CNH INDUSTRIAL

2020 SUSTAINABILITY REPORT

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LETTER FROM THE CHAIR

DEAR STAKEHOLDERS

We have come a long way in the last twelve months. Today we are stronger, wiser, armed with new skills and determined to face the future with vigor. COVID-19 forced us to re-evaluate every aspect of our working and personal lives. But our resolve to act rather than just react to the challenges it created, to be motivated rather than discouraged by adversity, and to seek opportunities, also led to important and positive changes across our organization.

Ensuring business continuity while managing risks

Our Company has proved to be resilient in facing the challenges of COVID-19, not least because we were conscious of the importance of our work for farmers, builders, transport providers, dealers and our local communities. We learned how to endure, adjust and evolve and how to do this more sustainably. We worked together to deliver the objectives that we set out at the start of the pandemic – keeping our people safe, supporting our dealers and customers, and strengthening our Company.

Taking a holistic approach to health and wellbeing

The pandemic has underlined something that we have long understood – the importance of thinking holistically about people's physical, mental, and social needs. Early in the pandemic we closed our facilities while developing safety protocols that incorporated both scientific guidance and national requirements. When it was safe to return to the workplace, we implemented remote working and agile work solutions, which have protected our people's wellbeing, and supported colleagues who struggled to balance work and home life, especially those caring for young children or vulnerable loved ones.

Focusing on our employees and the role of our leaders

Although we know that working from home creates its own pressures, we have learnt that, for many of our employees, flexible working is entirely possible, and often welcomed. In mid-2020, we therefore launched a program, the *New Normal*, to look at the future of work in our Company. This is looking at a range of issues including improving our wellbeing initiatives, supporting flexible working and updating our office spaces.

GRI STANDARDS GRI 102-14

It was encouraging to see our senior leaders working so effectively together to steer the Company through the crisis. As a reflection of this, the former Global Executive Committee (GEC) was renamed the Senior Leadership Team (SLT). The entire management team also sacrificed part of their salary to support the Company.

Addressing social inequalities

The pandemic has also highlighted the depth of the inequality that exists in our societies, and how this can impact people's life chances. We therefore accelerated our efforts to increase the diversity and inclusion within our Company and to support communities and individuals particularly impacted by COVID-19.

We believe that increasing diversity and inclusion is critical if we want to attract and retain the best talent within CNH Industrial. We therefore asked two members of our Senior Leadership Team to head a task force to address it, and as a result of their work, we launched a set of new initiatives. These cover a range of issues, from recruitment, through helping diverse colleagues accelerate their careers, to appointing more diverse leaders. Every member of the Senior Leadership Team embraced personal diversity targets, they all took part in a company-wide mentoring program for diverse colleagues, and undertook unintentional bias training, which was then cascaded through the Company. This is not the end of our journey – we are conscious of how much we need to do. But it is a journey we have started with intention and effort and it is one that we will continue.

Trying times can bring people together, motivated by a desire to help those in need, and we were proud to watch that sentiment permeate our Company last year. From early on in the crisis, we were determined to support our local communities in their fight against COVID-19. We therefore established a $2 million Solidarity Fund to provide immediate help, with funds allocated to food, health, and education projects all over the world. We also donated ventilators, face masks, and personal protective equipment to clinics, hospitals and nursing homes, and supplied local healthcare facilities with CNH Industrial generators, ambulances and other support vehicles.

Sustainability priorities

Reducing our carbon footprint is one of our four sustainability priorities. The others, which we take equally seriously, are life cycle thinking, occupational safety, and people engagement. Despite the challenges of the last year, we did not waver in our determination to make progress on these priorities.

Addressing our carbon footprint requires us to look at all aspects of our business including the products we design, how we produce them, how we undertake our logistics and how our customers use our products. For example, in developing new products, we prioritize sustainable solutions including biofuels, electric drive, hydrogen, digitalization, connectivity and automation, which we find and develop both through our own research and through the work we do with business partners, startups and industry experts. We welcome the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and are committed to being transparent in how we manage our climate-related risks and opportunities. As part of this we are aligning our compliance reporting with the industry-specific requirements of the Sustainability Accounting Standards Board (SASB).

In 2020, our sustainability efforts were recognized when, for the 10th consecutive year, we were included as Industry Leader in the Dow Jones Sustainability Indices (DJSI) World and Europe. The CDP Climate Change program also included us in their A list in recognition of our commitment to managing and cutting greenhouse gas emissions along our value chain. In addition, we were given an A- in the CDP's Water Security program and we again scored an MSCI ESG Rating of AAA.

In closing, I wish to thank you, our stakeholders, for standing with us during this very challenging period. I also want to thank our people for their tenacity and resilience in reinventing the way they worked in the face of a difficult year. We will continue to nurture and build on their commitment, as we prepare to seize the new opportunities before us and keep powering sustainable transformation.

SUZANNE HEYWOOD
CHAIR

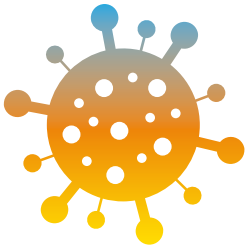
RESILIENCE DURING THE COVID-19 PANDEMIC

In 2020, as was the case for most businesses, COVID-19 had a swift and dramatic impact on the Company's operations, with many of its manufacturing plants shutting down by the beginning of the second quarter as the pandemic quickly spread across the world. While the global crisis caused financial results to fall short of the previous year's, decisive leadership enabled CNH Industrial to protect its business, its employees, and other stakeholders, and to mitigate the pandemic's impact on them.
The Senior Leadership Team (SLT, see page 49) quickly shifted its focus onto the following three priorities:

- safeguarding the health and safety of employees
- ensuring business continuity
- supporting dealers, customers, suppliers, and the communities in which the Company operates.

As far back as February, as soon as the pandemic broke out in Europe, the Company established a global crisis task force, the Restricted Operative Committee (ROC), to continually monitor the situation across its facilities and address critical issues in a timely and coordinated manner (see page 78). Additionally, in March, the SLT approved the immediate setting up of the Emergency Executive Committee (EEC), tasked with monitoring the global situation at all times (see page 50). The Company also developed a detailed corporate **COVID-19 Health and Safety Protocol** (see page 87), implemented across all countries and sites of operation to ensure the highest level of health and safety in the workplace. At the end of March, CNH Industrial announced the suspension of most manufacturing operations in Europe, while continuing to deliver critical support to customers where possible. To this end, the Company's European distribution centers and some of its dealers remained open, following strict safety protocols at all times (see page 242). Ten days later, operations were also suspended at the plants in North and South America.
In April, remote working practices (see page 96) were extended wherever possible to reduce the number of employees in the workplace; alongside the adoption of the COVID-19 Health and Safety Protocol, this further increased workplace safety for those who had to be physically present. Other measures taken by the Company included: limitations on business travel; the use of digital tools to replace face-to-face meetings; regular communications on precautionary behaviors as per local authority recommendations; the adoption of strict regulations to manage supplier and visitor access to sites; the implementation of additional hygiene measures in food service areas and common spaces; and strict safety policies for employees still working at the facilities and distribution centers to maintain service to customers.
The majority of Company plants reopened in May, yet not at full capacity, and have been slowly resuming normal operations ever since. The next step is to gradually reopen corporate offices, but local circumstances will determine if continued remote work and/or other working models are necessary to ensure social distancing.
To demonstrate solidarity with its workforce, CNH Industrial's SLT members and other leaders elected to forego part of their compensation for 3 months (see page 19).

Business continuity was secured by the Company acting immediately to contain costs, which ensured a strong liquidity position for the year and in preparation for 2021 and beyond. Cash reserves were preserved by carrying out operations with care and in safety, so as to contain costs while optimizing processes and managing the supply base to meet customer needs.
As the virus spread worldwide, the Company provided **ongoing support** to dealers, customers, and suppliers, helping them meet liquidity needs and access government funding (see page 242).
The parts depots remained open throughout the pandemic (see page 242) to meet customers' need for critical service parts, while ongoing customer service was ensured by using and expanding the existing digital infrastructure for product support. Lastly, CNH Industrial invested in the local communities in which it operates and where its employees live, establishing a Solidarity Fund of $2 million allocated to a total of 83 food, health, and education initiatives (see page 129). This was in addition to the Company's donation of medical equipment supplies – including ventilators, personal protective equipment (PPE), electrical generators, and ambulances – to healthcare providers in several countries.



LONG STORY SHORT

CNH INDUSTRIAL
SUSTAINABILITY LEADER

CNH Industrial is a **global leader** in the capital goods sector with a strong presence in both **on-highway** and **off-highway** applications. Its brands provide farmers with precision technologies to help feed a growing world population, manufacture the machines that build the cities and infrastructure of the future, and deliver sustainable urban and goods transport solutions featuring future-proof powertrain technologies.
CNH Industrial also provides comprehensive **financing** and **aftermarket** solutions to its customers.

12 BRANDS

CONSOLIDATED REVENUES
$26 BILLION

EMPLOYEES
64,016

R&D CENTERS
57

PATENTS OWNED
12,780

PLANTS
67

PARTS DEPOTS
43

*This executive summary offers a small selection of the **key highlights** of our 2020 Sustainability Report. **Click the icon** to find out more*

$108.9
MILLION
SPENT ON HEALTH AND SAFETY

$41
MILLION
SPENT ON ENVIRONMENTAL PROTECTION

$1.7
MILLION
INVESTED IN EMPLOYEE TRAINING

$68.2
MILLION
SAVED THROUGH WCM[a] PROJECTS

$549
MILLION
INVESTED IN DEVELOPING SUSTAINABLE PRODUCTS

$7
MILLION
INVESTED IN LOCAL COMMUNITIES

$8.3
MILLION
INVESTED IN IMPROVING ENERGY EFFICIENCY

PLANTS OVERVIEW

60 OHSAS 18001/ ISO 45001 CERTIFIED

28 WCM BRONZE AWARD

60 ISO 14001 CERTIFIED

16 WCM SILVER AWARD

56 ISO 50001 CERTIFIED

2 WCM GOLD AWARD

59 ISO 9001 CERTIFIED

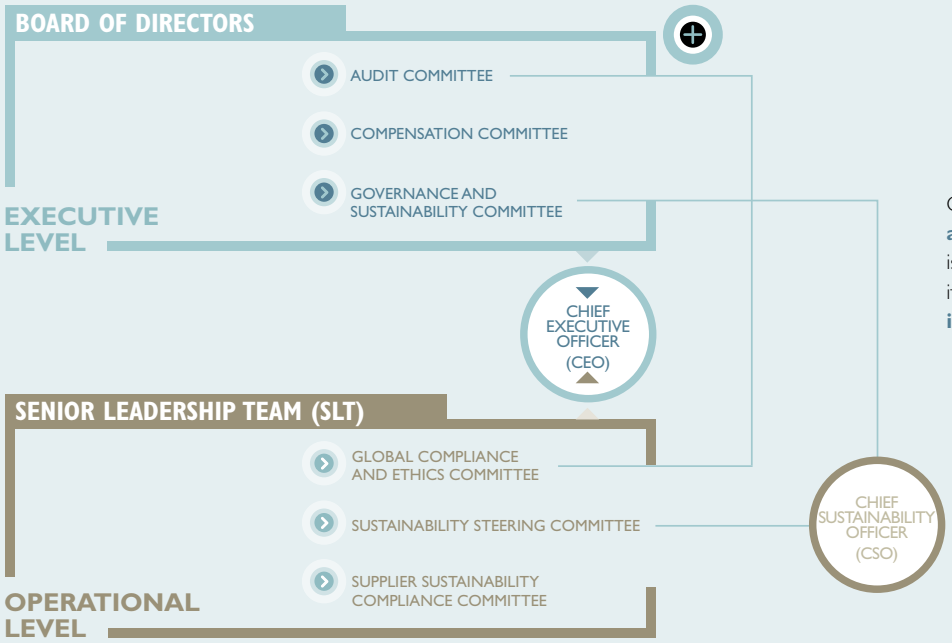
POWERING SUSTAINABLE TRANSFORMATION

OUR PURPOSE

[a] *World Class Manufacturing.*

This executive summary offers a small selection of the ***key highlights*** *of our 2020 Sustainability Report.* ***Click the icon*** *to find out more*

CORPORATE GOVERNANCE



CNH Industrial believes that **a robust Governance model** is essential to effectively manage its businesses **for the long-term interests of all its stakeholders**.

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 analysis enables the Company to **prioritize its actions** around those material topics that are critical for its business activities as well as most significant to its stakeholders, based on their impact on the economy, the environment, and society.

The results of the materiality analysis form the basis for **defining** the Company's **sustainability priorities**, on which the strategic sustainability targets are based. These targets are incorporated in the **Strategic Business Plan**.

RISK MANAGEMENT

RISK MANAGEMENT IS AN IMPORTANT COMPONENT OF CNH INDUSTRIAL'S OVERALL CULTURE AND IS INTEGRAL TO THE **ACHIEVEMENT OF ITS LONG-TERM BUSINESS PLAN**. ACCORDINGLY, THE COMPANY'S ENTERPRISE RISK MANAGEMENT PROCESS IS DESIGNED TO ASSIST IN THE **IDENTIFICATION, EVALUATION, AND PRIORITIZATION OF BUSINESS RISKS**, FOLLOWED BY A COORDINATED AND BALANCED APPLICATION OF RESOURCES TO MINIMIZE, MONITOR, AND CONTROL THE PROBABILITY OR IMPACT OF ADVERSE EVENTS OR TO **MAXIMIZE THE REALIZATION OF OPPORTUNITIES.**

ABOUT THIS REPORT

CNH Industrial's Sustainability Report, built around the materiality analysis, aims to give stakeholders a comprehensive overview of the Company's operations, integrating financial results and economic commitments with environmental and social ones.

This Report has been prepared in accordance with the **GRI Standards:** Core option, and the **SASB Standards**. Approximately 200 key performance indicators (KPIs) are reported in this document.

OUR SUSTAINABILITY PRIORITIES

CARBON FOOTPRINT

CNH Industrial is actively engaged in reducing the CO_2 emissions associated with its manufacturing processes across its entire value chain and product range. This approach is fundamental for the continuous improvement of the Company's performance and the protection of the environment.
CNH Industrial's plants have specific systems and processes in place to reduce energy consumption and limit the use of fossil fuels, favoring electricity from renewable sources.
Initiatives to promote ever-more sustainable logistics processes focus on technologies, procedures, and activities aimed at increasing low-emission transport, adopting intermodal solutions, and optimizing transport capacity.
Furthermore, the Company is developing its own decarbonization strategy to shift towards a more environment-friendly product portfolio, increasing the use of biofuels and electrification and continuing research into fuel cells and efficient diesel engines.

2020 KEY FIGURES

-6%
IN **ENERGY CONSUMPTION** vs. 2019 PER HOUR OF PRODUCTION

92%
OF **SERVICE PROVIDERS** IN **NORTH AMERICA** INVOLVED IN THE *SMARTWAY* PROGRAM

56%
OF **KEY SUPPLIERS** MONITORED FOR **CO_2 EMISSIONS**

10,000
NATURAL GAS **ENGINES SOLD**

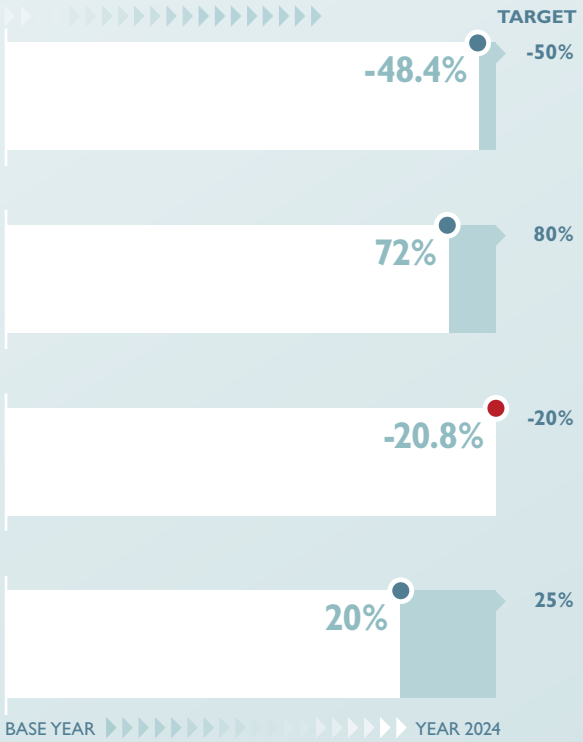
2024 STRATEGIC SUSTAINABILITY TARGETS

-50%
vs. 2014 **IN CO_2 EMISSIONS** PER PRODUCTION UNIT AT COMPANY PLANTS WORLDWIDE

80%
OF TOTAL **ELECTRICITY** CONSUMPTION DERIVED **FROM RENEWABLE SOURCES**

-20%
vs. 2014 IN **KG OF CO_2 EMISSIONS** PER TON OF GOODS TRANSPORTED (INCLUDING SPARE PARTS)

25%
OF PRODUCT **PORTFOLIO** AVAILABLE **WITH NATURAL GAS POWERTRAINS**



ASPIRATIONAL GOAL: CARBON NEUTRAL

2020 progress
target achieved

*This executive summary offers a small selection of the **key highlights** of our 2020 Sustainability Report. **Click the icon** to find out more*

OUR SUSTAINABILITY PRIORITIES

OCCUPATIONAL 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 the risk of injury in the workplace.
The Company endeavors to ensure optimal working conditions, applying principles of industrial hygiene and ergonomics to processes at organizational and operational level. Its safety management system directly involves employees in identifying and reporting work-related hazards and potentially unsafe situations.
This proactive approach is intended to promote common, ethical occupational health and safety principles, and enables the achievement of improvement targets using various tools, including training and awareness campaigns.

2020 KEY FIGURES

202,200
HOURS OF **OCCUPATIONAL HEALTH AND SAFETY TRAINING** DELIVERED

$34.8 MILLION
SPENT ON **COVID-19 PROTECTION MEASURES**

-5%
IN EMPLOYEE **INJURY FREQUENCY RATE**

2024 STRATEGIC SUSTAINABILITY TARGETS

-50%
vs. 2014 IN EMPLOYEE **INJURY FREQUENCY RATE**

ASPIRATIONAL GOAL: ZERO SERIOUS INJURIES

2020 progress
target achieved

Safeguarding the health and safety of employees is a primary objective for CNH Industrial. To this end, since the outbreak of the COVID-19 pandemic, the Company has adopted all necessary measures and countermeasures, incorporating national prevention protocols, World Health Organization guidelines, and regional and local legislation. At the onset of the pandemic, CNH Industrial conducted a specific COVID-19 risk assessment at all its sites, and specific procedures and guidelines were adopted in accordance with the various local government regulations.
The Company drafted and implemented a detailed COVID-19 Health and Safety Protocol – a prevention tool to further safeguard the health of its workers – at all manufacturing and non-manufacturing sites, first in Italy, then in Europe, then worldwide.

OUR SUSTAINABILITY PRIORITIES

LIFE CYCLE THINKING

CNH Industrial recognizes the real importance of promoting a circular product life cycle 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 life. For this reason, the Company offers a range of products able to run on fuels derived from renewable sources, and is committed to adopting sustainability criteria from the design stage in order to develop more environment-friendly products.
To maximize product life, CNH Industrial also offers its customers a range of remanufactured spare parts, in line with its circular economy approach.
In manufacturing processes, particular emphasis is given to improvements that increase waste recovery and reuse.

2020 KEY FIGURES

50%
OF **WATER RECYCLED**

8.2%
OF **SPARE PARTS' NET SALES** FROM REMANUFACTURED COMPONENTS

2024 STRATEGIC SUSTAINABILITY TARGETS

100%
OF NEW **PRODUCTS** DEVELOPED USING **SUSTAINABILITY/ RECYCLABILITY DESIGN CRITERIA**

TEAM ESTABLISHED TO DEVELOP **NEW DESIGN CRITERIA**

TARGET 100%

95%
OF **WASTE RECOVERED** AT COMPANY PLANTS WORLDWIDE

93.9%

95%

BASE YEAR — YEAR 2024

ASPIRATIONAL GOAL: FULLY RECOVERABLE

2020 progress
target achieved

CNH Industrial believes life cycle assessments (LCAs) are an effective tool for pursuing its circular economy approach. They evaluate a product's potential environmental impact and performance, especially its carbon footprint, throughout its life cycle – from raw material extraction, manufacture, and use to final disposal or reuse. LCA results are used to create a comprehensive database to assist in decision-making on process and resource optimization. In 2020, the Company completed the LCA of FPT Industrial's Cursor 13 diesel engine, used in combine harvesters. The analysis focused on the engine's carbon footprint in terms of raw materials used in manufacturing, fuel consumption during use, product disposal, and so on. The LCA concluded that 99.65% of the engine's carbon footprint is from fuel consumption during use, very similar to previous studies on the F1C engine in commercial vehicles.

OUR SUSTAINABILITY PRIORITIES

PEOPLE ENGAGEMENT

Keeping people engaged in Company projects is the best way to reach targets together. 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 business gains in the development of its people, creating a virtuous circle. Outside the Company, 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. The same applies to the dealer and service network, which provides a gateway between the Company and its customers to build a relationship of mutual trust. Living and working in synergy with the surrounding area, along with collaborations on projects that benefit the community, contributes to enhancing the satisfaction of employees (who often live close to plants) and their sense of belonging to the Company; these aspects also bring economic advantages to both the Company and communities.

2020 KEY FIGURES

11,210
DEALERSHIP TECHNICAL TRAINING SESSIONS COMPLETED

1,410
EMPLOYEES VOLUNTEERED DURING WORKING HOURS

560
STUDENTS TRAINED UNDER THE *TECHPRO*[2] PROJECT

94%
OF PROCUREMENT SPENDING ON **LOCAL SUPPLIERS**

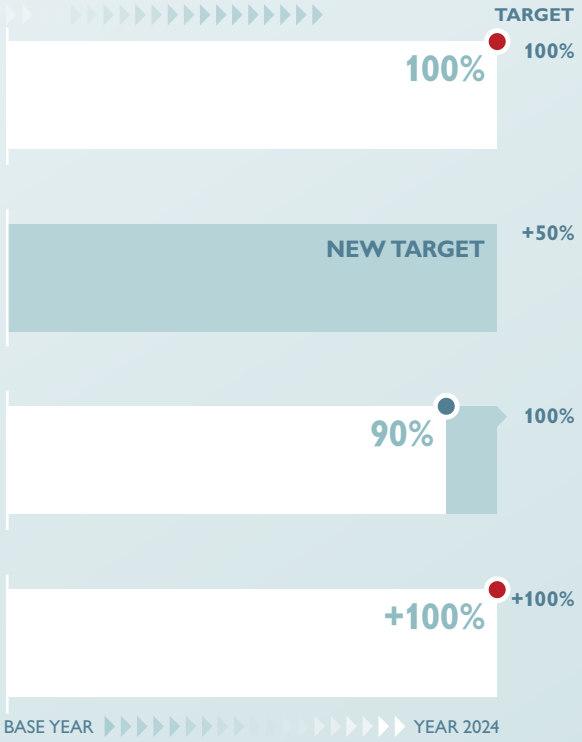
2024 STRATEGIC SUSTAINABILITY TARGETS

100%
OF **EMPLOYEES** WORLDWIDE INVOLVED IN **ENGAGEMENT SURVEYS**

+50%
vs. 2019 IN NUMBER OF **WOMEN MANAGERS**

100%
OF TIER 1 **SUPPLIERS** INVOLVED IN SUSTAINABILITY **SELF-EVALUATIONS**

+100%
vs. 2017 IN NUMBER OF **PEOPLE** WHO BENEFIT FROM CNH INDUSTRIAL'S **LOCAL COMMUNITY INITIATIVES**



ASPIRATIONAL GOAL: FULLY ENGAGED

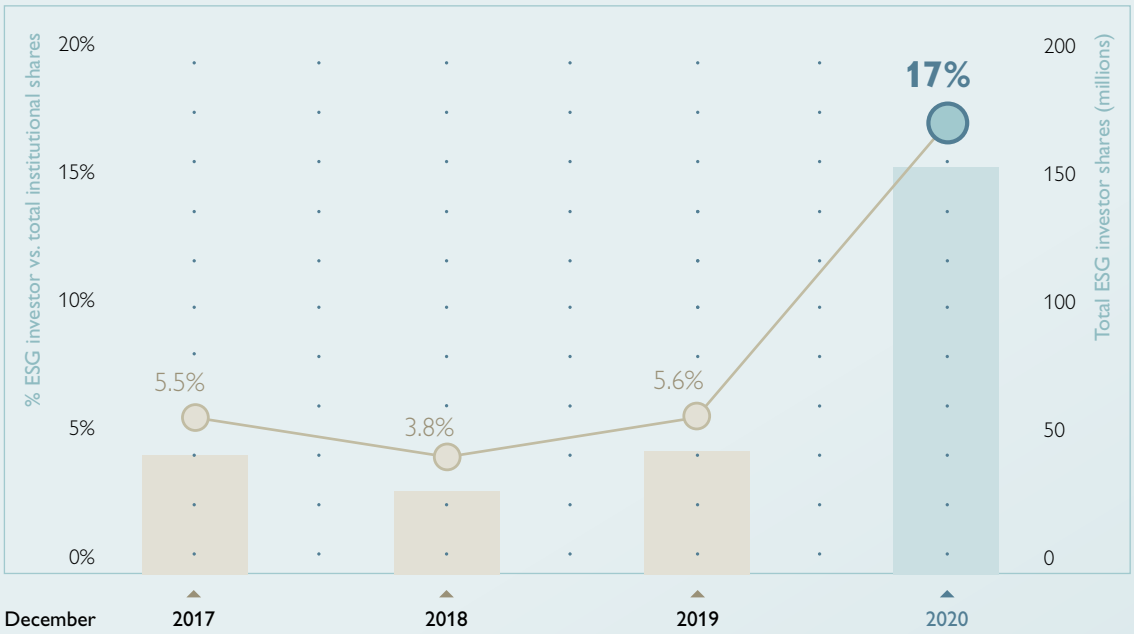
2020 progress
target achieved

*This executive summary offers a small selection of the **key highlights** of our 2020 Sustainability Report. **Click the icon** to find out more*

ESG INVESTORS

The presence of CNH Industrial shares in the portfolios of environmental, social, and governance (ESG) investors, i.e., those who integrate standard financials with ESG considerations, is a clear indication of appreciation of the Company's commitment to sustainability.
As at December 31, 2020, according to the Nasdaq analysis[1], CNH Industrial's ESG ownership represented 154.1 million shares, or 17% of total institutional shares.

ESG INVESTORS' HISTORICAL OWNERSHIP TREND



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 commitment to sustainability. In 2020, the Company was reconfirmed as Industry Leader in the Dow Jones Sustainability Indices (DJSI) World and Europe for the tenth consecutive year, receiving a score of 89/100. Still in 2020, CNH Industrial was included in the prestigious A List of 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 scored A- in the CDP Water Security program, won the SAM Gold Class Sustainability Award 2021, and was awarded ISS ESG Prime status.

As at December 31, 2020, CNH Industrial was included in the following indexes: Euronext Vigeo Europe 120, Euronext Vigeo Eurozone 120, ECPI Global Agriculture Liquid Equity, ECPI World ESG Equity, ECPI Euro ESG Equity, ECPI Global Developed ESG Best-in-Class, 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, STOXX Global Reported Low Carbon Index[2], Refinitiv Diversity & Inclusion Index, and Integrated Governance Index (IGI). Furthermore, in 2020, CNH Industrial received an MSCI ESG[3] Rating of AAA and was a responder to the 2020 Workforce Disclosure Initiative (WDI).

(1) The analysis covers the largest global mutual funds and asset owners. The latter include pension funds (national, occupational, company-specific, or local government), foundations, public funds, insurance funds, endowments, sovereign wealth funds, and large financial organizations investing their own assets.
(2) Those listed are the main global STOXX indexes in which CNH Industrial is included.
(3) The use by CNH Industrial of any MSCI ESG Research LLC or its affiliates' ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of CNH Industrial by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

Updated: November 2020

EURONEXT INDICES EUROPE120 V.E VIGEO.EIRIS

EURONEXT INDICES EUROZONE120 V.E VIGEO.EIRIS

	WEAK		LIMITED		ROBUST		ADVANCED	
2020	0	29	30	49	50	59	60	100

63

Updated: May 2020

CDP DISCLOSURE INSIGHT ACTION

CLIMATE CHANGE

	DISCLOSURE		AWARENESS		MANAGEMENT		LEADERSHIP	
2020	D-	D	C-	C	B-	B	A-	A
2019	D-	D	C-	C	B-	B	A-	A

Updated: December 2020

CDP DISCLOSURE INSIGHT ACTION

WATER SECURITY

	DISCLOSURE		AWARENESS		MANAGEMENT		LEADERSHIP	
2020	D-	D	C-	C	B-	B	A-	A
2019	D-	D	C-	C	B-	B	A-	A

Updated: December 2020

STOXX Member 2020/2021 ESG Leaders Indices

ECPI Sense in sustainability

REFINITIV TOP 100 COMPANY 2020 Diversity and Inclusion Index

INTEGRATED GOVERNANCE INDEX

The Company received the following recognitions from rating agencies:

MSCI ESG RATINGS AAA
CCC B BB BBB A AA AAA

Corporate ESG Performance Prime
RATED BY ISS ESG

Sustainability Award Gold Class 2021
S&P Global

CDP SUPPLIER ENGAGEMENT LEADER 2020

OUR SUSTAINABLE COMPANY

ORGANIZATION PROFILE

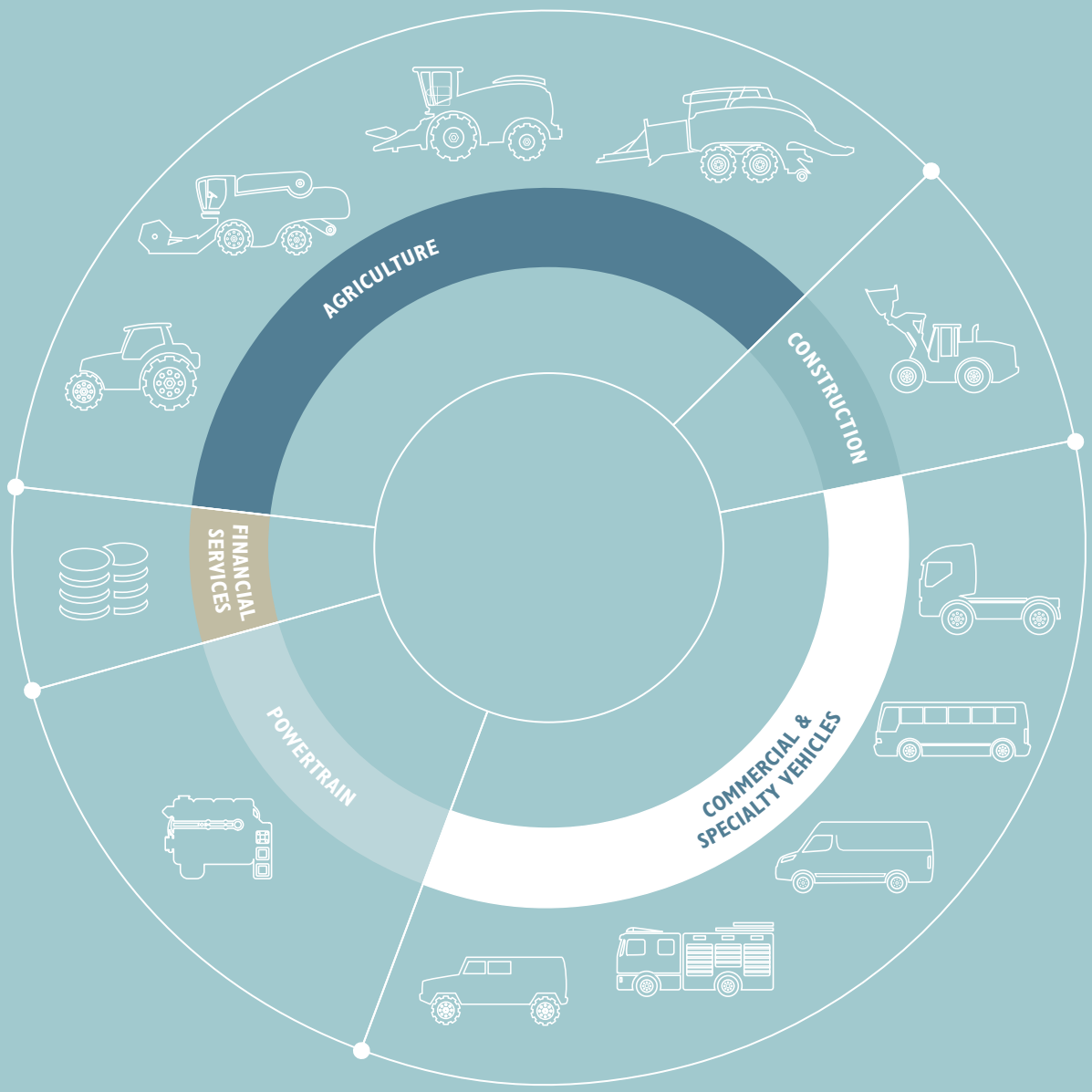
OUR COMMITMENT TO THE FUTURE

ORGANIZATION PROFILE

19 CNH INDUSTRIAL AT A GLANCE

20 FINANCIAL PERFORMANCE

21 DISTRIBUTION OF VALUE ADDED



CNH INDUSTRIAL AT A GLANCE

CNH Industrial is a global leader in the capital goods sector with a strong presence in both on-highway and off-highway applications. CNH Industrial has 12 strong brands[1] recognized as leaders in their respective fields. These brands provide farmers with precision technologies to help feed a growing world population, manufacture the machines that build the cities and infrastructure of the future, and deliver sustainable urban and goods transport solutions featuring future-proof powertrain technologies.

With 67 manufacturing plants, 57 R&D centers, a workforce of 64,016 employees, and a commercial presence in approximately 180 countries (as at December 31, 2020), CNH Industrial is in a unique competitive position.

QUANTITY OF PRODUCTS SOLD

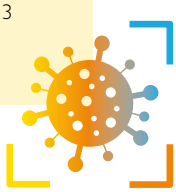
CNH INDUSTRIAL WORLDWIDE (thousand units)

Segments	2020
Agriculture	171
Construction	32
Commercial and Specialty Vehicles	118
Powertrain[a]	673

[(a)] *Including 482,700 engines, of which 59.3% sold to external customers.*

SOLIDARITY ACROSS THE BOARD

The global fight against COVID-19 has triggered an unprecedented impact on economic activity, including in the markets where the Company operates. In light of the associated challenges and uncertainties, and as a precautionary measure, the Company decided to remove its dividend proposal from the agenda of the Annual General Meeting held in April 2020, with the full support, understanding, and commitment of its shareholders. Moreover, in solidarity with its workforce, CNH Industrial's senior management elected to temporarily forfeit part of their compensation, with the Board of Directors foregoing remuneration for the rest of year, and the Acting Chief Executive Officer and Senior Leadership Team taking a 50% and 20% salary reduction, respectively, for 3 months.



[(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.*

GRI STANDARDS GRI 102-1; GRI 102-2; GRI 102-4; GRI 102-6; GRI 102-7

FINANCIAL PERFORMANCE

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 U.S. GAAP results; as a consequence, all financial data in this Sustainability Report is taken from the Annual Report on Form 20-F[1], prepared in accordance with U.S. GAAP.

FINANCIAL PERFORMANCE

CNH INDUSTRIAL ($million)

	2020	2019	2018
Revenues	**26,032**	28,079	29,706
Net sales of Industrial Activities	**24,285**	26,149	27,831
Net income/(loss)	**(438)**	1,454	1,099
Adjusted EBIT of Industrial Activities	**552**	1,390	1,585
Adjusted Diluted EPS	**0.28**	0.84	0.80
Net industrial cash/(debt) of Industrial Activities	**789**	(854)	(599)[a]
Capital expenditures on long-lived assets[b]	**484**[c]	637	558
R&D expenses	**932**	1,030	1,061

[a] As of December 31, 2019, the definition of 'net debt' and 'net debt of Industrial Activities' was modified to include other current financial assets. Previous data was recast accordingly.
[b] Excluding assets sold under buy-back commitments and equipment on operating leases.
[c] The decrease in capital expenditures in 2020 is the result of more targeted investments due to cash preservation actions during the COVID-19 pandemic.

REVENUES

CNH INDUSTRIAL WORLDWIDE

PUBLIC FUNDING AWARDED TO CNH INDUSTRIAL

CNH INDUSTRIAL WORLDWIDE ($million)

	2020	2019	2018
Grants	42	32	54
Loans	0	0	5
Total public funding	**42**[a]	32	59

[a] Of which 60% in Europe and 40% in Rest of World.

[1] www.cnhindustrial.com.

DISTRIBUTION 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 2020, the value added generated by CNH Industrial's activities and distributed to its various stakeholders totaled $5,628 million, equivalent to 21.6% of revenues.

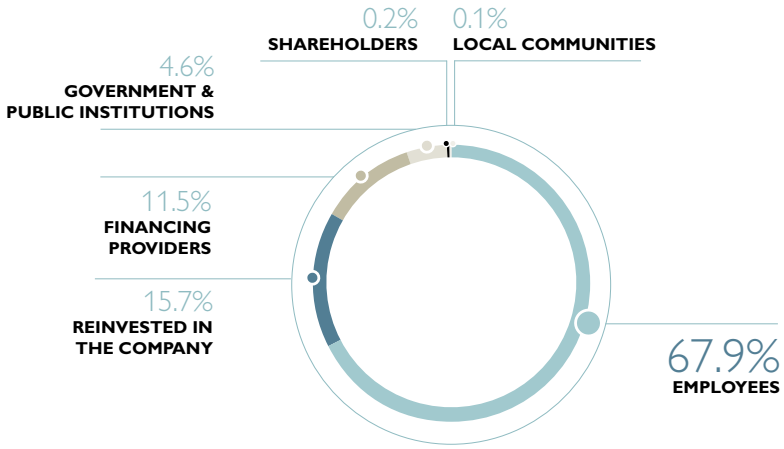
DIRECT ECONOMIC VALUE GENERATED

CNH INDUSTRIAL ($million)

	2020
Consolidated 2020 revenues	26,032
Income of financial services companies	(1,747)
Government grants (current and deferred/capitalized), release of provisions, other income	242
Other income	1,840
Direct economic value generated	**26,367**
Cost of materials	19,482
Depreciation and amortization, including assets under operating lease and assets sold under buy-back commitments	1,171
Other expenses	86
Value added by Industrial Activities	**5,628**

DISTRIBUTION OF VALUE ADDED

CNH INDUSTRIAL



[1] *For details on the methodology used, see Report Parameters on page 260.*

OUR COMMITMENT TO THE FUTURE

23 SUSTAINABILITY MODEL

24 MATERIALITY ANALYSIS

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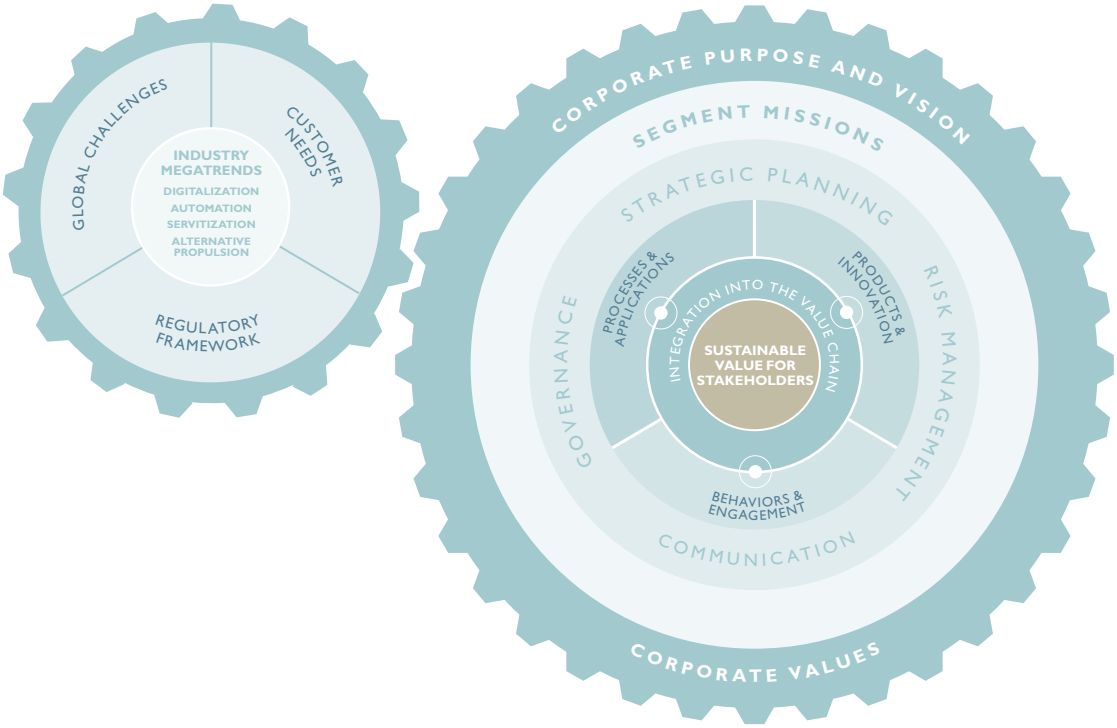
31 SUSTAINABILITY PLAN

POWERING SUSTAINABLE TRANSFORMATION

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, industry megatrends, customer needs, and the regulatory framework.



Global challenges[1] relate to long-term global changes affecting governments, economies, and societies, and they provide a snapshot of the ongoing transformations across the world and emerging social needs; industry megatrends[2] are those that will specifically impact our industries over the coming years; customer needs identify customer priorities and demand for products and services (see page 160); and the regulatory framework fosters continuous improvement through legislation, regulation, and industry standards (see page 145).

CNH Industrial responds to these external drivers with a shared corporate purpose, defined as *Powering Sustainable Transformation*, and individual segment/brand purposes, 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 31-41)
- a system of principles, rules, and procedures in which roles and responsibilities are clearly defined (Governance model, see pages 45-69)
- a process that anticipates and manages current and future economic, environmental, and social risks and opportunities (Risk Management, see page 70).

(1) The global challenges selected by CNH Industrial are: climate change, food scarcity and food security, and the innovative and digital world (see page 263).
(2) The industry megatrends are: digitalization, automation, servitization, and alternative propulsion.

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[a] in 2011.
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. 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.

[a] Michael E. Porter, Mark R. Kramer, Creating Shared Value, Harvard Business Review (January-February 2011).

FOCUS ON

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.

The results of the materiality analysis were subsequently grouped by theme and used as the basis for defining the Company's sustainability priorities (see pages 10-13); based on these, strategic sustainability targets were then defined and included in the Strategic Business Plan.

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 Sustainability Reporting Standards (GRI Standards).
The materiality analysis uses the same boundaries within the organization as those consolidated in the 2020 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 27).

CNH Industrial's materiality analysis 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).

In 2016, CNH Industrial analyzed the **global challenges** and identified those 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.

[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 102-43; GRI 102-46

To provide a detailed and accurate snapshot of phenomena whose impacts are ongoing or reasonably foreseeable over the medium-to-long term, the members of the Sustainability Steering Committee (SSC, see page 50) selected the global challenges most significant to CNH Industrial 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.
The 3 global challenges identified as most relevant to the business of CNH Industrial are: climate change, food scarcity and food security, and the innovative and digital world[2].

In 2016, after selecting the global challenges, a workshop was organized with the Sustainability Team (see page 51) to **identify the material topics**. These topics are the key aspects CNH Industrial focuses on to either mitigate and limit the impact and risks resulting from the global challenges, or exploit and enhance the positive effects and opportunities they generate. Each material topic identified could be linked to more than one global challenge. The material topics originally identified were 12. In 2019, they were revised to better reflect CNH Industrial's strategy; as a consequence, occupational health and safety and connectivity (which previously fell under the material topics innovation-to-zero and autonomous vehicles, respectively) were individually added to the materiality analysis as new stand-alone material topics, bringing the total to 14.

The topics related to the global challenges are **evaluated** through stakeholder engagement[3], in line with the principle of stakeholder inclusiveness as per the GRI Standards (see page 259). The analysis engages an increasing number of stakeholders each year.
When performing the materiality analysis, CNH Industrial's methodology was to consider all 14 topics material, before prioritizing them in terms of relevance according to the feedback collected via stakeholder engagement.
The evaluation of the 14 material topics was two-fold:

- relevance to CNH Industrial was determined in 2019, based on feedback from SSC members (see page 50)
- relevance to stakeholders was assessed based on feedback, collected over a 5-year engagement process, from a sample of 2,013 stakeholders[4] among employees, customers, dealers, opinion leaders, public institutions, NGOs, investors, and journalists.

The stakeholders were chosen by the internal representatives who interact with them on a daily basis, and endorsed by the relevant members of the Senior Leadership Team (SLT); sensitive cases were also endorsed by the CEO. CNH Industrial managers and stakeholders were engaged via an online survey or direct interview; they were asked to evaluate the 14 material topics identified, ranking the 5 most relevant based on their impact on the economy, the environment, and society. The engagement of external stakeholders was further extended in 2020 to additional NGOs, opinion leaders, rating agencies, and other partners worldwide; due to the COVID-19 pandemic, all engagement activities were carried out virtually, through video interviews and/or online surveys.

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 two 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 CEO, the SSC, and the Board of Directors' Governance and Sustainability Committee (see page 49). 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 2021 to identify needs and priorities related to current material topics.

(2) For the definitions of the global challenges, see page 263 of the Appendix.
(3) For details on the functions responsible for dialogue with stakeholders, engagement tools used, and main stakeholder expectations, see the table on pages 282-283 of the Appendix.
(4) Of which 79 were interviewed in 2020, 247 in 2019, 440 in 2018, 223 in 2017, and 1,024 in 2016.

GRI STANDARDS GRI 102-31; GRI 102-49

2020 MATERIALITY MATRIX

The 2020 Materiality Matrix encompasses the overall results of a 5-year engagement process, which involved a total of 2,013 stakeholders.

2,013 PEOPLE ENGAGED

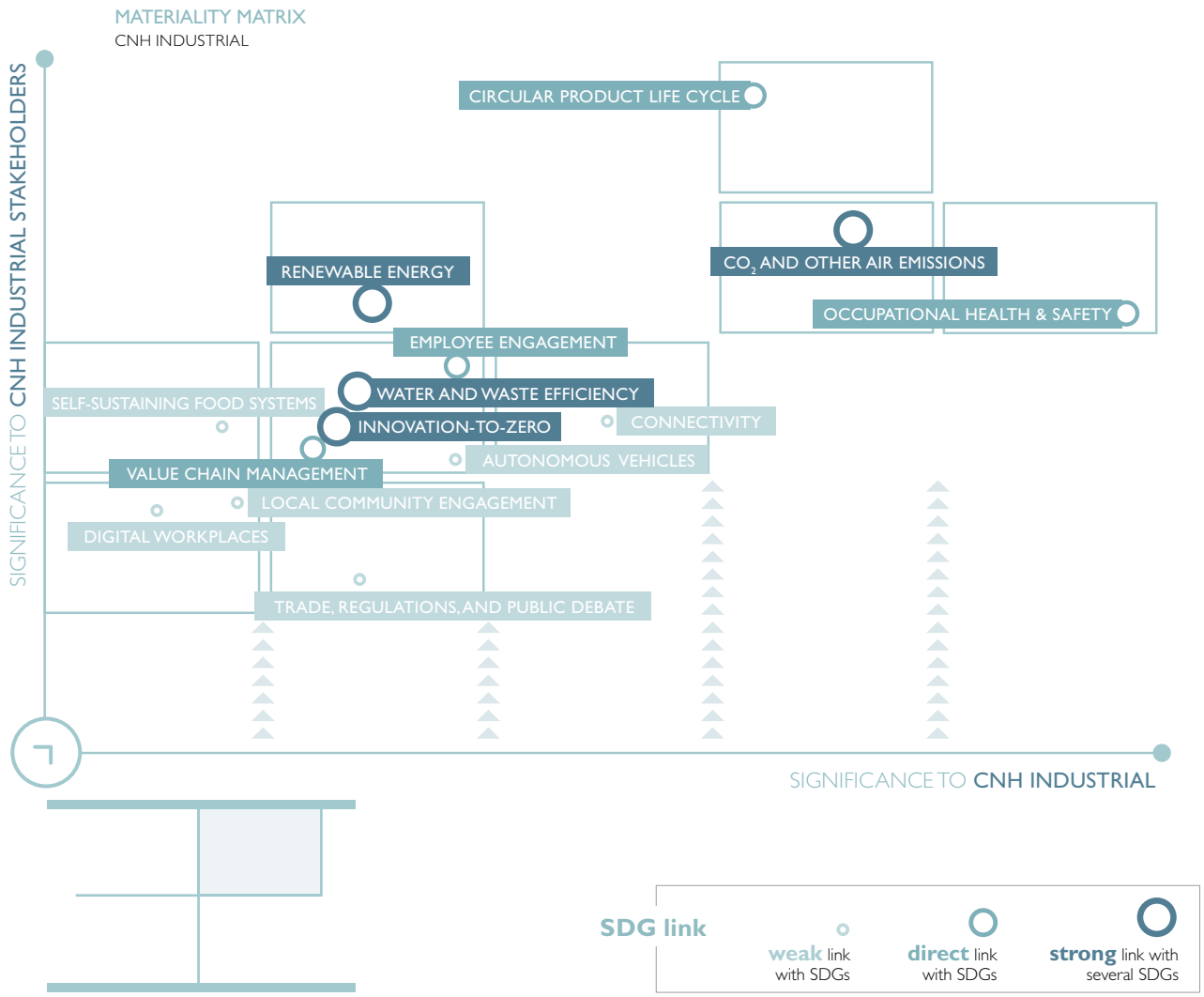
The Materiality Matrix enables CNH Industrial to prioritize its sustainability actions around those material topics that are critical for its business activities as well as most significant to its stakeholders.

In 2020, the materiality analysis confirmed the greater significance of business-related aspects, in line with the sustainability priorities defined within CNH Industrial's Strategic Business Plan.

Specifically, from a circular economy perspective, the material topic **circular product life cycle** was considered, both within and outside the Company, as one of 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 topic **occupational health and safety** also ranked among the most relevant to both the Company and its stakeholders, highlighting the importance of an approach based on effective preventive and protective measures involving all employees.

During the year, the Company also performed a targeted analysis[5] to identify the link between its 14 material topics and the UN Sustainable Development Goals (SDGs) most relevant to CNH Industrial's business (i.e., the 6 SDGs aligned with the commitments stated in the Sustainability Plan). The size of each circle in the Materiality Matrix reflects the degree to which that material topic is linked with an SDG.

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



[5] *Analysis based on 'Business Reporting on SDGs', a collaborative paper by the Global Reporting Initiative (GRI) and United Nations Global Compact (UNGC).*

MATERIAL TOPICS IN DETAIL

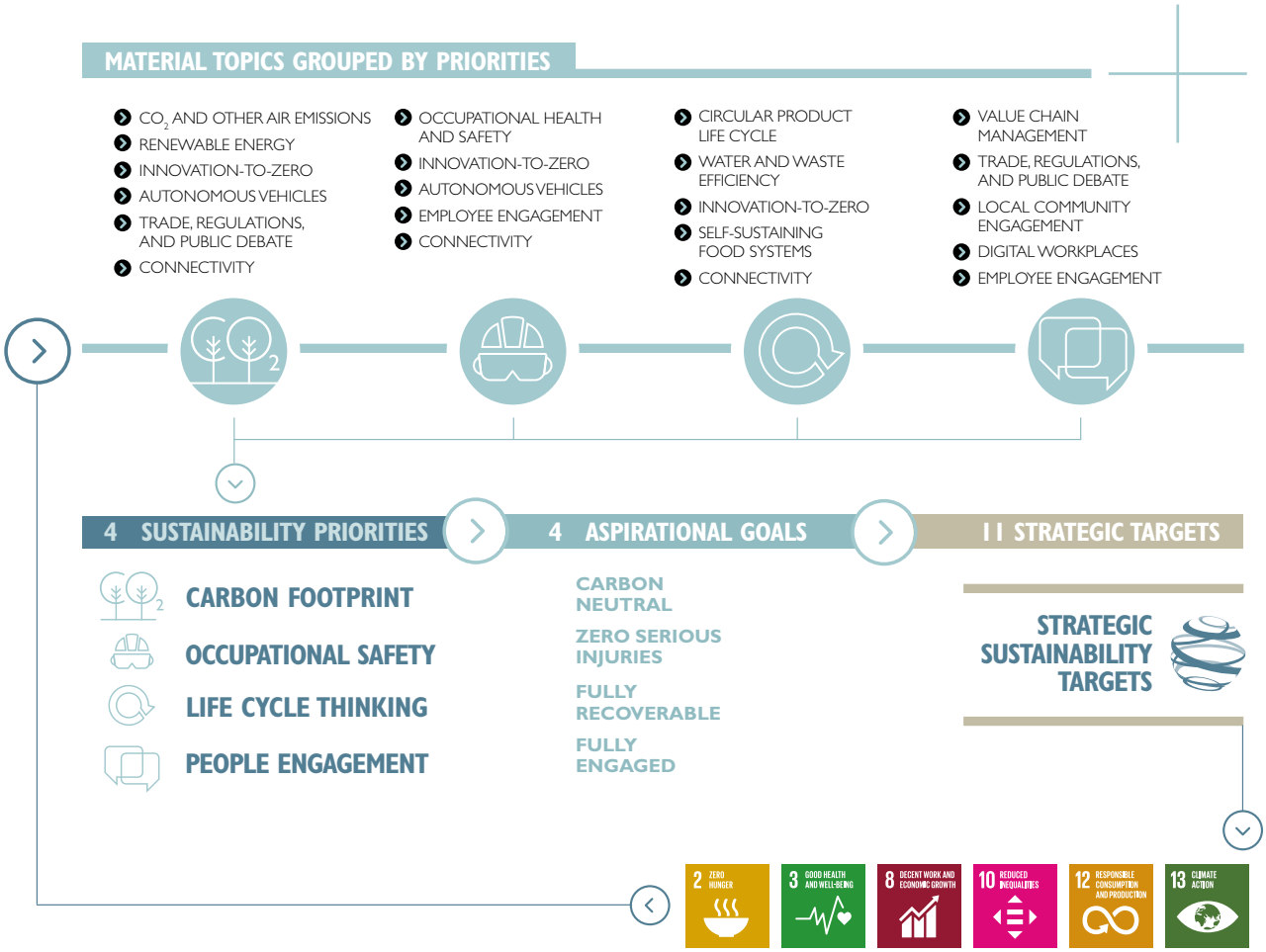
MATERIAL TOPICS[a]	TOPIC BOUNDARY (WORLDWIDE)			LINK TO GRI STANDARDS	SUSTAINABILITY REPORT PAGE	
	Where the impacts occur		Organization's involvement with the impacts		MA[b]	Results & Targets
	Entities in the organization[c]	Entities in the organization's value chain				
PRODUCT & INNOVATION						
Circular product life cycle	AG - CE C&SV - PT	▪ Customers ▪ Dealer and service network ▪ Suppliers and commercial partners	All products	GRI 301: Materials	166; 222; 225; 249	37; 41
Connectivity	AG - CE C&SV - PT	▪ Customers ▪ Dealer and service network ▪ Suppliers and commercial partners	All products	(d)	166; 222; 229	38
Autonomous vehicles	AG - C&SV	▪ Customers ▪ Dealer and service network ▪ Suppliers and commercial partners	AG - C&SV products	(d)	166; 222; 235	38
Self-sustaining food systems	AG	▪ Customers ▪ Dealer and service network ▪ Suppliers and commercial partners	AG products	(d)	166; 223; 229	38
Trade, regulations, and public debate	Entire organization	▪ Public institutions	All products and processes	GRI 415: Public Policy	143	
BEHAVIORS & ENGAGEMENT						
Occupational Health & Safety	Entire organization		Employee management	GRI 403: Occupational Health and Safety	88	34
Local community engagement	Entire organization	▪ Local communities	All products and processes	GRI 413: Local Communities	125	36
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	157; 161; 179	39
Employee engagement	Entire organization		Employee management	GRI 404: Training and Education	78	33-35
Digital workplaces	Entire organization		Employee management	(d)	78; 95	35
PROCESSES & APPLICATIONS						
CO_2 and other air emissions	Entire organization	▪ All stakeholders	All products and processes	GRI 302: Energy GRI 305: Emissions	166; 179; 195; 206; 216; 222; 223	36-37 40-41
Renewable energy	Entire organization	▪ All stakeholders	Manufacturing processes	GRI 302: Energy	206	40
Water and waste efficiency	Entire organization	▪ Local communities	Manufacturing processes	GRI 303: Water GRI 306: Effluents and Waste	195	39-40
Innovation-to-zero	Entire organization	▪ All stakeholders	All products and processes		157; 193	

(a) For the definition of material topics, see page 263.
(b) Management Approach.
(c) AG = Agriculture
CE = Construction
C&SV = Commercial and Specialty 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 103-1

SUSTAINABILITY PRIORITIES AND STRATEGIC TARGETS

The Company's sustainability priorities derive from the interpretation of stakeholders' expectations, facilitated and simplified by grouping the material topics by theme – making the Materiality Matrix a truly effective business tool.
The 4 sustainability priorities are: *carbon footprint*, to reduce the emissions generated by plants, logistics, and products; *occupational safety*, to minimize the risk of injury in the workplace through effective preventive and protective measures; *life cycle thinking*, to use resources fully and for as long as possible through a circular product life cycle approach; and *people engagement*, to actively involve employees, suppliers, and local communities alike.
The sustainability priorities are further driven by aspirational goals, seen as objectives to strive for over the long term. In order to achieve such goals, senior management included 11[1] challenging targets for year-end 2024 in the Company's Strategic Business Plan, to further underscore CNH Industrial's absolute commitment to sustainability.



ALIGNMENT WITH THE UNITED NATIONS SUSTAINABLE GOALS

Since CNH Industrial embraces all 17 UN Sustainable Development Goals (SDGs)[2], 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 a more detailed picture of 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.

(1) *10 of these targets were set, included in the Strategic Business Plan, and presented at Capital Markets Day in 2019; 1 additional target, which relates to diversity and inclusion, was incorporated in 2020.*
(2) *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.*

A total of 6 SDGs were identified as most relevant.
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.

SDGs MOST RELEVANT TO CNH INDUSTRIAL'S BUSINESS

CNH INDUSTRIAL
CNH Industrial supports the SDGs

SUSTAINABLE DEVELOPMENT GOALS

2 ZERO HUNGER	End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote wellbeing for all at all ages
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all
10 REDUCED INEQUALITIES	Reduce inequality within and among countries
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns
13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts

STRATEGIC SUSTAINABILITY 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 strategic sustainability targets aligned with the material topics included in the Materiality Matrix, and consistent with its sustainability priorities as well as the UN Sustainable Development Goals (SDGs). These targets were defined based on potential risks and opportunities relating to the Company's 2024 Strategic Business Plan. Progress towards their achievement is monitored twice a year, with reports presented to both the Sustainability Steering Committee and the Governance and Sustainability Committee, which determine corrective measures, if needed.

These targets are incorporated into the Sustainability Plan (see pages 31-41), which includes both long and short-term targets and expresses CNH Industrial's commitment to contribute to development in harmony with people and the environment.
Clear responsibilities are defined for each target to ensure they are consistently monitored and achieved. In this regard, executive compensation is linked, among other things, to the achievement of two strategic sustainability targets, specifically related to CO_2 emissions per production unit and the injury frequency rate.
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.

SUSTAINABILITY PRIORITIES	ASPIRATIONAL GOALS	2024 STRATEGIC SUSTAINABILITY TARGETS
CARBON FOOTPRINT (12 Responsible Consumption and Production; 13 Climate Action)	**CARBON NEUTRAL**	**-50%** vs. 2014 in CO_2 emissions per production unit at Company plants worldwide **80%** of total electricity consumption derived from renewable sources **-20%** vs. 2014 in kg of CO_2 emissions per ton of goods transported (including spare parts) **25%** of product portfolio available with natural gas powertrains
OCCUPATIONAL SAFETY (3 Good Health and Well-Being; 8 Decent Work and Economic Growth)	**ZERO SERIOUS INJURIES**	**-50%** vs. 2014 in employee injury frequency rate
LIFE CYCLE THINKING (12 Responsible Consumption and Production; 13 Climate Action)	**FULLY RECOVERABLE**	**100%** of new products developed using sustainability/ recyclability design criteria **95%** of waste recovered at Company plants worldwide
PEOPLE ENGAGEMENT (2 Zero Hunger; 3 Good Health and Well-Being; 8 Decent Work and Economic Growth; 10 Reduced Inequalities; 12 Responsible Consumption and Production; 13 Climate Action)	**FULLY ENGAGED**	**100%** of employees worldwide involved in engagement surveys **+50%** vs. 2019 in number of women managers **100%** of Tier 1 suppliers involved in sustainability self-evaluations **+100%** vs. 2017 in number of people who benefit from CNH Industrial's local community initiatives

CEO IN THE FRONT LINE

CNH Industrial has always worked tirelessly to integrate sustainability aspects into its day-to-day activities. To further underscore this commitment, CNH Industrial's Chief Executive Officer (CEO) endorsed 2 sustainability initiatives along with the CEOs of other leading companies. One was the **CEO's Call to Action for a New Deal for Europe**, which addresses company leaders across Europe who believe sustainability is central and key to their way of doing business. The second initiative was the **CEO Action for Diversity & Inclusion™**, the largest CEO-driven business commitment to advance diversity and inclusion in the workplace through concrete activities and sharing best practices across industries.

FOCUS ON

SUSTAINABILITY PLAN

CORPORATE GOVERNANCE AND SUSTAINABILITY

page 32

Maintaining best-in-class systems for governance, sustainability management, and risk management

OUR PEOPLE

pages 33-35

Respecting human and labor rights

Developing human capital

Promoting and protecting occupational health and safety

Fostering employee wellbeing and work-life balance

Improving employee commuting

LOCAL COMMUNITIES

page 36

Supporting local communities

INNOVATION AND PRODUCT DEVELOPMENT

pages 36-38

Designing sustainable products

Implementing a decarbonization strategy

Promoting digitalization

Implementing automation

Improving product safety

PURCHASING PROCESSES

page 39

Increasing supplier sustainability

MANUFACTURING PROCESSES

pages 39-40

Fostering continuous improvement

Reducing environmental impact and optimizing energy performance

LOGISTICS PROCESSES

page 41

Minimizing environmental impact

END-OF-LIFE

page 41

Promoting remanufacturing and recycling

KEY Target: exceeded ▲ achieved or in line with plan ● partially achieved ◐ postponed ○ 2024 Strategic Sustainability Target See page

CORPORATE GOVERNANCE AND SUSTAINABILITY

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

Commitment: Continuously integrate sustainability into corporate systems

ACTIONS	2020 RESULTS	TARGETS
▸ Implementation of an integrated sustainability management system, incorporating environmental and social issues into business decisions	○ Target postponed	▸ 2022: 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	● Internal sustainability awareness campaign continued. 2 additional videos (on SDG 3 and SDG 10) released 79	▸ 2022: development and set-up of sustainability training programs

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

ACTIONS	2020 RESULTS	TARGETS
▸ Enhancement of Board members' knowledge of Company operations	● 4 new directors appointed to the Board (one of whom stepped down during the year). 14 Board meetings held (most of which virtually due to the pandemic), with in-depth presentations to directors, including on the Company's segments and product portfolio, market participants, industry dynamics, and competitive positioning 48	▸ 2021: onboarding of additional Board members to increase Board diversity, and in anticipation of Company spin-off transaction ▸ 2021: review of sustainability rating assessments, identification of opportunities for improvement, and development of corrective actions
▸ Conception, design, and oversight of a Corporate Compliance Program	○ Target postponed due to the COVID-19 pandemic	▸ 2021: development of a compliance scorecard for each geographic area, with key compliance metrics tracked quarterly
▸ Update of the Corporate Whistleblowing System for the reporting and investigation of complaints/allegations	● Retaliation Prevention Policy and revised Code of Conduct published and disseminated in Q1 2020 ● *Speak Up* culture promoted via ongoing communications 53-54; 56	▸ 2021: launch of a global communications campaign on the corporate investigation process, to enhance transparency and organizational justice
▸ Promotion of a work environment driven by the highest principles and respectful of human rights, using multiple tools (e.g., training courses, corporate Intranet)	● 19,240 hours of training delivered on human rights and other corporate Code of Conduct aspects 56	▸ 2021: ongoing delivery of educational programs
▸ Monitoring of the impact of business activities on human rights	● Human rights assessment performed, covering 73% of employees working in internal operations ● 100% of employees working in internal operations (in the main countries of operation) involved in the assessment during the 2018-2020 period 65	▸ 2021: completion of human rights assessments cycle (2019-2021 period), to monitor 100% of employees working in internal operations

KEY Target: exceeded ▲ | achieved or in line with plan ● | partially achieved ◐ | postponed ○ | 2024 Strategic Sustainability Target | See page

OUR PEOPLE

RESPECTING HUMAN AND LABOR RIGHTS

Commitment: Promote diversity and inclusion and offer equal opportunities

ACTIONS	2020 RESULTS	TARGETS
▸ Promotion of job opportunities encouraging workforce diversity	New target set in 2020. As a consequence, year's results not available	▸ 2024: +50% vs. 2019 in number of women managers
	● Several outcomes achieved: ▸ +1% vs. 2019 in percentage of women employed ▸ 12.2% of management positions held by women 86; 270	
▸ Monitoring of the global implementation of equal opportunity principles relating to performance and leadership appraisals, promotions, and recruitment processes	● External recruitment agencies made aware of the Company's role as Equal Opportunity Employer (EOE)	
▸ Implementation of initiatives to increase diversity and inclusion awareness	New target set in 2020. As a consequence, year's results not available	▸ 2024: 100% of employees trained on diversity and inclusion
▸ Promotion of women's leadership and self-awareness	▲ +40% vs. 2019 in number of women involved in leadership and development initiatives 85	▸ 2024: +15% in women involved in leadership initiatives year-over-year

DEVELOPING HUMAN CAPITAL

Commitment: Survey employee engagement, satisfaction, needs, and requests

ACTIONS	2020 RESULTS	TARGETS
▸ Execution of people satisfaction surveys	● 100% of employees worldwide involved in engagement surveys in 2019 104	▸ 2024: 100% of employees worldwide involved in engagement surveys
	● Great Place to Work® certification achieved in Argentina, Brazil, China, India, and Mexico in 2020 105	

Commitment: Enhance skills within the Company

ACTIONS	2020 RESULTS	TARGETS
▸ Development of programs to upgrade and improve employee skills and behaviors	● Several development programs implemented: ▸ Action Learning projects ▸ Coaching and mentoring initiatives 102	▸ 2021: ongoing targeted development and training programs customized to employees' individual needs
	● 56% of employees worldwide involved in training activities 101	▸ 2022: involvement of 100% of employees worldwide in training activities

KEY Target: exceeded ▲ | achieved or in line with plan ● | partially achieved ◐ | postponed ○ | 2024 Strategic Sustainability Target | See page

Commitment: Attract and retain the best talent

ACTIONS	2020 RESULTS	TARGETS
▸ Implementation of long-term performance-related incentive plans	● Long-term performance-related incentive plans implemented for key talents 103	▸ 2021: ongoing implementation of long-term performance-related incentive plans for key talents

Commitment: Maintain sustainability as a key corporate objective

ACTIONS	2020 RESULTS	TARGETS
▸ Incorporation of environmental and social targets into the performance management system	▲ At least 1 sustainability target incorporated into the performance management system for 26% of employees worldwide 99	▸ 2021: incorporation of at least 1 sustainability target into the performance management system for 25% of employees worldwide

PROMOTING AND PROTECTING OCCUPATIONAL HEALTH AND SAFETY

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

ACTIONS	2020 RESULTS	TARGETS
▸ Pursuit of a zero-accident and zero-injury rate	● -22% vs. 2014 achieved in employee injury frequency rate 92	▸ 2024: -50% vs. 2014 in employee injury frequency rate
▸ Extension of OHSAS 18001 / ISO 45001 certifications	● 60 manufacturing sites, employing approx. 42,400 people, OHSAS 18001 / ISO 45001 certified ● 11 non-manufacturing sites, employing approx. 3,200 people, OHSAS 18001 / ISO 45001 certified ● All most-relevant joint venture plants (in which CNH Industrial holds at least a 51% interest) as at 2014 OHSAS 18001 / ISO 45001 certified 89	▸ 2021: maintenance of OHSAS 18001 or ISO 45001 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 51% interest)

Commitment: Promote a culture of safety in the workplace

ACTIONS	2020 RESULTS	TARGETS
▸ Implementation of initiatives to increase employee health and safety awareness via multiple tools (e.g., training courses, corporate Intranet, video tutorials)	● 202,243 hours of training delivered 88	▸ 2021: continuous implementation of information and training activities

KEY Target: exceeded ▲ achieved or in line with plan ● partially achieved ◐ postponed ○ 2024 Strategic Sustainability Target See page

FOSTERING EMPLOYEE WELLBEING AND WORK-LIFE BALANCE

Commitment: Promote the health and wellbeing of employees

ACTIONS	2020 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	● 71% of employees worldwide involved in wellbeing initiatives promoting healthy lifestyles 107	▸ 2022: involvement of 100% of employees worldwide in wellbeing initiatives promoting healthy lifestyles

Commitment: Foster the development of digital workplaces

ACTIONS	2020 RESULTS	TARGETS
▸ Implementation of new technologies and smart working initiatives to improve work quality and efficiency and employee work-life balance	● 100% of employees involved in flexible work location schemes (excluding hourlies)[a] 96	▸ 2022: participation of 40% of employees in flexible work location schemes (excluding hourlies)

Commitment: Foster employee inclusion and sense of pride

ACTIONS	2020 RESULTS	TARGETS
▸ Support for volunteer work during paid working hours	● -54% vs. 2019 in number of employees involved in volunteering activities during paid working hours[a] 111	▸ 2022: +10% vs. 2019 in number of employees involved in volunteering activities during paid working hours

IMPROVING EMPLOYEE COMMUTING

Commitment: Improve commuting for employees

ACTIONS	2020 RESULTS	TARGETS
▸ Development of mobility plans to improve commuting to/from selected sites by broadening the use of public transport, carpooling, and alternative mobility (cycling), and by improving entrances and loading/parking areas	● Mobility survey performed in Vysoké Mýto (Czech Republic), involving 3,000 employees 114	▸ 2021: implementation of an action plan in Czech Republic based on the 2020 mobility survey results
	○ All carpooling initiatives suspended in early 2020 due to the COVID-19 pandemic 114	▸ 2021: implementation of mobility action plans at sites in France
	● *Giretto d'Italia* event sponsored and organized at all sites in Italy to promote the use of cycling or other alternative means for employee commuting, involving around 700 people 114	▸ 2021: implementation of new and innovative on-demand internal shuttle service for employees commuting to/from Turin sites (Italy)

[a] *Result affected by the COVID-19 pandemic.*

KEY Target: exceeded ▲ achieved or in line with plan ● partially achieved ◐ postponed ○ 2024 Strategic Sustainability Target See page

LOCAL COMMUNITIES

SUPPORTING LOCAL COMMUNITIES

Commitment: Promote the social and economic development of local communities

ACTIONS	2020 RESULTS	TARGETS
▸ Promotion of initiatives fostering the growth of local communities	● More than +100% vs. 2017 in number of people who benefitted from CNH Industrial's local community initiatives 128	▸ 2024: +100% vs. 2017 in number of people who benefit from CNH Industrial's local community initiatives

INNOVATION AND PRODUCT DEVELOPMENT

DESIGNING SUSTAINABLE PRODUCTS

Commitment: Promote best practices in the design of sustainable products

ACTIONS	2020 RESULTS	TARGETS
▸ Integration of sustainability criteria into the design of new products	● Team established to develop new design criteria, with a focus on identifying the most relevant elements impacting sustainability and recyclability 12	▸ 2024: 100% of new products developed using sustainability/recyclability design criteria

IMPLEMENTING A DECARBONIZATION STRATEGY

Commitment: Optimize energy consumption and efficiency

ACTIONS	2020 RESULTS	TARGETS
▸ Extension of Life Cycle Assessment (LCA) methodology	● LCA completed on Cursor 13 engine 173	Powertrain ▸ 2021: completion and ISO 14067 certification of LCA on Cursor 13 engine
▸ Reduction of CO_2 emissions through fuel consumption optimization	○ Target postponed to align with the new launch date of next-generation combine harvesters	Powertrain/Agriculture ▸ 2024: implementation of state-of-the-art technologies to improve efficiency of next-generation combine harvesters and tractors, significantly reducing total cost of ownership (TCO)
	● In line with plan	Powertrain/Commercial & Specialty Vehicles (heavy range) ▸ 2021: up to an additional -4% in fuel consumption and CO_2 emissions on STRALIS and S-WAY diesel models, depending on mission and product configuration

KEY Target: exceeded ▲ | achieved or in line with plan ● | partially achieved ◐ | postponed ○ | 2024 Strategic Sustainability Target | See page

Commitment: Promote the use of alternative fuels

ACTIONS	2020 RESULTS	TARGETS
▸ Expansion of natural gas-powered vehicle offering, featuring biomethane, compressed natural gas (CNG), and liquefied natural gas (LNG)	● 20% of product portfolio made available with natural gas powertrains	▸ 2024: 25% of product portfolio available with natural gas powertrains
	● Benchmark testing and calibration performed on F28 NG engine prototype	Powertrain ▸ 2022: development of next-generation alternative fuel engines running on CNG and LNG, and compatible with biomethane, to further reduce CO_2 emissions and total cost of ownership (TCO)
	● After-treatment system (ATS) control model developed for stricter air/fuel ratio control	Powertrain ▸ 2022: focus on natural gas (NG) engine technologies to achieve ultra low NO_x emissions in urban applications
	● Pre-production final validation completed for 6 natural gas-powered tractor prototypes. Project development affected by the COVID-19 pandemic, with subsequent delay in the program's 2022 ramp-up plan. Nevertheless, launch expected in 2022 as planned ● Innovative LNG tank developed in partnership with Bennamann 226	Agriculture ▸ 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
	● Architecture of wheel loader concept aligned with final architecture of tractor. Project development delayed by the COVID-19 pandemic and new market requirements related to electrification in the Construction segment	Construction ▸ 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

Commitment: Promote the use of alternative tractions

ACTIONS	2020 RESULTS	TARGETS
▸ Introduction of alternative (electric/hybrid) drivelines to reduce environmental impact and improve efficiency	○ Target postponed to 2023 ▸ Minority investment made in Monarch Tractor 228	Powertrain/Agriculture ▸ 2023: implementation of electric/hybrid drivelines on tractors
	● Electrification plan in line with Start of Production (SoP) target date	Commercial & Specialty Vehicles ▸ 2030: implementation of alternative (electric/hybrid) driveline technologies on all vehicles, to achieve -50% in CO_2 emissions
	● Electrification plan in line with Start of Production (SoP) target date	Powertrain/Commercial & Specialty Vehicles (light range) ▸ 2023: development of next generation Electric Daily (including in-house production of e-drivelines and battery packs)
	● Electrification plan in line with Start of Production (SoP) target date	Powertrain/Commercial & Specialty Vehicles (heavy range) ▸ 2021: road testing of new Full Electric heavy range ▸ 2024: development of new full electric and fuel cell heavy range (including in-house production of e-axles)
	● Electrification plan in line with Start of Production (SoP) target date	Powertrain/Commercial & Specialty Vehicles (bus range) ▸ 2023: development of full electric bus range ▸ 2023: implementation of mild hybrid solutions on diesel and compressed natural gas (CNG) vehicles

KEY Target: exceeded ▲ | achieved or in line with plan ● | partially achieved ◐ | postponed ○ | 2024 Strategic Sustainability Target | See page

PROMOTING DIGITALIZATION AND CONNECTIVITY

Commitment: Develop agricultural products and digital solutions to optimize resources

ACTIONS	2020 RESULTS	TARGETS
▸ Development of solutions that minimize environmental impact	● Several solutions developed: ▸ Farming portal integrated with full file transfer functionality and field syncing among multiple machines equipped with the current display (FRED) and telematics Processing & Communication Module (PCM) ▸ New display (Phoenix) and electronic architecture tested on high horsepower (HHP) tractors with ISO implements, including compatibility view in the farming portal	Agriculture ▸ 2022: up to +25% vs. 2015 in field productivity by expanding data management and control systems for harvesting, tractors, and crop production

IMPLEMENTING AUTOMATION

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

ACTIONS	2020 RESULTS	TARGETS
▸ Development of automated/autonomous vehicle technologies	○ Combine harvester automation project well received by the market (95% take rate); further automation steps under development	Agriculture ▸ 2024: increase in automation level for all agricultural products, to improve machine efficiency and productivity (+20% in fuel efficiency vs. 2020)

IMPROVING PRODUCT SAFETY

Commitment: Continue to enhance safety, cybersecurity, ergonomics, and comfort

ACTIONS	2020 RESULTS	TARGETS
▸ Improvement in ergonomics of operator controls to reduce operator stress and enhance comfort	● Electro-hydraulic (EH) controls on graders tested in Europe	Construction ▸ 2021: testing of EH controls on graders to validate improved ergonomics and operator fatigue reduction in North America
	New target set in 2020. As a consequence, year's results not available	Agriculture ▸ 2021: customer testing of MultiController Armrest on Case IH Magnum and of SideWinder on New Holland Agriculture T8 tractors ▸ 2021: release of new cab model designs and virtual testing, to validate improved operator comfort and visibility
▸ Enhancement of occupant safety level acting on body structure and restraint systems	● Restraint system development plan presented for IVECO S-WAY Model Year 2023 (MY23)	Commercial & Specialty Vehicles (heavy range) ▸ 2022: development of a restraint system in heavy vehicle cabs to improve driver biomechanics in case of frontal impact ▸ 2023: launch of new restraint system
	New target set in 2020. As a consequence, year's results not available	Agriculture ▸ 2022: use of virtual rather than physical testing for some of the Roll Over Protective Structures (ROPS) checks required for cab homologation
▸ Cybersecurity enhancement across product ranges	New target set in 2020. As a consequence, year's results not available	▸ 2021: integration of cybersecurity criteria for product life cycle management into the product development process
	New target set in 2020. As a consequence, year's results not available	▸ 2022: creation of a Vehicle Security Operating Center enabling real-time remote cybersecurity monitoring

KEY Target: exceeded ▲ achieved or in line with plan ● partially achieved ◐ postponed ○ 2024 Strategic Sustainability Target See page

PURCHASING PROCESSES

INCREASING SUPPLIER SUSTAINABILITY

Commitment: Promote social and environmental responsibility among suppliers

ACTIONS	2020 RESULTS	TARGETS
Distribution of self-assessment questionnaires on environmental and social performance to select suppliers	● 90% of Tier 1 suppliers involved in sustainability self-evaluations 186	2024: 100% of Tier 1 suppliers involved in sustainability self-evaluations
Execution of sustainability audits at suppliers worldwide	● 90 audits performed 187	2021: execution of 95 audits (incl. reassessments, action plan follow-ups, and new assessments)
Enhancement of sustainability awareness among suppliers	● Webinars related to CDP Supply Chain initiative held for suppliers 189	2021: implementation of sustainability awareness activities for suppliers
CO_2 emissions monitoring of key suppliers	● 56% of key suppliers monitored for CO_2 emissions through the CDP Supply Chain initiative 190	2022: monitoring of CO_2 emissions of 100% of key suppliers
Promotion of supplier involvement in the World Class Manufacturing (WCM) program	● 84 audits and follow-ups performed[b] 188	2021: execution of more than 120 audits and follow-ups

MANUFACTURING PROCESSES

FOSTERING CONTINUOUS IMPROVEMENT

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

ACTIONS	2020 RESULTS	TARGETS
Adoption of World Class Manufacturing (WCM) principles	◐ 2 plants received the bronze award[b] 194	2021: further increase in the number of WCM plants achieving bronze level (1), silver level (8), and gold level (1)

REDUCING ENVIRONMENTAL IMPACT AND OPTIMIZING ENERGY PERFORMANCE

Commitment: Optimize the Company's environmental performance

ACTIONS	2020 RESULTS	TARGETS
Optimization of waste management based on country-specific characteristics	● 93.9% of waste recovered at Company plants worldwide 202	2024: 95% of waste recovered at Company plants worldwide[d]
	● -30.8% vs. 2014 in waste generated per production unit[c] achieved at Company plants worldwide 203	2022: -25% vs. 2014 in waste generated per production unit at Company plants worldwide
	● -32.7% vs. 2014 in hazardous waste generated per production unit[c] achieved at Company plants worldwide 203	2022: -36% vs. 2014 in hazardous waste generated per production unit at Company plants worldwide

(b) *Result affected by the COVID-19 pandemic.*
(c) *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 261.*
(d) *Target updated with respect to the 2019 Sustainability Report.*

KEY Target: exceeded ▲ achieved or in line with plan ● partially achieved ◐ postponed ○ 2024 Strategic Sustainability Target See page

ACTIONS	2020 RESULTS	TARGETS
▸ Application of best available techniques for the reduction of volatile organic compounds (VOCs) in paint processes	● -26.2% vs. 2014 in VOC emissions per square meter painted achieved at Company plants worldwide *198*	▸ 2022: -27% 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	● -22.3% vs. 2014 in water withdrawal per production unit[e] achieved at Company plants worldwide *200*	▸ 2022: -24% vs. 2014 in water withdrawal per production unit at Company plants worldwide
▸ Optimization of water withdrawal in water-stressed areas	● -44.2% vs. 2014 in water withdrawal per production unit[e] achieved at the plant in Greater Noida (India) *201; 277*	▸ 2022: -47% vs. 2014 in water withdrawal per production unit at the plant in Greater Noida (India)[f]
	● -17.1% vs. 2014 in water withdrawal per production unit[e] achieved at the plant in Pithampur (India) *201; 277*	▸ 2022: -19% vs. 2014 in water withdrawal per production unit at the plant in Pithampur (India)[f]
	● +16.6% vs. 2014 in water withdrawal per production unit[e] achieved at the plant in Queretaro (Mexico) *201; 277*	▸ 2022: -4% vs. 2014 in water withdrawal per production unit at the plant in Queretaro (Mexico)[f]
▸ Formulation of guidelines for the identification and safeguard of protected species and biodiversity		▸ 2021: implementation of improvement measures identified through BVI or BRE assessments, if needed

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

7 AFFORDABLE AND CLEAN ENERGY · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION

ACTIONS	2020 RESULTS	TARGETS
▸ Identification of measures and technologies to reduce energy consumption and CO_2 emissions per production unit	● -48.4% vs. 2014 in CO_2 emissions per production unit[e] achieved at Company plants worldwide *214*	▸ 2024: -50% vs. 2014 in CO_2 emissions per production unit at Company plants worldwide[f] ▸ 2030: -60% vs. 2014 in CO_2 emissions per production unit at Company plants worldwide
	● -26.1% vs. 2014 in energy consumption per production unit[e] achieved at Company plants worldwide *212*	▸ 2030: -30% vs. 2014 in energy consumption per production unit at Company plants worldwide
▸ Promotion of renewable energy generation and use	● 72% of total electricity consumption derived from renewable sources *212*	▸ 2024: 80% of total electricity consumption derived from renewable sources ▸ 2030: 90% of total electricity consumption derived from renewable sources
▸ Implementation of an Energy Management System and certification of plants as per international standard ISO 50001	● ISO 50001 certification achieved by 56 plants (accounting for approx. 99.9% of total energy consumption) *207*	
	● Energy Management System adopted at all plants worldwide (accounting for 100% of total energy consumption) *208*	
	● Secondary energy vectors monitored, accounting for 100% of CNH Industrial's total energy consumption worldwide *208*	
	● GHG emissions associated with over 20% of total energy consumption verified as per GHG Protocol requirements and according to ISO 14064-3 standard	▸ 2021: verification (according to ISO 14064-3 standard) of GHG emissions associated with over 20% of total energy consumption, with reference to GHG Protocol requirements

(e) *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 261.*
(f) *Target updated with respect to the 2019 Sustainability Report.*

KEY Target: exceeded ▲ achieved or in line with plan ● partially achieved ◐ postponed ○ 2024 Strategic Sustainability Target See page

LOGISTICS PROCESSES

MINIMIZING ENVIRONMENTAL IMPACT

Commitment: Reduce the environmental impact of logistics

ACTIONS	2020 RESULTS	TARGETS
▸ Implementation of initiatives to reduce CO_2 emissions and minimize the overall impact of logistics	● -20.8% vs. 2014 achieved in kg of CO_2 emissions per ton of goods transported (including spare parts) 218	▸ 2024: -20% 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 the production of remanufactured components

ACTIONS	2020 RESULTS	TARGETS
▸ Increase in number and distribution of remanufactured components	● 8.2% of Aftermarket Solutions' net sales generated by remanufactured components 249	▸ 2022: 10% of Aftermarket Solutions' net sales from remanufactured components

03

HOW WE GET THINGS DONE

OUR GOVERNANCE MODEL

HOW WE MANAGE OUR PEOPLE

ENGAGING LOCAL COMMUNITIES

RELATIONSHIPS WITH PUBLIC AND PRIVATE ORGANIZATIONS

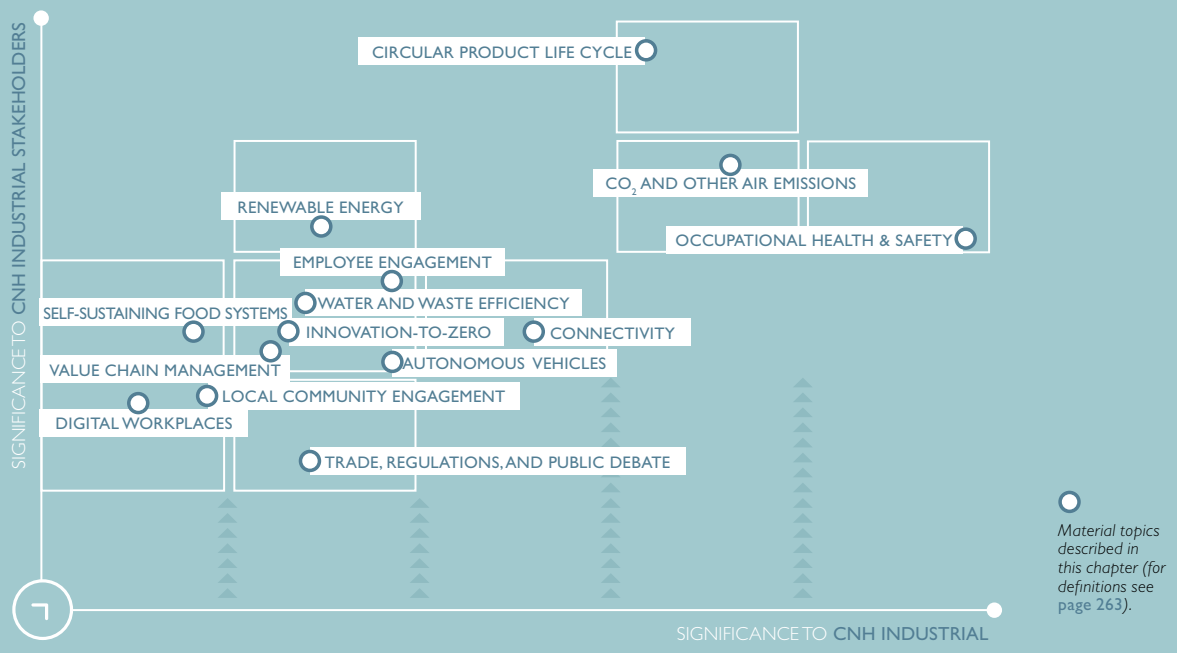
OUR GOVERNANCE MODEL

45 MANAGEMENT FRAMEWORK

45 GOVERNANCE STRUCTURE

53 GOVERNANCE SYSTEM

70 RISK MANAGEMENT



Material topics described in this chapter (for definitions see page 263).

MANAGEMENT FRAMEWORK

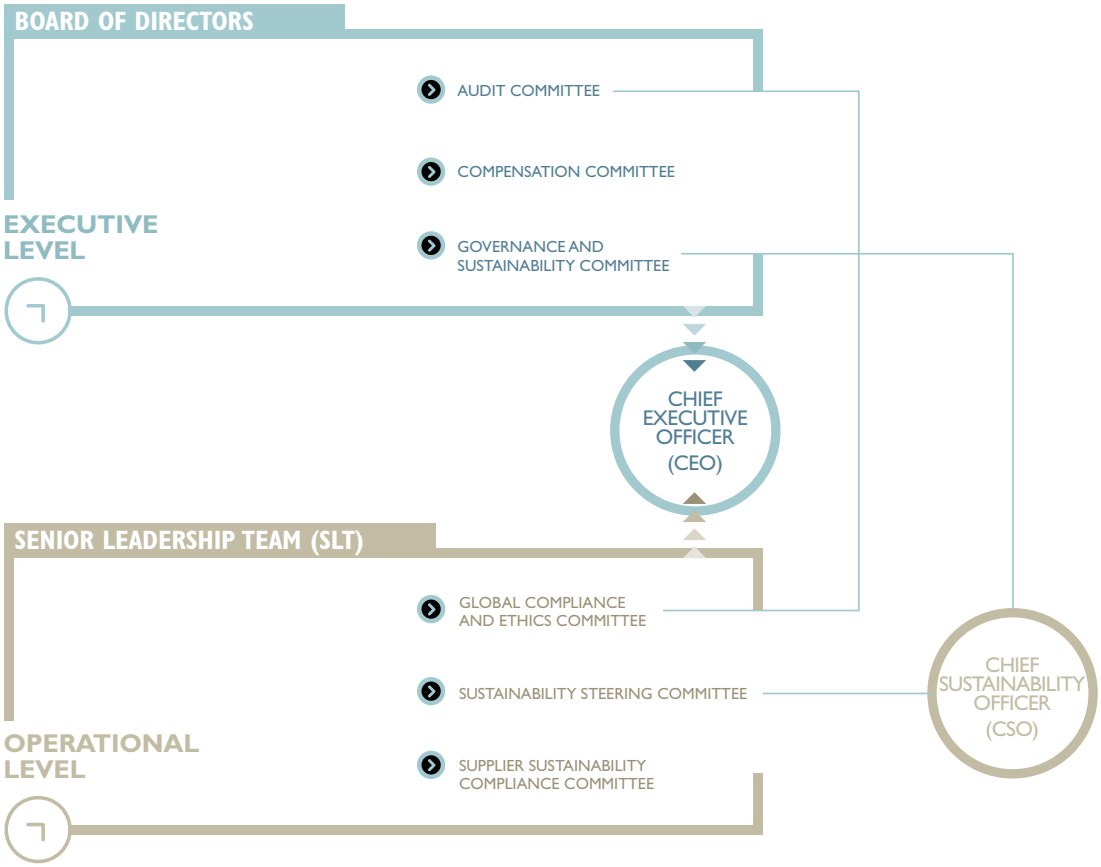
CNH Industrial's Governance model is built on a structure and a set of rules that the Company has adopted to manage its operations in an ethical and transparent way. CNH Industrial believes that a robust Governance model is essential to effectively manage its businesses for the long-term interests of all its stakeholders. 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 24).
The central pillars of CNH Industrial's Governance model include:

- ongoing alignment with international principles and best practices
- a clear and comprehensive Code of Conduct, with policies for implementing the principles contained in the Code of Conduct itself (see page 53)
- an effective enterprise risk management system (see page 70).

CNH Industrial has adopted the best practice provisions[1] of the Dutch Corporate Governance Code (DCGC), which contains principles and best practice provisions for relations between the board of directors of any listed Dutch company and its shareholders.

GOVERNANCE STRUCTURE

The Board of Directors (Board), together with its committees, is responsible for the governance of CNH Industrial. On certain key industrial matters, the Board is advised by the Senior Leadership Team (SLT), an operational decision-making body of CNH Industrial responsible for reviewing the operating performance of the segments, and making decisions on certain operational matters (see page 49).



[1] *Except as discussed in the section Compliance with Dutch Corporate Governance Code in the 2020 EU Annual Report, page 103.*

BOARD OF DIRECTORS

The Board of Directors[1] (Board) as a whole has collective responsibility for the strategy of the Company. Among other things, the Board oversees the development of the Company's mission and vision, as well as its strategies, policies, and goals regarding economic, environmental, and social topics. Each member of the Board is **appointed** or re-elected annually by the shareholders during the Annual General Meeting.

The Board, as at December 31, 2020, was **composed** of one (10%) Executive Director (i.e., who has been granted the titles 'Chair' and 'Acting Chief Executive Officer'), having responsibility for the day-to-day management of the Company, and 9 (90%) Non-Executive Directors, who have responsibility with respect to the Board's oversight function.
As at December 31, 2020, 20% of the Company's directors were female and the Board included representatives of different nationalities (see the skills matrix on page 47).
At December 31, 2020, 3 members of the Board were in the 30-50 age group (30%), 7 members were in the over-50 age group (70%), and no member was under 30 years of age.

The **independence** requirements for members of the Board were established with reference to the Dutch Corporate Governance Code (DCGC), the NYSE Rules, and Rule 10A-3 of the U.S. Securities Exchange Act. As at December 31, 2020, 8 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, to the Executive Directors, and to any other particular interest involved, and in accordance with best practice provision 2.1.7 of the DCGC. On April 16, 2020, the Board 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 and its Committees. Independent directors 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.
Non-Executive Directors are limited to being on no more than four (4) boards of other public companies.

Regarding **conflicts of interest**, the Regulations of the Board[2] state that a member of the Board 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 that is in conflict with the interests of the Company and the business associated with the Company. In addition, the Board as a whole may, on an ad hoc basis, resolve that there is a clear appearance of a conflict of interest regarding an individual member of the Board in relation to a specific matter, and therefore deem it in the best interest of a proper decision-making process that said individual member of the Board be excused from participation in the decision-making process with respect to the matter, even though the member of the Board in question may not have an actual conflict of interest.

The **criteria** used to select and appoint members of the Board, 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 Board should be composed of individuals with skills, experience, and cultural backgrounds, 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 Board as a collegial body. Furthermore, it is generally recognized that diverse boards 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 Board considers itself a diverse body, well-suited to fulfilling its duties. Nevertheless, the Board is committed to increasing diversity among its members, in particular regarding women and underrepresented ethnic groups. The Governance and Sustainability

(1) *References to the Board of Directors are as at December 31, 2020.*
(2) *The Regulations of the Board of Directors are available on the Company's website.*
(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 102-23; GRI 102-24; GRI 102-25; GRI 102-26; GRI 405-1

Committee (see page 49) periodically assesses the skills, experience, and other attributes of the individual directors, with a view toward ensuring an appropriate level of diversity and that the directors have the necessary expertise to fulfill their respective duties.

CNH INDUSTRIAL BOARD OF DIRECTORS SKILLS MATRIX[a]

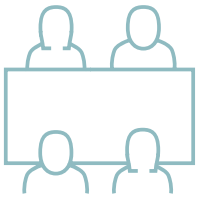
	BORN IN	DIRECTOR SINCE	GEO-GRAPHIC DIVERSITY	SKILLS[b]: GOVERNANCE, LEGAL, AND BOARD EXPERTISE	FINANCIAL AND ACCOUNTING	CONSUMER DISCRETIONARY	CONSUMER STAPLES	INDUSTRIALS & MATERIALS	TELECOM & IT	ACADEMIC POSITIONS	CHARITABLE AND ENVIRONMENTAL ENGAGEMENT	HEALTH CARE	(FORMER) CHAIRPERSON /CEO	MANDATES IN OTHER COMPANIES
SUZANNE HEYWOOD[c]	1969	2016	UK	●	●	●		●			●		●	–
HOWARD W. BUFFETT	1983	2020	US	●		●		●		●	●			–
TUFAN ERGINBILGIC	1959	2020	UK	●	●	●	●	●	●			●		1
LÉO W. HOULE	1947	2013	CA	●	●	●		●	●					–
JOHN LANAWAY	1950	2013	US	●	●	●		●	●					–
ALESSANDRO NASI	1974	2019	IT	●	●			●						2
LORENZO SIMONELLI	1973	2019	US	●	●	●	●	●					●	2
VAGN SØRENSEN	1959	2020	UK	●	●	●		●	●				●	3
JACQUELINE A. TAMMENOMS BAKKER	1953	2013	UK	●	●		●	●	●		●			3
JACQUES THEURILLAT	1959	2013	ES	●	●			●				●	●	3

GENDER

(a) *As at December 31, 2020.*
(b) *Industry sector classifications used for compiling the skills matrix are based on MSCI and Standard & Poor's Global Industry Classification Standard (GICS). See definitions on page 264.*
(c) *Suzanne Heywood assumed the Acting CEO duties in addition to her Chairperson responsibilities on March 22, 2020, when Hubertus Mühlhäuser stepped down from the CEO position. She served as Acting CEO for the remainder of 2020, after which Scott Wine joined the Company and became the new CEO, effective January 4, 2021. The appointment of Mr. Wine to the Company's Board of Directors as Executive Director will be subject to the approval of the Annual General Meeting of Shareholders scheduled to be held on April 15, 2021.*

The Board considers the **evaluation** of its performance and the performance of its Committees and individual directors to be an important aspect of corporate governance. Each year, under the oversight of the Governance and Sustainability Committee (see page 49) 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 2020, the evaluation of the Board and its Committees consisted of a self-assessment by each of the bodies facilitated by a written questionnaire.

The questionnaire covers key aspects and functions, such as composition of the Board, collegiality, information, oversight, involvement, and the Committees, and is designed to promote a robust and comprehensive performance assessment discussion. The Chair met with each of the directors to discuss the performance of the Board, the Committees, and individual directors. The Board of Directors discusses the results of such performance assessment, in executive session, and agrees upon actions to take advantage of identified opportunities for improvement. On the recommendation of the Governance and Sustainability Committee, the Board intends to periodically engage a third party to facilitate the annual performance assessment.



14 **BOARD MEETINGS** HELD, WITH AN AVERAGE **TOTAL ATTENDANCE** OF 97%

In 2020, there were 14 Board meetings.

The **minimum attendance** required for all Board members is at least 75% of all Board and Committee meetings. In addition, Non-Executive Directors are limited to being on not more than 4 boards of other public companies.

The Board members and their attendance at Board meetings in 2020 are indicated below.

2020 BOARD MEETING ATTENDANCE (%)

Board Member	Buffett	Erginbilgic	Heywood	Houle	Lanaway	Nasi	Simonelli	Sørensen	Tammenoms Bakker	Theurillat
Attendance	100	100	100	100	93	100	86	100	100	93

As provided for by the Company's Articles of Association and in alignment with the DCGC: "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[4]." The **remuneration**[5] of the directors (executive and non-executive) must, therefore, be aligned with 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. The Remuneration Policy was subsequently amended, and approved by shareholders on April 14, 2017. In the absence of specific recommendations or proposals for amendments by the Board, the Remuneration Policy is annually submitted to the shareholders (in the agenda of each AGM) as a discussion-only item, and must be approved by shareholders at least every 4 years. Pursuant to the amendment to the Remuneration Policy approved on April 14, 2017, Non-Executive Directors are not awarded compensation 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. At the AGM held on April 16, 2020, the Remuneration Policy was further amended to align the Policy with the new legal requirements contained in the Dutch Civil Code implementing the Revised European Shareholders' Rights Directive. A key change to the Remuneration Policy was the clarification of the link to long-term value creation and sustainability, in line with the Company's strategy and consistent with the Company's values.

THE BOARD'S COMMITTEES

The Company's Articles of Association require the Board 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 Board may also delegate powers to them on certain matters. In 2013, the Board appointed the following committees: Audit Committee, Compensation Committee, and Governance and Sustainability Committee.

(4) *Excerpt of art. 13.4 of the Company Articles of Association, publicly available on the Company's website.*
(5) *Details of the remuneration of the Board of Directors and its Committees are set forth in the 2020 EU Annual Report under the section Remuneration Report.*

GRI STANDARDS GRI 102-28; GRI 102-36

The charters of the Audit Committee, Compensation Committee, and Governance and Sustainability Committee set forth independence requirements for their members for purposes of the Dutch Corporate Governance Code (DCGC). Audit Committee members are also required to qualify as independent under the NYSE Listing Standards and Rule 10A-3 of the Exchange Act.

The **Audit Committee** is responsible for, among other things, assisting the Board 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. As regards the latter section, audits are planned consistently at regional level, and cover areas of risk identified within the Risk Assessment tool (e.g., occupational health and safety, bribery and corruption, money laundering, conflicts of interest, expense reporting). 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 internal audit plan.
In 2020, the Audit Committee met 10 times[6].
As at December 31, 2020, each member of the Audit Committee was independent (see the 2020 EU Annual Report, page 92).

The **Compensation Committee** is responsible for, among other things, assisting the Board in: determining executive compensation consistent with the Company's Remuneration Policy; reviewing the compensation of Executive Directors; administering equity incentive plans and deferred compensation benefit plans; and discussing with management the Company's policies and practices regarding compensation.
In 2020, the Compensation Committee met 7 times[6].
As at December 31, 2020, 4 of the 5 members of the Compensation Committee were independent (see the 2020 EU Annual Report, page 92).

The **Governance and Sustainability Committee** is responsible for, among other things, assisting the Board 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 occupational health and safety and environmental and climate-related issues; reviewing the Company's environmental health and safety policies, procedures, and practices applicable to Company employees; and reviewing the Company's annual Sustainability Report. The Governance and Sustainability Committee helps to develop the Board's collective knowledge on sustainability.
In 2020, the Governance and Sustainability Committee met 17 times[6].
As at December 31, 2020, 4 of the 5 members of the Governance and Sustainability Committee were independent (see the 2020 EU Annual Report, page 93).

SENIOR LEADERSHIP TEAM

CNH Industrial's **Senior Leadership Team** (SLT – formerly known as the GEC) oversees the quality of the Company's decision-making and the implementation of its strategy. The SLT is an operational decision-making body of CNH Industrial, and is responsible for reviewing the operating performance of the segments and making decisions on certain operational matters. On certain key industrial matters, the Board of Directors (Board) is advised by the SLT. The Board remains accountable for the decisions of the SLT and has ultimate responsibility for the Company's management and external reporting.
The SLT is comprised of CNH Industrial's Chief Executive Officer and key senior managers. The SLT is effectively supervised by the Non-Executive Directors of the Board. For this purpose, the SLT, either directly or through the Executive Directors, provides the Non-Executive Directors with all information they require to fulfill their responsibilities.
As at December 31, 2020, the SLT had 11 members and its composition was as follows:

- gender: 2 members were women, representing 18% of the total
- age group: 5 members were in the 30-50 age group (45%), 6 members were in the over-50 age group (55%), and no member was under 30 years of age.

The SLT includes the Chief Sustainability Officer (see page 51) and is advised on sustainability matters by the Sustainability Steering Committee (SSC).

[6] *For committee meeting attendance by committee members, see the 2020 EU Annual Report, pages 92-93.*

SLT COMMITTEES

The Senior Leadership Team (SLT) is also assisted by several committees with specific duties at both global and regional level, particularly on compliance and ethics and on sustainability.

The **Global Compliance and Ethics Committee** (GC&EC) provides assistance to management and the Company's Audit Committee to enable CNH Industrial 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 (at least quarterly) to the Audit Committee of the Board on the operations, 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.
As at December 31, 2020, the GC&EC was composed of the following members: the Acting Chief Executive Officer; Chief Financial Officer; Chief Strategy, Talent, ICT and Digital Officer; General Counsel; Chief Compliance Officer; Chief Internal Audit Officer; Chief Information Officer; and the President of the Company's Financial Services business. The GC&EC meets at least quarterly, or more frequently as deemed necessary or appropriate by its members.

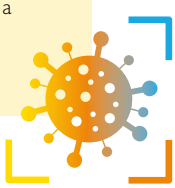
The **Sustainability Steering Committee** (SSC) is responsible for:

- identifying sustainability strategies
- integrating the identified sustainability strategies with business needs, adopting a medium-to-long term vision
- providing a forum for communication and benchmarking among geographic areas.

The SSC is chaired by the Chief Sustainability Officer, who is also the Chief Financial Officer, and is coordinated by the Sustainability Unit.
As at December 31, 2020, the permanent members of the committee were: the Leaders of the Operating Segments together with the Chief Strategy, Talent, ICT and Digital Officer, Chief Technology Officer, Chief Supply Chain Officer, General Manager Aftermarket Solutions, General Managers High Growth Markets, Acting General Manager North America, and the heads of Corporate Communications, Legal, Compliance, Internal Audit, and Corporate Control & Accounting and Sustainability.
Proposals made by the SSC are shared with the SLT and submitted to the Chief Executive Officer for consideration and approval. The SSC meets before every Governance and Sustainability Committee meeting, at least 4 times a year.

EMERGENCY EXECUTIVE COMMITTEE

To tackle the potential impact of the COVID-19 pandemic as a matter of priority, in March, CNH Industrial's Senior Leadership Team (SLT) approved the immediate establishment of the Emergency Executive Committee (EEC), tasked with constantly monitoring the situation. Specifically, following regular updates from the relevant functions, the EEC continually monitored and made decisions regarding the three areas most impacted by the pandemic: employee health and safety, business continuity (plant, offices, and depots), and network support (dealers, suppliers, and local communities). The EEC, made up of members of the SLT, met virtually whenever needed, i.e., daily or weekly depending on the progress of the pandemic, to ensure continual feedback from the relevant functions and to have a clear picture of the global situation at all times. It also provided regular updates to the Board of Directors.



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 Unit
- Sustainability Points of Reference
- Global Social Initiatives team.

The **Chief Sustainability Officer** (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 Senior Leadership Team (SLT), chairs the Sustainability Steering Committee, and is also the Chief Financial Officer. The CSO oversees the Corporate Control & Accounting and Sustainability function, which in turn supervises the Sustainability Unit.

The **Sustainability Unit** (SU) 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 SU 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 worldwide
- assisting with risk management
- strengthening the relationship with and enhancing the perceptions of stakeholders.

The SU has an operational role and is responsible for: conducting the materiality analysis and stakeholder engagement processes (see page 24), managing sustainability planning and reporting, and completing questionnaires required by sustainability rating agencies. The SU also acts as secretary to the Sustainability Steering Committee.

The 25 **Sustainability Points of Reference** are representatives from within the various operating areas, and are appointed 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 SU and the various operating areas, providing both technical and organizational support. Moreover, the Sustainability Coordinators for South America and the Rest of the World ensure the integration of sustainability aspects into regional operating processes, continually liaising with the SU.

The **Global Social Initiatives Team** is composed of the representatives for local community initiatives, and is coordinated by the SU to exploit synergies and ensure alignment with Company strategy.

SUSTAINABILITY MANAGEMENT SYSTEM

Consistent with the CNH Industrial Sustainability Model (see page 23), the sustainability management system consists of the following tools:

- the **Code of Conduct**, approved by the Board of Directors, and related policies that set out the Company's approach to key issues (see page 53)
- 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 54)
- the **materiality analysis**, which defines social and environmental priorities (see page 24)
- **stakeholder engagement** on material topics

- 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 the GRI Sustainability Reporting Standards (GRI Standards), the Sustainability Accounting Standards (SASB Standards), and those of the major sustainability rating agencies
- the **Sustainability Plan**, also including the strategic sustainability targets, which identifies action priorities and tracks commitments undertaken (see pages 31-41)
- the annual **Sustainability Report**, which discloses the Company's sustainability performance
- a summary included in the **EU Annual Report** 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. It also reports the Company's climate change mitigation actions as per the framework and recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD)[7].

THE SUSTAINABILITY PLAN AND REPORTING PROCESS

The Sustainability Report is the means by which the Company presents its non-financial performance to stakeholders each year. The Report is prepared according to the GRI Sustainability Reporting Standards (GRI Standards)[8] and the Sustainability Accounting Standards (SASB Standards) version 2018-10[9], and 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 and set by the corporate functions with the assistance of the Sustainability Unit (SU), which also ensures the incorporation of the stakeholders' expectations evidenced by the materiality analysis. Indeed, the SU is responsible for ensuring medium-to-long-term targets are in line with both 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 SU, 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., an independent certification body, for auditing as per Sustainability Reporting Assurance (SRA) procedures and in compliance with both the GRI Standards and the AA1000 Accountability Principles Standard (2018). SGS is officially authorized to provide assurance as per the AA1000 Assurance Standard v3. The alignment of CNH Industrial's sustainability management system with the ISO 26000:2010 guidelines on social responsibility is also audited[10]
- approved by the Sustainability Steering Committee (see page 50), with each chapter approved by the relevant members
- reviewed by the members of the Senior Leadership Team (see page 49)
- approved by the Chief Executive Officer
- reviewed by the Board of Directors' Governance and Sustainability Committee (see page 49)
- 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 publicly available in the sustainability section of the Company's website.

(7) 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.
(8) See the GRI Content Index on page 293.
(9) See the SASB Index on page 299.
(10) The Statement of Assurance, describing the activities carried out and the opinions expressed, is available on pages 290-292.

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.
CNH Industrial 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

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 (Board) 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 has adopted both a Code of Conduct and Supplier Code of Conduct.

CODE OF CONDUCT AND POLICIES

CNH Industrial's **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 long-term value creation and social and economic development.

The Code of Conduct, originally adopted by the Board in 2014, forms an integral part of the Company's internal control system. The Code of Conduct applies to all of CNH Industrial directors, officers, and employees, as well as to those acting for or on behalf of all CNH Industrial companies worldwide (including all joint ventures in which the Company holds a controlling interest).
In the first quarter of 2020, a revised and updated version of the Code of Conduct was rolled out in conjunction with an internal communication campaign. Among other things, the Code of Conduct addresses the ethical aspects of economic, social, and environmental issues. Explicit reference is made to the UN's Declaration on Human Rights, the relevant International Labour Organization (ILO) Conventions, and the OECD[1] Guidelines for Multinational Companies.

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

GRI STANDARDS GRI 102-12; GRI 102-16

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 Company 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:

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

The Code of Conduct is available in 19 languages and can be found in the Governance section of the Company's website. Compliance policies are available in multiple languages and can be found in the Compliance and Ethics section of the Company's Intranet portal.
CNH Industrial adopted its **Supplier Code of Conduct** in 2015. It is available in 9 languages on both the Company's website (in the Suppliers' section) and Intranet. 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 180).

APPLICATION AND DISSEMINATION

The Company's Code of Conduct and Company policies apply to all members and officers of CNH Industrial's Board of Directors, 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, 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 Company employees irrespective of their level or role.

In 2020, the Code of Conduct training course included 3 modules: Anti-corruption and Bribery, Conflicts of Interest, and Reporting Fraud (see page 56). This training was delivered to all members of CNH Industrial's Board of Directors and Senior Leadership Team (SLT), as well as to approximately 24,190 employees, of whom 80% were professional and salaried employees and 20% managers, for a total of 11,409 hours (10,923 in 2019).

In addition to the training offered the previous year, in 2020 CNH Industrial also provided on-site compliance training[2] to 33% of its joint ventures in which the Company has a controlling interest.
The roll-out of training materials to suppliers is expected in early 2021.

[2] *Due to the COVID-19 pandemic, on-site training took place only in Mexico, as travel previously planned to conduct training at other joint venture locations was cancelled.*

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 2018 and 2020; the same percentages were achieved each year.

Every year, the corporate Compliance and Ethics function asks certain categories of 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 2020 were:

- senior managers and above
- CEO Staff: managers/senior professionals
- segments (Agriculture, Construction, Commercial and Specialty Vehicles, Powertrain, Financial Services): managers/senior professionals
- Finance, M&A, and Sustainability: managers up to senior professionals
- Strategy, Talent, ICT and Digital (Strategy/HR/ICT/Digital/Internal Communications): managers/senior professionals
- Technology: managers/senior professionals
- Supply Chain (Manufacturing/Logistics/Purchasing): managers/senior professionals
- High Growth Markets AMEA[3]: managers/senior professionals
- High Growth Market SA[4]: managers/senior professionals
- Aftermarket Solutions: managers/senior professionals
- Legal: managers/senior professionals
- Compliance: managers/senior professionals
- Internal Audit: managers/senior professionals
- Corporate Communications: managers/senior professionals.

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

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 with such third parties 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.

COMPLIANCE RISK MANAGEMENT

CNH Industrial conducts compliance risk assessments on an annual basis to help 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 assessments also assist 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 potential effect on the organization, or the potential loss that may result if a risk event occurs. The risk likelihood refers to the probability that a given risk event will occur.
When assessing the effectiveness of existing controls, designated risk assessors evaluate respective control environments, including any relevant legal and compliance policies and processes in place, related communications, and training provided by the Company, to ensure resulting residual risk levels remain within the Company's established risk appetite. For further details, see the risk appetite table on page 71.

(3) Asia, Middle East, and Africa.
(4) South America.

In 2020, the corporate Compliance and Ethics function continued to strengthen its compliance risk management activities by further leveraging the Enterprise Risk Management tool, which is used to conduct multiple risk surveys annually as well as to conduct enhanced risk assessments performed by specialists within the Company's businesses. These deep-dive assessments help identify important risk exposures that trigger the execution of mitigation activities because they lie outside predetermined risk tolerance levels. Such activities are intended to reduce or, in certain cases, eliminate altogether the identified risk exposures.

In 2020, CNH Industrial delivered targeted training (for a total of 19,240 hours[5]) on the critical issues identified during the risk assessment performed during the previous year, with a focus on:

- anti-corruption and bribery[6]
- conflict of interest[6]
- human rights (avoiding sexual harassment)
- reporting fraud[6].

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.
The Compliance Helpline was set up following consultation with representatives from many different functions, including Human Resources (HR), Internal Audit, Legal, and Compliance, and with the approval of all relevant employee work councils in Europe.
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.
As indicated in the Compliance Helpline Policy[7], reports can be submitted (also on an anonymous basis where permitted by law):

- in person to a manager or other Company representative
- through a dedicated Internet website
- by telephone through dedicated phone lines (to a call center managed by a third party).

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 (which is also promoted via *Speak Up* communication campaigns).
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 Compliance Helpline, helps ensure the accurate tracking and timely resolution of investigations, which are primarily conducted by Internal Audit, the Legal Department, HR, or the corporate Compliance and Ethics function. Additionally, regional committees comprising representatives from HR, 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 extent of the potential penalties or monetary losses involved, the seniority of the implicated person, or the nature of the alleged violation. Matters defined as material are escalated to 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

(5) *Due to the pandemic, fewer compliance courses were delivered in 2020 so as to accommodate crucial training from other functions on COVID safety measures, data privacy concerns, and remote working risks.*
(6) *Included in the Code of Conduct training course.*
(7) *www.cnhindustrialcompliancehelpline.com.*

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 2020, 63 cases were classified as material at regional level and reported to the relevant RC&EC, with 3 of them further classified as material at global level. All 63 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.

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 2020, the Company disclosed the results of 70 compliance-related internal audits conducted at its main operational sites: 2 regarding business ethics and 68 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.

AUDITS BY TYPE

CNH INDUSTRIAL WORLDWIDE (no.)

	2020
Business Ethics Compliance (BEC)	2
Whistleblowing (WB)	35
Other[a]	33
Total	**70**

[(a)] *'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 2020, the Company responded to and/or investigated 398 new matters submitted through the Compliance Helpline (40% of which were submitted anonymously) or through other available corporate communication channels.

COMPLIANCE HELPLINE REPORTED MATTERS

CNH INDUSTRIAL WORLDWIDE (no.)

Matters by category	2020
Questions related to specific business activities and/or Company policies	32
HR issues, including but not limited to general workplace conflicts	162
Discrimination and harassment[a]	59
Business conduct	91
Other[b]	54
Total	**398**

[(a)] *Includes 35 harassment reports, 14 sexual harassment reports, and 10 reports of discrimination (of which 9 were unsubstantiated and 1 substantiated). 52 of these issues were resolved in the reporting period, while 7 are still in process.*
[(b)] *The increase compared to 2019 is due to occupational health and safety matters mostly related to COVID-19.*

In 2020, 428 investigations were closed. 159 of the allegations investigated were substantiated as breaches of the Code of Conduct or of Company policies (a 37% substantiation rate).

DISCIPLINARY APPROACH TO SUBSTANTIATED BREACHES OF THE CODE OF CONDUCT OR COMPANY POLICIES
CNH INDUSTRIAL WORLDWIDE (no.)

Type of disciplinary action	2020
Termination of employment	47
Disciplinary action	73
Coaching, remedial training or review of the relevant policy	37
No action required[a]	2
Total	**159**

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

ANTI-CORRUPTION AND BRIBERY

CNH Industrial's Anti-Corruption Policy establishes procedures designed to ensure full compliance with applicable anti-corruption legislation. Oversight of the Policy lies with the corporate 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, Human Resources 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 geographic area. The Policy was disseminated to all Company employees and senior management worldwide and is available on the corporate Intranet in 19 languages.
As stated on page 55, every year, the corporate Compliance and Ethics function asks certain categories of 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.
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, representatives of international organizations, any other party connected with a public official, private entities/individuals, or anyone otherwise prohibited by applicable laws.

The **Corruption Perception Index**, published by Transparency International, is generally used as a guide by the corporate Compliance and Ethics function and Regional Compliance & Ethics Committees (RC&ECs) in assessing and categorizing the specific risks and prevalence of corruption in each geographic 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 2020, the Code of Conduct online training included a module on corruption and was provided to all members of the Senior Leadership Team (SLT), as well as to approximately 24,190 employees (of whom 80% were professional and salaried employees and 20% managers), for a total of 11,409 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.

2020 ANTI-CORRUPTION TRAINING BY GEOGRAPHIC AREA
CNH INDUSTRIAL WORLDWIDE (no.)

	Employees involved	Training hours
North America	3,768	1,796
Europe	14,792	6,878
South America	2,560	1,278
Rest of World	3,072	1,457
Total	**24,192**	**11,409**

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 allegations of bribery were reported to the Compliance Helpline in 2017 or 2018. Two potential cases were reported in 2019, of which one was substantiated. This substantiated case involved allegations against a third party, as a result of which the relationship with said party was terminated.
No cases of bribery were reported in 2020.

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 geographic 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 corporate Compliance and Ethics function developed and launched a Third-Party Due Diligence process, using a 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 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 Regional Compliance & Ethics Committees (RC&ECs) and, if necessary, the Global Compliance & Ethics Committee (GC&EC) have oversight of high-risk third-party relationships.
In 2019, a new Governance, Risk, and Compliance (GRC) tool was integrated into the Third-Party Due Diligence process, replacing the previous software, and in 2020 its implementation was completed across all regions.

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 its International Trade Compliance Policy, whose subject matter is also an important part of the Supplier Code of Conduct (see page 180). In accordance with this Policy, the Company is committed to complying with all applicable international trade laws and regulations (including import and export control laws, anti-boycott, anti-dumping, anti-corruption laws, and sanction programs). In addition, the Company has established a dedicated Global Trade Compliance function that, in 2020, built upon existing compliance tools, expanding and diversifying existing processes to encompass and address new regulations and a dynamic trade environment.

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, the exchange of commercial information or business views, etc.).
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. The Company and its subsidiaries are also required to protect the confidentiality of information they may receive from third parties.

Every year, the Compliance and Ethics function collects a statement from a number of employees declaring they understand and adhere to the Code of Conduct (including the antitrust aspects) and that they have no knowledge of any violation of the Code of Conduct nor of any conflicts of interest that have not already been disclosed to the Company. CNH Industrial 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 (see page 56).

In 2019, the **online training** on the Code of Conduct included a module on fair competition and antitrust. This training was delivered to all members of CNH Industrial's Board of Directors and Senior Leadership Team (SLT), as well as to 24,176 employees, of whom 80% were professional and salaried employees and 20% managers, for a total of 10,923 hours. The module on fair competition and antitrust will be offered again in the near future based on module scheduling, which rotates each year.

CNH Industrial's internal audit program verifies, among other things, the competition and antitrust processes and controls (see page 57) in place. In relation to the acquisition of new businesses, an antitrust audit is conducted in connection with other due diligence activities and with the support of specialized external law firms.

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. Moreover, in line with SOX[8] compliance requirements, the security controls related to CNH Industrial's IT infrastructure and information security management system are also audited and certified annually by an external auditor.
Information security refers to all the practices and processes in place to ensure data is not accessed, used, modified or deleted 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 Chief Information Officer is a member of the Global Compliance & Ethics Committee (see page 50), which is responsible for approving Information Security Policies concerning both individual employees and ICT personnel.
CNH Industrial's security governance is based on 3 pillars – people, processes, and infrastructure – and aims at developing an effective security culture and environment involving everyone in security management.

[8] *The Sarbanes-Oxley Act of 2002, a US federal law.*

Online training on information security is delivered regularly to all information system users: new hires receive it as part of the onboarding process, while all employees receive it at least once every 3 years. Training includes 2 courses:

- *Protecting our Information* – a mandatory, entry-level course on information security
- *Phishing - Don't Take the Bait!* – an anti-phishing course on how to avoid scams and the theft of sensitive personal data.

In 2020, such training was delivered to more than 1,609 employees worldwide, for a total of over 1,000 hours. Moreover, at the beginning of the year, an ICT Technical Security Awareness Program was delivered to both application managers and application maintenance staff, involving 5 sessions with an average of 200 employees per session.

The Company's Intranet features 2 dedicated sections – Email and Instant Messaging Guidelines and Information Security – on the most common types of malicious/suspicious messages (spam, phishing, spear-phishing, etc.), providing users with hints and instructions on how to identify them, and on how and when to notify the ICT Security Team.

CNH Industrial manages 90% of its IT infrastructure with the support of providers NPO Sistemi and IBM. NPO Sistemi's services are compliant with ISO 27001:2013 and ISO 9001:2015 standards, while IBM's IT security, networking, cloud, system, and resiliency services are ISO 22301:2012 certified (the security services provided by IBM are also ISO 27002:2013 compliant).
Every year, CNH Industrial undertakes an information **security risk assessment**, conducted by ICT Security and based on the NIST[9] Cybersecurity Framework, to identify ICT risks and assess their probability and impact. This is followed up by continuous risk management and improvement measures.
In 2020, 26 high-level risks were downgraded due to the implementation of mitigation measures.

CNH Industrial protects confidential information against unauthorized access (both physical and logical), limiting the number of accounts that have privileged access to such data. 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.
Vulnerability analysis and management are crucial in ensuring the confidentiality, integrity, and availability of CNH Industrial's sensitive information, and in maintaining business continuity, protecting Company reputation, and preventing financial losses. Every effort is made to properly identify, report, prioritize, and remediate vulnerabilities that pose a significant risk to the Company.

The **IT asset management process** includes a data erasure procedure to remove all confidential data from any asset before disposal. IT assets are data-sanitized by the partner in charge of fleet management, and the activity is tracked via the asset management tool.
The Information Security Incident Management Policy sets the requirements for responding appropriately to any actual or suspected security incident relating to Company information and/or information systems. CNH Industrial also has a Security Incident Response Plan, which is tested at least annually and provides a framework of procedures, roles, responsibilities, and accountability for incident handling, and enables breach detection, analysis, containment, eradication, recovery, and follow-up in response to incidents. The Company's Security Operations Center (SOC) operates 24/7 to prevent, detect, and remediate security threats across the corporate network before they have an impact on the business. The dedicated Cyber Security Incident Response Team (CSIRT) is responsible for coordinating and providing support in the event of a computer security breach or incident.

Since 2018, CNH Industrial has also adopted the Bitsight[10] Security Ratings solution, which provides data-driven, dynamic measurements of the Company's cybersecurity performance and manages the performance of its cybersecurity program through broad measurement, continuous monitoring, and detailed planning in an effort to measurably reduce cyber risk.

(9) *National Institute of Standards and Technology.*
(10) *Leading cybersecurity ratings company.*

INFORMATION/CYBERSECURITY INCIDENTS & BREACHES
CNH INDUSTRIAL WORLDWIDE (no.)

		2020	2019	2018
Total number of information security breaches or other cybersecurity incidents[a]	P0	0	0	0
	P1	3	11	7
	P2	128	120	175
	P3	3,326	1,218	116
Total number of information security breaches involving customers' personally-identifiable information		0	0	0
Number of customers affected by the Company's data breaches		0	0	0
Total amount of fines/penalties paid in relation to information security breaches or other cybersecurity incidents		0	0	0

[(a)] *Incidents are prioritized based on a combination of assigned impact and urgency levels. Priorities rank from high (P0) to low (P3). Each year, all incidents have been resolved with no impact on business activities. It should be noted that the increase in the number of incidents detected is due to the yearly increase in the scope of information systems.*

Additionally, the Company has set up an Information Security Competence Center dedicated to the security of its connected vehicle products (see page 171).

ENHANCING SECURITY DURING THE PANDEMIC

During this critical stage of the global health emergency, the information security team has undertaken a number of initiatives to strengthen the defenses against cyber threats available to employees following the mass adoption of smart working in response to COVID-19, including:

- implementing multi-factor authentication
- expanding the virtual private network (VPN)
- activating a Threat Intelligence service
- increasing virtual desktop platforms
- raising employee awareness via security communications and guidelines.

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.

The Privacy Management framework includes:

- appropriate organizational and technical measures to ensure correct and secure processing, according to the Company's Data Privacy Policy and the Privacy by Design principle (see page 54)
- procedures to collect and respond to privacy-related inquiries from data subjects
- a comprehensive record of data processing activities, including personal data retention schedules/criteria
- a process to regularly assess and evaluate data privacy risks, including but not limited to:
  - procedures to consult with representatives of data subjects upon use of their personal data, if necessary
  - monitoring of the ongoing compliance of third-party data processors and evaluation of risks related to potential gaps identified.

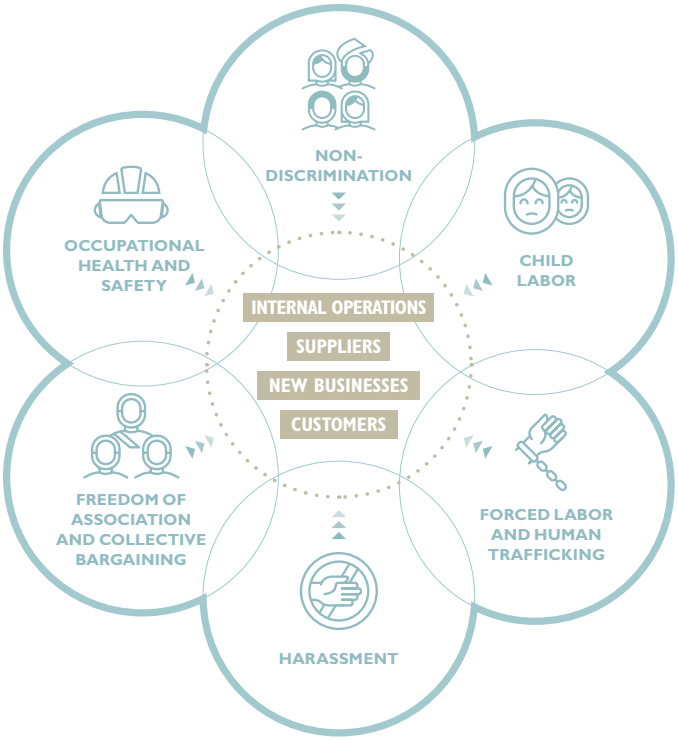
INNOVATION-TO-ZERO

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. Just as for information security, new hires receive online data privacy training as part of the onboarding process, while all employees receive it at least once every 3 years.
In 2020, 4,236 employees worldwide received **training** on the appropriate handling of personal information, for a total of 2,103 hours.
During the year, CNH Industrial received no substantiated complaints concerning breaches of privacy.

HUMAN AND LABOR RIGHTS MANAGEMENT

CNH Industrial is committed to the creation of long-term sustainable value for all its stakeholders and believes that respect for fundamental human rights is a prerequisite to the achievement of this objective.
Risks linked to human rights violations are included in the Company's 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.
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. 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, including the protection of fundamental human rights.
The Company's commitment is summarized 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 and are overseen by the Senior Leadership Team (SLT).
The human rights principles included in the aforementioned documents are consistent with the spirit and intent of the United Nations' (UN) Universal Declaration of Human Rights, the OECD Guidelines for Multinational Companies, and the relevant Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO).

In 2020, **online training** on human rights and other Code of Conduct aspects was delivered to all members of CNH Industrial's Board of Directors and Senior Leadership Team (SLT), as well as to approximately 24,190 employees, of whom 80% were professional and salaried employees and 20% managers, for a total of 11,409 hours (10,923 in 2019). Moreover, specific human rights courses focusing on sexual harassment were delivered to approximately 23,720 employees worldwide, for a total of 7,831 hours.
The Company's Code of Conduct and policies apply to all of the Company's directors, officers, and employees, as well as to those acting for or on behalf of all CNH Industrial companies worldwide. Moreover, in selecting suppliers, the Company considers their social and environmental performance in addition to the values outlined in the Code of Conduct (see page 183).
To monitor respect for human rights, CNH Industrial has implemented the Compliance Helpline (see page 56), 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.
CNH Industrial's approach to the management of human and labor rights focuses on 6 main areas, as described below.



NON-DISCRIMINATION

As stated in its Code of Conduct, CNH Industrial prohibits all forms of discrimination against employees, specifically based on: race, gender, sexual orientation, social or personal status, health, physical condition, disability, age, nationality, religious or personal beliefs, political opinion, or other prohibited basis. The Company recruits employees on the basis of their knowledge, experience, and skills, and is committed to providing equal opportunities to all employees, both on the job and in their career advancement. The Human Resources (HR) head of each segment/function, in collaboration with Business Management, 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 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 or personal status, health, physical condition, disability, age, nationality, religious or personal beliefs, political opinion, or other prohibited basis (in accordance with applicable laws).
For further information on how CNH Industrial manages diversity and equal opportunities, see page 84.
For information on how this aspect is addressed in the management of the supply chain, see page 180.

CHILD LABOR

As stated in the Code of Conduct, CNH Industrial prohibits the employment of child labor. Specifically, it prohibits the employment of anyone younger than the minimum legal working age in force where the work is carried out and, in any case, prohibits the employment of 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 addressed in the management of the supply chain, see page 180.

FORCED LABOR AND HUMAN TRAFFICKING

As stated in its Human Rights Policy, CNH Industrial prohibits 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 third party with whom it has a business relationship. The Supplier Code of Conduct states 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 activities are strictly prohibited. For information on how this aspect is addressed in the management of the supply chain, see page 180.
See also CNH Industrial's Slavery and Human Trafficking statement, available on the corporate website.

HARASSMENT

As stated in its Human Rights Policy, CNH Industrial prohibits all types of harassment. 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. Any kind of sexual coercion 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 117.
For information on how this aspect is addressed in the management of the supply chain, see page 180.

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 approach to occupational health and safety, which includes 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 87.
For information on how this aspect is addressed in the management of the supply chain, see page 180.

Furthermore, considering national and international institutions' increasing focus on human and labor rights, CNH Industrial has recently started contributing to the relevant policy debate, such as on the UN Guiding Principles on Business and Human Rights. Indeed, the Company is actively engaging with the Italian Inter-ministerial Committee on Human Rights and the Ministry of Foreign Affairs to address human rights issues from a business perspective, share best practices, and highlight the matter's importance to small and medium enterprises (SMEs).

HUMAN RIGHTS ASSESSMENT

CNH Industrial monitors respect for human rights within the Company's operations and across its supply chain and customer base. As regards its **internal operations**[1], CNH Industrial's Internal Audit function has, since 2013, sent an impact assessment survey each year to the Human Resources functions of the geographic area selected[2], to assess the following human rights aspects:

- non-discrimination (including, among others, indigenous people and migrant labor)
- child labor and young workers
- forced labor
- harassment
- freedom of association
- occupational health and safety.

The impact assessment also focuses on local communities, namely on the promotion of their social and economic development based on their specific needs.

INTERNAL HUMAN RIGHTS ASSESSMENT

CNH INDUSTRIAL WORLDWIDE

YEAR	Countries involved	% of the global workforce[a] involved	Employees involved (no.)
2018	Australia, New Zealand, Turkey, Uzbekistan, Thailand, India	6	3,753
2019	USA, Canada, Mexico, Denmark, Finland, Norway, Sweden, Bulgaria, Lithuania, Romania, Slovakia, Ukraine, Portugal, UK, Ireland, Luxembourg, Netherlands, Austria, Switzerland	19	11,890
2020	Italy, France, Spain, Germany, Poland, Belgium, UK, Argentina, Brazil, Russia, China, South Korea, South Africa, Ethiopia	73	46,918

[a] Refers to the percentage of employees involved at the respective year-end. In the last 3 years, the assessment has involved 100% of employees in the main countries of operation.

[1] Joint ventures in which CNH Industrial holds at least a 51% interest are included in the perimeter.
[2] Geographic areas are surveyed in rotation on an annual basis.

In each of the past 3 years and in each geographic area evaluated, the assessment confirmed the presence of policies and controls designed to ensure respect for human rights, in line with local legal requirements, and did not identify any particular concerns or issues, including in relation to child or forced labor and freedom of association.

The assessments complied with the requirements of Art. 17 and 18 of the Guiding Principles on Business and Human Rights, 2011[3] (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 2020, the Company surveyed 100% of its total workforce[4] 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[5].

In relation to the acquisition of significant **new businesses, operations, and projects**, the Company conducts detailed risk assessments on human and labor rights issues. Such assessments may be conducted during the relevant due diligence process and often with the assistance of specialized external law firms or other professional advisors.

As regards CNH Industrial's **suppliers**, in order to prevent or minimize any environmental or social impact arising from or related to the Company's supply chain, the Company has developed a process to assess suppliers on sustainability issues, by means of sustainability self-assessments, risk assessments, and sustainability audits (see page 184). The Company has implemented a specific operational procedure to monitor supplier compliance and risks. In 2020, 90 suppliers worldwide were identified as presenting potential risks considering 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 particular purchasing category. These suppliers were subsequently audited. Issues were identified for 7 of them, who agreed to a total of 9 corrective action plans for areas in need of improvement in terms of human rights issues (see page 187).
These improvement areas concern the:

- implementation and/or development of a code of conduct
- improvement of overtime management.

Action plans are monitored via follow-up meetings between the applicable supplier and the Company auditor. Any non-compliance is brought to the attention of the Purchasing Leadership Team, which determines the actions to be taken against the non-compliant supplier.
According to the assessment process, in 2020, 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.

Before engaging in a commercial transaction with a **customer**, CNH Industrial conducts a due diligence screening and risk assessment. Company names, shareholders, and owners are screened against a number of lists – issued by, among others, the UN, EU, USA, and OSCE[6] – intended to counter, among other things, human rights violations. As an additional measure, when appropriate, the Company ensures that its sales agreements include specific end-user contract clauses, or end-user statements and/or undertakings, for certain transactions or locations identified as posing a high risk in the risk assessment. In AMEA[7], CNH Industrial introduced a more robust clause in its sales agreements that specifically refers to the obligation of all dealers and other third parties who distribute the Company's products to comply with various human rights-related conditions when they resell CNH Industrial's products.

(3) *United Nations' Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework 2011.*
(4) *Study conducted on the total workforce as at October 31, 2020.*
(5) *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).*
(6) *Organization for Security and Co-operation in Europe.*
(7) *Asia, Middle East, and Africa.*

CONFLICT MINERALS

Another demonstration of CNH Industrial's respect for human rights is its stand against the use of natural resources extracted in conflict zones. To this end, the Company implements a compliance program and a Conflict Minerals Policy intended to promote the responsible sourcing of tin, tantalum, tungsten, and gold (referred to as conflict minerals or 3TG) from the Democratic Republic of Congo (DRC) and surrounding region, where revenues from the extraction of these natural resources have historically funded armed conflict and human rights abuses. The Conflict Minerals Policy was adopted in 2013 and is available on the corporate website.
To perform its due diligence on the source and origin of 3TG in its products, CNH Industrial established a standard operating procedure, implementing specific measures across its supply chain to address disclosure obligations under the Dodd-Frank Act and regulations, adopted by the U.S. Securities and Exchange Commission (SEC), regarding the source of 3TG that may originate from the DRC and specific surrounding countries. The Company's due diligence process and measures have been designed to conform, in all material respects, with the due diligence framework presented by the Organization for Economic Co-operation and Development (OECD) in its 2016 publication *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* (third edition, OECD Publishing), including its Supplements on gold, tin, tantalum, and tungsten. This due diligence framework is also known as the OECD Guidance.

CNH Industrial is committed to making every reasonable effort to establish, and requires each supplier to disclose, whether the products purchased contain 3TG obtained from sources that fund armed conflict or support inhumane treatment in the DRC or the surrounding region. In particular, as per the Conflict Minerals Policy (which also applies to the Company's suppliers), and as per the terms and conditions of standard purchase agreements, CNH Industrial expects its suppliers to conduct a reasonably thorough inquiry into the existence and origins of 3TG in their respective supply chains, and to provide written evidence of due diligence. If the products sold to CNH Industrial do contain 3TG, suppliers are required to 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 DRC or surrounding region. CNH Industrial reserves the right to reassess future business dealings with suppliers that fail to comply with this Policy.

CNH Industrial's products are highly complex, typically containing thousands of parts that come from many different direct suppliers within the Company's vast global supply network. In addition, there are generally multiple tiers between the 3TG mines and CNH Industrial's suppliers. This means that the Company must rely on its direct suppliers to work with their upstream supply chain to provide accurate information on the origin of any 3TG contained in components or materials it purchases. When entering into new agreements and relationships with suppliers, the Company includes 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 focusing on its major direct suppliers, as well as on its direct suppliers deemed likely to supply components containing 3TG (collectively, the Surveyed Suppliers). CNH Industrial requests all Surveyed Suppliers to provide information regarding 3TG and smelters, using the Conflict Minerals Reporting Template (CMRT) developed by the Responsible Minerals Initiative (RMI).
The RMI, which the Company joined in 2015, 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 chains and ensure that those minerals are not funding armed conflict or human rights abuses in the DRC region. The RMI also offers members opportunities to share information, and helps companies implement best practices through the development of reporting tools and training. The CMRT 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 own supply chain, such as the names and locations of smelters and refiners as well as the origin of 3TG used by those facilities.

CNH Industrial uses third-party software to collect, manage, analyze, and aggregate supplier CMRT data for reporting purposes, and to follow up with suppliers whose CMRT data is deemed incomplete or inconsistent, or who listed non-compliant or uncertified smelters or refiners in their CMRT (by comparing with the RMI validation list). As an RMI member, the Company also supports third-party audits of 3TG smelters and refiners to verify the conformity of their management systems and sourcing practices with international standards and with the RMI's Responsible Minerals Assurance Process (RMAP).

Furthermore, as part of the standard operating procedure, the Company performs an annual review of its due diligence process and supplier survey results in order to prepare a Conflict Minerals Annual Report, which is submitted to the SEC and available on the corporate website.

In 2020[8], CNH Industrial's Surveyed Suppliers represented approximately 80% of the Company's purchases (in US dollars) of goods from suppliers. Based on the data collected, the Company identified the presence of gold in some of its electronics, and of tin, tantalum, and tungsten in some of its electrical and mechanical products, used because of their good corrosion resistance, electrical properties, and mechanical strength. CNH Industrial does not use 3TG in its parts or products unless necessary for equipment functionality and reliability. For these parts, the Company works with its suppliers to make sure all 3TG are sourced from conformant smelters.

COBALT

Cobalt is becoming an important material for CNH Industrial as it is a key element in the lithium-ion rechargeable batteries used in electric vehicles, which play a significant role in helping to reduce greenhouse gas and polluting emissions. Cobalt is also used in the production of magnetic, wear-resistant, and high-strength engineering alloys, which are all critical in efficient vehicle design.

The Democratic Republic of the Congo (DRC) is the world's largest producer of cobalt, holding more than 50% of global cobalt reserves. In recent years, annual global cobalt consumption has trended upward and is expected to rise significantly over the medium term. Many reports have highlighted concerns over the social and environmental impacts of cobalt extraction, including child labor and unsafe working conditions in artisanal cobalt mining operations.

As a member of the Responsible Minerals Initiative (RMI) Cobalt Workgroup, CNH Industrial participates in discussing and sharing cobalt related information, and applies tools and resources specifically to support its due diligence on cobalt supply chains. The RMI added cobalt as a dedicated focus area in 2017, and has since worked to create the enabling conditions for companies to exercise due diligence over cobalt supply chains in accordance with the framework of the OECD Guidance. After benchmarking various companies' best practices in 2020, the Company is now planning to implement due diligence processes on the responsible sourcing of cobalt by surveying its industrial battery suppliers.

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 2020, **no significant final rulings** were issued against the Company for violations of laws in the following areas: environment, rights of local communities and impacts on society, human rights, marketing and advertising, privacy and loss of customer data, anti-competitive 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.

[8] *The 2020 data will be available as of June 1, 2021.*

EUROPEAN COMMISSION SETTLEMENT

In 2011, IVECO, the Company's wholly owned subsidiary, active in the commercial vehicle business, and its competitors in the European Union were subject to an investigation by the European Commission (hereinafter the Commission) into certain business practices in the European Union (in the period 1997-2011) in relation to medium and heavy-duty (M&H) trucks. On July 19, 2016, the Commission announced a settlement with IVECO. 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. Most of these claims remain at an early stage. Further, on the basis of the letters issued by a significant number of customers indicating that they may commence proceedings in the future, CNH Industrial expects to face further claims based on the same legal grounds in the same and 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 60).

EMISSIONS REGULATORY ACTION

On July 22, 2020, a number of CNH Industrial's offices in Europe were visited by investigators in the context of a request for assistance by the public prosecutors of Frankfurt am Main (Germany) and Turin (Italy) in relation to alleged non-compliance of two engine models produced by FPT Industrial S.p.A., a wholly owned subsidiary of CNH Industrial, installed in certain Ducato (a vehicle distributed by the Stellantis group) and IVECO Daily vehicles. CNH Industrial immediately made itself available to these investigators and is providing its full cooperation to properly address the requests received. Although at the date hereof CNH Industrial has no evidence of any wrongdoing, CNH Industrial cannot predict at this time the extent and outcome of these requests and directly or indirectly related legal proceedings.

PROVISIONS

As a global Company with a diverse business portfolio, CNH Industrial in the ordinary course of business is exposed to numerous legal risks, including, without limitation, 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, competition law, and other investigation and environmental claims. The outcome of any current or future proceedings, claims or investigations cannot be predicted with certainty. Adverse decisions in one or more of these proceedings, claims or investigations could require CNH Industrial to pay substantial damages or fines or undertake service actions, recall campaigns or other costly actions.

When it is probable that an outflow of resources 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, 2020, the Company had estimated a provision[9] of $32 million (approximately the same amount as at December 31, 2019).

LABOR AND SOCIAL SECURITY

Labor and social security disputes culminating in final court judgments in 2020 involved a total payout of 0.11% of labor costs for the year. In Brazil, such judgments, mainly relating to the interpretation of particularly controversial legislation, accounted for 72% of all such judgments against the Company, or approximately 48% of the Company's total payout. However, in the specific context of South America, these judgments were not exceptional in nature or in number.

(9) 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

Risk management is an important component of CNH Industrial's overall culture and is integral to the achievement of its long-term business plan. Accordingly, the Company's Enterprise Risk Management (ERM) process was designed to assist in the identification, evaluation, and prioritization of business risks (including environmental, social, and governance risks), followed by a coordinated and balanced application of resources to minimize, monitor, and control the probability or impact of adverse events or to maximize the realization of opportunities.

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

Through this process, CNH Industrial has identified 43 primary enterprise risks, further broken down into 118 specific risk drivers. Primary risk drivers include a number of significant topics, such as business strategies and operations, competitive factors, social responsibility, environmental issues, and regulatory compliance. The 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, one-on-one interviews with Senior Leadership Team (SLT) 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 mitigation activities as necessary within the business or functional area, which are deployed by management.

Inherently, CNH Industrial's risk management process is not meant to provide a guarantee of the accuracy or completeness of the risk assessments performed or of the full achievement of the Company's objectives. CNH Industrial's potential overall risk exposure is described in the Risk Factors section of the 2020 EU Annual Report, on pages 28 and 81.

RISK MITIGATION ACTIVITIES

The risk mitigation activities initiated by management are designed to mitigate adverse impacts to CNH Industrial's business plan, including financial and operational performance, during 2020 and beyond. The Enterprise Risk Management (ERM) process is linked with the Company's sustainability program and with its strategic sustainability targets and aspirational goals articulated in the Strategic Business Plan. These targets and goals, which are incorporated into the individual segment business plans, provide a framework to address the long-term challenges to increasing stakeholder value and proactively mitigate associated risks.

For example, the acceleration of product digitalization and quality control opportunities through telematics and connectivity are among the key risk and opportunity areas identified in 2020 through the ERM process. These topics were integrated into the ERM process to help the business stay ahead of preventable disruptions and seize opportunities when identified. The resulting actions that the Company has taken with regard to these examples include the creation of a global digital committee to increase the speed of digital roadmap decision-making and execution. In addition, advancements in equipment connectivity and application support are being leveraged to improve equipment uptime and efficiencies in the field.

The Company's ERM process also monitors emerging risks, defined as new risks or risks for which the impacts are unknown or evolving, and thus may be incorporated into risk assessment and mitigation activities when deemed necessary. For example, the effects of climate change and of the COVID-19 pandemic, as described in the Risk Factors section of the 2020 EU Annual Report, represent key emerging risks to CNH Industrial. Mitigation actions around climate change include investments in technology as part of the Company's decarbonization strategy, an initiative to reduce energy consumption in its manufacturing processes, and a flood risk re-engineering project, as discussed in detail in the Taskforce on Climate-related Financial Disclosures (TCFD) section of the 2020 EU Annual Report and in this Sustainability Report. In response to the new working environment created by the COVID-19 pandemic, a dedicated global team is implementing smart working concepts across all operations, including a number of initiatives to ensure employee safety and to strengthen defenses against cybersecurity threats while maintaining business continuity.

RISK APPETITE

CNH Industrial's risk appetite is set within risk-taking and risk-acceptance parameters driven by its business plan, Code of Conduct, core principles and values, policies, and applicable laws. CNH Industrial's ERM process includes a structured risk management process to address key risks, with a delineated risk appetite applied to each of the risk categories and risk areas as described below:

Risk Category		Category description	Risk driver areas	Risk appetite
LONG-TERM	**Strategic risks** *Create value*	Strategic risks may affect CNH Industrial's long-term Strategic Business Plan performance targets, innovation roadmap, and sustainability objectives	Socio-political events, macroeconomics, competition, customer demands, product portfolio, technological innovation, investments, commercial policies, business combinations, social responsibility, and environment	Taking into consideration CNH Industrial stakeholders' interests, the Company has a medium-high appetite concerning strategic risk, meaning it is willing to accept additional risk while applying cost/benefit considerations in pursuing its long-term targets
SHORT- AND MEDIUM-TERM	**Operational risks** *Enhance value*	Operational risks are related to internal processes, people, and systems, or to external events linked to the actual operation of CNH Industrial's portfolio of businesses	Production capacity, logistics, distribution channels, quality control, purchasing, labor relations, asset safeguarding, intellectual property, information technology, cybersecurity, *force majeure*, and human rights	CNH Industrial seeks to minimize the occurrence and consequences of unforeseen operational risks with a medium-low appetite
	Financial risks *Enhance & protect value*	Financial risks include uncertainty of returns and the potential for losses due to financial performance	Financial management, trade financing, reporting of results, and tax implications	CNH Industrial has a low risk appetite with respect to financial risks (such as liquidity, market, foreign exchange, and interest rate risks, as explained in more detail in Note 30 of the Consolidated Financial Statements included in the 2020 EU Annual Report)
	Compliance risks *Protect value*	Compliance risks cover unanticipated failures to comply with applicable laws, regulations, policies, and procedures	EHS, technical and safety regulations, regulatory requirements, records management and retention, Company funds, labor regulations, contractual obligations, ethics and integrity, anti-corruption, antitrust/fair competition, consumer protection and product safety, corporate compliance and culture, misconduct reporting and resolution, import/export practices, privacy, and third parties	CNH Industrial has an averse risk appetite with respect to compliance risks and requires full compliance

ENHANCEMENTS TO THE RISK MANAGEMENT PROCESS

The development and implementation of an effective and robust Enterprise Risk Management (ERM) process requires continuous evaluation and improvement. As part of these efforts, CNH Industrial continues to enhance its risk management process, including the ongoing roll-out of targeted risk assessments conducted by subject matter experts within the business. These assessments help identify important risk exposures outside of predetermined risk tolerance levels, and trigger the execution of new or previously identified risk mitigation activities that are intended to reduce or, in certain cases, eliminate the risk exposures altogether.

PURE RISK MANAGEMENT[1]

During the COVID-19 crisis, the Company launched 3 main initiatives (as described below) to further enhance the management of its pure risks.

Risk prevention guidelines during lockdown – During the production shutdowns across its plants, CNH Industrial not only had to maintain normal risk prevention procedures, but in some cases also implement additional measures to deal with any new risks arising from the unprecedented circumstances.

[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.*

This led Company functions and risk engineers to draw up special guidelines to ensure an appropriate level of risk prevention and protection at plants during lockdown, consistent across regions, and to prepare for production to restart as soon as authorized by the various countries in which CNH Industrial operates.

Loss prevention through remote risk dialogue – The only way to ensure a comprehensive industrial risk analysis of the many variables involved in loss prevention is to conduct it directly in the field, thus providing invaluable quantitative information on:

- the probability and potential economic impact of a loss
- the cost of required mitigation measures
- the probability of a loss and its potential negative impact once the recommended measures are adopted.

All risk analyses in the field had to be suspended due to the lockdown, which at various times affected all regions. The production shutdowns and drastic reductions in on-site personnel in response to the COVID-19 emergency did not eliminate industrial risks; on the contrary, they had the potential to introduce new ones. The Company and its risk advisors therefore developed an alternative risk analysis methodology that can be carried out remotely: it continually and effectively monitors risks and verifies that all critical risk prevention measures are implemented, even during site closures and with reduced staff.
At the beginning of April, the new procedure was launched in all regions in which CNH Industrial operates, with 55 virtual loss prevention assessments completed remotely, ensuring continued monitoring of the level of risk prevention, management focus on risk prevention issues, and the efficient collection of large amounts of data, which will allow more effective planning of future plant visits.

Loss prevention webinars – The prolonged period of remote working for plant personnel became an opportunity to develop specific webinar training for CNH Industrial specialist personnel across the regions.
In 2020, **12 webinars** on fire prevention issues were delivered to about 60 Company specialists from 28 plants, a well-received and highly effective initiative that will continue after the COVID-19 emergency as an integral part of risk prevention procedures.

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 628 sites worldwide)[3]. The risk management process is executed with maximum transparency and the highest level of expertise, assisted by consulting companies specializing in industrial risk that perform field audits to ensure in-depth, continual, and impartial risk assessments across the entire Company.

In 2020, the Risk Management Center of Competence managed 90 sites, representing 84% of the insured value; the latter represents 100% of the scope of all loss prevention activities. To achieve continual and efficient industrial risk monitoring, the selection process ensures that 100% of sites within the scope are audited every 3 years, and more than 50% every year. During the year, the Company performed a total of 16 on-site inspections and 55 Remote Risk Dialogue assessments, covering approximately 80% of the CNH Industrial scope in terms of insured value. In addition, 89 new projects were tracked, confirming the highest level of compliance with international loss prevention standards.

(2) The risk management process is led by FCA Risk Management, which provides its services to CNH Industrial.
(3) Source: 2021 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.

Over the year[4], CNH Industrial's planned investment in loss prevention and mitigation measures totaled around $6.48 million[5] in recommended improvements to align the sites to CNH Industrial's relevant loss prevention standards. These targeted investments cut loss expectancies by approximately $0.21 billion.

It is likely that **climate change** will alter the magnitude and frequency of hydrological and meteorological disasters (some may argue it already has), and 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.

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.

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 Environment Health & Safety (EHS) departments, a major international consultancy and certification firm, and an insurance partner.

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 loss prevention activities in line with Company strategies.

To date, approximately 89% of CNH Industrial's total insured value has been analyzed and quantified using this methodology, based on a total of 58 self-assessments performed by sites since the methodology's adoption in 2012 (of which 11 were conducted in 2020). To validate the information collected through the assessments, 22 on-site visits were conducted by year-end 2020 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.

(4) *Figures relate to the period from July 1, 2019 to June 30, 2020 (Insurance Year).*
(5) *Due to the lockdowns during the year, data collection could not be completed; data thus refers to investments planned in 2019 for 2020.*

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 an ongoing long-term research project 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 mitigation 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 39[6] selected CNH Industrial plants worldwide (Level 1 assessments); moreover, a Level 2 assessment was performed in 2019 at the FPT Industrial plant in Foggia (Italy), and a Level 3 assessment 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. The project will continue in 2021, with targeted assessments of plants at high seismic risk (in terms of vulnerability and impact), identified on the basis of Level 1 assessments.

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.

[6] *As at December 2020, 5 plants had been excluded as they were no longer within the scope. Due to the pandemic, no new assessments were performed in 2020.*

Ten years after the 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.
This methodology was applied comprehensively at 90 sites worldwide. The initiative is considered complete and the risk assessment will be updated during each subsequent survey.

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 protection level requirements
- 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. In 2020, 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.

SUPPLY CHAIN RISK MANAGEMENT

During 2020, the Company Strategy Reporting Tool played an ever-more important role in Company management, especially with regard to COVID-19. Weekly monitoring and updates involved the entire Purchasing function worldwide. In an effort to tackle this difficult year together as effectively as possible, frequent meetings and webinars were held with suppliers to demonstrate the Company's understanding and support. Assistance provided included advances on raw material purchases, the advance payment of invoices, and assistance with logistical problems and government/bank support packages.

Any company managing risk proactively must not only focus on its own risk, but also on that within its supply chain. This dual focus makes supply chain risk management a priority.
To this end, in 2019, CNH Industrial developed the Company Strategy Reporting Tool that provides all key information on existing suppliers worldwide in a single database (subdivided by segments, commodities, geographic areas, plants, part numbers, and product groups). The Tool is an evolution of the system already in place giving all teams real-time access to structured information within a Microsoft Excel database, and that is used to analyze suppliers during their initial assessment process as well as subsequently, in order to monitor any status changes.

The Tool helps the Company's decision-making process by using risk management to anticipate, prevent, and highlight potential risk exposures through the analysis of business, quality, and financial indicators, with the aim of evaluating the potential risk for CNH Industrial of certain non-sustainable supplier activities and/or behavior (e.g., relating to environmental and/or social risks). It yields rapid results through a dynamic system of alerts that identify further areas for improvement for the Company in a timely manner, avoiding supply delays and obstacles to future risk management.

Currently, the Tool monitors all the direct material suppliers. Its integration into the supplier assessment tool (see page 184), scheduled for 2020, was put on hold due to the COVID-19 pandemic. New implementations are planned for 2021 to expand it and make it available to more businesses.

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*[7].

The product development process (see page 169) 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 170). 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 195).
In 2020, CNH Industrial's overall expenditure on environmental protection was approximately $41 million, broken down as follows: approximately $29 million for waste disposal and emissions treatment, and almost $12 million for prevention and environmental management.

In order to further reduce the environmental impact of its logistics processes, the Company carefully considers appropriate solutions, such as type of transport, intermodality, long-haul transport, and packaging design (see page 219).
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, and their processing and delivery, to the management of product end-of-life, component remanufacturing (see page 249), and product disposal.

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

HOW WE MANAGE OUR PEOPLE

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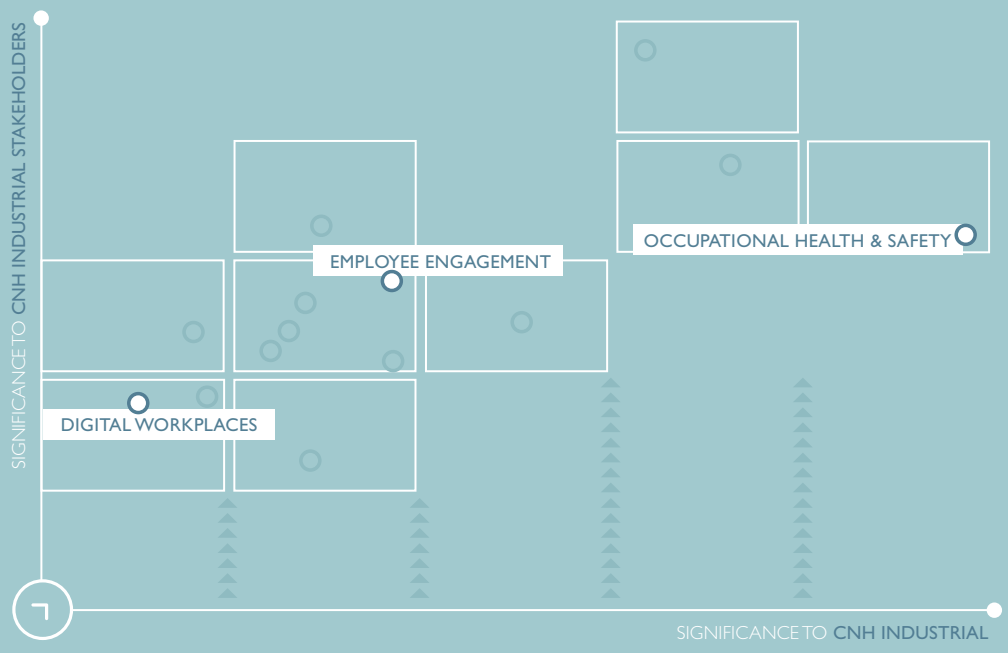


Material topics described in this chapter (for definitions see page 263).

2024 STRATEGIC SUSTAINABILITY TARGETS

-50%
vs. 2014
IN EMPLOYEE INJURY FREQUENCY RATE

100%
OF EMPLOYEES WORLDWIDE INVOLVED IN ENGAGEMENT SURVEYS

+50%
vs. 2019 IN NUMBER OF WOMEN MANAGERS

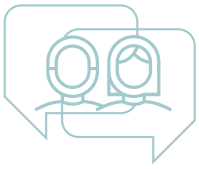
MANAGEMENT FRAMEWORK

In each phase of the COVID-19 pandemic, the Company's primary concern was always the health and safety of its workforce, and it therefore implemented the most up-to-date measures, backed up with the latest scientific advice, to ensure workplaces are safe and duly equipped.
As far back as February 2020, a global crisis task force was established, the Restricted Operative Committee (ROC), to constantly monitor all sites and address critical issues in a timely and coordinated manner. Local and regional task forces were also set up. The ROC, headed by Human Resources, reported regularly to the Chief Strategy, Talent, ICT and Digital Officer – who in turn reported to the CEO and Senior Leadership Team (SLT) – mainly addressing the following topics:

- the collection of COVID-19 statistical data and information on internal and external aspects
- the monitoring of global COVID-19 trends and their impact on Company operations in order to promptly manage any COVID-19 hotspots
- the acquisition of independent third-party technical and medical advice
- the development and management of a corporate COVID-19 Health and Safety Protocol (see page 87)
- the circulation of Company guidelines
- the implementation of initiatives and best practices across different regions/sites
- the procurement of personal protective equipment (PPE) and its distribution to employees.

During the emergency, remote working was made available to all employees whose jobs allowed it.
The reopening of Company sites was in line with all government regulations, the corporate COVID-19 Health and Safety Protocol, and local business needs. Processes, site layouts, and work methods were also reviewed and redesigned to ensure workplaces remained safe – in line with the Company's commitment to putting people first during the return to normal operations.

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 human capital, creating a positive feedback loop. As evidenced by the materiality analysis, both **employee engagement** in sustainability matters and **digital workplaces** are key contributors to being a more sustainable Company. They also affect – both directly and indirectly – how employees adapt to the changing workplace environment. Another people-focused material topic is **occupational health and safety**, which – as stated in CNH Industrial's Code of Conduct – is an employee's fundamental right and a key aspect of the Company's sustainability management system (see page 87).



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 supporting its *people engagement* sustainability priority (see page 28).
CNH Industrial's commitment to people engagement is reflected in the strategic sustainability targets (see page 29) it incorporated into the Strategic Business Plan: to involve 100% of employees in engagement surveys and to achieve a 50% increase (compared to 2019) in the number of women managers by year-end 2024.

During the year, the Company organized numerous employee engagement and awareness activities, including, among other things, training projects on specific environmental topics (see page 197).
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 107).
As regards **digital workplaces** (see page 95), 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.
In 2020, individual targets related to the material topics described above were included in the Performance Management Process (PMP, see page 98) for several managers responsible for the projects indicated in the Sustainability Plan.
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 53.

GRI STANDARDS GRI 103-1; GRI 103-2; GRI 103-3

The highest responsibility for workforce matters lies with the Senior Leadership Team (SLT). From an operational point of view, the Chief Strategy, Talent, ICT and Digital Officer, who is also a member of the SLT, is responsible for the management of human capital (including industrial relations, compensation and benefits, training and development, organization, facilities, diversity and inclusion, wellbeing, etc.). The initiatives focusing on the material topics associated with human capital are managed by the Head of Human Resources (HR) and respective team, supported by Internal Communications. They are also responsible for the management of work-life balance initiatives and of employee engagement in sustainability.

The responsibility for issues related to the direct operations workforce is cascaded from the Chief Strategy, Talent, ICT and Digital Officer to other members of the organization, such as senior executives and employees, mainly through: the goal setting phase of the PMP, organizational announcements defining responsibilities (via email and the corporate Intranet), organizational charts via the Intranet, and updates communicated through town hall meetings and Intranet news about the progress of business results against yearly targets.

Information about the workforce is fed back to the Chief Strategy, Talent, ICT and Digital Officer: regularly, through meetings with the HR management team; annually, through the performance review management phase of the PMP; and as needed, through specific meetings and ad hoc reports.

The performance of the Chief Strategy, Talent, ICT and Digital Officer, as well as of the HR management team, is annually evaluated through the PMP.

Health and safety protection in the workplace, on the other hand, is promoted in every area and country of operations by a dedicated organizational structure (Environment, Health and Safety – EHS), established within the scope of the Supply Chain Department (see page 89).

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 33-35), 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.

Several grievance mechanisms are available to CNH Industrial employees (see page 120), 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 56).

The following pages provide further details of the initiatives and projects that focus 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 employees on sustainability with a number of special internal communication initiatives. One of these was an ad hoc video campaign on the Company's commitment to the UN's Sustainable Development Goals (SDGs)[a], particularly the 6 SDGs considered most relevant to its business, and on the initiatives in place to support them. The campaign, which targeted employees worldwide, was originally launched in 2019 with the production of 2 videos. The 2 latest videos were released in 2020 – on SDG 3 'Good health and wellbeing' and SDG 10 'Reduced inequalities'– and were translated into 17 languages, posted on the corporate Intranet, and played on display screens installed at sites worldwide. The campaign will extend into 2021 with 2 more videos to complete the series on the 6 SDGs.

Moreover, CNH Industrial celebrated its sustainability achievements, including its top rankings in the Dow Jones Sustainability Indices, CDP Climate Change program, and CDP Water Security program (see page 14), by spreading the news via the Intranet and on posters targeting its hourly workforce.

[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.*

FOCUS ON

EMPLOYEES IN NUMBERS

As of December 31, 2020, CNH Industrial had 64,016 employees, an increase of 517 from the 63,499 employees at year-end 2019. The change was mainly attributable to the difference between new hires (approximately 4,900) and departures (approximately 4,500) during the year. A further increase of approximately 140 employees was due to changes in the scope of operations, notably FPT Industrial's acquisition of UK companies Dolphin N2 and Potenza Technology – the former specialized in innovative internal combustion engine technology, the latter in the design and development of electric and hybrid electric powertrain systems. These acquisitions are part of CNH Industrial's focus on reducing environmental impact, and on providing alternative propulsion solutions to ensure its brands' global customers access to technological advancements. Excluding the changes in the scope of operations, the increase compared to year-end 2019 is attributable mainly to the hiring of fixed-term workers in manufacturing from the end of the third quarter of 2020, primarily in the Agriculture and Commercial and Specialty Vehicles segments in South America and in the Agriculture segment in Europe; this was partially offset by a workforce decrease in North America. The low level of hiring due to the global COVID-19 pandemic caused a decrease in salaried employees worldwide, partially offset by a moderate workforce increase in Research and Development personnel to strengthen the pool of skills and competencies in view of technology transitions, particularly electrification, autonomous driving, and alternative propulsion solutions.

EMPLOYEE TURNOVER

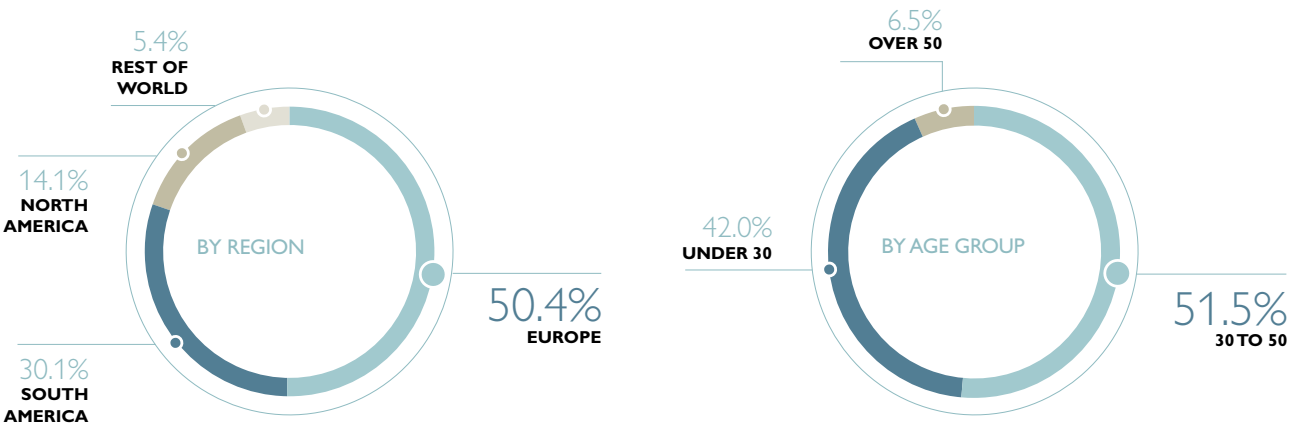
CNH INDUSTRIAL WORLDWIDE (no.)

	2020	2019	2018
Employees at January 1	**63,499**	64,625	63,356
New hires	**4,897**	5,277	7,189
Departures	**(4,529)**	(6,360)	(6,049)
Δ scope of operation	**149**	(43)	129
Employees at December 31	**64,016**	**63,499**	**64,625**
Turnover (%)	**7.1**	10.0	9.4
New hires (%)	**7.6**	8.3	11.1

Most new hiring was in Europe, with approximately 50% of total new hires, followed by South America, with 30%. 42% of new hires were aged under 30. Female employees accounted for 18% of the year's new hires, while male employees accounted for 82%.
In 2020, approximately 48% of new hires were employed under no-term contracts.

NEW HIRES[a]

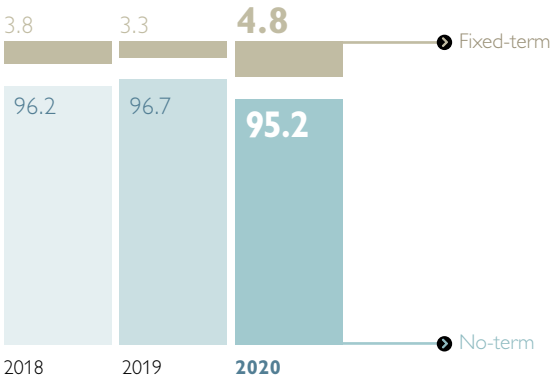
CNH INDUSTRIAL WORLDWIDE



[a] *As a percentage of total new hires.*

In 2020, there were approximately 4,500 departures from the Company, 3% 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, 58% of collective redundancies were managed through contract terminations at the Company's initiative, 67% of which with payment of severance packages and other supporting measures as per agreements with unions and/or employee representatives, and the remainder with payments made as per applicable legislation following consultations with unions as per local law. It should be noted that around 6% of the dismissals carried out in accordance with the above mentioned agreements were managed through retirement and/or early retirement schemes.
Voluntary resignations with exit incentives at sites affected by collective dismissals accounted for 36.4% of total collective terminations. 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 2020, approximately 30 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. The Company also provides opportunities for transfers between segments and countries. During the year, more than 250 CNH Industrial employees transferred between countries, or between legal entities within the same country.
As regards departures, the highest percentage was reported in Europe (52.9%) and North America (24%), and in the 30-50 age group (45.5%).
More details on turnover data are available in the Appendix (see pages 268-269).

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



Approximately 95% of the Company's current employment agreements are no-term contracts, 98% of which are full-time. Fixed-term contracts represent approximately 5% of all contracts. During the year, 838 contracts were converted into no-term contracts, 16% of which with female employees. Around 2% of the Company workforce is employed part-time, of which approximately 50% 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, 2020, agency contracts accounted for 4,215 personnel, of which 9% in North America, 69% in Europe, less than 1% in South America, and 21% in the Rest of the World. 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, form 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 97).

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 has defined a compensation approach that 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 evaluation 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.

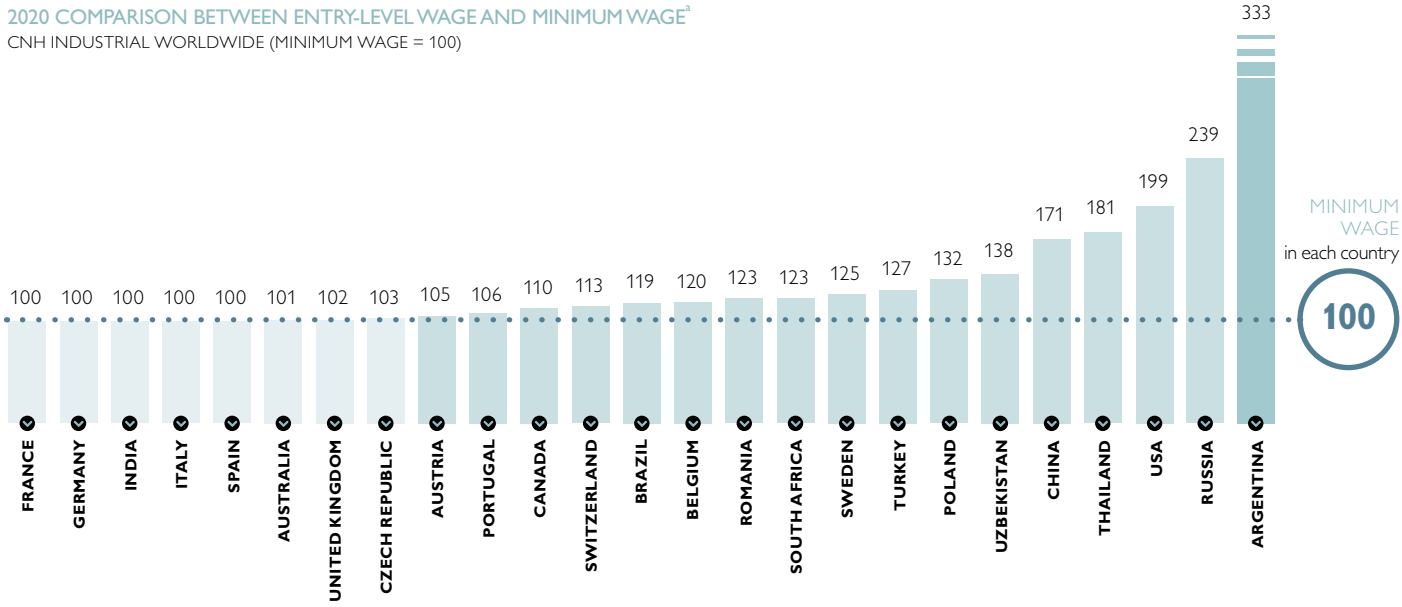
LOCAL MINIMUM WAGES

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 2020, 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 following graph.

[1] *In accordance with the GRI Sustainability Reporting Standards (GRI Standards), an entry-level wage is defined as the full-time wage in the lowest employment category, on the basis of Company policy or agreements between the Company and trade unions. Interns and apprentices are not considered. For each country, results are based on the sector with the lowest entry-level wage. Figures reported are as at October 31, 2020.*

2020 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, 2020, on the availability and adoption of various Company benefits (including pension plans, supplemental health plans, financial support for those with accident-related permanent disabilities, life insurance, employee cafeterias or meal vouchers and other benefits). The results are shown in the following table.

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

Financial benefits	2020	2019	2018
Supplementary pension plans	**87.1**	84.7	83.6
Supplementary health plans	**81.6**	81.3	79.9
Life insurance	**65.4**	63.7	66.2
Financial support for disability/invalidity	**82.9**	84.9	86.2
Employee cafeterias or meal vouchers	**84.4**	83.7	77.6
Other[b]	**13.0**	15.3	5.7
Social benefits			
Childcare[c]	**65.6**	62.5	60.7
Sports facilities[d]	**24.8**	26.2	13.4
Wellness and nutrition programs[e]	**54.9**	40.4	37.2
Other (e.g., flexible working schemes, emergency care/first aid, referral programs, leave of absence, or other flexible benefits)	**75.0**	65.1	66.5

[a] *Data as at October 31 of each year.*
[b] *Includes benefits such as Company cars, fuel reimbursement, and transportation allowance.*
[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 screenings, and other wellness programs.*

According to the survey, approximately 87% of employees were eligible for a supplementary **pension plan**, and 70% of them had joined one (representing 61% of the total population surveyed).
Supplementary pension plans fall into 2 categories:

- defined contribution pension plans, in which contributions (by the employee, the Company, or both) are defined at the outset, and benefits paid out depend on the total payments into the pension fund and the financial returns of the fund itself
- defined benefit pension plans, in which benefits paid out to employees are defined at the outset, while contributions may vary over time to guarantee the predefined benefit.

Most existing pension plans at CNH Industrial companies are defined contribution plans.
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 survey, approximately 82% of employees were also eligible for a supplementary health plan, and about 81% of the eligible workforce had joined one.
CNH Industrial continued to promote a healthy lifestyle through comprehensive wellness programs (see page 107) and by facilitating access to dedicated sports facilities.
In addition, in 2020, the Company promoted a broader set of initiatives to support employees during the pandemic, including extending remote working (see page 96) as far as practically possible and in line with the work needs of each country. The further digitization of benefits in support of employees accessing their benefits and other information online also led to the availability of a telemedicine service (UK), an improved employee self-service digital portal (Italy), and a new employee benefits platform in North America.

STEM WOMEN IN MOTION

In 2020, a targeted communication campaign called *STEM Women in Motion* was delivered globally, to inspire new generations and spread a culture of diversity and inclusion within STEM[a] fields. It consisted of a series of posts shared via social media (the Company's LinkedIn page) and the corporate Intranet.
CNH Industrial launched the *STEM Women* series to highlight the success stories of 6 professional women, Company employees from different geographical areas working within STEM fields across the organization. Their stories were shared to show the new generations of female employees that a career in the STEM fields is both possible and achievable regardless of gender, and make them aware of the opportunities for professional growth offered by the Company.
Recognizing the importance of the topic, each woman in the series volunteered to be interviewed and to share her experience and advice for young professionals and students.
The campaign was well received on both the Company Intranet and LinkedIn page, with many comments on the latter and more than 145,000 views.

[a] *Science, Technology, Engineering, and Mathematics.*

FOCUS ON

DIVERSITY AND INCLUSION

The Company rejects all forms of discrimination that is based on race, ethnicity, gender, sexual orientation, personal or social status, health, physical condition, disability, age, nationality, religious or personal beliefs, political opinion or against any other protected group.
The responsibility for diversity and inclusion (D&I) lies primarily with the Senior Leadership Team (SLT), committed to creating a truly diverse and inclusive workplace where everyone benefits from equal opportunities based on their abilities and skills. Offering career and advancement opportunities 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.
The Human Resources (HR) head of each segment/function collaborates with Business Management to ensure that, in every aspect of the employment relationship – be it recruitment, training, compensation, promotion, or relocation – employees are treated on the basis of their ability to meet the requirements of the job.

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. CNH Industrial's 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.
In 2020, to further strengthen D&I efforts and outcomes, the Company set up a task force consisting of 4 SLT members, the Head of Sustainability, and the Head of Talent Development, with the mission to frame the D&I strategy, Commitment Statements, long-term targets, governance structure, and immediate actions to accelerate results.
The Senior Leadership Team proved its full engagement and determination to champion the issue by signing the D&I Commitment Statements, rejecting any form of discrimination, and pledging to create an environment where everyone benefits from equal opportunities based on their abilities and skills.
The Company-wide D&I targets to be achieved by year-end 2024 are:

- a 15% increase in women involved in leadership initiatives year-over-year
- 100% of employees trained on diversity and inclusion
- a 50% increase in the number of women managers compared to 2019 (this is a strategic sustainability target within the Strategic Business Plan).

Moreover, as further evidence of the Company's commitment, individual D&I targets were set in 2020 for SLT members and included in their Performance Management Process.
Many Company initiatives were implemented throughout the year to promote and build awareness of the importance of a diverse and inclusive workforce, some of which are outlined below.
All SLT members and the managers reporting directly to them (over 200 employees in total) were involved in several workshops on **unconscious bias and inclusion**, aimed at making them fully aware of the potential bias that might arise in people management processes and at enhancing their understanding and sense of inclusivity.
A Company-wide communication campaign was launched to involve employees in the D&I journey, and raise their awareness about its importance from both an ethics and a business perspective. A specific training course was also set up on the CNHI Learn platform (the Company's global learning management system), focusing on diversity and on the behaviors that drive inclusion.
In South America, during a dedicated *Diversity & Inclusion Week*, experts and D&I Committee members held live events on masculinity, racism, inclusive culture, and openness to diversity.
In Brazil, CNH Industrial's commitment to D&I was rewarded once again with the *Prêmio AB Diversidade no Setor Automotivo* award by Automotive Business and MHD Consultoria, in collaboration with a jury of diversity specialists. The award is given in recognition of companies whose initiatives and outcomes foster internal diversity and inclusion while also generating a positive impact on the automotive industry.

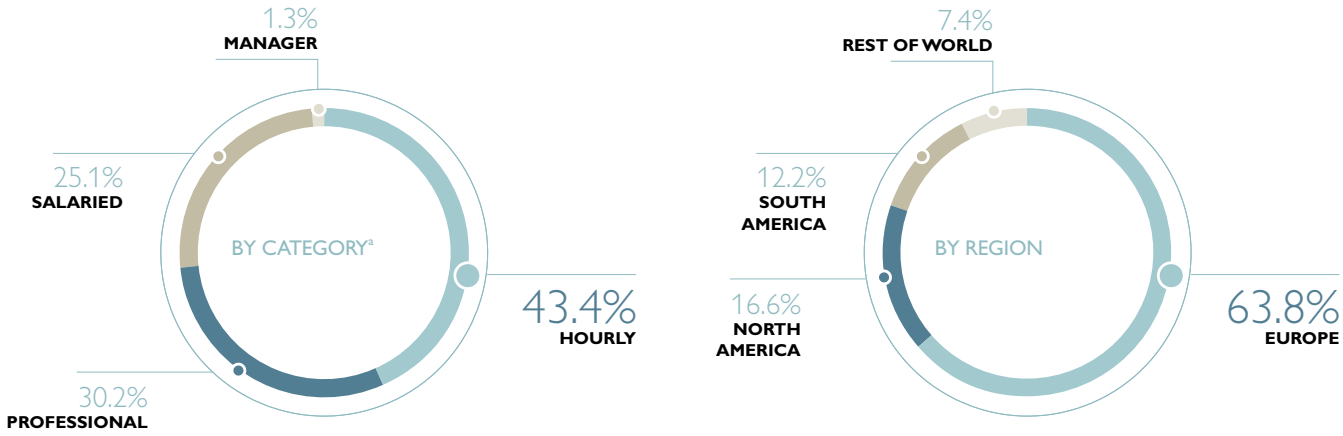
To promote **gender diversity**, several workshops were held on women's leadership, self-awareness, networking, and personal empowerment. Coaching and mentoring programs promoting women's growth were developed in Brazil and Italy, while training on women's wellness was delivered in India, addressing the health risks of hectic lifestyles and stress.
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 continued to support its mission and objectives by funding programs, supporting diversity, and creating and promoting opportunities for women in engineering and technology.
In Italy, CNH Industrial collaborates with *Valore D*, an association of over 200 enterprises promoting gender balance and a culture of inclusion in the workplace. In 2020, the Company also signed the association's Manifesto on Women's Employment, a 9-point program for female employment and gender equality, reaffirming its commitment to increase the presence and encourage the professional development of women in the workforce.
As regards **equal parenting**, a dedicated awareness workshop was held in Brazil, where an expert spoke about active parenting and gender equality.
To build a more **diverse candidate pool**, the recruiting network was expanded in North America, so as to attract more women, people with disabilities, veterans, and minority populations. In the USA, job postings were submitted to a variety of diversity organizations and universities/colleges, and advertised via local employment and diversity websites, state workforce agencies, and public employment offices.
Still in North America, to support **veterans**, an experienced military recruiting team was actively involved in veteran recruitments at more than 150 military bases.
Sensitive to **sexual orientation** matters, the Company launched an initiative in South America around the LGBTQI+[2] Pride Day to raise awareness and promote an inclusive work environment.

[2] *Lesbian, gay, bisexual, transgender/transsexual, queer, intersex, and related communities.*

For **race and ethnicity**, a diversity awareness initiative was implemented in South Africa to communicate the principles of Broad-Based Black Economic Empowerment (BBBEE) to employees. Meanwhile, an online roundtable on racial and ethnic equality was established in South America, to start a conversation with employees about the historical roots of racism in Brazil and how everyone can contribute to racial and ethnic equality. In North America, a specific partnership with historical black colleges and universities (HBCUs) was established to expand the Company's recruiting network and candidate pool, alongside outreach activities to engage other campus groups such as the National Society of Black Engineers (NSBE), the Society of Hispanic Professional Engineers (SHPE), the Minorities in Agriculture, Natural Resources, and Related Sciences (MANRRS), and the National Association of Black Accountants (NABA).
Moreover, as part of its D&I projects, CNH Industrial actively participated in a number of job fairs, also delivered virtually, focused on the employment of persons with disabilities.

As evidenced by the projects implemented during the year, gender equity was a focal point worldwide.
Women at CNH Industrial constitute 15.9% of the global workforce. In 2020, the percentage of women in the Company's workforce increased by 1% over the previous year. Female employees are mainly concentrated in the 30-50 year age group, and in the group with a length of service of up to 5 years. As regards distribution by education, 77.8% of female employees have a medium/high level of education (42% hold a university degree or equivalent, and 35.8% a high school diploma). More than 50% of the Company's part-time employees are female, and 18.9% of fixed-term contracts are with women.

FEMALE EMPLOYEES
CNH INDUSTRIAL WORLDWIDE



[a] *For more information on employee categories, see page 260.*

A survey monitoring the employment of **people with disabilities** is conducted every 2 years. The last such survey[3] was carried out in 2020 in 16 countries (where the law requires companies to employ a minimum percentage of workers with disabilities), covering more than 71% of the Company's global personnel. The survey showed that differently abled workers in these countries make up 3.9% of the total workforce (compared to 3.6% in 2018). It also showed that differently abled women account for 15% of the total surveyed (compared to 13% in 2018).
In all the other countries where CNH Industrial operates there is no legislation relating to the employment of people with disabilities that establishes minimum quotas, although in some cases other forms of protection exist (i.e., related to working hours or workplace environments). In these countries, there are objective limitations to reporting the number of differently abled workers, as the information is sensitive and often subject to data protection legislation. As a result, the Company is only aware of an employee's personal status if he/she chooses to disclose it.

[3] *Survey carried out on October 31, 2020 in Austria, Czech Republic, France, Germany, Italy, Poland, Romania, Slovakia, Spain, Serbia, Ukraine, Brazil, China, Russia, South Africa, and Turkey.*

An employee **nationality** survey[4] was carried out in 2020 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 2019) 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%). The UK and Germany were the countries where CNH Industrial legal entities employed the highest percentage (13% and 10%, respectively) of workers of a nationality other than that of the host country. For female workers, the figure was 29% in the UK and 10% in Germany.

CONVERGE MENTORSHIP

In 2020, the Company launched a people development program called *Converge Mentorship*, the first of its kind. The program enables leadership members (reporting directly to the CEO) and talent across the organization to 'converge' and focus on professional development, with a view towards diversity and inclusion. Employees from each business area were nominated as mentees, for a total of 47 worldwide. The leadership members, serving as mentors, were paired with up to 3 mentees from different functions, genders, cultures, and geographies, with each pairing selected very carefully to leverage the participants' diverse perspectives and backgrounds.

The program started with a global kick-off meeting with the mentors to introduce program contents and gather their insights on being a mentee based on their own early experiences, followed by a meeting with the mentees to introduce the program's agenda.

During the 9-month program, mentors and mentees hold one-on-one virtual meetings on a monthly basis via a dedicated digital platform. They become acquainted and build trust and rapport before establishing specific objectives for achieving professional growth.

The *Converge Mentorship* program reflects the Company's determination to embrace unique people development initiatives and further cultivate a culture of listening across the organization.

FOCUS ON

OCCUPATIONAL HEALTH AND SAFETY

Safeguarding the health and safety of its employees is a primary objective for CNH Industrial. For this reason, since the outbreak of the COVID-19 pandemic, the Company has implemented all possible and necessary measures and countermeasures, embracing national prevention protocols, World Health Organization guidelines, local laws, and regional regulations fully.

In particular:

- all documents regarding the management of the COVID-19 emergency were drawn up by the Company itself and circulated worldwide
- at the onset of the pandemic, a specific COVID-19 risk assessment was carried out at all CNH Industrial sites, and specific procedures and guidelines were implemented and circulated based on the different local government decrees and regulations
- the Company drafted and rolled out a detailed COVID-19 Health and Safety Protocol, serving as a prevention tool to further safeguard the health of its workers; it was implemented at all manufacturing and non-manufacturing sites – first in Italy, then in Europe, then worldwide. The Protocol ensures the highest level of health and safety in the workplace by applying guidelines and measures based on government recommendations and by adopting the best practices set forth by the most eminent experts in the scientific community. By drafting the Protocol, the Company preempted and exceeded the legal requirements of some countries
- a COVID-19 Health and Safety Protocol auditing process was defined and rolled out worldwide, to ensure that protocol requirements are fulfilled consistently and effectively at all CNH Industrial sites. Audit reports are periodically shared with the internal emergency committees established in response to the pandemic, namely the Restricted Operative Committee (ROC) and Emergency Executive Committee (EEC).

(4) *Survey carried out on October 31, 2020 in Argentina, Belgium, Brazil, Canada, France, Germany, Italy, Poland, Spain, UK, and USA.*

Several initiatives were implemented to increase the effectiveness of the corporate COVID-19 Health and Safety Protocol. For example, a concerted effort was made to collect and circulate information on measures and best practices in a timely manner, so as to expedite improvements at all Company sites. Specific internal communication videos were created to disseminate the rules for preventing the spread of the virus. Special training was delivered on the new measures in place, the implementation of the relevant health and safety procedures, and the proper management of facilities. Lastly, as regards COVID-19 tracing, the Company offered voluntary molecular and antibody testing to its employees at selected sites, thus monitoring their health status.
A number of technical adjustments were made as well, such as hands-free doors in common areas to prevent the spread of the virus; the integration of air ionizers into the ductwork of most offices and break areas; and the installation of thermal scanners for body temperature screening at plant entrances.
Thanks to the above initiatives, aimed at achieving zero risk of spreading the SARS-CoV-2 coronavirus, CNH Industrial was able to guarantee a healthy work environment at all its sites.

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, as evidenced by the material topic **occupational health and safety** within the Materiality Matrix, and is reflected in the Company's sustainability priority *occupational safety* (see page 28).

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 enables the sharing of common, ethical occupational health and safety principles across the Company, and the achievement of improvement targets using various tools, such as training and awareness campaigns.

Approximately 202,200 hours of occupational health and safety training (of which 135,674 on the job) was provided in 2020. 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, or PPE). On-the-job training involved 41,129 employees, 77.5% of whom were hourly. Contractors and agency workers also receive specific refresher courses each year on safety rules and procedures. 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, and also apply to all workers, including contractors and agency workers. The Policy is available in 14 languages to all employees and interested stakeholders via the corporate website.

202,200
HOURS OF OCCUPATIONAL **HEALTH AND SAFETY TRAINING** DELIVERED

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 and ISO 45001 international standards, as well as with the continuous improvement principles of World Class Manufacturing (WCM) and its specific Safety pillar (see page 193).
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 levels (plant, segment, geographic area, or Company), thus

GRI STANDARDS GRI 103-1; GRI 103-2; GRI 103-3; GRI 403-2; GRI 403-4; GRI 403-5; GRI 403-7; GRI 403-9

enabling the simultaneous engagement of different corporate functions at various levels to meet the targets. Periodic benchmarking activities help drive the continuous improvement of the 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 34), and progress towards their achievement is pursued by implementing the continuous improvement phases of the safety management systems. Furthermore, a specific strategic sustainability target (see page 29) was included in the Strategic Business Plan: to reduce the injury frequency rate by 50% by year-end 2024 (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.
The highest responsibility for initiatives focusing on occupational health and safety at CNH Industrial lies with the Senior Leadership Team (SLT).
The central Environment, Health and Safety (EHS) function (which serves as a reference point for sustainability) coordinates and manages health and safety issues as per CNH Industrial's Health and Safety Policy. It periodically verifies performance against targets, proposes new initiatives, and defines health and safety policies.
Each regional EHS unit is responsible for the functional management of the plant EHS units within the respective geographic area, and provides specialized assistance in Company processes that impact safety. The plant EHS unit is 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.
The specific projects to manage the occupational health and safety impact of manufacturing processes are the responsibility of plant managers.
In addition, the Governance and Sustainability Committee, a committee of the Board of Directors (see page 46), is regularly informed of the health and safety results, and comments where appropriate. Individual health and safety targets were included in the Performance Management Process (see page 98) for plant managers and for most of the managers responsible for the projects indicated in the 2020 Sustainability Plan.

CERTIFICATION PROCESS

The Company's certification of its occupational health and safety management systems as per the OHSAS 18001 or ISO 45001 international standards is voluntary and covers 60 CNH Industrial manufacturing plants worldwide, accounting for 42,387 employees.
In 2020, the Company continued its transition to the new ISO 45001:2018 Occupational Health and Safety Management standard, which will supersede the OHSAS 18001:2007 standard as of September 2021.
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.

60
OHSAS 18001/
ISO 45001
CERTIFIED
PLANTS

In 2020, the occupational health and safety management systems at some non-manufacturing sites were OHSAS 18001 or ISO 45001 certified, accounting for 3,239 employees at 11 different sites and locations. In total, 71 CNH Industrial sites worldwide (manufacturing and non-manufacturing) are now OHSAS 18001 or ISO 45001 compliant – covering 45,626 employees (about 77.5% of the employees within the reporting scope), 4,598 contractors, and 5,109 agency workers (representing, respectively, 86.6% and 91.1% of the relative populations within the reporting scope) – as are all joint venture plants in which CNH Industrial has at least a 51% interest.

GRI STANDARDS GRI 403-1; GRI 403-3; GRI 403-8

OHSAS 18001 / ISO 45001 CERTIFIED PLANTS AND NON-MANUFACTURING SITES
CNH INDUSTRIAL WORLDWIDE (no.)

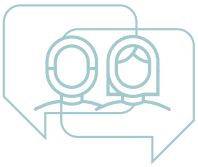
	2020	2019	2018
Certified plants	**60**	60	60
Employees working at certified plants	**42,387**	42,769	41,937
Contractors working at certified plants	**4,305**	4,410	3,500
Agency workers working at certified plants	**4,906**	5,390	4,450
Certified non-manufacturing sites	**11**	10	10
Employees working at certified non-manufacturing sites	**3,239**	3,142	3,279
Contractors working at certified non-manufacturing sites	**293**	220	1,000
Agency workers working at certified non-manufacturing sites	**203**	180	590

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).
In 2020, internal audits of management systems covered 42,891 employees (about 72.8% of the employees within the reporting scope), 3,711 contractors, and 5,352 agency workers (representing, respectively, 69.9% and 95.4% of the relative populations within the reporting scope); external audits covered 42,097 employees (about 71.5% of the employees within the reporting scope), 4,598 contractors, and 5,109 agency workers (representing, respectively, 86.6% and 91.1% of the relative populations within the reporting scope).

AUDITS AND WORKERS COVERED
CNH INDUSTRIAL WORLDWIDE (no.)

	2020	2019	2018
External audits	**63**	66	83
Employees covered by external audits	**42,097**	42,845	45,271
Contractors covered by external audits	**4,598**	4,620	4,500
Agency workers covered by external audits	**5,109**	5,570	5,040
Internal audits	**743**	1,074	1,074
Employees covered by internal audits	**42,891**	42,657	43,098
Contractors covered by internal audits	**3,711**	4,300	4,340
Agency workers covered by internal audits	**5,352**	4,190	4,400

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 September 2020, CNH Industrial's Chair and Acting CEO delivered a speech, broadcast on the corporate Intranet, on the importance of health and safety for the whole Company. The speech reaffirmed how occupational health and safety is a powerful strategic management tool, a driver to optimize production, enhance competitiveness, develop human resources, motivate employees and foster their sense of belonging to the Company, help develop a sense of social responsibility within the organization, and enhance the Company's visibility across the community.
During the year, 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.
The Croix plant (France) held a *Health and Safety Week* involving games, stalls, training, and videos on a variety of subjects, including: health and safety basics, ergonomics, noise, chemicals, unsafe acts and conditions, the detection of risks, addictions, and smoking.
The plants in South America hosted SIPAMA (International Week for Accident Prevention and the Environment), with almost 6,500 attending, either at Company sites or remotely from their homes, together with their families. The event featured videos raising awareness of topics such as ergonomics and risk prevention, and digital brochures on headphone safety tips to prevent hearing loss and on children's safety in the home. There were also daily health and safety workshops.
At the Commercial and Specialty Vehicles and Powertrain plants in Sete Lagoas (Brazil), the *Green Rabbit* program was launched to foster a safety culture through increased operator autonomy. Risk simulations were used at workstations to monitor employee behavior and identify and mitigate risks, with training and feedback provided to participating operators.
The plant in Curitiba (Brazil) involved employees' families in safety projects focusing on the development of visual safety

measures at the plant, with safety signs created by the employees' children. The initiative aimed at extending engagement in safety issues beyond the company gates, emphasizing that safety is important for the entire family.
The plant in Chongqing (China) held a month of safety-related activities, including training on fire safety, delivered by local police, and on the safety aspects of lockout-tagout and non-routine activities.

HEALTH AND SAFETY TRAINING

In 2020, a health and safety training course was launched in some geographic areas, involving more than 1,500 managers and 5,300 salaried and professional employees.
This training, currently only available in English, is expected to be translated into a further 14 languages and rolled out in 2021 across CNH Industrial sites, to cover all managers and salaried and professional employees worldwide.
Courses for managers cover: detecting, reporting, and managing potentially unsafe acts and conditions; managing accident investigations; communicating and engaging on safety issues; and setting up action plans to improve health and safety in the workplace.
Courses for salaried and professional employees cover: recognizing and understanding hazards in the workplace; identifying and eliminating risks; responding to risks; and knowing whom to talk to about risks.

FOCUS ON

OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE

In 2020, approximately $108.9 million was spent on improving health and safety protection (representing 2.9% of personnel costs[1]), of which almost $92.8 million on improvements to occupational safety and working conditions (worker protection, structural improvements, inspections of plants and working environments), and approximately $16.1 million on employee health care costs.
CNH Industrial rolled out various initiatives in line with its COVID-19 Health and Safety Protocol, which the Company developed as a prevention tool to further safeguard the health of its workers. COVID-19 related expenses were $34.8 million and mainly covered: personal protective equipment (PPE), temperature scanners, hand sanitizer, dispensers, and other cleaning and sanitizing products; cleaning and sanitization by third-party contractors; signage, labels, and other informative materials; additional medical staff; and molecular/antibody/antigen tests.
During the year, the investments in health and safety led to almost $2 million in savings on the insurance premiums paid to the Italian National Institute for Insurance against Accidents at Work (INAIL).

$108.9 MILLION SPENT ON **HEALTH AND SAFETY**

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 employee injury frequency rate in 2020 was 1.945 injuries per 1,000,000 hours worked, a 5% drop compared to the previous year. Safety data relates to 98% of employees within the reporting scope[2].

(1) *Personnel costs totaled $3,817 million in 2020.*
(2) *The non-manufacturing data refers only to sites with a workforce of more than 30 people.*

GRI STANDARDS GRI 403-2; GRI 403-9

EMPLOYEE INJURY RATES
CNH INDUSTRIAL WORLDWIDE

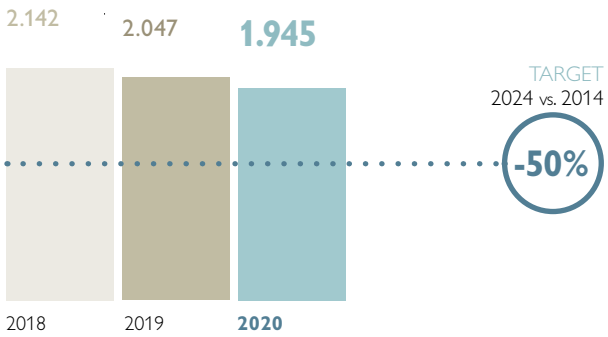
	2020	2019	2018
Injury frequency rate[a] (injuries per 1,000,000 hours worked)	**1.945**	2.047	2.142
Rate of high-consequence work-related injuries[b] (high-consequence work-related injuries per 1,000,000 hours worked, excluding fatalities)	**-**	0.011	-
Rate of recordable work-related injuries[c] (recordable work-related injuries per 1,000,000 hours worked)	**1.707**	1.720	1.785

(a) The frequency rate is the number of injuries (work-related and non-work related, resulting in more than 3 days of absence) divided by the number of hours worked, multiplied by 1,000,000.
(b) The rate of high-consequence work-related injuries is the number of such injuries reported divided by the number of hours worked, multiplied by 1,000,000.
(c) The rate of recordable work-related injuries is the number of such injuries reported divided by the number of hours worked, multiplied by 1,000,000.

In 2020, for injuries involving contractors operating at CNH Industrial sites worldwide, the overall frequency rate was 1.605 injuries per 1,000,000 hours worked, in line with the previous year[3].
For agency workers, the overall frequency rate was 1.114 injuries per 1,000,000 hours worked.

In 2020, one CNH Industrial employee suffered a fatal accident while mounting a rear bucket onto a backhoe loader tractor. With the support of plant personnel, public authorities are still looking into the causes of this accident. After the event, a team of experts carried out an investigation to analyze the dynamics of the accident, determine the work-related hazards that caused it (crushing), and define the countermeasures to be taken (or already underway) to minimize such hazards and risks. The analysis performed and the countermeasures identified were communicated to all CNH Industrial manufacturing plants worldwide, in order to prevent a similar situation potentially occurring in the future.
No other high-consequence injuries occurred during the year.

EMPLOYEE INJURY FREQUENCY RATE[a]
CNH INDUSTRIAL WORLDWIDE (injuries per 1,000,000 hours worked)



(a) The frequency rate is the number of injuries (work-related and non-work related, resulting in more than 3 days of absence) divided by the number of hours worked, multiplied by 1,000,000.
The base year (2014) employee injury frequency rate is equal to 2.498 injuries per 1,000,000 hours worked. For information on the rationale for choosing 2014 as the base year, see page 260.

In the event of a work-related incident, a team is set up to conduct a field investigation and draw up a report to describe the event, analyze the root cause, and identify necessary countermeasures. During the follow-up, the team verifies the effectiveness of the countermeasures adopted, standardizes them, and extends them to other areas subject to analogous risks to avoid any similar events in the future.

(3) In some cases, the hours worked are estimates.

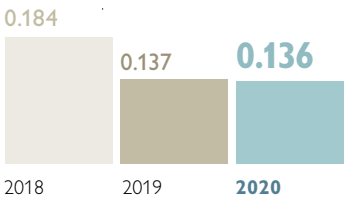
In 2020, 2,514 near misses[4] were reported and analyzed. The remedial actions deemed necessary and implemented during the year led to enhanced preventive measures contributing to further improvement. In addition, activities continued in 2020 across CNH Industrial to develop and disseminate tools to 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.
In 2020, the main types of employee work-related injuries fell under one of the following 4 categories: contusions/bruises/abrasions; lacerations/punctures; fractures/dislocations/crushing; and strains/sprains. For contractors, the main categories were: contusions/bruises/abrasions; lacerations/punctures; and fractures/dislocations/crushing. For agency workers, they were: contusions/bruises/abrasions and strains/sprains.

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.

EMPLOYEE OCCUPATIONAL ILLNESS FREQUENCY RATE (OIFR)

CNH INDUSTRIAL WORLDWIDE (cases of recordable work-related ill health per 1,000,000 hours worked)



In 2020, there were 12 cases of occupational disease involving employees ascertained by the relevant insurance authorities in the countries of reference, while there were no cases of occupational disease involving contractors or agency workers operating at CNH Industrial facilities worldwide.
Hazards with the potential to cause occupational illness are determined through risk assessments at each site; ergonomics issues were identified as the main such hazard in 2020. For the measures adopted or underway to eliminate these hazards and minimize risks, see Workstation Ergonomics on the following page.

SAFETY THROUGH TECHNOLOGY

8 DECENT WORK AND ECONOMIC GROWTH

In 2020, safety initiatives leveraging technology were developed at various plants, aimed at improving the reporting and recording of safety data as well as the management of unsafe acts and conditions.
At the Sorocaba plant (Brazil), fire-fighting equipment is inspected by scanning QR codes with a smartphone, collecting information and recording it in a specific database. The plant in Pithampur (India) adopted a similar technology to improve the management and awareness of its chemical products, with all containers now carrying QR code stickers that workers simply scan, using a smartphone, to access each chemical product's safety data sheet.
The Commercial and Specialty Vehicles plant in Sete Lagoas (Brazil) implemented a system of digital safety tags whereby unsafe acts, unsafe conditions, and near-misses can be recorded on smartphones and monitored in real time via a centralized system. The plant also developed another tool whereby tablets can now be used directly from the shop floor, giving workers increased autonomy when conducting area safety checks and audits, monitoring safety conditions, recording findings (regarding unsafe acts and conditions), and performing follow-ups.

FOCUS ON

[4] *Near miss: an unplanned event that did not result in injury, illness, or damage, but had the potential to do so.*

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 107).
The Company strives to ensure industry-leading working conditions, in accordance with hygiene principles (including fully functioning WASH[5] services), industrial ergonomics, individual organizational and operational processes, and protocols in response to pandemics such as COVID-19.

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.

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 eminent universities.
By way of example, some of the initiatives implemented in 2020 to improve ergonomics at CNH Industrial sites are described below.

In the USA, the Benson plant implemented several initiatives, including: the installation of an advanced industrial manipulator that lifts and rotates equipment to reduce ergonomic risk factors and hazards for the operator; the modification of large welding tables and fixtures to create height-adjustable work surfaces; the development of low-cost automated solutions to avoid the manual handling of various components (e.g., during the installation of hoods and rinse tanks from the ground); new spring compressor tools for installing center sections; and new axle lifting devices.
At the Fargo plant, ergonomic chairs and wearable exoskeletons (Airframes®) were adopted to reduce operator musculoskeletal strain when working underneath vehicles during assembly.
At the Racine plant, a new manipulator was installed to fit the firewall (which separates the passenger compartment from the engine compartment) into the cabin frame, thus reducing risks and improving ergonomics for the workers during assembly.
In Italy, the Modena plant, which manufactures drivelines and axles for tractors, adopted a new torque-controlled screwdriver (with an arm counterbalancing the weight of the screwdriver itself) to secure assembly line components, replacing manual operations as well as the dynamometric bars used to check the torque.
The Torino Driveline plant installed a collaborative industrial robot capable of working alongside human operators, sharing the same workstation in complete safety and with no barriers. This significant innovation is aimed at helping workers perform tiring and repetitive tasks and at improving efficiency and ergonomics during the manual assembly of heavy items. Where necessary, the robot can be manually guided by the human operator.
Lastly, the plant in Valladolid (Spain) is collaborating with the University of Valladolid to develop a motion capture and analysis system – a simple, easy-to-use, portable tool that aims to improve workstation ergonomics, on the one hand, by collecting qualitative and quantitative data of workers' movements and exertions when performing tasks; on the other, by analyzing job/workstation design to identify any modifications needed prior to installation.

[5] *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.*

VIRTUAL REALITY FOR ERGONOMICS AND SAFETY

For CNH Industrial, ensuring the physical wellbeing of plant assembly operators is of the utmost importance. To this end, the Company meets international ergonomics standards, ensures safe working conditions, and designs workplaces that maximize operational efficiency and eliminate unnecessary steps and maneuvers. Until recently, many of the necessary checks had to be conducted in the physical environment, involving multiple-scenario simulations with associated issues of space availability and cost. To tackle this issue, the Company's Product Development worked with the plant in Greater Noida (India) and the University of Modena to develop a virtual environment for ergonomics and safety checks. The result was a fast and cost-effective virtual reality simulation method for testing various alternatives in order to develop assembly operations that meet ergonomics standards, eliminate potentially strenuous or unsafe working conditions for operators, and maximize efficiency through the optimal placement of tools and parts.

FOCUS ON

DIGITAL WORKPLACES

As emerged from the materiality analysis, **digital workplaces** is considered a material topic by both CNH Industrial and its stakeholders (see page 24), 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 target to involve 40% of employees (excluding hourlies) in flexible work location schemes by year-end 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 user-friendly look and feel, the Intranet is accessible to all salaried employees and above. To stimulate online participation, it employs smart interactive tools (such as quick polls 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. In some countries, certain areas of the Intranet are also accessible to hourly workers: in Italy, about 3,100 hourlies use the portal's *LIFE* channel to keep up to date on special offers, discounts, and other initiatives for employees and their families.

In 2020, a new web platform was created as part of the Company's *#MovingForwardTogether* campaign (see page 113), giving hourly employees worldwide easy access to COVID-19 health and safety guidelines and instructions (in the form of documents and videos). Information was provided by geographic area, country, or site in the languages spoken locally. By year-end, the platform had recorded more than 85,000 visits.

Since the launch of a comprehensive Industry 4.0 program at the end of 2018, CNH Industrial has been involving many employees in the implementation of Industry 4.0 concepts and technologies in several manufacturing areas. One of the program's key objectives is to support **digital workplaces** using a very broad approach. Despite the difficult year, CNH Industrial continued to invest, building on the successes achieved in 2019. Moreover, Internet-of-Things (IoT) networks were enhanced in relation to industrial operations, leveraging data to improve manufacturing processes. The site in Brescia (Italy), for example, developed a machine learning solution capable of predicting equipment failures, helping operators reduce the number of stoppages, breakdowns, and quality issues caused by faulty machinery (see page 96). The plant in Greater Noida (India) developed a virtual reality solution enabling manufacturing engineers to run production validations through various alternative simulations of assembly operations (see page 95). The solution allows optimizing ergonomics for operators accessing tools and parts, designing the safest working conditions while achieving the lowest levels of physical strain.

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.

GRI STANDARDS GRI 103-1; GRI 103-2; GRI 103-3

In keeping with previous years, several initiatives were implemented in 2020 to improve digital collaboration across the Company. The most important was the global adoption of Microsoft Teams, a single tool within the Microsoft Office 365 platform offering many communication and collaboration features, enabling business continuity and real-time interaction among employees.
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. The purpose of RPA is to improve the working environment by having several repetitive activities performed by bots, i.e., software applications programmed to perform specific tasks.
In 2020, the Company increased its bot use, which proved to be particularly effective during the lockdown period: by leveraging these digital workers, activities were able to continue without interruption. Additional initiatives were launched using Business Process Management (BPM) tools to coordinate the activities of multiple departments and systems.
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 by complementing user-driven analyses with computer-generated ones.

PREDICTIVE MAINTENANCE USING MACHINE LEARNING

The harsh reality in manufacturing is that, despite the best efforts to maintain production equipment, minor stoppages, breakdowns, and even quality issues are inevitable due to machine malfunctions. The ideal solution would be to develop the ability to predict these issues before they arise, which is precisely what the plant in Brescia (Italy) did, in collaboration with its supplier Rada and the University of Turin. By using a programmable logic controller (PLC) and applying machine learning (ML), the plant created a predictive model for its cabin door welding station, which leverages the data collected from the PLC to detect potential flaws, learn from the information processed, and predict potential issues with increasing accuracy. In a matter of months, the model was able to make predictions with 88% accuracy and between 1 and 9 hours before any anomalous behavior. This tool serves as a digital assistant that warns operators about potential issues and allows them to take immediate preventive action, resulting in higher production output and product quality reliability.

FOCUS ON

FLEXIBLE WORK LOCATIONS

In 2020, CNH Industrial continued trials enabling its employees to work from different locations. The *Work from Home* scheme, which falls under the *Smart Working* project and allows employees to work from home once a week for a maximum of 4 days per month, continued to expand – covering a total of 16 countries as at the beginning of the year.
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. With 32 desks available across all *COMF-Locations*, employees were also permitted to make use of the initiative with the same frequency as for *Work from Home*, and to take advantage of both initiatives during the same week. The program was not implemented for most of 2020 due to the onset of the pandemic and the subsequent adoption of the remote work policy.
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 nearly 3,800 full-time salaried employees and above in the USA and Canada.
Similarly, in South America and Rest of the World, remote work programs remained available for salaried employees and above.

During the pandemic, remote work opportunities were extended to more countries worldwide and offered to anyone whose job could be performed remotely, for up to 5 days per week. For this reason, in 2020, approximately 100% of employees were involved in flexible work location schemes (excluding hourlies).

MAKING THE NEW NORMAL A REALITY

The COVID-19 pandemic has brought about many difficult challenges but also new opportunities for companies, including the development of new and more flexible ways of working better aligned with people's needs. CNH Industrial's response to the emergency has thus evolved into an innovative approach to work and the workplace. To this end, the Company launched the *New Normal* program in mid-2020 to cater to the new requirements dictated by the pandemic as well as those revealed by the Company's first global *Great Place to Work®* employee engagement survey, conducted in 2019.

The *New Normal* program analyzed the emerging requirements of employees and of the workplace – in terms of expertise, communication, workspaces, and personnel management – by identifying 7 macro-themes, each with its own workgroup: Agile Work Setting, Smart & Digital Working, Smart Worker Toolkit, Smart Office, Talent Management, Agile Organization, and Rewards & Benefits.

The program's many aims include more flexible ways of working while boosting employee motivation, wellbeing, and work-life balance within a highly socially responsible and sustainable environment, combined with improved efficiency and cost effectiveness.

Under the program, several important projects were launched in 2020. The new remote working program *#ioLavoroAgile* (I work flexibly) focuses on increased flexibility in terms of location, working hours, the right to disconnect, and the option to work remotely up to 12 days a month. *Go the Distance*, on the other hand, is an online learning program that offers CNH Industrial employees a variety of training resources across 4 topic areas: Virtual Work and Collaboration, Emotional Intelligence, Navigating Uncertainty, and Stress Management. *New Normal* projects and initiatives will continue to be launched in 2021 and beyond in preparation for the workplace of the future.

FOCUS ON

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 CNH Industrial'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), created for all Human Resources (HR) functions and managers worldwide to support and promote employee development and engagement.

Driven by the Company's Values and Behaviors that were defined in 2019, the Talent Development function guides the HR function according to the following pillars:

- CNH Industrial employees are the best guarantee for future success. Driven by a goal-oriented mindset, the Company leverages on a culture of excellence and sustainability to achieve outstanding and consistent results
- talent management and succession planning are key levers in achieving the Company's talent development goals and releasing the potential of its people. Attracting, retaining, and developing talents 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
- 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.

PERFORMANCE MANAGEMENT PROCESS

In 2019, CNH Industrial redefined the values at the core of its approach to the management and development of human capital. These new Values are the essence of the Company's identity and the foundation of its culture. They reflect the way things are done at CNH Industrial and shape everyday behaviors.
Behaviors are tangible and observable elements, a key component of the Company's new Performance Management Process (PMP), and they enable evaluating how employees at all levels of the organization act to achieve their set goals.

VALUES

ENTREPRENEURSHIP

WE CHALLENGE THE STATUS QUO, ARE INNOVATIVE AND SEEK SIMPLICITY

PASSION

WE ARE HIGHLY COMMITTED TO DELIVERING AMBITIOUS GOALS

TEAM SPIRIT

WE BUILD DIVERSE TEAMS, FOCUS ON OUR CUSTOMERS AND SUCCEED AS A GROUP

EXCELLENCE

WE EXCEED EXPECTATIONS AND ACT RESPONSIBLY IN EVERYTHING WE DO

BEHAVIORS

- ENGAGE POSITIVELY IN EVERYTHING YOU DO
- GO THE EXTRA MILE TO ENSURE THE BEST RESULT
- SHARE AND PURSUE NEW IDEAS AND ALTERNATIVE SOLUTIONS
- TAKE OWNERSHIP TO MAKE IMPACTFUL DECISIONS
- COLLABORATE AND SUPPORT EACH OTHER, BOTH INTERNALLY AND EXTERNALLY
- RESPECT DIVERSITY OF THOUGHT AND KEEP IN CONSIDERATION OTHERS' IDEAS
- BE OPEN TO LEARN AND IMPROVE CONTINUOUSLY
- AIM FOR AND DELIVER HIGH QUALITY STANDARDS

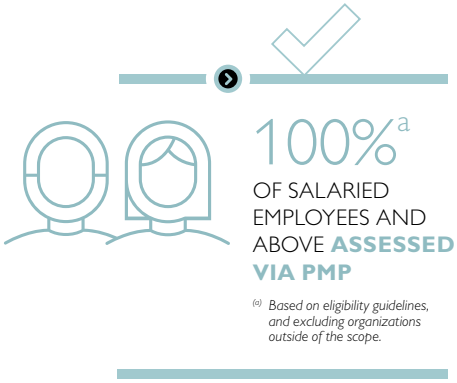
The PMP applies to managers, professionals, and salaried employees alike and was developed to ensure consistency with the Company's ongoing transformation.
The PMP, which leverages on the strengths of the previous model (Performance and Leadership Management), was adapted in line with the Company's new organization, Values, and Behaviors. Like its predecessor, the PMP is one of the key processes of human capital management and development.
The PMP aims to establish a transparent and bilateral dialogue with employees, so as to define together how each individual can contribute to the organization's results by achieving the agreed targets while acting in line with expected behaviors.
In 2020, to continue to improve the PMP, managers were asked to give feedback via a pulse survey. The specific measures thus identified included additional training on PMP components along with 2 initiatives to foster a better understanding of expected behavior: a quiz on the Company Intranet open to all employees, with a prize for the winners; and the introduction of example questions (known as 'golden questions') to assist managers in assessing staff behavior.

PERFORMANCE MANAGEMENT SYSTEM

As part of the PMP, managers and employees sit down at the beginning of each year to discuss individual targets for that year. Individuals are evaluated on their performance at the end of the year, focusing on two aspects – goal achievement and adherence to Company-endorsed behaviors. Based on their evaluation, both aspects are plotted on a 9-square grid, providing a visual snapshot of overall performance. This performance-oriented model ensures that employees are evaluated not only on what they did, but also on how they did it.
The last phase of the process entails giving feedback to employees, a means not only to motivate them but also to facilitate open and positive relationships. The outcomes and the areas identified for improvement are openly discussed between manager and employee, paving the way for employee performance improvement. Upon completion, employees can access their 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 process therefore provides a concerted management framework for employee development, one that is transparent and focused on the individual.
In 2020, more than 22,800 employees (salaried and above) were assessed via the PMP. The percentage of women engaged in the PMP was the same as the percentage of women employed by the Company. Furthermore, specific training on the new PMP was delivered to managers and employees worldwide.

Each employee is assessed through the PMP 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 the PMP is not required (for example, joint ventures in China), the entire workforce of salaried-and-above employees worldwide takes part in the process. In line with CNH Industrial's *achieve and earn* philosophy, designed to promote a culture of excellence and rewards, PMP assessment results are used to determine the individual contribution component of eligible employees' variable compensation. This demonstrates the extent to which the Company values a results-driven culture and rewards both achievements and behaviors.
In 2020, CNH Industrial set key sustainability targets related to the Company's social, environmental, and climate change efforts. These targets (the achievement of which affects variable compensation) were incorporated into the performance management system, and duly assessed for relevant employees at different levels of the organization, including Sustainability project leaders, Energy managers, Environment, Health and Safety managers, and other 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 CNH Industrial to develop effective succession plans while giving priority to candidates from within the Company.
The process is conducted uniformly across functions, segments, and levels of the organization. Key individuals, selected based on their professional performance, skill set, 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.
In 2020, emphasis was given to identifying employees who can bring diversity to the Company's high potential employees (HIPOs) and successor pool.
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 to be 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.
CNH Industrial also deems it important to develop its **internal human resources**, as evidenced by the seniority of the Company's senior executives.
The 129 leaders that report directly to the members of the Senior Leadership Team (SLT) have an average length of service of 15 years.
Additionally, 57% of new manager-level appointments in 2020 were internal candidates, the remaining 43% being external hires.

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

	2020	2019
North America	**86**	86
Europe	**81**	82
South America	**93**	93
Rest of World	**68**	59

[a] *Local managers are those who come from the geographic area in question.*

TALENT ATTRACTION

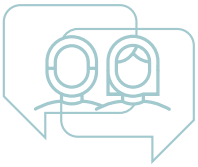
Around the world, CNH Industrial continues to adopt recruiting methods focusing on universities, social media platforms, and career events or job fairs.
The Company's sponsorship of several universities affords it privileged relationships, a strong presence on campus, and regular student internships. 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 82 career events with its own specially designed booths, in most cases through virtual platforms due to the restrictions imposed by COVID-19.
The year's new hires included more than 540 recent graduates, of which 24% were women. More than 33% of these graduates had previously worked at the Company as trainees or interns.

TALENT ATTRACTION
CNH INDUSTRIAL WORLDWIDE (no.)

	2020	2019	2018
New graduates[a] recruited	**547**	534	407
Traineeships	**1,934**	2,124	2,691

[a] *Graduated from university or equivalent no more than 3 years prior to hiring.*

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 target to involve 100% of its global workforce in training by year-end 2022, in line with the material topic **employee engagement**.
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 through 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 and employs the 70:20:10 approach, offering learning opportunities from job-related experiences (70%), interactions with others (20%), and formal educational events (10%), and therefore closely involves business functions on content areas such as:

- business and job-specific skills
- new business methodologies
- shared tools, languages, soft skills, legal aspects and compliance, ethics, etc.

CNH Industrial manages the overall training process through a global learning management system, the CNHI Learn platform, 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 Company 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 as part of the Performance Management Process (PMP, see page 98), and to propose actions to support their personal development during the year.
Suggestions are shared with their direct managers and Human Resources (HR), and evaluated and implemented according to needs and priorities.

Training effectiveness and efficiency are monitored and measured based on the participants' satisfaction with the initiatives delivered and improvements in their knowledge/skills; in some cases, depending on the learning path, structured follow-ups are provided.
HR's Talent Development function facilitates the overall training process by providing support to other functions and across segments, and its team guides the implementation of CNH Industrial's Training Management Model by coordinating relevant activities with the HR departments of each function and segment.
The Talent Development team centrally monitors:

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

HORIZON LEARNING HUB

In May 2020, CNH Industrial's Aftermarket Solutions (AMS) function launched the *Horizon Learning Hub*, an online training platform for the development of managerial competencies and of basic as well as innovative technical skills. The Learning Hub is designed to offer employees the opportunity to define, with the help of their managers, specific learning paths to expand their managerial and technical skillsets, tailoring them to specific role requirements and professional aspirations. It puts special emphasis on topics related to remote collaboration and communication and to the enhancement of digital competencies.
Designed within the scope of CNH Industrial's global learning management system, the *Horizon Learning Hub* offers a broad variety of courses that allow developing the specific soft skills required by each department and role within the AMS function. Course contents were put together by 60 individuals considered subject-matter experts within their respective lines of work, leveraging existing internal expertise and making it available to all other employees.
The Learning Hub features an entire training section on *Horizon*, CNH Industrial's core program for aftermarket business development. The program focuses on enhancing customer care through the development and implementation of new processes, services, and digital tools using cutting-edge technologies. In its first six months, the *Horizon Learning Hub* was used by 2,800 employees, for a total of 68,000 courses completed. The high level of active participation, associated with the regular updating of course contents and its ease of use, give the Company every reason to consider the Learning Hub an invaluable tool for the professional growth of its people.

FOCUS ON

TRAINING IN NUMBERS

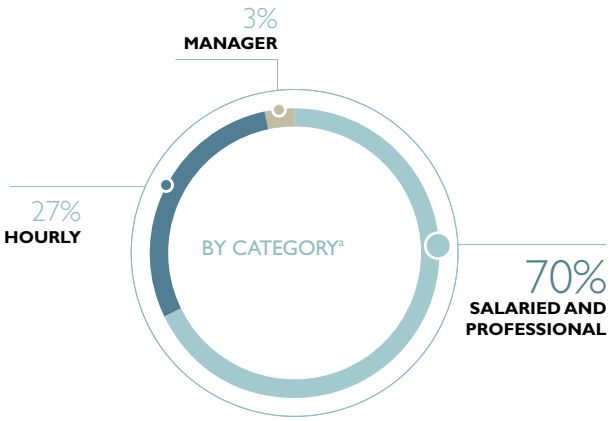
In 2020, CNH Industrial invested approximately $1.7 million in training, delivering a total of 598,426 training hours to 35,858 individuals, of whom 79% were men and 21% were women.
The training strategy relies on the use of in-house teaching experts, thereby enhancing efficiency as well as internal knowledge sharing.

TRAINING IN NUMBERS
CNH INDUSTRIAL WORLDWIDE

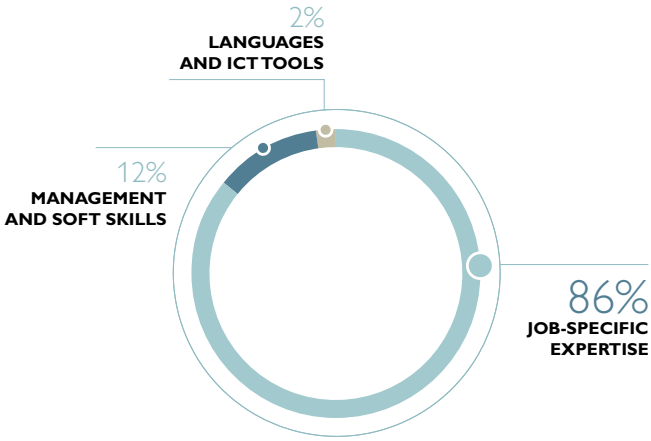
	2020
Training hours (no.)	598,426
Employees involved in training (no.)	35,858
Average hours of training per employee (no.)	9.3
Average amount spent per employee ($)	26.1

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 2020, 192,583 hours of online training were provided to 22,790 employees.
For details on specific training activities, see pages 54, 58, 60, 88, 197, and 208.
More details and data on training are available in the Appendix (see page 274).

EMPLOYEES INVOLVED IN TRAINING
CNH INDUSTRIAL WORLDWIDE



TYPE OF TRAINING
CNH INDUSTRIAL WORLDWIDE



[a] *For more information on employee categories, see page 260.*

EMPLOYEE DEVELOPMENT PROGRAMS AND TALENT RETENTION

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 Human Resources (HR) Department collaborates with the business units on 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 2020, involving more than 100 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 over 150 people to support and encourage their personal learning, maximize their potential, develop their skills, and improve their performance.
Moreover, in May 2020, in light of the changes brought about by the COVID-19 pandemic, the Company launched the *Go the Distance* program, an e-learning path to equip employees with the skills needed to adjust to new ways of working.

In addition to the employee development programs, in 2020, CNH Industrial engaged in a series of initiatives to 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 refresher programs were organized for 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.
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 2020, 135 employees joined the Master/Postgraduate program alone.

CNH Industrial offers **long-term incentives** designed to engage and retain key leaders across the Company. The long-term incentive program, launched at the end of 2020, covers the 3-year performance period 2021-2023. Involving approximately 350 managers worldwide, its aim is to strengthen key leaders' alignment with and commitment to achieving the Company's long-term goals. For more information, see the 2020 EU Annual Report on pages 114-116.

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 193). As at December 31, 2020, 55 plants were participating in the program, accounting for 95% of plant personnel worldwide[1] and 99% of revenues from sales of products manufactured at Company plants[1].

95%
OF PLANT PERSONNEL INVOLVED IN THE **WCM PROGRAM**

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 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.

PREVENTIVE

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

PROACTIVE

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

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

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

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

[1] *The percentage is calculated on 63 plants; for the complete list of these plants, see pages 256-258.*

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.

INNOVATION-TO-ZERO

Over the years, the WCM competency development system has enabled employees to become more accomplished professionals, allowing 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.

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 23 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 2020, the program advertised over 2,300 positions, receiving almost 2,500 internal candidacies from all over the world. In all, 20% of open positions were filled by internal candidates[2].

PEOPLE SATISFACTION AND ENGAGEMENT SURVEYS

CNH Industrial recognizes that people satisfaction and engagement surveys are a useful tool not only for measuring the level of employee satisfaction and engagement, but also for identifying improvement opportunities that meet the needs and expectations of the entire organization. In this regard, the Company set a strategic sustainability target (see page 29) within the Strategic Business Plan: to involve 100% of employees in engagement surveys by year-end 2024.

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.
Similarly, CNH Industrial also requires new hires to fill out questionnaires, after 30 and 210 days of employment, so as to gather feedback on their first months at the Company.

In 2019, the Company conducted its first global *Great Place to Work®* employee engagement survey, covering all CNH Industrial employees[3] (over 60,000 in total), with a 75% response rate (or more than 45,000 employees). Specific global-level measures were implemented in response to its findings, such as various curricula on the CNHI Learn platform (the Company's global learning management system) to enhance managers' skillsets, and interactive learning sessions called *Leadership Rewired* on the necessary attributes of an effective leader, delivered to all managers who report to the CEO's direct subordinates and to be extended to other managerial levels.
To enhance the communication of business performance and priorities, regular updates from the Senior Leadership Team (SLT) and various heads of department were shared via web streaming, keeping employees regularly informed of relevant topics and events. Moreover, focus groups were created to identify root causes and opportunities for improvement, and as a valuable resource to define the most appropriate development action plans within specific segments or functions.

(2) *Calculated by dividing the number of positions filled by internal candidates in 2020 by the total number of positions filled in the same year.*
(3) *Excluding non-consolidated joint ventures as well as new hires after August 31, 2019. In India, on the other hand, CNH Industrial conducts a separate Great Place to Work® survey.*

In 2020, as a result of the survey and of the action plans implemented, CNH Industrial was recognized as a *Great Place to Work®* in India, China, Brazil, and Argentina, as was the CNH Industrial joint venture in Mexico.
The results of the *Great Place to Work®* survey were shared with all salaried employees and above through a dedicated video posted on the corporate Intranet and sent via email; it was also made available on display screens at all sites for hourly employees.

Lastly, from May to July 2020, a specific survey was rolled out worldwide, involving around 18,000 employees, to understand the impact of the COVID-19 pandemic on remote working. The survey results were evaluated at country level to identify further opportunities for improvement.

CNH INDUSTRIAL RECOGNIZED AS A GREAT PLACE TO WORK® IN INDIA

Great Place to Work®, the global authority on workplace culture assessment and recognition, has certified CNH Industrial in its 2020 company ranking in India. Certification is determined via an assessment, two-thirds based on an employee survey and one-third on a questionnaire submitted by the Company's Human Resources Department outlining current practices and policies. Benefits that employees in India cited as important in the survey were CNH Industrial's clear mission, positive impact on the agriculture and construction sectors, company culture, safety and quality assurance on the shop floor, and its staff facilities (namely cafeterias and on-site medical facilities).

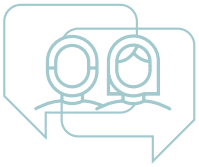
FOCUS ON

EMPLOYEE WELFARE AND WELLBEING

Employee welfare and wellbeing initiatives are an important part of the Company's **employee engagement**, which is 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 targets for year-end 2022 to promote employee health and wellbeing and increase volunteerism (see page 35).

WORK-LIFE BALANCE

CNH Industrial believes that successfully balancing work and leisure commitments is important for the wellbeing of employees, and so offers them a number of programs and services to help meet their daily obligations.



COMMUNICATION CAMPAIGNS

Throughout the year, CNH Industrial developed a number of internal communication campaigns to keep employees well informed and engaged on its various work-life balance initiatives. The Company created ad hoc employee communications to promote flexible benefits offerings, and to encourage healthy habits and improve employees' quality of life, especially during the pandemic. Special focus was also given to preventive health care, through the launch of several targeted initiatives.

CHILDCARE INITIATIVES

Childcare is an area where managing costs and time is crucial. To help its employees, the Company provides assistance through a number of channels, including discounts at local daycare centers, direct subsidies, and flexible use of benefit funds for childcare expenses.

Although the COVID-19 pandemic had an impact on childcare-related support, the Company was often able to counteract it depending on circumstances. For example, in some instances daycare agreements with local centers had to be suspended; however, a new paid leave benefit was offered to employees in Lugano (Switzerland) to support those with young children quarantining at home.

Employees at two sites in France, on the other hand, were able to care for their children through an existing paid parental leave program, which has been in place for several years.

CHILDCARE INITIATIVES

- In 3 countries, employees helped through agreements with daycare centers (either third-party or set up by CNH Industrial)
- Over 2,600 employees in 4 countries financially supported by the Company to help cover their children's daycare or school expenses
- School kits donated to the children of 3,347 employees
- 133 safety kits provided for employees' newborns
- Discounted summer camps offered to at least 300 children
- 118 employees helped through paid sick leave policies to care for their children

FLEXIBLE BENEFITS

The use of flexible benefits packages for employees continued in 2020. 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, care for family members, gym memberships, and entertainment. Through a flexible benefits scheme in the UK, approximately 500 employees were eligible for direct funds for childcare or fitness purposes, such as gym memberships or bicycle purchases. In India, the *i-Flex* benefits program offered employees a host of discounts on food, travel, fitness, and medicine.

ON-SITE SERVICES

On-site services helped employees make the best use of their time during working hours, though a number of them needed to be adapted or suspended at some locations due to the pandemic.

ON-SITE SERVICES

- On-site cafeterias, snack shops, or other meal services available at 77 locations
- Laundry and dry-cleaning services available at certain locations in the USA, France, Italy, and Argentina
- On-site banking and other financial services, including virtual workshops, offered to over 20,000 employees across 47 locations
- On-site fitness equipment available at 13 locations
- On-site pharmacy services available at 11 locations
- Book sharing initiatives available at 4 locations

HEALTH AND WELLBEING INITIATIVES

CNH Industrial continued to engage its employees in awareness initiatives on health risks, preventive measures, and global health issues such as HIV and cancer, as well as in health programs, in line with its target of involving 100% of employees worldwide by year-end 2022 in wellbeing initiatives promoting healthy lifestyles. Additionally, several health-related initiatives were either enhanced or created ad hoc in response to the COVID-19 pandemic (with 3 examples indicated at the end of the following table).

71%
OF **EMPLOYEES** INVOLVED IN **HEALTH AND WELLBEING** INITIATIVES

MAIN HEALTH AND WELLBEING INITIATIVES

INITIATIVES	COUNTRIES	NUMBER OF EMPLOYEES INVOLVED
Pink October campaign on breast cancer awareness and *Blue November* campaign on prostate cancer prevention	Argentina (all locations); Brazil (2 locations)	(made available to) 3,522
Dengue fever awareness and prevention initiatives	Brazil (3 locations)	(made available to) 4,130
Special program for pregnant employees and new mothers	Brazil (1 location)	10
Stress management training	Belgium and France (1 location each)	56
Annual medical screenings, health checks, and/or other lab analyses	Brazil (3 locations); Portugal, China, and India (all locations)	(made available to) 4,215
Health newsletters and bulletins	France and Brazil (1 location each)	2,697
Free eye examinations and prescription glasses	UK (1 location)	(made available to) 954
On-site dental care	Brazil (2 locations)	1,675
THRIVE wellness program	Canada and USA (all locations)	(made available to) about 7,400
Smoking cessation programs	Brazil (3 locations); USA (all locations)	195
Yoga programs	Argentina and Thailand (2 locations each)	109
Programs on ergonomics	Brazil (2 locations)	1,936

MAIN HEALTH AND WELLBEING INITIATIVES

INITIATIVES	COUNTRIES	NUMBER OF EMPLOYEES INVOLVED
Physiotherapy programs and on-site massage services	Austria, France, and Spain (1 location each); Denmark (all locations)	310
Workout program focused on spine health	Germany (1 location)	15
Access to a remote ECG system	Italy (1 location)	1,649
Free provision of fresh fruit and other healthy snacks, *Healthy Apple* project, healthy cooking demos, and nutritionist advice	Austria (2 locations); Poland and Spain (1 location each)	(made available to) about 4,700
Access to social workers/services	France (6 locations)	2,378
Vitamins program	Czech Republic (2 locations); Ukraine (1 location)	3,080
Workshops, checkups, and campaigns on topics such as: women's health, family planning, cancer prevention and early detection, nutrition and weight management, first aid, and respiratory and mental health	Germany and Italy (1 location each); Spain (2 locations); Brazil (4 locations); China (all locations)	(made available to) about 10,000
Health Walking Trail	Brazil (1 location)	(made available to) 1,806
Wellness bags	USA (1 location)	601
Self and family care webinars and/or online challenges	Italy and Turkey (1 location each); USA, Canada, India, and Australia (all locations)	(made available to) about 7,000
Counseling	Brazil (all locations)	(made available to) 7,884

The Company also organized seasonal flu prevention initiatives at locations worldwide offering workers voluntary vaccinations, accompanied by an advertising campaign via posters and the corporate Intranet. There was an extraordinary coordination effort globally in 2020 to promote such campaigns, so as to lessen the burden on national health systems already dealing with COVID-19, leading to an increase in the overall number of vaccinations administered (estimated at 10,200, approximately 46% more than in 2019).

ABOUT
+46%
IN **FLU VACCINES**

MANUFACTURING MASKS FOR COLLEAGUES

At the end of April, as soon as the COVID-19 lockdown ended, the Harbin plant (China) took on a very ambitious assignment: to begin producing face masks by the start of July and to distribute them to all CNH Industrial employees worldwide. The masks were produced in sterile, state-of-the-art conditions compliant with the most stringent international manufacturing standards, and the plant had the capacity to produce more than 1 million each month.

In just two months, with help from sites in Europe, employees in China completed the production setup, equipment and material procurement, logistics planning, personnel training, and product testing and certification. The Aftermarket Solutions function (see page 242) oversaw the delivery of the masks and optimized transport times and costs by using its existing distribution network. The investment was further evidence of the Company's determination to help the return to work.

FLEXIBLE WORKING

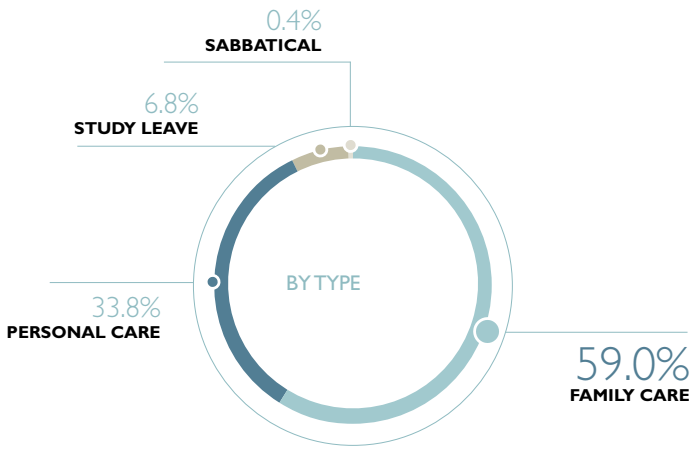
Flexibility in working hours, including part-time employment (see page 81), allows employees to balance their time when needs arise, such as for childcare, care for the elderly, or other personal requirements. CNH Industrial offers flexible working hours according to local customs and regulations. In 2020, 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 and helped 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, allow establishing and maintaining a positive working environment for all employees within the Company.

The survey revealed that approximately 86% of the employees surveyed[1] took advantage of flextime, and that this system was utilized most in North and South America, both at 100%; in Europe the percentage was 86.8%, and in the Rest of the World 53.5%. The marked growth in flextime in the Rest of the World compared to the 34.8% recorded in 2019 was mainly due to its increased adoption in India and South Africa (in part as a measure to cope with the pandemic).
Another survey[2] showed that, between November 2019 and October 2020, 11,431 employees (18% of CNH Industrial's total workforce) took leave to care for family members, for personal treatment and care (excluding all forms of compulsory leave for illness), or for study and sabbatical leave. The increase in the number of employees taking leave compared to the previous year was mainly due to the survey's inclusion of any kind of leave, regardless of duration (in 2019, only leaves of 3 days or more were reported). Moreover, in 2020, additional types of extraordinary leave were introduced due to the pandemic, as required by local laws or by Company agreements or policies.
Overall, 40% of the above leaves (defined by Company policy or agreements with trade unions or employee representatives) exceeded the provisions set by law, and 21% of them were granted to female employees. The type of leave most taken by employees was family-related (59% of the total), with 17.3% of this taken by female workers. Leave taken for personal treatment and care amounted to about 33.8% of the total, with about 30% of this taken by female workers. Study leave comprised 6.8% of the total, 87% of which was taken by male workers. Sabbatical leave in 2020 was 0.4%, a decrease compared to the 1.7% rate recorded in 2019. 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.

In 2020, the Company continued to offer a number of flexible working arrangements. Over 10,000 employees at sites in Italy, Spain, Argentina, and Brazil benefitted from flexible shift scheduling. 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. In Czech Republic and China, female employees receive an extra day off each year on Mother's Day and International Women's Day, respectively. In Brazil, an estimated 4,800 employees joined an hour bank plan, through which they can convert their overtime hours into time-off, for use at a later date.

(1) *Survey of all Company employees, excluding hourlies, carried out on October 31, 2020.*
(2) *Survey of all Company employees carried out on October 31, 2020.*

LEAVES
CNH INDUSTRIAL WORLDWIDE



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 2020, 3,019 employees[3], approximately 4.7% of Company personnel, took maternity, paternity, adoption or breastfeeding leave. Overall, 77.7% of total leave was in Europe, 10.8% in South America, 6.4% in the Rest of the World, and the remainder in North America. In terms of gender, 65.7% of overall leave was taken by male workers. Paternity leave accounted for approximately 59.3% of the total, maternity leave for 27.4%, while breastfeeding leave accounted for 13.3%. No leave for adoption was taken in 2020. Over the total workforce, parental leave was most frequent in Europe (5.7%) and in South America (3.8%). In North America, in 100% of cases, the conditions of maternity leave were more favorable than those required by law.

2020 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]	9,928	-	9,928	52,871	52,871	-	54,374	45,142	9,232	25,846	17,494	8,352
	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]	827	-	827	1,789	1,789	-	-	-	-	403	193	210

(a) Number of employees entitled to parental leave as at October 31, 2020, as per applicable laws, collective labor agreements, and/or Company policies.
(b) From November 2019 to October 2020.
(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 timekeeping/payroll systems, adoption leave is coded as maternity or paternity leave; therefore, the data for adoption is partial.

In October 2020, another survey was conducted in Europe 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 95.8% (78% for women and 99.7% for men)

(3) Survey covers the period from November 1, 2019 to October 31, 2020.

and a retention rate of 94.9% (91.3% for women and 95.5% for men). 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 97.2% (93.2% for women and 97.8% for men). The results of the survey are reported in the table below.

2020 RETURN TO WORK AFTER PARENTAL LEAVE[a]

CNH INDUSTRIAL WORLDWIDE (no.)

	Total	Men	Women
Employees who returned to work in the reporting period[b] after parental leave ended	**690**	591	99
Employees who returned to work[c] after parental leave ended and who were still employed 12 months after their return to work	**705**	611	94

(a) *Survey carried out in Italy, Belgium, Spain, and Poland.*
(b) *November 2019 - October 2020.*
(c) *In the period November 2018 - October 2019.*

HELPING THE ENVIRONMENT AND COMMUNITIES

13 CLIMATE ACTION

CNH Industrial's employees are committed to making a difference, often by focusing on the environment in and around the local communities in which the Company operates. In response to the devastation caused by the wildfires in Cordoba (Argentina) in October 2020, the local employees initiated a reforestation program to help the environment recover from the damage. In total, 50 employees contributed to the planting of 500 native tree species in the nearby mountains (in collaboration with the environmental consulting agency *Ambiente Argentino*), coming together in safety, despite the pandemic, to make a huge difference for the community.

FOCUS ON

SENSE OF BELONGING AND PRIDE

In 2020, the COVID-19 pandemic led to a decrease in employee volunteerism. Nevertheless, many employees still found safe ways to volunteer and support their communities by participating in the initiatives subsidized by the Company's COVID-19 Solidarity Fund and in other targeted projects. Whether in person or remotely, they found ways to give back.

In Bangkok (Thailand), for example, an engagement initiative called *We Care We Share* was specifically set up in response to the pandemic, with 50 employees raising funds for the purchase of dried foods for local families in need.

In line with its target of a 10% increase in the number of employees involved in **volunteering activities** during paid working hours by year-end 2022 (compared to 2019), the Company continued to implement several initiatives worldwide.

In the USA and Canada, 316 employees took part in volunteering activities during working hours. In North America, employees volunteered 990 working hours for initiatives linked to food banks, shelters, disaster relief, and other charitable causes, specifically through *Impact Day*, a volunteering and team-building initiative, and *Volunteer Time Off* (VTO), which allows them to devote up to 8 working hours for volunteerism (both were launched in 2016).

In Europe, 239 employees volunteered for various programs during paid Company time, for a total of 289 hours. Moreover, employees in Plock (Poland) held local fundraisers before the Christmas holidays to help families in need.

In Argentina and Brazil, 801 employees volunteered 850 hours for local community initiatives during working hours. The *Winter Clothes Campaign* took place in Argentina and at 4 sites in Brazil, involving 60 employees. Despite the COVID-19 pandemic, the annual *June Benefit Party* was held in Sete Lagoas (Brazil), albeit with some adjustments. Instead of employees, their families, and community members coming together to enjoy food and games and raise funds for a local community

1,410
EMPLOYEES VOLUNTEERED DURING WORKING HOURS

organization, vacuum-sealed kits of seasonal foods were sold to 208 employees to be enjoyed at home with their families, with proceeds donated to the *Vila Vicentina* nursing home.
In the Rest of the World, 54 employees donated 240 working hours for volunteering activities.
Blood drives continued to take place across the Company, involving approximately 370 employees in Argentina, Poland, and the USA.

Besides encouraging employees to interact with local communities, CNH Industrial also seeks to involve **employee families** in Company life – through its *Open Days*, when everyone is invited to take part in tours and recreational activities involving carnival games, music, and food, or through its *Bring Your Child to Work* initiative.
While most of these activities could not be held in 2020 due to the pandemic, the Company found other opportunities to keep employees and families connected. For example, an initiative called *Junior Achievers* was launched at sites in India, entailing online meetings between CNH Industrial managers and the children of employees recognized for their academic or other accomplishments. The virtual initiative involved the children of 75 employees. Sites in Belgium, Italy, Poland, Switzerland, and Brazil distributed Christmas gifts to the employees' children, in addition to a virtual Christmas event organized by the plant in Bolzano (Italy). At all locations in Brazil, the employees' children had the opportunity to participate in a virtual *Enchanted Circus* on Children's Day, which also included the distribution of gifts either recycled or made of recycled materials. In Argentina, toys were also donated to the children's hospital *Santísima Trinidad de Córdoba*. In the USA, the plant in Grand Island rented out a local pumpkin patch where it organized an outdoor socially-distanced event for employees and their families. Several other sites gave their employees boxed lunches as a socially-distanced alternative to the typical holiday lunch or Manufacturing Day celebration. And the employees at the Racine plant received gift vouchers for pies to be picked up at a local bakery and enjoyed at home.

Through its long-standing **grants and scholarship** program, known as the *Sergio Marchionne Student Achievement Awards*, the Company continued to offer the children of employees a chance to qualify for grants based on their level of 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 2020, the program awarded 152 grants and scholarships, totaling approximately $273,000, to employees' children worldwide.
CNH Industrial also continued to sponsor scholarships in China for the employees' children who passed their senior high school or national college admission exams. In 2020, 20 scholarships were awarded under this program. Similarly, in Burlington (USA), the Company granted one scholarship to each of 5 children of employees (based on applications received the previous year), and an additional 5 to young people in need in the nearby community.

Sports and recreational activities are opportunities for employees to network with one another, while benefiting their health. While most events were cancelled in 2020 due to the COVID-19 pandemic, a number of virtual opportunities became available to keep them engaged.

SPORTS AND RECREATIONAL ACTIVITIES

- 272 employees across the USA, Canada, Thailand, South Korea, and Singapore involved in the worldwide J.P. Morgan Corporate Challenge Virtual Run
- Bowling and softball teams sponsored by the plant in Burlington (USA), with specific safety protocols/adjustments adopted
- Employees in Annonay (France) involved in a charity walk challenge against cancer using a mobile application, with donations to a cancer research center
- In Pune (India), 80 employees involved in a 5-kilometer run and another 83 in an indoor Table Tennis Championship

To engage its diverse and global workforce, and foster a sense of belonging and pride, CNH Industrial carried out several Company-wide **internal communication initiatives**. Among other things, it circulated 10 local newsletters highlighting activities and events of regional interest and serving as an important means of recognizing employees' achievements. During the pandemic, these local publications were key to convey the Company's ongoing steps and progress, and to promote important safety tips and behaviors.
As in previous years, CNH Industrial also continued to develop internal motivational communications to involve and engage employees worldwide in its priorities.

The major focus for most of the year was on the Company's response to COVID-19. During the first phase of the crisis, the new behaviors to be adopted were communicated to employees via the corporate Intranet and posters in common areas. Company leaders were also involved, with letters from the Acting CEO and thank you messages from regional management to both update employees on safety matters and reassure them. In the second phase, the message shifted to provide interim guidance on the return to work, with a Company-wide motivational campaign called *#MovingForwardTogether*. As part of this umbrella concept, a common tagline and dedicated graphics were applied to all relevant communications. The latter focused on educating employees on safety behaviors and on the new procedures when entering facilities, and on reassuring them about business continuity. The campaign was deployed both internally and externally, so as to emphasize safe behaviors even beyond the workplace, particularly around the holiday seasons. In addition, the Company developed a campaign on its new Solidarity Fund (see page 129), established in 2020 to assist local communities significantly impacted by COVID-19. The campaign was launched towards the end of the year, so as to share with employees the initiatives and benefits achieved through the Company's contribution.

Bringing leadership and employees face-to-face is another way CNH Industrial seeks to better connect its people.
After a number of in-person town hall meetings held in early 2020, most were held remotely for the rest of the year. The new digital format enabled leaders to come together through live streamed meetings with new audiences across multiple geographic locations and segments. The Company also organized a global live stream for its salaried employees, which was attended by the Acting CEO, the entire Senior Leadership Team (SLT), and more than 8,000 personnel. Regular update letters from the Acting CEO, as well as videos on selected topics such as safety, helped keep employees connected with the leadership and informed on key Company matters throughout the year.

8,000
EMPLOYEES INVOLVED IN A **LIVE STREAM** WITH THE **SLT**

In 2020, in North America, the Company launched the virtual *Let's Talk* series, featuring 6 one-hour sessions for employees. Among the topics discussed, 3 centered on support for employees dealing with the professional and personal challenges encountered while working remotely during the pandemic. By partnering with the non-profit organization The Family Institute at Northwestern University, CNH Industrial was able to deliver these talks with the assistance of licensed mental health clinicians. Similar initiatives in response to the pandemic were implemented in Italy, Brazil, Australia, and India. The other *Let's Talk* topics included: a discussion with dealers on food security; a discussion with professional female hockey player Kendall Coyne Schofield; and a discussion on disaster relief and veterans with both CASE Construction Equipment and Team Rubicon, one of the Company's philanthropic partners and a grantee of the CNH Industrial Foundation. Furthermore, 2 virtual *Know Your Product* live sessions were hosted to offer equipment training to employees worldwide. Although both events – *Let's Talk* and *Know Your Product* – originated in North America, all relevant materials were posted on the CNHI Learn platform (i.e., the Company's global learning management system), enabling employees across the globe to access the information and participate well after the events were originally held.

ENGAGING YOUNG PEOPLE DURING COVID-19

The Company has always valued the importance of educating and engaging young people. In light of the challenges faced by them due to the pandemic, employees at the site in Vysoké Mýto (Czech Republic) developed an innovative, educational, and entertaining competition for their children, engaging them through creativity. The competition involved 60 children of employees in the creation of an artwork featuring an IVECO BUS model. Each of the 25 winners selected won a push scooter to help them exercise and stay active during the crisis.

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 offers 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.

Despite the COVID-19 emergency, CNH Industrial continued to ensure the continuity of the commuting services and related initiatives offered to its employees.

A mobility survey was conducted on 3,000 employees at the plant in Vysoké Mýto (Czech Republic) to collect their suggestions and information on their commuting habits; survey results will be used to develop and implement a targeted action plan in 2021.

Mobility plans in Italy and France were revised to enhance commuting to/from selected sites by broadening the use of public transport, carpooling, and alternative mobility (cycling), and by improving site entrances and loading/parking areas. Still in Italy, the Company subsidized the purchase of **public transport** transit passes for employees in Modena and San Matteo. In Switzerland, it subsidized public transportation costs for 17 employees in Lugano, as well as travel costs for 155 employees commuting to its Arbon site. In France, it partially reimbursed employees commuting to work by private car, bike, or on public transportation.

As regards **carpooling**, use of the Company's dedicated Jojob app was suspended in early 2020 due to the COVID-19 pandemic.

Many other sustainable mobility initiatives continued at various plants and offices worldwide. In Buenos Aires (Argentina), Chongqing and Harbin (China), Annonay and Croix (France), Greater Noida, Pithampur, and Pune (India), Suzzara and Turin (Italy), and Madrid and Valladolid (Spain), the Company continued to provide **shuttle services** for employees commuting between their workplaces and nearby strategic points, benefitting close to 8,500 people (despite some services being suspended at certain locations due to the pandemic).

Many **bike events** continued at several locations throughout the year. In September, during European Mobility Week, CNH Industrial was once again the main sponsor of the annual *Giretto d'Italia* cycling event, organized by Legambiente[1] to encourage people to travel to work by bike or other alternative means (such as electric scooters or public transport). All Company sites in Italy took part in the event, involving around 700 employees. CNH Industrial has participated in the initiative since 2015.

Employees in Antwerp and Zedelgem (Belgium) benefitted from bike leasing programs for the second and third consecutive year, respectively, while those in Arbon (Switzerland) and Saskatoon (Canada) were periodically encouraged throughout the year to bike to work.

8,500
PEOPLE
BENEFITTED
FROM **SHUTTLE SERVICES**

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 2020, employee air travel managed directly through Company headquarters[2], 71% of which was medium haul[3], generated 2,010 tons of CO_2 emissions for 5,313 business trips. 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, travelling by air is unavoidable, in part because of the broad geographic dislocation of CNH Industrial sites. Because CO_2 is an inevitable by-product of fuel combustion in aircraft[4], emissions are undoubtedly the most significant environmental impact of air travel.

(1) *Italy's most prominent non-profit environmental association.*
(2) *Data refers to Austria, Belgium, France, Germany, Italy, Spain, Switzerland, and the UK.*
(3) *Medium-haul transfers are those from 500 to 1,600 kilometers.*
(4) *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.*

However, the Company's business travel is rationalized, and its environmental impact contained, by using computer technology (online and electronic communication) to enable employees across the globe to interact effectively.
Since 2011, CNH Industrial has also been investing in the phase-in of video conferencing facilities, and in 2020 it further enhanced its high-quality TelePresence video conferencing system. There are now 109 specially equipped conference rooms, and these facilities were used for 18,868 hours throughout the year. Virtual tools also contribute to reducing emissions and costs, while allowing employees to work from their offices rather than travel long distances.

In 2020, audio conferencing and instant messaging services were enhanced, with an average of 434,400 online sessions per month (184,000 in 2019). Advanced online audio/video conferencing tools, such as Microsoft Teams, were rapidly adopted at global level and proved particularly useful and effective, partly to reduce international and local travel, but above all to protect people during the pandemic by enabling them to work remotely.

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 2020, approximately 10,580 personal computers and 610 technical workstations were replaced with new equipment featuring more efficient power supply units, optimizing the consumption of electricity drawn from the grid.
The Company also replaced around 175 printers and 5,325 computer monitors with new units that comply with environmental requirements regarding product energy consumption and efficiency, the use of hazardous substances, recyclability, packaging materials, and low-impact manufacturing methods. Furthermore, the monitors are also EnergyStar and EPEAT Silver/Gold rated. 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 continues to implement two complementary strategies to optimize energy consumption: the virtualization of servers and their allocation to second/third generation data centers. In 2020, 34 outdated physical servers were eliminated, around 21 were moved to new generation data centers, and 125 new servers were transferred to a virtual environment.

In response to the pandemic, remote working was very widely adopted by the Company and the number of VPN licenses increased from 10,000 to more than 20,000, allowing a large number of personnel to work from home and avoid traveling to the office.

INDUSTRIAL RELATIONS

In 2020, due to the COVID-19 pandemic, CNH Industrial adopted many initiatives and measures to enable operations to continue wherever possible, in line with local regulations, while ensuring its employees remained protected and safe. Some initiatives involved notifications to, or consultations or negotiations with, trade unions and/or employee representatives. Below are the 3 most important in terms of the number of employees involved – according to a survey carried out in October 2020 in 30 countries accounting for about 99% of the CNH Industrial workforce.

In 2020, the Company developed its own detailed **COVID-19 Health and Safety Protocol** (see page 87), implemented globally at all manufacturing and non-manufacturing sites. In 21 of the countries surveyed, where more than 46,100 of the Company workforce was employed (i.e., more than 75% of those within the survey scope), the protocol was implemented following some form of trade union/employee representative involvement. About 52% of said employees were based in countries where the protocol was implemented on the basis of an agreement with trade unions/employee representatives, about 24% in countries where trade unions/employee representatives were consulted, and about 24% in countries where said bodies were simply notified about implementation. In the remainder, there was no trade union and/or employee representative involvement.

Remote working was another initiative adopted by the Company globally, where compatible with an employee's job. Remote working reduces the number of employees in the workplace and further improves safety, alongside the corporate COVID-19 Health and Safety Protocol, for those whose continued presence is required. According to the survey, remote working was in place in 25 countries (representing more than 95% of the workforce within the survey scope).
Remote working was implemented with trade union/employee representative involvement in 18 countries, accounting for about 42,570 workers (i.e., about 68% of those within the survey scope). Of these, about 7% were based in countries where remote working was introduced based on an agreement with trade unions/employee representatives, about 10% in countries where its introduction followed consultations with said bodies, and 83% in countries where trade unions/employee representatives were simply notified.

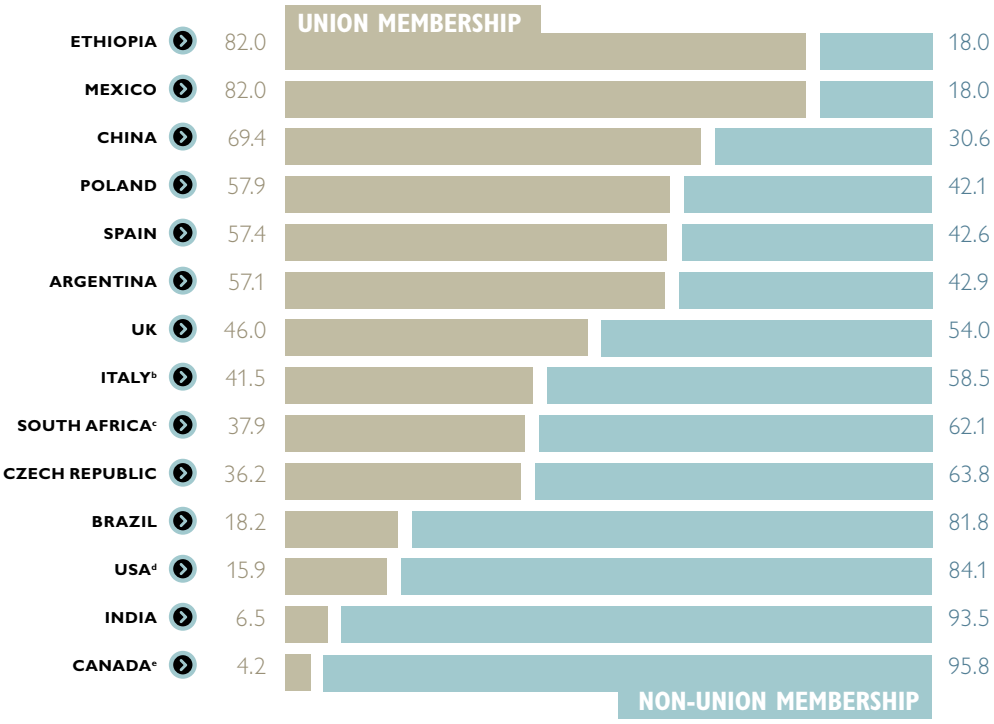
There were times in 2020 when the Company had to **suspend and/or reduce operations** due to government lockdowns, and/or to deal with supply chain disruptions and/or drops in production volumes as a consequence of the pandemic (with the impact varying among segments/countries), and/or to implement the specific measures required by the corporate COVID-19 Health and Safety Protocol, such as the sanitation of plants and office buildings. In most European countries, governments protected jobs by setting up furlough schemes for the first time ever, fully or partially state-funded (e.g., in the UK and Poland), or introduced schemes additional to those already in place to cut costs and/or extend support through state-funded wage guarantees (e.g., in Italy, France, Spain, and Germany). Outside Europe, for example in Brazil and Argentina, governments applied emergency measures to provide support to companies and employees when operations were suspended due to the pandemic. In other countries, regular schemes were employed to deal with reductions in operations, as per applicable legislation, applicable collective agreements or Company policy.
Operations were suspended or reduced, in line with applicable regulations and procedures, in 25 countries, accounting for more than 97% of the workforce within the survey scope. They were implemented with trade union/employee representative involvement in 19 of these countries, where more than 52,700 workers were employed (i.e., about 84% of those within the survey scope). Of these employees, about 25% were based in countries where operations were suspended on the basis of an agreement with trade unions/employee representatives, 59% in countries where implementation followed consultations with said bodies, and 16% in countries where trade unions/employee representatives were simply notified.

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 21 members representing CNH Industrial employees in 17 countries of the European Union. In 2020, due to the COVID-19 pandemic, only 1 meeting of the EWC Select Committee took place (in January), 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 2020 (figures as at October 31, 2020), a survey on unionization was carried out in most of 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. At the time of the survey, 14 countries were excluded due to data privacy protection (accounting for 23% of CNH Industrial's employees), whilst 16 countries (accounting for 1.8% of the population mapped) had no employees affiliated with a trade union. It should be noted that the absence of employee affiliations with trade unions does not prevent employees from establishing representation bodies with information, consultation, and negotiation rights. This is the case in Romania, for instance, where more than 200 CNH Industrial employees (representing 18% of the workforce of the 16 countries with no employee affiliations to trade unions) elected a representative body with information, consultation, and negotiation rights.

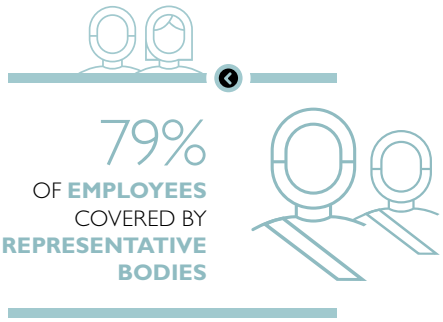
2020 UNION MEMBERSHIP[a]
CNH INDUSTRIAL WORLDWIDE (%)



[a] Survey carried out on October 31, 2020 on 99.6% of CNH Industrial's global workforce.
[b] Figures for Italy updated as at December 31, 2020.
[c] 99% of the workforce mapped.
[d] 98% of the workforce mapped.
[e] 95% of the workforce mapped.

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, 2020 in the countries where 99.4% of CNH Industrial's workforce is employed revealed the absence of any employee representative bodies in 20 of those countries (comprising only 1.4% of the workforce surveyed). Worldwide, more than 79% of CNH Industrial employees are covered by representative bodies.

JOINT COMMITTEES

In October 2020, a survey[1] showed that 88.7% of employees were represented by occupational health and safety joint committees (i.e., committees made up of Company and worker representatives).
In Italy, for example, the health and safety joint committees at plant/site level comprise, on the workers' side, individuals selected from the employee health and safety representatives; on the Company's side, the employer or representative, the Human Resources (HR) Manager or representative, and the Head of the Prevention and Protection Service.
These health and safety joint committees meet at least monthly, and carry out the information and consultation duties required by Italian law. In addition, they have specific rights to prior consultation and power of proposal regarding, among other things:

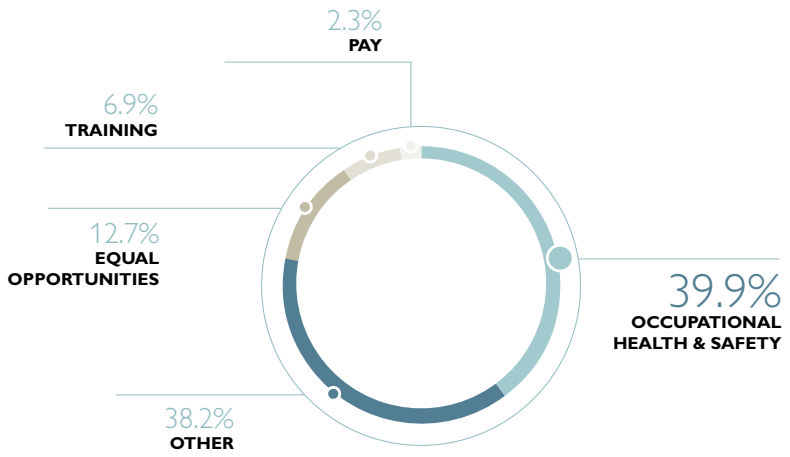
- the implementation of the health and safety programs, initiatives, guidelines, and good practices defined by the *Organo Paritetico Health and Safety*[2] (OPHS), which was established by CNH Industrial and Fiat Chrysler Automobiles (FCA) with trade unions and integrated into the collective labor agreement (CLA)
- the proposal and evaluation of measures aimed at the progressive improvement of health and safety in the workplace
- the proposal and evaluation of initiatives to enhance the application of the tools and methodologies of the Safety pillar of the World Class Manufacturing (WCM) program
- information and consultation on the introduction of new technologies in the workplace, mainly digital content (Industry 4.0), particularly with regard to the health and safety of workers
- the analysis and evaluation of workstation ergonomics according to the standards recognized and applied by CNH Industrial and FCA as specified in a technical annex of the CLA.

Other joint committees addressing equal opportunities, training, and pay were found to represent 46.3%, 38%, and 5%, respectively, of the employees surveyed. Moreover, more than 53% of those surveyed were represented by joint committees dealing with other issues, including:

- several joint committees established in Italy under the 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 department level, and joint committees on WCM and plant efficiency established at plant level
- the Joint World Class Manufacturing (WCM) Steering Committee, providing for the shared involvement with and leadership over plant WCM activities, established at the plant in Burlington (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 individual workers, in place in various countries
- joint committees on housing, employee transportation, childcare, and cafeterias, in place in various countries.

(1) *Data based on a survey of 99% of CNH Industrial's global headcount.*
(2) *Joint Health and Safety Body.*

DISTRIBUTION OF JOINT COMMITTEES
CNH INDUSTRIAL WORLDWIDE



COLLECTIVE BARGAINING AGREEMENTS

As at December 31, 2020, collective bargaining agreements covered more than 80% of Company employees[3]. This is an average figure based on local practices and regulations, as shown in the table below. It should be noted that 69% of these agreements were signed with unions or employee representatives representing more than 50% of Company employees.

2020 COLLECTIVE BARGAINING AGREEMENTS COVERAGE
CNH INDUSTRIAL WORLDWIDE (%)

	Employees surveyed	Employees surveyed covered by collective bargaining agreements
North America	98	17
Europe	99	98
South America	100	95
Rest of World	88	10
Global	**98**	**81**

COLLECTIVE LABOR AGREEMENTS IN DETAIL

In 2020, CNH Industrial signed a total of 179 agreements at either Company or plant level, 22 of which included provisions on health and safety matters, and 63 on measures to contain the spread of COVID-19 in the workplace. The main wage and regulatory agreements signed in 2020 with Company legal entities include:

- the extension to December 2022 of the collective labor agreement (CLA) signed in Italy in 2016, covering all CNH Industrial managers (approximately 440)
- the agreements reached during the annual negotiations in France, providing for wage increases based on inflation
- the 2 agreements reached at the Vysoké Mýto plant (Czech Republic) – one relating to 2020 and one to 2021 – providing for increases above inflation as of April 2020 and aligned with inflation as of April 2021
- the agreements reached at both the Plock and Kutno plants (Poland) for the year 2020, providing for wage increases above inflation owing to country-specific circumstances and to the introduction of specific measures to support the plants' flexibility requirements
- the agreements reached at the IVECO plants in Madrid and Valladolid (Spain) for the year 2020, including provisions regarding variable pay, changes in shift scheduling, and the temporary layoff plan (ERTE[4]) in place
- the agreements reached in Brazil, providing for the alignment of pay increases, benefits, and working conditions with those applied across the country's industrial sectors.

(3) *Survey conducted on 98% of CNH Industrial's global headcount.*
(4) *Expediente de Regulación Temporal de Empleo (temporary workforce adjustment plan).*

MAIN ISSUES COVERED UNDER THE AGREEMENTS[a]
CNH INDUSTRIAL WORLDWIDE (%)

	2020
Wages/Pay issues	23.7
Operating issues	18.6
Initiatives related to COVID-19	17.8
Other	11.3
Restructuring	4.8
Employability & lifelong learning	2.8
Training	5.4
Health & safety	6.2
Career development	3.4
Equal opportunities	4.0
Stress management	2.0

[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 2020, 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.

2020 GRIEVANCES FILED AND RESOLVED
CNH INDUSTRIAL WORLDWIDE (no.)

	Grievances filed	Grievances resolved
North America	164	84
Europe	2	-
South America	-	-
Rest of World	-	-
Total	**166**	**84**

MINIMUM NOTICE PERIOD FOR OPERATIONAL CHANGES

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 (CBA), it is common practice to inform all employees of organizational changes related to outsourcing through a company-wide announcement, with appropriate advance notice.
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 CBA between CNH Industrial America LLC and International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW), which covers the plants located in Burlington and Racine, contains 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 CBA requires the Company to provide 6-months' advance notice to the local unions 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 the **European Union** (EU), the Council Directive 2001/23/EC stipulates that, should a contractual sale or merger result in the transfer of a business, plant, or parts thereof, an information and consultation procedure must be conducted with employee representatives. The procedure must be initiated a reasonable period of time prior to the transfer. Moreover, the Council Directive 98/59/EC on the approximation of the laws of the EU member states relating to

collective redundancies requires employers to hold consultations with workers' representatives whenever collective redundancies are being contemplated. Accordingly, CNH Industrial subsidiaries comply with the regulatory provisions resulting from the adoption of the above directives in each individual EU member state.
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 in South America, such as the deployment of new technologies to improve work efficiency, quality, competitiveness, or employee health and safety, are preceded by formal negotiations with labor unions, according to the specific terms and conditions provided for under the CBA. The procedure must be initiated a reasonable period of time prior to the change; when necessary, such changes are made gradually in order to prepare employees for the new scenarios.
In **Australia**, the CBAs 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 **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 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 **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.
In **Thailand**, the minimum notice period required in the event of operational changes is 1 month, while in **South Africa**, a 60-days' consultation period is required, followed by 30-days' notice.

MANAGEMENT OF PRODUCTION LEVELS

In 2020, 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.

In North America, all plants experienced temporary layoffs for at least two weeks due to the COVID-19 pandemic. In addition, several **Agriculture** and **Construction** plants, including those in St. Nazianz, Fargo, Burlington, and Grand Island, had to implement workforce rebalancing initiatives and frequently suspend plant operations during quarters in which production volumes were low. However, in the last quarter of 2020, the Agriculture plants in Benson, Goodfield, Racine, New Holland, and St. Nazianz, as well as the Construction plants in Fargo and Wichita, started the process of hiring additional workers to meet 2021's expected production demand.

In Europe, all plants were forced to progressively suspend operations from mid-March until the end of April due to the pandemic – owing to the lockdowns imposed by some governments, and/or disruptions in the supply chain, and/or to implement safety measures as per the stricter protocols adopted by the Company. The impact of the pandemic on market demand differed by segment.
In the **Agriculture** segment, there was a sudden and rapid recovery after the lockdown. The tractor manufacturing plants in Europe recorded a consistent production flow from May onwards. In the last quarter of 2020, the tractor manufacturing plant in Jesi (Italy) managed an increase in production volumes by hiring temporary and agency workers and through overtime. In the same timeframe, the harvester manufacturing plants in Zedelgem (Belgium) and Plock (Poland) needed to bring forward the hiring of temporary and/or agency workers to manage an earlier-than-planned peak in high season production, and the latter plant also had to resort to overtime.
Demand in the **Construction** segment experienced a slower recovery initially, with the Lecce plant (Italy) requiring production stoppages until the third quarter; things improved significantly in the last quarter, with volume increases managed by hiring agency workers.
In the **Commercial and Specialty Vehicles** segment, the impact of the pandemic varied by product line. The demand for light-duty vehicles recovered quickly after the lockdown (beginning of May), causing an increase in volumes at the Suzzara plant (Italy) that required hiring a considerable number of agency workers from August and the use of overtime scheduling on Saturdays from September. The demand for heavy-duty trucks recovered more slowly, forcing the plant in Madrid (Spain) to extend the temporary layoff (implemented as an extraordinary measure due to the pandemic) until the end of September. The demand for medium-duty trucks manufactured at the plant in Brescia (Italy) was the most affected; indeed, the site was forced to suspend production for many days from June to the end of the year, resorting to the special Wages Guarantee Fund set up by the government to cope with the pandemic. The bus

manufacturing plants in Annonay and Rorthais (France) and in Vysoké Mýto (Czech Republic) recorded fairly consistent production flows from May onwards, with the latter two resorting to overtime scheduling on Saturdays as of September. The post-lockdown production flow was also consistent at the civil and military truck manufacturing plant in Piacenza (Italy), which had to make use of agency workers in the last quarter and to some overtime on Saturdays starting in October. The Bolzano plant (Italy), which produces defense vehicles, was affected by the pandemic to a lesser extent compared to other plants due to the specific nature of its products. It was allowed to continue production (albeit at a reduced rate) during part of the lockdown period, after which the production flow remained consistent, with an increase in activities in the second semester of the year managed using agency workers and overtime.
In the **Powertrain** segment, production schedules mostly mirrored those of external customers and of the CNH Industrial plants to whom the segment supplies engines and drivelines.

In South America, all segments were impacted by the COVID-19 pandemic from mid-March onwards. A drop in volumes was recorded across the board during the critical phase of the crisis, requiring all segments (to different extents) to reduce working hours or suspend operations – using collective vacation days, furloughs, and flexibility tools to avoid layoffs.
The **Agriculture** segment was significantly affected from April to July; from August, however, an increase in volumes following the recovery of the agricultural market led to the hiring of more than 300 temporary employees at the plants in Curitiba, Sorocaba, and Piracicaba (Brazil) and Cordoba (Argentina).
The **Construction** segment was less impacted by the pandemic. Indeed, the plant in Belo Horizonte (Brazil) was able to remain in production (at a reduced rate) between April and June, and the rapid increase in production volumes in August required the hiring of approximately 100 temporary employees.
The April-June period was also critical for the **Commercial and Specialty Vehicles** segment, but the quick recovery from September onwards led to the hiring of 350 temporary employees at the Sete Lagoas plant (Brazil). The Cordoba plant (Argentina) resumed operations at full capacity in September, resorting to overtime in the final months of the year.

In the Rest of the World, the **Agriculture** plant in Harbin (China) required 2 weeks of shutdown in February, at the peak of the pandemic, after which the Chinese market recovered quickly. The plant resumed normal production for the rest of 2020, adopting 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, due to the lockdown enforced by the government, all plants were closed from mid-March to May 10. In the months thereafter, the plants in Greater Noida (tractors) and Pune (harvesters) coped with volume fluctuations by reducing temporary workers and by using collective vacation days during low production periods, and by resorting to overtime to satisfy the peaks in demand. In Uzbekistan, production volumes were as planned, despite the pandemic and reduced plant operations in April, May, and July.
The **Construction** plant in Pithampur (India) adopted measures similar to those implemented by the country's Agriculture plants (as described above).
The **Commercial and Specialty Vehicles** plant in Dandenong (Australia) responded to the COVID-19 pandemic by shortening the work week and, where applicable, by allowing employees to take annual leave and/or long service leave. It also coped with the occasional increase in demand through extra workdays as per the flexible working scheme in place.
The **Powertrain** plant in Chongqing (China) had to resort to 2 weeks of shutdown in February during the pandemic's peak, after which it resumed normal production.

RESTRUCTURING AND REORGANIZATION

In the USA, the decrease in market demand recorded in 2020 led the **Agriculture** plant in Grand Island to offer its hourly workers a Voluntary Separation Program (VSP), resulting in a workforce reduction of 32 employees. At the Burlington plant, which provides products to both the **Agriculture** and **Construction** segments, 17 employees were permanently laid off. The Company applied its Indefinite Lay-off Policy to the hourly workers, the provisions of which are more favorable than those required by law.

In Italy, within the scope of a tripartite dialogue, the Company managed the consequences of its Strategic Business Plan (SBP) announced in 2019. On March 10, 2020, in the presence of the Ministry of Economic Development, CNH Industrial thus reached a framework agreement with national trade unions FIM, FIOM, UILM, FISMIC, UGLM, and AQCFR. The agreement reflects the commitments made by the Company in light of the SBP during meetings held in the last quarter of 2019, and it addresses the repercussions of the SBP on the Italian plants of

San Mauro Torinese (**Construction**), Pregnana Milanese (**Powertrain**), and Brescia (**Commercial and Specialty Vehicles**), defining the measures to be adopted in local negotiations to ensure the socially responsible management of redundancies at all three plants. These measures were well received by both the trade unions and the Ministry of Economic Development. The latter also expressed its satisfaction with the solutions identified through the constructive dialogue and joint effort among the concerned parties, as well as its commitment to monitor the agreement's implementation.

As a consequence of said agreement, a procedure was initiated on May 22 in San Mauro Torinese (where production ceased on June 19) to apply for Italy's Extraordinary Wages Guarantee Fund (CIGS) for 16 months, from June 2020 to October 2021, while the plant is converted into a logistics hub for CNH Industrial parts. This measure was agreed upon with the workers council and trade unions and ratified on June 15 in the presence of the Region of Piedmont's councilor for employment. By the end of December 2020, most of the 110 surplus employees announced in October 2019 had been either relocated to other plants/sites or offered an exit incentive more favorable than that required by law.

As regards the site in Pregnana Milanese, employing about 240 salaried and hourly workers, the termination of plant operations was due to be postponed from June to December 2020, as per the agreement of March 10. However, another agreement was signed on May 25, 2020 with the trade unions and workers council, further postponing the termination date to April 2021; under this new agreement, any remaining plant activity will be discontinued at the end of June 2021, with the closure of the parts warehouse. On November 24, 2020, in the presence of the Region of Lombardy's councilor for employment, the Company reached an agreement with the trade unions and workers council regarding the measures to be offered to the workers affected by the plant's closure, providing for a redundancy package (more favorable than that required by law) for the employees eligible to retire within 30 months of their dismissal, and for the relocation of all other employees to a different CNH Industrial site in Italy (along with a relocation package). For the employees who cannot or do not wish to relocate, the agreement provides for a redundancy package (more favorable than that required by law). For those accepting positions at external companies, instead of the redundancy package, the agreement provides for an incentive equal to the difference in annual salary, if any. As part of the same agreement, the Company made a commitment to search for a potential buyer interested in acquiring the site at favorable conditions and in absorbing part of the existing workforce. In this regard, the signatories of the agreement, along with the Region of Lombardy, agreed to consult with the relevant institutions to verify the feasibility of applying the Extraordinary Wages Guarantee Fund, also as a means to facilitate the acquisition of the site and part of the workforce by a potential buyer, should one be found. The agreement was well received by 92% of the plant's employees, as expressed in a vote.

To deal with the underutilization of workers at the IVECO plant in Brescia (manufacturing commercial vehicles), envisaged in the March 10 framework agreement, a solidarity agreement was reached on December 15 with the trade unions and workers council, with a duration of 24 months starting from January 11, 2021. The agreement provides for a detailed plan and related investments to relaunch the plant, pursuing solutions that are sustainable over the long term – such as the implementation of the first electrification process for IVECO vehicles in Europe (starting with the Daily), and the transfer of production of the Daily 70:20, a 4x4 vehicle for civil use, from the Iveco Defence Vehicles plant in Bolzano. The plan also provides for solutions to the issue of employees with a limited capacity for work, which will be managed by insourcing a number of suitable activities and by investing in specific technical solutions to improve ergonomics and thus reduce physical stress. Under the same agreement, the parties identified measures to minimize the social impact of up to 480 redundancies during the solidarity agreement. On the one hand, as regards the one or more collective dismissals that will affect the employees eligible to retire during the validity of the agreement, unemployment benefits will be offered to those who do not oppose dismissal. On the other, a limited number of employees will be relocated to other CNH Industrial plants in Italy or abroad, upon individual request and provided that conditions are favorable for reassignment to their sites of choice.

LABOR UNREST

In **Belgium**, a protest calling for a stronger social security system led to a national strike, with a moderate attendance by CNH Industrial employees.
France recorded a higher number of strikes compared to past years, mostly in the first 2 months of the year, mainly associated with the national anti-government protests on pension reform, with a moderate/low level of attendance by CNH Industrial employees.
In **Italy**, the overall level of labor unrest in 2020 was low, with the hours lost due to strikes falling by 50% compared to the previous year.
In other countries, the overall levels of labor unrest in 2020 were either zero or negligible.

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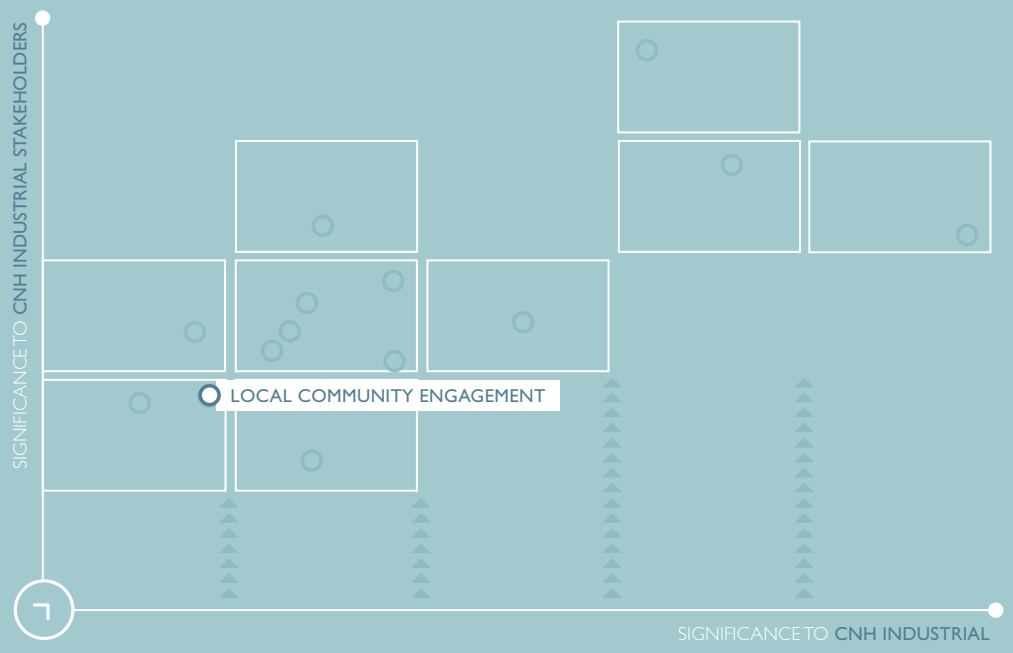
139 PROJECTS TO REDUCE INEQUALITY

140 PROJECTS TO PROMOTE HEALTH AND WELLBEING



Material topics described in this chapter (for definitions see page 263).

2024 STRATEGIC SUSTAINABILITY TARGETS

+100%

vs. 2017 IN NUMBER OF PEOPLE WHO BENEFIT FROM CNH INDUSTRIAL'S LOCAL COMMUNITY INITIATIVES

MANAGEMENT FRAMEWORK

In light of the pressing need for help in the communities near Company sites due to 2020's COVID-19 pandemic, CNH Industrial chose to implement projects to ensure not only immediate intervention during the crisis, but also support in the long run after the emergency is over. To this end, in April, the Emergency Executive Committee (EEC) allocated a special Solidarity Fund of about **$2 million** to provide immediate and tangible help, establishing an ad hoc framework and an effective streamlined decision-making process (see page 129).

As emerged from the materiality analysis, **local community engagement** is a key material topic for CNH Industrial. 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. The organizations involved in CNH Industrial's activities to benefit local communities are regularly engaged in the materiality analysis. Based on the material topics thereby identified, and in line with both the Company's business drivers and the stakeholders' priorities[1] the corporate strategy developed favors both measures and projects in three main areas: combating climate change and reducing environmental impact, improving food availability, and supporting youth training.

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, particularly of indigenous people, 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 56).

The Global Social Initiative Team (see page 51) is responsible for the operational aspects of local community projects, and for implementing them in accordance with country-specific requirements. The team meets regularly to identify the projects to be implemented at global level, ensuring consistency across geographic areas while considering individual local needs as well the Company-wide strategy.
In North America, requests for funding or donations are reviewed by the CNH Industrial Foundation. 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 line with its sustainability priority *people engagement*, the Company included a strategic sustainability target (see page 29) in the Strategic Business Plan: a 100% increase in the number of people who benefit from CNH Industrial's local community initiatives by year-end 2024 (compared to 2017). This strategic target was incorporated into the Sustainability Plan to ensure the continuous improvement and monitoring of the projects involved (see page 36). Furthermore, the expected outcomes of each project falling under this target were also included as individual objectives in the Performance Management Process (see page 98).

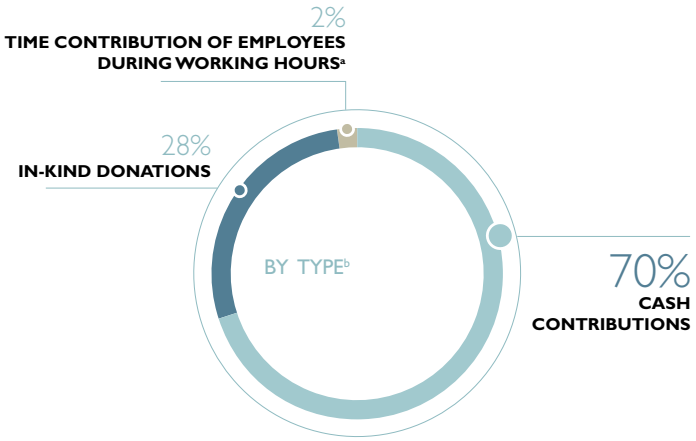
Projects and their results are included in the Sustainability Report and on the corporate website.

In 2020, the resources allocated by CNH Industrial to local communities totaled **$6.98 million**, including almost $315,000 for total cost of management and the above-mentioned $2 million COVID-19 Solidarity Fund (see page 129).

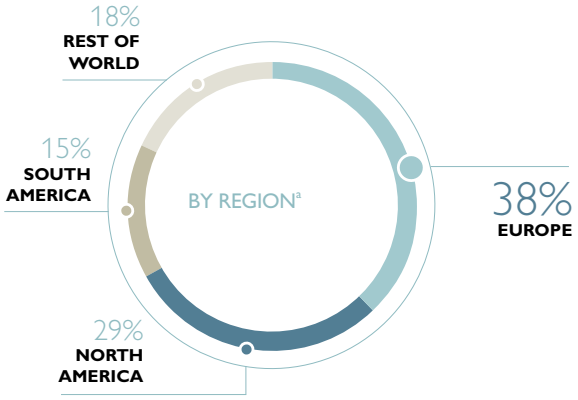
ALMOST $7 MILLION INVESTED IN **LOCAL COMMUNITIES**

[1] *See the Materiality Matrix on page 26.*

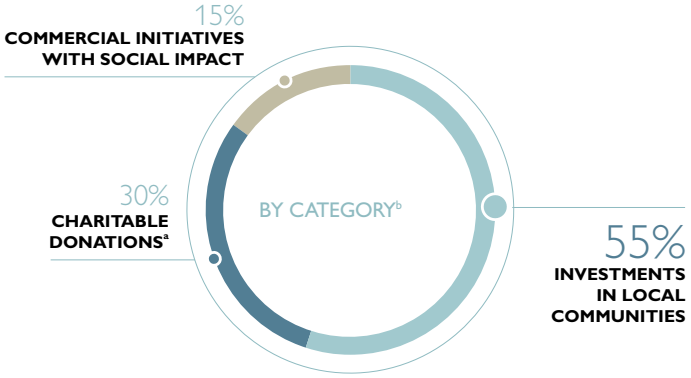
CONTRIBUTION TO LOCAL COMMUNITIES
CNH INDUSTRIAL WORLDWIDE



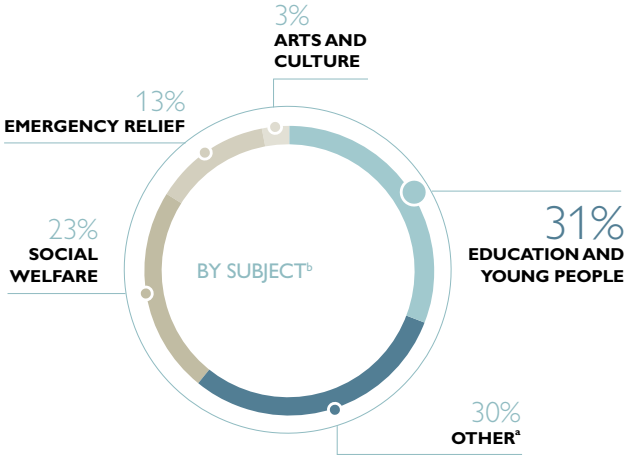
[a] *Represents the monetary value of hours of volunteer work carried out by employees during working hours (also includes initiatives where legal entities are fully or partially reimbursed through public funds).*
[b] *Including the total cost of management.*



[a] *Including the total cost of management.*



[a] *The increase in charitable donations in 2020 is related to the COVID-19 pandemic.*
[b] *Including the total cost of management.*



[a] *Also includes investments in economic development and the environment.*
[b] *Including the total cost of management.*

The investment data for local communities includes the total cost of management and is categorized as per the principles set out in the London Benchmarking Group (LBG) Guidance Manual. Figures are based on accounting data and calculations, and include estimates. For details on the methodology, see page 260.

IMPACT MEASUREMENT AND VALUATION

CNH Industrial is fully aware of the potential impact of its operations on the environment and on local communities, and therefore carefully monitors the aspects that could significantly affect them.
Moreover, the Company addresses social needs through specific business tools, managed at country level to better meet local communities' actual needs: the Social Return on Investment (SROI), which measures the impact of an initiative on society and the social value generated, and the Social Impact Assessment (SIA), 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.

POTENTIAL IMPACT OF OPERATIONS ON LOCAL COMMUNITIES

When monitoring the impact of its operations on the environment and on local communities, CNH Industrial also considers the suppliers it relies on and has partnered with, to whom it transfers its best practices such as the World Class Manufacturing (WCM) program (see page 193). Local suppliers are also required to abide by the Company's principles on human rights and working conditions (e.g., to reject all forms of forced and/or child labor), environmental protection, and business ethics (see page 180). The aspects that could significantly impact local communities, and that CNH Industrial is committed to improving, concern:

- the impact on the health of workers and their families (see pages 87; 107)
- improvements in the welfare of workers and their families (see page 105)
- the impact of atmospheric emissions (see page 213)
- air quality protection (see page 198)
- water management (see page 199)
- waste management, soil and subsoil protection (see page 202)
- biodiversity protection (see page 204)
- removal of hazardous substances (see page 205)
- adoption of logistics solutions with lower environmental impact (see page 219).

All of the above are monitored, among other aspects, under the Risk Management system (see page 70). Additionally, targeted projects (directly involving local communities) were launched at a number of plants where biodiversity protection and water management and monitoring are particularly important.

SOCIAL RETURN ON INVESTMENT

The Social Return on Investment (SROI) methodology developed by Social Value UK[1] allows assessing and quantifying the impact of improvement projects on society and the social value generated. 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 methodology was tested on some of the local community projects implemented (see table on page 128), appraising their impact on society from both a broader viewpoint and the stakeholders' perspective to provide a more comprehensive analysis.

The main positive externalities[2] (social and environmental) generated by each project were taken into account (e.g., flood risk reduction, quality of life improvement, and enhancement of technical skills to facilitate entry into the labor market). For all projects, the SROI was greater than 1 (for the *Fishing for Plastic* project it was 5.8).

SOCIAL IMPACT ASSESSMENT

The effectiveness of an initiative and its ability to address needs is measured through the Social Impact Assessment (SIA). Developed in line with the London Benchmarking Group (LBG) 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. The Company has integrated a strategic sustainability target (see page 29) within the Strategic Business Plan: a 100% increase in the number of people who benefit from CNH Industrial's local community initiatives by year-end 2024 (compared to 2017). All projects implemented in line with this target were assessed using the SIA methodology (see table on page 128).

(1) *For details on the methodology, see Report Parameters on page 262 (see also 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 OF MAIN 2020 PROJECTS

Association	PROJECT (COUNTRY)	Other KPIs	Evaluation of benefit to[a]				Reference page
			People	Organization	Environment	Business	
COMBAT CLIMATE CHANGE AND REDUCE ENVIRONMENTAL IMPACT							
Biem-Bioedilizia Mediterranea	Ricrea (Italy)	Volunteering work hours	2.8	2.7	3.9	3.8	135
Clean Sea Life	Fishing for Plastic (Italy)[b]	People involved	3.1	3.3	3.4	3.5	2019 SR p. 112
Food and Agriculture Organization of the United Nations (FAO)	Water Management (Tunisia)[b]	People involved	2.7	1.7	4.0	4.0	2019 SR p. 111
CNH Industrial	Jal Sanchay - Water Conservation (India)	People involved	2.2	2.9	3.6	4.2	134
Indian Agricultural Research Institute	Prevention of Crop Stubble Burning (India)	CO_2 emissions avoided	2.4	3.7	4.5	4.4	134
IMPROVE FOOD AVAILABILITY							
Fondazione Slow Food	Le comunità del cambiamento (France/Italy)	People involved	3.2	2.3	2.9	3.6	130
Libera Terra Mediterraneo	Evoluzione Terra (Italy)	People involved	3.2	3.7	4	3.7	130
Damongo Agricultural College	Advanced farming training (Ghana)	People involved	3.2	3.7	3.7	4.5	2019 SR p. 114
Jomo Kenyatta University of Agriculture and Technology	Irrigation training (Kenya)	People involved	2.1	1.8	1.4	1.8	2019 SR p. 114
King Mongkut's Institute of Technology Ladkrabang	Agricultural engineers training (Thailand)	People involved	3.1	1.7	1.3	3.4	2019 SR p. 114
YOUTH TRAINING							
STEM	Educational programs (USA)	People involved	2.3	2.3	1.0	3.3	138
Salesian Society	TechPro² (Italy)[b]	People involved	4.0	3.0	1.0	4.0	137
Salesian Society	TechPro² (Ethiopia, South Africa)	People involved	4.2	3.4	1.0	4.5	137
Yizhong Education	TechPro² (China)	People involved	4.2	3.4	1.0	4.5	137
Gente de Bem	Crê-Ser (Brazil)	People involved	3.8	1.9	1.7	2.7	138
Organization for Poor and Economical Needs (OPEN)	Mission education program in Greater Noida (India)	People involved	3.8	3.3	1.1	3.4	138
CNH Industrial	School rebuilding in Pune (India)	Volunteering work hours	3.7	3.3	1.1	3.6	2018 SR p. 116
New Holland Agriculture's Indian dealer network	Multimedia-Aided School Education (India)	People involved	3.9	3.7	1.5	4.3	2019 SR p. 116
REDUCE INEQUALITIES							
Habitat for Humanity	Fighting homelessness (USA)	Volunteering work hours	2.7	3.3	1.0	3.4	139
Pastoral do Menor	Brincar e Sonhar (Brazil)	People involved	3.8	2.4	2.1	3.3	139
Casa Bom Menino orphanage	Nós no Mundo (Brazil)	People involved	3.8	2.4	2.1	2.6	139
Cooperação para Desenvolvimento e Morada Humana (CDM)	Próximo Passo (Brazil)	People involved	3.4	2.1	2.4	3.6	139
Pintura Solidária	Art Exibition (Brazil)	People involved	2.2	2.0	1.6	2.9	140
PROMOTING HEALTH AND WELLBEING							
American Cancer Society	Month of Hope program (USA)	People involved	2.2	2.6	1.0	3.4	140
Futebol de Rua	Futebol de Rua (Brazil)	People involved	3.3	2.3	2.1	2.6	141
De Peito Alberto	Esporte na Cidade (Brazil)	People involved	2.9	2.3	2.1	2.6	141
Smile Foundation	Smile on Wheels (India)	People involved	2.8	3.7	1.8	4.1	140

[a] *Benefits are rated on a scale from 1 (no impact) to 5 (very high impact). For details on the methodology, see page 262.*
[b] *Project also assessed and quantified using the Social Return on Investment (SROI) methodology (see pages 127; 262).*

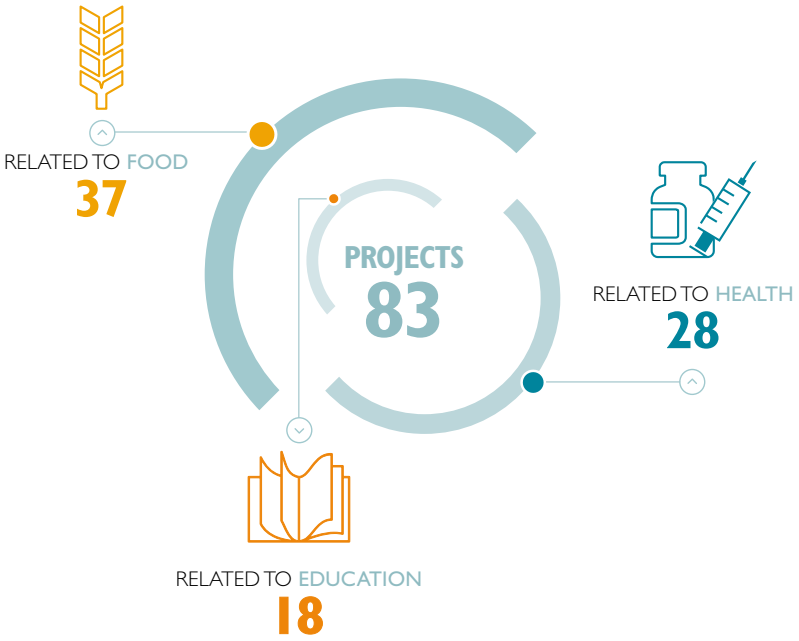
STANDING WITH LOCAL COMMUNITIES DURING THE COVID-19 PANDEMIC

As the pandemic began in early 2020, CNH Industrial's sites took immediate action to help their local communities by donating medical equipment to frontline health workers, including 50 ventilators, 165,000 personal protective equipment (PPE) items, 50,000 bottles of hand sanitizer, electric generators, and ambulances.
The Company soon realized that making a real difference required greater coordination among the activities, and appropriate planning beyond the emergency phase.
To this end, the Emergency Executive Committee (EEC), at the proposal of the Acting CEO, had allocated by mid-April a special fund of about $2 million to provide immediate help and support to local communities across the Company's countries of operation. The fund's management was organized so as to be as streamlined and wide-reaching as possible, to ensure timely interventions and provide a broad picture of actual local needs.
The interventions selected by the EEC were based on the material topics thereby identified and in line with both the Company's business drivers and the stakeholders' priorities; the relevant corporate strategy developed favored measures and projects in 3 main areas:

- food
- health
- education.

The fund was divided by geographic area in proportion to the number of Company employees within each. Individual regional committees were established to assess project proposals, submitted at country level via local networks, and to determine their feasibility. A Financial Controller was appointed to ensure consistency in managing the fund.
The Global Social Initiative team played a key role within this process: in addition to handling relations between the regional committees and individual project managers at country level, it also performed a Social Impact Assessment (SIA) of each proposal to make the regional committees' project selection process simpler and more targeted. Project updates were regularly provided to the EEC by the Sustainability Unit and the Financial Controller. In North America, a portion of the funds was managed by the CNH Industrial Foundation.

In a short span of time, almost $2 million was allocated to a total of 83 projects: 37 related to food ($963,000), 28 to health ($544,300), and 18 to education ($490,400).



FOOD PROJECTS LINKED TO THE COVID-19 PANDEMIC

With the pandemic creating a global food emergency across many layers of society, CNH Industrial acted on two fronts: on the one hand, by providing immediate assistance to NGOs on the frontline; on the other, by financing longer-term projects.

In **Italy**, the Company and its brand New Holland Agriculture joined forces with the environmental association *Legambiente* and the non-profit consortium *Libera Terra Mediterraneo* to launch *Evoluzione Terra* (Evolution Earth), a project with a dual objective: to promote digital farming (Agriculture 4.0) practices while training operators in the field, and to support local communities particularly affected by the ongoing pandemic. New Holland Agriculture donated 6 auto-guidance systems for precision farming to 4 of the consortium's cooperatives, and assisted with the purchase of advanced equipment, such as an innovative seeder designed for organic farming, with the aim of improving the cooperatives' productivity and efficiency through the use of state-of-the-art technologies. The initiative also had significant social value, as *Libera Terra Mediterraneo* uses land confiscated from organized crime to grow high quality produce through sustainable farming methods.

FPT Industrial teamed up with Slow Food to support two initiatives in Italy and France aimed at the adoption of more sustainable and inclusive practices to help the local communities survive the economic crisis caused by the pandemic and build more resilient economies for the future.

The community supported in **Italy** comprised 2 cooperatives – *Valdibella* and *No Emarginazione* (No Marginalization), both in Sicily. The former produces organic food from ancient varieties of local crops, adopting a sustainable approach to agriculture. The latter encourages the social inclusion of disabled people. The two cooperatives received support to create a 'food forest' (recreating the natural eco-system and diversifying food production while preserving the landscape) and to develop an autonomous supply chain model to deliver high quality organic food at an affordable price.

In **France**, the *La Seyne-sur-Mer Prud'homie* is one of 33 fishing collectives present along the French Mediterranean coast. These collective organizations, which have managed French marine resources for over 10 centuries, play an essential control role in everyday port life, and a conservation role by preserving historic cultural models. About 20 fishermen, some of whom work with FPT Industrial powered boats, are committed to sustainable fishing and to passing on these commendable traditions to younger generations while strengthening the local supply chain. With the support of FPT Industrial and Slow Food, the community will be able to upgrade its infrastructure as well as create additional local jobs.

In **North America**, the Company supported a total of 24 initiatives related to food security involving many food banks and pantries, and programs to ensure children and families access to essential food items. The CNH Industrial Foundation supported Feeding America, the largest hunger relief organization in the USA, with financial aid for its food rescue and recovery program tackling both hunger and food waste. The Foundation also contributed to Feeding America's COVID-19 Response Fund.

Food was also provided to people in need in **South America**, through NGOs with which CNH Industrial collaborates regularly. Between June and October 2020, for example, New Holland Agriculture and its dealers distributed about 918 food parcels per month in Brazil, for a total of approximately 4,600 parcels.

2020 SOLIDARITY FUND – MAIN FOOD SECURITY INITIATIVES

COUNTRY	MAIN PARTNER	ACTIVITY
EUROPE		
Germany	▪ *Die Arche* ▪ *Hamburger Tafel*	▪ Financial support to the *Die Arche association*, committed to helping children in need by providing lunches, after-school tutoring, and daily care ▪ Financial support from IVECO to *Hamburger Tafel*, which donates around 40 tons of food each week to up to 20,000 people in need
France/Italy	▪ Slow Food	▪ Support to cooperatives to help survive the economic crisis and build more resilient local economies
Italy	▪ *Legambiente, Libera Terra Mediterraneo*	▪ *Evoluzione Terra* project
Italy	▪ *Banco Alimentare*	▪ Support to the food bank through cash donations and the supply of vehicles for food distribution
Spain	▪ *Banco de Alimentos*	▪ Cash donation to the food bank
UK	▪ Fare Share	▪ Donation of a commercial vehicle for food distribution
NORTH AMERICA		
Canada	▪ Saskatoon Food Bank & Learning Centre ▪ Saskatoon Indian & Metis Friendship Centre ▪ Good Shepherd Venture Center Food Bank	▪ Support to a human services organization, community center, and local food bank
USA	▪ Feeding America	▪ Support to the national food rescue and recovery program
USA	▪ Heartland United Way ▪ Service Above Self Foundation	▪ Supporting programs for youth at risk or experiencing food insecurity
USA	▪ Grow It Forward ▪ Hunger Task Force Farm	▪ Support to organizations enhancing production of local fresh produce and food distribution for hunger relief
USA	▪ Gladys Ray Shelter	▪ Donation of meals, prepared at the Fargo plant, to feed homeless veterans at the shelter
USA	▪ CrossNet Ministries ▪ Columbia Food Bank ▪ Kansas Food Bank ▪ Atlanta Community Food Bank ▪ Second Harvest Community Food Bank ▪ Great Plains Food Bank ▪ River Bend Foodbank ▪ Nevada Food at First ▪ Nevada Community School District ▪ Community Action of Southeast Iowa ▪ West Burlington Christian Church Food Pantry ▪ Kayla's Cupboard ▪ Arlington Food Assistance Center ▪ Capital Area Food Bank	▪ Support to local food banks and hunger relief initiatives
Mexico	▪ *Cáritas de Querétaro*	▪ Donation of 400 food boxes, creation of 75 vegetable gardens, and 110 fruit trees to be planted across the community
SOUTH AMERICA		
Argentina		▪ Delivery of basic food kits to 1,500 families
Brazil	▪ Institutional partners ▪ New Holland Agriculture dealers	▪ Delivery of 960 basic food kits ▪ 1,040 basic food kits donated in 3 months by New Holland Agriculture through the NGOs with which it collaborates regularly to support education and sports
REST OF WORLD		
Pakistan	▪ Peace & Development Organization	▪ Supply of food hampers to low-income families particularly in need due to the COVID-19 emergency, with each hamper providing one-month's food rations
Thailand		▪ Support to rural communities affected by the COVID-19 emergency, through the donation of medical equipment to selected hospitals and food to people on low incomes
Uzbekistan	▪ Syrdarya Region	▪ Support to families left without a home due to the COVID-19 crisis and the floods in the regions of Bukhara and Syrdarya. Supply of food, medicines, and support for house reconstruction

EDUCATIONAL PROJECTS LINKED TO THE COVID-19 PANDEMIC

Amid the lockdowns preventing normal school attendance and critically affecting many young people, CNH Industrial found ways to help those who could not attend virtual classes due to a lack of resources.
It also further enhanced its long-standing *TechPro*[2] project, established to train highly qualified technicians for the Company's service network, meet the market's growing demand for skilled personnel, and meet the actual needs of young people by supporting their professional and social development. In 2020, the program was extended with the addition of a new course in Italy (see page 137).
Other initiatives in support of students were carried out in Czech Republic, Benelux[1], Spain, and Turkey.

In the **USA** and **Canada**, the Company supported a total of 10 educational initiatives. In Lebanon (USA) and Regina (Canada), focus was on skills development and training for people with disabilities and special needs. In Benson (USA), support was given to a community daycare center impacted economically by the COVID-19 crisis. Additional projects were supported to enhance remote learning opportunities and career readiness programs for students.

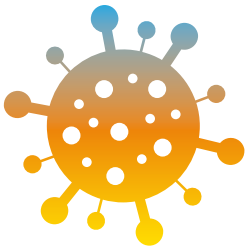
In **Russia**, CNH Industrial supported the *Italo Calvino Italian School* in Moscow, namely with regard to the Special Education Chair established to help children with learning disabilities in primary and middle school. The Company also provided assistance to alleviate the financial impact of the pandemic and subsequent economic crisis on both the school and families, enabling the students' studies and attendance to continue.

HEALTH PROJECTS LINKED TO THE COVID-19 PANDEMIC

In addition to helping local communities address urgent needs, CNH Industrial allocated funds to support COVID-19 research, in particular a targeted study on SARS-CoV-2 (the virus causing COVID-19) launched by the Telethon Institute of Genetics and Medicine (TIGEM) in Pozzuoli (Italy). The research project has 3 key stages: the whole-genome sequencing of the virus to identify the strain and any mutations over time; understanding the effects of the virus on the affected cells and the associated inflammatory process; and studying the microorganisms collected on swabs to identify any co-infection factors between COVID-19 and other pathogens. This will allow developing the best pharmacological approach to fight SARS-CoV-2.

In **North America**, CNH Industrial endorsed 7 health-related initiatives. For example, in Queretaro (Mexico), essential health care items were donated to local families, while in the USA support was given to emergency shelter organizations at 3 separate locations. In Canada, the Company supported a project for the emotional and mental wellbeing of individuals and families affected by facial differences.

In **India**, brands CASE Construction Equipment and New Holland Agriculture donated 6 tractor and sprayer sets to local municipal corporations in charge of sanitization in Greater Noida (3 sets), Gurgaon (1 set), Pune (1 set), and Pithampur (1 set), to disinfect roads, public spaces, and residential areas as a control measure against COVID-19.



(1) *Belgium, Netherlands, and Luxembourg.*

2020 SOLIDARITY FUND – MAIN HEALTH INITIATIVES

COUNTRY	MAIN PARTNER	ACTIVITY
EUROPE		
	▪ Telethon Foundation	▪ Supporting COVID-19 research
Austria	▪ Caritas International	▪ Supply of a commercial vehicle to be used for the organization's social activities and food distribution to people in need
Czech Republic	▪ Red Cross ▪ Caritas international	▪ Financial and material donations to Red Cross, focusing on the mobility and transport of elderly people. Supporting blood donations ▪ Financial contribution to Caritas International's COVID-19 fund, with a focus on the most vulnerable (people with disabilities and the elderly). Financial and material contributions to hospitals and medical centers to mitigate the impact of COVID-19
France	▪ Red Cross	▪ Supply of 2 vehicles equipped as per Red Cross requirements
Italy	▪ *Servizio Missionario Giovani* (SERMIG)	▪ Donation of 5,000 washable and reusable masks featuring CNH Industrial's logo
Italy	▪ *Associazione Nazionale Pubbliche Assistenze* (ANPAS)	▪ Supply of contactless door openers manufactured by CNH Industrial
Poland	▪ Hospitals and local agricultural communities	▪ Supply of personal protective equipment (PPE)
Switzerland	▪ International Red Cross ▪ *Hilft-Jetz* organization	▪ Economic support to the humanitarian organization to combat the spread of COVID-19 ▪ Cash donation to *Hilft-Jetz* in support of the elderly and the most vulnerable in serious difficulty
NORTH AMERICA		
Canada	▪ AboutFace	▪ Supporting virtual/remote programs for the emotional and mental wellbeing of individuals and families affected by facial differences
USA	▪ Catholic Charities, Diocese of Wichita (Harbor House)	▪ Helping local community members fight domestic violence
USA	▪ YWCA Cass Clay Emergency Shelter	▪ Supporting local women and children in need through shelter and housing, education and employment, and children's services
USA	▪ Heartline Eureka (Heart House)	▪ Supporting the provision of local shelter and human services
USA	▪ Alpha Omega Veterans Services	▪ Supporting the provision of essential social services to displaced and homeless veterans, helping them reintegrate into society
USA	▪ The Jim and Trudy Maloof St. Jude Midwest Affiliate Clinic	▪ Collaboration with local school administrative district's fundraising effort in support of the clinic, which focuses on understanding, treating, and defeating childhood cancer and other life-threatening illnesses
Mexico	▪ *Cáritas de Querétaro*	▪ Donation for the creation of 400 hygiene boxes and kits
SOUTH AMERICA		
Argentina	▪ Hospitals/health care institutions and institutional partners (care homes)	▪ Supply of personal protective equipment (PPE) kits
Brazil	▪ NGOs (care homes) in Piracicaba, Sorocaba, Sete Lagoas, Contagem, and Curitiba ▪ IVECO dealers	▪ Distribution of masks and hand sanitizer across care homes ▪ Delivery of 10,000 kits (containing fabric masks, hand sanitizer, and 3 pairs of gloves) to drivers travelling to one of the 72 service centers across Brazil
REST OF WORLD		
Ethiopia	▪ Hospitals	▪ Purchase of medical supplies (4 ventilators for children and adults), distributed with the help of Case IH in Wereta
India	▪ Municipal corporations in Greater Noida, Gurgaon, Pune, and Pithampur (Indore Metropolitan Region)	▪ Donation of 6 tractor and sprayer sets for road sanitization
Thailand	▪ Hospitals	▪ Donation of medical equipment
Uzbekistan		▪ Donation of medical supplies to low-income families affected by the floods

PROJECTS TO COMBAT CLIMATE CHANGE AND REDUCE ENVIRONMENTAL IMPACT

A key priority at CNH Industrial is to combat climate change, whose negative impact on ecosystems affects the quality of life for people in local communities, as well as consumer choices. The Company has initiated several projects to tackle this global issue, which are also aligned with SDG 13 'Climate Action'. Such projects are increasingly focusing on reducing the environmental impact of Company plants, including on local communities, and on helping protect the latter against the effects of climate change such as desertification, water scarcity, and the loss of biodiversity. Other initiatives are in place to promote responsible behavior to minimize environmental impact. Participation in the projects associated with this key priority allows CNH Industrial's brands to enhance their profile and increase their visibility among potential customers, and strengthens Company employees' sense of belonging.

REDUCING CO_2 EMISSIONS

In Punjab and Haryana (Northern **India**), approximately 35 million tons of paddy straw and stubble are burnt every year, causing severe air pollution while depleting the land of precious soil nutrients required for crop growth. Stubble burning generates between 17.9% and 39.5% of particulate matter in the Northern plains, and releases large amounts of toxic pollutants into the environment. Being the quickest and cheapest way to dispose of crop residue in the fields, this practice adopted by most farmers has not only become a major environmental threat, but also leads to soil health deterioration while impacting soil productivity. The *Straw Management Solution* project was devised to prevent crop burning and offer farmers an alternative means for crop residue management. It was launched in 2017 at a single village, with New Holland Agriculture contributing its entire range of equipment (baler, rake, mulcher, and tractor); it has since been extended to a total of 10 villages.
In 2020, a total of 3,466 tons of paddy straw was baled rather than burnt, cutting CO_2 emissions by 5,250 tons.

MITIGATING WATER SCARCITY

CNH Industrial is committed to improving water conservation in the communities near its New Holland Agriculture plant in Greater Noida (**India**). To this end, in 2019, it launched the 4-year *Jal Sanchay* (Water Conservation) project, which affects four 1-hectare lakes nearby. The project relies on CNH Industrial manpower and machinery: employees are encouraged to volunteer as part of the Company's engagement activities, while Company brands provide the necessary equipment, such as tractors from New Holland Agriculture and backhoe loaders from CASE Construction Equipment. With the help of the local communities, the project entails clearing the areas surrounding the lakes, deepening the lakes, removing weeds and sludge, bunding, and planting vegetation, so as to purify, replenish, and conserve groundwater. Training programs are organized to create awareness and teach the locals how to contribute to saving water and maintaining water bodies.
The project consists of 2 phases: the first phase, completed in 2020, entailed the cleaning and removal of silt from the ponds, the construction of earthen bunds around them with adequate inlets and outlets for the safe entry and exit of surplus water, the construction of recharge pits to enhance ground water recharge by increasing the rate of percolation, soil excavation to increase the ponds' storage capacity (with the excavated soil used to build the embankments), and fencing around the perimeters to protect the plants and to prevent animals and children from entering the ponds. Additionally, solar lights were installed in the surrounding areas, enhancing visibility at night while encouraging the local community to use solar energy. The current and second phase of the project involves the maintenance of the ponds.
The project benefitted more than 10,000 people. Plantation and site maintenance work is in progress and will continue until 2022.

PROTECTING THE ENVIRONMENT

In 2020, New Holland Agriculture partnered with the Alliance for the Chesapeake Bay to create a riparian buffer to improve water quality and soil health along a stream in the grounds of the brand's site in New Holland (**USA**). With over 2,000 trees and shrubs to be planted across 8.5 acres of company land, the project will significantly help reduce local pollution and contribute to the county's goal of planting 6,000 acres of new forest buffer[1] by 2025.

(1) *Vegetated area (usually forested) near a stream that helps shade and partially protect the latter from the impact of adjacent land use. It plays a key role in improving water quality in associated water bodies, bringing environmental benefits.*

In **Italy**, CASE Construction Equipment was featured in an episode of *La Natura che Parla* (Nature Speaking), a national television program focusing on 8 different ecosystems across the country. The episode centered on Italy's Sarno River (the most polluted in Europe) and featured the brand's wheel loader in action, equipped with a skeleton bucket, cleaning up the nearby Rovigliano beach (on the Tyrrhenian coast), with volunteers from the *Le Meraviglie del Golfo* association manually removing bottles, containers, reeds, and other waste. The brand also contributed a skid steer loader to clean up the Blue Flag-awarded Sirolo beach (on the Adriatic coast), a jewel at the center of *Monte Conero* Natural Park.

LIFE CYCLE THINKING

In 2020, in **Italy**, the *Ricrea* (Recreate) project launched in Lecce in 2019 continued, with the creation of *Il Giardino di Lorenzo* (Lorenzo's Garden). The initiative involved the redevelopment of a park in the province of Bologna, through the installation of furniture and equipment made from discarded wood packaging from the New Holland Agriculture plant in Modena. While promoting urban redevelopment and inclusion, the project also aims at reducing the environmental footprint through the recycling and reuse of wood. The infrastructures were created to benefit the local community as well as the non-profit AGEOP Association, which supports the rehabilitation of children undergoing cancer treatments.

BRANDS4SUSTAINABILITY

13 CLIMATE ACTION

Brands4Sustainability is an alliance of companies that use their brands to position sustainability and social responsibility at the center of their strategies, an initiative aimed at bringing together the brands most actively engaged in achieving the UN's Sustainable Development Goals (SDGs)[a].

In 2020, the Company supported 2 projects under this initiative: one in Brazil in partnership with the Earthworm Foundation, and one in Australia in collaboration with Carbon Neutral.

The Tomé-açu Landscape project in Brazil aims at improving social and environmental practices with a particular focus on regeneration, agroforestry, social management systems, and the adoption of innovative farming and agricultural practices. In Australia, the *Saltland Restoration Pilot Program* aims at the reforestation of degraded land to combat dryland salinity, overcome the effects of the climate crisis, and restore biodiversity. The salinity mitigation action plan entails developing restoration and tree/shrub establishment systems that can effectively convert early stage saline land to native vegetation systems, thus generating environmental, social, and economic benefits as well as concrete opportunities for the agricultural segment.

[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.*

FOCUS ON

PARTICIPATING IN EMERGENCY RELIEF EFFORTS

CNH Industrial strives to respond as quickly as possible to the needs of people affected by natural disasters. The Company channels resources (vehicles as well as financial and technical support) to aid communities, and liaises on behalf of employees wanting to assist in relief efforts.

In the **USA**, CNH Industrial continued to support relief efforts during several natural disasters, mostly through the partnership between CASE Construction Equipment and Team Rubicon, a non-profit veteran-led disaster response organization. The two were able to make a sizeable impact in 2020, despite the COVID-19 pandemic, contributing after the tornadoes in Louisiana and Tennessee and during the fire cleanup in California, and working for over two and a half months in Louisiana in response to two hurricanes. Given the devastating impact of 2020's concurrent natural disasters, the CNH Industrial Foundation also made cash donations in support of Team Rubicon's unrestricted Ready Reserve Fund, and to assist the organization's response to the derecho storm and Hurricane Laura in August that hit the Midwest and Gulf Coast, respectively. Team Rubicon was also involved in COVID-19 response initiatives, especially in distributing food in many communities to those in need.

In **Brazil**, a Solidarity Day campaign was organized to collect donations in response to the disaster caused by torrential rains in Minas Gerais.

In **South Africa**, in October 2020, many farmers suffered great losses when their farms were destroyed by devastating fires. With damage reaching disastrous proportions, a plea for basic household goods was made to local communities. New Holland Agriculture responded by donating boxes of supplies, including sugar, tea, coffee, milk, cookies, breakfast cereals, toothpaste, toothbrushes, and some brand gadgets. 12 boxes were packed and delivered to Afriforum, a well-known non-profit organization involved in the national distribution of goods.

In **Australia**, CNH Industrial supported BlazeAid, a volunteer-based organization that works with families and individuals in rural areas affected by the aftermath of natural disasters such as fires and floods. The organization helps repair and rebuild fences on farms all over New South Wales, covering the cost of the equipment and local labor required.

PROJECTS TO IMPROVE FOOD AVAILABILITY

A key priority at CNH Industrial is to improve food availability. To this end, the Company has initiated several projects related to food scarcity and food security, which are also aligned with SDG 2 'Zero hunger'. Countries' differing access to and consumption of food resources highlights a major disparity in global distribution. CNH Industrial's involvement in local communities can help these countries access resources. This priority is particularly reflected in projects that focus on education on alternative farming techniques, food availability, and zero food waste. By providing the equipment for such initiatives, the Agriculture segment's brands enhance their profile and increase their visibility among potential customers (including those participating in the educational projects).

FOOD EDUCATION

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[1] through which employees can engage with students pursuing agriculture degrees and with members of other FFA Chapters nationwide. In 2020, the Company continued to be heavily involved with the FFA. Case IH, New Holland Agriculture, and CNH Industrial Capital continued their *Silver Sponsorship* of the National FFA Foundation, including its national convention, which was held virtually with over 217,000 attendees. Furthermore, employees continued to engage with FFA students at professional development events, and again raised funds towards the purchase of approximately 70 FFA uniforms for students in need.

In **Italy**, CNH Industrial continued to support the *Fattoria Sociale Paideia* project, an educational farm managed by the Turin-based non-profit Paideia Foundation, which supports families of children with disabilities. During the year, Company employees and their families participated in the event called *Una Giornata in Fattoria* (A Day on the Farm), held at the *Fattoria Sociale* in Baldissero (near Turin). The initiative promotes social inclusion with a focus on agriculture and the environment, and targets young people in particular to create awareness and involvement from an early age. It was a 2-day event that involved learning about animals, gardens, and honey production, with a number of games, tastings, and workshops based on the concept of 'learning by doing'.
The event hosted 100 people including employees and family members.

Brand Case IH engages directly with local agricultural communities in different countries in **Africa** (Angola, Cameroon, Malawi, Sierra Leone, Tanzania, Tunisia, Zimbabwe) to transfer knowledge and provide training on the modernization of local agricultural mechanization practices. Each education program is specifically tailored to the needs of each community. Topics range from the design, set-up, and implementation of GPS guidance systems for modern machines (Tanzania), to an introduction to mechanization using basic yet modern Case IH tractors (Sierra Leone). Each initiative represents a huge step forward towards improving the skillsets of workforces across rural communities, while securing local jobs, ensuring sustainable crop production, and improving food security.

In **Thailand**, CNH Industrial continued its partnership with the *King Mongkut's Institute of Technology Ladkrabang* (KMITL), providing training to 50 of the Institute's young agricultural engineers per year. The Company supplies educational materials, machinery, and its own experts, and the 4-year curriculum includes 2 years on CNH Industrial products and technologies. Students are able to learn about the functions, features, and benefits of New Holland Agriculture's TC48R model. Courses also feature guest instructors, as well as training sessions and internships on Company premises.

[1] *Chapters are affiliates of larger central state and national organizations.*

In **Uzbekistan**, in collaboration with industrial partner UzAgroHolding, CNH Industrial donated 10 tractors to several local universities. Another tractor was donated to the *Muhammad Nawaz Sharif University of Engineering and Technology* (MNS-UET) in **Pakistan**, contributing to the establishment of a tractor engineering lab for students.

FOOD AVAILABILITY

Given the hardship created by the COVID-19 pandemic and the extent of its impact on people, almost every activity to improve food availability in 2020 was managed through CNH Industrial's Solidarity Fund.

Located near the Company's sites in Racine (**USA**), the Hunger Task Force Farm yields over 226,000 kilos of fresh produce each harvest season to feed the hungry and create a reliable source of healthy food for its network of food banks. In 2017, the farm added a New Holland Agriculture tractor (donated by CNH Industrial Capital) to its operation. In 2020, support from the Company and the CNH Industrial Foundation included $18,500 in cash contributions, while employees provided additional support through a virtual food drive. The Company's site in Cameron (USA) participated in *Feeding our Friends*, an event organized by a local non-profit agricultural organization and an FFA chapter to pack and donate 50,000 meals for the local community.

In **Pakistan**, CNH Industrial sponsored the donation of 228 food hampers to families in need in Karachi, distributed through a local NGO, the Peace & Development Organization.

PROJECTS TO SUPPORT YOUTH TRAINING

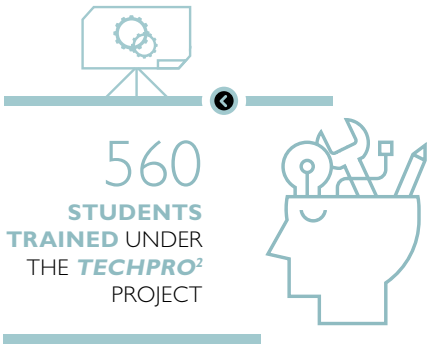
At CNH Industrial, a key priority is to engage local communities. To this end, and in line with stakeholders' expectations the Company prioritizes initiatives that support local community development, especially youth training. In addition to the awards and scholarships given to employees' children (see page 112), the Company works hard to promote young people's education by collaborating with private and public institutions and other stakeholders. Projects are also aligned with SDG 10 'Reduce inequality within and among countries', through their promotion of training in Emerging Markets with the aim to develop qualified potential recruits for the Company's sales and service networks.

TECHPRO^2 PROJECT

TechPro^2, a joint project with schools run by the Don Bosco Salesian Society, mainly aims at training mechatronics specialists to meet a growing demand for skilled personnel, thus offering young people greater employment opportunities – especially within the Company's sales and service network. Training includes theory and hands-on learning at Salesian centers, followed by targeted internships in the field. The goal of *TechPro*^{2} is two-fold: on the one hand, to ensure students a future vocation; on the other, to enhance the quality of specialized technical assistance for the brands' products while meeting the demand for qualified technicians at authorized dealers and workshops. The Company provides expertise by training the teachers, who in turn pass on the knowledge to the students in the classroom. It also offers financial aid, as well as tools and essential parts (such as complementary vehicles, engines, drives, and diagnostic tools) for classroom training and practice.

In 2020, a new *TechPro*^{2} course was launched in Italy, focusing on IVECO's methane-powered alternative propulsion systems – the most innovative and environment-friendly available.

It should be noted that the COVID-19 pandemic and the many subsequent lockdowns had a significant impact on teaching activities across schools of all types and levels worldwide. Teaching activities in Ethiopia were also affected by the extremely critical situation created by the outbreak of civil war in November 2020, which forced the Company to postpone the launch of the *TechPro*^{2} course in the city of Mekelle (which had been planned in 2019). In all, in 2020, 560 students received classroom and on-the-job training through the *TechPro*^{2} project, for a total of 6,248 training hours.



2020 TECHPRO[2] PROJECT

COUNTRY		Start Year	Students (no.)	Training Hours[a] (no.)	Segments
ITALY					
	Fossano	2011	78	1,308	C&SV
	Fossano (LNG)	2020	77	0	C&SV
	Rome	2015	23	960	AG
	Verona	2019	38	40	C&SV - PT
ETHIOPIA					
	Addis Ababa	2013	36	900	AG - C&SV
SOUTH AFRICA					
	Johannesburg	2016	8	0	C&SV - PT
CHINA					
	Changshan (Zhejiang)	2014	129	1,188	C&SV
	Yanji	2016	23	1,120	AG
	Urumqi (Xinjiang)	2018	148	732	AG - C&SV - PT
Total			**560**	**6,248**	

(a) Including internship (training-on-the-job) hours.

SUPPORTING EDUCATION

In **North America**, the Company continued to support education through the CNH Industrial Foundation's *Educational Grants Program*, which was established in 2018 for local schools. In 2020, several high school programs related to STEM[1] academic disciplines were supported, and 1,053 students are expected to directly benefit from the program in the 2020-2021 academic year. Furthermore, the CNH Industrial Foundation and CNH Industrial America LLC donated funds for scholarships benefitting a number of universities.

In **Italy**, CNH Industrial supported the Agnelli Foundation, a non-profit, independent social sciences research institute that focuses on education using an interdisciplinary perspective and applying rigorous quantitative methods.

In **Brazil**, the *Gente de Bem* organization helps socially vulnerable teenagers, both personally and professionally. The organization offers monthly extra-curricular activities in 3 phases: qualification for the job market, personal development, and citizenship and sustainability. Throughout the year, it also offers vocational guidance activities, marketing classes, and computer courses, and tackles other matters such as life projects, family planning, overcoming obstacles, self-esteem, and the Brazilian voting system. In 2020, about 80 teenagers in Curitiba benefitted from the organization's *Crê-Ser* project, which offers online classes with the support of CNH Industrial.
Another project, *MudaMundo*, focuses on improving literacy in public schools by training teachers and by distributing educational books to the libraries of educational institutes. In 2020, 7 schools received a total of 9,000 books. During the pandemic, *MudaMundo* also offered free online content developed by educators and psychologists, with the aim of helping teachers during the transition phase before returning to school.
Through the *Sacola Literária* project, CNH Industrial contributed to improving education in the state of Mato Grosso, by creating libraries in schools in rural areas. In 2020, the project delivered 200 books (on various topics) to 10 schools. The project also provided teachers with online training on storytelling for children.

In **India**, CNH Industrial continued to support initiatives aimed at improving education for underprivileged children. In 2020, for the sixth year running, it supported the OPEN[2] Mission Education program, helping 260 children aged 5-15 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.

(1) Science, Technology, Engineering, and Mathematics.
(2) Organization for Poor and Economical Needs.

PROJECTS TO REDUCE INEQUALITY

CNH Industrial actively supports projects and activities that encourage the economic, social, and cultural development of local communities, and 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.

SUPPORTING PEOPLE IN NEED

In 2020, in the **USA** and **Canada**, CNH Industrial offered a year-round matching gift program for employees, matching their donations to their charitable organizations of choice for up to $1,000 annually per employee. There were also several targeted employee giving campaigns focusing on specific initiatives and philanthropic causes. Additionally, *CNH Industrial Gives Back*, a dedicated online portal for employee giving and volunteering initiatives available to personnel, continued for its fourth year running. Through these and other initiatives, employees in North America were able to support a wide range of organizations throughout the year. Donations from employees, the Company, and the CNH Industrial Foundation pledged via the *Giving Portal* totaled close to $350,000.

In **Brazil**, CNH Industrial has been a partner of the *Pastoral do Menor* center for approximately 8 years, contributing to socio-educational programs in 11 neighborhoods in Sorocaba. Initiatives are organized to promote human development through classes on culture, tutoring, sports, and psychosocial activities, providing tools to tackle social vulnerability and violence, raise awareness, and develop a culture of peace.
In 2020, the education program was delivered remotely due to the pandemic. The Company also donated food baskets to a number of families in need.
Since 2013, CNH Industrial has also supported the *Casa do Bom Menino* in Piracicaba, a shelter for children and teenagers temporarily separated from their families. In 2020, the Company continued to sponsor the *Nós no Mundo* project, enabling about 100 children from the shelter aged 4-17 to participate in art workshops, environmental education, and sports programs to develop new skills and abilities to help expand their cultural repertoire, improve social cohesion, and foster ecological awareness.
Próximo Passo is a social project in the Cidade de Deus neighborhood of Sete Lagoas, supported by CNH Industrial since 2015 through a partnership with the NGO *Cooperação para Desenvolvimento e Morada Humana* (cooperation for housing development). It offers community development, a choir for the elderly, talent exchange programs, and socio-educational workshops for children and teenagers, including percussion classes and training courses to prepare 15-17 year-olds for the job market.
In 2020, 150 people (elderly and teenagers) benefitted directly from the project.
Still in Brazil, CNH Industrial gave support to *São Miguel*, a children's home committed to education and training on values so as to promote coexistence based on principles of dignity and respect for all and on a culture of peace. The Company also provided support to the *São Vicente de Paulo Care Home* in Curitiba and the *Sao José Care Home* in Belo Horizonte. Both non-profit institutions are benchmark centers with regard to the care, wellbeing, dignity, and quality of life of the elderly. Together they can accommodate up to 250 people.

100
CHILDREN SUPPORTED
THROUGH *CASA DO BOM MENINO* IN BRAZIL

FIGHTING HOMELESSNESS

In 2020, in the **USA**, CNH Industrial continued to support the non-profit organization Habitat for Humanity, dedicated to building affordable homes for low-income families, with which it has partnered since 2007. In 2020, the CNH Industrial Foundation donated $100,000 to Habitat for Humanity International, with the majority of the funding allocated to 7 local affiliates in communities near Company US sites, providing critical support to help counteract the negative economic impact of the COVID-19 pandemic. Additionally, CASE Construction Equipment donated a skid steer loader to the Habitat for Humanity affiliate near the Company's Wichita plant.
In 2020, 77 people benefitted directly from the Company's and CNH Industrial Foundation's support.

PROMOTING CULTURE

In **Italy**, FPT Industrial continued collaborating with *Artissima*, the country's main contemporary art exhibition, by launching the first *FPT for Sustainable Art Award*, created to highlight the need for environmental awareness in contemporary art. The award is presented to the artist whose research and works are the result of a conceptual and sustainable virtuous production process. 2020's winner was artist Renato Leotta for his work *MARE*.

In **Brazil**, CNH Industrial supports *Pintura Solidária* (Solidarity Painting), a traveling exhibition visiting cities across the country each year. The event, sponsored by the Company since 2011, aims at promoting human development and self-esteem through art. In addition to showcasing paintings created using acrylic techniques and no canvas, it encompasses traditional dance, folk legends, beliefs, cuisine, and celebrations. In 2020, since all public activities were canceled and schools were closed due to the pandemic, the exhibition was offered online, and workshops were held remotely from nursing homes and hospitals.
In its 16-year history, the *New Holland Award for Photojournalism* has received about 25,000 registered images, and held 60 workshops and 200 exhibitions in 115 cities across 5 countries in South America, for a total audience of 510,000 people. The Award is organized by *Mano a Mano Produções Artísticas*, supported by the Federal Law for Cultural Incentive[1] of the Special Secretariat for Culture, and sponsored by New Holland Agriculture and CNH Industrial Capital.
The Company also sponsored the *Metso Cultural - Sorocaba's Brazilian Instrumental Music Season*, an initiative created to emphasize the depth of Brazilian culture through musical performances offered by traditional musicians and young talents alike. The event is free and plays an important educational role. In 2020, the project celebrated its 15th anniversary, and all performances were redesigned and offered online in a virtual format.
During the traditional Curitiba Festival, the *Guritiba* project, sponsored by the Company, offered shows, musical performances, and recreational activities for children, with free performances in public schools (in highly vulnerable neighborhoods), shopping malls, and other spaces. Due to the pandemic, all events were redesigned and offered online (including live performances).

PROJECTS TO PROMOTE HEALTH AND WELLBEING

CNH Industrial is committed to promoting health and wellbeing, and has implemented several initiatives for local communities.

SUPPORTING HEALTH

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 2020, the ambulance treated about 11,930 people in 15 villages (it was also grounded for 2 months due to COVID-19 related lockdowns).

12,000
PATIENTS HELPED
ACROSS
15 VILLAGES
IN INDIA

FIGHTING CANCER

In 2020, in **North America**, CNH Industrial organized its second annual *Month of Hope* to support the American Cancer Society's Hope Lodge program (in the USA) and the Canadian Cancer Society's Wheels of Hope program. Employees across the USA volunteered their time to create nearly 700 encouragement cards for cancer patients. The American Cancer Society's Hope Lodges are located near cancer treatment centers and hospitals, and offer accommodation free of charge to cancer patients and their caregivers who need to travel for treatment. Most lodge operations were suspended in 2020 due to the COVID-19 pandemic, as a precaution to safeguard the health and safety of cancer patients, volunteers, and staff. Meanwhile, the Company and its employees made various donations through virtual supply drives in support of the Hope Lodge in Rochester (USA) and of the Canadian Cancer Society's Wheels of Hope program. The latter was eventually suspended due to safety concerns related to the pandemic; as soon as the program resumes, 7 community vans across Ontario

(1) *Also known as the Rouanet Law, it sets public policies for fostering national culture, as well as tax incentives enabling legal entities and individuals to donate part of their payable income tax to cultural activities.*

will be equipped with the donated supplies to help protect the volunteer drivers who ensure that hundreds of cancer patients receive their life-saving treatments. The CNH Industrial Foundation also donated $60,000 to the COVID-19 Response Fund under the American Cancer Society's Hope Lodge program. Since 2008, CNH Industrial, its employees, and the CNH Industrial Foundation have raised and donated close to $700,000 to fight cancer and support patients and their families.

In **Brazil**, CNH Industrial supported the projects and programs of the *Angelina Caron Hospital* to improve cancer treatments.

In **Australia**, 2020 marked the seventh year that New Holland Agriculture has supported the Prostate Cancer Foundation of Australia (PCFA). The brand displays a joint logo on its tractors as the partnership's emblem, which is featured at all major New Holland Agriculture events across the country to remind men to get regularly tested for prostate cancer.

SUPPORTING RESEARCH ON RARE GENETIC DISEASES

In **Europe**, CNH Industrial continued to support the Telethon Foundation's scientific research on rare genetic diseases, by directly funding research activities (see page 132) and by helping Telethon's fundraising efforts through the ongoing sale of heart-shaped chocolates by Caffarel. When sales could no longer take place at Company sites due to the pandemic, they were carried out online.
The FPT Industrial plant in Bourbon-Lancy (France), in partnership with volunteer association *Visière Solidaire*, used one of its 3D printers to produce nose clips that prevent glasses from fogging when wearing masks, donating all sales proceeds to *AFM-Téléthon*.

SUPPORTING SPORTS AND WELLBEING

In **Brazil**, the *Instituto Futebol de Rua* (Street Soccer Institute) in Curitiba assists students aged 7-12 from the Alvaro Borges Municipal School, providing access to sports, leisure, cultural, and educational activities for their social development and wellbeing. A variety of themes are discussed throughout the year, such as emotional development, financial literacy, and principles of peace, human rights, ecological awareness, safe driving, non-violent communication, and confronting racism. In all its activities, analogies are always made with soccer. CNH Industrial has partnered with this initiative since 2018.

400
YOUNG PEOPLE
INVOLVED IN SOCIAL PROJECTS IN BRAZIL

During the 2020 pandemic, the project was adapted to assist children remotely. This entailed the production of an eBook featuring recreational activities while in isolation, as well as weekly activities organized on WhatsApp to stay in touch with and support families. Furthermore, basic food baskets were distributed to 87% of the school's students.
In Sorocaba, the *Associação Bola da Vez* project (promoted by the homonymous association) provides social and educational support to socially vulnerable children and teenagers aged 3-17. For 16 years, 12 of which with CNH Industrial's support, it has promoted sports in schools three times a week, and raised social awareness through activities such as field trips and talks. Several themes are discussed, from tackling drug use to personal hygiene. In 2020, the project benefitted 300 children.
The Company supported the charitable association *De Peito Aberto*, which seeks to improve the quality of life of socially vulnerable children through sports, education, health, and culture. *Esporte na Cidade* (Sports in the City), sponsored by CNH Industrial since 2014, offers school students free introductory sports classes (including twice-weekly judo classes) for 7-17 year-olds, held before or after regular school hours; outcomes include improved school attendance, body image, sociability, and discipline. In 2020, the initiative was delivered via online classes due to the pandemic, benefitting 100 children and teenagers in Contagem and Sete Lagoas.
For the second year running, CNH Industrial supported the *Gaia+ Valores* project, aimed at transforming lives and building a better future for children through the science of happiness. The project addresses public school children using emotional intelligence, mindfulness, non-violent communication, positive psychology, and positive discipline. In 2020, the initiative led to the production of a web series called *Felicidade na Prática* (Happiness in Practice), with 8 chapters on topics such as kindness, compassion, optimism, gratitude, and perseverance, among others. Created for all public schools in Brazil, the series also includes themes related to the science of wellbeing to help teachers' relationships with students during the pandemic.
The Company also supports the *Festival da Felicidade*, a yearly event organized in Curitiba to promote culture, the arts, and peace through happiness and wellbeing. The event hosts many activities, from lectures to workshops, shows, theater plays, musical performances, meditation, yoga, and sports. In 2020, due to pandemic, the event took place live and online, completely free of charge.

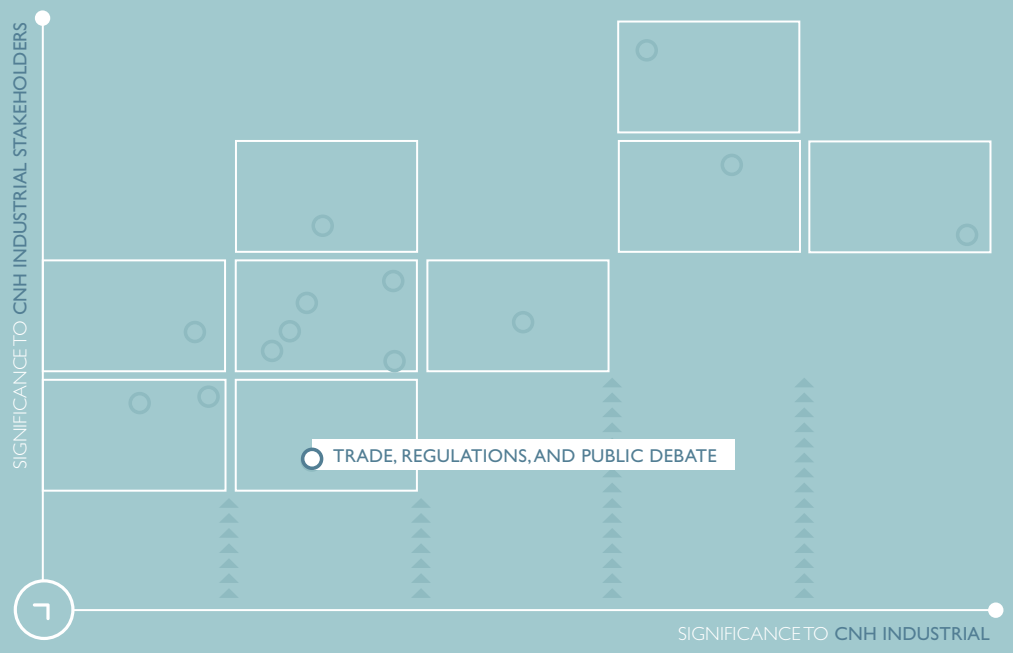
RELATIONSHIPS WITH PUBLIC AND PRIVATE ORGANIZATIONS

143 MANAGEMENT FRAMEWORK

145 PUBLIC POLICY AND INTEREST REPRESENTATION

153 POLITICAL PARTIES

153 RELATIONS WITH PUBLIC ORGANIZATIONS ON SOCIAL ISSUES



Material topics described in this chapter (for definitions see page 263).

MANAGEMENT FRAMEWORK

In 2020, the COVID-19 pandemic had a significant effect on governments' actions and decisions in terms of lockdowns, emergency measures, economic recovery funding, and future economic plans. At the beginning of the crisis, dialogue and relations with governments and policy makers were crucial, especially regarding the policy-making process and the understanding of policy guidelines impacting manufacturing, logistics, and daily business operations, as well as workers' health and safety. Later, the focus of advocacy activities shifted towards resuming Company operations, both locally and globally, and supporting key internal functions in the application of health guidelines and requirements. By the end of the first wave of the pandemic, the Company's dialogue with policy makers (at local, national, and supranational level) centered, on the one hand, on possible regulatory relief measures to reduce the financial and manufacturing impact of COVID-19, while significantly contributing to the drafting of policies to provide support to the industry and the entire supply chain; on the other, on recovery measures to sustain economic growth while also taking into account end-customers and the plans of governments and the European Union to support innovation, alternative fuels, and sustainable development.

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, international organizations, local authorities, sector associations, 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, with a focus on sustainable products, processes, mobility, and innovation. 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 product development and 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 53). 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 that seek to contribute to the decision-making processes of the European Union, and a code of conduct serving as a framework to regulate their activities. In Italy, CNH Industrial is also registered with the Italian Transparency Register, set up by the Italian Ministry of Economic Development and adopted drawing upon the same model applied across other European institutions, and with the Register of Interest Representatives of the Italian Chamber of Deputies. In France, IVECO is registered with the High Authority for Transparency in Public Life.

The highest responsibility for CNH Industrial's Institutional Relations lies with the Senior Leadership Team (SLT, see page 49). The functions in charge of relations with the institutions of each geographic area are responsible for:

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

GRI STANDARDS GRI 103-1; GRI 103-2; GRI 103-3

In line with its business approach and the opinions of stakeholders, CNH Industrial's strategy is to continue to pursue initiatives to tackle climate change and food scarcity and food security (see page 24). The objectives and actions implemented in this regard are also aimed at continuous improvement in the transparency of the Company's 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.
In the event of any violation of the above, CNH Industrial uses the Code of Conduct, its policies, and related procedures 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 CNH Industrial's Environmental Policy given that the organizations the Company deals with are stakeholders, and that the Company's commitment to combating climate change requires their engagement.

In Europe, AMEA, and ANZ[1], the Institutional Relations Department is responsible for overseeing advocacy activities, supporting CNH Industrial's engagement with institutions and stakeholders, and engaging daily with the Company's and brands' departments and functions.
CNH Industrial abides by two 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 56).

CNH Industrial is a member of many industry and other associations, and of national and international advocacy organizations. The complete list of Company memberships is available on page 284.

In 2020, CNH Industrial's membership fees for trade associations, lobbying, etc. totaled about $4.5 million globally.

CONTRIBUTIONS AND OTHER EXPENDITURES

CNH INDUSTRIAL WORLDWIDE ($million)

	2020	2019[a]	2018[a]	2017
Trade associations or tax-exempt groups[b]	**4.44**	5.13	5.39	4.72
Lobbying, interest representation[c]	**0**	0	0	0
Political parties (campaigns/candidates)	**0**	0	0	0
Other spending	**0.05**	0.04	0.04	0.01
Total	**4.49**	**5.17**	**5.43**	**4.73**

(a) 2018 and 2019 data restated with respect to the 2019 Sustainability Report, following changes in the reporting scope.
(b) Different trade associations participate in public affairs activities such as lobbying, in compliance with local legislation and context.
(c) Excluding management overheads related to lobbying activities.

The three largest fees were to the European Automobile Manufacturers' Association (**ACEA**), for almost $0.5 million, the German Mechanical Engineering Industry Association (**VDMA**), for almost $0.2 million, and the American National Association of Manufacturers (**NAM**), for almost $0.2 million.

(1) AMEA and ANZ: Continental Asia (including Turkey and Russia), Oceania and member countries of the Commonwealth of Independent States (excluding Ukraine), the African continent, and the Middle East.
(2) Compliance policies are available in the Compliance and Ethics section of the Company's Intranet site.

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, alternative fuels and decarbonization of transport, reduction of emissions from vehicles and production, as well as digitalization, safety, autonomous driving, precision farming, and sustainable agricultural mechanization
- CNH Industrial's corporate positioning on sustainability, climate change, renewable energy, the circular economy, transportation systems, safety, product innovation, emergency relief, disaster recovery, and the future of agriculture.

In 2020, the Company actively organized and participated in institutional webinars, conferences, working groups, roundtables, initiatives, and virtual and in-person meetings to encourage and foster public debate and policy making on the most relevant matters for sustainability: climate change, food scarcity and food security, and the innovative and digital world – the latter considered an aid to tackling the first two. The following are some examples of the activities carried out by CNH Industrial during the year, through its relations with institutions and key stakeholders, 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 powertrain solutions and innovative vehicles, while participating in the institutional and public debate around climate change, air quality, and other important issues.
As further evidence of its effort to fight climate change, the Company endorsed two of the commitments promoted by the CDP[1] through its Commit to Action campaign during the UN Climate Change Conference (COP21) in 2015, and began to include climate change information in mainstream corporate reports in 2016. Furthermore, in 2019, it also implemented the Guide for Responsible Corporate Engagement in Climate Policy[2], providing for the internal monitoring of Company activities with repercussions for climate-related policies.

In North America, CNH Industrial is a member of the Business Roundtable (**BRT**), made up of chief executive officers of the largest US companies working together towards a strong and sustainable economic future in the USA. The BRT was the first multisectoral business association in the USA to recognize the significant environmental, economic, and security threats posed by climate change, and to call for collective action to address the risks it poses to society, the environment, and the economy. The association promotes sound public policy to deliver long-term economic and social growth, and advocates for research, development, and deployment of advanced products and technologies to achieve a truly competitive and environmentally sustainable economy.
CNH Industrial is also member of the Truck and 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 benefits. The association 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 a diverse energy strategy that promotes the responsible development and use of all forms of domestic energy sources (including fossil fuels and nuclear and renewable energy) and technologies, while further enhancing energy conservation and efficiency in anticipation of future energy demands. The association's manufacturers are leading the way in advancing energy efficiency and sustainability efforts to promote environmental protection, with a particular focus on emissions reduction, chemical risk management, recycling, biodiversity protection, and water discharges.

(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) *The Guide, which sets out a program of action for companies wishing to demonstrate best practice in climate policy engagement, was developed by the CDP, the UN Global Compact (UNGC), Ceres, The Climate Group, the World Wide Fund for Nature (WWF), and the World Resources Institute (WRI).*

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 association 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. In October 2020, the AEM announced the creation of a Sustainability Council comprising member company executives. The council will help advance member companies' efforts to address issues of sustainability and to provide a framework for the adoption of best practices and innovation.
Lastly, the Company is a member of **Growth Energy**, the USA's premier trade association working to advance biofuel policies. The association represents producers and supporters of ethanol as a fuel, working to offer consumers better choices at fueling stations, grow the US economy, and protect the environment for future generations. Growth Energy promotes policies that enhance and facilitate market access to higher blends of ethanol, while reintroducing consumers to ethanol and defending the RFS.

In Europe, CNH Industrial and all its brands actively participated in many events and projects in 2020, including in collaboration with the sector associations of which the Company's brands are members, within the framework of the European Union's (EU) policies on the environment and sustainable mobility. Specifically, the Company contributed to the public debate and policy making of the EU and its member states aimed at discussing the way forward to achieve zero emissions in transport. The Company also took part in the general development of policies and debate, both at EU and national level, in support of: autonomous driving; alternative fuels such as natural gas; hydrogen, electric, and hybrid vehicles; and local public transport systems, supporting their enhancement and the shift towards sustainable bus fleets to help improve air quality and mitigate climate change.
The Company also contributed to creating policies in support of alternative fuels – and a circular economy – in the agriculture sector, particularly promoting the use of biomethane and Agriculture 4.0 programs through specific initiatives in many countries.
By participating in policy debates, CNH Industrial actively collaborates with policy makers, think tanks, and NGOs. This has led to joint advocacy actions and public events organized with trade associations and key stakeholders across Europe, to share and discuss opportunities particularly relating to the development of alternative fuels.
As a long-standing member of the European Automobile Manufacturers' Association (**ACEA**), while also holding a seat on its board, the Company has actively contributed to the debate on EU policies to lower CO_2 emissions and achieve zero emissions in the future. The automotive sector is currently playing a leading role in combating climate change, taking responsibility for reducing emissions from vehicles and manufacturing. In this regard, CNH Industrial has been participating in ACEA's working groups to share its technical expertise and 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, with a seat on the association's Commercial Vehicles Board, IVECO actively contributed to the discussions on how manufacturers can contribute to achieving the EU's 2050 Greenhouse Gas Emissions (GHG) goal, highlighting the role that both liquid and gas renewable fuels can play in the transition towards net-zero CO_2 emissions in transport. In this context, ACEA heavy-duty manufacturers started a collaboration with the Potsdam Institute for Climate Impact Research (PIK) to develop a technological roadmap to carbon neutrality by 2050 for road freight transport. As regards light-duty vehicles, IVECO is actively involved in the discussions on the revision of the post-2020 CO_2 emission standards for cars and vans.
As a board member of the European Council for Automotive R&D (**EUCAR**), the association representing Europe's major 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 improving air quality and mitigating climate change.
CNH Industrial is also a member of the Committee for European Construction Equipment (**CECE**) and of the European Agricultural Machinery Association (**CEMA**), trade associations for construction equipment and agricultural machinery manufacturers, respectively. Throughout 2020, the Company collaborated with the associations' committees and project teams to bring forward EU legislation on the safety and environmental aspects of off-road machinery. In particular, following the European Green Deal plan presented by the European Commission, CNH Industrial contributed to further discussions within CECE and CEMA's High-Level Groups on CO_2 concerning ways to reduce GHG emissions in both the agriculture and construction sectors.
CNH Industrial is also a board member of the European Association of Internal Combustion Engine Manufacturers (**EUROMOT**). In 2020, particularly through its brand FPT Industrial, the Company contributed to the association's

activities centered on Non-Road Mobile Machinery (NRMM) engine exhaust emissions, and relating to the full implementation of the EU Stage V Regulation, promoting alternative and more sustainable powertrain solutions for non-road sectors (such as marine applications or mobile equipment) in light of the EU's most recent sustainability and climate goals.
The Company holds a seat on the board of the Natural & bio Gas Vehicle Association (**NGVA Europe**), which advocates and fosters the use of natural gas and biomethane for transport in Europe. In 2020, in collaboration with several other national associations for natural gas, IVECO and FPT Industrial promoted debate in Europe on natural gas strategy (in light of the EU's targets for 2030 and beyond) and its advancement in Europe, in line with EU legislation on the development of natural gas infrastructures.
Lastly, CNH Industrial is member of the board of **Hydrogen Europe**, representing the hydrogen and fuel cell industry, national associations, and research centers in Europe, and of the **Hydrogen Council**, a global initiative among leading energy, transport, and industry enterprises that focuses on the contribution and potential of hydrogen in the transport sector while contributing to policy-making and the ongoing debate, working towards the future commercialization of fuel cell vehicles.
In this regard, CNH Industrial also participates in the **European Clean Hydrogen Alliance**, an initiative by the European Commission and Hydrogen Europe that brings investors together with governmental, institutional, and industrial partners, aimed at steering and coordinating the ambitious plan to deploy hydrogen technologies by 2030, and at rapidly upscaling clean hydrogen production and use in Europe. Moreover, the European Commission named CNH Industrial co-chair of the Alliance's Mobility Round Table – a significant opportunity to help lay the foundation to create a sustainable and competitive industrial hydrogen economy and to transform the transport sector.

In South America, specifically in Brazil and Argentina, CNH Industrial has relations with institutions and associations that play a fundamental role in influencing government decisions that impact the Company´s business and performance, as well as the economic and social development of South American countries as a whole. In 2020, 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 of the automotive sector, other institutions and countries, and labor aspects.
As regards its local affiliations in Brazil, 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 works with the association's branches for heavy vehicles (trucks and buses) and agricultural and construction equipment. The 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 Automobile Engineers (**SAE Brasil**), 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 works 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, 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.
In Argentina, CNH Industrial is a member of and actively participates in the national Association of Automotive Manufacturers (**ADEFA**). In 2020, the Company worked extensively with the association and the government on IVECO's new project for compressed natural gas (CNG) heavy vehicles, a further effort to promote new sustainable and environment-friendly ideas among the associations with which it collaborates.

Since logistics have an indirect impact on tackling climate change, CNH Industrial manages its relevant processes so as to optimize the efficiency of 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 mitigated environmental and social impacts in terms of emissions, resources, packaging, human health, and traffic congestion. Below is a description of some of the Company's memberships of South American institutions concerned with logistics.
CNH Industrial is a member of the National Association of Cargo Transportation and Logistics (**NTC & Logística**), the main body 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 South America. 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 Machinery Builders' Association (**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 again appointed chair of the ABIMAQ Road Machinery Chamber for the 2020-2022 period, a rotating position among the association's member companies.

In the Rest of the World, in 2020, 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 emissions (a key factor in urban and night missions).
As regards tackling climate change, CNH Industrial continued to actively participate in several institutional debates on China's on-road and off-road vehicle emission standards, including: at the European Automobile Manufacturers' Association (**ACEA**) in Beijing, where the Company met key Chinese stakeholders and institutions to present success stories from the European market, as well as policies on the reduction of emissions and pollutants; at the local branch of the US Association of Equipment Manufacturers (**AEM China**); at local trade associations, such as the China Association of Agricultural Machinery Manufacturers (**CAAMM**) and the China Construction Machinery Association (**CCMA**); and at the China Internal Combustion Engine Industry Association (**CICEIA**). The aim was to offer Chinese legislators examples of best practices around the world, while promoting and fostering a constructive dialogue on the enforcement of regulations, on the main regulatory issues, and on the development of policies on transport sector decarbonization and air quality improvement. Regulations at the center of discussions included the China GB VI Standard for heavy-duty trucks and the China NR IV Standard for non-road engines (agricultural and construction equipment) – critical milestones in China's fight against air pollution, to be fully implemented in July 2021 and December 2022, respectively.
CNH Industrial has a long-standing presence in India, particularly in the agriculture and construction sectors, and is a member of both the Tractor and Mechanization Association (**TMA**) and the Indian Construction Equipment Manufacturers' Association (**ICEMA**). As such, the Company has contributed to the local debate on climate policies that will see the implementation, on the one hand, of more stringent emission standards for tractors and other agricultural and construction machinery in the near future (TREM Stage IV in 2021 and TREM Stage V in 2024); on the other, of improved operator safety standards.
In Russia, CNH Industrial is a member of the Association of European Businesses (**AEB**) and the Russian National Gas Vehicle Association (**NGVRUS**). In cooperation with leading gas suppliers and retail networks, the Company continued to promote the use of natural gas in the freight and public transport sectors, and the implementation of the Euro VI emissions standard. It also shared its sustainable mobility best practices with key government bodies, such as the Ministry of Energy, the Ministry of Industry and Trade, and the Ministry of Transport.
In Australia, IVECO is a member of Gas Energy Australia (**GEA**), which promotes the use of natural gas in the transport sector. The brand participated in the association's joint CNG and LNG Task Force, namely in the dialogue with local institutions to develop policies supporting sustainable mobility and the relevant infrastructure. Furthermore, IVECO completed the roll-out of the latest Euro VI emissions standard to all its product ranges, ahead of the regulation's official start date mandated by local government, while complying with more stringent emission standards regarding some of its construction machinery engines.

ADVOCATING FOR CLIMATE CHANGE MITIGATION

In 2020, the Company actively engaged in several initiatives to combat climate change, with a focus on raising awareness of alternative fuels and sustainable mobility.
In Brussels (Belgium), CNH Industrial participated in the institutional workshop *LNG and the EU Green Deal: Teaming Up for a Decarbonized 2050* (organized by the LNG Protocol, a platform comprising nine natural gas associations), underlining IVECO, FPT Industrial, and New Holland Agriculture's commitment to natural gas as a bridge technology towards biomethane and hydrogen mobility.
Still in Brussels, in March, IVECO delivered a speech at the high-level conference *Hydrogen Fuel Cell Trucks: Paving the Road to a Carbon-Neutral Europe* organized by Hydrogen Europe, presenting its vision and plans for carbon neutrality, with hydrogen commercial vehicles as the main solution for sustainable mobility.
Lastly, in October, CNH Industrial and Nikola Motor Company supported and participated in Politico's event *Decarbonization of Heavy Transport and the Role of Hydrogen*, also attended by the European Commissioner for Transport, to discuss the best path towards heavy transport decarbonization and the potential key role of hydrogen.

In Rome (Italy), CNH Industrial spoke at the institutional roundtable *European Green Deal - EU Strategy and the Role of Italy*, organized by the think tank Institute for Competitiveness (I-Com), and at the workshop *The Role of Oil and Gas Companies in the Energy Transition*, organized by World Energy Council Italy, the world's leading global energy network. At both events, the Company highlighted the importance of an integrated approach in achieving the EU's greenhouse gas emissions reduction targets, presenting IVECO and FPT Industrial's solutions centered on the leading role of natural gas as a bridge towards the use of biomethane and hydrogen, considered the future of road freight.
Still in Italy, CNH Industrial's Chair and Acting CEO served as a member of the advisory board of the *H2 Italy 2050, a Hydrogen Value Chain for Growth and Decarbonization*, a research study by Italian think tank The European House - Ambrosetti, in collaboration with Snam, one of the world's leading energy infrastructure operators. The Company's participation further contributed to the policy debate on the role and potential cost-effectiveness of hydrogen in the transition towards a low-carbon economy (especially for heavy-duty transport), and on the key role that natural gas in general will play in the transition.
In November, the Company took part in the digital conference *Fuel Cells Hydrogen Trucks: Heavy Duty's High Performance Green Solution*, organized by the European Commission and the Fuel Cells and Hydrogen Joint Undertaking (FCH JU). The conference was part of the first European Hydrogen Week, a series of events dedicated to the essential role of hydrogen in reaching carbon neutrality by 2050. To this end, IVECO, FPT Industrial, and many other industry players signed a Coalition Statement, acknowledged by FCH JU and Hydrogen Europe, on the need for action from institutional and industrial stakeholders in the fight against climate change.
CNH Industrial also participated in the first edition of *L'Italia è il Mare* (Italy is the Sea), a forum on the geopolitical role of the Mediterranean Sea organized by Italian geopolitical magazine Limes. In particular, the Company highlighted the importance of the Mediterranean Sea as an energy corridor on FPT Industrial, IVECO, and New Holland Agriculture's technology roadmaps towards the implementation of low and zero emission solutions.
CNH Industrial also joined the *Rome MED 2020 - Mediterranean Dialogues*, organized by the Italian Ministry of Foreign Affairs and International Cooperation and the Italian Institute for International Political Studies (ISPI). It was an opportunity for the Company to underline the crucial role of recharging and refueling infrastructure in enabling a smooth transition towards sustainable mobility. Moreover, IVECO was invited to speak at the *NGVS China 2020 - China International Natural Gas Vehicles and Ships and Gas Station Equipment Forum*, promoted by CAAM (China Automobile Manufacturers Association), to present the potential role of natural gas in decarbonizing China's transport sector.

In France, in December, IVECO BUS and Heuliez Bus participated in the online edition of *EUMO: European Mobility Expo,* highlighting their commitment to the development of sustainable public transport mobility in Europe and beyond, and the role of natural gas and electric solutions in decarbonizing the sector.

In Russia, CNH Industrial participated in a project by the United Nations Economic Commission for Europe (UNECE), *Improving Capacities of the UNECE Member States to Decarbonize the Transport Sector by Increasing the Use of Natural Gas as a Motor Fuel*, aimed at achieving a better understanding of the benefits of natural gas in transport as a low-carbon option. In December, the Company also contributed to the *UNECE Webinar: Decarbonizing Transport with Natural Gas*, discussing the benefits and challenges of natural gas in transport in the light of UN's 2030 Agenda for Sustainable Development.

COOPERATING WITH THE ENERGY SECTOR ON SUSTAINABLE MOBILITY

In 2020, CNH Industrial's commitment to sustainable mobility was further underpinned by the Memorandum of Understanding signed between FPT Industrial, IVECO, and Snam (one of the world's leading energy infrastructure operators), providing for technological and commercial cooperation to decarbonize the transport sector, both in Italy and internationally. This will entail developing bio-mobility (biogas and natural gas) and hydrogen solutions, collaborating on sustainable mobility projects related to local public transport and public utility, and engaging and advocating at regional, national, and European level.

FOCUS ON

INITIATIVES LINKED TO IMPROVING FOOD AVAILABILITY

In 2020, in the off-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 North America, CNH Industrial is part of the Agricultural Broadband Coalition (**ABC**), a diverse coalition of companies and trade associations from the agriculture, manufacturing, and technology sectors, which promotes and advocates enhanced telecommunications policies for rural America, as well as robust fixed and mobile telecommunications services in support of precision agriculture in the USA. Such connectivity services enable customers to digitize farm operations, expand precision farming applications, and adopt current and future agricultural equipment such as Case IH 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. Without connectivity in the field, many of these technological advancements would be unavailable to farmers.
CNH Industrial is also 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 US agricultural sector, diesel dominates the entire farm supply chain; it is crucial to continue to improve the productivity and efficiency of diesel-powered equipment to meet the growing global demand for food.

In Europe, as a member of both the board and strategic committee of the European Agricultural Machinery Association (**CEMA**), CNH Industrial 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, as a member of CEMA working groups, the Company promotes its policies on sustainable agriculture, alternative fuels, and autonomous driving, believing these topics are gaining in importance and fueling the political debate regarding the future EU Common Agricultural Policy (CAP).
At national level, the Company contributes to the development of sustainable agriculture policies through trade associations such as: the Federation for the Technology Industry (**AGORIA**) and the Association of Agricultural Equipment Manufacturers and Importers (**FEDAGRIM**) in Belgium; the Association of French and Foreign Agricultural Equipment Manufacturers (**AXEMA**) in France; the Agricultural Engineers Association (**AEA**) in the UK; the Mechanical Engineering Industry Association (**VDMA**) in Germany; the National Association for Agricultural, Forestry, and Landscape Machinery (**ANSEMAT**) in Spain; and the Association of Austrian Machinery and Metalware Industries (**FMMI**) in Austria.

Institutions and associations in South America encourage best agricultural practices that enhance productivity according to environmental requirements aligned with local legislation on land 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 Argentine Association of Manufacturers and Distributors of Tractors and other Agricultural Equipment (**AFAT**). The association focuses on sector legislation and regulatory litigation with the government and other institutions. CNH Industrial actively participates in the management of AFAT, leading important discussions related, among other things, to emissions, technical standards, types of fuel, safety, and ergonomics.

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.

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, and on other crops like fruit, 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 the Rest of the World, the Company 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** (branch of the German Mechanical Engineering Industry Association), and plays an active role in: the China Association of Agricultural Machinery Manufacturers (**CAAMM**), the Tractor and Machinery Association of Australia (**TMA**), the Tractor and Mechanization Association (**TMA**) in India, and the Russian Association of Specialized Machinery and Equipment Manufacturers (**ROSSPETSMASH**).

In Australia, through its brand Case IH, the Company is also a member of the Australian Cane Farmers Association (**ACFA**), which promotes innovative and sustainable agricultural practices across the country's sugarcane sector, and it supports the Society of Precision Agriculture Australia (**SPAA**), which focuses on the development and adoption of precision agriculture technologies.

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 sustainable agricultural mechanization to improve food security, were presented at various public events.

In 2020, CNH Industrial supported and/or participated in many international initiatives for sustainable agricultural development, particularly in Africa and Central Asia.
One of these was the *2020 Italia-Africa Business Week*, an institutional event under the patronage of the Italian Ministry of Foreign Affairs and International Cooperation, aimed at strengthening ties between Italian and African businesses. Another initiative was the *Southern Africa-Europe CEO Dialogue*, a high-level institutional debate organized in Johannesburg (South Africa) by Italian think tank The European House - Ambrosetti and the Gauteng Provincial Government. At both events, the Company spoke about its long-standing presence in the continent and its contribution to Africa's path towards sustainable development, particularly with regard to public infrastructure and the agricultural and transport sectors.

The contribution of CNH Industrial's brands to combating food scarcity was also highlighted during the *Italy-Uzbekistan Business Forum*, promoted by the Italian Ministry of Foreign Affairs and International Cooperation and the Uzbek Ministry of Investment and Foreign Trade, a high-level institutional event aimed at fostering bilateral economic cooperation between the two countries. The Company talked about its long-standing presence in Uzbekistan, one of the world's largest cotton producers, and its role in supporting the mechanization and development of the country's agricultural sector, thanks to machinery provided by Case IH, New Holland Agriculture, and CASE Construction Equipment.

Moreover, CNH Industrial participated in the first *Indo-Italian High-Level Dialogue on Economic Relations*, promoted by the India-Italy Association for Cooperation and Partnership (AIICP), describing its local presence, investments, and contribution (particularly to the sustainable development of national agriculture) to key stakeholders.

In China, the Company participated virtually in the eighth *China Forage Conference,* organized by the Dairy Association of China and the China National Seed Association, presenting its advanced silage harvesting machinery and technology, as well as its contribution to improving the quality and quantity of local milk and meat production.

In Italy, New Holland Agriculture was invited to participate in the 100th anniversary celebration of Confagricoltura, the Italian General Confederation of Agriculture, offering its perspective on the future challenges for agriculture in Italy, particularly in terms of sustainable development; challenges that CNH Industrial and its brands intend to tackle by leveraging New Holland Agriculture's *Clean Energy Leader* strategy and T6 Methane Power Tractor, which will be decisive tools in achieving the ambitious European Green Deal climate-neutrality goals.

POLITICAL PARTIES

Any and all relationships between CNH Industrial and political parties, as well as their representatives or candidates (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 2020, **no contributions** were made to Political Parties (see table on page 144). Any political affiliation 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 voluntary personal 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[1].

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. The Company has well established processes in place to ensure that its 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 **South America**, 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 the **Rest of the World**, 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.

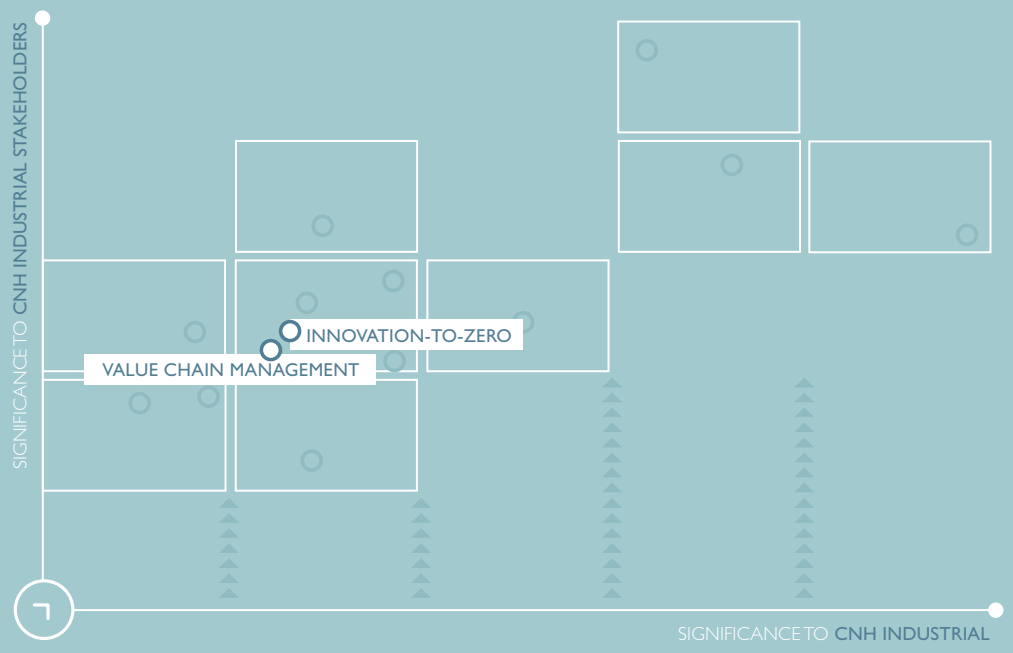
[1] *www.fec.gov.*

OUR VALUE CHAIN

- CREATING VALUE FOR STAKEHOLDERS
- MEETING CUSTOMER EXPECTATIONS
- INNOVATION AND PRODUCT DEVELOPMENT
- PURCHASING PROCESSES
- MANUFACTURING PROCESSES
- LOGISTICS PROCESSES
- SUSTAINABLE PRODUCTS
- SALES AND AFTER-SALES
- END-OF-LIFE

CREATING VALUE FOR STAKEHOLDERS

157 MANAGEMENT FRAMEWORK



Material topics described in this chapter (for definitions see page 263).

MANAGEMENT FRAMEWORK

In 2020, as the virus spread worldwide, the Company provided ongoing support to dealers, customers, and suppliers, helping them meet liquidity needs and access government funding. The parts depots remained open throughout the pandemic (see page 242) to meet customers' need for critical service parts, while ongoing customer service was ensured using and expanding the existing digital infrastructure for product support.
As a message of support to customers, Case IH created the *#StrongerTogether* global campaign, including social media content, a video, and other digital resources. The campaign received 205,000 impressions, 19,395 video views, and 5,392 engagements across Case IH's social media platforms.

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 26).
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 239). To this end, 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 178), since value is created in part by a supply chain that is integrated, collaborative, and safe – which includes preventing and managing reputational risk.

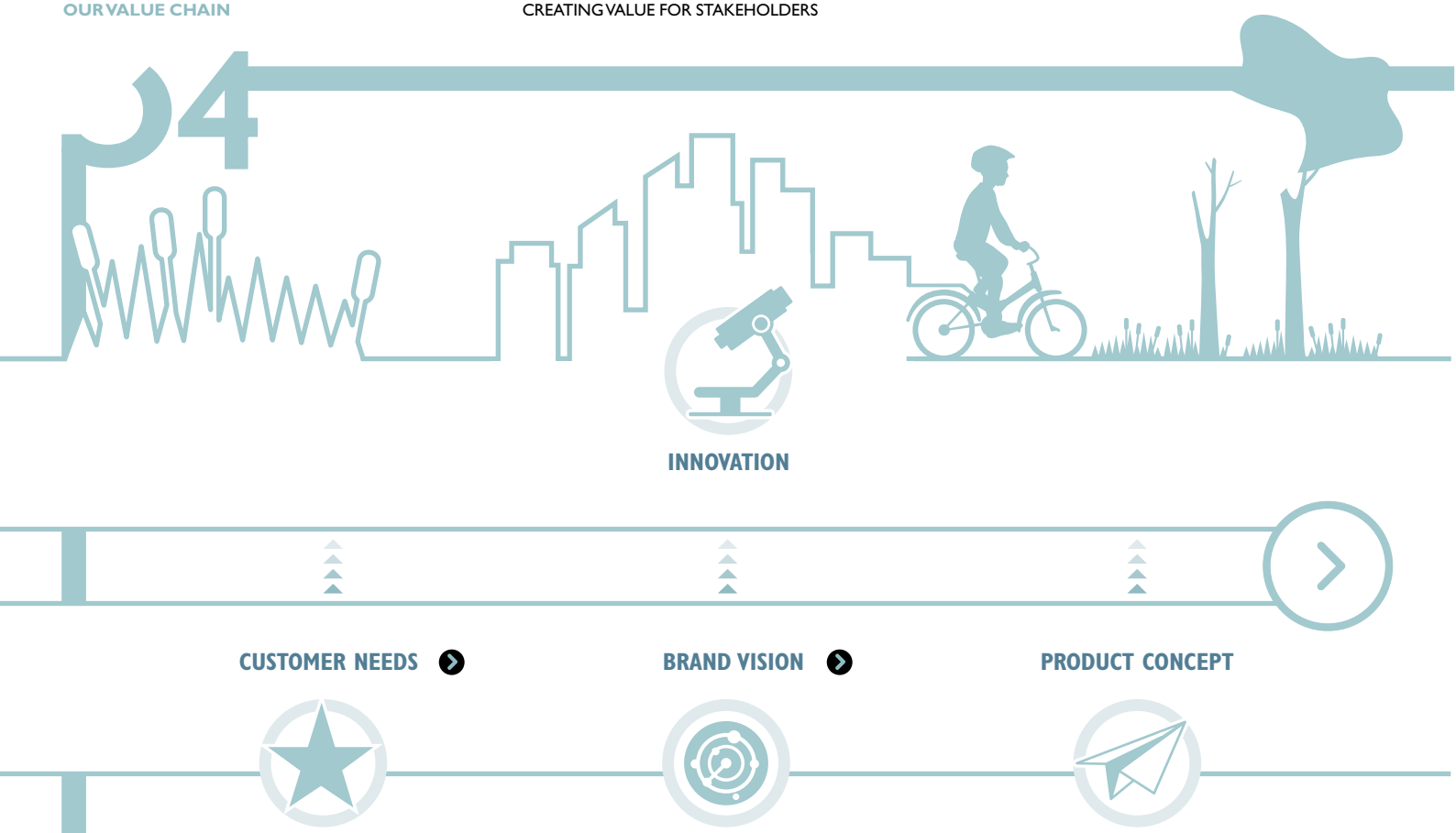
Another material topic that emerged from the materiality analysis, and that is considered fundamental within the value chain by both CNH Industrial and its stakeholders, is **innovation-to-zero**. The vision of a 'zero concept world' – with zero emissions, zero accidents, zero fatalities, zero defects, 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 163)
- the decarbonization strategy aims to achieve zero product impact on the environment (see page 223)
- World Class Manufacturing seeks to eliminate all types of waste and loss (see page 193)
- occupational health and safety aims to achieve zero accidents, which reflects the effectiveness of preventive and protective measures (see page 87)
- quality aims for zero defects (see page 176).

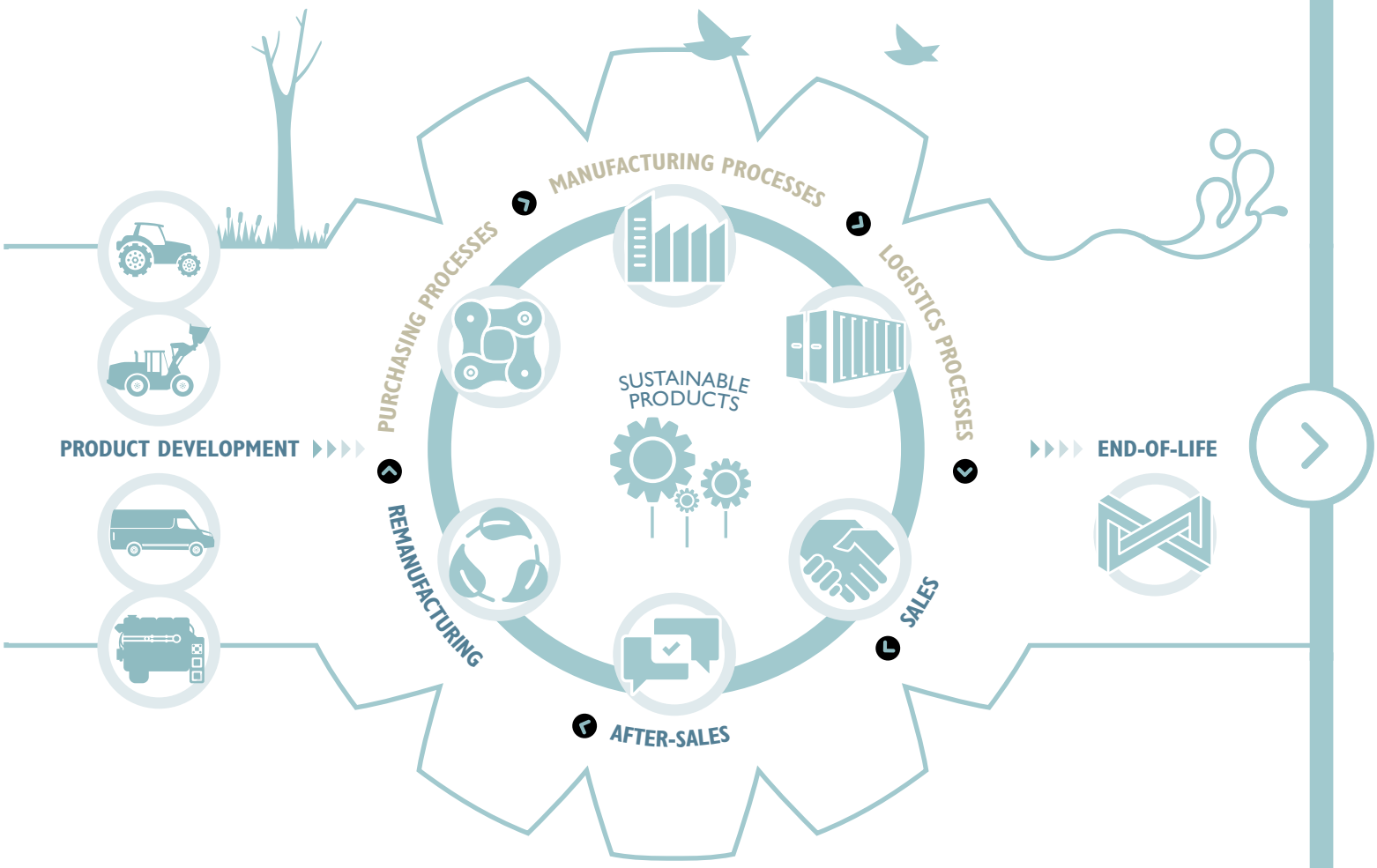
INNOVATION-TO-ZERO

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 53), 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 key performance indicators (KPIs), published in this 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 23).

GRI STANDARDS GRI 103-1; GRI 103-2; GRI 103-3



			SUPPLY CHAIN	
	MEETING CUSTOMER EXPECTATIONS	INNOVATION AND PRODUCT DEVELOPMENT	PURCHASING PROCESSES	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 ▸ 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
2024 STRATEGIC SUSTAINABILITY TARGETS		▸ 100% of new products developed using sustainability/recyclability design criteria	▸ 100% of Tier 1 suppliers involved in sustainability self-evaluations	▸ 95% of waste recovered at Company plants worldwide ▸ -50% vs. 2014 in CO_2 emissions per production unit at Company plants worldwide ▸ 80% of total electricity consumption from renewable sources at Company plants worldwide
SDGs	2 ZERO HUNGER, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	2 ZERO HUNGER, 3 GOOD HEALTH AND WELL-BEING, 8 DECENT WORK AND ECONOMIC GROWTH, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION	8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION	3 GOOD HEALTH AND WELL-BEING, 8 DECENT WORK AND ECONOMIC GROWTH, 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 ▸ Connectivity	▸ Value chain management	▸ Circular product life cycle
▸ -20% vs. 2014 in kg of CO_2 emissions per ton of goods transported (including spare parts)	▸ 25% of product portfolio available with natural gas powertrains		
12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION	2 ZERO HUNGER; 3 GOOD HEALTH AND WELL-BEING; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION	2 ZERO HUNGER; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION

MEETING CUSTOMER EXPECTATIONS

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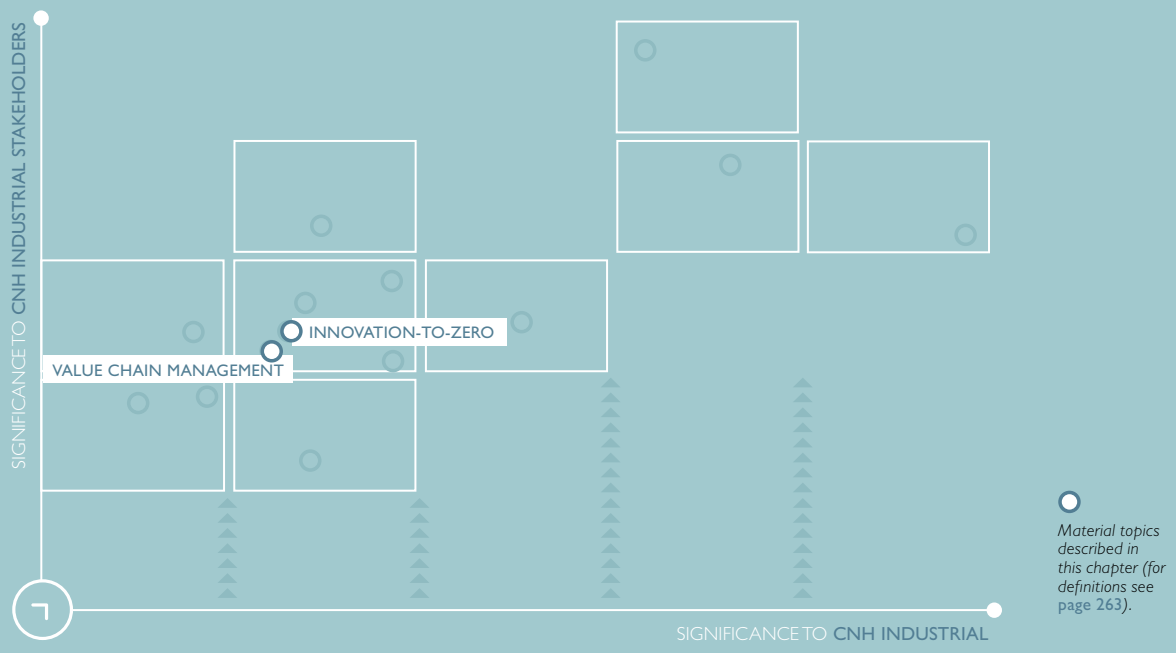
162 CUSTOMER ENGAGEMENT

163 CUSTOMIZING FOR EMERGING MARKETS



Material topics described in this chapter (for definitions see page 263).

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.

The Company's product distribution network is structured so as to suit the priorities of its customer base, while the brands' websites help customers identify the best purchasing options.

A key factor in managing expectations is the ability to handle 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.

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 page 244).

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 56).

GOLD-LEVEL SUSTAINABILITY RATING

CNH Industrial is a long-standing participant in the EcoVadis Corporate Social Responsibility (CSR) assessment, which rates companies' sustainability impacts based on documented evidence. Founded in 2007, EcoVadis provides a collaborative platform where trading partners share sustainability performance information and ratings (and where CNH Industrial created a single corporate account in 2017, unifying and replacing its former legal entities' individual accounts). The EcoVadis rating methodology aims to assess companies' policies, tangible actions, and their reporting on performance indicators with regard to key sustainability and CSR issues. It assesses how effectively and proactively a company integrates the principles of sustainability into business and management systems. In particular, the assessment focuses on 4 main themes – environment, labor and human rights, ethics, and sustainable procurement – and covers 7 indicators across 21 sustainability criteria.

In 2020, CNH Industrial achieved an overall score of 72/100 and, for the third year running, was awarded the Gold Level medal, ranking among the top 5% of companies for this benchmark.

FOCUS ON

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 geographic area and business segment, 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. Relevant 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 quality of IVECO's customer engagement, for instance, is benchmarked against that of its commercial vehicle and truck competitors across Europe.

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 in each geographic area, 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 geographic, economic, and cultural background
- customer usage and attitudes
- customer interest in new solutions and features
- customer and dealer satisfaction
- brand perception and positioning.

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 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 dedicated 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: 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.
In 2020, the American Society of Agricultural and Biological Engineers (ASABE) recognized several outstanding agricultural innovations by CNH Industrial's agricultural brands in their annual AE50 Awards. For example, Case IH's award winning innovations were the result of the brand's successful CDPD design process, which overall has been key in helping farmers increase productivity, profitability, and safety while reducing costs and labor.

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 2020, no significant final rulings[1] 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.

INNOVATION-TO-ZERO

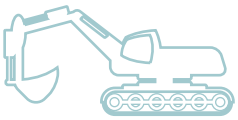
CUSTOMIZING FOR EMERGING MARKETS

CNH Industrial believes in the strategic value of its activities in Emerging Markets, 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 the plants[2] present in these markets, with certain aspects managed 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 13 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 multifaceted 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.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

(1) *Significant final rulings are defined as having, individually, an adverse material effect on the Company (see page 68).*
(2) *For the list of plants within the WCM scope, see the table on pages 256-258.*

In 2020, for the sixth year running, CNH Industrial ranked among the 150 most innovative companies in Brazil – specifically, coming in the top 10 for the second year in a row, and ranking first in the *Automotiva e Veículos de Grande Porte* (automotive and large vehicles) category for the third year in a row. Conferred by the *Valor Econômico* financial newspaper in partnership with consultancy firm Strategy&, the *Valor Inovação Brasil Award* recognizes the consistent and systematic implementation of innovation practices within companies operating in Brazil across a range of 21 categories. The ranking is based on 4 innovation chain pillars: intention to innovate, commitment to carry out the innovation, results achieved, and market evaluation.



In 2020, following an in-depth market research campaign to assess the specific needs of customers in India, CASE Construction Equipment launched its CX220C Crawler Excavator, an easy-to-use, robust machine designed for demanding applications, featuring optimal fuel efficiency and low maintenance and repair costs. The CX220C was specifically built for some of India's most challenging terrain and delivers maximum productivity with lower fuel costs and faster cycle times. Its robust design, with a 33% stronger heavy-duty arm, boom, upper body structure, and undercarriage, improves the machine's durability and reliability in any application.
The excavator features a fuel-efficient electronically-controlled FPT Industrial engine, designed to deliver more power and a faster response, with 5-6% improved productivity and fuel consumption, reduced costs and lead times for spare parts, and improved noise levels both in and outside the cab. The engine also has 5 energy-saving controls and an ECO gauge function that enables continuous fuel consumption monitoring to help reduce fuel costs. Almost 60% of the machine components are manufactured in India, which generates value for the local economy and communities and contains the excavator's final retail price.

CNH INDUSTRIAL WINS THE BRAZILIAN INNOVATION AWARD

2 ZERO HUNGER

CNH Industrial's *ConectarAGRO: Connecting Fields, Machines, and People* (see page 231) was the winning initiative at the ANPEI 2020 Conference of Innovation, organized in Brazil by the National Association of Research and Development of Innovative Companies (ANPEI)[a]. The Company's initiative, selected by a jury of experts, ranked first among a total of 73 projects. The ANPEI Conference is the largest innovation event in Brazil. Each year, it attracts more than 13,000 participants from all sectors, including private companies, government institutions, investors, entrepreneurs, and technology professionals.

[a] ANPEI is the only Brazilian multi-sector and independent association focused on the country's innovation ecosystem.

FOCUS ON

INNOVATION AND PRODUCT DEVELOPMENT

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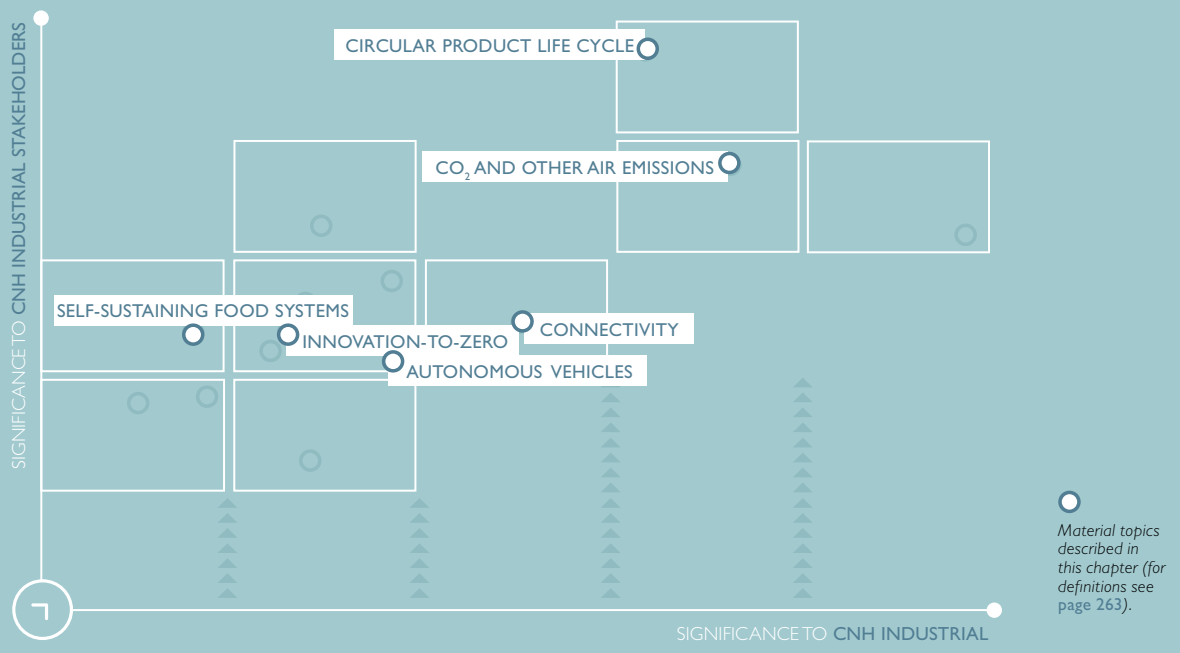
167 INNOVATION

169 PRODUCT DEVELOPMENT

176 PRODUCT QUALITY CONTROL



Material topics described in this chapter (for definitions see page 263).

2024 STRATEGIC SUSTAINABILITY TARGETS

100%

OF NEW PRODUCTS DEVELOPED USING SUSTAINABILITY/RECYCLABILITY DESIGN CRITERIA

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

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.

The material topics identified by the materiality analysis are closely interrelated with product innovation. Indeed, 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**, digitalization, and **connectivity**, while the Agriculture segment is strongly committed to offering **self-sustaining food systems** that help optimize crop yield.

As stated in the Company's Code of Conduct and in its Environmental Policy (see pages 53-54), 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 R&D and product conception and design activities are overseen by the head of Technology and the Segment Leaders, who are members of the Senior Leadership Team (SLT), and are managed through the processes of Innovation and of Global Product Development. Both processes rely on established procedures to assess the effective management and monitoring of key performance indicators (KPIs), and are common to all brands worldwide, including in Emerging Markets.

In 2020, in line with its *life cycle thinking* sustainability priority, the Company conducted a carbon footprint study of a Cursor 13 diesel engine (see page 173), the results of which were used to set a new strategic sustainability target within the Strategic Business Plan: to ensure that 100% of new products include sustainability and/or recyclability design criteria by year-end 2024.
All key sustainability targets and goals were integrated into the Product Innovation roadmaps and included, along with the strategic sustainability target, as individual goals in the Performance Management Process (see page 98). Those targets that can be disclosed without compromising Company confidentiality are set out in the Sustainability Plan (see pages 36-38).

INDIA TECHNOLOGY CENTER

As a company built on innovation and technology, CNH Industrial's strength is rooted in its legacy, expertise, and long-standing experience. It has always ensured its product portfolio is quick to respond to changing times, and now more than ever understands that the key to success is innovation.
In light of this, in 2020, CNH Industrial laid the groundwork for the opening of a new technology center near its premises in Gurgaon (India), to offer cutting-edge innovations to meet the changing needs of its global customers. The center is expected to open in 2021, joining the Company's extensive global network of R&D centers of excellence.
The India Technology Center will develop leading-edge technologies, including software, embedded electronics, data analytics, and more, bringing together a group of exceptionally talented engineers who will design and deliver solutions to enable the Company to continue feeding, connecting, building, and powering the world.

FOCUS ON

INNOVATION

In 2020, CNH Industrial's research and development (R&D) expenditure reached $932 million, or 3.8% of the Company's net sales of Industrial Activities. R&D activities involved approximately 5,500 employees at 57 sites worldwide, of which approximately 800 were in 13 R&D centers in Emerging Markets.

RESEARCH AND DEVELOPMENT HIGHLIGHTS

CNH INDUSTRIAL WORLDWIDE

	2020	2019	2018
R&D spending ($million)	**932**	1,030	1,061
R&D spending as % of sales[a]	**3.8**	3.9	3.8
Research centers (no.)	**57**	56	54
of which in Emerging Markets	**13**	13	11

[a] Includes only net sales of Industrial Activities ($24,285 million in 2020).

RESEARCH AND DEVELOPMENT INVESTMENTS IN SUSTAINABLE PRODUCTS

In line with CNH Industrial's Materiality Matrix (see page 26), sustainable product research and development (R&D) focuses on 4 main areas:

- efficient diesel engines (see page 223)
- a decarbonization strategy (see page 223) to tighten regulations on emissions while enhancing climate change awareness. It 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 229) for the broad diffusion of digital and connected applications. It entails research on precision solutions, telematics, and open connectivity. Investments in this area 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 235) and connectivity (see page 229), enabled by digitalization and robots. This area includes research on agriculture, construction, and commercial vehicles and is linked to the material topics **autonomous vehicles** and **connectivity**.

INVESTMENTS IN SUSTAINABLE PRODUCTS

CNH INDUSTRIAL WORLDWIDE ($million)

	2020	
	R&D	**Capital expenditure (CapEx)**
Efficient diesel engines	**116.2**	**27.8**
Decarbonization strategy (electrification & natural gas)	**105.4**	**11.1**
Digitalization	**88.6**	**76.4**
Automation and connectivity	**76.5**	**45.5**
Total	**386.7**	**160.8**

INNOVATION PROCESS

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. It is currently engaged in research projects on decarbonization, automation, digitalization, and connectivity.

The Company actively collaborates with academic institutions and global working groups to promote the development of new innovations and expand its own wealth of knowledge and skills. Collaborations in Europe include those with the Catholic University of Leuven, the University of Ghent, and the Flanders Make research center (Belgium); and with the CRF and IMAMOTER[1] research centers, the *Consiglio per la ricerca in agricoltura e l'economia agraria* (CREA)[2], and universities *Politecnico di Torino*, *Università degli Studi di Bologna*, *Università degli Studi di Modena e Reggio Emilia*, and *Università degli Studi di Torino* (Italy). Collaborations in North America include those with Kansas State University, Ohio State University, Pennsylvania State University, and Purdue University (USA), as well as with the University of Saskatchewan (Canada). In South America, they include those with São Paulo State University (Brazil).

[1] Research Institute of the National Research Council of Italy (CNR).
[2] Leading Italian research organization concerned with agri-food supply chains.

CNH Industrial manages its 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 meet them most effectively.
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 and proof of concept
- 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.
The Company'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.

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 HIGHLIGHTS
CNH INDUSTRIAL WORLDWIDE (no.)

	2020	2019	2018
Active patents	**12,780**	11,984	11,051
of which registered during the year	1,768	1,765	2,195
Patents pending	**4,081**	4,402	4,009
of which filed during the year	1,024	1,801	1,459
New disclosures on Innovation Portal	**668**	1,205	1,054

WORLD CLASS ENGINEERING

CNH Industrial implements the World Class Engineering (WCE) system to further enhance its effort towards becoming best-in-class in terms of quality, costs, and delivery times.
The Company applies WCE principles to standardize 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 help improve products and meet customer needs. The WCE process requires a deep understanding of both customer and market – from accurately assessing the product's perceived value, to the best product design and implementation – while always prioritizing 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.
Since its launch in 2017 as a pilot project involving the IVECO Daily platform in Europe, the WCE program has been extended to another 6 platforms within the Agriculture segment. Further expansion plans include the standardization of the tools, methods, and best practices established thus far across all product platforms, and the addition of more product ranges across all segments by year-end 2022.

FOCUS ON

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
- aiming at longer 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 182). 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.

GRI STANDARDS GRI 303-1

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 regulate or restrict the presence of designated 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 Chemicals), and EU RoHS Directive No. 2011/65 (Restriction of Hazardous Substances), the Company has to collect detailed information from its supply chain 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, the collection of the necessary information requires the cooperation of the whole supply chain. The Company also needs to design out restricted substances and register products that are considered in scope under the recycling laws.
CNH Industrial has been actively involved in trade associations that have coordinated meetings with industry participants to evaluate software systems to facilitate the collection and management of such information across common supply chains.
In addition, the Company 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 compliance data and how the approach can be improved.
CNH Industrial is working to provide engineering standards for its design engineers and suppliers to ensure real-time information on prohibited substances and regulations that address hazardous substances potentially harmful to human health and the environment. The Company has also modified its supplier terms and conditions to require suppliers to provide CNH Industrial with the 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 all required regulatory information to CNH Industrial.
Regarding critical materials as defined by the US National Research Council, CNH Industrial has started to analyze where cobalt, tungsten, and tantalum are found in its products and in its supply chain. In the future, to manage its risks, the Company will continue to collect substance information from its suppliers and expand the analysis to a longer list of materials that are considered critical.

VIRTUAL SAFETY TESTING

3 GOOD HEALTH AND WELL-BEING

For CNH Industrial, safety has always been a key focus throughout the development of its vehicles, taking account of everything from driver safety to maneuvering on uneven terrain, while mitigating the potential dangers. Traditional testing for farming equipment would usually involve the product development team running a series of so-called bump tests, which monitor vibrations, analyze the forces that specific elements of a design are subject to, and check the pressure of hydraulic components. With virtual testing, CNH Industrial has combined a variety of modeling techniques with physical components to create a complex virtual simulation environment able to emulate standard testing, but far safer.
Virtual testing is particularly effective in cab design, where issues around driver comfort and safety are addressed by closely monitoring, for example, the driver's posture and the ease of reach of the controls.
Virtual testing also allows customers to contribute their input and feedback to the design process. By accessing virtual rooms, they can view solutions, track design development, and see product design improvements first-hand.

FOCUS ON

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 how users understand its products. 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.
The Ergonomics Department 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:

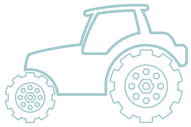
- researching higher levels of comfort than those required by law
- exploring mechanisms to reduce the stress levels and mental and physical fatigue of vehicle drivers and operators
- improving vehicles customized for specific missions (which are often more complicated as they require more than a simple 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, and environmental safety (noise and engine emissions). In this regard, the design phase takes into account several aspects of operational functionality, including:

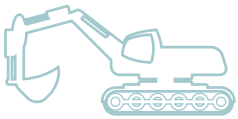
- operating instructions and information (Operator's Manuals, see page 175)
- applicable regulations and/or standards
- limits of intended use
- operator experience
- operator training
- working conditions
- physical properties of the vehicle.

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 clearance, cleaning, service, and maintenance.
In 2019, CNH Industrial adopted the new Product Safety, Security, and Compliance (PSSC) Policy that summarizes the Company's commitment to designing, validating, manufacturing, selling, and supporting safe products that comply with or exceed all applicable legal requirements, and to providing protection against risks related to **cyber incidents**. CNH Industrial considers this a requirement for conducting responsible and sustainable business, and crucial to building and maintaining public trust in its products and in the Company itself. This approach is meant to create, maintain, and continuously support a consistent corporate PSSC culture that goes beyond merely fulfilling requirements.
In 2020, all product safety procedures were reviewed and aligned with the PSSC Policy, and a cybersecurity governing framework was formalized within the PSSC Department. CNH Industrial also finalized the Incident Response Plan for its products, defining immediate actions in the event of a cyber attack.

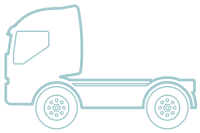
As regards **agricultural equipment**, safety is vital not only when working in the fields, but also when traveling by road from one field to another. To this end, all CNH Industrial brands' tractors are fitted with a Falling Object Protection System (FOPS) to shield both cab and operator against objects 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 175).



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 175). 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 **on-road 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.

INNOVATING ROAD SAFETY

3 GOOD HEALTH AND WELL-BEING

IVECO extended its IVECO ON portfolio of digital services with the unique Safe Driving suite of features designed to help customers become safer drivers. The on-board system measures a set of key performance indicators (KPIs) and generates regular reports to help drivers to acquire a safe driving style and fleet managers to foster a safe driving culture across their fleets. Safe Driving addresses the issue of human error, the major contributor to road accidents. It enhances the driver's risk awareness, thus improving road safety by reducing the risk of accidents and consequently the incidence of injuries to people and damage to transported goods and vehicles. The Safe Driving Reports summarize the KPIs measured for the fleet in 3 categories: Dynamics, which focuses on harsh steering or acceleration maneuvers, stability control, and handbrake use while driving; Collision Risk, which looks at behaviors potentially contributing to accidents, such as harsh braking or an insufficient safety distance between vehicles; and Compliance with regulations related to speed, driving hours, and maximum legal weight limits for vehicles. Fleet managers can thus analyze trends at fleet level and identify areas for improvement for drivers to enhance their driving style and safety on the road. The Safe Driving features, available on the IVECO S-WAY and on current DAILY models with a Connectivity Box, are easily accessible through the IVECO ON portal.

FOCUS ON

INDUSTRIAL DESIGN

Industrial design is driven by technology and, indeed, the design of CNH Industrial's products reflects their intrinsic technology. Excellent design gives machine owners and operators an immediate visual and tactile message about the quality and robustness of the Company's products. Design translates into physical form, an expression of each brands' values.

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 best 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 promotion and launch of new products.

In 2020, a new Customer Experience team was created within the Industrial Design Department with a focus on user interface and user experience design and ergonomics. Integrating a customer-oriented approach into the design process, and creating a strong bond between the teams, allows the Company to research new technologies more effectively and integrate them into its products with end-users in mind, designing functional, ergonomic, and user-friendly machines, thus reducing fatigue and improving productivity.
Furthermore, collaboration with the Ergonomics Department allows CNH Industrial to achieve a perfect blend of good product design and optimal end-user experience. Both the Design and Ergonomics functions play an active role in many of the Global Product Development phases.

LIFE CYCLE ASSESSMENT

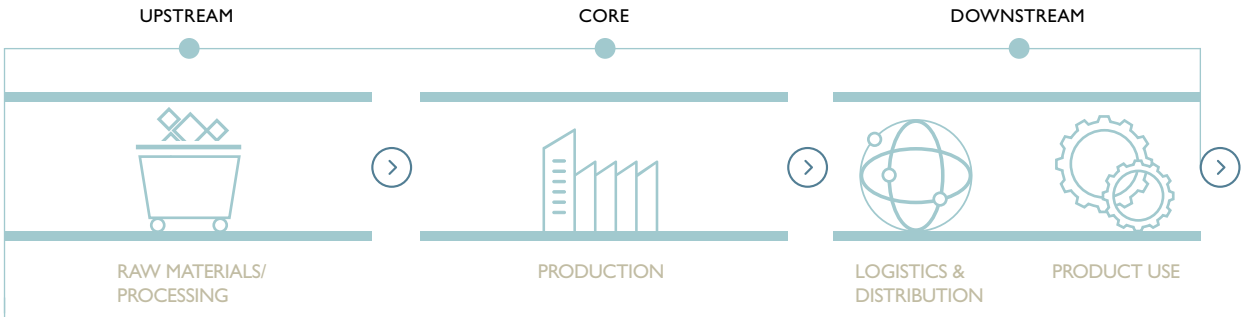
In 2014, FPT Industrial launched a pilot project at the Foggia plant (Italy) for the Life Cycle Assessment (LCA) of the 3-liter F1C engine for light commercial vehicles. The goal was to quantify the engine's environmental impact in terms of CO_2 emissions along the entire process chain, from raw materials to final engine disposal. The 3-liter F1C diesel engine was ISO/TS 14067 certified in 2014. Additionally, in 2019, the brand decided to pursue the certification of its F1C NG engine, also manufactured at the Foggia plant, deemed strategic in terms of environmental impact.
Following the LCA of its F1C engine, FPT Industrial performed a carbon footprint study of its Cursor 13 diesel engine, used in combine harvesters. The main conclusion was that 99.65% of its carbon footprint is from fuel consumption during vehicle use, very similar to previous studies on the F1C engine in commercial vehicles. Since, based on these two studies, the same result can be expected for all off-road vehicles, innovation and product development are focused on machine efficiency (lower fuel consumption) and optimization and automation (lower power usage).
A multifaceted LCA study[1] was performed to better understand which areas are critical for the sustainability and recyclability of CNH Industrial products, focusing on:

- the energy demand and greenhouse gas (GHG) emissions in the life cycle of tractors
- the demand for materials and energy during the actual and recommended maintenance of sugarcane harvesters
- the embodied energy of sugarcane harvesters
- the energy demand and GHG emissions in the life cycle of coffee harvesters
- the energy, carbon, and water footprints of agricultural machinery.

The study will be certified in 2021, together with the re-certification of the LCA of the F1C diesel and NG engines, to achieve ISO 14067:2018 compliance.
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. The LC-EMS is expected to be updated at the end of 2021 with the data for that year, and is likely to be more representative than the 2020 data, which was skewed by the pandemic.
The LC-EMS tool is currently implemented at the plants in:

- Bourbon-Lancy (France) – medium engines (Cursor)
- Torino Motori (Italy) – medium engines (NEF and F5C)
- Torino Driveline (Italy) – transmissions and axles.

LC-EMS TOOL



(1) *'Energy, carbon, and water footprints on agricultural machinery', by Edemilson J. Mantoam, Graciele Angnes, Mesfin M. Mekonnen, and Thiago L. Romanelli.*

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 manufacture 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 indirect 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.

The LC-EMS tool is integrated into the plants' systems that regulate their environmental aspects, which include the World Class Manufacturing system (WCM, see page 193), the environmental management system (see page 195), and the energy management system (see page 207).

IMPACTS COVERED BY CNH INDUSTRIAL'S ENVIRONMENTAL MANAGEMENT SYSTEMS

RESOURCE USE	ECOLOGICAL CONSEQUENCES	HUMAN HEALTH
Water depletion	Acidification	Human toxicity
Abiotic depletion (fossil fuels, minerals)	Ecotoxicity	Ionizing radiation
	Dust & particulate matter	
	Eutrophication	
	Global warming	
	Ozone depletion	
	Photochemical ozone formation	
	Species richness	

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
- Aftermarket Solutions – management of spare parts and monitoring of 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 5 phases, each including a set of activities and 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 Industrial 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.
Prior to the OK to Ship milestone, an **Early Warning** team is appointed to monitor the performance of products under warranty by collecting customer feedback from the service network and internal support functions to quickly address any issues. This monitoring activity continues until the formal Program Closure milestone is reached, after which the product moves under the purview of the Current Product Management (CPM) team and process.
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.
The aim of the Current Product Management (CPM) process is to address any quality and/or reliability issues or non-compliance so as to ensure increased customer satisfaction, reduced warranty costs, and improved product quality.
All CPM aspects, cost reduction solutions, manufacturability improvements, etc. go through the Product Change Management (PCM) process so as to implement design changes. PCM is the standardized process and tool used by platform teams to manage Change Review Boards (CRB) and track the implementation of design changes.

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 accessible to the service network via a dedicated webpage on the Dealers' Portal (see page 240).
Moreover, for Commercial and Specialty Vehicles, CNH Industrial launched the IVECO Easy Guide, a smartphone app for end-users (for IOS and Android devices) to navigate through the contents of the Operator's Manuals, featuring live updates and links to multimedia material. The app's extension to the Agriculture and Construction segments is planned for 2021.
The goal is to become completely paper-free as soon as regulations will officially allow it, replacing all hardcopies of Operator's Manuals with digital versions.

INFORMATION PROVIDED IN THE OPERATOR'S MANUAL

	Agriculture	Construction	Commercial & Specialty 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.*

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 pages 256-258) 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 193), 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.

INNOVATION-TO-ZERO

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 175), 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.

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 involves 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 (PIPs)
CNH INDUSTRIAL WORLDWIDE (no.)

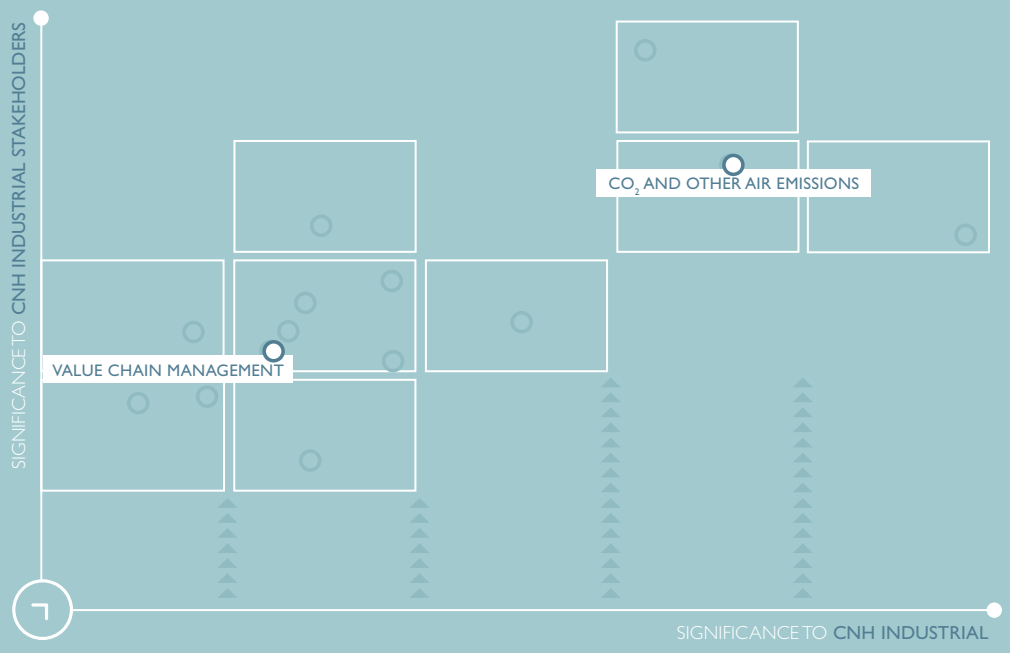
	2020	2019	2018
Mandatory campaigns	**137**	132	136
Safety campaigns	**22**	21	11
Total	**159**	**153**	**147**

PURCHASING PROCESSES

179 MANAGEMENT FRAMEWORK

181 SUPPLIER PROFILE

183 SUSTAINABILITY IN SUPPLIER MANAGEMENT



Material topics described in this chapter (for definitions see page 263).

2024 STRATEGIC SUSTAINABILITY TARGETS

100%

OF TIER 1 SUPPLIERS INVOLVED IN SUSTAINABILITY SELF-EVALUATIONS

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

MANAGEMENT FRAMEWORK

In 2020, following the outbreak of the COVID-19 pandemic, CNH Industrial continued to work closely with its suppliers, albeit at a greatly reduced level in certain moments and following appropriate safety measures at all times, to guarantee business continuity and prepare for the relaunch of activities after lockdown. Relationships with suppliers were managed remotely using the existing communication channels, i.e., the Supplier Portal, emails, and web meetings. In-person meetings were suspended, with the exception of suppliers and carriers whose visits to Company premises were necessary to guarantee business continuity, and these were managed in strict compliance with the corporate COVID-19 Health and Safety Protocol (see page 87).

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.

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. The suppliers' progress towards achieving them is regularly monitored by the Purchasing Leadership Team. As regards the coverage of supplier sustainability assessments (i.e., the number of suppliers invited to fill out the self-assessment questionnaire), in line with its sustainability priority *people engagement*, the Company included a strategic sustainability target (see page 29) in its Strategic Business Plan: to involve 100% of Tier 1 suppliers in the sustainability self-assessment by year-end 2024. The targets and results achieved are made available 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, by product line and commodity group. 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 Senior Leadership Team (SLT). Moreover, the Purchasing Leadership Team is responsible for monitoring suppliers' compliance with the Supplier Code of Conduct and their sustainability assessment process. In 2020, supply chain management improvement targets were included in the Performance Management Process (see page 98) for most managers of projects included in the Sustainability Plan.

GRI STANDARDS GRI 103-1; GRI 103-2; GRI 103-3

The Company implements its Supplier Code of Conduct to provide, together with the CNH Industrial Code of Conduct, a framework for responsible supply chain management. It is available in 8 languages on the corporate website and via CNH Industrial's Supplier Portal (see page 188). 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.

As highlighted in the Supplier Code of Conduct, which applies to the entire supply chain, suppliers are required to work with CNH Industrial to enforce the Code itself, and to pass on its principles to their respective employees, subsidiaries, affiliates, and subcontractors.
CNH Industrial is committed to fostering long-term partnerships with its suppliers while integrating the respective business cultures and processes, in order to work jointly toward meeting market expectations. The Company is also committed to supporting small and local suppliers and minority-owned businesses (see page 183).

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, anti-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 56). Details on the Compliance Helpline are available in the Supplier Code of Conduct.

SUPPLIER PROFILE

CNH Industrial manages purchases worth approximately $13.8 billion, with a total network of 4,102 direct material suppliers. In 2020, 66 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 62% of the total value of purchases, but also because of the length of the relationships involved, along with the extent of their production capacity and handling of spare parts.

SUPPLIERS IN NUMBERS

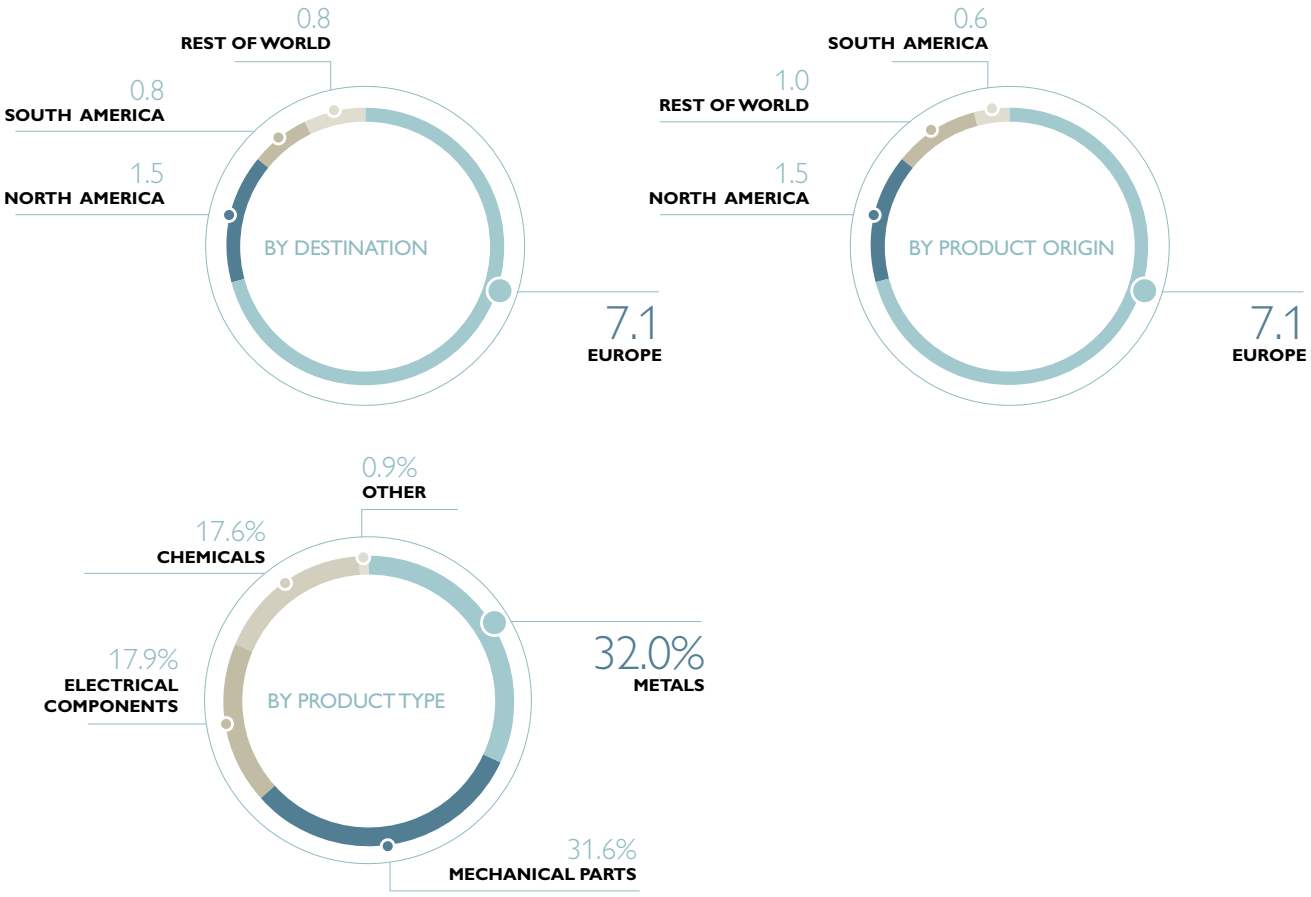
CNH INDUSTRIAL WORLDWIDE

	2020
Direct and indirect material purchases[a] (% of the total volume of CNH Industrial purchases)	85
Direct material suppliers (no.)	4,102
Value of purchases from direct material suppliers[b] ($billion)	10.2
Value of purchases from indirect material suppliers[c] ($billion)	1.6
Local suppliers (%)	94

[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.

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 2020, contracts signed by CNH Industrial with local suppliers accounted for 94% of procurement costs. Specifically, 96% in Europe and 92% in North America, which are CNH Industrial's major locations of operation[2].
Additionally, the Company promotes the World Class Manufacturing program (see page 188) at local supplier plants, to share best practices and methodologies.

94%
OF PROCUREMENT SPENDING
ON LOCAL SUPPLIERS

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 2020, 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)

	2020	2019	2018
Steel and cast iron[a]	**1,570**	2,050	2,000
Plastics and resins	**70**	100	130
Rubber	**62**	103	100
Other miscellaneous materials	**43**	70	90

[a] Including scrap.

Furthermore, the Company continued to monitor 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)

	2020	2019	2018
Paper (office use)	**557**	746	637
Cardboard (packaging used at plants)	**10,517[a]**	3,440	3,648
Wood (packaging used at plants)	**24,025**	21,948	21,312
Related procurement spend (%)	**0.16**	0.1	0.1

[a] The figure includes data on Aftermarket Solutions' cardboard consumption (associated with the shipment of spare parts) in Asia, Middle East, and Africa (AMEA), which was added in 2020.

A detailed spend analysis is regularly carried out to improve business performance and maximize operational efficiency. The analysis performed in 2020 involved 3,333 suppliers (accounting for approximately 90% of direct material purchases) in the following categories:
- metals: 31%
- electrical components: 19%
- chemicals: 18%
- mechanical parts: 31%
- other: 1%.

As regards the suppliers analyzed, 72% were in Europe, 7% in North America, 16% in South America, and 5% in the Rest of the World. 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 resulting evaluation, generated 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.

[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 70% of the total value of purchases in Europe and 15% in North America.

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 program for small companies that operate and employ people in Historically Underutilized Business Zones. 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.

FOCUS ON

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 direct materials to CNH Industrial, 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 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 environmental and health and safety systems in the working area, preferably certified by a third party. A dedicated section of the PSA also allows carefully monitoring suppliers' compliance with the provisions restricting the use of hazardous substances. The presence of management systems reflects suppliers' efforts to monitor and manage environmental aspects, labor practices, human rights, and impacts on society.
In 2020, 31 potential new suppliers were 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 184).

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, 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, are shared at CNH Industrial level. If a supplier fails to adhere to these principles, the Company reserves the right to terminate the business relationship or instruct the supplier to implement a corrective action plan.

GRI STANDARDS GRI 308-1; GRI 412-3; GRI 414-1

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, the Company 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 Purchasing Leadership Team.
The assessment process involves 3 consecutive steps over a 1-year period.

ASSESSMENT PROCESS

During the first step of the evaluation, 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.
Sustainability audits are performed at suppliers' plants by either CNH Industrial Supplier Quality Engineers (SQEs) or independent third-party auditors. Audits, which are organized in agreement with the suppliers, aim at checking the information submitted via the self-assessment questionnaires and at defining possible improvement plans where necessary. It should be noted that, due to the COVID-19 pandemic, the sustainability audits in 2020 were performed remotely, and only by Company SQEs.

To further strengthen the assessment process, the Company introduced a new criterion during the year to identify suppliers based on the time elapsed since their last audit (5 years or more), planning new sustainability audits accordingly for their reassessment and to verify compliance with the actions plans previously agreed upon.
Each supplier selects representatives within its organization (usually from Human Resources, 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.

[1] *For countries with poor human rights records, refer to the list published by the US Department of State.*

Action plans are monitored via follow-ups between supplier and auditor, through a structured process supported by an IT system. At the end of the follow-up period, action plan results are collected and analyzed for compliance according to a dedicated operational procedure. In case of defaulting suppliers, further corrective actions are defined and implemented in agreement with the competent internal departments. 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	●	
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	●	

[a] *EN: Environment*
LA: Labor practices
HR: Human rights
SO: Impacts on society.

		Categories of reference[a]	Self-assessment	Audit
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 2020, 90% of the supplier base (accounting for approximately 99% of direct material purchases) was invited to access the online sustainability self-assessment questionnaire available via the Supplier Portal (see page 188). 1,170 questionnaires were completed, covering 2,113 supplier companies[2] (accounting for approximately 73% of direct material purchases). The average score achieved (76/100) 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 2020.

+48%
IN **SUPPLIER** SUSTAINABILITY **SELF-ASSESSMENTS** COMPLETED

SUPPLIER SUSTAINABILITY SELF-ASSESSMENT QUESTIONNAIRES
CNH INDUSTRIAL WORLDWIDE

	2020	2019	2018
Suppliers involved in the assessment process (%)	**90**	76	46
Suppliers involved as a percentage of direct material purchases (%)	**99**	97	88
Completed questionnaires (no.)	**1,170**	790	604
Responding suppliers as a percentage of direct material purchases (%)	**73**	60	51
Average assessment score	**76/100**	74/100	72/100

(2) *The discrepancy in numbers is due to the fact that one parent company may fill out one questionnaire covering many of its subsidiaries.*

GRI STANDARDS GRI 308-2; GRI 407-1; GRI 408-1; GRI 409-1; GRI 414-2

2020 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)	66	■ environmental strategy and policy (focus on water) ■ measures to reduce the environmental impact of logistics processes
Labor practices (LA)	12	■ ethics and compliance training ■ health and safety management system ■ emergency planning system
Human rights (HR)	11	■ code of conduct ■ supplier code of conduct
Impacts on society (SO)	60	■ management of potential conflicts of interest ■ ethics and compliance risk assessment ■ assessment of ethical and responsible business practices of suppliers ■ sustainable purchasing guidelines

As regards the sustainability audits at supplier plants, a total of 90 were carried out remotely in 2020 by Company SQEs, involving 90 suppliers worldwide.

AUDITS BY GEOGRAPHIC AREA
CNH INDUSTRIAL WORLDWIDE (no.)

	2020	2019	2018
North America	**10**	20	20
Europe	**24**	20	19
South America	**18**	20	20
Rest of World	**38**	25	21
Total	**90**	85	80

The total number of audits worldwide covered approximately 2% of the total purchase value. In 2020, 14 suppliers were involved in the formulation of 33 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 2020 also highlighted an improvement in sustainability scores for 91% of the suppliers that responded to the self-assessment questionnaire and had an action plan in place in 2019, thanks to the increased awareness deriving from both the corrective measures implemented and the audit process itself.

2020 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)	3.3%	6	■ definition of environmental targets
Labor practices (LA)	11.0%	15	■ expansion of communications and training on health and safety to employees and suppliers ■ definition of a formal health and safety management system
Human rights (HR)	7.8%	9	■ implementation and/or development of a code of conduct ■ improvement in overtime management
Impacts on society (SO)	3.3%	3	■ definition of a supplier code of conduct ■ drafting of formal documents on anti-corruption practices

[a] The percentage is calculated based on the number of suppliers audited (90 in 2020). No suppliers were considered at risk in terms of child labor, forced/compulsory labor, or violations of either freedom of association or collective bargaining.

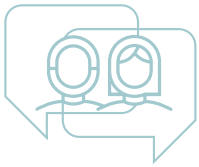
ONGOING DIALOGUE WITH SUPPLIERS

Firmly 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.

In 2020, all major events and communication activities were managed remotely, while some were suspended due to the COVID-19 pandemic.

CNH Industrial's **Supplier Portal** continued to be the primary collaboration and communication platform for the supply chain. It contains modules and tools used in the management of operations involving suppliers, as well as documents and communications for the exchange of information. Moreover, dedicated email addresses are available for suppliers as additional communication channels for sustainability matters and for reporting any non-compliance within the supply chain.

In 2020, all of the communications initiatives involving suppliers were delivered virtually.



In July, the Company organized a global *Virtual Convention* for all suppliers, held after the end of the various national lockdowns; nearly 2,000 participants worldwide connected remotely to discuss the new business scenarios dictated by the pandemic. In November, another *Virtual Webinar* was organized for the Agriculture segment, with the remote participation of around 1,000 suppliers.

In South America, more than 3,000 suppliers were invited to attend the Company's third annual *Supplier Excellence Awards* (SEA), held online in September. The project involves all regional suppliers regardless of their strategic or economic importance, and rewards those that stand out in 13 areas, including but not limited to quality, delivery, commercial relationships, technology, innovation, and World Class Manufacturing (WCM). It also recognizes the best projects on social and environmental responsibility. In 2020, 26 suppliers received various awards, and one was recognized as Supplier of the Year. Still in South America, the Supplier Advisory Council (SAC) – a virtual networking event usually held twice a year, involving around 150 people – was held only once in 2020 (in December) due to the pandemic. During the event, which involved approximately 50 of the most important and strategic suppliers, the Purchasing team and vendors met to discuss the following year's direction, challenges, joint strategy development, and targets.

In North America, a new communications initiative was launched for indirect suppliers considered strategic; 37 of them joined Company Engineering and Purchasing representatives in virtual meetings specifically set up to maintain a healthy dialogue, exchange mutual feedback, and discuss ongoing and recurrent business topics.

Another initiative widely held across regions, known as **Technology Days**, 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 2020, the event was suspended due to the pandemic.

220
SUPPLIER **PLANTS** INVOLVED IN THE **WCM PROGRAM**

As at December 31, 2020, the total number of supplier plants that had adopted the **World Class Manufacturing** (WCM) program reached 220. This followed a number of WCM activities, which took place in two 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 2020, 55 follow-ups and 85 training days were conducted (for the most part remotely) 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 PROGRAM AT SUPPLIERS' PLANTS

CNH INDUSTRIAL WORLDWIDE (no.)

	2020	2019	2018
Supplier plants involved in the WCM program	**220**	215	20
Audits performed (on site and remotely) at supplier plants involved in the WCM program	**29**	55	50

In 2020, WCM activities were hindered by the pandemic, resulting in fewer audits compared to those forecast at the end of 2019. A total of 29 WCM-related audits were carried out virtually at suppliers' plants by certified auditors, with good results in terms of WCM methodology implementation. This auditing system enables the inclusion of suppliers in the Company's WCM awarding system.
CNH Industrial also continued to perform audits and follow-ups at supplier plants in Europe 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 10% 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 5% reduction compared to 2019, repeating 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 188), suppliers can submit both Cost Reduction and Quality Improvement ideas. The proposals are then assessed by a dedicated cross-functional team. In 2020, more than 120 suppliers were involved in the program in Europe and in South America, proposing more than 300 ideas whose potential benefits are estimated to be around $8 million.

As regards supplier **training activities**, the 144 suppliers selected to participate in the CDP Supply Chain initiative (see page 190) received 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.

Lastly, in 2020, CNH Industrial participated in several meetings organized by suppliers, discussing its approach to sustainability as well as its best practices to engage suppliers and assess their social and environmental performance.

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 (GHG); on the other, they are encouraged to effectively 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 184), 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, for which 1,170 completed questionnaires were received in 2020, 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 freshwater, given their potential impact on the Company's continuity of supply.

Another important supplier engagement activity centered on the mitigation of environmental impacts is the **CDP Supply Chain** initiative. In keeping with previous years, 144 suppliers were selected to fill out the CDP[3] 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. In 2020, the companies involved in the CDP Supply Chain initiative generated over 1,400 million tons[4] of CO_2, cutting emissions by approximately 2 million tons and generating $110 million in cost savings. The initiative will continue in 2021.

56%
OF **KEY SUPPLIERS** MONITORED FOR **CO_2 EMISSIONS**

CDP SUPPLY CHAIN RESULTS
CNH INDUSTRIAL WORLDWIDE

	2020	2019	2018
Key suppliers that participated in the CDP survey (%)	**56**	50	51
Responding suppliers that integrated climate-related issues into long-term business objectives (%)	**85**	78	80
CO_2 emissions cut (million tons)	**2**	6.7	1.4

SPREADING AN INTERNAL CULTURE OF SUSTAINABILITY

Initiatives targeting the employees responsible for supplier relationships have been consolidated over the years, aiming at ensuring the satisfactory awareness of sustainability and good governance among suppliers through open and ongoing dialogue.
In this regard, the Company's Supplier Quality Engineers (SQEs) take part in training activities every year to explore some of the key issues of environmental and social responsibility. In 2020, 2 training sessions on the supplier assessment process were organized for 15 participants. Moreover, a number of Company Buyers received training on the CDP Supply Chain.

SUPPORTING SUPPLIERS IN DIFFICULTY

The global COVID-19 pandemic, the widespread financial crisis, and the overall difficult socio-political context have demanded even closer monitoring and management of critical situations arising along the supply chain.
To this end, CNH Industrial has further strengthened its structures and mechanisms for managing suppliers in financial difficulty, focusing on promptly identifying high-risk situations and on stabilizing them through appropriate measures to ensure supply continuity, including through a recently implemented supplier monitoring tool (see page 75). In 2020, weekly monitoring and updates involved all Purchasing functions worldwide. In an effort to tackle the difficult year as collaboratively and effectively as possible, Purchasing held frequent meetings and webinars with suppliers to demonstrate the Company's understanding and support. Assistance provided included advances on raw material purchases, the advance payment of invoices (with no impact on the Company's income statement), and assistance with logistical problems and government/bank support packages.

(3) *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.*
(4) *Including scope 1, scope 2 (as per market-based methodology), and scope 3 (purchased goods and services) emissions. 90% of these CO_2 emissions are scope 3 emissions.*

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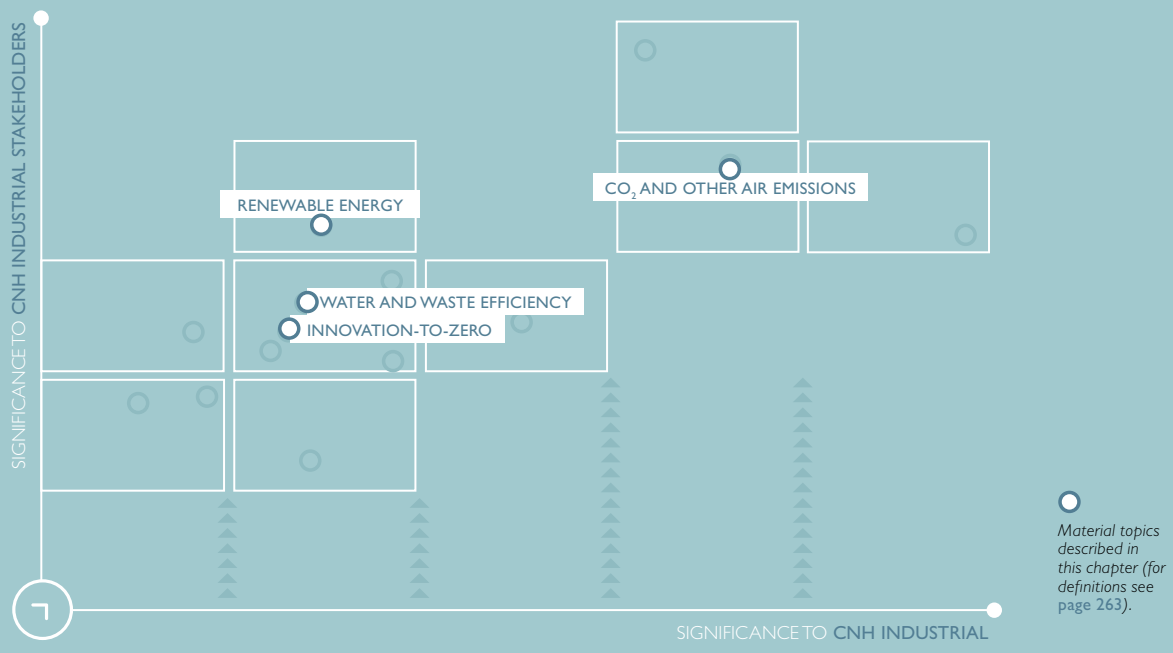


Material topics described in this chapter (for definitions see page 263).

2024 STRATEGIC SUSTAINABILITY TARGETS

95%

OF WASTE RECOVERED AT COMPANY PLANTS WORLDWIDE

80%

OF TOTAL ELECTRICITY CONSUMPTION DERIVED FROM RENEWABLE SOURCES

-50%

vs. 2014 IN CO_2 EMISSIONS PER PRODUCTION UNIT AT COMPANY PLANTS WORLDWIDE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

MANAGEMENT FRAMEWORK

CNH Industrial makes its product manufacturing processes more effective, efficient, economical, and environment-friendly through the application of streamlined systems and technologies, improvements to existing materials and processes, and the development of new materials, systems, processes, and/or techniques. All manufacturing processes, systems, and techniques are required to be technologically appropriate, technically feasible, economically viable, and eco-friendly.
The Company's Central Manufacturing function manages cross-segment manufacturing processes and supports segment organizations in ensuring that objectives are met and in line with business targets.
The Central Manufacturing function also:

- drives the development, standardization, convergence, implementation, and improvement of relevant manufacturing processes
- drives the optimization of technology investments and synergies
- drives transport, production planning, and industrial logistics processes in all segments
- enforces worker health and safety (see page 87) and addresses issues concerning environmental and energy management (see page 195)
- supports the development and implementation of new product manufacturing processes and improvements to existing ones, in line with the product segments (see page 166).

CNH Industrial adopts the World Class Manufacturing (WCM) 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 193). Given the customers' demand for 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, 2020, 59 CNH Industrial plants were ISO 9001 certified, collectively accounting for 98% of revenues from sales of products manufactured at the Company's plants[1]. To achieve its quality standards, CNH Industrial devised a robust supply chain management process (see page 179) to ensure the procurement of quality components, which are essential for the production of vehicles that meet the high standards demanded by customers.

RESUMING OPERATIONS GUIDED BY WCM PRINCIPLES

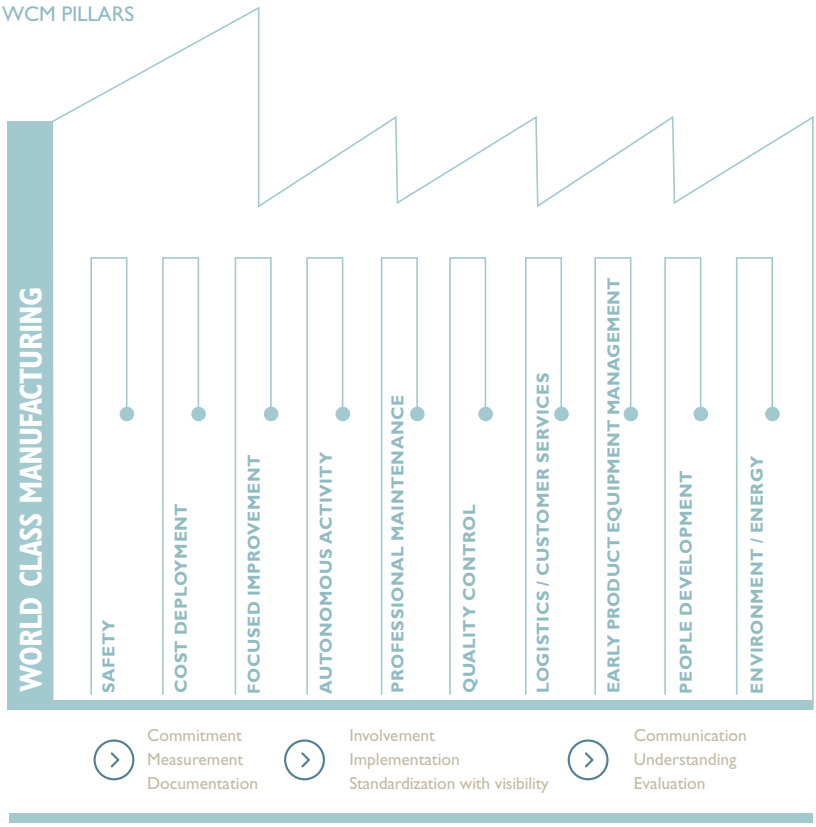
The COVID-19 pandemic had a severe impact on the world's manufacturing industry, in the face of which the Company showed tremendous resilience, ramping up production as soon as permissible by law, following strict new protocols to prevent the spread of the virus.
CNH Industrial's plants apply the principles of the World Class Manufacturing (WCM) system that, among other things, creates value by involving employees in the continuous improvement process. Driven by WCM principles, plants were able to act safely and to correctly implement the new health and safety protocols devised to deal with the crisis.
Once operations resumed, ad hoc measures and best practices were determined centrally, standardized, and rolled out globally, to ensure the most efficient solutions at all plants. The same were also extended to offices, cafeterias, and break areas, for a total of almost 2,000 improvement measures.
One of the focal points of the WCM program is to train everyone on sustainable behavior. In 2020, all management levels across plants were involved in 14,880 COVID Management Audit Training (CMAT) sessions, aimed at ensuring alignment with the indicators used by auditing experts to identify unsafe conditions and behaviors in relation to the virus.
To further enhance a shared safety culture against COVID-19, all sites adopted a standardized inspection checklist to verify operators' behaviors and their compliance with the Company's safety protocols.
Lastly, all COVID-related documents and processes were standardized across plants to integrate with their normal activities.

[1] *The percentage is calculated on 63 plants; for the complete list of these plants, see pages 256-258.*

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 157).
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 key 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 188), 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, as well as 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 system'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 entirety of improvement projects (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.
In 2020, CNH Industrial organized plant-level *Kaizen Conventions* in every geographic area in which it operates, to recognize employee commitment and encourage the continuous search for new areas of improvement. The best *kaizen* projects were announced at local events and online meetings. The 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, by making suggestions and playing a direct role in projects.

INNOVATION-TO-ZERO

11.4
SUGGESTIONS PER EMPLOYEE COLLECTED UNDER THE **WCM PROGRAM**

At CNH Industrial, the use of tools for sharing information and collecting suggestions is well established. In 2020, about 346,100 employee suggestions were collected across the plants where WCM principles are applied, with an average of 11.4 per employee. Furthermore, 14,332 WCM projects were implemented throughout the year (of which 11.3% on Safety and Environment pillars), generating $68.2 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 31, 2020, 55 plants were participating in the program, accounting for 87% of Company plants[1], 95% of plant personnel[1], and 99% of revenues from sales of products manufactured by Company plants[1]; 2 of them received bronze awards.
During the year, internal auditing training courses were offered to plant managers, hence supporting the continuous spread of WCM principles.

$68.2 MILLION
SAVED THROUGH **WCM PROJECTS**

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.

(1) *The percentage is calculated on 63 plants; for the complete list of these plants, see pages 256-258.*

WCM REMOTE AUDITING

One of the ways in which the World Class Manufacturing (WCM) system enhances the Company's competitiveness is by teaching plant managers and their teams how to manage and minimize losses. The acquired competencies and skillsets are verified via WCM audits, which favor the development of shared best practices and continuous improvement activities, and the sound implementation of the overall WCM program. In 2020, due the COVID-19 pandemic, most WCM audits were performed remotely via videoconferencing platforms enabling auditors and participants to simultaneously share documents and virtually visit sites. In total, CNH Industrial performed 30 remote audits to verify the systematic implementation of WCM principles and methodologies. While on-site audits remain the best way for a plant to convey its results and expertise to the visiting auditor on the shopfloor, they involve a limited number of participants. On the other hand, 2020's remote audits gave over 1,000 employees across the world the chance to participate and to witness other plants' shopfloor setups, improvement projects (known as *kaizen*), and best practices, and learn from the different audit experiences.

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.
Furthermore, CNH Industrial's efforts to manage environmental aspects efficiently is one way it is delivering on its *life cycle thinking* sustainability priority; to this end, it incorporated a strategic sustainability target (see page 29) in its Strategic Business Plan: to recover 95% of waste at Company plants worldwide by year-end 2024.

CNH Industrial's Environmental Policy (see page 54), 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 (WCM) 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 2020 were again generally in line with previous years, and thus well-placed to achieve the targets set by CNH Industrial and indicated in the Sustainability Plan (see pages 39-40). Despite the production difficulties caused by the COVID-19 pandemic, the upgrade and optimization of existing systems continued, with a view towards reducing their environmental impact by improving their efficiency.
In 2020, 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 14). Furthermore, CNH Industrial scored an A- in the CDP Water Security Program 2020, 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.

GRI STANDARDS GRI 103-1; GRI 103-2; GRI 103-3

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 56).
The Company's environmental footprint encompasses various aspects affecting the environment, from the selection and use of raw materials and natural resources, to product end-of-life and disposal. Throughout the year, the efforts made to reduce its footprint continued to require a significant commitment, both financially and in terms of measures to improve technical and management performance.
In 2020, CNH Industrial's overall expenditure on environmental protection was approximately $41 million, broken down as follows: approximately $29 million on waste disposal and emissions treatment, and almost $12 million on prevention and environmental management. A total of $3.4 million was invested in initiatives to reduce the Company's environmental impact, while improvement projects and measures generated almost $2.9 million in cost savings.

$41 MILLION SPENT ON ENVIRONMENTAL PROTECTION

RESPONSIBILITY AND ORGANIZATION

The highest responsibility for initiatives focusing on environmental protection at CNH Industrial lies with the Senior Leadership Team (SLT). The specific projects to reduce the environmental impact of manufacturing processes are the responsibility of plant managers.
The central Environment, Health and Safety (EHS) function (which serves as a reference point for sustainability) 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 lines, logistics, manufacturing engineering, etc.) involved with environmental issues in various capacities.
In 2020, individual environmental impact reduction targets were included in the Performance Management Process (PMP, see page 98) 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 Company also uses centralized systems such as SPARC[1], which is a performance indicator management tool, and the EHS IT platform, which provides users with training and information tools such as ISO 14001 certification support documents (guidelines, procedures, reporting guidelines, etc.).
As at December 31, 2020, approximately 5,800 people from CNH Industrial worldwide had access to the platform.

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 at 33 paintshops across 20 plants (5 in North America, 9 in Europe, 2 in South America, and 4 in the Rest of the World).

FOCUS ON

[1] *Sustainability, Performance, Analysis, Reporting & Compliance.*

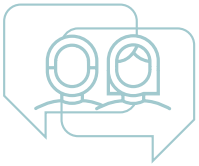
PROCESS CERTIFICATION

In 2020, 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 of the Sustainability Report is ISO 14001 certified (see pages 256- 258)[2].

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. For example, environmental management systems continued to be regularly audited across North America and Europe by teams of Environment, Health and Safety (EHS) representatives from the operational units, coordinated by specialists from the central EHS function.

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 (WCM) program (see page 193), which promotes good practices and improvement projects, including those suggested by the employees themselves.

In 2020, CNH Industrial provided 34,371 hours of environmental training, of which 32,987 hours was on-the-job training to approximately 22,000 employees, 90% of whom were hourly.

Throughout the year, various plants implemented a series of initiatives to increase engagement and awareness among employees and their families, both at and outside manufacturing sites, some involving local communities and schools.

The **Burlington** plant (USA) continued to collaborate with students from the FFA (formerly known as Future Farmers of America) to build duck nest boxes from recycled wooden pallets, which were then installed along the river bank behind the plant.

The **Croix** plant (France) held an event aimed at increasing environmental awareness among employees with a focus on waste and noise, with games and dedicated training activities carried out by an external organization. Moreover, 29 plant employees volunteered on World Cleanup Day, collecting more than 77 kilos of waste from the vicinity of the plant.

An environmental library was set up at the plant in **Valladolid** (Spain) to pique interest and enhance knowledge and awareness among employees. The specialist library has books and documents on environmental topics, which employees are free to borrow.

In South America, the plants in **Contagem**, **Cordoba**, **Curitiba**, **Piracicaba**, **Sete Lagoas**, and **Sorocaba** participated in SIPAMA (International Week for Accident Prevention and the Environment), an event to raise employee awareness of safety, the environment, and quality of life at work. The event featured many initiatives that could be attended from either work or home – daily games and quizzes on the environment, specific environmental training, information and a video of the plants' waste areas, toys made from wood waste, and a raffle of home compost bins – involving almost 6,500 participants.

CNH Industrial is also committed to raising awareness of environmental issues among its suppliers (see page 189) and dealers (see page 239).

(2) 4 additional plants outside the reporting scope are ISO 14001-certified (see pages 256-258).

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 levels (plant, segment, geographic area, 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

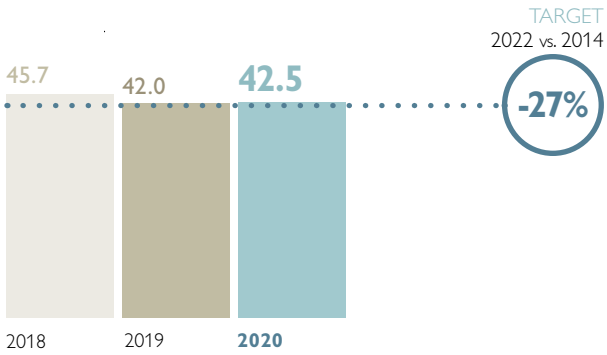
Reducing air emissions is one of CNH Industrial's major goals, consistent with the results of the materiality analysis. The application of advanced technologies in the manufacturing process is critical to meet the improvement targets set by the Company. The main air emissions are monitored, and results systematically recorded, through specific programs and systems to verify compliance with existing regulations.
As of 2016, CNH Industrial 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, and in line with the material topic **CO_2 and other air emissions**, the Company is committed to monitoring and reducing VOC emissions per square meter painted, and has set a target for year-end 2022 to reduce VOC emissions per hour of production by 27% compared to 2014.
In 2020, the average VOC emissions per square meter painted were substantially in line with 2019; a slight increase of 0.5 grams per square meter painted was due to discontinuities in the painting process caused by the COVID-19 pandemic.

INNOVATION-TO-ZERO

VOLATILE ORGANIC COMPOUNDS (VOC) EMISSIONS[a]
CNH INDUSTRIAL WORLDWIDE (g/m²)



[a] *The base year (2014) VOC emissions are equal to 57.6 g/m². For information on the rationale for choosing 2014 as the base year, see page 260.*

[1] *Sustainability, Performance, Analysis, Reporting & Compliance.*
[2] *Ozone Depleting Substances are potentially harmful substances that contribute to the depletion of the ozone layer. The most significant and harmful are chlorofluorocarbons (CFCs), generally used as refrigerants, solvents, and propellants, and hydrochlorofluorocarbons (HCFCs), used to replace CFCs.*
[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.*

GRI STANDARDS GRI 305-6; GRI 305-7

The plant in **Plock** (Poland) installed powder booths and a new oven to enable the switch from solvent-based painting to powder coating technology. Compared to 2019, this cut VOC emissions by 23%, paint waste materials by 265 tons (of which 33 tons were hazardous packaging), and water consumption by 4,850 cubic meters. The new technology also allowed the plant to reduce material and running costs while improving paint performance and quality.
The plant in **Cordoba** (Argentina) replaced its previous VOC solvent with a new VOC-free solvent to clean the engines before painting, thus reducing its average VOC emissions per square meter painted by more than 30%.

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)

	2020	2019	2018
Plants (no.)	**57**	57	57
Nitrogen Oxides (NO_x)	**306.4**	436.2	370.9
Sulfur Oxides (SO_x)	**38.3**	40.3	56.9
Dust	**3.2**	3.3	6.3

WATER MANAGEMENT

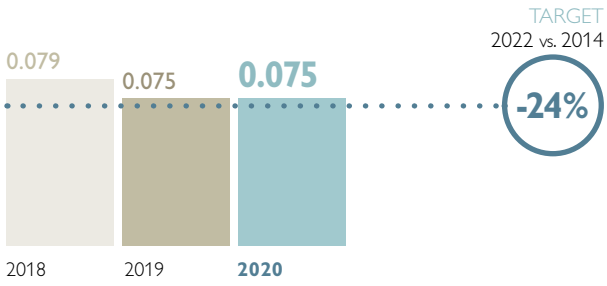
CNH Industrial believes the sustainable management of water is a major commitment in a global context where the growth in population (and therefore in water demand) is met by a marked scarcity of water resources in an increasing number of regions worldwide. From a business perspective, the Company recognizes the economic importance of proper water management due to the potential risks posed by water scarcity and related issues for the continuity of both supply and industrial processes. Indeed, the proper management of water resources can drive improvement and innovation within the manufacturing process.
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.
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 201).
The impact on water resources is an integral part of plants' environmental assessments, as required by the ISO 14001 standard; to this end, all 60 ISO 14001-certified plants (see pages 256-258) have a water management plan.
CNH Industrial's Water Management Guidelines, issued in 2012 and applicable to all plants, require them 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, and in line with the material topic **water and waste efficiency**, CNH Industrial set a target to cut water withdrawals per production unit[4] by 24% by year-end 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 2020 was in line with that for 2019.

(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 261.

WATER WITHDRAWAL PER PRODUCTION UNIT[a]
CNH INDUSTRIAL WORLDWIDE (m^3/ total manufacturing hours[b])



[a] The base year (2014) water withdrawal is equal to 0.10 m^3/hours of production. For information on the rationale for choosing 2014 as the base year, see page 260.
[b] Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 261.

WATER WITHDRAWAL, DISCHARGE, AND CONSUMPTION
CNH INDUSTRIAL WORLDWIDE (thousands of m^3)

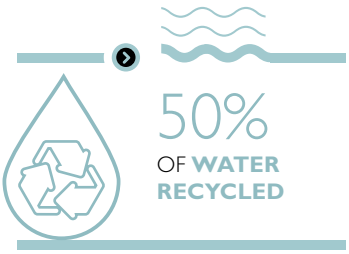
	2020	2019[a]	2018[a]
Plants (no.)	*56*	56	56
Withdrawal			
Groundwater	**2,636**	2,738	2,948
Third-party water	**1,498**	1,616	1,640
of which municipal water supply	**1,498**	1,614	1,636
Surface water	**18**	23	27
of which rainwater	**5**	2	2
Seawater	**-**	-	-
Produced water	**-**	-	-
Total water withdrawal	**4,152**	4,377	4,615
Discharge			
Surface water	**395**	433	415
Third-party water	**2,397**	2,795	2,900
Seawater	**-**	-	-
Groundwater	**79**	38	51
Total water discharge	**2,871**	3,266	3,366
Total water consumption[b]	**1,281**	1,111	1,249

[a] 2018 and 2019 data restated with respect to the 2019 Sustainability Report.
[b] Calculated as total water withdrawal minus total water discharge.

Many initiatives were implemented in 2020 to limit the impact of manufacturing processes on water resources.
For example, in North America, with regard to leak testing, the plant in **Fargo** (USA) stopped using water (required for rain simulations during cab roof leak tests) in favor of ultrasonic technology, cutting water consumption by over 370 cubic meters.
The European plants in **Annonay** (France) and **Zedelgem** (Belgium) and the South American commercial vehicles plant in **Cordoba** (Argentina) built rainwater collection systems. In total, over 3,900 cubic meters of rainwater were collected and then reused within manufacturing processes (e.g., for leak testing) and/or to irrigate the sites' green areas.
In South America, several initiatives enabled plants to reuse water from their manufacturing processes' treatment systems, cutting their total water consumption by almost of 3,800 cubic meters. In particular, the **Curitiba** plant (Brazil) adopted a physical-chemical treatment and filtration system that allows reusing the biological wastewater to wash industrial equipment and perform cab and cooling-tower leak tests, while the **Sorocaba** plant (Brazil) installed a system to reuse the treated water discharged by the wastewater treatment system to dose chemicals within the treatment system itself.
In Asia, the plant in **Pune** (India) cut its annual water consumption by almost 2,500 cubic meters through a number of initiatives in some plant areas, including one that reuses the water leaving the biological treatment system for irrigation.
Lastly, with a view to continuous improvement, numerous projects were also implemented to optimize water consumption in plant painting areas by improving existing systems, which led to more than $84,000 in savings. In North America, the plant in **Benson** (USA) improved its pre-treatment process by implementing a cascade flow between rinsing baths, reducing its water consumption by more than 2,000 cubic meters. In Europe, the plant in **Coëx** (France) started to

recycle the excess rinse water before the cataphoresis line, and this is now treated with active carbon and resins, cutting water consumption by 3,700 cubic meters. The plant in **Suzzara** (Italy) began to collect part of the water from the painting process's water treatment system, and this is now reused within the wet scrubber that processes outgoing air from the spray booths. The plant in **Valladolid** (Spain) implemented several technical improvements, such as nozzle optimization and cascade flow, cutting water consumption by more than 7,100 cubic meters. In South America, the plants in **Sete Lagoas** and **Curitiba** (Brazil) reduced their pre-treatment water consumption by more than 2,500 cubic meters by optimizing the number and duration of steps in the rinsing process.

As well as the promotion of responsible water withdrawal and associated initiatives, safeguarding the water bodies that receive the effluents from industrial processes is extremely important to CNH Industrial.



In order to exceed local wastewater requirements, Company plants rely on established operating procedures to ensure wastewater discharged during their manufacturing processes meets the required quality standards. 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 2020 was fully compliant with applicable local limits (see page 275). 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 their associated discharges.

CNH Industrial plants do not use wastewater generated by other organizations, and 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, the plants in **Queretaro** (Mexico) and in **Greater Noida** and **Pithampur** (India) were classified in 2018 as being in areas considered sensitive in terms of availability and use of water resources (so-called water-stressed areas[8]). These areas were identified using the WRI[9] Aqueduct 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 annually to identify CNH Industrial plants where specific water conservation and protection measures are needed.

As a consequence, in 2020, all 3 plants continued to further their commitment to reduce water consumption by implementing targeted measures and initiatives, in line with the previous year, and by setting specific improvement targets (see page 277).

The plant in **Queretaro**, for example, was able to reuse more than 4,600 cubic meters of water during the year in its internal production processes (e.g., within the cab assembly line and machining lines) thanks to a reverse osmosis system.

The plant in **Greater Noida** installed a new wastewater treatment system featuring moving bed biofilm reactor (MBBR) technology combined with an ultrafiltration system. The biological MBBR process enhances the quality of wastewater, which is then reused within the production process. Furthermore, by collecting the water from its manufacturing processes and reusing it for tractor washing, the plant also reduced its groundwater withdrawal by over 300 cubic meters.

The plant in **Pithampur** cut its paintshop's pre-treatment water consumption by over 500 cubic meters, by reusing the water from one tank (when the bath is changed) as industrial water in the rinsing process (following a water analysis confirming it is of suitable quality).

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. In Greater Noida, for example, with the help of local communities, it launched the *Jal Sanchay* project to improve water conservation in the nearby communities (see page 134).

(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) *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.*
(9) *World Resources Institute.*

PROTECTING THE SOIL AND SUBSOIL

CNH Industrial strives to minimize the risk of environmental impact on the soil and subsoil. In Europe, for example, following the circulation of specific guidelines for monitoring existing underground structures, plants periodically carry out the monitoring and inspection of tanks, vats, and underground pipes.
As another example, while relocating and rearranging several machines within an area of more than 2,000 square meters, the plant in **Antwerp** (Belgium) surveyed the condition of its industrial water sewage system using inspection cameras and applied a liquid-tight coating over the area's entire floor.
In 2020, 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.
Given the significance of the material topic **water and waste efficiency**, 2 specific targets are in place with regard to both waste and hazardous waste, while a third target for waste recovery is in fact a strategic sustainability target within the Strategic Business Plan to be achieved by year-end 2024:

- a 25% reduction in waste generated per production unit[10] at Company plants worldwide by year-end 2022 (compared to 2014)
- a 36% reduction in hazardous waste generated per production unit[10] at Company plants worldwide by year-end 2022 (compared to 2014)
- 95% of waste recovered at Company plants worldwide by year-end 2024.

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 – with particular emphasis on improvements that increase waste recovery and reuse. In order of preference, the methods adopted to improve the management of the waste generated are waste recovery, waste-to-energy conversion, and waste treatment.

WASTE GENERATION AND MANAGEMENT

CNH INDUSTRIAL WORLDWIDE (tons)

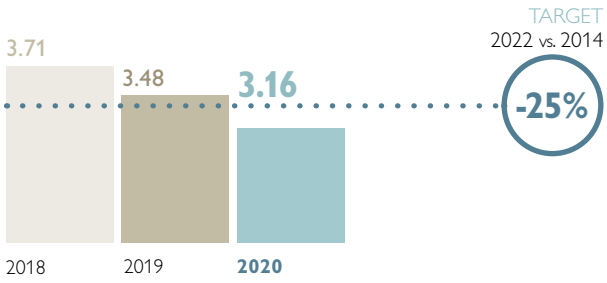
	2020	2019	2018
Plants (no.)	56	56	56
Waste generated			
Non-hazardous waste	**159,260**	187,806	201,876
Hazardous waste	**14,580**	14,856	15,759
Total waste generated	**173,840**	202,662	217,635
of which packaging	**54,143**	64,086	66,453
Waste disposed			
Treatment	**8,340**	9,962	11,492
of which incineration	**198**	926	727
Sent to landfill	**2,278**	3,588	4,969
Total waste disposed	**10,618**	13,550	16,461
of which non-hazardous	**8,187**	8,180	9,994
Waste recovered			
Waste recovered (excluding waste-to-energy)	**154,985**	181,134	193,479
Waste-to-energy conversion	**8,237**	7,978	7,695
of which hazardous	**2,795**	3,157	3,038
Total waste recovered	**163,222**	189,112	201,174
of which hazardous	**12,149**	9,486	9,292
Waste recovered (%)	**93.9**	93.3	92.4
Waste sent to landfill (%)	**1.3**	1.8	2.3

(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 261.*

Waste disposal methods are decided by the Company, either directly or in consultation with waste disposal contractors.
The results achieved in 2020 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 2019, reaching 93.9% of the total waste generated, while the percentage of waste sent to landfill continued to fall, to approximately 1.3% (a 26% reduction compared to 2019). In terms of waste generated per production unit[11] compared to 2019, the total waste indicator fell by approximately 9% while the hazardous waste indicator was in line with the previous year.
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 Sustainability Plan (see page 39).

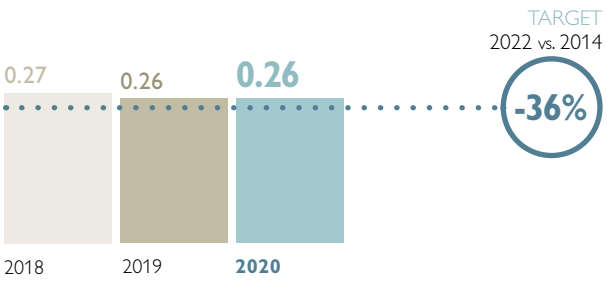
93.9%
OF **WASTE**
RECOVERED

WASTE GENERATED PER PRODUCTION UNIT[a]
CNH INDUSTRIAL WORLDWIDE (kg/hours of production[b])



[a] The base year (2014) waste generated is equal to 4.56 kg/hours of production. For information on the rationale for choosing 2014 as the base year, see page 260.
[b] Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 261.

HAZARDOUS WASTE GENERATED PER PRODUCTION UNIT[a]
CNH INDUSTRIAL WORLDWIDE (kg/hours of production[b])



[a] The base year (2014) hazardous waste generated is equal to 0.39 kg/hours of production. For information on the rationale for choosing 2014 as the base year, see page 260.
[b] Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 261.

In 2020, CNH Industrial plants completed several initiatives to reduce waste generation.
The plant in **Racine** (USA) installed a coolant recycling system in its machining area that removes oil from the contaminated coolant exiting the machines. The cleaned coolant is then collected for reuse. By extending the life of the coolant, the plant cut its annual costs (related to waste disposal, coolant, and water) by more than $24,200.
The plant in **Cordoba** (Argentina) installed a metal briquetting press turning metal scraps into high quality briquettes for sale, recovering up to 390 liters of cutting oil in the machining process and reducing the production of liquid hazardous waste by more than 9,100 liters, with a total saving of more than $100,000.
The plant in **Harbin** (China) was able to optimize hydraulic oil management and handling within its assembly area, thus reducing its hazardous waste generation by about 4% (1.3 tons) compared to 2019.
The plant in **Greater Noida** (India) installed a mechanical aerobic composting unit that breaks down biological waste using thermophilic bacteria, and is used to convert organic and garden waste into manure to fertilize the site's green area.

-9%
IN **WASTE**
GENERATED PER HOUR
OF PRODUCTION

[11] 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 261.

PACKAGING WASTE

Several initiatives were also implemented to reduce packaging waste, according to the 5 Rs[12] of waste management (in particular, the *Reuse* principle). The main improvement measures involved the plants in **Fargo, Saskatoon**, and **Wichita** (North America); **Annonay**, **Foggia**, and **Zedelgem** (Europe); and **Cordoba**, **Curitiba**, and **Sete Lagoas** (South America). These measures included: the replacement of wooden and/or cardboard shipping pallets and disposable packaging with reusable materials; the reuse of wood waste from packaging to make planters and various types of support for the shipment of parts and vehicles; and the adoption of reusable metal containers. Overall, these measures led to a reduction in packaging-related waste of about 1,720 tons and to more than $200,000 in savings.
As per existing guidelines on packaging-waste compactors, aimed at mitigating waste environmental impact and management costs, a number of plants in Italy took steps to reduce the volume of stored waste. This led plants to require less frequent waste collection and disposal services from third-party providers, saving a total of over $13,000. In particular, the installation of 2 compactors (one for paper and cardboard and one for plastic) allowed the plant in **Modena** to cut the frequency of waste collection and disposal services by 15%. Both the **Torino Motori** and **Torino Driveline** plants installed a compactor to reduce the volume of masks used in the painting process, which allowed each of them to cut services for the collection and disposal of hazardous waste by more than 80%. Each plant also installed a wood crusher to grind the wood packaging waste, resulting in a 20% reduction in the frequency of third-party collection and disposal services.

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 2020, 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.
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.

The application of the BVI and BRE methodologies at all plants so far assessed revealed that biodiversity and ecosystem services were subject to insignificant levels of risk and impact overall.
Although no specific improvement measures were required following the adoption of these methodologies, CNH Industrial has continued to implement improvement initiatives over the years to protect biodiversity within and around the plants that adopted them.

To date, as regards the Company's sites near, bordering, or within protected or high-biodiversity areas, the 2 methodologies have been implemented at about 52% of plants falling within the scope of application; their further extension to potentially suitable plants will be assessed over the coming years.

[12] *Refuse, Reduce, Reuse, Recycle, Recover.*

ADVANCING ENVIRONMENTAL PROTECTION

In addition to the measures implemented as a consequence of the methodologies applied by CNH Industrial, other activities to protect biodiversity – and the environment in general – have been carried out by the Company's plants.

Approximately 20 employees at the **Burlington** plant (USA) participated in the Citizen Science program organized by the non-profit Monarch Watch at a local wildlife reserve, during which volunteers assisted scientists in tagging 15 individual monarch butterflies to study their numbers and migration patterns. In addition, to create a habitat for the Indiana bat (an endangered species), the facility performed soil analysis, treated invasive teasel weeds, mowed the grass areas, and then planted 25 shagbark hickory trees in its vicinity.

The **Fargo** plant (USA) repurposed a part of its property, formerly used to store parts, to create a pollinator plot, planting a mix of flowers that provide nectar and/or pollen for bees and butterflies. Thanks to this and other initiatives, such as tree planting, the facility was certified by the National Wildlife Federation as a Backyard Wildlife Habitat, i.e., a space capable of supporting healthy and diverse animal habitats and ecosystems.

Tree planting initiatives were promoted at several plants, particularly those in **Fargo** (USA), **Basildon** (UK), **Bolzano** (Italy), **Sankt Valentin** (Austria), and **Zedelgem** (Belgium); in total, about 100 trees and bushes were planted within the perimeters of the plants to protect and enhance biodiversity.

In **Curitiba** (Brazil), 26 plant employees acknowledged for their commitment to the environment were selected to plant 200 tree seedlings in an off-site preservation area owned by the facility. The tree species planted were selected based on a soil survey performed by the local rural development agency. The event was also attended by local children, the Mayor, and the Municipal Secretary of Environment.

FOCUS ON

OTHER ENVIRONMENTAL INDICATORS

CNH Industrial is also concerned with reducing other environmental indicators, most notably hazardous substances and noise emissions to the external environment generated by Company equipment and manufacturing processes.

As regards PCBs[13] and PCTs[14], CNH Industrial completed the process to eliminate these hazardous substances in 2012.

In 2020, no fines or sanctions for non-compliance related to ecological or environmental issues (including water) were imposed at CNH Industrial's plants.

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.

For example, the plant in **Bourbon-Lancy** (France) installed a reverse osmosis system that allows reusing the water from 3 washing machines in the machining workshop, thus extending the life of washing baths and improving quality performance. The plant cut water consumption by more than 100 cubic meters while also reducing the consumption of chemicals by 2.3 tons and hazardous waste generation by 3 tons, saving more than $9,700.

In 2016, the **Torino Motori** (Italy) and **Bourbon-Lancy** (France) plants launched a multi-year project to eliminate cobalt from paints. After quality tests were completed, the new paints were gradually introduced into production processes at the end of 2020, with no loss in performance. They feature lower VOC content and are free from alkylphenol ethoxylates (APEOs) as per REACH[15] regulation EC/1907/2006.

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).

(13) 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.

(14) 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.

(15) Registration, Evaluation, Authorization, and Restriction of Chemicals.

ENERGY MANAGEMENT

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 (GHG) 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. 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, which represents 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 GHG emissions by cutting energy consumption while adopting both conventional and innovative technical solutions. Indeed, reducing its *carbon footprint* is one of the Company's sustainability priorities, included in the Strategic Business Plan with the aspirational goal to become carbon neutral. The strategic sustainability targets for 2024 (see page 29) are: to reduce CO_2 emissions per hour of production by 50% compared to 2014, and to ensure 80% of electricity consumed is from renewable sources. (It should be noted that the previous 46% reduction target for CO_2 emissions was revised in 2020 and made even more challenging). These targets represent the intermediate stages in reaching the 2030 targets set in 2018 regarding energy performance, CO_2 emissions, and the use of renewable energy (see page 40). All of these targets were included in the Sustainability Plan, reflecting CNH Industrial's voluntary commitment to improving its daily energy performance across its manufacturing operations.

During the year, to reinforce transparency in its management of climate-related risks and opportunities, the Company further aligned the reporting of its climate change mitigation actions with the framework and recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD)[1]; it is also planning to carry out the recommended 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 56).

$8.3 MILLION INVESTED IN IMPROVING **ENERGY EFFICIENCY**

In 2020, about $8.3 million was invested overall in improving energy performance, leading to a reduction in energy consumption of approximately 249 TJ and a reduction in CO_2 emissions of over 19,800 tons[2].
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 reductions in terms of CO_2 emissions 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 historical-data analysis, CNH Industrial's global carbon price is about $200 per ton of CO_2.
The Company also continued to perform the analysis of externalities, used to quantify, in monetary terms, the impact of a company's processes on human health, the ecosystem, and the overall landscape, and hence on the environment. Externalities are assessed using the ExternE[3] methodology developed by the International Environment Agency, which enables tracing each pollutant and/or climate-altering emission from point of emission to the affected receptors

(1) *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.*
(2) *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.*
(3) *www.externe.info.*

GRI STANDARDS GRI 103-1; GRI 103-2; GRI 103-3

(populations, crops, forests, buildings, etc.) and quantifying their impact in terms of costs. These costs are called externalities because, despite being generally acknowledged as real costs, they are normally overlooked. They do however contribute to quantifying the overall short and long-term economic impact of CNH Industrial's energy saving projects.

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 Senior Leadership Team (SLT). As evidence of the Company's ongoing commitment to managing these issues, a number of related targets were included once again in 2020's Performance Management Process (PMP, see page 98) 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 plant level.

To ensure the necessary alignment and support from across the Company, activities are coordinated by the Energy function's Sustainability Point of Reference and respective team, made up of the energy managers and specialists from each segment and geographic area, which interact directly with plants and with the Sustainability Unit. Based on the strategies defined by the SLT, the Energy team sets out CNH Industrial's guidelines and objectives, 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 more than 70 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. By the end of the 2020 certification period, as evidence of its quest to reduce its energy impact, CNH Industrial completed the certification of its production processes according to the ISO 50001 standard, reaching its challenging goal of certifying all of the sites included in the target scope (56 in total) – a significant achievement despite the impact of the global pandemic.

It should be noted that, in the certification process, the Company also completed the transition to the standard's upgraded version, published in August 2018, which means that by the end of the 2020 certification period all 56 plants were in fact ISO 50001:2018 certified, representing approximately 99.9% of the Company's energy consumption. For the complete list of plants, see the table on pages 256-258.

56
ISO 50001
CERTIFIED
PLANTS

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 (GHG). 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 as Industry Leader and by its presence in the A-list of the CDP Climate Change program (see page 15).

In 2020, the reporting and monitoring of GHG emissions and energy consumption continued through voluntary compliance with the Corporate Accounting and Reporting Standard of the WBCSD[4] and WRI[5] (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.

(4) *World Business Council for Sustainable Development.*
(5) *World Resources Institute.*

In 2020, approximately 11,400 hours of training were provided (mainly by internal professionals) to 10,700 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 among public and private entities of energy saving and the rationalization of energy consumption. It also launched various initiatives among employees to promote responsible environmental behavior. For example, a series of 'information pills' were published in the Energy Sharepoint section of the corporate Intranet to create awareness of a more sustainable lifestyle that can help save energy and safeguard the environment.
A 22-hour broad-spectrum training course on energy issues was organized in collaboration with the Italian Federation for Energy Efficiency (FIRE), involving the Company's energy specialists from its plants worldwide. The event provided a closer look at the latest energy issues, and an analysis of new solutions for future energy-saving projects. All participants received a certificate of attendance.
Furthermore, in line with the previous year, the Company continued on its path towards carbon neutrality by extending its ongoing study on the decarbonization of production processes to an additional 11 plants, identifying the energy projects best suited to help reduce CO_2 emissions.

ZERO CO_2 EMISSIONS STUDY

13 CLIMATE ACTION

In 2020, CNH Industrial continued to pursue the aspirational goal stated in its Strategic Business Plan to become a carbon neutral company. In this regard, it extended the ongoing study on the decarbonization of its production processes to 11 additional plants: Brescia, Foggia, Jesi, and Lecce (Italy); Antwerp (Belgium); Valladolid and Madrid (Spain); Tracy-le-Mont (France); Basildon (UK); Vysoké Mýto (Czech Republic); and Curitiba (Brazil). The study aims at identifying the projects best able to reduce CO_2 emissions by an additional 20% compared to the plants' current emissions, and the associated investments needed. The study is expected to continue in 2021, with the involvement of more plants and the implementation of the technical solutions identified in 2020.

OUR PROJECTS

ENERGY PERFORMANCE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

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 2020, the Company continued to monitor energy performance and compliance with the Energy 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 year-end 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 2020, 100% of consumption associated with secondary energy vectors had been monitored, thus achieving the set target.
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. Despite the pandemic, the initiative led to the setting-up and realization of 287 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.
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.

GRI STANDARDS GRI 302-1

In 2020, 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

EMF[a] (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

BUILDINGS

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

LIGHTING

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

HEATING/PROCESS HEAT AND COOLING

- replacement of old heating systems
- hot water supply from CHP[b] system
- heating reduction
- replacement of burners
- establishment of startup and shutdown procedures
- application of optimal setpoints
- cooling reduction
- installation of roof air vents

[a] *Electromotive force.*
[b] *Combined heat-power.*

2020 IMPROVEMENT PROJECTS IN DETAIL

CNH INDUSTRIAL WORLDWIDE

	Projects (no.)	Total energy reduction (GJ/year)	Estimated project cost ($)
Installation of new equipment	81	73,494	3,369,901
Conversion and retrofitting of equipment	88	46,848	2,431,639
Operational changes	64	52,835	865,047
Process redesign	54	75,352	1,639,293
Total	**287**	**248,529**	**8,305,880**

In 2020, the Company invested about $8.3 million in efficiency projects, generating more than $4.8 million in savings. The simple payback period is estimated at 1.75 years, in part due to the approximately $180,000 in savings generated by management initiatives implemented at almost no cost.

Over $3.5 million (about 42% of the total investment) was spent on the widespread replacement of existing lighting systems with LED technology. 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 initiatives involved:

- buildings (about 20% of the total investment), with a particular focus on reducing thermal losses
- heat generation and distribution systems, with approximately $1.9 million (about 23% 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 8% 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 2020. 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 (GHG) 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 0.923%, they fall outside the reporting scope[1].

TESTING MOVING TOWARDS ZERO CO_2 EMISSIONS

13 CLIMATE ACTION

In 2020, FPT Industrial continued to offset the CO_2 emissions generated by its Turin Testing Center, in pursuit of becoming a zero-impact testing facility. The 28,000 tons of CO_2 generated by the facility between 2019 and 2020 were balanced to zero by supporting specific carbon offsetting initiatives aimed at:

- reducing deforestation and degradation and preserving biodiversity through sustainable forest management practices, ultimately benefitting local communities (in Peru)
- incrementing the use of renewable energy from wind power (in India)
- replacing traditional coal-fired cooking stoves with clean solar cookers (across rural communities in China).

OUR PROJECTS

[1] *Details on the reporting scope are available in the chapter on Report Parameters (see pages 256-259).*

ENERGY CONSUMPTION

In 2020, CNH Industrial reported a total energy consumption[2] of about 5,591 TJ, a decrease of approximately 12% over the previous year. As regards energy performance, measured as the Company's total internal energy consumption divided by hours of production, CNH Industrial's 2020 year-end results improved, with the key performance indicator (KPI) falling by approximately 6% compared to the previous year.

This outcome was the result of the successful synergy between the ISO 50001 energy management and World Class Manufacturing (WCM) systems adopted by the Company and of the energy efficiency projects realized. Indeed, during the COVID-19 pandemic, notwithstanding the reduction in production hours, extraordinary measures were put in place to contain energy consumption, leading to considerable energy savings. In addition, the lockdowns imposed by governments in response to the pandemic were an opportunity to analyze the fixed energy consumption of all plants and consequently identify the areas in which specific energy saving projects could be realized.

-6%
IN **ENERGY CONSUMPTION** PER HOUR OF PRODUCTION

TOTAL ENERGY CONSUMPTION[a]
CNH INDUSTRIAL WORLDWIDE (GJ)

Non-renewable sources	**2020**	2019	2018
Plants (no.)	57	57	57
Direct energy consumption			
Natural gas	**2,422,117**	2,724,085	2,875,474
Coal	**-**	-	90,493
Diesel	**269,168**	283,742	262,043
Liquefied petroleum gas (LPG)	**34,908**	87,082	72,711
Other (HS and LS fuel oil)	**42**	225	154
Total	**2,726,235**	3,095,134	3,300,875
Indirect energy consumption			
Electricity	**575,963**	669,649	774,835
Thermal energy	**589,867**	629,153	694,710
Other energy sources	**16,643**	2,162	16,058
Total	**1,182,473**	1,300,964	1,485,603
Total energy consumption from non-renewable sources	**3,908,708**	4,396,098	4,786,478
Renewable sources	**2020**	2019	2018
Plants (no.)	57	57	57
Direct energy consumption			
Biomass	**2,139**	14,144	6,801
Solar-thermal	**62**	46	17
Total	**2,201**	14,190	6,818
Indirect energy consumption			
Electricity	**1,477,298**	1,705,478	1,843,182
Thermal energy	**21,422**	43,851	52,485
Other energy sources	**181,376**	194,080	148,519
Total	**1,680,096**	1,943,409	2,044,186
Total energy consumption from renewable sources	**1,682,297**	1,957,599	2,051,004
Total energy consumption	**5,591,005**	6,353,697	6,837,482

[a] The base year (2014) energy consumption is equal to 7,469,657 GJ. For information on the rationale for choosing 2014 as the base year, see page 260.

[2] Types of energy included: electricity, heat, steam, cooling, natural gas, metallurgical coal, diesel, and other fuels.

GRI STANDARDS GRI 302-1; GRI 302-4

ENERGY CONSUMPTION BY TYPE

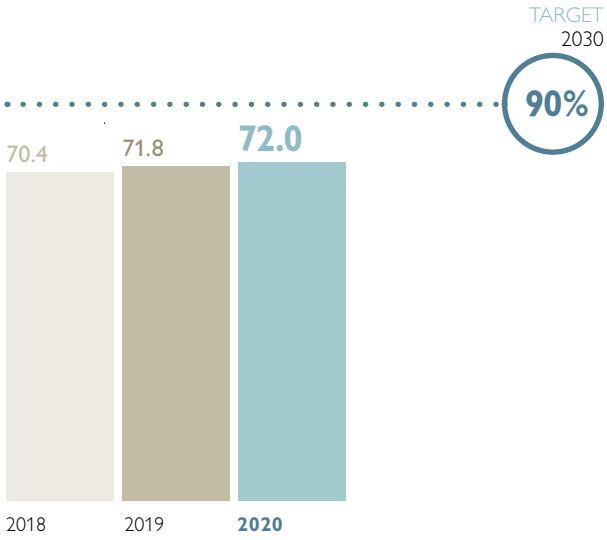
CNH INDUSTRIAL WORLDWIDE (GJ)

	2020	2019	2018
Plants (no.)	57	57	57
Electricity[a]	**2,238,894**	2,551,319	2,759,208
Heat	**611,351**	673,050	747,212
Steam[b]	**-**	-	-
Cooling	**12,386**	20,050[c]	23,386
Natural gas (NG)	**2,422,117**	2,724,085	2,875,474
Other energy sources	**306,257**	385,193[c]	432,202
Total energy consumption	**5,591,005**	**6,353,697**	**6,837,482**

(a) *Electricity also includes compressed air.*
(b) *Steam is included in heat.*
(c) *Category figures redistributed with respect to the 2019 Sustainability Report.*

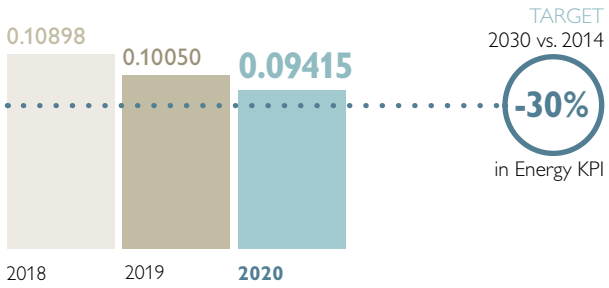
ELECTRICITY CONSUMPTION FROM RENEWABLE SOURCES

CNH INDUSTRIAL WORLDWIDE (%)



ENERGY CONSUMPTION PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (GJ/hours of production[b])



(a) *The base year (2014) energy consumption per production unit is equal to 0.1275 GJ/hours of production. For information on the rationale for choosing 2014 as the base year, see page 260.*
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.
(b) *Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 261.*

SASKATOON PLANT GOES GREEN WITH SOLAR PANELS

13 CLIMATE ACTION

New Holland Agriculture's manufacturing facility in Saskatoon (Canada) is now home to more than 1,000 solar panels, thanks to a partnership between CNH Industrial and the SES[a] Solar Co-op. The installation is the largest solar energy project in the province of Saskatchewan. It will yield 331 kilowatts of power, about 8% of the facility's annual electricity demand, and reduce its carbon footprint by 289 tons per year. Furthermore, given that Saskatoon averages 314 sunny days a year and 2,268 hours of sunshine, there is potential for future expansion of the solar array to further reduce the plant's carbon footprint. The plant had already successfully reduced its electricity consumption by 25% in previous years, and now the new solar installation will help supplement its ongoing power needs with a zero-carbon emissions energy source.

(a) *Saskatchewan Environmental Society.*

OUR PROJECTS

TREES ARE THE ROOTS OF OUR TOMORROW

13 CLIMATE ACTION

It is an established fact that trees are humankind's greatest ally in safeguarding the planet against climate change. Their ability to continuously absorb CO_2, the main culprit behind global warming, can offset (at least in part) the increase in CO_2 levels caused by human activities. According to official data, this greenhouse gas (GHG) is responsible for 64% of anthropogenic global warming, and its concentration in the atmosphere is currently 40% higher than that recorded in the pre-industrial era.

A study published in the Science journal, conducted by the Crowther Lab (Zurich) – an interdisciplinary research group specializing in the study of global climate change – has established scientifically that an effective way to combat climate change would be to plant an area equivalent to the size of the USA with trees.

With that in mind, in conjunction with the Italian campaign *M'illumino di meno* and the global event Earth Day, CNH Industrial promoted a tree planting campaign, *Trees are the Roots of our Tomorrow*, as part of its commitment to fighting climate change. With the participation of the Company's energy specialists worldwide, the event led to the planting of tall native tree species at each manufacturing plant, for a total of approximately 3,000. Estimating that a tree planted in a temperate climate and in the city (therefore subject to increased environmental stress compared to a natural habitat) could absorb 10-30 kilos of CO_2 per year on average during its growth cycle, this initiative will potentially offset about 60 tons of CO_2 per year over the trees' lifespan.

OUR PROJECTS

CO_2 EMISSIONS

In 2020, CNH Industrial's CO_2 emissions (scope 1 and 2) were 283,968 tons[3], a 13.4% reduction compared to the previous year. This result was due to a decrease in energy consumption and to the greater share of renewable energy in CNH Industrial's energy mix, which reached 72% of the Company's total electricity consumption. Furthermore, the increased use of renewable energy cut CO_2 emissions by approximately 114,300 tons.

-8.3%
IN CO_2 EMISSIONS PER HOUR OF PRODUCTION

DIRECT AND INDIRECT CO_2 EMISSIONS[a]

CNH INDUSTRIAL WORLDWIDE (tons)

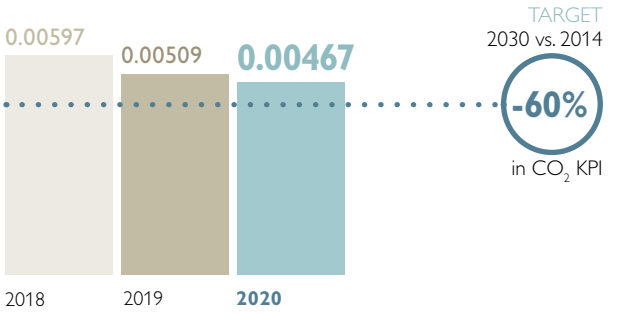
	2020	2019	2018
Plants (no.)	57	57	57
Direct emissions (scope 1)	**151,441**	171,217	184,439
Indirect emissions (scope 2) – market-based	**132,527**	156,764	194,575
Indirect emissions (scope 2) – location-based	**235,757**	309,465	312,409
Total CO_2 emissions[b]	**283,968**	**327,981**	**379,014**
Direct emissions from landfill gases	**117**	772	371

(a) CO_2 is the only significant greenhouse gas within CNH Industrial's processes (see page 261).
For CNH Industrial, biogenic CO_2 emissions are those released by the combustion of landfill gases.
The base year (2014) CO_2 emissions are equal to 530,851 tons. For information on the rationale for choosing 2014 as the base year, see page 260.
There were no significant changes in emissions requiring the recalculation of base year emissions.
GHG emissions were consolidated and reported using an operational control approach.
For the methodologies and emission factors used, see pages 261-262.
(b) Total CO_2 emissions are calculated using the market-based methodology of the GHG Protocol, and do not include emissions from landfill gases.

(3) Value stated as per the market-based methodology of the GHG Protocol.

GRI STANDARDS GRI 305-1; GRI 305-2; GRI 305-5

DIRECT AND INDIRECT CO_2 EMISSIONS PER PRODUCTION UNIT[a]
CNH INDUSTRIAL WORLDWIDE (tons of CO_2/hours of production[b])



(a) CO_2 is the only significant greenhouse gas within CNH Industrial's processes (see page 261).
The base year (2014) CO_2 emissions per production unit are equal to 0.0090 tons/hours of production.
For information on the rationale for choosing 2014 as the base year, see page 260.
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.
(b) Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 261.

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 plant subject to the European Emission Trading System (EU-ETS) is the one in Basildon (UK)[4]. The energy generated in 2020 by the plant was 85,978 GJ, earning it extra credits in terms of CO_2 emission allowances for the year.

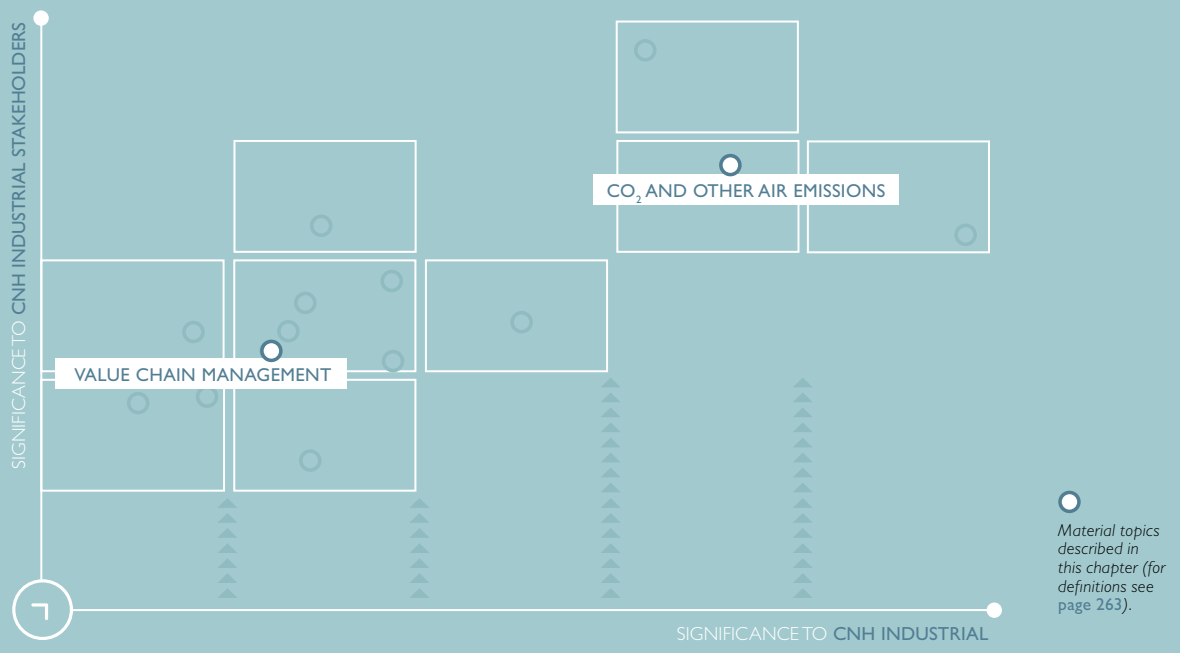
(4) 2013 marked the start of the third phase of the ETS, which sets a single EU-wide cap on emission allowances; this limit will decrease linearly over time, even after the end of the third trading period (2013-2020).

LOGISTICS PROCESSES

216 MANAGEMENT FRAMEWORK

217 MONITORING OF ENVIRONMENTAL PERFORMANCE

219 INITIATIVES TO REDUCE ENVIRONMENTAL IMPACT



Material topics described in this chapter (for definitions see page 263).

2024 STRATEGIC SUSTAINABILITY TARGETS

-20%

vs. 2014 IN KG OF CO_2 EMISSIONS PER TON OF GOODS TRANSPORTED (INCLUDING SPARE PARTS)

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

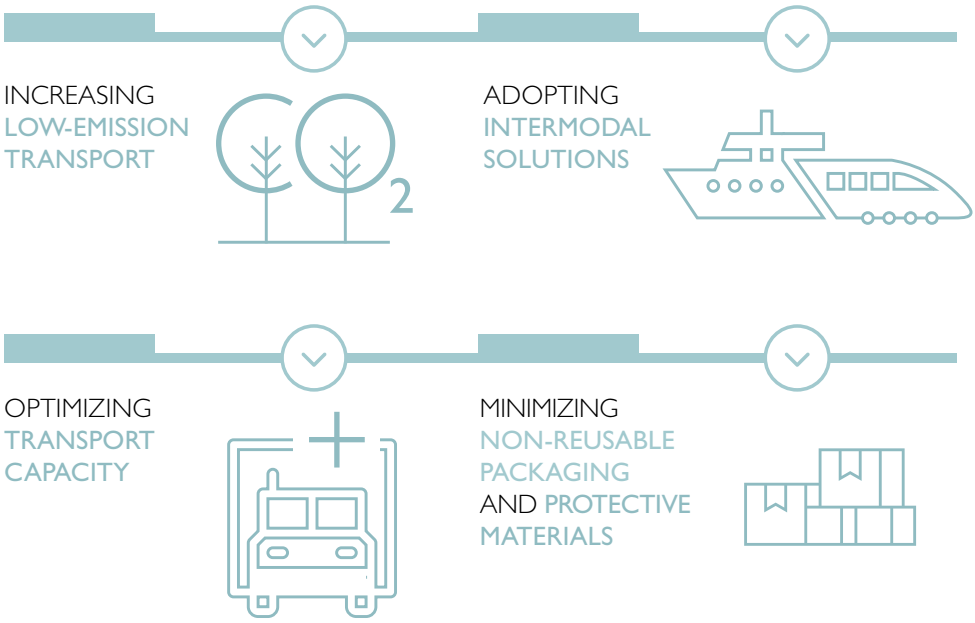
13 CLIMATE ACTION

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 Manufacturing, Sales, and Purchasing functions, 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; intended to coordinate the Company's initiatives on promoting sustainable behaviors, they help both corporate functions and suppliers effectively monitor their performance and meet improvement targets.

In line with these principles, CNH Industrial's approach to logistics focuses on 4 areas.

LOGISTICS 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 optimize safety, ergonomics, eco-compatibility, and transport logistics flows. 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 its suppliers is key to achieving an effective, sustainable logistics system. To this end, the Company directly involves them 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 190), which monitors the CO_2 emissions of selected suppliers and promotes projects to reduce them through joint initiatives and partnerships.

GRI STANDARDS GRI 103-1; GRI 103-2; GRI 103-3

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 line with its sustainability priority *carbon footprint*, the Company included a strategic sustainability target (see page 29) in the Strategic Business Plan: a 20% reduction in kilos of CO_2 emissions per ton of goods transported (inbound, outbound, and spare parts) by year-end 2024 (compared to 2014). This voluntary target was included in the Sustainability Plan (see page 41). 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, individual targets were included in the Performance Management Process (PMP, see page 98) for several managers responsible for the main projects involved in reaching the aforementioned sustainability target.
The Senior Leadership Team (SLT) has the highest responsibility for initiatives aimed at reducing the environmental impact of logistics processes at CNH Industrial.

In 2020, the Transport Logistics Department had to manage the consequences of the COVID-19 pandemic on the transport network: road flow optimization was hindered by a reduction in volumes and limitations in service provider capacity, while planning was regularly affected by continual changes in transport regulations, which impacted service levels and costs.
Rail intermodal solutions were less affected by the pandemic as they were not subject to the restrictions and long queues at the borders affecting road transport, so their adoption allowed mitigating the impact of such limitations.
As regards intercontinental flows, the poor reliability of deep-sea services due to port congestion and the lack of empty containers led to an increase in demand for air shipments in the last quarter of the year, although air capacity was limited due to the absence of passenger flights.

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 Aftermarket Solutions function, 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, their outbound distribution (including to dealerships) is handled by specialized transport providers.

MONITORING OF ENVIRONMENTAL PERFORMANCE

In 2020, monitoring continued of some of the environmental aspects considered most significant[1] 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).

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

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

In 2020, CO_2 emissions from global inbound and outbound distribution were reduced by 1,091 tons as a result of new improvement projects implemented during the year.

CO_2 EMISSIONS IN LOGISTICS PROCESSES[a]

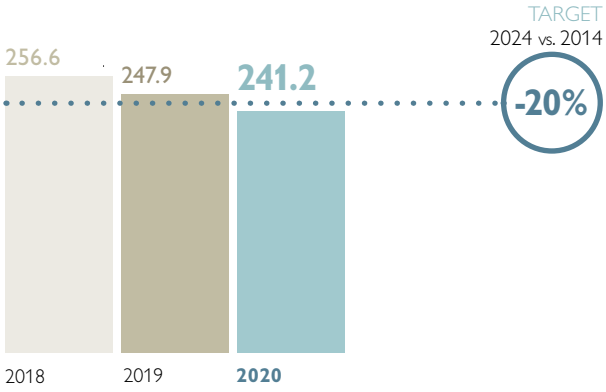
CNH INDUSTRIAL WORLDWIDE (tons)

	2020	2019	2018
Inbound	**167,206**	195,464	190,187
Outbound	**147,089**	158,487	178,419
Parts	**44,972**	45,238	43,623
Total	**359,267**	**399,189**	**412,229**

[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 EcoTransIT 2019 (latest update), which reflects the IFEU Heidelberg methodology for environmental calculations.
The decrease in overall CO_2 emissions was mainly due to the decrease in kilos of inbound materials in all regions.

CO_2 EMISSIONS IN LOGISTICS PROCESSES[a]

CNH INDUSTRIAL WORLDWIDE (kg of CO_2 emissions/tons of goods[b] transported)



[a] The base year (2014) CO_2 emissions are equal to 304.6 kg/ton of goods transported.
For information on the rationale for choosing 2014 as the base year, see page 260.
[b] Refers to whole goods.

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 reliable database for building areas for future improvement.
CNH Industrial plants in Europe recorded an average of 0.32 kilos of cardboard disposed of per total manufacturing hours[2], a 6% reduction compared to 2019.
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])

	2020	2019	2018
Cardboard disposed of per hours of production	**0.32**	0.34	0.34

[a] Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 261.

[2] Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 261.

INITIATIVES TO REDUCE ENVIRONMENTAL IMPACT

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.

In Europe, CNH Industrial continued to promote the use of liquefied natural gas (LNG) trucks, believing them to be the best technological solution towards sustainable transport. Indeed, they bring significant benefits for the environment in terms of reduced noise pollution and emissions compared to diesel. In 2020, in Europe, 20,494 journeys (equal to 9.1 million kilometers) were made using LNG trucks, reducing CO_2 emissions by 411 tons. 2,100 of these journeys (equal to 2.3 million kilometers) were made after introducing LNG trucks on the routes between parts depots, namely from Turin (Italy) to Madrid (Spain) and from Turin to Trappes (France), which alone cut CO_2 emissions by 101 tons.

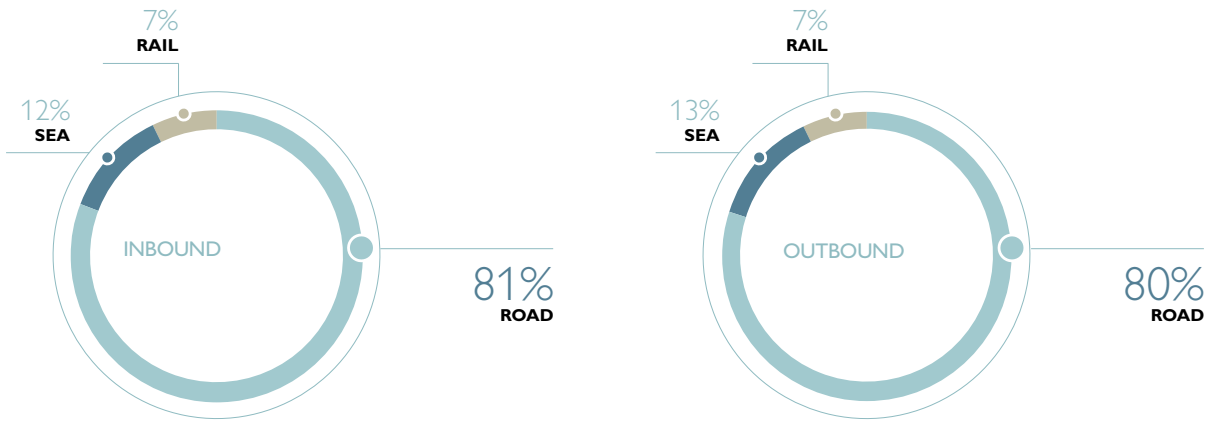
In North America, the Agriculture and Construction segments continued to engage their logistics partners in the *SmartWay* transport program. Launched in 2003, the program is sponsored by the Environmental Protection Agency (EPA) to improve efficiency and reduce greenhouse gas and air pollutant emissions 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 2020, 92% of service providers (rail and road transport) participated in the program.

92%
OF **SERVICE PROVIDERS** IN NORTH AMERICA INVOLVED 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 Europe, for example, CNH Industrial continued its trial of transport by catamaran along the River Danube for combines manufactured in Grand Island (USA) and tractors manufactured in Racine and Fargo (USA) destined for the markets in Bulgaria and Romania. A total of 45 units have been shipped, reducing CO_2 emission by 25.4 tons. The goal is to standardize this transport mode in 2021, so as to further reduce CO_2 emissions.
Meanwhile, rail intermodal shipments from suppliers in Northern Italy to the Basildon plant (UK) increased by 24%, reducing CO_2 emissions by 213 tons.
In South America, CNH Industrial implemented an intermodal transport solution to ship containers by rail from the port of Rio de Janeiro to the rail terminal in Sete Lagoas (Brazil), with subsequent delivery by road to local CNH Industrial plants. In 2020, 388 containers were shipped by rail, reducing CO_2 emissions by 101.4 tons.

BREAKDOWN OF TRANSPORT[a]
CNH INDUSTRIAL EUROPE



[a] *Percentages refer to the Agriculture, Construction, and Commercial and Specialty 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.

In 2020, the Sete Lagoas plant (Brazil) built a device that allows loading up to 5 school-bus frames (previously 3) on a single truck, thus optimizing load capacity and reducing the number of journeys required. The plant shipped a total of 957 school-bus frames to its vehicle body builder in Cascavel using the new system, cutting CO_2 emissions by 316 tons.

FINISHED GOODS BY TRAIN FROM ITALY TO POLAND

13 CLIMATE ACTION

In 2020, CNH Industrial adopted a new standard intermodal transport solution for all IVECO products shipped from the plants in Brescia and Suzzara (Italy) to Poland, shipping by train from Suzzara to Poznań (Poland), and then by truck to the dealers. 389 vehicles were shipped in this manner to test the feasibility of the project, resulting in a 77-ton reduction in CO_2 emissions. The project, whose implementation was finalized at the end of 2020, will entail one train per week as of January 2021, and is expected to cut CO_2 emissions by 450 tons by year-end based on a volume forecast of 4,300 vehicles.

OUR PROJECTS

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 raw material consumption, cuts waste, and optimizes transport capacity, thus reducing CO_2 emissions. In Europe, disposable cardboard boxes were replaced with reusable packaging for shipments from suppliers in Italy to the Bourbon-Lancy plant (France) and the Torino Motori plant (Italy), and from a Polish supplier to the Plock plant (Poland), which cut carboard and wood packaging consumption by 99 tons.

SUSTAINABLE PRODUCTS

222 MANAGEMENT FRAMEWORK

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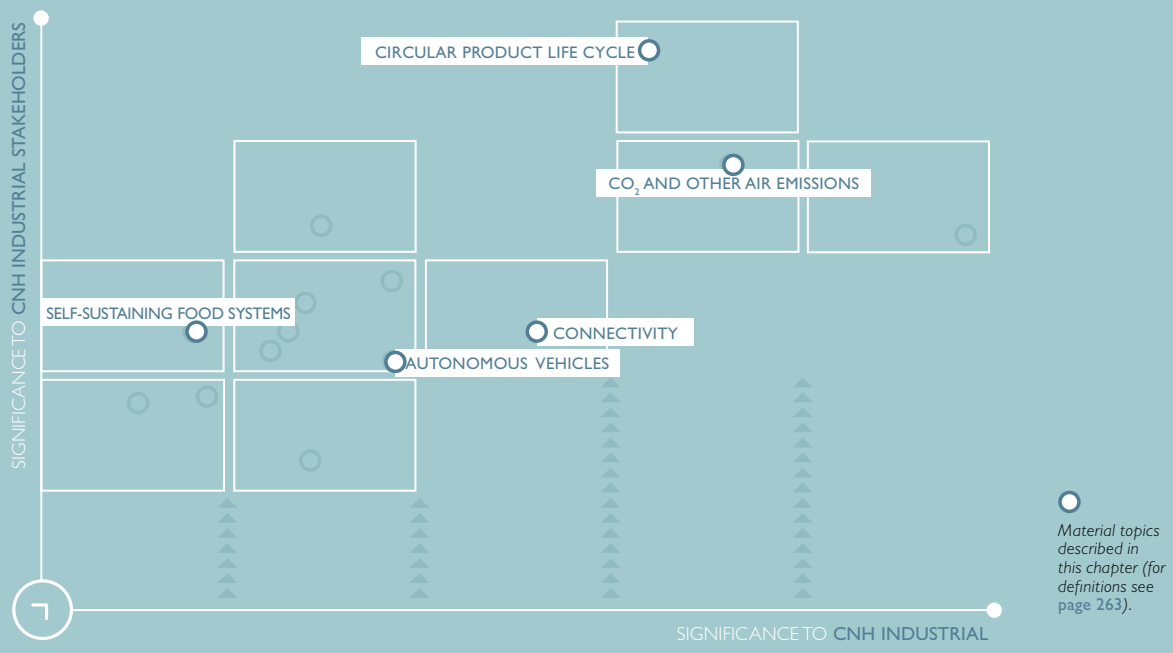
223 DECARBONIZATION STRATEGY

229 DIGITALIZATION AND CONNECTIVITY

235 AUTOMATION



Material topics described in this chapter (for definitions see page 263).

2024 STRATEGIC SUSTAINABILITY TARGETS

25%

OF PRODUCT PORTFOLIO AVAILABLE WITH NATURAL GAS POWERTRAINS

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

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 need for **circular product life cycles** is the most relevant material topic for both CNH Industrial and its stakeholders. Promoting the use of fuels from renewable sources is one possible response to this topic.

Among the other material topics identified 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, the Company has adopted a decarbonization strategy aimed at offering products with lower CO_2 emissions, by:
- scouting for cutting-edge combustion technology (see page 224)
- enhancing the use of biofuels (see page 225)
- developing electrification (see page 227)
- exploring hydrogen applications (see page 229).

When purchasing a product from any CNH Industrial brand portfolio, customers need to evaluate not only purchase prices, but also maintenance, depreciation, insurance, and operating costs. To this end, the Company has adopted a total cost of ownership (TCO) approach, supported by CNH Industrial connected services, to assist customers seeking out:
- lower fuel consumption and CO_2 emissions
- longer scheduled maintenance intervals, fewer breakdowns, and improved efficiency
- easier access to components for timelier interventions.

The TCO approach was initially adopted in the Commercial and Specialty Vehicles segment and provides customers with an extremely valuable, easy-to-use online calculation tool aiding in the selection of vehicles best suited to specific business needs. Leveraging its advanced connected services, IVECO has since developed an even more comprehensive TCO model, which includes aspects such as driver satisfaction and safety, with specific key performance indicators (KPIs) in place to monitor driver behavior, productivity, social responsibility, and economic and environmental sustainability. Reflecting the brand's customer-centric approach, all factors within this new TCO model revolve around the driver, integrated to continuously interact with and influence each other in a loop.
In the Agriculture segment, Case IH first applied the TCO approach 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. Meanwhile, New Holland Agriculture began applying the TCO approach to forage harvesters, and will soon extend it to the T7 and T8 tractors. In addition, both brands' flagship agricultural products were recently fitted with telemetry devices to provide the Company, customers, and dealers with valuable data on any machine issues to help improve productivity and increase uptime. The implementation of such Industry 4.0 technologies will be further developed in the future.
In the Construction segment, an online TCO calculator is available to CASE Construction Equipment customers in North America and its dealers in Europe and Australia. It helps determine the TCO for the brand's full product line, including the updated G-Series Wheel Loaders, based on real-life cost factors such as fuel, labor, parts, and maintenance. Furthermore, the roll-out of scheduled maintenance programs combined with various extended warranty solutions help users manage cost of ownership over the entire life span of any of the brand's products.

Connectivity could radically change product use by the customer, as well as the product's impact on the environment during use (see page 229). For example, the sale and diffusion of **autonomous vehicles** could 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 yields – 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.

In line with its sustainability priority *carbon footprint*, the Company set a strategic sustainability target (see page 29) within its Strategic Business Plan: to make 25% of its product portfolio available with natural gas powertrains by year-end 2024. This sustainability target was also included in the Sustainability Plan (see page 37) and as individual goals in the Performance Management Process (see page 98).

EFFICIENT DIESEL ENGINES

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) and potentially compatible with dimethyl ethers (DMEs, see page 227). 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.

HI-eSCR2

As evidenced by the materiality analysis, the reduction of **CO_2 and other air emissions** is an issue of relevance to CNH Industrials 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 less 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 Exhaust Gas Recirculation (EGR), which recirculates exhaust gases in the combustion chamber to lower its temperature, reducing NO_X levels but penalizing engine efficiency and increasing PM production, thus requiring frequent DPF regeneration. The second system is Selective Catalytic Reduction (SCR), which maintains optimized combustion and reduces NO_X emissions through the addition of a reductant, such as ammonia obtained from Diesel Exhaust Fluid (DEF). This produces little PM and requires less frequent DPF regeneration.

FPT Industrial's SCR technology dates back to 2005, and the brand has since further advanced the technology by launching two additional systems. The first is the HI-eSCR, which maintains optimized combustion and fuel consumption, produces little PM, requires less frequent DPF regeneration, and uses DEF for NO_X reduction like its predecessor. An additional advantage is the enhanced safety it delivers for construction equipment: since it works below 200°C, the equipment can be used near flammable materials, which is particularly valuable, for example, in wood recycling centers. The second is the HI-eSCR2 technology, launched for agriculture and construction applications.

FPT Industrial's SCR systems are currently used in on-road, off-road, and power generation applications, and were present in 74% of the diesel engines mounted in CNH Industrial products as at year-end 2020.

DECARBONIZATION STRATEGY

In its commitment to mitigate climate change, CNH Industrial aims to reduce **CO_2 and other air emissions** through the proper management of climate-related risks and opportunities, as per the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
The identification of such risks and opportunities and the analysis of global challenges led to the definition of a decarbonization strategy, in light of which the Company regularly reviews its business priorities and adapts its financial programming over the short, medium, and long-term, in line with its Strategic Business Plan horizon. To tackle climate change issues, CNH Industrial integrated a number of carbon-reduction initiatives and specific climate-related topics into its Sustainability Plan, defining long-term strategic targets that will drive its business strategy.

GRI STANDARDS GRI 103-1

The Company's decarbonization strategy guides the development of its product portfolio and R&D efforts into new technologies (e.g., biofuels, electric drives, hydrogen fuel cells, digitalization, connectivity, and automation), often in collaboration with business partners, startups, and third-party experts.
Within the Powertrain segment, internal combustion engines will continue to predominate in most industrial applications in the short term, 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 is being extended into off-road, making NG an essential element in all emission reduction strategies in the years to come.
Other fuels are showing potential in the field of decarbonization, such as dimethyl ether (DME) and hydrogenated vegetable oil (HVO), while modifying engines to offer the best solutions for a given area or application is likely to broaden the offering and integration of compressed natural gas (CNG) technology. Furthermore, 26 major global cities announced zero-emission zones[1] for transport and access, setting an example for other cities to follow. All of these factors are driving the shift towards alternative fuels and powertrain electrification.
In the medium term, the focus will be on electric drive technologies – 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 medium term, hydrogen fuel cells 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 believes in remaining very open and pragmatic – adopting a multi-power approach.

ROADMAP OF NON-FOSSIL ENERGY SOURCES

Non-fossil energy sources	Currently available on the market	CNH 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	Already adopted
Biomethane	Yes	F1C NG NEF 6 NG Cursor 9 NG Cursor 13 NG	Methane	Spark-ignition	Already adopted
Dimethyl ether (DME)	Yes, in the USA	Research ongoing	Diesel	Diesel	Medium-term
Methanol	Yes, blended with gasoline (A20), in Israel and India	Research ongoing	Methane	Spark-ignition	Medium-term
Bioethanol (ETBE)	Yes, blended with gasoline	No	Gasoline (partially)	Spark-ignition	Medium-to-long term
Electricity[a]	Yes	Under development	All	Electric	Short-medium term
Hydrogen[a]	Limited	Research ongoing	All	Fuel cell system & internal combustion engine	Medium-term

(a) When generated from renewable sources.

CUTTING-EDGE POWERTRAIN TECHNOLOGY

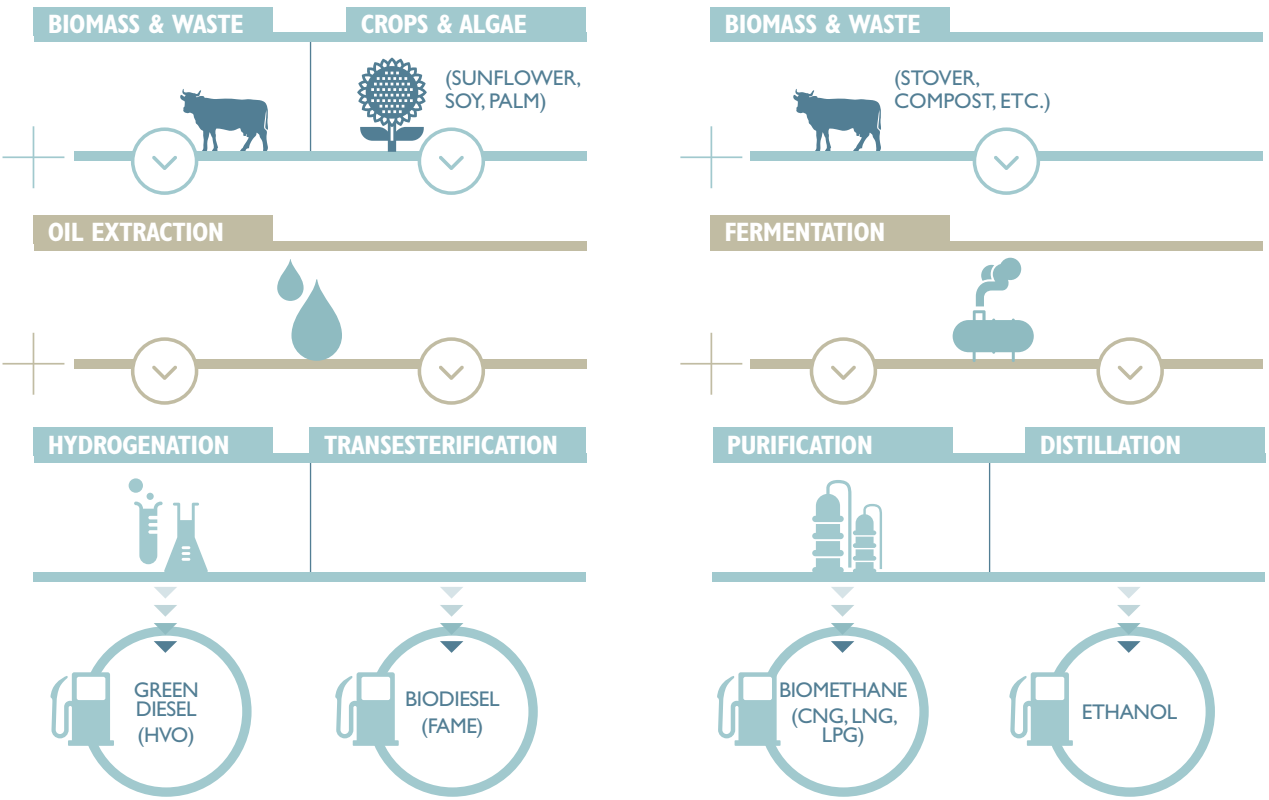
As part of its decarbonization strategy, CNH Industrial is also looking into alternative solutions never explored before. For this reason, in 2020, FPT Industrial acquired 100% of Dolphin N_2, a spin-off from British company Ricardo, specialized in innovative internal combustion engine technology. The brand aims to leverage the expertise acquired to substantially increase fuel efficiency while reducing operating costs and CO_2 emissions, starting with long-haul trucks and other heavy-duty applications. The technology developed will then be extended to other industrial segments delivering a complete power range, and made suitable for all fuels, including liquid and gas fuel applications through ad hoc configurations.

(1) ww.c40.org.

BIOFUELS

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**. 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



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[2].

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 originating from waste, the crops used to produce them take land from food production. FPT Industrial's research is currently focusing on second-generation renewable biofuels, namely on hydrogenated vegetable oil (HVO), also known as green diesel (XTL), according to EN 15940 fuel specifications.
As of 2020, all engine families are type-approved in this regard, and a number of buses and coaches have already been adapted to run on HVO for reduced CO_2 emissions, such as those sold to operators and transport authorities in Scandinavia, where HVO is produced and distributed for captive fleets.

(2) *www.biofuel.org.uk.*

In addition to extensive testing and development, FPT Industrial is also involved in several research projects in collaboration with external R&D suppliers and universities, focused on continuously monitoring the rapid evolution of biofuel technology, and on potential breakthroughs from the early stages of development.

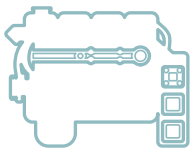
BIOMETHANE

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. Biomethane is a natural gas (NG) derived from a renewable source, and is considered a strategic fuel owing to the main benefits that derive from its use, namely:

- 95% fewer well-to-wheel CO_2 emissions compared to diesel
- 50% fewer NO_X emissions compared to diesel
- 50% fewer aldehyde emissions compared to diesel
- 80% fewer 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 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. NG is also markedly less expensive than diesel and can reduce fuel costs by up to 30-40%. Moreover, NG-powered vehicles are ideal for distribution, short, medium, and long-haul logistics, and municipal services such as waste collection and transport.
CNH Industrial offers a wide range of NG vehicles through its brands, such as: the complete light-to-heavy range offered by NG market leader IVECO; the Crossway Natural Power, Urbanway city bus, Crealis rapid transit bus, and Daily minibus offered by IVECO BUS; and the Compact class (H)LF 10 marketed by Magirus, the world's first CNG-powered firefighting vehicle.
New Holland Agriculture, on the other hand, is preparing to market its T6 Methane Power tractor, following the engineering activities and field trials implemented in 2020 despite the COVID-19 pandemic.

With more than 60,000 units sold to date and a 70% market share in Europe, FPT Industrial has the largest NG engine portfolio 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.



10,000
NATURAL GAS
ENGINES SOLD

NATURAL GAS ENGINES SOLD[a]

FPT INDUSTRIAL WORLDWIDE (no.)

	2020	2019	2018
NG engines sold	10,000	9,200	7,481

[a] *Figures include engines sold to IVECO brands.*

INNOVATIVE LNG TANKS

With the objective to increase the fuel storage capacity of tractors equipped with natural gas engines, CNH Industrial started a co-development project with Bennamann, a technology company focused on biomethane and on delivering clean energy. This partnership has led to the development of a low pressure and low temperature liquid methane (LNG) tank, with the same shape and fit as a diesel tank. The tank's gas conditioning system comprises a heat exchanger and compressor paired with sensors and electronic control systems to enable the methane gas stored in the tank to fuel the tractor's engine. The total energy capacity of the tank is nearly double that of a compressed natural gas (CNG) storage system.

FOCUS ON

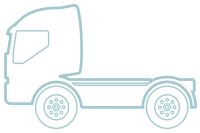
DIMETHYL ETHER

Dimethyl ether (DME) is attracting interest as an alternative fuel because of the cost-effectiveness and feasibility of large-scale synthesis. It is traditionally produced through the dehydration of methanol obtained from syngas (made from NG), but it can also be made from black liquor, a by-product of paper manufacturing, or from lignocellulosic biomass. For ease of transportation, it can then be chemically converted into a liquid, rather than liquefied, and transported in cylinders, like liquefied petroleum gas (LPG), 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.
At its technical center in Arbon (Switzerland), FPT Industrial is collaborating with external R&D centers and fuel suppliers on a detailed evaluation of Euro VI heavy-duty engines running on DME for on-road applications. Combustion development tests have been very positive, with a potential reduction in both tailpipe emissions (NO_X and PM) and CO_2 emissions.

ELECTRIFICATION

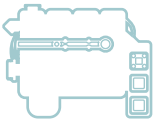
CNH Industrial has a long tradition in the electric vehicle sector, with the first IVECO Daily Electric, in fact, dating back to 1986. Electrified vehicle technologies represent the next step in CNH Industrial's decarbonization strategy, not as an alternative but rather as a means to further improve the performance, efficiency, and sustainability of internal combustion solutions. The technology will feature different characteristics depending on vehicle missions.

IVECO, FPT Industrial, and Nikola Motor Company are currently collaborating on developing the Nikola TRE semi-truck, the first battery electric vehicle (BEV) of its kind for European markets. The vehicle is based on the IVECO S-WAY heavy-duty truck and features Nikola's advanced electric technology and infotainment system. Its modular battery system will have a total capacity of up to 720 kWh, customizable for different customer missions, and the electric driveline will deliver 480 kW continuous power output with 1,800 Nm peak torque.



Heuliez Bus, a leading brand in e-mobility buses, offers a full product range for all urban applications, featuring a 12-meter overnight charge e-bus and an opportunity-charge articulated electric bus available across Europe.

FPT Industrial has an e-Powertrain team within its Powertrain Product Engineering Department entirely dedicated to the development of electrified vehicle technologies. The brand's goal is to meet customer needs with a wide range of tailor-made alternative propulsion solutions for every type of mission, thus strengthening its positioning in the market as a multi-power solutions provider.



FPT Industrial's electric strategy is divided into 2 categories: electric propulsion and electric assist.
As regards **electric propulsion**, the brand offers 2 solutions: 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 – offering 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. As well as 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 limited space. 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 machine auxiliaries and implements.

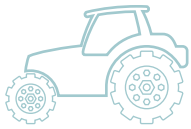
Industrial powertrain solutions need to meet different market requirements. For this reason, FPT Industrial believes that system integration capabilities and modular technical solutions are essential to ensure a competitive offering. Thanks to its features, the mild hybrid powertrain can be applied to 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.

FPT Industrial has entered into specific partnerships to expand its capabilities in electrification. For example, through a collaboration with Microvast, a US-based company specialized in battery power systems for electric vehicles, the brand will design and assemble high-voltage battery packs in-house for CNH Industrial vehicles and third-party customers. In addition, it will launch a new e-platform for the development and manufacture of complete electrified powertrain systems. The brand is also a participating partner in VISION-xEV, a project for the future advancement of electrified powertrain systems, funded under the EU's Horizon 2020 program for research and innovation.
FPT Industrial has set specific targets to reflect and further advance its efforts in electrification: to start the production of an e-driveline and battery pack assembly for light commercial vehicles, and of e-axles for heavy commercial battery electric vehicles (BEV), by year-end 2021; and to start battery pack assembly production for buses by year-end 2022.

In 2020, as a further step towards electrification, the brand acquired 100% of Potenza Technology, a company specialized in the design and development of electric and hybrid powertrain systems. Potenza Technology has been at the forefront of electric powertrain technology since 1999, with expertise in functional safety engineering, battery management systems for traction battery packs, and electric and electronic systems design and development.

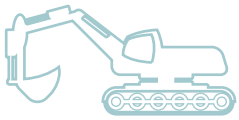
In the off-road segments (Agriculture and Construction), the main drivers for electrification developments are productivity, performance, and sustainability. Electrification technologies unlock the full potential of sustainable precision agriculture and construction equipment, supporting autonomous operations, providing better control, and delivering environmental benefits.

In the Agriculture segment, 3 levels of electrification are currently being considered:
- electric power and electric implements (light electrification)
- electric and hybrid power transmission (e-drivelines, medium electrification)
- battery electric vehicles for zero emissions (full electrification).



Key customer needs are higher speed of operation and reduced operating, fuel, and maintenance costs. In particular, customers seek precision applications of fertilizers and chemicals, optimized planting and seeding, and soil damage avoidance.
Recently, CNH Industrial took a minority investment in the Monarch Tractor, the first fully electric autonomous tractor on the market, which will contribute to accelerating agriculture's transition towards autonomy and electrification. This strategic partnership is an important step towards further enhancing long-term sustainability, enabling the world's farmers and agribusinesses to realize profitable zero-emission farming. It also underscores the Company's commitment to rapidly improving its alternative propulsion and precision farming portfolio, while extending its world-leading sustainability credentials.

In the Construction segment, key customer needs are lower annual operating costs and reduced maintenance and fuel costs. Customers seek performance improvements enabled by the high torque availability, as well as zero emissions and low noise for indoor operations.



An electrified backhoe loader (developed under the *Project Zeus*) was presented at the Con Expo trade show. This CASE 580 EV delivers the same power and performance of other diesel-powered backhoes in the brand's product line. It also has considerably lower daily operating costs while producing zero emissions – motivating factors for utility and government contractors incentivized to work with equipment that leverages alternative fuels and lowers emissions.
In the Construction's light equipment segment, priority is being given to battery electric solutions, whereas the heavy equipment segment is focusing on a combination of hybrid and full electric solutions.

PROJECT ZEUS

In 2020, CASE Construction Equipment presented *Project Zeus*, showcasing its CASE 580 EV (electric vehicle) – the construction industry's first all-electric backhoe loader and a prime example of CNH Industrial's commitment to developing environment-friendly and economically sustainable solutions. As electrified construction equipment is gaining ever-more momentum, the 580 EV offers customers a powerful alternative that enables them to reduce their total carbon footprint. The 580 EV provides the same power and performance as a standard diesel-powered backhoe, with the additional advantages of an electrified machine. The backhoe loader is perfectly suited for electrification across its different operation cycles, from heavy to light, while providing the operator with instantaneous torque response when needed. At low idle, a diesel engine has a lower torque and requires time to ramp up to meet load demands. Electric motors, on the other hand, deliver peak torque instantaneously at every operating speed.
The CASE 580 EV brings unique benefits to urban environments, most notably the reduction in noise and emissions, making it attractive to utility contractors and for government and municipal operations that are incentivized to run equipment using alternative fuel sources.

OUR PROJECTS

HYDROGEN

As a multi-power solutions provider, FPT Industrial's mission is to analyze, test, and overcome obstacles to make hydrogen a viable and effective solution, delivering performance, range, and reliability. To this end, the brand boasts its Hydrogen Fuel Cell Powertrain Concept, a technology with the potential to deliver a zero-emission powertrain for high energy-demanding applications.
Additionally, FPT Industrial, IVECO, and 12 other companies are currently participating in the *H2Haul project*, to design and build 16 zero-emission fuel cell trucks to be tested in real-world operations at 4 demonstration sites in Belgium, France, Germany, and Switzerland, respectively. The project was funded by the EU's Horizon 2020 research and innovation program, Hydrogen Europe, and Hydrogen Europe Research. Launched in 2019, it will run for 5 years, with a minimum of 2 years in production for all 16 trucks.
Among the vehicles is the fuel cell electric version of the Nikola TRE truck – the result of a joint-venture between IVECO and Nikola Motor Company. As part of its efforts towards hydrogen technologies, FPT Industrial plans to make electrified powertrains for fuel cell heavy-duty trucks available by the end of 2023.

INNOVATION-TO-ZERO

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.
With the effects of climate change being felt globally, predictive models and analysis are needed more than ever to plan farming operations and manage crop cycles in the context of more severe weather conditions and unseasonal events. 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, through precision farming and digital 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 to redeploy machines, enhancing productivity and reducing emissions

- in commercial vehicles, IVECO customers have access to innovative algorithms that cut fuel consumption by up to 15%, and that also reduce carbon footprints and total cost of ownership
- in engines, customers can depend on ever-more personalized services that improve efficiency and extend engine life.

INNOVATION 4 CHANGE

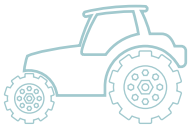
Innovation 4 Change (I4C) is a European impact innovation program for interdisciplinary teams of young talent, aimed at developing scalable business ideas and innovative solutions to respond to global challenges affecting our planet. Each year the program sets 8 challenges aligned with a number of UN Sustainable Development Goals (SDGs[1]) and launched by companies and institutions that join the I4C initiative as 'SDG partners'. CNH Industrial joined the program in 2020, proposing to "improve sustainability in the food value chain through the benefits of traceability systems", a challenge linked to SDG 12 'Responsible Consumption and Production'. Currently, food sustainability inevitably entails certifications, which represent a cost for both local producers, who cannot afford them, and final consumers, who pay approximately 47% more for certified food. In such a predicament, tools are needed to assess food sustainability beyond labels and certifications, capable of recognizing the sustainability of small producers using traceability data, so as to increase consumers' awareness of the environmental, social, and health impact of food itself.

During the 5-month initiative, a dedicated team of young talented people responded to this challenge by developing *repEAT*, a digital marketplace that connects local producers with customers wishing to buy certified, high-quality, local food produce. Consumers can select the food they eat more frequently, check the sustainability score of the products available (based on a traceability algorithm), and plan periodic orders, receiving fresh local food directly at home.

[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.*

OUR PROJECTS

PRECISION FARMING AND DIGITAL AGRICULTURE



Precision farming (Agriculture 3.0) and digital agriculture (Agriculture 4.0) deliver advanced technologies and digital solutions to help farming operations. They include GPS-enabled solutions such as automatic guidance systems, and artificial intelligence and big data solutions such as the Internet of Things (IoT), smart devices, cellular data connectivity, deep learning, drones, low-power sensors, hyperspectral sensors, improved satellite imaging, and cloud computing, all delivering a wealth of information organized within geospatial datasets.

Precision farming and digital agriculture are all about optimizing the cultivation process and producing more food while creating the perfect balance between soil, water, nutrients, and chemicals, using just the right amount of seed, and tending the land no more than is necessary, without waste, which translates into better yields and optimized costs with less environmental impact. Indeed, CNH Industrial's solutions help agribusinesses significantly enhance their sustainability by: reducing their emissions; ensuring the targeted application of seeds, fertilizers, and crop protection products; and enabling carbon sequestration farming practices.

The Company currently offers a strong end-to-end precision farming portfolio covering every aspect of the crop cycle, featuring factory-fit track technology, aftermarket offerings, and digital solutions for both Company brand and mixed fleets. CNH Industrial's precision and digital farming strategy and offering center on 3 main areas:

- **Field** – focusing on precision farming technologies that enable:
  - machine guidance and control
  - agronomic sensing and monitoring
  - machine and implement automation (depending on soil conditions, crop, and operator, automation technology can improve field productivity by up to 20%)
- **Fleet** – focusing on asset (machine/fleet) productivity, by improving asset uptime (through proactive and predictive error resolution) and machine utilization (through the optimization of logistics and maintenance). Using actual data, the downtime of connected machines can be reduced by up to 30% (outside of the critical windows of operation such as planting and harvesting, when machines must stay up and running)
- **Farm** – focusing on improving operational and agronomic productivity through farm management software, by delivering structured critical operations information in real time, pre and post season data, and applications supporting agronomic decisions.

CNH Industrial offers a range of aftermarket precision farming technology solutions through AGXTEND™, its own incubator for tech startups. AGXTEND™ provides agricultural equipment users with exclusive productivity-enhancing technologies able to deliver benefits throughout the entire cropping cycle. The initial offering includes 5 solutions:

- zero-chemical weed control using electro-herbicide technology, an effective and more sustainable alternative to agrochemicals
- 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 quality data, yield maps, and harvest information
- a biomass sensing package that analyzes actual plant conditions to then calibrate fertilizer applications
- the use of Internet-of-Things (IoT) logic combining a range of real-time weather sensor data for informed agronomic decision making. This solution enables customers to plan their spraying schedule around honey bee activity to protect the bees from pesticides.

The AGXTEND™ product range is designed to fully integrate into the Company's existing precision farming platforms – Advanced Farming Systems (AFS®) from Case IH, S-TECH from STEYR, and Precision Land Management (PLM®) from New Holland Agriculture. It is also compatible with a vast range of competitor tractors, harvesting equipment, and farming machinery. AGXTEND™ expands CNH Industrial's offering of precision farming solutions with data-driven products that enhance the efficiency of a machine's main technology features, further improving the sustainability footprint of farms.

The essence of digital farming consists in aggregating and creating value from data, which is no longer sourced merely from farm equipment but is also generated using new services and algorithms and transformed into actionable intelligence. The wealth of data delivered by digital farming enables growers to select and use the right product at the right rate, in the right place, at the right time, driving and optimizing agronomic output with minimal environmental impact.
Digital farming requires:

- smart machines – able to receive, send, generate (via sensors), and process data, using inputs only as needed, for greater efficiency and reduced environmental impact
- connected machines – with communication and interface standards enabling the seamless exchange of data between machines, with business partners, and among data portals
- connected in-field (micro) and remote (macro) sensors – able to collect environmental data for cloud-computing and for building predictive models.

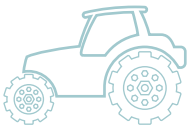
Data management is crucial in digital farming: data volumes must be manageable and, above all, controllable. Managing data through a data portal makes it easier to control information processing and flow. The farmer retains data ownership at all times, choosing how to allocate access rights, which data to share, and which partners to share it with.
The Company's farming solutions are machine and implement-centric, designed to optimize equipment use within any farming system. It is estimated that their optimal use can improve the customers' economic yield by up to 5%.

CONECTARAGRO

Brazil is a world-leading grain producer, currently set to reach a new national grain production record. The country produced about 268.7 million tons of soybeans and corn during the 2019-2020 harvest, which accounted for 12.15% of the world's grain production. It is also the largest producer of sugar cane, with 665.1 million tons produced during the 2020-2021 harvest (a 3.5% increase compared to the previous harvest), accounting for approximately 40% of the total world production.
In the near future, the country is expecting a significant improvement in rural productivity thanks to increased connectivity, key to ensuring the continuity of Brazil's agricultural evolution. In this regard, CNH Industrial is one of the founders and leaders of ConectarAGRO, a non-profit association that aims to guarantee in-field internet access to producers all over the country – as more than 70% of rural and remote properties in Brazil currently do not have access to the network. By 2020, the association had been able to expand connectivity (using 4G LTE 700 MHz broadband) to more than 5.1 million hectares in rural areas, representing around 8% of the country's grain and sugarcane plantations. The total area covered is larger than Belgium, the Netherlands, and Switzerland combined. This achievement benefited more than 575,000 people, 50,000 farms, and 218 towns across 8 states. The goal now is to further expand connectivity to an additional 13 million hectares of land by year-end 2021.

OUR PROJECTS

DIGITAL AND PRECISION AGRICULTURE DELIVERS ADDED VALUE FOR CUSTOMERS



In adopting a shared value approach (see page 24), CNH Industrial examined the United Nations Sustainable Development Goals (SDGs) to guide its analysis of social needs.
Digital and precision agriculture 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 output, while maintaining and improving ecosystems. The latter focuses on increasing precision agriculture investments and international cooperation in developing countries.

The use of digital and precision solutions, whether applied to farm, field or fleet, increases farm profits by cutting costs and improving yields, all while reducing the environmental pressure – which can be significantly affected by baselines and the correct use of these technologies. It is estimated that farm, field, and fleet digital and precision solutions can deliver an average 33 percentage point increase in margins per acre for corn production in North America compared to conventional operations, while reducing emissions, improving carbon sequestration, and minimizing chemical and nitrogen runoff in the soil and groundwater.
A description of how digital agriculture solutions can improve environmental aspects such as climate change, acidification and eutrophication, biodiversity, water resources, and soil degradation is provided below.

CLIMATE CHANGE

Agriculture impacts climate change due to the greenhouse gas (GHG) emissions generated during operations and the conversion of forests into farmland. In 2020, the European Union's Scientific Advice Mechanism estimated that the global food production system contributes to 37% of total GHG emissions worldwide.
It is estimated that the use of digital agriculture could potentially reduce GHG emissions by 30% by 2030 owing to precision solutions such as:

- guidance systems, which help optimize rows and thus minimize machine fuel consumption
- predictive models such as change detection, predictive maintenance, and track and trace, which improve logistics and minimize fuel consumption
- digital agricultural data that, among other things, is used in carbon credit programs that support regenerative farming practices; the latter can increase soil carbon sequestration by more than 3%, equal to 90-120 million tons of CO_2.

ACIDIFICATION AND EUTROPHICATION

The excess of fertilizers in the soil can cause acidification, which is detrimental to the soil's ecosystem. Moreover, when it rains, excess fertilizer can also run off into lakes, streams, or coastal waters, causing eutrophication. Studies have shown that:

- the use of variable rate technology allows applying the optimal amount of fertilizer based on the field's actual needs, cutting fertilizer consumption by more than 30%
- automatic section control technology prevents application overlaps and/or applications outside field boundaries, thus optimizing fertilizer management and consumption.

BIODIVERSITY

Over 95% of pesticides land on targets other than the intended species. In this regard:

- selective spraying technology enables the targeted application of pesticides (only where weed/pest issues are detected), with the potential to cut pesticide consumption by 90%. CNH Industrial is investing in its development so as to launch it as soon as possible
- predictive analysis, using remote sensing/change detection and weather forecast data, allows farmers to schedule pesticide applications more effectively and to detect pest and weed issues proactively.

WATER RESOURCES

Agricultural irrigation is responsible for the greatest share (70%) of global water consumption. In this regard:

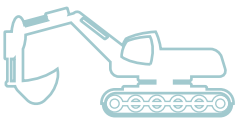
- according to the US Department of Agriculture, water management practices can reduce water flow volumes by 20-40% and nitrate loads by 40% annually, and can increase yields by 10% in dry years
- predictive analysis using weather forecast data helps farmers optimize irrigation schedules.

SOIL DEGRADATION

There are many causes of soil degradation, the main one being extensive agriculture – especially in terms of overwatering, pesticide use, over-cultivation, and not tending to the field after harvest. In this regard:

- guidance systems help avoid soil compaction by minimizing tracked areas while maximizing those for crop growth
- predictive analysis helps farmers schedule irrigation and chemical applications more effectively, making soil management practices more sustainable
- digital agriculture also helps plan crop rotations, which contributes to preserving soil biochemical content.

PRECISION CONSTRUCTION

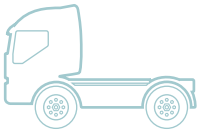


Precision construction technologies, sold under Site Solutions (CASE Construction Equipment) and Fleet Systems (New Holland Construction), enhance precision when using machines on site, improve safety, and enable optimization of the entire fleet. The Company's construction telematics software, namely CASE's SiteWatch™ and New Holland's FleetForce™, provides measurable and actionable data (including on fleet location, performance, 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 tracking each vehicle and measuring its performance, 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 or 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 productivity.

CNH Industrial has shifted the focus of its digital strategy towards analytics and uptime, with huge amounts of data being collected and analyzed to predict and prevent potential anomalies and inefficiencies before they occur. To this end, CASE Construction Equipment and New Holland Construction enhanced their software by developing a new architecture and business model enabling them to proactively help dealers and customers. Their new connectivity-enabled services often reduce the need for multiple servicing of machines, which translates into increased uptime and reduced environmental impact by limiting unnecessary travel.
Additionally, both brands continued to expand their offerings of machine control solutions within their respective product ranges. These solutions can significantly increase machine productivity by automating repetitive operator tasks with the utmost precision, preventing over-digging and undercutting while reducing overall fuel consumption and general wear and tear.

CONNECTED VEHICLES

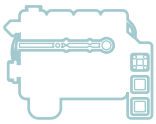


In 2020, IVECO made further progress in developing new services focused on improving uptime, driver safety, and comfort, leveraging on solutions launched the previous year.
The new services and digital content include:

- a driving monitoring service called **Safe Driving**, which delivers automatic reports aimed at enhancing safe driving styles and preventing dangerous driving behavior (see page 172)
- a further evolution of the **Remote Assistance Service**, featuring the innovative unattended mode that enables software updates, remote diagnosis, and teleservice without requiring operator intervention
- a further evolution of the **Control Room dashboard**, featuring over 4,000 triggers based on diagnostic trouble codes (DTCs) and parameters, as well as predictive diagnostics for many more components and systems. The Control Room helps reduce unplanned heavy-truck and van stoppages, significantly increasing uptime thanks to the geofencing feature implemented by workshops
- **MY IVECO Easy Way**, an app developed for S-WAY drivers that allows managing cabin and vehicle functionalities directly from mobile devices, and that monitors and assists with driving styles
- a new **Customer Experience (CX) platform**, launched on the IVECO portal to collect customer feedback and suggestions, to better understand their needs and thus enhance functionalities and the overall customer journey
- the newly designed **IVECO ON** portal and respective vehicle app, allowing customers to check fleet efficiency at all times.

IVECO's imminent plans involve an even greater focus on driver-centricity and the customer experience.
At year-end 2020, the brand announced the launch of a cutting edge project in partnership with Amazon Web Services (AWS), providing for a pioneering on-board voice assistant using AWS technology. IVECO drivers will be able to use the assistant to: plan their route; check their vehicle's maintenance and health status; request driving tips; operate cab controls (increasing traffic safety as the driver stays focused on the road); and remain connected with the IVECO driver community.

CONNECTED ENGINES



Groups of experts at FPT Industrial analyze and use the diagnostic data collected by both the Commercial and Specialty Vehicles segment and customers as the foundation of macro-projects focused on:

- remote assistance: for the remote assessment and resolution of issues, requiring fewer trips by Service Points to perform on-site interventions and saving about 5 hours per intervention. Remote assistance is also limiting the number of interventions, often long-distance, required from Flying Doctors – FPT Industrial experts sent on site in the event of product anomalies. In time, this will increasingly cut the trips required and associated CO_2 emissions
- product development: aiming at integrating the actual product use data supplied by customers into the design process of the product itself, so as to avoid improper use. In time, this will lead to the offering of products that optimize fuel consumption while preventing excessive component wear

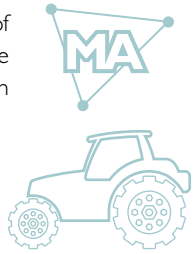
- tailored maintenance: to develop, with the Commercial and Specialty Vehicles segment, flexible maintenance plans (maintenance per use) based on available information as well as on actual product use data, so as to reduce the number of vehicle trips to workshops and to monitor and prevent the replacement (and therefore disposal) of serviceable components
- predictive analysis: since 2019, the data acquired by the Commercial and Specialty Vehicles segment has led to the development of predictive algorithms for the early prevention of vehicle breakdowns, resulting in fewer vehicles towed to workshops (hence fewer CO_2 emissions). Furthermore, predicting single component breakdowns makes it possible to replace just one component and prevent the breakdown and replacement of the entire engine
- recall campaign efficiency: since 2019, the telematics data acquired by the Commercial and Specialty Vehicles segment has also enabled analyzing issues associated with the specific common failures of a given engine model, ensuring recall campaigns are more efficient and only conducted when needed, thus cutting the number of trips to workshops.

AUTOMATION

As evidenced in the Materiality Matrix, **autonomous vehicles** 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, autonomous vehicles 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 current and future business development, and the Company therefore considers it strategic to monitor the relevant technologies.
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 and construction.
Autonomous driving systems are developed using technologies that enable communication between vehicles and road/off-highway infrastructures, as well as accurate geolocation.

HIGHLY AUTOMATED AND AUTONOMOUS FARMING

CNH Industrial's R&D efforts have been consistently progressing towards the development and commercialization of a fully autonomous tractor. The focus is primarily on technologies to automate, with precision and in full autonomy, the various repetitive field operations performed by agricultural machinery – among others, tractor end-of-row turning, grain threshing and cleaning, and accurate seed placement.
CNH Industrial's Innovation Group approaches autonomous concept technology proactively, so as to help farmers and agribusinesses sustainably boost production and productivity by maximizing the timeliness of field operations based on soil and weather conditions, while optimizing labor.



The Company boasts two concept tractor models: the cabless Magnum by Case IH, and the T8 NH^{DriveTM} by New Holland Agriculture, whose cab offers ultimate operational flexibility and easily transferable autonomous technology.
New Holland Agriculture is also responsible for a new CR Revelation combine range that takes automation to a whole new level thanks to its award-winning IntelliSense™ solution. This revolutionary system features 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. Customers find the system intuitive, easy to use, and reliable, and their feedback suggests it would be of benefit to new and less-experienced operators and that it significantly increases performance and grain quality. The brand's flagship rotary combines feature fully automated core harvester functions and deliver a more than 10% increase in productivity. In 2020, the IntelliSense™ system was further enhanced by adding barley to the range of compatible crops and by integrating Grain Cam™ technology, which enables the combine to detect the percentage of impurities in a grain sample. Deep learning and artificial intelligence accelerated the development of the system's new algorithms for barley compared to other crops (such as wheat and corn). Case IH has its own version of this technology, called Harvest Command.

In 2020, New Holland Agriculture expanded the CR Revelation's precision land management (PLM™) solutions by adding new features that further enhance the combine's efficiency and productivity, such as IntelliTurn™, which automatically plots and executes the most efficient turn path at the end of a row to minimize unproductive time during the turn. These technologies and features focus on ease of use while mitigating human error and maximizing productivity.

Since the unveiling of its autonomous concept vehicle, Case IH has further developed the technology behind it. Different farming operations around the world require different levels of automation. Through extensive Customer-Driven Product Design research, the brand found that current and future command and control solutions can be grouped together based on the degree of automation required by different applications, and according to which it defined 5 categories of automation and autonomy for agriculture:

- guidance
- coordination and optimization
- operator-assisted automation
- supervised autonomy
- full autonomy.

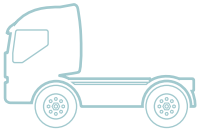
Case IH carried out an autonomous tractor pilot program to study the ways new autonomous technologies can be used to meet real on-farm requirements. The program focused on deep tillage for improved water infiltration and on seedbed preparation, using a small fleet of autonomous Steiger® Quadtrac® tractors pulling True-Tandem™ disk harrows or Ecolo-Tiger® disk rippers. These system combinations helped evaluate autonomous machine control in a variety of tillage applications, considering different soil types, meteorological conditions, and sensing and perception solutions for field anomalies.
Leveraging the findings of the pilot project, the brand expanded its advanced farming systems (AFS™) offering by introducing the AFS Soil Command™ seedbed sensing and agronomic control technology, which helps control tillage equipment machine settings regardless of field conditions, ensuring consistent and optimal seedbed depth when preparing the soil for planting. It also helps producers measure and optimize yield quality right from the tractor cab. Indeed, all depth controls are automatically pre-set and monitored from within the cab on the vehicle display (eliminating the need to check the tillage process from the ground), prioritizing yield-enhancing information and feedback received in real time from below the seedbed surface. This solution saves fuel while enhancing labor and planting efficiency, machine productivity, and product yield. Building on the existing pre-set controls, a new feature was incorporated in 2020 whereby field agronomists can use the AFS Connect™ portal to remotely send tillage instructions to the AFS Soil Command™, enabling optimal machine settings and self-adjustments based on field conditions. This level of tillage precision is a tremendous advance in soil management, as it helps preserve soil carbon, reduces fuel consumption, and enhances long-term soil conservation.
In 2020, Case IH also launched its new AFS Connect™ Magnum tractor, further extending its range of tractors featuring ISOBUS Class 3 technology. The fully-integrated AFS Connect™ technology enables the automatic control of tractor functions such as steering, speed, and hydraulics, meaning less operator fatigue and increased efficiency. The standardized control settings reduce downtime and minimize installation and interface issues. Furthermore, data can be easily accessed and exchanged via the display, facilitating accurate and timely decision making. The system is compatible with a range of CNH Industrial and third-party implements alike.

MODEL-BASED DEVELOPMENT AND ARTIFICIAL INTELLIGENCE

The use of model-based development and artificial intelligence (AI) technologies has become a high priority to enable the development of automation, precision agriculture, and autonomous driving solutions for CNH Industrial products. The automation solution recently launched for Case IH's and New Holland Agriculture's high capacity combines uses AI algorithms to determine the grain quality in terms of damage and impurities. Crop flow modelling was used to analyze and improve the material flow inside the combine harvesters. Moreover, the new electronic architecture and connectivity solutions recently launched on high horsepower tractors are further examples of new products developed by adopting these new technologies. The use of model-based development and simulation tools has significantly reduced the need for physical prototypes and in-field validations.
In 2020, CNH Industrial completed the acquisition of a minority stake in Augmenta, through which the Company will become the latter's strategic partner in crop sensing and participate in future joint research and development collaborations. Augmenta is focused on developing precision farming solutions based on smart sensors and artificial intelligence. The solution can currently be used for nitrogen variable rate applications, plant growth regulator applications, and harvest assistance applications.

FOCUS ON

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 European Union (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; to this end, the project provides for 6 trucks of different brands to be driven in 1 or more platoons under real-world traffic conditions and across national borders. This requires 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.

Another initiative co-funded by the EU (under the C-Roads program) is the C-Roads Italy[3] project, set up to implement and test, under real-life traffic conditions, platooning systems based on V2X technology. The goal is to assess their impact on: safety, by demonstrating the reduced of risk of using cooperative/automated technology in individual or combined truck and passenger car scenarios; traffic fluidity, by showing the potential for efficient infrastructure use through platooning and Highway Chauffeur[4] technologies; and energy efficiency, by measuring the potential for reductions in fuel consumption and related emissions under real-life conditions.

(1) *www.acea.be/publications/article/infographic-eu-roadmap-for-truck-platooning.*
(2) *Enabling Safe Multi-Brand Platooning for Europe.*
(3) *https://www.c-roads.eu/pilots/core-members/italy/Partner/project/show/c-roads-italy.html.*
(4) *Advanced vehicle automation technology.*

SALES AND AFTER-SALES

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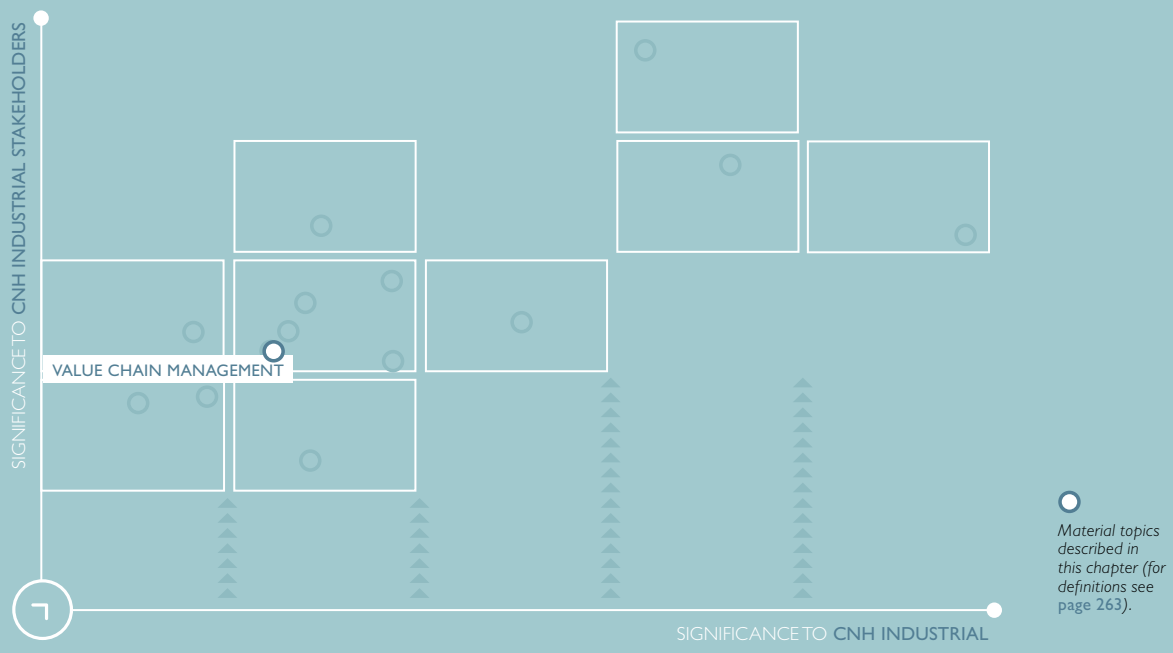


Material topics described in this chapter (for definitions see page 263*).*

DEALER MANAGEMENT AND PARTNERSHIPS

The dealer network is part of CNH Industrial's value chain, and fostering dealer partnerships through positive **value chain management** is one of the key material topics that emerged from the materiality analysis (see page 26). CNH Industrial understands 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's products in their work, and 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 therefore be one of mutual trust, whereby customers can depend on timely assistance and minimum downtime.
The dealer network is managed by geographic area and by brand, applying global standards and sharing best practices. 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, thus contributing to the dealers' growth while creating a stronger and more competitive dealer network. In addition, the brands' websites offer customers specific tools to assess the environmental impact of products, by calculating, for example, the lifetime total cost of ownership (TCO) of on- and off-road vehicles, or the carbon footprint of a 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 56).

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 facilities and visual identity guidelines
- sales
- after-sales
- sustainability.

The guidelines' visual identity and facilities section provides guidance on managing the physical appearance of the dealership, including exterior and interior layouts, furnishings, posters, and staff uniforms. For all other aspects (sales, service, and spare parts), there are detailed indications to help dealers define suitable outlet size, optimize internal flows, and promote the right brand experience, as well as regarding required equipment (IT and special workshop tools) and appropriate headcount. The guidelines also specify the equipment and key performance indicators (KPIs) to be monitored for each line of business (response time in the event of downtime and management procedures for Product Improvement Programs). They additionally cover the best practices identified worldwide as well as the training requirements for dealership personnel, indicating the number of hours and types of courses that CNH Industrial will provide for each professional role (see page 241).

In order to be admitted into the dealer and service network of a CNH Industrial brand, potential dealers and their respective processes are rigorously assessed for approval by the Dealer Network manager, regional Sales VP, Service, Parts, Financial Services, and legal representatives, and the process is managed through an Electronic Network Action Approval Form (eNAAF). For new dealers, the recommended standards to be met and a business plan are part of their start-up process.
Various CNH Industrial personnel provide induction training and support to the new dealerships entering the Company's network, giving guidance according to their areas of expertise:
- network development
- sales
- after-sales
- financial services.

In addition, dealers may request the specific support of the Training function responsible for each respective market, and access many online training courses, made available by the Company, tailored to different dealership positions.
CNH Industrial representatives, who visit dealerships regularly, are responsible for communicating any changes in quality standards based on their area of competence, and for establishing a schedule for dealership compliance. Updates on qualitative standards are also provided during regular events held specifically to engage the dealer network's sales force.

GRI STANDARDS GRI 103-1; GRI 103-2; GRI 103-3

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 management systems and ISO 14001 for environmental management systems.
Through the Dealer Satisfaction Survey (DSS), the Company measures dealer satisfaction with certain CNH Industrial brands in Europe 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 username and 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 Product Improvement Programs (PIPs, or 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 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. ASiST also 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, thus reducing warranty costs, facilitating the rapid launch of PIPs (see page 177), and improving customer satisfaction.

AUDITS AND INCENTIVES

The dealer network is audited on qualitative standards 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 Europe, 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 brands' 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 the results to analyze dealer performance and, if necessary, develop action plans to help resolve any weaknesses detected during the audits. In 2020, due to the COVID-19 pandemic, many audits were performed virtually and, in most cases, by CNH Industrial internal brand auditors.

In **North America**, in 2020, 90% of New Holland Agriculture dealers were assessed on a number of service excellence and compliance programs. The primary focus areas were service, sales compliance, and marketing programs.

In **Europe**, 100% of New Holland Agriculture, Case IH, and CASE Construction Equipment dealerships were audited by internal brand auditors, while 2% of IVECO dealerships were audited by internal brand auditors and 98% by third parties, with all audits focusing on the ISO 9000 series of quality standards.

In **South America**, internal brand auditors assessed 100% of Case IH and CASE Construction Equipment dealers – on brand standards (signage and showrooms), service (processes and performance), parts (commercial performance), precision farming solutions, and sales processes – and 88% of New Holland Agriculture dealers.

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 New Holland Agriculture's *Top Partner Program* and Case IH's *Red Excellence Program* and *Pinnacle Program* for Europe, North America, and South America. In North America, in 2020, 90% of Case IH dealerships were assessed under the brand's *Pinnacle* incentive program, with a focus on sales, marketing, operations, parts and service, and the brand's Advanced Farming Systems (AFS). 100% of CASE Construction Equipment dealers were assessed by CASE field personnel as a part of the North American Partnership Program. This program assesses dealers and rewards Best in Class performance across a wide range of operational and performance criteria.

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 network training needs and enhance staff knowledge and expertise. Every year, the Company designs and runs special training programs for approximately 110,000 dealership users (technicians, salespeople, and after-sales staff), tailored to the strategies and needs of each segment, brand, and geographic area.
Training courses are designed to develop and build on dealership staff's product knowledge, managerial skills, and technical competencies, and to raise awareness of a corporate identity built on standards of excellence. Furthermore, all the technical training courses delivered also feature specific sessions on safe product operation and on environmental and climate change issues.
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 native languages of 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 training courses delivered online via the Web Academy platform, using web-based learning, virtual classrooms, and blended learning. 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.

2020 WEB ACADEMY
CNH INDUSTRIAL WORLDWIDE (no.)

Area	Training Centers	Dealership staff registered	Sessions completed by dealership staff	Dealership staff participations in completed sessions	Total session days attended by dealership staff
North America	5	25,818	1,888	187,611	23,854
Europe	21	49,002	4,981	42,823	14,748
South America	6	21,811	2,553	61,672	17,485
Rest of World	13	13,639	1,788	13,805	5,272
Total	**45**	**110,270**	**11,210**	**305,911**	**61,359**

FINANCIAL SERVICES

Financial Services, primarily under the brand CNH Industrial Capital, offers a range of financial products to dealers and customers in the various geographic areas in which it operates. Financial Services' goal is to facilitate dealer and customer access to the Company's products and services by providing them 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 the Agriculture, Construction, Commercial and Specialty Vehicles, and Powertrain segments, and its geographical presence is consistent with the commercial footprint of the Company.

In 2020, the total managed portfolio, including the portfolio held by non-consolidated joint ventures, reached approximately $27 billion globally. The main products offered are wholesale financing for dealers, and retail financing for end users for the purchase or lease of new and used equipment and vehicles. In late 2020, Financial Services also started implementing a captive supplier financing program for CNH Industrial suppliers in Europe, which will be further extended in 2021.

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 ensuring skills enhancement 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.

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

AD HOC MEASURES TO SUPPORT DEALERS AND CUSTOMERS

In 2020, Financial Services implemented specific measures to monitor how business partners were being affected by the COVID-19 pandemic, collecting weekly updates on dealers, distributors, and end customers in terms of service availability during lockdown, activities, receivables portfolios, and capacity to survive the crisis. The portfolio assessments performed by Financial Services led to the development (in collaboration with Company brands) of tailored solutions for dealers, including the enhancement of standard wholesale terms through credit extension. A broad range of support measures were also implemented for end customers, including a form of moratorium on payments of credit obligations and thus an extension of retail credit. The new measures and subsequent restructuring were monitored throughout the year, ensuring the necessary interventions with regard to business counterparts and the appropriate disclosures to stakeholders (as well as regulators, if needed). An ongoing monitoring, consultation, and escalation process (regarding the specific measures related to COVID-19 and the dedicated controls and reporting system) was put in place at both operational and executive level, so as to ensure the prompt identification and resolution of any critical issues. The assessment of business counterparts was integrated with the analysis of funding and liquidity, taking into consideration the special government support and relief packages made available to business partners in some jurisdictions.

SPARE PARTS DISTRIBUTION

As a consequence of the COVID-19 pandemic in 2020, Aftermarket Solutions (AMS) immediately became a major focus for the Company, given its central role for CNH Industrial's brands in ensuring distribution continuity to the dealer network, and in providing assistance and supplying spare parts as quickly and effectively as possible. Despite the difficulties during the pandemic, the Company ensured continued high levels of customer service and machine efficiency at all times for its customers –farmers, carriers, construction companies, and others providing essential services.

Ensuring a safe working environment for all CNH Industrial personnel around the world remained a top priority, as demonstrated by the significant expansion of remote working for employees, and the Company's continuous pursuit of the highest standards of safety across the board, from plants to offices and depots (thus guaranteeing warehouse operations and service continuity).

In February 2020, the AMS function set up regional *Corona War Rooms*, each with a dedicated committee holding daily meetings to share and leverage the Company's global best practices. Its purpose was and remains to identify the prevention and safety measures required to ensure a safe work environment (body temperature screening, personal protective equipment or PPE, social distancing, sanitizing), and to monitor the correct implementation of protocols, government directives, and the strictest precautionary measures.
The committee will remain active throughout 2021. Its activities and interventions will continue to depend on the progression of the pandemic, with meetings to be held at least once a week.
Thanks to its timely implementation of a corporate COVID-19 Health and Safety Protocol at global level (see page 87), CNH Industrial recorded very few days of stoppage, always in compliance with local legislation.
Meanwhile, the plant in Harbin (China) converted part of its operations to the production of face masks, covering the ongoing needs of the Company worldwide (see page 109). The masks are distributed via the existing AMS network, which optimizes transport time and costs.

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 AMS function boasts 2.4 million items in stock: a complete range of new and remanufactured parts, accessories, attachments, and telematics solutions ensuring the value and performance over the long-term of every brand's current and past models. Through a global network of 43 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 are shipped within 2 hours.
The AMS function 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 both 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 improves warehouse processing as well as parts distribution through different modes of transportation. The implementation of a set of best practices enables the optimization of spare parts supply and distribution, improving quality and delivery standards. WCL also focuses on improving operator safety and ergonomics to achieve 'zero safety incidents'. The Company launched the WCL program in 2015 at 7 distribution centers – in Le Plessis (France), Modena and Turin (Italy), Sorocaba (Brazil), Lebanon and Cameron (USA), and St. Marys (Australia) – involving and training around 1,500 personnel to date. The program delivers structured and sustainable operational cost reductions by optimizing packaging, e.g., by using packaging materials sourced from sustainable forestry, and by streamlining transport management. In future developments, the WCL is expected to be extended to additional depots.

ADDITIVE MANUFACTURING

In recent years, in order to improve manufacturing process efficiency, CNH Industrial began to produce its first 3D printed spare parts in Europe, a significant step towards additive manufacturing. This technology optimizes the spare parts supply chain by increasing availability and reactivity, 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 can produce its own small batches of spare parts within 24-36 hours, with each part undergoing stringent testing to ensure it meets the Company's requirements and specifications.
Additive manufacturing reduces the resources used (as it optimizes raw material quantities while minimizing machine downtime) and allows customers' vehicles to resume operations as quickly as possible. Furthermore, it reduces environmental impact as it cuts waste, prevents the disposal of end-of-life manufacturing equipment (which is replaced by a single printer), limits the number of spare parts to be kept in stock, and minimizes the emissions associated with logistics.
The Company has printed nearly 300 parts using this technology, mostly using plastic, and the technology has also been tested for metal parts.

FOCUS ON

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
- Uptime Support 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.

2020 CUSTOMER RELATIONS

CNH INDUSTRIAL

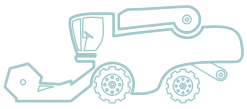
	REGION	Segment		
		Agriculture	Construction	Commercial & Specialty Vehicles
Contacts processed (no.)	North America[a]	22,966	8,433	(b)
Complaint resolution within 5 days (%)		78	76	(b)
Contacts processed (no.)	Europe	49,408	7,136	34,712
Complaint resolution within 5 days (%)		61	71	55
Contacts processed (no.)	South America	4,713	5,220	16,429
Complaint resolution within 5 days (%)		90	92	90
CUSTOMER SATISFACTION				
Customer participation in satisfaction surveys (%)	North America	12	14	(b)
Customer satisfaction index (scale 1-10)		4.1	4.5	(b)
Complaint resolution quality		4.7	5.8	(b)
Customer participation in satisfaction surveys (%)	Europe	(c)	(c)	(c)
Customer satisfaction index (scale 1-10)		(c)	(c)	(c)
Complaint resolution quality		(c)	(c)	(c)
Customer participation in satisfaction surveys (%)	South America[d]	63	62	(d)
Customer satisfaction index (scale 1-10)		4.45	4.37	(d)

(a) Contacts processed by email, calls in MSD, and inbound calls in BT.
(b) Commercial and Specialty Vehicles are not marketed in North America.
(c) Data not available in Europe as the customer satisfaction process is currently under revision.
(d) In 2020, satisfaction surveys were performed only in Brazil and within the Agriculture (AG) and Construction (CE) segments. In February 2021, surveys within the AG and CE segments will be extended to Argentina, while surveys within the Commercial and Specialty Vehicles (C&SV) segment will be extended to all of South America.

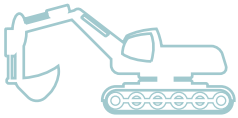
CUSTOMER ASSISTANCE

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, leveraging a number of dedicated tools, processes, and programs to assist them, given that they use CNH Industrial products in their business and vehicle downtime results in profit loss.

UPTIME SUPPORT



Uptime Support (also known as BDA) intervenes in the event of vehicle breakdowns within the Agriculture and Construction 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. Through a carefully monitored process, the Uptime Support 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.
In North America, the Uptime Support call center interacts with the dealers rather than the customers. Once an issue has been resolved, the dealers receive a satisfaction survey to evaluate the service provided, measured in hours of total vehicle downtime.



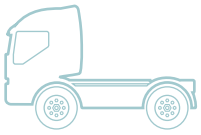
In South America, the satisfaction survey is sent to the customers (with whom the Uptime Support call center interacts directly). In 2020, 100% of North and South American customers who used the Uptime Support service were invited to take part in the survey.

2020 UPTIME SUPPORT
CNH INDUSTRIAL

	REGION	Segment	
		Agriculture	Construction
Contacts processed (no.)	North America	34,244	14,231
Average call center response time (seconds) to dealers[a]		1,407	654
Contacts processed (no.)	Europe	53,432	1,539
Average call center response time (seconds)		13.5	13.5
Contacts processed (no.)	South America[b]	1,073	383
Average call center response time (seconds)		3	2
CUSTOMER UPTIME			
Vehicles repaired within 48 hours (%)	North America[c]	45	41
Vehicles repaired within 48 hours (%)	Europe	90	71
Vehicles repaired within 48 hours (%)	South America	62	28
CUSTOMER SATISFACTION INDEX			
Customers invited to participate in the survey (%)	North America[c]	100	100
Customer participation in satisfaction surveys (%)		18	15
Customer satisfaction index (scale of 1-10)		9.6	9.7
Customers invited to participate in the survey (%)	Europe	100	(b)
Customer participation in satisfaction surveys (%)		52.2	(b)
Customer satisfaction index (scale of 1-10)		8.5	(b)
Customers invited to participate in the survey (%)	South America	100	(b)
Customer participation in satisfaction surveys (%)		75	(b)
Customer satisfaction index (scale of 1-10)		9.1	(b)

(a) *In North America, the average call center response time refers to the time required to respond to the dealer, with either a resolution or next steps, following the dealer's (not the customer's) first contact.*
(b) *In the Construction segment, Uptime Support surveys are not available in Europe and South America.*
(c) *In North America, satisfaction surveys are carried out through dealerships.*

ASSISTANCE NON-STOP



Assistance Non-Stop (ANS) ensures a round-the-clock, 365 days a year service to Commercial and Specialty Vehicles customers in Europe and South America. Established to provide immediate technical support for vehicle problems, the service is operational across 48 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 234). 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 onboard telematics system. The Customer Center can contact the nearest mechanic through ANS Mobile, an application available on Android 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 and Specialty 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 dealer service (winch or tow). Assessment results are translated into a plan of action to be implemented by field services.

2020 ASSISTANCE NON-STOP
CNH INDUSTRIAL

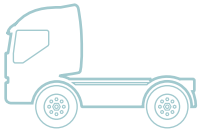
	Europe	South America
Contacts logged (no.)	1,832,042	4,186
Average call center response time (seconds)	27	19
VEHICLE DOWNTIME		
Vehicles repaired within 3 hours (%)	54	26
Vehicles repaired within 8 hours (%)	71	49
Vehicles repaired within 24 hours (%)	82	79
CUSTOMER SATISFACTION INDEX		
Customers invited to participate in the survey (%)	100	100
Customer participation in satisfaction surveys (%)	8	54
Customer satisfaction index (scale of 1-10)	8.4	9.4
Satisfied or very satisfied customers (%)	85	85

SUPPORTING TRANSPORT DURING COVID-19

During the pandemic, it was critical to ensure the continuity of transport and thereby the supply of goods. In such unprecedented and challenging times, IVECO committed to helping those covering thousands of kilometers to guarantee deliveries – especially of food, sanitizing products, and protective equipment – by making its Service Network of authorized dealers and workshops available throughout the crisis. Where possible, IVECO technicians and mechanics relied on remote repairs and telediagnostics to keep S-WAY and New Daily vehicles on the road with minimum downtime.
To guarantee the safety of dealership and workshop staff and customers alike, the brand introduced stringent measures at all workshops regarding the proper cleaning of facilities, regularly updating them according to the latest recommendations. To ensure safe distancing, service technicians and mechanics worked in smaller teams and wore disposable gloves, masks, and protective vests at all times, while workshops were divided into clearly marked separation zones. Every vehicle entering a workshop was fully disinfected before repairs began, from the dashboard to the seat and steering wheel covers. Furthermore, in line with the safety protocols, IVECO required customers to make an appointment at their nearest workshop before bringing a vehicle in, nevertheless ensuring timely emergency repairs through IVECO's Assistance Non-Stop service.

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 11% on fuel at a given average speed. However, customers are taught that driving performance cannot be improved without comprehensive fuel consumption information based on reliable data. In order to accurately quantify fuel consumption, they 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 Driving**. The training courses are delivered by a team specialized in training drivers, 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 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 while mastering the layout and deployment of vehicle components
- road tests – whereby drivers perform 2 laps around a circuit: on the first lap, driving as they normally would; on the second, after the classroom session, activating all vehicle eco-devices while carefully following the trainer's green driving tips. On comparing lap results, performance data shows a considerable 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 it. The Driving Style Evaluation system 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 a real-time assessment of driving hours, fuel consumption, GPS position, and expected travel time. Customers can therefore benefit from lower total management costs while maintaining the same process efficiency.

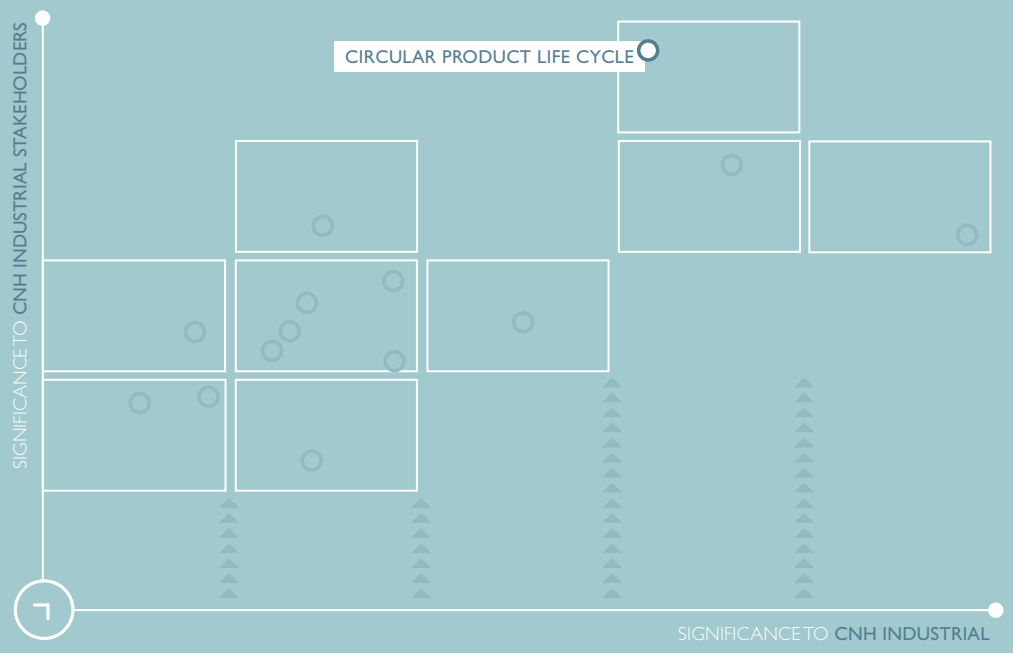
An additional driving monitoring service called **Safe Driving** was launched in 2020, focusing on safe driving styles and on the prevention of dangerous driving behaviors (see page 172).

END-OF-LIFE

249 MANAGEMENT FRAMEWORK

249 REMANUFACTURING

251 RECOVERY AND RECYCLING



Material topics described in this chapter (for definitions see page 263).

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.

During the design phase, CNH Industrial promotes the development of products using materials and components that are easily recoverable or recyclable – selecting easy-to-dismantle components that can be remanufactured, whether produced internally (engines) or together with its suppliers. CNH Reman, a joint venture between CNH Industrial and Springfield Remanufacturing Corp. (SRC), and operational in the USA since 2009, also provides support for remanufacturing. It combines CNH Industrial's Aftermarket Solutions, product expertise, and access to equipment and dedicated dealer networks with SRC's remanufacturing operations, capabilities, and expertise.

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 communications, 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 environment-friendly products, like-new quality, extended engine warranties, and good value, since remanufactured parts save the customer an average 30% on the purchase price.

REMANUFACTURED COMPONENTS
CNH INDUSTRIAL WORLDWIDE (%)

	2020	2019	2018
Spare parts' net sales from remanufactured components	8.2	8.3	6.3

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.

THE REMANUFACTURING PROCESS

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 emission 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.

RECOVERY AND RECYCLING

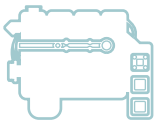
The commitment to reduce the environmental impact of end-of-life vehicles (ELVs) starts in the concept and design phase, through the selection of easily recyclable components (see page 169), and continues every step of the way, from the remanufacturing of worn components (cores), to providing customer 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 182).
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.
CNH Industrial monitors and optimizes recoverability and recyclability levels. Through product life cycle assessments (LCAs), it collects data on exact material composition and percentage breakdown, and estimates the recyclability rates for each material.

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 Sustainability Reporting Standards (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.
(c) The actual level of recyclability depends on contingent factors such as the technologies available in a given country, chemical compatibility, and composition details.

The recoverability rate is currently 95% of the total weight for the F1 engine and over 95% for the IVECO New Daily. Furthermore, thanks to an agreement with Fiat Chrysler Automobiles (FCA), the end-of-life of IVECO products 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 brand's website.



APPENDIX

REPORT PARAMETERS

PERFORMANCE INDICATORS

ASSURANCE STATEMENT

GRI CONTENT INDEX

SASB INDEX

CONTACTS

REPORT PARAMETERS

255 OBJECTIVES
255 SCOPE
260 METHODOLOGIES
263 DEFINITIONS

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 eighth annual CNH Industrial Sustainability Report.
This Report has been prepared in accordance with the GRI[1] Standards: Core option. The topics covered in the Report originate from the materiality analysis (see page 24). As per the GRI Standards (Core option), one or more disclosures specified in the GRI Standards were monitored for each material topic (see page 27).
The contents were integrated with the information requirements of ESG[2] investors and financial and non-financial analysts who periodically review the Company's sustainability performance.

Starting from the 2020 Sustainability Report, the Company adopted and reported on the new GRI Standards – GRI 303: Water and Effluents 2018, and GRI 403: Occupational Health and Safety 2018 – which supersede the respective 2016 versions previously used. In order to ensure data comparability over time when reporting on the last 3 years' performance, the collection of data related to the aforementioned GRI Standards began in 2018.

CNH Industrial's strategic approach is set out in the chapter Our Commitment to the Future, on page 22, 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 strategic 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 2020 – which coincides with the calendar year – for all CNH Industrial segments worldwide consolidated[3] in the 2020 EU Annual Report as at December 31, 2020.
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 geographic areas: North America, Europe, South America, and Rest of the World. The countries that make up these geographic areas are listed on page 265.
It should be noted that the definition of plant used in the Sustainability Report is in line with that in the 2020 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.

(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.*
(2) *Environmental, social, and governance.*
(3) *The differences with respect to the scope of the 2020 EU Annual Report are: the scope of the 2020 Sustainability Report excludes the Fecamp plant (France), removed from the manufacturing reporting scope as of January 1, 2018, and the Graz plant (Austria), no longer operational; the 2020 EU Annual Report includes the plants in Cowra (Australia) and Mt. Vernon (USA), acquired in 2019 (not yet included in the scope of the 2020 Sustainability Report); the plant in San Mauro (Italy) was closed during the year and so is not included in the 2020 EU Annual Report, but is within the scope of the 2020 Sustainability Report due to its impact in the months prior to closure.*

GRI STANDARDS GRI 102-48; GRI 102-49; GRI 102-50; GRI 102-51; GRI 102-52; GRI 102-54

2020 PLANTS OVERVIEW
CNH INDUSTRIAL WORLDWIDE

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/ ISO 45001	Scope	ISO 14001	Scope	ISO 50001	Scope
NORTH AMERICA												
Canada	Saskatoon	AG	Seeding equipment	Silver	•	ISO/OHSAS	ISO/OHSAS	•	ISO/OHSAS	•	ISO/OHSAS	•
Mexico	Queretaro	AG & CE	Components	Bronze	•	ISO/OHSAS	ISO/OHSAS	•	ISO/OHSAS	•	ISO/OHSAS	•
USA	Benson	AG	Sprayers, cotton pickers	Bronze	•		ISO/OHSAS	•	ISO/OHSAS	•	ISO/OHSAS	•
USA	Burlington	CE	Backhoe loaders, forklifts	Bronze	•	ISO/OHSAS	ISO/OHSAS	•	ISO/OHSAS	•	ISO/OHSAS	•
USA	Fargo	AG & CE	Tractors, wheel loaders	Bronze	•	ISO/OHSAS	ISO/OHSAS	•	ISO/OHSAS	•	ISO/OHSAS	•
USA	Goodfield	AG	Soil management equipment	Bronze	•	ISO/OHSAS	ISO/OHSAS	•	ISO/OHSAS	•	ISO/OHSAS	•
USA	Grand Island	AG	Tractors, combines	Silver	•	ISO/OHSAS	ISO/OHSAS	•	ISO/OHSAS	•	ISO/OHSAS	•
USA	New Holland	AG	Hay, forage	Bronze	•	ISO/OHSAS	ISO/OHSAS	•	ISO/OHSAS	•	ISO/OHSAS	•
USA	Racine	AG	Tractors, transmissions	Bronze	•	ISO/OHSAS	ISO/OHSAS	•	ISO/OHSAS	•	ISO/OHSAS	•
USA	St. Nazianz	AG	Self-propelled sprayers		•		ISO/OHSAS	•	ISO/OHSAS	•	ISO/OHSAS	•
USA	Wichita	CE	Skid steer loaders	Bronze	•	ISO/OHSAS	ISO/OHSAS	•	ISO/OHSAS	•	ISO/OHSAS	•
EUROPE												
Austria	Sankt Valentin	AG	Tractors	Silver	•	ISO/OHSAS	ISO/OHSAS	•	ISO/OHSAS	•	ISO/OHSAS	•
Belgium	Antwerp	AG	Components (transmissions, rear axles, drivelines)	Bronze	•	ISO/OHSAS	ISO/OHSAS	•	ISO/OHSAS	•	ISO/OHSAS	•
Belgium	Zedelgem	AG	Combines, forage harvesters, balers	Bronze	•	ISO/OHSAS	ISO/OHSAS	•	ISO/OHSAS	•	ISO/OHSAS	•
Czech Republic	Vysoké Mýto	C&SV	Buses (city, intercity)	Bronze	•	ISO/OHSAS	ISO/OHSAS	•	ISO/OHSAS	•	ISO/OHSAS	•
France	Annonay	C&SV	Buses (coaches, city)	Bronze	•	ISO/OHSAS	ISO/OHSAS	•	ISO/OHSAS	•	ISO/OHSAS	•
France	Bourbon-Lancy	PT	Engines (heavy)	Silver	•	ISO/OHSAS	ISO/OHSAS	•	ISO/OHSAS	•	ISO/OHSAS	•
France	Coëx	AG	Grape harvesters		•	ISO/OHSAS	ISO/OHSAS	•	ISO/OHSAS	•	ISO/OHSAS	•
France	Croix	AG	Cabins	Bronze	•	ISO/OHSAS	ISO/OHSAS	•	ISO/OHSAS	•	ISO/OHSAS	•
France	Fourchambault - Garchizy	PT	Engines (remanufacturing)		•	ISO/OHSAS	ISO/OHSAS	•	ISO/OHSAS	•	ISO/OHSAS	•

[a] *AG = Agriculture (Case IH, STEYR, New Holland Agriculture)*
CE = Construction (CASE Construction Equipment, New Holland Construction)
C&SV = Commercial and Specialty 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/ ISO 45001	Scope	ISO 14001	Scope	ISO 50001	Scope
France	Rorthais	C&SV	Buses (city)		●	ISO	ISO	●	ISO	●	ISO	●
France	Tracy-le-Mont	CE	Hydraulic cylinders			ISO	ISO	●	ISO	●	ISO	●
Germany	Ulm	C&SV	Firefighting vehicles	WCM Bronze	●	ISO	ISO	●	ISO	●	ISO	●
Italy	Bolzano	C&SV	Defense vehicles	WCM Bronze	●	ISO	ISO	●	ISO	●	ISO	●
Italy	Brescia	C&SV	Medium vehicles, cabs, chassis	WCM Silver	●	ISO	ISO	●	ISO	●	ISO	●
Italy	Brescia	C&SV	Firefighting vehicles	WCM Bronze	●	ISO	ISO	●	ISO	●	ISO	●
Italy	Foggia	PT	Engines (light), drive shafts	WCM Silver	●	ISO	ISO	●	ISO	●	ISO	●
Italy	Jesi	AG	Tractors	WCM Silver	●	ISO	ISO	●	ISO	●	ISO	●
Italy	Lecce	CE	Wheel loaders, compact track loaders, telehandlers, graders	WCM Bronze	●	ISO	ISO	●	ISO	●	ISO	●
Italy	Modena	AG	Components (hydraulic groups, drivelines, axles, cabs)	WCM Bronze	●	ISO	ISO	●	ISO	●	ISO	●
Italy	Piacenza	C&SV	Quarry and construction vehicles	WCM Bronze	●	ISO	ISO	●	ISO	●	ISO	●
Italy	Pregnana M.se	PT	Engines (marine and power generation units)		●	ISO	ISO	●	ISO	●	ISO	●
Italy	San Mauro	CE	Excavators	WCM Bronze	●	ISO	ISO	●	ISO	●	ISO	●
Italy	Suzzara	C&SV	Light vehicles	WCM Silver	●	ISO	ISO	●	ISO	●	ISO	●
Italy	Torino Driveline	PT	Transmissions, axles	WCM Silver	●	ISO	ISO	●	ISO	●	ISO	●
Italy	Torino Motori	PT	Engines (heavy)	WCM Silver	●	ISO	ISO	●	ISO	●	ISO	●
Italy	Vittorio Veneto	C&SV	Components			ISO	ISO	●	ISO	●	ISO	●
Poland	Kutno	AG	Row crop, cultivators, harvesters			ISO	ISO	●	ISO			
Poland	Plock	AG	Combines, balers, headers	WCM Bronze	●	ISO	ISO	●	ISO	●	ISO	●
Spain	Madrid	C&SV	Heavy vehicles	WCM Gold	●	ISO	ISO	●	ISO	●	ISO	●
Spain	Valladolid	C&SV	Light vehicles, heavy cabs components	WCM Gold	●	ISO	ISO	●	ISO	●	ISO	●
Sweden	Överum	AG	Ploughs					●				
UK	Basildon	AG	Tractors	WCM Bronze	●	ISO	ISO	●	ISO	●	ISO	●

[a] *AG = Agriculture (Case IH, STEYR, New Holland Agriculture)*
CE = Construction (CASE Construction Equipment, New Holland Construction)
C&SV = Commercial and Specialty 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/ ISO 45001	Scope	ISO 14001	Scope	ISO 50001	Scope
SOUTH AMERICA												
Argentina	Cordoba	AG	Tractors, combines	Bronze	●	○	○	●	○	●	○	●
Argentina	Cordoba	C&SV	Medium and heavy vehicles	(b)	●	○	○	●	○	●	○	●
Argentina	Cordoba	PT	Engines (heavy)	(b)	●	○	○	●	○	●	○	●
Brazil	Contagem - Belo Horizonte	CE	Backhoe loaders, crawler excavators, crawler dozers, wheel loaders, graders, dozers	Silver	●	○	○	●	○	●	○	●
Brazil	Curitiba	AG	Combines, tractors	Silver	●	○	○	●	○	●	○	●
Brazil	Piracicaba	AG	Sugarcane harvesters, sprayers	Bronze	●	○	○	●	○	●	○	●
Brazil	Sete Lagoas	C&SV	Light, medium, and heavy vehicles	Silver	●	○	○	●	○	●	○	●
Brazil	Sete Lagoas	C&SV	Defense vehicles	Bronze	●	○	○	●	○	●	○	●
Brazil	Sete Lagoas	PT	Engines (light, medium, and heavy)	Silver	●	○	○	●	○	●	○	●
Brazil	Sorocaba	AG	Combines, components	Silver	●	○	○	●	○	●	○	●
REST OF WORLD												
Australia	Dandenong	C&SV	Heavy vehicles		●	○	○	●	○	●	○	●
China	Chongqing	PT	Engines (light, medium, and heavy)	Bronze	●	○	○	●	○	●	○	●
China	Harbin	AG	Combines, tractors, balers	Bronze	●	○	○	●	○	●	○	●
China	Ürümqi	AG	Cotton pickers			○	○	●	○			
India	Greater Noida	AG	Tractors	Silver	●	○	○	●	○	●	○	●
India	Pithampur	CE	Backhoe loaders, earth compactors	Bronze	●	○	○	●	○	●	○	●
India	Pune	AG	Sugarcane harvesters, combines		●	○	○	●	○			
Russia	Naberežhnye Čhelny	AG	Tractors, combines			○	○	●	○			
South Africa	Rosslyn	C&SV	Buses (intercity), medium and heavy vehicles assembly					●				●
Uzbekistan	Tashkent	AG	Tractors			○		●				

[a] AG = Agriculture (Case IH, STEYR, New Holland Agriculture)
CE = Construction (CASE Construction Equipment, New Holland Construction)
C&SV = Commercial and Specialty Vehicles (IVECO, IVECO ASTRA, IVECO BUS, Heuliez Bus, Magirus, Iveco Defence Vehicles)
PT = Powertrain (FPT Industrial).
[b] As regards the WCM methodology, for the purpose of receiving the award, the 3 plants in Cordoba (Argentina) are treated as a single site.

2020 DATA COVERAGE

World Class Manufacturing (WCM) data (see page 193) relates to 55 plants, representing 99% of revenues from sales of products manufactured at CNH Industrial plants[4].

Occupational health and safety data (see page 87) relates to 58,883 employees, or about 98% of the workforce within the reporting scope. There are 60 OHSAS 18001 / ISO 45001 certified plants, accounting for 95% of Company plants and representing approximately 100% of revenues from sales of products manufactured at CNH Industrial plants[4].

Information on **environmental performance** (including VOC[5], water, and waste) and management systems (see pages 195; 198) relates to 56 fully consolidated plants, accounting for 89% of Company plants and representing 99% of revenues from sales of products manufactured at CNH Industrial plants[4]. There are 60 ISO 14001 certified plants, accounting for 95% of Company plants, representing approximately 100% of revenues from sales of products manufactured at CNH Industrial plants[4], and relating to 39,113 employees (or about 97% of the workforce at the plants within the reporting scope[4]).

Information on **energy performance** (including CO_2, NO_X, SO_X, and dust emissions) and management systems (see pages 199; 206; 208) relates to 57 fully consolidated plants, accounting for 90% of Company plants and representing 99% of revenues from sales of products manufactured at CNH Industrial plants[4]. There are 56 ISO 50001 certified plants, accounting for 89% of Company plants, representing 99% of revenues from sales of products manufactured at CNH Industrial plants[4], and relating to 38,509 employees (or about 95% of the workforce at the plants within the reporting scope[4]).

Moreover, there are 59 ISO 9001 certified plants, accounting for 94% of Company plants, representing 98% of revenues from sales of products manufactured at CNH Industrial plants[4], and relating to 38,771 employees (or about 96% of the workforce at the plants within the reporting scope[4]).

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 sustainability performance.

Defining the contents of the Report is a process based on principles of materiality, stakeholder inclusiveness, sustainability context, and completeness. This complex and systematic process, which takes place during the Report's planning phase, in part through the materiality analysis (see page 24), 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 Sustainability Reporting Standards (GRI Standards). Indeed, the annual Sustainability Report describes positive trends as well as weaknesses and areas for improvement, with the aim of presenting a clear and balanced picture of 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 52) 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[6] reporting system for environmental and occupational health and safety data related to manufacturing sites) or spreadsheets, populated directly by the representatives of each thematic area worldwide and verified by their supervisors.

(4) The percentage is calculated on 63 plants; for the complete list of these plants, see pages 256-258.
(5) Volatile organic compounds.
(6) 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 2018 to 2020.
- Figures in currencies other than US dollars were converted at the average exchange rate at December 31, 2020.
- Target achievement dates are always year-end, i.e., they refer to December 31 of the year indicated.
- **Economic data** was collected directly, rather than extrapolated, from the Annual Report on Form 20-F as at December 31, 2020. The 2020 Annual Report on Form 20-F and the 2020 EU Annual Report are available on the Company's website. CNH Industrial's financial communications focus mainly on U.S. GAAP guidelines; 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 U.S. GAAP.
- 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.
- 2014 was chosen as the **base year** for 2014-2018 global planning, in line with the Strategic Business Plan. In extending the deadline of existing targets, 2014 was maintained as the base year, in continuity with the previous planning period, to clearly present the cumulative improvement.

- **Human resources data** refers to the entire corporate scope as at December 31, 2020 (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.
- **Occupational health and safety data** refers to both manufacturing and non-manufacturing sites and includes employees, contractors, and agency workers. Data on managers is not included.
- Given the variability during the year of reference in the use of contractors and agency workers at CNH Industrial sites worldwide, their total numbers in the Occupational Health and Safety section are based on basic mathematical calculations: figures are full-time equivalent (FTE) and calculated based on respective total hours worked.
- 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).
- Agency personnel are defined as working for, rather than employed by, CNH Industrial, and are contracted and paid through a third-party company. They are coordinated and overseen by CNH Industrial internal supervisors, and are usually temporary and conduct the same type of activities within the same business scope as CNH Industrial employees.
- **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.
- As a result of redefining the geographic areas (see page 265), the data breakdown by geographic area in the chapter How We Manage Our People, and in the tables in the Human Resources section of the Appendix, is not available for the year 2018.

- Investment data for **local communities** is categorized as per the principles set out in the London Benchmarking Group (LGB) framework. Data is based on accounting data and methods, and also includes estimates. With regard to local community projects, the Company monitors both initiative costs and management costs. The initiative cost may be a cash contribution, in-kind donation or volunteer work (the latter is estimated based on the number of hours employees spend volunteering for the initiative during paid working hours[7]). Management costs can be internal (i.e., the cost of employee time[7] to manage and organize humanitarian initiatives promoted by the Company) or external. Figures do not include brand promotion initiatives.

[7] *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).*

GRI STANDARDS GRI 102-8; GRI 202-2; GRI 403-8; GRI 403-9; GRI 403-10

- Regarding **environmental** and **energy performance**, normalized production unit indexes were defined to evidence the respective medium and long-term performance trends. This approach highlights enhanced performance due to process improvements, and not simply linked to variations in production volumes. Performance indicators are calculated on the total number of manufacturing hours, defined as the hours of presence of hourly employees within the manufacturing scope required to manufacture a product.
- Values expressed in **tons** refer to metric tons (1,000 kilos).
- With regard to **environmental data**, SPARC[8] or similar systems were individually compiled for each production department based on respective qualitative and quantitative data. Individual Standard Aggregation Databases only include data for the activities of the production department in question. Depending on data, the detection criterion was either measured, calculated or estimated[9].
- **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, and LPG).
- The Sustainability Report accounts for **industrial waste**, i.e., any waste directly or indirectly related to production department activities. Industrial waste includes:
  - waste generated in production departments during normal working cycles
  - waste that, while not directly associated with manufacturing activities, is generated as a result of auxiliary or production support activities within the production department (e.g., maintenance, logistics, clerical, catering, medical room, sanitation, etc.).
- The reporting scope does not include waste that is not associated with manufacturing, auxiliary, or production support activities within the production department, nor waste generated as a result of activities outside the normal production cycle.
- 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 key performance indicators (KPIs) to assess energy consumption per production unit and CO_2 emissions per production unit do not take into account diesel or LPG consumption related to logistics or product testing.
- 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, aerosols (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 0.923%, 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*.

[8] *Sustainability, Performance, Analysis, Reporting & Compliance.*
[9] *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.*

- For **scope 2 emissions** accounting, CNH Industrial applied the dual reporting system of the GHG Protocol Scope 2 Guidance, using both of its allocation methods across all Company plants:
  - the location-based method, which reflects the average emissions intensity of the grids on which energy consumption occurs (using mostly grid-average emission factor data)
  - the market-based method, which reflects emissions from electricity that companies have actively chosen to purchase (or reflects their lack of choice).

In the case of energy produced and purchased outside a plant (mainly electricity and heat), when reporting according to the location-based method, the CO_2 emissions associated with energy consumption were calculated, worldwide, using the 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 Europe
- International Energy Agency for CO_2 emissions accounting in South America and Rest of World
- primary energy suppliers for CO_2 emissions accounting in North America.

The key performance indicator (KPI) to assess CO_2 emissions per production unit refers to the scope 2 emissions calculated according to the market-based method.

SOCIAL RETURN ON INVESTEMENT

The Social Return on Investment (SROI) methodology, developed by Social Value UK[10], 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.

SOCIAL IMPACT ASSESSMENT

The Social Impact Assessment (SIA) tool, developed in line with the London Benchmarking Group (LBG) framework, is used to evaluate the types of benefits gained in the 4 major areas potentially affected by any project: people, organization, environment, and business. Based on this methodology, the 4 areas are weighted and the project's impact on specific aspects within each is rated on a scale from 1 (no impact) to 5 (very high impact). An average rating is then calculated for each area, representing the indicators (KPIs) to assess the project's overall impact on people, organization, environment, and business, respectively. The KPIs in detail are:

- benefit to people – positive change in people's attitude or behavior; skills and personal development; direct impact on people's quality of life
- benefit to organization – capacity building
- benefit to environment – direct environmental impact; impact on human activities and behavior
- benefit to business – benefits of volunteering for employees; impact of volunteering on the business; impact on reputation; customer involvement.

(10) *www.socialvalueuk.org.*

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.).

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 26), listed in alphabetic order:

- **autonomous vehicles**: 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 life
- **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
- **connectivity**: developing connectivity, digitalization, and big data to offer customers efficient, sustainable, and smart products that support real-time decision making, help identify inefficiencies, enhance productivity, and reduce fuel consumption, pollution, and emissions. Its main applications are in agriculture (e.g., precision agriculture and digital farming) and in construction (e.g., precision construction, machine control solutions, connected vehicles)
- **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, i.e., 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
- **occupational health and safety**: promoting a consistent and proactive approach to prevent injuries and increase risk awareness across the Company, by adopting the highest standards and best practices
- **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**: participating 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, namely 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 47 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; Consumer Durables & Apparel: Household Durables, Leisure Products, and Textiles, Apparel & Luxury Goods; Consumer Services: Hotels, Restaurants & Leisure, Diversified Consumer Services, and 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 and Accounting**: accounting and financial knowledge
- **Governance, Legal, and Board Expertise**: understanding of corporate governance practices and norms; understanding of legal systems; and 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 Agriculture (AG), Construction (CE), Commercial and Specialty Vehicles (C&SV), Powertrain (PT), or Financial Services.

Adjusted EBIT of Industrial Activities under U.S. GAAP is defined as net income (loss) before income taxes, Financial Services results, Industrial Activities' interest expenses (net), foreign exchange gains/losses, finance and non-service component of pension and other post-employment benefit costs, restructuring expenses, 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 ongoing operational activities.

Adjusted Diluted EPS is computed by dividing Adjusted Net Income (loss) attributable to CNH Industrial N.V. by a weighted-average number of common shares outstanding during the period that takes into consideration potential common shares outstanding deriving from the CNH Industrial share-based payment awards, when inclusion is not anti-dilutive. When the Company provides guidance for adjusted diluted EPS, it does not provide guidance on an earnings per share basis because the U.S. GAAP measure will include potentially significant items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end.

As of the first quarter of 2019, CNH Industrial's 4 **geographic areas** include the following:

- **North America**: United States, Canada, and Mexico
- **Europe**: member countries of the European Union and European Free Trade Association, the United Kingdom, Ukraine, and the Balkans
- **South America**: Central and South America and the Caribbean Islands
- **Rest of World**: Continental Asia (including Turkey and Russia), Oceania, member countries of the Commonwealth of Independent States (excluding Ukraine), the African continent, and the Middle East.

Emerging Markets are defined as low, lower-middle, or upper-middle income countries as per the World Bank list of economies as at June 2020.

OTHER INFORMATION

GRI Sustainability Reporting Standards (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.

Performance changes compared to previous years were calculated to all decimal places available at the time of calculation.

As regards the **infographics** included in the Report, the indicated percentage variations are calculated against 2019, unless otherwise specified.

This icon indicates the sections explaining the **management approach** to a specific material topic.

INNOVATION-TO-ZERO

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 Company's response to **COVID-19**, or with the impacts thereof.

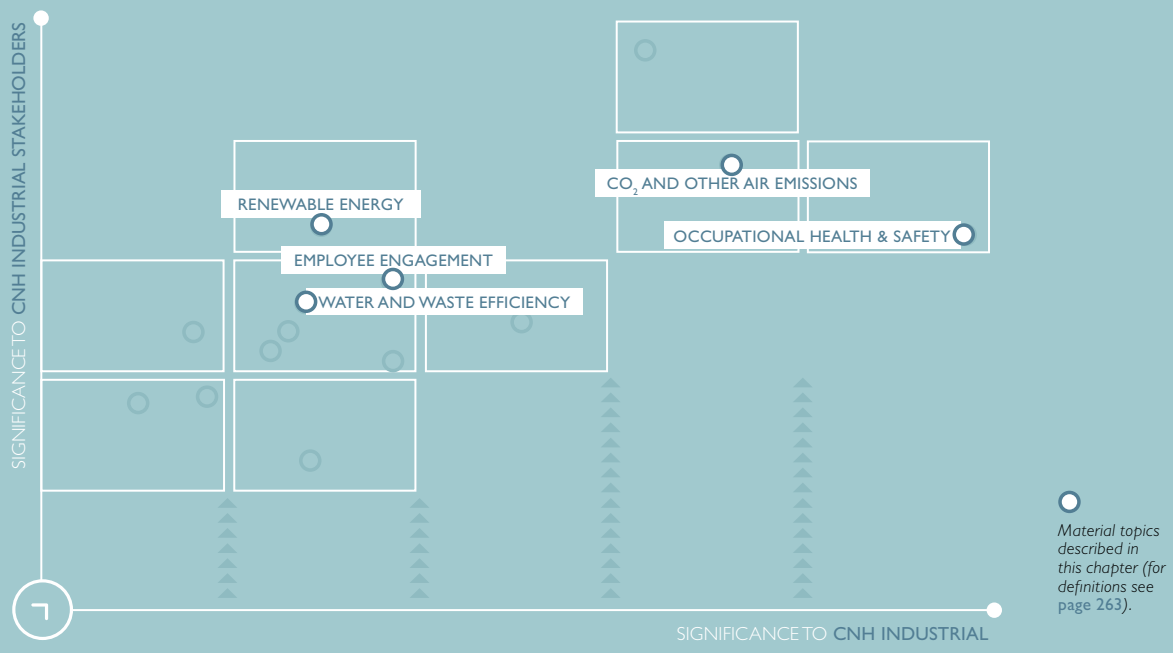
PERFORMANCE INDICATORS

267 HUMAN RESOURCES

275 ENVIRONMENT

280 ENERGY

282 OTHER GRI DISCLOSURES



Material topics described in this chapter (for definitions see page 263).

HUMAN RESOURCES

EMPLOYEES IN NUMBERS

EMPLOYEES BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

	2020	2019
North America	**8,048**	8,447
Europe	**41,671**	41,499
South America	**8,900**	7,997
Rest of World	**5,397**	5,556
Total	**64,016**	63,499

EMPLOYEES BY REGION AND CATEGORY[a]

CNH INDUSTRIAL WORLDWIDE (no.)

	2020				2019			
	Hourly	**Salaried**	**Professional**	**Manager**	Hourly	Salaried	Professional	Manager
North America	**4,217**	**102**	**3,490**	**239**	4,438	137	3,632	240
Europe	**26,836**	**5,732**	**8,438**	**665**	26,559	5,828	8,459	653
South America	**6,298**	**1,301**	**1,218**	**83**	5,368	1,352	1,193	84
Rest of World	**2,134**	**1,569**	**1,622**	**72**	2,198	1,657	1,625	76
Total	**39,485**	**8,704**	**14,768**	**1,059**	38,563	8,974	14,909	1,053

[a] *For more information on employee categories, see page 260.*

EMPLOYEES BY SEGMENT

CNH INDUSTRIAL WORLDWIDE (no.)

	2020	2019	2018
Agriculture	**25,162**	25,163	25,711
Construction	**5,173**	5,318	5,424
Commercial and Specialty Vehicles	**24,230**	23,692	23,933
Powertrain	**8,197**	8,064	8,265
Financial Services	**1,118**	1,128	1,149
Other Activities[a]	**136**	134	143
Total	**64,016**	63,499	64,625

[a] *Other Activities include corporate functions.*

EMPLOYEE TURNOVER

CNH INDUSTRIAL WORLDWIDE (no.)

	2020	2019	2018
Employees at January 1	**63,499**	64,625	63,356
New hires	**4,897**	5,277	7,189
Departures	**(4,529)**	(6,360)	(6,049)
Δ scope of operation	**149**	(43)	129
Employees at December 31	**64,016**	63,499	64,625
Turnover (%)	**7.1**	10.0	9.4
New hires (%)	**7.6**	8.3	11.1

EMPLOYEE TURNOVER BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

North America	2020	2019
Employees at January 1	**8,447**	8,856
New hires	**690**	859
Departures	**(1,089)**	(1,295)
Δ scope of operation	**-**	27
Employees at December 31	**8,048**	8,447
Turnover (%)	**13.5**	15.3
New hires (%)	**8.6**	10.2

Europe	2020	2019
Employees at January 1	**41,499**	41,982
New hires	**2,469**	2,806
Departures	**(2,397)**	(3,293)
Δ scope of operation	**100**	4
Employees at December 31	**41,671**	41,499
Turnover (%)	**5.8**	7.9
New hires (%)	**5.9**	6.8

South America	2020	2019
Employees at January 1	**7,997**	8,001
New hires	**1,476**	988
Departures	**(622)**	(1,027)
Δ scope of operation	**49**	35
Employees at December 31	**8,900**	7,997
Turnover (%)	**7.0**	12.8
New hires (%)	**16.6**	12.4

Rest of World	2020	2019
Employees at January 1	**5,556**	5,786
New hires	**262**	624
Departures	**(421)**	(745)
Δ scope of operation	**-**	(109)
Employees at December 31	**5,397**	5,556
Turnover (%)	**7.8**	13.4
New hires (%)	**4.9**	11.2

EMPLOYEE TURNOVER BY CATEGORY[a]

CNH INDUSTRIAL WORLDWIDE (no.)

Hourly	2020	2019	2018
Employees at January 1	**38,563**	39,042	38,474
New hires	**3,927**	3,408	4,374
Departures	**(2,990)**	(3,746)	(3,679)
Δ change in category	**(89)**	(82)	(200)
Δ scope of operation	**74**	(59)	73
Employees at December 31	**39,485**	38,563	39,042
Turnover (%)	**7.6**	9.7	9.4
New hires (%)	**9.9**	8.8	11.2

Salaried	2020	2019	2018
Employees at January 1	**8,974**	9,535	9,439
New hires	**461**	861	1,382
Departures	**(577)**	(1,013)	(948)
Δ change in category	**(187)**	(389)	(387)
Δ scope of operation	**33**	(20)	49
Employees at December 31	**8,704**	8,974	9,535
Turnover (%)	**6.6**	11.3	9.9
New hires (%)	**5.3**	9.6	14.5

Professional	2020	2019	2018
Employees at January 1	**14,909**	15,097	14,520
New hires	**476**	960	1,400
Departures	**(891)**	(1,507)	(1,346)
Δ change in category	**235**	323	516
Δ scope of operation	**39**	36	7
Employees at December 31	**14,768**	14,909	15,097
Turnover (%)	**6.0**	10.1	8.9
New hires (%)	**3.2**	6.4	9.3

Manager	2020	2019	2018
Employees at January 1	**1,053**	951	923
New hires	**33**	48	33
Departures	**(71)**	(94)	(76)
Δ change in category	**41**	148	71
Δ scope of operation	**3**	-	-
Employees at December 31	**1,059**	1,053	951
Turnover (%)	**6.7**	8.9	8.0
New hires (%)	**3.1**	4.6	3.5

[a] *For more information on employee categories, see page 260.*

EMPLOYEE TURNOVER BY AGE GROUP

CNH INDUSTRIAL WORLDWIDE (no.)

Under 30 years	2020	2019	2018
Employees at January 1	**6,900**	7,464	7,287
New hires	**2,057**	2,207	3,126
Departures	**(952)**	(1,388)	(1,443)
Δ age range	**(1,262)**	(1,396)	(1,521)
Δ scope of operation	**21**	13	15
Employees at December 31	**6,764**	6,900	7,464
Turnover (%)	**14.1**	20.1	19.3
New hires (%)	**30.4**	32.0	41.9

30 to 50 years	2020	2019	2018
Employees at January 1	**39,959**	40,512	40,016
New hires	**2,522**	2,689	3,574
Departures	**(2,062)**	(2,905)	(2,891)
Δ age range	**(334)**	(313)	(267)
Δ scope of operation	**103**	(24)	80
Employees at December 31	**40,188**	39,959	40,512
Turnover (%)	**5.1**	7.3	7.1
New hires (%)	**6.3**	6.7	8.8

Over 50 years	2020	2019	2018
Employees at January 1	**16,640**	16,649	16,053
New hires	**318**	381	489
Departures	**(1,515)**	(2,067)	(1,715)
Δ age range	**1,596**	1,709	1,788
Δ scope of operation	**25**	(32)	34
Employees at December 31	**17,064**	16,640	16,649
Turnover (%)	**8.9**	12.4	10.3
New hires (%)	**1.9**	2.3	2.9

EMPLOYEE TURNOVER BY GENDER

CNH INDUSTRIAL WORLDWIDE (no.)

Men	2020	2019	2018
Employees at January 1	**53,479**	54,576	53,769
New hires	**4,005**	4,193	5,781
Departures	**(3,806)**	(5,245)	(5,086)
Δ scope of operation	**132**	(45)	112
Employees at December 31	**53,810**	53,479	54,576
Turnover (%)	**7.1**	9.8	9.3
New hires (%)	**7.4**	7.8	10.6

Women	2020	2019	2018
Employees at January 1	**10,020**	10,049	9,587
New hires	**892**	1,084	1,408
Departures	**(723)**	(1,115)	(963)
Δ scope of operation	**17**	2	17
Employees at December 31	**10,206**	10,020	10,049
Turnover (%)	**7.1**	11.1	9.6
New hires (%)	**8.7**	10.8	14.0

PROMOTIONS

CNH INDUSTRIAL WORLDWIDE (no.)

	2020	2019	2018
Hourly	**97**	112	197
Salaried	**282**	485	508
Professional	**223**	513	454
Manager	**41**	123	25
Total	**643**	1,233	1,184

WORKFORCE GENDER DISTRIBUTION BY CATEGORY[a]

CNH INDUSTRIAL WORLDWIDE

	2020				2019				2018			
	Men		Women		Men		Women		Men		Women	
	(no.)	(%)	(no.)	(%)	(no.)	(%)	(no.)	(%)	(no.)	(%)	(no.)	(%)
Hourly	35,052	88.8	4,433	11.2	34,389	89.2	4,174	10.8	34,983	89.6	4,059	10.4
Salaried	6,142	70.6	2,562	29.4	6,327	70.5	2,647	29.5	6,739	70.7	2,796	29.3
Professional	11,686	79.1	3,082	20.9	11,843	79.4	3,066	20.6	12,013	79.6	3,084	20.4
Manager	930	87.8	129	12.2	920	87.4	133	12.6	841	88.4	110	11.6
Total	**53,810**	**84.1**	**10,206**	**15.9**	53,479	84.2	10,020	15.8	54,576	84.5	10,049	15.5

[a] *For more information on employee categories, see page 260.*

EMPLOYEES BY CATEGORY BY AGE[a]

CNH INDUSTRIAL WORLDWIDE (no.)

	2020			2019			2018		
	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	4,931	23,869	10,685	4,712	23,405	10,446	5,065	23,738	10,239
Salaried	1,164	5,763	1,777	1,364	5,869	1,741	1,572	6,139	1,824
Professional	669	9,886	4,213	824	9,999	4,086	827	10,036	4,234
Manager	-	670	389	-	686	367	-	599	352
Total	**6,764**	**40,188**	**17,064**	6,900	39,959	16,640	7,464	40,512	16,649

[a] *For more information on employee categories, see page 260.*

EMPLOYEES BY CATEGORY BY AGE[a]

CNH INDUSTRIAL WORLDWIDE (%)

	2020			2019			2018		
	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	12.5	60.5	27.0	12.2	60.7	27.1	13.0	60.8	26.2
Salaried	13.4	66.2	20.4	15.2	65.4	19.4	16.5	64.4	19.1
Professional	4.6	66.9	28.5	5.5	67.1	27.4	5.5	66.5	28.0
Manager	-	63.3	36.7	-	65.1	34.9	-	63.0	37.0
Global	**10.6**	**62.8**	**26.6**	10.9	62.9	26.2	11.5	62.7	25.8

[a] *For more information on employee categories, see page 260.*

WORKFORCE GENDER DISTRIBUTION BY LENGTH OF SERVICE

CNH INDUSTRIAL WORLDWIDE

	2020		2019		2018	
	Total (no.)	**of which women (%)**	Total (no.)	of which women (%)	Total (no.)	of which women (%)
Up to 5 years	**18,873**	**20.3**	18,401	20.1	19,689	19.0
6 to 10 years	**12,593**	**16.3**	12,119	16.3	13,304	17.0
11 to 20 years	**17,391**	**16.6**	18,251	16.6	17,112	15.9
21 to 30 years	**9,398**	**10.2**	9,763	9.4	10,350	8.8
Over 30 years	**5,761**	**8.5**	4,965	8.2	4,170	10.4

WORKFORCE GENDER DISTRIBUTION BY LEVEL OF EDUCATION[a]

CNH INDUSTRIAL WORLDWIDE

	2020[b]		2019[c]		2018[d]	
	Total (no.)	**of which women (%)**	Total (no.)	of which women (%)	Total (no.)	of which women (%)
University degree or equivalent	**14,581**	**24.0**	14,636	23.7	14,412	23.4
High school	**23,783**	**12.5**	23,447	12.2	23,526	11.9
Elementary/middle school	**16,762**	**11.0**	17,069	11.0	17,456	10.6

(a) Data as at October 31 of each year.
(b) 8,442 employees not mapped for 2020.
(c) 8,953 employees not mapped for 2019.
(d) 9,115 employees not mapped for 2018.

WORKFORCE GENDER DISTRIBUTION BY EMPLOYMENT TYPE

CNH INDUSTRIAL WORLDWIDE (no.)

	2020			2019			2018		
	Total	**Men**	**Women**	Total	Men	Women	Total	Men	Women
Full-time	**62,520**	**53,064**	**9,456**	62,002	52,738	9,264	63,167	53,876	9,291
Part-time	**1,496**	**746**	**750**	1,497	741	756	1,458	700	758

WORKFORCE GENDER DISTRIBUTION BY EMPLOYMENT CONTRACT

CNH INDUSTRIAL WORLDWIDE (no.)

	2020		2019		2018	
	No-term	**Fixed-term**	No-term	Fixed-term	No-term	Fixed-term
Men	**51,314**	**2,496**	51,805	1,674	52,597	1,979
Women	**9,623**	**583**	9,600	420	9,604	445
Total	**60,937**	**3,079**	61,405	2,094	62,201	2,424

WORKFORCE DISTRIBUTION BY EMPLOYMENT CONTRACT BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

	2020		2019	
	No-term	**Fixed-term**	No-term	Fixed-term
North America	**8,037**	**11**	8,438	9
Europe	**39,725**	**1,946**	39,809	1,690
South America	**7,795**	**1,105**	7,657	340
Rest of World	**5,380**	**17**	5,501	55
Total	**60,937**	**3,079**	61,405	2,094

OCCUPATIONAL HEALTH AND SAFETY

OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE – EMPLOYEES

CNH INDUSTRIAL WORLDWIDE

	Target 2024 vs. 2014	2020	2019	2018
Number of fatalities as a result of work-related injury[a] (no.)		**1**	1	-
Number of fatalities as a result of work-related ill health[a] (no.)		**-**	-	-
Number of high-consequence work-related injuries[b], excluding fatalities (no.)		**-**	1	-
Number of recordable work-related injuries[c] (no.)		**151**	163	175
Number of cases of recordable work-related ill health[c] (no.)		**12**	13	18
Injury frequency rate[d] (injuries per 1,000,000 hours worked)	**-50%**	**1.945**	2.047	2.142
Injury severity rate[e] (days of absence per 1,000 hours worked)		**0.069**	0.095	0.081
Rate of high-consequence work-related injuries[f] (high-consequence work-related injuries per 1,000,000 hours worked, excluding fatalities)		**-**	0.011	-
Rate of recordable work-related injuries[g] (recordable work-related injuries per 1,000,000 hours worked)		**1.707**	1.720	1.785
Occupational illness frequency rate (OIFR) (cases of recordable work-related ill health per 1,000,000 hours worked)		**0.136**	0.137	0.184
Number of hours worked (no.)		**88,440,179**	94,768,492	98,054,070

[a] Work-related injuries and ill health are those that arise from exposure to hazards at work, as defined by GRI Standards (GRI 403).
[b] A high-consequence work-related injury is one that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months, as defined by GRI Standards (GRI 403).
[c] A recordable work-related injury or ill health is that which results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness, as defined by GRI Standards (GRI 403).
[d] The injury frequency rate is the number of injuries (work-related and non-work related, resulting in more than 3 days of absence) divided by the number of hours worked, multiplied by 1,000,000. The base year (2014) employee injury frequency rate is equal to 2.498 injuries per 1,000,000 hours worked. For information on the rationale for choosing 2014 as the base year, see page 260.
[e] The injury severity rate is the number of days of absence (of more than 3 days, due to work-related and non-work related injuries) divided by the number of hours worked, multiplied by 1,000.
[f] The rate of high-consequence work-related injuries is the number of such injuries reported divided by the number of hours worked, multiplied by 1,000,000.
[g] The rate of recordable work-related injuries is the number of such injuries reported divided by the number of hours worked, multiplied by 1,000,000.

OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE – CONTRACTORS

CNH INDUSTRIAL WORLDWIDE

	2020	2019	2018
Number of fatalities as a result of work-related injury[a] (no.)	**-**	-	-
Number of fatalities as a result of work-related ill health[a] (no.)	**-**	-	-
Number of high-consequence work-related injuries[b], excluding fatalities (no.)	**-**	-	-
Number of recordable work-related injuries[c] (no.)	**20**	21	17
Number of cases of recordable work-related ill health[c] (no.)	**-**	-	-
Injury frequency rate[d] (injuries per 1,000,000 hours worked)	**1.605**	1.559	2.034
Injury severity rate[e] (days of absence per 1,000 hours worked)	**0.052**	0.025	0.052
Rate of high-consequence work-related injuries[f] (high-consequence work-related injuries per 1,000,000 hours worked, excluding fatalities)	**-**	-	-
Rate of recordable work-related injuries[g] (recordable work-related injuries per 1,000,000 hours worked)	**2.140**	2.182	1.728
Occupational illness frequency rate (OIFR) (cases of recordable work-related ill health per 1,000,000 hours worked)	**-**	-	-
Number of hours worked (no.)	**9,345,135**	9,623,646	9,835,252

[a] Work-related injuries and ill health are those that arise from exposure to hazards at work, as defined by GRI Standards (GRI 403).
[b] A high-consequence work-related injury is one that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months, as defined by GRI Standards (GRI 403).
[c] A recordable work-related injury or ill health is that which results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness, as defined by GRI Standards (GRI 403).
[d] The injury frequency rate is the number of injuries (work-related and non-work related, resulting in more than 3 days of absence) divided by the number of hours worked, multiplied by 1,000,000.
[e] The injury severity rate is the number of days of absence (of more than 3 days, due to work-related and non-work related injuries) divided by the number of hours worked, multiplied by 1,000.
[f] The rate of high-consequence work-related injuries is the number of such injuries reported divided by the number of hours worked, multiplied by 1,000,000.
[g] The rate of recordable work-related injuries is the number of such injuries reported divided by the number of hours worked, multiplied by 1,000,000.

OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE – AGENCY WORKERS

CNH INDUSTRIAL WORLDWIDE

	2020	2019	2018
Number of fatalities as a result of work-related injury[a] (no.)	-	1	-
Number of fatalities as a result of work-related ill health[a] (no.)	-	-	-
Number of high-consequence work-related injuries[b], excluding fatalities (no.)	-	1	-
Number of recordable work-related injuries[c] (no.)	13	29	43
Number of cases of recordable work-related ill health[c] (no.)	-	-	-
Injury frequency rate[d] (injuries per 1,000,000 hours worked)	1.114	3.229	5.456
Injury severity rate[e] (days of absence per 1,000 hours worked)	0.025	0.098	0.094
Rate of high-consequence work-related injuries[f] (high-consequence work-related injuries per 1,000,000 hours worked, excluding fatalities)	-	0.095	-
Rate of recordable work-related injuries[g] (recordable work-related injuries per 1,000,000 hours worked)	1.316	2.754	4.427
Occupational illness frequency rate (OIFR) (cases of recordable work-related ill health per 1,000,000 hours worked)	-	-	-
Number of hours worked (no.)	9,875,239	10,530,922	9,714,201

(a) Work-related injuries and ill health are those that arise from exposure to hazards at work, as defined by GRI Standards (GRI 403).
(b) A high-consequence work-related injury is one that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months, as defined by GRI Standards (GRI 403).
(c) A recordable work-related injury or ill health is that which results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness, as defined by GRI Standards (GRI 403).
(d) The injury frequency rate is the number of injuries (work-related and non-work related, resulting in more than 3 days of absence) divided by the number of hours worked, multiplied by 1,000,000.
(e) The injury severity rate is the number of days of absence (of more than 3 days, due to work-related and non-work related injuries) divided by the number of hours worked, multiplied by 1,000.
(f) The rate of high-consequence work-related injuries is the number of such injuries reported divided by the number of hours worked, multiplied by 1,000,000.
(g) The rate of recordable work-related injuries is the number of such injuries reported divided by the number of hours worked, multiplied by 1,000,000.

HUMAN CAPITAL DEVELOPMENT

MANAGERS OF LOCAL NATIONALITY BY REGION[a]

CNH INDUSTRIAL WORLDWIDE (%)

	2020	2019
North America	86	86
Europe	81	82
South America	93	93
Rest of World	68	59

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

TALENT ATTRACTION

CNH INDUSTRIAL WORLDWIDE (no.)

	2020	2019	2018
New graduates[a] recruited	547	534	407
Traineeships	1,934	2,124	2,691

(a) Graduated from university or equivalent no more than 3 years prior to hiring.

INTERNAL HIRES

CNH INDUSTRIAL WORLDWIDE (%)

	2020	2019[a]	2018[a]	2017
Open positions filled by internal candidates[b]	20	19	27	21

(a) 2018 and 2019 data restated with respect to the 2018 and 2019 Sustainability Reports, following a change in methodology.
(b) Calculated by dividing the number of positions filled by internal candidates in 2020 by the total number of positions filled in the same year.

TRAINING IN NUMBERS
CNH INDUSTRIAL WORLDWIDE

	2020	2019	2018
Training hours (no.)	**598,426**	653,196	868,779
Employees involved in training (no.)	**35,858**	50,220	46,406
Average hours of training per employee (no.)	**9.3**	10.3	13.4
Average amount spent per employee ($)	**26.1**	60.8	79.1

DETAILS OF TRAINING PER EMPLOYEE BY GENDER
CNH INDUSTRIAL WORLDWIDE (no.)

	2020		2019		2018	
	Men	**Women**	Men	Women	Men	Women
Training hours	**488,039**	**110,386**	536,934	116,262	733,450	135,239
Employees involved in training	**28,492**	**7,366**	41,004	9,216	38,041	8,365
Average hours of training per employee	**9.1**	**10.8**	10.0	11.6	13.4	13.5

DETAILS OF TRAINING PER EMPLOYEE BY CATEGORY[a]
CNH INDUSTRIAL WORLDWIDE (no.)

	2020			2019			2018		
	Hourly	**Salaried & Professional**	**Manager**	Hourly	Salaried & Professional	Manager	Hourly	Salaried & Professional	Manager
Training hours	**271,760**	**314,747**	**11,919**	294,432	349,177	9,586	421,981	431,237	15,561
Employees involved in training	**9,762**	**24,941**	**1,155**	20,098	28,912	1,210	19,321	26,035	1,050
Average hours of training per employee	**6.9**	**13.4**	**11.3**	7.6	14.6	9.1	10.8	17.5	16.4

[a] *For more information on employee categories, see page 260.*

EMPLOYEE WELFARE AND WELLBEING

2020 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]	9,928	-	9,928	52,871	52,871	-	54,374	45,142	9,232	25,846	17,494	8,352

	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]	827	-	827	1,789	1,789	-	-	-	-	403	193	210

[a] *Number of employees entitled to parental leave as at October 31, 2020, as per applicable laws, collective labor agreements, and/or Company policies.*
[b] *From November 2019 to October 2020.*
[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 timekeeping/payroll systems, adoption leave is coded as maternity or paternity leave; therefore, the data for adoption is partial.*

ENVIRONMENT

ENVIRONMENTAL PROTECTION EXPENDITURE AND INVESTMENTS

CNH INDUSTRIAL WORLDWIDE ($million)

	2020	2019	2018	2017
Plants (no.)	56	56	56	57
Expenditure	**41**	44	42	38
of which on waste disposal and emissions treatment	**29**	33	31	28
of which on prevention and environmental management	**12**	11	11	10
Investments	**3.4**	3.8	3.6	4.5
Cost savings	**2.9**	4.6	3.3	3.0

AIR EMISSIONS

VOLATILE ORGANIC COMPOUNDS (VOC)[a]

CNH INDUSTRIAL WORLDWIDE

	Target 2022 vs. 2014	2020	2019	2018
Plants (no.)		56	56	56
Average VOC emissions (g/m^2)	**-27%**	**42.5**	42.0	45.7
Total VOC emissions (kg)		**1,311,182**	1,473,239	1,687,840

[a] The base year (2014) VOC emissions are equal to 57.6 g/m^2. For information on the rationale for choosing 2014 as the base year, see page 260.

NO_X, SO_X, AND DUST EMISSIONS

CNH INDUSTRIAL WORLDWIDE (tons)

	2020	2019	2018
Plants (no.)	57	57	57
Nitrogen Oxides (NO_X)	**306.4**	436.2	370.9
Sulfur Oxides (SO_X)	**38.3**	40.3	56.9
Dust	**3.2**	3.3	6.3

WATER MANAGEMENT

QUALITY OF WATER DISCHARGES

CNH INDUSTRIAL WORLDWIDE (milligram/liter)

	2020	2019	2018
Plants (no.)	56	56	56
Biochemical Oxygen Demand (BOD)	**29.5**	36.3	45.1
Chemical Oxygen Demand (COD)	**130.1**	169.8	162.1
Total Suspended Solids (TSS)	**72.4**	55.5	33.8

WATER WITHDRAWAL PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (m^3/hours of production[b])

	Target 2022 vs. 2014	2020	2019	2018
Plants (no.)		56	56	56
Water withdrawal	**-24%**	**0.075**	0.075	0.079

[a] The base year (2014) water withdrawal is equal to 0.10 m^3/hours of production. For information on the rationale for choosing 2014 as the base year, see page 260.
[b] Total manufacturing hours are used to calculate the indicator per hour of production.
For the definition of total manufacturing hours, see page 261.

WATER WITHDRAWAL, DISCHARGE, AND CONSUMPTION

CNH INDUSTRIAL WORLDWIDE (thousands of m³)

	2020		2019[a]		2018[a]	
Plants (no.)		56		56		56
	All areas	of which in water-stressed areas	All areas	of which in water-stressed areas	All areas	of which in water-stressed areas
Withdrawal						
Groundwater						
Freshwater[b]	**2,636**	**160**	2,738	232	2,948	234
Other water[c]	**-**	**-**	-	-	-	-
Total groundwater	**2,636**	**160**	2,738	232	2,948	234
Third-party water						
Freshwater[b]	**1,498**	**31**	1,616	42	1,640	41
Other water[c]	**-**	**-**	-	-	-	-
Total third-party water	**1,498**	**31**	1,616	42	1,640	41
of which municipal water supply	**1,498**	**31**	1,614	42	1,636	41
Surface water						
Freshwater[b]	**18**	**2**	23	1	27	-
Other water[c]	**-**	**-**	-	-	-	-
Total surface water	**18**	**2**	23	1	27	-
of which rainwater	**5**	**2**	2	1	2	-
Seawater						
Total seawater	**-**	**-**	-	-	-	-
Produced water						
Total produced water	**-**	**-**	-	-	-	-
Total water withdrawal	**4,152**	**193**	4,377	275	4,615	275
Discharge						
Surface water	**395**	**-**	433	-	415	-
Third-party water	**2,397**	**-**	2,795	118	2,900	104
of which sent for use to other organizations	**-**	**-**	-	-	-	-
Seawater	**-**	**-**	-	-	-	-
Groundwater	**79**	**66**	38	32	51	35
Total water discharge	**2,871**	**66**	3,266	150	3,366	139
of which freshwater[b]	**1,946**	**62**	2,290	144	2,244	134
of which other water[c]	**925**	**4**	976	6	1,122	5
Consumption						
Total water consumption[d]	**1,281**	**127**	1,111	125	1,249	136

(a) 2018 and 2019 data restated with respect to the 2019 Sustainability Report.
(b) Water with a concentration of total dissolved solids equal to or below 1,000 mg/l, as defined by GRI Standards (GRI 303).
(c) Water with a concentration of total dissolved solids over 1,000 mg/l, as defined by GRI Standards (GRI 303).
(d) Calculated as total water withdrawal minus total water discharge.

WATER RECYCLING INDEX

CNH INDUSTRIAL WORLDWIDE (thousands of m³)

	2020	2019[a]	2018[a]
Plants (no.)	56	56	56
Total water requirement	**8,256**	6,336	6,562
of which covered by recycling	**4,104**	1,959	1,947
of which water withdrawal	**4,152**	4,377	4,615
Recycling index[b] (%)	**50**	31	30

(a) 2018 and 2019 data restated with respect to the 2019 Sustainability Report.
(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 WRI METHODOLOGY

CNH INDUSTRIAL WORLDWIDE

Segment and plant	2020 discharge water quality (mg/l)	2014 water withdrawal per production unit (m^3/hours of production[b])	2020 water withdrawal per production unit (m^3/hours of production[b])	Reduction target[c] (2022 vs. 2014[d])
Agriculture and Construction ■ Queretaro (Mexico)	BOD: 21 COD: 28 TSS: 9	0.021	0.025	-4%[e]
Agriculture ■ Greater Noida (India)	BOD: 15 COD: 62 TSS: 57	0.105	0.059	-47%[e]
Construction ■ Pithampur (India)	BOD: 22 COD: 144 TSS: 78	0.057[f]	0.047	-19%[e]

(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 261.
(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 261.
(d) For information on the rationale for choosing 2014 as the base year, see page 260.
(e) Target updated with respect to the 2019 Sustainability Report.
(f) Data was estimated based on the plant's performance in successive years.

2020 WATER WITHDRAWAL, DISCHARGE, AND CONSUMPTION IN WATER-STRESSED AREAS[a]

CNH INDUSTRIAL WORLDWIDE (thousands of m^3)

	Total	Queretaro (Mexico)	Greater Noida (India)	Pithampur (India)
Withdrawal				
Groundwater	**160**	14	146	-
Third-party water	**31**	-	-	31
of which surface water	**31**	-	-	31
of which groundwater	**-**	-	-	-
of which seawater	**-**	-	-	-
of which produced water	**-**	-	-	-
Surface water	**2**	-	-	2
Seawater	**-**	-	-	-
Produced water	**-**	-	-	-
Total water withdrawal[b]	**193**	**14**	**146**	**33**
Discharge				
Total water discharge	**66**	**11**	**39**	**16**
Consumption				
Total water consumption[c]	**127**	**3**	**107**	**17**
Water consumption per production unit (m^3/hours of production[d])	0.03	0.01	0.04	0.02

(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 5% 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 261.

WASTE MANAGEMENT

WASTE GENERATION AND MANAGEMENT

CNH INDUSTRIAL WORLDWIDE (tons)

	2020	2019	2018
Plants (no.)	56	56	56
Waste generated			
Non-hazardous waste	**159,260**	187,806	201,876
Hazardous waste	**14,580**	14,856	15,759
Total waste generated	**173,840**	**202,662**	**217,635**
of which packaging	**54,143**	64,086	66,453
Waste disposed			
Treatment	**8,340**	9,962	11,492
of which incineration	**198**	926	727
Sent to landfill	**2,278**	3,588	4,969
Total waste disposed	**10,618**	**13,550**	**16,461**
of which non-hazardous	**8,187**	8,180	9,994
Waste recovered			
Waste recovered (excluding waste-to-energy)	**154,985**	181,134	193,479
Waste-to-energy conversion	**8,237**	7,978	7,695
of which hazardous	**2,795**	3,157	3,038
Total waste recovered	**163,222**	**189,112**	**201,174**
of which hazardous	**12,149**	9,486	9,292
Waste recovered (%)	**93.9**	**93.3**	**92.4**
Waste sent to landfill (%)	**1.3**	**1.8**	**2.3**

WASTE AND HAZARDOUS WASTE GENERATED PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (kg/hours of production[b])

	Target 2022 vs. 2014	2020	2019	2018
Plants (no.)		56	56	56
Waste generated	**-25%**	**3.16**	3.48	3.71
Hazardous waste generated	**-36%**	**0.26**	0.26	0.27

(a) *The base year (2014) waste generated is equal to 4.56 kg/hours of production.*
The base year (2014) hazardous waste generated is equal to 0.39 kg/hours of production.
For information on the rationale for choosing 2014 as the base year, see page 260.
(b) *Total manufacturing hours are used to calculate the indicator per hour of production.*
For the definition of total manufacturing hours, see page 261.

WASTE RECOVERED[a]

CNH INDUSTRIAL WORLDWIDE (%)

	Target 2024	2020	2019	2018
Plants (no.)		56	56	56
Waste recovered	**95%**	**93.9**	93.3	92.4

(a) *Waste recovered as a percentage of waste generated.*

TRANSPORTED, IMPORTED, EXPORTED OR TREATED HAZARDOUS WASTE

CNH INDUSTRIAL WORLDWIDE (tons)

	2020	2019	2018
Plants (no.)	56	56	56
Hazardous waste transported to external providers of waste management services in the same country	**14,516**	14,806	15,748
of which sent for treatment	**5,964**	5,283	6,362
Hazardous waste transported to external providers of waste management services abroad	**55**	39	11
of which sent for treatment	**-**	-	-
Total hazardous waste transported	**14,571**	14,845	15,759

BIODIVERSITY

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)	199 species listed, of which: ■ 0 critically endangered ■ 2 endangered ■ 1 vulnerable ■ 1 near threatened ■ 195 of least concern
CURITIBA (BRAZIL)[c]	Combines, tractors	792,824	Adjacent to/contains part of the protected area	101 species listed, of which: ■ 0 critically endangered ■ 0 endangered ■ 0 vulnerable ■ 4 near threatened ■ 97 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
PIACENZA (ITALY)[b]	Heavy vehicles	175,000	Adjacent to the protected area (5,000 m)	241 species listed, of which: ■ 2 critically endangered ■ 6 endangered ■ 11 vulnerable ■ 13 near threatened ■ 209 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 204) that is located near, bordering or within protected or high-biodiversity areas.
(c) Plant implementing the BVI methodology (see page 204) 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

	2020	2019	2018	2017
Expenditure ($million)	**149**	168	182	170
Investments ($million)	**8.3**	12.8	7.9	7.7
Cost savings ($million)	**4.8**	7.5	3.3	7
Energy savings (GJ)	**248,529**	253,803	160,009	261,909
CO_2 emissions reduction (tons)	**19,800**	18,000	11,809	21,061

TOTAL ENERGY CONSUMPTION[a]

CNH INDUSTRIAL WORLDWIDE (GJ)

Non-renewable sources	2020	2019	2018
Plants (no.)	57	57	57
Direct energy consumption			
Natural gas	**2,422,117**	2,724,085	2,875,474
Coal	**-**	-	90,493
Diesel	**269,168**	283,742	262,043
Liquefied petroleum gas (LPG)	**34,908**	87,082	72,711
Other (HS and LS fuel oil)	**42**	225	154
Total	**2,726,235**	3,095,134	3,300,875
Indirect energy consumption			
Electricity	**575,963**	669,649	774,835
Thermal energy	**589,867**	629,153	694,710
Other energy sources	**16,643**	2,162	16,058
Total	**1,182,473**	1,300,964	1,485,603
Total energy consumption from non-renewable sources	**3,908,708**	4,396,098	4,786,478

Renewable sources	2020	2019	2018
Plants (no.)	57	57	57
Direct energy consumption			
Biomass	**2,139**	14,144	6,801
Solar-thermal	**62**	46	17
Total	**2,201**	14,190	6,818
Indirect energy consumption			
Electricity	**1,477,298**	1,705,478	1,843,182
Thermal energy	**21,422**	43,851	52,485
Other energy sources	**181,376**	194,080	148,519
Total	**1,680,096**	1,943,409	2,044,186
Total energy consumption from renewable sources	**1,682,297**	1,957,599	2,051,004
Total energy consumption	**5,591,005**	6,353,697	6,837,482

[a] The base year (2014) energy consumption is equal to 7,469,657 GJ. For information on the rationale for choosing 2014 as the base year, see page 260.

ENERGY CONSUMPTION BY TYPE

CNH INDUSTRIAL WORLDWIDE (GJ)

	2020	2019	2018
Plants (no.)	57	57	57
Electricity[a]	**2,238,894**	2,551,319	2,759,208
Heat	**611,351**	673,050	747,212
Steam[b]	**-**	-	-
Cooling	**12,386**	20,050[c]	23,386
Natural gas	**2,422,117**	2,724,085	2,875,474
Other energy sources	**306,257**	385,193[c]	432,202
Total energy consumption	**5,591,005**	6,353,697	6,837,482

[a] Electricity also includes compressed air.
[b] Steam is included in heat.
[c] Category figures redistributed with respect to the 2019 Sustainability Report.

GRI STANDARDS GRI 302-1; GRI 302-4

ENERGY CONSUMPTION PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (GJ/hours of production[b])

	Target 2030 vs. 2014	2020	2019	2018
Plants (no.)		57	57	57
Energy consumption per production unit	**-30%**	**0.09415**	0.10050	0.10898

[a] The base year (2014) energy consumption per production unit is equal to 0.1275 GJ/hours of production. For information on the rationale for choosing 2014 as the base year, see page 260.
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.
[b] Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 261.

ELECTRICITY CONSUMPTION FROM RENEWABLE SOURCES

CNH INDUSTRIAL WORLDWIDE (%)

	Target 2030	2020	2019	2018
Plants (no.)		57	57	57
Electricity consumption from renewable sources	**90%**	**72.0**	71.8	70.4

DIRECT AND INDIRECT CO_2 EMISSIONS[a]

CNH INDUSTRIAL WORLDWIDE (tons)

	2020	2019	2018
Plants (no.)	57	57	57
Direct emissions (scope 1)	**151,441**	171,217	184,439
Indirect emissions (scope 2) – market-based	**132,527**	156,764	194,575
Indirect emissions (scope 2) – location-based	**235,757**	309,465	312,409
Total CO_2 emissions[b]	**283,968**	**327,981**	**379,014**
Direct emissions from landfill gases	**117**	772	371

[a] CO_2 is the only significant greenhouse gas within CNH Industrial's processes (see page 261).
For CNH Industrial, biogenic CO_2 emissions are those released by the combustion of landfill gases.
The base year (2014) CO_2 emissions are equal to 530,851 tons. For information on the rationale for choosing 2014 as the base year, see page 260.
There were no significant changes in emissions requiring the recalculation of base year emissions.
GHG emissions were consolidated and reported using an operational control approach.
For the methodologies and emission factors used, see pages 261-262.
[b] Total CO_2 emissions are calculated using 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/hours of production[b])

	Target 2030 vs. 2014	2020	2019	2018
Plants (no.)		57	57	57
Direct and indirect CO_2 emissions per production unit	**-60%**	**0.00467**	0.00509	0.00597

[a] CO_2 is the only significant greenhouse gas within CNH Industrial's processes (see page 261).
The base year (2014) CO_2 emissions per production unit are equal to 0.0090 tons/hours of production. For information on the rationale for choosing 2014 as the base year, see page 260.
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.
[b] Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 261.

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 (see page 24), 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.
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 discuss expected and actual performance levels and professional development paths 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, inclusive, and safe work environment
PROFESSIONAL ORGANIZATIONS AND ASSOCIATIONS		direct engagement in materiality analysis town hall 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 schools, 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.*

GRI STANDARDS GRI 102-40; GRI 102-42; GRI 102-43; GRI 102-44

STAKEHOLDERS	Corporate functions[a]	Tools and interaction channels	Key topics and concerns[b]
FINANCIAL COMMUNITY: TRADITIONAL AND ESG INVESTORS	Investor Relations Corporate Affairs Sustainability Unit	direct engagement in materiality analysis Annual 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 employee volunteering activities 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
NORTH AMERICA						
Canada	Association of Canadian Custom Harvesters Inc. (ACCHI)	Association		●		
Canada	Canadian Cattlemen's Association (CCA)	Association		●		
Canada	Canadian Forage and Grassland Association (CFGA)	Association		●		
Canada	Canadian Simmental Association (CSA)	Association		●		
Canada	Western Canadian Wheat Growers Association	Association		●		
USA	American-Uzbekistan Chamber of Commerce (AUCC)	Association		●	●	
USA	Association of Equipment Manufacturers (AEM)	Association		●	●	
USA	Associated Equipment Distributors (AED)	Association		●		
USA	Business-Industry Political Action Committee (BIPAC)	Association		●	●	
USA	Business Roundtable (BRT)	Association		●	●	
USA	Diesel Technology Forum (DTF)	Association		●		
USA	Equipment Leasing and Financing Association (ELFA)	Association		●		
USA	Future Farmers of America (FFA)	Association		●		
USA	Growth Energy	Association		●	●	
USA	National Association of Landscape Professionals (NALP)	Association		●		
USA	National Association of Manufacturers (NAM)	Association		●	●	
USA	National Cattlemen's Beef Association (NCBA)	Association		●		
USA	Organization for International Investment (OFII)	Association		●		
USA	Truck and Engine Manufacturers Association (EMA)	Association		●	●	
USA	U.S. Custom Harvesters, Inc.	Association		●		
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		●		
EUROPE						
Austria	Association of Austrian Machinery and Metalware Industries (FMMI)	Association		●		
Austria	Austrian Agricultural Cluster (AAC)	Association		●		
Austria	Fahrzeugindustrie (Austrian Association of the Vehicle Industry)	Association		●		
Belgium	American Chamber of Commerce to the European Union (AmCham EU)	Association		●		
Belgium	Committee for European Construction Equipment (CECE)	Association		●	●	
Belgium	European Agricultural Machinery Association (CEMA)	Association		●	●	
Belgium	European Association of Internal Combustion Engine Manufacturers (EUROMOT)	Association		●	●	
Belgium	European Automobile Manufacturers' Association (ACEA)	Association		●	●	
Belgium	European Council for Automotive R&D (EUCAR)	Association		●		
Belgium	European Green Vehicles Initiative Association (EGVIA)	Association		●		
Belgium	European Land Defence Industry Group (ELDIG)	Association		●		
Belgium	Fédération Belge de l'Automobile & du Cycle (FEBIAC)	Association		●		

[a] *List of CNH Industrial's main memberships.*

COUNTRY	NAME	TYPE OF INSTITUTION	COMMITMENT FROM CNH INDUSTRIAL			
			PROJECTS	MEMBERSHIP	POSITION ON GOVERNANCE BODY	FUNDING
EUROPE						
Belgium	Fédération Belge des Fournisseurs de Machines, Bâtiments et Équipements pour l'Agriculture et les Espaces Verts (FEDAGRIM)	Association		●		
Belgium	Fédération des représentants généraux de matériel pour les travaux publics et privés, le bâtiment et la manutention (SIGMA)	Association		●		
Belgium	Federation for the Technology Industry (AGORIA)	Association		●		
Belgium	Gruppo di Iniziativa Italiana (GII)	Association		●		
Belgium	Hydrogen Council (Europe)	Association		●		
Belgium	Hydrogen Europe	Association		●		
Belgium	Natural & bio Gas Vehicle Association (NGVA Europe)	Association		●	●	
Belgium	Union Internationale des Transports Publics (UITP)	Association		●	●	
Bulgaria	Association of Car Manufacturers and their Authorised Representatives for Bulgaria (ACM)	Association		●		
Czech Rep.	Automotive Industry Association (AIA)	Association		●		
Czech Rep.	Czech Association of Importers of Agricultural Technology	Association		●		
Denmark	Dansk Agroindustri (Danish Agro Industry)	Association		●		
Denmark	Dansk Maskinhandlerforening (Agricultural Machinery Dealers)	Association		●		
Denmark	De Danske Bilimportører (Danish Car Importers Association)	Association		●		
Denmark	Maskinleverandørerne (Trade association for construction machinery)	Association		●		
Finland	Autotuojat Ry (Association of Automotive Industry in Finland)	Association		●		
Finland	Suomen Kuljetus ja Logistiikka SKAL Ry (Finnish Transports and Logistics SKAL)	Association		●		
Finland	Traktorimyyjien yhdistys (Tractor Trade Association of Finland)	Association		●		
France	Association for School Transport (ANATEEP)	Association		●		
France	Association Française du Gaz Naturel pour Véhicules (AFGNV)	Association		●		
France	Association of Transport Authorities (GART)	Association		●		
France	Chambre Syndicale Internationale de l'Automobile et du Motocycle (CSIAM)	Association		●		
France	Cooperation for Urban Mobility in the Developing World (CODATU)	Association		●	●	●
France	European Cluster for Mobility Solutions (CARA ex-LUTB)	Association	●	●	●	
France	Fédération Nationale des Transports de Voyageurs (FNTV)	Association		●		
France	Mobilité Hydrogène France	Association		●		
France	Pro France (Association for the promotion of French-made products)	Association		●	●	
France	Union des Industriels de l'Agroéquipement (AXEMA)	Association		●		
France	Union des Transports Publics et Ferroviaires (UTP)	Association		●		
Germany	Association of German Engineers (VDI)	Association		●		
Germany	Deutscher Wesserstoff- und Brennstoffzellen-Verband (DWV)	Association		●		
Germany	German Energy Agency (DENA)	Association		●	●	
Germany	Gesellschaft für Konservierende Bodenbearbeitung e.V. (GKB)	Association		●		
Germany	Forschungsvereinigung Verbrennungskraftmaschinen (FVV)	Association		●		
Germany	Verband Deutscher Maschinen und Anlagenbau (VDMA)	Association		●		
Germany	Verband der Automobilindustrie (VDA)	Association		●	●	

COUNTRY	NAME	TYPE OF INSTITUTION	COMMITMENT FROM CNH INDUSTRIAL			
			PROJECTS	MEMBERSHIP	POSITION ON GOVERNANCE BODY	FUNDING
EUROPE						
Germany	Zukunft ERDGAS (Natural gas association)	Association		●		
Greece	Hellenic Association of Motor Vehicle Importers-Representatives (AMVIR)	Association		●		
Hungary	Hungarian Vehicle Importers Association (MGE)	Association		●		
Ireland	Farm Tractor and Machinery Trade Association (FTMTA)	Association		●		
Italy	Camera di Commercio Italo-Libica	Association		●		
Italy	Commissione Italiana Veicoli Elettrici Stradali (CIVES)	Association		●		
Italy	Consorzio Italiano Biogas (CIB)	Association		●		
Italy	Federazione Nazionale Costruttori Macchine per l'Agricoltura (FEDERUNACOMA)	Association		●		
Italy	H2IT (Italian Hydrogen and Fuel Cell Association)	Association		●		
Italy	Italian Federation of Trade in Industrial Machinery (ASCOMAC Unimot)	Association		●		
Italy	MOTUS-E (Electric mobility association)	Association		●		
Italy	National Association for Telematics for Transport and Safety (TTS Italia)	Association		●		
Italy	Natural Gas Vehicle Italy (NGV Italy)	Association		●	●	
Italy	Unione Nazionale Aziende Construction Equipment & Attachments (UNACEA)	Association		●		
Italy	World Energy Council Italy (WEC Italy)	Association		●		
Luxembourg	Camera di Commercio Italo-Lussemburghese	Association		●		
Netherlands	Dutch agricultural mechanisation industry (Fedecom)	Association		●		
Netherlands	Dutch LNG Platform	Association		●		
Netherlands	Rijwiel en Automobiel Industrie (RAI)	Association		●		
Norway	Bilimportørens Landsforening (BIL)	Association		●		
Norway	Norges Bilbransjeforbund / Norwegian Motor Trade Association (NBF)	Association		●		
Norway	Norges Bondelag (Norwegian Agrarian Association)	Association		●		
Norway	Traktor- og Landbruksmaskinimportørenes Forening / Tractor and Agricultural Machinery Importers' Association (TLIF)	Association		●		
Poland	Polish Chamber of Commerce of Agricultural Machines and Facilities (PIGMiUR)	Association		●		
Poland	Polish Confederation Lewiatan	Association		●		
Poland	Polish LNG Platform	Association		●	●	
Poland	Polski Związek Przemysłu Motoryzacyjnego (PZPM)	Association		●		
Poland	Transport Logistyka Polska (TLP)	Association		●		
Portugal	Asociação do Comércio Automóvel de Portugal (ACAP)	Government				
Portugal	Câmara de Comércio Italiana	Association		●		
Romania	Automotive Manufacturers and Importers Association (APIA)	Association		●		
Slovenia	International Association of Fire and Rescue Services (CTIF)	Association		●		
Spain	Asociación Española de Fabricantes de Automóviles y Camiones (ANFAC)	Association		●	●	
Spain	Asociación Española de Profesionales de Automoción (ASEPA)	Association		●		
Spain	Asociación Ibérica de Gás Natural para la Movilidad (GASNAM)	Association		●	●	
Spain	Asociación Nacional de Distribuidores e Importadores de Maquinaria de Obras Públicas, Minería y Construcción (ANDICOP)	Association		●		

COUNTRY	NAME	TYPE OF INSTITUTION	COMMITMENT FROM CNH INDUSTRIAL			
			PROJECTS	MEMBERSHIP	POSITION ON GOVERNANCE BODY	FUNDING
EUROPE						
Spain	Asociación Nacional de Maquinaria Agropecuaria, Forestal y de Espacios Verdes (ANSEMAT)	Association		●		
Spain	Camara de Comercio e Industria Italiana para España	Association		●	●	
Spain	Circulo de Confianza (Nueva Economia Forum)	Association		●		
Sweden	MaskinLeverantörerna (Association for agricultural and construction material)	Association		●		
Sweden	Stregi (Swedish registration statistics on tractors)	Association		●		
Sweden	Swedish Association of Automobile Manufacturers and Importers (BIL Sweden)	Association		●		
Switzerland	Auto-Schweiz (car importer)	Association		●		
Switzerland	International Road Transport Union (IRU)	Association		●		
UK	Agricultural Engineers Association (AEA)	Association		●		
UK	Agricultural Machinery Dealers (FARMING UK)	Association		●		
UK	British Vehicle Rental and Leasing Association (BVRLA)	Association		●		
UK	Confederation of British Industry (CBI)	Association		●	●	
UK	Construction Equipment Association (CEA)	Association		●		
UK	Freight Transport Association (FTA)	Association		●		
UK	Italian Chamber of Commerce and Industry for the UK	Association		●	●	
UK	Natural Gas Vehicle Network (NGVN)	Association		●		
UK	Road Haulage Association (RHA)	Association		●		
UK	Society of Motor Manufacturers and Traders (SMMT)	Association		●		
Ukraine	Ukrainian Agribusiness Club (UCAB)	Association		●		
SOUTH AMERICA						
Argentina	American Chamber of Commerce in Argentina (AmCham Argentina)	Association		●		
Argentina	Asociación de Fábricas y Distribuidores Argentinos de Tractores (AFAT)	Association		●		
Argentina	Association of Automotive Manufacturers (ADEFA)	Association		●		
Argentina	Cámara Argentina de Empresas Proveedoras de Equipamiento y Motores (CAEPEM)	Association		●		
Brazil	American Chamber of Commerce for Brazil (AmCham Brasil)	Association		●		
Brazil	Brazilian Agribusiness Association (ABAG)	Association		●		
Brazil	Brazilian Association of Automotive Engineering (AEA)	Association		●		
Brazil	Brazilian Association of Technology for Construction and Mining (SOBRATEMA)	Association		●		
Brazil	Brazilian Federation of Banks (FEBRABAN)	Association		●		
Brazil	Brazilian Machinery Builders' Association (ABIMAQ)	Association		●		
Brazil	Empresa Brasileira de Pesquisa Agropecuária (EMBRAPA)	Government	●			
Brazil	Italian-Brazilian Chamber of Commerce	Association		●		
Brazil	National Association of Automotive Vehicle Manufacturers (ANFAVEA)	Association		●	●	
Brazil	National Association of Cargo Transportation and Logistics (NTC & Logística)	Association		●		
Brazil	National Association of Credit, Finance, and Investment Institutions (ACREFI)	Association		●		
Brazil	Society of Automobile Engineers (SAE Brasil)	Association		●		

COUNTRY	NAME	TYPE OF INSTITUTION	COMMITMENT FROM CNH INDUSTRIAL			
			PROJECTS	MEMBERSHIP	POSITION ON GOVERNANCE BODY	FUNDING
REST OF WORLD						
Australia	Australian Cane Farmers Association (ACFA)	Association		●		
Australia	Australian Fodder Industry Association (AFIA)	Association		●		
Australia	Australian Trucking Association (ATA)	Association		●		
Australia	Bus Industry Confederation (BIC)	Association		●	●	
Australia	Civil Contractors Federation (CCF)	Association		●		
Australia	Construction & Mining Equipment Industry Group (CMEIG)	Association		●		
Australia	Gas Energy Australia (GEA)	Association		●		
Australia	Heavy Vehicle Industry Australia (HVIA)	Association		●		
Australia	Institute of Quarrying Australia (IQA)	Association		●		
Australia	Italian Chamber of Commerce and Industry (Australia)	Association		●		
Australia	Italian Chamber of Commerce and Industry (Victoria)	Association		●		
Australia	Society of Precision Agriculture Australia (SPAA)	Association		●		●
Australia	Tractor and Machinery Association of Australia (TMA)	Association		●	●	
Australia	Truck Industry Council (TIC)	Association		●	●	
Australia	Waste Contractors and Recyclers Association (WCRA)	Association		●		
Australia	Waste Management and Resource Recovery Association of Australia (WMRR)	Association		●		
China	American Chamber of Commerce in China (AmCham China)	Association		●		●
China	China Agricultural Machinery Distribution Association (CAMDA)	Association		●		●
China	China Association of Agricultural Machinery Manufacturers (CAAMM)	Association		●		
China	China Association of Automobile Manufacturers (CAAM)	Association		●		
China	China Construction Machinery Association (CCMA)	Association		●		●
China	China Federation of Logistics and Purchasing (CFLP)	Association		●		
China	China Internal Combustion Engine Industry Association (CICEIA)	Association		●		
China	China National Light Industry Council	Association		●		
China	European Union Chamber of Commerce in China	Association		●		
China	Shanghai Facilities and Agricultural Equipment Association (SFAEA)	Association		●	●	●
China	Verband Deutscher Maschinen und Anlagenbau (VDMA China)	Association		●	●	
Egypt	Italian Chamber of Commerce - Egypt (CCI-Egypt)	Association		●		
India	CEO/CFO Forum organized by International Market Assessment India Pvt Ltd	Association		●		
India	Confederation of Indian Industry (CII)	Association		●		
India	Euclid Infotech Pvt Ltd	Government		●		
India	Federation of Indian Chambers of Commerce & Industry (FICCI)	Association		●		
India	Indian Construction Equipment Manufacturers' Association (ICEMA)	Association		●		
India	Indian Society of Agribusiness Professionals (ISAP)	Association		●		
India	Indo-Italian Chamber of Commerce and Industry (IICCI)	Association		●		
India	Indore Management Association (IMA)	Association		●		
India	InfodriveIndia Pvt Ltd	Association		●		

COUNTRY	NAME	TYPE OF INSTITUTION	COMMITMENT FROM CNH INDUSTRIAL			
			PROJECTS	MEMBERSHIP	POSITION ON GOVERNANCE BODY	FUNDING
REST OF WORLD						
India	Pithampur Audhyogik Sangathan	Association		●		
India	Tractor and Mechanization Association (TMA)	Association		●	●	
Morocco	Association Marocaine des Importateurs de Matériel Agricole (AMIMA)	Association		●		
Myanmar	Italy-Myanmar Business Council	Association		●		
New Zeland	Motor Industry Association of New Zealand Inc. (MIA)	Association		●		
Russia	Association of European Businesses (AEB)	Association		●		
Russia	Russian Association of Specialized Machinery and Equipment Manufacturers (ROSSPETSMASH)	Association		●		
Russia	Russian Natural Gas Vehicle Association (NGVRUS)	Association		●		
Russia	Verband Deutscher Maschinen und Anlagenbau (VDMA Russia)	Association		●		
South Africa	Italian-South African Chamber of Trade and Industries	Association		●		
South Africa	National Association of Automobile Manufacturers of South Africa (NAAMSA)	Association		●		
South Africa	South African Agricultural Machinery Association (SAAMA)	Association		●		
Thailand	European Association for Business and Commerce (EABC)	Association		●		
Thailand	Federation of Thai Industries (FTI)	Association		●		
Thailand	Thai-Italian Chamber of Commerce (TICC)	Association		●	●	
Turkey	Ankara Chamber of Commerce (ATO)	Association		●		
Turkey	Ankara Chamber of Industry (ASO)	Association		●		
Turkey	Automotive Distributors' Association (ODD)	Association		●		
Turkey	Automotive Industrialists' Association (OSD)	Association	●	●	●	●
Turkey	Heavy Commercial Vehicles Association (TAİD)	Association		●	●	
Turkey	International Association for the Protection of Intellectual Property (AIPPI)	Association		●		
Turkey	İzmir Chamber of Commerce (IZTO)	Association		●		
Turkey	Sakarya Chamber of Commerce and Industry (SATSO)	Association		●		
Turkey	Turkey Construction Equipment Distributors and Manufacturers Association (IMDER)	Association		●		
Turkey	Turkish Exporters' Assembly (TIM)	Association		●		
Turkey	Turkish Industry & Business Association (TUSİAD)	Association		●		
Turkey	Turkish Investor Relations Society (TÜYID)	Association		●		
Turkey	Turkish Metal Industrialists Union (MESS)	Association		●		
Turkey	Turkish Society for Quality (KALDER)	Association		●		
Turkey	Union of Chambers and Commodity Exchanges of Turkey (TOBB)	Association		●		
Turkmenistan	US-Turkmenistan Business Council	Association		●		
Uzbekistan	Chamber of Commerce and Industry of Uzbekistan	Association		●		
Zimbabwe	Agricultural Dealers and Manufacturers Association (ADMA)	Association		●		

ASSURANCE STATEMENT

SGS

ASSURANCE STATEMENT

SGS Nederland's report on sustainability activities in the CNH Industrial N.V. 2020 Sustainability Report

NATURE OF THE ASSURANCE/VERIFICATION

SGS Nederland B.V. was commissioned to conduct an independent assurance of the CNH Industrial N.V. (henceforth referred to as "CNH Industrial", or "Company", or "Organization") 2020 Sustainability Report.

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all CNH Industrial Stakeholders.

RESPONSIBILITIES

SGS Nederland B.V. is responsible for expressing its opinion on information, graphs, tables, and statements in the Sustainability Report, within the assurance scope described below, for the purpose of informing all interested parties.

SGS Nederland B.V. expressly disclaims any liability or co-responsibility for the preparation of any of the material included in this document or for the process of collection and treatment of the data therein.

The information in the Sustainability Report is the exclusive responsibility of CNH Industrial.

The information in the Report and its presentation are the responsibility of the governing body and the management of CNH Industrial. The Company is responsible for the identification of stakeholders and of material issues, for defining objectives with respect to sustainability performance, and for establishing and maintaining appropriate performance management and internal control systems.

ASSURANCE STANDARDS AND TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognised assurance guidance and standards including the Principles contained within the GRI Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and ISAE3000.

The assurance of this Report has been conducted according to the following Assurance Standards: AA1000 Assurance Standard v3 Type 2 evaluation of report content and supporting management systems against the AA1000 Accountability Principles (2018).

Assurance has been conducted at a moderate level of scrutiny.

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy, and reliability of specified performance information as detailed below.

SGS Nederland B.V. was asked to express an opinion in relation to the assurance scope, which includes the following aspects:

- the evaluation of the Report against the GRI Standards, 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 AP (2018) 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.

ASSURANCE METHODOLOGY LIMITATIONS AND MITIGATION

The verification process is based on SGS Product Procedure for Sustainability Report Assurance and incorporates the AA1000 Assurance Standard as audit criteria. The assurance comprised a combination of pre-assurance research, validation of materiality analysis and stakeholder engagement methodology, the examination of records, procedures and documents, and interviews with personnel and management.

The texts, graphs, and tables included in the Report were verified by selecting, on a significant sample, qualitative and/or quantitative information to confirm the accuracy of the data collection and consolidation process.

Auditing activities were carried out in February 2021 involving the Company's central functions in Turin and its plants in Foggia and Lecce (Italy), to assess the reliability of the data reporting process. The audit activities were conducted remotely due to COVID-19 restrictions.

Financial data is taken directly from the independently audited CNH Industrial Annual Report as at December 31, 2020, 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.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing, and verification, operating in more than 140 countries and providing services including: management systems and service certification; quality, environmental, social, and ethical auditing and training; environmental, social, and sustainability report assurance.

SGS Nederland B.V. affirms its independence from CNH Industrial, being free from bias and conflict of interests with the Company, its subsidiaries, and stakeholders.

The assurance team was assembled based on the knowledge, experience, and qualifications of the team members, and comprised auditors that are experts in social, governance, and environmental fields and that are registered with ISO9001, ISO 14001, SA8000, ISO 37001, and ISO 50001 standards.

ASSURANCE OPINION

On the basis of the verification work performed, we are satisfied, with a reasonable level of assurance, that the information contained in the CNH Industrial 2020 Sustainability Report is accurate, balanced, and reliable, representing a relevant summary of the activities carried out by CNH Industrial in 2020 and an essential tool in communicating with stakeholders.

SGS Nederland B.V. confirms that the information included in the 2020 Sustainability Report provides a material and complete representation of the Company's sustainability performance.

We believe that the Organization has chosen an appropriate level of assurance for this stage in its reporting.

ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES STANDARD (2018):

With regards to the level of adherence to the AA1000 Principles (Inclusivity, Materiality, Responsiveness, and Impact), and to the approach of the Company to the materiality analysis and stakeholder engagement processes and initiatives, the audit team provides the following opinion:

INCLUSIVITY

The Organization has established a multi-stakeholder participation process that is integrated with the materiality analysis. The stakeholder engagement is continuous and effective and includes employees, customers, dealers, opinion leaders, public institutions, NGOs, investors, and journalists. The engagement of external stakeholders was further extended in 2020 to additional NGOs, opinion leaders, rating agencies, and other partners worldwide. Thanks to the inputs received, four (4) material topics have slightly changed their position in the Materiality Matrix. In light of all that, SGS Nederland B.V. confirmed through the verification that the Organization supports the principle of Inclusivity.

MATERIALITY

Fourteen (14) material topics have been identified and prioritized in consideration of the requirements of international guidelines and stakeholder feedback. Based on the interpretation of stakeholders' expectations, the Organization has also defined four (4) sustainability priorities, these being Carbon Footprint, Occupational Safety, Life Cycle Thinking, and People Engagement. The sustainability priorities are further driven by aspirational goals, seen as objectives to strive for over the long term. The Company's senior management has set strategic sustainability targets aligned with the material topics included in the Materiality Matrix, and consistent with its sustainability priorities as well as the UN Sustainable Development Goals (SDGs). The Governance and Sustainability Committee regularly reviews the process for identifying key material issues. In light of all that, SGS Nederland B.V. confirmed through the verification that the Organization has identified key material issues and thus supports the principle of Materiality.

RESPONSIVENESS

The Sustainability Report discloses to stakeholders the strategies, programs, projects, and initiatives that address the material topics identified by the Organization. The material issues have also been linked to the SDGs most relevant for the Organization's business activities. The targets and the results for the identified material topics are also disclosed in the Report. In light of all that, SGS Nederland B.V. confirmed through the verification that the Organization supports the principle of Responsiveness.

IMPACT

The Organization has provided evidence that the data collection process is effective and robust. Through the Sustainability Report, the Organization fully discloses its impacts with respect to the key material topics and sustainability priorities identified. The disclosure includes a detailed update on the progress made concerning the sustainability targets set by the Organization. In light of all that, SGS Nederland B.V. confirmed through the verification that the Organization supports the principle of Impact.

ADHERENCE TO GRI STANDARDS

With reference to the GRI Sustainability Reporting Standards (GRI Standards), the Organization satisfies the principles for defining report content and the principles for ensuring the quality of reported information.

We confirm that the Report is aligned with the requirements of the GRI Standards: **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.

For and on behalf of SGS Nederland B.V.
André Siraa
Business Manager

Spijkenisse, March 25, 2021.

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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 this 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 24). 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 2020 Sustainability Report; however, where specifically stated, the reference is to the 2020 EU Annual Report as at December 31, 2020, 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	19	-		
	102-2 Activities, brands, products, and services	19; Annual Report 41	-		
	102-3 Location of headquarters	20; 300; Annual Report 98	-		
	102-4 Location of operations	19	-		
	102-5 Ownership and legal form	20; Annual Report 12; 98; 126	-		
	102-6 Markets served	19; Annual Report 49-50	-		
	102-7 Scale of the organization	19; 80; 267	-		
	102-8 Information on employees and other workers	81; 260; 271	-		
	102-9 Supply chain	181	-		
	102-10 Significant changes to the organization and its supply chain	181	-		
	102-11 Precautionary Principle or approach	76	-		
	102-12 External initiatives	53	-		
	102-13 Membership of associations	144; 284	-		
	Strategy				
	102-14 Statement from senior decision-maker	4	-		
	102-15 Key impacts, risks, and opportunities	Annual Report 28-40	-		
	Ethics and integrity				
	102-16 Values, principles, standards, and norms of behavior	53; 180	-		
	102-17 Mechanisms for advice and concerns about ethics	54; 56	-		
	Governance				
	102-18 Governance structure	45; Annual Report 85-98	-		
	102-19 Delegating authority	50	-		
	102-20 Executive-level responsibility for economic, environmental, and social topics	46	-		
	102-21 Consulting stakeholders on economic, environmental, and social topics	24	-		
	102-22 Composition of the highest governance body and its committees	46; Annual Report 85-93	-		

GRI STANDARDS	DISCLOSURE	PAGE NUMBER(s) AND/OR URL(s)	OMISSION		
			PART OMITTED	REASON	EXPLANATION
GRI 102: General Disclosures 2016	102-23 Chair of the highest governance body	46; Annual Report 88	-		
	102-24 Nominating and selecting the highest governance body	46	-		
	102-25 Conflicts of interest	46; Annual Report 94	-		
	102-26 Role of highest governance body in setting purpose, values, and strategy	46; Annual Report 85-93	-		
	102-27 Collective knowledge of highest governance body	49	-		
	102-28 Evaluating the highest governance body's performance	48	-		
	102-29 Identifying and managing economic, environmental, and social impacts	24	-		
	102-30 Effectiveness of risk management processes	70; Annual Report 81-84	-		
	102-31 Review of economic, environmental, and social topics	25	-		
	102-32 Highest governance body's role in sustainability reporting	24; 52	-		
	102-33 Communicating critical concerns	56	-		
	102-34 Nature and total number of critical concerns	56	-		
	102-35 Remuneration policies	Annual Report 105-120	-		
	102-36 Process for determining remuneration	48	-		
	102-37 Stakeholders' involvement in remuneration	(a)	-		
	Stakeholder engagement				
	102-40 List of stakeholder groups	282	-		
	102-41 Collective bargaining agreements	119	-		
	102-42 Identifying and selecting stakeholders	282	-		
	102-43 Approach to stakeholder engagement	24; 259; 282	-		
	102-44 Key topics and concerns raised	26; 282	-		
	Reporting practice				
	102-45 Entities included in the consolidated financial statements	256; Annual Report 53-55	-		
	102-46 Defining report content and topic Boundaries	24; 27; 259	-		
	102-47 List of material topics	27	-		
	102-48 Restatements of information	255	-		
	102-49 Changes in reporting	25; 255	-		
	102-50 Reporting period	255	-		
	102-51 Date of most recent report	255	-		
	102-52 Reporting cycle	255	-		
	102-53 Contact point for questions regarding the report	300	-		
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	102-55 GRI content index	293	-		
	102-56 External assurance	52; 290	-		
Material Topics					
GRI 200 Economic Standards Series					
Procurement Practices					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	27; 157; 179	-		
	103-2 The management approach and its components	157; 179	-		
	103-3 Evaluation of the management approach	157; 179	-		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	181	-		
GRI 300 Environmental Standards Series					
Energy					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	27; 206	-		
	103-2 The management approach and its components	206	-		
	103-3 Evaluation of the management approach	206	-		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	208; 211; 261; 280	-		
	302-3 Energy intensity	212; 261; 281	-		
	302-4 Reduction of energy consumption	211; 280	-		

(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	27; 195	-		
	103-2 The management approach and its components	195	-		
	103-3 Evaluation of the management approach	195	-		
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	169; 189; 199; 201	-		
	303-2 Management of water discharge-related impacts	199	-		
	303-3 Water withdrawal	200; 276-277	-		
	303-4 Water discharge	199; 205; 276	-		
	303-5 Water consumption	200; 276-277	-		
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GRI 103: Management Approach 2016[b]	103-1 Explanation of the material topic and its Boundary	27; 179; 195; 206; 216; 222-223; 225	-		
	103-2 The management approach and its components	166; 179; 195; 206; 216; 225	-		
	103-3 Evaluation of the management approach	166; 179; 195; 206; 216	-		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	210; 213; 261; 281	-		
	305-2 Energy indirect (Scope 2) GHG emissions	210; 213; 262; 281	-		
	305-4 GHG emissions intensity	214; 262; 281	-		
	305-5 Reduction of GHG emissions	213; 281	-		
	305-6 Emissions of ozone-depleting substances (ODS)	198	-		
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	27; 195	-		
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	103-3 Evaluation of the management approach	195	-		
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	202; 278	-		
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	27; 157; 179	-		
	103-2 The management approach and its components	157; 179	-		
	103-3 Evaluation of the management approach	157; 179	-		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	183	-		
	308-2 Negative environmental impacts in the supply chain and actions taken	186	-		
GRI 400 Social Standards Series					
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	27; 88	-		
	103-2 The management approach and its components	88	-		
	103-3 Evaluation of the management approach	88	-		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	89	-		
	403-2 Hazard identification, risk assessment, and incident investigation	88; 91	-		
	403-3 Occupational health services	89	-		
	403-4 Worker participation, consultation, and communication on occupational health and safety	88; 118	-		
	403-5 Worker training on occupational health and safety	88	-		
	403-6 Promotion of worker health	107	-		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	88	-		
	403-8 Workers covered by an occupational health and safety management system	89; 260	-		
	403-9 Work-related injuries	88; 91; 260; 272-273	-		
	403-10 Work-related ill health	93; 260; 272-273	-		

[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 24).*
[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.*

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	27; 78	-		
	103-2 The management approach and its components	78	-		
	103-3 Evaluation of the management approach	78	-		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	274	-		
	404-2 Programs for upgrading employee skills and transition assistance programs	102	-		
	404-3 Percentage of employees receiving regular performance and career development reviews	99	-		
Local Communities					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	27; 125	-		
	103-2 The management approach and its components	125; 130	-		
	103-3 Evaluation of the management approach	125	-		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	126	-		
	413-2 Operations with significant actual and potential negative impacts on local communities	127	-		
Supplier Social Assessment					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	27; 157; 179	-		
	103-2 The management approach and its components	157; 179	-		
	103-3 Evaluation of the management approach	157; 179	-		
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	183	-		
	414-2 Negative social impacts in the supply chain and actions taken	186	-		
Public Policy					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	27; 143	-		
	103-2 The management approach and its components	143	-		
	103-3 Evaluation of the management approach	143	-		
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	27; 170	-		
	103-2 The management approach and its components	166	-		
	103-3 Evaluation of the management approach	166	-		
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	175	-		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	68; 177	-		
Marketing and Labeling					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	27; 157; 161	-		
	103-2 The management approach and its components	157; 161	-		
	103-3 Evaluation of the management approach	157; 161	-		
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	175	-		
	417-2 Incidents of non-compliance concerning product and service information and labeling	68; 163; 177	-		
	417-3 Incidents of non-compliance concerning marketing communications	68; 163	-		
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	27; 157; 161	-		
	103-2 The management approach and its components	157; 161	-		
	103-3 Evaluation of the management approach	157; 161	-		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	60; 68; 163	-		

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	27; 225; 249	-		
	103-2 The management approach and its components	166; 225; 249	-		
	103-3 Evaluation of the management approach	166; 249	-		
Autonomous Vehicles and Connectivity					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	27; 222; 235	-		
	103-2 The management approach and its components	166; 235	-		
	103-3 Evaluation of the management approach	166	-		
Self-Sustaining Food Systems					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	27; 222; 229	-		
	103-2 The management approach and its components	166; 229	-		
	103-3 Evaluation of the management approach	166	-		
Value Chain Management (dealer management)					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	27; 157; 239	-		
	103-2 The management approach and its components	239	-		
	103-3 Evaluation of the management approach	239	-		
Digital Workplaces					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	27; 78; 95	-		
	103-2 The management approach and its components	78; 95	-		
	103-3 Evaluation of the management approach	78; 95	-		
Innovation-to-Zero					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	27; 157; 193	-		
	103-2 The management approach and its components	157	-		
	103-3 Evaluation of the management approach	157	-		

ADDITIONAL GRI DISCLOSURES[a]

GRI STANDARDS	DISCLOSURE	PAGE NUMBER(s) AND/OR URL(s)
GRI 200 Economic Standards Series		
Economic Performance		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	21
	201-2 Financial implications and other risks and opportunities due to climate change	73
	201-3 Defined benefit plan obligations and other retirement plans	83; Annual Report 145; 183
	201-4 Financial assistance received from government	20
Market Presence		
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage[b]	82
	202-2 Proportion of senior management hired from the local community	100; 260; 273
Anti-Corruption		
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	55; 57
	205-2 Communication and training about anti-corruption policies and procedures	58
	205-3 Confirmed incidents of corruption and actions taken	57; 68
Anti-Competitive Behavior		
GRI 206: Anti-Competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	68; Annual Report 53; 190

[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	182
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	279
	304-2 Significant impacts of activities, products, and services on biodiversity	204
	304-3 Habitats protected or restored	204
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	279
Environmental Compliance		
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	68; 205
GRI 400 Social Standards Series		
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GRI 401: Employment 2016	401-1 New employee hires and employee turnover	80; 268-269
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees[c]	83; 110
	401-3 Parental leave	110; 274
Labor/Management Relations		
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	120
Diversity and Equal Opportunity		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	46; 86; 270
Non-Discrimination		
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	57
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	64; 117; 186
Child Labor		
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	64; 186
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	66; 186
Human Rights Assessment		
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	65
	412-2 Employee training on human rights policies or procedures	63
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	183
Socioeconomic Compliance		
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	68

[c] *This GRI Standards Disclosure is partially reported.*

SASB INDEX

TOPIC	SASB CODE	METRIC	UNIT OF MEASURE	RESPONSE/ COMMENT	SEE PAGE
Activity	RT-IG-000.A	Number of units produced by product category	Number	Agriculture: 171,000 Construction: 32,000 Commercial & Specialty Vehicles: 118,000 Powertrain: 673,000	19
	RT-IG-000.B	Number of employees	Number	64,016	19
Energy Management	RT-IG-130a.1	(1) total energy consumed	Gigajoules (GJ)	5,591,005	280
		(2) percentage grid electricity	%	40	280
		(3) percentage renewable	%	30	280
Employee Health and Safety	RT-IG-320a.1	(1) total recordable incident rate (TRIR)[a]	Rate	0.369	272
		(2) fatality rate[b]	Rate	0.002	272
		(3) near miss frequency rate (NMFR)[c]	Rate	5.685	272
Fuel Economy & Emissions in Use-Phase	RT-IG-410a.1	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	Gallons per 1,000 ton-miles	(d)	-
	RT-IG-410a.2	Sales-weighted fuel efficiency for non-road equipment	Gallons per hour	(d)	-
	RT-IG-410a.3	Sales-weighted fuel efficiency for stationary generators	Watts per gallon	(d)	-
	RT-IG-410a.4	Sales-weighted emissions of: (1) nitrogen oxides (NO_x) and (2) particulate matter (PM) for: (I) marine diesel engines (II) locomotive diesel engines (III) on-road medium- and heavy-duty engines (IV) other non-road diesel engines	Grams per kilowatt-hour	(d)	-
Materials Sourcing	RT-IG-440a.1	Description of the management of risks associated with the use of critical materials	n.a.	CNH Industrial's products are highly complex, typically containing thousands of parts that come from many different direct suppliers within the Company's vast global supply network. This means that the Company must rely on its direct suppliers to work with their upstream supply chain to detect the presence and evaluate the origin of any critical substances contained in components or materials it purchases. The Company has adopted policies, programs, and procedures to manage risks related to material sourcing and to promote responsible sourcing, particularly with regard to tin, tantalum, tungsten, and gold (referred to as conflict minerals or 3TG), as well as cobalt.	67
Remanufacturing Design & Services	RT-IG-440b.1	Revenue from remanufactured products and remanufacturing services	%[e]	8.2% spare parts' net sales from remanufactured components	249

(a) The total recordable incident rate is the number of recordable work-related injuries and illnesses divided by the number of hours worked, multiplied by 200,000.
(b) The fatality rate is the number of work-related fatalities divided by the number of hours worked, multiplied by 200,000.
(c) The near miss frequency rate is the number of work-related near misses divided by the number of hours worked, multiplied by 200,000.
(d) Given the diversity of its products, the Company is currently identifying a methodology for the calculation of sales-weighted fuel efficiency and emissions data.
(e) The unit of measure was reported as a percentage of net sales to bring it into line with the calculation used for this metric internally.

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Please consider the environment before printing.

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