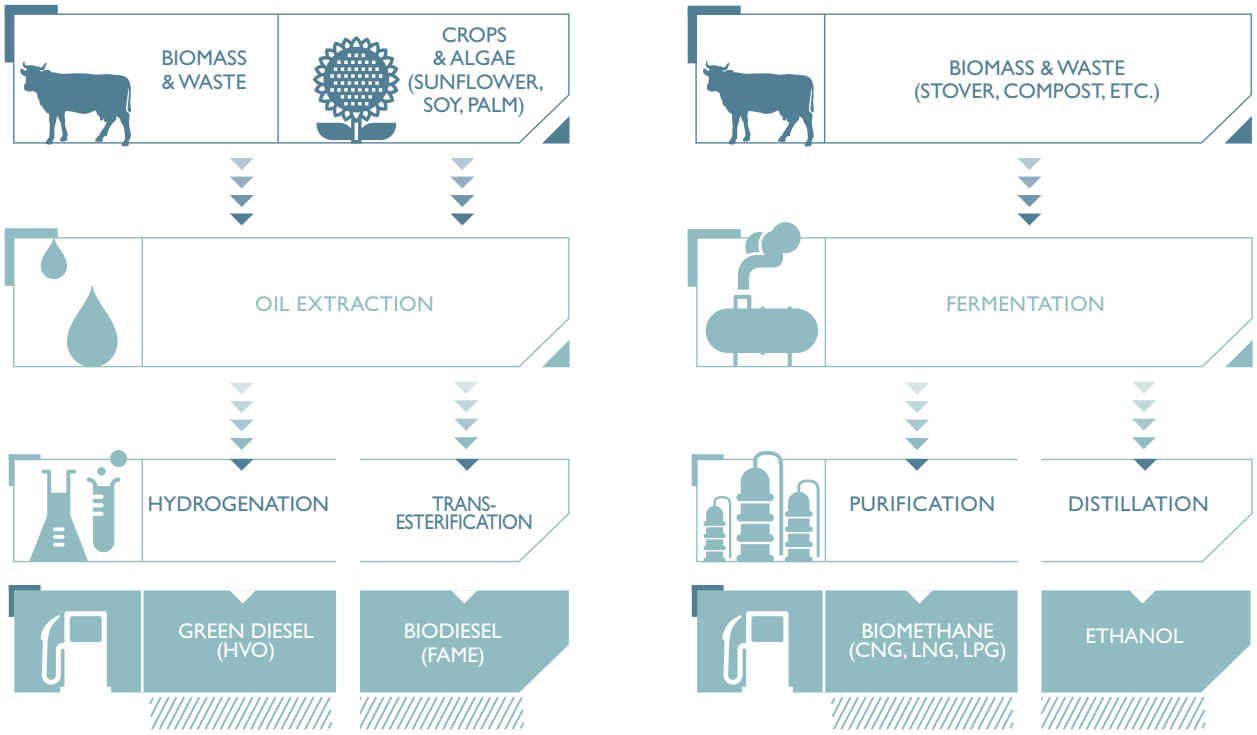
BIOFUELS

MA

As evidenced by the materiality analysis, CNH Industrial fully recognizes the importance of promoting a **circular product life cycle** to minimize environmental impact and reduce **CO_2 and other air emissions**. Furthermore, the analysis also shows that the need for circular product life cycles is the most relevant material topic for both CNH Industrial and its stakeholders. One possible response to this is to promote the use of fuels from renewable sources or from processes generating negative CO_2 emissions.

Biofuel is defined as any fuel whose energy is obtained through a process of biological carbon fixation. Any hydrocarbon fuel produced from organic matter over a short period of time (days, weeks, or months) is considered a biofuel. This contrasts with fossil fuels, which take millions of years to form, and also with other types of non-hydrocarbon-based fuel (e.g., nuclear fission).
Biofuels can also be made in a laboratory or industrial setting, using chemical reactions to transform organic matter (biomass) into fuel. The starting materials for biofuels contain CO_2 that was fixed by a living organism, and the final fuel is produced quickly rather than over millions of years[5].

BIOFUELS



(5) *www.biofuel.org.uk.*

CNH Industrial has a range of vehicles powered by natural gas (NG), biomethane, and biodiesel. Indeed, one of the key targets set by the Company for 2022 is the development of next-generation engines running on compressed natural gas (CNG), liquefied natural gas (LNG), or liquefied petroleum gas (LPG), compatible with biomethane and H_2 blends, to further reduce CO_2 emissions and Total Cost of Ownership (TCO).
In addition to NG as an alternative to diesel, CNH Industrial is also researching other renewable liquid fuels to meet the different requirements of on and off-road customers.

ALTERNATIVE FUELS ROADMAP

Non-fossil fuels	Currently available on the market	FPT Industrial engine compatibility	Fossil fuel replaced	Engine type	Timeframe
Biodiesel: Fatty Acid Methyl Esters (FAMEs)	Yes, blended with diesel	Not recommended	Diesel (partially)	Diesel	Already adopted
Green diesel: Hydrogenated Vegetable Oil (HVO)	Yes	NEF series Cursor series	Diesel	Diesel	Short-term
Biomethane	Yes	F1C NG NEF 6 NG Cursor 9 NG Cursor 13 NG	Methane	Spark-ignition	Medium-term
Dimethyl ether (DME)	Yes, in the USA	Under development	Diesel	Diesel	Medium-term
Methanol	Yes, blended with gasoline (A20), in Israel and India	No	Methane	Spark-ignition	Medium-term
Bioethanol (ETBE)	Yes, blended with gasoline	No	Gasoline (partially)	Spark-ignition	Medium-to-long term
Hydrogen	Limited	Concept only	All	Fuel cell	Long term

THE CIRCULAR ECONOMY MADE REAL

In Cestas (France), a project is underway to establish a methane value chain centered around a single site. CNH Industrial brands have partnered with *Pot au Pin Energie* (a local energy company), *Air Liquide* (leader in gas production and distribution), and *Carrefour* (a leading supermarket chain) to create France's first methane-based circular economy.
The virtuous circle begins in the fields of *Planète Végétale*, a farm managed by *Pot au Pin Energie* that grows pears and carrots. The farm is home to a biodigestor, which transforms 20,000 tons/year of the farm's waste from agricultural activities and biomass from catch crops into biogas and digestate (leftover solid residue transformable into high-quality fertilizer). The biogas is purified and upgraded to biomethane and then fed into the methane distribution network operated by GRDF[a] (leader in methane distribution in France and Europe). This same network supplies *Air Liquide*'s brand-new fueling station, which has the capacity to refuel up to 100 industrial vehicles/day including buses and commercial, light-duty, and heavy-duty vehicles.
Regular customers at the refueling station include IVECO vehicles powered by FPT Industrial engines running on biomethane, which play a key role in the Cestas virtuous circle: after filling up at the *Air Liquide* refueling station, they transport goods to *Carrefour* supermarkets every day, including *Planète Végétale* produce, thus completing the methane value chain and offsetting almost all CO_2 transport emissions.
At the opening of the *Air Liquide* station, IVECO BUS provided all natural gas-powered shuttle buses to transport the attendees, while the T6.180 Methane Power tractor prototype by New Holland Agriculture demonstrated the potential, for an energy self-sufficient company like *Planète Végétale*, of further expanding this virtuous circle.

[a] *Gaz Réseau Distribution France.*

BIODIESELS

The term biodiesel usually refers to **Fatty Acid Methyl Esters** (also known as FAMEs), produced through the transesterification of oils from crops such as rapeseed, sunflower, palm, and soy. FAMEs have been used rather widely as a renewable biofuel, but have many disadvantages: high emissions, chemical instability, and, not being derived from waste, the crops used to produce them take land from food production.

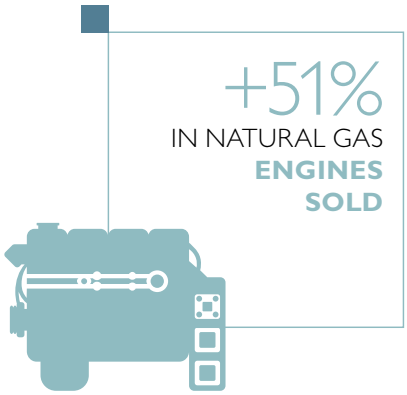
FPT Industrial is currently focusing its research on second-generation renewable biofuels, especially **hydrogenated vegetable oil** (HVO) also known as green diesel. At its technical center in Arbon (Switzerland), with the collaboration of external research and development centers and fuel suppliers, the brand has been performing a detailed evaluation of Euro VI heavy-duty engines for on-road applications, using HVOs as defined by the EN 15940 specification for renewable fuels. Operational tests have been positive, with a potential reduction in both tailpipe and CO_2 emissions. Hydro-treating vegetable oils is a new way of producing very high-quality bio-based diesel fuels via specific synthesis processes, without compromising fuel logistics, engines, exhaust after-treatment devices, or exhaust emissions. In addition to extensive testing and development, FPT Industrial has also been involved in several research projects in collaboration with external R&D suppliers and universities, focused on continuously monitoring the rapid evolution of biodiesel technology, and on potential breakthroughs from the early stages of development.

BIOMETHANE

For CNH Industrial, the immediate usability of **biomethane** makes it the most promising alternative fuel. Whether in gas form (CNG) or liquefied form (LNG), the basic fuel is the same; what changes is the method of storage, distribution, and use. The main benefits of using natural gas (NG) derived from a renewable source make it a strategic fuel, namely:

- -99% in CO_2 emissions compared to diesel
- -30% in NO_x emissions compared to diesel
- -50% in aldehyde emissions compared to diesel
- -80% in ozone-generating agents compared to conventional fuels
- extremely low polluting emissions, including particulate matter (PM)
- can be used with current production technologies.

From an economic sustainability standpoint, the savings in Total Cost of Ownership (TCO) associated with NG vehicles can be as much as 10% compared to a diesel-powered Euro VI vehicle. Moreover, NG is markedly less expensive than diesel and can reduce fuel costs by up to 40%.



CNH Industrial's interest in natural gas fuel goes back many years, with investments in research on NG propulsion dating back to the early 1980s. In 1988, natural gas was tested in heavy-duty diesel engines for the first time, leading to the development of the first-ever methane-powered Daily prototype in 1995. NG-powered vehicles are ideal for transport missions in sectors such as distribution, short, medium, and long-haul logistics, and municipal services such as waste collection and transport.

With over 35,000 NG engines produced and many years' experience in the industry, FPT Industrial boasts the widest range of NG engines on the market. Among the currently available technologies suitable for NG engine development, FPT Industrial focuses on stoichiometric combustion, the only cost-effective solution that brings 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_2, hydrocarbons, and NO_x) to very low levels.

FPT Industrial's NG engines are 100% biomethane-compatible. They are used in commercial vehicles, buses, and specialty vehicles, and are available in the Cursor, NEF, and F1 series, offering customers significant cost benefits over the vehicles' entire useful life. In 2018, FPT Industrial presented its Cursor 13 NG EVO engine demonstrator.

NATURAL GAS ENGINES SOLD[a]

FPT INDUSTRIAL WORLDWIDE (no.)

	2018	2017	2016
NG engines sold	**7,481**	4,959	3,442

[a] *Figures include engines sold to IVECO brands.*

URBAN TRANSPORT GOES GREEN

After investigating the benefits of turning household waste into methane, the municipality of Lille (France) built a waste processing and biomethane gas production plant near the city's main bus depot, to provide biomethane as a fuel for its buses. The biomethane is produced from around 108,000 tons of household and municipal waste each year; the process also produces about 48,000 tons of compost that the municipality sells mostly to market gardens and vegetable farmers.

The decision to produce biomethane from waste made perfect sense as Lille's urban transport network has used buses powered by natural gas (NG) since the 1990s.

To date, Lille's fleet has grown to over 420 IVECO BUS Urbanway city buses, all powered by compressed natural gas (CNG). Indeed, IVECO BUS CNG models can meet the needs of any mission, covering urban, intercity, and long-distance transport alike. In 2017, the brand's Crossway LE NP[a] model won the *Sustainable Bus of the Year 2018* award at the Busworld exhibition. The vehicle's smart and patented design is the same height as the diesel version, with CNG tanks integrated into its roof. It also features a new FPT Industrial engine, the Cursor 9, whose diesel-like performance has already been fully road-tested on the multi-awarded IVECO Stralis NP trucks. In 2018, IVECO BUS continued its success with its Crealis 18m In-Motion-Charging bus, a new fully-electric vehicle that premiered at the IAA international motor show in Hannover (Germany), where it won the *Sustainable Bus of the Year 2019* award in the 'Urban' category.

[a] *IVECO BUS Crossway Low Entry Natural Power.*

FOCUS ON

DIMETHYL ETHER

Dimethyl ether (DME) is attracting interest as an alternative fuel because of the cost-effectiveness and large-scale feasibility of synthesizing it (via syngas) from natural gas (NG), especially when the latter is cheaply available. For ease of transportation, it can then be chemically converted into liquids rather than liquefied. DME can also be made from black liquor, a paper manufacturing by-product, or from lignocellulosic biomass. Like liquefied petroleum gas (LPG), it can be transported in cylinders, making it especially suitable for developing economies where distribution networks are limited. It can also be used as an 'ideal fuel' in optimized diesel engines: as evidenced by all studies to date, the diesel cycle or lean burn (combustion ignition with excess air) is the most efficient, and so far unsurpassed.

DME specifically synthesized for low-emission, high performance combustion has significant development potential, achieving perhaps 50% efficiency and very low running costs. Furthermore, depending on its source material, carbon is captured and stored during its production. Although DME produces significant levels of hydrocarbons and soot, it produces very low particulate, NO_x, CO_2, and sulfur emissions, and thus satisfies the strictest EU, US, and Japanese emissions standards.

ELECTRIFICATION

Electrified vehicle technologies represent the next step in CNH Industrial's decarbonization strategy. Not as an alternative but rather as a means to further improve the performance, efficiency, and sustainability of internal combustion solutions. The technology will feature different characteristics depending on vehicle missions.

CNH Industrial has a long tradition in the electric vehicle sector: the first IVECO Daily Electric, in fact, dates back to 1986. Today, the Commercial Vehicles segment offers pure electric drive vehicles for last miles, and diesel-electric hybrid technology for passenger transport. Furthermore, Heuliez Bus, a leading brand in e-mobility buses, is developing a full range for all urban applications. After the launch of its 12-meter overnight-charge e-bus, the brand has expanded its range with an opportunity-charge articulated bus.

At the end of 2018, FPT Industrial announced the launch of its e-Powertrain team, a division created within the Powertrain Product Engineering department entirely dedicated to the development of electrified vehicle technologies. This confirmed the brand's positioning in the market as a multi-power solutions provider, able to meet customer needs with a wide range of tailor-made alternative propulsion solutions.
FPT Industrial's electric strategy, which aims at developing customized solutions for each type of mission, is divided into 2 categories: electric propulsion and electric assist.

As regards **electric propulsion**, FPT Industrial presented 2 solutions at the international motor show IAA 2018, held in Hannover (Germany): the e-axle and the transfer box, with electric power playing a direct role in vehicle propulsion in both.
The e-axle is a compact and flexible solution that transfers power and torque to the wheels through the gear unit, resulting in a modular concept that can be easily adapted to various vehicle layouts and weight capacities and, above all, to different customer needs. It can deliver up to 250 kW in power and 98% efficiency under normal working conditions. The e-axle can support 3 vehicle layouts – front, rear, and all-wheel drive – with different suspension systems (independent or rigid) simply by changing its external shape, without impacting its core components. It can also be used in different vehicle categories. Besides for light and medium commercial vehicles for urban missions, it could also be developed for compact agriculture and construction vehicles and equipment. Lastly, thanks to its compact design, the e-axle can be installed in vehicles with very tight layouts.
The transfer box, on the other hand, entails the addition of an electric power unit to the original engine, enabling the management of all propulsion modes – electric, hybrid, and internal combustion. It can be installed on existing vehicles with minimal impact and is scalable to suit different vehicle modes. It delivers 98% efficiency and a wheel torque of 8,000 Nm. The transfer box is the ideal solution for vehicles with different use and functional requirements, such as intercity missions requiring an electric last mile, long-haul full-hybrid applications, and construction equipment to be used at both urban and extra-urban building sites.

Electric assist, the second category of FPT Industrial's electrified vehicle technologies, focuses on providing support to the internal combustion engine in all its operational modes, with the option of a mild hybrid powertrain architecture. The combustion engine has 2 main extra components: the e-flywheel and the e-turbocharger, which recover energy that can be reused. Compared to a conventional diesel engine, these components ensure sustainability, performance, efficiency, and fuel savings. In fact, FPT Industrial's mild hybrid solution can reduce fuel consumption by up to 8%, improve transient response by up to 50%, increase low speed torque, optimize engine strategy, and supply energy to auxiliaries and implements.
Industrial powertrain solutions need to meet different market requirements. For this reason, FPT Industrial believes that system integration capabilities and modular technical solutions are essential to ensure a competitive offering. Thanks to its features, the mild hybrid powertrain can be applied to a wide range of applications – from low to high energy-demanding operations, from small to large vehicles, and on-road, off-road, and marine applications.

HYDROGEN FUEL CELL POWERTRAIN CONCEPT

In 2018, FPT Industrial unveiled its Hydrogen Fuel Cell Powertrain Concept: a technology with the potential to deliver a zero-emission powertrain for high energy-demanding applications. Indeed, as a multi-power solutions provider, FPT Industrial's mission is to analyze, test, and overcome obstacles to make hydrogen (H_2) a viable and effective solution, delivering performance, range, and reliability for such applications.
A vehicle powered by an electric/fuel cell combination would generate zero emissions, reinforcing the case for hydrogen as the successor to natural gas for long-haul applications. FPT Industrial is preparing to lead innovations in this area, given that hydrogen could play a key role in developing a circular economy as it can be produced locally from renewable resources such as biomethane, wind, and solar energy.
The powertrain system developed by FPT Industrial delivers a maximum power of 400 kW and comprises the H_2 tanks, fuel cell module, lithium-ion battery pack, e-axle, and smart energy management system. The fuel cell supplies energy to the e-axle, which aligns performance with that of a diesel powertrain. The electric motor integrated into the axle delivers power to the wheels and, thanks to smart logic control, minimizes energy consumption. The lithium-ion battery provides support to the fuel cell during the most demanding operations and stores energy during vehicle deceleration. Moreover, the powertrain's smart energy management and control systems enable the complete monitoring of air, integration, thermal systems, fuel, and power, delivering up to 50% powertrain efficiency. The potential advantages of an FPT Industrial Hydrogen Fuel Cell powertrain include: the highest levels of sustainability with zero noise and pollutant emissions, diesel-like performance, similar weight to a diesel powertrain (70% lighter than a battery-powered equivalent, based on a 44-ton GVW truck), and 6 times faster filling time than a battery vehicle (fuel cell refilling time is around 20 minutes, while a battery recharge can take up to 2 hours).

DIGITALIZATION AND CONNECTIVITY

Self-sustaining food systems is one of the material topics identified by the materiality analysis. Indeed, the ability to offer agricultural products and solutions promoting an economic system with zero impact on resources is one of the future global challenges that CNH Industrial intends to tackle.

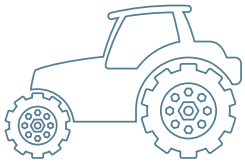
Developing connectivity and digitalization, and creating data-driven value, translates into tools that enable CNH Industrial's brands to offer customers ever-more efficient, sustainable, and smart products to support their businesses.

The Internet of Things (IoT), for instance, has opened up a new world of connectivity that enables streamlining the integration of new technologies and optimizing their implementation, thus developing a range of services more relevant to customers. An example of this is the CNH Industrial Service Delivery Platform – the Company's own 'cloud' – that provides access to specific services and stores operational data for all connected machines, delivering the following benefits:

- in agriculture, real-time data can be collected and analyzed for better informed decision-making
- in construction, the idle-time monitoring feature enables fleet managers to detect inefficiencies caused by excessive idling and redeploy machines, enhancing productivity and reducing emissions
- in commercial vehicles, IVECO customers have access to innovative algorithms that reduce fuel consumption by up to 15%, as well as carbon footprints and total cost of ownership.

PRECISION AGRICULTURE

Precision agriculture (PA), also known as Agriculture 3.0, is a management strategy by which farming operations are performed using advanced technologies and equipment, taking account of actual cultivation needs and the soil's biochemical and physical properties. In a nutshell, precision agriculture is about doing more with less: producing more food using less land, water, fertilizers, and just the right amount of seed, while tending the land no more than is necessary, without waste and with respect for the environment.



PA technologies can link and optimize all stages of the farming cycle. The potential benefits are:

- -20% in fuel consumption – the use of guidance systems optimizes routes across fields
- -20% in work time – the use of guidance systems reduces overlaps
- -10% in input amounts (fertilizers, pesticides, etc.) – variable-rate applications enable using inputs only as needed, thus reducing the environmental impact
- -80% in soil compaction – the use of guidance systems prevents soil erosion
- +15% in productivity – yield monitoring helps manage in-field variations and increases the yield itself.

Fuel savings are the most obvious benefit of precision agriculture, but the real advantage lies in the wealth of information acquired and processed in seconds through connectivity and access to big data. The data is collected and processed in real time through a telematics system and used to make practical decisions to improve crop profitability. Through sensors measuring deep soil composition, the system acquires data on the soil's exact chemical and physical properties, and calculates fertilizer and water requirements per gram. The data can be transmitted live to the tractor, which then distributes the appropriate quantity of chemicals per square meter of land. Throughout the operation, big data enables weather forecasts and location-specific data on rainfall patterns to be assessed in real time.

PA technology is delivered through 4 main tool categories: guidance systems, application monitoring, yield monitoring, and telematics. These tools are available in product families such as AFS – Advanced Farming System (Case IH) – and PLM™ – Precision Land Management (New Holland Agriculture).

At the end of 2018, to broaden its offering of precision farming technology solutions, CNH Industrial launched AGXTEND™, a new brand specializing exclusively in aftermarket PA. Customers of CNH Industrial's agricultural brands (Case IH, STEYR, and New Holland Agriculture) will have access to exclusive productivity-enhancing technologies from AGXTEND™, able to deliver benefits throughout the entire cropping cycle.

The initial offering includes 5 products:

- zero-chemical weed control using electro-herbicide technology
- real-time soil sensing systems that automatically adjust implement working parameters to deliver uniform tillage performance
- highly accurate near-infrared and sensing systems providing real-time crop data for selecting the most efficient machine operating parameters
- a biomass sensing package that analyzes actual plant condition to then calibrate fertilizer application
- the use of Internet-of-Things (IoT) logic combining a range of real-time weather sensor data for informed agronomic decision making.

The AGXTEND™ product range was designed to be fully integrated into the existing precision farming platforms – AFS from Case IH, S-TECH from STEYR, and PLM™ from New Holland Agriculture. A vast range of competitor tractors, harvesting equipment, and farming machinery will also be able to use these solutions, if technically compatible. AGXTEND™ significantly expands CNH Industrial's range of precision farming solutions and is a key step in transitioning from predominantly guidance solutions to a full range of precision solutions and connected services. AGXTEND™ products have the potential to significantly enhance agribusiness sustainability by reducing fuel consumption and using fertilizers and crop protection products in a carefully targeted way. Furthermore, the precision use of electric pulses through electro-herbicide technology provides an effective and more sustainable alternative to agrochemicals, substantially reducing the environmental impact of farms.

ZERO-CHEMICAL WEED CONTROL

AGXTEND™ is a new CNH Industrial brand specializing in breakthrough precision farming and ISOBUS[a] solutions.
One of AGXTEND™'s new products is Xpower, an electro-herbicide that allows farmers to use electrical pulses in place of chemicals for weeding and pre-harvest desiccation of crops. Electrical pulses are an efficient, effective, and environmentally friendly method of weeding since they destroy the plant at the root without spreading potentially harmful chemicals to the crop. Two applicators burn the weeds beneath the soil, and the effect is visible after a few hours. Application booms are available in different widths, from 1.2 to 3 meters. Xpower has the potential to enhance the sustainability of agribusinesses: innovative zero-chemical weed control through the precision application of electric pulses will substantially reduce a farm's environmental impact by providing an effective and more sustainable alternative to agrochemicals.

(a) Communication protocol for the agricultural industry based on the SAE J1939 protocol, which includes CAN Bus.

FOCUS ON

SHARED VALUE THROUGH PRECISION AGRICULTURE

In adopting a shared value approach (see page 15), CNH Industrial examined the United Nations Sustainable Development Goals (SDGs)[1] to guide its analysis of social needs.
In its discussion of SDG 2 'Zero hunger', the United Nations states: "A profound change of the global food and agriculture system is needed if we are to nourish the 815 million people who are hungry today and the additional 2 billion people expected to be undernourished by 2050. Investments in agriculture are crucial to increasing the capacity for agricultural productivity, and sustainable food production systems are necessary to help alleviate the perils of hunger.[2]"
Precision Agriculture (PA) management can directly contribute to achieving the targets of SDG 2 'Zero hunger', particularly targets 2.4 and 2.a. The former focuses on sustainable food production systems and resilient agricultural practices as means to increase productivity and production, while maintaining and improving ecosystems. The latter focuses on increasing investments and international cooperation in developing countries. Indeed, the adoption of PA practices can significantly contribute to food security and safety as it offers technology solutions able to produce more with less. In terms of food safety, it makes farming more transparent by improving tracking, tracing, and reporting. It also makes the food chain easier to monitor for producers, retailers, and customers, enabling much better predictions of the quality of agricultural produce. Moreover, precision agriculture can trigger wider societal changes, given that it affects work practices and living conditions on farms, improving the quality of life and generating a positive impact on site and across the surrounding community. PA technologies can also have a positive impact on the environment. Indeed, enhanced precision means that the amounts of water, fertilizers, and other resources involved in crop production can be reduced with no impact on yield, and that the yield itself can be increased using less. The end result is increased production, reduced water use, better water quality, and less nutrient runoff – the latter often being the main factor behind water pollution and coastal dead zones.

(1) 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 September 25, 2015.
(2) www.un.org/sustainabledevelopment/hunger/.

In terms of environmental benefits, precision agriculture can:

SOIL

- reduce soil compaction by 80%
- optimize fertilizer and fungicide usage based on the level of disease risk posed by crop density
- reduce herbicide usage by 10% through a map-based approach
- reduce pesticide usage by 10%

WATER

- reduce flood risks
- reduce fresh water usage by 20-40%
- reduce ground water pollution

AIR

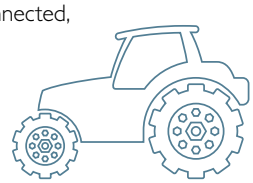
- reduce carbon footprints (a 20% decrease in fuel consumption in field operations)
- reduce air emissions of ammonia.

Lastly, a more mindful and responsible use of farmland has an indirect positive impact on biodiversity and on the conservation of both soil and water, which contributes to achieving the targets of both SDG 15 'Life on land' and SDG 13 'Climate action'.

As technologies are further developed and spread, increasingly detailed information will become available on the actual impact that precision agriculture can have on the community.

DIGITAL FARMING

Digital farming (Agriculture 4.0) represents an evolution in precision agriculture (PA) based on digital data and digital management: while PA is mainly GPS-driven, digital farming practices and engineering have shifted towards connected, knowledge-based farm production systems, combining precision farming technology with intelligent networks and data management tools.



Precision agriculture began to undergo this data-driven shift in the early 2010s, building on the advent of new technologies such as the Internet of Things (IoT), smart devices, cellular data connectivity, big data, deep learning, artificial intelligence, drones, low power sensors, hyperspectral sensors, improved satellite imaging, and cloud computing.

The essence of digital farming lies in creating value from data, which is no longer sourced merely from farm equipment, but generated using new services and algorithms and transformed into actionable intelligence and substantial added value.

Digital farming improves the efficiency and effectiveness of other precision farming tools, with considerable added value from data in terms of:

- connected production processes: these, combined with the partially automated collection and targeted analysis of data, provide a whole new level of clarity and comprehensiveness in evaluating a farm's overall status and operations, broadening customers' operational control
- decision support: smart systems allow for advanced data processing and analysis, otherwise difficult or impossible for individual farms using in-house data processing; this enables farmers to leverage an unprecedented amount of knowledge from external partners
- data exchange: networking with external partners, paired with the automated integration of information and data, leads to a much broader knowledge base and hence to well-grounded, quick decision-making
- optimization of farm operations, inputs, and outputs: data is used alongside other services to optimize the amount of seed according to field and environmental conditions, and to rationalize equipment according to the task at hand, thus enhancing the performance of all inputs.

Digital farming requires:

- smart machines – able to receive, send, generate (via sensors), and process data
- connected machines – with communication and interface standards enabling the seamless exchange of data between machines, with business partners, and among data portals.

Data management is crucial in digital farming: data volumes must be manageable and, above all, controllable. Managing data through a data portal makes it easier to control information processing and flow. The farmer retains data ownership at all times, choosing how to allocate access rights, which data to share, and which partners to share it with[3].

[3] *"Digital Farming: what does it really mean?" CEMA, 2017.*

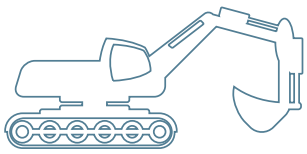
ONE STEP CLOSER TO DIGITAL FARMING

In 2018, CNH Industrial entered into a strategic partnership with Farmers Edge, a Canadian-based agritech company that develops data-driven agricultural decision support systems that help farmers enhance productivity and efficiency in their day-to-day operations. Thanks to this agreement, customers will soon have access to FarmCommand, a single, easy-to-use platform interfacing with the precision farming portals of Case IH and New Holland Agriculture, providing a wealth of information for planning, analysis, execution, and in-field decision-making. FarmCommand is a Farmers Edge cloud-based platform. It analyzes data and daily satellite imagery in real time to provide the most accurate, comprehensive information on crop status and health. Designed as a flexible and comprehensive tool, it can, for example, be customized to include field-specific weather data, local and global forecasts, vehicle data, and maps, or used to deliver agronomic support, variable-rate prescriptions, or soil sampling services (both as a whole or subdivided by crop area). The agreement will enable both brands' customers to connect any current or legacy fleet featuring the CAN Bus function to the Farmers Edge platform, therefore gaining substantial benefits in all 3 stages of the crop data cycle (collection, planning, and execution) and benefitting from one of the most complete solutions on the market – one that goes well beyond standard API[a] data sharing. The platform can also be used with mixed fleets, giving customers even more flexibility. As the system uses the 3G and 4G networks, connectivity will be available even in the most remote areas. Case IH and New Holland Agriculture dealers will be offering customers the entire suite of Farmers Edge services, actively supporting their decision-making processes in real time.

[a] *Application Programming Interface.*

FOCUS ON

PRECISION CONSTRUCTION



Precision construction technologies, sold under Site Solutions (CASE Construction Equipment) and Fleet Systems (New Holland Construction), enhance precision when using machines on site, improve safety, and enable optimization of the entire fleet. The Company's construction telematics software, namely CASE's SiteWatch and New Holland's FleetForce, was launched in 2013, providing measurable and actionable data (including fleet location, performance data, and fuel consumption) for better fleet management. The information is sent to the Cloud in real time, which gives fleet managers full control wherever they are through the Internet. By measuring and tracking each vehicle, factors impeding machine productivity can be detected and corrected immediately to improve overall performance. For example, fleet managers can identify machines being used for unsuitable tasks and consuming too much fuel, and therefore optimize equipment deployment, which reduces fuel consumption and air emissions.

The software helps to identify problems before they occur and sends critical information in real time, which enables maintenance to be scheduled as needed and minimizes repair costs and downtime.

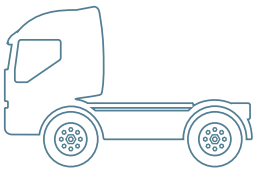
The idle time monitoring feature allows fleet managers to detect any inefficiencies and take immediate corrective action to minimize costs and environmental impact caused by machine idling. The pre-programmed reports on machine use help plan working schedules and track operations to increase total production.

Thanks to a partnership with Leica Geosystems started in 2014, the Company also offers various Machine Control solutions under the CASE SiteControl and New Holland FleetGrade product families. These solutions improve machine productivity by enabling both active and passive machine control to match a project's design. For example, SiteControl and FleetGrade products allow operators to better control the blade movements of dozers and graders, and enhance the accuracy of excavators based on slope or elevation. Machine Control solutions reduce the time required to complete a task, cut fuel consumption, and help meet project targets faster and more effectively.

The potential benefits of Machine Control solutions include:

- -35% in fuel consumption – the use of guidance systems reduces the number of passes
- -50% in work time – the use of guidance systems reduces or eliminates stacking time and cuts the number of passes needed to get to grade
- +50% in accuracy
- +30% productivity – as a result of the decrease in work time and fuel consumption paired with the increase in accuracy.

CONNECTED VEHICLES



Within the Commercial Vehicles segment, in 2013, the IVECO brand launched the IVECONNECT system, comprising IVECONNECT Drive, which includes infotainment and driver-oriented services, and IVECONNECT Fleet, for managing vehicles and business operations.
IVECONNECT Drive includes a satellite navigation system, which provides real-time traffic monitoring to help the vehicle operator find the best route to ensure punctual delivery, thus saving time and improving service quality. It also includes Driving Style Evaluation (DSE), which provides the driver with on-board tips and suggestions for an efficient driving style, thus enabling driver improvement over time while cutting emissions and fuel consumption. Furthermore, to maximize safety on the road, the Driver Attention Support feature helps to avoid accidents caused by operator fatigue.
IVECONNECT Fleet collects and displays vehicle data, enabling the fleet manager to monitor vehicles, operators, and operations, and to create targeted reports by trip/vehicle/driver. This provides a better understanding of the business so that corrective action may be taken where needed, maximizing efficiency and Total Cost of Ownership (TCO) while reducing empty trips.

In the heavy-vehicles segment, in 2016, IVECO launched a number of new on-board features to maximize the productivity and profitability of the transport sector. These new features and upgrades include the GPS-based predictive cruise control and the new TCO_2 Services packages. The latter, designed to reduce fuel consumption, carbon footprint, and TCO, include a complete series of integrated efficiency-boosting solutions, such as:

- Smart Reporter – a weekly report on driving style and fuel consumption
- Advising – fuel saving tips
- TCO_2 Driving – economy-oriented driving courses (see also page 222).

Opened in 2017, the new EMEA Customer Center features an innovative Customer Control Room, conceived to enhance the monitoring of vehicles connected via on-board telematics devices by broadening the monitoring of the services activated by each customer. This enables timely assistance in the event of vehicle downtime, coordinated via the service network. Currently available for the IVECO Stralis model year 2017, the Control Room's new systems can monitor and analyze information processed by on-board electronic units and sent to the Control Room telematically. The analysis of this data provides information on vehicle status. Using specific algorithms, the data allows to identify potential malfunctions and to intervene by promptly alerting customers before any serious issue or breakdown occurs. These innovative systems are paired with other real-time monitoring tools, such as those for monitoring vehicles currently broken down across Europe. Finally, new smartphone apps allow collecting and analyzing customer feedback on the services received.

In the light-vehicles segment, IVECO's New Daily Euro 6 takes on-board connectivity beyond infotainment via a dedicated smartphone app and professional work tool called Daily Business UP. The app acts as a driver's assistant to maximize driver productivity – with features such as Driving Style Evaluation (including real-time suggestions for up to 15% in fuel savings), a professional navigation system by Sygic, and the Interactive User Handbook. The app also acts as a business assistant, optimizing fleet efficiency and tracking scheduled services via FleetWork. The app links directly to IVECO Assistance Non Stop, for 24/7 roadside assistance (see page 221).

AUTOMATION

As evidenced in the Materiality Matrix, **autonomous vehicles and connectivity** is one of the key material topics for CNH Industrial and its stakeholders due to their potential impact on external stakeholders (the value chain, customers, the environment). Indeed, they could radically change product use by the customer, and the product's impact on the environment during use.

For CNH Industrial, this topic is an area for future business development, and it therefore considers it strategic to monitor the associated technologies.

The development of autonomous vehicles is one of CNH Industrial's responses to the global challenges identified as of major impact for the Company's future, namely:

- *climate change*, because autonomous vehicles can significantly reduce fuel consumption and air emissions
- *the innovative and digital world*, because they offer other potential benefits, such as the ability to reduce accidents and road deaths
- *food scarcity and food security*, because their main applications are in agriculture (i.e., precision farming, agribotics, and soil protection) and in the transportation of goods (i.e., truck platooning).

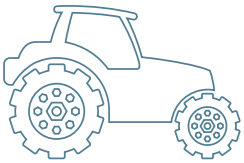
The sale and diffusion of autonomous vehicles can therefore potentially reduce CO_2 emissions, prevent driving accidents due to human error, and enhance productivity in agriculture.

Autonomous driving systems are developed using technologies that enable communication between vehicles and road infrastructures, as well as accurate position location.

Given the relevance of this topic to CNH Industrial, one of the Company's key targets is to develop and implement autonomous technology in self-propelled vehicles by 2020. The first applications focus on agriculture, where there are fewer variables to manage and fewer regulations compared to the automotive sector.

AUTONOMOUS FARMING

In 2016, CNH Industrial gave the public a glimpse of what the future of agriculture may hold, with a preview of its autonomous concept tractor technology at the Farm Progress Show in Boone (USA). The Company presented 2 models at the Case IH and New Holland Agriculture stands, respectively: a cabless Case IH Magnum concept tractor, and a New Holland T8 NH$^{Drive™}$ concept tractor featuring a cab for ultimate operational flexibility and easily transferable autonomous technology.



CNH Industrial's Innovation Group has proactively developed autonomous concept technology to help farmers and agribusinesses sustainably boost production and productivity by making the most of soil and weather conditions, as well as of available labor.

In 2018, New Holland Agriculture started a pilot project to test its NH$^{Drive™}$ autonomous technology applied to T4.110F vineyard tractors, in partnership with the E. & J. Gallo Winery, the largest family-owned winery in the world and loyal customer of the brand's specialty tractors. The pilot project aims to collect agronomic data and operator feedback on the use of this technology in a vineyard's daily operations, so as to deliver autonomous solutions driven by the actual needs of winegrowers.

During the year, New Holland Agriculture also presented its new CR Revelation combine range, which takes automation to a whole new level thanks to its featured award-winning IntelliSense™. This revolutionary system introduces a host of improvements in terms of farming productivity, from increased daily output and improved grain quality to less waste and grain damage. It also delivers significant benefits for the operator, from fewer decisions required to enhanced comfort and safety, less fatigue, and a simple, user-friendly interface.

The customer clinics conducted in France and Germany in 2017 to test this new technology received extremely positive feedback. Customers found the system intuitive, easy to use, and reliable, and indicated it would be of great help for new or less experienced operators. They also underlined that it significantly increased performance and grain quality.

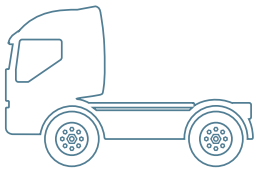
Since the reveal of the autonomous concept vehicle, Case IH has further developed the technology behind it. Diverse farming operations around the world require different levels of automation. Through extensive Customer-Driven Product Design research, Case IH found that current and future technology needs can be grouped based on the level

of automation required by different applications; therefore, in 2018, it defined 5 categories of automation and autonomy for agriculture:

- guidance
- coordination and optimization
- operator-assisted automation
- supervised autonomy
- full autonomy.

In 2018, Case IH also began an autonomous tractor pilot program with Bolthouse Farms, one of the largest carrot producers in North America and a division of the Campbell Soup Company. The producer is focused on and open to advanced technology as a means to enhance productivity, which makes it an ideal partner to test Case IH's *Autonomy and Automation Program*. The goal is to understand the ways new autonomous technology can be used to meet real-world, on-farm requirements. The pilot program focused on primary tillage and deep tillage (both highly repetitive tasks that Bolthouse Farms conducts year-round), using a small fleet of autonomous Steiger® Quadtrac® tractors pulling True-Tandem™ disk harrows or Ecolo-Tiger® disk rippers. This setup will help evaluate autonomous machine control in a variety of tillage applications, considering different soil types, meteorological conditions, and sensing and perception solutions.

TRUCK PLATOONING



The key concept of truck platooning is the development of an autonomous driving system that enables 2 or more trucks to link in a convoy and travel at a set close distance, using wireless connectivity and automated driving support systems. All trucks automatically replicate the commands executed by the platoon's lead driver: if the platoon leader brakes, for example, all other trucks in the platoon do the same. This system improves fuel economy and the efficiency of freight transport logistics by reducing distances between vehicles and minimizing aerodynamic drag, ultimately reducing environmental impact. It also improves road safety by reducing driver fatigue and cutting accidents caused by human error, such as sudden braking or lane departure. A driver is in any case present and ready to intervene if needed.

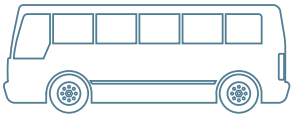
Truck platooning is part of an integrated industry approach to reduce road transport CO_2 emissions. A decisive role is played not only by the vehicle itself and the trailer, but also by the use of alternative fuels, logistics, infrastructure, and intelligent transport systems (of which platooning is one example). Moreover, as the lead vehicle optimizes its driving style, the rest of the convoy adopts the same strategy, reducing fuel consumption and consequently CO_2 emissions by up to 10%.

The EU Roadmap for Truck Platooning[1] provides an overview of the steps required and conditions to be met to implement multi-brand platooning by 2025, according to the principal truck manufacturers, including some conditions beyond the control of the truck industry.

The technology for platooning with trucks of the same brand (so-called *mono-brand* platooning) is already mature. Clearly, as customers will need to platoon trucks of different brands, the next step is to introduce *multi-brand* platooning, with the driver still ready to intervene.

Co-funded by the EU under the Horizon 2020 program, the ENSEMBLE[2] project was launched to address compatibility between different truck brands in terms of wireless connectivity and safe operation. Its main goal is to pave the way for the adoption of multi-brand truck platooning in Europe, and, to this end, 6 trucks of different brands will be driven in 1 or more platoons under real-world traffic conditions and across national borders. This will require the testing and demonstration of pan-European platooning technology, with the aim of delivering the numerous benefits mentioned above while minimizing the impact on other road users and infrastructure.

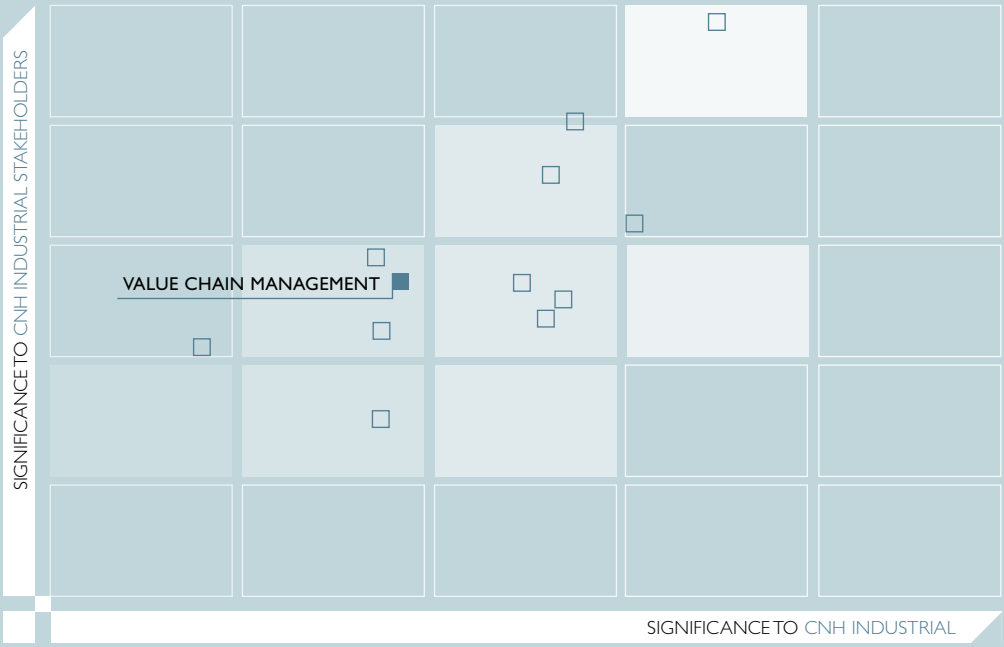
INTELLIGENT GARAGE



IVECO BUS partnered with the RATP[3] Group and CEA[4] to build the first ever, full-size 12-meter bus that can be driven autonomously in multi-story bus depots. As part of the European Bus System of the Future project, under the EU's Horizon 2020 program, IVECO BUS fitted an Urbanway Electric Hybrid bus with cameras, radar, lidar, and autonomous driving technology, and demonstrated the benefits of autonomous driving at the RATP underground bus depot in Paris (France) – namely that with self-parking buses, costs are reduced and operations optimized.

(1) *www.acea.be/publications/article/infographic-eu-roadmap-for-truck-platooning.*
(2) *Enabling Safe Multi-Brand Platooning for Europe.*
(3) *Régie Autonome des Transports Parisiens.*
(4) *The French Alternative Energies and Atomic Energy Commission.*

SALES AND AFTER-SALES



Material topics described in this chapter (for definitions see page 239).

DEALER MANAGEMENT

The dealer network is part of CNH Industrial's **value chain**, and its **management** is one of the key material topics that emerged from the materiality analysis (see page 16). This material topic relates to all 3 global challenges selected – *climate change*, *food scarcity and food security*, and *the innovative and digital world* – as it mitigates their negative impact and enhances their positive effects. CNH Industrial is aware that the dealer and service network provides a gateway for communication between the Company and its customers. Dealerships interact every day with the customers who use CNH Industrial products in their work, who need advice on the best purchasing options and assurance that they are investing the right amount in a product that best meets their business needs. This relationship must be one of mutual trust, so that CNH Industrial customers can depend on timely assistance and minimum downtime, especially in agriculture where harvesting and sowing cannot be postponed.

The dealer network is managed on a regional basis and by brand. Each brand is responsible for managing dealership relations and for defining its main guidelines, with suitable structures in place to meet the needs of local markets. The dealer and service network is required to meet CNH Industrial's qualitative standards, which are verified periodically, and to implement the Company's specific dealership development programs.
The main goal of these programs is to enable dealerships to offer customers the best service possible, and to foster the creation of a stronger and more competitive dealer network, thus contributing to their growth.
In addition, brand websites offer customers specific tools to assess the environmental impact of products, by calculating, for example, the Total Cost of Ownership (TCO) of a road vehicle, or the carbon footprint of an agricultural fleet. An operational grievance mechanism, the Compliance Helpline, is available to CNH Industrial dealers to report potential violations of corporate policies, the Code of Conduct, or applicable laws (see page 50).

Detailed qualitative standards are set for each brand and specified in the guidelines accompanying the contract that each dealership signs when admitted into the Company's dealer network. These standards mainly concern:
- dealer visual identity and guidelines
- sales[1]
- service[1]
- parts[1].

The guidelines' visual identity section provides information on managing the physical appearance of the dealership, including posters, interiors, and staff uniforms. For all other aspects (sales, service, and spare parts), there is a detailed list of required facilities (meeting rooms and customer parking areas), compulsory equipment (IT and a workshop with special tools), and required headcount. The equipment and KPIs to be monitored for each line of business are also specified (response time in the event of downtime, and recall campaign management procedures). The guidelines also cover the training needs of dealership personnel, indicating the number of hours and types of courses that CNH Industrial will provide for each professional role (see page 217).
The admission of a new dealership into the dealer and service network of a CNH Industrial brand requires an Electronic Network Action Approval Form (eNAAF). In order to be approved, the eNAAF must receive a green light from the Dealer Network, regional Sales VP, Service, Parts, financial services, and legal representatives.
Before the contract is signed, Network Development and the Commercial team notify the dealer of the recommended standards it is required to fulfill, as well as a business plan that is also shared with CNH Industrial Capital.
Various CNH Industrial personnel provide induction training and support to the new dealerships entering the CNH Industrial network, giving guidance according to their areas of expertise:
- network development
- sales
- service
- spare parts
- financial services.

(1) *Organization, training, management skills, tools, and processes.*

In addition, dealers may request the support of the Training function responsible for the relevant market, and access many online courses specific to different dealership positions via the Training section. CNH Industrial representatives, who visit dealerships regularly, are also responsible for communicating any changes in quality standards based on their area of competence, and for establishing a schedule for dealership compliance.
The dealer network is engaged in regular events aimed at involving the sales force and providing it with updates on qualitative standards.
For any non-compliance identified during audits, an action plan is established and monitored through follow-ups. Some CNH Industrial brands strongly encourage dealers to pursue international quality standards, such as ISO 9001 for quality system management and ISO 14001 for environmental management.
Through the Dealer Satisfaction Survey (DSS), CNH Industrial measures dealer satisfaction with certain CNH Industrial brands in EMEA and North America, focusing on aspects such as: marketing and sales activities; products; vehicle ordering and delivery; support and relationships with local teams/managers; spare parts; warranty terms; after-sales teams; training; and support from manufacturers.
Dealers are fully engaged in these ongoing surveys and their comments and suggestions are used by CNH Industrial to improve performance and partnerships.

DEALER PORTAL

Once the contract is signed, the dealer's admission to the dealer and service network is coded, which entails the creation of a user name and the provision of credentials to access the Dealer Portal. This web portal connects the global dealer network to CNH Industrial, 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 authorizations to perform warranty repairs
- receive information on recall campaigns
- order documentation.

All activities related to the technical management of products are overseen by Quality and Product Support, which manages the e-TIM and ASiST tools, accessible via the Dealer Portal.
e-TIM is the primary support tool for any dealer facing an issue with a vehicle or machine. The system provides an extensive technical information database for all products, and specifies how to perform repairs and which tools to use. It also provides Service Bulletins describing how to address recurring problems and recall campaigns (PIPs), and a repair history for each vehicle or machine. The service network can therefore access specific technical information on repairs and receive authorizations to perform warranty repairs in real time.
Should more specific technical assistance be required, ASiST enables interactive, online contact with teams of product specialists. Furthermore, ASiST provides valuable data on the frequency of defects evidenced during repairs. This allows CNH Industrial's Quality and Current Product Management (CPM) teams to identify and solve global product issues in a timely manner, reducing warranty costs, facilitating the rapid launch of recall campaigns (see page 150), and improving customer satisfaction.

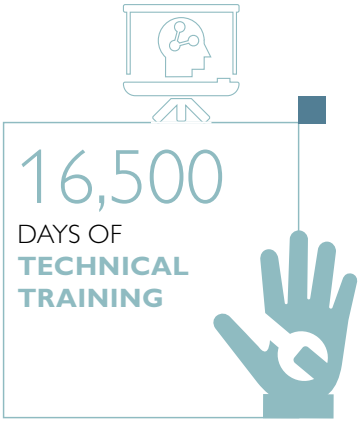
AUDITS AND INCENTIVES

The dealer network is audited yearly, either by CNH Industrial, external agencies, or by 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 of these areas. Dealerships are evaluated on competitiveness, organizational structure, financial sustainability, customer service and satisfaction, visual identity, equipment and operations, administration and marketing, sales, spare parts, and participation in training.
In EMEA, the programs implementing dealer qualitative standards are monitored and managed via a dedicated system known as the Network Assessment Tool (NAT). The NAT software manages information on all CNH Industrial brand dealers and sub-dealers, allowing them to continually monitor their compliance with required qualitative standards, while overseeing the measures in place to meet them. The system also collects information on every dealership audit performed, using audit results to analyze dealer performance and eventually develop action plans to help resolve any weaknesses detected during the audits.

In 2018, in EMEA, 90% of New Holland Agriculture's dealerships were audited by internal auditors and 10% by external ones; 100% of Case IH dealerships were audited by internal auditors; 84% of CASE Construction Equipment dealerships were audited by internal auditors and 16% by external ones; 20% of IVECO dealerships were audited by internal auditors and 80% by external ones.

Brand audit results determine dealership access to the incentive programs established by each respective brand to reward dealer compliance. These programs are developed in line with global market strategies, and their main objective is to foster business growth among dealerships and the best possible customer service. They include Case IH's *Red Excellence Program*, CASE Construction Equipment's *Pinnacle Program* for EMEA, North America, and LATAM, and New Holland Agriculture's *Top Partner Program*.

DEALERSHIP TRAINING



Believing it is very important to build the skills and know-how of all dealership personnel, CNH Industrial created a training department to meet dealer and service network training needs and enhance their knowledge and expertise. Every year, the Company designs and runs special training programs for approximately 120,000 dealership users: technicians, salespeople, and after-sales staff, tailored to the strategies and needs of each brand. Training courses are designed to develop and build on people's product knowledge, managerial skills, and technical know-how, and to raise awareness of a corporate identity built on standards of excellence. All the technical training courses delivered also feature specific sessions on safe product operation.
The training approach aims at improving the dealer network's expertise and ability to meet customer requirements, from offering products that meet their needs, to performing repairs in a timely fashion to minimize product downtime.
Training is designed to offer customized solutions consistent with current market conditions, with a wide range of activities often delivered in the languages spoken by dealers and customers.
Training courses are provided in many forms, from traditional face-to-face Instructor Led Training (ILT), featuring both classroom and hands-on workshop sessions, to remote courses delivered online via the Web Academy platform, using web-based training, virtual classroom training, and blended-learning training. Delivery methods are chosen by users according to the certification level required to provide support for the products within their portfolio. Moreover, all educational material is accessible online through the Web Academy platform, which maximizes the availability timeframe for courses and cuts costs by reducing the need to travel.

2018 TECHNICAL TRAINING ACTIVITIES

CNH INDUSTRIAL (no.)

Area	Training Centers	Days of Training[a] (Instructor Led Training)	Student Days[a] (Instructor Led Training)	Technicians Registered[a] (Web Academy)	Trainee Enrolments[a] (Web Academy)
EMEA	29	7,500	50,000	35,000	15,000
North America	9	2,500	25,000	10,000	50,000
LATAM	7	3,500	20,000	5,000	30,000
APAC	11	3,000	10,500	5,500	900
World	**56**	**16,500**	**105,500**	**55,500**	**95,900**

[a] All numbers are rounded to the nearest 500.

PARTS DISTRIBUTION

For customers using CNH Industrial products in their work, it is crucial to find the spare parts they need as quickly as possible at their dealership workshops. In this regard, CNH Industrial's Parts and Service boasts 2.4 million items in stock: a complete range of new and remanufactured parts, accessories, attachments, and telematics solutions ensuring the long-term value and performance of every brand's current and past machines.
Through a global network of 46 parts depots, the Company offers dynamic logistics and assistance teams committed to guaranteeing the best quality standards and technology, the timely availability and delivery of parts, and solutions to issues that arise. Assistance is guaranteed 24/7, and spare parts under the special assistance program (see pages 220; 221) are shipped within 2 hours.

CNH Industrial's Parts and Service works in partnership with selected suppliers to provide the right services, products, and solutions that best support the dealer network in defining new business opportunities and increasing customer satisfaction and loyalty.
To improve customer service and quality and reduce operational costs in parts distribution, CNH Industrial implements the World Class Logistics (WCL) approach at its parts distribution centers worldwide. WCL is based on the World Class Manufacturing methodology already successfully implemented in Company manufacturing operations, and leverages the expertise and experience gained there.
The WCL approach aims at reducing losses by optimizing resources. Through the implementation of a set of best practices, the ultimate goal is to streamline both the depots' logistics operations and the entire spare parts distribution process, while achieving maximum efficiency with minimum environmental impact and zero quality defects. WCL also focuses on improving operator safety and ergonomics to achieve 'zero safety incidents'. The Company launched the WCL program in 2015 at 6 distribution centers – in Le Plessis (France), Modena (Italy), Sorocaba (Brazil), Lebanon (USA), St. Marys (Australia), and Turin (Italy) – involving and training around 1,000 personnel to date. The program delivers structured and sustainable operational cost reductions by cutting packaging use and by streamlining transport management. In future developments, the WCL is expected to be extended to new depots.

FINANCIAL SERVICES

Financial Services, primarily under the brand CNH Industrial Capital, offers a range of financial products to dealers and customers in the various regions in which it operates. Financial Services' goal is to maximize CNH Industrial sales by providing the Company's segments and their dealers with tailored financial solutions while securing an appropriate level of profitability and equity remuneration. As a captive business, CNH Industrial Capital depends on the operations of Agricultural Equipment, Construction Equipment, Commercial Vehicles, and Powertrain, and its geographical presence is consistent with the commercial footprint of the Company. In 2018, the total managed portfolio, including the portfolio held by non-consolidated joint ventures, reached approximately $26 billion globally. The main products offered are wholesale financing to dealers and retail financing for the purchase or lease of new and used equipment and vehicles.

Financial Services supports the Company with all aspects of the management of receivables and related risks, consistently with its goal to drive best-in-class performance, leveraging core competencies and securing enhancement of skills within the Company. It also entails progressive process standardization and system integration, as well as the implementation of common policies, all of which drive efficiencies in terms of operation and governance.

BIO LNG EURONET

CNH Industrial Capital Europe[a] is a participant in the BioLNG Euronet project run by the European Commission's Innovation and Networks Executive Agency (INEA). The INEA supports innovative projects for energy, telecoms, and transport, fostering energy transition from diesel to liquefied natural gas (LNG) across the European transport market with the aim of reaching a 60% reduction in CO_2 by 2030.

The project agreement was signed during the United Nations' COP24 climate change conference held in Poland at the end of 2018, and involves Europe's major industry players, including CNH Industrial Capital Europe and IVECO. It aims at promoting the mass-scale adoption of LNG as a road fuel by implementing a pan-European LNG network of 39 refueling stations, located approximately every 400 kilometers along key road transport routes in Spain, France, Belgium, the Netherlands, Germany, and Poland. CNH Industrial Capital Europe will offer competitive financing solutions reducing the costs of IVECO's LNG trucks, thanks to a subsidy from the European Commission partially offsetting the price difference between the brand's diesel and LNG vehicles.

[a] *Joint venture established with BNP Paribas Leasing Solutions, operating as a captive finance company for the retail business of CNH Industrial's brands in major European countries.*

OUR PROJECTS

Customer selection and monitoring are a key element in securing the performance of the managed receivables. To this end, Financial Services focuses on improving the quality of the portfolio, including with the appropriate identification and monitoring of the underlying counterparts. Business relationships are assessed according to sound know-your-customer practices, applicable 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.

Significant progress was made in 2018 in managing customer data thanks to the implementation of a dedicated Customer Master Data Workflow, aimed at managing direct business partners based on common standards, supporting credit and anti-money laundering best practices. The Workflow, which is being implemented progressively, interacts with the processes and procedures related to customer creation, enabling operational and control efficiency.

CUSTOMER SUPPORT AND SATISFACTION

From the initial contact onwards, CNH Industrial interacts with and assists its customers to give them an experience that meets their expectations. The Company's Customer Care departments specialize in developing, managing, and promoting customer service solutions, fostering long-lasting relationships, and satisfying customer needs and expectations. Customers may request information or report an issue via the brands' websites, toll-free numbers, smartphone applications, or via email – 24 hours a day, 7 days a week.

Customer Care staff manage the entire process, from initial customer contact to final feedback to the customer, ensuring resolutions in the timeliest manner.

Each and every CNH Industrial brand, department, and geographic area has a contact person for each type of information request or complaint, ensuring issues are dealt with as quickly and comprehensively as possible.

CNH Industrial's Customer Service centers work closely with brands, dealers, Technical Services, Quality, and other functions, providing services in the following areas:

- Customer Relations (pre and post-sales) – aimed at managing the overall customer experience by ensuring a direct and effective communication channel to assist customers by means of accurate and timely inquiry feedback and complaint management
- Breakdown Assistance and Assistance Non-Stop (after-sales) – services designed to intervene by any means to ensure minimum downtime in the event of a breakdown.

CUSTOMER RELATIONS

CNH Industrial centers all operations around customer needs and on developing good customer relations. Each brand is responsible for managing its respective website and social network presence, and for launching a wide range of communication channels so that customers may interact in the way that suits them best (online, social media, distribution networks, phone support, etc.). Requests are initially handled by the Customer Center's first-level support, with most requests having a 5-day resolution target. If a case cannot be solved at first level, the Customer Center escalates the request to internal or external Company resources, such as field services or dealerships, to get accurate feedback for the customer. Customers who have filed a request are invited to take part in a survey on whether CNH Industrial met their expectations.

These inquiries are organized by type or category, and assigned a target date or objective for completion.

2018 CUSTOMER RELATIONS

CNH INDUSTRIAL

	EMEA	North America	LATAM
Contacts processed (no.)	161,876	49,647	6,590
Complaint resolution within 5 days (%)	80	95	94
Customer satisfaction			
Customer participation in satisfaction surveys (%)	(a)	4.8	n.a.
Customer satisfaction index (scale 1-10)			
Information quality	(a)	6.7	n.a.
Complaint resolution quality	(a)	4.24	n.a.

(a) *Sample not significant due to change of survey process in 2018.*

A TRAINING CENTER FOR BRAZILIAN CUSTOMERS

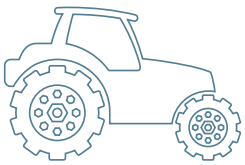
The marketing of high-tech machinery requires the transfer of know-how and operational skills to operators in order to use any equipment installed. In Brazil, where the take-up of technology has been the same as in non-Emerging Markets, training customers has become a priority given that only trained operators can use these technologies in the field. To this end, in 2015, CNH Industrial established a training center in Sorocaba, the *Sorocaba Centro de Treinamento e Tecnologia* (CTT), to provide support to operators using agricultural or construction machinery featuring precision and/or remote control technologies. The Center covers 2,200 square meters and features 6 separate rooms that allow training 96 people at the same time, a 100-seat auditorium, and a space to showcase machines and products. The CTT is located at the Company's industrial site, alongside the Agricultural Equipment plant and spare parts depot – LEED Gold-certified since 2012. In 3 years, the CTT has trained approximately 5,000 people and offered 1,000 days of training. Training and attendance at the Center are an extension of projects developed at CNH Industrial's Research and Development (R&D) centers. In LATAM, in addition to Sorocaba, the Company has training centers in Piracicaba, Curitiba, Contagem, and Betim (Brazil), and in Cordoba (Argentina), working in synergy to foster local development.

FOCUS ON

CUSTOMER ASSISTANCE

A company's long-term success is closely linked to the trust it builds among its customers by ensuring their satisfaction and winning their loyalty, making them brand advocates in the marketplace. That is why CNH Industrial puts customers and their needs at the center of its after-sales service and support strategies.
To this end, the Company has developed a number of tools, processes, and programs to support its customers, given that they use CNH Industrial products in their business and vehicle downtime results in profit loss.

BREAKDOWN ASSISTANCE



Breakdown Assistance (BDA) intervenes in the event of vehicle breakdowns within the Agricultural Equipment and Construction Equipment segments, to ensure that all necessary steps are taken to minimize downtime. A dedicated Parts Shipment and Delivery team oversees the location and delivery of parts, including overseas shipments. The BDA service tracks repairs through the dealers or with the customers until all issues are resolved, allowing customers to get back to work as soon as possible.
The BDA process is carefully monitored. In North America, once an issue has been resolved, the dealer receives a satisfaction survey to evaluate the service provided, measured in hours of total vehicle downtime. In LATAM, the satisfaction survey is sent directly to the customers.
100% of North American and LATAM customers who used the BDA service were invited to take part in the survey.

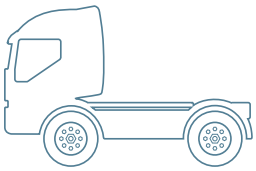
2018 BREAKDOWN ASSISTANCE
CNH INDUSTRIAL

	EMEA	North America[a]	LATAM
Contacts processed (no.)	71,130	132,567	3,261
Average call center response time (seconds)	20	17	6
Customer satisfaction			
Vehicles repaired within 48 hours (%)	72	34	55
Customer satisfaction index			
Customers invited to participate in the survey (%)	(b)	100	100
Customer participation in satisfaction surveys (%)	(b)	16	23
Customer satisfaction index (scale of 1-10)	(b)	9.5	8.9

(a) In North America, satisfaction surveys are carried out through dealerships.
(b) Data not available in EMEA due to data protection legislation, since customers usually submit their assistance requests to the BDA service via the dealers.

ASSISTANCE NON-STOP

Assistance Non-Stop (ANS) ensures a round-the-clock, 365 days a year service to Commercial Vehicles customers in EMEA and LATAM. Established to provide instant technical support for vehicle problems, the service is operational across 48 EMEA countries and is available in 34 languages. All ANS employees receive specific training and regular refresher courses. As soon as the customer and vehicle are identified and located, the assistance request is handled by an operator who pre-diagnoses the problem, and may directly involve technicians in cases flagged as most critical in the Customer Center database. When a fault has been verified, the operator contacts the nearest mechanic, who is directed to the breakdown location. The operator continues to monitor the process until the repair is complete, assisting the mechanic, if needed, and keeping the customer updated until the vehicle is released. The Customer Center shares its database with relevant departments, listing faults by number and type, and matching them with faulty models and the duration of breakdowns.



The ANS service can be contacted via a universal toll-free number or through the IVECONNECT on-board system (see page 211). In the event of a breakdown, the IVECONNECT system allows the driver to contact the Customer Center directly from the vehicle by sending an automatic breakdown assistance request. In turn, the Customer Center sends the driver regular updates on the status of the request and the estimated assistance arrival time, all directly through the on-board telematics system. The Customer Center can contact the nearest mechanic through ANS Mobile, an application available on Android and Blackberry devices, which can locate the nearest mobile repair van and track its movements using GPS. Customers can also request and initiate assistance directly from their smartphones through the IVECO Non Stop app, which works in the same way as IVECONNECT.

72 hours after service delivery, Commercial Vehicles brands assess the satisfaction of customers using the ANS service. The general level of satisfaction with the service is assessed based on 3 elements: the telephone service or call center, on-site assistance, and the service dealer (winch or tow). Assessment results are translated into a plan of action to be implemented by field services.

2018 ASSISTANCE NON-STOP

CNH INDUSTRIAL

	EMEA	LATAM
Contacts processed (no.)	1,928,724	26,875
Average call center response time (seconds)	35[a]	18
Vehicle downtime		
Vehicles repaired within 3 hours (%)	56	n.a.
Vehicles repaired within 8 hours (%)	74	n.a.
Vehicles repaired within 24 hours (%)	81	n.a.
Customer satisfaction index		
Customers invited to participate in the survey (%)	100[b]	100
Customer participation in satisfaction surveys (%)	8	35
Customer satisfaction index (scale of 1-10)	8.6	9
Satisfied or very satisfied customers (%)	88	90

[a] H1 44sec – H2 24sec.
[b] Survey conducted on 100% of the representative sample.

CUSTOMER SATISFACTION PROGRAMS

In 2018, CNH Industrial continued to implement the Customer Satisfaction Index (CSI) program in **EMEA**, first launched in 2015, focusing on the Agricultural Equipment and Commercial Vehicles segments' major markets. The program monitors the quality of services offered through the Company's distribution network, with regard to sales (sales CSI) and after-sales (after-sales CSI). Monitoring is usually done via telephone interviews, during which customers talk about their experiences and highlight the best aspects of the services received.

The primary goals are to:

- create and define the most appropriate customer satisfaction and loyalty indexes and reporting systems
- provide dealers and brands with data on customer satisfaction with the purchase and service experience, via specific indexes and reporting systems
- enhance dealer performance through regular customer feedback to identify areas for improvement
- enable dealerships to identify dissatisfied customers and promptly implement action plans.

In 2018, the program was broadened as follows:
- Commercial Vehicles: sales CSI monitoring extended to 8 markets and after-sales CSI monitoring to 7 markets
- Agricultural Equipment: sales and after-sales CSI monitoring extended to 4 markets.

In **North America,** in addition to the CSI program, Customer Relations maintains its own set of KPIs. The inquiries received by Customer Relations are filtered into 2 case categories – information and complaints – and broken down to provide more detail for internal analysis, thus driving further metrics improvements. Additionally, in the North American market:
- all Breakdown Assistance (BDA) inquiries are followed up with an online survey (with a 16% participation rate)
- all Customer Relations case types are surveyed as follows:
  - all complaint cases are followed up with a phone call and a live survey
  - all information cases are followed up with an online survey.

Once survey results are compiled and formatted, they are organized by brand and sent to the brand leaders for review. In North America, the goal is to close 90% or more of complaint cases, and 93% or more of information cases, on time. Current figures (2018) are:
- complaint cases closed on time: 94%
- information cases closed on time: 94%.

In **LATAM**, in 2014, CNH Industrial implemented the Net Promoter Score (NPS) methodology in the Construction Equipment and Commercial Vehicles segments. The NPS measures customer satisfaction and loyalty based on the customer's willingness to recommend a brand or product to a friend or relative. The NPS metric is simple and standardized, and can therefore be used to compare any type of business or product. Customer satisfaction with CNH Industrial has increased since 2014, reflecting the effectiveness of the Company's Customer Relationship Management (CRM) measures.
In 2015, CNH Industrial developed and implemented a specific CRM tool for the Commercial Vehicles segment in Brazil to enhance relationships between customers and brands via the dealerships, and so increase the NPS. It has since been adopted by 15 dealers to manage sales and customer relations. The tool is now expected to be customized and extended to the Agricultural Equipment and Construction Equipment segments.

In 2018, in **APAC**, CNH Industrial enhanced its existing CRM system in Russia by integrating it with the Electronic Price List (EPL) for the Commercial Vehicles segment. The EPL allows dealers to configure a vehicle and prepare a quote for the customer directly in the CRM system, with direct access to IVECO systems and all available options therein. The vehicle is automatically priced, and the offer printed and saved in the customer's score card in the CRM system. This process enables the IVECO network to formulate customer offers far more easily and quickly, for a better customer experience. Still in Russia, CNH Industrial implemented a new lead qualification and assignment process, to ensure that all digital contacts (from websites, social media, apps, etc.) are promptly re-contacted, qualified, and duly assigned to dealers for follow-up.
The CRM system is in use at all Agriculture Equipment and Commercial Vehicles dealers in Russia and at CNH Industrial Russia headquarters, with plans to extend it to the country's Construction Equipment network in 2019.
In 2019, CNH Industrial also plans to launch the CRM system across the South-East Asian markets, starting with Thailand followed by South Korea and Indonesia.

SUPPORTING RESPONSIBLE USE

CNH Industrial's focus on the customer is not just about the supply of products, but extends to the way customers use them. Indeed, appropriate product use contributes significantly to enhancing product efficiency and reducing emissions. The Company brands therefore offer customers electronic systems, computer tools, and targeted training activities to ensure the most comprehensive knowledge of products and fuel consumption.
For on-road vehicles, for example, an efficient driving style can save 5-12% on fuel at a given average speed. However, driving performance cannot be improved without comprehensive fuel consumption information based on reliable data. In order to accurately quantify fuel consumption, one must consider many factors, such as the vehicle and its components, driving style, road and weather conditions, vehicle run-in, maintenance, and load conditions.
All of the above, along with the proper use of on-board devices and telematics, are systematically addressed by economy driving courses known as **IVECO TCO$_2$ Driving**. The training courses are delivered by a qualified driver training team with an in-depth understanding of how to get the best from IVECO vehicles. The courses promote vehicle knowledge based on the ability to predict and anticipate typical driving situations on roads and freeways, providing professional drivers with comprehensive tips to improve driving style and reduce fuel consumption. Efficient driving is not only cost-effective, it also conveys a sense of responsibility to drivers, increasing their awareness and knowledge of vehicle mechanics and telematics supports.

Designed to benefit both drivers and fleet owners, TCO_2 Driving courses can be tailored to meet the needs of both, according to the mission and vehicle line, and are delivered both in classrooms and on the road. For small groups, they can also be delivered directly at the locations of customers conducting daily missions, using their own vehicles and semitrailers. Programs, contents, and duration are flexible. Driver training usually consists of:

- classroom sessions – face-to-face, practical, and interactive sessions focusing on the key factors affecting fuel consumption. Their aim is to give drivers an in-depth knowledge of how to achieve the best driving style through the correct management of vehicle-related parameters according to various external conditions
- walk-arounds – at these sessions, participants 'touch the iron', learning how to perform the routine checks required to keep the vehicle roadworthy, and mastering the layout and deployment of vehicle components
- road tests – a new test was introduced in 2018 whereby drivers perform 2 laps around a circuit: on the first lap, driving as they normally would, on the second, activating all the vehicle's eco-devices while carefully following the trainer's green driving tips. Comparing lap performance data shows an average 7% reduction in fuel consumption, even with professional drivers.

Following trainer instructions, the drivers learn hands-on about different fuel-saving driving techniques, according to mission and road morphology. The courses also focus on the on-board safety systems to increase driver awareness and reduce the number of accidents.

In addition to the driving courses, a **Driving Style Evaluation** system provides real-time assistance to commercial vehicle drivers to optimize fuel consumption. Based on algorithms that analyze the signals and data transmitted by the traction, vehicle, and GPS, the system provides the driver with 2 indicators via the on-board display: an overall assessment of driving-style impact on fuel consumption and the main tips to reduce fuel consumption. The Driving Style Evaluation system can be connected to the IVECONNECT Fleet telematics system. It also allows fleet managers to remotely assess the fuel consumption associated with the driving style of each fleet driver. Efficiency levels can be monitored via an advanced and user-friendly telematics interface. The interaction between the driver, vehicle, and operating center allows all vehicles to be monitored, providing real-time assessment of driving hours, fuel consumption, GPS position, and expected travel time. Thanks to the IVECONNECT Fleet system, customers can therefore benefit from lower total management costs while maintaining the same process efficiency.

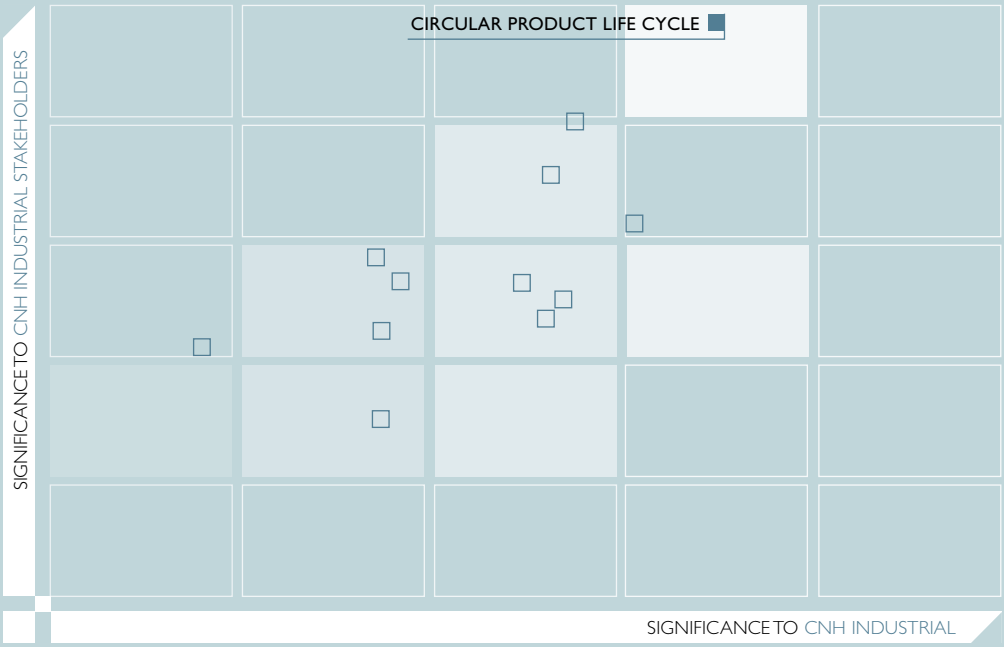
ACCESSIBILITY PRODUCTS

Large companies have an increasingly important role to play in sustainable social and economic development and its positive impact on the community. Improving accessibility is a key social issue that requires companies' commitment and diligence in continually fostering and adopting new technologies that enhance accessibility to their products and services.

CNH Industrial believes that its brands must focus on inclusion to meet the diverse demands of the market and to create, through Human Resources, a more inclusive corporate environment. To this end, the Company's brands have been coordinating product launches and product adjustments to meet diversity needs, as well as their efforts to raise awareness and organize voluntary initiatives with the aim of improving accessibility for persons with reduced mobility.

In 2016, IVECO BUS launched the Daily Elevittá in Brazil, a global milestone in public transport for reduced-mobility passengers. Developed and manufactured at the IVECO plant in Sete Lagoas, it enables the boarding and disembarking of passengers with limited mobility by means of a mobile seat that can be lowered through the side door (instead of the back of the vehicle). With a focus on improving accessibility, it is Brazil's first-ever 18-seat van (including driver) with 3 special seats for wheelchair users (plus stowage space). IVECO also broadened the range of affordable vehicles on the Brazilian market by launching the first inclusive micro-bus, SoulClass: designed for reduced-mobility passengers, the executive and school versions have a mobile seat to board the vehicle.

END-OF-LIFE



Material topics described in this chapter (for definitions see page 239).

KEY TARGETS

2022: **10%** OF PARTS & SERVICE'S NET SALES FROM REMANUFACTURED COMPONENTS

MANAGEMENT FRAMEWORK

As the materiality analysis shows, CNH Industrial recognizes the real importance of promoting a circular product life cycle to minimize impact on the environment. Reusing, recycling, and recovering components can reduce landfill waste, and component remanufacturing enables resources to be used for as long as possible. Stakeholders believe it is important to reduce raw material usage and CO_2 emissions, cut costs by reusing recoverable materials, thus avoiding waste, and extend remanufacturing to other sectors. However, stakeholders feel that more stringent standards are necessary to streamline the technical specifications of processes and to ensure reliable and consistently high-quality end products.

REMANUFACTURING

By regenerating, or remanufacturing, worn components (cores), CNH Industrial reduces waste, reuses materials, and encourages the recycling of recoverable materials. Additionally, by avoiding the extraction of new raw materials, it reduces both energy use and the production of greenhouse gases. Indeed, the reconditioning and reuse of components lessens the Company's environmental impact by reducing the use of raw materials by about 1,200 tons per year, with a corresponding reduction in CO_2 emissions.

Remanufacturing cores is an industrial process that ensures the same standards of operational performance as new products, triggering a virtuous cycle of savings in raw materials and reductions in materials going to landfill. Furthermore, this process ensures reliability and reduced vehicle downtime for customers at competitive prices.
There are various stakeholders involved in the remanufacturing process:

- customers
- dealerships, which propose remanufacturing solutions, salvage cores, and fit remanufactured parts to vehicles
- suppliers, which remanufacture cores and ensure the same operational performance as new products
- CNH Industrial, which manages product portfolios, commercial offers and communication, training to dealers, and logistics and reverse logistics processes.

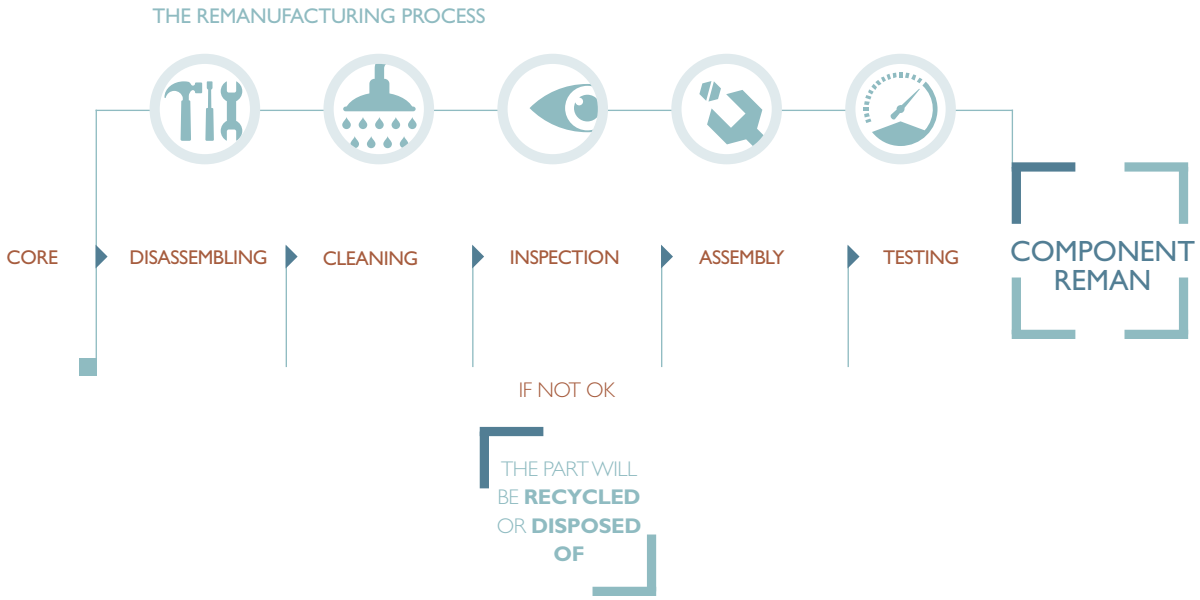
CNH Industrial manages the overall process, from the collection of cores from dealerships to the stocking of remanufactured products and their sale to end customers. The Company offers a full range of original spare parts to cover the entire life cycle of all products, alongside a broad selection of remanufactured parts. All brands can thus offer more environmentally friendly products, like-new quality, extended engine warranties, and good value, since remanufactured parts save the customer an average 30% on the purchase price.
CNH Industrial's target set for 2022 is to achieve 10% of Parts and Service's net sales from remanufactured components.

PARTS & SERVICE'S NET SALES FROM REMANUFACTURED PARTS
CNH INDUSTRIAL WORLDWIDE (%)

	Target 2022	2018	2017
Parts & Service's net sales from remanufactured parts	**10**	6.3	5.6

REMANUFACTURING PROCESS

In Europe, CNH Industrial collects cores from dealerships and transfers them to the FPT Industrial Garchizy plant (France), or to one of its certified and approved suppliers. The suppliers' knowledge of components and their design guarantees the efficiency and quality of the remanufacturing processes, and all remanufactured products feature the same technological upgrades currently available on the market.



Once delivered, cores are disassembled, cleaned, and inspected. After inspection, all unrecoverable parts are recycled or disposed of. Strict adherence to current laws is guaranteed throughout the process with regard to the proper disposal of products or parts thereof that are no longer usable and thus discarded.
Core recovery is key to achieving maximum efficiency in the remanufacturing process (indicated by the replacement rate), and is performed by professional experts who ensure final product quality.
Cores are remanufactured using parts that are either new or remanufactured themselves, as per the original design, technical specifications, and regulatory standards. Finally, the functional requirements of remanufactured components are certified following rigorous in-house benchmark testing, which gives customers the certainty of purchasing spare parts offering the same quality, performance standards, life expectancy, and emissions levels as the equivalent new components. As further proof of their high quality and reliability, the spare parts remanufactured by CNH Industrial are subject to exactly the same maintenance intervals and warranty conditions as new parts.
Products are remanufactured for Case IH, CASE Construction Equipment, New Holland Agriculture, New Holland Construction, and IVECO brands. They comprise a wide range of parts, including engines (blocks or components), transmissions, cylinder heads, turbines, starter motors, alternators, fuel injection systems, control units, flywheels, clutches, compressors, and hydraulic components, and are available across the board for all CNH Industrial brand products.

FOCUS ON

3D PRINTING SOLUTIONS

In order to improve process efficiency, CNH Industrial began to produce the first-ever 3D printed parts in Europe, a significant step towards additive manufacturing. This technology will optimize the management of spare parts and increase their availability, especially in the event of urgent orders or when parts are sold out.
Most suppliers tend to establish a minimum order quantity that often exceeds actual needs, resulting in inventory obsolescence and higher costs. Thanks to 3D printing, CNH Industrial will be able to produce its own small batches of spare parts within 24-36 hours, reducing the resources used and allowing customers' vehicles to resume operations as quickly as possible. Furthermore, additive manufacturing has less impact on the environment as it cuts waste, prevents the disposal of end-of-life manufacturing equipment (which is replaced by a single printer), and minimizes the emissions associated with logistics.
In the first stage of this enterprise, 4 parts were chosen for printing (serving Commercial Vehicles and Agricultural Equipment), and these are now ready to ship to dealers across Europe. All components were printed on plastics, but the technology is currently being tested for metal parts as well.

RECOVERY AND RECYCLING

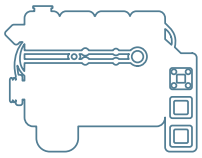
The commitment to reduce the environmental impact of end-of-life vehicles (ELVs) starts in the concept and design phase, through the selection of easily recyclable components (see page 142), and continues every step of the way, from the remanufacturing of worn components (cores), to providing customer assistance in the scrapping of products that are no longer serviceable, but whose parts are suitable for remanufacturing.
Although CNH Industrial does not always purchase raw materials directly (with the exception of steel used for direct processing), their overall consumption is constantly monitored (see page 156).
As regards the environmental aspects associated with logistics, CNH Industrial focuses particularly on reducing non-reusable packaging and protective materials, in line with Company standards and quality requirements. Where this is not possible, CNH Industrial seeks the best solutions to ensure the recovery of materials.

MAIN MATERIALS USED

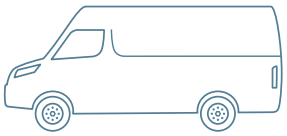
Material type	Renewable material	Non-renewable material[a]	Recoverable material	Purchased from external suppliers[b]
Metals	-	○	○	○
Polymers[c]	-	○	○	○
Elastomers[c]	-	○	○	○
Glass	-	○	○	○
Fluids[c]	-	○	○	○

(a) As per GRI Standards, non-renewable materials are resources that do not renew in short time periods, such as minerals, metals, oil, gas, or coal.
(b) CNH Industrial does not always purchase raw materials directly (see page 156).
(c) The actual level of recyclability depends on contingent factors such as the technologies available in a given country, chemical compatibility, and composition details.

CNH Industrial monitors and optimizes recoverability and recyclability levels.
In 2014, the first product Life Cycle Assessments performed provided data on exact material composition and percentage breakdown, as well as an estimate of recyclability rates for each material. As regards the F1 engine, the recoverability rate is 95% of the total weight.



The IVECO New Daily has already reached and exceeded a 95% recoverability rate. Furthermore, thanks to an agreement with Fiat Chrysler Automobiles (FCA), its end-of-life in Italy is handled through a network of authorized agents, duly trained to recycle metals and separate polymers into different categories. The list of authorized dismantling agents is available on the IVECO website.



GREEN FILTER SOLUTIONS

As further evidence of its continuous commitment to product innovation and the circular economy, 10 years ago, CNH Industrial started to use metal-free filters rather than spin-on filters (which are made of metal), offering innovative plastic and fully recyclable solutions.
Normally, the metal casing of an oil filter is 80% of the part's total weight, whereas metal-free filters consist of filter paper and plastic components that are up to 70% recyclable. To date, 30% of vehicle and engine filters available as spare parts for CNH Industrial products are metal-free; they include pollen filters, blow-by filters, oil filters, diesel fuel filters, and engine air filters.
The goal for the future is to ensure the use of 'green' (metal-free) materials right from the design phase, through the careful selection of suppliers that believe in and pursue filtration products that are fully recyclable.


APP
ENDIX

05

APPENDIX

PAGES 228-274

REPORT PARAMETERS

PERFORMANCE INDICATORS

ASSURANCE STATEMENT

GRI CONTENT INDEX

REPORT PARAMETERS

PLANTS

North America

WCM
11

BRONZE LEVEL
6

SILVER LEVEL
3

EMEA

WCM
28

BRONZE LEVEL
13

SILVER LEVEL
9

GOLD LEVEL
1

LATAM

WCM
10

BRONZE LEVEL
4

SILVER LEVEL
4

APAC

WCM
5

BRONZE LEVEL
2

SILVER LEVEL
1

OBJECTIVES

CNH Industrial's Sustainability Report aims to give stakeholders a comprehensive overview of the Company's operations, integrating financial results and economic commitments with environmental and social ones.
This is the sixth annual CNH Industrial Sustainability Report.

This document was prepared in accordance with the GRI[1] Standards: core option. The topics covered in the CNH Industrial Sustainability Report originate from the materiality analysis (see page 16). As per the GRI Standards (core option), one or more disclosures specified in the guidelines were monitored for each material topic (see page 239). The contents were integrated with the information requirements of Socially Responsible Investors (SRIs) and financial and non-financial analysts who periodically review the Company's sustainability performance.

CNH Industrial's strategic approach is set out in the chapter Our Commitment to the Future, on page 14, which also includes the Sustainability Model summarizing CNH Industrial'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 key targets consistent with, and integrated into, the Company's business strategy.

SCOPE

Unless otherwise stated, the **scope** (reporting period) of the Sustainability Report covers information and data for the year 2018 – which coincides with the calendar year – for all CNH Industrial segments worldwide consolidated in the 2018 EU Annual Report as at December 31, 2018.

Unless otherwise indicated, the terms 'Company' and 'CNH Industrial' refer to CNH Industrial including all its subsidiaries (also called 'legal entities' or 'group of companies').

The Company is divided into the following **Regions**: EMEA, North America, LATAM, and APAC. The countries that make up these Regions are listed on page 240.

It should be noted that the definition of **plant** used in the Sustainability Report is in line with that in the 2018 EU 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.

Any significant **variations** in the scope of the Report or in the data are expressly indicated in the text or tables in the Appendix.

CHANGES IN THE SCOPE

In 2015, the collection of data on environmental and energy performance began at additional CNH Industrial plants worldwide; these plants were consolidated in the reporting scope as of 2018. Data for 2016 and 2017 was thus restated in line with the new scope.
2014 was used as the base year for monitoring the environmental and energy targets to be met by 2018, based on the reporting scope prior to the data restatement. Targets with a deadline beyond 2018 were updated to include all plants in the scope following the data restatement; the 2014 base year data was also updated accordingly. For the plants in St. Nazianz (USA) and Pithampur (India), 2014 data was estimated based on their performance in successive years.
For the 2018 data on environmental and energy performance, the Fecamp site (France) was removed from the manufacturing reporting scope as of January 1, 2018. No restatement of data was necessary.
In 2018, CNH Industrial acquired CASE dealer's assets from TP Group in France, affecting the number of CNH Industrial employees as at December 31, 2018 as employee transfers were included within the scope of the Sustainability Report.

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

KEY
ISO/OHSAS
WCM Bronze
WCM Silver
WCM Gold

PLANTS OVERVIEW
CNH INDUSTRIAL WORLDWIDE

COUNTRY	PLANT	SEGMENT[a]	PRIMARY FUNCTIONS	WCM		QUALITY	SAFETY		ENVIRONMENT		ENERGY	
				Award	Scope	ISO 9001	OHSAS 18001	Scope	ISO 14001	Scope	ISO 50001	Scope
EMEA												
Austria	Sankt Valentin	AG	Tractors	S	○	○	○	○	○	○	○	○
Belgium	Antwerp	PT	Components (transmissions, rear axles, drivelines)	B	○	○	○	○	○	○	○	○
Belgium	Zedelgem	AG	Combines, forage harvesters, balers	B	○	○	○	○	○	○	○	○
Czech Republic	Vysoke Myto	CV	Buses (city, intercity)	B	○	○	○	○	○	○	○	○
France	Annonay	CV	Buses (coaches, city)	B	○	○	○	○	○	○	○	○
France	Bourbon Lancy	PT	Engines (heavy)	S	○	○	○	○	○	○	○	○
France	Coex	AG	Grape harvesters		○	○	○	○	○	○	○	○
France	Croix	AG	Cabins		○	○	○	○	○	○	○	○
France	Fourchambault Garchizy	PT	Engines (remanufacturing)		○	○	○	○	○	○	○	○
France	Rorthais	CV	Buses (city)		○	○	○	○	○	○	○	○
France	Tracy-le-Mont	CE	Hydraulic cylinders			○	○	○	○	○	○	○
Germany	Ulm	CV	Firefighting vehicles	B	○	○	○	○	○	○	○	○
Italy	Bolzano	CV	Defense vehicles	B	○	○	○	○	○	○	○	○
Italy	Brescia	CV	Medium vehicles, cabs, chassis	S	○	○	○	○	○	○	○	○
Italy	Brescia	CV	Firefighting vehicles	B	○	○	○	○	○	○	○	○
Italy	Foggia	PT	Engines (light), drive shafts	S	○	○	○	○	○	○	○	○
Italy	Jesi	AG	Tractors	S	○	○	○	○	○	○	○	○
Italy	Lecce	CE	Wheel loaders, compact track loaders, telehandlers, graders	B	○	○	○	○	○	○	○	○
Italy	Modena	PT	Components (hydraulic groups, drivelines, axles, cabs)	B	○	○	○	○	○	○	○	○
Italy	Piacenza	CV	Quarry and construction vehicles	B	○	○	○	○	○	○	○	○
Italy	Pregnana M.se	PT	Engines (marine and power generation units)		○	○	○	○	○	○	○	○

[a] *AG = Agricultural Equipment (Case IH Agriculture, STEYR, New Holland Agriculture)*
CE = Construction Equipment (CASE Construction Equipment, New Holland Construction)
CV = Commercial Vehicles (IVECO, IVECO ASTRA, IVECO BUS, Heuliez Bus, Magirus, Iveco Defence Vehicles)
PT = Powertrain (FPT Industrial).

KEY

ISO/OHSAS

WCM Bronze

WCM Silver

WCM Gold

COUNTRY	PLANT	SEGMENT[a]	PRIMARY FUNCTIONS	WCM		QUALITY	SAFETY		ENVIRONMENT		ENERGY	
				Award	Scope	ISO 9001	OHSAS 18001	Scope	ISO 14001	Scope	ISO 50001	Scope
Italy	San Mauro	CE	Excavators	B	○	○	○	○	○	○	○	○
Italy	Suzzara	CV	Light vehicles	S	○	○	○	○	○	○	○	○
Italy	Torino Driveline	PT	Transmissions, axles	S	○	○	○	○	○	○	○	○
Italy	Torino Motori	PT	Engines (heavy)	S	○	○	○	○	○	○	○	○
Italy	Vittorio Veneto	CV	Components			○	○	○	○	○	○	○
Poland	Kutno	AG	Row crop, cultivators, harvesters			○	○	○	○			
Poland	Plock	AG	Combines, balers, headers	B	○	○	○	○	○	○	○	○
South Africa	Rosslyn	CV	Buses (intercity), medium and heavy vehicles assembly					○				○
Spain	Madrid	CV	Heavy vehicles	G	○	○	○	○	○	○	○	○
Spain	Valladolid	CV	Light vehicles, heavy cabs components	S	○	○	○	○	○	○	○	○
UK	Basildon	AG	Tractors	B	○	○	○	○	○	○	○	○
NORTH AMERICA												
Canada	Saskatoon	AG	Seeding equipment	S	○	○	○	○	○	○	○	○
Mexico	Queretaro	AG & CE	Components	B	○	○	○	○	○	○	○	○
USA	Benson	AG	Sprayers, cotton pickers	B	○		○	○	○	○	○	○
USA	Burlington	CE	Backhoe loaders, forklifts		○	○	○	○	○	○	○	○
USA	Fargo	AG & CE	Tractors, wheel loaders	B	○	○	○	○	○	○	○	○
USA	Goodfield	AG	Soil management equipment	B	○		○	○	○	○	○	○
USA	Grand Island	AG	Tractors, combines	S	○	○	○	○	○	○	○	○
USA	New Holland	AG	Hay, forage	B	○	○	○	○	○	○	○	○
USA	Racine	AG	Tractors (high horsepower), transmissions	B	○	○	○	○	○	○	○	○
USA	St. Nazianz	AG	Self-propelled sprayers		○		○	○	○	○		○
USA	Wichita	CE	Skid steer loaders	S	○	○	○	○	○	○	○	○

[a] *AG = Agricultural Equipment (Case IH Agriculture, STEYR, New Holland Agriculture)*
CE = Construction Equipment (CASE Construction Equipment, New Holland Construction)
CV = Commercial Vehicles (IVECO, IVECO ASTRA, IVECO BUS, Heuliez Bus, Magirus, Iveco Defence Vehicles)
PT = Powertrain (FPT Industrial).

KEY
ISO/OHSAS
WCM Bronze
WCM Silver
WCM Gold

COUNTRY	PLANT	SEGMENT[a]	PRIMARY FUNCTIONS	WCM		QUALITY	SAFETY		ENVIRONMENT		ENERGY	
				Award	Scope	ISO 9001	OHSAS 18001	Scope	ISO 14001	Scope	ISO 50001	Scope
LATAM												
Argentina	**Cordoba**	AG	Tractors, combines	B	○	○	○	○	○	○		○
Argentina	**Cordoba**	CV	Medium and heavy vehicles	B	○	○	○	○	○	○	○	○
Argentina	**Cordoba**	PT	Engines (heavy)		○	○	○	○	○	○		○
Brazil	**Contagem - Belo Horizonte**	CE	Backhoe loaders, crawler excavators, crawler dozers, wheel loaders, graders, dozers	S	○	○	○	○	○	○	○	○
Brazil	**Curitiba**	AG	Combines, tractors	S	○	○	○	○	○	○	○	○
Brazil	**Piracicaba**	AG	Sugarcane harvesters, sprayers	B	○	○	○	○	○	○	○	○
Brazil	**Sete Lagoas**	CV	Light, medium, and heavy vehicles	B	○	○	○	○	○	○	○	○
Brazil	**Sete Lagoas**	CV	Defense vehicles		○	○	○	○	○	○	○	○
Brazil	**Sete Lagoas**	PT	Engines (light, medium, and heavy)	S	○	○	○	○	○	○	○	○
Brazil	**Sorocaba**	AG	Combines, components	S	○		○	○	○	○	○	○
APAC												
Australia	**Dandenong**	CV	Heavy vehicles		○	○	○	○	○	○		○
China	**Chongqing**	PT	Engines (light, medium, and heavy)	B	○	○	○	○	○	○		○
China	**Foshan**	AG	Sugarcane harvesters			○	○	○	○			
China	**Harbin**	AG	Combines, tractors, balers		○	○	○	○	○	○		○
China	**Urumqi**	AG	Cotton pickers			○	○	○	○			
India	**Noida**	AG	Tractors	S	○	○	○	○	○	○	○	○
India	**Pithampur**	CE	Backhoe loaders, earth compactors	B	○	○	○	○	○	○		○
Russia	**Naberežhnye Čhelny**	AG	Tractors, combines			○	○	○	○			
Uzbekistan	**Tashkent**	AG	Tractors			○		○				

[a] *AG = Agricultural Equipment (Case IH Agriculture, STEYR, New Holland Agriculture)*
CE = Construction Equipment (CASE Construction Equipment, New Holland Construction)
CV = Commercial Vehicles (IVECO, IVECO ASTRA, IVECO BUS, Heuliez Bus, Magirus, Iveco Defence Vehicles)
PT = Powertrain (FPT Industrial).

DATA COVERAGE

World Class Manufacturing (WCM) data (see page 168) relates to 54 plants consolidated in the 2018 EU Annual Report as at December 31, 2018, representing 99% of revenues from sales of products manufactured at CNH Industrial plants.

Occupational health and safety data (see page 76) relates to 58,924 employees, or about 96% of the workforce within the reporting scope. There are 60 OHSAS 18001 certified plants, representing 100% of revenues from sales of products manufactured at CNH Industrial plants.

Information on **environmental** performance and management systems (see pages 172; 176) relates to 56 fully consolidated plants, representing 99% of revenues from sales of products manufactured at CNH Industrial plants. There are 60 ISO 14001 certified plants, representing 100% of revenues from sales of products manufactured at CNH Industrial plants, relating to 40,627 employees (or about 99% of the workforce within the reporting scope).

Information on **energy** performance and management systems (see pages 184; 186) relates to 57 fully consolidated plants, representing 99% of revenues from sales of products manufactured at CNH Industrial plants. There are 49 ISO 50001 certified plants, representing 92% of revenues from sales of products manufactured at CNH Industrial plants, relating to 37,984 employees (or about 92% of the workforce within the reporting scope).
Moreover, there are 57 ISO 9001 certified plants, representing 96% of revenues from sales of products manufactured at CNH Industrial plants and relating to 38,410 employees (or about 93% of the workforce within the reporting scope).

DEFINING SUSTAINABILITY REPORT CONTENTS

Sustainability Report contents are selected through a process of exchange and comparison across CNH Industrial's internal structures, through a network of representatives within the different organizational areas that oversee the implementation of initiatives and the reporting of performance in terms of sustainability.

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 16), focuses on defining the topics and scope considered relevant to CNH Industrial'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 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 CNH Industrial'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 organizations for an accurate reading of the information provided.

The **preparation** of the Sustainability Report (see page 46) 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, computerized management and control systems (e.g., the SAP HR platform for employee data, and the Energy platform for financial data on communities) were used to ensure the reliability of information flows and data accuracy. Other indicators were monitored using electronic databases (e.g., the SPARC[2] reporting system for environmental and health and safety data) or spreadsheets, populated directly by the representatives of each thematic area worldwide and verified by their supervisors.

[2] *Sustainability, Performance, Analysis, Reporting & Compliance.*

METHODOLOGIES

APPROACH TO DATA CALCULATION

- To enable comparability over time, the data presented refers to the 3-year period from 2016 to 2018.
- Figures in currencies other than US dollars were converted at the average exchange rate at December 31, 2018.
- 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); government and public institutions (income taxes); financial providers (interest paid on borrowed capital); shareholders (dividends paid); Company (share of reinvested profits); and local communities.
- Economic data was collected directly rather than extrapolated from the **Annual Report on Form 20-F** as at December 31, 2018.
- The 2018 Annual Report on Form 20-F and the 2018 EU Annual Report are available on the Company's website. CNH Industrial's financial communications focus mainly on US GAAP results; as a consequence, starting with the 2016 Sustainability Report, all financial data is taken from the Annual Report on Form 20-F, prepared in accordance with US GAAP.

- **Human resources** data refers to the entire corporate scope (unless otherwise specified) as at December 31, 2018 (unless otherwise specified).
- **Employees** are divided into 4 main categories: Hourly, Salaried, Professional, and Manager. Professional encompasses all individuals in specialized and managerial roles. Manager refers to individuals in senior management roles. They include both full-time and part-time personnel.
- **Safety** data on managers is not included.
- **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 based on accounting data and calculation 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[1] employees spend volunteering for the initiative during paid working hours). Management costs can be internal (i.e., the cost of employee time[1] to manage and organize humanitarian initiatives promoted by the Company) or external. Figures do not include brand promotion initiatives.

- Regarding **environmental** and **energy performance**, normalized production unit indexes were defined to evidence medium and long-term trends in environmental and energy performance. 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).
- With regard to **environmental data**, SPARC[2] or similar systems were individually compiled for each production unit based on respective qualitative and quantitative data. Individual Standard Aggregation Databases only include data for the activities of the production unit in question. Depending on data, the detection criterion was either measured, calculated or estimated[3].
- **NO_x**, **SO_x**, and **dust** emissions were calculated based on historical average values. Dusts are those deriving from the combustion of fossil fuels (methane, diesel, LPG, and coal).

(1) 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).
(2) Sustainability, Performance, Analysis, Reporting & Compliance.
(3) 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.

- The Sustainability Report accounts for **industrial waste**, i.e., any waste directly or indirectly related to production unit 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 unit (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 unit, nor waste generated as a result of activities outside the normal production cycle.
- The **water sources** (or water bodies) considered as significantly affected by water withdrawals and/or discharges fall into 3 categories: protected, with high biodiversity value, or affected by water withdrawals and/or discharges in excess of 5% of their average annual volume. A protected water body is a geographically defined area designated, regulated, and managed according to specific conservation objectives. A water body with high biodiversity value is an area that is not legally protected, but recognized by government and non-governmental organizations for the presence of significant biodiversity.
- CNH Industrial'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.
- **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^3 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 organization's operations; it can either be consumed by the organization within its boundaries, or exported to other users. Indirect energy refers to the energy produced outside the scope of the organization's operations, supplied to meet the organization's needs (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 KPIs to assess energy consumption per production unit and CO_2 emissions per production unit do not take into account diesel consumption.
- At CNH Industrial, the sources of **greenhouse gas emissions**, besides the CO_2 emissions from energy consumption, are associated with the use of HFC compounds with Global Warming Potential (GWP) present in air-conditioning, cooling, fire suppression, aerosol (e.g., propellants), and manufacturing equipment. The potential emissions from these substances (CO_2 eq) are negligible compared with emissions from energy production; in fact, with an incidence of 0.64%, they fall outside the reporting scope.
- **CO_2 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_2 was taken into account, as CH_4 and N_2O components were considered negligible and therefore *de minimis*.
- For **scope 2 emissions accounting**, CNH Industrial applied the dual reporting system of the GHG Protocol Scope 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_2 emissions associated with energy consumption were calculated, worldwide, using the latest emission coefficients (expressed in gCO_2/kWh) provided by either the International Energy Agency or DEFRA (UK). When reporting according to the market-based method, on the other hand, they were calculated using the latest emission coefficients (expressed in gCO_2/ kWh) provided by the following sources:
  - Re-DISS for CO_2 emissions accounting in EMEA
  - International Energy Agency for CO_2 emissions accounting in LATAM and APAC
  - primary energy suppliers for CO_2 emissions accounting in North America.

  The KPI to assess CO_2 emissions per production unit refers to the scope 2 emissions calculated according to the market-based method.

FREE FLOAT ANALYSIS

The analysis conducted by Vigeo Eiris S.A. 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 organizations investing their own assets. Assets managed by firms on behalf of clients are not included.

An **asset owner** is identified as a Socially Responsible Investor (SRI) if at least one of the following conditions is met:

- it adopts SRI principles in its investment policy (with regard to voting, engagement, activism, and screening)
- it has dedicated SRI mandates
- it uses SRI benchmarks.

The analysis also covered green, social, and ethical **mutual funds**[4] operating worldwide.

To be eligible for analysis, a mutual fund must:

- perform ethical, social or environmental screenings of stock and bond issuers (negative and/or best-in-class screens)
- be marketed as an SRI
- be available to the public (retail funds).

The **free float** is the percentage of shares remaining after adjusting for block ownership and restricted shares, as calculated by STOXX Ltd[5].

Block ownership is defined as the sum of all holdings larger than 5% – held by companies, governments, families, and private investors, but excluding those held by investment companies and funds – that have to be reported to domestic regulatory agencies.

DEFINITIONS

GLOBAL CHALLENGES

Key global challenges are defined as phenomena that have the potential to shape the Company's future business. The 3 identified as most relevant to CNH Industrial are:

- **climate change**: as a broad concept, climate change encompasses political, judicial, ethical, economic, and scientific actors, and goes far beyond the literal definition of natural climate variations. Climate change has begun to have a severe impact on ecosystems (e.g., flooding and desertification), and to influence worldwide economies, consumer purchase decisions, and people's quality of life

- **food scarcity and food security**: access to and use of food resources show significant disparities and uneven distribution worldwide, and these aspects are amplified by the combined effect of population increase and the growth of the middle class. Both the increase in demand and the quality and safety of food produce depend on the efforts of the individuals involved in the agricultural, processing, transport, manufacturing, and consumption production chains. The scarcity of food, water, and natural resources is frequently associated with an underlying, inherent socio-economic instability. Adequate food availability is a prerequisite for social harmony, both within a country and in relations between different countries

- **the innovative and digital world**: digitalization is transforming economic processes, corporate business models, and traditional social models. Constant connectivity, big data, social media, and the evolution of mobile devices are rapidly changing the way people work and communicate. This generates excellent opportunities for companies, as they can exploit the connectivity of the World Wide Web to access and manage huge amounts of data, position themselves in new markets, transform existing products, interact with their clients, and introduce new business and delivery models (e.g., precision agriculture, interconnected machinery, etc.).

[4] *A mutual fund is defined as per the European Fund and Asset Management Association (EFAMA) Statistical Releases, i.e., publicly offered open-end funds investing in transferable securities and money market funds.*
[5] *www.stoxx.com/document/Indices/Common/Indexguide/stoxx_indexguide.pdf.*

MATERIAL TOPICS

The following are the material topic definitions as submitted to stakeholders for the purpose of assessing their priority within the Materiality Matrix (see page 19), listed in alphabetic order:

- **autonomous vehicles and connectivity**: innovative products and solutions for autonomous or self-driving vehicles that use connectivity and big data to reduce human input for hazardous and strenuous tasks. This technology offers potentially significant social welfare benefits, including the potential to reduce fatalities, accidents, fuel consumption, and pollution. Its main applications are in agriculture (e.g., precision farming, agribotics, and soil protection) and in the transportation of goods and people (e.g., truck platooning and autonomous buses)
- **circular product life cycle**: alternative solutions (such as alternative fuels/tractions and remanufacturing) that minimize the impact of a product's life cycle by promoting a circular economy, in which resources are used fully and for as long as possible, and products and materials are recovered and regenerated at the end of their service lives
- **CO_2 and other air emissions**: activities to further improve energy efficiency and reduce CO_2 and other polluting emissions in: manufacturing processes, building management and maintenance, logistics processes, product development, event organization, and employee commuting
- **digital workplaces**: using new technologies to improve quality and efficiency at work, employee work-life balance (remote work), and the exchange of information, in part to foster innovation; activities that make it easier for employees to adopt the latest technologies and new ways of working in all areas of business (both office and manufacturing); and implementation of measures aimed at improving the management and security of Company and personal data
- **employee engagement**: activities that increase employee awareness of sustainability topics, with a specific focus on: environmental protection, health and proper nutrition, food security, and food waste
- **innovation-to-zero**: the vision of a zero-concept world: zero emissions, zero accidents, zero fatalities, zero defects, and zero security breaches
- **local community engagement**: activities that support local community development, with a specific focus on: zero food waste, emergency relief, drought risk mitigation, biodiversity protection, and education on alternative farming techniques
- **renewable energy**: promoting the use of energy from renewable sources in manufacturing processes, generated mainly from water, waste, sun, and wind, to limit fossil fuel use and CO_2 emissions
- **self-sustaining food systems**: products and solutions for agriculture – including agricultural production, food production, logistics, and distribution – that promote an economic system with zero impact on resources
- **trade, regulations, and public debate**: participation in the debate on shaping public policies and defining regulations; helping to identify innovative solutions for standards and guidelines; favoring free trade agreements; advocating action through national and international regulatory bodies; making use of scientific expertise; and investing in innovation
- **value chain management**: initiatives to actively engage Company stakeholders (especially suppliers, dealers, and customers) in achieving common improvement targets for the creation of long-term value
- **water and waste efficiency**: aspects to be managed in all manufacturing processes: water efficiency, water discharge, water availability, waste recovery, and hazardous/non-hazardous waste.

SKILLS DEFINITIONS

Industry sector classifications used for compiling the Skills Matrix on page 41 are based on MSCI and Standard & Poor's Global Industry Classification Standard (GICS):

Academic Positions: academic or board positions at leading educational institutions

Charitable and Environmental Engagement: board position or significant personal engagement with, or formal recognition by, charitable/environmental organizations

Consumer Discretionary: current or previous leadership or board position at companies operating in this industry sector (which contains: Automobiles & Components: Auto Components, Automobiles. Consumer Durables & Apparel: Household Durables, Leisure Products, Textiles, Apparel & Luxury Goods. Consumer Discretionary: Hotels, Restaurants & Leisure, Diversified Consumer Services, Media; Retailing)

Consumer Staples: current or previous leadership or board position at companies operating in this industry sector (which contains: Food & Staples Retailing; Food, Beverage & Tobacco; Household & Personal Products)

Financial: accounting and financial knowledge

Governance, Legal, and Board Expertise: understanding of corporate governance practices and norms, understanding of legal systems, as well as board, risk management, and regulatory expertise

Health Care: current or previous leadership or board position at companies operating in this industry sector (which contains: Health Care Equipment & Services; Pharmaceuticals; Biotechnology & Life Sciences)
Industrials & Materials: current or previous leadership or board position at companies operating in this industry sector (which contains: Energy Equipment & Services, Oil, Gas & Consumable Fuels; Chemicals, Construction Materials, Containers & Packaging, Metals & Mining, Paper & Forest Products; Aerospace & Defense, Building Products, Construction & Engineering, Electrical Equipment, Industrial Conglomerates, Machinery, Trading Companies & Distributors; Commercial & Professional Services; Transportation)
Telecommunications & Information Technology: current or previous leadership or board position at companies operating in this industry sector (which contains: Telecommunication Services; Software & Services; Technology Hardware & Equipment; Semiconductors & Semiconductor Equipment).

OTHER DEFINITIONS

The term **segment** refers to Agricultural Equipment, Construction Equipment, Commercial Vehicles, Powertrain, or Financial Services.

Adjusted EBIT under U.S. GAAP is defined as net income (loss) before income taxes, interest expenses of Industrial Activities, net, restructuring expenses, the finance and non-service component of pension and other post-employment benefit costs, foreign exchange gains/(losses), and certain 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 on-going operational activities.

Adjusted EBITDA under U.S. GAAP is defined as Adjusted EBIT plus depreciation and amortization (including on assets sold under operating leases and assets sold under buy-back commitments).

The **Regions**, indicated throughout the Report using their respective acronyms, are comprised as follows:
- **APAC**: Continental Asia (including Turkey and Russia), Oceania, and member countries of the Commonwealth of Independent States (excluding Ukraine)
- **EMEA**: member countries of the European Union, member countries of the European Free Trade Association (EFTA), Ukraine, the Balkans, the African continent, and the Middle East (excluding Turkey)
- **LATAM**: Central and South America, and the Caribbean Islands
- **North America**: the United States, Canada, and Mexico.

Emerging Markets are defined as low, lower-middle, or upper-middle income countries as per the World Bank list of economies as at June 2018.

OTHER INFORMATION

As regards the **infographics** included in the Report, the percentages indicate trends calculated against 2017, unless otherwise specified.
GRI Standards disclosures are referenced at the bottom of the pages on which they are disclosed. If a disclosure is explained over a number of consecutive pages, it is indicated only on the first page.

This icon indicates the sections explaining the management approach to a specific material topic.

This icon indicates a link with the material topic **innovation-to-zero**.

This icon indicates a link with the material topic **employee engagement**.

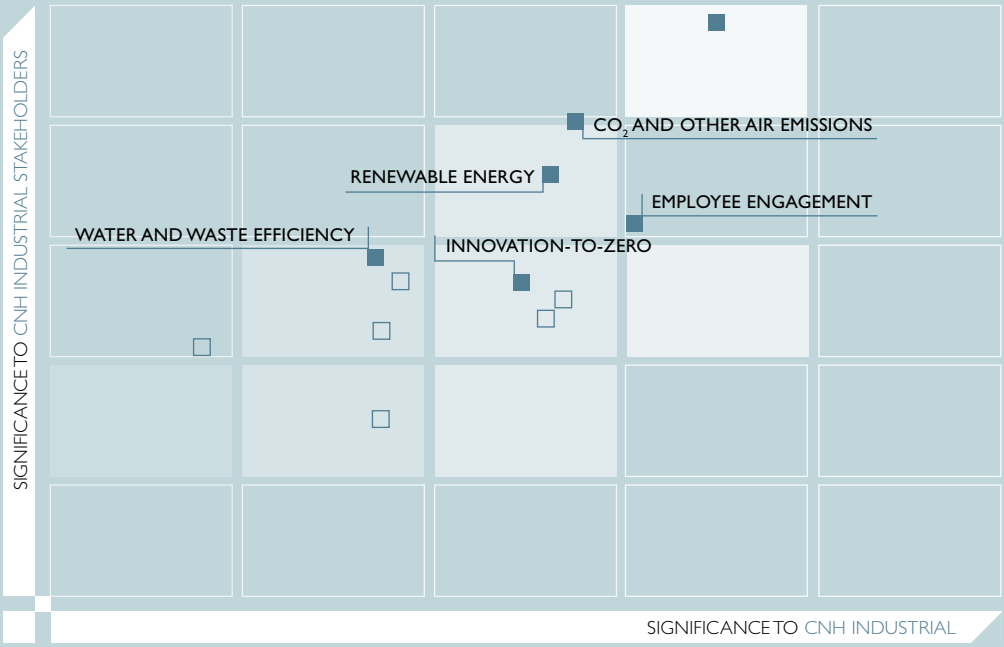
This icon indicates a link with the material topic **circular product life cycle**.

CNH INDUSTRIAL SUPPORTS THE UN SUSTAINABLE DEVELOPMENT GOALS

	End poverty in all its forms everywhere
	End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
	Ensure healthy lives and promote wellbeing for all at all ages
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
	Achieve gender equality and empower all women and girls
	Ensure availability and sustainable management of water and sanitation for all
	Ensure access to affordable, reliable, sustainable, and modern energy for all
	Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all
	Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation
	Reduce inequality within and among countries
	Make cities and human settlements inclusive, safe, resilient, and sustainable
	Ensure sustainable consumption and production patterns
	Take urgent action to combat climate change and its impacts
	Conserve and sustainably use the oceans, seas, and marine resources for sustainable development
	Protect, restore, and promote sustainable use of terrestrial ecosystems; sustainably manage forests; combat desertification and halt and reverse land degradation; and halt biodiversity loss
	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels
	Strengthen the means of implementation and revitalize the global partnership for sustainable development

[a] *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 September 25, 2015.*

PERFORMANCE INDICATORS



Material topics described in this chapter (for definitions see page 239).

HUMAN RESOURCES

EMPLOYEES IN NUMBERS

EMPLOYEES BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

	2018	2017	2016
EMEA	**42,435**	41,494	40,678
North America	**8,856**	8,691	9,042
LATAM	**8,001**	8,150	8,298
APAC	**5,333**	5,021	4,810
World	**64,625**	**63,356**	**62,828**

EMPLOYEES BY REGION AND CATEGORY[a]

CNH INDUSTRIAL WORLDWIDE (no.)

	2018				2017				2016			
	Hourly	**Salaried**	**Professional**	**Manager**	Hourly	Salaried	Professional	Manager	Hourly	Salaried	Professional	Manager
EMEA	**27,089**	**6,164**	**8,588**	**594**	26,382	6,259	8,266	587	25,930	6,066	8,107	575
North America	**4,672**	**158**	**3,810**	**216**	4,637	168	3,678	208	4,831	181	3,829	201
LATAM	**5,230**	**1,504**	**1,190**	**77**	5,458	1,459	1,158	75	5,586	1,489	1,152	71
APAC	**2,051**	**1,709**	**1,509**	**64**	1,997	1,553	1,418	53	1,962	1,475	1,317	56
World	**39,042**	**9,535**	**15,097**	**951**	**38,474**	**9,439**	**14,520**	**923**	**38,309**	**9,211**	**14,405**	**903**

[a] *For more information on employee categories, see page 236.*

EMPLOYEES BY SEGMENT

CNH INDUSTRIAL WORLDWIDE (no.)

	2018	2017	2016
Agricultural Equipment	**25,711**	25,007	24,254
Construction Equipment	**5,424**	5,240	5,378
Commercial Vehicles	**23,933**	23,843	23,882
Powertrain	**8,265**	8,050	8,070
Other Activities[a]	**143**	145	146
Financial Services	**1,149**	1,071	1,098
Total	**64,625**	**63,356**	**62,828**

[a] *Other Activities include corporate functions.*

EMPLOYEE TURNOVER

CNH INDUSTRIAL WORLDWIDE (no.)

	2018	2017	2016
Employees at January 1	**63,356**	62,828	64,391
New hires	**7,189**	5,575	4,888
Departures	**(6,049)**	(5,868)	(6,548)
Δ scope of operation	**129**	821	97
Employees at December 31	**64,625**	**63,356**	**62,828**
Turnover (%)	**9.4**	9.3	10.4
New hires (%)	**11.1**	8.8	7.8

EMPLOYEE TURNOVER BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

EMEA	2018	2017	2016
Employees at January 1	**41,494**	40,678	40,801
New hires	**3,813**	2,733	2,156
Departures	**(2,922)**	(2,682)	(2,363)
Δ scope of operation	**50**	765	84
Employees at December 31	**42,435**	**41,494**	**40,678**
Turnover (%)	**6.9**	6.5	5.8
New hires (%)	**9.0**	6.6	5.3

North America	2018	2017	2016
Employees at January 1	**8,691**	9,042	10,022
New hires	**1,489**	1,072	742
Departures	**(1,324)**	(1,470)	(1,722)
Δ scope of operation	**-**	47	-
Employees at December 31	**8,856**	**8,691**	**9,042**
Turnover (%)	**15.0**	16.9	19.0
New hires (%)	**16.8**	12.3	8.2

LATAM	2018	2017	2016
Employees at January 1	**8,150**	8,298	8,812
New hires	**897**	925	1,043
Departures	**(1,114)**	(1,050)	(1,557)
Δ scope of operation	**68**	(23)	-
Employees at December 31	**8,001**	**8,150**	**8,298**
Turnover (%)	**13.9**	12.9	18.8
New hires (%)	**11.2**	11.3	12.6

APAC	2018	2017	2016
Employees at January 1	**5,021**	4,810	4,756
New hires	**990**	845	947
Departures	**(689)**	(666)	(906)
Δ scope of operation	**11**	32	13
Employees at December 31	**5,333**	**5,021**	**4,810**
Turnover (%)	**12.9**	13.3	18.8
New hires (%)	**18.6**	16.8	19.7

EMPLOYEE TURNOVER BY CATEGORY[a]

CNH INDUSTRIAL WORLDWIDE (no.)

Hourly	2018	2017	2016
Employees at January 1	**38,474**	38,309	39,958
New hires	**4,374**	3,299	2,685
Departures	**(3,679)**	(3,502)	(4,219)
Δ change in category	**(200)**	(103)	(97)
Δ scope of operation	**73**	471	(18)
Employees at December 31	**39,042**	**38,474**	**38,309**
Turnover (%)	**9.4**	9.1	11.0
New hires (%)	**11.2**	8.6	7.0

Salaried	2018	2017	2016
Employees at January 1	**9,439**	9,211	9,372
New hires	**1,382**	1,177	1,058
Departures	**(948)**	(969)	(948)
Δ change in category	**(387)**	(296)	(331)
Δ scope of operation	**49**	316	60
Employees at December 31	**9,535**	**9,439**	**9,211**
Turnover (%)	**9.9**	10.3	10.3
New hires (%)	**14.5**	12.5	11.5

Professional	2018	2017	2016
Employees at January 1	**14,520**	14,405	14,157
New hires	**1,400**	1,066	1,126
Departures	**(1,346)**	(1,309)	(1,312)
Δ change in category	**516**	325	381
Δ scope of operation	**7**	33	53
Employees at December 31	**15,097**	**14,520**	**14,405**
Turnover (%)	**8.9**	9.0	9.1
New hires (%)	**9.3**	7.3	7.8

Manager	2018	2017	2016
Employees at January 1	**923**	903	904
New hires	**33**	33	19
Departures	**(76)**	(88)	(69)
Δ change in category	**71**	74	47
Δ scope of operation	**-**	1	2
Employees at December 31	**951**	**923**	**903**
Turnover (%)	**8.0**	9.5	7.6
New hires (%)	**3.5**	3.6	2.1

[a] *For more information on employee categories, see page 236.*

EMPLOYEE TURNOVER BY AGE GROUP

CNH INDUSTRIAL WORLDWIDE (no.)

Under 30 years	2018	2017	2016
Employees at January 1	**7,287**	7,661	8,984
New hires	**3,126**	2,389	2,067
Departures	**(1,443)**	(1,317)	(1,761)
Δ age range	**(1,521)**	(1,622)	(1,632)
Δ scope of operation	**15**	176	3
Employees at December 31	**7,464**	**7,287**	**7,661**
Turnover (%)	**19.3**	18.1	23.0
New hires (%)	**41.9**	32.8	27.0

30 to 50 years	2018	2017	2016
Employees at January 1	**40,016**	39,579	40,161
New hires	**3,574**	2,819	2,461
Departures	**(2,891)**	(2,737)	(3,024)
Δ age range	**(267)**	(98)	(91)
Δ scope of operation	**80**	453	72
Employees at December 31	**40,512**	**40,016**	**39,579**
Turnover (%)	**7.1**	6.8	7.6
New hires (%)	**8.8**	7.0	6.2

Over 50 years	2018	2017	2016
Employees at January 1	**16,053**	15,588	15,246
New hires	**489**	367	360
Departures	**(1,715)**	(1,814)	(1,763)
Δ age range	**1,788**	1,720	1,723
Δ scope of operation	**34**	192	22
Employees at December 31	**16,649**	**16,053**	**15,588**
Turnover (%)	**10.3**	11.3	11.3
New hires (%)	**2.9**	2.3	2.3

EMPLOYEE TURNOVER BY GENDER

CNH INDUSTRIAL WORLDWIDE (no.)

Men	2018	2017	2016
Employees at January 1	**53,769**	53,494	54,981
New hires	**5,781**	4,497	4,074
Departures	**(5.086)**	(4,931)	(5,594)
Δ scope of operation	**112**	709	33
Employees at December 31	**54,576**	**53,769**	**53,494**
Turnover (%)	**9.3**	9.2	10.5
New hires (%)	**10.6**	8.4	7.6

Women	2018	2017	2016
Employees at January 1	**9,587**	9,334	9,410
New hires	**1,408**	1,078	814
Departures	**(963)**	(937)	(954)
Δ scope of operation	**17**	112	64
Employees at December 31	**10,049**	**9,587**	**9,334**
Turnover (%)	**9.6**	9.8	10.2
New hires (%)	**14.0**	11.2	8.7

PROMOTIONS

CNH INDUSTRIAL WORLDWIDE (no.)

	2018	2017	2016
Hourly	**197**	169	161
Salaried	**508**	433	521
Professional	**454**	352	341
Manager	**25**	25	33
Total	**1,184**	**979**	**1,056**

WORKFORCE GENDER DISTRIBUTION BY CATEGORY[a]

CNH INDUSTRIAL WORLDWIDE

	2018				2017				2016			
	Men		Women		Men		Women		Men		Women	
	(no.)	(%)	(no.)	(%)	(no.)	(%)	(no.)	(%)	(no.)	(%)	(no.)	(%)
Hourly	34,983	89.6	4,059	10.4	34,694	90.2	3,780	9.8	34,671	90.5	3,638	9.5
Salaried	6,739	70.7	2,796	29.3	6,677	70.7	2,762	29.3	6,502	70.6	2,709	29.4
Professional	12,013	79.6	3,084	20.4	11,579	79.7	2,941	20.3	11,517	80.0	2,888	20.0
Manager	841	88.4	110	11.6	819	88.7	104	11.3	804	89.0	99	11.0
Total	**54,576**	**84.5**	**10,049**	**15.5**	**53,769**	**84.9**	**9,587**	**15.1**	**53,494**	**85.1**	**9,334**	**14.9**

[a] *For more information on employee categories, see page 236.*

EMPLOYEES BY CATEGORY BY AGE[a]

CNH INDUSTRIAL WORLDWIDE (no.)

	2018			2017			2016		
	Under 30 years	30 to 50 years	Over 50 years	Under 30 years	30 to 50 years	Over 50 years	Under 30 years	30 to 50 years	Over 50 years
Hourly	5,065	23,738	10,239	5,043	23,657	9,774	5,298	23,574	9,437
Salaried	1,572	6,139	1,824	1,539	6,056	1,844	1,618	5,790	1,803
Professional	827	10,036	4,234	705	9,721	4,094	745	9,632	4,028
Manager	-	599	352	-	582	341	-	583	320
Total	**7,464**	**40,512**	**16,649**	**7,287**	**40,016**	**16,053**	**7,661**	**39,579**	**15,588**

[a] *For more information on employee categories, see page 236.*

EMPLOYEES BY CATEGORY BY AGE[a]

CNH INDUSTRIAL WORLDWIDE (%)

	2018			2017			2016		
	Under 30 years	30 to 50 years	Over 50 years	Under 30 years	30 to 50 years	Over 50 years	Under 30 years	30 to 50 years	Over 50 years
Hourly	13.0	60.8	26.2	13.1	61.5	25.4	13.8	61.6	24.6
Salaried	16.5	64.4	19.1	16.3	64.2	19.5	17.6	62.8	19.6
Professional	5.5	66.5	28.0	4.9	66.9	28.2	5.2	66.8	28.0
Manager	-	63.0	37.0	-	63.1	36.9	-	64.6	35.4

[a] *For more information on employee categories, see page 236.*

WORKFORCE GENDER DISTRIBUTION BY LENGTH OF SERVICE

CNH INDUSTRIAL WORLDWIDE

	2018		2017		2016	
	Total (no.)	**of which women (%)**	Total (no.)	of which women (%)	Total (no.)	of which women (%)
Up to 5 years	**19,689**	**19.0**	19,508	18.2	20,317	17.5
6 to 10 years	**13,304**	**17.0**	14,545	17.1	14,064	17.2
11 to 20 years	**17,112**	**15.9**	15,273	14.6	14,200	14.4
21 to 30 years	**10,350**	**8.8**	10,068	8.9	9,975	8.7
Over 30 years	**4,170**	**10.4**	3,962	10.9	4,272	10.5

WORKFORCE GENDER DISTRIBUTION BY LEVEL OF EDUCATION[a]

CNH INDUSTRIAL WORLDWIDE

	2018[b]		2017[c]		2016[d]	
	Total (no.)	**of which women (%)**	Total (no.)	of which women (%)	Total (no.)	of which women (%)
University degree or equivalent	**14,412**	**23.4**	13,594	23.5	12,871	23.1
High school	**23,526**	**11.9**	23,343	11.9	23,421	11.9
Elementary/middle school	**17,456**	**10.6**	17,550	9.8	17,640	9.8

[a] Data as at October 31, 2018.
[b] About 9,115 employees not mapped for 2018.
[c] About 9,005 employees not mapped for 2017.
[d] About 9,608 employees not mapped for 2016.

WORKFORCE GENDER DISTRIBUTION BY EMPLOYMENT TYPE

CNH INDUSTRIAL WORLDWIDE (no.)

	2018			2017			2016		
	Total	**Men**	**Women**	Total	Men	Women	Total	Men	Women
Full-time	**63,167**	**53,876**	**9,291**	61,976	53,119	8,857	61,590	52,920	8,670
Part-time	**1,458**	**700**	**758**	1,380	650	730	1,238	574	664

WORKFORCE GENDER DISTRIBUTION BY EMPLOYMENT CONTRACT

CNH INDUSTRIAL WORLDWIDE (no.)

	2018		2017		2016	
	No-term	**Fixed-term**	No-term	Fixed-term	No-term	Fixed-term
Men	**52,597**	**1,979**	51,843	1,926	52,042	1,452
Women	**9,604**	**445**	9,297	290	9,143	191
Total	**62,201**	**2,424**	**61,140**	**2,216**	**61,185**	**1,643**

WORKFORCE DISTRIBUTION BY EMPLOYMENT CONTRACT BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

	2018		2017		2016	
	No-term	**Fixed-term**	No-term	Fixed-term	No-term	Fixed-term
EMEA	**40,485**	**1,950**	39,971	1,523	39,749	929
North America	**8,832**	**24**	8,664	27	9,026	16
LATAM	**7,613**	**388**	7,548	602	7,644	654
APAC	**5,271**	**62**	4,957	64	4,766	44
World	**62,201**	**2,424**	**61,140**	**2,216**	**61,185**	**1,643**

OCCUPATIONAL HEALTH AND SAFETY

OCCUPATIONAL HEALTH AND SAFETY — EMPLOYEES

NUMBER OF INJURIES[a] BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

	2018	2017	2016
EMEA	**176**	158	157
North America	**6**	12	16
LATAM	**24**	31	29
APAC	**4**	8	11
Total	**210**	209	213

[a] *Resulting in more than 3 days of absence.*

DAYS OF ABSENCE[a] BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

	2018	2017	2016
EMEA	**7,329**	6,175	6,201
North America	**267**	409	1,060
LATAM	**257**	503	792
APAC	**104**	163	218
Total	**7,957**	7,250	8,271

[a] *Days lost due to accidents – more than 3 days.*

ACCIDENT FREQUENCY RATE[a] BY REGION[b]

CNH INDUSTRIAL WORLDWIDE (accidents per 100,000 hours worked)

	Target 2022 vs. 2014	2018	2017	2016
EMEA		**0.30**	0.27	0.26
North America		**0.04**	0.08	0.11
LATAM		**0.15**	0.23	0.23
APAC		**0.05**	0.10	0.14
Total	**-33%**	**0.21**	0.22	0.22

[a] *The frequency rate is the number of injuries reported (resulting in more than 3 days of absence) divided by the number of hours worked, multiplied by 100,000.*

[b] *2014 was chosen as the base year for global planning, in line with the Business Plan. The base year employee accident frequency rate is equal to 0.25 accidents per 100,000 hours worked.*

ACCIDENT SEVERITY RATE[a] BY REGION

CNH INDUSTRIAL WORLDWIDE (days of absence per 1,000 hours worked)

	2018	2017	2016
EMEA	**0.12**	0.11	0.10
North America	**0.02**	0.03	0.07
LATAM	**0.02**	0.04	0.06
APAC	**0.01**	0.02	0.03
Total	**0.08**	0.08	0.09

[a] *The severity rate is the number of days of absence (of more than 3 days) divided by the number of hours worked, multiplied by 1,000.*

OCCUPATIONAL ILLNESS FREQUENCY RATE (OIFR) BY REGION

CNH INDUSTRIAL WORLDWIDE (cases of occupational illness per 100,000 hours worked)

	2018	2017	2016
EMEA	**0.025**	0.015	0.032
North America	**0.020**	0.035	0.020
LATAM	**-**	0.007	-
APAC	**-**	-	-
Total	**0.018**	0.016	0.023

MEDICAL TREATMENTS

CNH INDUSTRIAL WORLDWIDE (no.)

	2018	2017	2016
Total visits (thousands)	**82.01**	102.25	90.20
Visits per employee	**1.27**	1.61	1.44

OCCUPATIONAL HEALTH AND SAFETY — CONTRACTORS[1]

NUMBER OF INJURIES[a] BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

	2018	2017	2016
EMEA	**13**	15	28
North America	**-**	2	-
LATAM	**7**	6	8
APAC	**-**	-	-
Total	**20**	23	36

[a] *Resulting in more than 3 days of absence.*

ACCIDENT FREQUENCY RATE[a] BY REGION

CNH INDUSTRIAL WORLDWIDE (accidents per 100,000 hours worked)

	2018	2017	2016
EMEA	**0.26**	0.32	0.62
North America	**-**	0.81	-
LATAM	**0.28**	0.24	0.27
APAC	**-**	-	-
Total	**0.20**	0.27	0.36

[a] *The frequency rate is the number of injuries reported (resulting in more than 3 days of absence) divided by the number of hours worked, multiplied by 100,000.*

ACCIDENT SEVERITY RATE[a] BY REGION

CNH INDUSTRIAL WORLDWIDE (days of absence per 1,000 hours worked)

	2018	2017	2016
EMEA	**0.07**	0.09	0.13
North America	**-**	0.35	-
LATAM	**0.07**	0.04	0.06
APAC	**-**	-	-
Total	**0.05**	0.07	0.08

[a] *The severity rate is the number of days of absence (of more than 3 days) divided by the number of hours worked, multiplied by 1,000.*

OCCUPATIONAL ILLNESS FREQUENCY RATE (OIFR) BY REGION

CNH INDUSTRIAL WORLDWIDE (cases of occupational illness per 100,000 hours worked)

	2018	2017	2016
EMEA	**-**	-	0.04
North America	**-**	-	-
LATAM	**-**	-	-
APAC	**-**	-	-
Total	**-**	-	0.02

[1] *Contractors are defined as external companies or freelance/self-employed workers who have a contract with a CNH Industrial company and who provide services within the data reporting scope and within the Company perimeter (resident).*

HUMAN CAPITAL DEVELOPMENT

MANAGERS OF LOCAL NATIONALITY BY REGION[a]

CNH INDUSTRIAL WORLDWIDE (%)

	2018	2017	2016
EMEA	84	84	85
North America	89	89	92
LATAM	88	85	82
APAC	59	57	50

[a] *Local managers are those who come from the geographic area in question.*

TALENT ATTRACTION

CNH INDUSTRIAL WORLDWIDE (no.)

	2018	2017	2016
New graduates recruited	407	403	248
Traineeships	2,691	3,296	3,174

TRAINING IN NUMBERS

CNH INDUSTRIAL WORLDWIDE (no.)

	2018	2017	2016
Training hours	868,779	714,610	827,501
Employees involved	46,406	48,981	42,764
Average hours of training per employee involved	18.7	14.6	19.4

AVERAGE HOURS OF TRAINING PER EMPLOYEE INVOLVED BY GENDER

CNH INDUSTRIAL WORLDWIDE (no.)

	2018		2017		2016	
	Men	Women	Men	Women	Men	Women
Employees involved	38,041	8,365	40,586	8,395	35,438	7,326
Average hours of training per employee involved	19.3	16.2	14.8	13.4	20.1	15.7

AVERAGE HOURS OF TRAINING PER EMPLOYEE INVOLVED BY CATEGORY[a]

CNH INDUSTRIAL WORLDWIDE (no.)

	2018			2017			2016		
	Hourly	Salaried & Professional	Manager	Hourly	Salaried & Professional	Manager	Hourly	Salaried & Professional	Manager
Employees involved	19,321	26,035	1,050	18,154	29,641	1,186	17,507	24,253	1,004
Average hours of training per employee involved	21.8	16.6	14.8	16.7	13.4	12.9	24.2	15.9	19.6

[a] *For more information on employee categories, see page 236.*

EMPLOYEE WELFARE AND WELLBEING

PARENTAL LEAVE

CNH INDUSTRIAL 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[a]	9,669	-	9,669	53,638	53,638	-	54,521	45,625	8,896	26,278	18,078	8,200

	Maternity leave			Paternity leave[c]			Adoption leave[c, d]			Breastfeeding leave[c]		
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
Total number of employees taking parental leave[b]	773	-	773	1,801	1,801	-	3	-	3	371	141	230

[a] *Number of employees entitled to parental leave as at October 31, 2018, as per applicable laws, collective labor agreements, and/or Company policies.*
[b] *From November 2017 to October 2018.*
[c] *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.*
[d] *In many time keeping/payroll systems, adoption leave is coded as maternity or paternity leave; therefore, the data for adoption is partial.*

INDUSTRIAL RELATIONS

2018 COLLECTIVE BARGAINING AGREEMENT COVERAGE

CNH INDUSTRIAL WORLDWIDE (%)

	Employees surveyed	Employees covered by collective bargaining agreements
EMEA	98	99
North America	100	18
LATAM	100	95
APAC	93	10
World	**98**	**80**

2018 GRIEVANCES FILED AND RESOLVED

CNH INDUSTRIAL WORLDWIDE (no.)

	Grievances filed	Grievances resolved
EMEA	5	1
North America	273	238
LATAM	1	1
APAC	-	-
World	**279**	**240**

ENVIRONMENT

ENVIRONMENTAL PROTECTION EXPENDITURE AND INVESTMENTS

CNH INDUSTRIAL WORLDWIDE ($million)

	2018	2017[a]	2016[a]	2015[a]
Plants (no.)	56	57	59	59
Expenditure	**42**	38	38	34
of which on waste disposal and emissions treatment	**31**	28	27	24
of which on prevention and environmental management	**11**	10	11	10
Investments	**3.6**	4.5	4	3.2
Cost savings	**3.3**	3.0	3.3	3.6

[a] 2015, 2016, and 2017 data restated with respect to the 2017 Sustainability Report, following a change in the reporting scope (see page 231).

AIR EMISSIONS

VOLATILE ORGANIC COMPOUNDS (VOC)[a]

CNH INDUSTRIAL WORLDWIDE

	Target 2022 vs. 2014	2018	2017[b]	2016[b]
Plants (no.)		56	57	59
Average VOC emissions (g/m^2)	**-20%**	**36.5**	36.9	39.9
Total VOC emissions (kg)		**1,712,380**	1,723,819	1,642,846

[a] 2014 was chosen as the base year for global planning, in line with the Business Plan. The base year VOC emissions are equal to 44.5 g/m^2 (restated figure).
[b] 2016 and 2017 data restated with respect to the 2017 Sustainability Report, following a change in the reporting scope (see page 231).

NO_X, SO_X, AND DUST EMISSIONS

CNH INDUSTRIAL WORLDWIDE (tons)

	2018	2017[a]	2016[a]
Plants (no.)	57	58	60
Nitrogen Oxides (NO_X)	**370.9**	366.8	353.1
Sulfur Oxides (SO_X)	**56.9**	73.0	66.2
Dust	**6.3**	8.5	7.9

[a] 2016 and 2017 data restated with respect to the 2017 Sustainability Report, following a change in the reporting scope (see page 231).

WATER MANAGEMENT

QUALITY OF WATER DISCHARGES

CNH INDUSTRIAL WORLDWIDE (milligram/liter)

	2018	2017[a]	2016[a]
Plants (no.)	56	57	59
Biochemical Oxygen Demand (BOD)	**45.1**	29.1	54.0
Chemical Oxygen Demand (COD)	**162.1**	115.4	188.3
Total Suspended Solids (TSS)	**33.8**	45.5	56.9

[a] 2016 and 2017 data restated with respect to the 2017 Sustainability Report, following a change in the reporting scope (see page 231).

WATER WITHDRAWAL PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (m^3/hours of production[b])

	Target 2022 vs. 2014	2018	2017[c]	2016[c]
Plants (no.)		56	57	59
Water withdrawal	**-23%**	**0.079**	0.083	0.099

[a] 2014 was chosen as the base year for global planning, in line with the Business Plan. The base year water withdrawal is equal to 0.10 m^3/hours of production (restated figure).
[b] Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 236.
[c] 2016 and 2017 data restated with respect to the 2017 Sustainability Report, following a change in the reporting scope (see page 231).

WATER WITHDRAWAL, DISCHARGE, AND CONSUMPTION

CNH INDUSTRIAL WORLDWIDE (thousands of m³)

	2018	2017[a]	2016[a]
Plants (no.)	56	57	59
Withdrawal			
Groundwater	**2,948**	2,970	3,274
Third-party water	**1,640**	1,748	1,825
of which municipal water supply	**1,636**	1,745	1,821
Surface water	**28**	27	21
of which rainwater	**3**	2	2
Seawater	**-**	-	-
Produced water	**-**	-	-
Total water withdrawal	**4,616**	4,745	5,120
Discharge[b]			
Surface water	**501**	518	531
Third-party water	**2,683**	2,713	2,873
Seawater	**-**	-	-
Groundwater	**-**	-	-
Total water discharge	**3,184**	3,231	3,404
Consumption			
Total water consumption[c]	**1,432**	1,514	1,716

(a) 2016 and 2017 data restated with respect to the 2017 Sustainability Report, following a change in the reporting scope (see page 231).
(b) Includes only water discharges related to industrial water.
(c) Calculated as total water withdrawal minus total water discharge.

WATER RECYCLING INDEX

CNH INDUSTRIAL WORLDWIDE (thousands of m³)

	2018	2017[a]	2016[a]
Plants (no.)	56	57	59
Total water requirement	**6,563**	6,695	7,048
of which covered by recycling	**1,947**	1,950	1,928
of which water withdrawal	**4,616**	4,745	5,120
Recycling index[b] (%)	**30**	29	27

(a) 2016 and 2017 data restated with respect to the 2017 Sustainability Report, following a change in the reporting scope (see page 231).
(b) The recycling index is calculated as a percentage of the total water requirement.

MAIN PLANTS LOCATED IN WATER-STRESSED AREAS[a] ACCORDING TO THE FAO METHODOLOGY

CNH INDUSTRIAL WORLDWIDE

Segment and plant	2018 water intensity[b] (m³/COGS)	2018 discharge water quality (mg/l)	2014 fresh water consumption (m³/hours of production[c])	2018 fresh water consumption (m³/hours of production[c])	Reduction target (2018 vs. 2014)
Agricultural Equipment ■ Noida (India)	0.00061	BOD: 20 COD: 143 TSS: 60	0.105	0.077	-2%
Agricultural Equipment ■ Plock (Poland)	0.00029	BOD: 265 COD: 567 TSS: 108	0.051	0.038	-20%
Commercial Vehicles ■ Vysoke Myto (Czech Republic)	0.00016	BOD: 315 COD: 761 TSS: 195	0.033	0.019	-2%

(a) Water-stressed area: area with water availability of < 1,700 m³/person per year (source: FAO).
(b) Water-intensity: fresh water consumption in m³/Cost of Goods Sold (COGS) in US dollars ($).
(c) Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 236.

MAIN PLANTS LOCATED IN WATER-STRESSED AREAS[a] ACCORDING TO THE WRI METHODOLOGY

CNH INDUSTRIAL WORLDWIDE

Segment and plant	2018 discharge water quality (mg/l)	2014 water withdrawal per production unit (m^3/hours of production[b])	2018 water withdrawal per production unit (m^3/hours of production[b])	Reduction target[c] (2022 vs. 2014)
Agricultural Equipment and Construction Equipment ■ Queretaro (Mexico)	n.a.	0.021	0.020	n.a.
Agricultural Equipment ■ Noida (India)	BOD: 20 COD: 143 TSS: 60	0.105	0.077	-29%
Construction Equipment ■ Pithampur (India)	BOD: 26 COD: 173 TSS: 109	0.057[d]	0.041	-30%

[a] *Areas with a baseline water stress that is high (40-80%) or extremely high (>80%) and an overall water risk that is high (3-4) or extremely high (4-5), according to the WRI Aqueduct Risk Atlas tool, as at December 5, 2018.*
[b] *Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 236.*
[c] *Refers to water withdrawal per production unit (m^3/hours of production). Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 236.*
[d] *Data was estimated based on the plant's performance in successive years.*

2018 WATER WITHDRAWAL, DISCHARGE, AND CONSUMPTION IN WATER-STRESSED AREAS[a]

CNH INDUSTRIAL WORLDWIDE (thousands of m^3)

	Total	Queretaro (Mexico)	Noida (India)	Pithampur (India)
Withdrawal				
Groundwater	**234**	16	218	-
Third-party water	**42**	-	-	42
of which municipal water supply	**42**	-	-	42
Surface water	**1**	-	-	1
of which rainwater	**1**	-	-	1
Seawater	**-**	-	-	-
Produced water	**-**	-	-	-
Total water withdrawal[b]	**277**	**16**	**218**	**43**
Discharge				
Total water discharge	**109**	**-**	**104**	**5**
Consumption				
Total water consumption[c]	**168**	**16**	**114**	**38**
Water consumption per production unit (m^3/hours of production[d])	**0.04**	**0.02**	**0.04**	**0.04**

[a] *Areas with a baseline water stress that is high (40-80%) or extremely high (>80%) and an overall water risk that is high (3-4) or extremely high (4-5), according to the WRI Aqueduct Risk Atlas tool, as at December 5, 2018.*
[b] *The total water withdrawal in water-stressed areas corresponds to 6% of the Company's total water withdrawal.*
[c] *Calculated as total water withdrawal minus total water discharge.*
[d] *Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 236.*

WATER SOURCES SIGNIFICANTLY AFFECTED BY PLANTS' WATER WITHDRAWAL AND/OR DISCHARGE

CNH INDUSTRIAL WORLDWIDE

Segment and plant	Water source	Size of water source	Use	Protected water body	High biodiversity value water body	Water withdrawals accounting for more than 5% of annual average volume	Water discharges accounting for more than 5% of annual average volume
Powertrain ■ Bourbon Lancy (France)	Withdrawal of industrial water from ground water and discharge to river (Loire)	Loire average flow[a] = 133 m^3/sec	Industrial water	yes[b]	yes[c]	no	no

[a] *Monthly average of the last 50 years (1969-2018).*
[b] *The section of the Loire that flows near the plant falls within 3 protected areas:*
- SIC - FR8301020: Vallée Alluviale de la Loire (left bank)
- SIC - FR2600967: Vallée de la Loire entre Devay et Digoin (right bank)
- ZPS - FR2612002: Vallée de la Loire de Iguerande à Decize.
In this context, the river is an important environmental resource for the local community, providing the water supply for the area's agriculture and grazing land.
[c] *There is a high level of biodiversity in the stretch of the Loire near the plant (see page 255). According to official data from the Natura 2000 network, the area surrounding the Loire boasts 27 species of interest at EU level, of which 16 are included in Annex II of the Habitats Directive 92/43/EEC; one of these, the European eel (Anguilla anguilla), is listed as Critically Endangered (CR) by the International Union for Conservation of Nature (IUCN). Other important species include the European pond turtle (Emys orbicularis) and the Eurasian beaver (Castor fiber).*

WASTE MANAGEMENT

WASTE GENERATION AND MANAGEMENT

CNH INDUSTRIAL WORLDWIDE (tons)

	2018	2017[a]	2016[a]
Plants (no.)	56	57	59
Waste generated			
Non-hazardous waste	**201,876**	196,201	187,152
Hazardous waste	**15,759**	17,738	17,010
Total waste generated	**217,635**	**213,939**	**204,162**
of which packaging	**66,453**	66,107	55,188
Waste disposed			
Treatment	**11,492**	12,381	11,126
of which incineration	**727**	623	247
Sent to landfill	**4,969**	5,443	6,907
Total waste disposed	**16,461**	**17,824**	**18,003**
of which non-hazardous	**9,994**	9,850	10,118
Waste recovered			
Waste recovered (excluding waste-to-energy)	**193,479**	189,157	176,824
Waste-to-energy conversion	**7,695**	6,958	9,845
of which hazardous	**3,038**	2,739	2,982
Total waste recovered	**201,174**	**196,115**	**186,129**
of which hazardous	**9,292**	9,764	9,095
Waste recovered (%)	**92.4**	**91.7**	**91.2**
Waste sent to landfill (%)	**2.3**	**2.5**	**3.4**

(a) 2016 and 2017 data restated with respect to the 2017 Sustainability Report, following a change in the reporting scope (see page 231).

WASTE AND HAZARDOUS WASTE GENERATED PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (kg/hours of production[b])

	Target 2022 vs. 2014	2018	2017[c]	2016[c]
Plants (no.)		56	57	59
Waste generated	**-23%**	**3.71**	3.75	3.95
Hazardous waste generated	**-35%**	**0.27**	0.31	0.33

(a) 2014 was chosen as the base year for global planning, in line with the Business Plan.
The base year waste generated is equal to 4.56 kg/hours of production (restated figure).
The base year hazardous waste generated is equal to 0.39 kg/hours of production (restated figure).
(b) Total manufacturing hours are used to calculate the indicator per hour of production.
For the definition of total manufacturing hours, see page 236.
(c) 2016 and 2017 data restated with respect to the 2017 Sustainability Report, following a change in the reporting scope (see page 231).

WASTE RECOVERED[a]

CNH INDUSTRIAL WORLDWIDE (%)

	Target 2022	2018	2017[b]	2016[b]
Plants (no.)		56	57	59
Waste recovered	**93**	**92**	92	91

(a) Waste recovered as a percentage of waste generated.
(b) 2016 and 2017 data restated with respect to the 2017 Sustainability Report, following a change in the reporting scope (see page 231).

TRANSPORTED, IMPORTED, EXPORTED OR TREATED HAZARDOUS WASTE

CNH INDUSTRIAL WORLDWIDE (tons)

	2018	2017[a]	2016[a]
Plants (no.)	56	57	59
Hazardous waste transported to external providers of waste management services in the same country	**15,748**	17,724	16,961
of which sent for treatment	**6,362**	7,825	7,366
Hazardous waste transported to external providers of waste management services abroad	**11**	14	-
of which sent for treatment	**-**	-	-
Total hazardous waste transported	**15,759**	**17,738**	**16,961**

(a) 2016 and 2017 data restated with respect to the 2017 Sustainability Report, following a change in the reporting scope (see page 231).

PLANTS NEAR, BORDERING OR WITHIN PROTECTED[a] OR HIGH-BIODIVERSITY AREAS

CNH INDUSTRIAL WORLDWIDE

Plant	Plant primary functions	Plant's total surface area (m²)	Location with respect to protected area	Species on IUCN Red List of threatened species and on national lists (no.)
BOLZANO (ITALY)[b]	Defense vehicles	120,000	Adjacent to the 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)[c]	Engines (heavy)	210,000	Adjacent to the protected area (500 m)	195 species listed, of which: ■ 0 critically endangered ■ 2 endangered ■ 1 vulnerable ■ 1 near threatened ■ 191 of least concern
CURITIBA (BRAZIL)[c]	Combines, tractors	792,824	Adjacent to/contains part of the protected area	7 species listed, of which: ■ 0 critically endangered ■ 0 endangered ■ 0 vulnerable ■ 1 near threatened ■ 6 of least concern
FOGGIA (ITALY)[c]	Engines (light), drive shafts	601,680	Adjacent to the 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)[c]	Heavy vehicles	347,200	Adjacent to the protected area (1,500 m)	64 species listed, of which: ■ 0 critically endangered ■ 0 endangered ■ 0 vulnerable ■ 1 near threatened ■ 63 of least concern
SETE LAGOAS (BRAZIL)[c]	Light, medium, and heavy vehicles	2,000,000	Adjacent to the 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)[c]	Light vehicles	520,000	Adjacent to the protected area (4,000 m)	110 species listed, of which: ■ 0 critically endangered ■ 2 endangered ■ 0 vulnerable ■ 0 near threatened ■ 108 of least concern
ULM (GERMANY)[c]	Firefighting vehicles	679,000	Adjacent to the protected area (2,000 m)	153 species listed, of which: ■ 0 critically endangered ■ 2 endangered ■ 1 vulnerable ■ 3 near threatened ■ 147 of least concern
ZEDELGEM (BELGIUM)[b]	Combines, forage harvesters, balers	360,357	Adjacent to the protected area (2,000 m)	232 species listed, of which: ■ 8 critically endangered ■ 11 endangered ■ 22 vulnerable ■ 19 near threatened ■ 172 of least concern

(a) 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 recognized by governmental and non-governmental organizations as having significant biodiversity.

(b) Plant implementing the BRE methodology (see page 182) that is located near, bordering or within protected or high-biodiversity areas.

(c) Plant implementing the BVI methodology (see page 182) that is located near, bordering or within protected or high-biodiversity areas.

ENERGY

ENERGY CONSUMPTION AND CO_2 EMISSIONS

IMPROVEMENT IN ENERGY PERFORMANCE

CNH INDUSTRIAL WORLDWIDE

	2018	2017	2016	2015
Expenditure ($million)	**182**	170	169	154
Investments ($million)	**7.9**	7.7	6.7	11
Cost savings ($million)	**3.3**	7	3.8	7
Energy savings (GJ)	**160,009**	261,909	164,898	290,000
CO_2 emissions reduction (tons)	**11,809**	21,061	9,975	18,000

TOTAL ENERGY CONSUMPTION[a]

CNH INDUSTRIAL WORLDWIDE (GJ)

Non-renewable sources	2018	2017[b]	2016[b]
Plants (no.)	57	58	60
Direct energy consumption			
Natural gas	**2,875,474**	2,781,706	2,713,720
Coal	**90,493**	139,724	131,242
Diesel	**262,043**	294,300	250,300
Liquefied petroleum gas (LPG)	**72,711**	66,176	46,414
Other (HS and LS fuel oil)	**154**	148	119
Total	**3,300,875**	3,282,054	3,141,795
Indirect energy consumption			
Electricity	**774,835**	1,204,612	1,134,079
Thermal energy	**694,710**	641,537	610,687
Other energy sources	**16,058**	40,580	115,017
Total	**1,485,603**	1,886,729	1,859,783
Total energy consumption from non-renewable sources	**4,786,478**	5,168,783	5,001,578

Renewable sources	2018	2017[b]	2016[b]
Plants (no.)	57	58	60
Direct energy consumption			
Biomass	**6,801**	4,702	22,169
Solar-thermal	**17**	137	246
Total	**6,818**	4,839	22,415
Indirect energy consumption			
Electricity	**1,843,182**	1,399,965	1,342,881
Thermal energy	**52,485**	52,404	57,666
Other energy sources	**148,519**	111,331	9,998
Total	**2,044,186**	1,563,700	1,410,545
Total energy consumption from renewable sources	**2,051,004**	1,568,539	1,432,960
Total energy consumption	**6,837,482**	6,737,322	6,434,538

[a] 2014 was chosen as the base year for global planning, in line with the Business Plan. The base year energy consumption is equal to 7,469,657 GJ (restated figure).
[b] 2016 and 2017 data restated with respect to the 2017 Sustainability Report, following a change in the reporting scope (see page 231).

ENERGY CONSUMPTION BY TYPE

CNH INDUSTRIAL WORLDWIDE (GJ)

	2018	2017[a]	2016[a]
Plants (no.)	57	58	60
Electricity[b]	**2,759,208**	2,724,536	2,571,863
Heat	**747,212**	694,078	668,599
Steam[c]	**-**	-	-
Cooling coal	**23,386**	31,952	30,112
Natural gas	**2,875,474**	2,781,706	2,713,720
Other energy sources	**432,202**	505,050	450,244
Total energy consumption	**6,837,482**	6,737,322	6,434,538

[a] 2016 and 2017 data restated with respect to the 2017 Sustainability Report, following a change in the reporting scope (see page 231).
[b] Electricity also includes compressed air.
[c] Steam is included in heat.

ENERGY CONSUMPTION PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (GJ/hour of production[b])

	Target 2030 vs. 2014	2018	2017	2016
Plants (no.)		57	58	60
Energy consumption per production unit	**-30%**	**0.10898**	0.11064	0.11795

[(a)] *2014 was chosen as the base year for global planning, in line with the Business Plan.*
The base year energy consumption per production unit is equal to 0.1275 GJ/hours of production (restated figure).
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.
2016 and 2017 data restated with respect to the 2017 Sustainability Report, following a change in the reporting scope (see page 231).
[(b)] *Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 236.*

ELECTRICITY CONSUMPTION FROM RENEWABLE SOURCES[a]

CNH INDUSTRIAL WORLDWIDE (%)

	Target 2030	2018	2017	2016
Plants (no.)		57	58	60
Electricity consumption from renewable sources	**90**	**70.4**	53.8	54.2

[(a)] *2016 and 2017 data restated with respect to the 2017 Sustainability Report, following a change in the reporting scope (see page 231).*

DIRECT AND INDIRECT CO_2 EMISSIONS[a]

CNH INDUSTRIAL WORLDWIDE (tons)

	2018	2017[b]	2016[b]
Plants (no.)	57	58	60
Direct emissions (scope 1)	**184,439**	186,598	178,555
Indirect emissions (scope 2) – market-based	**194,575**	235,246	246,926
Indirect emissions (scope 2) – location-based	**312,409**	305,308	276,660
Total CO_2 emissions[c]	**379,014**	**421,844**	**425,481**
Direct emissions from landfill gases	**371**	257	1,210

[(a)] *CO_2 is the only significant greenhouse gas within CNH Industrial's processes (see page 237).*
For CNH Industrial, biogenic CO_2 emissions are those released by the combustion of landfill gases.
2014 was chosen as the base year for global planning, in line with the Business Plan.
The base year CO_2 emissions are equal to 530,851 tons (restated figure).
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 page 237.
[(b)] *2016 and 2017 data restated with respect to the 2017 Sustainability Report, following a change in the reporting scope (see page 231).*
[(c)] *Total CO_2 emissions are calculated as per the market-based methodology of the GHG Protocol, and do not include emissions from landfill gases.*

DIRECT AND INDIRECT CO_2 EMISSIONS PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (tons of CO_2/hour of production[b])

	Target 2030 vs. 2014	2018	2017	2016
Plants (no.)		57	58	60
Direct and indirect CO_2 emissions per production unit	**-60%**	**0.00597**	0.00688	0.00777

[(a)] *CO_2 is the only significant greenhouse gas within CNH Industrial's processes (see page 237).*
2014 was chosen as the base year for global planning, in line with the Business Plan.
The base year CO_2 emissions per production unit are equal to 0.0090 tons/hours of production (restated figure).
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.
2016 and 2017 data restated with respect to the 2017 Sustainability Report, following a change in the reporting scope (see page 231).
[(b)] *Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 236.*

OTHER GRI DISCLOSURES

CONSTANT DIALOGUE WITH STAKEHOLDERS

Stakeholders present a wide range of differing interests, so establishing and maintaining stable and lasting relationships is crucial for creating shared value over the long term. Along with the engagement process during the materiality analysis, CNH Industrial promotes ongoing communication and active engagement with its stakeholders worldwide. It interacts with them continually and proactively during the year, through dedicated functions, promoting ongoing dialogue. The Company believes that such exchanges are opportunities for mutual growth and improvement, and that cooperation and trust are built on receptiveness and engagement. The first step toward building effective engagement involves the identification of stakeholders in order to establish the most effective communication channels, while continually monitoring expectations, needs, and opinions. CNH Industrial identified and selected key stakeholders through an internal assessment performed by the corporate functions managing stakeholder relations on a daily basis. Understanding specific requirements and priorities enables CNH Industrial to deal with issues before they become critical, and to fine-tune its responses according to the stakeholders' interests.

DIALOGUE WITH STAKEHOLDERS IN DETAIL

Stakeholders	Corporate functions[a]	Tools and interaction channels	Key topics and concerns[b]
CUSTOMERS	◢ Marketing ◢ Customer Care ◢ Product Development	■ direct engagement in materiality analysis ■ market research ■ focus groups ■ customer satisfaction surveys ■ above-the-line and below-the-line communication channels ■ two-way communication through: web, direct mailing, dealerships, toll-free numbers, etc. ■ events (e.g., product launches) and participation in exhibitions, trade fairs, and conventions ■ Customer-Driven Product Development (CPD) ■ Compliance Helpline	■ quality, reliability, and safety of products ■ competitive prices and financial services ■ speed and efficiency of assistance ■ professionalism and courteousness in direct contacts and through dealers ■ increase in products and services offered to customers (including financial services)
DEALER AND SERVICE NETWORK	◢ Sales ◢ Training	■ direct engagement in materiality analysis ■ daily contacts and periodic meetings with the network ■ two-way communication through the web Dealer Portal and dedicated phone lines ■ individuals responsible for monitoring the network and ensuring fulfillment of contractual standards ■ dealer development programs ■ programs to support dealers, including training, definition of standards, financing, and promotional campaigns ■ Compliance Helpline	■ complete and easily accessible product information ■ business profitability ■ development of sense of belonging ■ quality and availability of products/parts/services ■ competitive prices ■ expansion of product lines ■ expansion of services offered to customers, including financial services ■ support services for dealers and rapid response to breakdowns
EMPLOYEES	◢ Human Resources ◢ Environment, Health and Safety	■ direct engagement in materiality analysis ■ daily dialogue ■ Intranet portal ■ meetings to communicate expected and actual performance levels and professional development path ■ Compliance Helpline	■ well-defined procedures and protection in periods of market uncertainty ■ clear objectives and reward system ■ information on strategies and results ■ training and professional development ■ stimulating and safe work environment
PROFESSIONAL ORGANIZATIONS AND ASSOCIATIONS		■ direct engagement in materiality analysis ■ meetings to share and align with corporate objectives and decisions	■ indirect participation in the decision-making process ■ development of sense of belonging ■ access to information
EMPLOYEES' FAMILIES		■ participation initiatives (e.g., Children's Christmas, Family Day) ■ internal publications	■ indirect participation in corporate life ■ targeted initiatives (nursery school, academic scholarships, supplemental health programs)

[a] The names provided in the corporate functions column have, in some cases, been altered to make them more self-explanatory and, therefore, do not necessarily coincide with the official name given to the corresponding activity or area of responsibility.
[b] The way the Company has responded to those key topics and concerns falls within the scope of its day-by-day activities and is described in the Report.

Stakeholders	Corporate functions[a]	Tools and interaction channels	Key topics and concerns[b]
FINANCIAL COMMUNITY: TRADITIONAL AND SOCIALLY RESPONSIBLE INVESTORS (SRIS)	◢ Investor Relations ◢ Corporate Affairs ◢ Sustainability Planning and Reporting	■ direct engagement in materiality analysis ■ General Meeting ■ price-sensitive disclosures and information ■ quarterly conference calls ■ seminars, industry conferences, roadshows, and meetings ■ daily dialogue (meetings, telephone, emails) ■ Investor Relations section of the Company website ■ EU Annual Report ■ Sustainability Report	■ enhancement of knowledge of the Company and its businesses ■ value creation (return on investment, sustainability of the business) ■ transparent and responsible management
JOURNALISTS, MEDIA, AND OPINION LEADERS	◢ Communications	■ direct engagement in materiality analysis ■ daily dialogue ■ presentations and press conferences ■ meetings ■ brand and Company websites	■ availability, timeliness, accuracy, and transparency of information
LOCAL COMMUNITIES: RELIGIOUS, CULTURAL, AND SOCIO-POLITICAL ASSOCIATIONS, HEALTH SYSTEMS, SCHOOLS & UNIVERSITIES, AND NON-GOVERNMENTAL & NON-PROFIT ORGANIZATIONS	◢ Dedicated functions	■ direct engagement in materiality analysis ■ meetings with representatives of associations, organizations or local communities ■ actions or projects, managed directly or in partnership ■ cultural exchange programs ■ Compliance Helpline	■ responsiveness to project proposals and individual requests for assistance ■ contributions and support for medium to long-term initiatives ■ access to information
PUBLIC INSTITUTIONS: GOVERNMENT, LOCAL AUTHORITIES, PUBLIC AGENCIES, REGULATORY BODIES, INTERNATIONAL INSTITUTIONS, TRADE ASSOCIATIONS, AND NON-GOVERNMENTAL ORGANIZATIONS	◢ Institutional Relations ◢ Environment, Health and Safety	■ direct engagement in materiality analysis ■ periodic ad hoc meetings on corporate objectives and position ■ participation in working groups, development of joint projects and alliances ■ collaboration on R&D projects ■ initiatives to highlight regulatory issues ■ dialogue with institutions and environmental associations	■ responsiveness and proactiveness towards projects presented ■ collaboration and access to information ■ satisfaction of tender requirements for R&D projects ■ technical support on specific industry-related issues ■ inclusion of environmental aspects in business strategies (e.g., combating climate change)
SCIENTIFIC AND TECHNOLOGICAL RESEARCH CENTERS AND UNIVERSITIES	◢ Innovation	■ direct engagement in materiality analysis ■ open-source tools ■ periodic meetings	■ satisfaction of tender requirements for R&D projects ■ collaborative R&D projects
SUPPLIERS AND COMMERCIAL PARTNERS	◢ Purchasing	■ direct engagement in materiality analysis ■ daily relationship through buyers ■ web Supplier Portal ■ *Come to our Plant* initiative ■ WCM suppliers ■ Supplier Advisory Council (SAC) ■ conventions ■ *Technology Days* ■ *Suppliers' Proposals* program ■ Compliance Helpline ■ dedicated email addresses	■ continuity of supply ■ fulfillment of contractual conditions ■ partnerships
TRADE UNIONS AND EMPLOYEE REPRESENTATIVES	◢ Industrial Relations	■ direct engagement in materiality analysis ■ institutional meetings and other exchanges pursuant to legal or contractual provisions at plant, legal entity, regional or national levels ■ trilateral meetings (Company, trade unions, and government bodies) on matters of particular importance ■ ad hoc meetings at plant, legal entity, regional or national level	■ social dialogue in line with the applicable legal or contractual provisions under which – from time to time and depending on the country, the issues, and the level of dialogue – trade unions or employee representatives have the right to information, consultation, and/or negotiation. As part of a participatory system of industrial relations, joint committees have been established in various countries to focus on specific topics of interest

[a] The names provided in the corporate functions column have, in some cases, been altered to make them more self-explanatory and, therefore, do not necessarily coincide with the official name given to the corresponding activity or area of responsibility.

[b] The way the Company has responded to those key topics and concerns falls within the scope of its day-by-day activities and is described in the Report.

MEMBERSHIP OF ASSOCIATIONS[a]

COUNTRY	NAME	TYPE OF INSTITUTION	COMMITMENT FROM CNH INDUSTRIAL			
			PROJECTS	MEMBERSHIP	POSITION ON GOVERNANCE BODY	FUNDING
EMEA						
Austria	Association of Austrian Machinery and Metalware Industries (FMMI)	Association		○		
Austria	Technische Universität Graz	University	○			
Belgium	American Chamber of Commerce to the European Union (AmCham EU)	Association		○		
Belgium	Committee for European Construction Equipment (CECE)	Association		○	○	
Belgium	European Association of Internal Combustion Engine Manufacturers (EUROMOT)	Association		○	○	
Belgium	European Agricultural Machinery (CEMA)	Association		○	○	
Belgium	European Automobile Manufacturers' Association (ACEA)	Association		○	○	
Belgium	European Council for Automotive R&D (EUCAR)	Association		○		
Belgium	Federations Belge de l'Automobile & du Cycle (FEBIAC)	Association		○		
Belgium	Federation for the Technology Industry (AGORIA)	Association		○		
Belgium	Natural and Bio Gas Vehicle Association (NGVA Europe)	Association		○	○	
Belgium	Union Internationale des Transport Publics (UITP)	Association		○	○	
Belgium	University of Antwerp	University	○			
Czech Rep.	Automotive Industry Association (AIA)	Association		○		
Denmark	Aarhus University	University	○			
Denmark	Danish Association of Car Importers (Danske Bilimportører)	Association		○		
France	Association Française du Gaz Naturel pour Véhicules (AFGNV)	Association		○		
France	Automotive Builder Syndicate (CSIAM)	Association		○		
France	CEA Grenoble	Research Center	○			
France	European Cluster for Automotive Solutions (CARA ex-LUTB)	Association	○	○	○	
France	CETHIL INSA	University	○			
France	Électricité de France (EDF)	Research Center	○			
France	IFP Energies Nouvelles (IFPEN)	Research Center	○			
France	Institut Français Des Sciences et technologies des transports, de l'amènagement et des rèseaux (IFSTTAR)	Research Center	○			
France	Union des Industriels de l'Agro-Equipement (AXEMA)	Association		○		
France	Union des Transports Publics (UTP)	Association		○		
Germany	Fraunhofer-Gesellschaft	Research Center	○			
Germany	Stuttgart University	University	○			
Germany	Verband Deutscher Maschinen und Anlagenbau (VDMA)	Association		○		
Germany	Verband der Automobilindustrie (VDA)	Association		○	○	
Germany	Zukunft ERDGAS Future Natural Gas	Association		○		
Italy	Consiglio Nazionale delle Ricerche Istituto Motori Napoli (IRMN)	Research Center	○			

[a] *List of CNH Industrial's main memberships. The complete list is available on the Company's website.*

COUNTRY	NAME	TYPE OF INSTITUTION	COMMITMENT FROM CNH INDUSTRIAL			
			PROJECTS	MEMBERSHIP	POSITION ON GOVERNANCE BODY	FUNDING
EMEA						
Italy	Consorzio MEDISDIH	Research Center	○			
Italy	CRF	Research Center	○			
Italy	CRIT	Research Center	○		○	○
Italy	Federazione Nazionale Costruttori Macchine per l'Agricoltura (FEDERUNACOMA)	Association		○		
Italy	IMAMOTER	Research Center	○			
Italy	Italian Electric Road Vehicle Association (CIVES)	Association		○		
Italy	Italian National Institute for Environmental Protection and Research (ISPRA)	Research Center	○			
Italy	Natural Gas Vehicle Italy (NGV Italy)	Association		○	○	
Italy	Politecnico di Milano	University	○			
Italy	Politecnico di Torino	University	○			
Italy	Unione Nazionale Aziende Construction Equipment & Attachments (UNACEA)	Association		○		
Italy	Università degli Studi di Ancona	University	○			
Italy	Università degli Studi di Bologna	University	○			○
Italy	Università degli Studi di Genova	University	○			
Italy	Università degli Studi di Modena e Reggio Emilia	University	○			○
Italy	Università degli Studi di Torino	University	○			
Italy	World Energy Council Italy	Association		○		
Netherlands	Dacolt – Combustion & CFD (AVL)	Research Center	○			
Netherlands	Technische Universiteit Eindhoven	University	○			
Netherlands	Uniresearch	Research Center	○			
Norway	Bilimportørens Landsforening (BIL)	Association		○		
Poland	Polish LNG Platform	Association		○	○	
Slovenia	CTIF – The International Association of Fire Services	Association		○		
Spain	Asociación Española de Fabricantes de Automóviles y Camiones (ANFAC)	Association		○	○	
Spain	Asociacion Iberica de Gas Natural para la Movilidad (GASNAM)	Association		○	○	
Spain	Asociación Nacional de Maquinaria Agropecuaria, Forestal y de Espacios Verdes (ANSEMAT)	Association		○		
Spain	Mondragon University	University	○			
Spain	Universitat Politecnica de Valencia	University	○			
Sweden	Swedish trade association for manufacturers and importers of cars, trucks, and buses (BIL Sweden)	Association		○		
Switzerland	Eidgenössische Technische Hochschule Zürich (ETH Zürich)	University	○			
Switzerland	Inspire, Zürich	Research Center	○			
Switzerland	International Road Transport Union (IRU)	Association		○		
Switzerland	Swiss Federal Laboratories for Materials Science and Technology (EMPA)	Research Center	○			
UK	Confederation of British Industry (CBI)	Association		○	○	
UK	Chalmers University of Technology	University	○			
UK	Natural Gas Vehicle Network (NGVN)	Association		○		
UK	Society of Motor Manufacturers and Traders (SMMT)	Association		○		

COUNTRY	NAME	TYPE OF INSTITUTION	COMMITMENT FROM CNH INDUSTRIAL			
			PROJECTS	MEMBERSHIP	POSITION ON GOVERNANCE BODY	FUNDING
NORTH AMERICA						
Canada	University of Saskatchewan	University	○			
USA	American-Uzbekistan Chamber of Commerce (AUCC)	Association		○	○	
USA	Association of Equipment Manufacturers (AEM)	Association		○	○	
USA	Business Industry Political Action Committee (BIPAC)	Association		○	○	
USA	Business Roundtable (BRT)	Association		○	○	
USA	Coalition for Employment through Exports (CEE)	Association		○	○	
USA	Diesel Technology Forum (DTF)	Association		○		
USA	Engine Manufacturers Association (EMA)	Association		○		
USA	Growth Energy	Association		○	○	
USA	National Association of Manufacturers (NAM)	Association		○	○	
USA	National Cattlemen's Beef Association	Association		○		
USA	North Dakota State University	University	○			
USA	Ohio State University	University	○			
USA	Organization for International Investment (OFII)	Association		○		
USA	Pennsylvania State University	University	○			
USA	Purdue University	University	○			
USA	Rutgers University	University	○			
USA	US-China Business Council (USCBC)	Association		○		
USA	US-Russia Business Council (USRBC)	Association		○		
USA	US-Turkmenistan Business Council (USTBC)	Association		○	○	
USA	US-Ukraine Business Council (USUBC)	Association		○		
LATAM						
Argentina	Argentine Chamber of Construction (CAC)	Association		○		
Argentina	Association of Agricultural Machinery Manufacturers (AFAT)	Association		○		
Argentina	Association of Automotive Manufacturers (ADEFA)	Association		○		
Argentina	American Chamber of Commerce - AR and USA companies (AMCHAM)	Association		○		
Brazil	American Chamber of Commerce - BR and USA companies (AMCHAM)	Association		○		
Brazil	Brazilian Association of Automotive Engineering (AEA)	Association		○		
Brazil	Brazilian Association of Machines and Equipment (ABIMAQ)	Association		○		
Brazil	Brazilian Agribusiness Association (ABAG)	Association		○		
Brazil	Brazilian Federation of Banks (FEBRABAN)	Association		○		
Brazil	Empresa Brasileira de Pesquisa Agropecuária (EMBRAPA)	Government	○			
Brazil	Instituto Capixaba de Pesquisa, Assistência Técnica e Extensão Rural (Incaper)	Research Center	○			
Brazil	Instituto de Pesquisas Tecnologicas (IPT)	Research Center	○			

COUNTRY	NAME	TYPE OF INSTITUTION	COMMITMENT FROM CNH INDUSTRIAL			
			PROJECTS	MEMBERSHIP	POSITION ON GOVERNANCE BODY	FUNDING
LATAM						
Brazil	Insituto Senai Inovação	Research Center	○			
Brazil	Italian-Brazilian Chamber of Commerce (Brazilian and Italian companies)	Association		○		
Brazil	National Association of Automotive Vehicle Manufacturers (ANFAVEA)	Association		○	○	
Brazil	National Association of Cargo Transportation and Logistics (NTC LOGISTICA)	Association		○		
Brazil	SAE Brasil (Mobility Engineers Society)	Association		○		
Brazil	São Paulo State University (UNESP) Botucatu	University	○			
Brazil	Universidade Estadual de Campinas (Unicamp)	University	○			
Brazil	Universidade Federal de Mato Grosso (UFMT)	University	○			
Brazil	Universidade Federal de Lavras	University	○			
Brazil	Universidade Federal de Minas Gerais (UFMG)	University	○			
APAC						
Australia	Bus Industry Confederation (BIC)	Association		○	○	
Australia	Gas Energy Australia Joint CNG and LNG Task Force	Association		○		
Australia	Tractor and Machinery Association (TMA)	Association		○	○	
Australia	Truck Industry Council (TIC)	Association		○	○	
China	China Agriculture Machinery Distribution Association (CAMDA)	Association		○		○
China	China Association of Agriculture Machinery Manufacturers (CAAMM)	Association		○		
China	China Combustion Engine Industry Association (CICEIA)	Association		○		
China	Verband Deutscher Maschinen und Anlagenbau (VDMA) – Agricultural Machinery Working Group China	Association		○	○	
India	Confederation of Indian Industry (CII)	Association		○		
India	Indian Construction Equipment Manufacturers Association (ICEMA)	Association		○		
India	Tractor Manufacturers Association (TMA)	Association		○	○	
Myanmar	Myanmar-Italy Business Council	Association		○		
Russia	Association of European Businesses (AEB)	Association		○		
Russia	Russian Association of Farm Machinery (ROSAGROMASH)	Association		○		
Thailand	Federation of Thai Industries, Agricultural Machineries Group	Association		○		
Turkey	Automotive Distributors' Association (ODD)	Association		○		
Turkey	Automotive Industrialists Association (OSD)	Association	○	○	○	○
Turkey	Truck Importers Association (TAID)	Association		○	○	
Uzbekistan	Chamber of Commerce and Industry of Uzbekistan	Association		○		

ASSURANCE STATEMENT

SGS ASSURANCE STATEMENT

ASSURANCE STATEMENT
FOR THE CNH INDUSTRIAL N.V. SUSTAINABILITY REPORT 2018

SGS Nederland B.V. was commissioned to conduct an independent assurance of the CNH Industrial N.V. ("CNH Industrial" or "Company") 2018 Sustainability Report.

Responsibility and Scope of Assurance

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 CNH Industrial.

SGS Nederland B.V. affirms its independence from CNH Industrial, being free from bias and conflict of interests with the Company, its subsidiaries, and stakeholders.

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.

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 Global Reporting Initiative's **GRI Standards**, core 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 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 AccountAbility Principles Standard (2008) and of the reliability of the information reported
- the confirmation of the adherence of the sustainability model adopted by CNH Industrial to the requirements of ISO 26000 guidance.

Methodology and Limitations

The verification process is based on SGS Product Procedure for Sustainability Report Assurance and incorporates the AA1000 Assurance Standard as audit criteria. The process started from materiality analysis and stakeholder engagement methodology validation activities, and was performed through 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 2019 at Company sites in Brazil (Sete Lagoas), France (Coex), Italy (Modena and Suzzara), and USA (Burlington and Grand Island) to assess the reliability of the data reporting process.

The audit team was assembled based on the technical know-how, experience, and qualifications of each member in relation to the various dimensions assessed.

Financial data is taken directly from the independently audited CNH Industrial Annual Report as at December 31, 2018 prepared in accordance with accounting standards generally accepted in the United States (US GAAP) for

US Securities and Exchange Commission (SEC) reporting purposes. The US GAAP financial results are included in the Annual Report on Form 20-F.

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 CNH Industrial 2018 Sustainability Report is accurate, balanced, and reliable, representing a relevant summary of the activities carried out by CNH Industrial in 2018 and an essential tool in communicating with stakeholders.

SGS Nederland B.V. confirms that the information included in the Report provides a material and complete representation of the Company's sustainability performance.

The verification process confirmed that the Report was prepared based on rigorous processes.

With regards to the level of adherence to the AA1000 Principles (Inclusivity, Materiality, and Correspondence), and to the approach of the Company to the materiality analysis and stakeholder engagement processes and initiatives, the Audit team provides the following opinion:

- the link between CNH Industrial's sustainability model, its key targets, and the United Nations' Sustainable Development Goals (SDGs) was further strengthened: the 6 SDGs identified as most relevant to CNH Industrial were linked to its key targets and operations in order to support the Company's contribution to reaching those goals
- the Materiality Matrix has been further enhanced by surveying additional stakeholders, particularly customers
- sustainability issues have been increasingly and effectively integrated into the Company's operational management
- additional plants were included in the reporting scope for environmental and energy performance, and the monitoring and reporting system is now fully operational across the Company
- detailed information regarding the quantification of greenhouse gas (GHG) emissions was provided, and recognition is given to the effort and commitment made by the Company to provide a complete and transparent communication of its carbon footprint, through an additional verification of greenhouse gas emissions, carried out according to ISO 14064-3 criteria. Moreover, the audit covered CO_2 emissions for the upstream and downstream transportation and distribution categories of Scope 3 emissions.

In the 2018 Sustainability Report, the Company has included more indicators than specified by the minimum requirements of the core option.
Furthermore, we confirm that the sustainability model – integrated into the Company's business model – is in line with the requirements of ISO 26000 guidance.

Statement of Conclusion

On the basis of the verification performed, we are satisfied that the information contained in the 2018 Sustainability Report is accurate and reliable and provides stakeholders a fair and balanced representation of the activities of CNH Industrial.

With reference to the 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 Global Reporting Initiative's **GRI Standards: core option**.

Spijkenisse, March 18, 2019.

Andre Siraa
Business Manager

AA1000
Licensed Assurance Provider
000-8

GRI CONTENT INDEX

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.
The GRI Content Index is made up of two parts. The first contains references to the disclosures reported in accordance with the core option, based on the materiality analysis (see page 16). The second contains references to additional GRI disclosures (not linked to the material topics) that complete the outline of CNH Industrial's performance. For each disclosure, the page number refers to the 2018 Sustainability Report; however, where specifically stated, the reference is to the 2018 EU Annual Report as at December 31, 2018, available on the corporate website.

GRI STANDARDS	DISCLOSURE	PAGE NUMBER(s) AND/OR URL(s)	OMISSION		
			PART OMITTED	REASON	EXPLANATION
GRI 101: Foundation 2016					
General Disclosures					
GRI 102: General Disclosures 2016	**Organizational profile**				
	102-1 Name of the organization	11	-		
	102-2 Activities, brands, products, and services	11; Annual Report 33	-		
	102-3 Location of headquarters	11; 272; Annual Report 90	-		
	102-4 Location of operations	11	-		
	102-5 Ownership and legal form	11; Annual Report 8; 90; 112	-		
	102-6 Markets served	11; Annual Report 41-42	-		
	102-7 Scale of the organization	11; 68	-		
	102-8 Information on employees and other workers	70; 236; 247	-		
	102-9 Supply chain	155	-		
	102-10 Significant changes to the organization and its supply chain	155	-		
	102-11 Precautionary Principle or approach	65	-		
	102-12 External initiatives	47	-		
	102-13 Membership of associations	127; 260	-		
	Strategy				
	102-14 Statement from senior decision-maker	4	-		
	102-15 Key impacts, risks, and opportunities	Annual Report 21-31	-		
	Ethics and integrity				
	102-16 Values, principles, standards, and norms of behavior	47; 154	-		
	102-17 Mechanisms for advice and concerns about ethics	48; 50	-		
	Governance				
	102-18 Governance structure	39; Annual Report 77-90	-		
	102-19 Delegating authority	44	-		
	102-20 Executive-level responsibility for economic, environmental, and social topics	40	-		
	102-21 Consulting stakeholders on economic, environmental, and social topics	16	-		
	102-22 Composition of the highest governance body and its committees	40; 42; Annual Report 77-85	-		

GRI STANDARDS	DISCLOSURE	PAGE NUMBER(s) AND/OR URL(s)	OMISSION		
			PART OMITTED	REASON	EXPLANATION
	102-23 Chair of the highest governance body	40; Annual Report 80	-		
	102-24 Nominating and selecting the highest governance body	40	-		
	102-25 Conflicts of interest	41; Annual Report 85	-		
	102-26 Role of highest governance body in setting purpose, values, and strategy	40; Annual Report 77-85	-		
	102-27 Collective knowledge of highest governance body	43	-		
	102-28 Evaluating the highest governance body's performance	42	-		
	102-29 Identifying and managing economic, environmental, and social impacts	16	-		
	102-30 Effectiveness of risk management processes	60; Annual Report 72-76	-		
	102-31 Review of economic, environmental and social topics	18	-		
	102-32 Highest governance body's role in sustainability reporting	16; 46	-		
	102-33 Communicating critical concerns	50	-		
	102-34 Nature and total number of critical concerns	50	-		
	102-35 Remuneration policies	Annual Report 97-109	-		
	102-36 Process for determining remuneration	42	-		
	102-37 Stakeholders' involvement in remuneration	(a)	-		
GRI 102: General Disclosures 2016	**Stakeholder engagement**				
	102-40 List of stakeholder groups	258	-		
	102-41 Collective bargaining agreements	101; 250	-		
	102-42 Identifying and selecting stakeholders	18; 258	-		
	102-43 Approach to stakeholder engagement	18; 235; 258	-		
	102-44 Key topics and concerns raised	258	-		
	Reporting practice				
	102-45 Entities included in the consolidated financial statements	232; Annual Report 45-47	-		
	102-46 Defining report content and topic Boundaries	16; 20; 235	-		
	102-47 List of material topics	20	-		
	102-48 Restatements of information	231	-		
	102-49 Changes in reporting	20; 231	-		
	102-50 Reporting period	231	-		
	102-51 Date of most recent report	231	-		
	102-52 Reporting cycle	231	-		
	102-53 Contact point for questions regarding the report	272	-		
	102-54 Claims of reporting in accordance with the GRI Standards	231	-		
	102-55 GRI content index	266	-		
	102-56 External assurance	46; 264	-		
Material Topics					
GRI 200 Economic Standard Series					
Procurement Practices					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	20; 131; 153	-		
	103-2 The management approach and its components	131; 153	-		
	103-3 Evaluation of the management approach	131; 153	-		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	156	-		
GRI 300 Environmental Standards Series					
Energy					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	20; 184	-		
	103-2 The management approach and its components	184	-		
	103-3 Evaluation of the management approach	184	-		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	186; 188; 237; 256	-		
	302-3 Energy intensity	190; 237; 257	-		
	302-4 Reduction of energy consumption	188; 257	-		

(a) *Available on the corporate website after the General Meeting.*

GRI STANDARDS	DISCLOSURE	PAGE NUMBER(s) AND/OR URL(s)	OMISSION		
			PART OMITTED	REASON	EXPLANATION
Water					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	20; 172	-		
	103-2 The management approach and its components	172	-		
	103-3 Evaluation of the management approach	172	-		
GRI 303: Water 2016	303-1 Water withdrawal by source	178; 236; 252	-		
	303-2 Water sources significantly affected by withdrawal of water	237; 253	-		
	303-3 Water recycled and reused	236; 252	-		
Emissions					
GRI 103: Management Approach 2016[b]	103-1 Explanation of the material topic and its Boundary	20; 153; 172; 184; 193; 199; 200; 202	-		
	103-2 The management approach and its components	139; 153; 172; 184; 193; 202	-		
	103-3 Evaluation of the management approach	139; 153; 172; 184; 193	-		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	188; 190; 237; 257	-		
	305-2 Energy indirect (Scope 2) GHG emissions	188; 190; 237; 257	-		
	305-4 GHG emissions intensity	191; 237; 257	-		
	305-5 Reduction of GHG emissions	190; 257	-		
	305-6 Emissions of ozone-depleting substances (ODS)	176	-		
	305-7 Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	176; 236; 251	(c)	(c)	(c)
Effluents and Waste					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	20; 172	-		
	103-2 The management approach and its components	172	-		
	103-3 Evaluation of the management approach	172	-		
GRI 306: Effluents and Waste 2016	306-1 Water discharge by quality and destination	178; 236; 251-252	-		
	306-2 Waste by type and disposal method	180; 254	-		
	306-3 Significant spills	180	-		
	306-4 Transport of hazardous waste	254	-		
	306-5 Water bodies affected by water discharges and/or runoff	237; 253	-		
Supplier Environmental Assessment					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	20; 131; 153	-		
	103-2 The management approach and its components	131; 153	-		
	103-3 Evaluation of the management approach	131; 153	-		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	157	-		
	308-2 Negative environmental impacts in the supply chain and actions taken	161	-		
GRI 400 Social Standards Series					
Occupational Health and Safety					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	20; 76	-		
	103-2 The management approach and its components	76	-		
	103-3 Evaluation of the management approach	76	-		
GRI 403: Occupational Health and Safety 2016	403-1 Workers representation in formal joint management-worker health and safety committees	101	-		
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	80; 236; 248	(d)	(d)	(d)
	403-4 Health and safety topics covered in formal agreements with trade unions	102	-		

[b] *Also related to product use, supply chain, and logistics processes, in line with the material topic CO_2 and other air emissions identified in the materiality analysis (see page 239).*

[c] *The part omitted is the disclosure of Persistent Organic Pollutants (POP) and Hazardous Air Pollutants (HAP). These are not applicable and not monitored as they are considered insignificant for CNH Industrial's manufacturing processes.*

[d] *The part omitted includes:*
- the absentee rate because the information is currently unavailable
- the disclosure of the indicators by gender for North America due to confidentiality constraints, in line with the Region's regulations on discrimination
- the Occupational Disease Rate (ODR) and Lost Day Rate (LDR) by gender, since the information is currently unavailable.

GRI STANDARDS	DISCLOSURE	PAGE NUMBER(s) AND/OR URL(s)	OMISSION		
			PART OMITTED	REASON	EXPLANATION
Training and Education					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	20; 67	-		
	103-2 The management approach and its components	67	-		
	103-3 Evaluation of the management approach	67	-		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	249	-		
	404-2 Programs for upgrading employee skills and transition assistance programs	89	-		
	404-3 Percentage of employees receiving regular performance and career development reviews	85	-		
Local Communities					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	20; 107	-		
	103-2 The management approach and its components	107; 110	-		
	103-3 Evaluation of the management approach	107	-		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	109	-		
	413-2 Operations with significant actual and potential negative impacts on local communities	110	-		
Supplier Social Assessment					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	20; 131; 153	-		
	103-2 The management approach and its components	131; 153	-		
	103-3 Evaluation of the management approach	131; 153	-		
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	157	-		
	414-2 Negative social impacts in the supply chain and actions taken	161	-		
Public Policy					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	20; 121	-		
	103-2 The management approach and its components	121	-		
	103-3 Evaluation of the management approach	121	-		
GRI 415: Public Policy 2016	415-1 Political contributions	127	-		
Customer Health and Safety					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	20; 143	-		
	103-2 The management approach and its components	139	-		
	103-3 Evaluation of the management approach	139	-		
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	148	-		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	59; 150	-		
Marketing and Labeling					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	20; 131; 135	-		
	103-2 The management approach and its components	131; 135	-		
	103-3 Evaluation of the management approach	131; 135	-		
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	148	-		
	417-2 Incidents of non-compliance concerning product and service information and labeling	59; 136; 150	-		
	417-3 Incidents of non-compliance concerning marketing communications	59; 136	-		
Customer Privacy					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	20; 131; 135	-		
	103-2 The management approach and its components	131; 135	-		
	103-3 Evaluation of the management approach	131; 135	-		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	54; 59; 136	-		

GRI STANDARDS	DISCLOSURE	PAGE NUMBER(s) AND/OR URL(s)	OMISSION		
			PART OMITTED	REASON	EXPLANATION
Material Topics not covered by the topic-specific Standards					
Circular Product Life Cycle					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	20; 202; 225	-		
	103-2 The management approach and its components	139; 202; 225	-		
	103-3 Evaluation of the management approach	139; 225	-		
Autonomous Vehicles and Connectivity					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	20; 199; 212	-		
	103-2 The management approach and its components	139; 212	-		
	103-3 Evaluation of the management approach	139	-		
Self-Sustaining Food Systems					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	20; 199; 207	-		
	103-2 The management approach and its components	139; 207	-		
	103-3 Evaluation of the management approach	139	-		
Value Chain Management (dealer management)					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	20; 131; 215	-		
	103-2 The management approach and its components	215	-		
	103-3 Evaluation of the management approach	215	-		
Digital Workplaces					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	20; 67; 83	-		
	103-2 The management approach and its components	67; 83	-		
	103-3 Evaluation of the management approach	67; 83	-		
Innovation-to-Zero (excluding occupational health and safety)					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	20; 131; 168	-		
	103-2 The management approach and its components	131	-		
	103-3 Evaluation of the management approach	131	-		

ADDITIONAL GRI DISCLOSURES[a]

GRI STANDARDS	DISCLOSURE	PAGE NUMBER(s) AND/OR URL(s)
GRI 200 Economic Standard Series		
Economic Performance		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	12
	201-2 Financial implications and other risks and opportunities due to climate change	62
	201-3 Defined benefit plan obligations and other retirement plans	72; Annual Report 129-130; 171-172
	201-4 Financial assistance received from government	11
Market Presence		
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage[b]	71
	202-2 Proportion of senior management hired from the local community	86; 236; 249
Anti-Corruption		
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	49; 51
	205-2 Communication and training about anti-corruption policies and procedures	52
	205-3 Confirmed incidents of corruption and actions taken	51; 59
Anti-Competitive Behavior		
GRI 206: Anti-Competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	59; Annual Report 45;178

[a] Not linked to the material topics.
[b] This GRI Standards Disclosure is partially reported.

GRI STANDARDS	DISCLOSURE	PAGE NUMBER(s) AND/OR URL(s)
GRI 300 Environmental Standards Series		
Materials		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	156
Biodiversity		
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	255
	304-2 Significant impacts of activities, products, and services on biodiversity	182
	304-3 Habitats protected or restored	182
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	255
Environmental Compliance		
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	59; 183
GRI 400 Social Standards Series		
Employment		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	68; 244-245
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees[b]	71; 95
	401-3 Parental leave	95; 249
Labor/Management Relations		
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	103
Diversity and Equal Opportunity		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	40; 74; 246
Non-Discrimination		
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	51
Freedom of Association and Collective Bargaining		
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	56; 99; 160
Child Labor		
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	56; 160
Forced or Compulsory Labor		
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	57; 160
Human Rights Assessment		
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	57
	412-2 Employee training on human rights policies or procedures	55
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	157
Socioeconomic Compliance		
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	59

[b] *This GRI Standards Disclosure is partially reported.*

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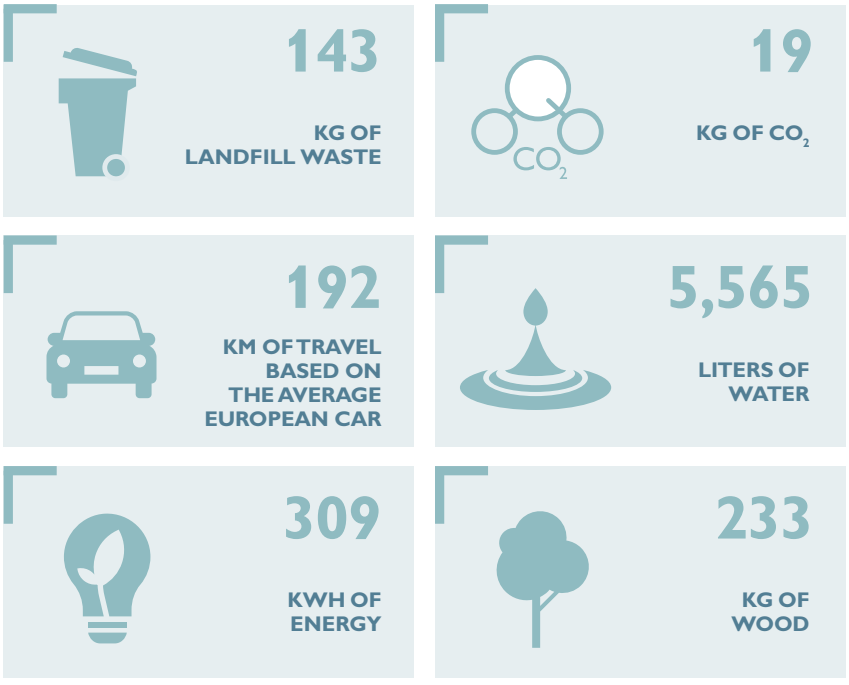

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