CNH INDUSTRIAL

SUSTAINABILITY REPORT 2016

CNH INDUSTRIAL

WE ARE HIGHLY RESPONSIVE TO THE WORLD'S ENVIRONMENTAL AND SOCIAL MEGATRENDS, TRANSLATING THEM INTO CORE STRATEGIES THAT FEED AND DRIVE OUR COMMITMENT AND PERFORMANCE. THIS APPROACH GIVES US THE STIMULUS AND STRATEGIC THRUST TO FURTHER INTEGRATE SUSTAINABILITY PRINCIPLES INTO OUR DAILY ACTIVITIES, CREATING LONG-TERM VALUE.

SERGIO MARCHIONNE
CHAIRMAN

01 CONTENTS

02 OUR SUSTAINABLE COMPANY

03 HOW WE GET THINGS DONE

04 OUR VALUE CHAIN

05 APPENDIX

LETTER TO STAKEHOLDERS

Dear Stakeholders,

In our fourth year of operations as CNH Industrial, the word *responsibility* has become increasingly important to the way we conduct ourselves as a multinational enterprise. Being a global leader in capital goods carries great responsibilities, which means that we must be accountable for every global activity we perform through our 12 brands. Our responsibility does not stop at the factory gate, and we have made great efforts to be proactive when it comes to the broader global issues surrounding sustainability.

This edition of the Sustainability Report includes a diagram of our Sustainability Model, which shows the relationship between the Company and the external drivers that affect CNH Industrial's businesses, or have the potential to do so. These drivers are the variables that continuously fuel, guide, and steer the inner circles of the Company's behaviors and activities. During the year, we continued our stakeholder engagement activities and launched an analysis to identify the most relevant megatrends, which are major external forces capable of shaping the future and influencing current and upcoming issues. Climate Change, Food Scarcity and Food Security, and the Innovative and Digital World were evaluated as most relevant by the Company's Sustainability Steering Committee.

The megatrends identified were the starting point for the materiality analysis in which more than 1,000 stakeholders participated. The end result was a new materiality matrix that better reflects the link between sustainability and business. In addition, senior management set new long-term targets (for 2022), related to the new material topics identified and to the UN Sustainable Development Goals (SDGs).

In 2016, we recorded a number of significant milestones in terms of sustainability. Our ongoing global efforts were rewarded when the Dow Jones Sustainability World and Europe Indices once again confirmed us as the Industry Leader in the Machinery and Electrical Equipment industry for the sixth year running. In addition, our commitment to reducing carbon emissions was further recognized with our inclusion on the A-List in the CDP Climate Change Report.

The Sustainability Report was prepared according to the new Global Reporting Initiative guidelines (GRI Standards) and the AA1000 Accountability Principles Standard. Indeed, in order to achieve sustainability goals beyond our business, our organization has embraced the highest standards.

This year's Report highlights our progress in doing just that, from fostering the development of our employees to improving upon our processes. We have engaged our people through initiatives that promote the exchange of ideas and good practices, including training. The number of training hours delivered in 2016 increased by 14% compared to the previous year.

Given the ongoing concern for occupational health and safety, further improvement initiatives were charted in 2016, resulting in a 2% reduction in the employee accident frequency rate compared to the previous year.

Our production processes are guided by World Class Manufacturing (WCM) principles, which focus on continuous improvement and on the elimination of waste and losses. This has led to great gains: $112 million in savings through more than 14,400 WCM projects suggested by employees. We also actively promote WCM among our suppliers, with a 13% increase recorded in 2016 in the number of supplier plants now adopting it. As further evidence of our commitment to fighting climate change, 56% of our electricity consumption was derived from renewable sources.

GRI STANDARDS
GRI 102-14

Over the years, our work in research and development has been geared towards ensuring that our products continue to achieve increasingly high standards in terms of safety and eco-compatibility. Rather than limiting customers to a choice between low operating costs and eco-efficiency, our strategy is to offer products that deliver both. By providing innovative products and solutions that abide by environmentally responsible operating practices, CNH Industrial is doing its part to address global issues such as climate change.

The investment in, and promotion of, natural gas and biomethane are a top priority for CNH Industrial. Natural gas is currently the only alternative fuel with serious prospects for widespread use, while its renewable form, biomethane, can reduce CO_2 emissions by up to 100% without requiring any changes to the existing natural gas distribution network or natural gas vehicles currently on the market. Most of CNH Industrial's commercial vehicles and bus portfolio is already equipped to run on biomethane, while our agricultural machinery brand, New Holland Agriculture, is currently trialing biomethane-powered tractor prototypes at various locations worldwide.

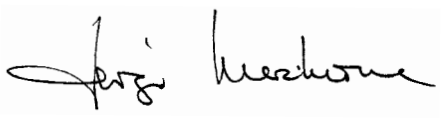
We remain committed in doing our part to make sure the planet has the tools and means to feed its growing population. Our autonomous tractor concept represents our most recent innovation solution for a more efficient, productive, and sustainable agriculture. Its unique design and technology makes us a leader in the field.

Outside of our organization, we strived to provide aid whenever and wherever we could. One event that stood out was the devastating earthquake that struck central Italy in August 2016, during which we responded by providing more than 25 vehicles and machines to the Italian Fire Service, including excavators, minibuses, and generator sets. We also matched the generous donations of our employees from around the world, giving a total of $150,000 to the Italian Red Cross for its relief missions.

It was a year full of sustainability milestones, and we intend to reinforce our commitment to respond to global challenges, so as to create sustainable value for all our stakeholders.

We thank you for your engagement and for motivating us to make a positive difference.

Sergio Marchionne



CHAIRMAN

Richard J. Tobin

CHIEF EXECUTIVE OFFICER

2016 SUSTAINABILITY RESULTS

56%
OF ELECTRICITY FROM **RENEWABLE ENERGY**

See page ➡200

69%
OF **WCM PLANTS AWARDED**

See page ➡176

-2%
IN **ACCIDENT FREQUENCY RATE**

See page ➡89

1,024
STAKEHOLDERS ENGAGED

See page ➡22

+14%
IN HOURS OF **EMPLOYEE TRAINING**

See page ➡80

+10%
IN **ACTIVE PATENTS OWNED**

See page ➡143

-5%
IN **WATER WITHDRAWAL** PER HOUR OF PRODUCTION

See page ➡187

+13%
IN **WCM SUPPLIER** PLANTS

See page ➡171

-10%
IN **HAZARDOUS WASTE GENERATED** PER HOUR OF PRODUCTION

See page ➡191

Data refers to 2016; variations are compared with the previous year.

& GROWTH DRIVERS

EXPAND THE **BIOFUEL** OFFERING

REDUCE THE CONSUMPTION OF RESOURCES BY MOVING FROM FOSSIL FUELS TO A **CIRCULAR ECONOMY**

SPREAD **SUSTAINABLE FARMING** SOLUTIONS

INCREASE AGRICULTURAL PRODUCTIVITY TO **IMPROVE FOOD** AVAILABILITY

ADVANCE **ENVIRONMENTAL PROTECTION**

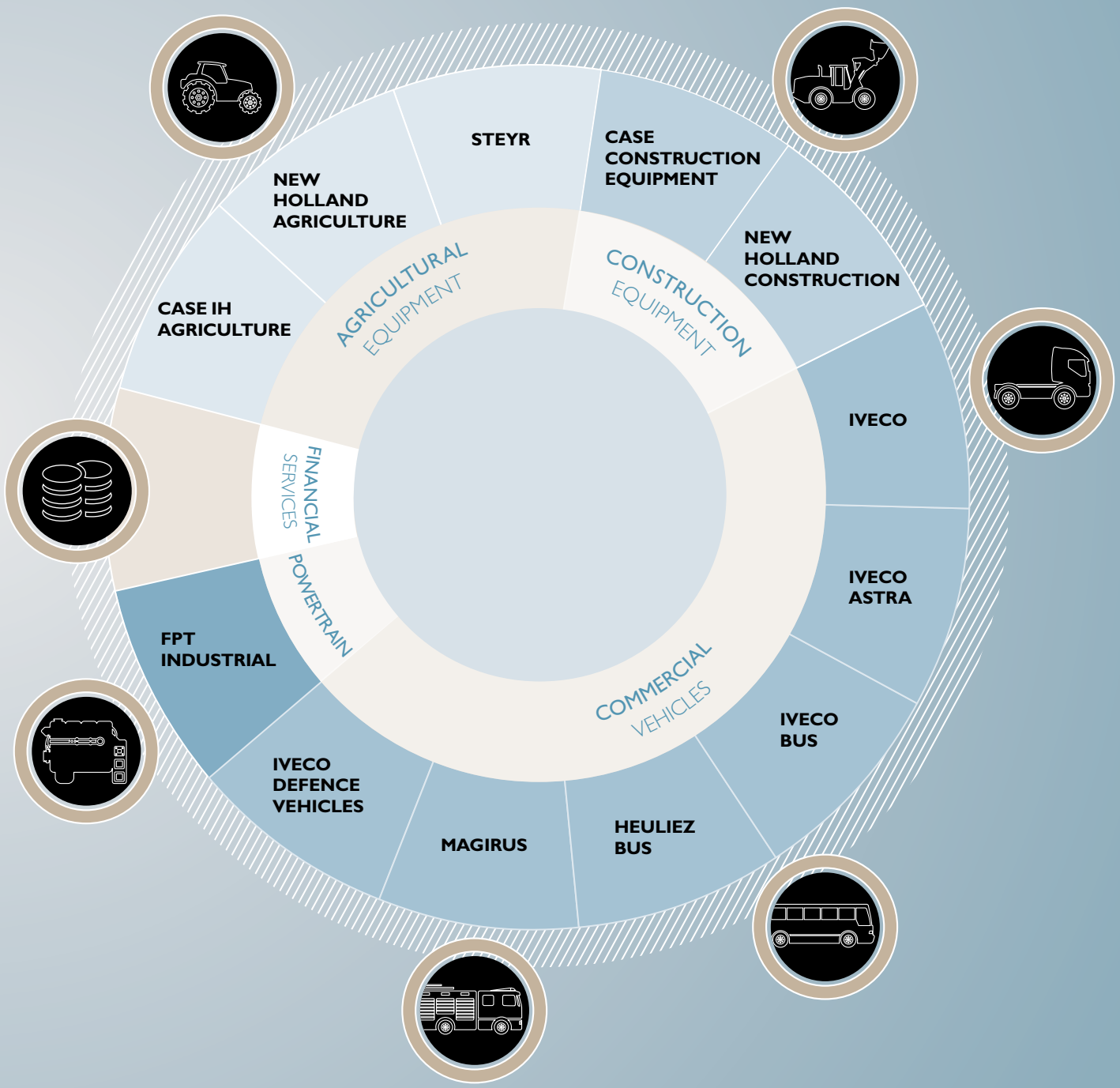
REDUCE **ENVIRONMENTAL IMPACT** AND OPTIMIZE **ENERGY CONSUMPTION** IN ALL COMPANY PROCESSES

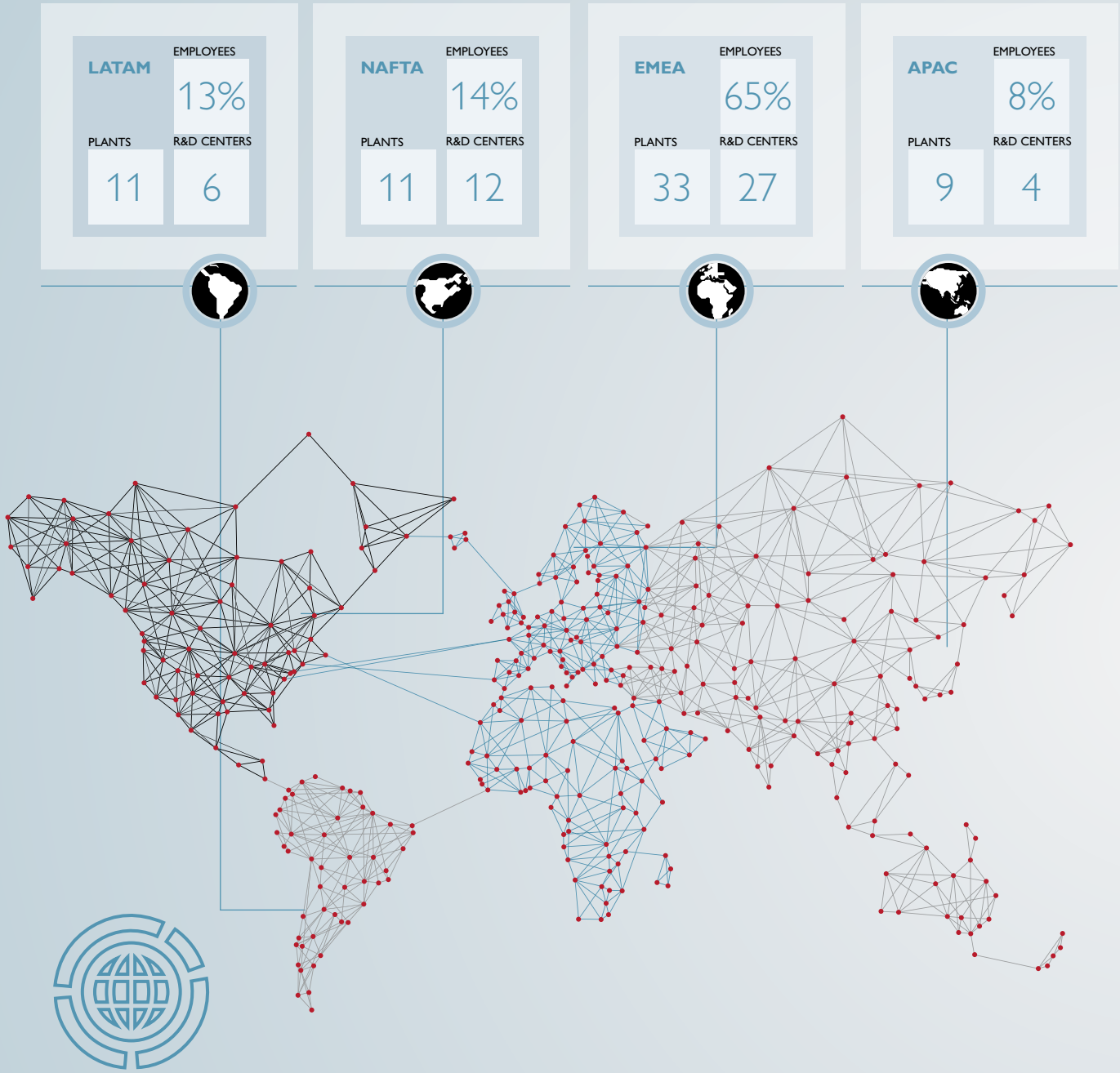
FOSTER **PEOPLE ENGAGEMENT**

INCREASE OPPORTUNITIES FOR EXCHANGING **IDEAS** AND **GOOD PRACTICES** WITH ALL **STAKEHOLDERS**

02 OUR SUSTAINABLE COMPANY

THE FOLLOWING SECTION CONTAINS A BRIEF COMPANY PROFILE AND THE YEAR'S HIGHLIGHTS AND ECONOMIC PERFORMANCE. THERE IS ALSO A DESCRIPTION OF THE MATERIALITY ANALYSIS, WHICH IDENTIFIES AND PRIORITIZES THE ASPECTS THAT ARE MATERIAL TO CNH INDUSTRIAL AND TO ITS STAKEHOLDERS. THE RESULTS CNH INDUSTRIAL ACHIEVED OVER THE YEAR AND ITS COMMITMENTS FOR THE FUTURE ARE ALSO PRESENTED IN THE SUSTAINABILITY PLAN.


STEYR
CASE CONSTRUCTION EQUIPMENT
NEW HOLLAND AGRICULTURE
NEW HOLLAND CONSTRUCTION
CASE IH AGRICULTURE
IVECO
AGRICULTURAL EQUIPMENT
CONSTRUCTION EQUIPMENT
FINANCIAL SERVICES
IVECO ASTRA
POWERTRAIN
FPT INDUSTRIAL
COMMERCIAL VEHICLES
IVECO BUS
IVECO DEFENCE VEHICLES
MAGIRUS
HEULIEZ BUS



ORGANIZATION PROFILE

CNH INDUSTRIAL AT A GLANCE

CNH Industrial is a global leader in the capital goods sector with established industrial experience, a wide product range, and worldwide presence. Through its 12 brands[1], the Company designs, manufactures, and sells agricultural equipment, construction machinery, trucks, buses, specialty vehicles, and powertrains. CNH Industrial, which is listed on the New York Stock Exchange and on the Milan Stock Exchange, was formed by the merger between Fiat Industrial S.p.A. and its subsidiary CNH Global N.V., completed on September 29, 2013. With its 12 brands, 64 manufacturing plants, 49 Research and Development centers, a workforce of 62,828 employees, and a commercial presence in approximately 180 countries, CNH Industrial is in a unique competitive position.

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

HIGHLIGHTS

CNH INDUSTRIAL WORLDWIDE (no.)

	2016	2015	2014
Employees at year end	**62,828**	64,391	69,207
Plants	**64**	64	64
Research and development centers	**49**	50	49

CNH Industrial reports financial results 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. The Company reports financial results also in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union for European listing purposes and for Dutch law requirements. The IFRS financial results are included in the EU Annual Report.

The 2016 Annual Report on Form 20-F and the 2016 EU Annual Report are available on the Company website.

CNH Industrial's financial communications focus mainly on US GAAP results and, as a consequence, starting with the 2016 Sustainability Report, all financial data is taken from the Annual Report on Form 20-F, prepared in accordance with US GAAP.

ECONOMIC PERFORMANCE

CNH INDUSTRIAL ($million)

	2016	2015	2014
Revenues	**24,872**	25,912	32,555
Consolidated operating profit/(loss)	**1,439**	1,635	2,199
Operating profit/(loss) from industrial activities	**1,291**	1,432	1,988
Net income/(loss)	**(249)**	248	708
Investments in tangible and intangible assets[a]	**503**	656	1,022
R&D expenses	**860**	856	1,106
Net industrial cash/(debt)	**(1,561)**	(1,578)	(2,628)

[a] Net of vehicles sold under buy-back agreements or leased out.

PUBLIC FUNDING AWARDED TO CNH INDUSTRIAL

CNH INDUSTRIAL ($million)

	2016	2015	2014
Grants	**25**	23	35
Loans	**27**	34	133
of which subsidized loans	**27**	34	133
Total public funding	**52**	57	168

PUBLIC FUNDING AWARDED TO CNH INDUSTRIAL BY REGION

CNH INDUSTRIAL WORLDWIDE (%)

	2016
EMEA	**29**
NAFTA	**-**
LATAM	**50**
APAC	**21**

[1] Case IH Agriculture, 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 102-5; GRI 102-6; GRI 102-7; GRI 201-4

EMPLOYEES IN NUMBERS

As of December 31, 2016, CNH Industrial had 62,828 employees, a decrease of 1,563 from the 64,391 figure at year-end 2015. The change was mainly attributable to the difference between new hires (approximately 4,900) and departures (approximately 6,500) during the year, it includes an increase of approximately 100 employees due to changes in the scope of operations, related mainly to the insourcing of accounting activities from Fiat Chrysler Automobiles (FCA) in EMEA.

Excluding the scope of the operations, the change compared to year-end 2015 is mainly attributable to the reduction in the manufacturing workforce resulting from rebalancing initiatives due to the economic cycle, affecting the Agricultural Equipment segment primarily in NAFTA, and the Commercial Vehicles segment primarily in LATAM; in the latter, this decrease was partially offset by an increase in temp workers due to a moderate recovery in Agricultural Equipment.

The greatest number of personnel is employed in EMEA (65%), followed by NAFTA (14%), LATAM (13%), and APAC (8%).

EMPLOYEES BY REGION

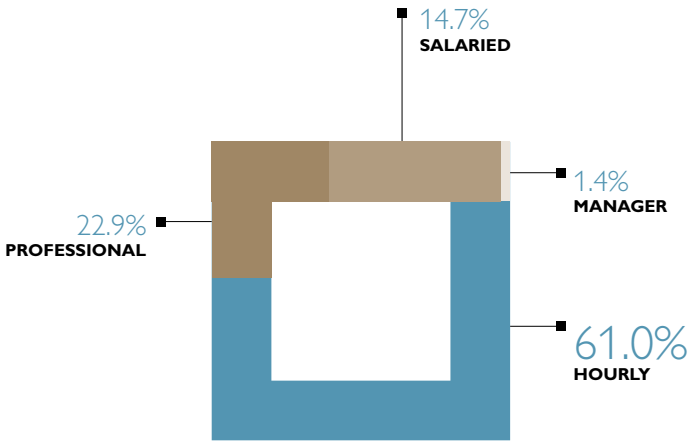
CNH INDUSTRIAL WORLDWIDE (no.)

	2016	2015	2014
EMEA	**40,678**	40,801	41,756
NAFTA	**9,042**	10,022	11,647
LATAM	**8,298**	8,812	10,485
APAC	**4,810**	4,756	5,319
World	**62,828**	64,391	69,207

Worldwide, 45% of the workforce has been employed for over 10 years. A total of 67% of employees[1] has a medium/high level of education (24% hold a university degree or equivalent, and 43% a high school diploma); the remaining 33% completed middle and elementary school.

EMPLOYEES BY CATEGORY[a]

CNH INDUSTRIAL WORLDWIDE



(a) For more information on employee categories, see page 252.

For more information, see pages 62-65 and the tables in the Appendix on pages 259-265.

(1) About 9,608 employees not mapped for 2016.

BREAKDOWN OF ADDED VALUE

CNH Industrial strives to create value and to distribute it to its stakeholders. The added value calculation[1] is useful for understanding the Company's economic impacts: through this mechanism, the Company can quantify how much wealth it has created, how it was produced and how it was distributed to stakeholders.
The value added through the activities of CNH Industrial and distributed to its various stakeholders totaled $5,140 million in 2016, equivalent to 21% of revenues (in line with 2015).

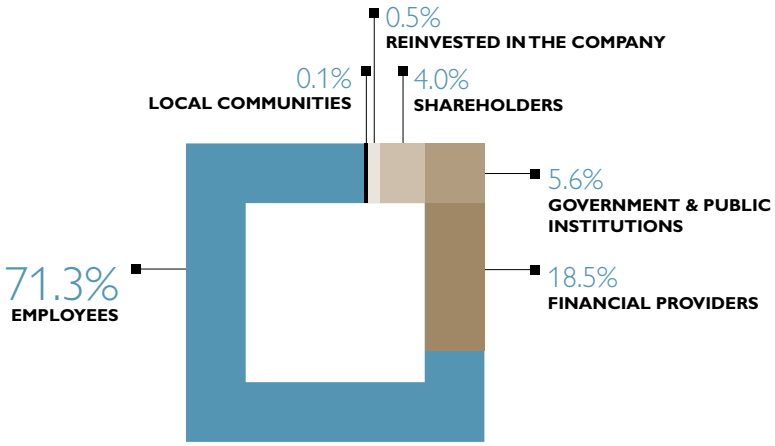
DIRECT ECONOMIC VALUE GENERATED

CNH INDUSTRIAL ($million)

	2016
Consolidated 2016 revenues	24,872
Income of financial services companies	(1,203)
Government grants (current and deferred/capitalized), release of provisions, other income	228
Other income	1,202
Direct economic value generated	**25,099**
Cost of materials	(17,471)
Depreciation and amortization, including assets under operating lease and assets sold under buy-back commitments	(1,261)
Other expenses	(1,227)
Value added	**5,140**

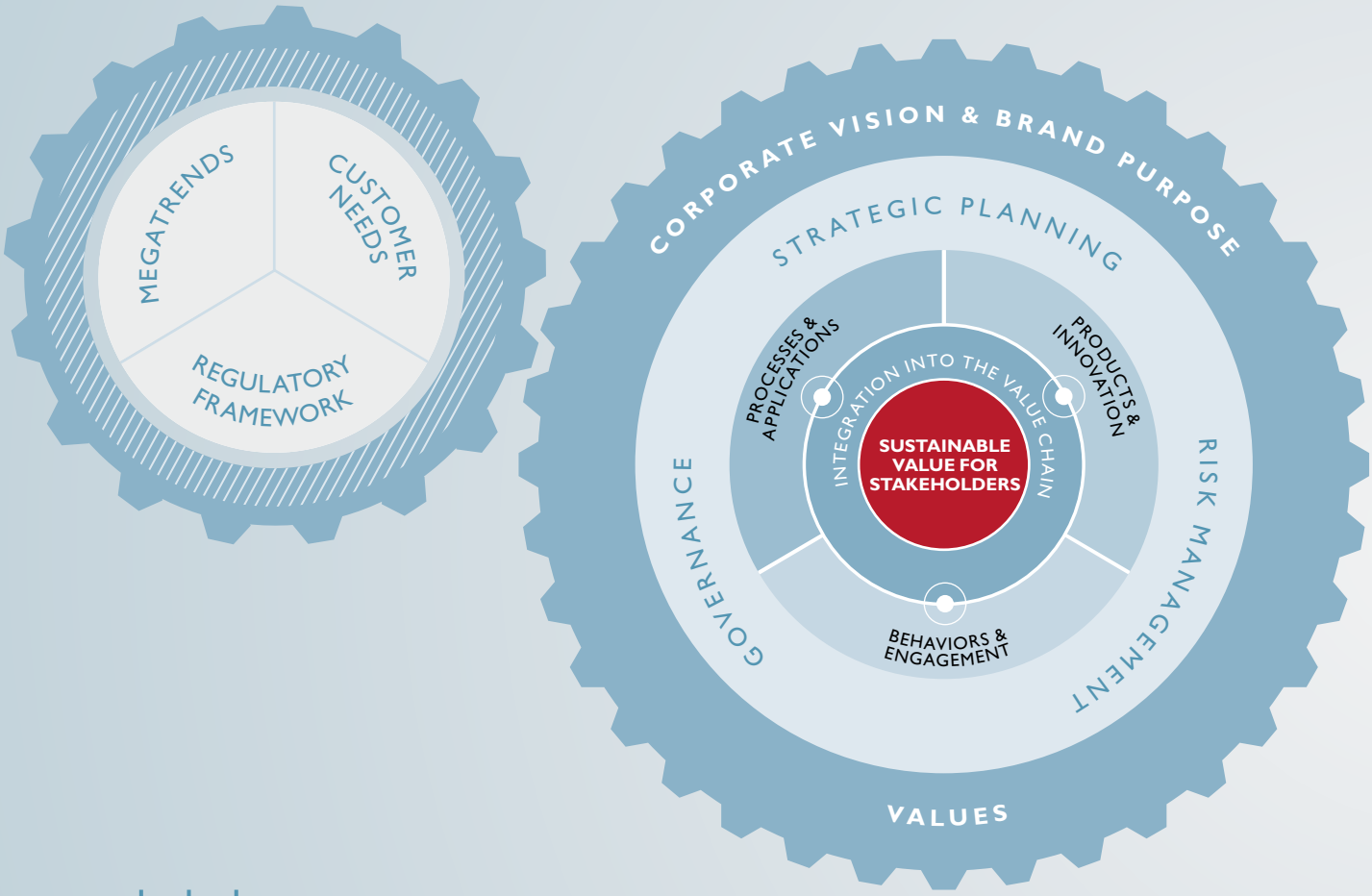
BREAKDOWN OF VALUE ADDED

CNH INDUSTRIAL



(1) *For details on the methodology used, see page 252, Report Parameters.*

CNH INDUSTRIAL SUSTAINABILITY MODEL



OUR COMMITMENT TO THE FUTURE

Today's companies face complex and interconnected challenges that demand an ever-evolving approach to sustainability, a scenario that CNH Industrial believes is an important driver in creating long-term value for all its stakeholders, which is a core Company objective.

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: namely, the megatrends, market needs, and the regulatory framework.
The megatrends are long-term global changes affecting governments, economies, and societies, and provide a snapshot of ongoing changes across the globe (see also page 16); market needs identify customer priorities and demand for products and services (see also page 135); and the regulatory framework fosters continuous improvement through legislation, regulation, and industry standards (see also page 121).

> **SUSTAINABLE CHANGE** CAN ONLY BE ACHIEVED **WHEN WE LOOK AT THE WORLD AROUND US**, OUR STAKEHOLDERS, AND EMPLOYEES FROM A WIN-WIN PERSPECTIVE - NOTHING LESS WILL DO.
>
> **EMPLOYEE** NAFTA

CNH Industrial responds to these external drivers with a corporate vision and a brand purpose for each brand that are shared, consistent, and viable in the medium-to-long term, and with a set of values at the core of CNH Industrial's day-by-day activities.
Corporate vision, brand purpose, and values are implemented through:

- strategic planning, including medium-to-long term targets (see also page 24)
- a system of principles, rules, and procedures in which roles and responsibilities are clearly defined (Corporate Governance, see also page 43)
- a process that anticipates and manages current and future economic, environmental, and social risks (Risk Management, see also page 56).

As we move further into the core of the Model, the emphasis shifts from strategy and governance to the operational aspects of the Company. These consist of processes and applications such as manufacturing and logistics (see also pages 175, 205), product development and innovation (see also page 141), and employee behavior and stakeholder engagement (see also page 20), all of which must be integrated into the entire value chain in order to reach CNH Industrial's core objective: the creation of sustainable value for all stakeholders.

MEGATRENDS AND THE MATERIALITY ANALYSIS

The materiality analysis has evolved into a tool that CNH Industrial uses to ensure close alignment between the material topics and its business decisions, increasingly integrating sustainability principles into the Company's daily activities. Consequently, in 2016, CNH Industrial's approach to materiality developed in line with this new direction. Prior to that, in the period 2013-2015, the materiality analysis had served as a tool to identify and prioritize economic, environmental, and social topics to set out the Sustainability Report contents according to international reporting guidelines (GRI-G4). As of 2016, the materiality analysis has evolved into a strategic business tool that:

- supports the Company in aligning its vision, 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 the global challenges and megatrends
- defines targets in the Sustainability Plan based on potential risks and opportunities linked to the Company's activities, arising from megatrends and material topics.

In this new approach, topics are considered material if they reflect CNH Industrial's economic, environmental, and social impacts, or influence the decisions of stakeholders (in line with the materiality reporting principle in the new GRI Standards). In support of this approach, the first step in identifying the material topics was the analysis of the megatrends that have the potential to shape the Company's future business.

GLOSSARY
GRI Standards; Material topic; Materiality analysis

GRI STANDARDS
GRI 102-29; GRI 102-46

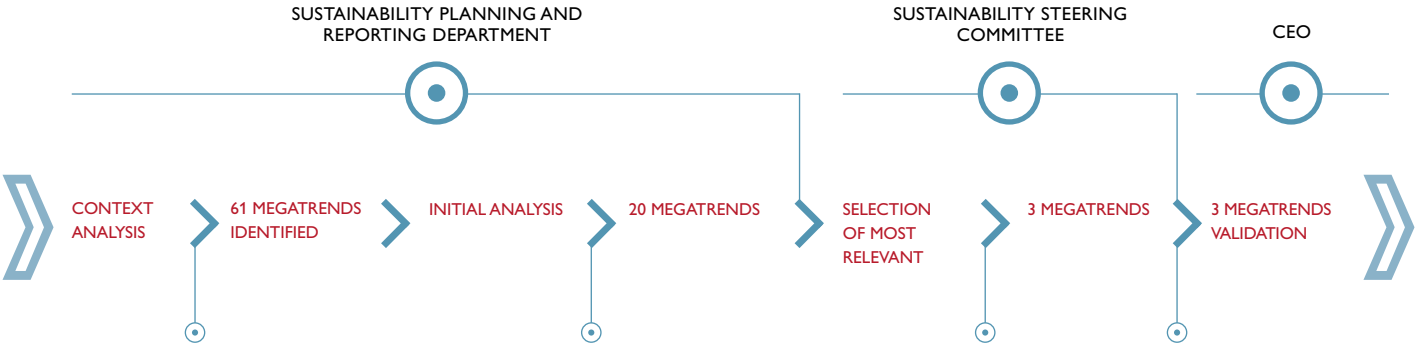
The next step was the identification of the material topics representing the Company's response to these megatrends (see also page 17). These topics were then evaluated through stakeholder engagement, in line with the principle of stakeholder inclusiveness in the new GRI Standards (see also page 22). Finally, top management set medium and long-term targets associated with some of the material topics identified (see also pages 24-25).

MEGATREND ANALYSIS

In 2015, CNH Industrial began a global scenario analysis to identify the megatrends with the potential to directly affect its business and, therefore, to be considered in future development planning. This analysis continued in 2016, and the results formed the starting point for the new Materiality Matrix.

The process began with desk research into the key megatrends, defined as phenomena that are predicted to shape the Company's activities over the coming decade. The **desk research** considered both international studies by leading organizations in the field, and a sample of 104 of the top companies in sustainability best practice. The sources used for the scenario analysis included the UN Sustainable Development Goals (SDGs), which define global sustainable development priorities and aspirations for 2030, and seek to mobilize global efforts around a common set of targets.

MEGATREND ANALYSIS



The first mapping identified 61 megatrends, after which similar ones were grouped together and the total was narrowed down to 20 megatrends[1]. They were presented to the members of the Sustainability Steering Committee (see also page 45) who, via an online survey, assessed the megatrends most relevant to CNH Industrial. After analyzing the results and calculating how frequently each megatrend was selected, the top 3 were identified as **most relevant** to the business of CNH Industrial, namely:

- **Climate Change** - as a broad concept, *climate change* encompasses political, judicial, ethical, economic, and scientific factors, 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.

(1) *Growing stakeholder awareness of reputational assets, climate change, environmental pollution, ecosystem protection, water availability, resource scarcity, the circular economy, dependency on suppliers, population growth, rapidly aging population, urbanization, migrations, food scarcity and food security, zero hunger, wealth inequality, education inequality, the innovative and digital world, sharing economy, increasingly complex trade and investment relations, and increasing regulations.*

GLOSSARY
GRI Standards; Material topic

GRI STANDARDS
GRI 102-46

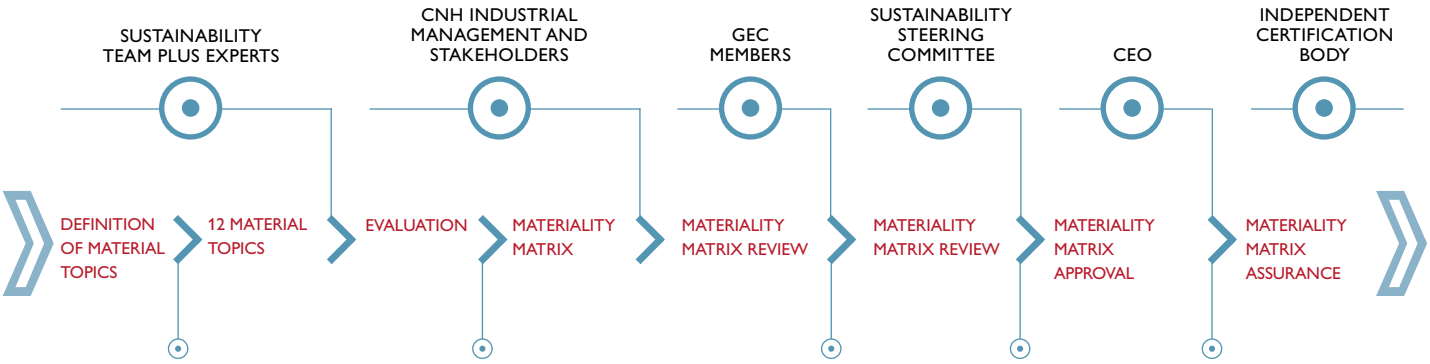
- The **Innovative and Digital World** - constant connectivity, big data, social media, and the evolution of mobile devices are rapidly changing the way people work and communicate. This generates excellent opportunities for companies, as they can exploit the connectivity of the World Wide Web to access 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.).

The megatrends identified in the analysis were **approved** by the CEO.
All of these 3 megatrends are associated with new material topics, which were evaluated through a stakeholder engagement process to define the new Materiality Matrix (see also page 18).

MATERIALITY ANALYSIS

Once the megatrends were defined by the Sustainability Steering Committee, the next step was to **identify** the related **material topics**, which are the key aspects CNH Industrial focuses on to either mitigate and limit the impact of the megatrends or exploit and enhance their positive effects.
To this end, a workshop was organized among the Sustainability Team (consisting of the Sustainability Planning and Reporting Department, all Sustainability Business Points of Reference, and Regional Sustainability Coordinators) and experts from a number of strategic business areas, resulting in the identification of the 12 material topics on which the assessment process was then conducted.

MATERIALITY ANALYSIS



The **evaluation** of the 12 material topics was two-fold:

- the relevance to CNH Industrial was determined based on feedback from the first reports to Group Executive Council (GEC) members (74 responses out of 188)
- the relevance to stakeholders was assessed based on feedback from a sample of 1,024 stakeholders (employees, customers, dealers, opinion leaders, public institutions, NGOs, investors, and journalists).

CNH Industrial managers and stakeholders were engaged via an online survey or direct interview; they were asked to evaluate the 12 material topics identified, ranking the 5 most relevant based on their impact on the economy, the environment, and society.
The new CNH Industrial **Materiality Matrix** was constructed by assessing how frequently each material topic was selected. The results were shared with GEC members, **reviewed** by the Sustainability Steering Committee, and given **final approval** by the Chief Executive Officer (CEO). The final phase involved third-party **assurance** of compliance, in which the Matrix development process was audited by SGS, an independent company.

The materiality analysis was performed considering the same boundaries within the organization as those consolidated in the Annual Report, which encompass every CNH Industrial segment worldwide (material topic boundaries and alignment with GRI Standards are indicated in the table on page 19).
CNH Industrial's materiality analysis complies with AA1000 criteria and employs a multi-year approach. The Materiality Matrix is updated annually to take account of changes in stakeholder perceptions and incorporate any new aspect that may become significant for the Company. Indeed, other stakeholders will be interviewed in 2017 to identify needs or priorities related to the current material topics.

GLOSSARY
AA1000; GRI Standards; Material topic; Materiality analysis

GRI STANDARDS
GRI 102-32; GRI 102-46

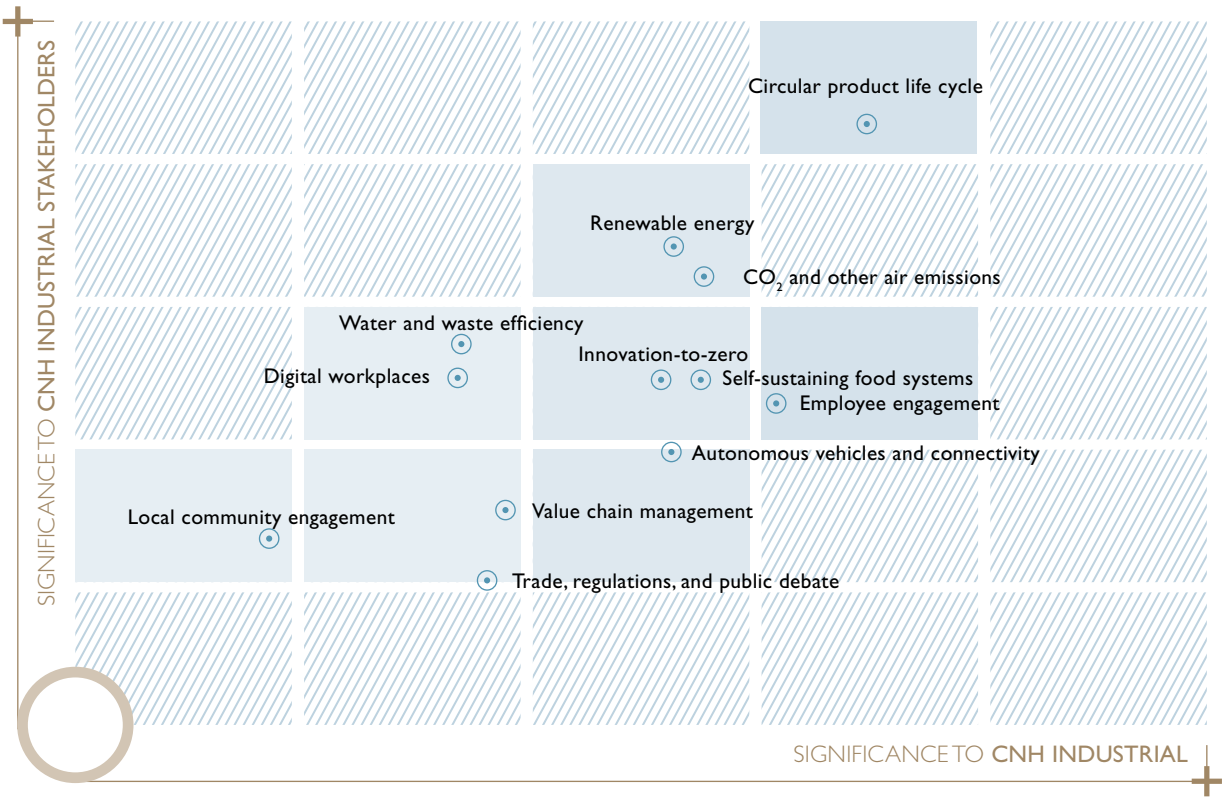
Materiality Matrix

CNH Industrial developed the Materiality Matrix to simplify the reading of the materiality analysis results. The Matrix can be interpreted in 2 different ways:

- the horizontal axis illustrates the degree of significance to CNH Industrial, in ascending order
- the vertical axis illustrates the 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 individually examined in the process.
The Matrix also shows the degree of alignment between external stakeholders' expectations and the relevance of the material topics within the organization.
Based on CNH Industrial's methodology when performing the materiality analysis, all 12 topics are considered material and then prioritized in terms of relevance according to feedback collected via stakeholder engagement. The analysis confirms the greater relevance of business-related aspects.
For more information on material topics, and their associated management approach and boundaries, please refer to the *Material topics in detail* table on page 19, which also indicates the links to GRI Standards.

MATERIALITY MATRIX
CNH INDUSTRIAL



GLOSSARY
GRI Standards; Management approach; Material topic; Materiality analysis

GRI STANDARDS
GRI 102-46

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[d]				
PRODUCT & INNOVATION						
Circular product life cycle	AG - CE CV - PT	■ Customers ■ Dealer and service network ■ Suppliers and commercial partners	All Products	› GRI 301: Materials	141; 213; 239	33; 37
Autonomous vehicles and connectivity	AG-CV	■ Customers ■ Dealer and service network ■ Suppliers and commercial partners	AG-CV Products	(e)	141; 147	32
Self-sustaining food systems	AG	■ Customers ■ Dealer and service network ■ Suppliers and commercial partners	AG Products	(e)	141; 221	34
Trade, regulations, and public debate	Entire organization	Public institutions	All products and processes	› GRI 415: Public Policy	121	32
BEHAVIORS & ENGAGEMENT						
Local community engagement	Entire organization	Local communities	All products and processes	› GRI 413: Local Communities	107	30-31
Value chain management	Entire organization	■ Customers ■ Dealer and service network ■ Suppliers and commercial partners	All products and processes	› GRI 204: Procurement Practices › GRI 308: Supplier Environmental Assessment › GRI 414: Supplier Social Assessment › GRI 416: Customer Health and Safety › GRI 417: Marketing and Labelling › GRI 418: Customer Privacy	131; 135; 141; 161; 224; 229	35
Employee engagement	Entire organization		Employee management	› GRI 404: Training and Education	63	27-28
Digital workplaces	Entire organization		Employee management	(e)	63	29
PROCESSES & APPLICATIONS						
CO_2 and other air emissions	Entire organization	All stakeholders	All products and processes	› GRI 302: Energy › GRI 305 Emissions	141; 161; 180; 194; 205; 211	32-33; 35-37
Renewable energy	Entire organization	All stakeholders	Manufacturing processes	› GRI 302: Energy	194	36
Water and waste efficiency	Entire organization	Local communities	Manufacturing processes	› GRI 303: Water › GRI 306: Effluents and Waste	180	35
Innovation-to-zero	Entire organization	All stakeholders	All products and processes	› GRI 403: Occupational Health and Safety	86; 131; 176	28

[a] *For the definition of material topics, see pages 255-256.*
In the new materiality analysis, significant changes were made to the material topics compared to the 2015 Matrix:
- *certain topics were treated as prerequisites (Innovation related to product safety; Human and Labor Rights; Diversity and equal opportunity; Sustainability governance, policy and management)*
- *other topics are no longer material (Spills - Soil and subsoil protection; Performance and Leadership Management; Internal culture development)*

The topic boundaries, however, are unchanged.

[b] *Management Approach.*

[c] *AG = Agricultural Equipment*
CE = Construction Equipment
CV = Commercial Vehicles
PT = Powertrain.

[d] *For the definition of the stakeholders engaged, see table on pages 20-21.*

[e] *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.*

GLOSSARY
GRI Standards; Management approach; Material topic; Topic boundary

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

STAKEHOLDER ENGAGEMENT

CONSTANT DIALOGUE WITH STAKEHOLDERS

CNH Industrial promotes ongoing communication and active engagement with its stakeholders worldwide. It interacts with them continually and proactively through dedicated functions, promoting ongoing dialogue and remaining responsive to their needs. The Company believes that such exchanges are opportunities for mutual growth and improvement, and that cooperation and trust are built on receptiveness and engagement. 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. 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.

The first step toward building effective engagement involves the clear and prompt identification of stakeholders in order to establish the most effective communication channels, while continually monitoring expectations, needs, and opinions.

CNH Industrial identified and selected key stakeholders through an internal assessment performed by the corporate functions managing stakeholder relations on a daily basis. The following table indicates: the functions responsible for ongoing dialogue with the various stakeholders, the engagement tools used, and the main stakeholder expectations. Corporate functions respond to stakeholder expectations through defined channels, translating needs and areas for improvement into Sustainability Plan targets (see also pages 26-37).

DIALOGUE WITH STAKEHOLDERS IN DETAIL

Stakeholders	Corporate functions[a]	Tools and interaction channels	Key topics and concerns
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 (product launches, etc.) 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 › Regional dedicated functions	■ direct engagement in materiality analysis ■ daily dialogue ■ Intranet portal ■ meetings to communicate expected and actual performance levels and professional development path ■ Compliance Helpline	■ well-defined procedure and protection in periods of market uncertainty ■ clear objectives and reward system ■ information on strategies and results ■ training and professional development ■ stimulating and safe work environment
PROFESSIONAL ORGANIZATIONS AND ASSOCIATIONS		■ direct engagement in materiality analysis ■ meetings to share and align with corporate objectives and decisions	■ indirect participation in the decision-making process ■ development of sense of belonging ■ access to information
EMPLOYEES' FAMILIES		■ participation initiatives (Children's Christmas, Family Day, etc.) ■ internal publications	■ indirect participation in corporate life ■ targeted initiatives (nursery school, academic scholarships, supplemental health programs)

[a] *The names provided in the corporate functions column have, in some cases, been altered to make them more self-explanatory and, therefore, do not necessarily coincide with the official name given to the corresponding activity or area of responsibility.*

GLOSSARY
Materiality analysis

GRI STANDARDS
GRI 102-21; GRI 102-40; GRI 102-42; GRI 102-43; GRI 102-44

Stakeholders	Corporate functions[a]	Tools and interaction channels	Key topics and concerns
FINANCIAL COMMUNITY: TRADITIONAL AND SOCIALLY RESPONSIBLE INVESTORS (SRIs)	› Investor Relations › Corporate Affairs › Sustainability Planning and Reporting	■ direct engagement in materiality analysis ■ General Meeting ■ price-sensitive disclosures and information ■ quarterly conference calls ■ seminars, industry conferences, roadshows, and meetings ■ daily dialogue (meetings, telephone, emails) ■ Investor Relations section of the Company website ■ 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	› Regional dedicated functions	■ direct engagement in materiality analysis ■ meetings with representatives of associations, organizations or local communities ■ actions or projects, managed directly or in partnership ■ cultural exchange programs ■ Compliance Helpline	■ responsiveness to project proposals and individual requests for assistance ■ contributions and support for initiatives over medium to long term ■ 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 ■ periodical 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 ■ supplier web portal ■ WCM suppliers ■ Supplier Advisory Council (SAC) ■ conventions ■ Technology Days ■ Su.Per ■ 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.*

GLOSSARY
Materiality analysis; SRI; WCM

GRI STANDARDS
GRI 102-40; GRI 102-44

Engaging Stakeholders in the Evaluation of Material Topics

The materiality assessment process is a genuinely valuable participation opportunity. It is used to engage people across the Company and external stakeholders alike, reinforcing the link between sustainability and core business operations.

In 2016, the new material topics were assessed by both CNH Industrial's top management and stakeholders: dealers, suppliers, local communities, NGOs, journalists, opinion leaders, public institutions, environmental experts, investors, customers, and employees. In total, 1,024 stakeholders were involved worldwide.

Other stakeholders to be engaged in 2017 are trade unions, employee representatives, hourly employees, and a greater number of customers, opinion leaders, and other parties deemed crucial to the evaluation process.

Results were analyzed giving all stakeholders equal importance. The choice of which stakeholders to engage was made by the internal representatives interacting with them on a daily basis, and endorsed by the relevant Group Executive Council (GEC) members; sensitive cases were also endorsed by the Chief Executive Officer (CEO).

Engagement occurred either through direct interviews (face-to-face or via conference calls) or an online questionnaire. Stakeholders were asked to examine the 12 material topics related to the 3 megatrends identified (see also page 17).

The results of the stakeholder engagement activities carried out in 2016 are illustrated in the 2016 Materiality Matrix, with the level of significance to stakeholders on the vertical axis (see also page 18).

Some of the comments collected during engagement activities are quoted in text boxes throughout the Report.

EMPLOYEE INVOLVEMENT IN SUSTAINABILITY PROJECTS

At the end of 2016, a project involving employees was launched at several EMEA sites to assess the level of sustainability knowledge, and thus identify the topics and projects the Company should focus on to strengthen its sustainability culture. The initiative comprised 4 steps:

- a survey
- the submission of sustainability project ideas
- the collection and evaluation of project proposals
- project awards.

The survey was conducted in 6 languages across the 49 EMEA sites with a headcount of 50 or more, achieving a high level of feedback: an average 60% redemption rate and almost 7,700 replies.

Following the survey, the second phase involved only the employees at the 20 sites that provided the most feedback. They were asked to submit sustainability project ideas, either individually or as a group. Of the 253 proposals received, 96 were on employee welfare, 95 on environment, 35 on support to communities, 19 on eco-friendly products, and 8 on charity initiatives.

During the third phase, project proposals were evaluated by the relevant functions, based on:

- compliance with business objectives
- level of innovation
- economic feasibility
- ease of replication across other sites and countries.

FOCUS ON

GLOSSARY
Material topic

GRI STANDARDS
GRI 102-21; GRI 102-29

LONG-TERM TARGETS

In 2016, the megatrend analysis (see page 16) provided the Company with a new means of interpreting results; it also heightened the focus when identifying the material topics to be reported and when defining the new targets to be included in the Sustainability Plan.
The process to define new targets, based on potential risks and opportunities related to the activities, arising from megatrends and material topics, involved all of the Group Executive Council (GEC). Furthermore, all of CNH Industrial' s long-term targets are consistent with those stated in the UN SDGs.

As further evidence of its commitment to promote sustainable development and fight climate change, CNH Industrial decided to endorse 2 of the commitments promoted by the CDP[1] through its *Commit to Action* campaign during the UN Climate Change Conference (COP21) held in Paris in December 2015. CNH Industrial is determined to:

- produce and use climate change information in mainstream corporate reports, out of a sense of fiduciary and social responsibility
- engage in national and international debates to contribute to progress in reducing greenhouse gas emissions.

The long-term targets identified in 2016 were incorporated in the Sustainability Plan, which embodies CNH Industrial's commitment to contribute to development in harmony with people and the environment.
Through its actions, results, and targets the Company clearly and directly communicates its commitment to stakeholders. The Plan is updated annually to report the progress of existing projects and establish new targets to ensure continuous improvement, essential for long-term growth.

UN SUSTAINABLE DEVELOPMENT GOALS[a]

SDG	
SDG 1	End poverty in all its forms everywhere
SDG 2	End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
SDG 3	Ensure healthy lives and promote well-being for all at all ages
SDG 4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
SDG 5	Achieve gender equality and empower all women and girls
SDG 6	Ensure availability and sustainable management of water and sanitation for all
SDG 7	Ensure access to affordable, reliable, sustainable, and modern energy for all
SDG 8	Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all
SDG 9	Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation
SDG 10	Reduce inequality within and among countries
SDG 11	Make cities and human settlements inclusive, safe, resilient, and sustainable
SDG 12	Ensure sustainable consumption and production patterns
SDG 13	Take urgent action to combat climate change and its impacts
SDG 14	Conserve and sustainably use the oceans, seas, and marine resources for sustainable development
SDG 15	Protect, restore, and promote sustainable use of terrestrial ecosystems; sustainably manage forests; combat desertification and halt and reverse land degradation; and halt biodiversity loss
SDG 16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels
SDG 17	Strengthen the means of implementation and revitalize the global partnership for sustainable development

[a] *Sustainable Development Goals are set out in resolution A/RES/70/1, Transforming our World: the 2030 Agenda for Sustainable Development, adopted by the United Nations General Assembly on September 25, 2015.*

[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.*

GLOSSARY
Biodiversity; Material topic

GRI STANDARDS
GRI 102-12

MATERIAL TOPICS	LONG-TERM TARGETS[a]	SDGs
Circular product life cycle	2022: 10% of Parts & Services' net sales from remanufactured components	12: Responsible consumption and production
	2022: development of next-generation engines running on CNG, LNG, LPG, and compatible with bio-methane and H_2 blends, to further improve CO_2 emissions and TCO	12: Responsible consumption and production 13: Climate action
Renewable energy	2020: 50% of total electricity consumption derived from renewable sources	7: Affordable and clean energy 13: Climate action
CO_2 and other air emissions	2022: -20% vs. 2014 in CO_2 emissions per production unit	12: Responsible consumption and production 13: Climate action
	2022: -14% vs. 2014 in VOC emissions per square meter	12: Responsible consumption and production 13: Climate action
	2022: -18% vs. 2014 in kg of CO_2 emissions per ton of goods transported (inbound, outbound, and spare parts)	12: Responsible consumption and production 13: Climate action
	2022: monitoring of CO_2 emissions of 100% of key suppliers	12: Responsible consumption and production 13: Climate action
Employee engagement	2022: 100% of EMEA employees involved in training	3: Good health and well-being 4: Quality education 8: Decent work and economic growth 16: Peace, justice, and strong institutions
	2022: +20% vs. 2016 in number of employee volunteer hours in NAFTA[b]	1: No poverty 10: Reduced inequalities
	2022: 100% of LATAM employees involved in wellbeing campaigns promoting healthy lifestyles	3: Good health and well-being
Self-sustaining food systems	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	2: Zero hunger 12: Responsible consumption and production 13: Climate action 15: Life on land
	2022: up to +25% in field productivity vs. 2015 by expanding data management and control systems for harvesting, tractors, and crop production	2: Zero hunger 15: Life on land
Innovation-to-zero	2022: -33% in employee accident frequency rate vs. 2014	3: Good health and well-being 8: Decent work and economic growth
	-5% (year-on-year) in volume of both Product Improvement Programs (PIPs) and warranty claims per unit (for Agricultural Equipment, Construction Equipment, and Commercial Vehicles)	12: Responsible consumption and production

[a] Targets related to the reduction of air emissions also have an indirect impact on the following SDGs: 3: Good health and well-being; 14: Life below water; 15: Life on land.

[b] This target also has an indirect impact on other SDGs, such as: 1: No poverty; 2: Zero hunger; 3: Good health and well-being; 4: Quality education.

GLOSSARY
Accident frequency rate; CNG; LNG; Material topic; TCO; VOC

MATERIAL TOPICS	LONG-TERM TARGETS	SDGs
Autonomous vehicles and connectivity	2020: autonomous technology development and implementation on self-propelled vehicles	13: Climate action
Digital workplaces	2022: 100% of EMEA employees involved in smart working initiatives (excluding hourlies)	3: Good health and well-being 11: Sustainable cities and communities
	2022: 100% of LATAM salaried employees involved in smart working initiatives (flexible work shifts)	3: Good health and well-being 11: Sustainable cities and communities
Value chain management	2022: sustainability self-evaluation of 100% of Tier 1 suppliers	8: Decent work and economic growth 16: Peace, justice, and strong institutions
Local community engagement	2022: +80% vs. 2016 in number of people involved in CNH Industrial local community initiatives in EMEA	2: Zero hunger 4: Quality education 6: Clean water and sanitation 8: Decent work and economic growth 10: Reduced inequalities 11: Sustainable cities and communities
	2022: +30% vs. 2016 in number of young people involved in plants' local projects fostering professional inclusion in LATAM	4: Quality education 8: Decent work and economic growth 10: Reduced inequalities 11: Sustainable cities and communities

SUSTAINABILITY PLAN

CORPORATE AND SUSTAINABILITY GOVERNANCE

MAINTAINING A BEST-IN-CLASS SYSTEM OF GOVERNANCE, COMPLIANCE, AND RISK MANAGEMENT

Commitment: Continuously update the Corporate Governance and compliance systems to remain aligned with best practices

	ACTIONS	2016 RESULTS	TARGETS
CNH Industrial	▸ Enhancement of Board members' knowledge of Company operations	● Several meetings held (in conjunction with Board meetings) between the Directors and management (brand, product, and segment leaders) to gain insight into industry-specific business aspects ➡ 44	▸ 2017: organization of Board meetings at different sites, with presentations on particular business and/or regional operations
	▸ Evaluation of Board activity and performance	● Performance evaluation of the Board of Directors, Audit Committee, and Compensation Committee conducted through self-assessment questionnaires and comprehensive assessment discussions ➡ 44	
	▸ Alignment with the Dutch Corporate Governance Code		▸ 2017: assessment of Company compliance with the new Dutch Corporate Governance Code, formulation of corrective measures (if needed), and implementation of Board-approved measures
	▸ Implementation of an integrated sustainability management system incorporating environmental and social issues in business decisions	● New Sustainability Model implemented ➡ 43	▸ 2017: development of a method to assess value chain impact on sustainability ▸ 2017: Sustainability Model integration according to individual brand priorities ▸ 2017: promotion of best-practice sharing across Regions for the continuous improvement of processes, methodologies, and practices
	▸ Identification and prioritization of economic, environmental, and social measures consistent with business strategy	● Megatrends identified and Materiality Matrix updated ➡ 15	
	▸ Demonstration of climate leadership by providing climate change information in mainstream corporate reports		▸ 2017: development of internal monitoring process for all Company activities with repercussions for climate-related policies
	▸ Conception, design, and oversight of a Corporate Compliance Program	● New third-party due diligence process launched, including the use of a web-based third-party risk assessment and ranking tool ➡ 51	▸ 2017: full roll-out and implementation of third-party due diligence processes, procedures, and technology across all Regions
		● New trade compliance Target Operating Model implemented and being rolled-out as per plan	▸ 2017: ongoing roll-out and implementation of trade compliance organization (processes, procedures, and technology) across all Regions
	▸ Update of the Corporate Whistleblowing System for the reporting and investigation of complaints/allegations	● Multiple initiatives launched, resulting in an increase of more than 130% in global Compliance Helpline calls year on year ➡ 49	▸ 2017: implementation of initiatives to further increase awareness of global Compliance Helpline
	▸ Monitoring of the impact of business activities on human rights	● 59% of total workforce assessed in LATAM ➡ 52	EMEA ▸ 2017: follow-up of human rights assessments across CNH Industrial legal entities

Commitment: Maintain a continuously updated risk management system

	ACTIONS	2016 RESULTS	TARGETS
CNH Industrial	▸ Enhancement of the Company's capabilities and tools for identifying, measuring, analyzing, and managing pure risks, focusing on risks related to climate change, earthquakes, and other environmental factors	● New flood risk assessment methodology tested at 42 CNH Industrial locations in EMEA. 22 sites[a] requiring a second flood risk study identified and included in the loss prevention visit schedule, with 13 revisited during the year, resulting in 2 new sites identified as potentially exposed to flood risk ● Reengineering project launched in NAFTA ➡ 60	▸ 2017: extension of flood risk assessment methodology and tools to other Regions

[a] 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. Source: 2016 Insurance Renewal.

Key

▲ Target exceeded
● Target achieved or in line with plan
◐ Target partially achieved
○ Target postponed
➡ See page

	ACTIONS	2016 RESULTS	TARGETS
CNH Industrial	▸ Enhancement of the Company's capabilities and tools for identifying, measuring, analyzing, and managing pure risks, focusing on risks related to climate change, earthquakes, and other environmental factors	● Integrated Approach for earthquake assessment consolidated and extended to 23 key sites ➡ *59*	▸ 2017: extension of earthquake assessment methodology to most significant sites (in terms of their economic importance and potential for economic damage to the Company's value chain)
	▸ Optimization of cyber risk insurance program		▸ 2017: broad in-depth analysis of: threats exposing vital Company cyber assets and information; existing policies and procedures to reduce exposure to cyber attacks; existing plan to neutralize threats and remedy security issues. Development of an optimal insurance coverage program for CNH Industrial

OUR PEOPLE

RESPECTING HUMAN AND LABOR RIGHTS

Commitment: Promote diversity and offer equal opportunities

	ACTIONS	2016 RESULTS	TARGETS
CNH Industrial	▸ Promotion of a work environment driven by the highest principles and respectful of fundamental rights, using multiple tools (e.g., training courses, Intranet portal)	● 57,326 hours of training delivered on fundamental rights and other corporate Code of Conduct aspects ➡ *81*	▸ 2017: ongoing implementation of information and training activities
	▸ Monitoring of the global implementation of equal opportunity principles, in relation to performance and leadership appraisals and promotions	● Same percentage of women as that employed by the Company engaged in the Performance and Leadership Management (PLM) process ➡ *77*	▸ 2017: ongoing analysis of outcomes and implementation of corrective actions as needed
		● External recruitment agencies made aware of the Company's role as Equal Opportunity Employer (EOE)	▸ 2017: continuous improvement and monitoring of recruitment processes across Regions to ensure performance as EOE
	▸ Promotion of job opportunities for workforce diversity	● Several outcomes achieved: ▸ +2% in number of women employed vs. 2015 ▸ 11% of management positions held by women ▸ +3% in number of diversity candidates employed vs. 2014 in the countries surveyed ➡ *71-72*	▸ 2017: increase in the number of diversity candidates employed by Region, in accordance with local requirements and limitations

DEVELOPING HUMAN CAPITAL

Commitment: Enhance skills within the Company

	ACTIONS	2016 RESULTS	TARGETS
CNH Industrial	▸ Assessment of employees through the Performance and Leadership Management appraisal system	● 100% of salaried employees and above evaluated ➡ *77*	▸ 2018: ongoing evaluation of all managers, professionals, and salaried employees
	▸ Development of programs to upgrade and improve employee skills and behaviors	● Several development programs implemented: EMEA ▸ *Lead to Win* program continued APAC ▸ *Lead to Win* program launched ➡ *87*	▸ 2018: ongoing targeted development and training programs customized to employees' individual needs EMEA ▸ 2022: involvement of 100% of employees in training activities

Commitment: Maintain sustainability as a key corporate objective

	ACTIONS	2016 RESULTS	TARGETS
CNH Industrial	▸ Incorporation of environmental and social targets in the performance management system	● 472 targets set for specific sustainability project leaders ➡ 47	▸ 2017: ongoing application of sustainability targets for: specific sustainability project leaders; Energy and EHS managers and respective team members at plant level; SQE managers and respective team members; Commodity managers; buyers

Commitment: Survey level of employees' satisfaction, needs, and requests

	ACTIONS	2016 RESULTS	TARGETS
CNH Industrial	▸ Execution of people satisfaction surveys	● Exit surveys and/or interviews performed across all Regions ● CNH Industrial classified among the *150 Best Companies to Work For* in Brazil (online satisfaction questionnaire completed by 900 employees) ➡ 83	▸ 2018: continuous monitoring, extending the sample to significant locations and organizations

Commitment: Attract and retain the best talent

	ACTIONS	2016 RESULTS	TARGETS
CNH Industrial	▸ Implementation of long-term performance-related incentive plans	● Long-term performance-related incentive plans implemented for key talents ➡ 79	▸ 2018: ongoing implementation of long-term performance-related incentive plans for key talents

PROMOTING AND PROTECTING OCCUPATIONAL HEALTH AND SAFETY

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

	ACTIONS	2016 RESULTS	TARGETS
CNH Industrial	▸ Extension of OHSAS 18001 certification	● 57 manufacturing sites, employing approx. 43,000 people, OHSAS 18001 certified ● 8 non-manufacturing sites, employing approx. 1,700 people, OHSAS 18001 certified ● All most relevant joint venture plants (in which CNH Industrial holds at least a 50% interest) as at 2011 OHSAS 18001 certified ➡ 87	▸ 2018: maintenance of OHSAS 18001 certifications existing as at 2014, and extension to additional manufacturing/non-manufacturing sites and most relevant joint venture plants (in which CNH Industrial holds at least a 50% interest)

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

	ACTIONS	2016 RESULTS	TARGETS
CNH Industrial	▸ Pursuit of a zero accident and injury rate	● -10.3% in accident frequency rate achieved vs. 2014 ● Zero fatal accidents reported (involving employees, contractors, or anyone else on CNH Industrial premises worldwide) ➡ 89	▸ 2022: -33% in employee accident frequency rate vs. 2014

Commitment: Promote a culture of safety in the workplace

	ACTIONS	2016 RESULTS	TARGETS
CNH Industrial	▸ Implementation of initiatives to increase employee health and safety awareness via multiple tools (e.g., training courses, Intranet portal, video tutorials)	● 210,000 hours of training delivered ➡ 86	▸ 2017: continuous implementation of information and training activities

GLOSSARY
Accident frequency rate; OHSAS 18001

Key

▲ Target exceeded
● Target achieved or in line with plan
◐ Target partially achieved
○ Target postponed
➡ See page

FOSTERING DIGITAL WORKPLACES, EMPLOYEE WELLBEING, AND WORK-LIFE BALANCE

Commitment: Promote the health and wellbeing of employees

	ACTIONS	2016 RESULTS	TARGETS
CNH Industrial	▸ Dissemination of information to employees on general health and on the prevention of infectious diseases via multiple tools (e.g., targeted campaigns, Intranet portal, newsletters), and provision of medical support	● Several initiatives implemented: ▸ information and medical support related to seasonal flu prevention provided in all Regions ▸ *Well!* information campaign on health risks continued worldwide via posters and corporate Intranet EMEA ▸ Anti-smoking campaigns implemented NAFTA ▸ Anti-smoking campaigns implemented LATAM ▸ *Quality of Life* campaign on sexually transmitted diseases continued ➡ *92-93*	▸ 2017: ongoing implementation of health initiatives by Region
	▸ Promotion of employee wellbeing through specific programs, spreading a wellness-focused culture and encouraging the adoption of a healthy lifestyle	● Several programs developed by Region ➡ *91-92*	▸ 2017: ongoing implementation of wellbeing programs by Region LATAM ▸ 2022: involvement of 100% of employees in wellbeing campaigns promoting healthy lifestyles

Commitment: Foster the development of digital workplaces

	ACTIONS	2016 RESULTS	TARGETS
CNH Industrial	▸ Implementation of new technologies and smart working initiatives to improve quality and efficiency at work and hence the work-life balance of employees	● Flexible working arrangements implemented by Region ➡ *93* ● *Smart Working* projects launched in EMEA ➡ *95*	EMEA ▸ 2022: involvement of 100% of employees in smart working initiatives (excluding hourlies) LATAM ▸ 2022: involvement of 100% of salaried employees in smart working initiatives (flexible work shifts)

Commitment: Promote work-life balance

	ACTIONS	2016 RESULTS	TARGETS
CNH Industrial	▸ Support for volunteer work during paid working hours	● Several targeted campaigns organized by Region to promote volunteering opportunities and encourage employee participation ➡ *96*	NAFTA ▸ 2022: +20% vs. 2016 in number of employee volunteer hours

IMPROVING EMPLOYEE COMMUTING

Commitment: Improve commuting for employees

	ACTIONS	2016 RESULTS	TARGETS
CNH Industrial	▸ Development of mobility plans to improve commuting to/from select sites by broadening the use of public transport, carpooling, and alternative mobility (cycling), and by improving entrances and loading/parking areas	● Initiatives implemented in Italy: ▸ mobility plans implemented at all Italian CNH Industrial plants ▸ agreement signed between local public transport agency and CNH Industrial's plant in Modena ▸ *Giretto d'Italia* cycling challenge attended by 11 CNH Industrial plants ➡ *98*	▸ 2017: implementation of mobility plans and carpooling initiatives in Italy and Spain

	ACTIONS	2016 RESULTS	TARGETS
CNH Industrial	▸ Development of mobility plans to improve commuting to/from select sites by broadening the use of public transport, carpooling, and alternative mobility (cycling), and by improving entrances and loading/parking areas	● Initiatives implemented in Europe: ▸ carpooling tool launched at the Madrid plant (Spain) ➡ *98* ● Initiatives implemented in China: ▸ phase 2 of mobility project implemented at the Harbin plant ➡ *98*	

LOCAL COMMUNITIES

SUPPORTING LOCAL COMMUNITIES

Commitment: Promote social and economic development of local communities

	ACTIONS	2016 RESULTS	TARGETS
CNH Industrial	▸ Promotion of initiatives fostering the growth of local communities, including through partnerships with associations and non-profit organizations	● Several initiatives supported: EMEA ▸ $332,000 raised for Telethon ▸ 170 boxes of clothing and linens donated to the Cottolengo Foundation ➡ *110* NAFTA ▸ 556 hours donated by 102 volunteering employees to Habitat for Humanity in Racine, Lebanon, and Dupage County (USA) ▸ $718,000 donated to United Way through employee fundraising, events, and donations from the Company and the CNH Industrial Foundation ▸ $50,000 raised for the American Cancer Society by employees through *Relay for Life* events and Company donations ➡ *111-112* LATAM ▸ 2,000 young people involved in the CASE *Multiação* program ▸ $331,000 invested in 7 projects for the development of socially disadvantaged areas in Brazil ▸ $69,000 invested in 3 sports projects for underprivileged young people in Brazil ▸ $277,000 invested in 6 cultural projects in Brazil ➡ *113* APAC ▸ 4,500 patients assisted via the *Smile on Wheels* mobile health unit near Noida (India) ➡ *114*	▸ 2017: ongoing support for initiatives to promote the social and economic development of local communities EMEA ▸ 2022: +80% vs. 2016 in number of people involved in CNH Industrial's local community initiatives LATAM ▸ 2022: +30% vs. 2016 in number of young people involved in plants' local projects fostering professional inclusion

Commitment: Aid populations affected by natural disasters

	ACTIONS	2016 RESULTS	TARGETS
CNH Industrial	▸ Provision of technical, financial, and humanitarian support to populations affected by natural disasters	● Disaster relief support provided following series of earthquakes in central Italy: ▸ $150,000 donated ▸ 19 construction machines supplied ▸ 7 generator sets supplied ▸ 3 minibuses supplied ▸ 1 tractor donated ➡ *115*	▸ 2017: ongoing support for natural disaster relief, as needed

GLOSSARY
Carpooling

Key

▲ Target exceeded
● Target achieved or in line with plan
◐ Target partially achieved
○ Target postponed
➡ See page

SUPPORTING YOUTH TRAINING

Commitment: Support the professional development of young people

	ACTIONS	2016 RESULTS	TARGETS
CNH Industrial	▸ Implementation of professional skills development initiatives, including scholarships and training courses	● *TechPro*[2] project: EMEA ▸ Italy: 110 students trained and 1,691 training hours provided APAC ▸ China: 100 students trained and 55,200 training hours provided ➡ *116* LATAM *Programa Formare* ▸ 20 students graduated and 800 training hours provided by 90 employees ➡ *117* NAFTA ▸ $1.25 million donated to the Paul H. Nitze School of Advanced International Studies at Johns Hopkins University (USA) ➡ *117*	▸ 2017: ongoing support for the initiatives

PROMOTING PROJECTS LINKED TO OUR MEGATRENDS

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

	ACTIONS	2016 RESULTS	TARGETS
CNH Industrial	▸ Promotion of local projects	● Several initiatives supported: ▸ $250,000 donated to Future Farmers of America (USA) ▸ *Integrated Farming Systems* project (India): - 840 farmers trained on new farming technology - 160 young people trained on tractor operation and mechanics ▸ 200,000 liters of safe, clean water produced through installation of water purification systems in Gujarat (India) ➡ *117-118*	▸ 2017: ongoing support for initiatives linked to our megatrends, to either mitigate and limit their impact or exploit and enhance their positive effects

Commitment: Support projects to combat climate change

	ACTIONS	2016 RESULTS	TARGETS
CNH Industrial	▸ Promotion of local projects	● Several initiatives supported: ▸ 20 trees planted at the nature reserve *Oasi WWF Ripa Bianca* (Italy) ▸ 11 rainwater harvesting pits built near Greater Noida (India) ▸ 30 trees planted in Racine (USA) ➡ *119*	▸ 2017: ongoing support for initiatives linked to our megatrends, to either mitigate and limit their impact or exploit and enhance their positive effects

RELATIONSHIPS WITH PUBLIC AND PRIVATE ORGANIZATIONS

COLLABORATING WITH TRADE ASSOCIATIONS

Commitment: Collaborate to reduce polluting emissions and improve product safety

	ACTIONS	2016 RESULTS	TARGETS
Commercial Vehicles	▸ Collaboration with sector associations and institutions to develop a methodology for the measurement of CO_2 emissions from product use		Collaboration with ACEA on use of *VECTO* tool: ▸ 2018: application of internal draft procedure for CO_2 measurement to heavy range vehicles ▸ 2019: application of draft procedure for CO_2 measurement to medium range vehicles, and of certified procedure for CO_2 measurement to heavy range vehicles
Agricultural Equipment	▸ Collaboration with sector associations on initiatives to improve vehicle safety		Collaboration with CEMA: ▸ 2020: development of safety measures for long cabin vehicles as per revised General Safety Regulations on masses and dimensions, in collaboration with ACEA

INNOVATION AND PRODUCT DEVELOPMENT[b]

DEVELOPING AUTONOMOUS VEHICLES AND CONNECTIVITY

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

	ACTIONS	2016 RESULTS	TARGETS
Agricultural Equipment	▸ Development of automated/autonomous vehicle technologies		▸ 2020: autonomous technology development and implementation on self-propelled vehicles
Commercial Vehicles		Heavy range ● Autonomous driving technology tested on interstate road (*EU Truck Platooning Challenge*) ➡ *150*	

REDUCING POLLUTION

Commitment: Continue to reduce polluting emissions

	ACTIONS	2016 RESULTS	TARGETS
Powertrain	▸ Early implementation of regulations for the reduction of polluting emissions (NO_x, particulates, etc.)	● Hi-eSCR2 technology launched ➡ *212*	▸ 2018: Hi-eSCR2 Start of Production (SOP)
Agricultural Equipment		● Concepts for Stage V engines and after-treatment systems for tractors and combines developed and tested	▸ 2019: first implementation of Stage V engines and after-treatment systems on all products
Construction Equipment		NAFTA ● Tier 4 Final-compliant 1650M and 2050M dozers launched	LATAM ▸ 2017: introduction of Tier 3 dozers in Brazil (all models)

REDUCING CO_2 EMISSIONS

Commitment: Optimize energy consumption and efficiency

	ACTIONS	2016 RESULTS	TARGETS
Powertrain	▸ Development of a carbon footprint assessment or Life Cycle Assessment (LCA) methodology		▸ 2017: application of Life Cycle - Environment Management System (LC-EMS) from cradle to gate, supporting production and development processes
Commercial Vehicles		Light range ▲ Preliminary LCA assessment on Daily Diesel, Daily NG, and Electric completed. Project ended owing to satisfactory results achieved ➡ *151*	

[b] *Following the materiality analysis, long-term targets for Innovation and Product Development were identified. The Company believes these targets accurately reflect its commitment regarding the material topics. The previously disclosed targets are in any case reported in the 2016 Sustainability Plan, along with the corresponding results achieved.*

GLOSSARY
ACEA; Carbon footprint; LCA; NO_x; SCR; Tier

Key

▲ Target exceeded
● Target achieved or in line with plan
◐ Target partially achieved
○ Target postponed
➡ See page

	ACTIONS	2016 RESULTS	TARGETS
Agricultural Equipment / Powertrain	▸ Reduction of CO_2 emissions through fuel consumption optimization	● Significant progress made in reducing power consumption (and TCO) of rotary combine harvesters using crop flow simulation techniques ➡ *211*	▸ 2020: implementation of most efficient technologies on next-generation combine harvesters to significantly reduce TCO
Commercial Vehicles / Powertrain		Light range ▲ up to -8% in fuel consumption and CO_2 emissions achieved on Daily Model Year 2016 vs. 2014 model, based on NEDC test cycle (target originally set for 2018) ➡ *213*	
		Heavy range ▲ up to -11% in fuel consumption and CO_2 emissions achieved on Stralis Model Year 2016 (480hp XP) vs. 2013 model ➡ *213*	Heavy range ▸ 2019: up to -4% in fuel consumption and CO_2 emissions on heavy vehicles vs. MY2016 models, depending on mission and product configuration

Commitment: Promote use of alternative fuels

	ACTIONS	2016 RESULTS	TARGETS
Powertrain	▸ Expansion of natural gas-powered vehicle offering, featuring Compressed Natural Gas (CNG) and Liquefied Natural Gas (LNG)	● New 9-liter CNG engine (Cursor 9 CNG) launched ➡ *216*	▸ 2022: development of next-generation alternative fuel engines to further reduce CO_2 emissions and TCO ▸ 2022: focus on natural gas engine technologies to achieve near-zero NO_X emissions in urban applications
Agricultural Equipment			▸ 2022: distribution of new alternative-fuel tractors (methane and propane) generating approx. -80% in polluting emissions and -10% in CO_2 emissions compared to diesel models
Commercial Vehicles		Medium range ● Eurocargo NG Start of Production (SOP) initiated ➡ *214*	
		Heavy range ● New Stralis 294 kW launched ➡ *213*	
		Heavy range ● first international mission in Europe using LNG vehicles completed: logistics flows from Madrid to Germany and Belgium ➡ *214*	
		Heavy range ● first CNH Industrial logistics flow using a Stralis LNG implemented between Italy and Spain to supply the Madrid and Suzzara plants	
		Heavy range ▲ 25 articulated demo units sent across Europe	
		Heavy range ● 100% of heavy-vehicles sales staff in Europe trained	
Commercial Vehicles / Powertrain	▸ Evaluation, testing, and promotion of alternative fuels	Buses ● IVECO Bus Crossway, the first product running on Hydrotreated Vegetable Oil (HVO), launched ➡ *216*	

GLOSSARY
CNG; HVO; LNG; NEDC; NO_X; TCO

Commitment: Promote use of alternative propulsion systems

	ACTIONS	2016 RESULTS	TARGETS
Commercial Vehicles	▸ Evaluation, testing, and promotion of alternative propulsion systems and of other sustainable solutions for the future	Light range ● Electric range extended to right-hand drive vehicles and minibuses (official presentation of Birmingham 4/16 and IAA 7/16)	
		Light range ▲ IVECO Daily Dual Energy (hybrid plug-in) presented to the press	
		Heavy range ● First long-haul hybrid prototype developed and presented at the final *Convenient* event held at CNH Industrial Village (Italy)	

➡ *145*

DEVELOPING SELF-SUSTAINING FOOD SYSTEMS

Commitment: Promote agricultural products and solutions with zero impact on resources

	ACTIONS	2016 RESULTS	TARGETS
Agricultural Equipment	▸ Development of solutions that minimize environmental impact		▸ 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
			▸ 2022: up to +25% in field productivity vs. 2015 by expanding data management and control systems for harvesting, tractors, and crop production

IMPROVING PRODUCT SAFETY

Commitment: Continue to improve safety, ergonomics, and comfort

	ACTIONS	2016 RESULTS	TARGETS
Agricultural Equipment	▸ Increase in agricultural equipment safety	● New armrest designed incorporating all tractor controls, delivering simplified control and enhanced comfort	▸ 2017: compliance with Tractor Mother Regulation exceeding mandatory safety requirements
Construction Equipment	▸ Reduction of noise level in operator environment and of operator exposure to vibrations		▸ 2020: cab enhancement on dozer models 850-2050 for improved noise and vibration performance
Agricultural Equipment	▸ Improvement in ergonomics of operator controls to reduce operator stress and enhance comfort		▸ 2017: further reduction in tractor cab noise level (-2 dB(A)) and in tractor vibration
Construction Equipment			NAFTA ▸ 2024: testing of electro-hydraulic (EH) controls on graders to validate improved ergonomics and operator fatigue reduction
Commercial Vehicles	▸ Enhancement of occupant safety level acting on body structure and restraint systems	Heavy range ● Cab attachment to chassis designed and evaluated through simulations	Heavy range ▸ 2020[c]: development of a restraint system in heavy vehicle cabs to improve driver biomechanics in case of frontal impact
		Buses ● Study completed on the use of thermoplastic composite parts to reinforce the pillars and roof of minibuses	

[c] *Target originally set for 2018 and postponed to 2020. Activities will begin next year to improve the overall front end of a heavy vehicle: the goal is to reduce intrusion into the passenger compartment during a full frontal impact, which is a prerequisite of any suitable restraint system.*

GLOSSARY
Ergonomics

Key

▲ Target exceeded
● Target achieved or in line with plan
◐ Target partially achieved
○ Target postponed
➡ See page

SUPPLY CHAIN

INCREASING SUPPLY CHAIN SUSTAINABILITY

Commitment: Promote social and environmental responsibility among suppliers

	ACTIONS	2016 RESULTS	TARGETS
CNH Industrial	▸ Ongoing introduction of contractual clauses on adherence to sustainability principles	● Contractual clauses on adherence to CNH Industrial's Code of Conduct and Supplier Code of Conduct incorporated in new purchase agreements ➡ *165*	▸ 2017: introduction of contractual clauses on adherence to CNH Industrial's Code of Conduct and Supplier Code of Conduct in new purchase agreements with suppliers in EMEA
	▸ Distribution of self-assessment questionnaires on environmental and social performance to select suppliers	▲ 380 suppliers evaluated through sustainability self-assessment questionnaire ➡ *169*	▸ 2022: sustainability self-evaluation of 100% of Tier 1 suppliers
	▸ Execution of sustainability audits at suppliers worldwide	● 70 audits of suppliers worldwide conducted by SQEs and third parties ➡ *169*	▸ 2017: execution of 75 audits (60 by internal SQEs and 15 by third parties)
	▸ Enhancement of sustainability awareness among suppliers	● Training courses organized for small and medium-sized suppliers in EMEA ➡ *171*	▸ 2017: implementation of information activities on sustainability for suppliers
		● 157 suppliers involved in the *CDP Supply Chain* ➡ *172*	▸ 2022: monitoring of CO_2 emissions of 100% of key suppliers
	▸ Promotion of supplier involvement in the World Class Manufacturing (WCM) program	● 176 supplier plants involved in the WCM program ➡ *170*	▸ 2017: involvement of 199 supplier plants in the WCM program

MANUFACTURING PROCESSES

FOSTERING CONTINUOUS IMPROVEMENT

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

	ACTIONS	2016 RESULTS	TARGETS
CNH Industrial	▸ Adoption of World Class Manufacturing (WCM)	◐ WCM system adopted at 52 plants, collectively accounting for 97% of revenues from sales of products manufactured at Company plants. 22 plants had received bronze awards and 14 had received silver awards ➡ *179*	▸ 2017: further increase in number of WCM plants achieving bronze level (6), silver level (5), and gold level (2)

REDUCING ENVIRONMENTAL IMPACT AND OPTIMIZING ENERGY PERFORMANCE

Commitment: Optimize the Company's environmental performance

	ACTIONS	2016 RESULTS	TARGETS
Commercial Vehicles	▸ Application of best available techniques for the reduction of Volatile Organic Compounds (VOC) in paint processes	▲ -11.5% vs. 2014 in VOC emissions per square meter achieved at Company plants worldwide ➡ *184*	▸ 2022: -14% vs. 2014 in VOC emissions per square meter at Company plants worldwide
	▸ Optimization of water withdrawal and discharge management system based on the specific characteristics of the country in which each plant is located	● +2% vs. 2014 in water withdrawal per production unit[d] achieved at Company plants worldwide ➡ *187*	▸ 2018: -3% vs. 2014 in water withdrawal per production unit at Company plants worldwide
	▸ Optimization of waste management based on the specific characteristics of the country in which each plant is located	● 91% of waste recovered at Company plants worldwide ➡ *190*	▸ 2018: 91% of waste recovered at Company plants worldwide
		▲ -13.4% vs. 2014 in waste generated per production unit[d] at Company plants worldwide ➡ *190*	▸ 2018: -14% vs. 2014 in waste generated per production unit at Company plants worldwide
		▲ -16.4% vs. 2014 in hazardous waste generated per production unit[d] at Company plants worldwide ➡ *190*	▸ 2018: -17% vs. 2014 in hazardous waste generated per production unit at Company plants worldwide

[d] *Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 252.*

GLOSSARY
VOC; WCM

	ACTIONS	2016 RESULTS	TARGETS
Commercial Vehicles	▸ Formulation of guidelines on the identification and safeguard of protected species and biodiversity	● Improvement measures carried out at Foggia plant (Italy) ➡ *192*	▸ 2018: implementation of improvement measures (if required) identified by BVI assessments at plants where such activity has been carried out
		● Methodology analyzed and currently under further examination for improvement	

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

	ACTIONS	2016 RESULTS	TARGETS
CNH Industrial	▸ Implementation of an Energy Management System and certification of plants under international standard ISO 50001	● ISO 50001 certification achieved by 47 plants (accounting for approx. 98% of total energy consumption) ➡ *196*	▸ 2020: extension of ISO 50001 certification to all CNH Industrial plants worldwide[e]
		● Energy Management System adopted at all plants (accounting for 100% of total energy consumption) ➡ *198*	▸ 2020: roll-out of Energy Management System to all plants, monitoring secondary energy vectors (accounting for 100% of total energy consumption)[e]
		● GHG emissions associated with over 20% of total energy consumption verified according to ISO 14064-3 standard, with reference to GHG Protocol requirements ➡ *196*	▸ 2017: verification (according to ISO 14064-3 standard) of GHG emissions associated with over 20% of total energy consumption, with reference to GHG Protocol requirements
	▸ Identification of measures and technologies to reduce energy consumption and CO_2 emissions per production unit	▲ -6.8% in energy consumption per production unit[d] achieved vs. 2014 ➡ *201*	▸ 2018: -6.5% vs. 2014 in energy consumption per production unit at Company plants worldwide
		▲ -14.4% in CO_2 emissions per production unit[d] achieved vs. 2014 ➡ *203*	▸ 2022: -20% vs. 2014 in CO_2 emissions per production unit at Company plants worldwide
CNH Industrial	▸ Identification of measures and technologies to reduce energy consumption and CO_2 emissions per production unit	● Training sessions organized at several plants to raise awareness of WCM and ISO 50001 ➡ *197*	▸ 2018: organization of energy events to raise awareness and employee engagement
		● Phase 2 implementation of technical interventions completed on schedule at the green plant in Rorthais (France) ➡ *199*	▸ 2017: phase 3 implementation of technical interventions at the green plant in Rorthais (France)
	▸ Promotion of renewable energy generation and use	▲ 56% of electricity consumption derived from renewable sources ➡ *201*	▸ 2020: 50% of total electricity consumption derived from renewable sources
Powertrain	▸ Identification of measures and technologies to reduce energy consumption and CO_2 emissions at non-manufacturing sites	● 2 new systems added at FPT Industrial's Turin Testing Center (Italy): a thermodynamic concentrated solar power plant in cogeneration, and an LED lighting system equipped with dusk sensors to adjust brightness as needed ➡ *193*	▸ 2017: achievement of zero CO_2 impact at the Cascinette Testing Facility (Italy)

(d) Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 252.
(e) The scope of reference is 2014.

GLOSSARY
Biodiversity; GHG Protocol; ISO 14064; ISO 50001

Key

▲ Target exceeded
● Target achieved or in line with plan
◐ Target partially achieved
○ Target postponed
➡ See page

LOGISTICS PROCESSES

MINIMIZING ENVIRONMENTAL IMPACT

Commitment: Reduce environmental impact of logistics

	ACTIONS	2016 RESULTS	TARGETS
CNH Industrial	▸ Implementation of initiatives to reduce CO_2 emissions and minimize the overall impact of logistics	INBOUND AND OUTBOUND ▲ -5,483 tons in CO_2 emissions achieved worldwide ➡ *206*	INBOUND AND OUTBOUND ▸ 2022: -18% vs. 2014 in kg of CO_2 emissions per ton of goods (including spare parts) transported
	▸ Optimization of transport capacity	INBOUND ● approx. 20.3% of cost of shipping in Europe managed through the *Streamlined Delivery Project* (SDP) in the Powertrain segment ➡ *208*	
	▸ Reduction in the use of packaging and protective materials	INBOUND ● -0.54% vs. 2015 achieved in weight of cardboard and wood for container shipments from Europe to North America and Latin America in the Agricultural Equipment and Construction Equipment segments ➡ *209*	INBOUND ▸ 2017: -0.3% vs. 2016 in disposable cardboard and wood packaging for shipments from Europe to North America in the Agricultural Equipment and Construction Equipment segments
		INBOUND ▲ -24.1% vs. 2015 achieved in disposable wood packaging for shipments from Italy to Latin America under the *World Material Flow* (WMF) program in the Commercial Vehicles segment ➡ *209*	INBOUND ▸ 2017: -2% vs. 2016 in disposable cardboard and wood packaging shipped from Italy under the WMF program in the Commercial Vehicles segment
		INBOUND ● -5.9% vs. 2015 achieved in disposable cardboard at the Bourbon Lancy plant (France) in the Powertrain segment ➡ *209*	

END-OF-LIFE

PROMOTING REMANUFACTURING AND RECYCLING

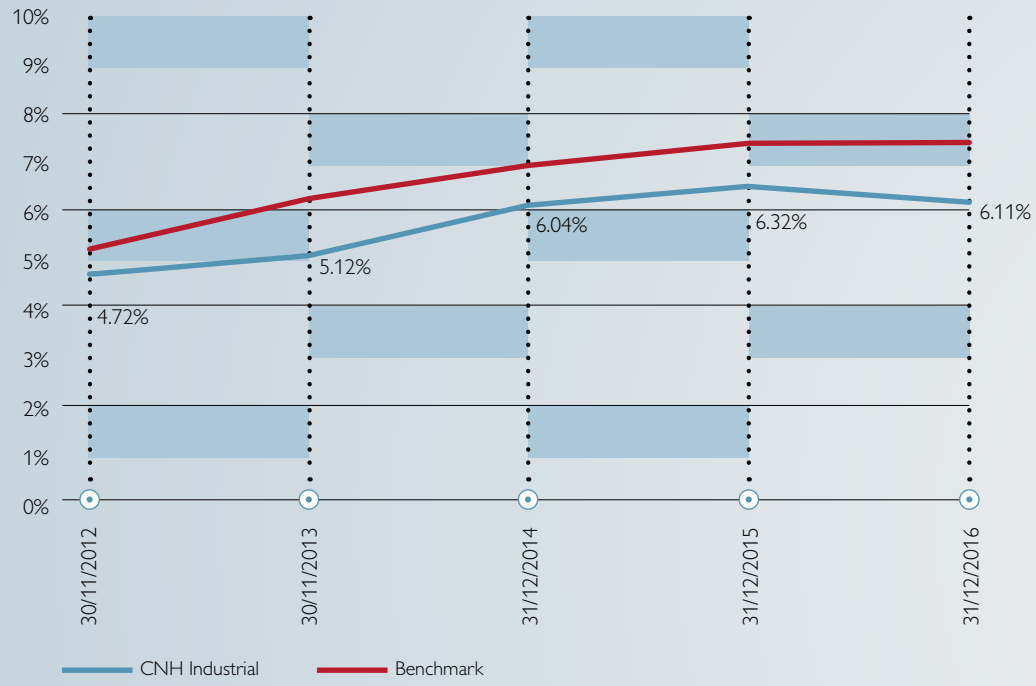
Commitment: Increase production of remanufactured components

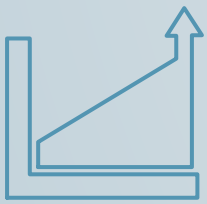
	ACTIONS	2016 RESULTS	TARGETS
Parts & Services	▸ Increase in number and distribution of remanufactured components	◐ 7% of total spare parts sales consisted of remanufactured components ➡ *239*	▸ 2022: 10% of spare parts' net sales from remanufactured components

Commitment: Increase data on product recycling rate

	ACTIONS	2016 RESULTS	TARGETS
Commercial Vehicles	▸ Implementation of International Material Data Sheet (IMDS) for medium and heavy vehicles		▸ 2017: +20% in datasheets

FREE FLOAT





PRESENCE IN SUSTAINABILITY INDEXES

Inclusion in sustainability indexes, and the ratings received from the specialized sector-specific agencies, further reflect the robustness of CNH Industrial's sustainable Governance model. In 2016, CNH Industrial was reconfirmed as Industry Leader in the Dow Jones Sustainability Indices (DJSI) World and Europe for the sixth consecutive year. It received a score of 90/100 against an average of 52/100 for the overall sector.
Furthermore, CNH Industrial ranked among the 193 *A listers* in the CDP Climate Change program, out of 2,100 participating corporations, in recognition of its actions to optimize energy consumption, reduce CO_2 emissions, and mitigate the business risks of climate change. It also achieved an outstanding score of A- in the CDP Water program, and won the RobecoSAM Gold Class 2017 award and Oekom Prime Status.

As at December 31, 2016, CNH Industrial is included in the following indexes:

Dow Jones Sustainability World Index
Dow Jones Sustainability Europe Index

2016 Constituent MSCI Global Sustainability Indexes[1]

2016 Constituent MSCI Global SRI Indexes[1]

ECPI Global Agriculture Equity
ECPI Global Developed ESG
Best in Class Equity

FTSE4Good

FTSE ECPI Italia SRI Benchmark
FTSE ECPI Italia SRI Leaders

Euronext Vigeo Eiris World 120
Euronext Vigeo Eiris Europe 120
Euronext Vigeo Eiris Eurozone 120

EURO STOXX Low Carbon index
EURO STOXX Sustainability index
STOXX Europe Sustainability index
STOXX Global Climate Change Leaders index

STOXX Global ESG Environmental Leaders index
STOXX Global ESG Impact index
STOXX Global ESG Leaders index
STOXX Global ESG Social Leaders index

The Company has also received the following rating agency evaluations:

The presence of CNH Industrial shares in the portfolios of Socially Responsible Investors (SRI), i.e., those who integrate standard financials with environmental, social, and governance (ESG) considerations, is a clear indication of appreciation of the Company's commitment to sustainability.
As at December 31, 2016, 6.11%[2] of CNH Industrial's free float[2] was held by 32 (30 in 2015) asset owners[2] and by 74 (59 in 2015) socially responsible mutual funds[2].
As in the previous year, CNH Industrial's result was lower than the benchmark by about 110 basis points. The benchmark consists of an average of SRI investor holdings calculated on 5 companies (CNH Industrial plus 4 of its main competitors). CNH Industrial ranked second. The Company's result was below the benchmark only because the score of the top-ranking company was, once again, so high it significantly raised the benchmark. Excluding this competitor from calculations, CNH Industrial's percentage of equity would be more than 150 basis points higher than the benchmark.

FREE FLOAT

(1) *The inclusion of CNH Industrial in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, or promotion of CNH Industrial by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.*
(2) *For details on the methodology used, see page 254, Report Parameters.*

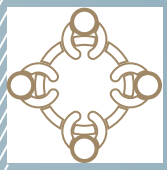
03 HOW WE GET THINGS DONE

THE FOLLOWING SECTION FOCUSES PRIMARILY ON EMPLOYEES, AND SECONDLY ON THE STAKEHOLDERS THAT INTERACT WITH CNH INDUSTRIAL BUT DO NOT PLAY AN ACTIVE ROLE IN THE LIFE CYCLE OF ITS PRODUCTS: TRADE UNIONS AND EMPLOYEE REPRESENTATIVES, LOCAL COMMUNITIES AND NGOS, AND PUBLIC AND PRIVATE ORGANIZATIONS.

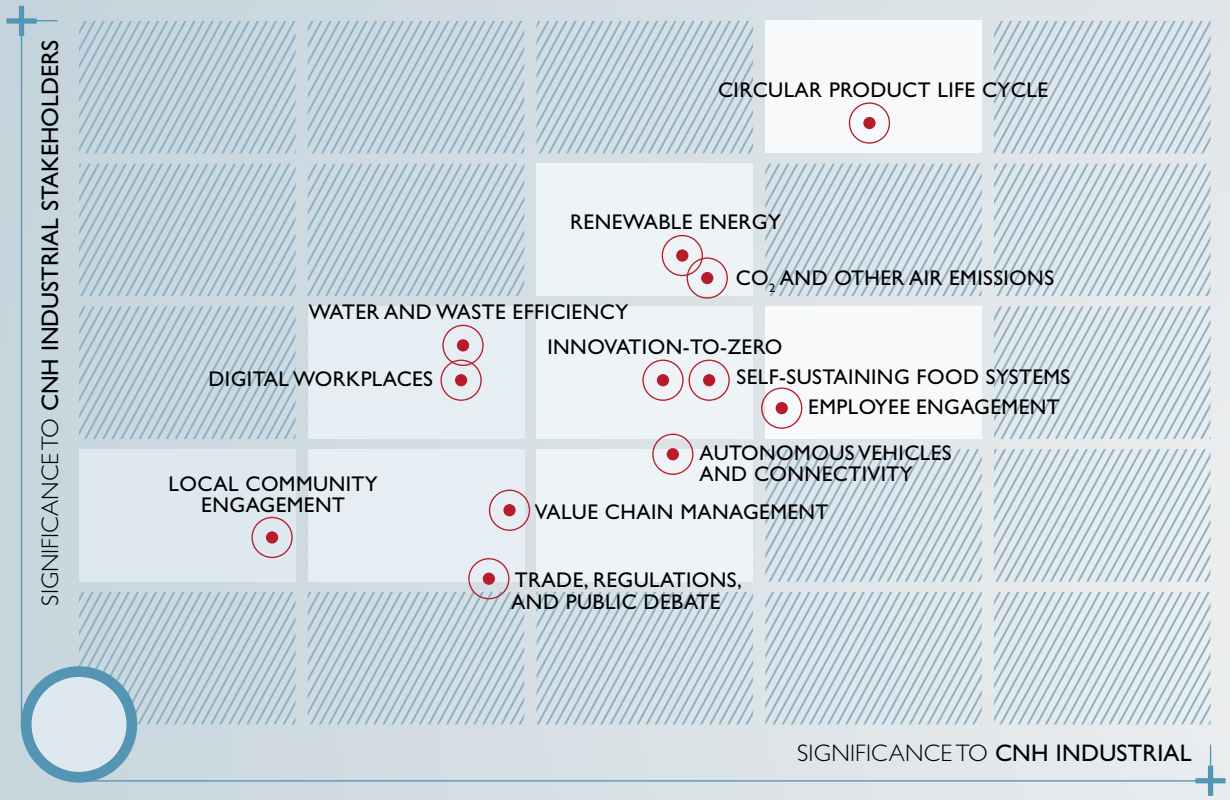
OUR GOVERNANCE MODEL

HOW WE MANAGE OUR PEOPLE

ENGAGING LOCAL COMMUNITIES



RELATIONSHIPS WITH PUBLIC AND PRIVATE ORGANIZATIONS



OUR GOVERNANCE MODEL

Material topics described in this chapter, for definitions see pages 255-256.

MANAGEMENT FRAMEWORK

CNH Industrial believes that a robust Corporate Governance model is essential to effectively manage the interests of all its stakeholders.

The central pillars of CNH Industrial's Corporate Governance model include: ongoing alignment with international best practices and the Dutch Corporate Governance Code; a clear and comprehensive Code of Conduct, with policies for implementing the principles established within this Code; and an advanced risk management system.

CORPORATE AND SUSTAINABILITY GOVERNANCE

At CNH Industrial, the integration of economic decisions with those of a social and environmental nature constitutes a fundamental commitment towards long-term stakeholder value creation. To meet this commitment, CNH Industrial has adopted a robust Corporate Governance model. Firmly rooted in the culture of CNH Industrial, the model has evolved year on year, incorporating best practice benchmarking and implementing the recommendations of the major sustainability rating agencies.

In 2016, in order to align the Corporate Governance model with the Company's needs, and to reinforce the role sustainability plays in both the Company's decision-making processes and operations, the model was strengthened by:

- appointing a Chief Sustainability Officer (CSO), who is a member of the Group Executive Council (GEC) and reports to the Chief Executive Officer (CEO)
- creating the Sustainability Steering Committee, which also reports to the CEO
- revising and reinforcing how sustainability is managed and organized across the 4 Regions that constitute the scope of CNH Industrial.

The main elements of CNH Industrial's Corporate Governance model are described below, while full disclosure on this aspect is available in the EU Annual Report as well as in the Governance section of the Company's website, where all updates throughout the year are reported.

THE BOARD OF DIRECTORS AND ITS COMMITTEES

The criteria used to select and appoint members of the Board of Directors are contained in the relevant Guidelines, available on the Company website. The Guidelines stipulate 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 of Directors 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 genders is fundamental to the proper functioning of the Board as a collective body. There should also be an appropriate balance between the number of executive directors (i.e., those vested with representative and executive powers) and non-executive directors.

The 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 Board's Committees, whose advisory function includes preliminary examination and formulation of proposals relating to areas of potential risk, such as the prevention of potential conflicts of interest.

Additionally, with regard to gender diversity, it is recognized by different stakeholders, such as sustainability rating agencies, 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 gender diversity can bring.

GRI STANDARDS
GRI 102-18; GRI 102-19; GRI 102-20; GRI 102-24

The composition of the Board of Directors, elected by the shareholders at the General Meeting on April 15, 2016, reflects these Guidelines and international best practice:

- there are 11 directors, ensuring the effective functioning of the Board and its Committees
- 8 of the 11 directors, or 73% of the total (64% last year), are independent as per the criteria of the NYSE (New York Stock Exchange) Listing Standards and the Dutch Corporate Governance Code
- the independence of Audit Committee members is further verified under the NYSE Listing Standards and under Rule 10A-3 of the Exchange Act
- the Board is composed of 4 women and 7 men, women making up 36% of the total (27% last year)
- 2 Board members are in the 30-50 age group (18.2%), and 9 are in the over-50 age group (81.8%)
- the roles of the Company Chairman and Chief Executive Officer are separated; both are executive directors, with responsibility for the day-to-day management of the Company.

A skill matrix of the Board members appointed during the General Meeting of April 15, 2016 is available on page 257.

To support the Board of Directors in the performance of its duties, regular updates are provided at meetings on CNH Industrial's operations and financial results as well as on the activities of the Board's Committees, including those relating to risk and sustainability. In 2016, in conjunction with Board meetings, the Directors held several meetings with management (brand, product, and segment leaders) to gain a deeper understanding of the specific aspects of the particular industries and businesses.

The Board of Directors is advised by 3 Committees vested with consulting and advisory functions, specifically in the fields of Audit, Governance and Sustainability, and Compensation.
For a more detailed description of these committees, please refer to the EU Annual Report and to the Governance section of the corporate website.

The Governance and Sustainability Committee

The Governance and Sustainability Committee is a committee of the Board of Directors, and is the highest decision-making body on sustainability. Among other things, the Governance and Sustainability Committee is responsible for: assisting the Board of Directors in monitoring and evaluating reports on the Company's sustainable development policies and practices, standards of management, strategy, global performance, and Governance; for reviewing, assessing, and making recommendations on strategic guidelines for sustainability issues; and for reviewing the annual Sustainability Report.
The Committee has 4 members, 3 of whom are women; 3 are in the over-50 age group, and 1 in the 30-50 age group. Three of the 4 members are independent under the NYSE Listing Standards and the Dutch Corporate Governance Code.

Performance Evaluation of the Board of Directors

Among its functions, the Governance and Sustainability Committee assists the Board of Directors in its periodic assessment of the performance of the Board and its Committees, reporting on this to the Board of Directors itself. The Committee has the resources, funding, and authority, at its sole discretion and without requiring approval from the Board of Directors, to obtain, select, and retain the advice of external advisors as necessary or appropriate to assist with the execution of its duties and responsibilities.
The Board of Directors, Audit Committee, and Compensation Committee evaluated their performances during 2016. The evaluations consisted of a self-assessment by each body, facilitated by a written questionnaire designed to stimulate a robust and comprehensive assessment discussion.

GRI STANDARDS
GRI 102-22; GRI 102-26; GRI 102-27; GRI 102-28; GRI 405-1

SUSTAINABILITY GOVERNANCE AT SENIOR MANAGEMENT LEVEL

The Group Executive Council

On certain key industrial matters, the Board of Directors is advised by the Group Executive Council (GEC). The GEC is an operational decision-making body of CNH Industrial responsible for reviewing the businesses' operating performance and making decisions on certain operational matters.

The GEC defines the strategic approach to sustainability, evaluates the alignment of sustainability commitments with business objectives, and receives regular updates on the Company's sustainability performance. The GEC is advised on sustainability matters by the Sustainability Steering Committee (SSC).

The GEC, as at December 31, 2016, is headed by the Company Chairman and its membership comprises the CEO and 4 main groups. The first of these comprises the 4 Regional Operating groups (EMEA, NAFTA, LATAM, and APAC) that oversee the production and sale of Agricultural Equipment, Construction Equipment, Commercial Vehicles, and Powertrain (engines and transmissions). Each Regional Operating group is headed by a Chief Operating Officer (COO), who drives the regional organization via a regional management team, and reports to the CEO. The second group reflects the Company's focus on its brands: each manager is tasked with enhancing and developing an appropriate product portfolio for each brand, and with implementing commercial and marketing strategies tailored to each of the Company's operating Regions. The third group is composed of industrial leaders that drive a rigorous and consistent business approach across the 4 operating Regions, optimizing Company decisions on capital allocation. The fourth group is made up of Company support functions, including the Chief Financial Officer, who also holds the role of Chief Sustainability Officer, and the Chief Human Resources Officer.

The GEC (at December 31, 2016) has 19 members, including the Company Chairman and the CEO. 2 members are women, representing 11% of the total; 10 members are in the 30-50 age group (53% of the total); 9 members are in the over-50 age group (47% of the total), and no member is under 30 years of age.

The Sustainability Steering Committee

The role of the Sustainability Steering Committee (SSC) is to identify sustainability strategies, to integrate sustainability into operating processes, and to provide a forum for communication and benchmarking among the Regions.

The SSC provides a forum where CNH Industrial senior management is able to discuss sustainability issues, integrating a medium-to-long-term vision with business needs.

The SSC is chaired by the Chief Sustainability Officer, who is also the Chief Financial Officer, and is coordinated by the Sustainability Planning and Reporting Department.

The permanent members of this committee are the Regional Chief Operating Officers, brand leaders, and heads of Manufacturing, Purchasing, Quality, Human Resources, Corporate Communications, Legal, Compliance, Internal Audit, and Corporate Control and Accounting.

Proposals made by the SSC are shared with the GEC and submitted to the CEO for approval.

The Regional Sustainability Committees

In 2016, the sustainability organizational structure at regional level further evolved with the establishment, for each of the 4 Regions, of a Regional Sustainability Committee. These committees address decisions on sustainability at regional level and are responsible for the alignment and integration of different processes in each Region, with a focus on fostering, developing, and improving actions related to sustainability (whether economic, social or environmental), and for approving specific regional initiatives. Each Committee is chaired by the COO of the Region, is coordinated by the Regional Sustainability Coordinator, and consists of representatives of various functions involved in different areas of sustainability.

The Global Compliance and Ethics Committee

CNH Industrial's Global Compliance and Ethics Committee (GC&EC) provides assistance to management and the Company's Audit Committee to enable the Company and its operating subsidiaries to continue to operate according to the highest ethical business standards and in accordance with applicable laws and regulations. The Committee facilitates the development, implementation, and operation of an effective compliance and ethics program; promotes an organizational culture that encourages law-abiding and ethical conduct; and considers and resolves any issues of interpretation regarding any aspect of the compliance and ethics program.
The Committee consists of the following members: the Company Chief Executive Officer, Chief Financial Officer, Chief Human Resources Officer, General Counsel, Chief Compliance Officer, Chief Internal Audit Officer, and the heads of the Company's Financial Services business and ICT function. The Company's Chief Executive Officer serves as the chair of the Committee. In the absence of the Chief Executive Officer, the Chief Compliance Officer serves as chair of the Committee.
The Committee meets at least quarterly, or more frequently as deemed necessary or appropriate by its members. The Committee reports to the Audit Committee of the Board of Directors, at least quarterly, on:

- the operation, contents, and effectiveness of the Company's compliance program
- any alleged material compliance and ethics violations, and the disposition (or proposed disposition) of material compliance and ethics violations that have been investigated.

The Company has established Regional Compliance and Ethics Committees for each operating Region (EMEA, NAFTA, LATAM, and APAC). These regional committees are responsible for overseeing the Company's compliance and ethics system in their respective Regions, and for providing assistance to regional Company management as well as to the Global Compliance and Ethics Committee. The regional committees are composed of the regional counterparts of the members of the Global Compliance and Ethics Committee.

SUSTAINABILITY GOVERNANCE AT OPERATIONAL LEVEL

The Sustainability Team

The Sustainability Team consists of the Sustainability Planning and Reporting Department, the Sustainability Business Points of Reference, and the Regional Sustainability Coordinators.

The **Sustainability Planning and Reporting Department** has an operational role and reports to the Chief Sustainability Officer. It is responsible for coordinating sustainability-related Governance across the Regions and functions, and has operational responsibility for promoting a culture of sustainability throughout the Company. It facilitates the process of continuous improvement, promotes the integration of sustainability into day-to-day activities, contributes to the management of risks and to strengthening the relationship with and perceptions of stakeholders, and manages sustainability reporting and communication. Additionally, the Department conducts the materiality analysis and stakeholder engagement processes, the results of which are represented in the Materiality Matrix. Together with Investor Relations, it also completes questionnaires required by sustainability rating agencies, responds to queries raised by Socially Responsible Investors (SRIs), and supports Regions and Company segments in their dealings with stakeholders on environmental and social aspects.
Sustainability Business Points of Reference are appointed, as representatives from within the various operating areas, to ensure the support and alignment required across the Company, to bring expertise to specific issues relating to the Company's reporting process, and to formulate proposals for continuous improvements. They provide a direct link between the Sustainability Planning and Reporting Department and the various operating areas, giving both technical and organizational support.
The **Regional Sustainability Coordinator** role was created in 2016 for each of the 4 Regions, with general oversight of the Region and jurisdiction over all sustainability aspects. The Regional Sustainability Coordinator ensures the integration of sustainability into regional operating processes, continually liaising with the Sustainability Planning and Reporting Department, and coordinating with other regional functions.
Each Regional Sustainability Coordinator reports to the respective Regional COO and coordinates the Regional Sustainability Committee.

GLOSSARY
Materiality analysis; SRI

In 2016, 472 targets (compared to 232 in 2015) covering social, environmental, and climate change issues were incorporated into the variable compensation system for specific sustainability project leaders, Energy and Environmental Health and Safety (EHS) managers, and relevant staff at plant level.

THE SUSTAINABILITY MANAGEMENT SYSTEM

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

- the Code of Conduct and related Company policies, approved by the Board of Directors, which set out the Company's approach to key issues
- 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
- the Materiality Matrix, which defines social and environmental priorities
- the Sustainability Plan, also including long-term targets, which identifies action priorities and confirms commitments undertaken
- the annual Sustainability Report, which discloses the Company's performance on sustainability aspects, expanding on and completing the information provided in the Annual Report
- a summary included in the Annual Report of material sustainability-related issues, supplementing the financial data
- a set of approximately 200 sustainability-related Key Performance Indicators (KPIs), designed to provide maximum coverage of all the key environmental, social, and governance aspects, in line with GRI Standards and those of the major sustainability rating agencies
- the CNH Industrial website, which includes a dedicated top-level sustainability area presenting the contents of the most recent Sustainability Report, along with regular updates throughout the various reporting cycles.

The Sustainability Planning and Reporting Department also has a dedicated email address that stakeholders can use to make requests, ask questions or provide feedback. It can be found on the Company website. Emails are checked daily and any requests that cannot be managed directly are forwarded to the appropriate office.

CODE OF CONDUCT

The code of conduct (hereinafter, Code of Conduct), adopted in 2014 by the Board of Directors, forms an integral part of the Company's internal control system; it sets out the principles of business ethics that CNH Industrial adheres to and that directors, employees, and those acting for or on behalf of CNH Industrial are required to observe.

The Code of Conduct addresses the ethical aspects of economic, social, and environmental issues. Explicit reference is made to the UN's Declaration on Human Rights, the relevant International Labour Organization (ILO) Conventions, and the OECD Guidelines for Multinational Companies.

In addition to the Code of Conduct, CNH Industrial has established Company policies and internal and business processes that supplement the Code of Conduct and provide more detailed guidance to employees.

The Company encourages its employees to actively engage in the detection and prevention of misconduct, through the reporting of activities that violate applicable laws, the Code of Conduct or Company policies. Reporting potential violations gives the Company the opportunity to investigate matters and take corrective actions, reducing the risk or damage that could otherwise affect the employee in question, co-workers, the Company, or the communities in which it operates.

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

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

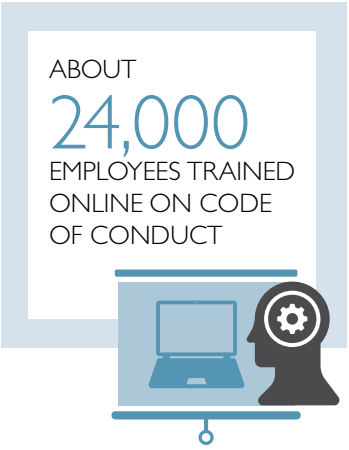
- Conflict of Interest Policy
- Insider Trading Policy
- Anti-Corruption Policy
- International Trade Compliance Policy
- Competition Policy
- Compliance Helpline Policy
- Health and Safety Policy
- Human Rights Policy
- Environmental Policy
- Community Investment Policy
- Corporate Communications Policy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

The Code of Conduct is available in the Governance section of the Company's website.

In 2015, CNH Industrial issued its **Supplier Code of Conduct**, available in multiple languages on both the Company's website (in the Suppliers' section) and Intranet site. The Supplier Code of Conduct covers numerous topics including: labor and human rights (child and/or forced labor, wages and working hours, freedom of association, health and safety, and discrimination); the environment; trade restrictions and export controls; business ethics (improper payments, accurate records, confidential information, conflicts of interest, fair competition, anti-money laundering); supplier relations; and the reporting of violations. 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.

APPLICATION AND MONITORING

Available in 16 languages (Chinese, Czech, Danish, Dutch, English, French, German, Hindi, Italian, Polish, European Portuguese, Latin American Portuguese, Russian, European Spanish, Latin American Spanish, and Turkish), the Code of Conduct can be viewed and downloaded via the Company's website and Intranet, and hard copies are available from the Human Resources Department. The Code of Conduct applies to the members of the CNH Industrial 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.



The principles and values of good corporate governance established in the Code of Conduct are conveyed, through periodic training and other communication channels, to all employees irrespective of their level or role. The dissemination of the Code of Conduct and the respective training activities were supported and reinforced during the year through a comprehensive communications campaign. In 2016, around 24,000 employees received online training on the Code of Conduct. In addition, in-person training on the Code of Conduct was provided to all hourly employees (see also page 80).

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 parties with whom it has long-term relationships. Company contracts include specific clauses relating to the recognition of, and adherence to, the fundamental principles of the Code of Conduct and related policies, as well as compliance with applicable laws, particularly those related to bribery, money laundering, terrorism, and other corporate criminal liabilities. In addition, compliance with the Supplier Code of Conduct is a requirement for continuing business relations with CNH Industrial.

GRI STANDARDS
GRI 102-17

INVESTIGATIONS AND REPORTING

The **Compliance Helpline** was launched globally in January 2015 and is available in 14 languages. The Compliance Helpline is a reporting tool that provides CNH Industrial employees, customers, suppliers, and other third parties with an additional means to report potential violations of applicable laws, Company policies or the Code of Conduct. Reports can also be submitted in person to a manager or other Company representative, via Internet[1] or dedicated phone lines. Where permitted by applicable laws, reports may be submitted on an anonymous basis. The Compliance Helpline is managed by an independent third party.

CNH Industrial employees have an obligation to report misconduct. The Compliance Helpline is an important tool to help encourage reporting and foster a culture of individual as well as collective responsibility for compliance and ethics. Company policy protects anyone reporting a concern in good faith from retaliation of any kind.
The Company is committed to responding to every report submitted through the Compliance Helpline. A global case management system, implemented in conjunction with the launch of the Compliance Helpline, helps ensure thorough tracking and timely resolution of investigations. Investigations are primarily conducted by Internal Audit, the Legal Department, Human Resources, or the Compliance and Ethics function. Additionally, regional committees comprised of representatives from Human Resources, Internal Audit, and Compliance or Legal are responsible for providing oversight of investigations within their respective Regions.

All reported matters are evaluated to determine their *materiality* according to criteria approved by the Global Compliance & Ethics Committee (GC&EC). Whether a matter is defined as *material* depends on aspects such as the amount of the penalties or monetary losses involved, the seniority of the implicated person, or the nature of the violation. Matters defined as material are escalated to either the applicable Regional Compliance & Ethics Committee (RC&EC) or the GC&EC, depending on their extent and severity, for the 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, matters involving allegations against a senior management employee at director level or above, and matters relating to bribery, fraud or accounting controls are all considered material at regional level. All such matters are reported to the GC&EC and the Audit Committee. Should a matter involve a member of senior or regional management, or have the potential to incur penalties or monetary losses in excess of $200,000, then it will be notified to the GC&EC.

In 2016, 38 cases were classified as material at regional level and reported to the applicable RC&EC, while 1 matter was classified as material at global level.

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, 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 to ensure a consistent disciplinary approach.

(1) *www.cnhindustrialcompliancehelpline.com*

In 2016, the Company responded to and/or investigated 566 matters submitted through the Compliance Helpline or other available corporate channels:

- 40 reports to the Compliance Helpline were related to employees seeking compliance guidance regarding specific business activities or Company policies
- 309 reported matters were HR-related issues, such as harassment, discrimination or general workplace conflicts
- 160 reported matters were related to business conduct (including 1 unsubstantiated case of anti-competitive practices)
- 60% of reports to the Compliance Helpline were submitted anonymously
- each investigation required an average of 42 days to complete
- 529 investigations were closed in 2016
- 298 allegations were substantiated as breaches of the Code of Conduct following investigations completed in 2016 (a 56% substantiation rate)
- of the 298 substantiated breaches of the Code of Conduct, 105 resulted in termination of employment, 162 in disciplinary actions, and the remaining 31 violations were addressed through other actions such as coaching, remedial training or review of the relevant policy
- no substantiated cases of bribery were reported to the Compliance Helpline in 2016
- 11 allegations of some type of discrimination were reported through the Compliance Helpline in 2016; 5 of these were substantiated and each resulted in disciplinary action.

Periodic Auditing

In 2016, the Company conducted and disclosed the results of 49 compliance-related internal audits: 3 regarding business ethics issues, 16 environmental and occupational health and safety issues, and 30 specific issues related to bribery, money laundering, and other aspects included in the Code of Conduct. 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.

Compliance Risk Assessment

In October 2016, the Compliance and Ethics function launched an improved compliance risk assessment, conducted via a web-based risk survey, involving 204 mid- to senior managers from numerous functions across all Regions. The survey's global completion rate was 81%.
Participants were asked to evaluate 40 key risks in terms of potential impact, likelihood, and the effectiveness of relevant internal controls.
The compliance risk assessment revealed strong consensus on a few risk areas deemed critical at global level, such as bribery, corruption, third-party risk, and supply chain integrity.
The Company is currently developing and implementing action plans to further address these risks in 2017.

In 2016, CNH Industrial conducted targeted training on the critical issues identified during the 2015 risk assessment, with a focus on the following topics:

- anti-bribery/corruption
- antitrust/fair competition
- harassment
- conflicts of interest.

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

ANTI-CORRUPTION

CNH Industrial's Anti-Corruption Policy is supplemented by means of regional addendums that take into account the specific corruption risk factors of each Region.

The Policy was disseminated to all Company employees and senior management across all Regions, and is available on the Company's Intranet portal in 14 languages.

The **Corruption Perception Index** published by Transparency International is generally used as a guide by the Company's Compliance Department and the RC&ECs in assessing and categorizing the specific risks and prevalence of corruption in each Region, 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 2016, online anti-corruption training was provided to 23,640 people (see also page 80).

Company employees are encouraged to report compliance issues (including corruption) by any of multiple means (e.g., by reporting to managers or via the Compliance Helpline). CNH Industrial engages in benchmarking with competitors to assess its approach and verify the continued adoption of best practices in preventing and detecting corruption.

CNH Industrial's internal audit program verifies, among others things, corruption prevention processes and controls. The results are submitted to both the Company's Audit Committee and senior management, 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 Region. The 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 develops training materials, provides classroom training, and develops and distributes legal alerts and other information to all applicable Company employees. The Global 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 recognition 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.

THIRD-PARTY DUE DILIGENCE PROCESS

In 2016, the Compliance and Ethics team developed a new Third-Party Due Diligence process using a new web-based third-party risk assessment and due diligence workflow tool. This new process gives the Company more insight into the specific risks posed by different third-parties based on attributes such as: location, type of interaction between the third party and the Company, and possible interaction between the third party and government officials in connection with its work for the Company.

The new process provides a ranking of high-risk third parties representing the Company in the marketplace (including dealers and distributors). Third parties identified as posing a high risk are subject to variable levels of due diligence based on their specific risk profile. Additional controls (such as particular contract provisions) may be implemented with higher risk third parties.

The due diligence process ranges from the basic screening of relevant watch lists to obtaining in-depth corporate intelligence reports from external diligence sources. Within the scope of the process, the individual RC&ECs and, if necessary, the GC&EC have oversight of high-risk third-party relationships.

HUMAN AND LABOR RIGHTS MANAGEMENT

CNH Industrial is committed to the creation of long-term sustainable value for all its stakeholders, and is firmly convinced that respect for fundamental human rights is a prerequisite to achieve this.
Respect for human rights is one of the Company's core values.
CNH Industrial operates in 180 countries, has over 62,000 employees, and 5,310 direct material suppliers, with 95% of procurement spending in favor of local suppliers. The Company's global presence requires the adoption of generally accepted principles in each geographic area in which it operates. CNH Industrial is therefore committed to respecting fundamental human rights and basic working conditions in all its operations, as stated in the Supplier Code of Conduct, the Company Code of Conduct, and in the Human Rights Policy that supplements it.
Code of Conduct principles are consistent with the spirit and intent of the United Nations' Universal Declaration of Human Rights, the OECD Guidelines for Multinational Companies, and the relevant Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO) (see also page 47).
The Company's Code of Conduct and policies apply to all directors, officers, and other employees of CNH Industrial, to its subsidiaries, and to all others who act on behalf of the CNH Industrial group of companies worldwide.
CNH Industrial's commitment to ensuring respect for human rights along the supply chain is another key aspect. Indeed, in its Code of Conduct, CNH Industrial is committed to selecting suppliers while also considering their social and environmental performance and the values outlined in the Code (see also page 165).
The Compliance Helpline (see also page 49) is an important tool for monitoring respect for human rights, providing 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.
Furthermore, in order to monitor the risks linked to violations of human rights, a specific risk driver has been included in the Enterprise Risk Management (ERM) system related to the management of partnerships and alliances (including joint ventures). Any risk identified concerns damage to the Company's reputation or profile or negative financial impacts resulting from ethical and/or reputational issues regarding its partners (e.g., conduct not in line with the Company's Code of Conduct and corporate guidelines). The ERM system is evaluated annually.
The head of each department is responsible for the respect for human rights.

Human Rights Assessment

CNH Industrial continuously monitors respect for human rights within its operations, and the issue's critical importance was also confirmed during the materiality analysis. The issue is considered a prerequisite for the proper running of the Company, and is therefore no longer highlighted in the Materiality Matrix (see page 18).
In this regard, in 2013, CNH Industrial's Internal Audit function launched a pilot project to monitor respect for human rights within the Company, involving the Human Resources functions. The project oversaw an impact assessment of the Company's operations on child labor and freedom of association, which was carried out by the Industrial Relations function and covered the entire scope of the Company through each Region's Human Resources function.
In the first year, the scope of the Internal Audit project included Italy, Spain, Belgium, France, and Germany, with a coverage of about 30,000 employees, representing 42% of the total CNH Industrial workforce.
In 2014, the assessment was integrated into standard procedures and extended to the APAC Region, where a survey was carried out in India involving more than 90% of CNH Industrial India's workforce.
In 2015, it was extended to China, where the survey was conducted on CNH Industrial's main legal entities in China and on some non-consolidated joint ventures, which together represent about 50% of CNH Industrial's total workforce in China.
In 2016, the assessment was extended to LATAM, involving 59% of the Region's total workforce.
The assessment did not identify any particular concerns or issues. The main points highlighted were:

- the need to implement a Privacy Policy for employee data collection and monitoring in China, based on Chinese cultural and social practices
- the need to evaluate extending parental leave benefits for legally adopted children in LATAM, as a measure to promote and improve favorable conditions in the workplace.

The assessment complied with the requirements of Art. 17 and 18 of the Guiding Principles on Business and Human Rights, 2011[2] (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 (see page 72).

After the activities were carried out, CNH Industrial highlighted the following as critical areas for monitoring in terms of human rights:
The following emerged as important factors:

- non-discrimination
- child labor
- freedom of association and collective bargaining
- occupational health and safety.

Non-Discrimination

CNH Industrial does not accept discrimination against employees in any form on the basis of: race, gender, sexual orientation, social or personal status, health, physical condition, disability, age, nationality, religion, or personal beliefs, or against any other protected group. The Company recruits employees on the basis of their qualities, experience, and skills and is committed to providing equal opportunities to all employees, both on the job and in their career advancement. The head of each department shall ensure that, in every aspect of the employment relationship, such as recruitment, training, compensation, promotion, transfer, or termination, employees are treated according to their abilities to meet job requirements, and that all decisions are free from any form of discrimination.
For further information on how CNH Industrial manages diversity and equal opportunities, see also page 70.
For information on how this aspect is approached in the management of the supply chain, see page 165.

Child Labor

As stated in the Code of Conduct, CNH Industrial does not employ any form of forced, mandatory, or child labor and does not employ anyone younger than the legal working age established by the legislation of the jurisdiction in which the work is carried out; in any case, the Company employs no one younger than 15, unless an exception is expressly provided by international conventions and by local legislation (see also page 72).
CNH Industrial is also committed to not establishing or maintaining working relationships with suppliers that employ child labor, as defined above (see also page 165).
To the Company's knowledge, there is no use of child or forced labor at the plants of its suppliers.

Freedom of Association and Collective Bargaining

According to 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 local applicable legislation. When engaging in negotiations with such representatives, CNH Industrial seeks a constructive approach and relationship.
For further information on freedom of association and collective bargaining, see also page 73.
For information on how this aspect is approached in the management of the supply chain, see page 165.

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 improve an effective occupational health and safety policy, which implements preventive measures both at individual and collective levels, to minimize the potential for injury in the workplace.

[2] *United Nations' Guiding Principles on Business and Human Rights: implementing the United Nations "Protect, Respect and Remedy" Framework 2011.*

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 also CNH Industrial's Health and Safety Policy).
For further information on occupational health and safety, see also page 86.
For information on how this aspect is approached in the management of the supply chain, see page 165.

Conflict Minerals

Another demonstration of CNH Industrial's respect for human rights is its stand against natural resources extracted in conflict zones. Specifically, CNH industrial has implemented a compliance program and policy intended to promote responsible sourcing of tin, tantalum, tungsten, and gold (3TG) from the Democratic Republic of Congo (DRC) and surrounding region (conflict minerals), where revenues from the extraction of natural resources have historically funded armed conflict and human rights abuses.
In particular, the Company has implemented measures across its supply chain designed to address disclosure obligations under the Dodd-Frank Act and regulations adopted by the US Securities and Exchange Commission regarding the source of 3TG that may originate from the Democratic Republic of Congo and specific surrounding countries.
CNH Industrial performed due diligence on the source and origin of 3TG in Company products. The Company's due diligence measures have been designed to conform, in all material respects, with the due diligence framework presented by the Organization for Economic Co-operation and Development (OECD) in the OECD publication (2013) – Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas: Second Edition, OECD Publishing (OECD Guidance) and the related supplements for gold, tin, tantalum, and tungsten.
CNH Industrial's Conflict Minerals Policy was adopted in 2013 and is available on the Company website. The Policy is intended to promote sourcing from responsible sources in the Democratic Republic of Congo and surrounding region. The Company performs its supply chain due diligence consistently with OECD guidelines.
CNH Industrial is committed to making reasonable efforts to establish, and to require each supplier to disclose, whether 3TG are used or contained in products purchased by the Company. If such minerals are contained in the products purchased from suppliers, they must identify their sources and eliminate procurement, as soon as commercially practicable, of products containing 3TG obtained from sources that fund or support inhumane treatment in the Democratic Republic of Congo or the surrounding region.
CNH Industrial expects its suppliers to meet their commitments under its Conflict Minerals Policy. In particular, the Company expects its suppliers to conduct a reasonable inquiry into the existence and origins of 3TG in their supply chains, and to provide written evidence of the due diligence documentation. CNH Industrial reserves the right to reassess future business dealings with suppliers who fail to comply with this Policy.
CNH Industrial's products are highly complex, typically containing thousands of parts from many direct suppliers. The Company has relationships with a vast network of suppliers throughout the world. In addition, there are generally multiple tiers between the 3TG mines and CNH Industrial's suppliers. Therefore, the Company must rely on its direct suppliers to work with their upstream suppliers to provide accurate information on the origin of any 3TG contained in components and materials purchased by CNH Industrial. As the Company enters into new agreements and relationships with suppliers, it is adding a clause that requires suppliers to provide the necessary 3TG information on a prospective basis.
Because of the scope and complexity of CNH Industrial's supply chain, the Company developed a risk-based approach focused on its major direct suppliers, as well as on direct suppliers that it believed were likely to provide the Company with components containing 3TG from the Covered Countries (collectively, the Surveyed Suppliers). CNH Industrial requested that all Surveyed Suppliers provide information regarding 3TG and smelters, using the template developed by the Conflict Free Sourcing Initiative, known as the Conflict Minerals Reporting Template

GLOSSARY
Conflict minerals; Ergonomics

(the Template). The Template was developed to facilitate disclosure and communication of information regarding smelters and refiners that provide material to a manufacturer's supply chain. It includes questions regarding a direct supplier's conflict-free policy, its due diligence process, and information about its supply chain, such as the names and locations of smelters and refiners as well as the origin of 3TG used by those facilities.
In 2015, pursuing the Company's commitment to support industry efforts for the responsible sourcing of minerals from conflict regions, CNH Industrial became a member of the *Conflict Free Sourcing Initiative* (CFSI). The CFSI operates a smelter validation program to certify those smelters and refiners that are conflict-free, thereby helping companies verify the origins of minerals in their supply chain and ensure that those minerals are not funding armed conflict or human rights abuses in the DRC region. The CFSI also offers members opportunities for information sharing, and helps companies implement best practices through the development of reporting tools and training.

FINAL RULINGS

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 2016, no significant final rulings were issued against the Company for violations of laws in the following areas: the environment, rights of local communities and impacts on society, marketing and advertising, privacy and loss of customer data, anti-competitive behavior and antitrust, intellectual property, contractual liability, product responsibility, product and service information and labelling, sales of banned or disputed products, anti-corruption and anti-bribery, and labor and social security.

Additional Information

Since January 2011, IVECO, a wholly owned subsidiary, and its competitors have been subject to an investigation by the European Commission (hereafter the *Commission*) into certain business practices in the European Union in relation to medium and heavy trucks.
In the first quarter of 2016, CNH Industrial recorded an exceptional, non-tax deductible charge of €450 million ($502 million) in relation to the investigation and related matters. On July 19, 2016, the Commission announced a settlement with IVECO under which the Commission imposed a fine of €495 million ($543 million as at date of payment). As a result of this settlement, the Company recorded an additional non-tax deductible charge of €45 million ($49 million) in the second quarter of 2016. The fine was paid on October 20, 2016.
The case dates back to 1997, with the most serious conduct occurring no later than 2004. After such date, the alleged conduct took place in Germany (although the Commission argues that the exchange of information in a single country may have an anti-competitive effect across the EU because of the pan-European nature of the trucks issue). In other words, these facts are associated with a company that was very different - in terms of culture, management, and nature of shareholding - from the current CNH Industrial. From a legal standpoint, CNH Industrial inherited the legal entities that were part of the former Fiat Group, and therefore legally inherited their liabilities. However, the current management of CNH Industrial has nothing in common with the management that allegedly violated the antitrust rules. Furthermore, CNH Industrial implemented a robust compliance program aimed at preventing similar conduct. From the start of the investigation, the Company cooperated with the European Commission and tried to avoid taking an unnecessarily adversarial approach. To this end, the Company reached a settlement to close the matter expeditiously and to focus on the business challenges posed by the current situation in the EU and elsewhere.

Labor and social security disputes culminating in final court judgments in 2016 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 93% of all such judgments against the Company, or approximately 83% of the Company's total payout. However, in the specific context of Brazil, these judgments were not exceptional in nature or in number.

RISK MANAGEMENT

CNH INDUSTRIAL RISK MANAGEMENT

In accordance with the regulatory guidelines requiring companies to adopt appropriate corporate governance models, and in response to market demands for enhanced transparency and disclosure on the risks associated with company activities, CNH Industrial has adopted its own Enterprise Risk Management (ERM) system. The adoption of a formal ERM system was also driven by the need for a systematic approach to identify and evaluate the risks associated with the Company's business activities and to manage business performance from an integrated risk-return perspective. CNH Industrial's ERM methodology defines risk as any event that could affect the Company's ability to meet its objectives. The methodology enables the timely identification of risks and the evaluation of their significance, and allows action to be taken to mitigate and, where possible, eliminate them. Taking the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as a starting point, the model was then adapted to CNH Industrial's specific requirements, incorporating Company knowledge contributed by management as well as best practice indicators identified through comparison with other industrial groups.

Through this process, the Company has identified 52 primary risk drivers, further broken down into 85 specific risk events. Primary risk drivers include a number of significant topics, such as business operations, competitive factors, and regulatory compliance. Risks are classified according to the probability of occurrence and potential impact on profitability, business continuity, and reputation (or a combination of these elements), which determine the significance of a risk when analyzed holistically and in conjunction with other identified risks. For events that could potentially exceed predetermined risk thresholds, existing measures are analyzed and future containment measures, action plans, and persons of reference are identified to proactively address the specific events and/or corresponding risks. This process involves a bottom-up analysis starting at the business unit level, with risk surveys completed by business and function leaders worldwide. This is followed by one-on-one interviews with Group Executive Council members, targeted risk presentations by upper management, and ultimately, after respective reviews and input from the CFO and CEO, a final risk assessment presentation to the Audit Committee.

For more information on risks, risk management, and control systems, see also the EU Annual Report, page 69.

RISK APPETITE

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

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

Risk Category	Category description	Risk appetite
STRATEGIC	Strategic risks may affect CNH Industrial's long-term strategic business plan performance targets, innovation roadmap and sustainability objectives. Strategic risks include economic and political developments and the ability of the Company to anticipate and respond in a timely manner to unfavorable market developments.	Taking into consideration CNH Industrial stakeholders' interests as well as cost/benefit considerations in pursuing its long-term targets, the Company has a responsible appetite concerning strategic risk. The Company recognizes the necessity to continually invest in research & development and manage its portfolio of businesses, which are cyclical and subject to sometimes volatile global political and economic environments.
OPERATIONAL	Operational risks include adverse, unexpected impacts resulting from internal processes, people and systems, or from external events linked to the actual operation of the Company's portfolio of businesses.	CNH Industrial seeks to minimize the occurrence and adverse consequences of unforeseen operational failures by maintaining a consistently efficient and effective manufacturing system, delivering high quality products and services, maintaining reliable IT systems and honoring sustainability commitments via a balanced risk/reward approach.

GRI STANDARDS
GRI 102-30

Risk Category	Category description	Risk appetite
FINANCIAL	Financial risks include uncertainty of financial return and the potential for financial loss due to capital structure imbalances, inadequate cash flows, asset impairments and the volatility of financial instruments associated with foreign exchange and interest rate exposure.	CNH Industrial has a prudent risk appetite with respect to financial risks (such as liquidity, market and interest risks, as explained in more detail in Note 33 of the Consolidated Financial Statements). In addition, the Company, through capital market transactions, cash balances and medium-term bank credit line agreements seeks to maintain capital structure profile and access to liquidity to fund ongoing operations and maintain its covenant compliance.
COMPLIANCE	Compliance risks cover unanticipated failures to comply with applicable laws, regulations, policies and procedures.	CNH Industrial has an averse risk appetite with respect to compliance risks and requires full compliance. The Company takes appropriate measures in the event of a breach of applicable laws and/or the Company's Code of Conduct.

ENHANCEMENTS TO THE RISK MANAGEMENT SYSTEM

The development and implementation of an effective and robust ERM system requires continuous evaluation and improvement. As part of these efforts, CNH Industrial took several steps in 2016 to further enhance the risk assessment process that included the following:

- Risk Assessment process: during the first quarter of 2016, the Company developed and distributed risk assessment surveys for completion by upper management across all Company Regions, segments, brands, and functions. Survey results were consolidated and calibrated to provide a broad Company perspective concerning key and emerging risks. These risks were then incorporated into the overall risk assessment process for the year
- Targeted Risk focus: in the second quarter, the Company initiated a series of risk presentations by Group Executive Council members to the Audit Committee and/or Board of Directors, providing targeted updates concerning key risk topics and corresponding countermeasures
- Risk Reporting: risk assessment update reporting was provided to the Audit Committee in December 2016 (as opposed to early in the second quarter in previous years) to provide a more meaningful view of the current year's risk profile and emerging risks to be addressed in the following year and beyond
- ERM Program Enhancement Project: CNH Industrial is continuing to develop its ERM program, including promoting the risk culture across the Company, enhancing the value of the program, and enhancing alignment with external disclosure requirements (e.g., Dutch law and Dutch Corporate Governance Code).

PURE RISK MANAGEMENT[1]

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

The 4 pillars of pure risk management consist in:

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

(1) Pure risks are risks resulting from natural causes or accidental or malicious acts (fires, explosions, floods, etc.) that may result not only in damage to goods or facilities, but also in the short or long-term interruption of operations.
(2) The risk management process is led by FCA Risk Management, which provides its services to CNH Industrial.

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 570 sites worldwide[3]).
The risk management process is executed with maximum transparency and the highest level of expertise, supported by consulting companies specializing in industrial risk that perform field audits to ensure in-depth, continual, and impartial risk assessments across the entire Company.
In 2016, the Risk Management Center of Competence managed 91 sites, representing 86% of the insured value. To achieve continual and efficient industrial risk monitoring, a selection process ensures that over 95% of the sites within the scope are surveyed every 3 years, and more than 50% every year.
In 2016, 40 sites were inspected (covering approximately 54% of CNH Industrial sites) and 79 new projects were tracked, verifying the highest level of compliance with international loss prevention standards.
During the year[4], CNH Industrial's investment in loss prevention and mitigation measures totaled around $4.9 million in recommended improvements to align the sites to CNH industrial's relevant loss prevention standards. These targeted investments cut loss expectancies by approximately $1 billion, resulting in a Global Efficiency Index (GEI) of 0.51[5], in line with the highest international standards.

CNH Industrial's Risk Management Center of Competence works to develop forward-looking, risk engineering approaches and solutions.
Industrial losses from natural hazards are on the rise, e.g., from earthquakes, flooding, tornadoes, and severe storms. Climate change will further alter the magnitude and frequency of hydrological and meteorological disasters, or perhaps already has, and may introduce new hazards in areas unused to them.
In order to strengthen sustainability and resilience within CNH Industrial, the risk management function launched several forward-looking, innovative risk engineering approaches and solutions to better understand the impacts of natural hazards and to properly respond to this knowledge. The ability to assess the losses and costs associated with natural hazards is in fact essential for better decision making on the alternatives for hazard mitigation.
Managing supply chains in today's competitive world is increasingly challenging. CNH Industrial's Risk Management Center of Competence is working on a dedicated initiative to implement suitable strategies to manage both every day and exceptional risk.
This is particularly evidenced by the development of specific projects that 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
- supply chain risk mitigation through improved confidence.

The Risk Management Center of Competence provides a critical, real-time contribution to the Company's sustainable development and competitive advantage in a fast-changing, competitive, and global business environment, with a focus on:

- fine-tuning the existing tools, processes, and measurement and modeling of risks, in order to facilitate a more complete risk-based business decision analysis 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.

(3) Source: 2016 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.
(4) Figures relate to the period from July 1, 2015 to June 30, 2016 (Insurance Year).
(5) Global Efficiency Index for loss mitigation measures (GEI = cost of protection/reduction of expected damage) is recognized as a measure of best practice for industrial risk management.

GRI STANDARDS
GRI 201-2

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 has developed an innovative risk management methodology in collaboration with: the Company's EHS (Environmental Health & Safety) departments, a major international consultancy and certification firm, and an insurance partner. This methodology has enabled CNH Industrial to:

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

Approximately 70% of CNH Industrial's total insured value was analyzed and quantified using this methodology. To validate information collected through self-assessments, 18 on-site visits (4 in 2016) were conducted at a group of sites selected as suitably representative of the Company in terms of size, activities, and geographical distribution. The surveys, organized by the EHS department for each operating legal entity, are conducted by environmental risk engineers from a leading global environmental risk insurer to validate the consistency of the self-assessment checklists and identify possible improvement opportunities.

These activities provided the basis for the development of the Company's first environmental maps. These maps provide a quantification of the overall level of risk using a scientifically-based, 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

Today, CNH Industrial's Risk Management benefits from the long-term research project carried out with AXA MATRIX Risk Consultants and the Università degli Studi di Napoli Federico II, aimed at developing cutting-edge, quantitative seismic risk assessment methods and scientifically-based risk management procedures.

The workgroup 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 enabled 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 considering different knowledge levels as inputs and of providing a quantitative measurement of seismic risk:

- level 1 – relative, mainly for prioritization purposes
- level 2a – absolute analysis based on existing fragility curves
- level 2b – absolute analysis based on computed fragility curves.

The procedure allowed classifying and prioritizing the Company's sites based on seismic risk, facilitating decision making and the identification of the highest ranked 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.
Moreover, the research project was launched after the final phase of 2012's earthquake in Emilia-Romagna (Italy), marking the first time an advanced device for real-time seismic risk monitoring was ever installed at a pilot plant. The objective was to provide a tool to help decision making during the hours/days after an event (during the aftershocks following a strong earthquake).
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.

In 2015, the project reached the implementation stage, with the Integrated Approach applied to selected CNH Industrial plants worldwide. Furthermore, standardized output forms were defined, permitting the collection and reporting of results in a concise and easy-to-communicate way.
By the end of 2016 the working group consolidated and extended the application of the *Integrated Approach* to 23 key sites.

Potential Impact Analysis of Climate Change

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

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

Ten years after the launch of the first flood risk re-engineering project, CNH Industrial Risk Management decided to form a new working team to verify whether the methodologies used to identify and quantify flood exposures were still the most advanced available.
The team is made up of specialists from the loss prevention engineering departments of 4 companies recognized as world leaders in the fields of insurance and reinsurance.
Through their natural hazards research centers, the reinsurance companies supplied mapping tools that utilize geomorphological satellite imagery and mathematical modeling. These tools were used to carry out the first macro analysis of the risk portfolio.
The risk analysis performed by the companies' engineering departments, specialized in field assessments, was based on visual and/or tool-based interpretation techniques and field checks. The aim of the project was to establish an agreed state-of-the-art methodology for industrial flood risk assessment.
In 2015, the operational procedures and tools to be used before, during, and after a loss prevention survey by the field engineer were developed.
The new methodology has been tested on the CNH Industrial EMEA portfolio (48 sites), identifying the sites where a second flood risk study has been recommended (22 sites). These sites have been included in the loss prevention visit schedules.
13 sites have already been revisited using the new flood risk assessment tool, identifying 2 new sites potentially exposed to flood risk.

In 2016, the re-engineering project was launched in NAFTA, with the aim for it to be in place by 2017.

Mitigating Supply Chain Risk through Improved Confidence

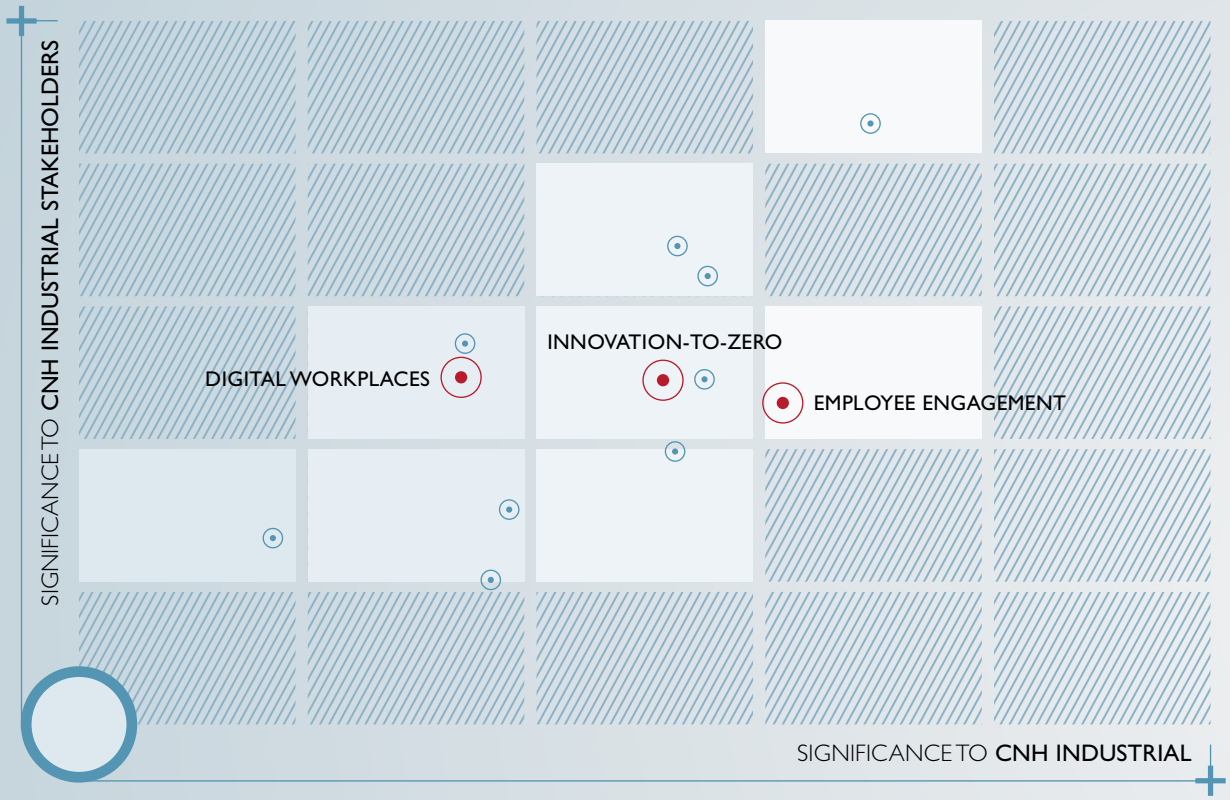
Managing supply chains in today's competitive world is increasingly challenging. This is particularly true in the capital goods industry due to:

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

Supply chain risk management, given its focus both within and outside the Company, is increasingly a management priority, given that any company proactively handling risk will not only focus on its own risk, but also on that within its supply chain.
In 2013, Risk Management developed and launched the first initiative to identify and list key suppliers, based on a semi-quantitative approach using the data collected by field engineers during plant surveys and discussed with senior plant management.
In 2014, Risk Management developed a second project with the support of the Purchasing Departments and Sustainability Teams.
The project's goal is to collaborate with suppliers in collecting adequate information to verify that the suppliers' Risk Management departments are implementing the necessary processes to secure supply flow.
This project was approved by senior management in June 2014, and 4 key suppliers were selected for pilot testing in 2015.

Precautionary Principle

CNH Industrial's commitment to safeguarding the environment is based on a precautionary approach, aimed at anticipating potential risks that could impact the environment and human health. CNH Industrial applies the precautionary principle introduced by the Rio Declaration on Environment and Development, both in designing its products and in managing its manufacturing processes. The process of product development (see also page 154) identifies, within its various phases, appropriate deliverables designed to anticipate future regulations on environmental issues related to product use. Special focus is given to solutions that favor the use of recycled materials and exclude the use of hazardous substances that are monitored through the IMDS database, which is updated by suppliers themselves (see also page 243). Furthermore, innovation projects carried out in partnership with leading universities across the world give CNH Industrial privileged access to the latest scientific developments regarding product aspects (see also page 145). Through a consolidated environmental management system and the implementation of World Class Manufacturing (WCM), CNH Industrial evaluates the magnitude and importance of all impacts, as well as governing processes systemically and managing its environmental and social aspects, aiming at continuous improvement. Many voluntary initiatives are carried out within plants to mitigate the environmental impact of manufacturing processes. In 2016, CNH Industrial's overall expenditure on environmental protection exceeded $38 million, broken down as follows: approximately $27 million for waste disposal and emissions treatment, and over $11 million for prevention and environmental management. This demonstrates CNH Industrial's strong commitment to reducing its environmental footprint, involving all impact factors, including: the selection and use of raw materials and natural resources, their processing, the management of product end-of-life, component remanufacturing (see also page 239), and product disposal.



HOW WE MANAGE OUR PEOPLE

Material topics described in this chapter, for definitions see pages 255-256.

MANAGEMENT FRAMEWORK

CNH Industrial considers its people an essential resource. When operating in dynamic and highly competitive industries, success is achieved first and foremost through the talent and passion of skilled individuals. Indeed, the Company strongly believes that business growth is made possible through personal growth, which is why it invests its business gains in the development of its people, creating a virtuous circle.
As shown in the materiality analysis, both **employee engagement** in sustainability matters and **digital workplaces** are key contributors to being a more sustainable Company. These material topics affect, both directly and indirectly, how employees adapt their approach to the changing workplace environment.

> MOST PEOPLE DON'T REALLY UNDERSTAND WHAT SUSTAINABILITY MEANS TO A COMPANY LIKE CNH INDUSTRIAL. **EMPLOYEE EDUCATION** IS THEREFORE KEY TO FOSTERING THE **CREATION OF IDEAS**.
>
> **EMPLOYEE** NAFTA

Employee engagement, intended to increase employee awareness of sustainability topics (especially in terms of environmental protection, health and proper nutrition, and food security and food waste), plays an important role in reaching the Company's goals, and hence is considered a strategic element in dealing with the 3 megatrends identified.
In 2016, CNH Industrial organized numerous employee engagement and awareness activities, including training projects focusing on particular environmental topics (see page 183). Other training initiatives were specifically organized to address buyers and Supplier Quality Engineers (SQEs) in EMEA, focusing on environmental management and safety in the workplace (see page 173).
Other activities included: a project launched in EMEA to assess the level of sustainability knowledge (see page 22); the *Green Initiative* in Jesi (Italy) (see page 192); the celebration of *World Environment Day* through an initiative via the corporate Intranet (see page 192); and a multi-channel campaign to inform employees about the Company's actions on sustainability (see page 85).
The Company also supported a variety of health initiatives aimed at preventing specific diseases and health issues and at encouraging healthy behaviors (see page 91); it also organized several activities and information campaigns to raise employee awareness of health risks and preventive measures and to address global health issues (see page 92).

As regards **digital workplaces**, the Company fosters the use of 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. As a result, activities are implemented to make it easier for employees to adopt the latest technologies and new ways of working in all areas of business (both office and manufacturing), while ensuring Company and personal data is properly managed and secure.
CNH Industrial is using a multi-disciplinary approach to digitalize the workplace across the Company: some initiatives are led by the different departments to meet specific needs, others are initiated Company-wide. Many of these initiatives are referenced in the chapters of this Report: the overall training process, managed through a global Learning Management System and available to employees via the corporate Intranet, is described on page 80; the *Harvard Manage Mentor®*, a global initiative for on-demand individual leadership development, on page 81; *Did You Know?*, a campaign aiming at helping employees make better use of the corporate Intranet, on page 84; Intranet access to hourly employees, on page 84; *COMF-Location,* an initiative enabling employees to work at the most conveniently-located office for them, on page 95; the *Anti-Phishing Campaign*, on page 85; *Work from Home*, on page 95; the NAFTA policy on flexible work arrangements, on page 94; and Teleworking in EMEA, on page 95.
CNH Industrial's commitment is stated in the Code of Conduct and in the Human Capital Management Guidelines. The Company's Code of Conduct and Policies were approved by the Board of Directors, distributed to all employees, and are available on the corporate website and Intranet portal.
For further information, see the Code of Conduct on page 47.

From an operational point of view, the Chief Human Resources Officer (CHRO), who is also a member of the Group Executive Council (GEC), is responsible for the management of human capital. The initiatives focusing on the material topics associated with human capital are managed by the Heads of Human Resources of each Region, supported by Internal Communications. They are also responsible for the management at regional level of work-life balance initiatives and of employee engagement in sustainability topics. Health and safety protection in the workplace, on the other hand, is promoted in every area of operations and in every country by a dedicated organizational structure (Environmental Health and Safety - EHS), established in each Region within the scope of manufacturing.

GLOSSARY
Material topic; Materiality analysis

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

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 by the Regions and included in the Sustainability Plan (see also page 27), 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 also page 75); in particular, the Compliance Helpline is an operational tool that enables employees to report potential violations of corporate policies, the Code of Conduct, or applicable laws (see also page 49).
The following pages provide further details of the initiatives and projects focusing on people management, as well as the resources allocated and the mechanisms used to evaluate their effectiveness.

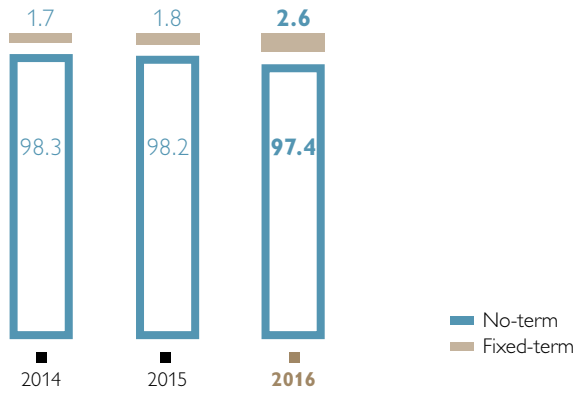
LABOR PRACTICES

CNH Industrial believes its people are its most precious asset. Efforts to implement an inclusive recruitment practice, and the best use of available talent in the different Regions, forms the basis for developing the ability to attract a diverse and qualified workforce. The Company strives to provide its employees with an attractive compensation package, believing this to be a key factor in retaining employees. Base salary, benefits, and long-term incentives are determined by market-driven benchmarks, therefore ensuring fair and objective treatment for all employees in the different markets around the world. 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 also page 76).

EMPLOYMENT

A total of 97% of the Company's current employment contracts are no-term contracts, 98% of which are full-time. Fixed-term contracts represent approximately 3% of all contracts. During the year, 434 contracts were changed into no-term contracts, 13% of which were with female employees. Around 2% of the Company workforce is employed part-time, of which approximately 54% 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, 2016, agency contracts accounted for 3,110 personnel, of which 69% in EMEA, 6% in NAFTA, 2% in LATAM, and 23% in APAC. This type of contract is entered into or renewed, in compliance with the applicable legislation and CLA provisions, in relation to business needs, and is thus ultimately subject to variation in relation to the specific market requirements.

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



As of December 31, 2016, CNH Industrial had 62,828 employees, a decrease of 1,563 from the 64,391 figure at year-end 2015. The change was mainly attributable to the difference between new hires (approximately 4,900) and departures (approximately 6,500) during the year. A further increase of approximately 100 employees was due to changes in the scope of the operations, related mainly to the insourcing of accounting activities from Fiat Chrysler Automobiles (FCA) in EMEA.

GRI STANDARDS
GRI 102-8

EMPLOYEE TURNOVER

CNH INDUSTRIAL WORLDWIDE (no.)

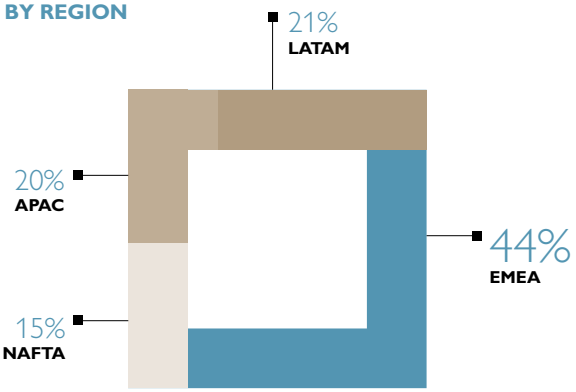
	2016	2015	2014
Employees at January 1	**64,391**	69,207	71,192
New Hires	**4,888**	3,792	5,016
Departures	**(6,548)**	(8,424)	(7,800)
Δ scope of operation	**97**	(184)	799
Employees at December 31	**62,828**	**64,391**	**69,207**

Most hiring occurred in EMEA, with 44% of total new hires, followed by LATAM, with 21%. About 45% of new hires were aged 30 or under. Female employees accounted for 17% of the year's new hires. In 2016, approximately 67% of new hires were employed under no-term contracts.

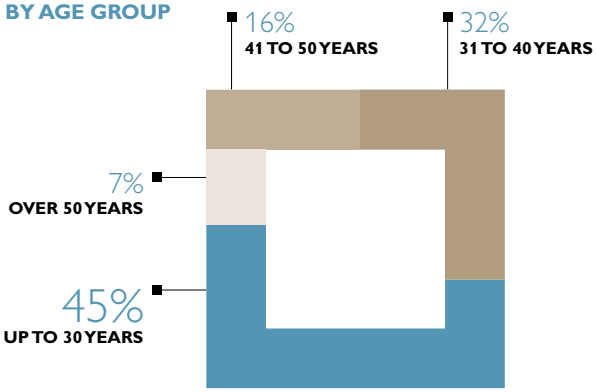
NEW HIRES

CNH INDUSTRIAL WORLDWIDE

BY REGION



BY AGE GROUP



In 2016, there were approximately 6,500 departures from the Company, almost 30% 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 detail, more than 59% of collective redundancies were managed through contract terminations at the Company's initiative, with payment of severance packages and other supporting measures as per agreements with unions and/or employee representatives. Dismissals of US employees in permanent layoff and departures following the end of employees' recall rights, according to the applicable permanent layoff rules, represented 25% of total collective redundancies (see also page 104). Voluntary resignations with exit incentives, or terminations of temporary contracts at sites affected by collective dismissals, accounted for 12%, and dismissals managed through retirement and/or early retirement schemes accounted for 2.4%.

The residual 1.6% mainly included voluntary exits without incentives that occurred at sites affected by a collective redundancy program, and which were linked to it.

In 2016, more than 100 employees from sites affected by downsizing or restructuring projects, including those launched in previous years, accepted permanent transfers to other locations, thus limiting the potential impact of collective dismissals.

CNH Industrial also provides opportunities for transfers between segments and countries. During the year, more than 450 CNH Industrial employees transferred between countries, or between legal entities within the same country. As regards departures, the highest percentage was reported in EMEA (36%) and NAFTA (26%), and in the 30 or under age group (28%).

More details on turnover data are available in the Appendix (see pages 260-261).

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 and fair 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 system that comprises a number of different components. The comprehensive package rewards employees for their contribution to the Company's results, provides development opportunities, and allows employees 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, therefore ensuring fair and objective treatment for all employees in the different markets around the world. The specific criteria for adjustments focus on closing competitive gaps with respect to market position, giving priority to top performers. Variable compensation and career development are influenced by the individual's contribution, which is rigorously evaluated through a performance and leadership management program that is consistently deployed throughout the entire organization. The same metrics and methodology are applied to all eligible employees worldwide in the assessment of annual performance. 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 compensation. Combined together, all of these actions ensure the Company's total compensation system, in line with all other internal processes related to people management, effectively contributes to ensuring equal opportunities and treatment for all individuals regardless of age, gender, race, religious belief or other such factor or attribute.

Local Minimum Wage

In many countries, minimum wage levels are established by law and, in some cases, are also subject to variations by Region or state, or other criteria. Where no specific laws apply, a minimum wage is often established by collective bargaining agreements between employer associations and trade union representatives. This is the case in Italy, Germany, and Belgium, for example, where pay and employment conditions are negotiated at regional or national level, with the possibility of further agreements on their application or on 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 appropriateness of entry-level salaries globally, in 2016, CNH Industrial analyzed the majority of countries, representing 99% of its employees. In all countries, CNH Industrial entry-level wages[1] were at or above the statutory minimum levels or those set by non-company collective labor agreements, as illustrated in the chart in the Appendix on page 262.

EMPLOYEE BENEFITS

Employee benefits provide a value beyond salaries 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 remuneration 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, 2016, on the availability and adoption of various Company benefits (supplemental health plans, financial support for those with accident-related permanent disabilities, life insurance, and employee cafeterias or meal vouchers). The results are shown in the table on page 67.

Supplementary Pension Plans

According to a survey, conducted on 99% of CNH Industrial's workforce worldwide as at October 31, 2016, approximately 88.6% of employees were eligible for a supplementary pension plan, and 74.5% of them had joined one (or 65.9% of those surveyed).

[1] *In accordance with the GRI Standards, an entry-level wage is defined as the full-time wage in the lowest employment category, on the basis of Company policy or agreements between the Company and trade unions. Interns and apprentices are not considered. For each country, results are based on the sector with the lowest entry-level wage. Figures reported are as at October 31, 2016.*

GRI STANDARDS
GRI 201-3; GRI 202-1; GRI 401-2

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 levels.

Most existing pension plans at CNH Industrial companies are defined contribution plans.

Supplemental Health Care Plans

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. In Italy, for example, all CNH Industrial employees and their family members have access to supplemental health care plans: FASIF for hourly, salaried, and professional employees and FISDAF for managers. These 2 plans were developed in agreement with trade unions. Two-thirds of the cost of the FASIF and FISDAF plans are funded by CNH Industrial, and the remaining third by the employee.

According to a survey, conducted on 99% of the Company workforce worldwide as at October 31, 2016, approximately 78.1% of employees were eligible for a supplementary health plan, and about 63.5% of the workforce had joined one.

Moreover, CNH Industrial promotes a healthy lifestyle through comprehensive wellness programs (see also page 91), and facilitates access to dedicated sports facilities.

EMPLOYEES ENTITLED TO BENEFITS

CNH INDUSTRIAL WORLDWIDE (%)

Financial benefits	**2016**	2015	2014
Supplementary pension plans	**88.6**	85.5	88.2
Supplementary health plans	**78.1**	81.6	83.3
Life insurance	**49.3**	53.6	55.8
Financial support for disability/invalidity	**83.9**	86.3	87.6
Employee cafeterias or meal vouchers	**73.6**	75.8	74.9
Other[a]	**5.9**	6.1	7.8
Social benefits			
Childcare[b]	**15.0**	13.3	13.8
Sports facilities[c]	**10.7**	9.0	10.3
Wellness and nutrition programs[d]	**37.3**	38.7	41.2
Other (e.g., flexible working schemes, emergency care/first aid, referral programs, leave of absence, or other flexible benefits)	**53.4**	49.5	47.8

[a] Includes benefits such as Company cars, housing, and interest free loans.
[b] Includes kindergartens, free gyms for children, assistance with homework, summer camps/holidays, and other childcare services.
[c] Includes free gym access, gym/fitness courses, and other sports initiatives.
[d] Includes nutrition coaching, training on how to stop smoking, medical check-ups, medical screening, and other wellness programs.

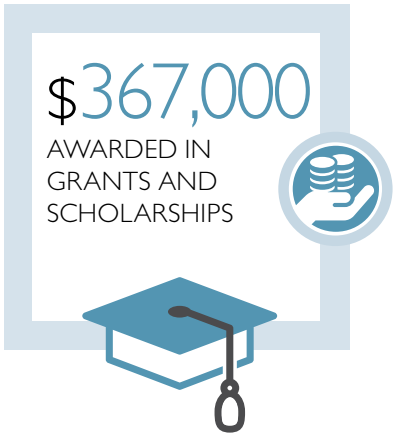
Benefits for Families

Balancing work and childcare is a challenge that many of CNH Industrial's employees face, particularly those with young children. In order to assist employees in better managing their time and resources, CNH Industrial offers a number of childcare support options to its employees throughout the Regions.

At several locations in EMEA, CNH Industrial helps in arranging access to local daycare centers. One of various services offered to employees is the *Mirafiori Baby* nursery in Turin (Italy), which provides assistance to parents of children aged 3 months to 3 years. At other locations, such as its plants in Jesi and Bolzano (Italy) and Sankt Valentin (Austria), CNH Industrial partners with local companies near its sites to offer community daycare options for employees' children (aged 3 and under). In Venissieux (France), the Company continued to make 3 daycare centers available through its near 8-year collaboration with local firms.

Alternatively, CNH Industrial offers childcare subsidies to parents with young children, allowing employees to select the best daycare option. In Spain, 685 employees benefited from direct funds provided by the Company to parents of children aged 3 years and under towards daycare centers of their choice. In the UK, the Company offers a flexible benefits package to salaried employees that allows them to allocate a portion of their health care funds to childcare expenses. In the USA, eligible employees have the option to set aside pre-tax sums for childcare by contributing to a Dependent Day Care flexible savings account, while in Mexico, employees are given a discount at their local daycare center.

School support is another way CNH Industrial subsidizes its employees' childcare expenses. In LATAM, for example, the Company provides school kits through a special program for elementary and secondary school children (aged 6-12). In 2016, 2,479 school kits were delivered in Brazil and 888 in Argentina. School support benefitted 682 children of employees in Mexico and, in Spain, 1,400 parents of children aged 3-16 received direct funds for school support. In Italy, CNH Industrial organized discounted summer camps for 633 children of employees, aged 8-16, including 2-week camps at the seaside or in the mountains, and even a Juventus soccer summer camp. In the Czech Republic, 30 children were hosted at summer camps organized in conjunction with the local trade union.



Scholastic Awards and Scholarships

The Company recognizes the academic excellence of employees' children through several grants and scholarship programs at both Company and regional levels. The largest and most significant of these is the Company's *Student Achievement Awards*. This program honors the children of employees for their academic excellence and is open to students with a high-school or university diploma or a university degree. The Awards policy is overseen by the Grants and Scholarship Committee and implemented through regional committees that have contacts in all countries involved. The initiative covers all countries where the Company has a significant presence, and reflects its commitment to promoting growth and development opportunities for young talent in an increasingly globalized marketplace. In 2016, 280 grants and scholarships totaling approximately $367,000 were awarded worldwide.

At regional level, CNH Industrial supports other awards programs, such as the *Niños de Mejor Promedio* program in Mexico, and the *Special Talent* scholarships in India, which awarded 35 children of employees in 2016.

In Russia, children of employees who achieved top marks received small gifts each semester.

Sports Facilities

The Company encourages employee participation in recreational sports through a variety of avenues, including gym memberships, tournaments, and races.

While a number of plants worldwide offer fitness equipment and/or classes for employees on-site, including Cordoba (Argentina), Trappes (France), Basildon (UK), and 6 locations in the USA, the Company's main method for providing access to sports facilities is through agreements or discounts with local fitness clubs, like the YMCA (USA) and Sisport (Italy). In 2016, 19 locations in Italy, Sweden, Denmark, Poland, Mexico, Uzbekistan, and the USA benefitted from arrangements with local gyms and swimming pools. In the UK, on the other hand, employees were given the option to allocate their flexible benefits to gym memberships or to participation in cycling programs.

At some of its sites, such as New Holland (USA), and Curitiba and Piracicaba (Brazil), the Company offers employees on-site spaces for recreational events and sports activities. CNH Industrial's *Grêmio* facility in Piracicaba was renovated and reopened in 2015 and, in 2016, was used by 300 employees.

Sports clubs and tournaments are also popular among employees. At the plants in Antwerp and Zedelgem (Belgium), a sports committee selected initiatives for each site, including soccer, tennis, bowling, and running, involving a total of 708 employees. In Brazil, running groups were organized for 100 people at the Sorocaba plant, for 40 employees and their families in Contagem, and for 30 employees in Piracicaba, while 20 employees participated in a similar group at the Valladolid plant (Spain). The Contagem plant also held the *Sesi Games*, which involved 56 employees in athletics competitions and games, such as chess. In China, approximately 10% of the workforce played in badminton, table tennis or soccer games organized by the Company.

To give employees the opportunity to network with their colleagues, CNH Industrial organized several team events in 2016. In India, cricket and volleyball tournaments brought together 500 employees and, in Italy, 215 employees from throughout the country participated in Company soccer teams. In 2016, the *CNH Industrial Cup* soccer and volleyball tournament, organized by the Company at Italian sites in 2015, was expanded to countries throughout EMEA (see also page 84).

In 2016, community athletics events also provided a great opportunity for employees to interact outside the workplace. In Racine (USA), 151 employees participated in 20 social and athletics events against other companies through the *YMCA Corporate Cup*, and 45 employees took part in the intercompany DHL event, in Denmark. In Russia, all employees at the Company's Khimki site participated in a friendly football competition against other local companies.

CNH Industrial supports its employees' participation in a number of footraces. In 2016, more than 600 employees participated in races worldwide, including the *Chase Corporate Challenge* and *Lighthouse Runs* in the USA, the *Petronas Marathon* in Mexico, the *Pampulha International* in Brazil, the *Corrifiat* in Italy, the *Stadtlauf* and *Business* runs in Sankt Valentin, Austria, and the *B2* and *Einstein-Marathon* runs in Germany. In 2016, 21 employees at the Trappes plant (France) took part in *La Parisienne* race, which raised money again in 2016 to support breast cancer research.

Courtesy Services

To assist employees in maximizing time and saving money throughout their working day, CNH Industrial offers a variety of courtesy services at its sites.

At several of its locations, including in Argentina, Australia, Austria, Belgium, Brazil, Denmark, Canada, China, Germany, Italy, India, France, Spain, the Czech Republic, Norway, Mexico, Poland, Portugal, Russia, the UK, and the USA, CNH Industrial continues to offer on-site cafeterias or other meal services for its employees. Other services, like on-site dry cleaning drop-off and pick-up, are available at certain plants in Italy, the USA, and Russia, in particular for work uniforms.

To help employees access and maximize their money, CNH Industrial continued to offer on-site banking, purchase discounts, and financial consultations in 2016. On-site banking and/or cash machines were available at sites in Italy, India, Brazil, and Argentina, as well as at the plants in Madrid and Valladolid (Spain), Benson (USA), Harbin (China), and Khimki (Russia). Employees in the Czech Republic, Russia, and Switzerland had access to checking accounts that were either free, discounted or had favorable terms; at the Khimki site (Russia), for example, accounts were available offering 1% cash back on all purchases and free cash withdrawals. Financial assistance in the form of consultations or loans were further options the Company offered employees to manage their money. In Burr Ridge (USA), the Company invited experts to deliver consultations on retirement savings plans, while in Vysoke Myto (Czech Republic), a new program was created in 2016 called *Employee Life Assistant*, which offered 2,250 employees access to financial and legal consultations. At the Valladolid plant (Spain), employees were offered $6,642-loans, payable over 5 years, to help with mortgage costs, and employees at both Valladolid and Madrid plants had the option to receive pay advances of $221. Through negotiated employee purchase plans and special agreements, employees benefitted from discounted tickets to amenities, such as water parks, and other discounts, for example on phones, computers and cars. In the UK, the flexible benefits portal gave employees information on discounts they can receive at a variety of shops, while in Madrid and Valladolid (Spain) and in Denmark, employees had access to discounts on various services through external websites.

Pharmacy services, allowing employees to purchase and request the delivery of medicines through a pharmacy center, were available at the plants in Piracicaba and Sorocaba (Brazil) and Shanghai and Harbin (China).

In Italy, a host of new services were made available to employees as part of the broader *Smart Working* program, aimed at improving employee work-life balance through flexible working options and courtesy services. From October to November 2016, approximately 7,000 employees in Turin and San Mauro (Italy) had access to new on-site pharmacy and laundry services. A special area was created at both locations to allow employees to pick up online purchases at work; more than 400 vouchers for online purchase pick-ups were bought in 2016. To assist employees with off-hours meal options, a Dinner Take Away station with healthy options and Lunch Break snack areas for quick, healthy meals were created, and extended to an additional site in Turin (Italy) at the end of 2016.

HUMAN AND LABOR RIGHTS

CNH Industrial respects and promotes human rights in line with national laws, the fundamental Conventions of the International Labour Organization (ILO), the UN's Universal Declaration of Human Rights, and the OECD Guidelines for Multinational Enterprises.
In addition to setting out principles of professional conduct, the Company's Code of Conduct also underscores the importance of respect for the individual.
The Company is committed to ensuring respect for fundamental human rights wherever it operates, and seeks to promote respect for these principles by others where it has an influence, particularly contractors, suppliers, and all other entities and individuals with whom it has a business relationship. In fact, the Company will not establish or continue a relationship with an entity or individual that refuses to respect the principles of its Code.
CNH Industrial is opposed to any form of **forced labor**. The Company is committed to providing **equal opportunities** to all employees in the workplace and in their professional advancement, free from any form of **discrimination**, particularly that based on race, gender, disability, age, nationality, religious or personal convictions, or against other protected groups. CNH Industrial does not employ any form of **child labor**, meaning individuals younger than the legal working age in the country where the work is carried out, and, in any event, employs no one younger than 15, except where an exception is expressly provided by international conventions or local legislation.
CNH Industrial respects **freedom of association**. The Company recognizes the right of its employees to be represented by trade unions or other representatives established in accordance with local applicable legislation. When engaging in negotiations with such representatives, CNH Industrial seeks a constructive approach and relationship (see also page 73).
The Company seeks to implement a variety of measures to help employees address human rights in the course of their regular work, such as training (see also page 81).

DIVERSITY AND EQUAL OPPORTUNITIES

The Code of Conduct confirms CNH Industrial's commitment to offering all employees equal opportunities in the workplace and in their professional advancement. The head of Human Resources of each Region is responsible for ensuring that, in every aspect of the employment relationship, be it recruitment, training, compensation, promotion, relocation, or termination of employment, employees are treated on the basis of their ability to meet the requirements of the job.
The Company rejects all forms of discrimination, and specifically discrimination based on race, gender, sexual orientation, personal and social status, health, physical condition, disability, age, nationality, religious or personal beliefs, or against other protected groups.
Offering career opportunities and advancement free from discrimination while encouraging and respecting diversity are among the commitments emphasized in the CNH Industrial Human Capital Management Guidelines and CNH Industrial Human Rights Policy available on the corporate website and Intranet portal.
Given CNH Industrial's global presence, there may be significant differences in legislation among countries where the Company operates, as well as different levels of awareness, concern, and ability among employees in applying the principles of non-discrimination. The Company Code of Conduct and specific policies ensure that the same standards are applied worldwide. Indeed, as stated in the Code of Conduct, Company standards supersede in jurisdictions where legislation is more lenient.
In addition, many Company initiatives are in place to build awareness of the importance of a diverse and inclusive workforce. This is the case in the NAFTA Region, where a specific Equal Employment Opportunity Policy ensures that relationships with employees, applicants, suppliers, and subcontractors are non-discriminatory, that management practices are developed aimed at affirmative action goals in compliance with the law, and that work environments are free from discrimination and harassment.
The responsibility for diversity management lies with the heads of Human Resources of each Region, who report to the Chief Human Resources Officer, a member of the Group Executive Council (GEC). Each is responsible for the overall implementation of the Code of Conduct, and for the internal and external communication of the principles of the Code and its policies. A Compliance Helpline managed by a third party is available to request relevant information or report possible violations of the Code of Conduct, Company policies, or applicable laws (see also page 49).

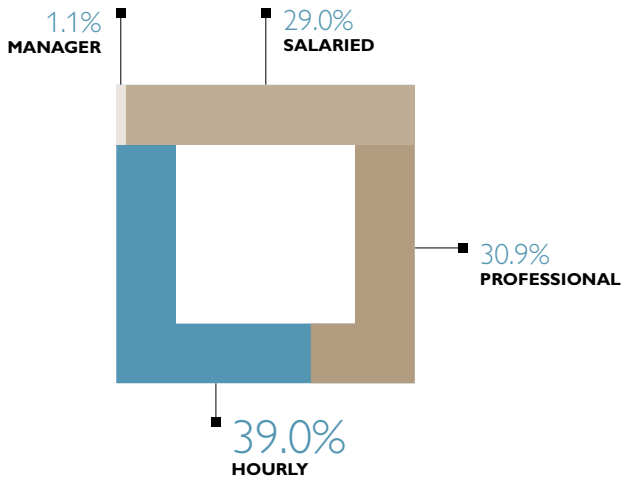
GLOSSARY
ILO

Men and Women

The promotion of equal opportunities for men and women in the workplace is an objective shared by the Company and by employee representatives alike. This issue forms part of the social dialogue of each country, and follows local regulations and practices. In Italy, CNH Industrial legal entities with more than 100 employees are required (under article 46 of Italian Legislative Decree no. 198 of April 11, 2006, and subsequent amendments) to present a report on male and female employment every 2 years.
In April 2016, the report for the period 2014/2015 was presented to union representatives and to the regional equal opportunities advisor. The next report, covering the period 2016/2017, is due in 2018. These complex and multifaceted reports contain information on, among other things, training, rates of pay, promotion, and turnover. The 2014/2015 report was also discussed in May at a specific meeting of the equal opportunities joint committee, made up of Company and union representatives at national level.
This equal opportunities joint committee is regulated by the Collective Labor Agreement (CLA) signed on July 7, 2015, which covers all 17,091 CNH Industrial employees in Italy (except managers). The joint committee is tasked with: monitoring employment conditions for women (including reference to the biennial report); studying the feasibility of, and implementing, initiatives aimed at promoting affirmative action and encouraging behaviors consistent with equal opportunity principles; proposing initiatives aimed at facilitating the return to work of female employees after maternity leave; preventing discrimination, including that linked to workers' gender, race, or lifestyle; and examining any other disputes from an equal opportunity standpoint.
It is worth mentioning that, of the 239 trade union agreements stipulated at Company level worldwide in 2016, 12 include references to equal opportunities matters (see also page 101).

FEMALE EMPLOYEES BY CATEGORY[a]

CNH INDUSTRIAL WORLDWIDE



[a] For more information on employee categories, see page 252.

A study carried out in October 2016 in most of the countries where CNH Industrial operates[1] showed that around 47% of workers are represented by joint committees, i.e., organisms comprising Company and worker representatives, with expertise in equal opportunities. It should be noted that, within the scope of trade union agreements and joint bodies, the concept of equal opportunities is not limited to gender equality.
Women at CNH Industrial constitute approximately 15% of the global workforce. In 2016, the percentage of women in the Company's workforce increased by 2% over the previous year.
Specifically, female employment is mainly concentrated in the 31 to 40-year age group, and with 5 years or less of employment at CNH Industrial.
As regards distribution by education, 76.9% of female employees have a medium/high level of education (39.8% hold a university degree or equivalent, and 37.1% a high school diploma). About 54% of the Company's part-time employees are female, and 12% of fixed-term contracts are with women.
For more information, see the tables in the Appendix on pages 263-265.

[1] Data based on a survey of 99.9% of CNH Industrial's workforce worldwide.

Minorities

CNH Industrial's commitment to diversity and inclusion involves a range of initiatives to help employees work in an open, flexible, and challenging environment. Studies are carried out every 1 or 2 years to monitor quantitative changes and improvements.

A survey monitoring the employment of disabled workers is performed every 2 years. The last such survey[2] was carried out in 2016 in 45 countries, covering 99% of the Company's workforce. The regulations in certain countries (including Austria, Brazil, France, Germany, Italy, and Spain) require companies to employ a minimum percentage of disabled workers, which may also vary in relation to the headcount of the company or plant, since in many cases the requirement only applies to facilities with a headcount exceeding a certain threshold. These laws also give employers the alternative option of paying contributions to specific funds for the differently abled, or of establishing agreements with the relevant bodies for the phased-in hiring of these individuals, or of pursuing other arrangements specifically defined by legal provisions. The survey showed that in these countries (15 mapped, accounting for about 69% of the Company's global workforce), disabled workers make up 3.4 % of total employees (compared to the 3.3% reported in the 2014 survey). This is an average figure resulting from different scenarios and local legislation that establishes minimum quotas ranging from 1.5% to 7%. These are calculated on, or with reference to, the headcount. The survey also showed that differently abled women account for 13% of the total surveyed.

In many other countries (including Argentina, Australia, Belgium, Canada, Mexico, Poland, the UK, and the USA) there is no legislation relating to the employment of disabled people that establishes minimum quotas, although in some cases other forms of protection exist (i.e., related to working hours or workplace environments, specific grants/benefits for companies employing differently abled workers, etc.). In these countries (30 mapped by the survey), there are objective limitations to reporting the number of disabled workers, as the information is sensitive and often subject to data protection legislation. As a result, the Company is only aware of an employee's personal status if he/she chooses to disclose it.

In September 2015, IVECO France agreed with all 5 trade unions represented in the Company to implement, for an indefinite term, the agreement made in 2007 and subsequently renewed in 2012. The agreement sets out specific policies and actions aimed at the recruitment, training, and development of differently abled people and at their long-term employment.

In Italy, in 2016, in order to fulfill their obligations under Italian Law 68/99, some CNH Industrial legal entities implemented the agreements process with the relevant authorities designed to promote the inclusion of disabled people in the workforce, while other legal entities defined or reopened it as the process had been suspended in previous years, in accordance with the law, due to the implementation of extraordinary temporary layoff benefits and collective redundancy schemes. These agreements, provided for under current legislation, are a suitable means to meet society's wish to find employment for differently abled people, in that they balance the needs of the individual with the organizational and productivity requirements of the Company. However, persisting economic difficulties for some business lines, and the consequent recourse to extraordinary temporary layoff benefits at certain Company plants/sites, resulted in both the suspension of these obligations, under applicable law, and the deferment of hirings scheduled for certain plants/sites.

An employee nationality survey[3] was carried out at CNH Industrial legal entities in 11 countries, comprising 84% of the Company's workforce worldwide. The survey evidenced that 3% of employees (the same percentage as in 2015) belonged to a nationality other than the country surveyed. It should be noted that the percentage was higher for women (4%) than for men (3%). Germany and the UK are the countries where CNH Industrial legal entities employed the highest percentage (more than 8%) of workers of a nationality other than that of the host country. For female workers, the figure was 10% in Germany and 26% in the UK.

CHILD LABOR

As stated in the Code of Conduct, CNH Industrial does not employ child labor. Specifically, it does not employ anyone younger than the minimum legal age for employment in force where the work is carried out and, in any case, does not employ anyone younger than 15, unless an exception is expressly provided for by international conventions and by local legislation. CNH Industrial is also committed to not establishing or maintaining working relationships with suppliers that employ child labor, as defined above (see also page 165).

(2) The survey was carried out on October 31, 2016.
(3) Survey carried out on October 31, 2016 in Argentina, Belgium, France, Germany, Italy, Poland, Canada, USA, Brazil, Spain, and the UK.

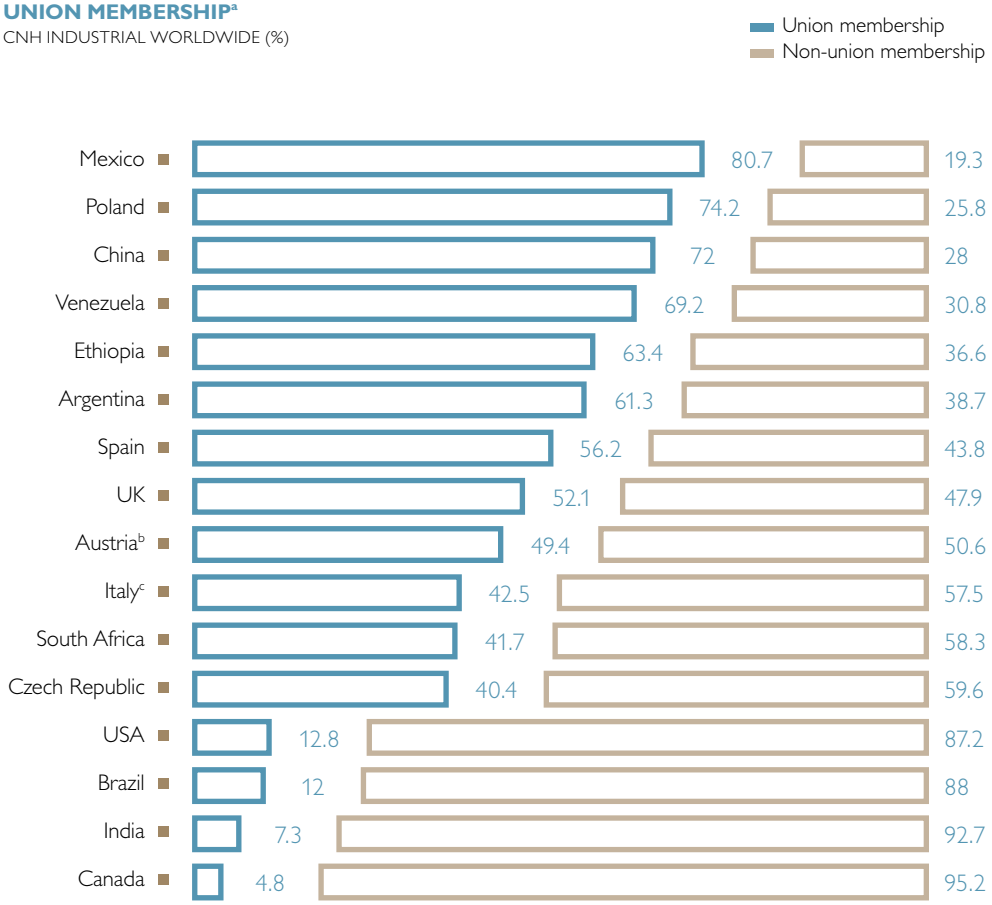
GRI STANDARDS
GRI 405-1; GRI 408-1

In 2016, CNH Industrial 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].

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 (see also page 100). In 2016 (figures as at October 31, 2016), a survey on unionization was carried out in all the countries where CNH Industrial operates. Freedom of association is regulated by country-specific legislation. In certain countries (such as Australia, France, Germany, and Switzerland), 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. In others (such as Denmark, Sweden, Norway, and Finland), the employer can only obtain this information upon formal request, which must be substantiated. At the time the survey was conducted, the countries excluded due to privacy data protection employed 21.8% of CNH Industrial employees, whilst the countries with no employees affiliated with a trade union employed 1.9% of the population mapped.

UNION MEMBERSHIP[a]
CNH INDUSTRIAL WORLDWIDE (%)



[a] *Survey carried out on October 31, 2016.*
[b] *In Austria, this information is permissible only in some legal entities.*
[c] *Figures for Italy updated as at December 31, 2016.*

[4] *Study conducted on the total workforce as at October 31, 2016.*
[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).*

Representative Bodies

Representative bodies, normally elected by workers at the plant concerned, 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 include 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, they are only present at sites where a trade union is already established.

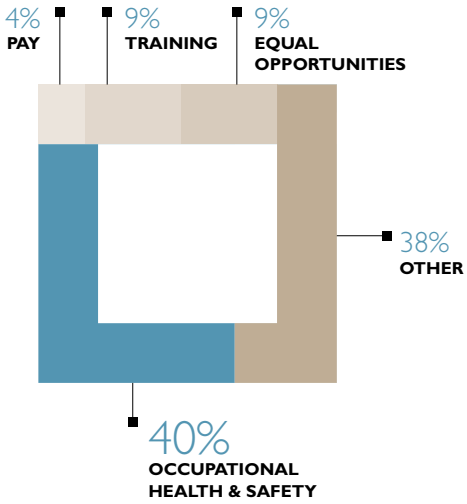
A survey carried out on October 31, 2016 in all the countries where CNH Industrial operates revealed the absence of any employee representative bodies in 23 of these countries (comprising only 2% of the workforce surveyed).
Worldwide, more than 78% of employees were covered by representative bodies.

Joint Committees

In October 2016, a survey conducted in all the countries where CNH Industrial operates showed that more than 86% of employees were represented by occupational health and safety joint committees (i.e., committees made up of company and worker representatives).

DISTRIBUTION OF JOINT COMMITTEES BY TYPE

CNH INDUSTRIAL WORLDWIDE



Other joint committees with responsibility for equal opportunities, training, and pay were found to represent 47.3%, 11.5%, and 7%, respectively, of the employees surveyed. Moreover, more than 57% of those surveyed were represented by joint committees that deal with other issues, including:

- Peer Review Committees for Suspension and Termination, in place at several locations in the USA and Canada. The Company has a Review Panel procedure in place for the timely resolution of eligible employees' complaints about formal disciplinary actions, including suspensions and discharges. The Company may, at its sole discretion, exclude from panel review any formal disciplinary action that involves a violation of the Company's discrimination, harassment, or workplace violence policies. A Review Panel consists of 3 employees and 2 supervisors, and is facilitated by a plant Human Resources representative or other trained individual. The facilitator is not a voting member of the Panel, but is responsible for facilitating the Review Panel hearing and seeing that the process is administered in a fair, consistent, and orderly fashion
- joint committees for the management of apprenticeships and for social issues relating to single workers, housing, employee transportation, childcare, and cafeterias

- several joint committees established in Italy under the Collective Labor Agreement (CLA), such as:
  - the National Joint Committee, whose tasks include examining the Sustainability Report, with particular reference to sector/business segment data and production and employment trends. It also examines cases of non-compliance of CLA signatory unions with contractual commitments, and related consequences
  - the National Joint Committee on Welfare, established to identify and develop new solutions to improve the existing institutions, and methods to apply existing solutions, with a focus on optimizing work-life balance
  - the Joint Committees on Organization and Production Systems at plant and/or production unit level, with the aim of facilitating the implementation of initiatives to achieve shared goals, such as optimizing work station ergonomics
  - the Joint Committee on World Class Manufacturing (WCM) and Plant Efficiency, designed to examine and evaluate specific matters relating to WCM and progress towards efficiency targets linked to the related pay system.

GRIEVANCE ON LABOR PRACTICES

In 2016, several collective disputes/disagreements involving works councils, employee representative bodies, or unions were filed, discussed, and resolved worldwide, in compliance with specific procedures as set forth by law or collective agreements.

In Poland, the Company and trade unions at the plant in Plock failed to reach an agreement during salary and flexibility negotiations due to differing views, leading both parties to file jointly for mediation as provided for by law. The mediation procedure reached a successful resolution to the dispute and a mutually satisfactory agreement.

In South Africa, unions filed 3 grievance claims: 1 related to the alleged unfair suspension and unfair dismissal of an employee, and 2 related to alleged unfair labor practices and the alleged unfair dismissal of 2 employees. These grievances were discussed and resolved separately before the Dispute Resolution Center of the Motor Industry Bargaining Council (CCMA). Furthermore, the dispute related to the correct application of the Motor Industry Bargaining Council (MIBCO) collective agreement at the plant in Rosslyn was referred by the Company and unions to the CCMA, which reached a resolution, instructing both parties to start a collective bargaining process to identify how to address the specificities of the resolution indicated.

For completeness, it is worth mentioning that, in various jurisdictions in EMEA, entities consisting of Company and employee representatives established by law or as per collective agreements have the responsibility, among others, to resolve disagreements and disputes internally, so as to avoid the formal filing of grievance claims with external conciliation bodies. For instance, in 2016, the *Délégation Syndicale*[6] at the Zedelgem plant (Belgium) discussed and resolved the issue that had caused a strike (alleged work pressure on the assembly line).
The aforementioned extra-judicial mechanism is common practice at unionized sites/plants in the USA and Canada for individual complaints on various matters, provided that trade unions file their grievances against the Company according to the procedures and mechanisms set forth by the applicable CLA.
In 2016, almost 57% of the 328 grievances filed in North America were related to issues associated with either CLAs or alleged Company policy violations; approximately 23% related to job performance; 15% to attendance; 1.5% to overtime and pay; 1.5% to discipline; 1.2% to terminations; and the few remaining to safety. In total, 84% of the grievances were resolved, with the highest percentage of resolutions relating to discipline (100%), job performance (96%), attendance (92%), overtime and pay (80%), and CLAs or Company policy violations (79%). If a grievance cannot be resolved by the conciliation body, the employee can appeal to an arbitrator. However, there have been very few such instances in North America in recent years, and very few rulings against the Company. A similar practice is in place at certain US non-unionized sites, where conciliation bodies, known as Peer Review Committees for Suspension and Termination (see also page 74), are established according to Company policy. In 2016, these committees dealt with 22 complaints and resolved all of them.

[6] *The Délégation Syndicale is established by law, consists of employer and employee representatives only, and is responsible, among other things, for seeking resolutions to issues and disagreements between the Company and plant employees or their representatives.*

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 succession plans that are essential for building the Company's future.

The Leadership Development function comes under the Human Resources Department, directly reporting to the Chief Human Resources Officer (CHRO), and is committed to developing human capital within the Company. This central team has dedicated resources in all Regions that directly support the Chief Operating Officer's Human Resources Business Partners (HRBP). The function's main responsibilities are to oversee and deploy the Performance and Leadership Management (PLM) process throughout the organization, to define and implement the Succession Planning and Talent Review process, and, more broadly, to oversee talent management. As part of the latter process, Leadership Development partners with both internal stakeholders (senior business leaders and HRBPs) and external institutions to identify the most critical business needs, and develop the best, targeted leadership development solutions to meet them. The goal is to help the organization develop an internal pipeline to fill critical leadership positions in the future, thus contributing to the long-term success of the Company.

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

PERFORMANCE AND LEADERSHIP MANAGEMENT

The Company's approach to the management and development of human capital centers on 5 key **Leadership Principles**, as set out in the CNH Industrial Human Capital Management Guidelines (publicly available on the corporate website):

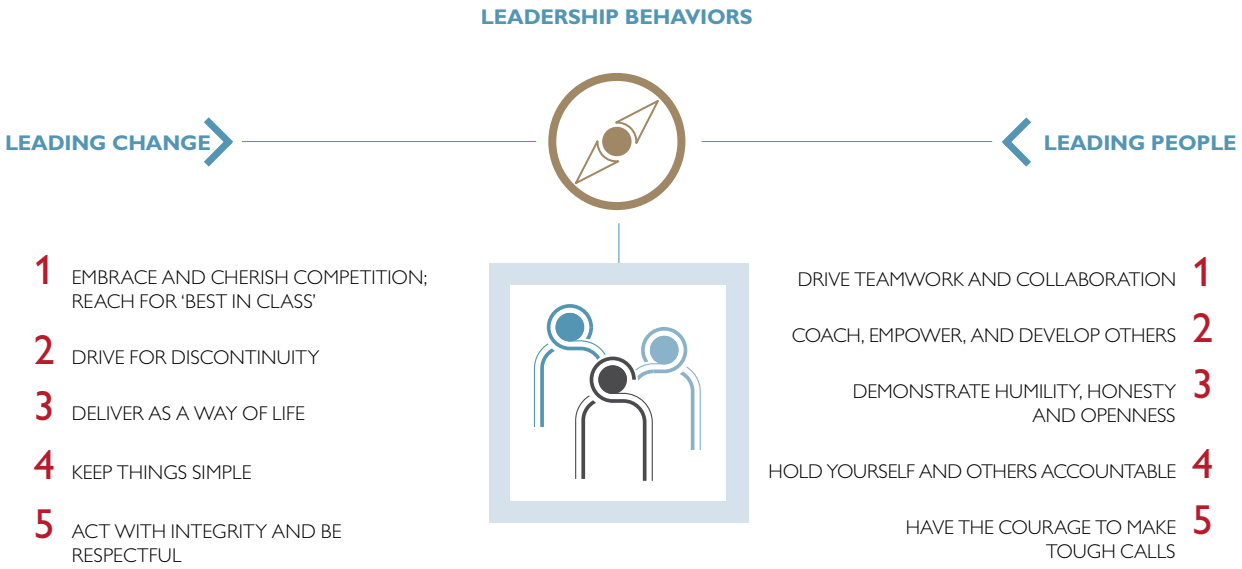
- Meritocracy – rewarding excellence
- Leadership – a key driver in managing change and people
- Competition – a factor to be embraced and encouraged
- Best-in-class performance – a core benchmark
- Accountability – delivering on promises.

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

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

- skills are an asset to be developed and shared. CNH Industrial is committed to helping people adapt in real-time to change in an increasingly complex world. As employee development and the continuous improvement of corporate performance are closely interrelated, the Company's main objective is to increase the value of human resources through targeted programs. Indeed, training and knowledge management contribute to continuous improvement by developing cultural skills, reinforcing the Company's identity, and spreading its values
- leaders are the best guarantee for the future. To promote the value of leadership, CNH Industrial leverages a specific model based on 2 main dimensions - leading the change process and leading people. This is achieved by encouraging cultural change and enhancing leadership values to achieve outstanding results

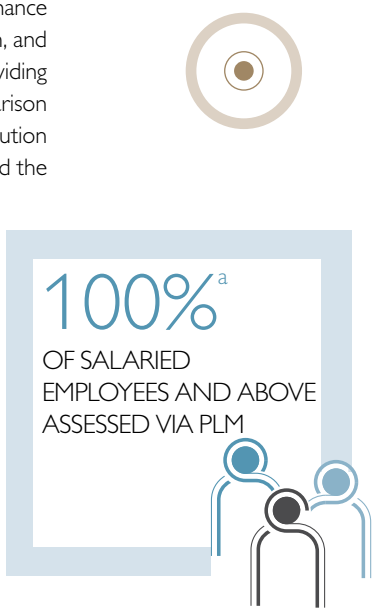
- Talent Management and Succession Planning are central. Talent Management is a key lever in achieving the Company's talent development goals and releasing the potential of its people. Attracting, retaining, and developing leaders capable of tackling future challenges, prioritizing the development of internal resources, is crucial to effective succession planning. A consistent, global approach that encourages cross-functional and cross-segment mobility across Regions enables the capitalization of the talent management process across the Company, and constitutes an essential competitive advantage. This process ensures that the leadership pipeline is continuously fed at all levels of the organization.



Performance Management System

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



During 2016, performance and leadership mapping was carried out on 22,638 employees (salaried and above). The percentage of women engaged in the PLM process was the same as that employed by the Company. Every year, a training program on Performance and Leadership Management (PLM) for managers and employees is organized in each Region. Each employee is assessed through the PLM process, according to the eligibility guidelines (for example, the employee must have worked at the Company for more than 6 months).

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

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

PLM FIGURES

CNH INDUSTRIAL WORLDWIDE (no.)

	2016	2015	2014
Employees involved in the PLM process	**22,638**	22,923	23,912
Number of PLM training sessions delivered worldwide[a]	**>180**	>200	>300
Employees involved in training sessions	**1,700**	1,600	3,400

[(a)] *Additional web-based training was made available to all managers and employees worldwide to support the process. There are also Leadership and PLM areas available on the corporate Intranet.*

CNH Industrial's Chairman and Chief Executive Officer (CEO) both firmly believe that an organization's success depends on its personnel and, for this reason, they are directly involved in the PLM process. In 2016, they analyzed the results of the PLM process, focusing on senior managers. Additionally, the CEO spent a day with Group Executive Council (GEC) members, focusing on their leadership teams. This process serves as the basis for all personnel management decisions, and is a fundamental element in Talent Management and Succession Planning.

In line with CNH Industrial's *achieve and earn* philosophy, designed to promote a high-performance culture and reward those who achieve results based on performance and leadership, the results of PLM assessments are used to determine the individual contribution component of eligible employees' variable compensation. This demonstrates the extent to which the Company values a result-driven culture and rewards achievements (performance) and the means to achieve them (leadership).

TALENT MANAGEMENT AND SUCCESSION PLANNING

CNH Industrial operates in dynamic, highly competitive industries where success is achieved through the presence of talented individuals within the organization, and by appointing the right people to key positions. These objectives are at the core of the Talent Management process, which identifies the most talented employees and fast tracks their development. The selected individuals are offered professional opportunities that allow them to gain experience in other geographic areas or segments, enabling the Company to develop effective succession plans while giving priority to candidates from within the Company.
The process is conducted uniformly across countries, functions, segments, and levels of the organization. Key individuals, selected on the basis of their professional performance and leadership profile and potential for growth in positions of greater responsibility, are evaluated through a process that directly involves management, from the immediate supervisor to senior management.

In September 2016, the CEO and the GEC held the CNH Industrial Global Talent Review. During the meeting, they reviewed succession plans for the top 100+ leadership positions, as well as around 500 potential successors and future talents.
This was the final step in a comprehensive Company-wide process led by all GEC members within their functions. The process ensured that all key leaders were 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 Local Managers

CNH Industrial encourages the appointment of local managers in all countries. However, international appointments may occur if considered development opportunities for talented individuals, or to bring 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.

MANAGERS OF LOCAL NATIONALITY BY REGION

CNH INDUSTRIAL WORLDWIDE (%)

	2016	2015	2014
EMEA	**85**	84	82
NAFTA	**92**	89	91
LATAM	**82**	82	81
APAC	**50**	55	52

For details, see also page 264.

Senior Management Seniority

The importance that CNH Industrial gives to the development of its internal human resources is also shown by the seniority of the Company's senior executives. On average, the members of the Group Executive Council (GEC) have been with the Company for 17 years, and several members for over 20 years.

The more than 150 leaders that report directly to GEC members have an average length of service of 15 years. Additionally, internal promotions to Senior Manager and above account for 80% of all new director-level appointments. Of the 107 new appointments, 86 were internal promotions and 21 external hires.

The GEC (at December 31, 2016) comprises 19 members, including the Company Chairman and the CEO; 2 members are women (11% of the total); 10 members are in the 40-50 age group (53% of the total); and 9 members are in the over-50 age group (47% of the total).

Talent Attraction and Recruitment

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 (see also pages 68, 115).

During the year, CNH Industrial participated in 100 career events, with its own specially designed booths.

In 2016, new hires included 248 recent graduates, of which 32% were women. Approximately 50% of these recent graduates had previously worked at the Company, as trainees or interns.

TALENT ATTRACTION

CNH INDUSTRIAL WORLDWIDE (no.)

	2016	2015	2014
New graduates recruited	**248**	224	256
Traineeships	**3,174**	3,098	3,411

Long-Term Incentive Program

In 2014, CNH Industrial introduced a new *Long-Term Incentive* program (LTI), covering a 5-year performance period (2014-2018), and designed to engage and retain key leaders across CNH Industrial.

Awards were given to approximately 400 managers worldwide with the aim of strengthening the commitment of key leaders to achieving the Company's long-term goals.

The LTI program involved 2 awards, both reinforcing the performance culture at CNH Industrial: a *Company Performance LTI* award, tied to Company performance targets, and an *Individual Performance LTI*, tied to individual performance. For more information, see the 2016 Annual Report, page 95.

TRAINING AND DEVELOPMENT

CNH Industrial believes that employee training is key to skill management and development. Training allows sharing operational and business know-how, as well as the Company's strategy and values.

CNH Industrial applies a Training Management Model to enable a more effective and flexible response to evolving training needs arising from changes within the Company and in the economic environment.

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

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

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

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

CNH Industrial manages the overall training process through a global Learning Management System, an Internet-based Company tool available to employees via the corporate Intranet. It allows defining and managing a comprehensive learning process for each employee based on business, location, and/or specific individual needs.

The Leadership Development team serves as the Training Committee, monitoring the implementation of CNH Industrial's Training Management Model. It comprises representatives of HR Leadership Development EMEA, NAFTA, LATAM, APAC, and HR Training EMEA.

The head of Leadership Development, reporting to the Chief Human Resources Officer, chairs the Training Committee.

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

Training effectiveness and efficiency are monitored and measured on an ongoing basis using KPIs such as the Kirkpatrick scale[1], and on the basis of:

- participant satisfaction with the initiative (reaction)
- improvement in individual knowledge/skills (learning)
- applicability of concepts learned to work processes (behavior).

To verify whether the desired outcomes have been achieved, the Leadership Development team centrally monitors:

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

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

Training in Numbers

In 2016, CNH Industrial invested more than $4.8 million in training. The training strategy relies on the use of in-house experts in the teaching process, so containing total costs despite a significant increase in the number of training hours (+14% compared to 2015). In total, 827,501 training hours were provided to 42,764 individuals, of whom 83% were men and 17% were women. Of the total employees participating in training, 41% were hourly, 57% salaried and professionals, and 2% managers.

Each employee received an average of 19.4 hours of training (hourly employees averaged 24.2 hours, professionals and salaried employees 15.9 hours, and managers 19.6 hours) compared with the average of 12.6 hours in 2015. Female employees received an average of 15.7 training hours each, male employees an average of 20.1 each.

In addition, 210,418 hours of occupational health and safety training (of which 119,248 on the job) were delivered to more than 33,894 employees, and 32,535 hours of training on environmental issues were delivered to about 24,000 employees (see also pages 86, 183).

(1) *The Kirkpatrick scale is a methodology for evaluating the effectiveness of training courses; it involves different levels of measurement, and is applicable to any organization.*

GRI STANDARDS
GRI 404-1

Investments in classroom, online, and on-the-job training focused primarily on the development of job-specific expertise (86%), language and other programs (7%), and management skills (7%).

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. The Company disseminates the principles of the Code of Conduct and the values of good Corporate Governance to all employees, irrespective of level or role, through specific periodic training and other information channels. In 2016, 57,326 hours of training on human rights and other Code of Conduct aspects, including anti-corruption, were provided to 95% of the employees affected. In 2016, 23,640 employees (of whom 82% were professional and salaried employees, and 18% managers) received 12,727 training hours on anti-corruption policies and procedures, representing the entire workforce affected at the time the training initiative was launched (see also page 51).

ANTI-CORRUPTION TRAINING BY REGION
CNH INDUSTRIAL WORLDWIDE (no.)

	EMEA	NAFTA	LATAM	APAC	Total
Employees involved	14,263	4,176	2,738	2,463	**23,640**
Training hours	7,726	2,437	1,637	925	**12,727**

HARVARD MANAGE MENTOR®

Harvard Manage Mentor® is a global initiative for individual leadership development on demand. A variety of courses support employees in developing their skills and improving their performance on Leading Change, Leading People, and General Business and Economics.
Since the global launch of this online program, more than 6,400 employees have signed up and attended almost 15,000 online courses, totaling more than 10,500 hours of training. Participants' feedback was positive: employees appreciated the opportunity to access a variety of managerial courses that enhanced their knowledge while reinforcing CNH Industrial's Leadership Behaviors.

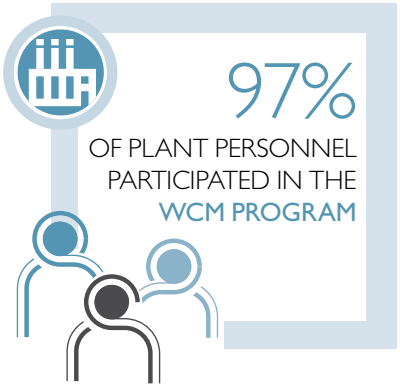
OUR PROJECT

EMPLOYEE DEVELOPMENT PROGRAMS

CNH Industrial firmly believes that a more skilled and knowledgeable workforce enhances the value of human capital and contributes to employee satisfaction, which correlates strongly with improved performance. Key to individual development is the relationship with the manager, who regularly guides and coaches employees. In addition, and to complement and further support development, the HR Department collaborates with the Regions and/or business units in the development of specific programs, for the most part customized according to individual needs.
One of these is the *Lead to Win* development program, which addresses selected, talented employees with the aim of involving them in an *Action Learning Project*. Following the program's success in NAFTA and EMEA, the initiative was extended to APAC in 2016. The *Lead to Win* program was created to accomplish several key objectives:

- assess the leadership capabilities of emerging talents and create individual development plans to help prepare for success in a CNH Industrial leadership role
- 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.

GRI STANDARDS
GRI 205-2; GRI 404-2; GRI 412-2



Furthermore, 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), focused on improving the efficiency of all its technical and organizational components with the aim of maximizing market competitiveness (see also page 176). As at December 2016, 52 plants were participating in the program, accounting for 97% of plant personnel worldwide and 97% of revenues from sales of products manufactured at Company plants.

People play a central role in the WCM program. 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 Safety pillar inputs, using Cost Deployment pillar recommendations, 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 results.

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

The development of people according to the WCM rationale entails addressing some important challenges:

- zero accidents - creating a safety culture
- zero human errors - ensuring a seamless interaction between people and systems, so as to improve process competencies
- developing excellent 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 hourlies' skills and competencies 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.

THE 3 PHASES OF THE PEOPLE DEVELOPMENT PILLAR

REACTIVE

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

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

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

PREVENTIVE

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

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

PROACTIVE

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

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

GLOSSARY
WCM

Outplacement

The Company also develops specific programs to manage career endings, helping employees transition to new jobs and re-orient themselves in the job market. Outplacement services, outsourced to external partners, are available in 21 countries. Based on specific needs, and at the Company's discretion, CNH Industrial offers outplacement services to managers, provided by carefully selected external partners.

Internal Mobility

Through the *Job Posting* program, each Region can post open positions and make them visible to all employees within the Region itself. In some cases, employees are also allowed to apply for positions outside of their Region. Over the course of 2016, the program advertised over 2,000 positions, and more than 5,500 internal candidacies were received from all over the world. The majority of the positions were posted in EMEA and NAFTA.

PEOPLE SATISFACTION SURVEYS

CNH Industrial recognizes that people satisfaction surveys are a useful tool not only for measuring the level of employee satisfaction, but also for identifying improvement opportunities that meet the needs and expectations of the entire organization.

CNH Industrial collects the information provided by departing employees across the Regions during their 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.
In NAFTA and LATAM, for example, 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.
The exit interview process is established and applied consistently across all 4 Regions.
Interviews provide the Company with important and useful information that is ultimately an indication of employee satisfaction.

CNH INDUSTRIAL AMONG BEST COMPANIES TO WORK FOR IN BRAZIL

In 2016, for the third year running, CNH Industrial was classified among the *150 Best Companies to Work For* in Brazil, in one of the most important organizational climate surveys in the country. The survey was conducted by Voce SA Magazine (published by *Editora Caras*), in partnership with *Fundação Instituto de Administração* of the University of Sao Paulo, one of Brazil's leading higher education institutions, recognized throughout the world in a number of rankings.
CNH Industrial successfully completed a series of stages in order to be included on the list. First, a report was drawn up summarizing several of the Company's human resources policies and practices. The report was divided into 12 categories: strategic and objective management; recognition and reward management; leadership profile management; knowledge and education management; health, safety and quality of life management; career management; internal communication management; participation and autonomy management; interpersonal relationships management; process and organization management; sustainability and diversity management; and employer branding. Secondly, 900 employees were randomly selected by the publisher to answer an online satisfaction questionnaire consisting of 70 questions covering various issues relating to identity, satisfaction and motivation, learning and development, and leadership. The questionnaire was completed by 720 (80%) of the 900 employees selected.
Lastly, a journalist from the magazine visited the Company to meet employees and the heads of Human Resources. This excellent result reflects the effort and commitment of all employees to making CNH Industrial one of the most respected and high-profile companies in Brazil.

FOCUS ON

INTERNAL CULTURE DEVELOPMENT AND COMMUNICATION

In 2016, CNH Industrial strengthened its capacity to engage employees throughout the Company, with special focus on hourly workers and on responding to the needs of the growing under-35 workforce. Efforts included a series of new and existing initiatives carried out by the Internal Communications Department. The main objectives were to:

- align employees with Company goals and results
- support motivation and people engagement
- develop and share core Company messages.

> I AM VERY **PLEASED** TO KNOW THAT CNH INDUSTRIAL'S FOCUS IS ON SUSTAINABILITY, AND THAT IT **KEEPS EMPLOYEES UPDATED** ON, AND **ENGAGED** IN, ONGOING ACTIVITIES.
>
> **EMPLOYEE** EMEA

Internal Communications comprises communications professionals that operate through central processes and regional teams, and work together to communicate the Company message in a consistent way throughout the organization. The global head of Internal Communications reports directly to the Chief Human Resources Officer.

CNH Industrial's internal magazine *LINK* continued to be an important vehicle for aligning employees with Company goals in 2016. The publication, which has a circulation of 65,000 and is printed quarterly in 14 languages, is the Company's main channel for reaching its sizable population of hourly workers. Articles in *LINK* share employees' stories from around the world, with a special focus on major manufacturing sites where most of the hourly workforce is based. The magazine uses a promotional style to draw attention to key information, including a feature on the Company's Compliance Helpline. Locally-focused content is also delivered in each Region multiple times a year via 15 regional newsletters.

Throughout 2016, CNH Industrial regularly engaged employees in its performance and achievements through the Results Communication Kit, a multi-channel approach comprising a letter from the CEO, a newsletter (the *CNH Industrial Post*), a results video clip, and 2 presentations designed to help managers share information with their teams: a comprehensive version for general use and a condensed version for hourly workers at manufacturing plants and distribution centers. Quarterly town hall meetings to present the results continued to bring management and employees closer in each of the Regions. In China, for example, average attendance was 70%, establishing an important opportunity for employees and Company leaders to interact.

The *Did You Know?* campaign, begun in 2015, which aims to help employees make better use of the corporate Intranet, was extended to Australia, New Zealand, China, and India in 2016. In Italy, a pilot project to extend Intranet access to hourly employees was also launched in 2016, and will be evaluated for possible future extension to other locations.

Throughout the year, Internal Communications focused its efforts on **motivation and people engagement** among employees with a series of local initiatives:

- in EMEA, the campaign *Costruiamo un modo di lavorare migliore (*Building a Better Workplace) comprised a number of initiatives and involved 7,000 employees at the Turin and San Mauro sites (Italy), including the *Smart Working* program to improve employee work-life balance (see also pages 69, 95, 98). A series of posters and email blasts informed employees about the new program and its initiatives. For the *COMF-Location* initiative, allowing employees to work at the office most convenient for them (see also page 95), a detailed handbook was created to help the 4,000 eligible employees understand how to use the new service. Other initiatives included the *Break4you* lunchtime meetings on healthy eating and wellness, attended by 325 employees, and 3 motivational talks with speaker and illusionist Walter Rolfo on the *The Art of Achieving the Impossible,* attended by 1,200 employees. Furthermore, the *CNH Industrial Cup* tournament, which involved Italian sites in 2015, was extended to all of EMEA. A total of 130 players from 13 countries participated in soccer and beach volleyball matches, which concluded with a 2-day tournament for the finalists in Bardonecchia, Italy (see also page 69)

- in NAFTA, *Building a Better Workplace* was launched as an umbrella campaign highlighting a variety of new and existing benefits offered by the Company. Employees received information on key benefits, through eye-catching posters, email blasts, and a dedicated Intranet section, and engaged in a variety of special events (trivia competitions, paper airplane contests, *cook-outs*, and meetings with Company experts). The campaign also promoted several time-off benefits launched in 2016, as well as new volunteering opportunities for employees (see also pages 96, 111)

- in LATAM, the campaign *Juntos, Construimos um ambiente melhor para trabalhar* (Building a Better Workplace) involved a Company survey of millennial employees in Brazil (63% of the population) on their expectations and career goals. The survey was developed by Human Resources and based on research from leading consulting companies. Additionally, a Diversity Committee was launched, and a survey on smart working preferences was presented to employees at the Nova Lima site (Brazil). To celebrate *Environment Day* and promote sustainability awareness among employees, a series of informational posters and email blasts were used to present interesting facts about the environment and the Company's initiatives. These were distributed via the Intranet, as well as on communication islands within the plants

- in APAC, at the plant in Harbin (China), employees were encouraged to submit design ideas for a logo to appear on machines produced at the plant for the Chinese market, symbolizing the manufacturing excellence, quality, and high-performance products made entirely by the plant. The *Made in Harbin* contest elicited over 40 submissions and the winners received their prize at an award ceremony attended by the CEO and APAC senior management. The local marketing team worked further on the winning logos, and the final design was officially revealed in October at the *2016 China International Agriculture Machinery Exhibition* (CIAME), one of the most important events in the Chinese agricultural sector.

In 2016, continuing its commitment to **increase employees' awareness of sustainability topics**, CNH Industrial launched a multi-channel campaign to inform employees about the Company's actions on sustainability. A specific look and feel was created, with 4 colors to highlight the key elements in CNH Industrial's sustainability commitment: local communities, environmental impact, natural resources, and safety and hazards. The message was disseminated through wall art hung at locations in each of the Company's Regions, and a 4-part poster series that highlighted specific achievements in each of the commitment areas. CNH Industrial also created a dedicated Intranet sustainability section, where it again celebrated key UN *World Days*, and other important milestones, including its leading position in the Dow Jones Sustainability Index for the sixth year in a row. To share news of the achievement, a special email blast and poster were created, and a 2-page pull-out poster was included in the internal magazine for employees to display at their workstations. The Company further highlighted health and safety topics through its *Well!* campaign, distributing 4 new episodes in 2016 on the topics of hypertension, high blood lipids, headaches, and cardiovascular diseases (see also page 92).

ANTI-PHISHING CAMPAIGN

As part of its commitment to encouraging safe online behaviors among employees, the Company launched a campaign on phishing, the practice of stealing sensitive information. Through posters and Intranet highlights, the campaign promoted a course for employees on how to identify phishing emails and tips for keeping data safe.

OUR PROJECT

OCCUPATIONAL HEALTH AND SAFETY

As stated in CNH Industrial's Code of Conduct, occupational health and safety is an employee's fundamental right and a key aspect of the Company's sustainability management system.

This aspect is covered in the Materiality Matrix by the material topic **innovation-to-zero**, which aims to achieve zero-impact processes (see also page 131).

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 implements high levels of 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.

Safety management engages employees in creating a culture of accident prevention and risk awareness, using a proactive approach to share common, ethical occupational health and safety principles, and to achieve improvement targets via different tools, such as training and awareness campaigns. Approximately 210,000 hours of on-the-job and classroom training on occupational health and safety were provided in 2016. In particular, on-the-job training activities involved approximately 34,000 employees, 79% of whom were hourly.

CNH Industrial also requires its suppliers and partners to comply with all worker health and safety regulations, focusing on continuous improvement by fostering high standards across the value chain. These principles are outlined in the CNH Industrial Health and Safety Policy, adopted by the Company at its foundation. The Policy is available to all employees and interested stakeholders on the corporate website.

Safety is a priority in Company and manufacturing processes, as evidenced by the compliance of management systems with both the OHSAS 18001 international standard and the continuous improvement principles of World Class Manufacturing (WCM). Occupational safety is one of the WCM pillars. Different criteria apply, depending on the level of WCM implementation within a plant: to be eligible for the Bronze Level, a plant's accident frequency rate[1] (as per WCM definition) must be less than 1 per 100,000 hours worked. More stringent requirements apply to Silver and Gold levels. As at 2016, 22 plants had received bronze awards and 14 had received silver awards (see also page 176).

CNH Industrial sets ambitious annual targets for occupational health and safety, aimed at continuous technical, educational, organizational, and procedural improvements. Continuous improvement is achieved through preventive and corrective action plans in which targets take account of the particular nature of the work, experience, and technical advancement, while safeguarding employee health and the surrounding environment. These targets are then included in the Sustainability Plan (see also page 28), which is periodically monitored and updated.

Each management phase, from planning to implementation, is integrated into Company processes, encompassing adherence to guidelines, operational procedures and directives, as well as periodic internal audits and management reviews.

Furthermore, CNH Industrial carries out ongoing health and safety hazard identification and risk assessments (for both routine and non-routine activities), modifying activities and materials as needed, particularly with regard to the design of work areas, processes, installations, and work organization.

The combination of these elements enable effective management, the evaluation of results, and their subsequent disclosure through the Sustainability Report.

RESPONSIBILITY AND ORGANIZATION

CNH Industrial safeguards and promotes occupational health and safety throughout its activities and across the Regions in which it operates through an organizational structure shared globally.

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 competence. Management at plants and in the workplace rests with local employers.

(1) The frequency rate is the number of injuries divided by the number of hours worked, multiplied by 100,000.

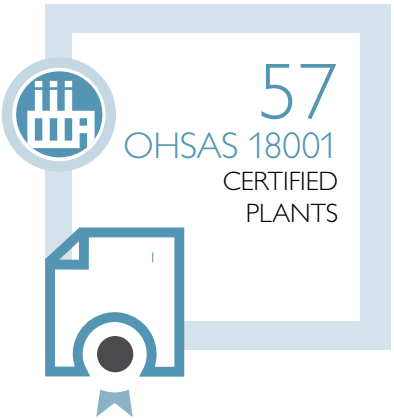
GLOSSARY
Accident frequency rate; Ergonomics; OHSAS 18001; Material topic; WCM

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

Every manufacturing plant has an Environment, Health and Safety (EHS) unit, responsible for dealing with occupational health and safety issues, as well as for providing specialized technical assistance to production managers and to those in charge of all other processes at site level.
Plant EHS units are coordinated by Regional EHS units, which support adherence to the CNH Industrial Health and Safety Policy and compliance with all applicable regulations. In addition, Regional EHS units provide specialized assistance in all Company processes that impact safety.
The Governance and Sustainability Committee, a committee of the Board of Directors, is informed of the health and safety results published in the Sustainability Report, and makes comments where appropriate. Individual health and safety targets were included in the Performance and Leadership Management system (see also page 77) for plant managers and for most of the managers responsible for the projects indicated in the 2016 Sustainability Plan.

CERTIFICATION PROCESS

The certification of occupational health and safety management systems as per the OHSAS 18001 international standard covers 57 CNH Industrial manufacturing plants worldwide, and almost 43,000 people.
Certifications are awarded by accredited international bodies (which are also continuously and rigorously monitored by other international organizations), to review and certify the high levels of reliability and of operational and procedural standards.
In 2016, the occupational health and safety management systems at some non-manufacturing sites were OHSAS 18001 certified, accounting for about 1,700 people at 8 different sites and locations. In total, 65 CNH Industrial sites worldwide (manufacturing and non-manufacturing) are now OHSAS 18001 compliant, covering almost 44,500 people, as are all of the joint venture plants in which CNH Industrial has at least a 50% interest.



OHSAS 18001 CERTIFIED PLANTS

CNH INDUSTRIAL WORLDWIDE (no.)

	2016	2015	2014
Certified plants	**57**	55	54
Employees working at certified plants	**42,838**	45,477	47,795

OHSAS 18001 CERTIFIED NON-MANUFACTURING SITES

CNH INDUSTRIAL WORLDWIDE (no.)

	2016	2015	2014
Certified non-manufacturing sites	**8**	8	8
Employees working at certified sites	**1,691**	2,122	2,181

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

AUDITS AND EMPLOYEES COVERED

CNH INDUSTRIAL WORLDWIDE

	2016	2015	2014
Internal audits (no.)	**809**	733	798
External audits (no.)	**77**	69	75
Total employees covered by external audits	**44,807**	46,880	48,087
Total employees out of the total headcount covered by external audits (%)	**71.32**	72.80	69.48

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 improvement process. This approach is all the more important in a multinational and interdisciplinary environment embracing multiple cultures and legal frameworks, and large numbers of people.

GLOSSARY
OHSAS 18001

In 2016, several ongoing initiatives continued to promote a culture of safety and the adoption of shared standards. At the Brescia Fire Fighting plant (Italy), more than 120 employees divided into 12 teams participated in a 6-month *Safety Championship*, with prizes awarded to the winning team members at the end of the initiative. Each team earned points on a monthly basis (as assigned by the EHS manager, serving as the tournament referee) based on the number of unsafe conditions detected and reported, the audit activities performed, and the safety *kaizen* (improvement projects within the WCM program) developed and approved. Similarly, the referee deducted points as a penalty in the event of, for example, unsafe behaviors during safety audits performed by management or a supervisor.

Several events were organized on the occasion of *World Safety Day* to emphasize the importance of safety in the workplace, on the streets, and at home, and to promote a preventive approach to safety. One of these events was the *Global Safety and Health Day*, celebrated in April across plants in LATAM. Moreover, in March, the plant in Pithampur (India) celebrated *National Safety Day*, using safety posters, safety slogans, and a safety quiz as communication and awareness tools.

Other initiatives were launched to promote a culture of safety outside the workplace, mostly involving employees' families.

In Madrid (Spain), Safety Boxes were distributed to the families of new hires, with useful safety gadgets for their homes (such as drawer safety locks, doorstops, and electric socket covers) to foster a safety culture since childhood.

In NAFTA, some plants provide off-site safety awareness tips as part of their weekly communications to employees. At Halloween, for example, the Fargo plant (USA) gave all employees trick-or-treat goodie bags with Halloween-specific safety tips for their kids. The Wichita plant (USA) provided employees with off-site safety awareness tips on the use fireworks, boating, motorcycle riding, etc. It also displayed a *12 Days of Safety* poster during the Holiday Open House organized for employees and their families.

Another awareness campaign was carried out at the Piracicaba plant (Brazil) to promote safety among the employees' children, who were encouraged to create slogans and drawings related to safety, later used in banners displayed throughout the plant.

INNOVATIVE ON-THE-JOB TRAINING IN TURIN

In 2016, the Torino Driveline plant (Italy) launched an innovative on-the-job training pilot project to promote the culture of safety, develop personal empowerment, and enhance the role of each worker, while developing a stronger sense of belonging.

The project involved 72 workers divided into small groups (6 people at most), who participated in classroom training followed by training in the workshop during regular working hours. During training activities, workers were invited to share their experiences and knowledge, an interaction that is key to defining common safe operation practices shared across different working environments. The project is expected to be extended to the entire plant.

OUR PROJECT

$70 million
SPENT ON HEALTH AND SAFETY

OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE

In 2016, approximately $70 million was spent on improving health and safety protection, representing 1.9% of personnel costs[2]. The yearly expenditure on improvements to occupational safety and working conditions (worker protection, structural improvements, inspections of plants and working environments) totaled almost $ 60.4 million, while approximately $9.7 million was spent on employee health (health care costs).

The investments in health and safety led to approximately $7.1 million in savings on the insurance premiums paid to the Italian National Institute for Insurance against Accidents at Work (INAIL) in 2016.

(2) *Personnel costs totaled $3,690 million in 2016.*

GLOSSARY
Kaizen; WCM

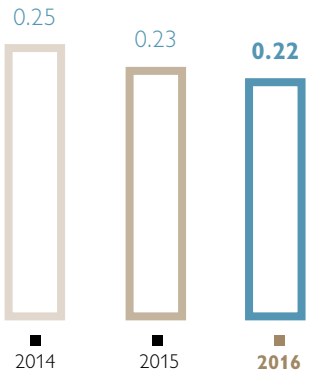
Accident Rates

Accident rates are a clear indicator of how successful a company is at preventing industrial accidents. Owing to the Company's many initiatives mentioned above, the overall frequency rate in 2016 fell to 0.22 injuries per 100,000 hours worked, a 2% drop compared to the previous year. The severity rate was 0.09 days of absence per 1,000 hours worked (unchanged compared to 2015). The reporting scope covered 96% of the Company's total headcount[3].

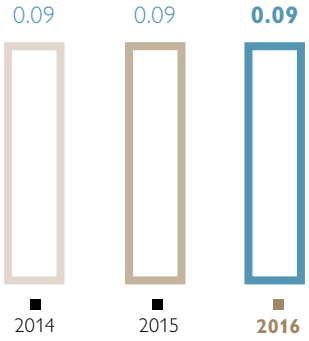
The breakdown by gender showed that the percentage of accidents causing an absence of at least 3 days among female employees was 8.45%[4] of total accidents.
In 2016, for accidents involving contractors operating at CNH Industrial plants worldwide, the overall frequency rate was 0.36 injuries per 100,000 hours worked, a 22% drop compared to the previous year[5]. As regards the breakdown by gender, the percentage of accidents causing an absence of at least 3 days among female employees of external companies was approximately 14%[6] of total accidents. The severity rate for contractors was 0.08 days of absence per 1,000 hours worked, a 23% drop compared to the previous year.

In 2016, **no fatal accidents** were reported involving employees, contractors, or anyone else working at CNH Industrial facilities worldwide.

EMPLOYEE ACCIDENT FREQUENCY RATE[a]
CNH INDUSTRIAL WORLDWIDE (accidents per 100,000 hours worked)



EMPLOYEE ACCIDENT SEVERITY RATE[b]
CNH INDUSTRIAL WORLDWIDE (days of absence per 1,000 hours worked)



(a) The frequency rate is the number of injuries reported (resulting in more than 3 days of absence) divided by the number of hours worked, multiplied by 100,000.
(b) The severity rate is the number of days of absence divided by the number of hours worked, multiplied by 1,000.

In 2016, 3,170 near misses[7] were reported and analyzed (a 4% drop compared to 2015). The remedial actions deemed necessary and implemented during the year led to enhanced preventive measures contributing to further improvement. In addition, activities continued in 2016 across CNH Industrial to develop and disseminate tools to collect, analyze, and trace 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.

-2%
IN EMPLOYEE ACCIDENT FREQUENCY RATE

(3) The non-manufacturing data refers only to sites with a population of more than 30 people.
(4) Data does not include CNH Industrial plants in NAFTA.
(5) In some cases, the hours worked are estimates.
(6) Data does not include CNH Industrial plants in NAFTA.
(7) Near miss: an unplanned event that did not result in injury, illness, or damage, but had the potential to do so.

GLOSSARY
Accident frequency rate; Accident severity rate

GRI STANDARDS
GRI 403-2

THE ZERO ACCIDENT CHALLENGE

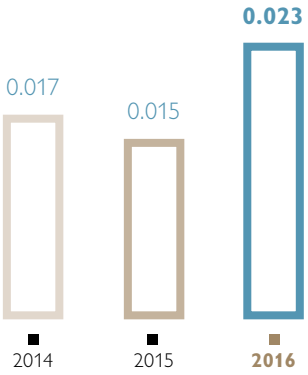
In 2016, over 27% of manufacturing plants (accounting for approximately 22% of the Company's workforce) reached the target of zero accidents, which reflects the effectiveness of CNH Industrial's preventive and protective measures, and consistency with the challenging WCM zero accident objective. This achievement was the result of the Company's solid accident prevention program, the investments in health and safety, and the employees' increasing involvement in adopting proactive behaviors and spreading best practices among peers, in line with the WCM Occupational safety pillar. Safety improvement opportunities are shared at the daily meetings held by manufacturing management teams, and the information is used to prevent similar situations across the manufacturing sites. The action plans required to prevent and improve these situations are implemented under the responsibility of top management. The excellent results achieved through this Company-wide involvement represent CNH Industrial's motivation to continue pursuing the WCM methodology and improving all situations posing a risk to safety.

FOCUS ON

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. The onset of occupational diseases today is mostly associated with working methods and environmental conditions that no longer exist within the Company, as they have long since been improved and/or eliminated.

OCCUPATIONAL ILLNESS FREQUENCY RATE (OIFR)
CNH INDUSTRIAL WORLDWIDE (cases of occupational illness per 100,000 hours worked)



In 2016, 22 occupational disease cases were ascertained by the relevant insurance authorities within the countries of reference. Moreover, 2 occupational disease cases involved contractors operating at CNH Industrial facilities worldwide.

SAFEGUARDING HEALTH

At CNH Industrial, safeguarding employee health goes beyond reducing accidents and illnesses. Indeed, the Company is 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 also page 91).
The Company strives to ensure industry-leading working conditions, in accordance with hygiene principles (including fully-functioning WASH[8] services), industrial ergonomics, and individual organizational and operational processes.

[8] *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.*

GLOSSARY
Ergonomics; OIFR; WCM

Work-Related Stress

For some years, CNH Industrial has undertaken initiatives to assess work-related stress. Specifically, it has adopted a structured process of risk analysis, consistent with the nature of the Company in relation to the workplace, and in compliance with the specific regulations in each country. Work-related stress risk assessments are influenced by environmental, cultural, and psychosocial factors; consequently, employee response may differ from country to country. The systematic assessment of this type of risk, therefore, 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 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 the Regions. The probability and severity of an injury can be reduced by taking account of human physiology and of how people interact with equipment, right from the design phase of working environments. To improve health, safety, and comfort, as well as employee performance, CNH Industrial makes use of in-house expertise to study workplace ergonomics, often through virtual simulations and often in close collaboration with qualified university institutions.

SAFE DRIVING CAMPAIGNS

Several campaigns took place at CNH Industrial plants to increase employee awareness of safe driving, promote a culture of safety, and reduce the number of road accidents.

The plant in Suzzara (Italy), in collaboration with the Mobility Manager, launched the *Safety Virtual Driving Simulator* project to promote safe driving behaviors among employees and prevent road accidents. The project focused on the commuting habits of the employees responsible for testing IVECO products. They were trained using a driving simulator featuring training modules to be completed in chronological order.

Another campaign focusing on safe driving was carried out across plants in LATAM to increase awareness both within and outside the plants. The campaign aimed at reinforcing the employees' commitment to driving safely while using vehicles and motorcycles in their everyday lives.

FOCUS ON

WELLBEING AND WORK-LIFE BALANCE

In 2016, the Company continued to offer a variety of benefits to employees focusing on all aspects of health and wellbeing, including mental, physical, social, and financial. With this broader definition in mind, CNH Industrial continued to expand its offering and variety of programs across its sites worldwide.

HEALTH AND WELLBEING

Overall health and wellbeing are critical parts of a functioning workplace. To encourage wellness among its employees, CNH Industrial organizes several programs across the different locations in which it is present.

Health Programs

Throughout the year, the Company supported a variety of initiatives aimed at preventing specific diseases and health issues, including health screenings organized for employees at many of its sites. In EMEA, the Company provided blood sugar and cholesterol checks to 300 employees in Basildon (UK), while 900 employees at the plant were eligible for free optical screenings and prescription glasses. At its sites in Turin, San Mauro, and San Matteo (Italy), the Company offered skin cancer screenings to more than 1,400 employees. In NAFTA, biomedical screenings were deferred to 2017 to make way for a new wellness program called *Thrive*, which replaced *Picture of Health* at the end of 2016. In APAC, 1,800 employees and their families in India benefitted from a subsidized medical facility, and in China, 1,288 employees benefitted from a pharmacy center and received annual medical check-ups. In LATAM, a medical services center was made available to 905 employees at the Cordoba plant (Argentina).

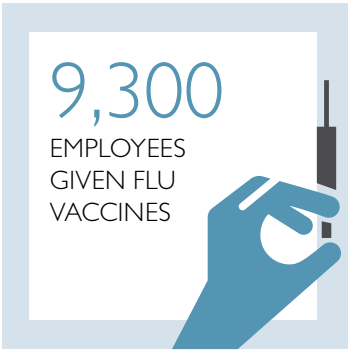
MORE THAN
3,000
PEOPLE BENEFITTED FROM MEDICAL FACILITIES IN APAC

GLOSSARY
Ergonomics; Work-related stress

Bringing health professionals to its locations is one way that CNH Industrial encourages healthy behaviors.
In 2016, in Spain, 150 employees benefitted from nutritionist and physiotherapy services, as well as several campaigns aimed at reducing health risks, such as smoking, high cholesterol, high blood pressure, and obesity. As part of the *Back School* campaign, new back exercise and rehabilitation machines were introduced for the benefit of 200 employees at the Madrid plant, and pilates sessions were provided in the manufacturing areas for 100 workers at the Madrid and Valladolid plants to help reduce the risk of injury and maintain good posture. Similarly, at the Ulm plant (Germany), the Company introduced several health offerings for all 500 employees, including workplace inspections by a physiotherapist, lectures on coping with stress, vision tests, and an anti-addiction workshop, attended by 60 employees. At Sankt Valentin (Austria), 23 employees took advantage of in-house physical therapy, and 117 participated in on-site check-ups on board a health bus parked at the plant. At the San Matteo plant (Italy), yoga wellness activities were arranged for 45 employees.
In Australia and New Zealand, the Company continued to encourage healthy behaviors through its health care provider BUPA, with site visits and consultations on health care plan benefits. In both Australia and the USA, the *Employee Assistance Plan* continued to offer mental health counseling through local health care schemes. The focus on health was also promoted through other proactive health programs, such as free vitamins distributed to 2,500 employees in the Czech Republic, and free fruit programs for 500 employees in Sankt Valentin (Austria) and 180 employees in Lugano (Switzerland).
CNH Industrial continued to run its established health programs in NAFTA and LATAM.

In NAFTA, a new wellness program called *Thrive* was introduced to replace *Picture of Health*. Through information and financial incentives, *Thrive* promotes behavioral change aimed at reducing health risks such as high cholesterol, high blood pressure, stress, and lack of physical activity. Each year, to avoid incurring a fee, employees are required to complete a biomedical screening and an online health assessment. In addition, the program offers ways for employees to earn awards by participating in health coaching or in learning modules on topics including physical, mental, and emotional health. In 2016, 91.7% of eligible employees participated in wellness activities (assessment and biomedical screenings) to avoid a surcharge, and 88.3% of eligible employees committed to stopping smoking, avoiding a tobacco surcharge. In 2017, *Thrive* will focus on the themes of getting enough sleep, 10,000 steps a day, and *Eating Real to Heal*. In addition to regular communications from *Thrive*, employees in the USA also learned about health from guest speakers at complimentary, on-site *Lunch and Learn* sessions.

In LATAM, the annual *Quality of Life* program spreads awareness among employees about health and wellness through a series of campaigns focusing on specific topics, such as cancer, flu prevention, respiratory diseases, sexually transmitted diseases, quality of life, vaccines, and conjunctivitis.



Information Campaigns

CNH Industrial engages in initiatives and information campaigns to raise employee awareness of health risks and preventive measures and to address global health issues such as HIV, tuberculosis, and malaria. Through posters and a dedicated Intranet page, the global *Well!* campaign continued to provide employees with updated information promoting good habits and the prevention of minor illnesses and potential health problems (see also page 85).
Seasonal flu prevention campaigns were organized at plants worldwide, advertised through posters and communications on corporate bulletin boards and the Intranet portal. The initiative, offering workers voluntary vaccinations, led to the administration of 9,300 vaccines.
During the year, CNH Industrial also contributed to the fight against tobacco use by continuing several anti-smoking projects. At the plant in San Matteo (Italy), an initiative organized by the ASL (local health authority), the city's general hospital, and other local organizations continued for the 6th year running, consisting of a challenge to smokers to quit smoking for at least 4 weeks. A total of 50 employees participated. The *Smoking Cessation* campaign continued at plants in Zedelgem (Belgium) and Lecce (Italy). Anti-smoking campaigns also continued in Spain, Austria, and Germany, where 15 employees participated in anti-smoking courses introduced during the year. In 2016, as part of a pilot program at selected plants in Italy, employees participated in anonymous, voluntary questionnaires designed by the Ministry of Health to determine if they were at risk for sleep apnea and in need of further medical testing. Sleep apnea assessments will be carried out at additional plants in 2017.

In Brazil, all employees at the Sorocaba, Sete Lagoas, and Contagem plants were reached by the Company's *Quality of Life* campaigns, providing information against the spread of sexually transmitted infectious diseases, and by the *Dengue Awareness* campaign.
To raise awareness of breast cancer, the Company organized the *Pink October* campaign at 5 sites in Brazil, with lectures and posters on the risks, as well as coloring books for hospital visits. In Madrid (Spain), a campaign on breast cancer prevention included mammograms and ultrasounds for 125 employees. At 4 sites in Brazil, the *Blue November* campaign informed employees about ways to prevent prostate cancer.

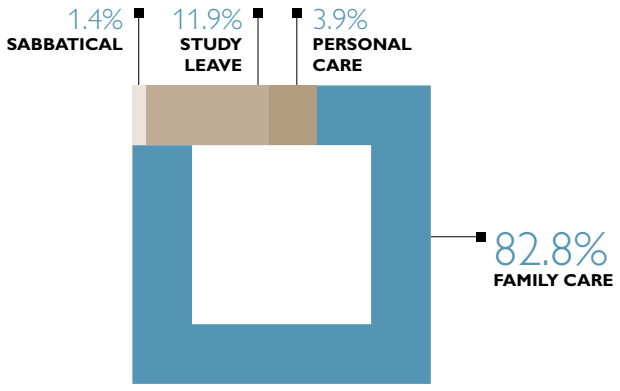
WORK-LIFE BALANCE

CNH Industrial believes that work-life balance is an integral part of enhancing employee satisfaction, productivity, and efficiency. Through its policies, such as those related to flexible working, the Company seeks to create conditions that grant employees time to manage the demands of both their professional and private lives. In order to promote respect for all employees as individuals, CNH Industrial also offers many services to support them in their daily lives, such as daycare options and other time and money-saving initiatives (see also page 69).

Flexible Working

Flexibility in working hours, including part-time employment (see also page 64), allows employees to balance their time when needs arise, such as for childcare or care for the elderly, or other personal requirements. CNH Industrial offers flexible working hours according to the customs and regulations in place in the Regions in which it operates. In 2016, CNH Industrial carried out a survey on the flexible working arrangements offered to its employees, focusing on flexible working hours, parental leave, and other forms of leave. The results provided a wide range of information, helping to identify appropriate action for improving employee work-life balance. Flexible arrangements, along with tools to reconcile work needs with the responsibilities of family life, enable a positive working environment to be established and maintained for all employees within the Company. The survey revealed that more than 80% of the employees surveyed[1] took advantage of flextime, and that this system was utilized most in NAFTA and LATAM, at 100% and 99% respectively, while in EMEA the percentage was 84%. The survey also showed that, between January and October 2016, 7.5% of employees took leave of more than 3 days for the care of family members, for personal treatment and care (excluding all forms of compulsory leave for illness), or for study and sabbatical leave. Overall, 3.4% of these types of leave, which are defined by Company policy or agreements with trade unions or employee representatives, exceeded the provisions set by law, while 17% was granted to female employees. The type of leave most taken by employees was family-related (almost 83% of the total), with 17% of this taken by female workers. Study leave comprised approximately 12% of the total, 88% of which was taken by male workers, while leave taken for personal treatment and care amounted to about 4% of the total, with 32.6% of this taken by female workers. Sabbatical leave in 2016 was 1.4%, as in 2015. These benefits are part of a corporate philosophy that aims to have a healthier, more motivated, and sustainable workforce that actively participates in the Company's success.

LEAVE OF 3 DAYS OR MORE
CNH INDUSTRIAL WORLDWIDE



(1) *Survey of all Company employees, excluding hourly employees, carried out on October 31, 2016.*

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).

In 2016, 2,120 employees[2], approximately 3.3% of Company personnel, took maternity, paternity, parental, adoption or breastfeeding leave. Overall, 77% of total leave was in EMEA, 14% in LATAM, 5% in APAC, and the remainder in NAFTA. In terms of gender, 59% of overall leave was taken by male workers. Paternity leave accounted for approximately 53% of the total, maternity leave for more than 30%, while breastfeeding accounted for more than 16%. The percentage of leave for adoption was negligible. Over the total workforce, parental leave was most frequent in LATAM (3.5%) and EMEA (4%). In NAFTA, in 100% of cases, the conditions of maternity leave were more favorable than those required by law. At the CNH Industrial sites in the USA and Canada, maternity leave is covered under short-term disability policy, which entitles employees to up to 26 weeks of paid leave. The first 13 weeks are paid at 100% of the employee's normal remuneration, and the remainder at 60%. The duration of maternity leave is determined by the employee's doctor (typically 6 weeks). In the USA, the Family Medical Leave Act provides for 12 workweeks of unpaid leave in a 12-month period, for specific reasons including the birth of a child; employees on paid maternity leave of less than 12 weeks may thus extend their leave, unpaid, up to a total of 12 weeks. In Canada, the Employment Insurance Act provides for 52 weeks of maternity/parental leave, covered by supplemental employment pay from a government fund financed by employers; at the end of the paid maternity leave recognized as per Company policy, therefore, employees may extend their maternity leave to up to 52 weeks.

In October 2016, another survey was conducted on the percentage of employees, by gender, who had returned to work after parental leave. The survey was carried out in Italy, Belgium, Spain, and Poland. The results showed that in these countries, which represent 41% of the Company's employees, 833 employees took parental leave. More than 57% of those who took parental leave were male, 0.6% of whom were still on parental leave as at October 31, compared with 5.6% of female employees still on leave at the same date. A total of 99.8% of men and 98.2% of women returned to work after taking parental leave, and 96.6% of men and 96.3% of women surveyed were still Company employees 12 months later.

NAFTA POLICY

In 2016, the Company established an official policy on flexible work arrangements for eligible full-time, salaried employees in the USA and Canada as part of its *Building a Better Workplace* campaign. The policy allows employees to make use of telecommuting, compressed workweeks, flextime, and alternative work locations to help them balance their professional and personal responsibilities. In turn, the policy gives the Company new ways of achieving administrative efficiency, improving productivity and job performance, and supporting business continuity plans and the hiring and retention of a highly competent workforce. As part of the policy, employees, their managers, and HR representatives must sign an official agreement detailing the terms of the flexible working arrangement to ensure full accountability. In addition, a new vacation policy called Birthday Time-Off (BTO) was started, for eligible employees in the USA and Canada, allowing them to take an extra day off each year on or within 30 days of their birthdays.

OUR PROJECT

[2] *Survey covers the period from January 1, 2016 to October 31, 2016, and only includes leaves of 3 days or more.*

GRI STANDARDS
GRI 401-3

Smart Working

The *Smart Working* project was launched in 2016 at the Turin and San Mauro sites (Italy), involving about 4,000 employees, and encompassed a number of pilot initiatives to improve employee work-life balance.
In February 2016, CNH Industrial participated in the Municipality of Milan's *Agile Work* test project, in which 100 people worked remotely from home for 1 day. Following very positive feedback from participants, the Company decided to develop its own smart working pilot project, considering several factors, including: generational succession and the mix of age groups, creation of conditions to retain employees, acknowledgement of employee needs, and better management of employee performance and productivity and of Company performance. From these elements, 4 smart working pillars were defined: work culture and leadership, office layout and services for the benefit of employees (see also page 69), use of technology at work, and streamlined HR systems. To understand the organization's readiness to support and manage these kinds of initiatives, in particular remote working, in July the Company launched an anonymous survey of about 4,000 people (around 10% of the EMEA workforce) based in Turin and San Mauro. The results of the survey, which had a 70% response rate, revealed a high readiness score of 0.77 and an expected productivity benefit of approximately 13%. Subsequently, the Company worked closely with business managers to identify which roles could be performed efficiently from remote locations. Employees and managers in the selected roles (about 1,200 people) were then invited to apply to join the test project. In November, CNH Industrial launched the 6-month pilot *Work from Home* on a target group of around 700 employees (18% of the plants' total workforce, and 55% of the employees in the selected roles). Participants were able to work from home once a week for a maximum of 4 days per month, until April 2017. In preparation for the *Work from Home* project, the nearly 700 employees from the pilot project attended a 2-hour mandatory training session on Environmental Health and Safety (EHS) in the workplace. Furthermore, the approximately 350 managers with at least 1 team member in the pilot were required to attend a specific workshop called *CNH Industrial Smart Change* to fully explain the concept.

In addition to remote working options, the *Smart Working* project also introduced the *COMF-Location* initiative for salaried employees in Turin and San Mauro (Italy), which set up 28 new workstations to allow them to work from the local Company office most convenient to them. Employees were permitted to make use of desks at *COMF-Locations* with the same frequency as for *Work from Home*, and to combine the 2 initiatives during the same week. Dedicated courtesy services at Company sites (see also page 69) were also launched between October and November 2016, significantly increasing the flexible work opportunities offered to employees.

In 2017, the results of the pilot initiatives will be evaluated and an assessment made of whether to extend the project to other sites in Italy and EMEA, and whether to make it permanent.

TELEWORKING

In October 2016, for CNH Industrial sites in Turin (Italy), agreements were signed between CNH Industrial companies and union worker representatives of the central staff to adopt teleworking for a maximum of 1% of the workforce, involving only the salaried and professional employee categories of each operating unit. Teleworking is a method of working outside company premises, in a place the employee has use of; the above-mentioned agreements stipulate this to be the employee's home. Teleworking envisages that the Company provides the worker with the equipment necessary to work from home (desk, chair, PC, telephone, etc.), and ensures that these are compliant with the standards required by health and safety regulations.
The agreements signed in 2016, which are based on the *Teleworking* pilot project successfully launched in October 2012 at the IVECO S.p.A. central staff operating unit, enabled the previously very limited number of participants to be increased. Eligible employees are now identified through a ranking in which scores are assigned to each applicant based on preset selection criteria, which take account of particularly challenging personal and family circumstances, including employee disability or that of a family member. As at December 31, 2016, the number of employees working under this scheme was 8.

Volunteering During Working Hours

CNH Industrial supports corporate volunteer programs in the various Regions in which it is present. In 2016, several initiatives were organized to encourage volunteering among employees (see also page 107).
A number of CNH Industrial's volunteer initiatives are centered on fundraising. In EMEA, employees volunteered during working hours to raise funds for several health initiatives, such as the *Flowers of Prevention* event in Turin (Italy) organized by Lega Italiana per la Lotta contro i Tumori (LILT, the Italian association against cancer), and the sale of tulips in Etampes (France) for the fight against Alzheimer's disease and cancer. Employees at all sites in Italy participated in a large-scale fundraising campaign for Telethon, which funds research into genetic disorders, through the sale of cookies and heart-shaped chocolates. In NAFTA, CNH Industrial continued to organize games and lively fundraising activities at its sites in favor of the *Relay for Life* and *United Way* charitable campaigns. In APAC, 270 employees at St. Marys (Australia) raised money for medical research into children's diseases through its *Jeans for Genes Day*.

In addition to monetary donations, CNH Industrial held clothing and goods drives at sites throughout the Regions. In Italy, a new charity initiative called *Ricicliamo per Aiutare* (Recycle to help), organized with the Cottolengo Society of Priests, resulted in the donation of 170 boxes of clothes and linens by employees. The *Winter Clothes* campaign in LATAM continued to encourage employees to donate high quality, used warm clothing and accessories, diapers, and milk to those in need. The plants in Curitiba, Contagem, and Sorocaba (Brazil) and Cordoba (Argentina) collected more than 8,900 items, 8,800 diapers, 1 ton of milk, and involved more than 60 volunteers. In Contagem, donated items were distributed to 900 homeless people at a special public event. Clothes drives were also held at sites throughout NAFTA, as well as in Khimki (Russia) and in St. Marys (Australia), the latter collecting 50 items from employees for a charity tackling domestic violence.

CNH Industrial also offers employees the opportunity to leave their workplaces to do hands-on volunteering.
In NAFTA, a new policy called *Volunteer Time-Off (VTO)* was introduced in 2016, giving eligible employees the opportunity to take 8 hours of personal time-off a year to volunteer with organizations, in line with the Company's charitable giving guidelines. A total of 46 employees took advantage of *VTO* from October to December, donating 250 hours of their time. In addition, at the end of the year, the Company introduced *#ImpactDay*, an opportunity for teams to engage in group volunteering during working hours.

During the 2016 *Habitat for Humanity* initiative in the USA, employees in Burr Ridge, Racine, and Lebanon spent 556 work hours building houses for low-income families (see also page 111). Through a similar initiative in Argentina, called *Un Techo para mi Pais*, 15 employees helped build houses for underprivileged people. In Piracicaba (Brazil), 34 volunteers joined local government efforts to clean the Piracicaba River.

Initiatives to engage employees with young people in their communities continued in 2016.
At the Sete Lagoas plant (Brazil), CNH Industrial continued the *Programa Formare* training program, which encouraged employees to share their knowledge with local young people; during the year, 85 employees volunteered over 10 months (see also page 117). Through the *Junior Achievement Program* in Argentina, 5 employees donated 1,500 hours to help local school students prepare business projects, developing skills such as initiative and project management. Another 7 employees shared a workday with young people in different areas, to encourage them to continue studying to improve and develop their future careers. In LATAM, CNH Industrial continued to offer a variety of volunteer opportunities to support children and others in need.

Solidarity Christmas events have been held in Brazil since 2005, providing food, games, presents, and basic hygiene products for underprivileged children. In 2016, more than 140 volunteers were involved in the organization of *Solidarity Christmases* in Sorocaba, Piracicaba, Contagem, Curitiba, and Sete Lagoas, donating a total of 1,800 presents. Thanks to an internal campaign at the Sorocaba plant, 220 Easter eggs were donated to children in the community for the holidays, with a similar campaign also taking place in Piracicaba.
In 2016, 115 volunteers at the Sorocaba, Piracicaba, and Contagem plants supported the organization of parties for local charities, which were attended by 2,900 people. Furthermore, 23 volunteers supported *Children's Day* celebrations, held in Curitiba and Sete Lagoas, and 14 volunteers in Contagem participated in the construction of a *toy library* for a local school.

> PROVIDING MORE OPPORTUNITIES FOR EMPLOYEES TO **ENGAGE IN THE COMMUNITY** WOULD BE EXCELLENT.
>
> **ASSOCIATION** NAFTA

To further encourage employee volunteering, the Company held several events at sites in Piracicaba, Sete Lagoas and Nova Lima (Brazil) to honor past volunteers and to encourage others to participate. During the events, employees were recognized for their efforts with a letter signed by LATAM senior management.

Blood Drives

CNH Industrial offers employees the opportunity to participate in blood drives at work. In 2016, in Italy, 523 employees were authorized to leave during work hours to visit off-site blood collection sites, resulting in a donation of 360 liters of blood. As part of a pilot project, 20 volunteers underwent check-ups to become blood donors. In France, blood donation campaigns launched in 2014 continued at 5 sites (Trappes, Rorthais, Annonay, Vénisiseux, and Saint Priest), with 354 employees participating. Similarly, employees at the sites in Madrid and Valladolid (Spain) had the opportunity to participate in blood drives work through the *Cruz Roja* (Red Cross), resulting in approximately 150 people participating in 4 blood drives held throughout the year. In the Czech Republic, 210 employees donated 142 liters of blood, while in Poland, employees donated 50 liters. In NAFTA, blood drives were organized at 11 locations throughout the Region. In LATAM, 30 people volunteered in support of the blood and bone marrow campaign, and 30 donated. In APAC, 7 sites in China promoted government requests for blood donations among employees.

EMPLOYEES' ENVIRONMENTAL FOOTPRINT

COMMUTING

CNH Industrial is committed to improving employee commuting to and from work by encouraging the efficient use and integration of available transport systems and by subsidizing eco-friendly mobility solutions. This approach brings benefits in terms of not only environmental impact, but also employee satisfaction and wellbeing, as it lowers commute times and costs and the risk of accidents and stress, and increases socializing opportunities among colleagues. The Company collaborates on initiatives for sustainable mobility, exploiting all available synergies with its neighboring plants. These projects are designed in collaboration with both local authorities and public transport companies.

In 2016, the Company launched several mobility initiatives in EMEA, APAC, and LATAM as part of its focus on flexible working and on reducing its environmental impact.

In **Italy**, under the *Smart Working* pilot project (see also page 95), nearly 700 employees participated in the *Work from Home* scheme, enabling employees to work from home for a maximum of 4 days per month. Of the eligible employees, 90% worked remotely at least once a month, and 55% at least twice a month. Employees at the Nova Lima site (**Brazil**) were involved in a survey on smart working preferences, carried out to gauge interest, analyze expectations, and identify risks and opportunities, so as to assess the possible implementation of a pilot project (see also page 85).

Other initiatives were implemented at CNH Industrial plants in Italy, in partnership with local authorities and in line with the mobility assessments and commuting plans adopted. In 2016, mobility management activities enabled the Italian Commercial Vehicles and Powertrain plants to cut their combined CO_2 emissions by 667 tons.

To improve congestion and reduce CO_2 emissions from commuting at its plant in Madrid (**Spain**), in 2016, CNH Industrial launched a new app called *Jojob*, which uses an algorithm to find and match carpooling coworkers commuting to and from work. The app, available via a web portal or mobile platform, also allows employees to send an emergency message to all app members when in need of a ride. Carpooling is further encouraged through periodic contests and point collection systems, such as the *Golden Leaves* redeemable for special offers.

In 2016, the Company also completed the second phase of its mobility plan at the plant in Harbin (**China**). The analysis of workers' commuting habits started in 2015, revealing areas for improvement to further extend the use of car sharing and shuttle services, already commonly used by employees. Drawing on the results of this analysis, the Company defined a series of (short and long-term) potential next steps to promote the use of public transportation and cycling among employees commuting to work.

Many other sustainable mobility initiatives continued at various plants worldwide. In Annonay (**France**), Madrid and Valladolid (**Spain**), Pithampur (**India**), Harbin (**China**), Khimki and Chelny (**Russia**), and at multiple locations in **Brazil** (Belo Horizonte, Piracicaba, Sete Lagoas, and Sorocaba), the Company continued to offer shuttle services to enable employees to commute from their workplaces to nearby strategic points.

CNH INDUSTRIAL TAKES PART IN THE GIRETTO D'ITALIA CYCLING CHALLENGE

In September, CNH Industrial plants in Italy took part in the *Giretto d'Italia*, Italy's urban cycling challenge organized by *Legambiente*, and one of many initiatives during *European Mobility Week*. On the day of the event, people across participating cities are asked to travel to work by bike, and special mentions go to the cities with the greatest number of participants. At CNH Industrial, 850 employees took part in the *Giretto*, with the highest number at the Bolzano plant. A *Bianchi* city bike was awarded as a prize in a raffle at every participating plant. The Bolzano plant also raffled a folding mountain e-bike exclusively developed for New Holland.

OUR PROJECT

GLOSSARY
Carpooling

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 2016, the air travel by employees managed directly through Company headquarters generated about 7,400 tons of CO_2 emissions for approximately 21,000 business trips, 71% of which were medium haul[1]. This figure was calculated according to the Defra/GHG Protocol and certified by Atmosfair, a climate protection organization with a particular focus on the environmental impact of travel. In many cases, air travel is unavoidable, in part because of the broad geographic dislocation of CNH Industrial sites. Emissions undoubtedly have the most significant environmental impact, as CO_2 is an inevitable by-product of fuel combustion in aircraft[2]. However, business travel is rationalized, and its environmental impact contained, with computer technology (Internet and electronic communication systems) enabling employees across the globe to interact effectively.

In 2016, audio conferencing and instant messaging services were enhanced, reaching approximately 27,200 users, with an average of approximately 3,700 desktop sharing sessions and 88,000 instant messaging sessions per day. Since 2011, CNH Industrial has also been investing in the phase-in of video conference facilities, and in 2016 it further enhanced its high-quality TelePresence videoconferencing system. There are now 70 specially equipped conference rooms (63 in 2015), and these facilities were used for more than 38,700 hours throughout the year. Virtual tools contribute to reducing emissions and costs, while allowing employees to work from their offices rather than travel long distances.

GREEN ICT

In compliance with its Environmental Policy, CNH Industrial is committed to minimizing the environmental impact of its ICT activities by using energy-efficient products and solutions. Indeed, the Company implemented the Green ICT plan precisely to reduce energy consumption and CO_2 emissions.

In 2016, 1,865 personal computers and 183 technical workstations were replaced with new equipment featuring more efficient power supply units, optimizing the consumption of electricity drawn from the grid and preventing the emission of 258 metric tons of CO_2 compared to 2010[3].

Additionally, 3,720 computer monitors were replaced with new EnergyStar and EPEAT Silver/Gold rated units, which comply with environmental requirements concerning product energy consumption and efficiency, the use of hazardous substances, recyclability, packaging materials, and low-impact manufacturing methods. CNH Industrial rents its PCs, technical workstations, and computer monitors; when no longer usable, they are returned to the rental company, which handles their subsequent life cycle stages. In forthcoming tenders for ICT supply contracts, the assessment of suppliers will include sustainability targets and specifications.

Lastly, a total of 1,325 multifunction printers have been replaced since 2009, with a reduction in annual energy consumption of more than 2,162 MWh (equivalent to 1,124 metric tons in CO_2 reductions).

As regards the Data Center, which houses the computer systems hosting the IT applications and services, servers continued to be downsized, consolidated, and virtualized to optimize energy consumption. 43 physical servers were eliminated, 15 physical servers were virtualized, and 190 new virtual servers were created, reducing annual energy consumption by about 6,174 MWh over 2010 (equivalent to 2,993 metric tons in CO_2 reductions).

(1) Medium-haul transfers are those from 500 to 1,600 kilometers.

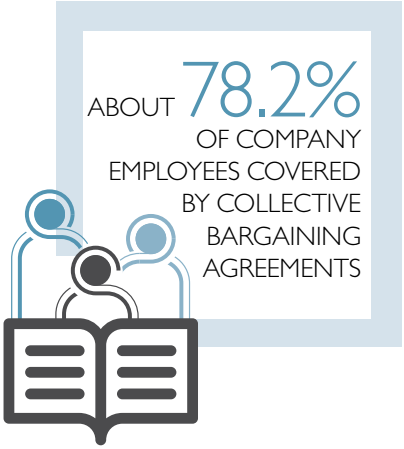
(2) According to the UN's Intergovernmental Panel on Climate Change (IPCC), aircraft emit gases and particles directly into the upper troposphere and lower stratosphere where they: alter atmospheric composition, particularly of greenhouse gases, including carbon dioxide (CO_2), ozone (O_3), and methane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

(3) The conversion factor used is: 1 kWh = 0.52 kilos of CO_2 (source: Carbon Trust, Conversion Factors, 2011).

INDUSTRIAL RELATIONS

CNH Industrial qualifies as a European Community-scale group of undertakings, and is therefore subject to regulations designed to improve employees' rights to information and consultation through the establishment of a **European Works Council** (EWC). The Council was established in July 2015, pursuant to the subsidiary provisions set forth by the law of the Netherlands, transposing the Directive 2009/38/EC; it comprises 22 members representing CNH Industrial employees in 18 countries of the European Union. At the EWC's second annual plenary meeting, held on November 22-24, 2016 in Turin (Italy), Company management representatives presented:

- CNH Industrial's results for the first 9 months of 2016, at global level and in EMEA
- the conditions and trends in EMEA markets
- CNH Industrial's sales performance
- the year's major investments and product launches
- production volumes for 2016, projections for 2017, and the measures implemented at various plants to deal with volume trends.



Management representatives and EWC members had in-depth and meaningful discussions about Company plans that have cross-border implications, specifically the planned acquisition of the agricultural Grass and Soil implement business of Kongskilde Industries, part of the Danish Group *Dansk Landbrugs Grovvareselskab* (DLG a.m.b.a.). During the meeting it was explained, as announced on October 31, 2016, that CNH Industrial had entered into an agreement, subject to various closing conditions. Details were provided by the Company and discussed at the meeting including, but not limited to: those activities carried out by Kongskilde Industries constituting the subject of the acquisition; the number of its facilities and employees within the European Union (the area within the scope of the EWC); and the expected date for the acquisition to take place. This completed the required consultation procedure. The discussions at the EWC meeting also regarded World Class Manufacturing (WCM) goals and principles, the progress achieved through WCM implementation at CNH Industrial plants across the European Union, and the MEK methodology, to define standard required times for performing various plant activities, which will be applied progressively at all CNH Industrial plants.

Collective Bargaining Agreements

Collective bargaining agreements cover almost 98% of CNH Industrial employees in EMEA, and 100% of those in Italy. Worldwide, excluding EMEA, they cover about 43.2% of the Company's workforce. This is an average figure based on local practices and regulations, which vary from country to country. In the USA, collective bargaining agreements cover the approximately 1,150 employees (i.e., 14.1% of approximately 8,150 US-based employees) with trade union representation. However, formal policies relating to certain collective aspects of the employment relationship (e.g., working hours, internal policies and procedures, benefits, etc.) apply to almost all CNH Industrial employees, irrespective of trade union representation. Collective bargaining takes place at different levels through procedures that vary according to local laws and practices. The collective bargaining agreements at each union-represented location contain equal opportunity language prohibiting discrimination against employees within a variety of protected classes. The collective bargaining agreement with the UAW[1] labor union, which represents approximately 750 of the hourly and maintenance employees, is effective through April 30, 2022. The Collective Labor Agreement (CLA) with the International Association of Machinists, which represents approximately 370 of CNH Industrial employees in Fargo (USA), expires in April 2018.

Employees working at locations where there is no trade union representation enjoy similar protection under a variety of federal and state laws. The collective bargaining agreements at each union-represented location call for the creation of joint health and/or safety committees, which generally comprise both management and hourly employee representatives. Base wage increases at union-represented locations are collectively bargained and delivered through a variety of methods, including annual base wage increases, lump sum payments, and/or cost-of-living adjustments. Union-represented employees at the Racine and Burlington plants (USA) are eligible to participate in the local Variable Pay Plan, which provides the option to earn a quarterly lump sum bonus payment based on specifically defined plant performance metrics.

(1) *International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, better known as United Automobile Workers.*

GLOSSARY
WCM

GRI STANDARDS
GRI 102-41

In Latin America, more than 95% of CNH Industrial employees are covered by collective bargaining agreements. In Brazil, a process of continuous negotiation between the Company and trade unions has been established to cover various operating issues, such as temporary contracts, overtime, flexible work, work shifts, health and safety at work, and banked hours. This continuous dialogue has contributed to a significant improvement in working conditions over the years.

In Argentina, all working conditions are negotiated between the Company and internal union representatives, and mandatory negotiations occur every semester.
More than 99% of the employees surveyed[2] worldwide are covered either by collective bargaining or by unilateral policies relating to certain collective aspects of the employment relationship (e.g., working hours, benefits, etc.).

LABOR MANAGEMENT AGREEMENTS

In 2016, CNH Industrial signed a total of 239[3] agreements at either Company or plant level, 13 of which include agreed provisions on health and safety matters. The main wage and regulatory agreements signed in 2016 at the level of legal entities include:

- the renewal, in Italy, of the CNH Industrial collective bargaining agreement covering all managers (approximately 370), from January 2016 to December 2017
- the agreement, reached in Italy in November 2016, to pay part of the productivity incentive envisaged by the CLA for 2017 in the form of goods and services to employees who request it. This so-called welfare plan will benefit employees in terms of tax breaks (in total, approximately 20%); moreover, the Company will contribute an additional 5% of the amount converted into goods and services
- the agreements reached through the annual negotiations in France, providing for salary increases above inflation levels owing to positive business results
- the agreement reached with unions in the Czech Republic in March 2016, providing for a wage increase above inflation as of April 1, 2016, owing to country-specific circumstances and to positive business results, with enhanced social funds and benefit vouchers provided by the Company for health, sport, and cultural activities
- the agreement reached in Poland, envisaging lump-sums and structural increases above inflation for the 2016-2017 period, as well as new flexibility rules to be applied in 2017 and 2018
- the agreements reached in Brazil and Argentina, providing for the alignment of pay increases, benefits, and working conditions with those applied across the country's industrial sector.

For completeness, it is worth reporting that, in Germany, an agreement was reached in May 2016 between the relevant employer association and the union for a 21-month renewal of the metal workers' contract, implemented by most CNH Industrial legal entities in the country. The agreement provided for a lump-sum payment in June 2016, a 2.8% salary increase as of July 1, 2016, and a 2% increase as of April 1, 2017.

FOCUS ON

NEW COLLECTIVE LABOR AGREEMENT

On May 1, 2016, in the USA, CNH Industrial signed a new collective bargaining agreement (CBA) with the United Automobile Workers (UAW), effective from May 1, 2016 until April 30, 2022. This contract applies to all hourly workers at the Racine and Burlington plants.
The agreement includes the following provisions:

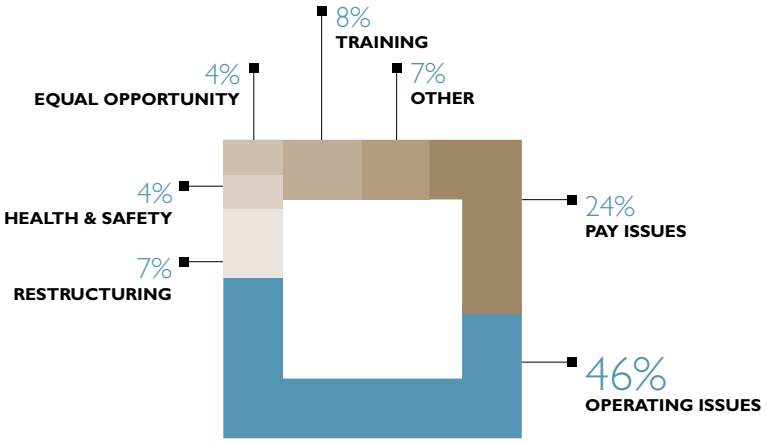
- the introduction of a new variable pay plan based on each plant's WCM performance. Payments occur twice a year, based upon an audit of the plant's WCM program
- the establishment of plant Joint WCM Steering Committees, which provide for joint involvement and leadership regarding each plant's WCM program
- several new provisions regarding working hours, including a streamlined method of establishing compressed work schedules to improve employees' work-life balance.

[2] *Data based on a survey of 99.6% of CNH Industrial's workforce worldwide.*
[3] *Includes 10 collective bargaining agreements with trade union organizations in Italy at Company level, which qualify as Company agreements but were signed by CNH Industrial in the name and on behalf of several CNH Industrial legal entities.*

GLOSSARY
WCM

GRI STANDARDS
GRI 403-4

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



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

MINIMUM NOTICE PERIOD FOR OPERATIONAL CHANGES

In the European Union (EU), the Council Directive 01/23/EC stipulates that in the event of a transfer of businesses, plants, or parts of businesses or plants, as a result of a contractual sale or merger, 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 the employer to hold consultations with workers' representatives whenever collective redundancies are being contemplated.

These consultations "shall begin in good time with a view to reaching an agreement, and should, as a minimum requirement, cover ways and means of avoiding collective redundancies or reducing the number of workers affected, and of mitigating the consequences by recourse to accompanying social measures aimed, inter alia, at aid for redeploying or retraining workers made redundant." Accordingly, CNH Industrial subsidiaries comply with the regulatory provisions resulting from the adoption of the above directives in each individual EU member state.

Outside the European Union, local laws and practices apply. In the USA, the federal Worker Adjustment and Retraining Notification Act (WARN), which applies to both unionized and non-unionized sites, requires an employer 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. At unionized sites and/or plants, the level of union involvement, if any, is normally defined by the collective bargaining agreement applicable at site level signed between the Company and the union, which usually also sets forth the information and consultation procedures to be activated in such circumstances. The collective bargaining agreements between CNH Industrial America LLC and International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW), which cover the plants located in Racine and Burlington, contain a letter of understanding stating that the Company will refrain from permanently shutting down either plant during the stated agreement term, which expires on April 30, 2022. A separate letter of understanding under the same collective bargaining agreement requires the Company to provide six (6) months' advance notice to the local union in the event of a full plant closure. Should this six (6) months' notice period impair the Company's need for speed, flexibility, and confidentiality, the Company may provide such notice no less than sixty (60) days prior to full plant closure.

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

GRI STANDARDS
GRI 402-1

In Brazil, bargaining is not mandatory in the event of the transfer of businesses, plants, or parts of businesses or plants, following a contractual sale or merger, but it is customary for CNH Industrial to implement a direct and formal communication process with both employees and unions. Talks generally focus on minimizing social impacts, if any. Operational changes within the LATAM Region, such as the deployment of new technologies to improve work efficiency, quality, competitiveness, or employees' health and safety, are preceded by formal negotiations with labor unions, according to the specific terms and conditions provided for under the collective bargaining agreement. The procedure must be initiated a reasonable period of time prior to the process. When necessary, changes are made gradually in order to prepare employees for the new scenarios.
In Australia, as per the collective bargaining agreements applicable at IVECO Trucks Australia Ltd. and at CNH Industrial Australia Pty. Ltd., unions, delegates, and officials must be notified within 28 days in the event of changes that may significantly affect employees.
In China, the Chinese Labor Union stipulates that all operational changes such as reorganizations, restructurings, or actions causing 20 or more employees, or 10% of company employees, to lose their jobs must be notified to the Labor Union. 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 India, companies are required to comply with regulatory provisions defined by Indian law according to the changes to be implemented.
Uzbekistan's labor legislation stipulates that operational changes must be notified at least 2 months in advance.

MANAGEMENT OF PRODUCTION LEVELS

In 2016, 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 **EMEA**, the persistent decline in volumes in the Agricultural Equipment segment required production stoppages at the plants in Italy, UK, Belgium and Poland, with repercussions on the CNH Industrial plants producing components for this segment. During the year, workforce rebalancing initiatives were also required in Italy and the UK. As regards the Construction Equipment segment, production volumes at the Lecce plant (Italy) fell compared to the previous year, thus requiring production stoppages. At the San Mauro plant (Italy), volumes increased compared to 2015, although not sufficiently for a full utilization of the plant's workforce, thus requiring a period of reduced working hours under the solidarity contract scheme, starting from May 2016. In the Commercial Vehicles segment, production volumes increased for light trucks compared to 2015, were stable for medium trucks, and decreased slightly for heavy range vehicles. At the IVECO plant in Suzzara (Italy), where the Daily light truck is produced, volume increases were managed through overtime and by hiring temporary workers. Additionally, the plant continued to take workers transferred permanently from the Brescia plant (Italy), where the workforce remains underutilized due to the sharp drop in recent years in market demand for medium range trucks. At the Valladolid plant (Spain), the overall increase in production volumes, together with the launch in September 2016 of an on-the-job training initiative co-funded by the government and to run until August 2017, allowed temporary layoffs to be avoided in 2016. At the plant in Ulm (Germany), which manufactures firefighting vehicles, production stoppages were necessary at the end of the year and in the first few months of 2017, through a temporary layoff benefit scheme. A decline in orders at the IVECO Defence Vehicles plant in Bolzano (Italy), which manufactures defense and civil protection vehicles, was also managed through production stoppages. At the Vysoke Myto plant (Czech Republic), the increase in bus production required the use of overtime and agency workers.

In **NAFTA**, employment levels fell throughout the year due to the continued decline in the Agricultural Equipment segment, while the Construction Equipment segment remained relatively stable. Several Agricultural Equipment plants implemented workforce rebalancing initiatives and increased the number of down weeks, including extended periods of down time, to manage costs in light of the weaker business performance. The plants in Benson, Goodfield, Grand Island, Racine, St. Nazianz, and Fargo (USA) and in Saskatoon (Canada) rebalanced the workforce at least once during the year, resulting in a percentage of full-time employees being laid off. Several NAFTA plants also reduced the number of salaried agency and regular white collar employees in response to a decrease in production volumes.

In **LATAM**, various initiatives were put in place to align production levels with the low market demand affecting almost every segment. For the Agricultural Equipment segment in Brazil and Argentina, volumes improved compared to the previous year, but were still insufficient in the first part of the year for a full utilization of the plants' workforces, thus requiring the use of a combination of time banks and the temporary suspension of labor contracts (the latter in agreement with unions); in the second part of the year, a moderate market recovery required an increase in temporary workers. The production volume decrease in the Commercial Vehicles and Construction Equipment segments also required the use of time banks and the suspension of labor contracts, as well as the application of the Employment Protection Program, allowing working hours and related salaries to be cut by 30%. During the year, workforce rebalancing initiatives were required in the Commercial Vehicles segment in Brazil and Venezuela.

In **APAC**, the management of production levels varied by segment. The Commercial Vehicles plant in Dandenong (Australia) and the Construction Equipment plant in Pithampur (India) dealt with the drop in production volumes by resorting to down days. The Agricultural Equipment plant in Noida (India) coped with volume fluctuations by increasing days off during the period of low production. In China, the Agricultural Equipment plant in Harbin and the Powertrain plant in Chongqing adopted flexibility schemes for both hourly and salaried employees in order to align production levels with the market demand. In Harbin, however, this was not sufficient to cope with the sharp reduction in combine volumes, requiring a rebalancing of the workforce in the last part of the year.

RESTRUCTURING AND REORGANIZATION

In **EMEA**, at the IVECO plant in Brescia (Italy), the program to manage the 850 redundancies announced in 2015 continued throughout 2016. In July 2016, an agreement was signed with regional trade unions and the works council (RSA) providing for a solidarity contract, which allowed a reduction in working time for the period August 2016–April 2017. The agreement envisaged that the 460 employees still in excess at the plant would be managed, as per previous agreements, by relocating employees to other CNH Industrial plants in Italy (mainly Suzzara) and by insourcing activities for 200 employees at the plant, but also through a collective dismissal procedure. Consequently, in October 2016, a collective dismissal procedure was started, affecting up to 140 employees. According to the selection criteria agreed between the Company and unions, the employees to be dismissed up to May 31, 2017 with a severance package defined in the same agreement, given their non-opposition to dismissal, will only be those who meet the requirements for retirement during the period covered by unemployment benefit (*mobilità* or NASPI[4]). As at December 31, 2016, about 40 employees were dismissed within the framework of the above agreement, whilst in the period 2015–2016, almost 300 employees were transferred from Brescia to other CNH Industrial plants (mainly Suzzara), and around 90 employees found other opportunities outside CNH Industrial.

Also in Italy, the products manufactured at the New Holland Construction plant in San Mauro (wheel and crawler excavators, and mini excavators) have been heavily impacted by the crisis in the construction equipment market that has persisted for several years, with subsequent under-capacity at the plant and underutilization of the workforce. In March 2016, an agreement was signed with regional trade unions and the works council (RSA) regarding the issue of about 150 employees in excess at the plant. This provided for a reduction in the monthly working time for all plant employees, lasting from May 2016 until May 2017, following the expiry of the special temporary layoffs (CIGS) made necessary by Company crisis since May 2015. In September 2016, in searching for new opportunities to boost its product range, after the joint venture with Sumitomo in 2014 for the production of new crawler excavator models, the Company announced an agreement with Hyundai Heavy Industries for the development and production of mini-excavators of up to 5 tons.
In January 2016, at the Modena plant (Italy), which manufactures components for other agricultural plants in Europe, a collective procedure to bring the workforce in line with the reduced production volumes was initiated. The collective dismissal concerned about 35 employees who met the requirements for retirement during the period covered by unemployment benefit.

[4] *Government benefit schemes for employees affected by collective redundancies.*

Due to the persisting decline in tractor volumes, a collective workforce reduction was implemented, in agreement with the unions, at the Basildon Plant (UK), affecting about 80 employees (mainly hourlies) in the period March–December 2016. More than 50% of the affected employees met the requirements for retirement.
In Germany, in March 2016, the Company and the workers council signed the reconciliation of interests agreement concerning 63 employees at the grader plant in Berlin, whose closure was announced in November 2015, with transfer of production to the Lecce plant (Italy). At the same time, a social plan was also agreed detailing the provisions to be granted to the employees due for dismissal. Grader production at the Berlin plant ceased in August, and some plant workers assisted in the transfer of production and related know-how to Lecce.

In **LATAM**, the sharp decline affecting the Commercial Vehicles segment required the Company to reach an agreement with the unions providing for a reduction of more than 600 workers at the Sete Lagoas plant (Brazil), and for severance pay and specific benefits for the personnel affected. The decrease in volumes affecting the Powertrain segment, albeit to a much lesser extent, also required similar arrangements at the same plant for approximately 70 workers.
In Venezuela, the dramatic drop in production volumes (-97%) at La Victoria plant, causing a production stoppage in the second half of 2016, also required further workforce reductions, mainly achieved through the voluntary redundancy program initiated in previous years.

In **APAC**, due to the downturn in the agricultural business, the Company is implementing a planned restructuring program in China affecting the plant in Harbin and the office in Shanghai, with the involvement of the labor union and employee representatives, as required. The plan envisages the dismissal of approximately 200 employees, with about two-thirds completed as at the end of 2016.
In Australia, the IVECO Parts depot in Dandenong was relocated and combined with the CNH Agricultural Equipment and Construction Equipment Parts Warehouse in St Marys, leading to the warehouse's expansion, to process centralization, and to efficiency improvements. As a consequence, only a few employees, who did not wish to relocate, left the Company upon payment of severance as defined in Company policy.

LABOR UNREST

In Italy, the overall level of labor unrest in 2016 was negligible, as work hours lost due to strikes continued to fall compared to previous years.

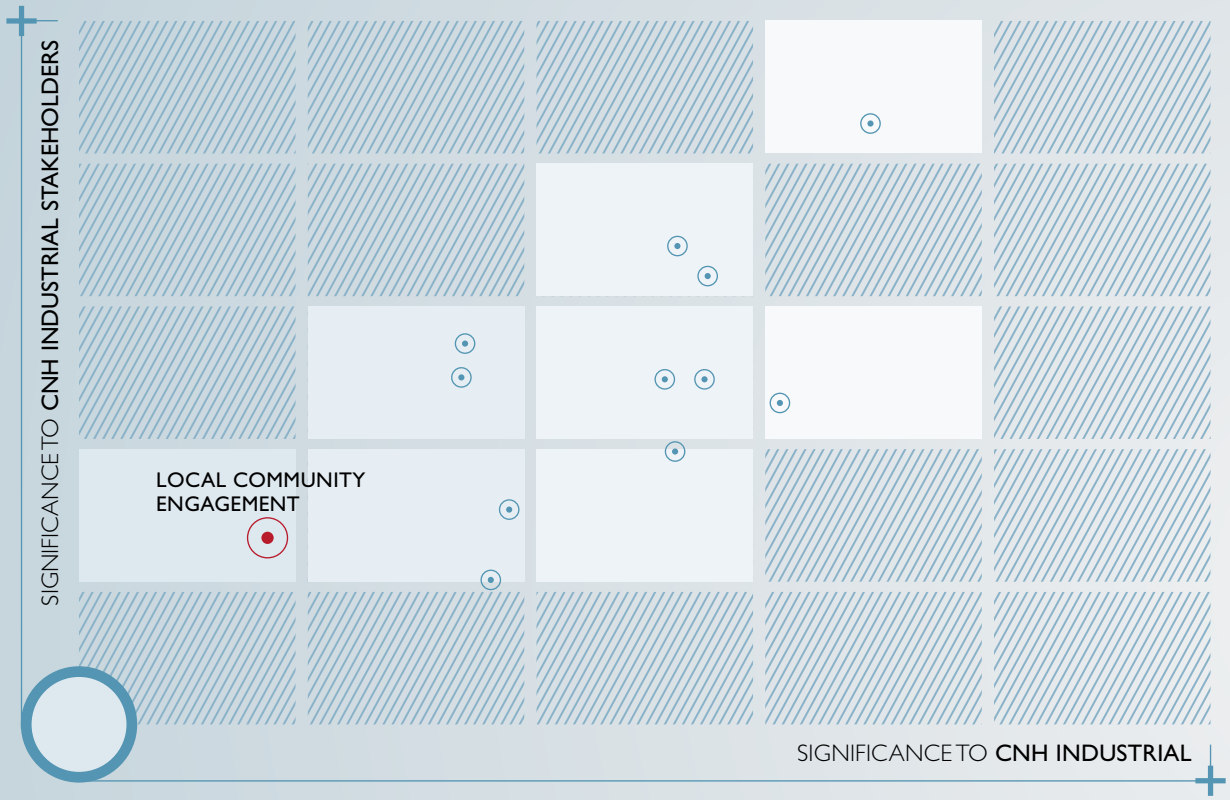
In France, CNH Industrial plants were affected by national strikes against the passing of a new labor law. Furthermore, almost all CNH Industrial sites were affected by strikes of limited duration related to annual wage negotiations.

In Belgium, at the Zedelgem plant, a strike took place on the basis of alleged work pressure on the assembly line. Further labor unrest in the form of interrupted work shifts took place at the same plant following the announcement of the outsourcing - with no impact on permanent employees - of some machining activities.

In Spain, workers at the Madrid and Valladolid plants went on strike, each for a few hours, due to the dismissal (legitimately actioned by the Company) of 4 employees and 1 employee, respectively.

In South Africa, strikes lasting a few days took place between January and February 2016, related to salary increases and to the union's demand to apply the automobile sector's collective agreement (NBF) instead of the motor industry's collective agreement (MIBCO). They were resolved after the Company successfully applied for a court interdict, which declared the strike to be unlawful.

In other countries, the overall levels of labor unrest in 2016 were either zero or negligible.



ENGAGING LOCAL COMMUNITIES

Material topics described in this chapter, for definitions see pages 255-256.

MANAGEMENT FRAMEWORK

$4.5 million
INVESTED IN LOCAL COMMUNITIES

CNH Industrial's relationship with **local communities** is a key material topic, as emerged from the materiality analysis. Living and working in synergy with the Region, 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. As evidenced by the materiality analysis, stakeholders view this aspect as a site-specific issue since local community initiatives are more relevant in certain countries than in others. Local initiatives are also deemed to have powerful strategic potential when integrated within a shared value strategy. Stakeholders highlighted the importance for a company like CNH Industrial of being a corporate citizen, more embedded in the community and part of it; it acknowledged, however, the major challenge of being recognized as a community member. In order to achieve this objective, a company should enhance local economic competitiveness by offering, for example, the professional support of its skilled employees to career counseling centers and educational initiatives. It should also contribute to community revitalization and to the efficiency of public works investments, as well as safeguard rural landscapes.

As stated in the Code of Conduct, CNH Industrial is aware of the potential direct and indirect impact of its decisions on the communities in which it operates. For this reason, the Company promotes an open dialogue to ensure that the legitimate expectations of local communities are duly taken into consideration, and voluntarily endorses projects and activities that encourage their economic, social, and cultural development. Moreover, CNH Industrial acts in a socially responsible manner by respecting the culture and traditions of each country, and by operating with integrity and in good faith to earn the trust of the community.

The strategy developed by the Company, in line with its business approach, considers youth training and projects related to 2 megatrends (see page 117) - *food scarcity and food security*, and *climate change* - as key priorities.

Within the above directives, the individual Regions or brands decide which projects to support based on actual local needs, maximizing open dialogue with local stakeholders and collecting their suggestions for improvement. They also decide whether to act directly or through partnerships with local institutions and organizations working in the social sphere.

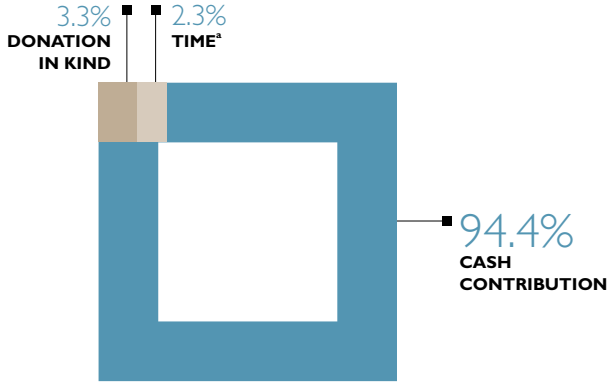
The Community Investment Policy, available on the corporate website, ensures that activities are managed consistently, identifying methods and defining areas of application at global level. An operational grievance mechanism, the Compliance Helpline, is available to CNH Industrial's local communities to report potential violations of corporate policies, the Code of Conduct, or applicable laws (see also page 47).

In 2016, resources allocated by CNH Industrial to communities were valued at more than $4.5 million. Projects and their results are included in the Sustainability Report, on the corporate website, and on other dedicated websites.

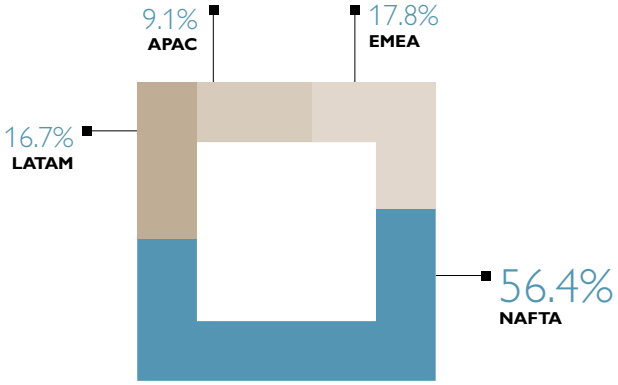
CONTRIBUTION TO LOCAL COMMUNITIES

CNH INDUSTRIAL WORLDWIDE

BY TYPE



BY REGION



[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).*

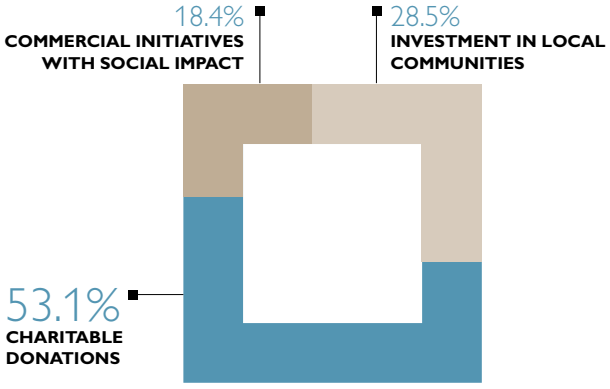
GLOSSARY
Material topic; Materiality analysis

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

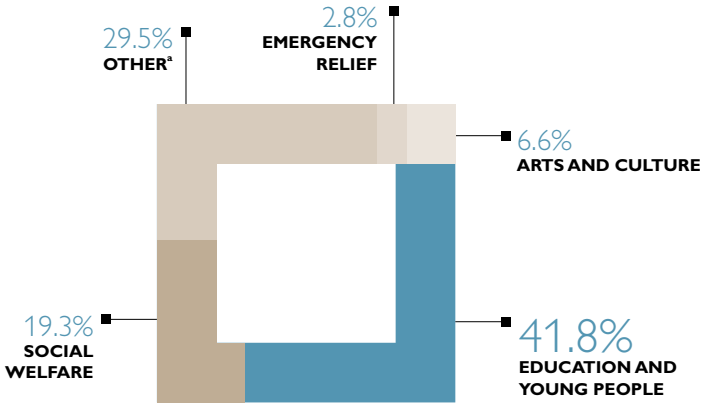
CONTRIBUTION TO LOCAL COMMUNITIES

CNH INDUSTRIAL WORLDWIDE

BY CATEGORY



BY SUBJECT

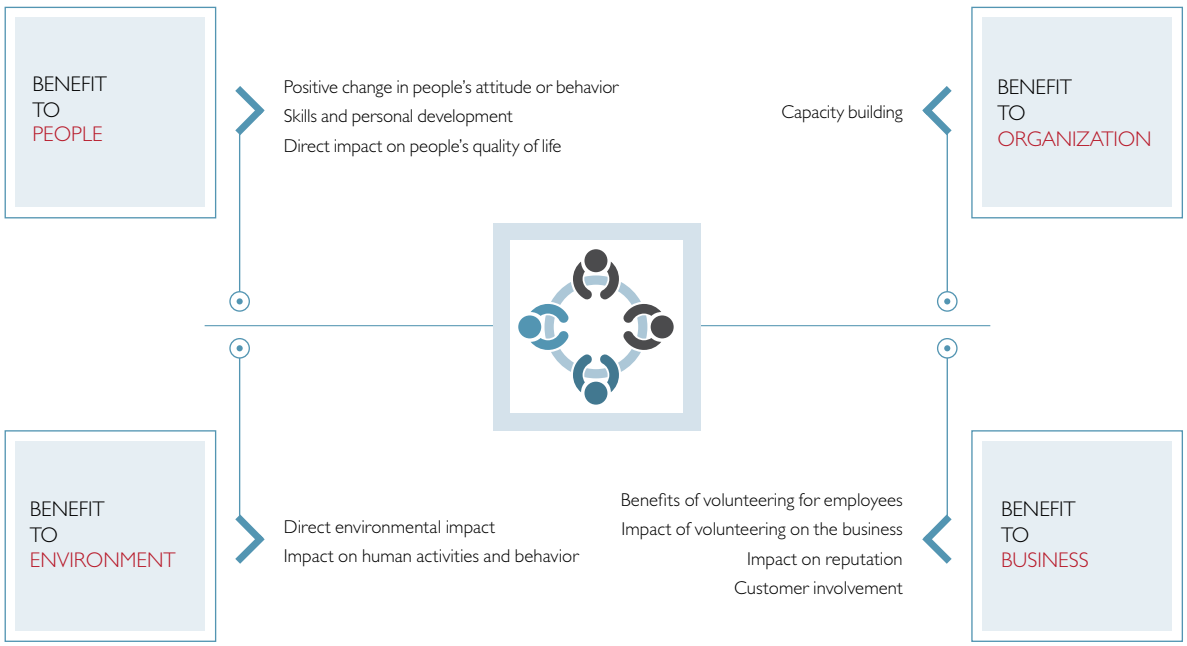


[a] *Also includes investments in economic development and the environment.*

SOCIAL IMPACT ASSESSMENT

The effectiveness of an initiative and its ability to address needs is measured using the Social Impact Assessment tool. Developed in line with the London Benchmarking Group 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. Based on this method, the 4 areas are weighted and the project's impact on specific aspects within each is rated on a scale from 1 (no impact) to 5 (very high impact). An average rating is then calculated for each area, representing the indicators (KPIs) to assess the project's overall impact on people, organization, environment, and business, respectively. The assessment, applied to a broad number of projects in 2016, is carried out by the people responsible for the initiative being evaluated.

SOCIAL IMPACT ASSESSMENT CRITERIA



GRI STANDARDS
GRI 413-1

SOCIAL IMPACT ASSESSMENT OF MAIN PROJECTS

Project	Other KPIs	Evaluation of Benefit to: People	Organization	Environment	Business	Reference Page
LOCAL DEVELOPMENT INITIATIVES						
Telethon	Amount given	2.0	2.6	(b)	3.8	110
Habitat for Humanity	Volunteering work hours	2.5	2.7	(b)	3.5	111
United Way	Amount given	3.7	4.1	(b)	3.0	112
Relay for Life	Amount given	2.3	3.7	(b)	3.5	112
Cooperação para o Desenvolvimento e Morada Humana	People involved	3.4	3.1	2.0	3.5	113
Esporte da Cidade	Young people involved	3.4	2.3	1.9	2.6	114
Pastoral do Menor	Young people involved	3.6	2.7	1.9	3.0	113
YOUTH TRAINING						
TechPro² (Ethiopia)	People involved[a]	3.9	2.3	(b)	3.9	116
TechPro² (Italy)	People involved[a]	3.6	2.3	(b)	3.8	116
Programa Formare	Student graduates	3.7	3.3	2.0	3.5	117
PROJECTS LINKED TO OUR MEGATRENDS						
Slow Food	Amount given	3.2	2.3	3.1	3.7	117
FAO water management	People involved	3.1	3.0	3.6	3.4	119

[a] *Students and families*
[b] *No impact.*

Their impact on society and the social value generated were assessed and quantified using the **Social Return On Investment** (SROI) methodology developed by Social Value UK. 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 applied to 3 projects that support local communities in Italy, Mozambique, and Tunisia. The projects' impact on society was appraised from a broader viewpoint and from the stakeholders' perspective to provide a more comprehensive analysis. An assessment analysis was carried out on 2 of the projects, and a predictive analysis on the other project. For all the projects, the main positive externalities they generated (social and environmental) were taken into account (for example, flood risk reduction, quality of life improvement, and enhancement of technical skills to facilitate entry into work). For all the projects, the SROI was greater than 1. Given the results achieved, the methodology will be applied as common practice to other projects. Many of the volunteer projects for the welfare of local communities are listed in the Sustainability Plan (see also pages 30-31), and some of their targets are included as individual objectives in the Performance and Leadership Management system (see also page 76).

POTENTIAL IMPACT OF OPERATIONS ON LOCAL COMMUNITIES

CNH Industrial is fully aware of the potential impact of its operations on the environment and local communities. To integrate with the community in which it operates, the Company adopts social and environmental policies that respect both people and the region. This goes beyond corporate boundaries, extending to the supply chain. Indeed, where possible, the Company relies on and partners with local suppliers, to whom it transfers its best practices such as the WCM program. Local suppliers are also required to abide by the Company's principles on human rights and working conditions (i.e., to reject all forms of forced and/or child labor), environmental protection, and business ethics (see also page 162). The aspects that could significantly impact local communities, and that CNH Industrial is committed to improve, concern:

- the impact on the health of workers and their families (see also pages 86, 91)
- improvements in the welfare of workers and their families (see also page 93)
- the impact of atmospheric emissions (see also page 202)
- air quality protection (see also page 184)
- water management (see also page 185)
- waste management, soil and subsoil protection (see also page 188; 189)
- biodiversity protection (see also page 192)
- removal of hazardous substances (see also page 193)
- adoption of logistics solutions with lower environmental impact (see also page 205).

All of the above are monitored, among other aspects, under the Risk Management system (see also page 56), but for some plants the monitoring of water management and biodiversity protection are particularly relevant. In those cases, targeted projects were launched, directly involving local communities.

LOCAL DEVELOPMENT INITIATIVES

INITIATIVES IN EMEA

In EMEA, CNH Industrial strengthened collaborations with its brands to identify, promote, and support local community initiatives, in line with the objectives and priorities of each brand. During the year, several initiatives continued to promote education, especially for young people. At the same time, the Company maintains strategic collaborations with selected partners (such as Slow Food and the Telethon Foundation) to strengthen its social role across the areas in which it operates.

Telethon

In 2016, CNH Industrial continued to sponsor the Telethon Foundation in supporting scientific research on rare genetic diseases. At Easter and Christmas, cookies and chocolates were sold at all CNH Industrial sites in Italy, with all proceeds donated to the Foundation. In December, a charity event called *Anche io rispondo 'Presente!' perché la ricerca ha bisogno di me* (I'm here too, because research needs me) was organized in Turin (Italy) for employees, dealers, suppliers, customers, and local authorities. The event also included the auction of both an IVECO New Stralis XP Emotional Truck (with a special Ferrari livery) and a New Holland T5.120 tractor, which ended during Telethon's annual marathon broadcast on national TV. During the year, IVECO and New Holland raised funds by organizing the first-ever *Caravan for Telethon*, a motorcade travelling through major Italian cities (including Turin, Modena, Milan, and Rome) featuring an IVECO Promotion Mobile Unit (IPMU). Other contributions in favor of the Foundation were also made by FPT Industrial and CASE Construction Equipment. In 2016, thanks to these combined initiatives and overall contributions, CNH Industrial donated nearly $332,000, confirming its status as one of Telethon's main partners.

> GLOBAL COMPANIES LIKE CNH INDUSTRIAL HAVE A **RESPONSIBILITY** TO ENGAGE WITH **LOCAL COMMUNITIES** IN APPROPRIATE WAYS. WE NEED TO SHOW ALL OUR DIRECT STAKEHOLDERS, AND THE PUBLIC AT LARGE, OUR **COMMITMENT** TO INNOVATION, SUSTAINABILITY, AND **GROWTH**.
>
> **EMPLOYEE** NAFTA

Recycling to help those in need

In 2016, CNH Industrial's sites in Turin and San Mauro (Italy) launched a charity initiative in collaboration with the Cottolengo Society of Priests, which was founded by Saint Joseph Benedict Cottolengo to help the poor and the disadvantaged. The initiative, consisting of an internal campaign across Italian Company sites to collect and donate used clothes and linens to the Cottolengo Foundation, enabled employees to help those in need while also tackling waste. The initiative was an extraordinary success among employees, who donated more than 170 boxes of clothes and linens.

Safe Schools in South Africa

In 2015, an innovative pilot project called *Safe Schools* was launched in Cape Town to protect South African children walking to and from school, and hence reduce child pedestrian injuries and deaths. The second phase of the project, launched in 2016 at the Isikhokelo Primary School in the Western Cape, features a dual approach to road safety, aiming at enhancing the safety of road infrastructures, on the one hand, and at spreading road safety education and awareness among children and teachers, on the other. The project falls within the scope of the United Nation's *Decade of Action for Road Safety 2011-2020* initiative, and is primarily funded by IVECO South Africa. The *Safe Schools* project was also a key part of the campaign launched by Zoleka Mandela and her family, in memory of Zenani Mandela junior, killed in a road accident in 2010. Based on an initial project assessment, improvement measures could potentially reduce the risk of road collisions and injuries involving school children by 85%.
In 2016 around 50 students were involved.

GRI STANDARDS
GRI 103-2; GRI 413-1

INITIATIVES IN NAFTA

Charitable donations and volunteer work are key aspects of CNH Industrial's community involvement in NAFTA. The majority of requests for funding in 2016 were reviewed by the CNH Industrial Foundation, established to manage all donations of $1,000 or more made by the Foundation itself or other Company's entities, including those to non-profits, accredited schools, and publicly-funded organizations. To support the Company's goal of investing in the health and sustainability of local communities, the Foundation prioritizes causes centered on education, health and human services, civic and community improvement, food security, and disaster relief. The CNH Industrial Foundation Grant Application Portal, accessible via the corporate website, facilitates the grant application and review process by providing clear information and criteria to potential applicants. Grant applications that meet the initial criteria are reviewed on a quarterly basis by the CNH Industrial Foundation's Board of Directors, which comprises employee representatives from various functions within the Company.

In 2016, to better assess the impact of its community investments, recipients of grants of $5,000 or more (received from the CNH Industrial Foundation or other CNH Industrial entity) were requested to submit an impact/progress report within 9 months of receiving the donation, so as to ensure future funding consideration. Throughout the year, CNH Industrial encouraged its employees to engage with their local communities through new volunteering opportunities during working hours, either individually or in teams (see also page 96).

The CNH Industrial Foundation, along with the Company and its brands, finances long-term projects in partnership with key charitable organizations, such as Habitat for Humanity, United Way, and the American Cancer Society. They also support significant initiatives near their sites, such as the Bracewell Stadium near CNH Industrial's manufacturing plant in Burlington (USA).

In 2016, as part of a multi-year commitment, the Company donated $25,000 to this historical high school stadium, built in 1920, to add a new press box, pitch, and lighting.

Near its site in New Holland (USA), CNH Industrial participated in several events to support the local farming community. At *Family Farm Days*, a 3-day fair held at a nearby farm, 23 employees spent 100 hours giving tours and tractor rides while educating the public about agriculture. Furthermore, in support of farmland preservation, 68 CNH Industrial employees participated in the *Pedal to Preserve* bike ride event, which raised over $54,000 for farmland preservation in Lancaster County (USA).

During the year, the Company also supported science education, engineering, and technical training through a number of charitable contributions to schools and youth organizations near its locations in Burlington, Racine, and St. Nazianz (USA).

Fighting Homelessness

Since 2007, CNH Industrial has supported *Habitat for Humanity* by contributing funds and building homes for those in need in the US communities where the Company operates. Habitat for Humanity is a non-profit organization that tackles poverty and builds affordable housing for low-income families. First started in 1976, it has since helped over 6.8 million people receive proper shelter. Employees supporting the initiative step away from their desks during working hours to assist in various building activities, such as laying foundations, fitting windows and doors, and installing sidings. In 2016, about 102 CNH Industrial employees helped build homes near Burr Ridge, Lebanon, and Racine (USA), volunteering 556 work hours (see also page 96). Additionally, CNH Industrial donated $34,000 to local affiliates near the aforementioned locations and to other affiliates near its US sites in Fargo and in the Quad Cities area, where construction activities will start in 2017. Since 2007, CNH Industrial has donated nearly $500,000 to Habitat for Humanity.

102
EMPLOYEES HELPED BUILD HOMES

In Racine (USA), the Company also collaborates with the *Homeless Assistance Leadership Organization* (HALO), which is committed to preventing homelessness. Since 2011, CNH Industrial has donated over $250,000 to HALO to create shelters, fund services, and support coordination activities. In 2016, it supported the organization's *Sleep Out* event, during which individuals sleep outdoors for a night, in cardboard boxes, to raise awareness of homelessness.

Support to United Way

In 2016, CNH Industrial continued its long-standing support for United Way, a non-governmental organization present in more than 40 countries worldwide helping those in need of access to primary care, with particular emphasis on education, health, and safety. To support United Way in its mission, CNH Industrial collected donations through an annual workplace giving campaign targeting its North American employees (10,000 workers), who also planned several fundraisers with outings organized at various Company locations. In 2016, the CNH Industrial Foundation, CNH Industrial, and its employees donated a total of more than $718,000.

Fighting Cancer Together

For 7 years, CNH Industrial and its employees have participated in *Relay for Life*, a national group-based, 24-hour fundraising walk for the American Cancer Society. In 2016, through employee fundraising and corporate contributions, CNH Industrial and its employees were able to raise nearly $50,000 for the organization.
Furthermore, New Holland Agriculture purchased the Survivor, a fully restored 1939 tractor that is repeatedly purchased and auctioned to raise funds for cancer research, with 100% of the proceeds donated to various charities. The sale resulted in a $32,000 donation to the Ann B. Barshinger Cancer Institute at Lancaster General Hospital (USA), partly thanks to a donation match from the owners of Wolgemuth Auction, the Survivor tractor's previous owners. New Holland Agriculture and Wolgemuth Auction will celebrate the next phase of the Survivor's journey together, with a year-long giving campaign starting with the *Pennsylvania Farm Show*.

Dire States

In 2016, CASE Construction Equipment awarded its *Dire States Equipment Grant* to the Tioga County Soil and Water Conservation District (SWCD) in Tioga County, New York (USA). The grant awards one local community with $25,000 in free equipment rental from CASE to help offset the costs of building or repairing a critical piece of local infrastructure. The SWCD will use the equipment within the scope of its *Environmentally Sensitive Stream Maintenance Program*, providing for collaboration with municipal officials and highway department staff to ensure scientifically sound maintenance of streams and waterways. The aim of the program is to mitigate damage from possible floods, given their considerable impact on local infrastructures and communities in recent years. After a nationwide call for applications, all eligible applicants - municipal, county, and other local government representatives – were asked to submit a local infrastructure project proposal, providing a detailed assessment of how it would benefit the community. The winner was selected by a committee of representatives from CASE.

PARTNERSHIPS TO HELP LOCAL COMMUNITIES

Within the scope of the collaboration between CASE Construction Equipment and Team Rubicon, a veteran-led disaster response organization, the brand and one of its dealers provided equipment and product support for the organization's MOBEX Motor City project: a 5-day training course on damage assessment, chainsaw use, and heavy equipment operation delivered to more than 100 Team Rubicon members. The project work, performed in collaboration with Motor City Blight Busters, included the clearing of trees and other debris from abandoned lots in the Brightmoor neighborhood of Detroit (USA).
Team Rubicon also benefited from CASE's second Labor of Love Music Festival, held in Racine (USA) during Labor Day weekend, which raised $10,000 in proceeds for the organization.
In Milwaukee (USA), CASE loaned a skid steer loader to support the Victory Garden Blitz, a city-wide event organized within the scope of the *Victory Garden Initiative* that engages the community in installing more than 500 raised-bed vegetable gardens at homes and businesses.
From its hangar in Waukegan (USA), CNH Industrial removed more than 100 truckloads of old runway concrete, later used to mitigate erosion damage affecting homeowners along Lake Michigan's coast in the counties of Racine and Kenosha (USA).

FOCUS ON

INITIATIVES IN LATAM

In LATAM, social responsibility has become an increasingly important matter in recent years. As a consequence, social initiatives adopt a less purely philanthropic approach in favor of a more strategic one. For this reason, CNH Industrial selects projects and partnerships that have a social and environmental impact on its activities, involving its employees in the process. The main priority requiring action is education, since it helps to overcome social inequalities, thus improving circumstances and creating better citizens. In this regard, CNH Industrial promotes short and long-term projects to benefit the community, customers, employees, and suppliers. Education is promoted through initiatives focusing on regional development, the dissemination of culture (arts, music, and literature), and the promotion of sports activities among underprivileged children and teenagers.

The Company has launched several programs in Brazil throughout the years to tackle the priority issues identified, and supports them on an ongoing basis. The projects developed within the scope of each program support thousands of people every year.

In 2016, the following amounts were invested in a variety of projects in Brazil:

- $69,000 in 3 sports projects for underprivileged young people
- $331,000 in 7 projects for the development of socially disadvantaged areas
- $277,000 in 6 cultural projects.

In 2009, CASE Construction Equipment and Case IH set up the *Case Multiação* program, focusing on the areas surrounding the plants in Piracicaba and Sorocaba (Brazil). The program concentrates on human development, with the aid of non-governmental organizations, supporting the dissemination of culture, sports, and further education. The program has involved more than 2,000 children and teenagers since its inception.

In 2007, IVECO launched the *Proximo Passo* project to promote initiatives ranging from the preservation of the environment to the strengthening of citizenship values and sustainability in poor communities near the plant in Sete Lagoas (Brazil).

Lastly, in 2009, New Holland Agriculture and New Holland Construction set up the *Plantar & Construir* program in Contagem and Curitiba (Brazil) to improve quality of life by promoting human development and providing social welfare through sports activities in the most vulnerable communities.

OVER
2,000
YOUNG PEOPLE INVOLVED IN THE CASE *MULTIAÇÃO PROGRAM*

One of the educational and community development initiatives supported by CNH Industrial is the *Afece - Projeto Redi*, which focuses on the psychomotor development and social inclusion of 225 children and adolescents with intellectual disabilities from care programs or that are socially vulnerable. The sports and cultural activities offered encourage them to be more active and involved in the community.

In Sorocaba (Brazil), CNH Industrial supports the *Pastoral do Menor* organization, which works to reduce the number of children and teenagers living on the street. In a specially allocated building, they are given the opportunity for extra schooling, as well as a chance to socialize and participate in sports and leisure activities. In 2016, 710 children and teenagers benefited from the initiatives implemented.

In Contagem (Brazil), the Company has worked with the *Cooperação para o Desenvolvimento and Morada Humana* (CDM) for 4 years to reduce poverty in highly deprived areas. Initiatives carried out near the plant focus on local development (training, education, and social articulation) and volunteer projects involving employees.

For some years, the Company has also supported the *Association São Miguel Arcanjo*, which helps children and teenagers at risk because of their circumstances or environment. The organization involves them in educational and recreational activities, such as the *Music and Life* project, which gave 112 children and adolescents access to art education.

In Argentina, employees continued to participate in the *Junior Achievement Program* in support of primary and secondary school students (see also page 96). In Venezuela, the Company donated 10 computers to the Farm School near its premises. Through the *Un Techo para mi Pais* initiative in Argentina, 15 volunteers in Cordoba and Buenos Aires donated a total of 100 hours to build homes for underprivileged people.

CNH Industrial also sponsors numerous artistic and cultural projects. In Sete Lagoas (Brazil), it supports the *Associação Cultural Sempre Um Papo*, which organizes regular lectures and discussions with leading writers and intellectuals, to foster a reading culture. Events are filmed and edited into a series of DVDs entitled *Culture for Education*, and sent out to all public schools.

In Sorocaba (Brazil), CNH Industrial supported the *Pintura Solidária* cultural organization, specifically its *In the Compass of Colors* project. The initiative encourages children, adolescents, adults, and the elderly to express their creativity through painting. Workshops are held at hospitals, daycare centers, and organizations assisting children with psychological problems in the care of social workers, helping to raise self-esteem, strengthen patients' immune systems, and develop the motor skills of children with physical disabilities.
CNH Industrial promotes the *CNH Economic Journalism Award*, formerly the *Fiatallis Award*, created in 1993. The award is presented to members of the press to encourage quality news reporting and spark debate on the Brazilian economy by recognizing the contribution of the press to the country's development, through its work and relations with the industry. In 2016, more than 400 articles by the country's leading media outlets were entered for the award, which now includes the following 4 categories: agribusiness, transport, construction, and macroeconomics. On a related theme, 2016 marked the *12th New Holland Award for Photojournalism*, which has received more than 20,000 pictures over 12 years.

For several years, CNH Industrial has supported a number of sports projects focusing on the social integration of young people from disadvantaged areas. Such initiatives include *Esporte da Cidade* in Sete Lagoas and Contagem (Brazil), which involved 180 children and teenagers in judo and football practice, and *Bola da Vez* in Sorocaba (Brazil), involving 400 children from public schools.
In Curitiba (Brazil), CNH Industrial made donations to the *Pequeno Príncipe* hospital and to the *Asilo* São *Vicente* nursing home, which has 186 elderly women residents.
The Company organized a number of initiatives at the plants in Brazil, Argentina, and Venezuela to collect items for people in need, such as school materials and uniforms, food, toys, clothes (more than 9,000 items), and sheets.

INITIATIVES IN APAC

CNH Industrial has a strong presence in the Emerging Markets in APAC, which enables the Company to share expertise and show its solidarity to local communities. In recent years, this close relationship has taken on greater importance in terms of the activities implemented, with major initiatives offering solidarity to people in areas affected by natural disasters, and others supporting education for young people across the Region.

In India, following the directive on Corporate Social Responsibility (CSR) requiring companies to invest in sustainable projects, CNH Industrial is adapting its internal organization to ensure that its activities are structured to benefit local communities. In this regard, a dedicated committee was established in 2015 to evaluate a number of project proposals. The areas of intervention identified include primary health care for local communities, technical training, education for underprivileged children, and water management.

Trans-Help Foundation

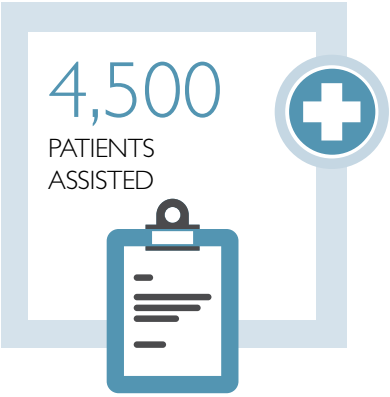
Since 2008, IVECO has supported the Trans-Help Foundation, established to enhance safety and wellbeing in the transport industry. The Company has donated 4 Daily vans since the collaboration started, fitted out as fully functional Mobile Health and Support vehicles, and used on Australian roads to provide health checks and offer advice to drivers and their families. In 2015, supported by IVECO, the Trans-Help Foundation launched a new mobile app offering users a broad array of health and safety information and services while on the road. Services include, among others, access to online video consultations with doctors (in partnership with GP2U Telehealth), news feeds, accident reports, and a 7-day fitness tracker.

Assisting the Homeless

In Australia, the One Voice organization provides practical and essential hygiene services to meet the immediate needs of homeless young people, including safe short-term accommodation. Its goal is to empower young people with confidence-building education and skills training, with a view to future employment. The organization developed a concept to bring shower services directly to those living on the streets and without access to washing facilities. In 2016, IVECO decided to support the initiative by launching the first mobile shower unit prototype, which was created by converting an IVECO Daily and equipping it with 2 showers, a washing machine, and other common bathroom accessories. The prototype unit is currently being offered as a marketing vehicle through a lease program.

Smile on Wheels

In India, New Holland Agriculture partnered with the Smile Foundation to launch the *Smile on Wheels* project, aiming at providing better medical facilities in rural areas via a mobile health unit. The unit is operational 5 days a week and is equipped with first aid kits, preliminary diagnostic kits, and basic medicines. A doctor, a nurse/lab technician, and an ambulance driver are always on board. Since 2016, 4,500 patients have benefited from the unit. Through the Smile Foundation, the Company also provided assistance to 200 students (94 female and 106 male) between the ages of 4 and 14, enrolled at a school run by the organization near the Greater Noida plant.



PARTICIPATION IN EMERGENCY RELIEF EFFORTS

One of the most important relief efforts in 2016 took place in Central Italy following the multiple earthquakes in August that reached magnitude 6.0.
From the start, CNH Industrial worked with the authorities in charge of relief efforts, including the Italian Fire Service and Civil Defense Corps, providing on-ground assistance in the form of equipment, vehicles, and specialists. Specifically, CASE Construction Equipment provided 19 vehicles to local fire departments, including crawler excavators, mini-excavators, wheel loaders, and skid-steer loaders; FPT Industrial provided 7 generator sets; IVECO Bus delivered 3 minibuses; and IVECO and IVECO Astra supplied several heavy vehicles (including dump trucks) to assist with possible future needs. In addition, New Holland Agriculture auctioned a tractor, donating around $30,000 in proceeds to the Italian Red Cross.
The Company also set up an internal fundraising campaign, with funds donated through the Red Cross. With the contribution from the CNH Industrial Foundation, employees in EMEA and NAFTA donated $75,000, which was matched by the Company, reaching a total of $150,000.
In early 2017, the Italian fire departments that provided aid during the earthquakes were honored as *International Firefighting Team of the Year 2016* and received the coveted *Conrad Dietrich Magirus Award.* The award was given by Magirus, CNH Industrial's global firefighting brand.

In support of disaster relief efforts for the Fort McMurray wildfires in Canada, CNH Industrial's plant in Saskatoon held an employee giving campaign, with funds donated to the American Red Cross via a microsite and later matched by the Company.

YOUTH TRAINING

CNH Industrial focuses its community efforts on young people, and in particular on their education. In addition to the awards and scholarships given to employees' children (see also page 68), the Company works hard to promote young people's education, in collaboration with private and public institutions and other stakeholders. Activities range from promoting long-running educational projects, to sponsoring organizations involved in young people's education.

IN-KIND DONATIONS

In support of local disaster relief efforts, the Company donated 2 New Holland Agriculture Rustlers™ to local first responders in the town of New Holland, Pennsylvania (USA). One vehicle was delivered to the Police Department and one to the Fire Department's Garden Spot Fire Rescue.
A New Holland T7 tractor was also donated to the *Rita Atria - Libera Terra* social cooperative, in the province of Trapani (Italy), which support *Libera. Associazioni, nomi e numeri contro le mafie* (an Italian association promoting outreach activities against the mafia and organized crime in general). In 2013, the brand also donated a T5060 tractor to the cooperative *Rosario Livatino - Libera Terra*, in the province of Agrigento (Italy).

FOCUS ON

7
TECHPRO² TRAINING CENTERS WORLDWIDE

TechPro²

*TechPro*², a joint project with schools run by the Don Bosco Salesian Society, mainly aims at training mechatronics specialists in construction equipment for the engines and industrial vehicles industry. The training course has a 2-stage curriculum: theory, taught at the Salesian training institutes, and hands-on learning, provided at authorized CNH Industrial repair shops, devised to meet a growing demand for skilled personnel. CNH Industrial provides expertise by training teachers, who in turn pass on the knowledge to the students in the classroom. The Company 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 exercises. The training offering varies from country to country and is tailored to local needs, with the dual purpose of providing young people with a qualification they can use in the job market, while meeting the need of workshops and dealerships for specialized manual workers.

The *TechPro*² project began in **Italy** in 2011 with the opening of the center in Fossano. Currently, the training course offers both a 2-year body repair program and a 3-year motor vehicle repair program. In 2016, 110 students were trained over 1,691 training hours, and 40 students underwent a 320-hour internship at local repair shops. In December 2015, with the support of New Holland Agriculture, a new school was also opened in Rome (Italy), the first ever dedicated to training on agricultural vehicles. The new training course is held at the *Istituto Teresa Gerini,* training 20 students every year.

In 2012, the project was also extended to Belèm (**Brazil**), where the Salesian School holds professional courses to help 20 young people in the field of motor vehicle repair enter the job market.

In 2013, the *TechPro*² project was launched in Addis Ababa (**Ethiopia**), with a training course on engines and industrial vehicles held at the Bosco Children Center. The project also aims to encourage more dialogue between public and private entities by creating a partnership to generate greater employment opportunities for young people. The course lasts 9 months and guarantees a certificate officially recognized by the Ethiopian government. In 2016, 18 students were trained, with 83% of them finding employment.

In 2014, CNH Industrial launched the project at the Changshan vocational secondary school in the province of Zhejiang (**China**), as part of a sponsorship agreement between the Company and Yizhong Education. Training sessions are held on the new school campus, on the north shore of the port of Changshan. IVECO supports the project by providing the school with teacher training, tools, parts, engines, and vehicles. Upon receiving their diploma, students are offered an internship at an IVECO dealership.
In 2016, the Company set up a new training program in Northeast China through its agricultural brands Case IH and New Holland Agriculture, and its powertrain brand FPT Industrial. The 3-year course, which will be integrated in the Yanji International Technical School's curriculum, will train technicians, welders, and assembly workers specializing in agricultural equipment, providing new opportunities for professional growth. The first course will involve about 40 students and teachers over the next 3 years, who will be trained and given internship opportunities across the dealer networks of CNH Industrial's brands, where they will gain valuable on-the-job experience. Upon completion, graduates will receive a vocational secondary school diploma.
In 2016, 100 students were given 55,200 hours of training.

At the Ennerdale Don Bosco Educational Projects School in Johannesburg (**South Africa**), a new training course focusing on engines started in 2016, involving 10 students. The course makes use of an F1A engine, a power generator set, and various equipment and tools provided by FPT Industrial. Additionally, a special engine-focused *Train the Trainer* course was launched to train dedicated teachers. The new course supplements the existing one on commercial vehicles managed by IVECO.

In 2016, the first-ever *TechPro*² international event took place at the headquarters of the Salesians of Don Bosco in Turin (Italy), presenting the technical training activities implemented thus far. The event was also an opportunity to award some of the project's most deserving students from various countries around the world. The *TechPro*² website, created in 2015, provides comprehensive program information for students, as well as school contacts for sector operators in search of qualified personnel.

Programa Formare

In 2016, the *Programa Formare* continued in Sete Lagos (Brazil). The goal of the program is to reintegrate disadvantaged young people through training. In partnership with the *Fundação Iochpe*, 20 young apprentices were selected to take part in the program. Volunteer employees from the Commercial Vehicles and Powertrain segments teach the course, aimed at developing skills such as communication, teamwork, problem solving, and manufacturing processes. During the year, 90 employees volunteered approximately 800 hours. Classes are held at the IVECO plant in Sete Lagoas. The training program lasts about 1 year and, upon completion, students receive a specialist technical degree in finishing and final assembly, as well as a diploma recognized by the Brazilian Ministry of Public Education.
In 2016, 20 students graduated; they subsequently demonstrated significant improvements at school, at home, and in interpersonal relationships.

20
STUDENT GRADUATES

Giovanni Agnelli Distinguished Professorship

In 2016, the CNH Industrial Foundation in the USA donated $1.25 million to the Paul H. Nitze School of Advanced International Studies, a division of Johns Hopkins University. The endowment will continue in perpetuity to fund the *Giovanni Agnelli Distinguished Professorship* at the newly created Kissinger Institute for Global Affairs, to promote international education at university level.

PROJECTS LINKED TO OUR MEGATRENDS

In 2016, the Company focused on a number of projects related to the megatrends identified (see page 16) during the year, particularly those related to *food scarcity and food security* and to *climate change*.

FOOD SCARCITY AND FOOD SECURITY

Partnership with Slow Food

New Holland Agriculture actively supports the *Association of Friends* of the University of Gastronomic Sciences in Pollenzo (Italy), whose main goal is to create an international research and education center for those working on new farming practices, protecting biodiversity, and building an organic relationship between gastronomy and agricultural science.

Terra Madre Salone del Gusto

In 2016, CNH Industrial supported the Slow Food Foundation by sponsoring the organization's main event, *Terra Madre Salone del Gusto*, held in Turin (Italy) and attended by nearly 1 million visitors. For the first time, the Company was more than just a vehicle provider; it was a partner in every respect, offering the greenest and most sustainable mobility solutions during the event. Indeed, a detailed study was carried out by the CNH Industrial Mobility and Transport Studies department to analyze the best way to transport visitors, delegates, and exhibitors, so as to ensure the lowest environmental impact. IVECO Bus provided 8 vehicles to meet visitors' mobility needs in the downtown area, all featuring cutting-edge technological solutions and the lowest emission and noise levels possible. Some were also fully equipped to accommodate people with disabilities.

Future Farmers of America

In the USA, CNH Industrial supports *Future Farmers of America* (FFA), an association active in farming education since 1928. In 2016, the Company donated $250,000 to the organization through its Case IH and New Holland Agriculture brands and through the CNH Industrial Capital business. Furthermore, Case IH is among the sponsors of the association's *2017 New Century Farmer* conference, an intensive 5-day event to be held in Des Moines (USA), designed to help students develop their careers in production agriculture. This highly competitive program is open to university students who are former or existing FFA members. At the event, they will have the opportunity to network with industry experts and attend workshops on a variety of topics relevant to the world of modern farming.

Case IH and New Holland have also established multi-year partnerships with 2 museums to fund educational agricultural exhibits. Case IH sponsored the *GROW* exhibit at the St. Louis Science Center in Missouri (USA), while New Holland Agriculture sponsored the *Hands-on-House* farm exhibit at the Children's Museum of Lancaster, located near its site in New Holland (USA).

Agri Training Centers in India

In recent years, New Holland Agriculture has opened 3 training centers in India, in collaboration with local universities. The first Agri Training Centre was inaugurated in 2012 in Bhubaneswar, in association with the Department of Agriculture of the Government of the state of Odisha. Under the Odisha Government program, the training center aims to provide young farmers and unemployed people with the specific skills required to find suitable employment in mechanized agricultural farming. The course covers tractor maintenance and the overhauling of the main tractor subassemblies, as well as repair and maintenance of other mechanized farming equipment. In order to deliver New Holland's specialized training, the Agri Training Centre is equipped with special tools, such as engines and transmissions.
In 2014, New Holland Agriculture signed a memorandum of understanding with the Government of Madhya Pradesh State, providing for the establishment of a new training center in the state, and for the supply of innovative products for the mechanization of sugarcane, cotton, and corn harvesting, and for biomass management. The initiative is an opportunity to raise awareness among farmers and facilitate usage of more eco-friendly and efficient agricultural practices to enhance productivity and create more employment opportunities for young people. The brand's third training center opened in 2015 in the Region of Assam, in the North East of India.

Integrated Farming Systems in India

In 2016, CNH Industrial launched several training initiatives in India through the Indian Society of Agribusiness Professionals (ISAP). Among these, the *Integrated Farming Systems* project providing for the training of local farmers, so as to improve farming productivity and the livelihoods of the rural population by bringing better technology to the community while building awareness. The equipment required for training, including New Holland tractors, is rented through a local rental center managed by a farmers' association. The project reached 840 farmers, with training sessions at 18 centers across India.
In addition, 160 young people received training on tractor operation and mechanics at 2 centers in the cities of Gulbarga (Karnataka) and Nagpur (Maharashtra). Both offer students a 2-month residential program and assistance in finding employment upon course completion. Both projects will continue in 2017.

Safe Drinking Water

Through the non-profit Enable Health organization, CNH Industrial helped 4 villages in the Gujarat region (India) receive clean and safe drinking water through the installation of 5-stage reverse osmosis water purification systems with remote sensing. As at November 2016, the water purification units had produced 200,000 liters of water.

ADVOCATING FOR AGRICULTURAL MECHANIZATION IN INDIA

CNH Industrial partnered with India Today, a leading national English language news channel, to produce a program on the Company's contribution to the development and mechanization of agriculture in India. The episode – one of 8 in the channel's *Make in India* series, each dedicated to a sector of the Indian economy – aired on India Today on March 20, 2016. *Make in India* is an initiative conceived to encourage domestic and international companies to manufacture in the country, with the aim of attracting investments and creating a best-in-class manufacturing infrastructure. CNH Industrial's contribution helped further promote the advancement of mechanized agriculture in the country.

OUR PROJECT

TREES FOR EARTH DAY

During its #CASETrees social media event for landscape and nursery businesses, CASE Construction Equipment planted 30 trees at 3 different locations in Racine (USA), specifically in Lockwood Park, Johnson Park, and the Racine Zoo. The trees were selected and planted in coordination with the Racine Parks' Recreation and Cultural Services Department.
The brand planted a tree in honor of each company that participated in the campaign by posting a photo of the company's staff on the CASE Instagram or Facebook page for Earth Day (April 22, 2016), using the #CASETrees hashtag.

RESPONSE TO CLIMATE CHANGE

The CNH Industrial Wood in Jesi

In 2016, by implementing World Class Manufacturing initiatives (see also page 176), the plant in Jesi (Italy) was able to cut its paper consumption by the equivalent of 20 trees. To celebrate this success, the plant donated 20 actual trees to the nature reserve *Oasi WWF Ripa Bianca*. The plot where the trees were planted is now known as the *Boschetto CNH Industrial* (the CNH Industrial Wood). The collaboration with the *Ripa Bianca* Oasis also allows plant employees and their families to take guided tours of the Oasis itself.

Standing with the FAO for Water Management in Tunisia

In 2016, the Company continued its 3-year project in Tunisia with the Food and Agriculture Organization of the United Nations (FAO) and the Government of Tunisia, which was started in 2015 to improve the country's water mobilization and irrigation. In February, CNH Industrial and New Holland Agriculture formalized their commitment with a cooperation agreement, signed at FAO Headquarters in Rome (Italy). By supporting the FAO, the Company aims to help reduce rural poverty and insecurity of resources in the Governorate of Kebili, significantly impacted by desertification and climate change. The project will provide for the construction and repair of traditional water harvesting systems, the creation of approximately 250 family gardens, and an increase in pastoral and arboricultural plantations. It will also improve the management of water resources thanks to training initiatives and direct collaboration with local farmers' associations.

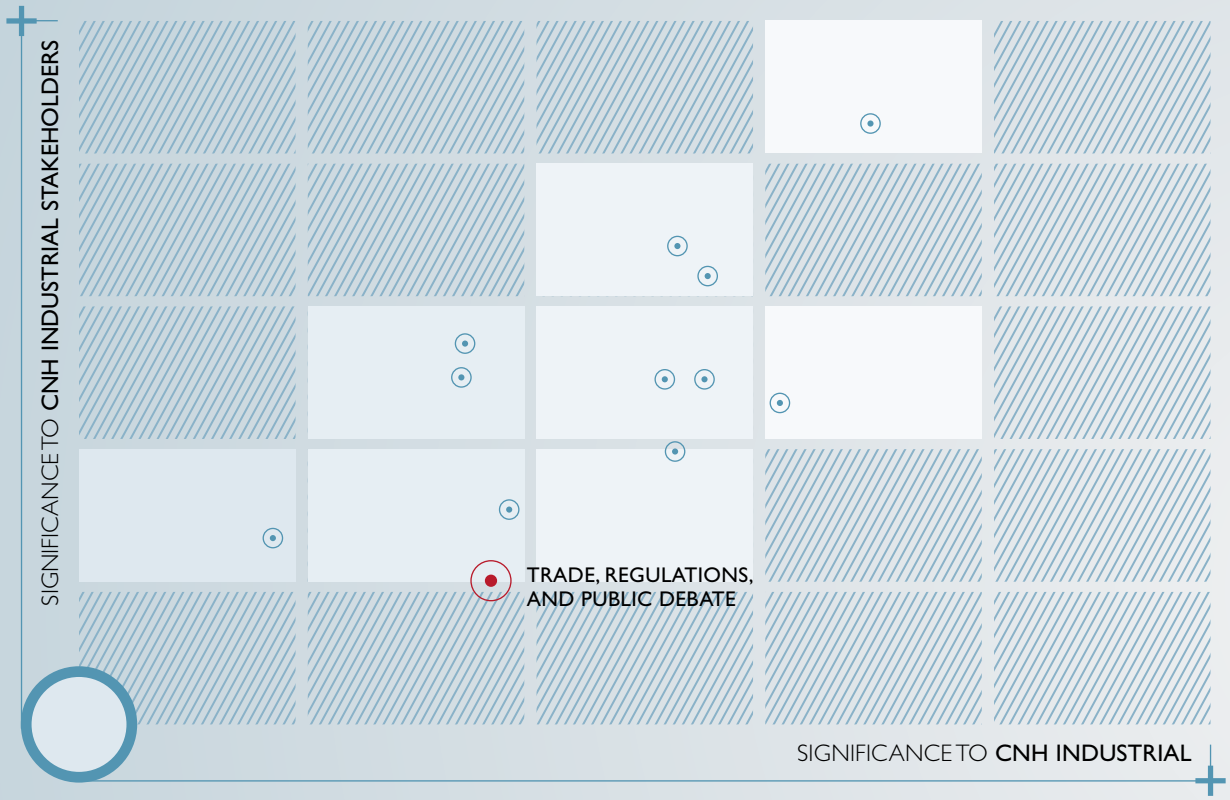
250
FAMILY GARDENS INVOLVED IN THE WATER MANAGEMENT PROJECT

Protecting Wildlife

In 2016, building on a partnership started in 2015, CASE Construction Equipment continued to collaborate with Team Rubicon on restoring national wildlife refuges. A veteran-led disaster response team was trained using CASE heavy equipment provided by the brand's Central Machinery dealer. Training included critical project work to remove man-made islands in low-lying wetland areas, so as to improve the habitat for birds and waterfowl at the Turnbull National Wildlife Refuge in Washington State (USA). To date, the brand and Team Rubicon have completed refuge-training projects in Texas, California, and Massachusetts (USA), and have ongoing training initiatives at sites across the US region.

Rainwater Harvesting System

In collaboration with its supplier Oerlikon Graziano India and the *Indian Society of Agribusiness Professionals* (ISAP), CNH Industrial launched a project to collect rainwater near its plant in Greater Noida (India). The project provided for the realization of a rainwater harvesting system at the Gautam Budh Balak Inter College, which required the construction of 11 groundwater recharge pits. The water collected will be used to irrigate the school's playground and green areas. Furthermore, reverse osmosis water purifiers and water coolers were installed on school premises to ensure clean, safe drinking water for the students.



RELATIONSHIPS WITH PUBLIC AND PRIVATE ORGANIZATIONS

Material topics described in this chapter, for definitions see pages 255-256.

MANAGEMENT FRAMEWORK

The materiality analysis highlighted that **trade, regulations, and public debate** are key issues for the Company 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 set high-level standards and guidelines.
Stakeholders in NAFTA believe that active participation and engagement in the public policy arena are the most important aspects of being a responsible corporate citizen, and essential to both the democratic process and the Company's success. They also feel that CNH Industrial should participate in the political process. In LATAM and APAC, stakeholders believe that Public-Private Partnerships (PPPs) can boost infrastructure development, through knowledge sharing and efficient infrastructure management. In APAC, the stakeholder engagement revealed the clear need for structured participation in defining public policy and representing interests. In EMEA, stakeholders believe that this is a very important topic for a company that seeks to establish itself as a market leader. Specifically, in EMEA, public policy and interest representation are mainly relevant to those stakeholders who expect CNH Industrial, on their behalf, to promote public-private relations, enter the debate on public policies, and contribute to devising and setting international regulations to enhance market development.

CNH Industrial aims at making a positive contribution to the future development of policies, regulations, and standards on issues that affect its business and the communities in which it operates. Specifically, the Company contributes its expertise and knowledge in its dialogue with governments, local authorities, and other stakeholders on policies concerning the capital goods sector, including sustainable agriculture, the automotive industry, and other sectors related to the transport of people and goods. CNH Industrial is committed to contributing to society's technological advancement, and to cooperating with public institutions, universities, and other organizations on research and development into innovative solutions in the fields in which it operates. The Company's proactive approach to institutional relations contributes to identifying new business opportunities early on, and to creating business conditions that are competitive as well as sustainable over the long term. Interest representation is conducted only where permitted by, and in strict compliance with, applicable laws, including anti-corruption and antitrust laws, and in full compliance with the Company's Code of Conduct and related policies and procedures. After CNH Industrial was formed by the merger of Fiat Industrial with CNH Global N.V., the Company decided to register with the European Transparency Register, which is operated jointly by the European Parliament and the European Commission. The Register provides information about the interest representatives (organizations and self-employed individuals) that seek to influence the decision-making processes of the European Union, and a code of conduct serving as a framework to regulate their activities. In 2016, CNH Industrial also registered with the Italian Transparency Register, adopted for the first time in Italy by the Ministry of Economic Development (MoED) and drawing upon the same model applied across other European institutions.

The Institutional Relations (or Government Affairs) unit reports directly to the Chief Operating Officer of each Region. In APAC, the unit manages institutional relations in coordination with the heads of each country or business area, who also report to the Region's Chief Operating Officer. Activities are structured around 3 pillars:

- institutional affairs, focusing on international institutional and diplomatic relations
- public affairs, focusing on non-technical policy matters as well as institutional communications
- technical affairs, focusing on regional and international technical regulations.

The Institutional Relations unit mainly aims at:

- actively monitoring societal developments and future legislative trends, in order to engage with public authorities, local governments, business associations, regional institutions, international organizations, and NGOs in the institutional decision-making processes that affect CNH Industrial's product and marketing strategies
- defining the Company's position with regard to policy changes, and developing strategies for interacting with policy makers and other relevant stakeholders
- managing the Company's collaboration with trade associations dealing with global and regional regulations
- protecting and enhancing Company and brand profiles by proactively interacting with external stakeholders and participating in public dialogue
- engaging with Company functions dealing with product development, innovation, engineering, product portfolio, and market leadership to understand the requirements and constraints of future regulatory trends, as well as to provide information on mid and long-term policy trends and legislative requirements, with the aim of supporting the continuous development and updating of the Company's long-term product and operational strategies
- supporting CNH Industrial's business goals by identifying specific business issues and opportunities in the context of institutional and/or diplomatic relations.

The specific activities of the Institutional Relations unit are:

- participation in governmental and other institutional meetings on technical specifications, public policies, and/or business opportunities
- contribution to industry associations' working groups, events, and initiatives
- stakeholder collaboration projects in various fields, for example sustainable mobility.

PUBLIC POLICY AND INTEREST REPRESENTATION

In 2016, as leaders in sustainability, CNH Industrial and its brands continued in their efforts, both within the Company and at public policy and interest representation level, to address the most relevant topics and future challenges affecting the sustainable use of the planet's resources.
Indeed, the Company actively participated in institutional conferences, working groups, initiatives, and meetings to encourage debate on the following areas that are most relevant for sustainability: *climate change*, *food scarcity and food security*, and the *innovative and digital world*.

In **EMEA**, CNH Industrial's Institutional Relations intensified the launch of initiatives aimed at increasing the awareness and active participation of institutional, economic, and other stakeholders with regard to:

- the importance of key issues related to CNH Industrial's product strategy and related regulations, such as decarbonization of transport, biomethane and natural gas (LNG/CNG), autonomous driving, and innovation
- sustainable business and its development through the renewal of vehicle and bus fleets, precision farming, and agricultural mechanization
- CNH Industrial's corporate positioning on sustainability, renewable energy, the circular economy, alternative fuels and tractions, safety, product innovation, emergency relief, and disaster recovery.

Within the scope of the European Commission's Communication on *A European Strategy for Low-Emission Mobility,* the European Commissioner for Climate Action and Energy visited IVECO's Madrid plant (Spain), which produces heavy-duty commercial vehicles. The Communication, issued on July 20, 2016, addresses the current challenges and planned actions at EU level to decarbonize the transport sector to achieve a 30% reduction in emissions by 2030. During the visit, the Commissioner observed the production processes, which boast the highest standards of efficiency and sustainability, as well as IVECO's latest products built in Madrid, in particular the New Stralis NP (Natural Power). The visit was a testament to the brand's leadership in natural

GLOSSARY
Biomethane; CNG; LNG

gas technology, as well as an opportunity to further demonstrate the advantages of the large-scale use of this alternative fuel in decarbonizing transport in Europe. Natural gas, in fact, provides a solution to many current issues in terms of air quality (it has ultra-low NO_X and PM emissions), energy efficiency, global warming, and, ultimately, noise - which is a key factor in urban and night missions.
The significant role of natural gas technology in decarbonizing the transport sector, and the importance of an integrated approach that factors in all elements affecting overall vehicle emissions (the carbon content of fuels, driver behavior, infrastructures, and the potential of Intelligent Transport Systems (ITS)), were also addressed at an industry event, *Reducing CO_2 from Road Transport Together*, organized by the European Automobile Manufacturers' Association (ACEA). At the event, IVECO, as a global manufacturer of commercial vehicles and a long-standing ACEA member, proposed a collaboration between all interested stakeholders with the aim of doubling the annual potential for emissions reduction through a fully integrated approach and the development of alternative fuel infrastructures, as per applicable European directives. To this end, the brand strongly encouraged all attending member states to implement their strategic plans for the deployment of such infrastructures as quickly as possible.

The *Trans-European Transport Network (TEN-T) Days 2016*, held in Rotterdam and organized by the European Commissioner for Transport and the Dutch Presidency of the Council of the European Union, provided a forum to discuss the development of the Trans-European Transport Network, with a special focus on transport infrastructure implementation and financing. At the event, IVECO showcased its New Stralis NP, which runs on compressed or liquefied natural gas (or a blend of the two) and is considered the most sustainable long-haul gas-powered truck ever built, making natural gas a viable solution for any mission.

The *TEN-T Days* initiative was also an opportunity to discuss autonomous driving following the success of the *European Truck Platooning Challenge,* the world's first ever cross-border journey of semi-automated truck platoons, and part of the industry's integrated approach to further reducing CO_2 emissions. As a member of the ACEA, IVECO's platoon joined those of 5 other European truck manufacturers, travelling through various European cities to Rotterdam: a unique opportunity to test drive truck platooning on public roads. IVECO deployed 2 Stralis Hi-Way trucks to travel from the *Atomium* in Brussels (Belgium), symbol of the city's 1958 *World Fair*, to the Port of Rotterdam. An event was held to promote the initiative, coinciding with the departure of IVECO's platoon, during which the Belgian federal and local government representatives and IVECO discussed a number of topics concerning platooning and autonomous driving.

IVECO and FPT Industrial were invited to share their views on the CO_2 emissions levels of new light commercial vehicles that are subject to multi-stage type approval with the European Commission's new High Level Group for the automotive industry (GEAR 2030). The brands thus contributed to the group debate on the automotive industry's main challenges for the next 15 years, and to the formulation of recommendations to reinforce the competitiveness of the European automotive value chain.

Within the framework of the Memorandum of Understanding (MoU), signed between Fiat Chrysler Automobiles (FCA), IVECO, Magneti Marelli (a brand of FCA), and the Israel Fuel Choices Initiative (IFCI) to develop alternative fuel and natural gas technologies, CNH Industrial was invited to participate in the *2016 Fuel Choices Summit* in Tel Aviv (Israel). The Company shared updates on its latest alternative fuel programs, such as New Holland Agriculture's T6 Methane Power tractor, and delivered Israel's first ever natural gas-powered vehicle.

Many initiatives were organized during the year to further publicize the benefits of natural gas and biomethane use among institutional stakeholders. FPT Industrial was invited to give a speech about its strategy on biomethane-powered engines at the *European Biomethane Conference*, an institutional event organized by the German Energy Agency (DENA) in Berlin. Since Germany is the current world leader in terms of annual capacity for upgrading biogas to biomethane, FPT Industrial's participation was an opportunity to reaffirm the brand's leadership in the production and commercialization of the most complete range of natural gas engines.

CNH Industrial organized the *Biometano Day*, in collaboration with FCA and with EGEA and ACEA Pinerolese, Italy's main multi-utility companies in the local public services, energy, and environmental sectors. The event was also attended by representatives of Italy's Ministry of Infrastructures and Transport and Ministry of Economic Development. At the event, IVECO and IVECO Bus showcased their full range of natural gas commercial vehicles and buses, FPT Industrial displayed its wide range of natural gas engines, and New Holland Agriculture presented its T6 Methane Power tractor.

Another event, the *Biomobility Day – Biomethane for the circular economy,* took place in October at the *Maccarese S.p.A* farm, in Fiumicino (Italy), organized by CNH Industrial and FCA with the support of Italy's automotive and biomethane industry, namely the National Association of the Automotive Industry (ANFIA), the Italian Biogas Consortium (CIB), the Italian Natural Gas Vehicles Association (NGV Italy), and the General Confederation of Italian Agriculture (Confagricoltura). The institutional speakers at the event's kick-off conference included: the Italian Parliament's Chairman of the Committee on Industry; representatives of Italy's Ministries of Infrastructures and Transport, of Economic Development, and of Agricultural, Food and Forestry Policies; agricultural and industrial leaders; and leaders in the field of natural gas and biomethane for vehicles. The event focused on the importance of natural gas and biomethane in the future of sustainable mobility in Italy, and on the technologies, such as those employed in FPT Industrial's natural gas engines, ready for use and on the market. IVECO Bus provided logistics support to the attendees.

CNH Industrial was also invited to intervene at the *2016 Alternative Fuels Conferences and World Fair* held in Bologna (Italy), attended by the main natural gas associations from Asia, Asia-Pacific, and the Middle East, and at the *Natural gas for a sustainable future, an opportunity for the Italian transport sector* institutional conference, held in Rome (Italy) and organized by ANIGAS (Italian Association of the Gas Industry) and I-Com (Italian Institute for Competitiveness). On both occasions, the Company demonstrated its thought leadership, and that of its brands, in the field of natural gas solutions and engines.

IVECO, FCA, and Snam (an Italian company and European leader in the construction and integrated management of natural gas infrastructure) signed a Memorandum of Understanding (MoU) aimed at fostering the development of natural gas fuel for road vehicles. The MoU was signed in the presence of Italy's Minister of Economic Development and Minister of Infrastructures and Transport, and is part of a wider set of initiatives to promote sustainable mobility. Under the terms of the memorandum, the 3 companies - IVECO, FCA, and Snam - are actively cooperating to boost the further development of methane for vehicle use in the form of compressed natural gas, which can bring important environmental and economic benefits to consumers, companies, and public administrations.

Under the MoU and in collaboration with IVECO, FCA, and Snam, CNH Industrial engaged in an outreach program targeting Europe's major institutions, to educate and further raise awareness of natural gas solutions and the importance of cross-sector cooperation in this field.

In 2016, in the non-road sector, through initiatives and participation in events, CNH Industrial also aimed to raise awareness among institutional, economic, and social stakeholders of precision farming, agricultural mechanization, and development cooperation in Africa and the Middle East.
At European level, CNH Industrial presented the benefits of digital farming and digital technologies for agricultural sustainability and productivity to high-level representatives of the European Commission at an EU-level debate. *Agriculture 4.0 – Smart Farming in the Cloud* was organized by the European Agricultural Machinery Association (CEMA) and hosted by the Representation of the Free State of Bavaria to the EU, in Brussels (Belgium). The event ranked among the top 3 in the Best Networking Event category in the European Association Awards, run by the Global Conference Network, an organization that facilitates best practice within the conference industry and provides an industry-wide voice to external organizations, including educational institutions, suppliers, and government bodies.

The key role of digital technologies in the construction equipment sector was also highlighted by CNH Industrial during Europe's leading construction equipment event, *Industry in Transformation - Drivers of Success*, organized by the Committee for European Construction Equipment (CECE), in Prague (Czech Republic). CASE Construction Equipment and New Holland Construction explored the main trends in telematics, such as the need to develop compatibility standards between different machine types and the challenges to overcome in accelerating the development and adoption of such technologies in the construction sector.

CNH Industrial also supported the *Third European Congress of Young Farmers*, held at the European Parliament in Brussels (Belgium) and involving over 200 young farmers from 17 EU member states. The event concluded with the presentation of awards to young farmers, including for *Most Innovative Project* and *Most Sustainable Project*. Prizes included an invitation to visit and experience first-hand New Holland Agriculture's sustainable product innovations in Turin (Italy). Such initiatives provided an opportunity for CNH Industrial and its agriculture brands, Case IH and New Holland Agriculture, to work closely with European Trade Associations, stakeholders, and policy makers to raise awareness of the importance of promoting innovative technologies. These technologies, such as those used in autonomous tractor concepts, have a direct and positive impact on both the environment and farmers.

In the precision farming segment, the CNH Industrial brand New Holland Agriculture organized *Fields of Innovation* in Maccarese, near Rome (Italy). The Company presented its advanced technological solutions for precision farming to representatives of Italy's Ministry for Agricultural, Food and Forestry Policies, and to senior representatives from institutions, the academic world, and industry. The event highlighted the progress made in promoting the development of the very latest agricultural technologies, in line with the Ministry's precision farming development guidelines, presented in July. Precision farming is radically transforming agriculture with technologies able to generate field maps and use satellite signals to enable farmers to plan operations with great accuracy and precision.

Agricultural mechanization in developing countries is another important topic for the sector, as discussed by CNH Industrial during the *First Italy-Africa Ministerial Conference*. The Company presented its strategy and contributions in terms of products, services, and technologies for agricultural development in Africa. The conference was held at Italy's Ministry of Foreign Affairs and International Cooperation in the presence of the President of the Italian Republic, the Presidency of the Council of the African Union, ministers from more than 40 African nations, and representatives of Africa's major regional organizations. Another important event was *Africa and Us: common perspective challenges in the light of the forecasts by the Economic Outlook 2016*, organized in collaboration with the Italian geopolitics magazine *Limes* and Italy's Ministry of Foreign Affairs and International Cooperation in Rome. At the presentation, CNH Industrial stated the commitment made by New Holland Agriculture, Magirus, IVECO, CASE Construction Equipment, New Holland, and Case IH to overcome the fundamental challenges in most African countries.
Also important to CNH Industrial is the Company's positioning on key topics such as the circular economy, emergency relief, and disaster recovery.
Within the framework of the Joint Declaration signed with the United Nations Industrial Development Organization (UNIDO) at *Expo Milano 2015*, CNH Industrial was invited to UNIDO's 50th anniversary celebrations. The Company presented an overview of its sustainable development programs implemented in recent years and discussed possible joint initiatives with UNIDO. In addition, in order to explore potential new business opportunities for its brands in the EMEA Region, CNH Industrial played an active role in the Italian Government's economic and diplomatic missions to Egypt, Iran, Cameroon, Tunisia, and Ethiopia, and also organized meetings with high-level representatives from various national ministries, including the ministries of industry, agriculture, transport, trade, and finance.
In addition, CNH Industrial welcomed various high-level institutional stakeholders to the CNH Industrial Village and at its plants in Italy, such as Permanent Representations of the member states to the European Union and Members of the European Parliament, with whom important documents regarding the on-road and off-road sectors were discussed.

Still in Italy, CNH Industrial had the opportunity to discuss Industry 4.0 with representatives of Italy's Ministry of Economic Development. *Industry 4.0* is a program launched by the Ministry with a dedicated machinery and software budget to develop smart factories and streamline manufacturing.
CNH Industrial is a member of the major regional associations; a complete list is available on page 274.

In **NAFTA**, the Government Affairs department ensures CNH Industrial's voice is effectively heard by government officials on bottom-line issues such as renewable fuels, tax reform, free trade agreements, the farm bill, infrastructure, etc.

CNH Industrial welcomed members of the US Senate and House of Representatives, along with state legislators and their staff, to its facilities across the country to show them its operations and explain the real-world impacts of legislation at federal and state levels.

CNH Industrial is a member of the major regional associations, such as: US Chamber of Commerce, BRT (Business Roundtable), NAM (National Association of Manufacturers), and AEM (Association of Equipment Manufacturers). It is also part of several bilateral business associations and councils (USA-Uzbekistan, USA-Russia, USA-China, USA-Turkmenistan, and USA-Ukraine), AUCC (American-Uzbekistan Chamber of Commerce), USRBC (US-Russia Business Council), USCBC (US-China Business Council), USTBC (US-Turkmenistan Business Council), and USUBC (US-Ukraine Business Council). A complete list is available on page 276.

In **LATAM**, CNH Industrial maintains relations with the Argentinian and Brazilian governments through class associations and bodies that contribute to the development of the markets in which it operates. Specifically, these contributions take the form of discussions on and improvements to technical standards, as well as other topics such as product operator safety and technological innovations to reduce gas emissions.
In 2016, CNH Industrial organized and attended the following institutional events and major initiatives:

- the *AutoData Seminar on Market Perspectives*: economic and market scenarios and the positioning of CNH Industrial and its brands within this context
- the *7th National Automotive Industrial Forum* in São Paulo (Brazil)
- the *25th SAE Brazil International Congress:* Mobility, Vehicles and Smart Systems
- the *12th SAE Brazil Forum of Diesel Engine Technology* – Southern Brazil Section
- the *15th CBA* (Brazilian Conference on Agribusiness), organized by ABAG (Brazilian Agribusiness Association)
- the *3rd AutoData Perspectives Conference*: Agricultural Equipment and Construction Equipment

CNH Industrial is a member of the major regional associations; a complete list is available on page 277.

In **APAC**, CNH Industrial attended the SIMA ASEAN 2016 trade show in Thailand for the first time, presenting its full range of sustainable agriculture products to agricultural ministries and trade associations from across Asia.
In addition, the Company confirmed its long-standing commitment to the Russian market by participating in the *St. Petersburg International Economic Forum* (SPIEF), held under the auspices of the Russian President, where it showcased the excellence of its products at a dedicated stand for farming, construction, and transport operators. The Forum also provided an opportunity for CNH Industrial to discuss and develop business opportunities with senior management from Russian and international companies, heads of state, and political leaders.
CNH Industrial also participated in the Italian Government's economic and diplomatic missions to Pakistan, Vietnam, Russia, and Azerbaijan to explore potential new business opportunities for its brands. It also organized meetings with high-level representatives from various national ministries, such as the ministries of industry, agriculture, transport, economic development, investments, foreign affairs, and energy.
CNH Industrial was also invited by the Italian Embassy in China to attend a coordination meeting for Italian companies, during which the major business and regulatory issues and local market opportunities were discussed.

Throughout the year, CNH Industrial also welcomed various institutional delegations to the CNH Industrial Village:

- from Myanmar - representatives of the Yangon City Planning and Land Administration Department, the Police, the Motor Vehicles and Service Supervisory Committee, and the Yangon Bus Company
- from Japan – high-level representatives of Tokyo Gas and the Kyoto Gas Company
- from China - the Deputy Mayor of Harbin.

During these visits, CNH Industrial took the opportunity to present its solutions and evaluate collaborations to further promote sustainable transport and agriculture in the region.
CNH Industrial is a member of the major regional associations; a complete list is available on page 278.

POLITICAL PARTIES

Any and all relationships between CNH Industrial and political parties, as well as their representatives or candidates (collectively referred to here 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 2016, **no contributions** were made to Political Parties. Any political association or financial contribution made by an employee is considered a personal matter, and completely voluntary. This includes contributions made through a Political Action Committee (PAC). In the USA, in accordance with applicable laws, CNH Industrial provides administrative support to the CNH Industrial Excellence in Government Fund (a PAC), which collects 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. CNH Industrial has well-established processes in place to ensure that the Company's interest representation with US government bodies is in accordance with applicable laws and government ethics and disclosure rules.

In Europe, these activities are carried out by the industrial and employers' associations representing each legal entity, such as the *Bundesvereinigung der Deutschen Arbeitgeberverbände* (BDA) in Germany, and the *Mouvement des Entreprises de France* (MEDEF) in France. These associations are designed to protect the interests of their members, and to represent them in social dialogue with key political and administrative institutions, trade unions, and other groups, both locally and nationally. In LATAM, CNH Industrial is committed to collaborating and maintaining an open dialogue with numerous organizations. It is an active member of the principal trade associations within the sector, and regularly participates in national roundtables, in the firm belief that contributing to public policy development is an essential requirement for a responsible company. This dialogue focuses on economic issues, such as the performance of CNH Industrial legal entities, factors relating to growth, labor policies (flexibility, training, and pension schemes), and specific requirements associated with manufacturing and commercial activities (technical, commercial, and tax regulations). In APAC, several CNH Industrial subsidiaries are members of industry associations within their sector, representing the interests of members on labor and other issues, according to country-specific legal and best practice frameworks.

(1) *www.fec.gov*

04 OUR VALUE CHAIN

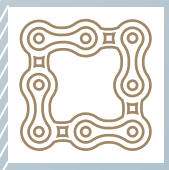
THE FOLLOWING SECTION DESCRIBES CNH INDUSTRIAL'S VALUE CHAIN: FROM PRODUCT CONCEPT TO DESIGN, FROM PRODUCTION TO SALES, FROM CUSTOMER SUPPORT TO PRODUCT END-OF-LIFE.

CREATING VALUE FOR STAKEHOLDERS

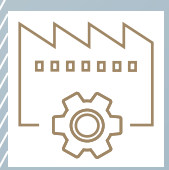
MEETING CUSTOMER NEEDS

INNOVATION AND PRODUCT DEVELOPMENT

SUPPLY CHAIN



MANUFACTURING PROCESSES

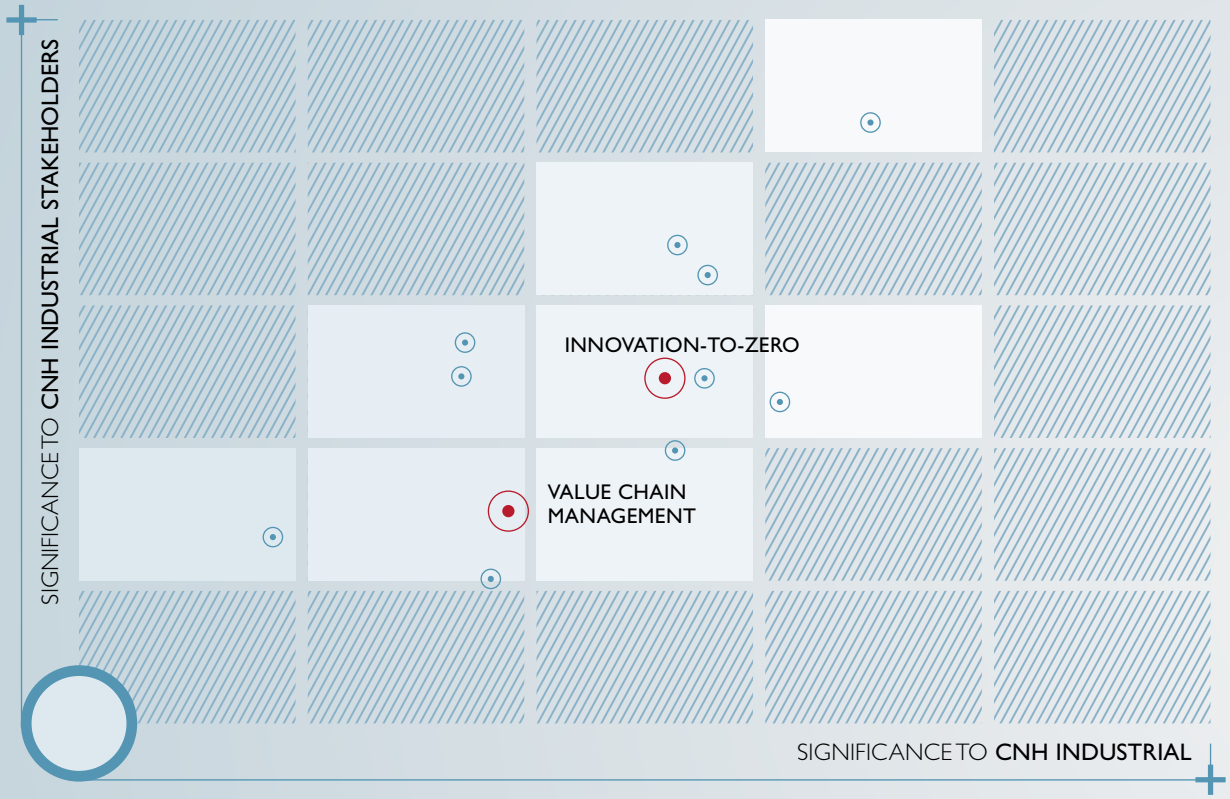


LOGISTICS PROCESSES

SUSTAINABLE PRODUCTS

SALES AND AFTER-SALES

END-OF-LIFE



CREATING VALUE FOR STAKEHOLDERS

Material topics described in this chapter, for definitions see pages 255-256.

MANAGEMENT FRAMEWORK

One of the ways in which CNH Industrial enhances both process efficiency and product competitiveness is through its focus on **value chain management**, considered a material topic by both CNH Industrial and its stakeholders (see also page 18).

The stakeholders involved in CNH Industrial's value chain are the suppliers, dealers, and customers.

The Company believes that all of its activities – from design to production, from sales to customer support – play an important role in enhancing its competitive edge. It also believes customer needs must be given ever-greater priority. Furthermore, because it provides customers with equipment they use in their work, the Company understands it is an integral part of their value chain, and therefore all efforts must be made to maximize customer competitiveness. For these reasons, the Company is committed to offering products with lower operating and maintenance costs and superior performance (see also page 211).

CNH Industrial's value chain starts with the Innovation function (see also page 142), which evaluates market requirements and collaborates with brands to develop products better able to meet customer needs, and it ends with product end-of-life. Product end-of-life can be postponed through remanufacturing, which enables products to continue to perform efficiently for as long as possible.

Moreover, CNH Industrial is aware that the dealer and service network provides a gateway for communication between the Company and its customers (see also page 229). For this reason, the brands have specific programs in place to help them maintain a preferential relationship with their dealers. The main goal of these programs is to enable dealerships to offer customers the best service possible, and to foster the creation of a stronger and more competitive dealer network, thus contributing to their growth.

The supply chain (see also page 163) is crucial to the value chain. Indeed, for CNH Industrial's stakeholders, value is created in part by a supply chain that is integrated, collaborative, and safe, also in terms of preventing and managing reputational risk.

Innovation-to-zero is another material topic that emerged from the materiality analysis, and which, within the value chain, is fundamental for both CNH Industrial and its stakeholders. 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:

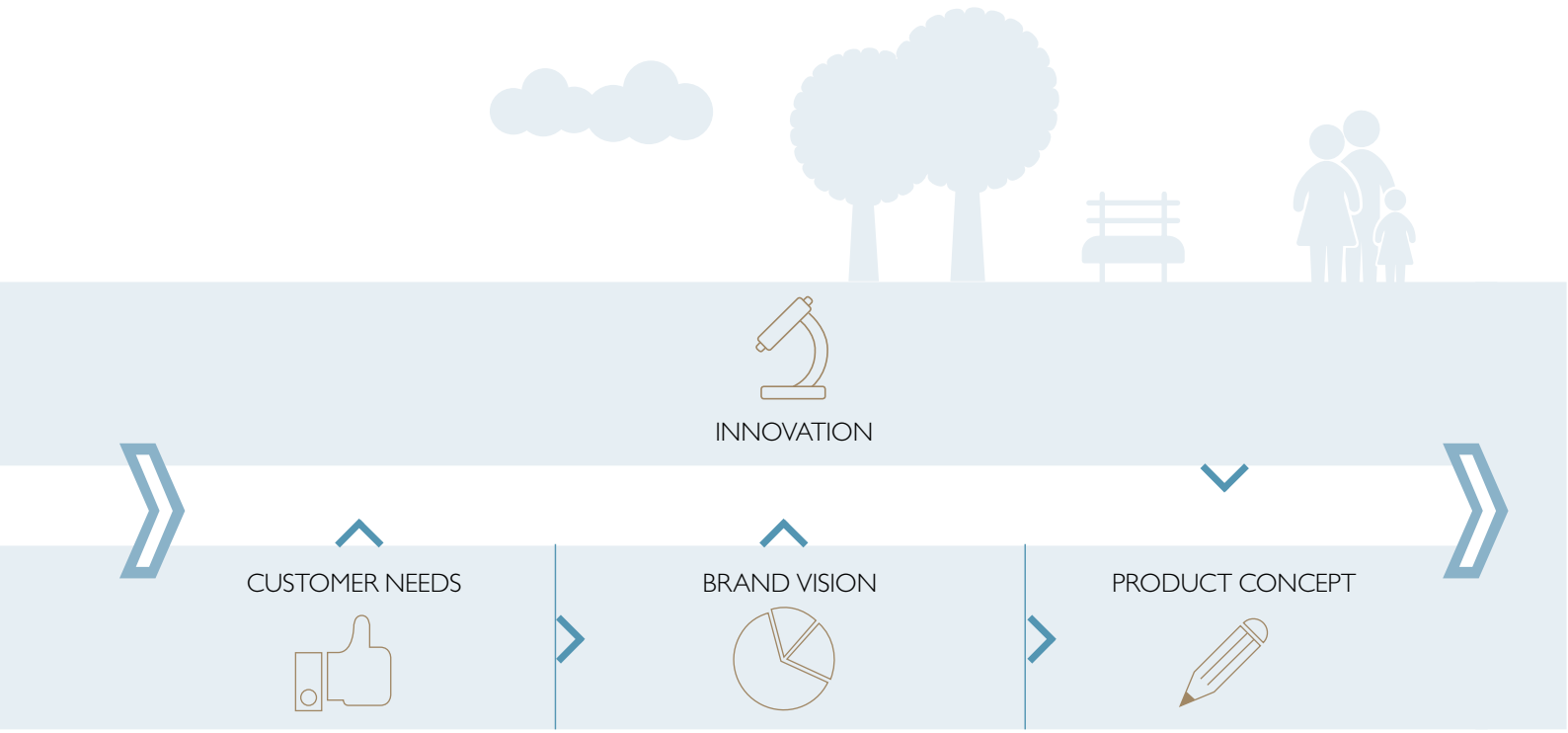
- customer management aims for zero loss of customer data (see also page 136)
- product development aims to develop technologies and identify fuels that can contribute to achieving zero product impact on the environment (see also page 212)
- World Class Manufacturing seeks to eliminate all types of waste and loss (see also page 176)
- occupational health and safety aims to achieve zero accidents, which reflects the effectiveness of preventive and protective measures (see also page 90)
- quality aims for zero defects (see also page 158).

Both these material topics relate to the 3 megatrends identified (see page 16): they mitigate the negative impact of *climate change* and *food scarcity and food security*, and are an effective means of boosting the positive impact of the *innovative and digital world*.

The main principles that are the foundation for doing business sustainably across the entire value chain are included in the Code of Conduct (see also page 47). In fact, CNH Industrial selects its suppliers with fairness and equity, and aims to deliver the highest value to its customers. Moreover, the Company endeavors to develop and implement 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, based on the fundamental principles of reducing environmental impacts and optimizing the use of resources.

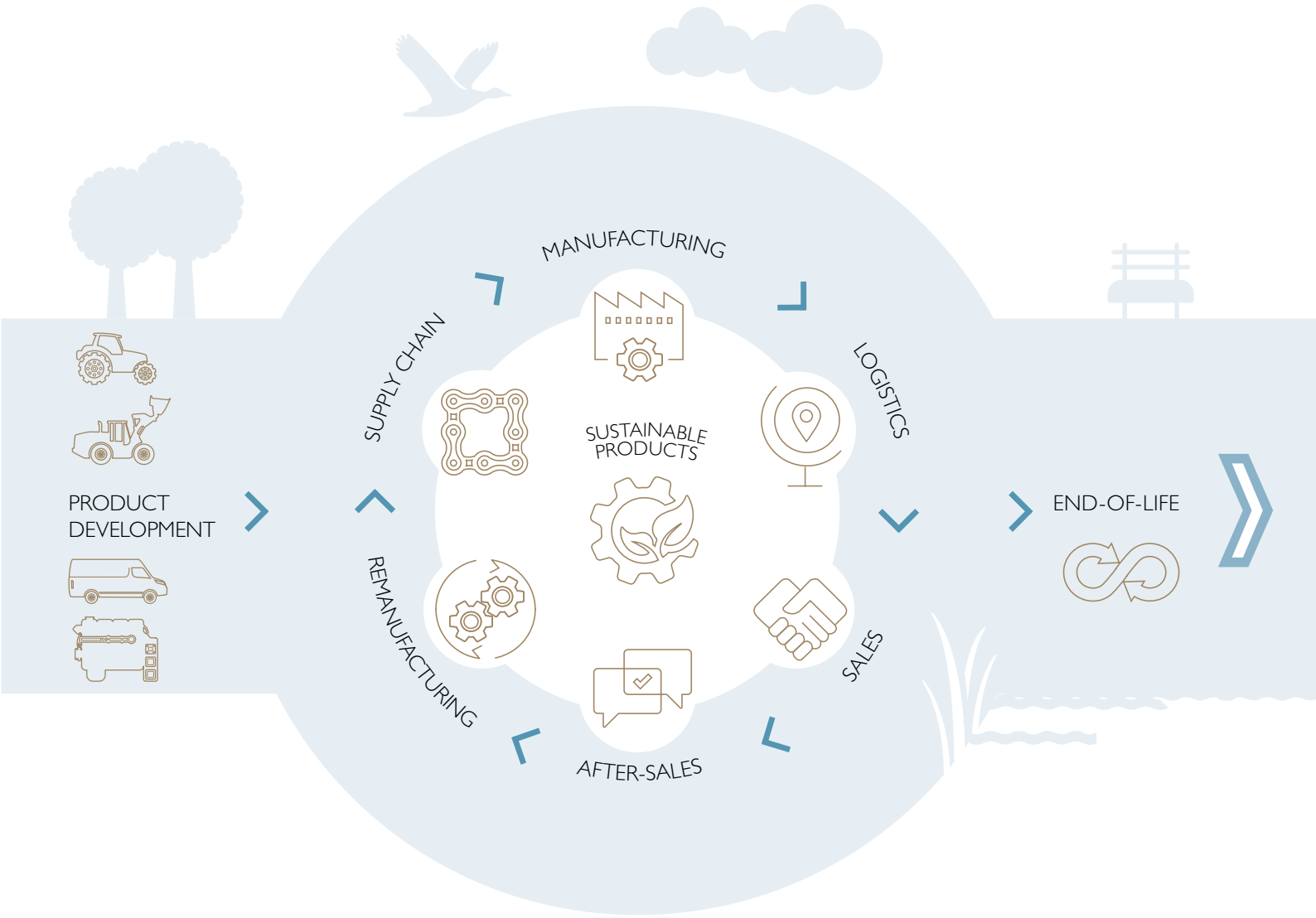
The effectiveness of **value chain management** and **innovation-to-zero** is ensured by specific KPIs, published in the Sustainability Report. For accountability, objectives, and projects related to these material topics, refer to the specific sections in the Report that deal with them.

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 also pages 14-15).

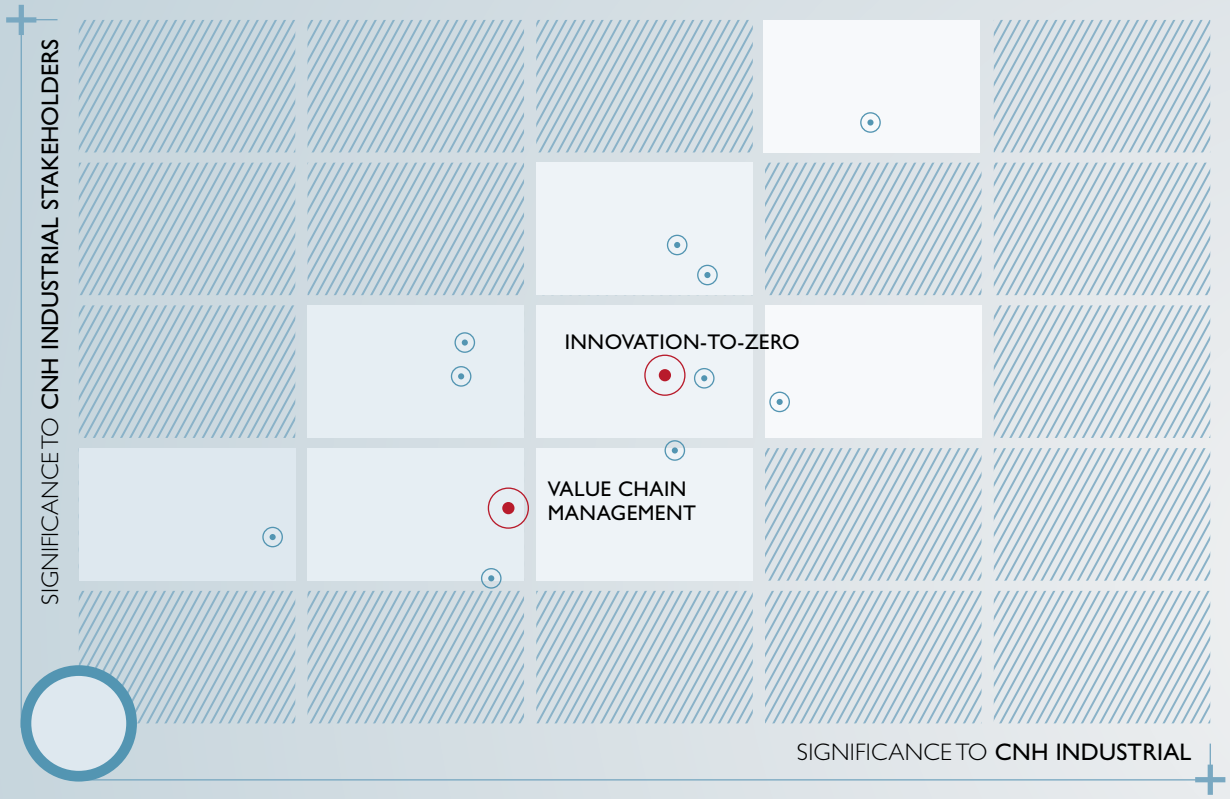


	MEETING CUSTOMER EXPECTATIONS	INNOVATION AND PRODUCT DEVELOPMENT	SUPPLY CHAIN
2016 HIGHLIGHTS	>More than 1.6 million contacts managed	>8,463 active patents owned	>95% of procurement spending on local suppliers
SIZE	>180 National Markets	>49 R&D centers in 17 countries	>more than 5,300 direct material suppliers
MATERIAL TOPICS	>Innovation-to-zero >Value chain management	>Circular product life cycle >CO_2 and other air emissions >Innovation-to-zero >Autonomous vehicles and connectivity	>CO_2 and other air emissions >Value chain management

GLOSSARY
Material topic



MANUFACTURING PROCESSES	LOGISTICS PROCESSES	SALES AND AFTER-SALES	REMANUFACTURING END-OF-LIFE
›$112 million saved through WCM projects	›-5,483 tons of CO_2 emissions due to improvement projects	›92% satisfied or very satisfied Commercial Vehicles customers in LATAM	›More than 4,600 remanufactured spare parts and components available
›64 plants	›700 transport companies worldwide	›more than 4,000 dealers and distributors	›59 spare parts warehouses
›Renewable energy ›CO_2 and other air emissions ›Innovation-to-zero ›Water and waste efficiency	›CO_2 and other air emissions ›Value chain management	›Value chain management	›Circular product life cycle



MEETING CUSTOMER NEEDS

Material topics described in this chapter, for definitions see pages 255-256.

MANAGEMENT FRAMEWORK

Customers are part of CNH Industrial's **value chain**, which is an important material topic for both the Company and its stakeholders. 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.
A key factor is the ability to manage customer relations across the board, ensuring accessibility in the event of information requests and problem reporting, as well as clear and timely responses.
This aspect is also crucial in laying the foundations for future success because it helps understand the degree of customer satisfaction; furthermore, customer feedback and suggestions help identify changes to be made to existing product ranges, and new product lines to be developed to meet future market needs. The Company considers this aspect important for building trust, while stakeholders view it as an opportunity to improve equipment use and to limit disruptions in the event of problems.
Each brand is responsible for managing customer relations and for defining the main guidelines. Moreover, each Region has a Commercial Services function that reports directly to the Regional Chief Operating Officer (COO), who is a member of the Group Executive Committee (GEC). Through the brands, this function provides the services required to implement defined customer strategies and policies.
Customers use CNH Industrial products in their daily work and therefore, in order to enhance productivity, they need practical advice on the best purchasing options, the right amount to invest, and which products meet their business needs. CNH Industrial distributes its range of products through its distribution network to suit the priorities of its customer base, while the corporate website helps customers identify the best purchasing options. 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 also page 47).
The Company continually monitors results and customer satisfaction levels, inviting every recipient of customer assistance to participate in follow-up surveys (see also page 236).

CUSTOMER ENGAGEMENT

CNH Industrial is strongly committed to interacting closely with its existing and prospective customers in order to create a transparent and lasting relationship, based on the Company's fundamental principles.
To this end, and to enable collaboration with all stakeholders (markets, area managers, dealers, and salespeople), the Company developed the following areas:

- Lead Management (pre-sales) - set up to enable interaction with customers and deliver a caring, professional service, while collecting customer feedback and measuring customer satisfaction with the services offered
- Customer Data (pre and post-sales) - which organizes data on existing and prospective customers, making it easily accessible so as to optimize relations
- Customer Relationship Management (pre and post-sales) - through extensive planning, execution, and evaluation of activities, Customer Relationship Management (CRM) aims to design, operate, and coordinate multiple interaction touch-points to deliver a real brand experience to the customer, and to define guidelines on how to listen to customer input and monitor satisfaction levels to improve the quality of the services offered
- Customer Journey - which maps, monitors, and improves the customer experience throughout the customer's life cycle.

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

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. Indeed, in 2016, no significant final rulings as defined in the paragraph on Significant Final Rulings on page 55 - having, individually, an adverse material effect on CNH Industrial - 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.

APPS DESIGNED FOR CUSTOMERS

Today's digital world allows the Company to interact with its customers, provide support to simplify equipment handling, and offer additional services.

An example of this is the *MyNH* app designed by New Holland Agriculture, an operations portal for farmers to access Precision Land Management (see also page 218); the app can also give farmers immediate access to their vehicles' Operator's Manuals (see also page 156) and to online training.

Another app much appreciated by customers is *NH Weather*, which provides professional agriculture-specific forecasts and important data on evapotranspiration and degree days, alert services based on geo-localization, and much more. Additionally, it provides the location of and directions to the nearest New Holland dealership, as well as New Holland contact details for support and information.

In 2016, New Holland released 4 new product apps for tablets and smartphones.

The first 3 apps share the same layout and structure, and present the features, benefits, and applications of the latest T7 Heavy Duty, T5 Electro Command, and T6 tractors, respectively. Each of these apps is divided into 3 sections. The first, *Walk Around*, provides an overview of the tractor's main features. The second section, *On Board*, gives the user a tour of the cab, showing the ergonomic layout, seat, suspension, and automated features that add to the exceptional level of comfort. The third section, *At Work*, illustrates the benefits of the tractor's performance, such as engine power and low energy consumption, and the maneuverability and agility of its narrow turning radius.

The fourth app, *OnBoard 360*, offers a virtual tour of the CX7/8 series combine harvesters and of the T7 Heavy Duty, T5 Electro Command, and T6 tractors at work. Users can enjoy a virtual view of the machines and their main features, walk around the vehicles, climb on board, take a virtual drive, and even simulate the use of applications in the field. It is an immersive 360° experience, requiring only a virtual reality headset or device.

All New Holland apps are available for iOS and Android devices.

OUR PROJECT

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, computer aids, telephone interviews, web surveys, and product tests.

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

GLOSSARY
Ergonomics

GRI STANDARDS
GRI 417-2; GRI 417-3; GRI 418-1

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

- specific customer needs, based on different geographical, economic, and cultural backgrounds
- customer usage and attitudes
- customer interest in new solutions and features
- customer and dealer satisfaction
- general brand perception.

All results are fully integrated into the Company's processes in order to build brand strategies in line with customer needs, and to provide customers with the best-in-class products and services required for the growth of their businesses. Customer research complements the Global Product Development process, with emphasis placed on incorporating customer needs and preferences early in the design stages. Research teams work closely with internal clients on both brand and technical aspects to design market research projects that efficiently elicit accurate customer input. Research methods vary based on the strategic questions to be addressed. The Company leverages leading edge tools (interviews at trade shows and during events, web surveys) to effectively gather information 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 development and execution are customer-driven.

To this end, other projects are carried out as well, as for example the *Red Select* and *5 Star Surveys* in NAFTA. These are managed directly by Customer Care, and each consists of 3 different surveys carried out during the first few months after a purchase, to measure customer satisfaction with regard to both the product and buying experience. Customer feedback is passed on to the relevant departments, providing opportunities to improve customer satisfaction and identify early trends. The results of these surveys are consolidated and submitted to the marketing research teams on a monthly basis.
Through Customer-Driven Product Definition (CDPD), CNH Industrial customers actively participate in the development and testing of new models. CDPD consists in: visiting and collecting feedback from customers; analyzing their suggestions; meeting with product platform teams; customer testing on 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.

CUSTOMIZING FOR EMERGING MARKETS

CNH Industrial believes in the strategic value of its activities in Emerging Markets[1], where the Company adopts the same standards and management systems implemented across all countries in which it operates.
Indeed, the WCM management system was implemented at all 16 plants present in said markets, whilst ensuring the management of certain aspects based on the specific needs and regional differences of local economies.
An important example of such differences can be found in the guidance CNH Industrial provides to local suppliers: from requesting the adoption of a code of ethics in defense of social issues, to working towards the optimal management of production sites through the dissemination of the World Class Manufacturing program (see also page 176). In parallel, the Company also promotes or actively participates in projects (such as youth training) aimed at developing local communities (see also pages 115-117), with a dual purpose: to develop technical professionals for the Company or its service network, and to give young people the professional skills required by local labor markets.
On the product side, CNH Industrial's approach is to meet market demand by offering products that are as aligned as possible to customer requirements; therefore, when necessary, some product lines are modified or entirely redesigned on site to better meet local customer needs. To this end, CNH Industrial has set up research centers in China, India, South Africa, and Brazil that actively participate in knowledge development and technology dissemination within the Company. These Research and Development (R&D) centers support local talent hiring as well as knowledge sharing, mainly through web platforms and IT systems.

> I THINK THAT CNH INDUSTRIAL SHOULD BE MORE **ACTIVELY INVOLVED** IN DEVELOPING PRODUCTS AND AGRICULTURAL METHODS FOR THE AFRICAN MARKET. THE MARKET IS GROWING, WHICH MEANS **SIGNIFICANT POTENTIAL** FOR COMPANY GROWTH AND AN **OPPORTUNITY** TO IMPROVE THE ENVIRONMENT.
>
> **EMPLOYEE** NAFTA

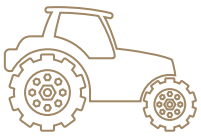
[1] *Emerging Markets are defined as low, lower-middle, or upper-middle income countries as per the World Bank list of economies as at July 2016.*

Due to the complex product and application knowledge demanded by the industry, CNH Industrial uses a multi-faceted approach when developing its R&D capacity in Emerging Markets. The 3 main tools used are: relocation of experienced R&D staff from developed markets, recruitment of local staff, and acquisition (direct or through joint ventures) of local product designs and knowledge. As the Company's strategy is to leverage global platforms with local adaptations in all markets, its ultimate goal is to have local R&D capacity in each market area. The Company uses relocated, experienced R&D staff and acquisitions to accelerate knowledge transfer within local markets, so as to ensure that local R&D resources are developed and prepared to manage local capacity as quickly as possible.

In 2016, for the second year running, CNH Industrial was included in the prestigious annual ranking of the 100 most innovative companies in Brazil, compiled by influential financial newspaper *Valor Econômico*. The Company came in 3rd in the *Veículos e Peças* (Vehicles and Parts) category. Companies were judged on 4 criteria: intention to innovate, effort to innovate, results achieved, and market assessment. Indeed, CNH Industrial is actively involved in promoting research with a number of academic institutions in Brazil (see also pages 277-278).

In 2016, New Holland Agriculture launched the new TT4 series of tractors, setting a high bar for the ever-expanding economy tractor market. The new series introduces more features to boost productivity and delivers reliability, simplicity, and low cost of ownership, at a cost-effective price.
The main features are:

- tailored transmission, offering a synchronized shuttle and creeper option
- hydraulic flow of 54 liters per minute
- service intervals of 300 hours
- a large flat deck platform with suspended pedals, designed to provide maximum operator comfort, spacious leg room, and easy entry/exit
- foldable ROPS and canopy as standard.



The tractor range includes 4 models, with engines of 55 to 88 hp. The new TT4.80 and TT4.90 models will target Africa and the Middle East.
The TT4 will replace the original TD Series, the first to transform the economy tractor market, and will offer enhanced options to farmers, smallholders, local governments, and other operators looking for a highly versatile tractor, offering maneuverability, ergonomic comfort, and fuel efficiency. The series is suited to a wide range of agricultural and non-agricultural tasks, including front loader activities, hauling, and power take-off (PTO) work.
A new 12x12 transmission is standard across the entire range, along with a dash-mounted synchronized shuttle control that can be operated without taking one's hands off the steering wheel, enhancing safety and loader productivity. Transmission controls are in line with all New Holland tractors: situated on either side of the operator, gears can be changed while sitting, without having to stretch, enabling the operator to easily switch from steering wheel to lever for safe and ergonomic operation.

The New Holland AP Plus loaders were specially developed for the New Holland TT4 tractor range. Designed for Australian conditions and featuring excellent visibility, their durability and solid construction allows operators to handle bigger tasks for longer periods.
New Holland's mechanical level lift system provides reliable operator protection against rollback, and is designed to meet the stringent standards of the TMA Code of Practice for Supply and Manufacture of Front End Loaders.
The AP Plus loaders also feature the Cam Lock attachment system, which secures the loader arm in place and enables easy release without special tools.
Designed with service access and visibility in mind, the loader's mid-mount design, narrow boom arms, and small uprights ensure excellent line of sight to the bucket. All key pivot points are fitted with heavy-duty bushes that can all be lubricated from the side of the loader, with clearly visible recessed grease points.

GLOSSARY
Ergonomics; PTO; ROPS

The new TT4 range's ROPS platform was engineered with specific trim, fenders, and noise protection to enhance the operator's experience. A canopy for the ROPS frame is also standard.
The TT4's styling is reminiscent of the award winning T7 range, with key New Holland styling cues integrated into the overall design, including the distinctive front hood lights and oval front and rear work lights to guarantee visibility. They were combined with the brand's signature sloping nose for unobstructed front visibility.

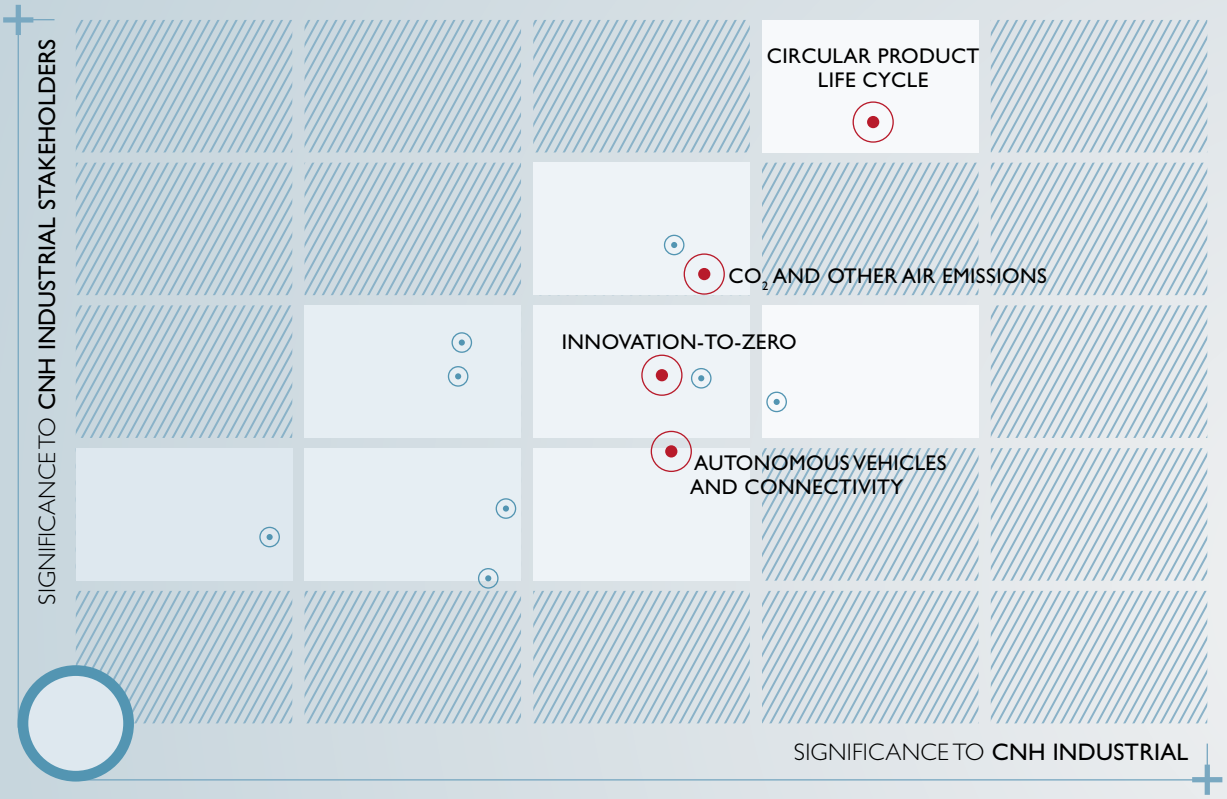
SUSTAINABLE SUGARCANE HARVESTING

Conventional sugarcane farming entails intense physical labor (during harvesting, a single worker can manually cut up to 500 kilos of stalks per hour) and high pollution levels. With traditional methods, farmers burn the fields before harvesting to remove the leaves (which are as sharp as razors) and kill any parasites. Once the leaves are burnt and the animals living in the field chased away by the flames, workers hand-cut the stalks and load them into bins for transportation to the sugar refinery. With mechanized harvesting, on the other hand, leaves are detached and separated at a speed of 100 tons (100,000 kilos) per hour, and stalks are cut into equal-length pieces called billets. Leaves are left temporarily on the ground, while the billets are loaded directly into transport bins that move alongside the machinery. The crop is then transferred onto trucks and transported to the sugar refineries, while balers collect the leaves from the ground, which will be used to produce energy.
Farmers derive immediate benefits from mechanization: on the one hand, the increase in productivity achieved through mechanization increases crop yields, and therefore farming profits; on the other, mechanization significantly reduces pollution and the emission of harmful gases such as carbon monoxide, nitrogen dioxide, sulfur oxides, methane, and particulate matter.
Mechanization also improves biodiversity and soil composition considering that, when sugarcane is burned, the high temperatures damage the soil, increasing the risk of erosion and affecting water reserves. Another advantage is the reduction in water required to wash the soot from the stalks - a slow and demanding procedure no longer necessary thanks to mechanization.
The leaves collected are used as biomass to fuel a cogeneration power plant, and the electrical energy produced can either be used to cover the requirements of the sugar processing system, or sold, thus generating an additional source of income.
Case IH is at the forefront of technologies for mechanized sugarcane harvesting and boasts over half a century of experience in this sector. The brand offers the advanced Austoft 8000 series of sugarcane harvesters, which feature:

- a low center of gravity, which is ideal for slopes and ensures limited soil compaction
- low operating costs and easy maintenance (600-hour intervals between oil changes)
- Smart Cruise technology, which reduces fuel consumption to just 0.7 liters per ton of sugarcane stalks
- a new chopper (39% more powerful, delivering a 20% increase in yield)
- the Antivortex cleaning system, which reduces cane loss (from 176 to 4.8 kilos per ton)
- a fully glazed and comfortable cab, with a 180° field of view from the seat, 4-point suspension, ergonomic controls with joystick transmission and steering activation, and an interactive interface displayed on an AFS 600 touchscreen monitor.

The sugarcane harvesters can be fitted with both telematics and/or automatic driving systems as standard (see also page 218), and feature CAN electronic controls and smart engine speed control.
In Brazil, sugarcane farms are very large and often situated in remote locations, which makes it difficult to train the operators. This issue was overcome by using Case IH's mobile harvester simulators, innovative mobile training units that can be brought directly to the farms for training purposes. They were so successful that, in 2014, the government endorsed a training project in collaboration with the brand.

GLOSSARY
Biodiversity; Ergonomics; ROPS



INNOVATION AND PRODUCT DEVELOPMENT

Material topics described in this chapter, for definitions see pages 255-256.

MANAGEMENT FRAMEWORK

CNH Industrial contributes to the global fight against climate change by marketing products whose innovative features enable reducing polluting emissions, and that are increasingly efficient at cutting fuel consumption and related **CO_2 emissions**.
In this spirit, research activities focus primarily on the development of products that can:

- reduce polluting emissions
- optimize energy consumption and efficiency
- use alternative fuels
- adopt alternative traction systems
- incorporate advanced telematics systems
- ensure safe use.

As stated in the Company's Code of Conduct and in its Environmental Policy (see also page 47), CNH Industrial is committed to producing and selling, in full compliance with legal and regulatory requirements, products of the highest standard in terms of environmental and safety performance. The Company is conscious of the impact that its products have on the environment, and of its role in developing solutions for customers with due regard for environmental protection. In its research activities, the Company places emphasis on improving the environmental performance of its products during use, when they have the greatest impact on the environment. All product innovation and design activities linked to the material topics such as **autonomous vehicles and connectivity**, **self-sustaining food systems**, and **circular product life cycle** are overseen by the segments in line with the following organizational structure.

The GEC is responsible for evaluating investment requests and determining capital allocation across each segment and brand. The Product Segment Leaders, which are also members of the GEC, are responsible for ensuring that product program commitments approved are delivered.
Each Product Segment includes a Product Development function headed by a Product Development leader, who reports directly to the respective Product Segment Leader to ensure no unintended engineering bias in any of the product programs. Agricultural Equipment, Construction Equipment, Commercial Vehicles, and Powertrain segments are responsible for innovation and advanced engineering through to product validation.
This approach puts a greater depth of focus on product platforms. Product Segment Leaders serve as GEC-level points of reference for the specific segment or business line. They have a coordinating role, bringing the different elements of the organization together to ensure compatibility, when needed. The Product Development leaders' role is to provide clear accountability for the delivery of new product programs, as agreed by Global Product Committees, in line with approved business cases and allocated capital.
Many of the targets related to material topics are set out in the Sustainability Plan (see also pages 32-34; 37) and included as individual goals in the Performance and Leadership Management system (see also page 76). Innovation and development are regulated by the Innovation process and the Global Product Development (GPD) process (see also page 153), common to all of the brands across all Regions, including Emerging Markets.

INNOVATION

In 2016, CNH Industrial's research and development expenditure reached a total of $860 million, or 3.6% of the Company's net sales from industrial operations. R&D activities involved approximately 6,000 employees at 49 centers worldwide.

RESEARCH AND DEVELOPMENT HIGHLIGHTS

	2016	2015	2014
Research Centers (no.)	**49**	**50**	**49**
of which in Emerging Markets	**10**	10	9
R&D Employees (no.)	**5,922**	5,968	6,122
R&D spending ($ million)	**860**	856	1,106
R&D spending as % of sales[a]	**3.6**	**3.5**	**3.5**

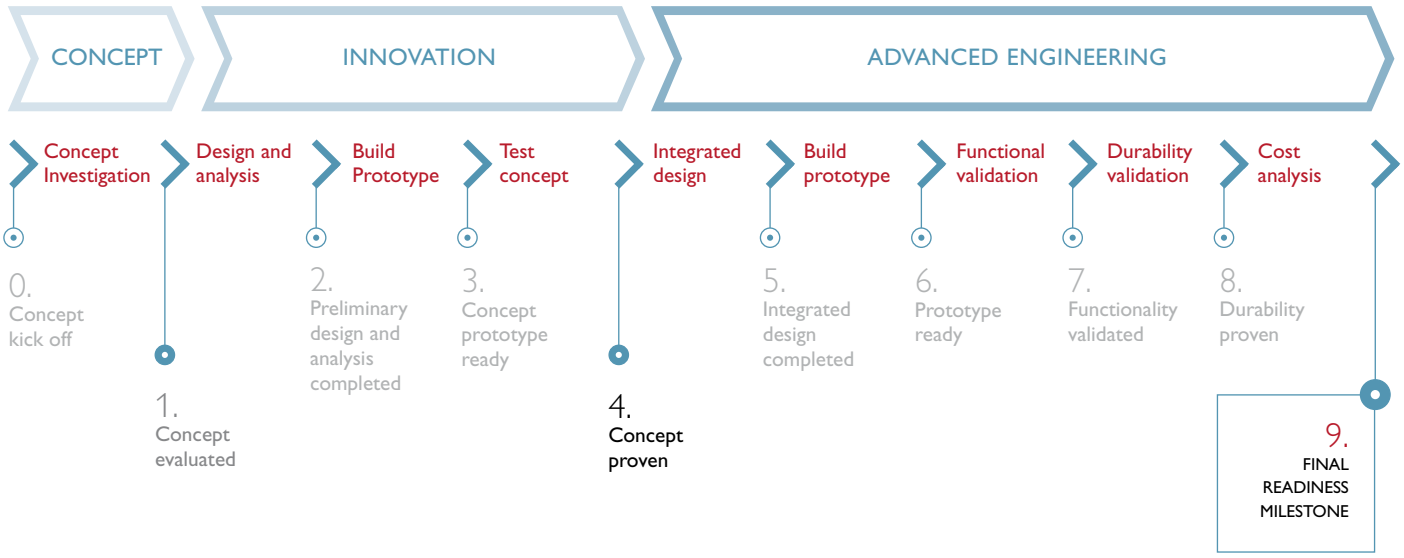
[a] Considers only net sales from industrial operations ($23,822 million).

INNOVATION PROCESS

CNH Industrial usually delegates its basic research to universities through dedicated partnerships (see also pages 274-279). For highly strategic projects, on the other hand, the core research is often developed directly by the Powertrain segment. Basic research focuses on energy management, powertrain efficiency, and alternative fuels.

CNH Industrial's innovation strategy is based on a fully integrated development program evolving around 3 main areas of expertise: virtual development, basic technology evolution, and integrated modelling within CNH Industrial products. The virtual development process, which is partially related to basic research, puts CNH Industrial one step ahead of the competition, enabling the development of a higher level of expertise, the integration of powertrain innovations on a larger scale, and a vision of the energy management of the final product as a whole rather than of the engine alone.
CNH Industrial's Innovation process refers to applied research and consists of a series of clear-cut steps, from the evaluation of innovative concepts up to the final step before product development.

INNOVATION PROCESS



There are 9 steps in total, grouped into 3 overall macro-phases: concept, innovation, and advanced engineering. It takes an average of 2 to 5 years to apply an idea to a product, depending on the complexity of the idea itself.

The **Concept phase**, the first in the Innovation process, is the most creative and is left deliberately unstructured. It mainly focuses on concept and development, and on the assessment of one or more technologies and their potential. At this stage, collaborations are established with companies of excellence, i.e., potential partners for current or future projects, and activities relate to technology scouting, benchmarking, and customer evolution trend-analysis to identify needs and opportunities for improvement and enhancement. This phase also encompasses the creative ideas submitted through the Open Innovation tools. Any idea suggested during the Concept phase is evaluated by a group of experts; in the event of a positive outcome, it becomes an innovation project and moves on to the next phase.

The initial feasibility study is conducted throughout all 4 steps of the **Innovation phase**, at the end of which the product must meet every technical requirement to move forward, or the project is discontinued.

During the **Advanced Engineering phase**, which follows Innovation, the design is integrated and completed, and a prototype is created to assess functionality and stability through virtual and field testing. This phase also formalizes the adoption of new technologies, new material purchasing needs, and the development of components not identified during the previous phase. If necessary, suppliers are engaged at this time to collaborate on the joint development of components required to execute the project. Cost analysis is the final step of the Innovation process: if economic requirements are unmet, the project is discontinued. If the project meets the requirements, as in 90% of cases, it is handed over to the product development platform.

In 2016, 26 innovation projects reached the final step and will be integrated into one or more products through the Global Product Development process (see also page 153).

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.

+10%
IN ACTIVE PATENTS OWNED

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.

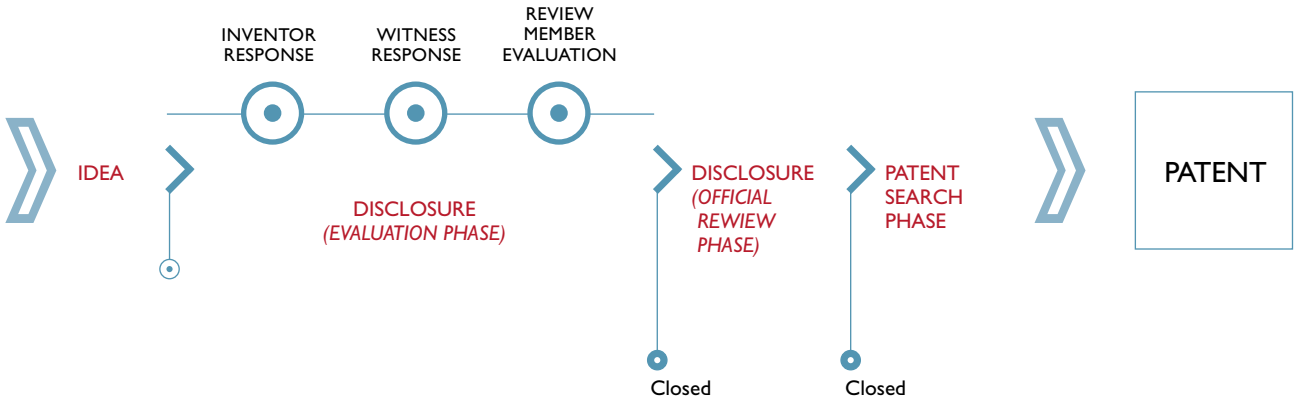
INTELLECTUAL PROPERTY

CNH INDUSTRIAL WORLDWIDE (no.)

	2016	2015	2014
Active patents	**8,463**	7,719	7,518
of which registered during the year	**1,134**	847	761
Patents pending	**3,743**	3,519	2,846
of which filed during the year	**1,227**	971	822
New disclosures on Innovation Portal	**850**	831	730

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 (a tool 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.

INNOVATION PORTAL PROCESS



Employees who believe they have a patentable **idea** can submit their proposal to the IP Department through the Innovation Portal. Multiple inventors can be associated with an idea, and supporting material (such as designs, photographs, videos, calculations, etc.) can be uploaded in a wide variety of formats. Once the required information has been entered into the system, the inventor can publish the idea to initiate the evaluation process. At that point, the idea formally becomes a **disclosure** and can no longer be modified. The system assigns a number to each new disclosure, which is then allocated to a Patent Attorney within the IP team.

The system will also send an email to:
- all inventors named in the disclosure, who must individually approve the contents of the disclosure itself
- the witness, who is requested to affirm authorship of the idea
- the members of the assigned Review Team.

During the online evaluation phase, the Review Team may ask the inventor for additional information, if needed, to assist in evaluating:
- patent strength (legal)
- technological value
- market value
- financial value
- strategic value.

Inventors can access the Review Team's comments and evaluations via the Portal.

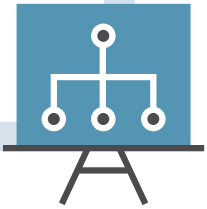
Once the evaluation phase is complete, the **official review** phase begins. The disclosures currently assigned to a Patent Attorney are discussed periodically with the relevant Review Team at dedicated meetings, and ideas considered worthwhile for the Company then proceed to the Patent Search phase. If a disclosure is not selected, the file is closed and the inventor is informed of the decision.

During the **patent search** phase, the Patent Attorney investigates the patentability and feasibility of the disclosure. If the search reveals no relevant *prior art* that could obstruct patentability, the Patent Attorney begins the patent protection process, working with the inventor to draft the necessary description for patent application. Once the final draft is approved by the inventor, the patent application is filed. All disclosures (including closed cases) remain on the Innovation Portal, along with the Review Team's evaluations.
During 2016, 850 new disclosures were submitted via the Portal.

PARTNERSHIPS AND COLLABORATIONS

CNH Industrial's participation in workgroups and research projects is a strategic choice to increase its wealth of expertise and contribute to an active exchange of ideas. Therefore, in addition to its long-standing Italian partnerships with the *Politecnico di Torino, Università degli studi di Modena e Reggio Emilia,* and *Politecnico di Milano*, CNH Industrial legal entities collaborate with universities[1] across EMEA (Italy, Spain, Germany, and Belgium), NAFTA (USA and Canada) and LATAM (Brazil) with the aim of increasing their capacity for innovation.

90
COLLABORATIVE RESEARCH PROJECTS



CNH Industrial has a long tradition of involvement in national and international working groups, and has played an active role in collaborative research projects for some years now. The Company is engaged in research projects aimed at reducing the life cycle impact of its products within the value chains. As stated in the Company's Code of Conduct and in its Environmental Policy, CNH Industrial's commitment is to develop and offer its customers high performing products with low fuel consumption, thus maximizing productivity and minimizing environmental impact. To this end, the Company is engaged in 90 collaborative projects, 33 of which include the optimization of fuel consumption and energy efficiency as a key focus.

COLLABORATIVE PROJECTS

CNH INDUSTRIAL WORLDWIDE (no.)

	2016	2015	2014
Total collaborative research projects	**90**	**85**	**81**
on reducing polluting emissions	**11**	7	6
on optimizing fuel consumption and energy efficiency	**33**	20	30
on use of alternative fuels	**4**	7	3
on conventional propulsion systems	**1**	10	2
on telematics systems	**1**	5	-
other projects	**40**	36	40

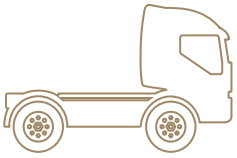
In 2016, the *CONVENIENT* research project (Complete Vehicle Energy-Saving Technologies for Heavy Trucks) came to an end, with the presentation of 3 demo trucks. The project's target was to achieve a 30% reduction in fuel consumption for long-distance freight transport by developing an innovative heavy-truck prototype featuring a suite of innovative energy-saving technologies and solutions.
Fuel efficiency is a top priority for customers because of its significant impact on costs (in the EU, fuel represents about 30% of the Total Operating Costs for a 40-ton tractor-semitrailer combination). In response to this challenge, *CONVENIENT* aimed to deliver complete vehicle energy management by proposing highly innovative solutions for improved efficiency and enhanced integration of components (currently designed by external companies), to be developed, integrated, and evaluated directly using validator vehicles.

[1] *For the complete list of universities, see the table on pages 274-279.*

The project focused on:

- innovative energy-efficient systems
- hybrid transmission
- electrified auxiliaries
- dual level cooling and flat heat exchangers
- HVAC while parked that is powered by energy harvesting devices (e.g., a photovoltaic solar roof for the truck and semitrailer)
- advanced active and passive aerodynamic devices for the truck and semitrailer.

Moreover, the demo truck was fitted with Predictive Driver Support to maximize energy savings, and the semitrailer with a novel hybrid kinetic energy recovery system.
The most important and innovative aspect of *CONVENIENT* was its holistic approach to on-board energy management, treating the tractor, semitrailer, driver, and mission as a whole.



Project partner IVECO developed the auxiliary electrification, collaborated on testing the hybrid transmission, and supplied an IVECO Stralis as one of the demo trucks.
This demo truck was equipped with:

- electric hybrid transmission coupled with a dual energy storage system
- integrated electrified auxiliaries (steering pump, brake air-compressor, climate compressor) to optimize fuel economy
- dual level cooling circuit and flat heat exchangers to improve system efficiency
- active and passive aerodynamics, optimized between the cabin and trailer
- holistic energy management at sub-systems level to improve fuel economy.

The *CONVENIENT* Consortium involved 21 partners, including 3 major EU truck manufacturers, 10 suppliers, and a network of 9 research centers and universities, all examples of European excellence in the field of long distance transport R&D.

ZERO-IMPACT TRUCK PROJECT

At the 2016 IAA Show in Hannover (Germany), IVECO presented the world premiere of the IVECO Z Truck: a completely redesigned long-haul, zero-impact concept truck, for a fully sustainable transport system. The IVECO Z Truck takes a step into the future by anticipating the way alternative energy, new technologies, and automated driving will change drivers' lives. This pioneering approach is protected by 29 patents.
The IVECO Z Truck delivers:

- zero CO_2 emissions through optimized Liquefied Natural Gas (LNG) technology running on biomethane. The concept vehicle is based on a heavy truck with conformable tanks, enhanced aerodynamics, and a waste heat recovery system delivering long-haul transport, with an autonomy of 2,200 km and virtually zero CO_2 emissions
- zero accidents through the advanced use of automated driving technologies, defining how new technologies and autonomous driving will change the role of the driver into an on-board logistics operator
- zero stress and zero time wasted as a result of a driver-centered design: the cab can be reconfigured for different uses (driving, automated driving, office work or resting), while the Human Machine Interface (HMI) can be adapted to provide the exact information as required.

GLOSSARY
Biomethane; LNG

The IVECO Z Truck features a new generation LNG engine running on biomethane derived from refined biogas. LNG, key to CNH Industrial's quest to develop sustainable transport and, ultimately, zero emissions, ensures low CO_2 and ultra-low PM emissions (see also page 213). The engine develops 460 hp and 2,000 Nm torque, with a 16-gear automated transmission and power shift in the higher gears. Petronas ultra-low viscosity oil delivers improved combustion and reduced friction for greater efficiency. The IVECO Z Truck has a square concept tank made of aluminum with a new Multi-Layer Insulation (MLI) system, a reflective foil to protect from heat radiation. This innovative shape optimizes space as the Z Truck is fitted with 2 tanks sharing a single refill. The total 1,200-liter capacity gives an autonomy of 2,200 km, 60% more than the current Stralis NP, and far more than diesel vehicles. For further fuel economy, an on-board Rankine Cycle Waste Heat Recovery system exploits exhaust gas as a heat source to recover energy.
Moreover, the truck features the first range of Michelin tires to be awarded AAA grading in rolling resistance, which saves long-haul convoys up to 1 liter of fuel per 100 km. The tires feature RFID embedded tags, which can track the life cycle of each tire, providing information such as type, size, model name, wear, performance or temperature. Used with Tire Pressure Monitoring System sensors on the rims, they can also provide pressure data.

The IVECO Z Truck uses active and preventive safety systems as the most effective approach to achieve zero accidents. A full set of sensors around the vehicle will enable the evolution towards automated driving in complete safety.

Zero stress: the concept truck, designed by CNH Industrial's Design Centre and IVECO's Innovation Truck Department, points to a new future for truck drivers. With enhanced aerodynamics, improved safety, and a new cab living space, it provides a glimpse of how automated driving will change the role of the driver, who will spend less time driving and more time performing office work.
The cab interior features:

- a layout reconfigurable according to the driver's intended use: urban or highway driving, autonomous highway driving, office work, relaxing or sleeping overnight. For maximum comfort when the vehicle is parked, the rear cab wall slides back automatically, adding 500 millimeters of living space, with features such as a foldable bed, shower, kitchen, fridge, sink, and entertainment wall
- a Human Machine Interface (HMI) designed to ensure the driver has full, all-round visibility and to provide adaptive information, i.e., exactly the right information, in the right place, at the right time. A variety of information on the truck's functions is projected onto the smart windshield as needed, including active connectivity with the Michelin tires, providing real-time data on tire pressure, temperature, and usage to significantly improve driver safety
- a seat, steering wheel system, pedals, and control console that form a self-contained unit suspended independently from the cab for the smoothest ride.
- an air conditioning system providing ideal conditions around the driver's seat, creating a climatic bubble that encloses the driving platform, to ensure the driver ideal temperature conditions with no disturbance from air flows.

OUR PROJECT

DRIVING TOWARDS AUTONOMOUS VEHICLES

As evidenced in the Materiality Matrix, **autonomous vehicles and connectivity** represent one of the key material topics for CNH Industrial and its stakeholders due to the extent to which they could potentially impact external stakeholders (the value chain, customers, the environment). Indeed, they could drastically change product use by the customer, and product impact on the environment during use. For CNH Industrial, this topic is an area for future business development, and the Company therefore considers it strategic to oversee the technologies that will enable its realization.

GLOSSARY
Biomethane; LNG; Material topic; PM

GRI STANDARDS
GRI 103-1

The development of autonomous vehicles is one of CNH Industrial's responses to the megatrends identified as of major impact for the Company's future (see also page 16), namely:

- *climate change*, because autonomous vehicles can significantly reduce fuel consumption and air emissions
- an *innovative and digital world*, because they offer potentially significant social welfare benefits, including the ability to reduce accidents and road deaths
- *food scarcity and food security*, because their main applications are in agriculture (i.e., Precision Farming, Agribotics, and Soil Protection) and in the transportation of goods (i.e., Truck Platooning).

All product conception and design activities are overseen by the 4 Product Segments, the heads of which are members of the Group Executive Council (GEC). The Research and Development and Product Development functions report to the Product Segments, and these functions manage their activities through the Innovation process (see also page 142) and the Global Product Development process (see also page 153). Both processes rely on established procedures to assess the effectiveness of the management and monitoring of KPIs.
As stated in CNH Industrial's Code of Conduct and in its Environmental Policy, the Company is committed to manufacturing and selling products of the highest standards in terms of environmental and safety performance, in full compliance with legal and regulatory requirements.
The sale and diffusion of autonomous vehicles can therefore potentially mitigate CO_2 emissions, prevent driving accidents due to human error, and enhance productivity in agriculture.

Autonomous driving systems are developed using technologies that enable communication between vehicles and road infrastructures, as well as accurate methods to locate position. The first applications are likely to be in agriculture, where there are fewer variables to manage and fewer regulations compared to the automotive sector.
In 2016, CNH Industrial presented the results of 2 specific projects: *The Autonomous Tractor* for Agricultural Equipment and *Truck Platooning* for Commercial Vehicles.

> WE NEED TO ESTABLISH OURSELVES AS A **LEADER IN TECHNOLOGY**. THE AUTONOMOUS TRACTOR CONCEPTS ARE SOME OF THE BEST PUBLICITY THIS COMPANY HAS EVER RECEIVED, THIS TREND NEEDS TO **CONTINUE**, ALONG WITH BRINGING THESE **PRODUCTS SUCCESSFULLY** TO MARKET.
>
> **EMPLOYEE** NAFTA

Autonomous Tractors

In 2016, at the *Farm Progress Show* in Boone (USA), CNH Industrial gave the public a glimpse of what the future of agriculture may hold, with a preview of its autonomous concept tractor technology developed in collaboration with the North American technology provider ASI (Autonomous Solutions Incorporated). The Company presented 2 models at the Case IH and New Holland Agriculture stands, respectively: an entirely cabless Case IH Magnum concept tractor, and a New Holland T8 NH^{Drive} concept tractor featuring a cab for ultimate operational flexibility and easily transferable autonomous technology.
CNH Industrial's Innovation Group has proactively developed autonomous concept technology to help farmers and agribusinesses sustainably boost production and productivity by making the most of ideal soil and weather conditions, as well as of available labor.
While auto-steering and telematics are already available on current tractor models, autonomous technology takes things a significant step further. Based on the existing Case IH Magnum and New Holland T8 high-horsepower conventional tractors, the CNH Industrial autonomous concept tractors were designed to enable fully remote deployment, monitoring, and control of the machines.
They also use GPS in conjunction with the most accurate satellite correction signals for ultra-precision guidance and immediate recording and transmission of field data.

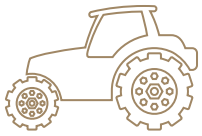
Both setups can be easily integrated into existing fleets.
Together with driverless technology, the machines are fitted with engine, transmission, chassis, and couplings for traditional tools. An interactive interface was specifically developed to control the autonomous tractors, receive immediate and reliable feedback, and record and transfer operating data.
Autonomous tractor operations involve 3 stages:

- route programming
- selection of the type of work
- work management and monitoring.

Maps containing field boundaries are uploaded onto the system and used by the integrated route programming software to program machine routes that ensure the greatest possible efficiency in the field. Autonomous tractor technology is particularly suited for tasks requiring minimal complex operator intervention, such as cultivation, sowing, spraying, and mowing. The system automatically takes account of different operating requirements and tool widths, even when several machines are present in the field simultaneously, and programs the most efficient routes accordingly. Routes can be programmed manually should machines require refueling, or if alternative routes are needed. The access route to the field, along private roads or paths, can also be programmed.

Once the route is programmed, the user selects a task from a preset menu, and then chooses a vehicle and the field to work in. The whole process takes no more than 30 seconds.
Both machine and tool can be controlled and monitored via a PC or tablet interface, which means that operators can access vehicle data at any time and from anywhere: from the operator's pickup, while tending the cattle, or from the farmhouse. This simplifies and speeds up decision-making, maximizing operational efficiency and productivity. Furthermore, farmers retain full control over their data.
Both types of interface feature 3 operational displays:

- route preview
- real-time route display
- monitoring and adjustment of the basic machine and tool parameters, such as engine speed, fuel levels, and tool settings (e.g., seeding rate or downforce of the seed drill).



One of the features common to both concept machines is a comprehensive detection and sensor package, including radar, a distance-sensing laser (LiDAR), and video cameras, which detect and avoid any obstacles in the path of the tractor or tool. This ensures not only the safety of people and objects near the machine, but also the continuity and efficiency of operations during long hours in the field.
If the LiDAR detects an object on the tractor's route, the control interface (tablet or PC) generates both visual and acoustic warnings, enabling the user to select how the tractor should respond:

- by awaiting human intervention
- by bypassing the obstacle using an automatically or manually programmed route
- by continuing on the set route (if, for example, the obstacle is simply a pile of straw or a branch).

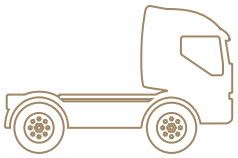
The same alerts are generated if operating parameters fall below minimum levels, such as fuel or seed parameters. On the other hand, the autonomous tractor will automatically stop should another moving object (e.g., another machine) cross its path, and in the event of any problem associated with the machine's core functions. There is also a manual shutdown button on the control interface.
The tractor can therefore be left to complete its tasks automatically, its operation and parameters monitored via the tablet interface. Furthermore, the control system allows machine and tool settings to be edited remotely and in real-time, if needed (e.g., if a storm is approaching).

In the future, these concept tractors will be able to make use of big data (e.g., real time satellite weather data) to make the most of ideal climate conditions at any time of the day, fully automatically and without needing human intervention. This means that if the tractor should detect a potentially problematic change in weather conditions, for example, it will stop automatically and restart once the minimum safety conditions are restored. Alternatively, where private roads are available, it will be able to head toward a different area in the same field where conditions are better (e.g., where the soil is lighter or where it is not raining).
The tablet interface can be mounted on any machine, enabling the operator to supervise the autonomous tractor's operations from the driving seat of a combine harvester or tractor. The operator can therefore monitor the autonomous tractor's operation and change its settings as necessary, e.g., while coupled to a seed drill working in the same or in an adjacent field. Autonomous tractors can thus be integrated perfectly into existing fleets of agricultural machines, with minimal operational changes. Alternatively, several autonomous tractors can work in one or more adjacent fields, performing either the same or consecutive tasks (such as cultivation and sowing), all controlled via the same interface.

CNH Industrial's autonomous concept tractor technology is the next step in the Company's innovation roadmap, and holds significant promise for the sustainable and productive future of farming.

Truck Platooning

The *European Truck Platooning Challenge*, the first-ever journey on public roads of semi-automated truck platoons, took place in April 2016. CNH Industrial was represented in the event by IVECO, which, along with 5 other European manufacturers, deployed a 2-truck platoon.
Travelling from Brussels (Belgium) to Rotterdam (the Netherlands), this was the first time autonomous driving technology for trucks was tested on open roads. The event also highlighted the limitations that current infrastructure and regulations impose on accelerating the implementation of this technology.



The key concept of truck platooning is the development of an autonomous driving system that enables 2 or 3 trucks to link in a convoy and travel closely in line at a set distance, using wireless connectivity and automated driving support systems. All trucks automatically perform the commands carried out by the platoon's lead driver: if the platoon leader brakes, for example, all the other trucks in the platoon do the same. This system increases fuel efficiency by minimizing aerodynamic drag, and makes freight transport logistics more efficient by shortening distances between vehicles, ultimately reducing the environmental impact. It also improves road safety by reducing driver fatigue, and helps cut accidents caused by human error, such as sudden braking or lane departure.
Truck platooning is part of an integrated approach adopted by the industry to reduce road transport CO_2 emissions. To this end, a decisive role is played not only by the vehicle itself, but also by the trailer, the use of alternative fuels, logistics, infrastructure, and intelligent transport systems (such as platoons). Moreover, as the lead vehicle optimizes its driving style, the rest of the convoy adopts the same strategy. This leads to a reduction in fuel consumption, which translates in up to 10% fewer CO_2 emissions.

PRODUCT DEVELOPMENT

The **environmental impact** of a product throughout its life cycle is evaluated using appropriate models such as Life Cycle Assessment (LCA), among others. Since a product's impact on the environment is highest during its use, improving product performance (in terms of fuel consumption, 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:

- aiming at higher efficiency during use, with fewer intervals between maintenance cycles
- using materials and components that are easily recoverable or recyclable
- selecting easy-to-disassemble components that can be regenerated
- eliminating the presence of hazardous substances
- reducing weight (on road vehicles)
- reducing noise emissions.

The **water** used throughout CNH Industrial product life cycles and the potential shift of customers away from 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.

CNH Industrial's production activities do not comprise the direct procurement of **raw materials**. However, 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.
CNH Industrial monitors the chemical composition of its product components through a system called FELIS, which interfaces with the International Material Data System (IMDS) database (see also page 243) that is updated by suppliers in real time. Through the IMDS, CNH Industrial can analyze recyclability, as well as flag the presence of Substances of Very High Concern (SVHC), as required by the European regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), thus enabling the search for a substitute.

GLOSSARY
IMDS; LCA; REACH; TCO

Component remanufacturing, or regeneration, allows reducing landfill waste, reusing recoverable components, and recycling worn-out materials, hence creating savings in terms of energy and raw material costs.

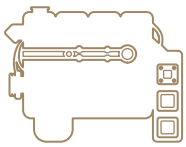
In terms of **product safety**, most CNH Industrial products are designed according to applicable government or industry standards on road safety, functional safety, occupational safety, and environmental safety (noise and engine emissions).
The design phase takes into account several aspects of operational functionality with respect to safety, including:

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

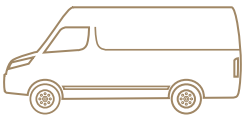
An essential step in any indexed safety risk assessment is the systematic identification of potential hazards and hazardous events for all types and phases of use, such as assembly and set-up, preparation for use, installation and removal of tools and accessories, on-road use, in-field use, use during transportation, blockage clearing, cleaning, service, and maintenance.

Life Cycle Assessment

In 2016, FPT Industrial completed the first 3-year Life Cycle Assessment (LCA) certification process of the 3 liter F1C engine for light commercial vehicles.
The assessment, which began at the Foggia plant (Italy) in 2014, quantified the engine's environmental impact in terms of CO_2 emissions along the entire process chain, from raw materials to final engine disposal.
Based on the information collected and processed, FPT Industrial, with the help of an external company, developed software to estimate the CO_2 impact of 2 other engine production plants, Bourbon Lancy (France) and Torino Engines (Italy), integrating it into the plants' environmental management system.
This Life Cycle - Environment Management System (LC-EMS) software comprises databases relating to each stage of the life cycle, including impacting factors evidenced by secondary data, which form a large database covering all major environmental flows at plant level. Combining this data with user-specified quantities enables the calculation of the overall carbon footprint of plants during manufacturing life cycles.
The software processes data that allows the indicator (CO_2) trends to be analyzed during all stages, in particular during product and process design. The software is currently being extended to transmission manufacturing plants.



In 2015, in collaboration with the *Politecnico di Torino* and the *Politecnico di Milano* (Italy), CNH Industrial completed an LCA of the new Electric Daily. It conducted a cradle-to-grave study based on a vehicle life of 240,000 kilometers and a special type of sodium chloride battery. The advantage of these batteries, compared to lithium technology, is their 25% lower mass, constant operating temperature, and 100% recyclability, although they do require preheating.
The life cycle analysis showed that the greatest impact on carbon emissions is in the use phase, not caused by the Daily itself but by the electricity used to recharge it. The use of nickel during electrification, on the other hand, is the major cause of SO_2 and NO_2 production, which in turn leads to acidification and photochemical smog.



In 2016, a non-assertive comparative LCA for light commercial vehicles was conducted on the diesel, CNG, and electric versions of the 5-ton New Daily.
The study analyzed and quantified, in both environmental and energy terms, the overall impact of each vehicle, as well as the specific impact of powertrain modifications.
The vehicles were compared during different life cycle stages, such as component manufacture, assembly, and product use, while only an approximate end-of-life assessment was conducted as this is beyond the vehicle manufacturer's remit.

The LCA was performed in accordance with ISO 14040 and 14044 standards, as well as with the guidelines described in the European Union's *ILCD Handbook – General Guide for Life Cycle Assessment* and *Guidelines for the LCA of Electric Vehicles*. The LCA of the 3 Daily versions revealed that:

- the electric version's environmental impact is minimized when charged from energy primarily sourced from renewables. In the use phase, CO_2 emissions can be reduced by 95% if the energy is sourced from Norway, or by about 80% if sourced from France
- the electric version's impact during the manufacturing phase is slightly higher than the diesel and CNG versions; however, this can be significantly offset during the use phase by charging from an energy mix comprising mostly Renewable Energy Sources (RES)
- for the diesel and CNG versions, the CO_2 emissions associated with vehicle manufacture are approximately 20% of those emitted over the vehicles' entire life cycles.

A thorough and highly focused approach enabled the comparative LCA to be completed in 2016, a year ahead of schedule. Given the results achieved to date, it was decided to suspend the full LCA of the Daily diesel, as the current level of data gathered is sufficient to identify the areas for improvement, especially during vehicle manufacture.

VIRTUAL TYPE APPROVAL

The need to harmonize and streamline type approval procedures for agricultural and forestry vehicles has prompted the European Union to enact Regulation (EU) 167/2013, also known as the Mother Regulation. This new legislation, which became effective in 2016, allows for the virtual testing of tractors in addition to standard physical testing, with regard to:

- direct front view
- indirect side view via mirrors, to optimize the operator's sightlines of pedestrians and cyclists
- the absence of sharp edges to safeguard operators in case of impact.

CNH Industrial's Ergonomics team is currently working with the certification bodies to demonstrate the reliability of the virtual tests tor models, and their well-founded correlation with the results of the equivalent physical tests performed on real tractors. The goal is to reach a point in the near future when it will be possible to rely on virtual testing alone to validate certain tractor features, with significant savings for companies in terms of time and costs associated with the construction of tractor prototypes, which are, in fact, individual vehicles used for the sole purpose of compliance testing.

OUR PROJECT

DESIGN AND ERGONOMICS

CNH Industrial puts a great deal of care and effort into design, given the lengthy service life of its equipment (durability), and its use over many consecutive hours (comfort), often by different people (configurability), each requiring ease of access and control over commands (ergonomics).

For this reason, the Company views design not only as the aesthetic counterpart of engineering, but also as the proper approach to developing products that are functionally and aesthetically appealing right from conception. To this end, CNH Industrial created a Design function that actively collaborates with every platform, with style centers in Turin and Modena (Italy), Burr Ridge (USA), and Vénissieux (France).

The goal is to develop product components increasingly aligned with the latest technologies, while also offering contemporary and attractive styles paired with appealing yet strong materials fit for intensive and prolonged usage. For example, in addition to being resistant to wear and tear, internal materials must be easy to maintain and wash, and cabin colors must be calming. CNH Industrial designers work alongside engineers to bridge the gap between form and function, productivity and aesthetics, ecology and performance, often working together with the marketing functions of Company brands to support the communication and launch of new products.

Furthermore, the collaboration with the Ergonomics Department allows CNH Industrial to achieve a perfect blend between product design and an optimal end user experience.

GLOSSARY
CNG; Ergonomics; ISO 14040; LCA

The Ergonomics Department focuses on:

- researching higher levels of comfort than those required by law
- improving machines 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.

Both Design and Ergonomics functions play an active role in many of the Global Product Development phases.

YOUNG DESIGNERS PRESENT THEIR IDEAS ON THE BUS OF THE FUTURE PROJECT

Given the market's demand for new and fresh ideas, CNH Industrial's Design Department collaborates with promising designers from design schools around the world.

Paris Bus 2035 is one of the department's latest collaborations, which saw IVECO Bus together with CNH Industrial's Design Department organize a student project at *L'École de design Nantes Atlantique* (The Nantes School of Design, France). As part of the project, the 15 students attending the school's newly established *Transport Design* program were asked to develop their vision of Paris's bus of the future. They presented their concepts at an event in Nantes, on May 20, where their digital sketches, 3D models, and mock-ups gave way to a dialogue with the academic faculty and CNH Industrial's Design team. One of the participating students was selected for an internship at CNH Industrial's Bus Design Department in Venissieux (France).

OUR PROJECT

PRODUCT DEVELOPMENT PROCESS

At CNH Industrial, the development and launch of new products is managed through dedicated platform teams for each product class. Platform teams are responsible for the management of products' entire life cycles, from the development of new products to the maintenance of existing ones.

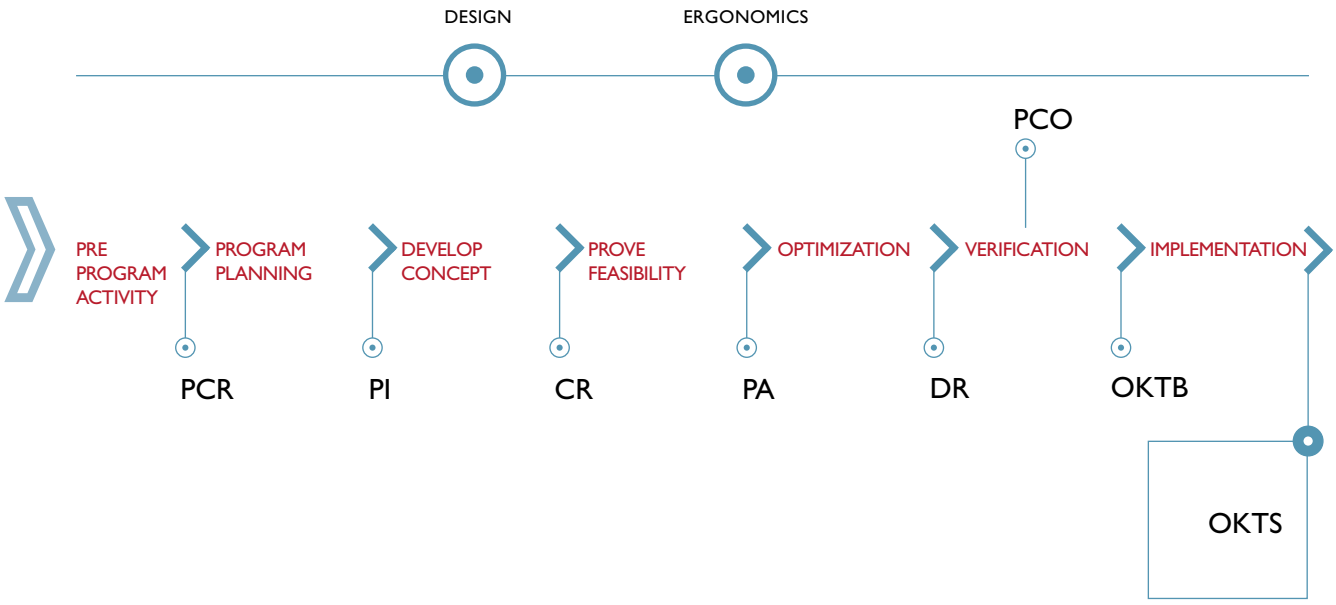
Each team is composed of representatives from the following functions:

- Brand – definition of market requirements, including regional variations
- Product Engineering – product design and fulfillment of technical requirements
- Product Validation – product validation and certification
- Manufacturing – planning and preparation for production
- Purchasing – management of sourcing process and procurement of parts
- Supplier Quality Engineering (SQE) as part of Purchasing – monitoring compliance of suppliers' production processes with CNH industrial standards and requirements
- Parts and Service – management of spare parts
- Quality and Product Support – monitoring correct implementation of processes to ensure quality of final product
- Finance – monitoring budget and investment, analyzing profitability of new product programs and related activities.

Platform teams follow the standardized Global Product Development (GPD) process, which itself is subject to continuous monitoring and revision. Although its application is standardized across geographic regions, the process allows for variations in product specifications to meet local requirements, including those specific to Emerging Markets. The GPD process consists of 6 phases, each including a set of deliverables, or activities, supported by the various business functions. At the end of each phase, reviews are carried out to determine if objectives have been met. Once these objectives (or milestones) are achieved, the decision is made to continue to the next phase.

This approach optimizes resource planning and facilitates investment allocation and the definition of clear objectives; it also improves the ability to forecast and manage risk and, ultimately, to develop quality products. During each phase of the GPD process, the Design and Ergonomics departments work closely with each platform team to make new products more appealing and functional.
Every new product development and/or product change rigorously follows the Delegation Of Authority (DOA), which defines the funding approval process. Management approval of the program depends on the overall spending level.

GLOBAL PRODUCT DEVELOPMENT PROCESS



The GPD process is preceded by the **Pre Program Activity**, which includes an evaluation of customer requirements and a preliminary time and cost estimate. During this phase, the Market Research Department manages all market projects worldwide relevant to the fields of agriculture, construction, and precision farming solutions. The objectives of each assignment are established with internal customers (mainly Marketing and Product Development) and defined using dedicated methodologies to collect customer feedback and suggestions. In-depth interviews, focus groups, Computer-Assisted Telephone Interviewing (CATI), web surveys, and product tests are some of the approaches used. All results are fully integrated into the Company's processes in order to build brand strategies in line with customers' needs, and to provide them with the best-in-class products and services required for the growth of their businesses. The Customer-Driven Product Definition process - which analyzes the needs of, and feedback from, the brands' customers - plays a major role in this phase (see also pages 136-137). At the Product Change Request (PCR) milestone, the first in the process, the product profile is formalized and a research and design budget defined.

The approval of the PCR is followed by the **Program Planning** phase. The deliverables for this phase include an in-depth market analysis (of customer segmentation, volumes, and price and content offered by competitors), the development of a risk assessment matrix, an initial cost estimate (for both R&D and launch), and an analysis of expected financial returns. The changes to the commercial product offering at system key level (BoM level) are identified. The deliverables for this phase are designed to enable the early identification and resolution of most potential future issues, thereby providing a solid foundation for the best possible project outcome and a quality final product. The milestone achieved at the end of this phase is Program Initiation (PI).

Once PI is approved, the **Develop Concept** phase begins. Deliverables for this phase include the creation of an initial virtual prototype for the validation of technical content, and the review/identification of patent requirements. During the development process, the Chief Engineer is responsible for the Patent Review deliverables, i.e., ensuring that no competitor patents are infringed (Freedom to Operate), and determining whether the product incorporates patentable ideas. Where applicable, new ideas are submitted for review and approval via the Innovation Process (see also page 142). A list of critical parts is prepared, and an analysis is performed to identify and evaluate potential supply constraints and the need to involve suppliers in the design process. At this point, the Manufacturing Department begins planning all actions required to configure the production line. The achievement and completion of all deliverables in this phase is verified as part of the Concept Review (CR) milestone, which marks and defines the key technical solutions regarding the vehicle's main systems.

The next step in the process, the **Prove Feasibility** phase, consists of more than 40 deliverables, including virtual and physical validation activities to confirm concept feasibility, finalization and release of the parts plan, style/design freeze, and definition of the manufacturing project plan. The Program Approval (PA) milestone, which completes this phase, is particularly important because it represents the decision point for proceeding with the full investment program and for setting the targets (time, cost, and quality) to be used as benchmarks for final project evaluation.

The next phase is **Optimization**, with deliverables regarding sub-system and component testing, software validation, and the identification of the service parts that must be available at the OK to Ship (OKTS) milestone. During this phase, Product Validation verifies the design on full prototypes called Development Builds. The design details are then released by Product Engineering so that other functions (primarily Purchasing, Manufacturing, and Parts and Service) may complete sourcing, production planning, and parts stocking based on the validated final design. With regard to intellectual property, upon completion of both the Program Approval and Design Release milestones, an analysis is performed to determine if the project has changed from the Concept Review milestone. In any case, at Design Release, all patent applications relating to new design features must have been filed before the project can progress to the next step.

The next step, the **Verification** phase, consists of more than 20 deliverables covering areas such as product safety, training of plant personnel, drafting of Operator's Manuals (see also page 156), and product certification. This phase includes the Production Change-Over (PCO) milestone, which formalizes the phasing out of the production of existing components and the phasing in of the production of components for new, replacement products. This milestone is also critical because, if the launch of a new product is delayed, the production phase-out of components for an existing product could result in a suspension in production, and thus an interruption in the supply of that product to the sales network. Other activities during this phase include the evaluation of sales network training needs and customer product trials. The phase is completed when the OK to Build (OKTB) milestone is achieved, which occurs upon verification that the plant, including equipment and employees, is ready to launch production.

The **Implementation** phase can then begin, with deliverables including final safety validation, product certification, and spare part quality and availability. This phase is completed when the OK to Ship (OKTS) milestone is achieved, which authorizes shipment to dealers and customers. The length of the product development process varies depending on the business line and amount of new content, and can range from 18 to 36 months. If necessary, further product improvement activities (i.e., cost reductions or resolution of critical issues arising post launch) may continue after product launch until targets are met. The platform teams maintain responsibility for the improvement of current products, establishing action plans to achieve quality and cost reduction targets, and implementing schedules and timing.

The Quality Department makes use of a scorecard to evaluate effective target achievement at each milestone and review phase.

Early Warning Phase

Global Product Development ends with the achievement of the Ok to Ship (OKTS) milestone, which authorizes the shipment of finished products to sales and service networks. The first few months thereafter are known as the Early Warning phase, in which a specific team is appointed to focus on and quickly assess product performance by collecting feedback from the service network and internal support functions, in order to implement required improvements quickly and effectively.
This monitoring activity, which continues throughout the overall Current Product phase (see also page 158), is a crucial resource for the development of new products, as the findings on the latest launches are integrated in new designs thereafter, creating a virtuous circle of continuous innovation.

Product Change Management

Products are typically considered as current 6 months after launch. The platform teams are responsible for introducing enhancements to current products by implementing action plans to achieve warranty targets (set by the Quality team) and cost reduction targets, while managing and setting deadlines. Specific quality and reliability targets are set for each product and project, and assigned to the relevant teams of each respective development platform.
Product Change Management (PCM) is the standardized process used by platform teams to maintain and improve current products. It is consistent with the GPD process (phases, deliverables, and milestones) to guarantee high quality, speed, and disciplined execution, but is also flexible and scalable according to the risk and complexity of each change.

OPERATOR'S MANUAL

Each product sold comes with an Operator's Manual (OM) through which CNH Industrial provides key product information to customers, and that is in every respect an integral part of the product itself. The manual provides extensive information on safe use and on behaviors to minimize environmental impact, such as the correct disposal of lubricating oils and additives, and efficient product use to reduce fuel and energy consumption and pollution.
The manual contains comprehensive information on:

- product identification data
- product functions (start-up and operation)
- correct product maneuvering
- safe product use
- human-machine interactions (controls and devices)
- on-board equipment
- technical features
- periodic checks and scheduled maintenance
- product approval standards (emissions, noise, electromagnetic compatibility, etc.)
- instructions for biodiesel use, if applicable
- safe product transportation (for off-road equipment).

The **safety** and accident prevention information contained in the Operator's Manual is presented in line with the ANSI Z535 standard. Furthermore, all manual contents comply with EU directives specific to vehicle type, such as 2006/42 EC, 2010/52 EC, Commission Delegated Regulation (EU) 1322/2014, and Commission Delegated Regulation (EU) 2015/208. Manuals are available in every language used in the markets where the products are sold, as per applicable local regulations, and available on the dedicated service network webpage on the Dealers Portal (see also page 230).

INFORMATION PROVIDED IN THE OPERATOR'S MANUAL

	Agricultural Equipment	Construction Equipment	Commercial Vehicles
Sourcing of components	-	-	-
Presence of substances that could impact the environment	⊙	⊙	⊙
Safe product use	⊙	⊙	⊙
Product disposal	-	-	⊙ [a]
Noise and vibration levels (as applicable)	⊙	⊙	⊙

[a] Data is published on a dedicated website for Light range vehicles in accordance with 2005/64/EC regulation (see also page 242)

PRODUCT QUALITY CONTROL

Product Quality Control at CNH Industrial cuts across all Company departments and business segments and impacts all stages of the product's life, from conception to after-sales management. An effective quality system helps improve product behavior and performance during usage to maximize 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 robustness of the quality process is supported by the adoption of a quality system compliant with standards such as ISO 9001 or ISO/TS 16949, aiming to ensure and drive the continuous improvement of processes, products, and services through clear targets, responsibilities, and monitoring indicators (KPIs).
Activities concerning quality are overseen by the Quality and Product Support function, led by the Chief Quality Officer, a permanent member of the Group Executive Council.
The function's mission is to:

- ensure product quality throughout the entire product life cycle
- maximize the input of qualitative knowledge of product behavior into new product development processes (proactive approach)
- drive consistency of quality processes and methodologies across all brands and Regions
- optimize results while improving efficiency and speed of end-user support to meet customers' quality expectations.

The Quality function sees 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 verifying efficiency
- Supplier Quality - by ensuring 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 from a customer perspective
- Quality Systems - by ensuring central coordination, operational execution, and monitoring through the established methodology standards of the Company's quality management system.

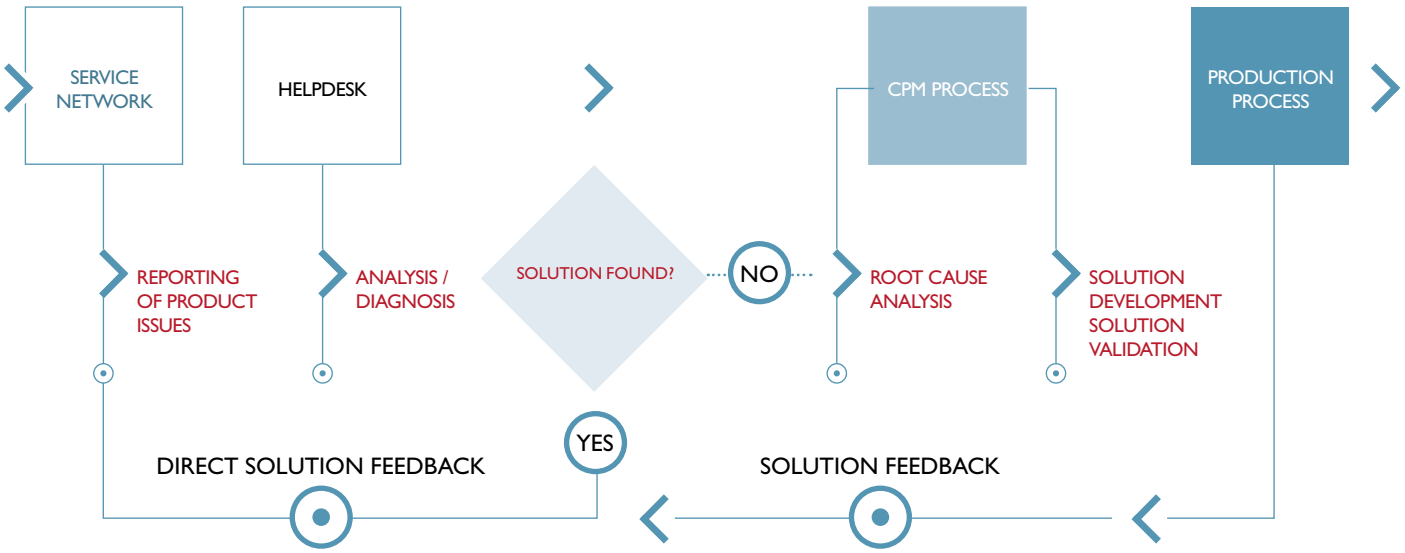
Responsibility is shared across Production, Manufacturing Engineering, Quality, Purchasing, and other brand functions, to ensure the intrinsic quality of all product-related processes while promoting process improvements, flawless execution, problem solving, and decision making.

In addition, Quality Control is one of the 10 technical pillars of World Class Manufacturing (see also page 176), 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 expand improvements throughout the production process.
Quality control is based on the ability to monitor and measure key quality performance indicators of the production process. The Quality Assurance Matrix is one of the tools available to guide the process of identifying the most critical areas of improvement. A detected defect is proactively removed from the next process step. One of the main KPIs monitored consists of Customer Quality Audit results, based on the testing performed during the product validation process to validate customer usability. Another important source of information is the Pre-Delivery Inspection procedure, carried out prior to vehicle registration to ensure the customer receives a quality-assured product.

CURRENT PRODUCT MANAGEMENT

The first few months after the shipment of finished products to sales and service networks are known as the Early Warning phase (see also page 156), during which product performance is assessed as quickly as possible to implement improvements, if needed.
After this initial period, the product is considered as current, and its quality control and performance monitoring continues under the responsibility of the Current Product Management (CPM) process.

CURRENT PRODUCT MANAGEMENT PROCESS



At CNH Industrial, CPM is a systematic business process designed to maintain and improve the product throughout its full production life. The CPM team includes representatives from Quality, Engineering, Parts, Purchasing, Manufacturing, and Brand Service, providing resources and expertise. The team has the responsibility to review all product information channeled to CPM from various sources, such as customer visits, dealer reports transmitted via product support tools, warranty claims information, and quality reports from manufacturing units and suppliers. Any product issue reported is analyzed and managed systematically in order to provide speedy technical resolutions to the production platforms to improve product design or fine-tune assembly methods, so as to meet customer needs and prevent any issue recurrence. The process is tracked through ad hoc tools.

The steps to resolve issues are in line with the industry's standard problem-solving processes, and can be summarized as follows: secure a clear issue statement; confirm priority and root cause; develop and validate a solution; lastly, implement the solution on new models at the factory and, if necessary, develop a service solution. The main performance indicators for CPM are Time to Fix (speed of resolution) and No Post-Fix Issues (solution effectiveness).
Resolution feedback is promptly provided to dealers through structured communication channels, enabling them to fully support customers that are using the products in the field. The customers' perception of quality is also monitored through recognized tools such as VQS and HTS Surveys (T&B) and internally-driven Quality Tracking surveys.

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 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 methods such as the Safety Risk Assessment tool. Based on the index obtained, the CPM team 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 via the Quality and Product Support structure that, together with Brand Service and Parts and Service, ensures a rapid completion to minimize customer impact and maximize customer vehicle availability. One of CNH Industrial's long-term targets is a 5% reduction (year-on-year) in both PIPs and warranty claims per unit (for Agricultural Equipment, Construction Equipment, and Commercial Vehicles).
The Quality function coordinates the implementation of these recall campaigns. When the Quality function deems that a recall campaign is the appropriate answer to the issue identified, the functions that interact directly with customers, including brand organizations and dealers, are engaged. During recall campaigns that require vehicle repair, CNH Industrial utilizes different programs and channels to inform customers about the interventions involving their vehicles.
The Best Service Program, for example, is a tool for managing campaigns that are particularly sensitive due to the Region 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.

NUMBER OF RECALL CAMPAIGNS (PIPS)

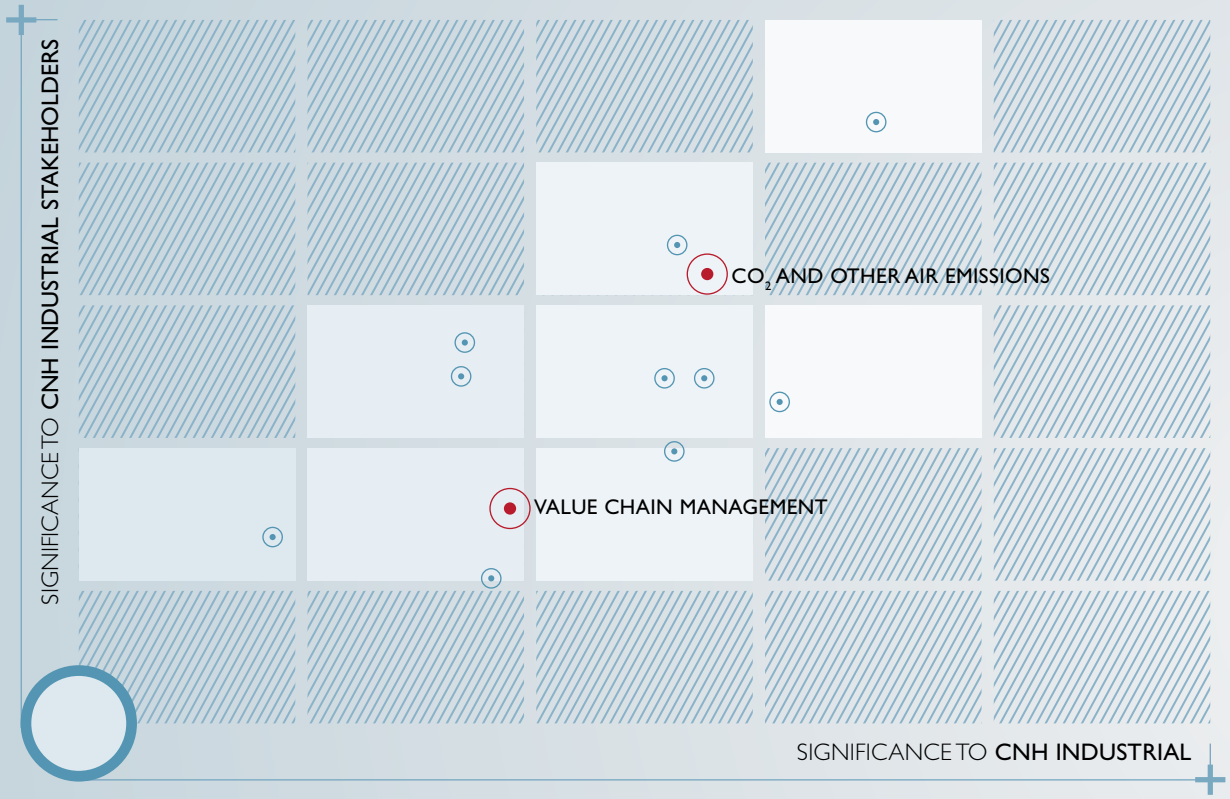
CNH INDUSTRIAL WORLDWIDE (no.)

	2016	2015	2014
Mandatory campaigns	**169**	171	155
Safety campaigns	**17**	10	15
Total	**186**	**181**	**170**

2016 RECALL CAMPAIGNS (PIPS)

CNH INDUSTRIAL WORLDWIDE (no.)

	Mandatory campaigns	Safety campaigns	Total
Agricultural Equipment products	79	10	**89**
of which units involved	34,600	6,778	**41,378**
Construction Equipment products	19	0	**19**
of which units involved	6,353	0	**6,353**
Commercial Vehicles products	71	7	**78**
of which units involved	74,570	27,540	**102,110**
Total Products	**169**	**17**	**186**
Total Units	115,523	34,318	**149,841**



SUPPLY CHAIN

Material topics described in this chapter, for definitions see pages 255-256.

> CONTINUOUS **IMPROVEMENT** ALONG THE **SUPPLY CHAIN** COULD ALSO BE PROMOTED BY USING THEMATIC CHANNELS TO **SPREAD INFORMATION** ON THE INNOVATIONS ALREADY IMPLEMENTED.
>
> **SUPPLIER** EMEA

MANAGEMENT FRAMEWORK

CNH Industrial adopts a responsible approach to the management of its entire supply chain, from small local companies to large multinational organizations, establishing relationships that go beyond commercial transactions, and fostering long-lasting and mutually satisfying collaborations with eminently qualified partners that share the Company's principles. For CNH Industrial, sustainability in the supply chain 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. Again, according to the materiality analysis, another material topic that affects the supply chain is **CO_2 and other air emissions**. Therefore, reducing CO_2 emissions beyond Company activities, across the supply chain, is equally important to both the Company and its stakeholders, as it can help protect the planet from climate change and mitigate the depletion of natural resources.
These 2 material topics, among others, represent the Company's response to the megatrends identified as most relevant to CNH Industrial's future business, namely:

- *climate change*, in terms of reducing the impact of the supply chain
- *food scarcity and food security*, considering that many suppliers collaborate with CNH Industrial brands in developing the best solutions to improve equipment productivity
- an *innovative and digital world*, in terms of keeping an open dialogue with different businesses to develop increasingly innovative solutions.

Commitments to continuous improvement are realized through specific targets and actions, which also give an indication of how efficiently the supply chain is being managed. Targets are set annually on a voluntary basis and included in the Sustainability Plan (see also page 35); their progress is regularly monitored by the Sustainability Committee in order to implement any corrective actions deemed necessary. In 2016, 2 new long-term improvement targets were set to increase both CO_2 monitoring within the supply chain and the coverage of sustainability assessments (see also pages 24-25). The targets and results achieved are communicated to stakeholders via the Sustainability Report and the corporate 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.

GLOSSARY
Material topic; Materiality analysis

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

CNH Industrial has adopted the Supplier Code of Conduct that, together with the CNH Industrial Code of Conduct, provides the framework for responsible supply chain management. The documents are available on the corporate website and are circulated to suppliers through the CNH Industrial Supplier Portal. 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 and minimizing polluting and greenhouse gas emissions
  - developing products while considering their impact on the environment and their possible reuse or recycling
  - 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, all suppliers must work with CNH Industrial to enforce the Code itself, and are required to communicate its principles to their employees, subsidiaries, affiliates, and subcontractors. CNH Industrial is committed to fostering long-term partnerships with its suppliers, through specific tools and periodic workshops designed to achieve a smooth integration between the respective business cultures and processes, in order to work jointly toward meeting market expectations.
Furthermore, CNH Industrial is committed to supporting small and local suppliers and minority-owned businesses (see also pages 164, 173).
Any violation of the Supplier Code of Conduct can alter the business relationship with CNH Industrial, and may result in contract termination. All suppliers must comply with applicable laws (including, but not limited to, corruption and antitrust regulations) and with CNH Industrial's corporate 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 also page 47).

CNH Industrial purchases are managed by the Purchasing function, which operates globally through dedicated structures in EMEA, NAFTA, LATAM, and APAC, 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 enjoys in the industry. The highest responsibility for CNH Industrial's supply chain management initiatives lies with the Group Executive Council (GEC).

In 2016, supply chain management improvement targets were included in the Performance and Leadership Management system (see also page 77) for most managers of projects included in the Sustainability Plan.

SUPPLIER PROFILE

CNH Industrial manages purchases worth approximately $13.3 billion, with a total network of 5,310 direct material suppliers. In 2016, 15 new eligible suppliers were added to the network, while there were no significant changes to supply chain structure and no additional outsourcing of activities.
The Company's top 150 suppliers are considered strategic suppliers, not only because they generate more than 60% of the total value of purchases, but also because of the length of the relationships involved, along with their production capacity and handling of spare parts.

HIGHLIGHTS

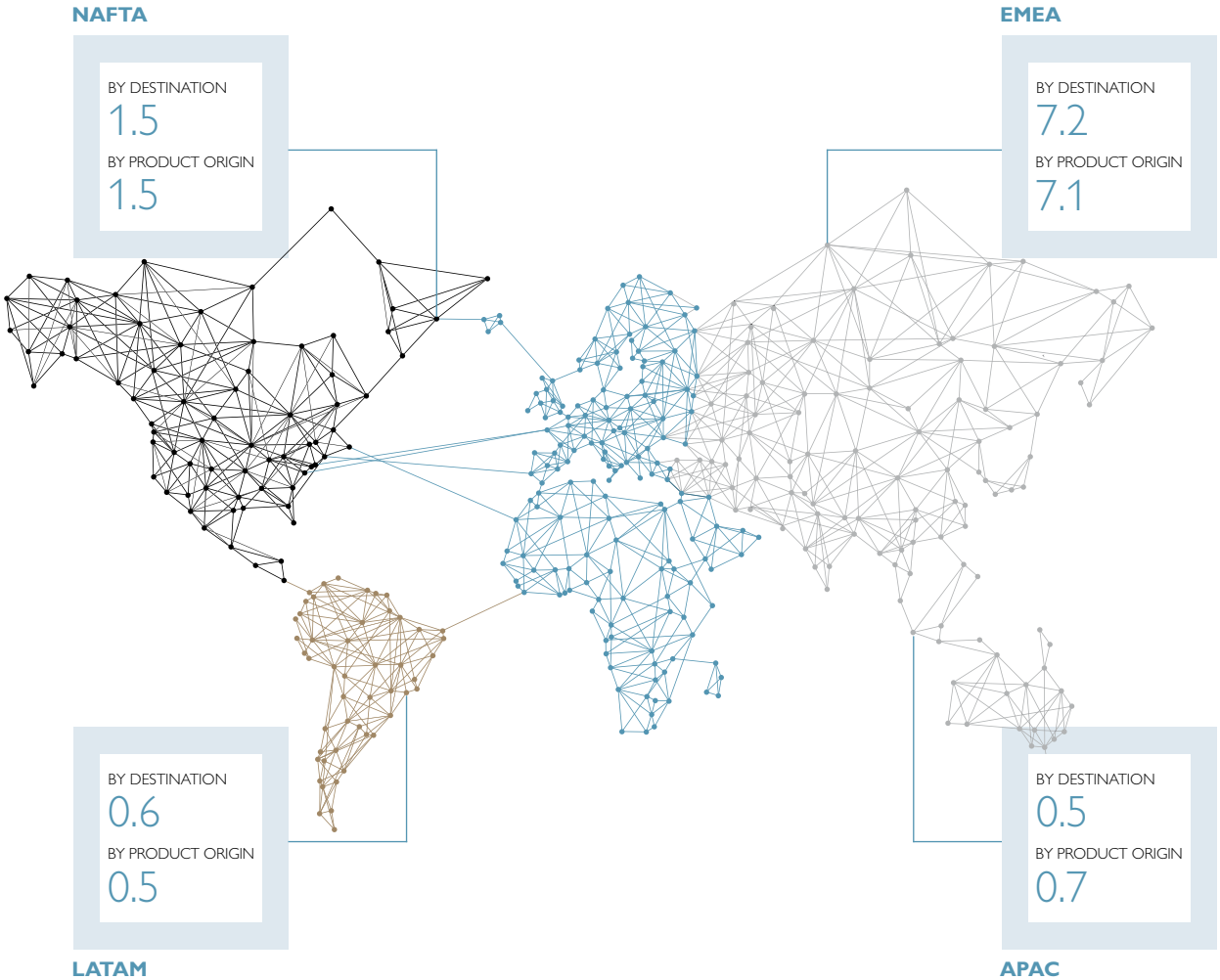
CNH INDUSTRIAL WORLDWIDE

	2016
Direct and indirect material purchases[a] (% of the total volume of CNH Industrial purchases)	85
Direct material suppliers (no.)	5,310
Value of purchases from direct material suppliers[b] ($billion)	9.8
Value of purchases from indirect material suppliers[c] ($billion)	1.5
Local suppliers (%)	95

[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]

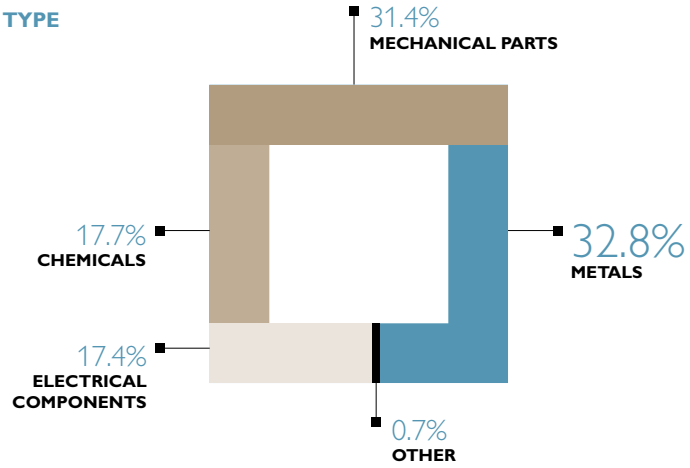
CNH INDUSTRIAL WORLDWIDE ($billion)



[a] Refers to the value of direct material purchases.

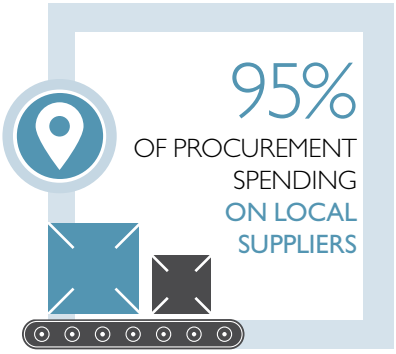
GRI STANDARDS
GRI 102-9; GRI 102-10

PURCHASES[a] BY PRODUCT TYPE
CNH INDUSTRIAL WORLDWIDE



[a] *Refers to the value of direct material purchases.*

Developing local skills, transferring its technical and managerial expertise, and strengthening local businesses are just some of the targets that CNH Industrial sets for itself. Creating ongoing relationships with local suppliers has a positive impact on reducing risks associated with business operations and on optimizing costs.
Significant amounts are spent on local suppliers[1]: in 2016, contracts signed by CNH Industrial with local suppliers accounted for over 95% of procurement costs. Specifically, 97% in EMEA and 89% in NAFTA, which are CNH Industrial's major locations of operation[2].



Additionally, CNH Industrial promotes the World Class Manufacturing program (see also page 176) at local supplier plants, to share best practices and methodologies.
Although CNH Industrial does not always purchase raw materials directly (with the exception of steel used for direct processing), their overall consumption and general price trends are constantly monitored. In 2016, the main raw materials used in semi-finished goods purchased by the Company were steel and cast iron (approximately 2 million tons, including scrap), plastics and resins (approximately 120,000 tons), rubber (approximately 100,000 tons) and other miscellaneous materials (approximately 70,000 tons).

In addition, a detailed spend analysis is carried out to improve supply performance and maximize operational efficiency. Using a software tool known as the Financial Suppliers Sensitivity System (FS3), supply chain managers have access to suppliers' financial assessments. This tool is continually updated with confidential information provided by the suppliers themselves and contained in any financial reports. The evaluation, automatically calculated 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.

SUPPLIER DIVERSITY

In the procurement of its products and services, CNH Industrial's policy is to promote, encourage, and increase the participation of diversity-owned enterprises (which may include businesses that are small, disadvantaged, or owned by women, ethnic minorities or veterans (including service-disabled), or part of the Hubzone program). 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

[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 73% of the total value of purchases in EMEA, and 16% in NAFTA.*

GRI STANDARDS
GRI 204-1; GRI 301-1

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 high performing CNH Industrial supplier by identifying its strengths and weaknesses and its ability to manufacture according to the highest quality standards. The PSA tool is used to assess companies that do not currently provide materials or services, as well as suppliers that have undergone reorganization, whose plants were relocated, or that have introduced new technologies and processes. The PSA must be carried out prior to the procurement phase to allow potential new suppliers to participate in tenders. The tool is a means to evaluate a potential supplier's ability to manufacture quality products using best practices, and assesses company systems and processes directly at supplier plants.

PSA evaluation criteria involve key sustainability aspects, with explicit reference to environmental management and occupational health and safety management; indeed, one of the requirements is the presence of an Environmental and Health and Safety System in the working area, preferably certified by a third party. Compliance with the provisions restricting the use of hazardous substances (through the IMDS system) is carefully monitored through a dedicated section of the PSA (see also page 243). The presence of management systems reflects suppliers' efforts to monitor and manage environmental aspects, labor practices, human rights, and impacts on society. All potential new suppliers (15 in 2016) are evaluated according to the above criteria. Supplier sustainability is also assessed via indicators included in a self-assessment questionnaire and, subsequently, for a number of suppliers determined each year, verified by audit (see also page 166).

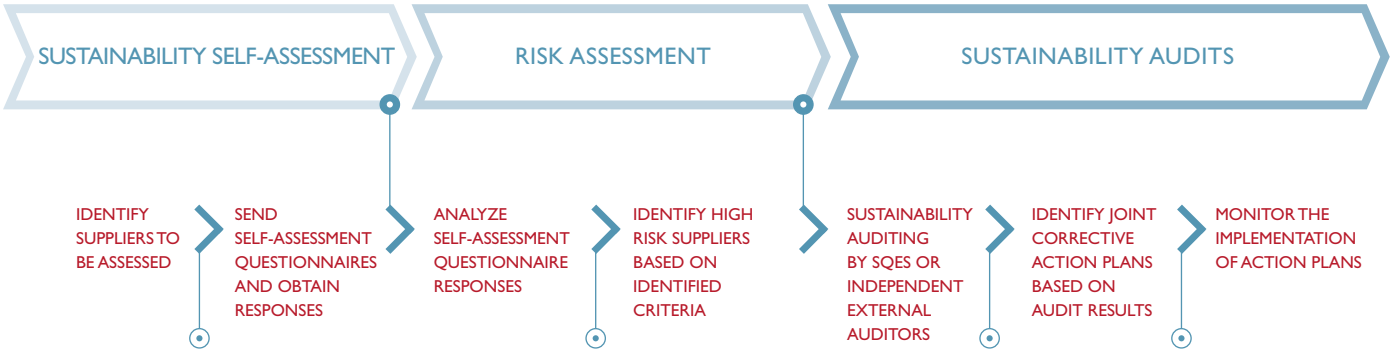
In addition, through the Commitment Declaration stipulated for new suppliers, the latter are requested to comply with the CNH Industrial Code of Conduct and Supplier Code of Conduct. Specific contractual clauses require them to provide references and demonstrate abilities in relation to: fighting corruption, protecting and safeguarding the environment, promoting health and safety at work, ensuring non-discrimination, prohibiting forced and/or child labor, and recognizing freedom of association.

The best practices and contractual clauses to be incorporated into supplier agreements, including the General Purchasing Conditions, were shared at CNH Industrial level. If a supplier fails to adhere to these principles, CNH Industrial reserves the right to terminate the business relationship or instruct the supplier to implement a corrective action plan.

SUPPLIER ASSESSMENT

Suppliers play a crucial role in supply continuity and can influence the way public opinion perceives CNH Industrial's social and environmental responsibility. To prevent or minimize any environmental or social impact, CNH Industrial has developed a process to assess suppliers on sustainability issues.
Supplier assessments are the responsibility of the Supplier Quality function and, at operational level, of Supplier Quality Engineers (SQEs). The process is overseen by the Suppliers Sustainability Compliance Committee, consisting of the managers of both Quality Global Business Process and Reference Commodity, and 1 representative each from the Sustainability Planning and Reporting Department and the Purchasing Legal Department.
The assessment process involves 3 consecutive steps over a 1-year period.

ASSESSMENT PROCESS



During the first step of the evaluation, a number of suppliers are asked to fill out a sustainability **self-assessment** questionnaire. As of 2014, CNH Industrial uses 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 developed and managed by a third party to ensure the highest levels of transparency and neutrality. The self-assessment is proposed to 100% of the Company's strategic suppliers every year.
The questionnaires are then analyzed and used to perform a **risk assessment**, which allows identifying critical suppliers whose compliance with sustainability criteria needs to be addressed. The key drivers used to create the risk map are:

- supplier turnover
- risk associated with the supplier's country of operation (focusing on countries with poor human rights records[1])
- supplier financial risk
- participation in the assessment process
- risk associated with the purchasing category (i.e., the commodity group).

Based on risk assessment results, suppliers are classified according to 3 levels of risk (high, medium, and low) and selected for audit accordingly.

(1) For countries with poor human rights records, refer to the list published by EIRIS (EIRIS Human Rights Countries of Concern, October 2010).

GLOSSARY
AIAG

Sustainability audits are performed at suppliers' plants by either Company SQEs or independent external auditors. Audits, which are organized in agreement with the suppliers, aim at verifying the information submitted via the self-assessment questionnaires and at defining possible improvement plans where necessary. Each supplier selects representatives within its organization (usually from HR, Safety, Environment, and Quality) to take part in 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)
- timing of action plans.

Action plans are monitored via follow-ups between supplier and auditor. Any non-compliance is brought to the attention of the Suppliers Sustainability Compliance Committee, which determines the actions to be taken against the defaulting supplier. A specific operational procedure is in place to monitor supplier compliance.
The levels of supplier compliance and respective action plans are documented in a dedicated system accessible via the Supplier Portal, and results are available to all employees engaged in supplier management. Every month, the 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	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	⊙	

EN: Environment
LA: Labor practices
HR: Human rights
SO: Impacts on Society

		Categories of reference	Self-assessment	Audit
COMPLIANCE AND ETHICS	Corruption	SO	⊙	⊙
	Training	LA	⊙	⊙
	Supplier training	LA	⊙	⊙
	Conflict of interest	SO	⊙	
	Supplier ethics	SO	⊙	
	Risk assessment	SO	⊙	
	Intellectual property protection program	SO	⊙	
	Intellectual property violations	SO	⊙	⊙
	Contractual requirements	SO	⊙	
DIVERSITY	Organization	LA	⊙	⊙
	Employee policy	LA	⊙	⊙
	Supplier policy	LA	⊙	⊙
	Training	LA	⊙	⊙
	Supplier training	LA	⊙	⊙
	Corporate diversity strategy	LA	⊙	⊙
	Supplier diversity metrics	LA	⊙	⊙
HEALTH AND SAFETY	System	LA	⊙	⊙
	Substances of concern (SoC)	LA	⊙	⊙
	Audits	LA	⊙	⊙
	Employee involvement	LA	⊙	⊙
	Training	LA	⊙	⊙
	Supply chain	LA	⊙	⊙
	Emergency response	LA	⊙	⊙
	Emergency planning	LA	⊙	⊙
GENERAL	Industry associations	SO	⊙	
	Industry training	LA	⊙	
	Stakeholders	SO	⊙	
	Sustainable purchasing	SO	⊙	
	Recognition	SO	⊙	
	Conflict minerals	HR	⊙	
	Community development	SO	⊙	⊙

EN: Environment
LA: Labor practices
HR: Human rights
SO: Impacts on Society

In 2016, 1,222 suppliers were invited to create an account on the system in order to access the online self-assessment questionnaire; of these, 1,133 actually registered. The questionnaire was completed by 380 suppliers (accounting for approximately 28% of direct material purchases). The average score achieved (67/100) 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 2016.

GLOSSARY
Conflict minerals

GRI STANDARDS
GRI 407-1; GRI 408-1; GRI 409-1

SUPPLIER SUSTAINABILITY SELF-ASSESSMENT QUESTIONNAIRES

CNH INDUSTRIAL WORLDWIDE

	2016	2015	2014
Suppliers assessed (no.)	**380**	323	115
Assessed suppliers as a percentage of direct material purchases (%)	**28**	33	8
Average assessment score	**67/100**	70/100	65/100

ANALYSIS OF SUPPLIER SELF-ASSESSMENT QUESTIONNAIRES

	Number of suppliers identified as having significant actual and/or potential negative impacts	Significant actual and/or potential negative impacts
ENVIRONMENT (EN)	28	■ environmental policy and strategy (especially for water management and biodiversity) ■ measure to verify responsible environmental practices of suppliers ■ action plans for reducing the environmental impact of logistics processes
LABOR PRACTICES (LA)	10	■ program to verify sustainability practices within the supply chain (health, safety and working conditions)
HUMAN RIGHTS (HR)	4	■ code of conduct ■ contractual requirements for suppliers ■ process for reporting data on the use of conflict minerals in supply chain
IMPACTS ON SOCIETY (SO)	28	■ periodic assessments to identify compliance and ethics risks ■ contractual requirements for suppliers and sustainable purchasing guidelines ■ community development activities

In 2016, 70 audits were carried out at 70 supplier plants worldwide (60 by Supplier Quality Engineers and 10 by independent external auditors).

AUDITS BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

	2016	2015	2014
EMEA	**20**	18	33
NAFTA	**18**	15	19
LATAM	**14**	16	6
APAC	**18**	16	4
Total	**70**	**65**	**62**

The total number of audits worldwide covered approximately 8% of the total purchase value. In 2016, 28 suppliers were involved in the formulation of 178 corrective action plans for areas in need of improvement. No critical issues emerged from the audits, and therefore no contracts were suspended or terminated.

ANALYSIS OF CORRECTIVE ACTION PLANS

	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)	16%	45	■ preparation of formal documents on environmental management ■ definition of environmental performance targets
LABOR PRACTICES (LA)	31%	73	■ definition of a formal health and safety management system, including targets ■ expansion of internal communication and training
HUMAN RIGHTS (HR)	19%	31	■ implementation and/or development of code of conduct contents ■ identification of a person responsible for all aspects of the code of conduct ■ improvement of communications regarding the code of conduct
IMPACTS ON SOCIETY (SO)	21%	29	■ definition of a supplier code of conduct or of formal supplier management documents ■ preparation of formal documents on anti-corruption practices

[a] The percentage is calculated based on the number of suppliers audited (70 in 2016). No suppliers were considered at risk in terms of child labor, forced/compulsory labor, or violation of either freedom of association or collective bargaining.

GLOSSARY
Biodiversity; Conflict minerals

GRI STANDARDS
GRI 308-2; GRI 414-2

ONGOING DIALOGUE WITH SUPPLIERS

Strongly convinced that suppliers are key partners for its growth, CNH Industrial is committed to keeping them engaged and informed at all times. Promoting continuous dialogue and exchange with suppliers builds strong supplier relationships, in which goals and strategies can be shared, and collaborations and joint projects can thrive. In 2016, the Company continued to strengthen its relationships with suppliers, as evidenced by the many long-standing and mutually beneficial alliances and by the minimal number of disputes.
Many events and activities are in place to encourage continuous dialogue with the supply chain.
The primary means of sharing information with suppliers are the Company's website and the CNH Industrial Supplier Collaboration Network (CSCN) portal, which was replaced with the new Supplier Portal at the end of 2016.
A dedicated email address was created as an additional communication channel to request information or report non-compliances within the supply chain. A separate email address is available for discussions on sustainability.

A PORTAL TO DIALOGUE WITH SUPPLIERS

In November 2016, CNH Industrial launched its new Supplier Portal, an important tool supporting collaboration and communication with suppliers. It also provides suppliers with information and tools needed to successfully conduct business with CNH Industrial.
The goal of the Portal is to facilitate procurement activities, provide simple access to the Company's documents and notifications, support the deployment of supplier compliance programs, and integrate all existing sector tools and modules. The new website is in continuous development, and is regularly updated to incorporate new features and additional contents, including the most recent corporate documents and guidelines for suppliers.

FOCUS ON

209
SUPPLIERS INVOLVED IN MEETINGS WITH SENIOR MANAGEMENT

For some years now, an important opportunity for dialogue has been provided at Supplier Advisory Council (SAC) meetings, which involve a number of select CNH Industrial suppliers. In 2016, events were organized at regional level to foster an exchange of information and opinions with leading suppliers, attended by 70 suppliers in EMEA, 58 in LATAM, 19 in NAFTA, and 62 in APAC. These meetings provided an arena to share corporate objectives and results, as well as particularly significant projects. They were also an opportunity for suppliers to suggest improvements and share particularly praiseworthy initiatives. The attending suppliers were selected for their economic importance and for their ability to represent market trends and establish a benchmarking network with competitors.

As in previous years, several other initiatives promoting the exchange of ideas and information continued in 2016, one of them being *Technology Days*, with a total of 4 events and the participation of approximately 200 people. These meetings were a chance for suppliers to showcase their cutting-edge products in terms of innovation, technology, and quality, while addressing specific topics and sharing information on recent technological developments.
The **World Class Manufacturing** activities carried out at suppliers' plants were expanded in 2016 compared to the previous year, with 176 plants included in the WCM program as at December 31, 2016. Activities took place in 2 distinct yet equally important phases, providing suppliers with the necessary knowledge to apply the intrinsic concepts of Lean Production. Firstly, various training sessions led by CNH Industrial 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 2016, 7 workshops were organized at CNH Industrial's best plants in terms of WCM pillar implementation, involving 40 WCM suppliers. In addition, approximately 60 follow-ups were conducted to verify the proper implementation of the WCM methodology.

GLOSSARY
WCM

This dual approach enabled a greater number of suppliers to achieve good results during the year. Activities continued to focus on the so-called model areas (i.e., the first areas of a plant where WCM methodologies and tools are applied rigorously), but were also extended to other plant areas.
More than 29 audits were carried out in EMEA by certified auditors, with good results in terms of WCM methodology implementation.
This auditing system enables the inclusion of suppliers in the WCM awarding system, with the goal to have a first-ever Bronze Level supplier by 2018.
In 2016, CNH Industrial also continued to perform audits and follow-ups at supplier plants in EMEA to monitor a number of sustainability indicators (KPIs), such as accident frequency rate and energy consumption, recording significant improvements for all suppliers involved. As regards the Safety pillar, the average accident frequency rate (accidents per 100,000 hours worked) decreased by 2.4% 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 reduction of 4.8% compared to 2015.

+13%
IN WCM SUPPLIER PLANTS

CNH Industrial also continues to promote numerous initiatives to encourage innovation among suppliers. In particular, the **Supplier Performance** (Su.Per) program advocates a proactive approach to business, and allows sharing the economic benefits arising from the innovative methods and technologies introduced based on supplier suggestions. In 2016, 8 suppliers benefited from the program and 14 proposals were actually realized, with over $180,000 in estimated economic benefits generated for suppliers. The new Supplier Portal gives suppliers access to a dedicated tool they can use to directly upload their product innovation ideas, which are then assessed by a dedicated cross-functional team.

As regards supplier **training activities**, a course was organized for small and medium-sized suppliers in EMEA, to meet the ongoing demand for further in-depth analysis. Training focused on environmental management, health and safety in the workplace, and some of the Company's best practices. The course involved 39 suppliers and was delivered by Company employees with EHS expertise.

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, invited to optimize their use of resources and minimize polluting emissions and greenhouse gases; on the other, they are encouraged to properly manage waste treatment and disposal and adopt logistics management processes that minimize environmental impact. For these reasons, an environmental management system certified according to international standards is always strongly advised.
In 2016, the self-assessment questionnaire (see also page 166) used to monitor suppliers' environmental management was centered on the:

- 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-compliance, and corrective actions
- presence of a biodiversity protection strategy.

The questionnaire also included a dedicated water management section focusing on:

- policies, strategies or strategic plans regarding water management and improvements to the quality of 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.

GLOSSARY
Accident frequency rate; Biodiversity; WCM

COME TO OUR PLANT

Within the scope of a new initiative called *Come to our Plant*, launched in 2016, some of the Company's suppliers were invited to visit CNH Industrial's plants and specific product lines, so as to initiate a dialogue on improving trade relations and exploring new, mutually beneficial opportunities. Plant visits are paired with operational workshops, during which plant teams and suppliers can further exchange ideas, suggestions, and perspectives. The goal of the initiative is to share insights into opportunities for improvement and cost savings, which can lead to greater strength and competitiveness across the entire supply chain.

FOCUS ON

The assessment, which involved 380 suppliers, 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 strongly requested to optimize their use of water resources, particularly fresh water, given their potential impact on the continuity of supply to the Company. In 2014, at the plant in Noida (India), CNH Industrial started a pilot project in collaboration with a local supplier to develop an improvement strategy for water management in water-stressed areas, and thus benefit the community (see also page 119). This collaboration was established to minimize the risks associated with water quality and scarcity, as well as those related to conflicts with stakeholders.

Another important supplier engagement activity centered on the mitigation of environmental impacts is the *CDP Supply Chain* initiative. In keeping with previous years, about 150 suppliers were selected to fill out the CDP[2] questionnaire, in order to establish a clear picture of their strategies to tackle climate change and of their current or future initiatives to reduce CO_2 emissions. Suppliers were selected based on total purchase value, existing collaborations, and their expertise in environmental management. The analysis of the results gave rise to many ideas that will come into play when establishing future collaborations with suppliers. The companies involved in the CDP *Supply Chain* generated 1.91 million tons of CO_2 emissions[3] in supplying CNH Industrial. The activity will continue in 2017.

CDP SUPPLY CHAIN

MAIN ANALYSIS RESULTS (2016)

- **91** SUPPLIERS PARTICIPATED IN THE **CDP SURVEY** (EQUAL TO 22% OF TOTAL PURCHASES)
- **78%** OF RESPONDENT SUPPLIERS INTEGRATED **CLIMATE CHANGE** INTO THEIR BUSINESS STRATEGY
- **3.8 million** TONS OF **CO_2 EMISSIONS** CUT IN 2015
- **$493 million** INVESTED IN **EMISSION REDUCTION** INITIATIVES
- **$652 million** SAVED AS A **RESULT OF EMISSION REDUCTION** INITIATIVES
- **32%** OF RESPONDENT SUPPLIERS PROPOSED **COLLABORATIVE PROJECTS** TO MEMBERS

(2) *CDP is an international non-profit organization providing the only global system for companies and cities to measure, disclose, manage, and share vital environmental information.*

(3) *Including scope 1, 2, and 3 emissions. 87% of the total CO_2 emissions reported are scope 3 emissions.*

SPREADING AN INTERNAL CULTURE OF SUSTAINABILITY

Initiatives targeting the employees responsible for supplier relationships have been consolidated over the years, aiming at ensuring satisfactory awareness of sustainability and good governance among suppliers through open and ongoing dialogue.

In this regard, Buyers and Supplier Quality Engineers (SQEs) take part in training activities every year to explore some of the key issues of environmental and social responsibility. In 2016, a number of sustainability training activities were organized for buyers and SQEs in EMEA, focusing on environmental management and safety in the workplace.

Moreover, the 2016 variable compensation system for SQE Managers and respective team members continued to incorporate sustainability criteria for the assessment of their performance.

SUPPORTING SUPPLIERS IN DIFFICULTY

The global financial meltdown and the continued economic crisis in Europe have demanded the close monitoring and management of critical situations arising along the supply chain.

CNH Industrial has strengthened the structures and mechanisms in place to manage suppliers in financial difficulty, focusing on promptly identifying high-risk situations and on stabilizing them through appropriate measures to ensure supply continuity. These mechanisms are implemented (in partnership with other manufacturers, when possible) to support restructuring projects and offer temporary financial aid, while also seeking to safeguard jobs.

THE CIRCULAR ECONOMY

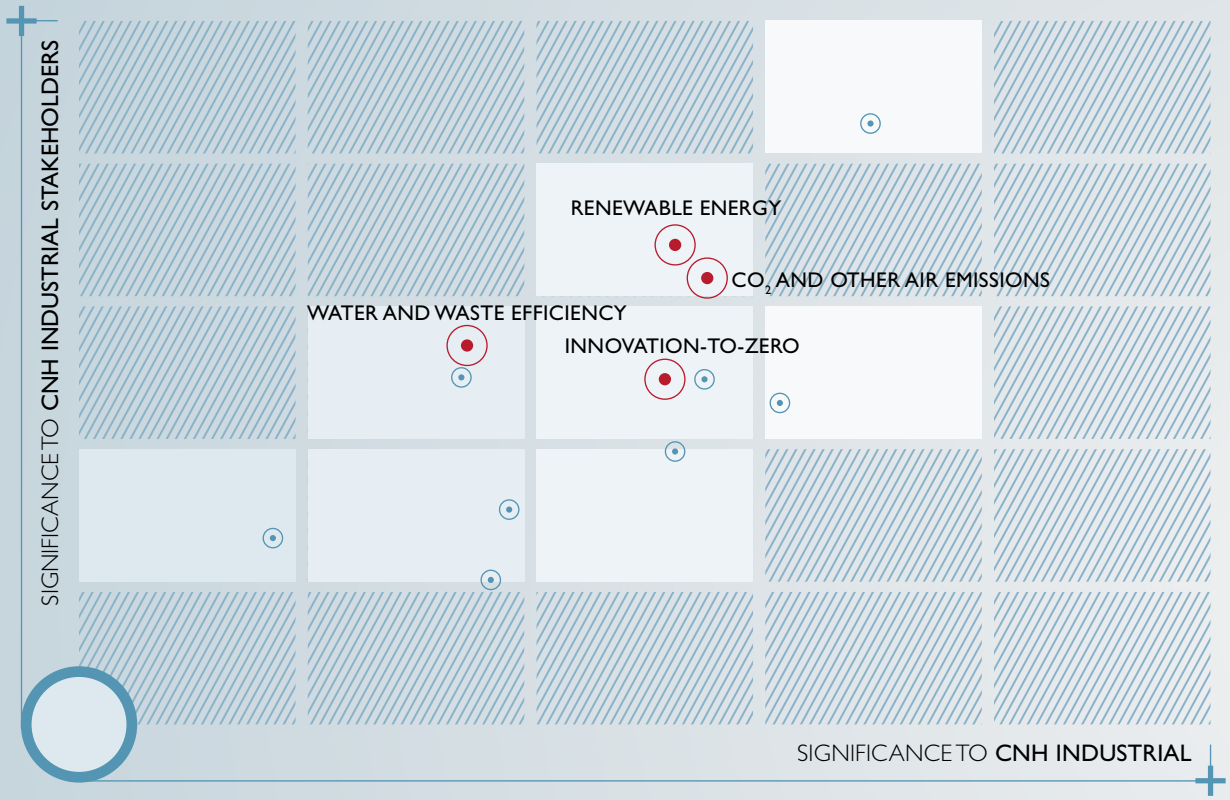
Most material innovation and development activities are carried out by the CRF research center's Group Materials Labs (GML), using a circular economy approach. In 2016, the GML's main focus was on developing environmentally sustainable carbon fibers suitable for use as a filler for thermoplastic composites. These fibers are either biologically derived or recycled, and therefore improve environmental impact during both production and vehicle use.

Carbon fiber-reinforced thermoplastic composites represent one of the potential technologies to reduce vehicle weight if used to replace glass fiber composites or metal, as is currently being tested on the beam bracket of the IVECO Daily's IP carrier.

Another European project centered on sustainable materials is BRIGIT, focusing on the development of a cost-competitive and environmentally friendly process to produce bio-based composites (biopolymers combined with natural fibers). The project, which was recently completed, led to the validation of a bio-based composite that will be assessed through pilot scale testing, focusing on the applicability of this new material in manufacturing complex shapes within the transport sector.

In order to reduce carbon footprints, it is important to focus on all material families, as well as on the vehicle's overall life cycle. For example, the material properties of sandwich panels made of steel and aluminum, made lighter by interposing a polymeric layer, highlighted positive improvements in terms of noise levels, vibrations, and thermal conductivity. These materials show major potential for industrial applications in freight and passenger transport, where a reduction in refrigeration and air conditioning power is required.

OUR PROJECT



MANUFACTURING PROCESSES

Material topics described in this chapter, for definitions see pages 255-256.

SUSTAINABILITY REQUIRES MID-TO-LONG-TERM THINKING. THAT IS WHY WE MUST PRIORITIZE REDUCING OUR **CO_2 FOOTPRINT** AND USING **RENEWABLE ENERGY**.

EMPLOYEE EMEA

MANAGEMENT FRAMEWORK

CNH Industrial makes its product manufacturing processes more effective, efficient, economical, and environmentally friendly through the application of streamlined systems and technologies, improvements to existing materials and processes, and the development of new materials, systems, processes or techniques. All manufacturing processes, systems, and techniques are required to be technologically suitable, technically feasible, economically viable, and eco-friendly. The Company's Central Manufacturing function manages all manufacturing processes and supports regional organizations and business units in ensuring that objectives are met and in line with business targets.

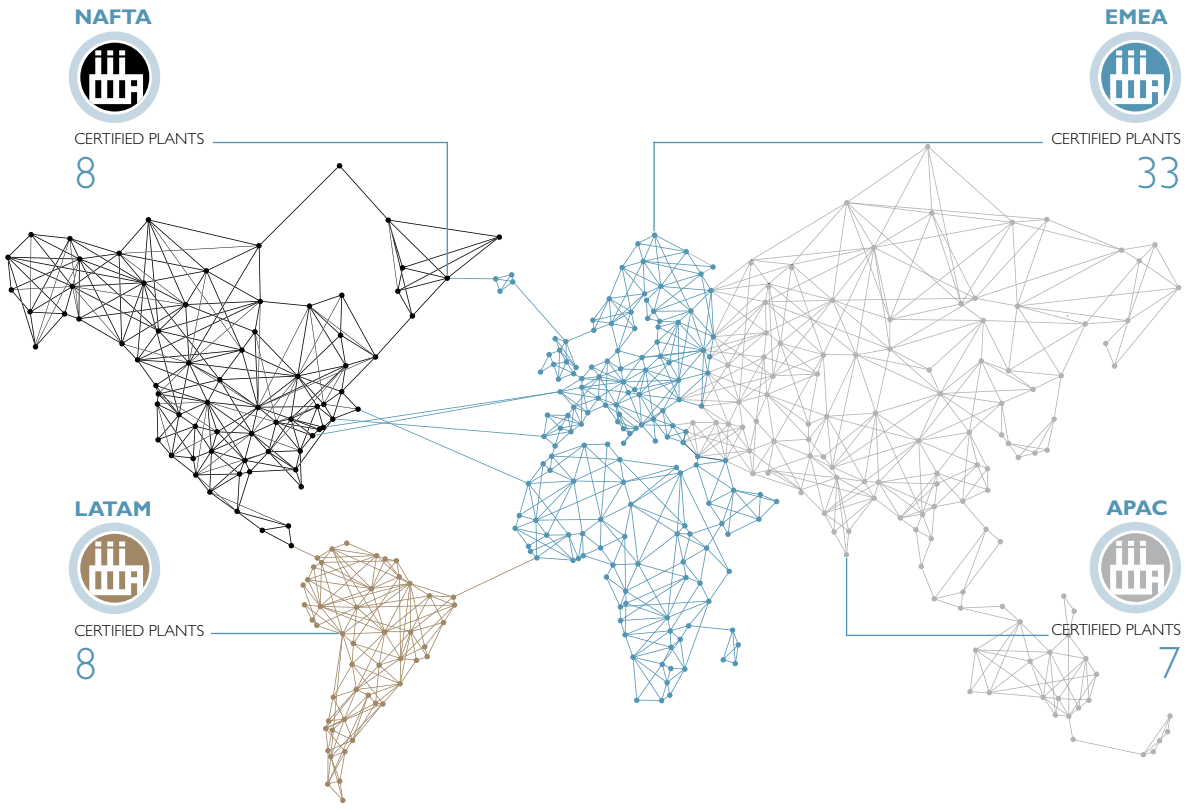
The Central Manufacturing function also:

- drives the development, standardization, convergence, implementation, and improvement of manufacturing processes
- drives the optimization of technology investments and synergies
- drives the development and implementation of new product manufacturing processes and improvements to existing product manufacturing processes across Regions, in line with the product segments (see also page 153)
- oversees worker health and safety (see also page 86)
- oversees issues concerning environmental and energy management (see also page 180).

CNH Industrial adopts the World Class Manufacturing management system, a program for innovation based on continuous improvement, developed to eliminate all types of waste and loss through the rigorous application of specific methods and standards (see also page 176). As a result of ever-increasing customer demands 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, 2016, 56 CNH Industrial plants were ISO 9001 or ISO/TS 16949 certified, collectively accounting for 96% of revenues from sales of products manufactured at the Company's plants. To achieve its quality standards, CNH Industrial devised a robust supply chain management process (see also page 161) to ensure the procurement of quality components, which are essential for the production of vehicles that meet the high standards demanded by CNH Industrial's customers.

QUALITY CERTIFIED PLANTS

CNH INDUSTRIAL WORLDWIDE



GLOSSARY
ISO 9001; ISO/TS 16949; WCM

WORLD CLASS MANUFACTURING

In striving to consolidate and maintain high standards of excellence in its manufacturing systems, CNH Industrial applies 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, WCM 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 also page 131).

These objectives require a strong commitment from plant management and all relevant departments, reinforced by continuous interaction across all organizational levels.

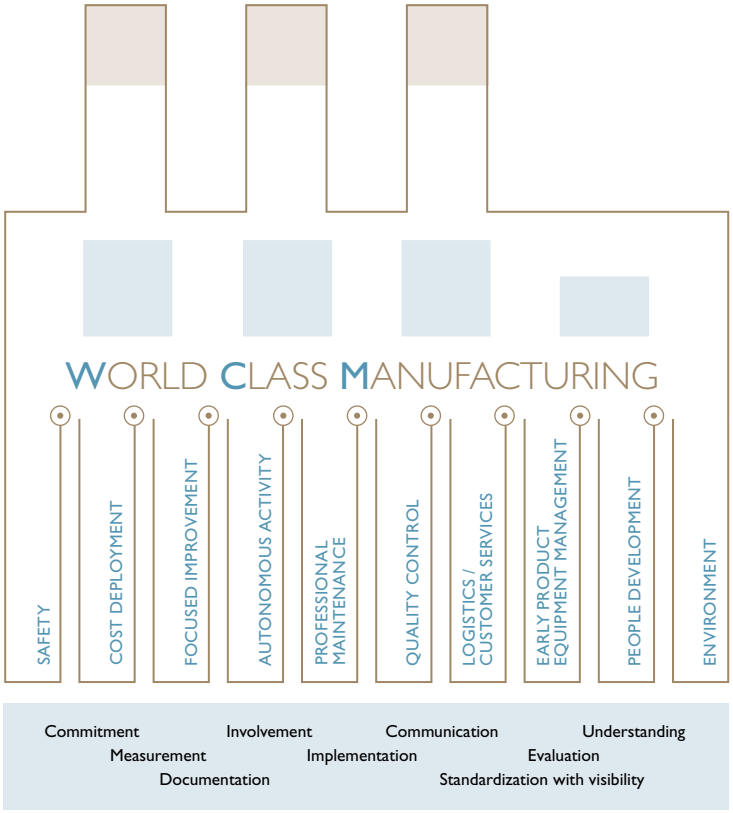
Some of the benefits of WCM implementation include greater competitiveness, the development of new and improved technology and innovation, increased flexibility, increased communication between management and production personnel, enhanced quality of work, and increased workforce empowerment.

The WCM system cuts across all Company boundaries and is applied to all departments, 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 work stations, the installation of new machinery, and new product launches).

14 SILVER AWARD-PLANTS

22 BRONZE AWARD-PLANTS

WCM PILLARS



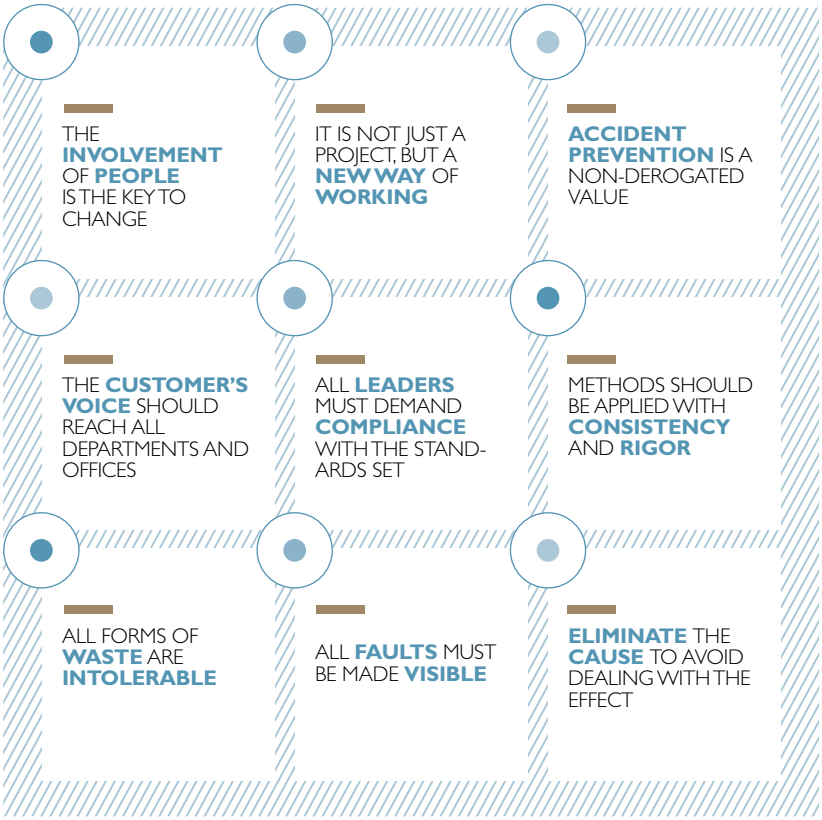
One of the main features of the WCM program is the direct relationship between an activity or project and its cost benefits. Continuous improvement initiatives are driven by the Cost Deployment pillar, which accurately identifies all plant waste and losses, guides the functions tasked with containing and eliminating the sources of waste, evaluates project feasibility, and assesses and certifies the results achieved by carefully monitoring specific performance indicators (KPIs). Such a methodical and structured approach ensures that the process for evaluating initiatives is genuinely effective, in that it measures and correlates all factors affected by the initiative itself.

The widespread use of WCM principles at all CNH Industrial plants allows the entire Company to share a common culture based on efficient processes and on a language universally recognized across all plants and countries in which CNH Industrial operates.

WCM leverages knowledge development through employee participation, through which implicit knowledge becomes explicit and codified, and subsequently incorporated into new products, new services, and new ways of working.

$112 million
SAVED THROUGH WCM PROJECTS

WCM FUNDAMENTAL PRINCIPLES



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 also page 170), 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 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 system of suggestion collection. People are an integral part of target achievement, and are involved throughout the entire improvement project (universally known as kaizen) from definition to realization. This allows them to acquire and develop skills and good practices that are then shared across plants, forming a network of expertise and knowledge at the service of the Company. WCM plays a role in creating an organization that is engaged and free of barriers, where ideas, knowledge, and talent are shared between working groups, both within and across different plants.

THE 10 TECHNICAL PILLARS

Technical Pillar	Purpose	Goals
SAFETY	Continuous improvement in safety	■ to drastically reduce the number of accidents ■ to develop a culture of prevention ■ to improve workplace ergonomics ■ to develop specific professional skills
COST DEPLOYMENT	Cost and loss analysis (loss as a cost component)	■ to scientifically and systematically identify the main losses in the Company's production and logistics system ■ to estimate both potential and expected economic benefits ■ to focus on and allocate resources to managerial tasks with greatest potential
FOCUSED IMPROVEMENT	Intervention priorities to manage the losses identified in cost deployment	■ to drastically reduce the major losses in manufacturing plants by eliminating inefficiencies ■ to eliminate non-value-added activities to increase product cost competitiveness ■ to develop specific professional problem-solving skills
AUTONOMOUS ACTIVITIES	Continuous improvement at the plant and in the workplace	This comprises 2 pillars: ■ Autonomous Maintenance - to improve the production system's overall efficiency through maintenance policies ■ Workplace Organization - aiming at improvements in the workplace, where materials and equipment often need upgrading and many losses can be eliminated
PROFESSIONAL MAINTENANCE	Continuous improvement in reducing equipment failures and downtime	■ to increase equipment efficiency using failure analysis ■ to facilitate cooperation between equipment specialists and maintenance personnel to achieve zero breakdowns
QUALITY CONTROL	Continuous improvement in meeting customer needs	■ to deliver high quality products ■ to reduce non-compliance ■ to increase employee skills
LOGISTICS AND CUSTOMER SERVICE	Inventory optimization	■ to significantly reduce inventory levels ■ to minimize the handling of materials, encouraging deliveries directly from suppliers to the assembly line
EARLY EQUIPMENT MANAGEMENT AND EARLY PRODUCT MANAGEMENT	Optimization of time and costs for installations and optimization of new product features	■ to start up new plants as scheduled ■ to ensure plant start-up occurs rapidly and smoothly ■ to reduce Life-Cycle Costs (LCC) ■ to design systems that are easy to maintain and inspect
PEOPLE DEVELOPMENT	Continuous improvement of employee and worker skills	■ to ensure appropriate skills and abilities to each workstation through a structured training program ■ to offer training-driven development for maintenance workers, technologists, and specialists
ENVIRONMENT AND ENERGY	Continuous environmental management improvement and energy waste reduction	■ to comply with environmental management requirements and standards ■ to develop an energy culture and reduce energy costs and losses

GLOSSARY
Ergonomics; Kaizen; WCM

At CNH Industrial, the use of tools for sharing information and collecting suggestions is well established: in 2016, about 465,300 employee suggestions (a 10% increase compared to 2015) were collected across the plants where WCM principles are applied, with an average of 12.7 per employee. In 2016, 14,443 WCM projects were implemented (of which 11% on Safety and Environment pillars), generating $112 million in savings.

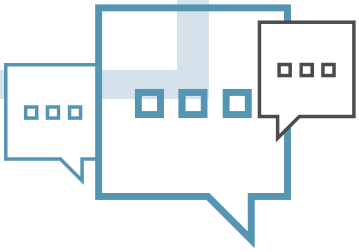
Each pillar involves a 7-step approach and auditing process, culminating in a series of awards (bronze, silver, gold, and world class). Increasingly challenging targets are reached by means of a rigorous approach comprising 3 progressive levels: reactive, preventive, and proactive.

As at December 2016, 52 plants were participating in the program, accounting for 80% of Company plants, 97% of plant personnel, and 97% of revenues from sales of products manufactured by Company plants.

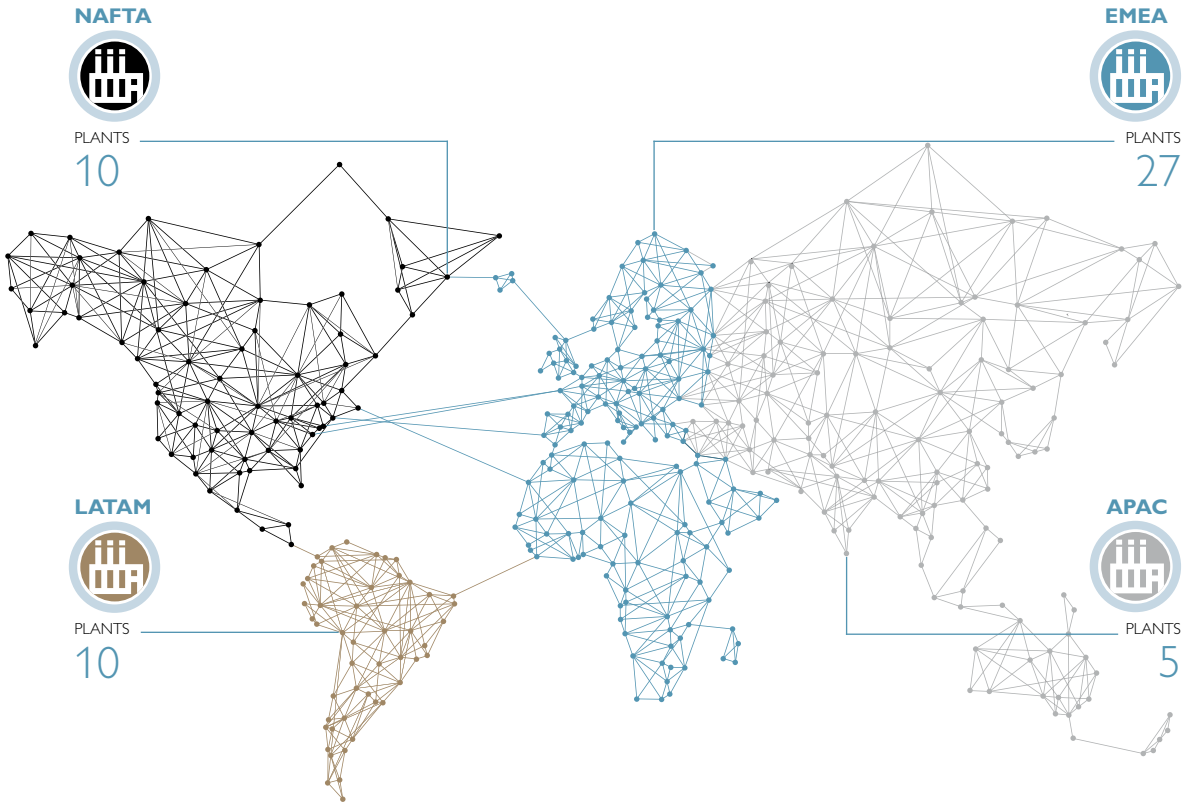
During 2016, internal auditing training courses were offered to plant managers, hence supporting the continuous spread of WCM.

WCM initiatives are coordinated by a steering committee (established in March 2012), consisting of Top Manufacturing Management and CNH Industrial WCM managers, which drives the relevant strategies and develops the necessary methodologies for the entire Company.

12.7
SUGGESTIONS PER EMPLOYEE COLLECTED UNDER THE **WCM** PROGRAM



WCM PLANTS[a]
CNH INDUSTRIAL WORLDWIDE



[a] *For the complete list of plants, see the table on pages 248-250.*

ENVIRONMENTAL MANAGEMENT

CNH Industrial is committed to continuously improving the environmental performance of its production processes by adopting enhanced technologies and by acting responsibly to mitigate its environmental impact. Safeguarding the environment at CNH Industrial is based on principles of prevention, protection, information, and people engagement to ensure effective long-term management.

The materiality analysis identified air emissions (covered by the material topic **CO_2 and other air emissions**), the use of water, and the management of waste and effluents (both covered by the material topic **water and waste efficiency**) as the most significant environmental aspects for the Company and stakeholders alike.

CNH Industrial's efforts to manage environmental aspects efficiently is one of the ways it is responding to the megatrends identified as having the potential to shape the Company's future business, specifically:

- *climate change*, which has the potential to cause droughts and floods, and therefore deteriorate water quality; the effects of such phenomena can be mitigated through the implementation of efficient manufacturing processes with a reduced environmental impact
- *food scarcity and food security*, which requires minimizing the impact of Company activities in terms of the quality and quantity of withdrawals and emissions, in light of an ever-growing demand for water, which is key to all types of food production.

CNH Industrial's Environmental Policy (see also page 47), available on the corporate website, describes the Company's short, medium, and long-term commitments to responsibly managing the environmental aspects of manufacturing (particularly energy, natural resources, raw materials, hazardous substances, polluting emissions, waste, natural habitats, and biodiversity).

These aspects are included in both CNH Industrial's environmental management system and the Environment pillar of the World Class Manufacturing system; both require compliance with guidelines, procedures, and operating instructions, and regular internal audits and reviews by management. This dual approach enables the effective management of environmental aspects and the evaluation of results (including against stated targets), which are duly reported in the Sustainability Report and on the corporate website.

Key environmental aspects are monitored, measured, and quantified to set improvement targets at both corporate and segment levels. As further evidence of the Company's commitment to protecting the environment, 2016's indicators confirmed the improvements seen in previous years. Moreover, the improvement targets set for the year (as indicated in the Sustainability Plan) were met in line with expectations (see also pages 35-36).

In 2016, 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 also page 39). Furthermore, CNH Industrial participated once again in the *CDP Water* program, which provides a framework to tackle corporate water stewardship by identifying risks and opportunities and by outlining a clear governance model for improved water management. In 2016, the CDP score achieved was A- (leadership position).

Activities are carried out in compliance with the agreements and international standards governing environmental protection, and with the applicable laws and regulations.

The building of new plants abides by environmental protection criteria, taking into account specific local needs and the impact of construction. Newly acquired plants are assessed based on existing processes and activities, to determine what interventions are necessary to achieve environmental management compliance with CNH Industrial standards.

Throughout the year, the efforts made to reduce the Company's environmental footprint (which encompasses various aspects affecting the environment, from the selection and use of raw materials and natural resources, to product end-of-life and disposal) continued to require a significant commitment, both financially and in terms of measures to improve technical and management performance.

An operational grievance mechanism, the Compliance Helpline, is available to CNH Industrial stakeholders to report potential violations of corporate policies, the Code of Conduct, or applicable laws (see also page 49).

GLOSSARY
Biodiversity; ISO 14001; Material topic; Materiality analysis

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

In 2016, CNH Industrial's overall expenditure on environmental protection was over $38 million (a 2% increase compared to 2015), broken down as follows: approximately $27 on waste disposal and emissions treatment, and over $11 million on prevention and environmental management. A total of $3.8 million was invested in initiatives to reduce the Company's environmental impact, while improvement projects and measures generated almost $3.3 million in cost savings.

ENVIRONMENTAL PRE-CERTIFICATION AT THE PUNE PLANT

The plant in Pune (India), which will be opened in 2017, obtained a pre-certification by the Indian Green Building Council (IGBC): a recognition that demonstrates CNH Industrial's commitment to reducing the environmental impact of its buildings right from the planning phase. Green building implies the design of a structure and of relevant processes that are both environmentally friendly and resource-efficient throughout the building's life cycle: from site evaluation to design, construction, operation, maintenance, renovation, and demolition. This requires close cooperation between the design team, the architects, the engineers, and the final client at all project stages.

The national priorities addressed in the IGBC rating system and serving as certification prerequisites are: water efficiency, waste handling, energy efficiency, reduced use of fossil fuels, reduced dependency on raw materials, and occupational health. The IGBC has set up a core committee to develop and maintain a rating system that is continuously relevant to the current industry. The committee consists of industry, academia, and government representatives, material manufacturers, and other institutions, who provide strategic inputs and guidance.

OUR PROJECT

RESPONSIBILITY AND ORGANIZATION

The highest responsibility for initiatives focusing on environmental protection at CNH Industrial lies with the Group Executive Council (GEC). The specific projects aiming at the environmental improvement of manufacturing processes fall under the responsibility of plant managers.

In 2016, individual environmental impact reduction targets were included in the Performance and Leadership Management system (see also page 77) 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 and mitigating situations or actions at plant level posing a potential threat to the environment.

Each Region has an Environment, Health and Safety (EHS) function that 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 establishes environmental policies. An important role is also played by the plant employees from other functions/bodies (production line, logistics, manufacturing engineering, etc.) involved with environmental issues in various capacities.

The Company also uses centralized systems such as Standard Aggregation Data (SAD), which is a performance indicator management tool, and the Environment, Health and Safety IT platform, which provides users with training and information tools such as ISO 14001 certification support documents (guidelines, procedures, reporting guidelines, etc.).

As at December 31, 2016, 255 people from CNH Industrial plants worldwide had access to the platform (a 6% increase compared to 2015).

55
ISO 14001
CERTIFIED
PLANTS

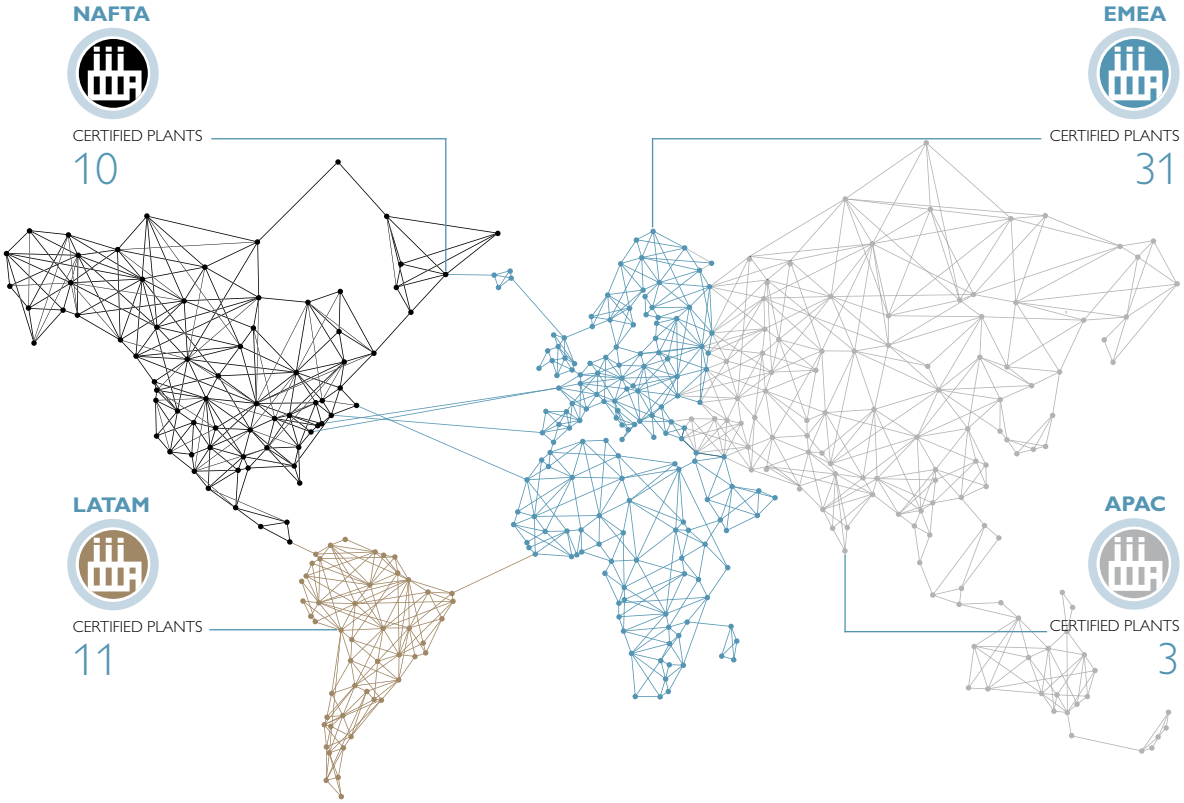
PROCESS CERTIFICATION

In 2016, CNH Industrial continued to pursue and maintain the certification of its plants' environmental management systems as per the ISO 14001 international standard. To date, every CNH Industrial manufacturing plant currently in operation and falling within the scope of application is ISO 14001 certified (see also pages 248-250).

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 unusual 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. The process involves annual monitoring and certification renewal every 3 years. Furthermore, plants are required to perform an internal audit every year to verify the performance of its environmental management system. To this end, as an example, environmental management systems continued to be regularly audited across EMEA and NAFTA by teams of EHS representatives from the operational units, coordinated by specialists from the central regional EHS function.

ISO 14001 CERTIFIED PLANTS[a]
CNH INDUSTRIAL WORLDWIDE



[a] *For the complete list of plants, see the table on pages 248-250*

EMPLOYEE ENGAGEMENT IN 2016 ENVIRONMENTAL INITIATIVES

Several engagement activities were organized in 2016 to increase environmental awareness among employees.

The plant in Benson (USA) sponsored a sustainability game for employees (in which they earned points and prizes based on the actions taken and cards played), to promote environmental improvements both at home and at the plant.

On *Tree Day*, celebrated in Brazil on September 21, employees at the plant in Contagem (Brazil) planted over 100 trees in an area outside the plant. Each employee adopted a tree and gave it a name. The purpose of the initiative was to emphasize the importance of preserving trees to ensure a better future.

Still in Brazil, at the plant in Piracicaba, over 400 employees volunteered to clean up waste from the city's streets and from the riverbank in an environmental awareness campaign for local residents, promoting environmentally sustainable behaviors. Plant employees focused specifically on preventive actions fostering waste sorting and reduction at the source, and on correct waste disposal. Another initiative carried out in the plant was an environmental education campaign designed around slogans conceived by the employees' children. Posters of the slogans, along with a photo of the employee and child, were displayed throughout the plant, and an institutional video was made. The campaign involved a total of 380 employees.

OUR PROJECT

ENGAGEMENT AND AWARENESS ACTIVITIES

CNH Industrial is committed to promoting and disseminating the principles of continuous improvement and environmental management both within and outside the Company. It does so by addressing employees and business partners via specific communication and training tools, as well as by organizing events engaging employee family members and local communities.

A reliable and effective means of engaging people and sharing information is the World Class Manufacturing program (see also page 176), which promotes good practices and the implementation of improvement projects, including those suggested directly by employees.

In 2016, CNH Industrial involved approximately 24,000 employees in environmental training activities, for a total of approximately 32,500 hours (a 9% increase compared to 2015).

Local EHS representatives at Company plants participated in several training activities coordinated by the central functions of each Region. Among the main initiatives, the plant in **San Mauro** (Italy) hosted an in-depth workshop on air emissions, organized for CNH Industrial sites in Italy. It provided a series of technical and regulatory insights regarding industrial chimneys and their sampling points, in light of recent developments and increasing interest in this issue. The event was also an opportunity for plants to share knowledge and exchange experiences.

To increase environmental awareness among students, the plant in **Croix** (France) continued to host educational events for groups of students specializing in environmental issues, offering lectures on waste management, industrial wastewater management, and environmental management systems, held by the plant's own EHS staff. The plant also started a collaboration with residents in the neighboring town of Wasquehal, providing them with waste wood subsequently used to create furniture for gardens and green areas, small fences, and toys for children.

Moreover, the plant in **Foggia** (Italy) launched a project in collaboration with a local high school of art. Students were asked to develop ideas for visual content promoting employee awareness, which were later incorporated in the plant's visual management.

CNH Industrial is also committed to raising awareness of environmental issues among its suppliers (see also page 171) and dealers (see also page 229).

ENVIRONMENTAL PERFORMANCE

Consolidated monitoring and reporting systems, such as Standard Aggregation Data (SAD), are used to keep track of environmental performance, measure the effectiveness of actions taken to achieve targets, and plan new improvement initiatives, through the management of appropriate Key Performance Indicators (KPIs). These indicators can be analyzed at different organizational levels (plant, segment, Region, or Company), thus enabling the simultaneous and parallel engagement of different corporate functions at various levels to meet the targets. These systems are also useful for periodic benchmarking activities, which help drive the continuous improvement of plants' environmental performance.

SAFEGUARDING AIR QUALITY

Reducing air emissions is one of CNH Industrial's strategic goals, consistent with the results of the materiality analysis. The application of advanced technologies in the manufacturing process is critical to meet the improvement targets set by the Company.

The main air emissions are monitored according to specific programs to verify compliance with existing regulations, and results are systematically recorded via the monitoring system in use.

Volatile Organic Compounds

-7% IN VOC EMISSIONS PER SQUARE METER PAINTED

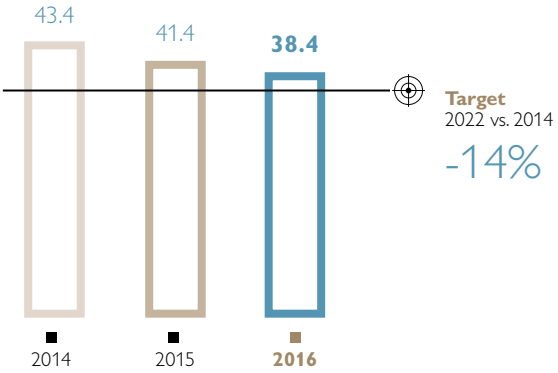
In terms of Volatile Organic Compounds (VOC) emissions, painting has the greatest environmental impact of all manufacturing processes at CNH Industrial. For this reason, the Company is committed to monitoring and reducing VOC emissions per square meter painted. In 2014, the new base year as per the Business Plan, CNH Industrial's average VOC emissions were approximately 43.4 grams per square meter painted. In 2016, this value dropped to 38.4 grams per square meter thanks to the excellent results achieved across the Regions.

This positive outcome was the result of CNH Industrial's ongoing management and control improvements to manufacturing processes, paired with a number of changes and upgrades at plant level.

One of these upgrades was implemented at the plant in **Cordoba** (Argentina), where circuit washing in between color changes during the coating process was optimized to prevent solvent waste. The plant saved almost 3,000 liters of solvent and over $10,000 a year.

VOLATILE ORGANIC COMPOUNDS (VOC) EMISSIONS

CNH INDUSTRIAL WORLDWIDE (%)



Ozone Depleting Substances (ODS)

In 2016, CNH Industrial completed the removal of ozone-depleting substances (found only in certain equipment used for cooling, air conditioning, and climate control) from all of its plants falling within the scope of application. Specifically, the last 100 kilos of ODS were completely removed from all plants in LATAM, bringing the Region at par with EMEA, NAFTA, and APAC (where removal activities were completed in 2015) and enabling the Company to reach its zero ODS target.

No accidental ODS leaks were reported in 2016.

GLOSSARY
Materiality analysis; ODS; SAD; VOC

GRI STANDARDS
GRI 305-6; GRI 305-7

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)

	2016	2015[a]	2014[a]
Plants	54	55	55
Nitrogen Oxides (NO_x)	**341.4**	351.2	402.3
Sulfur Oxides (SO_x)	**64.1**	65.2	68.7
Dust	**7.7**	7.7	8.0

[a] 2014 and 2015 data restated with respect to the 2015 Sustainability Report, following a change in methodology (see also page 253).

WATER MANAGEMENT

CNH Industrial believes the sustainable management of water is a strategic commitment in a global context where the growth in population (and therefore in water demand) is met by a marked scarcity of water resources in an increasing number of regions worldwide. From a business perspective, the Company recognizes the economic importance of proper water management, and the potential risks associated with the lack thereof for the continuity of both supply and industrial processes.

CNH Industrial's efforts in this regard focus on increasing water efficiency within its industrial processes - regional and environmental circumstances permitting. Furthermore, the Company's plants operate locally to reduce water requirements and wastewater volumes, while pursuing high quality standards.

Indeed, the scarcity of water resources and related issues represent a potential risk; however, if properly managed, they can drive improvement and innovation within the manufacturing process. CNH Industrial believes that increasing the use of recycled water can reduce withdrawals from external sources, improving water independence and the availability of water for local communities.

From a broader perspective, water is a resource shared with other stakeholders; collaboration on water management is therefore important, and joint efforts should aim at improving the community's health and wellbeing.

Most plants implement CNH Industrial's Water Management Guidelines, issued in 2012, which require them to:

- analyze the consumption, structure, and management of water withdrawal and distribution systems, 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.

Many initiatives were implemented to limit the impact of manufacturing processes on the water cycle.

The plant in **Antwerp** (Belgium) added a closed-circuit system to its thermal treatment process to filter and reuse wash water (previously treated as wastewater after use). The system cut water consumption by approximately 1,000 cubic meters per year and wastewater by 15%, with over $27,000 in savings.

The **Rorthais** plant (France) installed a system for the recovery and reuse of the water used for rain tests during the final testing of buses, so as to reduce the annual consumption of drinking water. The system allows reusing 90% of the process water (almost 4,000 cubic meters), accounting for 36% of the plant's overall water requirements.

The plant in **Vittorio Veneto** (Italy) adopted a new system that collects roof rainwater and channels it into the waterjet cutting system, reducing municipal water withdrawals by 15 cubic meters per year.

The spray equipment was upgraded at the plant in **Fargo** (USA) and new operating parameters were adopted for 2 wash stages to reduce overflow. The initiative cut water consumption by approximately 8,300 cubic meters per year, with savings of $14,000.
The **Curitiba** plant (Brazil) implemented a project enabling the reuse of demineralized water, which led to about $4,100 in savings. The demineralized water is collected during the last phase of the painting pretreatment process, and reused in the early stages of the same pretreatment process.
The plant in **Piracicaba** (Brazil) installed a collection system in its machine leak testing area that allows recovering both test water and rainwater. The collected water is then used to wash the machines, which were previously washed using municipal drinking water, consuming 100-200 cubic meters per month. The new system cut drinking water consumption by 16%, generating over $2,800 in annual savings.
Still in Brazil, the **Sete Lagoas** plant installed a system enabling the reuse of wastewater generated during the production of demineralized water. The wastewater from the reverse osmosis system is reused in the industrial processes related to bodywork, assembly, rain tests, washing, and the irrigation of green areas, cutting annual water consumption by over 30,000 cubic meters, with savings of approximately $90,000.
Moreover on *World Water Day* (March 22), CNH Industrial used its corporate Intranet to globally publicize its commitment to improving the management of the social and environmental impact associated with water resources. The sustainable management of water resources is important not only in terms of responsibility towards the global environment: it is also a means to safeguard production and local communities in various geographical and ecological contexts. In this regard, CNH Industrial's efforts focus on reducing water consumption and the volume of water discharged by its plants.
The Company's plants carried out several initiatives to celebrate this global event. The plant in **Piracicaba** (Brazil) hosted more than 40 students, presenting a number of projects to them on water reuse and recycling. The plant in **Sorocaba** (Brazil) put on plays and lectures about responsible water use both at home and at work. These events involved 800 employees and suppliers, who also received gadgets promoting rational water use.
CNH Industrial plants do not use wastewater generated by other organizations.

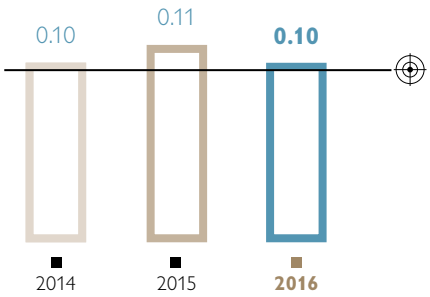
WATER WITHDRAWAL AND DISCHARGE

CNH INDUSTRIAL WORLDWIDE (thousand of m^3)

	2016	2015	2014
Plants	56	57	55
Withdrawal			
Groundwater	**3,274**	3,752	3,512
Municipal water supply	**1,766**	1,759	2,159
Surface water	**19**	25	18
of which salt water	**-**	-	-
Rainwater	**2**	1	3
Other	**5**	8	-
Total water withdrawal	**5,066**	5,545	5,692
Discharge			
Surface water	**531**	577	836
of which salt water	**-**	-	-
Public sewer systems	**2,715**	2,761	3,146
Other destinations	**140**	130	131
Total water discharge	**3,386**	3,468	4,113

WATER WITHDRAWAL PER PRODUCTION UNIT

CNH INDUSTRIAL WORLDWIDE (m^3/ total manufacturing hours[a])

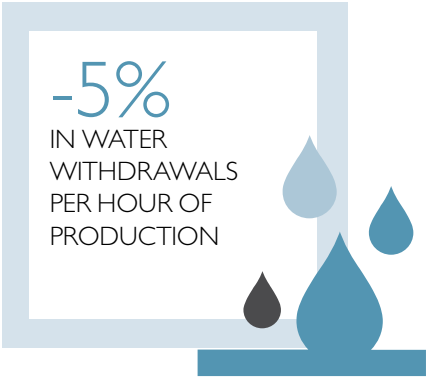


[a] *For the definition of total manufacturing hours, see the chapter on Report Parameters (see also page 252).*

Safeguarding the water bodies that receive the effluents from industrial processes is equally important to CNH Industrial. In order to exceed local wastewater requirements, Company plants rely on established operating procedures to ensure the required quality standard of wastewater discharged during their manufacturing processes. Indeed, the 3 wastewater quality indicators selected by CNH Industrial - Biochemical Oxygen Demand (BOD), Chemical Oxygen Demand (COD), and Total Suspended Solids (TSS) - showed that performance in 2016 was in line with 2015 and fully compliant with the applicable local limits (see also page 268).

This result was achieved partly thanks to the adoption of specific wastewater treatment systems (operated either in-house or by specialized industry partners), which purify the water discharged from the plant; this occurs mainly through physical and chemical processes and, depending on wastewater quality, through biological treatment.

The effluents from CNH Industrial plants are not channeled for reuse by other organizations.



Plants in Water-Stressed Areas

Following the adoption of the Water Management Guidelines, out of all the countries in which the Company operates, 3 plants were classified as sensitive in terms of the availability and use of water resources. These areas were identified from the world map of water-stressed areas, defined by the Food and Agriculture Organization (FAO) in 2008. Countries considered water-stressed are those where water availability per capita is less than 1,700 cubic meters per year. Based on this map, the list of countries in water-stressed areas is monitored and updated annually to identify CNH Industrial plants where specific water conservation and protection measures are needed.

The plants identified are Noida (India), Plock (Poland), and Vysoke Myto (Czech Republic). Since 2011, specific actions to reduce water withdrawal and water needs have been identified and implemented at all 3 plants, reducing their water demand and contributing to the preservation and safeguarding of water resources in each respective country (see also page 269).

Numerous initiatives were implemented at these plants to achieve the ambitious reduction targets set.

The **Plock** plant (Poland) continued to optimize water consumption by reusing the wash water in the pretreatment areas of painting lines instead of discharging it. This was done by means of mechanical separation to avoid the mixing of water from recirculating baths during passivation. The plant also installed an ultrafiltration system to recover and purify discharged rinse water, so as to use it in place of fresh water for producing demineralized water and for regenerating the demineralization station. The plant thus reduced its water consumption by about 45,000 cubic meters, saving about $90,000, and improved its water consumption index by 18% compared to 2014 (the baseline year) and by 16% compared to 2015.

GLOSSARY
BOD; COD; TSS

In 2016, in line with its multi-year action plan, the **Vysoke Myto** plant (Czech Republic) continued installing new monitoring systems in high water-use areas, with data collected continually and stored in a database, allowing for a more accurate analysis and thus more timely interventions. The most significant improvements were brought about by 2 initiatives implemented in the paintshop, where:

- river water is now used to supply the abatement equipment instead of drinking water
- wastewater from the demineralization processes is reused in the first washing stage of the pretreatment process.

The **Noida** plant (India) continued the daily monitoring of water consumption, proactively identifying and eliminating overconsumption. Monitoring started in 2015 in the paintshop and lavatories, and was then extended to other areas.

In 2016, the plant implemented a project at the Gautam Buddha Balak Inter College, in Greater Noida, in collaboration with the Indian Society of Agribusiness Professionals (ISAP) and in partnership with a supplier, providing for the construction of 11 groundwater recharge pits for rainwater harvesting. The water collected will be used to irrigate the school's playground and green areas. Within the scope of the project, the plant also installed 16 UV units, 2 water coolers, and reverse osmosis water purification units to ensure clean, safe drinking water for the students (see also page 119).

All 3 plants have confirmed the 2018 improvement targets set in 2015, evidence of their commitment to conserving water resources.

PROTECTING THE SOIL AND SUBSOIL

CNH Industrial strives to minimize the risk of environmental impact on the soil and subsoil. In 2016, following the circulation of specific guidelines for monitoring existing underground structures, plants in EMEA continued the monitoring and inspection of tanks, vats, and underground pipes. For example, the plant in **Jesi** (Italy) carried out the cleaning and visual inspection of underground networks for technical waters between the on-site back wash and water treatment plants, for a total length of 100 meters.

The plant in **Zedelgem** (Belgium) carried out a series of improvement and environmental impact reduction initiatives, including a new protective lining for the wastewater tank and flooring resurfacing in the solvent storage area.

In 2016, no qualified releases of potentially contaminating substances were recorded, except for 3 cases in North America. At the **Benson** plant (USA), approximately 0.064 cubic meters of oil leaked onto soil. At the **Burlington** plant (USA), a sewer backup caused approximately 25 cubic meters of sanitary wastewater to be discharged into the storm sewer system. At the **New Holland** plant (USA), an estimated 0.7 cubic meters of urethane hardener were released onto the floor. All releases were cleaned up and reported to the appropriate government authorities.

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 14 CNH Industrial plants, with extension to other production sites currently under evaluation.

FOCUS ON

GLOSSARY Nanotechnology

GRI STANDARDS GRI 306-3

WISCONSIN GREEN MASTERS PROGRAM

In December, CNH Industrial was recognized by the Wisconsin Sustainable Business Council as a Green Master for the third year in a row, thanks to sustainable efforts at its plant and offices in Racine (USA). Following the award, the Company is considered one of the leading businesses in the sustainability area in Wisconsin. Companies are selected for the Green Masters honor based on their performance in a number of areas including: carbon and other emissions, water, waste management, supply chain, communication and educational outreach, and governance. CNH Industrial earned 715 points, in line with the high score achieved the previous year.

OUR PROJECT

WASTE MANAGEMENT

CNH Industrial strives to optimize manufacturing processes and activities across its plants, aiming not only to enhance the end product and eliminate waste, but also to improve the management of the waste produced, a key aspect of its Environmental Policy.
Every plant analyses its production chain to improve waste management at every stage, limiting the quantities of waste produced and the risks posed. In addition, particular emphasis is given to initiatives that increase waste recovery and reuse. The Company's commitment to optimizing waste management is shared across plants, which seek solutions that facilitate waste recovery and minimize material sent to landfill. The latter should only be used as a last resort, in exceptional cases where other options are unavailable; these are, in order of preference: waste recovery, waste to energy conversion, and waste treatment.

Waste disposal methods are decided by the Company, either directly or in consultation with waste disposal contractors.
The results achieved in 2016 are proof of CNH Industrial's major commitment to managing this important environmental topic. Indeed, 91% of waste was recovered at Company level during the year, an increase of approximately 2% compared to 2015. The percentage of waste sent to landfill continued to fall in 2016, to around 3.4% (a 3% reduction compared to 2015).
In terms of waste generated in relation to the production unit[1] total waste generation fell by more than 4% compared to 2015, while hazardous waste fell by over 10%.
These excellent results were made possible by performance improvements across the Regions, and are in line with the commitment to sustainable waste management set out in the CNH Industrial Environmental Plan, with the following key targets set for 2018:

- total waste generated: -14% compared to 2014
- hazardous waste generated: - 17% compared to 2014
- waste recovered: 91%.

91%
OF WASTE RECOVERED

(1) *For the definition of total manufacturing hours, see the chapter on Report Parameters (see also page 252).*

WASTE GENERATION AND MANAGEMENT

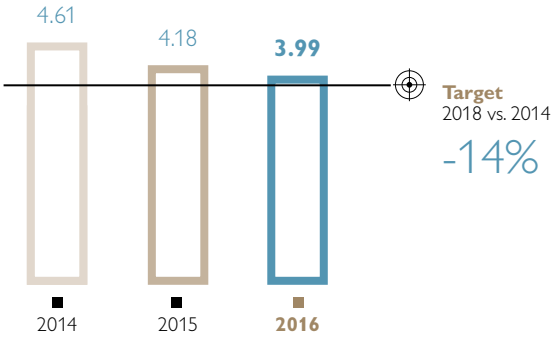
CNH INDUSTRIAL WORLDWIDE (tons)

	2016	2015	2014
Plants	56	57	55
Waste generated			
Non-hazardous waste	**184,665**	199,401	243,479
Hazardous waste	**16,885**	19,376	23,130
Total waste generated	**201,550**	**218,777**	**266,609**
of which packaging	**54,572**	61,670	79,145
Waste disposed			
Treatment	**11,009**	15,465	21,568
of which incineration	**130**	172	n.a.
Sent to landfill	**6,796**	7,725	11,208
Total waste disposed	**17,805**	**23,190**	**32,776**
Waste recovered			
Waste recovered (excluding waste-to-energy)	**174,040**	185,082	220,733
Waste-to-energy conversion	**9,705**	10,504	13,100
of which hazardous	**2,968**	3,723	4,401
Total waste recovered	**183,745**	**195,586**	**233,833**
of which hazardous	**9,051**	9,492	4,584
% waste recovered[a]	**91.2%**	89.4%	87.7%
% waste sent to landfill	**3.4%**	3.5%	4.2%

[a] From 2015, waste recovered includes waste sent to energy conversion. The data referring to 2014 was updated in line with this new definition.

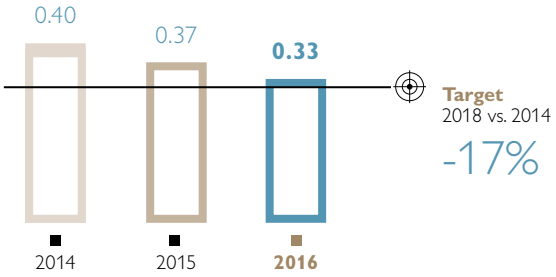
WASTE GENERATED PER PRODUCTION UNIT

CNH INDUSTRIAL WORLDWIDE (kg/total manufacturing hours[a])



HAZARDOUS WASTE GENERATED PER PRODUCTION UNIT

CNH INDUSTRIAL WORLDWIDE (kg/total manufacturing hours[a])



[a] For the definition of total manufacturing hours, see the chapter on Report Parameters (see also page 252).

In 2016, CNH Industrial plants completed several initiatives to reduce waste generation, particularly focusing on hazardous waste.

At the plant in **Annonay** (France), waste generation was significantly reduced through 2 major initiatives. Firstly, the use of reusable plastic liners in the paint-mixing drums led to a reduction of approximately 45 tons in hazardous waste previously generated by packaging containing residues or contaminated by dangerous substances, and to more than $44,000 in savings per year. Secondly, the introduction of new packaging for air-conditioning parts (in partnership with the supplier) reduced waste generation from wood packaging by about 63 tons, leading to approximately $96,000 in savings per year. These major initiatives, along with other minor ones, led to almost 4.5% less waste generated per vehicle manufactured.

GRI STANDARDS
GRI 306-2

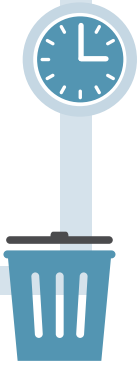
By replacing the old paint-gun washing station with 2 new closed-circuit wash stations, the plant in **Bolzano** (Italy) reduced the generation of wastewater containing suspended solids of paint or varnish by about 25 tons per year, or 4.3% of the total waste generated at the plant, saving about $13,000.

The **Brescia** plant (Italy) developed a smartphone app to automate the monitoring of waste management within the production areas. It uses a QR Code to identify each container, enabling the personnel responsible for checking the correct separation of waste to promptly report irregularities (and their order of priority) via email to the manager of the production area, who then takes measures to resolve the issue. Data is stored in a database to enable statistical analysis and continuous improvement.

The plants in **Brescia**, **Foggia**, and **Suzzara** (Italy) launched a project that, through careful waste management, enables the polyethylene tanks, previously treated as hazardous waste, to be reused. This resulted in environmental benefits and a total annual saving of over $17,000.

The **Benson** plant (USA) improved the paint line cleaning process by reducing the number of times the paint lines are flushed and the amount of solvent used per flush. The solvent waste generated was reduced by 3.8 tons, saving $2,500 in one year.

-10%
IN HAZARDOUS WASTE GENERATED PER HOUR OF PRODUCTION



The plant in **Burlington** (USA) replaced reverse osmosis technology with deionization to treat wastewater from the powder paint system. This reduced the wastewater requiring treatment by about 3,000 cubic meters, as well as the number of batches treated each day, saving $37,000.

The **Sorocaba** plant (Brazil) reduced annual solvent consumption by 35% by using recycled solvent in certain manufacturing processes. Rather than becoming hazardous waste, the cleaning solvent used in-between paint color changes is collected and sent for recycling outside the plant; the recycled solvent is then used in finishing processes at the plant. Total savings were over $7,000 a year.

The plant in **Chongqing** (China) installed centrifugal equipment to separate metal chips from coolant fluid, previously mixed and classified as coolant fluid waste. The coolant can now be reused in the production line, saving more than $10,400 per year.

The plant in **Noida** (India) adopted a technique to replace only the dead cells in batteries used in material handling equipment, rather than replacing the whole battery unit. This extended battery life by 40-50%, based on normal battery life, and cut the cost of hazardous waste disposal.

PACKAGING RECOVERY

CNH Industrial's efforts to minimize its environmental impact include the ongoing search for new solutions to recycle and reuse packaging.

Following external benchmarking with local companies operating in waste recycling and recovery, the Brescia plant (Italy) set up an on-site workshop where paper and cardboard packaging is reused to create items such as equipment storage containers and drawers for workstations, furniture for workshops, etc.

With a view to reusing materials, the Torino Engine, Torino Driveline, and Foggia plants (Italy) and the Bourbon Lancy plant (France) launched projects to turn wooden pallets into eco-friendly furniture for break areas and for environmental workshops where performance indicators are displayed and training is provided. These projects aim to encourage workers to be creative by transforming waste into useful objects.

The plants in Fargo, Goodfield, and Grand Island (USA) reduced their wood waste through specific projects, such as: replacing the wooden pallets used to deliver bearings with returnable plastic totes; reusing the wooden slats from packaging; and setting aside wooden pallets for reuse. Total annual savings were more than $5,200.

The personnel at the plant in Contagem (Brazil) recycled about 1,000 kilos of wood waste by turning it into toys, furniture, and shelves for a school of about 100 children in order to improve the play area and library.

The plant in Curitiba (Brazil) launched a project to reuse wooden racks as packaging for cabins to be transported to Cordoba. This reduced wood waste by about 46 tons a year and saved on transport packaging, with total annual savings of more than $25,000.

WORLD ENVIRONMENT DAY 2016

On June 5, the Company celebrated *World Environment Day* through an initiative via the corporate Intranet to promote and spread information on protecting the earth and encourage good behavior. In line with the theme of the day - *Go wild for life* - CNH Industrial emphasized its strong commitment to enhancing and supporting biodiversity in the areas surrounding its industrial sites through a series of ad hoc projects. On this occasion, the plant in Curitiba (Brazil) involved over 1,200 employees in a series of initiatives focusing on environmental awareness and on the contribution of each individual (waste sorting, environmental impacts, use of chemicals, etc.). Employees participated in the *Waste Game*, which consisted in separating and disposing of waste by type. They were also involved in an awareness questionnaire on general environmental aspects.

OUR PROJECT

PROTECTING BIODIVERSITY

In 2016, CNH Industrial continued to pursue its commitment to protect and enhance biodiversity in the areas surrounding its plants, in line with Company policies. Since 2010, with support from the scientific community, CNH Industrial has promoted the gradual implementation of the *Biodiversity Value Index* (BVI) methodology around certain manufacturing sites adjacent to protected areas or areas of particular environmental interest. Through an in-depth study of ecosystems within about a 5-kilometer radius of these manufacturing sites, the methodology assesses the level of biodiversity in such areas and identifies possible improvement measures for existing ecosystems by evaluating 2 complementary factors:

- anthropic pressures (Anthropic Pressure Index – API), generated by industrial, agricultural, urban, and infrastructural activities within the area concerned
- biodiversity (Biodiversity Index – BI), measured using the most common biological indicators of aquatic and terrestrial ecosystems.

In recent years, the method has already been applied at the plants in **Bourbon Lancy** (France), **Curitiba** (Brazil), **Foggia** (Italy), **Madrid** (Spain), **Sete Lagoas** (Brazil), **Suzzara** (Italy), and **Ulm** (Germany). For further information on the results see the table at page 271. In each of these regions, the plants' contribution to the anthropic pressure index was less than or close to 1%. Given the negligible impact of these CNH Industrial plants on biodiversity, the BVI methodology does not require any specific improvement measures.

So far, the BVI methodology has been implemented at about 35% of plants falling within the scope of application; over the coming years, its extension to potentially suitable plants will be assessed.

In 2016, although no specific improvement measures were required, CNH Industrial continued with improvement initiatives for the benefit and protection of biodiversity within and around its plants.

The plant in **Foggia** (Italy) followed up the initiative trialed in 2014 to plant native species in the green areas of the plant. The list of native plants was extended by drawing on a recent study by the Puglia Region, the National Institute of Agricultural Economics, and the University of Bari. As a result, additional tree species were planted (such as olive, fig, citrus, and pomegranate); there are plans to extend the project to vines and carob to further enhance biodiversity within the plant.

GREEN INITIATIVE AT JESI

The plant in Jesi (Italy) started a collaboration with the nearby regional nature reserve *Oasi WWF Ripa Bianca* to increase environmental awareness both in and outside the workplace. The project emerged from a number of environmental improvement initiatives implemented by the plant, which led to a reduction in paper consumption of about 800 kilos: the equivalent of 20 trees. Thanks to this collaboration, 20 actual trees were planted along a path leading to the *Esino* River. In the coming years, this first copse of trees will be expanded as the plant continues to implement initiatives to cut paper consumption. The collaboration with the *Ripa Bianca* Oasis also gave plant employees and their families access to guided tours of the Oasis itself.

OUR PROJECT

GLOSSARY
Biodiversity

GRI STANDARDS
GRI 304-2; GRI 304-3

OTHER ENVIRONMENTAL INDICATORS

Other indicators are also of concern to CNH Industrial, most notably the reduction of hazardous substances and noise emissions to the external environment, generated by Company equipment and manufacturing processes. As regards PCBs and PCTs, CNH Industrial completed the process to eliminate these hazardous substances in 2012.
In 2016, no cases of non-compliance were identified at CNH Industrial's plants.

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, CNH Industrial 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 of chemicals, with a view to environmental protection, waste reduction, and cost savings.
The **Torino Engine** plant (Italy) identified a new, better performing synthetic chemical product for washing, as a result of which the bath needs to be replaced less frequently and, consequently, raw material consumption and waste generation is reduced. Specifically, the new product saved about 22% in raw material (7,700 kilos) and reduced waste generation by about 1,500 kilos a year, with total annual savings of $5,700.
At the plant in **Piracicaba** (Brazil), over 9,500 liters per year of kerosene used for degreasing were replaced with a biodegradable degreaser, reducing the hazardous waste generated and saving over $8,500.

External noise produced by plants

In order to minimize the noise impact of its plants, CNH Industrial fosters the adoption of procedures provided for by plant environmental management systems and guidelines issued in previous years (such as the guideline for the design and purchase of new, low-noise machinery).

ZERO-IMPACT TESTING

FPT Industrial's Turin Testing Center, which tests and develops the brand's engines and drivelines, is responsible for fine-tuning the new engines, transmissions, and axles that will go into production.
The Center extends over a covered area of 22,000 square meters and is equipped with 87 test benches and several specialized chambers, including an environmental-pressure chamber, a semianechoic chamber, a chamber for hybrid powertrains, and various laboratories including one for virtual validation. In 2015, a project was launched to achieve zero impact for the plant by 2017, while productivity increased by 10% compared to 2015 partly thanks to the optimization of testing processes. With virtual validation, it is possible to simulate the behavior of the engine and of the control unit's software using tools such as Hardware in the Loop (HIL), load matrices, and Design of Engineering (DOE). This reduces the timeframe and costs for validation, while advanced tools (including 3D printing) enable the rapid production of resin components to verify the feasibility of layouts. Still in 2015, several chambers were set up to reduce the need for road testing, which entails significant levels of energy consumption and related CO_2 emissions. One is the environmental-pressure chamber, which simulates altitude conditions at 4,000 meters above sea level at temperatures between -40°C and +40°C.
Some initiatives were implemented to improve plant efficiency, such as replacing the air conditioning chillers, which led to a reduction in CO_2 emissions of 420 tons per year and to primary energy savings of 196 TOE (Tons of Oil Equivalent). Furthermore, the adoption of flow restrictors reduced water supply withdrawals by 450 cubic meters, leading to a reduction in CO_2 emissions of 1.4 tons per year.
In 2016, the Center added 2 new systems: a thermodynamic concentrated solar power plant in cogeneration, which will reduce CO_2 emissions by 2.5 tons per year, and an LED lighting system equipped with dusk sensors to adjust brightness as needed, with an estimated reduction in CO_2 emissions of 60 tons per year. The plan is also to significantly increase the use of dynamos to produce electricity while testing engines, with 9 test cells or projects to be completed by 2017, leading to an additional annual reduction in CO_2 of around 1,480 tons, or 604 TOE.

OUR PROJECT

ENERGY MANAGEMENT

CNH Industrial approaches climate change mitigation by reducing waste and by limiting the use of fossil fuels, which are responsible for air pollution and, above all, CO_2 emissions.

Managing greenhouse gas emissions and optimizing energy consumption are prerequisites for the continuous improvement of the Company's performance and the protection of the environment in which it operates.

Moreover, in 2015, as further evidence of its commitment to fight climate change, CNH Industrial endorsed 2 of the commitments promoted by the CDP through its *Commit to Action* campaign during COP21 (see also page 23).

As evidenced by the materiality analysis, **renewable energy** and **CO_2 and other air emissions** are considered priority material topics by both CNH Industrial and its stakeholders, due to the nature and extent of their environmental and economic impact, and to their association with global warming, an issue gaining increasing importance among the international community. The significance of these aspects is further highlighted by their political, technological, and economic implications, in terms of both sustainable procurement and impact mitigation.

$6.7 million
INVESTED IN IMPROVING ENERGY PERFORMANCE

As stated in the Energy Policy that forms the framework for each plant's management system, CNH Industrial is committed to reducing: the use of fossil fuels in favor of renewable energy sources; energy consumption through more efficient products and processes; and greenhouse gas emissions by cutting energy consumption and through innovative technical solutions.

The 2014-2018 Energy Action Plan, developed in line with the new Business Plan, defines the short and medium-term targets for the main activities affecting energy performance, CO_2 emissions, and use of renewable energy. In 2016, long-term targets were also defined for 2022, integrated into the Plan, regarding CO_2 emissions and the use of renewable energy (see also page 24). These targets are incorporated into the Sustainability Plan (see also page 36) and reflect CNH Industrial's voluntary commitment to improving its daily energy performance across manufacturing operations.

The improvement process is supported by a robust energy management system and by the application of World Class Manufacturing principles, specifically the Energy pillar. Plants rely on this dual, integrated methodology to set standards and energy targets, and to guide the evaluation and monitoring process. In fact, its systematic approach provides for the monitoring of activities, 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, or applicable laws (see also page 49).

SOLAR-POWERED CHARGING STATION IN MADRID

At the plant in Madrid (Spain), an electric vehicle charging station powered by solar panels was installed to also reduce CO_2 emissions off Company premises. While many consumers refrain from purchasing electric vehicles for fear of not being able to charge them, the plant employees in Madrid can now recharge their cars free of charge during working hours.

The charging station can accommodate 3 vehicles simultaneously, cutting CO_2 emissions by 3.45 tons per year. Given the success of the initiative, the station will be expanded by increasing the number of charging points.

OUR PROJECT

GLOSSARY
Material topic; Materiality analysis

GRI STANDARDS
GRI 103-1; GRI 103-2; GRI 103-3; GRI 302-4

PAINTING PRE-TREATMENT OPTIMIZED IN BELO HORIZONTE

The plant in Belo Horizonte (Brazil) applied the WCM's *5W1H* method (What, Where, When, Why, Who, and How) to analyze painting pre-treatment at high temperatures to identify the causes behind the high consumption of natural gas (also compared to other CNH Industrial plants). The preliminary analysis highlighted how the 3 high-temperature stages (65°C) could be reduced to 1, simply by using different chemical products. This enabled the degreasing and phosphating processes to take place in a single tank, thus reducing the amount of water to be heated and optimizing steam production.

Multiple quality tests were performed on 3 different chemical product suppliers, to identify the best price/performance ratio while delivering the same painting quality on the final products. The solution of choice was implemented at the end of June, exceeding all expectations: with a total investment of a little over $2,500, 2016 alone recorded 2,662 GJ less energy consumption, $14,600 in net savings, and a reduction in CO_2 emissions of 150 tons. Further savings of $34,000 per year were due to less maintenance required by the steam-water heat exchangers, the reduction in wastewater to be treated, and the lower consumption of chemical products.

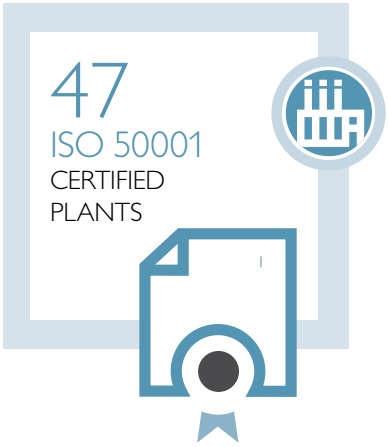
OUR PROJECT

In 2016, over $6.7 million was invested overall in improving energy performance, leading to a reduction in energy consumption of over 164,000 GJ and a corresponding reduction in CO_2 emissions of 10,000 tons[1].
Furthermore, in 2016, the working team continued with its task of determining an internal price for carbon to offset the costs and risks of greenhouse gas production, and to finance the transition to secure sources of low-carbon energy.

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 Group Executive Council (GEC). As evidence of the Company's ongoing commitment to managing these issues, a number of targets related to energy efficiency and the reduction of CO_2 emissions were included once again in 2016's Performance and Leadership Management system (see also page 77) for several energy and plant managers.
CNH Industrial has a specific internal structure overseeing issues related to the conservation of energy resources and to combating climate change. Energy management activities are organized both centrally (through the Manufacturing Engineering (ME), Environmental, and Health and Safety departments, the Industrial Energy Management Committee, and the WCM energy pillar) and at plant level.
Activities are coordinated by the Industrial Energy Management Committee, consisting of the energy managers and specialists from each segment, which interacts with the Manufacturing Engineering Council (MEC) and the Sustainability Planning and Reporting Department, as well as directly with plants. Based on the strategies defined by the GEC, the Committee sets out CNH Industrial's guidelines (with the MEC) and objectives (with the Chief Manufacturing Officer), 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 Committee also performs internal compliance audits and raises awareness on 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 80 professionals, located both in corporate offices and at plants.

[1] *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.*



ENERGY MANAGEMENT SYSTEM

The energy management system, developed and implemented by CNH Industrial, aims at reducing the energy impact of manufacturing processes and the risks associated with new legislation and rising energy costs.

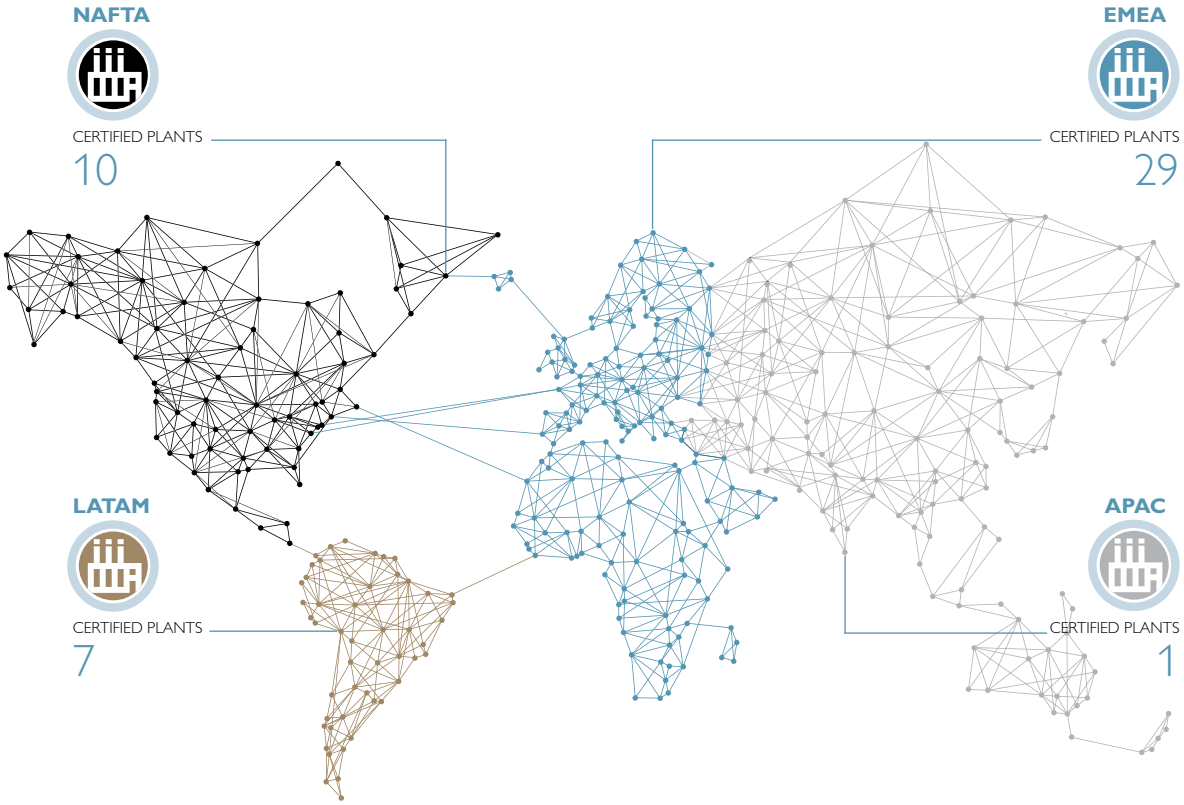
In 2016, as evidence of its quest to reduce its energy impact, CNH Industrial continued to pursue the certification of its manufacturing processes as per the ISO 50001 standard, setting the challenging target of certifying all sites worldwide by 2020.

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. CNH Industrial's energy management system was rolled out to 47 plants, representing about 98% of the Company's energy consumption, outperforming the targets set for the year. Specifically, in 2016, ISO 50001 certification was extended to the energy management systems of the plants in Coex (France), Lecce (Italy), and Piracicaba (Brazil).

Voluntary compliance with the ISO 50001 standard reflects CNH Industrial's determination to manage its business sustainably, as recognized globally by its inclusion in the Dow Jones Sustainability Index and its CDP results (see also page 39). Specifically, CNH Industrial was included in the CDP A List, which is the highest recognition for actions against climate change.

In 2016, the reporting and monitoring of greenhouse gas (GHG) emissions and energy consumption continued through voluntary compliance with the Corporate Accounting and Reporting Standard of WBCSD[2] and WRI[3] (GHG Protocol) and with ISO 14064 standards, covering 100% of CNH Industrial's energy consumption.

ISO 50001 CERTIFIED PLANTS[a]
CNH INDUSTRIAL WORLDWIDE



[a] *For the complete list of plants, see the table on pages 248-250.*

[2] *World Business Council for Sustainable Development.*
[3] *World Resources Institute*

GLOSSARY
GHG Protocol; ISO 14064; ISO 50001

LED LIGHTS IN LECCE

The project implemented at the plant in Lecce (Italy) involved the facility's welding area and adjoining kit preparation and storage areas. The overall lighting technology was assessed in order to revise the layout of both lighting system and fixtures. By exploiting the greater luminance delivered by LED components, the plant was able to increase light levels in the working areas using fewer light sources, hence reducing management and maintenance costs.
A total of 600 190W LED lights were installed (against the previous 648 436W lights), with a total investment of $210,000 and estimated annual energy savings of 593,548 kWh. This translates into $102,000 in savings and a reduction in CO_2 emissions of 258 tons per year.
The new system is also equipped to manage lights remotely, based on actual needs and amount of daylight. This option will be evaluated at the beginning of 2017 to identify further saving opportunities.

OUR PROJECT

SHARING AND AWARENESS ACTIVITIES

The ongoing promotion of staff involvement and awareness of the importance of energy resource conservation is key to reaching CNH Industrial's improvement targets. To this end, best practices are standardized and disseminated across plants through the World Class Manufacturing (WCM) system, to enable the kind of synergy that is crucial for the development and continuous improvement of any global company.

In 2016, 11,190 hours of training were provided (mainly by internal professionals) to 7,728 people across different plants, a significant increase on the previous year. The training focusing 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 plants in EMEA and NAFTA; and WCM energy management principles.

In 2016, 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 rationalizing energy consumption, by taking part in a symbolic energy silence promoted by the initiative. In the offices at the facilities in Italy, the lights were switched off for 5 minutes and the heating was turned off 30 minutes ahead of the scheduled time, reducing CO_2 emissions by 20 tons. A symbolic gesture demonstrating CNH Industrial's commitment to sustainability and respect for the environment.

ENERGY PERFORMANCE

An efficient energy management system requires effective monitoring of energy performance, by means of specific Energy Performance Indicators (EnPI).
These indicators allow CNH Industrial to measure the benefits and effectiveness of its initiatives, plan improvement measures, and establish new and ever-more challenging targets. In 2016, energy performance and compliance with the Action Plan continued to be monitored via the Energy Monitoring & Targeting (EMT) management and control platform at all CNH Industrial plants. In order to achieve a higher level of monitoring by 2020 of both primary energy vectors, purchased directly from external suppliers, and secondary energy vectors, transformed and then distributed to manufacturing processes, CNH Industrial continued to monitor secondary vectors at all plants via the EMT platform. As at December 2016, 81% of the consumption associated with secondary energy vectors had been monitored.

In addition to carefully monitoring energy performance, the exchange and dialogue between plants was enhanced via an Intranet portal focusing on procedures, best practices, regulations, corporate Guidelines, and solutions to energy-related issues and challenges. The initiative led to the identification and implementation of 153 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 the manufacturing process. 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.

100%
OF ENERGY CONSUMPTION MONITORED

The methods used to monitor the savings generated by each project were standardized mainly according to the *International Performance Measurement and Verification Protocol* (IPMVP), volume 1 (January 2012).

In 2016, CNH Industrial implemented several short to medium-term initiatives focusing on the redesigning of processes, equipment conversion and retrofitting, operational changes to new installations, and increased employee awareness. In particular, these initiatives led to the:

- realization of systems for heat recovery from exhaust fumes and air compressors
- realization of systems for heat recovery for the generation of chilled water
- adoption of monolayer coating systems, which reduce the number of processes required to pretreat, paint, and fire the components, thus saving energy and water
- realization of high-efficiency lighting systems (e.g., using LED technology) associated with dimmers and presence detectors, in production areas, offices, and outdoors
- installation of high-efficiency motors, inverters for electric motors, and variable speed compressors for the production of compressed air
- replacement of electric boilers with heat pump systems
- increased use of machinery shutdowns when idle
- installation of thermal solar systems for the production of sanitary hot water from renewable sources
- identification and repair of compressed air leaks
- insulation of buildings
- use of radiant panels to optimize the heating of larger buildings.

GLOSSARY
Inverter; WCM

GRI STANDARDS
GRI 302-1

IMPROVEMENT PROJECTS IN DETAIL

CNH INDUSTRIAL WORLDWIDE

	Projects (no.)	Total energy reduction (GJ/year)	Estimated project cost ($)
Conversion and retrofitting of equipment	**55**	44,229	2,842,460
Installation of new equipment	**56**	85,719	3,694,201
Operational changes	**26**	19,819	88,822
Process redesign	**16**	15,183	53,974
Total	**153**	**164,950**	**6,679,457**

THE GREEN PLANT IN RORTHAIS

In 2016, the plant in Rorthais (France) continued to work towards being a *Green Plant, Usine Verte*. The plant aims at limiting its environmental impact by reducing energy consumption, and therefore GHG emissions; it is pursuing this goal by appealing to plant employees' sense of responsibility in using energy wisely and appropriately. The transition to LED technology continued throughout the year, covering 64.5 % of the plant's total lighting, and is expected to proceed in 2017. Measures were also taken to significantly reduce gas consumption, especially during idle periods.

The efforts made at the plant over the last few years have led to a reduction in energy consumption at the same production levels, cutting CO_2 emissions by 205 tons per year.

Furthermore, the recycling of water used for vehicle leak testing is expected to reduce the plant's global water consumption by 40% in 2017.

The plant confirmed its commitment to the environment and to promoting a culture of responsibility by organizing training activities with the *Saint François d'Asisse* junior high school, specifically on waste management, appropriate water use, and biodiversity. Conferences and workshops were organized to raise environmental awareness among students, along with a project to recover selective waste at the plant - containers, plastic, cardboard, fabric, and styrofoam – which was recycled and transformed into new objects such as bags, cardboard letters, etc.

During the year, the plant adopted other regular activities to preserve biodiversity, such as expanding its flower bed areas, to be doubled once again in 2017.

OUR PROJECT

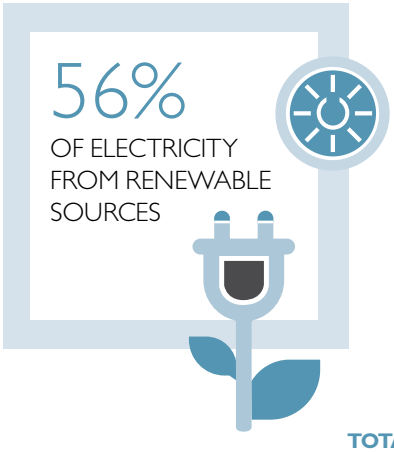
Direct and indirect energy consumption by source, and associated CO_2 emissions, continued to be reported throughout 2016. Furthermore, for each source, a distinction was made between renewable and non-renewable energy. CO_2 emissions were calculated according to GHG Protocol standards, incorporated into Company Guidelines.

At CNH Industrial, the only sources of greenhouse gas emissions, besides those deriving from energy consumption, are associated with the use of HFC compounds with global warming potential (GWP) present in the air-conditioning and cooling units of working spaces, and in production and fire suppression equipment. The potential emissions from these substances (CO_2 eq) are negligible compared with emissions from energy production: in fact, with an incidence of less than 0.42%, they fall outside the reporting scope[4].

[4] *Details on the reporting scope are available in the chapter on Report Parameters (see also pages 247-251).*

GLOSSARY
Biodiversity; CO_2 eq; GHG Protocol; HFCs

GRI STANDARDS
GRI 302-4; GRI 305-1; GRI 305-2



ENERGY CONSUMPTION

In 2016, CNH Industrial reported a total energy consumption[5] of 6,262 TJ, a reduction of approximately 3% over the previous year, partly due to an average 3% decrease in hours of production.

As regards energy performance, measured as the Company's total internal energy consumption divided by hours of production, CNH Industrial's 2016 year-end results were in line with the previous year. This outcome was the result of the effective synergy between the energy management and WCM systems adopted and of the energy efficiency projects implemented. Indeed, while the fall in production would have been expected to lead to an increase in energy consumption per hour of production, management's responsiveness made it possible to limit variable consumption directly linked to production. Furthermore, considerable efforts went into specific operational measures leading to a reduction in the fixed share of energy consumption, which is independent from the production process.

TOTAL ENERGY CONSUMPTION

CNH INDUSTRIAL WORLDWIDE (GJ)

Non-renewable sources	2016	2015[a]	2014[a]
Plants	54	55	55
Direct energy consumption			
Natural gas	**2,636,772**	2,733,025	3,140,348
Coal	**131,243**	125,206	201,292
Diesel	**235,292**	253,062	282,844
Liquefied petroleum gas (LPG)	**35,755**	31,409	69,549
Other (HS and LS fuel oil)	**119**	-	-
Total	**3,039,181**	3,142,702	3,694,033
Indirect energy consumption			
Electricity	**1,064,463**	1,358,490	1,507,710
Thermal energy	**610,687**	619,274	580,504
Other energy sources	**115,017**	128,498	127,785
Total	**1,790,167**	2,106,262	2,215,999
Total energy consumption from non-renewable sources	**4,829,348**	5,248,964	5,910,032

Renewable sources	2016	2015[a]	2014[a]
Plants	54	55	55
Direct energy consumption			
Biomass	**22,169**	30,824	19,762
Solar-thermal	**246**	419	349
Total	**22,415**	**31,243**	**20,111**
Indirect energy consumption			
Electricity	**1,342,881**	1,100,664	1,307,312
Thermal energy	**57,666**	57,961	49,186
Other energy sources	**9,998**	9,136	9,538
Total	**1,410,545**	**1,167,761**	**1,366,036**
Total energy consumption from renewable sources	**1,432,960**	1,199,004	1,386,147
Total energy consumption	**6,262,308**	6,447,968	7,296,179

[a] 2014 and 2015 data restated with respect to the 2015 Sustainability Report, following a change in methodology.

[5] Types of energy included: electricity, heat, steam, cooling, natural gas, metallurgical coal, diesel, and other fuels.

GLOSSARY
WCM

GRI STANDARDS
GRI 302-1

ENERGY CONSUMPTION BY ENERGY TYPE

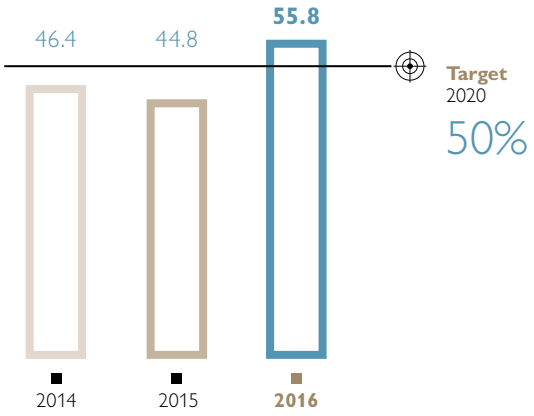
CNH INDUSTRIAL WORLDWIDE (GJ)

	2016	2015[a]	2014[a]
Plants	54	55	55
Electricity[b]	**2,502,246**	2,554,364	2,914,716
Heat	**668,599**	677,655	630,039
Steam[c]	**-**	-	-
Cooling coal	**30,113**	42,424	37,630
Natural gas	**2,636,772**	2,733,025	3,140,348
Other energy sources	**424,578**	440,500	573,446
Total energy consumption	**6,262,308**	**6,447,968**	**7,296,179**

[a] 2014 and 2015 data restated with respect to the 2015 Sustainability Report, following a change in methodology.
[b] Electricity also includes compressed air.
[c] Steam is included in heat

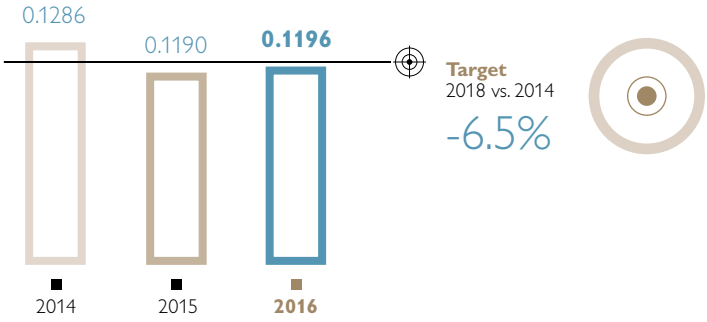
ELECTRICITY CONSUMPTION FROM RENEWABLE SOURCES

CNH INDUSTRIAL WORLDWIDE (%)



ENERGY CONSUMPTION PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (GJ/hour of production)



[a] 2014 was chosen as the base year for global planning, in line with the Business Plan.
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.
For the definition of total manufacturing hours, see the chapter on Report Parameters (see also page 252).

HVLS FANS IN GRAND ISLAND

Two 5-meter diameter HVLS (High Volume Low Speed) fans were installed in the warehouse at the Grand Island plant (USA), to optimize the heating system.

HVLS fans feature 4 to 12-meter diameter blades and extremely low-power electric motors (typically less than 2 kW) that can circulate large volumes of air at very low speed, preventing thermal layering in large spaces and the creation of uncomfortable drafts for those on the premises. These systems are especially suitable for tall, voluminous buildings.

The fans replaced the 2 hot air generators previously used to keep the working area at an appropriate temperature. The total investment of $28,000 led to 2,105 GJ less natural gas consumption, $9,500 in net savings, and a reduction in CO_2 emissions of 100 tons per year.

OUR PROJECT

OFFSETTING CO_2 EMISSIONS

The Torino Engine, Torino Driveline, and Foggia plants (Italy) launched an initiative with the aim to safeguard the environment and their woodlands. They decided to offset their CO_2 emissions from 4 days of plant heating (approximately 250 tons in total) by planting trees. The forestation project involved 2 areas (the Po River Park in Turin and the Gargano National Park in Foggia) and was carried out in collaboration with AzzeroCO_2, a company specialized in project research and selection and in the certification of forestation initiatives.

OUR PROJECT

CO_2 EMISSIONS

In 2016, CNH Industrial's CO_2 emissions (scope 1 and 2) were 409,134 tons[6], a 4% reduction compared to the previous year. This result was due to a reduction in energy consumption and to the greater share of renewable energy in CNH Industrial's energy mix, which reached 56% of the Company's total electricity consumption. Furthermore, the increased use of renewable energy cut CO_2 emissions by 120,500 tons.
CNH Industrial confirmed its commitment to reduce greenhouse gas emissions and dependence on fossil fuels by setting new targets aiming at a 20% reduction in CO_2 emissions per hour of production by 2022 (compared to 2014), and at 50% of energy use from renewable sources by 2020.

DIRECT AND INDIRECT CO_2 EMISSIONS[a]

CNH INDUSTRIAL WORLDWIDE (tons)

	2016	2015[b]	2014[b]
Plants	54	55	54
Direct emissions (scope 1)	**172,562**	176,765	208,440
Indirect emissions (scope 2) - marked-based	**235,362**	248,107	306,378
Indirect emissions (scope 2) - location-based	**265,841**	288,469	351,445
Direct emissions from landfill gas	**1,210**	1,683	1,079
Total CO_2 emissions[c]	**409,134**	426,555	515,897

[a] CO_2 is the only significant greenhouse gas within CNH Industrial's processes (see also page 253).
For CNH Industrial, biogenic CO_2 emissions are those released by the combustion of landfill gases.
2014 was chosen as the base year for global planning, in line with the Business Plan.
The base year's direct and indirect CO_2 emissions are those in the table.
GHG emissions were consolidated and reported using an operational control approach.
For the methodologies and emission factors used, see also pages 253-254.
[b] 2014 and 2015 data restated with respect to the 2015 Sustainability Report, following a change in methodology.
[b] Total CO_2 emissions are calculated as per the market-based methodology of the GHG Protocol.

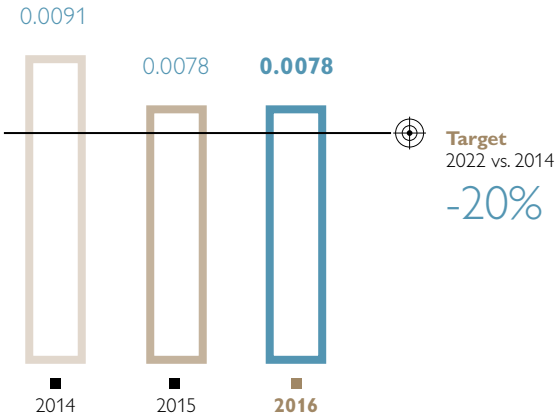
[6] Value stated as per the market-based methodology of the GHG Protocol.

GLOSSARY
Direct emissions; GHG Protocol; Indirect emissions

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/hour of production)



[a] *CO_2 is the only significant greenhouse gas within CNH Industrial's processes (see also page 253).*
2014 was chosen as the base year for global planning, in line with the Business Plan.
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.
For the definition of total manufacturing hours, see the chapter on Report Parameters (see also page 252).

PARTICIPATION IN EMISSION TRADING PROGRAMS

The energy used at CNH Industrial plants comes primarily from third-party power generation plants or directly from the national electricity grid. The only plants subject to the European Emission Trading System (EU-ETS) are those in Basildon (UK) and Vysoke Myto (Czech Republic)[7].
In 2016, energy consumption was 194,190 GJ at the Basildon plant, and 324,170 GJ at the Vysoke Myto plant, giving both plants extra credits in terms of CO_2 emission allowances for the year.

RADIANT COOLING AND HEATING SYSTEM IN PIACENZA

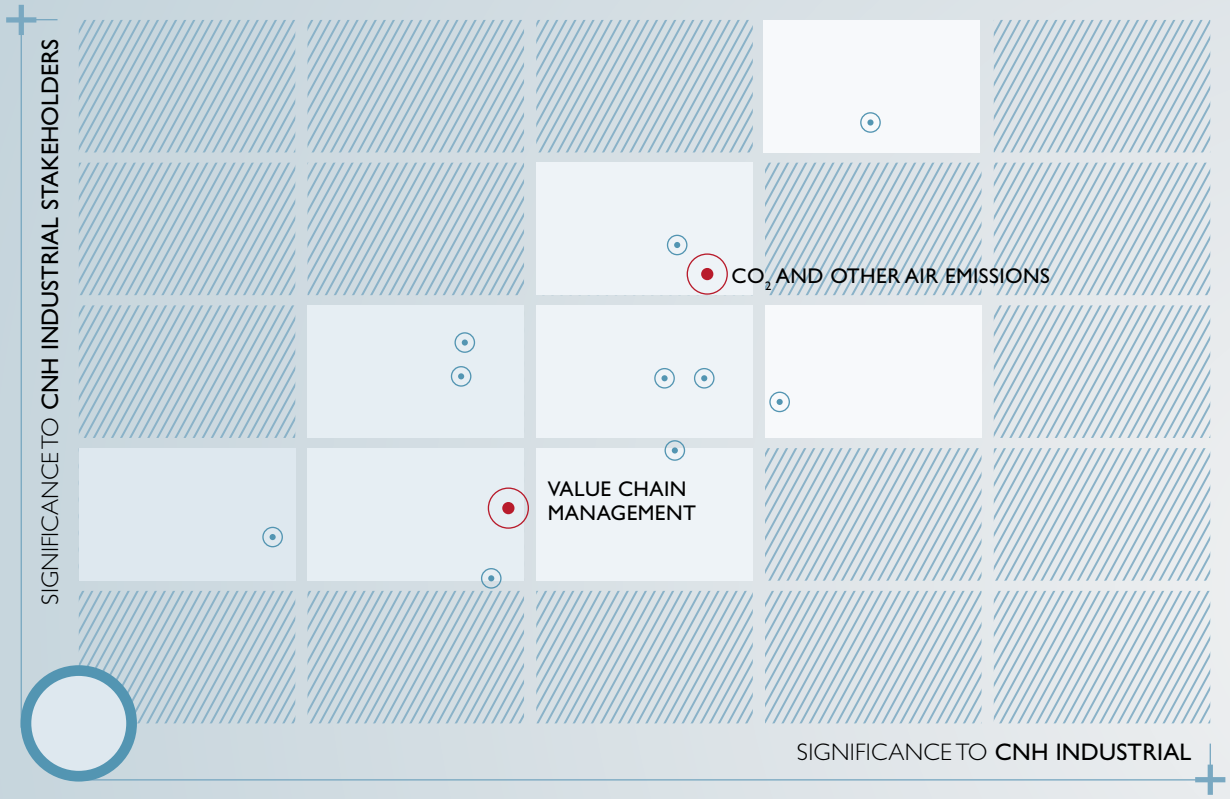
The plant in Piacenza (Italy) implemented a specific project to address the plant area that consumed the most energy, due to the natural gas used for heating. The low-efficiency hot air power units (thermoblocks) were replaced with a radiant cooling and heating system, with pipes placed at a height of 8 meters. The system is heated to 300°C using burners with modulated control, and delivers an average efficiency of 90% and 2,515 kW of power.
A total of $332,000 was invested in the project, generating $125,000 in methane gas savings and $15,500 in electricity savings per year. This also translated into a lower environmental impact, specifically a 10,602 GJ reduction in energy consumption and a 612-ton reduction in CO_2 emissions.

OUR PROJECT

[7] *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).*

GLOSSARY
Emission trading; GHG Protocol

GRI STANDARDS
GRI 302-4; GRI 305-4



LOGISTICS PROCESSES

Material topics described in this chapter, for definitions see pages 255-256.

> TRANSPORT IS ONE OF THE CAUSES OF **POLLUTION** IN OUR CITIES. WE MUST DELIVER INCREASINGLY **ECO-FRIENDLY VEHICLES** AND ASK A GREATER COMMITMENT FROM OUR SUPPLIERS.
>
> **CUSTOMER** LATAM

MANAGEMENT FRAMEWORK

In managing its logistics processes, CNH Industrial continually strives to find sustainable solutions to combat climate change, conserve natural resources, and safeguard health.
To this end, logistics processes at CNH Industrial are managed both internally within the value chain, specifically within the functions responsible for manufacturing, sales, and purchasing, and externally, by interacting with the operational context outside the Company to optimize the efficiency of logistics flows and reduce their environmental impact.
In terms of the material topics identified in the Materiality Matrix, logistics processes have an economic, environmental, and social impact on both **CO_2 and other air emissions** and **value chain management**.
The importance of sustainable logistics to the Company lies not only in time and cost efficiencies, but also in emissions reduction, resource use, packaging management, and, not least, in their indirect impact on human health and traffic congestion.

To coordinate its efforts effectively towards improvements in this area, CNH Industrial published the Green Logistics Principles, available on the Company website. The Green Logistics Principles are intended to coordinate the Company's initiatives promoting sustainable behaviors, and help both corporate functions and suppliers effectively monitor their performance and meet improvement targets.
In line with these principles, CNH Industrial's approach focuses on 4 areas:

- increasing low-emission transport
- adopting intermodal solutions
- optimizing transport capacity
- minimizing non-reusable packaging and protective materials.

Initiatives and projects developed to reduce the environmental impact of logistics processes are described below.
The logistics system is managed according to World Class Logistics (WCL) standards, which are based on World Class Manufacturing (see also page 176) and define the logistics processes employed at plants and in supplier network planning, while pursuing safety, ergonomics, eco-compatibility, and transport flow optimization. The WCL methodology facilitates lean processes both within and outside plants, and actively involves all employees in the improvement processes to significantly reduce inventories, even out production volumes and the production mix, and improve plant logistics expertise. Systematically minimizing both internal and external handling is another significant aspect of WCL, achieved by integrating the production and distribution networks. This approach ensures effective management and the evaluation of projects according to defined standards. Through World Class Logistics, CNH Industrial shares and disseminates its best practices, tried and tested across all plants, to improve process management with continually updated internal benchmarking.

As an integral part of its approach, CNH Industrial believes that actively engaging suppliers is key to achieving an effective, sustainable logistics system. To this end, the Company directly involves suppliers in most of these 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 suppliers of logistics processes were engaged in the *CDP Supply Chain* initiative (see also page 172), which monitors the CO_2 emissions of selected suppliers and promotes projects to reduce them through joint initiatives and partnerships. In 2016, in EMEA, CNH Industrial also engaged the main logistics suppliers in a sustainability awareness-raising event. This was also an opportunity to award the best suppliers in terms of environmental impact improvement projects and contribution in the social sphere (see also page 209). Supplier engagement will continue in 2017.
The Company's main sustainable logistics improvement targets are to reduce CO_2 emissions derived from handling components and finished goods, and to minimize the use of non-reusable packaging. In this regard, in 2016, a long-term target was set for 2022, specifically associated with the material topic CO_2 and other air emissions, which aims at an 18% reduction in kilograms of CO_2 emissions per ton of goods transported (inbound, outbound, and spare parts) compared to 2014. These targets (all voluntary) are included in the Sustainability Plan (see also page 37). 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 corporate website.

GLOSSARY
Ergonomics; Material topic

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

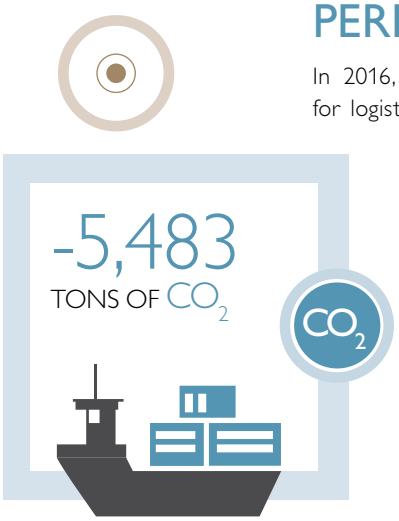
In addition, the main projects included in the Sustainability Plan in 2016 were incorporated in the individual targets of managers involved in the Performance and Leadership Management system (see also page 77). The Group Executive Council (GEC) has the highest responsibility for initiatives aimed at reducing the environmental impact of logistics processes at CNH Industrial.

MACRO LOGISTICS FLOWS

Inbound distribution management (i.e., the transport of components and materials to Company plants) is either handled by external transport providers engaged by CNH Industrial, or managed directly by the material suppliers themselves. The distribution of finished goods from plants to the dealer network (outbound) is carried out by external transport providers, or, for ex works shipping agreements, organized by the customer.

Spare parts are managed by CNH Industrial Parts & Services, and their inbound distribution (to warehouses and distribution centers) is handled either by external providers engaged by CNH Industrial, or directly by suppliers. On the other hand, outbound distribution (including to dealerships) is handled by specialized transport providers.

MONITORING OF ENVIRONMENTAL PERFORMANCE



In 2016, 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).

In 2016, CO_2 emissions from global inbound and outbound distribution were reduced by 5,483 tons. These emissions reductions were a result of the improvement projects implemented in 2016. One such improvement project concerned intermodal transport between Italy and Spain: goods from several suppliers, previously shipped separately, were transported together by sea. This led to a reduction in CO_2 emissions of 540 tons, saving over $125,000.

In 2016, CO_2 emissions from air transport were 36,200 tons (-5% compared to 2015).

CO_2 EMISSIONS IN LOGISTICS PROCESSES[a]

CNH INDUSTRIAL WORLDWIDE (thousand of tons)

	2016	2015	2014
Inbound	**160.25**	179.95	215.69
Outbound	**170.83**	182.26	215.83
Parts	**31.83**	31.95	34.72
Total	**362.91**	394.17	466.24

(a) CO_2 emissions for road transport were quantified as per the GHG Protocol, revised edition, and for sea and rail transport as per the IFEU Heidelberg methodology for environmental calculations.

The decrease in overall CO_2 emissions was mainly due to the decrease in production volumes in North America (Agricultural Equipment and Construction Equipment) and Latin America (mostly Commercial Vehicles).

Managing the environmental aspects associated with logistics is particularly focused 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.

(1) The assessment criteria used to measure the significance of the environmental aspects of logistics processes are related to the size of the impact, and to the Company's ability to manage and mitigate both the impact and its potential effects on the surrounding environment.

GLOSSARY
GHG Protocol

Although this aspect is less significant than air emissions, a monitoring process has been set up that will provide a solid database for building future areas for improvement.
CNH Industrial plants in Europe recorded an average of 0.32 kilograms of cardboard disposed of per total manufacturing hour[2]. An increase of 1.4% from the previous year and in line with 2014 figures.

CARDBOARD DISPOSED OF IN LOGISTICS PROCESSES
CNH INDUSTRIAL WORLDWIDE (kg/total manufacturing hour)

	2016	2015	2014
Cardboard disposed of	**0.32**	0.31	0.32

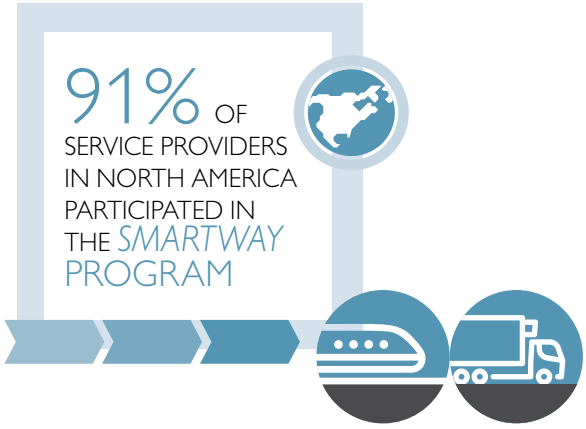
INITIATIVES TO REDUCE ENVIRONMENTAL IMPACT

CNH Industrial introduces 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 these activities include technical solutions, such as selecting which means of transport to use, intermodality, organizing 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, as of 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 North America, the Agricultural Equipment and Construction Equipment segments continued to engage their logistics partners in the *SmartWay* transport program. This program, launched in 2003, 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. *SmartWay* helps its partners 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 2016, 91% of service providers (rail and road transport) participated in the *SmartWay* program.



[2] *For the definition of total manufacturing hours, see page 252.*

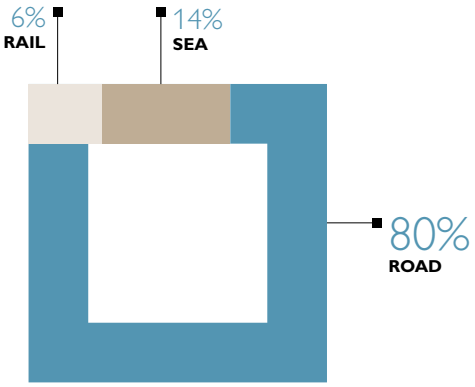
USING INTERMODAL SOLUTIONS

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.

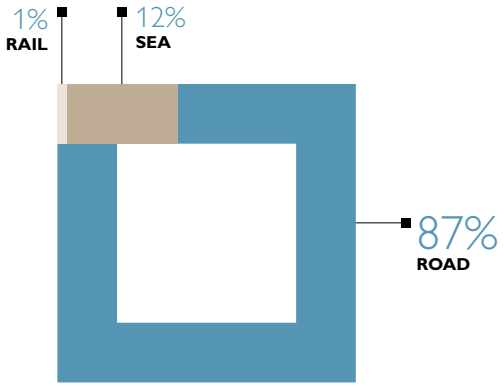
In 2016, once again, an increasing number of suppliers chose sea transport to ship components produced in Italy to the plants in Madrid and Valladolid (Spain). This reduced CO_2 emissions by 540 tons.

Furthermore, with a view to continuous improvement, there was an increase in the intermodal solutions adopted to reach plants by both rail and sea transport. For example, products sent by multiple suppliers in Southern Italy were consolidated into single semitrailers and shipped to Spain by sea; an extra train was added to the Italy-Belgium route; and the empty containers traveling from the plant in Lecce (Italy) to Northern Italy are now channeled by train up to Fiorenzuola.

BREAKDOWN OF INBOUND TRANSPORT
CNH INDUSTRIAL EUROPE



BREAKDOWN OF OUTBOUND TRANSPORT[a]
CNH INDUSTRIAL EUROPE



[a] *Percentages refer to Agricultural Equipment, Construction Equipment, and Commercial Vehicles segments, and are based on the principal mode of transportation used for each vehicle.*

OPTIMIZING TRANSPORT CAPACITY

Optimizing transport capacity is one of the methods used by CNH Industrial to reduce the costs and environmental impact of transportation. Technical and organizational changes are made to both routes and volumes to optimize and streamline the entire process, including in environmental terms.

Streamlined Delivery is one of the projects launched to realize this objective: it outsources the collection of materials destined for CNH Industrial plants to a pool of logistics providers, and replaces delivery by individual suppliers with dedicated transportation services. In 2011, the project was also launched in the Powertrain segment.

The coverage achieved in 2016 through *Streamlined Delivery* accounted for 20.3% of the value of materials purchased in Europe, exceeding the target set for the year (see also page 37).

An additional project was implemented in 2016 to optimize the transport of engines from the Powertrain plant in Bourbon Lancy (France) to Madrid (Spain) by moving them in double deck trailers at full capacity. This cut CO_2 emissions by 75 tons and generated over $108,000 in savings.

REDUCING NON-REUSABLE PACKAGING AND PROTECTIVE MATERIALS

Packaging design and use standardization - including the adoption of lighter materials and structures, as well as reusable materials - reduces the use of raw materials, cuts waste, and optimizes transport capacity, thus reducing CO_2 emissions.

In 2016, as part of the *World Material Flow* (WMF) program, the Agricultural Equipment and Construction Equipment segments continued to monitor the quantity of cardboard and wood used in consolidating shipments of materials by sea to plants in North and South America. This led to the use of fewer wood crates, resulting in a reduction in wood shipped of approximately 25 tons.

Meanwhile, the Commercial Vehicles segment continued to optimize packaging in Europe and for shipments to Latin America and Australia. As a result, the use of wood crates sent to Australia was cut by approximately 24%, with a reduction in wood shipped of about 14 tons.

The plant in Bourbon Lancy (France) changed the packaging for components such as screws, pipes, guide valves, and exhaust manifolds, switching from cardboard boxes to reusable containers. The project involved 830 components from 59 suppliers. In addition to reducing the amount of non-reusable packaging, the initiative cut the cost of disposable packaging and component transfer, and resulted in greater standardization of the containers used at the plant.

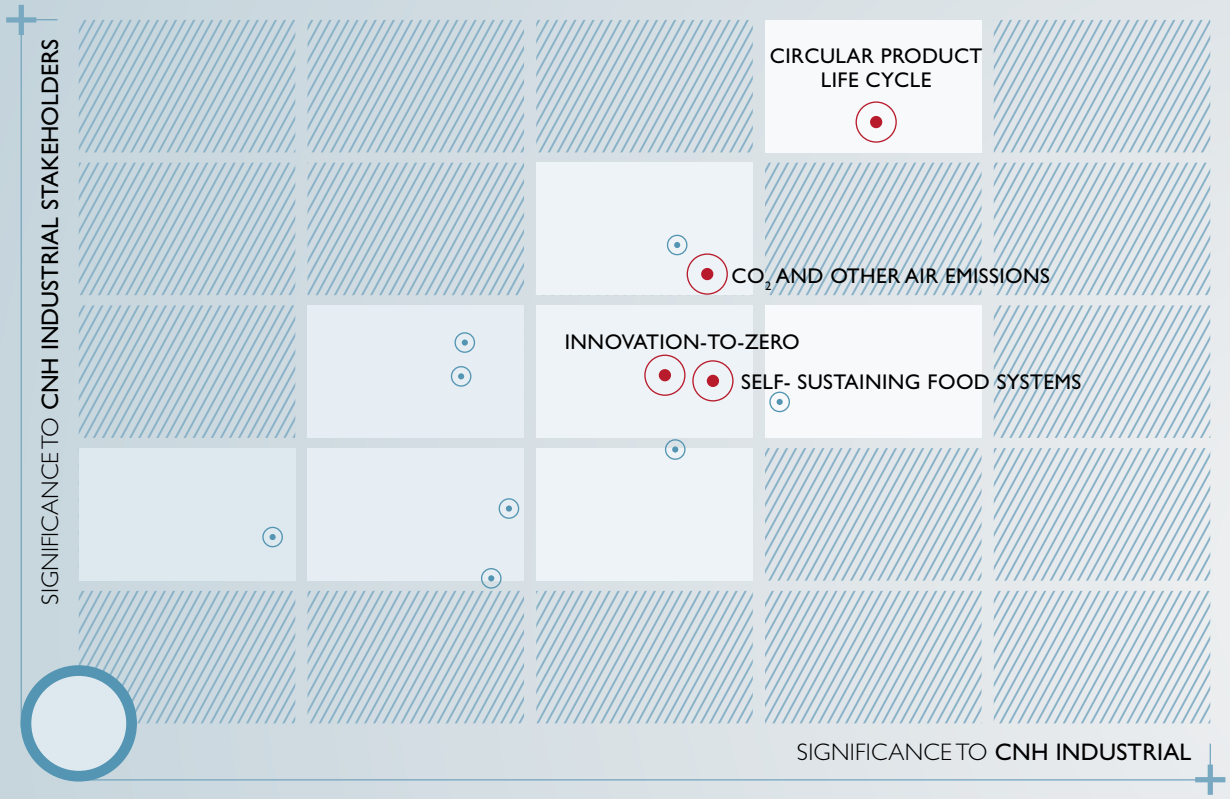
SUSTAINABILITY LOGISTICS PROVIDER OF THE YEAR PROJECT

In 2016, CNH Industrial assigned its first-ever Sustainability Logistics Provider of the Year awards, in recognition of the excellent results achieved in support of sustainability. With this initiative, CNH Industrial is aiming at encouraging good stewardship practices within its supply chain. This first edition involved logistics service providers in EMEA, 95 of which were invited to submit applications with evidence of both an environmental and a social project they had already implemented. The winners were selected after assessing all applications against defined environmental criteria (e.g., environmental improvement) and social criteria (e.g., the involvement of people in the initiative).

The awards were presented in December at the CNH Industrial Village in Turin (Italy), an event attended by 71 logistics service providers, 7 of which received an award.

On the one hand, the event was an occasion to raise suppliers' awareness of the importance of sustainability to CNH Industrial; on the other, it allowed both the Company and suppliers to share daily practices reflecting their mutual commitment to the environment and to the creation of social value.

OUR PROJECT



SUSTAINABLE PRODUCTS

Material topics described in this chapter, for definitions see pages 255-256.

ECO-FRIENDLY PRODUCTS

CNH Industrial is a global leader in the capital goods sector that 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 the various brands of CNH Industrial to manufacture products that respect the environment while satisfying the customers' demand for high performance and for reliable, safe, and comfortable vehicles with globally competitive operating costs. 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, the Agricultural Equipment segment is strongly committed to offering **self-sustaining food systems** that help optimize crop yield.

All of the aforementioned material topics relate to the 3 megatrends identified (see page 16): they mitigate the negative impact of *climate change* and *food scarcity and food security*, whereas the *innovative and digital world* can enhance the dissemination of self-sustaining food systems.

Over the last few years, CNH Industrial has adopted an integrated vision to enable a more detailed calculation of the environmental impact associated with the life cycle of each of its products.
Given that the use phase of products can generate up to 85% of the CO_2 emissions over their entire life cycle[1], the Company strives to develop a portfolio of products ever-more eco-designed, performant, and environmentally friendly, by increasing efficiency and by reducing fuel consumption and subsequent CO_2 and other air emissions. Fuel consumption reduction is a key factor in the calculation of the Total Cost of Ownership (TCO). Indeed, customers working with CNH Industrial products want the opportunity to evaluate not only purchase prices, but also maintenance and operating costs.
A TCO-driven approach to design enables the Company to offer products conceived to deliver:

- lower fuel consumption
- longer maintenance intervals
- easier access to components for timelier interventions.

The TCO approach was initially adopted in the Commercial Vehicles segment, proving to be extremely valuable for customers, who were provided with an easy-to-use online calculation tool aiding in the selection of vehicles best suited to specific business needs. In the Agricultural Equipment segment, Case IH started using this approach in 2014, specifically in relation to sugarcane harvesters, in anticipation of a gradual extension enabling the use of TCO targets to measure and compare machine efficiency. An online tool for customers is currently under development.

REDUCING POLLUTING EMISSIONS

Diesel engine combustion produces a series of pollutants including NO_x and PM; their levels in exhaust gases mainly depend on the temperature of the combustion chamber, determined in the engine design phase.
NO_x gases are produced at about 1,600°C, while almost all PM particles burn up at high temperatures. A choice must therefore be made between optimized combustion, producing less PM but more NO_x, or less efficient combustion, resulting in the emission of fewer NO_x but more PM. Lower PM levels are achievable with a Diesel Particulate Filter (DPF), which requires periodic regeneration due to particulate build-up over time, while 2 systems can reduce NO_x emissions.
The first is known as Exhaust Gas Recirculation (EGR), which recirculates exhaust gases in the combustion chamber to lower its temperature, thus reducing NO_x levels. However, this system penalizes engine efficiency and increases particulate production, thus requiring frequent DPF regeneration.
The second system is Selective Catalytic Reduction (SCR), which maintains optimized combustion and reduces NO_x emissions through the addition of a reductant (ammonia, obtained from AdBlue). This produces little PM and requires less frequent DPF regeneration.

(1) *ACEA Position on Life Cycle Assessment, 2012.*

GLOSSARY
ACEA; EGR; Material topic; NO_x; PM; SCR; TCO

GRI STANDARDS
GRI 103-1

Since 2005, FPT Industrial has developed and introduced an SCR system that cuts NO_x emissions by using AdBlue, a urea and demineralized water solution: the exhaust gases pass through the AdBlue, which reacts in the presence of a catalyst, breaking down NO_x into non-polluting molecules (O_2 and N_2).
In 2012, FPT Industrial launched a new SCR system called Hi-eSCR. The innovative system maintains optimized combustion and fuel consumption, produces little PM, and requires less frequent DPF regeneration. Like its predecessor, the new system uses AdBlue for NO_x reduction. An additional advantage is enhanced construction equipment safety: since the system works below 200°C, the equipment can be used near flammable materials, which is particularly valuable, for example, when handling materials in wood recycling centers.

In 2016, FPT Industrial launched the second-generation HI-eSCR2 technology for Agricultural Equipment and Construction Equipment applications. Production is expected to begin in 2018.

The range of Tier 4A/Stage IIIB[2] products sold in 2016 comprises:
- 421 agricultural equipment models
- 106 construction equipment models.

REDUCING CO_2 EMISSIONS

Climate change is one of the challenges being tackled by CNH Industrial. The Company has always kept a close watch on the emissions associated with its manufacturing processes (see also page 202) and logistics (see also page 207), and is now acquiring new tools to increase accuracy in calculating the CO_2 emissions generated by its vehicles during their use phase.

CNH Industrial strives to manufacture products with ever-greater efficiency and ever-lower CO_2 emissions, by:
- optimizing fuel consumption and energy efficiency (see also page 213)
- enhancing the use of alternative fuels, in particular CNG and LNG (see also page 213)
- developing alternative traction systems (see also page 217)
- offering precision solutions and telematics to improve productivity (see also page 218)
- helping customers use vehicles as efficiently as possible (see also page 219).

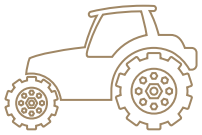
For some product categories, such as off-road vehicles, there are still no mission profiles or coded parameters on which to base calculations. In this regard, IVECO is actively contributing (via ACEA, the European Automobile Manufacturers' Association) to the European Commission project aimed at developing a tool (called VECTO) capable of simulating the CO_2 emissions of heavy commercial vehicles.
In 2014, the European Commission released a *Strategy for Reducing Heavy-Duty Vehicles' Fuel Consumption and CO_2 Emissions*, endorsing the approach suggested by the industry based on complete vehicle metrics and simulations.
As regards light commercial vehicles, 2014 marked the beginning of the mandatory application in the EU of new regulations[3] establishing average annual CO_2 emission targets for the entire range of new vehicles put on the market by each manufacturer. The average CO_2 emissions generated by the different versions and variants of the new IVECO Daily, launched in 2014, were well below the EU target.
Moreover, IVECO is committed to further reducing CO_2 emissions and fuel consumption across the entire product range, specifically:
- Light range: up to -8% in fuel consumption and CO_2 emissions was achieved on the Daily Model Year 2016 compared to 2014, based on the NEDC test cycle
- Medium range: the new Eurocargo, launched in 2015, already generates 5-8% fewer CO_2 emissions compared to the previous model
- Heavy range: the New Stralis XP, Model Year 2016 (leading versions), generates up to 11% fewer CO_2 emissions, depending on missions and optional features
- Buses and coaches: more than 50% of IVECO Citybuses produced in Europe are either powered by natural gas or have an electric hybrid configuration, which translates into a huge environmental benefit of more than 10,000 tons in reduced CO_2 emissions.

[2] *Includes Tier 4 Interim (Tier 4A) and Final (Tier 4B).*
[3] *EU Regulations 510/2011 and 253/2014.*

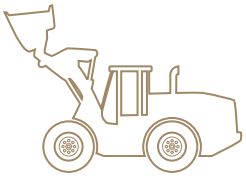
GLOSSARY
ACEA; CNG; LNG; NEDC; NO_x; PM; SCR; Tier

Optimizing Energy Consumption and Efficiency

Optimizing energy consumption and efficiency is essential to all CNH Industrial business segments to increase product performance and reduce running costs, thus boosting customer productivity.

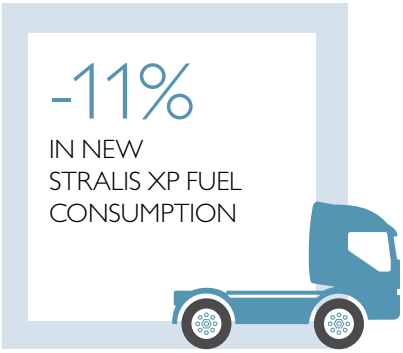


In 2016, New Holland improved its popular T5 tractor range, to both meet Tier 4B emissions regulations and incorporate new features designed to boost efficiency and productivity. The new Auto Transport and Auto Field modes improve the functionality of the Electro Command™ transmission, enhancing drivability. During roadwork, the need for operator input can be reduced by changing the simplified gear system to Auto Transport mode, which can significantly reduce fuel consumption.



CASE Construction Equipment's new G Series wheel loaders, launched in 2016 in NAFTA, features 7 new models scaled for work ranging from supply yards, to building construction, agriculture, quarries, and mass excavation. The entire product line is now compliant with Tier 4 Final standards, featuring Selective Catalytic Reduction (SCR) engine technology that increases fuel efficiency, keeps exhaust temperatures down, and reduces the need for Diesel Particulate Filter (DPF) regeneration during its useful life, resulting in lower costs and maintenance. An all-new operator environment and interface, improved controls, and additional optional packages make the G Series the most intuitive and easy-to-operate wheel loader CASE has ever produced.
Still in NAFTA, CASE added 2 new crawler excavators to its D Series lineup: the CX490D and CX500D. These new models, designed for heavy excavation work, replace the brand's previous 47-metric ton CX470C excavator. Each model is built to provide significant operational gains, including cycle times up to 10% faster, improved responsiveness and multifunctional controls, and greater fuel efficiency. An electronically-controlled hydraulic pump and larger control and solenoid valves boost breakout forces, increase lifting force, and improve responsiveness. The D Series models offer more standard features than previous CASE excavators, which simplifies the buying process and makes them extremely versatile and operator-friendly. All CASE D Series excavators provide peace of mind and lower Total Cost of Ownership (TCO) thanks to CASE ProCare™, a comprehensive planned maintenance and heavy machine support in the industry.

In 2016, IVECO launched the New Daily Euro VI, featuring advanced driveline technologies that improve fuel efficiency by up to 8% (based on the NEDC test cyclet) compared to the previous Euro V models. Moreover, extended service intervals (up to 50,000 km) and longer-lasting components and consumables reduce maintenance and repair costs by up to 12%, and result in 20% more uptime between services.



In 2016, IVECO also launched the reliable and fuel-efficient New Stralis XP, developed specifically to meet the requirements of long-haul missions and to provide the best solution in terms of efficiency and TCO.
The New Stralis XP boasts many fuel-efficiency features offered as standard, including smart auxiliaries that automatically disconnect or go into energy-saving mode when they are not needed. IVECO's predictive GPS-based Hi-Cruise system controls driver assistance functions such as eco-roll, gear shifting, and cruise control. Along with other features such as the new 12-speed HI-TRONIX automated transmission, the EcoSwitch speed and torque limiter, the optimized rear axle ratio, and low rolling resistance eco-tires developed by Michelin, the New Stralis XP delivers the best combination of efficiency and safety. Additional fuel savings are generated by the adoption of a higher 2.47 rear axle ratio, which enables downspeeding and translates into a 7% reduction in engine rev speed.
The New Stralis XP's improvements and new features generate fuel savings of up to 11%, while new services - designed to maximize reliability and reduce CO_2 and TCO - add further savings of up to 3%. Altogether, product features and services reduce the TCO in long-haul missions by an impressive 5.6%. Moreover, the New Stralis XP is TÜV SÜD certified owing to its 11.2% reduction in fuel consumption, which accounts for more than 40% of the TCO.

Alternative Fuels

As evidenced by the materiality analysis, CNH Industrial strongly recognizes the importance of promoting a circular product life cycle to minimize environmental impact.
According to the 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 of the possible responses to this demand.

GLOSSARY
Material topic; Materiality analysis; NEDC; SCR; TCO; Tier

GRI STANDARDS
GRI 103-1

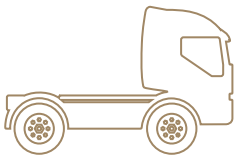
CNH Industrial is researching the use of alternatives to diesel, and already has a range of vehicles powered by natural gas, biomethane, biodiesel, and bioethanol.

Indeed, one of the long-term targets set by CNH Industrial for 2025 is the development of next-generation engines running on CNG, LNG, and LPG, compatible with bio-methane and H_2 blends, to further improve CO_2 emissions and Total Cost of Ownership (TCO).

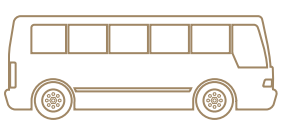
The main constituent of **natural gas** (NG) is methane (83-99%) and, for CNH Industrial, its immediate usability makes it the most promising alternative fuel. Whether in gas form (CNG) or liquefied form (LNG), the basic fuel is the same; what changes is the method of storage, distribution, and use in vehicles. The main properties of natural gas are precisely what make it a strategic fuel, namely:

- extremely low emissions, including particulate matter (-99% compared to diesel), NO_x (-30% compared to diesel), and aldehydes (-50% compared with diesel)
- more than 80% fewer ozone-generating agents compared to conventional fuels
- 5-10% fewer CO_2 emissions than diesel
- it can be used with current production technologies
- it's a renewable source (if derived from biomass).

The European Union (EU) has set a target of increasing the share of biofuels and alternative fuels in the transport sector by 10% and 20%, respectively, by 2020. To reach this target, the EU has launched several initiatives, including the *LNG Blue Corridors* project, aimed at creating a distribution network with CNG and LNG fueling stations every 150 and 400 kilometers, respectively. It will link EU member states via 4 priority corridors, along which LNG fueling stations will be strategically positioned. The main goal is to promote the use of LNG in long-distance heavy transport, through 14 new LNG fueling stations, and a fleet of approximately 100 LNG heavy vehicles transiting along the 4 corridors. The project involves 27 partners comprising truck manufactures, fuel suppliers, the distribution network, and fleet owners. In 2016, the first international mission in Europe using LNG vehicles was completed, with logistics flows from Madrid to Germany and Belgium involving 25 articulated demo units.



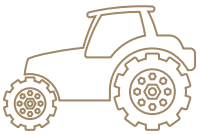
CNH Industrial's interest in natural gas (NG) as a fuel goes back many years, as demonstrated by IVECO's investments in research on natural gas propulsion dating back to the early 80s. In 1988, natural gas was tested in heavy-duty diesel engines for the first time, leading to the development of the first-ever methane-powered Daily prototype in 1995.
Natural gas-powered vehicles are ideal for transport missions in sectors such as distribution, short and medium-long haul logistics, and municipal services such as waste collection and transport.
From an economic sustainability standpoint, the savings in Total Cost of Ownership (TCO) associated with NG vehicles can be as much as 10% compared to a diesel-powered Euro VI vehicle. Moreover, NG is markedly less expensive than diesel and its use can reduce fuel costs by up to 40%.
2016 marked the Start of Production (SOP) of the new Eurocargo Natural Power, launched by IVECO in 2015. It features a Tector 6 engine running on compressed natural gas (CNG), and redesigned ignition coils, blow-by valve, pistons, and rings, delivering significant benefits in efficiency, emissions, and maintenance, as well as improved performance with 210 hp and a maximum torque of 750 Nm. This new Eurocargo Natural Power is already compliant with Euro VI step C emission requirements, and can therefore access restricted areas in city centers, a key advantage in multi-drop missions.
This new super-eco model completes IVECO's offering, which includes the broadest and most comprehensive range of commercial and industrial natural gas vehicles on the market, from light commercial vehicles such as the New Daily Natural Power, to the Stralis LNG Natural Power truck.
Moreover, electronic ignition engines reduce noise levels by 3-6 dB compared with equivalent diesel engines, which makes these vehicles ideal for night missions in residential areas. This applies not only to the new Eurocargo, but also to the Stralis CNG, which, at 72 dB, complies with the European PIEK standard for low-noise transport solutions, and can therefore access restricted areas in city centers.
Natural gas is also the ideal fuel for urban public transport. IVECO Bus offers compressed natural gas-powered buses with a Cursor 8 CNG engine for all versions (10.5, 12, and 18 meters), Urbanway buses, and Crealis BRT buses.



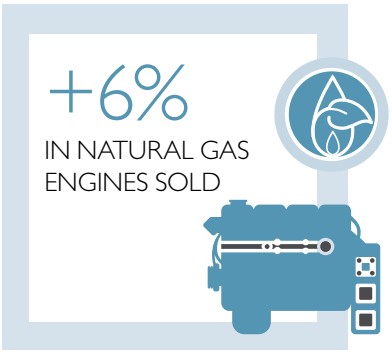
GLOSSARY
Biodiesel; Biomethane; Blow-by; CNG; LNG; NO_x; TCO

GRI STANDARDS
GRI 103-2

With the current availability of technologies enabling the independent production of **biomethane**, natural gas engines are also an attractive option for tractors, as they can also run on biomethane. Using biogas produced from agricultural biomass can easily yield 98-99% pure methane and, when running on biomethane, a tractor's carbon footprint is virtually zero.
The biogas produced on site from agricultural biomass is generally used to generate electricity and heat but, if refined and upgraded to biomethane, it can also be used to fuel tractors, provided they are equipped with engines able to run on natural gas.
Strongly believing that using biomethane to power agricultural vehicles could enable customers to achieve energy-independent farms, in 2013, New Holland Agriculture launched its first-generation T6 Methane Power tractor prototype, which is currently being tested in Brazil.
The project continued in 2015 with the development of a second-generation prototype using a standard T6.180 tractor fitted with a NEF6 engine, which is produced by FPT Industrial and features a configuration very similar to that of currently manufactured diesel tractors. The compressed methane is stored in 9 tanks that are integrated into the overall design, with operational ground clearance as per standard models. The 52-kilo tank capacity delivers approximately half a day of autonomy during normal operation. This second-generation T6 Methane Power yields fuel cost savings of up to 25% compared with diesel machines, and CO_2 emissions and fuel costs can be further reduced by using biomethane produced on the farm itself. Furthermore, its performance and drivability were verified on the test bench and are in line with current diesel models.
The second-generation T6 Methane Power prototype was presented at *EXPO Milano 2015* (including a test drive at *La Bellotta* farm) in the presence of journalists from global agricultural publications. Since then, it continues to be tested in field operations across Europe so as to collect feedback and experimental data from farmers. An additional, third methane-powered tractor prototype was built in 2016, and is currently being tested in France.



At the 2016 *Farm Progress Show*, New Holland Agriculture also presented an Alternative Fuels Tractor prototype powered by **propane** autogas, generating fewer greenhouse gas emissions than diesel tractors. Experimental tests on the prototype are currently being performed at the plant in New Holland (USA). The project was carried out in collaboration with the Propane Education & Research Council (PERC), which is funded by the US propane industry.



With over 29,000 NG engines and many years' experience in the industry, FPT Industrial boasts the widest range of natural gas engines available on the market. Among the technologies currently available and 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, HC, and NO_x) to very low levels.

COMPRESSED NATURAL GAS ENGINES SOLD[a]

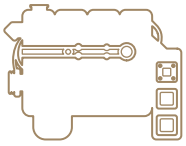
FPT INDUSTRIAL WORLDWIDE (no.)

	2016	2015	2014
Total	**3,442**	3,255	2,270

[a] *Figures include engines sold to IVECO brands.*

FPT Industrial's NG engines are 100% biomethane-compatible. They are used for commercial vehicles, buses, and specialty vehicles, and are also available in the Cursor, NEF, and F1 series, offering customers significant cost benefits over the vehicle's entire useful life.
Furthermore, FPT Industrial's NG engines are rapidly expanding worldwide, including in Emerging Markets, particularly for public transport vehicles. In Beijing, for example, the brand has supplied NG-powered engines to Beijing Public Transport Holdings (BPT) for more than 10 years.

GLOSSARY
Biomethane; Carbon footprint; NO_x



In 2016, FPT Industrial launched its new 9-liter Cursor 9 CNG engine. It also continued to develop new versions of NG engines, to further expand its range and to offer a solution to long-haul transport. The C9 and C13 NG versions are being tested at FPT Industrial's technical centers, focusing on reaching specific levels of performance and reliability, and on reducing fuel consumption so as to deliver the lowest possible Total Cost of Ownership (TCO).
Moreover, the *HDGAS* project launched in 2015, funded by the European Union within the framework of its broader *Horizon 2020* project, continued in 2016. The goal is to develop, demonstrate, and optimize advanced NG engine solutions, to achieve a 10% reduction in fuel consumption within the next decade compared to 2013 vehicles. The project counts 19 partners, including FPT Industrial, IVECO, and the main Original Equipment Manufacturers (OEMs). FPT Industrial will develop an innovative NG engine, designed and tailored for spark-ignition combustion, which will then be installed in an IVECO truck to demonstrate performance and fuel consumption improvements during real missions.

The term **biodiesel** usually refers to methyl esters (also known as FAMEs), produced through the transesterification of oils from crops such as rapeseed, sunflower, palm, and soy. All FPT Industrial engines are designed and warranted for optimal performance with diesel and biodiesel blends of up to 7%, in line with EN590:2013 and ASTM D975-12 international standards.
For emission levels up to Euro V and Tier 4A/Stage IIIB, nearly all FPT Industrial engines sold globally are B20 or B100 compatible, provided the biodiesel blend meets the requirements defined by the standards. Case IH and New Holland Agriculture, which have been promoting and adopting biodiesel since 2006, approve the use of B20 biodiesel blends for all new Tier 4A/Stage IIIB ECOBlue™ SCR engines, as long as they fully comply with the latest EN 14214:2009 and ASTM D6751-12 fuel specifications, and operate in accordance with the guidelines in the Operator's Manuals. In 2014, in Europe and North America, FPT Industrial carried out operational and long endurance field tests on Hi-eSCR Tier 4b/Stage IV engines using a wide variety of fuel blends. The objective was to verify the compatibility of these zero-emission engines with FAME blends of 20-100%.

In the North American market, FPT Industrial has been working on making its Tier 4B engines compatible with fuel blends up to B10, in line with the ASTM D7467-10 standard, as mandated and implemented in 2014 in the State of Minnesota (USA).

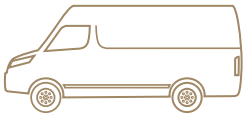
In Latin America, FPT Industrial has been testing and successfully validating its light and heavy-duty engines for both on and off-road applications, using fuel blends of 7% biodiesel (Brazil) and 10% biodiesel (Argentina), in line with the legislation that came into force in 2014.

FPT Industrial is focusing its research on second-generation renewable biofuels, especially Hydrogenated Vegetable Oils (HVO). At its technical center in Arbon (Switzerland), with the collaboration of external research and development (R&D) centers and fuel suppliers, FPT Industrial has been performing a detailed evaluation of Euro VI heavy-duty engines for on-road applications, using HVOs as defined according to EN 15940 specification for renewable fuels. Operational tests have been positive, with a potential reduction in both tailpipe and CO_2 emissions. Hydro-treating vegetable oils is a new way of producing very high-quality bio-based diesel fuels via dedicated synthesis processes, without compromising fuel logistics, engines, exhaust after-treatment devices, or exhaust emissions. In addition to extensive testing and development, FPT Industrial has been also involved in several research projects in collaboration with external R&D suppliers and universities; these are focused on continuously monitoring the rapid evolution of biodiesel technology, and on potential breakthroughs from the early stages of development.
In 2016, IVECO launched the new IVECO Bus Crossway, the first of the brand's products to run on Hydrotreated Vegetable Oil (HVO).

GLOSSARY
Biodiesel; CNG; HVO; SCR; TCO; Tier

Alternative Traction Systems

The sustainable mobility of goods is the subject of much debate, especially with regard to the final leg of the supply chain, i.e., the last mile of urban deliveries. In 2011, the European Commission recommended a new approach to interfacing long distance and last mile freights, suggesting the use of low emission urban trucks. In line with the European Commission's recommendation, the Commercial Vehicles segment offers not only natural gas-powered engines, but also diesel-electric hybrid technology for combined goods and passenger transport, and pure electric drive vehicles for last miles. Hybrid traction can be generated by either electric or diesel engines, or a combination of the two.



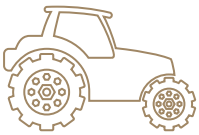
The IVECO brand has a long tradition in the electric vehicle sector: the first Daily Electric, in fact, dates back to 1986. In 2015, IVECO launched the New Daily Electric, 100% electric and ideal for urban missions. In 2016, the electric range was extended to right-hand drive vehicles and minibuses. Its new features include reduced energy consumption thanks to high-efficiency, low-weight electric auxiliaries, and up to 20% extended battery life. Furthermore, the New Daily Electric boasts an increased payload capacity of around 100 kilos. The batteries are 100% recyclable, and their performance is optimized for all weather and temperature conditions. Moreover, IVECO's patented, flexible charging modes allow the Daily to recharge, from public or private facilities, in an average of 2 hours (using a fast charging station).
The New Daily Electric has an extended range of up to 280 kilometers, measured according to New European Driving Cycle (NEDC) type-approval and using a 3-battery configuration.
The vehicle offers 2 driving modes, Eco and Power: in Eco mode, engine torque is moderated to minimize fuel consumption, without limiting maximum speed; in Power mode, the driver can enjoy the electric drive engine's full performance. The New Daily Electric's Regenerative Braking System lets the driver choose the most appropriate braking mode according to road and traffic conditions, minimizing fuel consumption while maintaining superb drivability. Thanks to the widest van and cab range in the industry - up to 5.6 tons of gross vehicle weight and up to 19.6 cubic meters of cargo volume - the New Daily Electric is ideal for many environments, including city centers, shuttle services, and leisure travel.
The vehicle's near-silent running reduces noise pollution and enables nighttime deliveries in urban areas. In addition, the New Daily Electric is fitted with a pedestrian acoustic alert as standard, activated automatically when driving below 30 km/h.
One of the New Daily's most celebrated design features is its C-profile, high-strength steel frame, ensuring maximum robustness and durability over time, along with flexibility of use.
The cab features a 7-inch detachable tablet, an electronic dashboard for vehicle data management, and TomTom® Bridge navigation solutions specifically customized for IVECO. A semi-integrated dashboard dock provides both the comfort of a built-in system and the flexibility of a detachable device.
The New Daily Electric also underwent a Life Cycle Assessment, to assess its environmental impact over its entire useful life (see also page 151).

Since 1990, IVECO Bus has offered a number of diesel-electric hybrid solutions for passenger transport. At the beginning of 2014, with Euro VI standards coming into force, both IVECO Bus and Heuliez Bus brands further developed their hybrid buses, in both 12 and 18-meter variants. The new fully hybrid buses were enhanced with new features such as the Arrive & Go system, enabling noiseless and emission-free electric arrivals and departures at bus stops. The environmental impact of this urban passenger hybrid transport system was greatly reduced, with an average drop in fuel consumption and CO_2 emissions of up to 35% compared with an equivalent diesel-only engine. A 35% decrease in CO_2 emissions means approximately 500 grams less CO_2 per kilometer, or about 25 tons per year for an annual mileage of 50,000 kilometers (which is the average value for a city bus).

Precision Solutions and Telematics

CNH Industrial's Precision Solutions and Telematics (PS&T) unit focuses on new technologies and continuous innovation to improve the productivity of customers' businesses and reduce the environmental impact of the Company's equipment and vehicles. PS&T is a cross-Company function that delivers specific solutions for all 3 segments - Agricultural Equipment, Construction Equipment, and Commercial Vehicles.

Precision agriculture technology is delivered through 4 main tool categories: guidance systems, application monitoring, yield monitoring, and telematics. These tools are available in product families such as AFS Advanced Farming System (Case IH) and PLM Precision Land Management (New Holland Agriculture).
Guidance systems include GPS receivers, correction signals (which enhance precision), displays, and steering technology (including manual or assisted steering and fully automated guidance). The most accurate correction signal available is offered by the RTK Network, which delivers accuracy of up to 2.5 cm. It enables the vehicle to be steered in the field with precision to avoid skips and overlaps. Application monitoring of crop spraying and planting uses prescription maps and tool controls (e.g., rate control and nozzle control) to ensure application only where needed, avoiding the excessive use of harmful components like fertilizers or pesticides.
Yield monitoring is a tool used during harvesting that has proved helpful in improving in-field productivity year after year. With features such as variety tracking, load monitoring, and moisture sensors, it is possible to accurately view, map, and record crop yield and moisture data to understand how well a crop is performing.
As regards telematics systems for agriculture, CNH Industrial launched the AFS Connect (Case IH) and PLM Connect (New Holland Agriculture) in 2014. The latter is a farm management solution enabling the collection, sharing, and management of data gathered directly from the vehicle working in the field. Machine data can be accessed at any time and from different electronic devices. By viewing machine performance data and field operations remotely, farming decisions can be adjusted in real time, thus improving productivity and reducing downtime.
In August 2016, at the *Farm Progress Show* in Boone (USA), CNH Industrial gave a preview of its autonomous concept tractor technology. The vehicle can work autonomously 24/7 and be remotely monitored and controlled, including implement settings, from an electronic device. The autonomous concept technology was developed to sustainably boost production and productivity by making the most of ideal soil and weather conditions, as well as of available labor.



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. Construction telematics software, namely CASE's SiteWatch and New Holland's FleetForce, was launched in 2013, providing measurable and actionable data (including fleet location and performance data) for better fleet management. The information can be sent to any computer in real time, which gives fleet managers full control wherever they are. By measuring and tracking each vehicle, factors impeding machine productivity can be detected and corrected immediately to improve overall performance. The software identifies problems before they occur and sends automatic alerts, 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 in planning working schedules and tracking operations to increase total production.
Thanks to a partnership with Leica Geosystems, the Company also offers a Machine Control solution under the CASE SiteControl and New Holland FleetGrade product families. This solution improves machine productivity by reducing the number of passes in the field, which cuts fuel consumption and helps meet project targets faster.

Within the **Commercial Vehicles** segment, the IVECO brand launched the Iveconnect system, comprising Iveconnect Drive, which includes infotainment and driver-oriented services, and Iveconnect Fleet, for managing vehicles and business operations.

CASE SITE SOLUTIONS ACADEMY

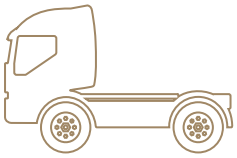
In 2015, CASE Construction Equipment established the CASE SiteSolutions Academy, a tool launched via its website. Users can learn first-hand how to use the technologies under the SiteSolutions platform, and leverage opportunities to increase productivity and improve jobsite efficiency.

CASE SiteSolutions Academy is a simple, easy to access, centralized information management system that:

- enables sharing information on basic machine operation and tips and tactics to improve utilization and performance
- provides end-users with details on equipment operation
- reduces the frequency of operational queries
- creates a consistent message of application for users and support personnel within the CASE network
- offers consistent entry-level equipment training to maximize efficiency.

OUR PROJECT

Iveconnect Drive includes a satellite navigation system, which provides real-time traffic monitoring to help the vehicle operator find the best route to ensure a punctual delivery, thus saving time and improving service quality. Iveconnect Drive also includes Driver Style Evaluation (DSE), which gives an overview of fuel consumption, driver responses, gear use, and auxiliary braking; this enables the operator to improve over time, cutting emissions and fuel consumption. In order to maximize safety on the road, the Driver Attention Support feature helps to avoid accidents caused by operator tiredness. Iveconnect Fleet Management displays all the data gathered by the vehicle and allows the fleet manager to monitor vehicles, operators, and operations, and to create reports. This provides a better understanding of the business so that corrective action may be taken, maximizing efficiency while reducing the Total Cost of Ownership (TCO).



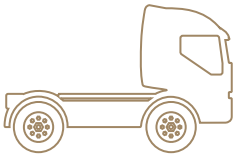
Supporting Responsible Use

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 - whether for construction, farming, or transportation - contributes significantly to enhancing product efficiency and reducing emissions. The Company brands therefore offer customers electronic systems, computer tools, and targeted training activities to ensure the most comprehensive knowledge of products and fuel consumption.

For on-road vehicles, for example, an efficient driving style can save 5-12% on fuel at a given average speed. However, driving performance cannot be improved without comprehensive fuel consumption information based on reliable data. In order to accurately quantify fuel consumption, one must consider many factors, such as the vehicle and its components, driving style, road and weather conditions, vehicle run-in, maintenance, and load conditions.

All of the above, along with the proper use of on-board devices and telematics, are systematically addressed by economy driving courses, known as IVECO *TCO_2 Driving*, held at *Unetversity*.

The training courses are delivered by a qualified driver training team with an in-depth understanding of how to get the best from IVECO vehicles. The courses promote vehicle knowledge based on the ability to predict and anticipate typical driving situations on roads and freeways, providing professional drivers with comprehensive tips to improve driving style and reduce fuel consumption. Efficient driving is not only cost-effective, it also conveys a sense of responsibility to drivers, increasing their awareness and knowledge of vehicle mechanics and telematics supports.



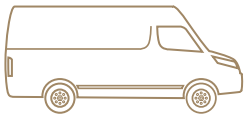
Designed to benefit both drivers and fleet owners, *TCO$_2$ Driving* courses can be tailored to meet the needs of both, according to the mission and vehicle line, and are delivered both in classrooms and on the road. For small groups, they can also be delivered directly at the locations of customers conducting daily missions, using their own vehicles and semitrailers. Programs, contents, and duration are flexible. Driver training usually consists of:

- classroom sessions - face-to-face, practical, and interactive sessions focusing on the key factors that most affect 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 based on various external conditions
- walk-arounds - at these sessions, participants 'touch the iron', learning how to perform the routine checks required to keep the vehicle roadworthy, and mastering the layout and deployment of vehicle components
- road tests - after the theory, drivers undergo an assisted road test to assess their actual driving style improvements. Following trainer instructions, the drivers learn hands-on about different fuel-saving driving techniques, according to mission and road morphology.

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 system, 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
- the main tips to reduce fuel consumption.

The Driving Style Evaluation system can be connected to the Iveconnect Fleet telematics system. It also allows fleet managers to remotely assess the fuel consumption associated with the driving style of each fleet driver. Efficiency levels can be monitored via an advanced and easy-to-use telematics interface. The interaction between the driver, vehicle, and operating center allows all vehicles to be monitored, providing real-time assessment of driving hours, fuel consumption, GPS position, and expected travel time. The benefits to the customer from the Iveconnect Fleet system include a reduction in total management costs while maintaining the same process efficiency.



The new New Daily Euro VI, launched in 2016, is the first light commercial vehicle to take on-board connectivity beyond infotainment with the DAILY BUSINESS UP, a dedicated app and professional work tool.
It acts as a driver's assistant, with features such as Driving Style Evaluation - including real-time suggestions for up to 15% in fuel savings - a professional navigation system by Sygic, and the Interactive User Handbook. It is also a business assistant, optimizing fleet efficiency and tracking scheduled services with Fleetwork. The app also links directly to IVECO Assistance Non Stop, for 24/7 roadside assistance (see also page 235).

The TCO$_2$ Live modular program is a series of IVECO next-generation services designed to help customers reduce fuel consumption. It comprises: *TCO$_2$ Smart Report*, a detailed report on each fleet vehicle's fuel consumption, automatically emailed to the customer every week; and *TCO$_2$ Advising,* fuel efficiency advice based on the wealth of knowledge collected through actual truck analyses. Both are available as part of the *TCO$_2$ Driving* courses and provided by specialized IVECO trainers. These new services can generate further savings of up to 3%. In 2016, TÜV, a leading European technical certification center, certified *TCO$_2$ Live*'s fuel consultancy services (*TCO$_2$ Smart Report*, *TCO$_2$ Advising,* and *TCO$_2$ Driving*), and verified a fuel consumption reduction of up to 10%. The fuel consultancy service tests were performed on the same vehicle, the 2016 New Stralis, along the same route, and using the same drivers, both with and without the support of IVECO's fuel consultancy services. The drivers received training on the on-board functionalities, how to use them, and the most efficient and ecological driving techniques.

The hybrid buses produced by IVECO Bus and Heuliez Bus also feature a driver aid consisting of a clearly visible indicator on the dashboard, which provides instant information on driving style and fuel consumption, and tips on how to optimize regenerative braking energy to recharge the batteries.
In addition to training, CNH Industrial offers customers easy-to-use online tools, such as IVECO's calculator to quantify a vehicle's Total Cost of Ownership (TCO), Case IH's SCR Fuel Savings Calculator to quantify savings in running costs from SCR technology, and New Holland Agriculture's independently certified CarbonID™ calculator. The latter allows quantifying the carbon footprint of a farm's equipment fleet; by entering the cost of fuel and AdBlue, the tool also provides an estimate of actual savings.

GLOSSARY
Carbon footprint; SCR; TCO

SELF-SUSTAINING FOOD SYSTEMS

Self-sustaining food systems is one of the material topics identified in the materiality analysis. Indeed, an agricultural product and solution promoting an economic system with zero impact on resources is one of the future global challenges that CNH Industrial intends to tackle. The topic significantly impacts external stakeholders (customers and the environment), given CNH Industrial's role in the food production and distribution value chain.

> I THINK MOST OF OUR ATTENTION SHOULD FOCUS ON THE FACT THAT THERE ARE **FEWER FARMERS**, WHO ARE OPERATING WITH **LESS LAND** AND ARE NONETHELESS EXPECTED TO PRODUCE A **HIGHER YIELD** THAN A GENERATION AGO.
>
> **EMPLOYEE** NAFTA

According to the *Rural Development Report 2016* issued by the Fund for Agricultural Development (IFAD): "[…] global demand for food is expected to increase by over 60% by 2050, requiring rapid agricultural productivity growth and more stress on natural resources[1]".
CNH Industrial responds to the *food scarcity and food security* megatrend (see page 16) primarily through its agricultural brands, by extending mechanization as widely as possible based on specific local needs and opportunities; and, secondly, by maximizing the efficiency of cultivated land to ensure continuous growth and development.

This is precisely what the Company's agricultural brands are committed to providing and supporting: enhanced agricultural productivity; rural economic development; local and national food security; and local equipment and machinery production.
In operational terms, this means:

- supplying a full range of high-performing agricultural equipment to help maximize crop yields and harvests
- delivering innovative technology through precision agriculture systems (see also page 218)
- further developing an already significant presence in both mature and emerging markets around the world
- creating sustainability initiatives at global and local level to disseminate knowledge of sustainable agriculture and food security (see also page 117).

In 2016, New Holland Agriculture launched the new Roll Baler 125 and Roll Baler 125 Combi. The 2 models have been completely restyled for excellent service access, and extensively redesigned and upgraded to meet the requirements of the most demanding contractors and livestock and mixed farmers. The high-strength chassis handles difficult ground conditions with ease and requires less maintenance during the year. Maintenance costs are also reduced, and uptime increased, thanks to automatic oiling and greasing as standard, heavy-duty sprockets and chains able to withstand the considerable forces exerted by wet grass, and lubricated plain bearings designed to endure harsh conditions. The robust feeding rotor is made of Hardox® 400 material and delivers high quality cutting and conveying.
The new film wrap on the Roll Baler 125 Combi (also featured on the Roll Baler 135 Ultra) is unique to New Holland: it has a positive hydraulic feed that can be set to pre-stretch the film to ensure the bundle arms deliver a tight, secure, and reliable wrap each time. The wrapper speed is 20% faster than in the previous model, dramatically increasing productivity, and the result is a consistently excellent bale shape, improved silage quality, fewer layers of wrap (the same material wraps and seals), and easier transport and storage. The system can also operate with a combination of film and net, for greater versatility. On the single Roll Baler, the Duckbill™ net wrapping system is 20% faster, enables easier net loading from the side, with 1 active and 2 stock rolls, and allows over-the-edge net wrapping.

(1) *Rural Development Report 2016, IFAD, page 25, https://www.ifad.org/ruraldevelopmentreport.*

GLOSSARY
Material topic; Materiality analysis

GRI STANDARDS
GRI 103-1

The new BigBaler 1290 Plus features a baler chamber that is 80 centimeters longer than the previous model, delivering up to 10% greater bale density for improved productivity, and ideal bale shape for stacking and transport, with quality maintained throughout the day. The increase in density is dependent on field conditions. The BigBaler proved its ultimate efficiency and reliability during a challenge certified by SGS: it baled 1,254 bales averaging 434 kilos in 17 hours over 2 days.

In 2016, Case IH launched the all-new 2000 Series Early Riser® planter. It is the first to factory-integrate industry-leading seed placement technologies from Precision Planting® into a completely new system featuring a best-in-class, all-new, rugged row unit. Designed for modern seed types, treatments, populations, and conditions, the new planter can be easily customized for a range of soil types, terrains, fertilizer/chemical application needs, and crop residue management practices. Maintenance is simplified by the streamlined design and tool-free crop changes and adjustments.

GROWITUP DRIVES INNOVATION BY BUILDING SUCCESSFUL STARTUPS

In 2016, New Holland Agriculture became a partner of the *growITup* platform, a technology incubator for Italian startups. The initiative is backed by Microsoft and Cariplo Factory, together with a diverse panel of partners that best represent Italian excellence, such as Barilla, Enel, Intesa San Paolo, Generali, and New Holland Agriculture.
The Corporate Venture Capital program was officially launched on July 1, 2016 at *BASE Milano*, Cariplo Factory's headquarters in Italy; it is a new hub for open and collaborative innovation, devised to support startups on their path to success and help them land investments.
The main focus of the project is to promote innovation by putting high-profile Italian companies in touch with promising startups. On the one hand, the objective is to help young and innovative companies grow; on the other, to support bigger companies in designing their strategies for the future via the disruptive thinking of young innovators. It will give New Holland Agriculture an opportunity to welcome new ideas that fit its product needs in terms of advanced technology and innovation in the agri-food sector.

OUR PROJECT

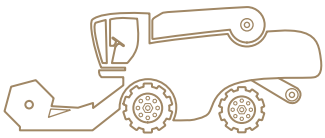
PRECISION AGRICULTURE

Precision agriculture is an agricultural management strategy by which farming operations are performed using advanced technologies and equipment, taking account of actual cultivation needs and the soil's biochemical and physical properties. In a nutshell, precision agriculture is about doing more with less: producing more food using less land, water, fertilizers, and just the right amount of seed, while tending the land no more than is necessary, without waste and with respect for the environment.
Precision agriculture technologies can link and optimize all stages of the farming cycle. The potential benefits are:

- approximately 20% in fuel savings
- 20% less work time
- an average 15% increase in productivity.

Fuel savings are the most obvious benefit, but the real advantage lies in the wealth of information acquired and processed in seconds through connectivity and access to big data. The data is fed into a telematics system, where it is processed in real time and used to make practical decisions to improve crop profitability. Through sensors measuring deep soil composition, the system acquires data on the soil's exact chemical and physical properties,

enabling it to calculate fertilizer and water requirements per gram. The data can be transmitted live to the tractor, which then distributes the appropriate quantity of chemicals per square meter of land. Throughout the operation, big data enables weather forecasts and location-specific data on rainfall trends to be assessed in real time.
CNH Industrial's agricultural brands are at the sector's forefront, offering a telematics system that is always connected, is easy to use, comes with constant customer support, and gives customers full control over their data (see also page 136). Tractors are equipped with a satellite guidance system that can read the map of a field and determine exactly how to till, plant, and work it according to soil characteristics and the yield of each field area. Following pre-defined routes, the tractor ensures no surface of the field remains uncovered and that no area is covered twice, with an accuracy of up to 2 centimeters.
Precision agriculture is also applied to harvesting equipment: the biaxial Twin Rotor technology patented by New Holland Agriculture, for example, enables combines to produce very high-quality grain. Special sensors on board give the operator real-time information on crop moisture levels so that combine parameters can be adjusted accordingly to optimize threshing and maximize crop yield.
Interesting applications are also available for forage harvesters: the NIR On Board system launched by New Holland in 2016 enables the accurate and real-time measurement and monitoring of the nutrient parameters (dry matter, crude proteins, crude lipids, etc.) of a forage harvester's crop. This information enables farmers to prepare high-quality livestock feed, in line with nutritionists' recommendations. Furthermore, the data collected by the NIR On Board system can easily be transferred to a computer via USB, Wi-Fi or GPS.



Precision agriculture also plays a decisive role in the sustainable production of quality wine.
New Holland's EnoControl™ grape harvesters can read preset harvest maps, enabling them to sort grapes by quality into separate hoppers so that only the best grapes are used for the finest wines. The maps are also useful to modulate the management of production equipment, in order to minimize costs and make yields more uniform. Lastly, the Braud 9000 features a FORCE-A Multiplex® optical sensor that monitors anthocyanin accumulation, giving real-time access to grape maturation data directly from the machine's cab, thus optimizing crop yields.

INTERNET OF FOOD & FARM

CNH Industrial is closely involved in several research groups worldwide to promote innovation in agriculture. Reflecting this commitment is the Company's participation in the *Internet of Food and Farm* (IoF2020) consortium established on January 1, 2017.
The *IoF2020* project aims at demonstrating how the agri-food sector can benefit from Internet of Things (IoT) technologies through the large-scale adoption and integration of IoT solutions into farming and food chains across Europe. The project emerged from the *Alliance of Internet of Things Innovation* (AIOTI) initiative established by the European Commission.
The project involves 73 partners from 16 countries, which will work on 19 use cases grouped into 5 trials focusing on the arable, dairy, fruit, vegetables, and meat verticals (i.e., from production to point of sale), respectively.
CNH Industrial will lead a use case on interoperability: it will focus on enabling agricultural machinery to work as part of a single, unified agronomic production system, to improve operational efficiency and, ultimately, overall agricultural productivity.

OUR PROJECT

AGRICULTURE 4.0: THE SMART, CONNECTED ECOSYSTEM OF THE FUTURE

While agricultural machines can already share farming data through interconnectivity, the farms of the future are expected to exploit this ability more extensively.
Connectivity and the Internet of Things (IoT) will soon enable data collected in the field to be shared more readily, including with third parties (developers, service providers, and startups) in order to further enhance farm efficiency. Tractors, for example, will not only be able to connect to irrigation systems, but also to information on agricultural equipment costs and futures contracts to determine when best to harvest. Farms will therefore become smart, connected ecosystems, proactive rather than reactive. The spread of these new technologies will require a shift in farmers' mindsets along with new skill sets: not only will they need to know how to use the machines, but also to analyze the data and use it to make decisions affecting all aspects of farm management. Technology and automation will change the farmer's role into a more managerial one, with less and less time spent on repetitive and strenuous tasks. An example of autonomous farming is the world's first-ever autonomous concept tractor, capable of performing 24/7 without an operator, controlled and programmed via any computer or mobile device on the farm.

OUR PROJECT

PRODUCT ERGONOMICS AND SAFE USE

Customers are the most important component of CNH Industrial's **value chain**. Keeping operators safe while they work has always been a key factor in the Company's product design and development (see also page 151). Indeed, the Company strives not only to set and comply with high safety standards, but also to direct its innovations according to users' understanding of the product. The Company's products are used by customers 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.

In order to deliver comfort, as well as accessibility to machine components for maintenance, a working space must be designed around the operator's known and expected movements. To this end, in agriculture, CNH Industrial uses ABITA4T, a proprietary and self-developed software that tracks the operator's actual movements via Vicon Cameras and body markers, and transfers them onto a virtual 3D mannequin.
This enables simulating the interaction between operator and controls to devise the most comfortable solutions. Similar software applications are also used for commercial vehicles, namely Abita LCV for light commercial vehicles and Feel for heavy trucks.

Research also extends beyond cab interiors. Given that certain missions require the operator to focus on the operations performed by the machine, the simulation of operator movements makes it possible to verify their ease of execution ahead of time. For instance, it is extremely important to understand if the operator has a clear view of what a machine is doing during any given activity without assuming an uncomfortable position.
Operator posture and fatigue during maintenance are increasingly the focus of ergonomics studies due to the demanding nature of some actions, particularly those required regularly every 30 or 50 hours of use.

GLOSSARY
Ergonomics; TCO

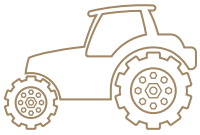
GRI STANDARDS
GRI 103-1

The Ergonomics Department and the platforms work together on the positioning of components to improve the operator's ease of access and execution, hence decreasing machine downtime during maintenance as well as the customers' Total Cost of Ownership (TCO).
Furthermore, the Ergonomics team uses specific software applications to monitor and estimate the amount of physical effort required by the operator to perform repetitive movements, such as moving control levers or lifting the hood or Roll Over Protection Structure (ROPS), which may cause musculoskeletal disorders in the long run. This information is used to lighten and improve the usability of some of the tractor's bulkier components, so as to enhance ease of use and safeguard the operator's health.

Another key aspect relates to cognitive ergonomics. In agriculture, for example, operators are often required to use different machines that sometimes feature similar functions; however, the icons identifying matching functions are often inconsistent. To this end, CNH Industrial decided to adopt the icons as per the ISO/DIS 3767-1 standard on all of its agricultural machines as of 2016, ahead of future regulatory deadlines. All existing icons were appropriately mapped, and new ones designed for those innovative functions only featured on CNH Industrial products (and hence not covered by the ISO standard).

The Ergonomics Department also collaborates with platforms by suggesting solutions, technologies, and components to improve product usability, adapting what is currently available in the automotive and other sectors to the specific needs of CNH Industrial's segments.

In the **Agricultural Equipment** segment, all CNH Industrial tractors are fitted with a Falling Object Protection System (FOPS) to protect the cab and operator from objects falling from above, a very common hazard 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 transfer 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. In agriculture, safety is vital, not only when working in the fields, but also when traveling by road from one field to another. The Operator's Manuals include an entire chapter on the safe use of each machine (see also page 156).



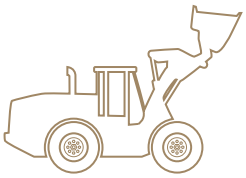
In 2016, New Holland Agriculture improved its popular T5 tractor range to incorporate a host of new features designed to boost comfort. A key development is the renowned Terraglide™ suspended front axle option. In the deluxe VisionView™ cab, carefully arranged controls and a tiltable steering column deliver increased comfort during operations. A panoramic windshield and large 200-degree wiper improve visibility even in poor weather conditions. An additional storage box to the left of the driver's seat increases stowage capacity. Externally, new high-power LED work lights improve night vision. The optional 8 LED lights produce 15,600 lumens and a broader spread of white light, delivering 145% more light and greater durability (with less power consumption) compared with equivalent power halogen lights.

The T6 all-purpose tractor series, launched in 2016, offers unmatched comfort thanks to the Auto Comfort™ active seat with incorporated climate control. The seat reduces body vibrations by up to 40% compared to low frequency seats, while extraction fans within the seat remove moisture, lowering surface humidity and temperature. The cab also provides exceptional 360-degree visibility through a single-piece windshield, 5.85 square meters of glass, and a high-visibility roof panel for loader work. In addition, all T6 models feature standard LED work lights that provide exceptional lighting in after-dark operations. For maximum comfort at high transport speeds, the Terraglide™ suspended front axle protects the operator from shocks when travelling on uneven surfaces; in the field, it enhances road grip, thus improving traction.
In 2016, New Holland's Blue Cab™ 4 - fitted on the brand's specialized F, N, and V tractors and on the compact Braud grape harvesters - won the *Technical Innovation Award* at *EIMA International 2016*, the biennial agricultural mechanization trade fair held in Bologna (Italy). The Blue Cab 4 is an innovative concept designed around the safety and wellbeing of the operator. It delivers improved air quality via 2 filtration levels – category 2 and 4 – in one system, with closed-loop cab pressurization. On grape harvesters, this intelligent system starts category 4 filtration automatically only when a spraying unit is hitched to the machine and activated.

GLOSSARY
Ergonomics; FOPS; ROPS

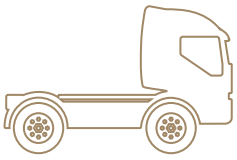
The Blue Cab 4 offers other unique features such as the patented auto air-cleaning valve, which purges the air in the cab before pressurization and the activation of category 4 filtration, and the filter management system, which keeps track of maintenance intervals and filter usage. Furthermore, the cab offers a level of operator protection that exceeds the requirements of EN15695-1 and -2 standards: even though the latter require only cab and filter classification through laboratory testing, New Holland also tested the durability and performance of the filtration system in the field.

Ergonomics and comfort also contribute to the safe use of **construction equipment**. With regard to passive safety, the cabs of all CNH Industrial brand models are supplied with a Falling Object Protection System (FOPS) against objects falling from above, and with Roll Over Protective Structures (ROPS) in the event of vehicle rollover. Additionally, the Operator's Manuals include an entire chapter on the safe use of each machine (see also page 156). Lastly, all potentially dangerous machine components are listed and decaled onto the side of the machine itself. Maintenance activities are performed from the ground, to minimize the risk of accidents.



CASE Construction Equipment's new G Series wheel loaders, launched in 2016 in NAFTA, feature the CASE-exclusive mid-mounted CASE cooling module. This module allows coolers to be positioned in a cube design, which gives access to clean and cool ambient air, limits debris buildup, and provides easy access for routine cleaning. An optional variable-speed reversing fan further minimizes the need for manual cleaning. As a result, CASE design engineers were able to move the engine down and further back into the machine, improving weight distribution and stability, and allowing for a sloped rear hood that provides excellent rear visibility and facilitates access to all regular service items from ground level.
Heavily inspired by automotive design, the new cab features the latest in electro-hydraulic controls, ergonomic design, and operator interfaces, which make operation simpler and more efficient. A solid-state controller provides software control over electrical power distribution and basic vehicle functions. A membrane keypad replaces a series of rocker switches for common machine functions, and a new steering console mimics the driver controls – from lights and wipers to turn signals – found in most cars/trucks.
All machine parameters are displayed on a new 8-inch LCD monitor, which is user-friendly and simplifies control of many of the loader's functions and activities. The cab was also engineered to bring a new level of comfort and ergonomics to the operator. It offers 3 seat options (including a premium heated Air-Ride Seat), adjustable seat positioning and controls, and ample, adjustable legroom. Greater visibility on all sides of the machine is delivered by a new, single-piece rounded windshield, a rear grid defroster, and redesigned external mirrors that were repositioned to prevent operator fatigue. The G Series also features an all-new HVAC system that ensures the fastest cool-down for loader cabs in the industry, and excellent heating, defrosting, and defogging. The operator environment is complemented by new plastic parts (similar to those in the automotive sector) that are more durable and resistant to scratches, and easier to clean. Other features such as a new Bluetooth radio with full streaming, a satellite radio (with optional equipment), and music device compatibility are available to enhance the operator's experience.

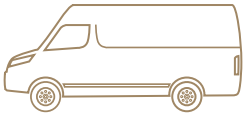
CNH Industrial believes it is the product manufacturer's responsibility to ensure high safety standards. This commitment is reflected in the design and development of vehicles that ensure high levels of preventive, active, and passive safety to maximize the protection of vehicle occupants, cargo, and other road users.
Commercial vehicle operators are aware of work-related risks and the importance of vigilance on the road. To this end, Human Machine Interfaces (HMI) must be as user-friendly and ergonomic as possible, optimizing:



- interior cab comfort, in terms of spaciousness, controls layout, and internal and external visibility
- posture
- seat comfort
- ease of entry/exit via the cab door and load compartment.

GLOSSARY
Ergonomics; FOPS; ROPS

IVECO's New Daily Euro VI range also includes the class-exclusive Hi-Matic family, which delivers ultimate comfort as well as enhanced safety, performance, and productivity with features such as the ergonomic multifunctional gear shift and self-adaptive gear shift strategy. In addition, the intelligent EcoSwitch PRO system reduces torque automatically, without driver intervention, detecting if the vehicle is carrying a load, thus reducing fuel consumption and further lowering emissions without compromising productivity. Since the driver is at the center of IVECO's design process, the latest generation of the Daily Hi-Matic product family was developed to include a broader range of models to meet all business needs.



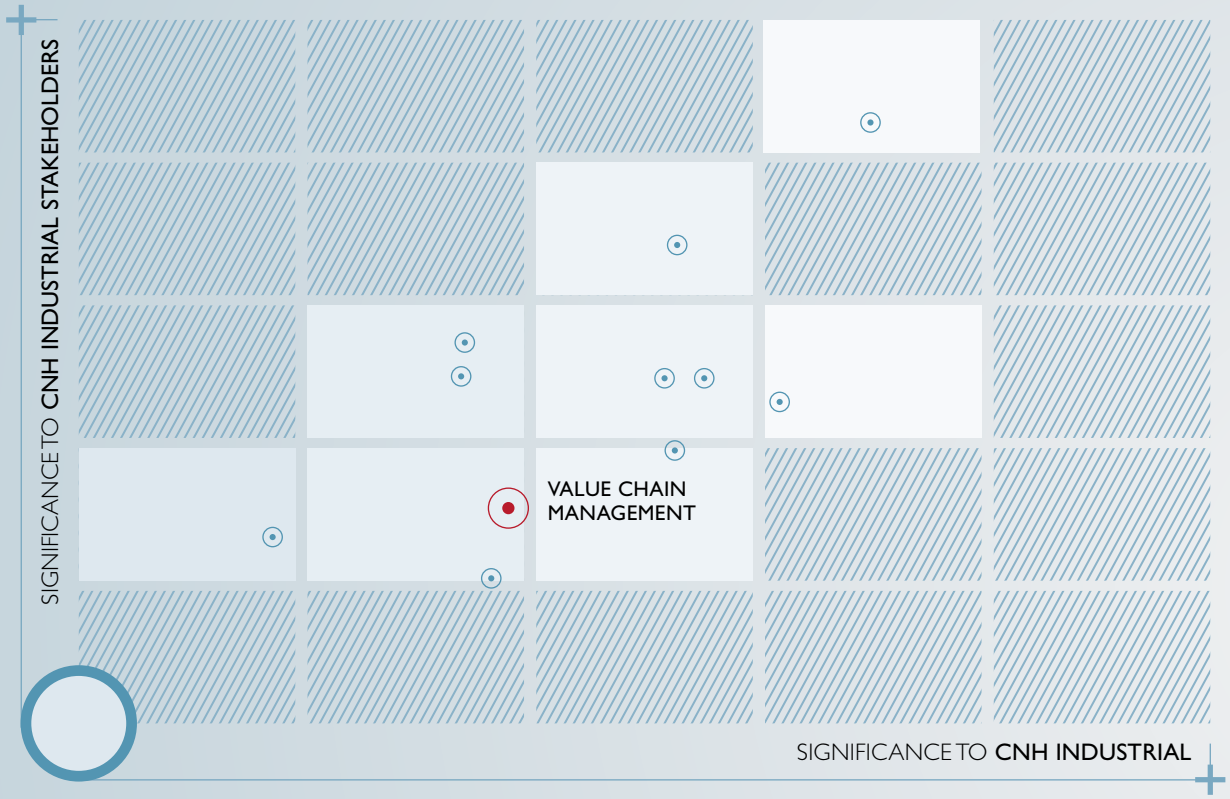
Through its advanced technology and meticulous design, bus and coach manufacturer IVECO Bus ensures drivers and passengers industry-leading levels of safety. The brand's ongoing research and development has resulted in the production of vehicles that surpass safety standards and regulations. Passive safety is reinforced by the robust bodywork, which acts as a safety cell in the event of vehicle rollover in accordance with European Directive R66, and by the design of the passenger compartment, which was developed to reduce the risk of injury and that integrates 3-point seatbelts in all exposed areas. Additionally, the integrated independent front suspension with independent front wheels guarantees outstanding road grip and perfect directional stability, and minimizes vehicle pitching and rolling. Moreover, coaches for school transportation are fitted with an alcohol ignition interlock that requires the driver to exhale into a breathalyzer before the vehicle can be started. Numerous state-of-the-art features ensure high levels of active and preventive safety. Furthermore, the driver's field of vision on all IVECO Bus buses and coaches is entirely unobstructed thanks to large panoramic windshields and safety equipment enabling the continual monitoring of the vehicle's peripheral areas. External heated and electronically-controlled mirrors, an additional wide-angle mirror on the right-hand side, and a rearview video camera are all available as optional.

ADVANCED DRIVER ASSISTANCE SYSTEMS (ADAS)

			LIGHT RANGE	MEDIUM RANGE	HEAVY RANGE	BUSES	TRACTORS
ACC	Adaptive Cruise Control	Ensures a safe distance from the vehicle ahead via a radar located on the front bumper, and automatically triggers the brakes when the safety distance is not maintained		⊙	⊙	⊙	
ABS	Anti-lock Braking System	Allows the wheels on a motor vehicle to maintain tractive contact with the road surface according to driver inputs while braking	⊙		⊙	⊙	
AEBS	Advanced Emergency Braking System	Alerts the driver to a potential collision and automatically activates the brakes to help prevent impact or reduce impact speed		⊙	⊙		
ASR	Anti-Slip Regulation	Optimizes traction and directional stability under acceleration	⊙		⊙	⊙	
BAS	Brake Assist System	Reduces stopping distances and increases braking force in emergency situations. It also incorporates ABS, ASR, and EBL			⊙	⊙	
-	Bi-Xenon headlights	Improve night time visibility		⊙	⊙	⊙	
DRL	Daytime Running Lights	Low-power position lights that remain on during transit ensuring maximum vehicle visibility	⊙	⊙	⊙	⊙	
DAS	Driver Attention Support	Continuously monitors the driver's attention level. It processes steering wheel movements and, should any drowsiness be detected, alerts the driver with an acoustic or visual warning			⊙	⊙	
EBL	Electronic Brake Limiter	Automatically varies the amount of force applied to each vehicle brake	⊙		⊙	⊙	
ESP	Electronic Stability Program	Corrects the vehicle's trajectory in case of loss of steering control	⊙		⊙	⊙	
HH	Hill Holder	Provides assistance when starting a vehicle on an incline, preventing it from rolling backwards for a few seconds after the foot brake is released	⊙	⊙	⊙	⊙	⊙
LDWS	Lane Departure Warning System	Alerts the driver when the vehicle moves out of its lane if the turn signal is not in operation	⊙	⊙	⊙	⊙	
TPMS	Tire Pressure Monitoring System	Continuously measures tire pressure in each of the vehicle's wheels, monitoring it from the dashboard			⊙	⊙	

GLOSSARY
ADAS; Ergonomics

GRI STANDARDS
GRI 416-1



SALES AND AFTER-SALES

Material topics described in this chapter, for definitions see pages 255-256.

DEALER MANAGEMENT

CNH Industrial is well aware of the customers' need for as much information as possible on the product they are about to purchase, and the Company makes such information available through a variety of channels: brand websites, call centers, the dealer network, and the Operator's Manuals.
The dealer network is part of CNH Industrial's **value chain**, and its **management** is one of the key material topics that emerged from the materiality analysis (see also page 18). CNH Industrial is aware that the dealer and service network provides a gateway for communication between the Company and its customers. Dealerships interact every day with the customers who use CNH Industrial products in their work, who need advice on the best purchasing options and assurance that they are investing the right amount on a product that best meets their business needs. This relationship must be one of mutual trust, so that CNH Industrial customers may depend on timely assistance and minimum downtime, especially in agriculture where harvesting and sowing cannot be postponed.

The dealer network is managed by Region and by brand, and each brand is responsible for managing dealership relations and for defining the main guidelines, with suitable structures in place to meet the needs of local markets. The dealer and service network is required to meet CNH Industrial's qualitative standards, which are verified periodically, and to implement the Company's specific dealership development programs.
The main goal of these programs is to enable dealerships to offer customers the best service possible, and to foster the creation of a stronger and more competitive dealer network, thus contributing to their growth.
In addition, brand websites offer customers specific tools to assess the environmental impact of products, by calculating, for example, the Total Cost of Ownership (TCO) of a road vehicle, or the carbon footprint of an agricultural fleet (see also page 211).
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 also page 47).
Detailed qualitative standards are set for each brand and specified in the guidelines accompanying the contract that each dealership signs when admitted into the Company's dealer network. These standards mainly concern:

- dealer visual identity and guidelines
- sales[1]
- service[1]
- parts[1].

The visual identity section provides information on managing the physical appearance of the dealership, including posters, interiors, and staff uniforms. For all other aspects (sales, service, and spare parts), there is a detailed list of required facilities (meeting rooms and customer parking areas), compulsory equipment (information technology and a workshop with special tools), and the required headcount. The equipment and KPIs to be monitored for each line of business are also specified (response time in the event of downtime, and recall campaign management procedures). The guidelines also cover the training needs of dealership personnel, indicating the number of hours and types of courses that CNH Industrial will provide for each professional profile (see also page 230).
The admission of a new dealership into the dealer and service network of a CNH Industrial brand requires an Electronic Network Action Approval Form (eNAAF). In order to be approved, the eNAAF must receive a green light from the Dealer Network, Region Sales VP, Service, Parts, CNH Industrial Capital, legal representatives and, if required, from other CNH Industrial legal entities should the dealer have a contract with more than one brand.

(1) *Organization, training, management skills, tools, and processes.*

GLOSSARY
Carbon footprint; Material topic; Materiality analysis; TCO

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

Before the contract is signed, Network Development and the Commercial team notify the dealer of the recommended standards it is required to fulfill, as well as a business plan that is also shared with CNH Industrial Capital and/or Trade Finance.
Various CNH Industrial personnel provide induction training and support to the new dealerships entering the CNH Industrial network, giving guidance according to their areas of expertise:

- network managers
- sales
- service
- spare parts
- CNH Industrial Capital.

In addition, dealers may request the support of the Training function that follows the relevant market, and access many online courses specific to different dealership positions via the Training area. CNH Industrial contacts, who visit dealerships regularly, are also responsible for communicating any changes in quality standards based on their area of competence, and for establishing a schedule for dealership compliance. The dealer network is engaged in regular events aimed at involving the sales force and providing it with updates on qualitative standards.
For any non-compliance identified during audits, an action plan is established and monitored through follow-ups. Some CNH Industrial brands strongly encourage dealers to pursue international quality standards, such as ISO 9001 for quality system management, and ISO 14001 for environmental management.
Through the Dealer Satisfaction Survey (DSS), CNH Industrial measures dealer satisfaction with certain CNH Industrial brands in EMEA and NAFTA, regarding various factors: 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 codified, which entails the creation of a user name and the provision of credentials to access the Dealer Portal. This web portal connects the global dealer network to CNH Industrial, and provides the tools to manage sales and after-sales. The Dealer Portal allows dealers to:

- configure a vehicle and draw up a quote for the customer
- enter purchase orders
- download Operator's Manuals
- register new vehicle warranties
- order spare parts
- obtain technical information for repairs
- receive authorizations to perform warranty repairs
- receive information on recall campaigns
- order informative material.

All activities related to the technical management of products are overseen by Product Support and Quality, 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 illustrating how to address recurring problems and recall campaigns (PIPs), and a repair history for each vehicle or machine. The service network can therefore access specific technical information on repairs and receive authorizations to perform warranty repairs in real time.

GLOSSARY
ISO 9001; ISO 14001

Should more specific technical assistance be required, ASiST enables interactive, online contact with teams of product specialists. Furthermore, ASiST provides valuable data on the frequency of defects evidenced during repairs. This allows CNH Industrial Quality and CPM teams to identify and solve global product issues in a timely manner, reducing warranty costs, facilitating the rapid launch of recall campaigns (see also page 159), and improving customer satisfaction.
Geomarketing is another tool used by CNH Network Development to monitor the performance of dealerships in their respective areas of reference. The tool can be accessed by CNH Industrial and dealers alike, allowing them a reciprocal exchange on potential growth and on specific performance within their area of reference.

AUDITS AND INCENTIVES

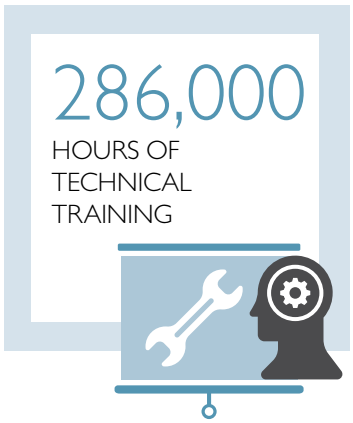
The dealer network is audited yearly, either by CNH Industrial, external agencies, or by the dealership itself through self-assessments. The audit checklist covers 3 main areas: sales, after-sales, and spare parts, as well as specific aspects for each of these areas. Dealerships are evaluated on: competitiveness, organizational structure, financial sustainability, customer service and satisfaction, visual identity, equipment and operations, administration and marketing, sales, spare parts, and training participation. The programs implementing dealer qualitative standards are monitored and managed via a dedicated system known as the Network Assessment Tool (NAT). This system is used by all CNH Industrial brands in the EMEA Region, with IVECO joining the program in 2015 using the Agricultural Equipment and Construction Equipment platform. The NAT software manages information on all CNH Industrial brand dealers and sub-dealers, allowing each legal entity to continually monitor their compliance with required qualitative standards, while overseeing the measures planned to meet them. The system also collects information on every dealership network audit performed, and respective results. After analyzing dealer performance, the system provides an action plan to help resolve the weaknesses evidenced by audits.

In 2016, 90% of New Holland Agriculture's EMEA dealerships were audited by internal and 10% by external auditors, 100% of Case IH and CASE Construction Equipment EMEA dealerships were audited by internal auditors, and 44% of IVECO EMEA dealerships were audited by internal and 56% by external auditors.

Brand audit results determine dealership access to the incentive programs established by that brand. In fact, every CNH Industrial brand implements incentive programs developed in line with global market strategies. The main objective of these programs is to foster business growth among dealerships and the best possible customer service. Some of these programs, such as Case IH's *Red Excellence Program*, CASE's *Pinnacle Program* for EMEA, NAFTA and LATAM, and New Holland Agriculture's *Top Partner Program*, establish different levels of compliance, offering the highest achiever among dealerships an opportunity to collaborate with the brand.

DEALERSHIP TRAINING

The Company believes it is very important to build the skills and know-how of all dealership personnel. This is why, every year, it designs and runs special training programs for technicians, salespeople, and after-sales staff, tailored to the strategies and needs of the brands. Training courses are designed to develop and capitalize on people's product knowledge, managerial skills, and technical know-how, and to raise awareness of a corporate identity built on standards of excellence.
To meet dealer and service network training needs, CNH Industrial created *Unetversity*, a dedicated training facility to enhance the knowledge and expertise of its dealers. *Unetversity*'s training approach aims at improving the dealer network's know-how and its ability to meet customer demands, from offering products that meet their actual needs, to performing repairs in a timely fashion.



Unetversity offers customized solutions consistent with current market conditions, and a wide range of training activities in the languages spoken by dealers and customers. Training courses are provided in many forms, from traditional classroom lectures to online, face-to-face, and virtual training. Training methods are chosen by the users, and courses are calibrated according to their actual needs. Moreover, all educational material is also designed to be shared with customers, as a tool to be integrated into daily work management.
For this reason, many of the training courses offered to the dealer network are accessible online through the Web Academy platform. This method has the advantage of maximizing the timeframe in which courses can be taken and of cutting costs by reducing the need to travel.

In addition to training on innovative products, emissions reduction, and cutting-edge services to meet customers' every need, *Unetversity* also provides TCO_2 Driving courses, especially for IVECO dealers, on how to drive vehicles correctly (see also page 219).

In 2016, *Unetversity* provided 90,300 hours of **commercial** training, for a total of 432 courses available in 19 different languages, across the Commercial Vehicles segment in EMEA and APAC.
Furthermore, over 286,000 hours of **technical** training (of which nearly 65,000 via web platform) were delivered on vehicles and major products launched during the year.

TRAINING CAMP IN AFRICA

The need for greater productivity in countries across Africa has generated an increasing demand for agricultural equipment and training on mechanized farming and machinery use. This demand was met by Case IH through various theoretical and hands-on training courses.
On April 5-14, 2016, the brand held a 2-week course in Parys (South Africa), with the first week dedicated to salespeople from South Africa and the second to salespeople from the rest of Africa and the Middle East. The commercial training camp provided extensive first-hand information on Case IH's product range, its benefits, and competitive advantage. Theoretical training focused on products and sales aspects specific to the respective markets and customers. During the hands-on training, participants had the opportunity to get behind the wheel and test drive Case IH tractors and combines, accompanied and assisted by Case IH commercial training experts. They were shown the latest product advancements and enhancements and were encouraged to ask sales-related questions. The 2-week training camp ended with a *Customer Day* event, with more than 400 visitors from Africa and the Middle East.
During the year, Case IH also delivered an in-depth training course for distribution salespeople and operators at a site in Naivasha (Kenya). The course covered a wide range of Case IH tractors with a focus on the latest lines, blending theoretical and hands-on sessions and involving more than 30 participants.

OUR PROJECT

OPERATOR TRAINING CAMPS

In 2016, CMC Motors Group, a New Holland Agriculture distributor in Uganda, held a product-training course for the tractor operators of the country's 2 largest sugar companies, Kakira Sugar Works and Sugar Corporation of Uganda, at their respective training centers. Both companies use New Holland tractor fleets in their sugarcane farming operations, for cultivation and transport.

The classroom and hands-on training focused on New Holland's TS6.110 tractor and on its new features and improvements, and involved 257 tractor operators. Trainees were taught how to operate the machine effectively and safely in a variety of operations, how to carry out basic maintenance, as well as preventive measures to avoid breakdowns and technical issues.

At the end of the course, participants gave very positive feedback on both the course and the tractor.

FINANCIAL SERVICES

Financial Services, primarily under the brand CNH Industrial Capital, offers a range of financial products to dealers and customers in the various Regions in which it operates. Financial Services' goal is to maximize CNH Industrial's sales by serving the brands and the dealers with tailored financial solutions while securing an appropriate level of profitability defined in terms of equity remuneration. As a captive business, CNH Industrial Capital depends on the operations of Agricultural Equipment, Construction Equipment, and Commercial Vehicles, and its geographical presence is consistent with the commercial footprint of the Company. In 2016, the total managed portfolio, including the portfolio held by non-consolidated joint ventures, reached approximately $25 billion with contributions from all Regions. The main products offered are wholesale financing to dealers and retail financing for the purchase or lease of new and used equipment and vehicles. The Financial Services segment serves more than 500,000 customers and 3,000 dealers worldwide, with a staff of around 1,300 employees including the supporting functions.

Financial Services supports the Company throughout the management of its receivables and related risks. Such activity has been consistently performed in line with the goal to drive best-in-class performance, leveraging core competencies and securing enhancement of skills within the Company. It also entails progressive process standardization and system integration as well as implementation of common policies, both driving efficiencies in terms of operation and Governance.

2016 has seen a review of the Governance and the internal control system of CNH Industrial Financial Services SA, the primary subsidiary in Western Europe, incorporated in France and qualified as a specialized credit institution. The outcome of the comprehensive review led to an enhancement of the reference framework and processes consistent with the evolution of regulations and the more advanced industry practices. Recommendations emerged have been shared throughout Financial Services to secure cross fertilization and support harmonization.

Customer selection and monitoring represent a key element to secure the performance of the receivables managed. Financial Services confirms its focus on the quality improvement of the portfolio, also with respect to the appropriate identification and monitoring of the underlying counterparts. Business relationships have been assessed according to sound know-your-customer practices, applicable anti-money-laundering laws and Company policies and procedures so to ensure that third party business counterparts are reputable, qualified and involved in a legitimate business. The reference framework has been updated in 2016 in light of the evolution of regulations and to reflect experience in operations and business practices.

CUSTOMER SUPPORT

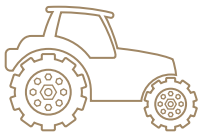
From the initial contact onwards, CNH Industrial interacts with and assists its customers to give them an experience that meets their expectations. The Company's Customer Care departments are dedicated to developing, managing, and promoting customer service solutions, fostering enduring relationships, and satisfying customer needs and expectations. Via the brand websites, toll-free numbers, emails, and smartphone applications, customers may directly request information or make a complaint 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 a resolution in the timeliest manner. Each and every CNH Industrial brand, Region, and department has a reference person for each type of information request or complaint, ensuring issues are dealt with as quickly and fully as possible.

CNH Industrial's Customer Service centers work in close collaboration 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 with accurate and timely inquiry feedback and complaint management
- Breakdown Assistance and Assistance Non-Stop (post-sales) - services designed to intervene by any means to ensure minimum downtime in the event of a breakdown.

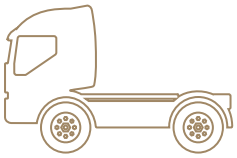
CNH Industrial centers all operations around customer needs and on developing good customer relations. The Company is open to all customer contacts of any kind, whether to request information or make a complaint, which can be done via the international toll-free number, brand websites or email. Each brand is responsible for managing its respective website and social network presence (Twitter, Facebook, YouTube, etc.), 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.).

Most product complaints have a 5-day resolution target. If a case goes beyond the target date, the Customer Relations manager reviews it and decides whether to escalate the issue. Escalation usually involves external company resources, such as field services or dealerships. Customers who have filed a request are invited to take part in a phone survey to verify whether CNH Industrial met their expectations. Moreover, a Compliance Helpline was launched in 2014 (a web platform managed by a third party) that enables customers to ask questions or report possible violations of the Code of Conduct, Company policies, or applicable laws (see also page 47). These inquiries are organized by type or category, and assigned a target date or objective for completion.



Breakdown Assistance (BDA) intervenes in case of vehicle breakdowns for Agricultural Equipment and Construction Equipment customers, to ensure that all necessary steps are taken to minimize downtime. Through BDA, equipment failures reported by customers are notified not only to the dealer but also to the brands, so that the latter may also help resolve the problem. A dedicated Parts Shipment and Delivery team oversees the location and delivery of parts, including overseas shipments. The BDA service tracks customers until all issues are resolved, allowing them to get back to work as soon as possible. This process is carefully monitored: in NAFTA and LATAM, once an issue has been resolved, dealer and customer satisfaction surveys are carried out to evaluate service and process performance, measured in hours of Total Vehicle Downtime (see table on page 236).

Assistance Non-Stop (ANS) ensures a round-the-clock, 365 days a year service to Commercial Vehicles customers. Established to provide instant technical support for vehicle problems, the service is operational across 31 European countries and is available in 10 languages. All ANS employees receive specific training and regular refresher courses. As soon as the customer and vehicle are identified and located, every assistance request is managed by an operator who carries out a pre-diagnosis of the problem. As of 2016, operators can directly involve technicians in the 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 site.
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 the faulty model and duration of the breakdown.



The ANS service can be contacted via a universal toll-free number or through the Iveconnect on-board system (see also page 218). In the event of a breakdown, the Iveconnect system allows the driver to contact the Customer Center directly from the vehicle by sending an automatic breakdown assistance request. In turn, the Customer Center sends the driver regular updates on the status of the request and the estimated assistance arrival time, all directly through the on-board telematics system. The Customer Center can contact the nearest mechanic through ANS Mobile, an application available on Android and Blackberry devices, which can locate the nearest mobile repair van and track its movements using GPS. In 2016, the IVECO Customer Center launched a new app, IVECO Non Stop, which allows customers to activate and request assistance from their smartphones in the same way as Iveconnect.

WHERE CUSTOMERS FEEL AT HOME

CASE Construction Equipment has 2 Customer Centers in the US and France, respectively, designed to make customers feel at home. When customers visit either one, normally accompanied by their dealers, they are welcomed by a team that takes good care of them throughout their stay.

The customer is made to feel like part of the team and is encouraged to climb on board the vehicles, open the service access doors, try the vehicles out, and have a go at loading, lifting, digging or driving. Customers are always the focus of attention at a CASE Customer Center: the experienced team fully understands their business needs and is able to answer all their questions. Whatever the customer needs to know, whether about lifting capacities, repair and maintenance packages, or finance, each center has experts on site to talk through any business requirement.

Both centers have large outdoor test areas for machine demonstrations, where visitors can experience equipment operation first-hand in real jobsite working conditions, as well as an auditorium with seats and a panoramic window facing the main demonstration area, which enables indoor viewing of product demos year-around, even in the event of adverse weather. Because a visit can last a couple of days, both centers have a restaurant, relaxation areas, a gym, and a bar. The Tomahawk Customer Center in the Northwoods of Wisconsin (USA) even offers accommodation for overnight stays.
There is a vast range of CASE models at both centers (over 50 in Paris, over 60 in Tomahawk, Wisconsin), so customers can be sure to find the right solution to their needs.

FOCUS ON

CUSTOMER SATISFACTION

The Company continually monitors results and customer satisfaction levels, inviting every customer who has ever received assistance to participate in follow-up surveys.

Agricultural Equipment and Construction Equipment brands closely monitor specific factors at their customer service centers to ensure ongoing service improvement. These factors include response time, vehicle downtime, satisfaction with Breakdown Assistance, and data and compliance management. Customer satisfaction assessments are usually via a phone survey, offered to all customers who submit a request.

Commercial Vehicles brands assess customer satisfaction using the ANS service 72 hours after service delivery. The general level of satisfaction with the service is assessed based on 3 elements: the telephone service or call center, on-site assistance, and the service dealer (winch or tow). Assessment results lead to a plan of action to be implemented by field services.

CUSTOMER SERVICE PERFORMANCE INDICATORS

CNH INDUSTRIAL

Agricultural Equipment and Construction Equipment	EMEA	NAFTA[a]	LATAM
Contacts managed[b] (no.)	159,334	20,559	6,462
Average Call Center response time (seconds)	20[c]	23	8
Vehicle downtime			
Vehicles repaired within 48 hours (%)	74	52	49
Customer participation in satisfaction surveys[d] (%)	14	6	-
Satisfaction index (scale of 1-10)	-	4.88	-
Information quality	7.5	5.72	-
Complaints	6.6	4.45	-
Breakdown Assistance[e]	-	9.57	8.9
Commercial Vehicles			
Contacts managed (no.)	1,469,925	-	33,925
Average Call Center response time (seconds)	20[c]	-	18
Vehicle downtime			
Arrival and repair under 3 hours (%)	68	-	70
Arrival and repair under 24 hours (%)	79	-	-
Arrival under 70 minutes	-	-	73
Customer participation in satisfaction surveys[f] (%)	11	-	43
Satisfaction index (Scale 1-10)	9.0	-	-
Satisfied or *Very satisfied* customers (%)	-	-	92

(a) Commercial Vehicles are not marketed in NAFTA.
(b) Breakdown Assistance contacts are not included.
(c) More than 80%
(d) Based on customer information and complaint survey data.
(e) Data no longer collected in EMEA due to data protection legislation.
(f) Survey carried out to objectively evaluate and measure customer satisfaction with the Assistance Non-Stop service in case of vehicle breakdown.

In 2015, CNH Industrial launched a Customer Satisfaction Index (CSI) pilot program in EMEA, on lead markets in the Agricultural Equipment and Commercial Vehicles segments. The aim was to monitor the quality of services offered through its own distribution network regarding sales (CSI sales) and after-sales (CSI after-sales). Monitoring occurs via telephone interviews, during which clients talk about their experiences, highlight the best aspects of the services received, and suggest areas for improvement. In 2016, the program was extended to additional markets as follows:

- Commercial Vehicles: sales CSI monitoring in 8 markets and after-sales CSI monitoring in 6 markets
- Agricultural Equipment: sales CSI monitoring in 4 markets and after-sales CSI monitoring in 3 markets.

In NAFTA, in addition to the CSI program, Customer Relations maintains its own set of KPIs. The inquiries received by Customer Relations are filtered into 2 case categories - information and complaints - and broken down to provide more detail for internal analysis purposes, thus driving further metrics improvements. Additionally, in the North American market:

- all Breakdown Assistance (BDA) inquiries are followed by an online survey (with an 18% participation rate)
- all Customer Relations case types are surveyed as follows:
  - all complaint cases are followed up with a phone call and a live survey
  - all information cases are followed up with an online survey.

Once survey results are compiled and formatted, they are separated by brand and sent to the brand leaders for review. In NAFTA, the goal is to close 90% or more of complaint cases, and 93% or more of information cases, on time. Current figures are:

- complaint cases closed on time: 88%
- information cases closed on time: 92%.

In 2016, in APAC, CNH Industrial implemented a Customer Relationship Management (CRM) system in Russia to improve follow-ups on the requests of existing customers and to manage new potential customer contacts. All customer contacts and interactions are recorded on the system to simplify retrieval and management.
The system is in use at 15 dealers in Russia and at IVECO Russia headquarters. There are plans to extend the CRM system to the entire Russian dealer network in 2017 and to other APAC markets in the next few years.

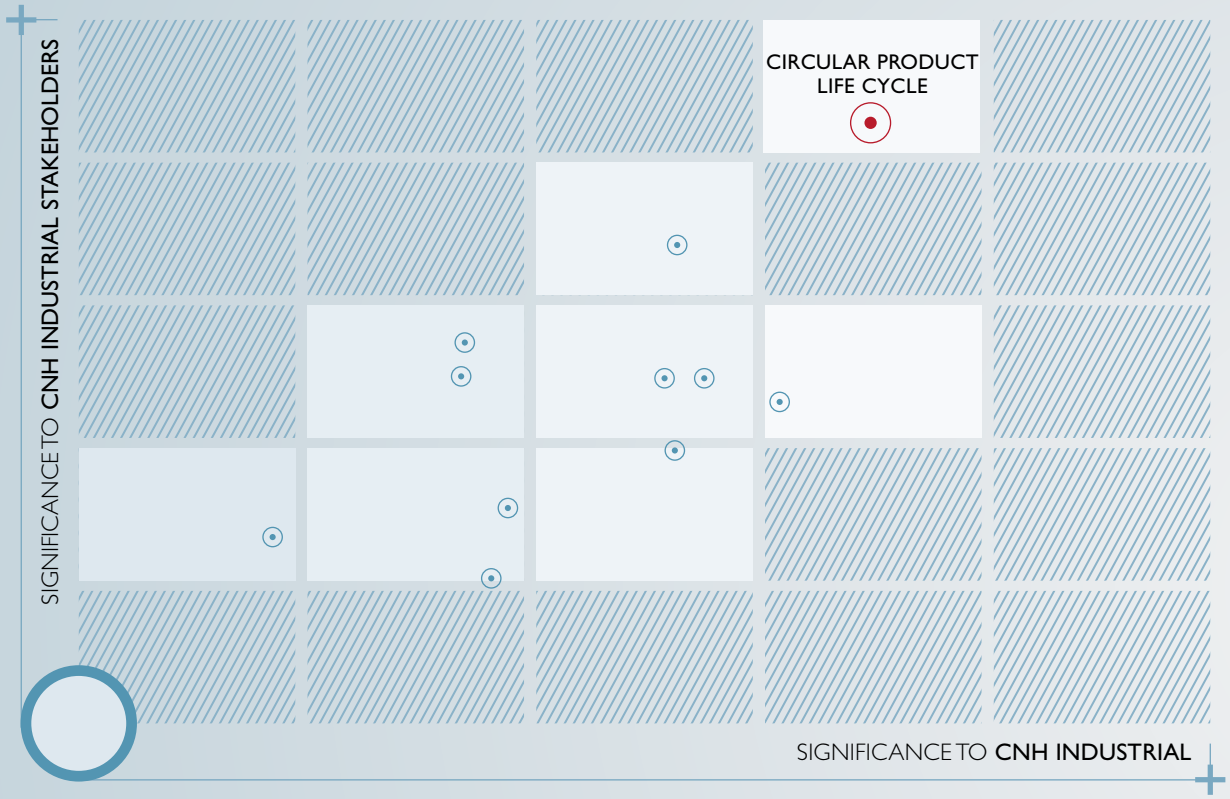
THE FIREFIGHTER ACADEMY

The best firefighting vehicles are built by firefighters. This fact was known to Conrad Dietrich Magirus, who was a passionate firefighter and the visionary founder of Magirus in 1864. In keeping with this tradition, Magirus currently builds modern and reliable firefighting vehicles, ladders, rescue and equipment vehicles, special solutions, pumps, and portable pumps.

The products' strength lies in the thorough understanding of the needs of firefighters worldwide, who are more than just key customers to Magirus. Knowing exactly what is needed on the job, they also personally train many of the Company's employees. In addition to building and shipping products worldwide, Magirus provides intensive training courses on the use of its equipment. The *Firefighter Academy* is a seminar and training center delivering knowledge, know-how, and skills development. Training topics range from operator and driving safety to tactics and practice under real-life conditions. The service range is structured to involve both fire brigade leadership and rank-and-file firefighters.

Among other products, the Company offers both the world's longest turntable ladder, with a work height of 68 meters, and the Superdragon X8 fire engine. The latter, designed for complex tasks at large modern airports, can reach a speed of 85 kilometers per hour in 25 seconds, is able to spray water, foam or dry powder while traveling at a speed of up to 70 kilometers per hour, and can pump up to 8,000 liters per minute.

FOCUS ON



END-OF-LIFE

Material topics described in this chapter, for definitions see pages 255-256.

> WE MUST BE A COMPANY THAT **RECYCLES** ITS VEHICLES; AND, SINCE OUR CUSTOMERS ARE OUR **PARTNERS**, WE HAVE TO LET THEM KNOW THAT WE WILL ALWAYS BE **DEVELOPING** NEW MODULAR PRODUCTS FOR THEM.
>
> **EMPLOYEE** LATAM

REMANUFACTURING

As the materiality analysis shows, CNH Industrial recognizes the high importance of promoting a **circular product life cycle** to minimize impact on the environment. Reusing, recycling, and recovering components can reduce landfill waste, and component remanufacturing enables resources to be used for as long as possible. Stakeholders believe it is important to reduce raw material usage and CO_2 emissions, cut costs by reusing recoverable materials, thus avoiding waste, and extend remanufacturing to other sectors. However, stakeholders feel that more stringent standards are necessary to streamline the technical specifications of processes and to ensure reliable and consistently high quality end products.

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 customers reliability and reduced vehicle downtime at competitive prices.

The Parts and Service function leads the overall remanufacturing process in close cooperation with FPT Industrial for all driveline related parts, and the function's head is a member of the Group Executive Council.
There are various stakeholders involved in the remanufacturing process:

- customers
- dealerships, which propose remanufacturing solutions, salvage cores, and fit remanufactured parts on vehicles
- suppliers, which remanufacture cores and ensure the same operational performance as new products
- Parts and Service, which manages product portfolios, commercial offers and communication, training to dealers, and logistics and reverse logistics processes.

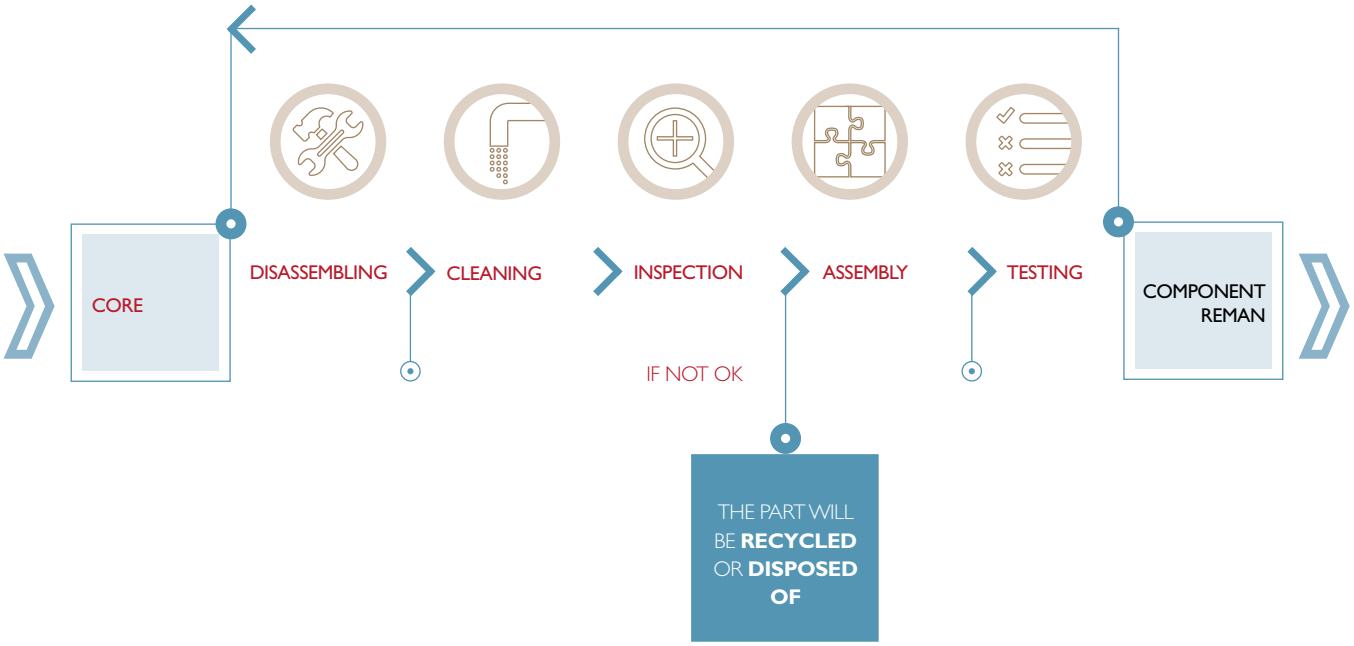
Parts and Service manages the overall process, from the collection of cores from dealerships to the stocking and retailing of remanufactured products to end customers. CNH Industrial offers a full range of original spare parts to cover the entire life cycle of all products, alongside a broad selection of remanufactured parts. All brands can thus offer more environmentally friendly products, like-new quality, extended engine warranties, and good value, since remanufactured parts save the customer an average 30% on the purchase price.

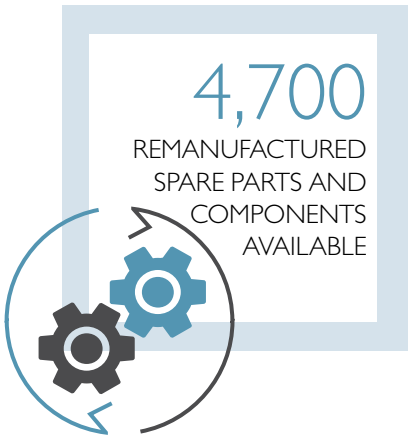
CNH Industrial's target set for 2022 aims at a 10% increase in Parts & Service net sales from remanufactured components compared to 2014.
In 2016, 7% of Parts and Service revenues in NAFTA was generated from remanufactured parts.

REMANUFACTURING PROCESS

Specifically in EMEA, the Parts and Service function collects cores from dealerships and transfers them to the FPT Industrial Garchizy plant (France), or to one of its certified and approved suppliers. The supplier's 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 emissions levels as the equivalent new components. As further proof of their high quality and reliability, the spare parts remanufactured by CNH Industrial are subject to exactly the same maintenance intervals and warranty conditions as new parts.

Products are remanufactured for Case IH, New Holland Agriculture, CASE Construction Equipment, New Holland Construction, and IVECO brands. They include a wide range of more than 4,700 parts (including engines (blocks or components), transmissions, cylinder heads, turbines, starter motors, alternators, fuel injection systems, control units, flywheels, clutches, compressors, hydraulic components, etc.) and are available across the board for all CNH Industrial brand products.

GLOSSARY
Core

RECOVERY AND RECYCLING

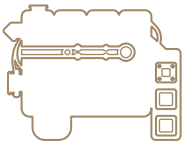
The commitment to reduce the environmental impact of end-of-life vehicles (ELVs) starts in the concept and design phase, through the selection of easily recyclable components, and continues every step of the way, from the remanufacturing of worn components (cores), to providing customer assistance in the scrapping of products that are no longer serviceable, but whose parts are suitable for remanufacturing.

MAIN MATERIALS USED

Material type	Renewable material	Non-renewable material[a]	Recoverable material	Purchased from external suppliers[b]
Metals	-	⊙	⊙	⊙
Polymers[c]	-	⊙	⊙	⊙
Elastomers[c]	-	⊙	⊙	⊙
Glass	-	⊙	⊙	⊙
Fluids[c]	-	⊙	⊙	⊙

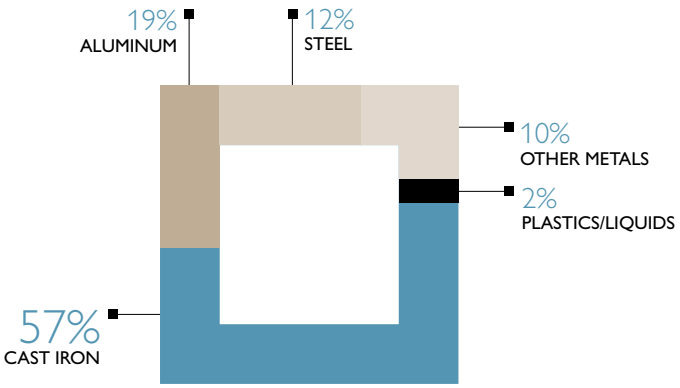
(a) As per GRI Standards, non-renewable materials are resources that do not renew in short time periods, such as minerals, metals, oil, gas, or coal.
(b) CNH Industrial does not always purchase raw materials directly (see also page 164).
(c) The actual level of recyclability depends on contingent factors such as the technologies available in a given country, chemical compatibility, and composition details.

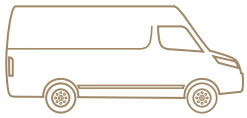
In 2014, the first product Life Cycle Assessments performed provided data on exact material composition and percentage breakdown, as well as an estimate of recyclability rates for each material.
As regards the F1 engine, the recoverability rate is 95% of the total weight, in line with the minimum requirements of Directive 2000/53. It is, however, a conservative figure considering FPT Industrial's environmental policies, which favor the use of materials and design solutions enabling the production of components suitable for disassembly and remanufacturing.



COMPOSITION OF F1C ENGINE

CNH INDUSTRIAL WORLDWIDE

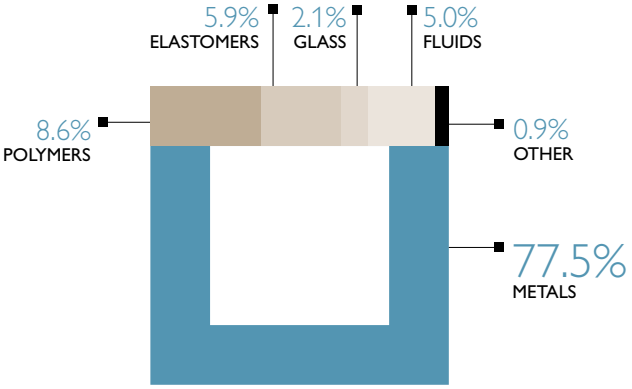




In Europe, for all new type-approved car models, the European Directive 2005/64/EC (on Reusability, Recyclability, Recoverability) sets minimum levels of recoverability (95%) and recyclability (85%).
In July 2010, these regulations were extended to light commercial vehicles, hence including some of the IVECO product range. CNH Industrial monitors and optimizes recoverability and recyclability levels through the International Material Data System (IMDS).
The IVECO New Daily has already reached and exceeded a **95% recoverability rate**. Furthermore, thanks to an agreement with Fiat Chrysler Automobiles (FCA), its end-of-life in Italy is handled through a network of approximately 300 authorized agents, duly trained to recycle metals and separate polymers into different categories. The list of authorized dismantling agents is available on the IVECO website.

COMPOSITION OF IVECO DAILY CAB BY MATERIAL[a]

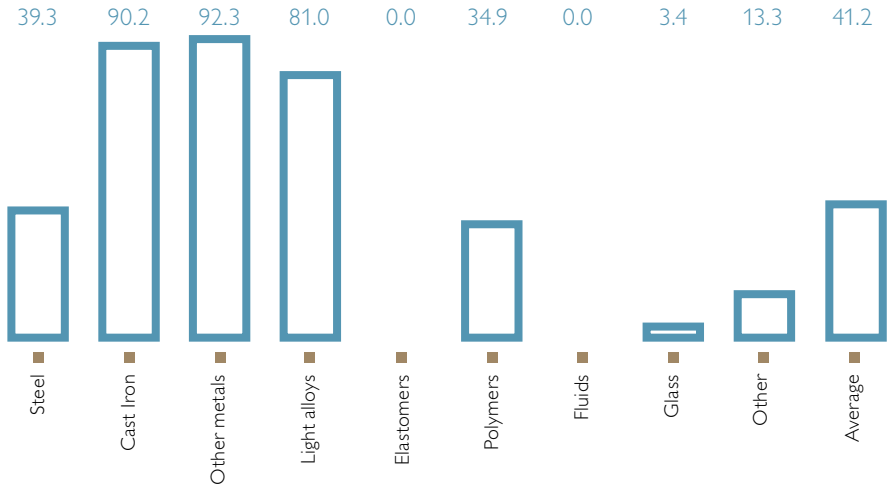
(PERCENTAGE OF TOTAL VEHICLE WEIGHT)



[a] Data refers to average values for IVECO's New Daily launched in 2016, as per European Directive 2005/64/EC.

PERCENTAGE OF RAW MATERIALS RECYCLED[a]

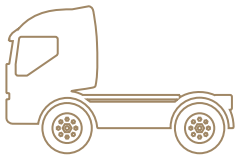
IVECO NEW DAILY (% OF TOTAL RAW MATERIAL USED)



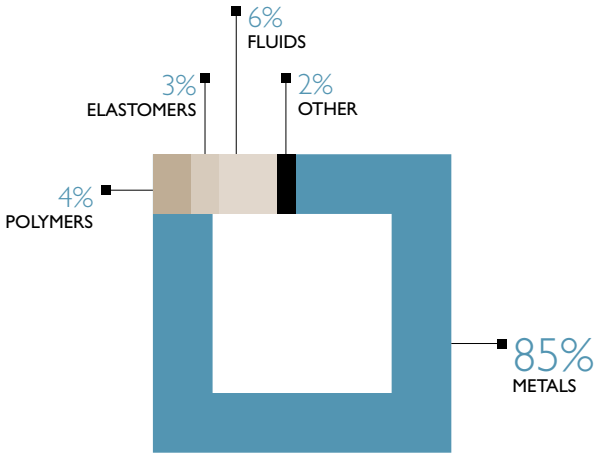
[a] Data refers to average values for IVECO's New Daily launched in 2016, as per European Directive 2005/64/EC.

GLOSSARY
IMDS

The IMDS was one of the main tools employed within the scope of the *Ecoconception* project, used by the suppliers of IVECO Astra (by some for the first time) to collect comprehensive data on vehicle composition. This data enabled the brand to assess, from a green procurement perspective, the level of conformity of the vehicles involved with the regulations in force for light vehicles, particularly Directive 2000/53/CE with regard to the ban on heavy metals, and Directive 2005/64/CE on vehicle reusability, recyclability, and recoverability. The IMDS database was also used to identify any Substances of Very High Concern, thus helping to achieve compliance with the REACH Regulation in terms of reporting obligations (Art. 33) and substance authorization requirements.



COMPOSITION OF IVECO ASTRA HEAVY DUTY TRUCK
(PERCENTAGE OF TOTAL VEHICLE WEIGHT)



Moreover, all of the Euro V Heuliez buses still manufactured in Rorthais (France) have stainless steel frames and composite panels. The lightness of these materials allows saving fuel, which reduces pollution. Furthermore, a recyclable material such as stainless steel allows limiting the use of solvents, while the adoption of composite panels, identified on the production line by standardized labeling, facilitates sorting and recycling when the product reaches its end-of-life. According to ISO 22628 standards, the bus has a **recyclability** rate of **88%** and a **recoverability** rate of **94%**.

IMDS: AN ENVIRONMENTAL MANAGEMENT TOOL

CNH Industrial is strongly committed to eliminating or reducing substances of concern (SoC)[1], which pose a potential risk to human health and the environment. To support the management of the environmental aspects linked to the production of vehicles and components, CNH Industrial uses the International Material Data System (IMDS), an online interactive platform with detailed information on the materials and substances contained in purchased components. In 2015, the platform was extended to Agricultural Equipment and Construction Equipment. In 2016, CNH Industrial worked extensively on engaging and training all suppliers, particularly those in the Agricultural Equipment and Construction Equipment segments, which, in fact, recorded a significant increase in IMDS data entries. The data uploaded to the IMDS by CNH Industrial's suppliers enabled the monitoring of REACH Regulation compliance, while keeping the supply chain well informed of upcoming legislative deadlines. In particular, it enabled monitoring the use of DecaBDE (Decabromodiphenyl ether) as a flame retardant, so as to facilitate its replacement ahead of use restrictions likely to be implemented in the future. The system also allows tracking the use of materials and substances that could become critical for geopolitical reasons, such as Rare Earths[2]. In 2016, suppliers filled out approximately 9,500 datasheets.

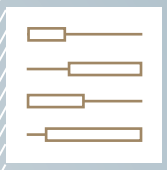
FOCUS ON

(1) *Substance of Concern refers to any substance, other than the active substance, which has an inherent capacity to cause an adverse effect, immediately or in the more distant future, on humans, in particular vulnerable groups, animals or the environment and that is present or is produced in a biocidal product in sufficient concentration to present risks of such an effect (source: European Commission, Directorate-General Environment, 2014).*
(2) *Rare Earth Elements (REE), also known as Rare Earths (RE) or Rare Earth Metals (REM), are a group of 17 chemical elements, as defined by the International Union of Pure and Applied Chemistry (IUPAC).*

05 APPENDIX

THE FOLLOWING SECTION CONTAINS: THE METHODOLOGY NOTE; THE PERFORMANCE INDICATORS RELATING TO HUMAN RESOURCES AND TO THE ENVIRONMENTAL IMPACT OF OUR MANUFACTURING PROCESSES, AS WELL AS OTHER GRI INDICATORS; THE STATEMENT OF ASSURANCE; THE GRI CONTENT INDEX; AND A GLOSSARY OF THE MAIN TECHNICAL TERMINOLOGY.

REPORT PARAMETERS

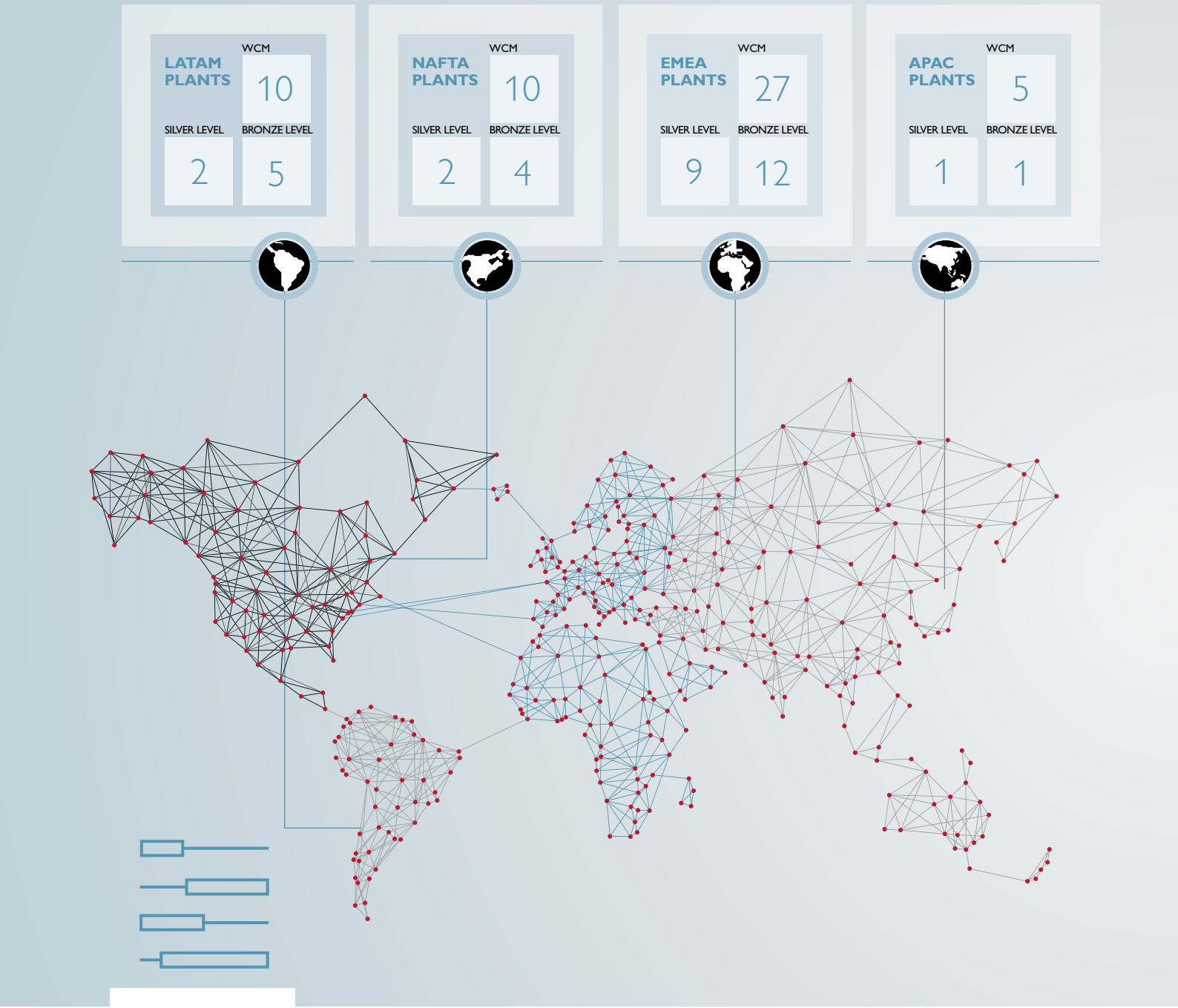


PERFORMANCE INDICATORS

STATEMENT OF ASSURANCE

GRI CONTENT INDEX

GLOSSARY



REPORT PARAMETERS

OBJECTIVES AND SCOPE

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 fourth annual CNH Industrial Sustainability Report.
This document was prepared in accordance with the GRI Standards: Core[1] option. The topics covered in the CNH Industrial Sustainability Report originate from the materiality analysis (see also page 15). As per the GRI Standards (core option), one or more disclosures included in the guidelines were monitored for each material topic (see also pages 282-285). The contents were integrated with the information requirements of Socially Responsible Investors (SRI) and financial and non-financial analysts who periodically review the Company's sustainability performance (see also page 39).
CNH Industrial's strategic approach is set out in the chapter on *Our Commitment to the Future*, on page 14, which also includes the Sustainability Model summarizing CNH Industrial's approach to sustainability, and explains how the materiality analysis evolved from a context analysis into a business tool used by senior management to identify new long-term targets consistent with, and integrated into, the Company's business strategy.

SCOPE OF THE REPORT

Unless otherwise stated, the **scope** (reporting period) of the Sustainability Report covers information and data for the year 2016 - which coincides with the calendar year - for all CNH Industrial segments worldwide consolidated in the Annual Report as at December 31, 2016. Unless otherwise indicated, the terms **Company** and **CNH Industrial** refer to CNH Industrial including all its subsidiaries (also indicated as legal entities). The term **segment** refers to Agricultural Equipment, Construction Equipment, Commercial Vehicles, Powertrain, and Financial Services.

The Company is divided into the following **Regions**: EMEA, NAFTA, LATAM, and APAC. The countries that make up these Regions are listed on page 256. It should be noted that the definition of **plant** used in the Sustainability Report is in line with that in the 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 satisfactory quality data or to the immateriality of 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.

CONTACTS

PRINCIPAL OFFICE

25 St. James's Street, London, SW1A 1HA, United Kingdom

Tel. +44 207 7660 346

website: *www.cnhindustrial.com*

SUSTAINABILITY

e-mail: *sustainability@cnhind.com*

CORPORATE COMMUNICATIONS

Tel. +44 207 7660 346

e-mail: *mediarelations@cnhind.com*

FOCUS ON

[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. The GRI Sustainability Reporting Standards were published on October 19, 2016 and represent the latest evolution of the GRI's reporting disclosures.*
They offer an international frame of reference for all those interested in organizations' disclosures on governance approach and on their environmental, social, and economic performance and impacts.

GLOSSARY
GRI Standards; Material topic; Materiality analysis; SRI

GRI STANDARDS
GRI 102-3; GRI 102-50; GRI 102-51; GRI 102-52; GRI 102-53; GRI 102-54

Key

ISO/ OHSAS | WCM Bronze | WCM Silver

PLANTS OVERVIEW

CNH INDUSTRIAL WORLDWIDE

COUNTRY	PLANT	SEGMENT[a]	PRIMARY FUNCTIONS	WCM		SAFETY		ENVIRONMENT		ENERGY	
				Award	Scope	OHSAS 18001	Scope	ISO 14001	Scope	ISO 50001	Scope
EMEA											
Austria	Graz	CV	Firefighting vehicles customization			○	⊙				
Austria	Sankt Valentin	AG	Tractors	S	⊙	○	⊙	○	⊙	○	⊙
Belgium	Antwerp	PT	Components (transmissions, rear axles and drivelines)	B	⊙	○	⊙	○	⊙	○	⊙
Belgium	Zedelgem	AG	Combines, forage harvesters, balers	B	⊙	○	⊙	○	⊙	○	⊙
Czech Republic	Vysoke Myto	CV	Buses (city, intercity)	B	⊙	○	⊙	○	⊙	○	⊙
France	Annonay	CV	Buses (coaches, city)	B	⊙	○	⊙	○	⊙	○	⊙
France	Bourbon Lancy	PT	Engines (heavy)	S	⊙	○	⊙	○	⊙	○	⊙
France	Coex	AG	Grape harvesters		⊙	○	⊙	○	⊙	○	⊙
France	Croix	AG	Cabins		⊙	○	⊙	○	⊙	○	⊙
France	Fecamp	PT	Engines (power generation units)			○	⊙	○	⊙		⊙
France	Fourchambault Garchizy	PT	Engines (remanufacturing)			○	⊙	○	⊙	○	⊙
France	Rorthais	CV	Buses (city)		⊙	○	⊙	○	⊙	○	⊙
France	Tracy-le-Mont	CE	Hydraulic cylinders		⊙	○	⊙	○	⊙		⊙
Germany	Berlin	CE	Graders						⊙		⊙
Germany	Ulm	CV	Firefighting vehicles		⊙	○	⊙	○	⊙	○	⊙
Italy	Bolzano	CV	Defense vehicles	B	⊙	○	⊙	○	⊙	○	⊙
Italy	Brescia	CV	Medium vehicles, cabs, chassis	S	⊙	○	⊙	○	⊙	○	⊙
Italy	Brescia	CV	Firefighting vehicles		⊙	○	⊙	○	⊙	○	⊙
Italy	Foggia	PT	Engines (light), drives shafts	S	⊙	○	⊙	○	⊙	○	⊙
Italy	Jesi	AG	Tractors	B	⊙	○	⊙	○	⊙	○	⊙
Italy	Lecce	CE	Wheel loaders, compact track loaders, telehandlers, graders	B	⊙	○	⊙	○	⊙	○	⊙
Italy	Modena	PT	Components (hydraulic groups, drivelines, axles and cabs)	B	⊙	○	⊙	○	⊙	○	⊙
Italy	Piacenza	CV	Quarry and construction vehicles	B	⊙	○	⊙	○	⊙	○	⊙
Italy	Pregnana M.se	PT	Engines (marine and power generation)			○	⊙	○	⊙	○	⊙

[a] *AG = Agricultural Equipment (Case IH Agriculture, Steyr, New Holland Agriculture)*
CE = Construction Equipment (CASE Construction Equipment, New Holland Construction)
CV = Commercial Vehicles (IVECO, IVECO Astra, IVECO Bus, Heuliez Bus, Magirus, IVECO Defence Vehicles)
PT = Powertrain (FPT Industrial).

GLOSSARY
ISO 14001; ISO 50001; OHSAS 18001; WCM

GRI STANDARDS
GRI 102-45

Key

ISO/ OHSAS | WCM Bronze | WCM Silver

COUNTRY	PLANT	SEGMENT[a]	PRIMARY FUNCTIONS	WCM		SAFETY		ENVIRONMENT		ENERGY	
				Award	Scope	OHSAS 18001	Scope	ISO 14001	Scope	ISO 50001	Scope
Italy	San Mauro	CE	Excavators	B	⊙	○	⊙	○	⊙	○	⊙
Italy	Suzzara	CV	Light vehicles	S	⊙	○	⊙	○	⊙	○	⊙
Italy	Torino Driveline	PT	Transmissions and axles	S	⊙	○	⊙	○	⊙	○	⊙
Italy	Torino Motori	PT	Engines (heavy)	S	⊙	○	⊙	○	⊙	○	⊙
Italy	Vittorio Veneto	CV	Components			○	⊙	○	⊙	○	⊙
Poland	Plock	AG	Combines, balers, headers	B	⊙	○	⊙	○	⊙	○	⊙
South Africa	Rosslyn	CV	Buses (Intercity), medium and heavy vehicles assembly				⊙				
Spain	Madrid	CV	Heavy vehicles	S	⊙	○	⊙	○	⊙	○	⊙
Spain	Valladolid	CV	Light vehicles, heavy cabs components	S	⊙	○	⊙	○	⊙	○	⊙
UK	Basildon	AG	Tractors	B	⊙	○	⊙	○	⊙	○	⊙
NAFTA											
Canada	Saskatoon	AG	Seeding equipment	S	⊙	○	⊙	○	⊙	○	⊙
Mexico	Queretaro	AG&CE	Components	B	⊙	○	⊙	○	⊙	○	⊙
USA	Benson	AG	Sprayers, cotton pickers		⊙	○	⊙	○	⊙	○	⊙
USA	Burlington	CE	Backhoe loaders, forklifts		⊙	○	⊙	○	⊙	○	⊙
USA	Fargo	AG&CE	Tractors, wheeled loaders	B	⊙	○	⊙	○	⊙	○	⊙
USA	Goodfield	AG	Soil management equipment		⊙	○	⊙	○	⊙	○	⊙
USA	Grand Island	AG	Tractors and combines	B	⊙	○	⊙	○	⊙	○	⊙
USA	New Holland	AG	Hay, forage		⊙	○	⊙	○	⊙	○	⊙
USA	Racine	AG	Tractors (high horsepower), transmissions	B	⊙	○	⊙	○	⊙	○	⊙
USA	Wichita	CE	Skid steer loaders	S	⊙	○	⊙	○	⊙	○	⊙
LATAM											
Argentina	Cordoba	AG	Tractors, combines		⊙	○	⊙	○	⊙		
Argentina	Cordoba	PT	Engines (heavy)		⊙	○	⊙	○	⊙		
Argentina	Cordoba	CV	Medium and heavy vehicles	B	⊙	○	⊙	○	⊙	○	⊙

[a] *AG = Agricultural Equipment (Case IH Agriculture, Steyr, New Holland Agriculture)*
CE = Construction Equipment (CASE Construction Equipment, New Holland Construction)
CV = Commercial Vehicles (IVECO, IVECO Astra, IVECO Bus, Heuliez Bus, Magirus, IVECO Defence Vehicles)
PT = Powertrain (FPT Industrial).

GLOSSARY
ISO 14001; ISO 50001; OHSAS 18001; WCM

GRI STANDARDS
GRI 102-45

Key

ISO/ OHSAS | WCM Bronze | WCM Silver

COUNTRY	PLANT	SEGMENT[a]	PRIMARY FUNCTIONS	WCM		SAFETY		ENVIRONMENT		ENERGY	
				Award	Scope	OHSAS 18001	Scope	ISO 14001	Scope	ISO 50001	Scope
Brazil	Contagem - Belo Horizonte	CE	Backhoe loaders, crawler excavators, crawler dozers, wheel loaders, graders, dozers	S	⊙	○	⊙	○	⊙	○	⊙
Brazil	Curitiba	AG	Combines, tractors	B	⊙	○	⊙	○	⊙	○	⊙
Brazil	Piracicaba	AG	Sugar cane harvesters, sprayers	B	⊙	○	⊙	○	⊙	○	⊙
Brazil	Sete Lagoas	CV	Light, medium and heavy vehicles	B	⊙	○	⊙	○	⊙	○	⊙
Brazil	Sete Lagoas	PT	Engines (light, medium and heavy)	S	⊙	○	⊙	○	⊙	○	⊙
Brazil	Sete Lagoas	CV	Defense vehicles		⊙		⊙	○	⊙		⊙
Brazil	Sorocaba	AG	Combines, components	B	⊙	○	⊙	○	⊙	○	⊙
Venezuela	La Victoria	CV	Light and heavy vehicles assembly			○	⊙	○	⊙		⊙
APAC											
Australia	Dandenong	CV	Heavy vehicles		⊙	○	⊙	○	⊙		⊙
China	Chongqing	PT	Engines (light, medium and heavy)	B	⊙	○	⊙	○	⊙		⊙
China	Harbin	AG	Combines, tractors, balers		⊙		⊙				
India	Noida	AG	Tractors	S	⊙	○	⊙	○	⊙	○	⊙
India	Pithampur	CE	Backhoe loaders, earth compactors		⊙	○	⊙	○			
Russia	Naberezhnye Chelny	AG	Tractors, combines			○	⊙	○			
Uzbekistan	Tashkent	AG	Tractors				⊙				

[a] *AG = Agricultural Equipment (Case IH Agriculture, Steyr, New Holland Agriculture)*
CE = Construction Equipment (CASE Construction Equipment, New Holland Construction)
CV = Commercial Vehicles (IVECO, IVECO Astra, IVECO Bus, Heuliez Bus, Magirus, IVECO Defence Vehicles)
PT = Powertrain (FPT Industrial)

Specifically, as regards the scope of the Report:

- **World Class Manufacturing** (WCM) data relates to 52 plants consolidated in the Annual Report as at December 31, 2016, representing 97% of revenues from sales of products manufactured at CNH Industrial plants
- **occupational health and safety** data relates to 55,652 employees, or about 96% of the workforce within the reporting scope
- information on **environmental** performance and management systems relates to 56 fully consolidated plants, representing 98% of revenues from sales of products manufactured at CNH Industrial plants
- information on **energy** performance and management systems relates to 54 fully consolidated plants, representing 96% of revenues from sales of products manufactured at CNH Industrial plants.

In addition, there are:

- 55 ISO 14001 certified plants, representing 98% of revenues from sales of products manufactured at CNH Industrial plants
- 47 ISO 50001 certified plants, representing 93% of revenues from sales of products manufactured at CNH Industrial plants
- 57 OHSAS 18001 certified plants, representing 99% of revenues from sales of products manufactured at CNH Industrial plants.

GLOSSARY
ISO 14001; ISO 50001; OHSAS 18001; WCM

GRI STANDARDS
GRI 102-45

The plant in Berlin (Germany), running at reduced production capacity, was not included within the scope of consolidation for ISO 14001 and OHSAS 18001 certifications.
In 2015, data collection started at other CNH Industrial plants worldwide, representing 1.4% of revenues from sales of products manufactured at CNH Industrial plants. These plants will be consolidated in the reporting scope in 2017, after 3 years of data has been collected.
As regards the difference in scope compared to the previous year, the plant in Calhoun (USA) was shut down in 2015, so it was not included in the reporting scope for 2016. No restatement of data was necessary.

DEFINING SUSTAINABILITY REPORT CONTENTS

Sustainability Report **contents are selected** through a process of exchange and comparison across CNH Industrial's internal structures, through a network of representatives within the different organizational areas that oversee the implementation of initiatives and the reporting of performance in terms of sustainability.
Defining the contents of the Report is a process based on principles of materiality, stakeholder inclusiveness, sustainability context, and completeness. This complex and systematic process, which takes place during the Report's planning phase, in part through the materiality analysis (see also page 15), focuses on defining the topics and scope considered important for CNH Industrial's business and stakeholders owing to their economic, environmental, and social impact. The Report provides as complete a representation as possible of the relevant information, defining environmental and social action priorities and timeframes, to enable a thorough evaluation by stakeholders.
Ensuring the quality of information, on the other hand, is a process that concerns principles of balance, comparability, accuracy, timeliness, clarity, and reliability as per the GRI Standards. Indeed, the annual Sustainability Report describes positive trends as well as weaknesses and areas for improvement, with the aim of presenting a clear and balanced picture of CNH Industrial's sustainability performance to its stakeholders. Furthermore, information and quantitative data is collected in such a way as to enable data comparability over several years and between similar organizations, with the aim of enabling an accurate reading of the information provided.
The **realization** of the Sustainability Report 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 through electronic databases (e.g., Standard Aggregation Data for environmental and health and safety data) or spreadsheets, populated directly by the representatives of each thematic area worldwide and verified by their supervisors.

In order to substantiate the Company's commitment and the reliability of contents, the Sustainability Report was **verified, analyzed, and approved** by multiple parties. It was:

- drawn up by the Sustainability Planning and Reporting Department, which reports to the Chief Sustainability Officer and coordinates across all concerned functions
- submitted to SGS Nederland B.V.,[2] an independent certification body, for verification as per Sustainability Reporting Assurance (SRA) procedures and in compliance with both the GRI Standards and AA1000 APS 2008 standard. SGS is officially authorized to provide assurance as per AA1000. It also assured the alignment of CNH Industrial's sustainability management system with the ISO 26000 guidelines on social responsibility[3]
- reviewed by the members of the Sustainability Steering Committee
- presented to the members of the Group Executive Council, CNH Industrial's highest decision-making body after the Board of Directors
- approved by the Chief Executive Officer
- reviewed by the Governance and Sustainability Committee, a subcommittee of CNH Industrial's Board of Directors
- presented along with the Annual Report at CNH Industrial's General Meeting, to provide a complete, up-to-date overview of the Company's financial, environmental, and social performance
- published and made available in the sustainability section of the corporate website.

(2) As at December 31, 2016, Sergio Marchionne and Peter Kalantzis, Chairman and Director of the CNH Industrial Board of Directors, are also, respectively, Non-Executive Chairman and Non-Executive Director of the Board of Directors of SGS S.A.
(3) The statement of assurance, describing the activities carried out and the opinions expressed, is available on pages 280-281.

GLOSSARY
AA1000; GRI Standards; ISO 14001; ISO 26000; Materiality analysis; OHSAS 18001

GRI STANDARDS
GRI 102-8; GRI 102-43; GRI 102-46; GRI 102-48; GRI 102-56

METHODOLOGIES

DETAILS OF CALCULATIONS

- To enable comparability over time, the data presented refers to the 3-year period from 2014 to 2016.
- The **added value**, 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 added value was then divided among beneficiaries as follows: employees (direct remuneration comprising salaries, wages, and severance pay; and indirect remuneration consisting of welfare benefits); government and public institutions (income taxes); financial providers (interest paid on borrowed capital); shareholders (dividends paid); Company (share of reinvested profits); and local communities.
- Economic data was collected directly rather than extrapolated from the **Annual Report on Form 20-F** as at December 31, 2016.

- **Human resources** data refers to the entire corporate scope, 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.
- Each manufacturing operative unit is required to report monthly safety data to the regional EHS Department, which is accountable for data reporting and statistics on **safety** at Company level. Data collection and analysis is performed by means of specific information technology tools and software.
- **Injury rates** were calculated excluding commuting accidents, i.e., those involving employees during normal commutes between place of residence and work. As regards the calculation of injury rates for contractors, the hours worked may be estimates.

- Investment data for **local communities** is based on accounting data and calculation methods, and also includes estimates. Figures in currencies other than dollars were converted at the exchange rate as at December 31, 2016. The stated figures also take into account the cost of employee time to manage and organize humanitarian initiatives promoted by the Company, and do not include brand promotion initiatives.

- Regarding **environmental** and **energy performance**, normalized production unit indices were defined to evidence medium and long-term trends in environmental and energy performance. The purpose was in fact to highlight enhanced performances resulting from process improvements, and not simply linked to variations in production volumes. Starting from 2014, performance indicators are calculated on the total number of manufacturing hours, defined as 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**, Standard Aggregation Data (SAD) or similar systems were individually compiled for each production unit based on respective qualitative and quantitative data. Individual Standard Aggregation Databases only include data relevant to the activities of the production unit in question. Depending on data, the detection criterion was either measured, calculated or estimated[1].
- **NO_x**, **SO_x**, and **dust** emissions were calculated based on historical average values.
- The emissions of **Ozone Depleting Substances** (ODS), deriving from inevitable leaks from cooling and air conditioning equipment, were calculated based on the amount of R-22 refilling, and converted into kilos of CFC-11 equivalent considering an Ozone Depletion Potential of 0.055 (source: United Nations Environment Programme (UNEP), HCFCs controlled under the Montreal Protocol).

(1) 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 related by 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.

GLOSSARY
NO_x; ODS; SAD; SO_x

GRI STANDARDS
GRI 303-1; GRI 303-3; GRI 305-7; GRI 306-1; GRI 403-2

- The Sustainability Report accounts for **industrial waste**, i.e., any waste directly or indirectly related to production unit activities. Industrial waste includes:
  - waste generated in production departments during normal working cycles
  - waste that, while not directly associated with manufacturing activities, is generated as a result of auxiliary or production support activities within the production unit (e.g., maintenance, logistics, clerical, catering, medical room, sanitation, etc.)

  The reporting scope does not include waste that is not associated with manufacturing, auxiliary, or production support activities within the production unit, nor waste generated as a result of activities outside the normal production cycle.
- From 2015, **waste recovered** includes waste sent to energy conversion. The data referring to 2014 was updated in line with this new definition.
- The **water sources** (or water bodies) considered as significantly affected by water withdrawals and/or discharges fall into 3 categories: protected, with high biodiversity value, or affected by water withdrawals and/or discharges in excess of 5% of their average annual volume. A protected water body is a geographically defined area designated, regulated, and managed according to specific conservation objectives. A water body with high biodiversity value is an area that is not legally protected, but recognized by government and nongovernmental organizations for the presence of significant biodiversity.
- CNH Industrial's **wastewater quality indicators** - Biochemical Oxygen Demand (BOD), Chemical Oxygen Demand (COD), and Total Suspended Solids (TSS) - correspond to the average concentrations measured at each plant's effluent discharge point and weighted according to the respective volumes discharged. For each plant, calculations were based on the highest BOD, COD, and TSS concentrations measured during the year, under normal operating conditions.

- **Energy** consumption was measured via specific measurement systems and converted into joules through specific equivalences based 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). As of 2016, 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. 2014 and 2015 data was restated following this change in methodology. The KPIs to assess energy consumption per production unit and CO_2 emissions per production unit do not take into account diesel consumption.
- At CNH Industrial, the sources of **greenhouse gas** emissions, besides the CO_2 emissions from energy consumption, are associated with the use of HFC compounds with Global Warming Potential (GWP) present in air-conditioning, cooling, fire suppression, aerosol (e.g., propellants), and manufacturing equipment. The potential emissions from these substances (CO_2 eq) are negligible compared with emissions from energy production; in fact, with an incidence of 0.42%, 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*.

GLOSSARY
Biodiversity; CO_2 eq; GHG Protocol; HFCs

GRI STANDARDS
GRI 302-1; GRI 302-3; GRI 303-2; GRI 305-1; GRI 305-2; GRI 305-4; GRI 306-5

- 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 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 purposefully chosen (or 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, across all Regions, using the latest emission coefficients (expressed in gCO_2/kWh) provided by either the International Energy Agency or DEFRA (UK). When reporting according to the market-based method, on the other hand, they were calculated using the latest emission coefficients (expressed in gCO_2/kWh) provided by the following sources:
  - Re-DISS for CO_2 emissions accounting in EMEA
  - International Energy Agency for CO_2 emissions accounting in LATAM and APAC
  - primary energy suppliers for CO_2 emissions accounting in NAFTA.

2014 and 2015 data was restated according to these 2 methods.
The KPI to assess CO_2 emissions per production unit refers to the scope 2 emissions calculated according to the market-based method.

FREE FLOAT ANALYSIS

The analysis conducted by Vigeo Eiris S.A. covers the largest global asset owners (see below) and mutual funds. Asset owners include pension funds (national, occupational, company-specific, or local government), foundations, public funds, insurance funds, endowments, sovereign wealth funds, and large financial organizations investing their own assets. Assets managed by firms on behalf of clients are not included.
An **asset owner** is identified as a Socially Responsible Investor (SRI) if at least one of the following conditions is met:

- it adopts SRI principles in its investment policy (with regard to voting, engagement, activism, and screening)
- it has dedicated SRI mandates
- it uses SRI benchmarks.

The analysis also covered green, social, and ethical **mutual funds**[2] operating worldwide.
However, the Vigeo Eiris analysis in question is not fully in line with this definition as it also included some life insurance and pension funds, consistent with Vigeo Eiris's own definitions set out in Green, Social and Ethical Funds in Europe – 2016 Review.
To be eligible for analysis, a mutual fund must:

- perform ethical, social or environmental screenings of stock and bond issuers (negative and/or best-in-class screens)
- be marketed as an SRI
- be available to the public (retail funds).

The **Free float** is the percentage of shares remaining after adjusting for block ownership and restricted shares, as calculated by STOXX Ltd[3].
Block ownership is defined as the sum of all holdings larger than 5% - held by companies, governments, families, and private investors, but excluding those held by investment companies and funds - that have to be reported to domestic regulatory agencies.

[2] *A mutual fund is defined as per the European Fund and Asset Management Association (EFAMA) Statistical Releases, i.e., publicly offered open-end funds investing in transferable securities and money market funds.*
[3] *www.stoxx.com/download/indices/rulebooks/stoxx_indexguide.pdf.*

GLOSSARY
GHG Protocol; SRI

GRI STANDARDS
GRI 305-1; GRI 305-2

DEFINITIONS

Megatrends

Key megatrends are defined as phenomena that have the potential to shape the Company's future business. The 3 identified as most relevant are:

- **Climate Change**: as a broad concept, *climate change* encompasses political, judicial, ethical, economic, and scientific factors, 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**: 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 also page 18), listed in order of relevance for CNH Industrial.

- **Circular product life cycle.** Alternative solutions (such as alternative fuels/tractions and remanufacturing) that minimize the impact of a product's life cycle by promoting a circular economy, in which resources are used fully and for as long as possible, and products and materials are recovered and regenerated at the end of their service lives.
- **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.
- **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.
- **Employee engagement.** Activities that increase employee awareness on sustainability topics, with a specific focus on: environmental protection, health and proper nutrition, food security and food waste.
- **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.
- **Innovation-to-zero.** The vision of a *zero concept world*: zero emissions, zero accidents, zero fatalities, zero defects, and zero security breaches.
- **Autonomous vehicles and connectivity.** Innovative products and solutions for autonomous or self-driving vehicles that use connectivity and big data to reduce human input for hazardous and strenuous tasks. This technology offers potentially significant social welfare benefits, including the potential to save lives and reduce 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).

- **Water and waste efficiency.** Aspects to be managed in all manufacturing processes: water efficiency, water discharge, and water availability, waste recovery and hazardous/non-hazardous waste.
- **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). Implementation of measures aimed at improving the management and security of Company and personal data.
- **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.
- **Trade, regulations, and public debate.** Participation in the debate on shaping public policies and defining regulations; helping to identify innovative solutions for standards and guidelines; favoring free trade agreements; advocating action through national and international regulatory bodies; making use of scientific expertise; and investing in innovation.
- **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.

Other definitions

The Regions, indicated throughout the Report using their respective acronyms, include the following:

- APAC: Continental Asia (including Turkey and Russia), Oceania, and member countries of the Commonwealth of Independent States (excluding Ukraine).
- EMEA: member countries of the European Union, member countries of the European Free Trade Association (EFTA), Ukraine, the Balkans, the African continent, and the Middle East (excluding Turkey).
- LATAM: Central and South America, and the Caribbean Islands.
- NAFTA: the United States, Canada, and Mexico.

Emerging Markets are defined as low, lower-middle, or upper-middle income countries as per the World Bank list of economies as at July 2016.

OTHER INFORMATION

As regards the **infographics** included in the document, the percentages indicate trends calculated against 2015, unless otherwise specified. GRI Standards disclosures are referenced at the bottom of the pages in which they are disclosed. If a disclosure is explained over a number of consecutive pages, it is indicated only on the first page.

This icon indicates the sections explaining the management approach to a specific material topic

This icon indicates a link with the material topic **Innovation-to-zero**

This icon indicates a link with the 2016 results in the Sustainability Plan

This icon indicates CNH Industrial's reference to human rights

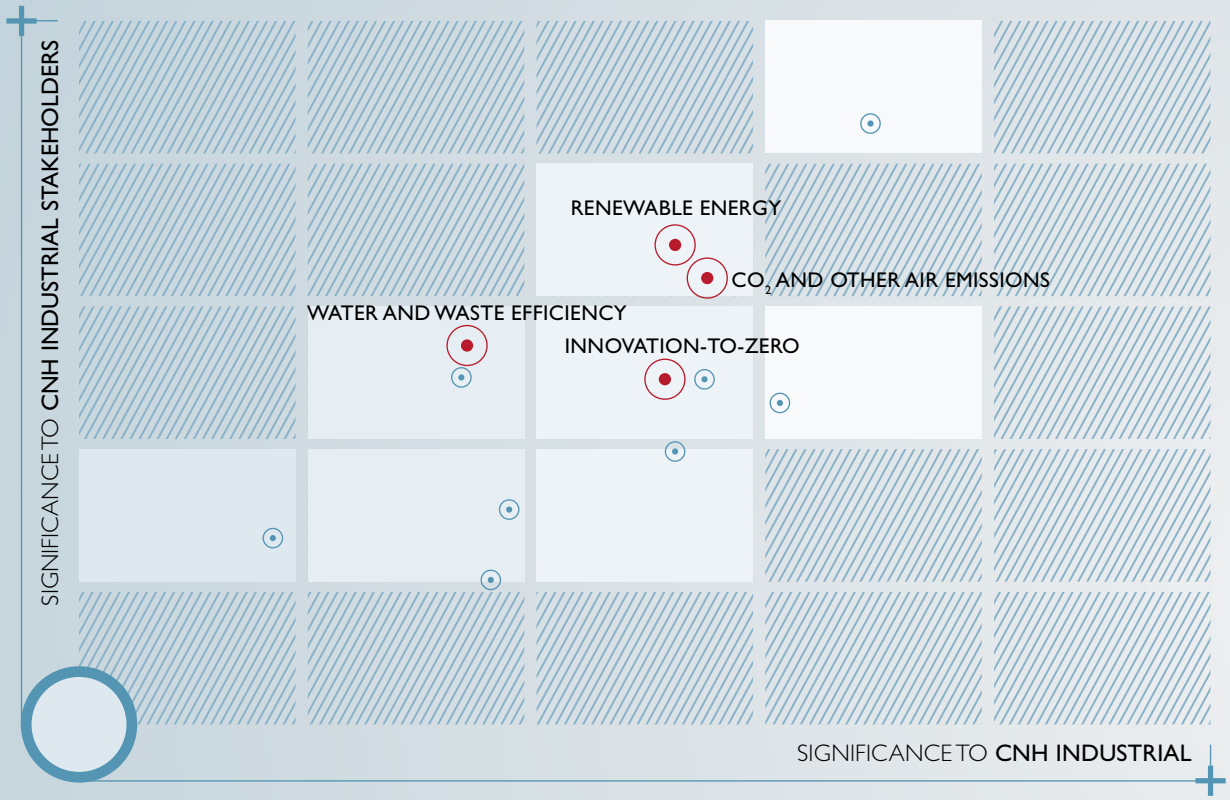
GLOSSARY
Biodiversity; GRI Standards; Management approach; Material topic

CNH INDUSTRIAL BOARD OF DIRECTORS SKILLS MATRIX

BOARD AS APPOINTED BY THE COMPANY'S SHAREHOLDERS AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS ON APRIL 15, 2016.

			DIRECTOR			MANDATES IN OTHER LISTED COMPANIES[a]	
NAME	AGE[a]	OFFICE	INDEPENDENT/ NON-INDEPENDENT[c]	EXECUTIVE / NON-EXECUTIVE	CNH INDUSTRIAL COMMITTEE MEMBERSHIP[a]	COMPANIES (as publicly available in the relevant biographies published on the CNH INDUSTRIAL website)	INTERNATIONAL EXPERIENCE
SERGIO MARCHIONNE	64	CHAIRMAN	NON-INDEPENDENT	EXECUTIVE		EXOR N.V. (Non-executive Vice Chairman)	YES
						FCA - Fiat Chrysler Automobiles N.V. (CEO)	
						Ferrari N.V. (Chairman/CEO)	
						Philip Morris International Inc. (Director)	
						SGS Group (Chairman)	
LÉO W.HOULE	69	SENIOR NON-EXECUTIVE DIRECTOR[b]	INDEPENDENT	NON-EXECUTIVE	COMPENSATION COMMITTEE (Chairperson) GOVERNANCE AND SUSTAINABILITY COMMITTEE		YES
RICHARD J. TOBIN	53	CHIEF EXECUTIVE OFFICER	NON-INDEPENDENT	EXECUTIVE		Türk Traktör ve Ziraat Makineleri A.Ş (Vice Chairman)	YES
						Dover Corporation (Director)	
MINA GEROWIN	65	DIRECTOR	INDEPENDENT	NON-EXECUTIVE	GOVERNANCE AND SUSTAINABILITY COMMITTEE	Lafarge S.A. (Director)	YES
SUZANNE HEYWOOD	47	DIRECTOR	NON-INDEPENDENT	NON-EXECUTIVE	COMPENSATION COMMITTEE GOVERNANCE AND SUSTAINABILITY COMMITTEE		YES
PETER KALANTZIS	71	DIRECTOR	INDEPENDENT[d]	NON-EXECUTIVE	AUDIT COMMITEE COMPENSATION COMMITTEE	SGS Group (Director)	YES
						Von Roll Holding (Chairman)	
JOHN LANAWAY	66	DIRECTOR	INDEPENDENT[d]	NON-EXECUTIVE	AUDIT COMMITEE		YES
SILKE C. SCHEIBER	43	DIRECTOR	INDEPENDENT[d]	NON-EXECUTIVE	AUDIT COMMITEE		YES
GUIDO TABELLINI	60	DIRECTOR	INDEPENDENT	NON-EXECUTIVE	COMPENSATION COMMITTEE	CIR (Director)	YES
JACQUELINE A.TAMMENOMS BAKKER	63	DIRECTOR	INDEPENDENT	NON-EXECUTIVE	GOVERNANCE AND SUSTAINABILITY COMMITTEE	Groupe Wendel (Director)	YES
						TomTom (Director)	
						Unibail Rodamco (Director)	
JACQUES THEURILLAT	57	DIRECTOR	INDEPENDENT[d]	NON-EXECUTIVE	AUDIT COMMITEE (Chairperson)		YES

[a] *As at December 31, 2016.*
[b] *According to the provisions of the Dutch Corporate Governance Code.*
[c] *Under the NYSE Listing Standards and the Dutch Corporate Governance Code.*
[d] *As a member of the Audit Commitee, "independence" also under Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").*



PERFORMANCE INDICATORS

Material topics described in this chapter, for definitions see pages 255-256.

HUMAN RESOURCES

EMPLOYEES IN NUMBERS

EMPLOYEES BY REGION AND CATEGORY[a]

CNH INDUSTRIAL WORLDWIDE (no.)

2016	Total	Hourly	Salaried	Professional	Manager
EMEA	**40,678**	25,930	6,066	8,107	575
NAFTA	**9,042**	4,831	181	3,829	201
LATAM	**8,298**	5,586	1,489	1,152	71
APAC	**4,810**	1,962	1,475	1,317	56
World	**62,828**	**38,309**	**9,211**	**14,405**	**903**
2015					
EMEA	**40,801**	26,208	6,078	7,944	571
NAFTA	**10,022**	5,726	204	3,893	199
LATAM	**8,812**	6,004	1,579	1,153	76
APAC	**4,756**	2,020	1,511	1,167	58
World	**64,391**	**39,958**	**9,372**	**14,157**	**904**
2014					
EMEA	**41,756**	26,935	6,372	7,830	619
NAFTA	**11,647**	6,823	1,549	3,059	216
LATAM	**10,485**	7,435	1,753	1,219	78
APAC	**5,319**	2,492	1,667	1,114	46
World	**69,207**	**43,685**	**11,341**	**13,222**	**959**

[a] *For more information on employee categories, see page 252.*

EMPLOYEES BY SEGMENT

CNH INDUSTRIAL WORLDWIDE (no.)

	2016	2015	2014
Agricultural Equipment	**24,254**	24,494	27,322
Construction Equipment	**5,378**	5,695	6,431
Commercial Vehicles	**23,882**	24,783	25,881
Powertrain	**8,070**	8,163	8,295
Other Activities[a]	**146**	140	114
Financial Services	**1,098**	1,116	1,164
Total	**62,828**	**64,391**	**69,207**

[a] *Other Activities include corporate functions*

LABOR PRACTICES

EMPLOYEE TURNOVER BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

EMEA	2016	2015	2014
Employees at January 1	**40,801**	41,756	41,961
New Hires	**2,156**	2,017	1,812
Departures	**(2,363)**	(2,753)	(2,359)
Δ scope of operation	**84**	(219)	342
Employees at December 31	**40,678**	40,801	41,756

LATAM	2016	2015	2014
Employees at January 1	**8,812**	10,485	12,081
New Hires	**1,043**	640	1,093
Departures	**(1,557)**	(2,348)	(2,852)
Δ scope of operation	**-**	35	163
Employees at December 31	**8,298**	8,812	10,485

NAFTA	2016	2015	2014
Employees at January 1	**10,022**	11,647	11,948
New Hires	**742**	447	1,041
Departures	**(1,722)**	(2,072)	(1,582)
Δ scope of operation	**-**	-	240
Employees at December 31	**9,042**	10,022	11,647

APAC	2016	2015	2014
Employees at January 1	**4,756**	5,319	5,202
New Hires	**947**	688	1,070
Departures	**(906)**	(1,251)	(1,007)
Δ scope of operation	**13**	-	54
Employees at December 31	**4,810**	4,756	5,319

Total worldwide	2016	2015	2014
Employees at January 1	**64,391**	69,207	71,192
New Hires	**4,888**	3,792	5,016
Departures	**(6,548)**	(8,424)	(7,800)
Δ scope of operation	**97**	(184)	799
Employees at December 31	**62,828**	64,391	69,207

EMPLOYEE TURNOVER BY CATEGORY[a]

CNH INDUSTRIAL WORLDWIDE (no.)

Hourly	2016	2015	2014
Employees at January 1	**39,958**	43,685	45,731
New Hires	**2,685**	2,238	3,149
Departures	**(4,219)**	(5,633)	(5,321)
Δ change in category	**(97)**	(84)	(100)
Δ scope of operation	**(18)**	(248)	226
Employees at December 31	**38,309**	39,958	43,685

Salaried	2016	2015	2014
Employees at January 1	**9,372**	11,341	11,705
New Hires	**1,058**	877	1,056
Departures	**(948)**	(1,381)	(1,239)
Δ change in category	**(331)**	(1,496)	(392)
Δ scope of operation	**60**	31	211
Employees at December 31	**9,211**	9,372	11,341

Professional	2016	2015	2014
Employees at January 1	**14,157**	13,222	12,887
New Hires	**1,126**	654	778
Departures	**(1,312)**	(1,278)	(1,128)
Δ change in category	**381**	1,527	347
Δ scope of operation	**53**	32	338
Employees at December 31	**14,405**	14,157	13,222

Manager	2016	2015	2014
Employees at January 1	**904**	959	869
New Hires	**19**	23	33
Departures	**(69)**	(132)	(112)
Δ change in category	**47**	53	145
Δ scope of operation	**2**	1	24
Employees at December 31	**903**	904	959

[a] *For more information on employee categories, see page 252.*

EMPLOYEE TURNOVER BY AGE

CNH INDUSTRIAL WORLDWIDE (no.)

Up to 30 years	2016	2015	2014
Employees at January 1	**10,736**	13,133	15,443
New Hires	**2,178**	1,976	2,678
Departures	**(1,861)**	(2,637)	(3,093)
Δ age range	**(1,751)**	(1,794)	(2,076)
Δ scope of operation	**4**	58	181
Employees at December 31	**9,306**	**10,736**	**13,133**

31 to 40 years	2016	2015	2014
Employees at January 1	**20,040**	21,672	22,203
New Hires	**1,589**	1,027	1,304
Departures	**(1,817)**	(2,179)	(1,953)
Δ age range	**(415)**	(438)	(116)
Δ scope of operation	**32**	(42)	234
Employees at December 31	**19,429**	**20,040**	**21,672**

41 to 50 years	2016	2015	2014
Employees at January 1	**18,369**	18,762	18,368
New Hires	**761**	555	681
Departures	**(1,107)**	(1,392)	(1,003)
Δ age range	**443**	529	520
Δ scope of operation	**39**	(85)	196
Employees at December 31	**18,505**	**18,369**	**18,762**

Over 50 years	2016	2015	2014
Employees at January 1	**15,246**	15,640	15,178
New Hires	**360**	234	353
Departures	**(1,763)**	(2,216)	(1,751)
Δ age range	**1,723**	1,703	1,672
Δ scope of operation	**22**	(115)	188
Employees at December 31	**15,588**	**15,246**	**15,640**

EMPLOYEE TURNOVER BY GENDER

CNH INDUSTRIAL WORLDWIDE (no.)

Men	2016	2015	2014
Employees at January 1	**54,981**	59,415	61,428
New Hires	**4,074**	2,997	4,089
Departures	**(5,594)**	(7,233)	(6,683)
Δ scope of operation	**33**	(198)	581
Employees at December 31	**53,494**	**54,981**	**59,415**

Women	2016	2015	2014
Employees at January 1	**9,410**	9,792	9,764
New Hires	**814**	795	927
Departures	**(954)**	(1,191)	(1,117)
Δ scope of operation	**64**	14	218
Employees at December 31	**9,334**	**9,410**	**9,792**

NEW HIRES BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

	2016	2015	2014
EMEA	**2,156**	2,017	1,812
NAFTA	**742**	447	1,041
LATAM	**1,043**	640	1,093
APAC	**947**	688	1,070
World	**4,888**	3,792	5,016

NEW HIRES BY AGE

CNH INDUSTRIAL WORLDWIDE (no.)

	2016	2015	2014
Up to 30 years	**2,178**	1,976	2,678
31 to 40 years	**1,589**	1,027	1,304
41 to 50 years	**761**	555	681
Over 50 years	**360**	234	353
Total	**4,888**	3,792	5,016

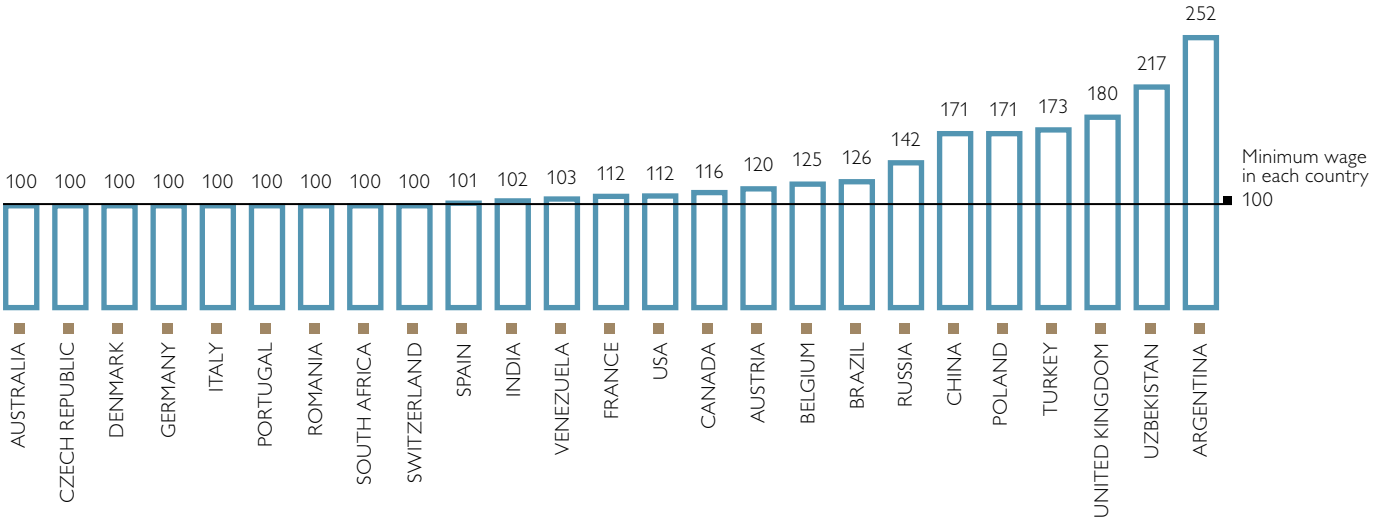
PROMOTIONS

CNH INDUSTRIAL WORLDWIDE (no.)

	2016	2015	2014
Hourly	**161**	126	159
Salaried	**521**	1,589	573
Professional	**341**	588	451
Manager	**33**	32	59
Total	**1,056**	2,335	1,242

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

CNH INDUSTRIAL WORLDWIDE (MINIMUM WAGE = 100)



[a] Data reflects the effect of exchange rates.

GRI STANDARDS
GRI 202-1; GRI 401-1

HUMAN AND LABOR RIGHTS

EMPLOYEES BY CATEGORY BY GENDER[a]

CNH INDUSTRIAL WORLDWIDE (no.)

	2016			2015			2014		
	Total	**Men**	**Women**	Total	Men	Women	Total	Men	Women
Hourly	**38,309**	**34,671**	**3,638**	39,958	36,136	3,822	43,685	39,669	4,016
Salaried	**9,211**	**6,502**	**2,709**	9,372	6,639	2,733	11,341	8,019	3,322
Professional	**14,405**	**11,517**	**2,888**	14,157	11,399	2,758	13,222	10,874	2,348
Manager	**903**	**804**	**99**	904	807	97	959	853	106
Total	**62,828**	**53,494**	**9,334**	**64,391**	**54,981**	**9,410**	**69,207**	**59,415**	**9,792**

[a] *For more information on employee categories, see page 252.*

EMPLOYEES BY CATEGORY BY AGE[a]

CNH INDUSTRIAL WORLDWIDE (no.)

2016	**Total**	Up to 30 years	31 to 40 years	41 to 50 years	Over 50 years
Hourly	**38,309**	**6,313**	**11,334**	**11,225**	**9,437**
Salaried	**9,211**	**1,998**	**3,180**	**2,230**	**1,803**
Professional	**14,405**	**994**	**4,811**	**4,572**	**4,028**
Manager	**903**	**1**	**104**	**478**	**320**
Total	**62,828**	**9,306**	**19,429**	**18,505**	**15,588**
2015					
Hourly	39,958	7,540	11,904	11,255	9,259
Salaried	9,372	2,135	3,259	2,190	1,788
Professional	14,157	1,060	4,740	4,452	3,905
Manager	904	1	137	472	294
Total	**64,391**	**10,736**	**20,040**	**18,369**	**15,246**
2014					
Hourly	43,685	9,351	13,157	11,579	9,598
Salaried	11,341	2,903	3,729	2,479	2,230
Professional	13,222	878	4,613	4,232	3,499
Manager	959	1	173	472	313
Total	**69,207**	**13,133**	**21,672**	**18,762**	**15,640**

[a] *For more information on employee categories, see page 252.*

EMPLOYEES BY CATEGORY BY AGE[a]

CNH INDUSTRIAL WORLDWIDE (%)

2016	Up to 30 years	31 to 40 years	41 to 50 years	Over 50 years
Hourly	**16.5**	**29.6**	**29.3**	**24.6**
Salaried	**21.7**	**34.5**	**24.2**	**19.6**
Professional	**6.9**	**33.4**	**31.7**	**28.0**
Manager	**0.1**	**11.5**	**52.9**	**35.5**
2015				
Hourly	18.9	29.8	28.1	23.2
Salaried	22.8	34.8	23.3	19.1
Professional	7.5	33.5	31.4	27.6
Manager	0.1	15.2	52.2	32.5
2014				
Hourly	21.4	30.1	26.5	22.0
Salaried	25.5	32.9	21.9	19.7
Professional	6.6	34.9	32.0	26.5
Manager	0.1	18.0	49.2	32.7

[a] *For more information on employee categories, see page 252.*

NATIONALITY OF MANAGERS

CNH INDUSTRIAL WORLDWIDE (%)

	2016	2015	2014
Italian	45.6	46.5	48.1
American	20.4	19.6	20.2
Brazilian	6.4	7.0	6.8
British	4.9	4.3	4.3
French	3.9	3.9	3.6
Belgian	3.9	3.8	3.4
German	3.0	2.9	3.2
Spanish	1.1	1.1	1.3
Other nationalities	10.8	10.9	9.1

WORKFORCE GENDER DISTRIBUTION BY CATEGORY[a]

CNH INDUSTRIAL WORLDWIDE

	2016		2015		2014	
	Total (no.)	of which women (%)	Total (no.)	of which women (%)	Total (no.)	of which women (%)
Hourly	38,309	9.5	39,958	9.6	43,685	9.2
Salaried	9,211	29.4	9,372	29.2	11,341	29.3
Professional	14,405	20.0	14,157	19.5	13,222	17.8
Manager	903	11.0	904	10.7	959	11.1
Total	**62,828**	**14.9**	**64,391**	**14.6**	**69,207**	**14.1**

[a] *For more information on employee categories, see page 252.*

WORKFORCE GENDER DISTRIBUTION BY AGE

CNH INDUSTRIAL WORLDWIDE

	2016		2015		2014	
	Total (no.)	of which women (%)	Total (no.)	of which women (%)	Total (no.)	of which women (%)
Up to 30 years	9,306	15.2	10,736	15.2	13,133	13.7
31 to 40 years	19,429	16.8	20,040	16.6	21,672	16.3
41 to 50 years	18,505	14.5	18,369	14.0	18,762	13.7
Over 50 years	15,588	12.7	15,246	12.4	15,640	12.0

WORKFORCE GENDER DISTRIBUTION BY LENGTH OF SERVICES

CNH INDUSTRIAL WORLDWIDE

	2016		2015		2014	
	Total (no.)	of which women (%)	Total (no.)	of which women (%)	Total (no.)	of which women (%)
Up to 5 years	20,317	17.5	22,074	17.2	24,698	16.0
6 to 10 years	14,064	17.2	14,137	17.3	15,416	16.7
11 to 20 years	14,200	14.4	14,494	13.2	15,182	12.9
21 to 30 years	9,975	8.7	9,063	8.8	8,693	8.9
Over 30 years	4,272	10.5	4,623	10.0	5,218	9.9

WORKFORCE GENDER DISTRIBUTION BY LEVEL OF EDUCATION

CNH INDUSTRIAL WORLDWIDE

	2016[a]		2015[b]		2014[c]	
	Total (no.)	**of which women (%)**	Total (no.)	of which women (%)	Total (no.)	of which women (%)
University degree or equivalent	**12,871**	**23.1**	12,452	22.6	12,805	22.4
High school	**23,421**	**11.9**	23,400	12.0	25,022	11.5
Elementary/middle school	**17,640**	**9.8**	18,261	9.7	20,028	9.7

(a) About 9,608 employees not mapped for 2016.
(b) About 10,697 employees not mapped for 2015.
(c) About 11,352 employees not mapped for 2014.

WORKFORCE GENDER DISTRIBUTION BY EMPLOYMENT TYPE

CNH INDUSTRIAL WORLDWIDE (no.)

	2016		2015		2014	
	Full time	**Part-time**	Full time	Part-time	Full time	Part-time
Men	**52,920**	**574**	54,782	199	59,267	148
Woman	**8,670**	**664**	8,985	425	9,396	396
Total	**61,590**	**1,238**	63,767	624	68,663	544

WORKFORCE GENDER DISTRIBUTION BY EMPLOYMENT CONTRACT

CNH INDUSTRIAL WORLDWIDE (no.)

	2016		2015		2014	
	No Term	**Fixed term**	No Term	Fixed term	No Term	Fixed term
Men	**52,042**	**1,452**	54,070	911	58,404	1,011
Woman	**9,143**	**191**	9,194	216	9,659	133
Total	**61,185**	**1,643**	63,264	1,127	68,063	1,144

WORKFORCE DISTRIBUTION BY EMPLOYMENT CONTRACT, BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

	2016		2015		2014	
	No Term	**Fixed term**	No Term	Fixed term	No Term	Fixed term
EMEA	**39,749**	**929**	39,985	816	40,893	863
NAFTA	**9,026**	**16**	10,017	5	11,608	39
LATAM	**7,644**	**654**	8,546	266	10,298	187
APAC	**4,766**	**44**	4,716	40	5,264	55
World	**61,185**	**1,643**	63,264	1,127	68,063	1,144

OCCUPATIONAL HEALTH AND SAFETY

NUMBER OF INJURIES BY REGION

CNH INDUSTRIAL WORLDWIDE (no. of persons)

	2016	2015	2014
EMEA	**157**	157	181
NAFTA	**16**	18	41
LATAM	**29**	29	31
APAC	**11**	12	7
World	**213**	216	260

DAYS OF ABSENCE[a] BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

	2016	2015	2014
EMEA	**6,201**	6,355	6,876
NAFTA	**1,060**	1,267	1,712
LATAM	**792**	918	686
APAC	**218**	271	178
World	**8,271**	8,811	9,452

(a) *Days lost due to accidents – more than 3 days.*

ACCIDENT FREQUENCY RATE BY REGION

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

	2016	2015	2014
EMEA	**0.26**	0.28	0.32
NAFTA	**0.11**	0.11	0.19
LATAM	**0.23**	0.20	0.18
APAC	**0.14**	0.16	0.09
World	**0.22**	0.23	0.25

ACCIDENT SEVERITY RATE BY REGION

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

	2016	2015	2014
EMEA	**0.10**	0.11	0.12
NAFTA	**0.07**	0.08	0.08
LATAM	**0.06**	0.06	0.04
APAC	**0.03**	0.04	0.02
World	**0.09**	0.09	0.09

OCCUPATIONAL ILLNESS FREQUENCY RATE (OIFR) BY REGION

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

	2016	2015	2014
EMEA	**0.03**	0.02	0.03
NAFTA	**0.02**	0.01	0.01
LATAM	**-**	-	-
APAC	**-**	-	-
World	**0.02**	0.01	0.02

MEDICAL TREATMENTS

CNH INDUSTRIAL WORLDWIDE (no. of persons)

	2016	2015	2014
Total visits (thousands)	**90.20**	98.16	196.83
Visits per employee	**1.44**	1.52	2.84

OCCUPATIONAL HEALTH AND SAFETY - CONTRACTORS

NUMBER OF INJURIES BY REGION

CNH INDUSTRIAL WORLDWIDE (no. of persons)

	2016	2015	2014
EMEA	**28**	19	37
NAFTA	**-**	2	1
LATAM	**8**	23	16
APAC	**-**	-	-
World	**36**	44	54

ACCIDENT FREQUENCY RATE BY REGION

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

	2016	2015	2014
EMEA	**0.62**	0.47	0.52
NAFTA	**-**	0.19	0.17
LATAM	**0.27**	0.57	0.43
APAC	**-**	-	-
World	**0.36**	0.44	0.44

ACCIDENT SEVERITY RATE BY REGION

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

	2016	2015
EMEA	**0.13**	0.14
NAFTA	**-**	0.07
LATAM	**0.06**	0.09
APAC	**-**	-
World	**0.08**	0.10

OCCUPATIONAL ILLNESS FREQUENCY RATE (OIFR) BY REGION

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

	2016	2015
EMEA	**0.04**	-
NAFTA	**-**	-
LATAM	**-**	-
APAC	**-**	-
World	**0.02**	-

GLOSSARY
Accident frequency rate; Accident severity rate; OIFR

GRI STANDARDS
403-2

ENVIRONMENT

ENVIRONMENTAL PROTECTION EXPENDITURE AND INVESTMENTS

CNH INDUSTRIAL WORLDWIDE ($million)

	2016	2015	2014
Expenditure	**38**	37	56
of which on waste disposal and emissions treatment	**27**	26	35
of which on prevention and environmental management	**11**	11	21
Investments	**3.9**	3.6	16
Cost savings	**3.3**	4	5

AIR EMISSIONS

VOLATILE ORGANIC COMPOUNDS (VOC)

CNH INDUSTRIAL WORLDWIDE

	Target 2022 vs. 2014	2016	2015	2014
Plants		56	57	55
Average VOC emissions (g/m^2)	**-14%**	**38.4**	41.4	43.4
Total VOC emissions (kg)		**1,568,261**	1,628,096	2,295,135

NO_x, SO_x, AND DUST EMISSIONS

CNH INDUSTRIAL WORLDWIDE (tons)

	2016	2015[a]	2014[a]
Plants	54	55	55
Nitrogen Oxides (NO_x)	**341.4**	351.2	402.3
Sulfur Oxides (SO_x)	**64.1**	65.2	68.7
Dust	**7.7**	7.7	8.0

[a] 2014 and 2015 data restated with respect to the 2015 Sustainability Report following a change in methodology (see also page 253).

PRESENCE OF OZONE DEPLETING SUBSTANCES (ODS)

CNH INDUSTRIAL WORLDWIDE (kg)

	2016	2015	2014
Plants	56	57	55
CFCs	**-**	**-**	10.50
HCFCs	**-**	100	2,362.54
Halons	**-**	-	-
Methyl bromide	**-**	-	-
Other CFCs fully halogenated	**-**	-	-
Total	**-**	**100**	**2,373.04**

EMISSIONS OF OZONE DEPLETING SUBSTANCES (ODS)[a]

CNH INDUSTRIAL WORLDWIDE (kg CFC-11-equialent)

	2016	2015	2014
Total	**-**	7.48	16.94

[a] ODS emissions derive from inevitable leaks from cooling and air conditioning equipment. Therefore, they are calculated based on the amount of R-22 refilling, and converted into kilos of CFC-11 equivalent considering an Ozone Depletion Potential of 0.055 (source: United Nations Environment Programme (UNEP), HCFCs controlled under the Montreal Protocol).

GLOSSARY
NO_x; ODS; SO_x; VOC

GRI STANDARDS
GRI 305-6; GRI 305-7

WATER MANAGEMENT

WATER WITHDRAWAL PER PRODUCTION UNIT

CNH INDUSTRIAL WORLDWIDE (m^3/hour of production)

	Target 2018 vs. 2014	2016	2015	2014
Water withdrawal	-3%	0.10	0.11	0.10

WATER WITHDRAWAL AND DISCHARGE

CNH INDUSTRIAL WORLDWIDE (thousand of m^3)

	2016	2015	2014
Plants	56	57	55
Withdrawal			
Groundwater	3,274	3,752	3,512
Municipal water supply	1,766	1,759	2,159
Surface water	19	25	18
of which salt water	-	-	-
Rainwater	2	1	3
Other	5	8	-
Total water withdrawal	**5,066**	**5,545**	**5,692**
Discharge			
Surface water	531	577	836
of which salt water	-	-	-
Public sewer systems	2,715	2,761	3,146
Other destinations	140	130	131
Total water discharge	**3,386**	**3,468**	**4,113**

WATER RECYCLING INDEX

CNH INDUSTRIAL WORLDWIDE (thousands of m^3)

	2016	2015	2014
Plants	56	57	55
Total water requirement	6,989	7,574	7,858
of which covered by recycling	1,923	2,029	2,166
of which water withdrawal	5,066	5,545	5,692
Recycling Index[a]	**27.5%**	**26.8%**	**27.6%**

(a) The recycling index is calculated as a percentage of the total water requirement.

QUALITY OF WATER DISCHARGES

CNH INDUSTRIAL WORLDWIDE (milligram/liter)

	2016	2015	2014
Biochemical Oxygen Demand (BOD)	54.2	63.7	90.6
Chemical Oxygen Demand (COD)	188.0	174.7	244.2
Total Suspended Solids (TSS)	57.1	40.6	110.9

GLOSSARY
BOD; COD; TSS

GRI STANDARDS
GRI 303-1; GRI 303-3; GRI 306-1

MAIN PLANTS LOCATED IN WATER-STRESSED AREAS[a]

CNH INDUSTRIAL WORLDWIDE

Segment and plant	2016 water intensity[b] (m^3/COGS)	Discarge water quality (mg/l)	2014 fresh water consumption (m^3/h)	2016 fresh water consumption (m^3/h)	Reduction target (2018 vs. 2014)
Agricultural Equipment ■ Noida (India)	0.00077	BOD: n.a. COD: n.a. TSS: n.a.	0.105	0.111	-2%
Agricultural Equipment ■ Plock (Poland)	0.00032	BOD: 300 COD: 660 TSS: 5	0.051	0.040	-20%
Commercial Vehicles ■ Vysoke Myto (Czech Republic)	0.00027	BOD: 95 COD: 314 TSS: 116	0.033	0.025	-2%

[a] Water-stressed area: area with water availability of < 1,700 m^3/person per year (source: FAO).
[b] Water-intensity: fresh water consumption in m^3/Cost of Goods Sold (COGS) in $.

WATER SOURCES SIGNIFICANTLY AFFECTED BY PLANTS' WATER WITHDRAWAL AND/OR DISCHARGE

CNH INDUSTRIAL WORLDWIDE

Segment and plant	Water source	Size of water source	Use	Protected water body	High biodiversity value water body	Water withdrawals accounting for more than 5% of annual average volume	Water discharges accounting for more than 5% of annual average volume
Powertrain ■ Bourbon Lancy (France)	Withdrawal of industrial water from ground water and discharge to river (Loire)	Loire average flow[a] = 134 m^3/sec	Industrial water	yes[b]	yes[c]	no	no

[a] Monthly average of the last 48 years (1969-2016).
[b] The section of the Loire that flows near the plant falls within three protected areas:
- SIC - FR8301020: Vallée Alluviale de la Loire (left bank)
- SIC - FR2600967: Vallée de la Loire entre Devay et Digoin (right bank)
- ZPS - FR2612002: Vallée de la Loire de Iguerande à Decize.
In this context, the river is an important environmental resource for the local community, providing the water supply for the area's agriculture and grazing land.
[c] There is a high level of biodiversity in the stretch of the Loire near the plant (see also page 271). According to official data from the Natura 2000 network, the area surrounding the Loire boasts 27 species of interest at EU level, of which 16 are included in Annex II of the Habitats Directive 92/43/EEC; one of these, the European eel (Anguilla anguilla), is listed as Critically Endangered (CR) by the International Union for Conservation of Nature (IUCN). Other important species include the European pond turtle (Emys orbicularis) and the Eurasian beaver (Castor fiber).

WASTE MANAGEMENT

WASTE GENERATION AND MANAGEMENT

CNH INDUSTRIAL WORLDWIDE (tons)

	2016	2015	2014
Plants	56	57	55
Waste generated			
Non-hazardous waste	**184,665**	199,401	243,479
Hazardous waste	**16,885**	19,376	23,130
Total waste generated	**201,550**	**218,777**	**266,609**
of which packaging	**54,572**	61,670	79,145
Waste disposed			
Treatment	**11,009**	15,465	21,568
of which incineration	**130**	172	n.a.
Sent to landfill	**6,796**	7,725	11,208
Total waste disposed	**17,805**	**23,190**	**32,776**
Waste recovered			
Waste recovered (excluding waste-to-energy)	**174,040**	185,082	220,733
Waste-to-energy conversion	**9,705**	10,504	13,100
of which hazardous	**2,968**	3,723	4,401
Total waste recovered	**183,745**	**195,586**	**233,833**
of which hazardous	**9,051**	9,492	4,584
% waste recovered[a]	**91.2%**	89.4%	87.7%
% waste sent to landfill	**3.4%**	3.5%	4.2%

(a) From 2015, waste recovered includes waste sent to energy conversion. The data referring to 2014 was updated in line with this new definition.

WASTE AND HAZARDOUS WASTE GENERATED PER PRODUCTION UNIT

CNH INDUSTRIAL WORLDWIDE (kg/hour of production)

	Target 2018 vs. 2014	2016	2015	2014
Waste generated	**-14%**	**3.99**	4.18	4.61
Hazardous waste generated	**-17%**	**0.33**	0.37	0.40

WASTE RECOVERED[a]

CNH INDUSTRIAL WORLDWIDE (%)

	Target 2018	2016	2015	2014
Waste recovered	**91**	**91**	89	88

(a) Percentage of waste recovered on waste generated.

TRANSPORTED, IMPORTED, EXPORTED OR TREATED HAZARDOUS WASTE

CNH INDUSTRIAL WORLDWIDE (tons)

	2016	2015
Plants	56	57
Hazardous waste transported outside to suppliers of waste management service, in the same country	**16,837**	19,343
of which sent to treatment	**7,289**	9,218
Hazardous waste transported outside to suppliers of waste management service, abroad	**-**	-
of which sent to treatment	**-**	-
Total hazardous waste transported	**16,837**	**19,343**

GRI STANDARDS
GRI 306-2; GRI 306-4

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.)
BOURBON LANCY (FRANCE)	Engines (heavy)	210,000	Adjacent to the protected area (500 m)	195 species listed, of which: ■ 0 critically endangered ■ 2 endangered ■ 1 vulnerable ■ 1 near threatened ■ 191 of least concern
CURITIBA (BRAZIL)	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)	Engines (light), drives 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)	Heavy vehicles	347,200	Adjacent to the protected area (1,500 m)	64 species listed, of which: ■ 0 critically endangered ■ 0 endangered ■ 0 vulnerable ■ 1 near threatened ■ 63 of least concern
SETE LAGOAS (BRAZIL)	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)	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)	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

[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.*

ENERGY

ENERGY CONSUMPTION AND CO_2 EMISSIONS

IMPROVEMENT IN ENERGY PERFORMANCE

CNH INDUSTRIAL WORLDWIDE

	2016	2015	2014
Expenditure ($ million)	**138**	154	177
Investments ($ million)	**6.7**	11	10
Cost saving ($ million)	**3.8**	7	6
Energy saving (GJ)	**164,950**	290,000	307,000
CO_2 emissions reduction	**9,975**	18,000	20,000

TOTAL ENERGY CONSUMPTION

CNH INDUSTRIAL WORLDWIDE (GJ)

Non-renewable sources	2016	2015[a]	2014[a]
Plants	54	55	55
Direct energy consumption			
Natural gas	**2,636,772**	2,733,025	3,140,348
Coal	**131,243**	125,206	201,292
Diesel	**235,292**	253,062	282,844
Liquefied petroleum gas (LPG)	**35,755**	31,409	69,549
Other (HS and LS fuel oil)	**119**	-	-
Total	**3,039,181**	3,142,702	3,694,033
Indirect energy consumption			
Electricity	**1,064,463**	1,358,490	1,507,710
Thermal energy	**610,687**	619,274	580,504
Other energy sources	**115,017**	128,498	127,785
Total	**1,790,167**	**2,106,262**	**2,215,999**
Total energy consumption from non-renewable sources	**4,829,348**	**5,248,964**	**5,910,032**

Renewable sources	2016	2015[a]	2014[a]
Plants	54	55	55
Direct energy consumption			
Biomass	**22,169**	30,824	19,762
Solar-thermal	**246**	419	349
Total	**22,415**	**31,243**	**20,111**
Indirect energy consumption			
Electricity	**1,342,881**	1,100,664	1,307,312
Thermal energy	**57,666**	57,961	49,186
Other energy sources	**9,998**	9,136	9,538
Total	**1,410,545**	**1,167,761**	**1,366,036**
Total energy consumption from renewable sources	**1,432,960**	**1,199,004**	**1,386,147**
Total energy consumption	**6,262,308**	**6,447,968**	**7,296,179**

[a] 2014 and 2015 data restated with respect to the 2015 Sustainability Report, following a change in methodology (see also page 253).

ENERGY CONSUMPTION BY ENERGY TYPE

CNH INDUSTRIAL WORLDWIDE (GJ)

	2016	2015[a]	2014[a]
Plants	54	55	55
Electricity[b]	**2,502,246**	2,554,364	2,914,716
Heat	**668,599**	677,655	630,039
Steam[c]	**-**	-	-
Cooling coal	**30,113**	42,424	37,630
Natural gas	**2,636,772**	2,733,025	3,140,348
Other energy sources	**424,578**	440,500	573,446
Total energy consumption	**6,262,308**	**6,447,968**	**7,296,179**

[a] 2014 and 2015 data restated with respect to the 2015 Sustainability Report, following a change in methodology (see also page 253).
[b] Electricity also includes compressed air.
[c] Steam is included in heat

GRI STANDARDS
GRI 302-1

ENERGY CONSUMPTION PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (GJ/hour of production)

	Target 2018 vs. 2014	2016	2015	2014
Energy consumption per production unit	-6.5%	0.1196	0.1190	0.1286

[a] *2014 was chosen as the base year for 2014-2018 global planning, in line with the Business Plan.*
Types of energy included: electricity, heat, steam, cooling, natural gas, metallurgical coal, diesel, and other fuels.

ELECTRICITY CONSUMPTION FROM RENEWABLE SOURCES

CNH INDUSTRIAL WORLDWIDE (%)

	Target 2020	2016	2015	2014
Electricity consumption from renewable sources	50	55.8	44.8	46.4

CO_2 EMISSIONS

DIRECT AND INDIRECT CO_2 EMISSIONS[a]

CNH INDUSTRIAL WORLDWIDE (tons)

	2016	2015[b]	2014[b]
Plants	54	55	54
Direct emissions (scope 1)	172,562	176,765	208,440
Indirect emissions (scope 2) - market-based	235,362	248,107	306,378
Indirect emissions (scope 2) - location-based	265,841	288,469	351,445
Direct emissions from landfill gas	1,210	1,683	1,079
Total CO_2 emissions[c]	409,134	426,555	515,897

[a] *CO_2 is the only significant greenhouse gas within CNH Industrial's processes (see also page 253).*
For CNH Industrial, biogenic CO_2 emissions are those released by the combustion of landfill gases.
2014 was chosen as the base year for global planning, in line with the Business Plan.
The base year's direct and indirect CO_2 emissions are those in the table.
GHG emissions were consolidated and reported using an operational control approach.
For the methodologies and emission factors used, see also pages 253-254.
[b] *2014 and 2015 data restated with respect to the 2015 Sustainability Report, following a change in methodology.*
[c] *Total CO_2 emissions are calculated as per the market-based methodology of the GHG Protocol.*

DIRECT AND INDIRECT CO_2 EMISSIONS PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (tons of CO_2/hour of production)

	Target 2022 vs. 2014	2016	2015	2014
Direct and indirect CO_2 emissions per production unit	-20%	0.0078	0.0078	0.0091

[a] *CO_2 is the only significant greenhouse gas within CNH Industrial's processes (see also page 253).*
2014 was chosen as the base year for 2014-2018 global planning, in line with the Business Plan.
The indicator includes scope 1 and scope 2 emissions.

OTHER GRI DISCLOSURES

COMMITMENTS TO EXTERNAL INITIATIVES

COUNTRY	NAME	TYPE OF INSTITUTION	CNH Industrial's type of commitment:			
			PROJECTS	MEMBERSHIP	POSITION IN GOVERNANCE BODY	FUNDING
EMEA						
Austria	Austrian Institute of Technology (AIT)	Research Center	⊙			
Austria	Das Virtuelle Fahrzeug	Research Center	⊙			
Austria	FMMA - Association of Austrian Machinery & Metalware Industry	Research Center		⊙	⊙	
Austria	Kompetenzzentrum - Das Virtuelle Fahrzeug, Forschungsgesellschaft mbH	Research Center	⊙			
Austria	Technische Universität Graz	University	⊙			
Belgium	American Chamber of Commerce to the European Union (AmCham EU)	Association		⊙		
Belgium	Committee for European Construction Equipment (CECE)	Association		⊙	⊙	
Belgium	European Agricultural Machinery (CEMA)	Association		⊙	⊙	
Belgium	European Association of Internal Combustion Engine Manufacturers (EUROMOT)	Association		⊙	⊙	
Belgium	European Automobile Manufacturers' Association (ACEA)	Association		⊙	⊙	
Belgium	Flanders Make	Research Center	⊙			
Belgium	Katholieke Univerersiteit Leuven (KUL)	University	⊙			
Belgium	Loughborough University	University	⊙			
Belgium	Natural and Bio Gas Vehicle Association (NGVA Europe)	Association		⊙	⊙	
Belgium	University of Ghent	University	⊙			
Belgium	Université de Liège	University	⊙			
Belgium	Vrije Universiteit Brussel	University	⊙			
Czech Rep.	Ceske Vysoke Uceni Technicke	University	⊙			
Czech Rep.	Czech Technical University Prague (CTU)	University	⊙			
Danmark	Aarhus University	University	⊙			
Danmark	Danmarks Tekniske Universitet - DTU	University	⊙			
France	CEA Grenoble	Research Center	⊙			
France	CEA Saclay	Research Center	⊙			
France	Ecole Centrale de Nantes	University	⊙			
France	IFP Energies nouvelles	Research Center	⊙			
Germany	Aachen University	University	⊙			
Germany	FH Konstanz	University	⊙			
Germany	Forschungsvereinigung Verbrennungskraftmaschinen (FVV)	Association	⊙			
Germany	Franuhofer-Gesellschaft	Research Center	⊙			
Germany	Kaiserslautern University of Technology	University	⊙			
Germany	Kiel University	University	⊙			
Germany	Stuttgart University	University	⊙			
Germany	TU Eindhoven University	University	⊙			
Germany	Universität Stuttgart	University	⊙			

COUNTRY	NAME	TYPE OF INSTITUTION	CNH Industrial's type of commitment:			
			PROJECTS	MEMBERSHIP	POSITION IN GOVERNANCE BODY	FUNDING
EMEA						
Italy	Ceir Società Consortile Cooperativa	Research Center	⊙			
Italy	Centro Ricerche Plast-Optica,	Research Center	⊙			
Italy	Consiglio Nazionale delle Ricerche	Research Center	⊙	⊙		
Italy	Consiglio Nazionale delle Ricerche Istituto Motori Napoli (IRMN)	Research Center	⊙			
Italy	Consorzio MEDIS	Research Center	⊙			
Italy	CREA-ING	Research Center	⊙			
Italy	CRF	Research Center	⊙			
Italy	CRIT	Research Center	⊙			
Italy	ELASIS	Research Center	⊙			
Italy	Environment Park	Research Center	⊙			
Italy	IMAMOTER	Research Center	⊙			
Italy	Italian Electric Road Vehicle Association (CIVES)	Association		⊙		
Italy	Politecnico di Bari	University	⊙			
Italy	Politecnico di Milano	University	⊙			
Italy	Politecnico di Torino	University	⊙			
Italy	RE:LAV	Research Center	⊙			
Italy	Reggio Emilia Innovazione	Research Center	⊙			
Italy	Scuola Universitaria Superiore Sant'Anna	University	⊙			
Italy	Università Commerciale Luigi Bocconi	University	⊙			
Italy	Università degli studi del Piemonte Orientale	University	⊙			
Italy	Università degli Studi dell'Aquila	University	⊙			
Italy	Università degli Studi di Bologna	University	⊙			
Italy	Università degli Studi di Catania	University	⊙			
Italy	Università degli Studi di Ferrara	University	⊙			
Italy	Università degli Studi di Ferrara	University	⊙			
Italy	Università degli Studi di Genova	University	⊙			
Italy	Università degli studi di Messina	University	⊙			
Italy	Università degli Studi di Modena e Reggio Emilia	University	⊙			
Italy	Università degli Studi di Napoli	University	⊙			
Italy	Università degli studi di Parma	University	⊙			
Italy	Università degli Studi di Roma "La Sapienza"	University	⊙			
Italy	Università degli Studi di Roma Tor Vergata	University	⊙			
Italy	Università degli studi di Salerno	University	⊙			
Italy	Università degli studi di Torino	University	⊙			
Italy	Università degli studi di Trieste	University	⊙			
Italy	World Energy Council Italy	Association		⊙		

COUNTRY	NAME	TYPE OF INSTITUTION	CNH Industrial's type of commitment:			
			PROJECTS	MEMBERSHIP	POSITION IN GOVERNANCE BODY	FUNDING
EMEA						
Netherlands	Dacolt - Combustion & CFD	Research Center	⊙			
Netherlands	Nederlandse Organisatie voor Toegepast Natuurwetenschappelijk Onderzoek (TNO)	Research Center	⊙			
Netherlands	Technische Universiteit Eindhoven	University	⊙			
Netherlands	Uniresearch	Research Center	⊙			
Netherlands	Wageningen University & Research	University	⊙			
Polland	Politechnika Lodzka	University	⊙			
Portugal	Universidade de Coimbra	University	⊙			
Spain	Fundacion Tecnalia Research & Innovation	Research Center	⊙			
Spain	Mondragon University	University	⊙			
Spain	Universidad de Alcalá	University	⊙			
Spain	Universidad Politécnica de Valencia	University	⊙			
Sweden	Chalmers University of Technology	University	⊙			
Sweden	Kungliga Tekniska Högskolan	University	⊙			
Switzerland	Eidgenössische Technische Hochschule Zürich (ETH Zürich)	University	⊙			
Switzerland	Eidgenössische Materialprüfungs- und Forschungsanstalt (EMPA)	Research Center	⊙			
Switzerland	Inspire, Zürich	Research Center	⊙			
Switzerland	Swiss Federal Laboratories for Materials Science and Technology (EMPA)	Research Center	⊙			
UK	Queen Mary, University of London	University	⊙			
NAFTA						
Canada	University of Saskatchewan	University	⊙			
USA	American-Uzbekistan Chamber of Commerce (AUCC)	Association		⊙		
USA	Association of Equipment Manufacturers (AEM)	Association		⊙	⊙	
USA	Business Industry Political Action Committee (BIPAC)	Association		⊙	⊙	
USA	Business Roundtable (BRT)	Association		⊙	⊙	
USA	Campaign to Fix the Debt	Association		⊙		
USA	Center for Compact and Efficient Fluid Power (CCEFP)	Research Center	⊙			
USA	Diesel Technology Forum (DTF)	Association		⊙		
USA	Engine Manufacturers Association (EMA)	Association		⊙		
USA	Forest Stewardship Council (FSC)	Government	⊙			
USA	Growth Energy	Association		⊙	⊙	
USA	Iowa State University	University	⊙			
USA	Kansas State University	University	⊙			
USA	National Association of Manufacturers (NAM)	Association		⊙	⊙	

COUNTRY	NAME	TYPE OF INSTITUTION	CNH Industrial's type of commitment:			
			PROJECTS	MEMBERSHIP	POSITION IN GOVERNANCE BODY	FUNDING
NAFTA						
USA	National Cattlemen's Beef Association	Association		⊙		
USA	Oregon State University	University	⊙			
USA	Organization for International Investment (OFII)	Association		⊙		
USA	Pennsylvania State University	University	⊙			
USA	Purdue University	University	⊙			
USA	State University of New York (SUNY)	University	⊙			
USA	Texas A&M University	University	⊙			
USA	Trade Benefits America	Association		⊙		
USA	University of California	University	⊙			
USA	University of Cincinnati	University	⊙			
USA	University of Delaware	University	⊙			
USA	University of Idaho	University	⊙			
USA	University of Kentucky	University	⊙			
USA	University of Nebraska	University	⊙			
USA	US Chamber of Commerce	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		⊙	⊙	
USA	Washington State University	University	⊙			
LATAM						
Argentina	Argentine Chamber of Construction (CAC)	Association		⊙		
Argentina	Association of Agricultural Machinery Manufacturers (AFAT)	Association		⊙		
Argentina	Association of Automotive Manufacturers (ADEFA)	Association		⊙		
Argentina	ANFAVEA Automotive National Association	Association		⊙		
Brazil	American Chamber of Commerce - BR and USA companies (AMCHAM)	Association		⊙		
Brazil	Brazilian Association of Automotive Engineering (AEA)	Association		⊙		
Brazil	Brazilian Association of Machines and Equipment (ABIMAQ)	Association		⊙		
Brazil	Brazilian Federation of Banks (FEBRABAN)	Association		⊙		
Brazil	Empresa Brasileira de Pesquisa Agropecuária	Government	⊙			
Brazil	Instituto Capixaba de Pesquisa, Assistência Técnica e Extensão Rural (Incaper)	Government	⊙			
Brazil	Italian Brazilian Chamber (BR and Italian companies)	Association		⊙		
Brazil	National Association of Automotive Vehicle Manufacturers (ANFAVEA)	Association		⊙	⊙	
Brazil	National Association of Cargo Transportation and Logistics (NTC LOGISTICA)	Association		⊙		

COUNTRY	NAME	TYPE OF INSTITUTION	CNH Industrial's type of commitment:			
			PROJECTS	MEMBERSHIP	POSITION IN GOVERNANCE BODY	FUNDING
LATAM						
Brazil	SAE Brasil (Mobility Engineers Society)	Association		⊙		
Brazil	Universidade Estadual de Campinas (UNICAMP)	University	⊙			
Brazil	Universidade Federal de Mato Grosso (UFMT)	University	⊙			
Brazil	Universidade Federal de Minas Gerais (UFMG)	University	⊙			
Brazil	Universidade Federal de Minas Gerais (UFMG)	University	⊙			
APAC						
Australia	Ai Group (Australian Industry Group)	Association		⊙		
Australia	Australian Trucking Association (ATA)	Association		⊙		
Australia	Bus Industry Confederation (BIC)	Association		⊙		
Australia	Gas Energy Australia's CNG and LNG Joint Taskforce	Association		⊙		
Australia	InvestWest Agribusiness Alliance (Western Australia)	Association		⊙		
Australia	Italian Chamber of Commerce and Industry (Australia)	Association		⊙		
Australia	Italian Chamber of Commerce and Industry (Victoria)	Association		⊙		
Australia	Tractor and Machinery Association (TMA)	Association		⊙		
Australia	Truck Industry Council (TIC)	Association		⊙		
China	American Chamber of Commerce in China (AmCham China)	Association		⊙		
China	China Combustion Engine Industry Association (CICEIA)	Association		⊙		
China	China National Light Industry Council	Association		⊙		
China	C8 Heavy Truck Manufacturing Association	Association		⊙		
China	China Agriculture Machinery Distribution Association (CAMDA)	Association		⊙		
China	China Association of Agriculture Machinery Manufacturers (CAAMM)	Association		⊙		
China	China Construction Machinery Association (CCMA)	Association		⊙		
China	China Federation of Logistics and Purchasing (CFLP)	Association		⊙		
China	German Engineering Federation (DMA), Agricultural Machinery Working Group China	Association		⊙	⊙	

COUNTRY	NAME	TYPE OF INSTITUTION	CNH Industrial's type of commitment:			
			PROJECTS	MEMBERSHIP	POSITION IN GOVERNANCE BODY	FUNDING
APAC						
India	Confederation of Indian Industry (CII)	Association		⊙		
India	Euclid Infotech Pvt Ltd	Association		⊙		
India	European Association for Business and Commerce (EABC)	Association		⊙		
India	Federation of Thai Industries, Agricultural Machineries Group	Association		⊙		
India	India CEO/CFO Forum organized by the International Market Assessment India	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	Infodrive India	Association		⊙		
India	Korean Automotive Manufacturers Association (KAMA)	Association		⊙		
India	Myanmar Italy Business Council	Association		⊙		
India	Pithampur Audhyogik Sangathan	Association		⊙		
India	Thai - Italian Chamber of Commerce (TICC)	Association		⊙	⊙	
India	Tractor Manufacturers Association (TMA)	Association		⊙	⊙	
Russia	Association of European Businesses (AEB)	Association		⊙		
Russia	Russian Association of Farm Machinery (ROSAGROMASH)	Association		⊙		
Uzbekistan	American-Uzbek Chamber of Commerce (AUCC)	Association		⊙		
Uzbekistan	Chamber of Commerce and Industry of Uzbekistan	Association		⊙		
Uzbekistan	UzAgromash Service Association	Association		⊙		

STATEMENT OF ASSURANCE

SGS

ASSURANCE STATEMENT

ASSURANCE STATEMENT FOR THE CNH INDUSTRIAL N.V. SUSTAINABILITY REPORT 2016

SGS Nederland B.V. was commissioned to conduct an independent assurance of the CNH Industrial N.V. ("CNH Industrial" or "Company") 2016 Sustainability Report.

Responsibility and Scope of Assurance

SGS Nederland B.V. is responsible for expressing its opinion on information, graphs, tables and statements in the Sustainability Report, within the assurance scope described below, for the purpose of informing all interested parties.

SGS Nederland B.V. expressly disclaims any liability or co-responsibility for the preparation of any of the material included in this document or for the process of collection and treatment of the data therein.

The information in the Sustainability Report is the exclusive responsibility of CNH Industrial.

SGS Nederland B.V. affirms its independence from CNH Industrial, being free from bias and conflict of interests with the Organization, its subsidiaries and stakeholders.

The Company is responsible for the identification of stakeholders and of material issues, for defining objectives with respect to sustainability performance and for establishing and maintaining appropriate performance management and internal control systems.

SGS Nederland B.V. was asked to express an opinion in relation to the assurance scope, which includes the following aspects:

- the evaluation of the Report against the Global Reporting Initiative's newly released **GRI Standards**, core option;
- the review of the Company's approach to the materiality analysis and stakeholder engagement processes and initiatives;
- the assessment of the robustness of the data management systems, information flow and controls, and the verification of qualitative and/or quantitative information to confirm the accuracy and the process of data elaboration and synthesis;
- the performance of a type 2 evaluation of the application of the AA1000 AccountAbility Principles Standard (2008) and of the reliability of the information reported;
- the confirmation of the adherence of the sustainability model adopted by CNH Industrial to the requirements of ISO 26000 guidance.

Methodology and Limitations

The verification process is based on SGS Product Procedure for Sustainability Report Assurance and incorporates the AA1000 Assurance Standard as audit criteria. The process started from materiality analysis and stakeholder engagement methodology validation activities and was performed through examination of records, procedures and documents, and interviews with personnel and management.

The texts, graphs and tables included in the Report were verified by selecting, on a significant sample, qualitative and/or quantitative information to confirm the accuracy of the data collection and consolidation process.

Auditing activities were carried out during February and March 2017 at Company sites in Brazil (Curitiba), Spain (Madrid), Italy (Torino, Bolzano and Pregnana Milanese), United States (Goodfield) and Canada (Saskatoon) to assess the reliability of the data reporting process.

The audit team was assembled based on their technical know-how, experience and the qualifications of each member in relation to the various dimensions assessed.

Financial data is taken directly from the independently audited CNH Industrial Annual Report as at December 31, 2016, prepared in accordance with accounting standards generally accepted in the United States (US GAAP) for

US Securities and Exchange Commission (SEC) reporting purposes. The US GAAP financial results are included in the Annual Report on Form 20-F.

Assurance Opinion

On the basis of the verification work performed, we are satisfied that the information contained in the CNH Industrial 2016 Sustainability Report is accurate, balanced and reliable, representing a relevant summary of the activities carried out by CNH Industrial in 2016 and an essential tool in communicating with stakeholders.

SGS Nederland B.V. confirms that information included in the Report provides a material and complete representation of the Company's sustainability performance.

The verification process confirmed that the Report was prepared based on rigorous processes.

With regards to the level of adherence to the AA1000 Principles (Inclusivity, Materiality and Correspondence), and to the approach of the Company to the materiality analysis and stakeholder engagement processes and initiatives, the Audit team provides the following opinion:

- In 2016, the materiality matrix evolved and the Company identified the new material topics through which CNH Industrial aims to respond to the global challenges and megatrends, as a tangible sign of the integration of sustainability principles into the Company's business model.
The new material topics were assessed by both CNH Industrial management and several stakeholder categories worldwide, through an engagement process conducted by the Company to ensure that its efforts remain aligned with its main business objectives and with stakeholders' interests and expectations.
Continuous dialogue with stakeholders appears to be of fundamental importance for the identification, prioritization, and continuous improvement regarding the economic, environmental and social aspects as well as their related impacts. As further evidence of the Company's commitment to promoting sustainable development, it is worth highlighting the process for defining new targets, based on potential risks and opportunities related to the activities, arising from megatrends and material topics. All of CNH Industrial's long-term targets are consistent with those stated in the UN SDGs.
- The Audit Team notes the thorough work carried out by the Company in responding to the new requirements of the indicators for Energy and Emissions. Detailed information regarding the quantification of greenhouse gas (GHG) emissions was provided, and recognition is given of the effort and commitment made by the Company to provide a complete and transparent communication of its carbon footprint, through an additional verification of greenhouse gas emissions, carried out according to ISO 14064-3 criteria. Moreover, during the verification process, CO_2 emissions for the upstream and downstream transportation and distribution categories of the Scope 3 emissions were audited.
- The Company has already implemented the new GRI Standards and has included more indicators than specified by the minimum requirements of the core option.

Furthermore, we confirm that the sustainability model – integrated into the Company's business model – is in line with the requirements of ISO 26000 guidance.

Statement of conclusion

On the basis of the verification performed, we are satisfied that the information contained in the 2016 Sustainability Report is accurate and reliable, and provides stakeholders a fair and balanced representation of the activities of CNH Industrial.

With reference to the new GRI Standards, the organization satisfies the principles for defining report content and the principles for ensuring the quality of reported information.

We confirm that the Report is aligned with the requirements of the Global Reporting Initiative's **GRI Standards: core option**.

Spijkenisse, 27th March 2017

Andre Siraa
Business Manager

AA1000
Licensed Assurance Provider
000-8

GRI CONTENT INDEX

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 carried out in the reporting year (see also pages 15-19). The second contains references to additional GRI disclosures that complete the outline of CNH Industrial's performance.
For each disclosure, the page number refers to the 2016 Sustainability Report; however, where specifically stated, the reference is to the 2016 EU Annual Report as at December 31, 2016, available on the corporate website.

GRI STANDARDS	DISCLOSURE	PAGE NUMBER(s) AND/OR URL(s)	OMISSION		
			PART OMITTED	REASON	EXPLANATION
GRI 101: Foundation 2016					
General Disclosures					
GRI 102: General Disclosures 2016	**Organizational profile**				
	102-1 Name of the organization	11	-		
	102-2 Activities, brands, products, and services	11; Annual Report 31-36	-		
	102-3 Location of headquarters	247; Annual Report 8	-		
	102-4 Location of operations	11	-		
	102-5 Ownership and legal form	11; Annual Report 8-9; 102	-		
	102-6 Markets served	11; Annual Report 31; 39-43	-		
	102-7 Scale of the organization	11; Annual Report 31; 51; 102	-		
	102-8 Information on employees and other workers	64; 251; 265	-		
	102-9 Supply chain	163	-		
	102-10 Significant changes to the organization and its supply chain	163; Annual Report 8-9; 102	-		
	102-11 Precautionary Principle or approach	61	-		
	102-12 External initiatives	23; 47	-		
	102-13 Membership of associations	274	-		
	Strategy				
	102-14 Statement from senior decision-maker	4; Annual Report 6-7	-		
	Ethics and integrity				
	102-16 Values, principles, standards, and norms of behavior	47	-		
	Governance				
	102-18 Governance structure	43; Annual Report 73-87	-		
	Stakeholder engagement				
	102-40 List of stakeholder groups	20-21	-		
	102-41 Collective bargaining agreements	100	-		
	102-42 Identifying and selecting stakeholders	20	-		
	102-43 Approach to stakeholder engagement	20; 236; 251	-		
	102-44 Key topics and concerns raised	20-21; 236	-		

GRI STANDARDS	DISCLOSURE	PAGE NUMBER(s) AND/OR URL(s)	OMISSION		
			PART OMITTED	REASON	EXPLANATION
GRI 102: General Disclosures 2016	**Reporting practice**				
	102-45 Entities included in the consolidated financial statements	248-250; Annual Report 45-46	-		
	102-46 Defining report content and topic Boundaries	15-19; 251	-		
	102-47 List of material topics	19	-		
	102-48 Restatements of information	251	-		
	102-49 Changes in reporting	19	-		
	102-50 Reporting period	247	-		
	102-51 Date of most recent report	247	-		
	102-52 Reporting cycle	247	-		
	102-53 Contact point for questions regarding the report	247	-		
	102-54 Claims of reporting in accordance with the GRI Standards	247	-		
	102-55 GRI content index	282	-		
	102-56 External assurance	251; 280	-		

GRI STANDARDS	DISCLOSURE	PAGE NUMBER(s) AND/OR URL(s)	OMISSION		
			PART OMITTED	REASON	EXPLANATION
Material Topics					
GRI 200 Economic Standard Series					
Procurement Practices					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	19; 131; 161	-		
	103-2 The management approach and its components	131; 161	-		
	103-3 Evaluation of the management approach	131; 161	-		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	164	-		
GRI 300 Environmental Standards Series					
Energy					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	19; 194	-		
	103-2 The management approach and its components	194	-		
	103-3 Evaluation of the management approach	194	-		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	198; 200; 253; 272	-		
	302-3 Energy intensity	201; 253; 273	-		
	302-4 Reduction of energy consumption	194; 197; 199; 201; 203; 273	-		
Water					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	19; 180	-		
	103-2 The management approach and its components	180	-		
	103-3 Evaluation of the management approach	180	-		
GRI 303: Water 2016	303-1 Water withdrawal by source	186; 252; 268	-		
	303-2 Water sources significantly affected by withdrawal of water	253; 269	-		
	303-3 Water recycled and reused	252; 268	-		
Emissions					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	19; 161; 180; 194; 205; 211	-		
	103-2 The management approach and its components	141; 161; 180; 194; 205	-		
	103-3 Evaluation of the management approach	141; 161; 180; 194; 205	-		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	199; 202; 253-254; 273	-		
	305-2 Energy indirect (Scope 2) GHG emissions	199; 202; 253-254; 273	-		
	305-4 GHG emissions intensity	203; 253; 273	-		
	305-5 Reduction of GHG emissions	202; 273	-		
	305-6 Emissions of ozone-depleting substances (ODS)	184; 267	-		
	305-7 Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	184; 252; 267	-		

GRI STANDARDS	DISCLOSURE	PAGE NUMBER(s) AND/OR URL(s)	OMISSION		
			PART OMITTED	REASON	EXPLANATION
Effluents and Waste					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	19; 180	-		
	103-2 The management approach and its components	180	-		
	103-3 Evaluation of the management approach	180	-		
GRI 306: Effluents and Waste 2016	306-1 Water discharge by quality and destination	186; 252; 268	-		
	306-2 Waste by type and disposal method	190; 270	-		
	306-3 Significant spills	188	-		
	306-4 Transport of hazardous waste	270	-		
	306-5 Water bodies affected by water discharges and/or runoff	253; 269	-		
Supplier Environmental Assessment					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	19; 131; 161	-		
	103-2 The management approach and its components	131; 161	-		
	103-3 Evaluation of the management approach	131; 161	-		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	165	-		
	308-2 Negative environmental impacts in the supply chain and actions taken	169	-		
GRI 400 Social Standards Series					
Occupational Health and Safety					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	19; 86	-		
	103-2 The management approach and its components	86	-		
	103-3 Evaluation of the management approach	86	-		
GRI 403: Occupational Health and Safety 2016	403-1 Workers representation in formal joint management-worker health and safety committees	74	-		
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	89; 252; 266	-		
	403-4 Health and safety topics covered in formal agreements with trade unions	101	-		
Training and Education					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	19; 63	-		
	103-2 The management approach and its components	63	-		
	103-3 Evaluation of the management approach	63	-		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	80	-		
	404-2 Programs for upgrading employee skills and transition assistance programs	81	-		
	404-3 Percentage of employees receiving regular performance and career development reviews	77	-		
Local Communities					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	19; 107	-		
	103-2 The management approach and its components	107; 110	-		
	103-3 Evaluation of the management approach	107	-		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	108; 110	-		
	413-2 Operations with significant actual and potential negative impacts on local communities	109	-		
Supplier Social Assessment					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	19; 131; 161	-		
	103-2 The management approach and its components	131; 161	-		
	103-3 Evaluation of the management approach	131; 161	-		
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	165	-		
	414-2 Negative social impacts in the supply chain and actions taken	169	-		

GRI STANDARDS	DISCLOSURE	PAGE NUMBER(s) AND/OR URL(s)	OMISSION		
			PART OMITTED	REASON	EXPLANATION
Public Policy					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	19; 121	-		
	103-2 The management approach and its components	121	-		
	103-3 Evaluation of the management approach	121	-		
GRI 415: Public Policy 2016	415-1 Political contributions	127	-		
Customer Health and Safety					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	19; 131; 224	-		
	103-2 The management approach and its components	131; 141	-		
	103-3 Evaluation of the management approach	131; 141	-		
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	151; 156; 227	-		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	55; 159	-		
Marketing and Labeling					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	19; 131; 135	-		
	103-2 The management approach and its components	131; 135	-		
	103-3 Evaluation of the management approach	131; 135	-		
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	157	-		
	417-2 Incidents of non-compliance concerning product and service information and labeling	55; 136; 159	-		
	417-3 Incidents of non-compliance concerning marketing communications	55; 136	-		
Customer Privacy					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	19; 131; 135	-		
	103-2 The management approach and its components	131; 135	-		
	103-3 Evaluation of the management approach	131; 135	-		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	55; 136	-		
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	19; 213; 239	-		
	103-2 The management approach and its components	141; 214; 239	-		
	103-3 Evaluation of the management approach	141; 239	-		
Autonomous vehicles and connectivity					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	19; 147	-		
	103-2 The management approach and its components	141	-		
	103-3 Evaluation of the management approach	141	-		
Self-sustaining food systems					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	19; 221	-		
	103-2 The management approach and its components	141	-		
	103-3 Evaluation of the management approach	141	-		
Value chain management (dealer management)					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	19; 229	-		
	103-2 The management approach and its components	229	-		
	103-3 Evaluation of the management approach	229	-		
Digital workplaces					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	19; 63	-		
	103-2 The management approach and its components	63	-		
	103-3 Evaluation of the management approach	63	-		
Innovation-to-zero (excluding occupational health and safety)					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	19; 131; 176	-		
	103-2 The management approach and its components	131	-		
	103-3 Evaluation of the management approach	131	-		

ADDITIONAL GRI DISCLOSURES

GRI STANDARDS	DISCLOSURE	PAGE NUMBER(s) AND/OR URL(s)
GRI 101: Foundation 2016		
General Disclosures		
GRI 102: General Disclosures 2016	**Strategy**	
	102-15 Key impacts, risks, and opportunities	Annual Report 15-29; 175-179
	Ethics and integrity	
	102-17 Mechanisms for advice and concerns about ethics	48
	Governance	
	102-19 Delegating authority	43
	102-20 Executive-level responsibility for economic, environmental, and social topics	43
	102-21 Consulting stakeholders on economic, environmental, and social topics	20; 22
	102-22 Composition of the highest governance body and its committees	44; 257; Annual Report 73-79
	102-23 Chair of the highest governance body	Annual Report 73; 77-79
	102-24 Nominating and selecting the highest governance body	43
	102-25 Conflicts of interest	Annual Report 78-79
	102-26 Role of highest governance body in setting purpose, values, and strategy	44; Annual Report 73; 77-78
	102-27 Collective knowledge of highest governance body	44
	102-28 Evaluating the highest governance body's performance	44
	102-29 Identifying and managing economic, environmental, and social impacts	15; 22
	102-30 Effectiveness of risk management processes	56; Annual Report 69-72
	102-32 Highest governance body's role in sustainability reporting	17
	102-33 Communicating critical concerns	49
	102-34 Nature and total number of critical concerns	49
	102-35 Remuneration policies	Annual Report 88-101
	102-37 Stakeholders involvement in remuneration	(a)

GRI STANDARDS	DISCLOSURE	PAGE NUMBER(s) AND/OR URL(s)
GRI 200 Economic Standard Series		
Economic Performance		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	13
	201-2 Financial implications and other risks and opportunities due to climate change	58
	201-3 Defined benefit plan obligations and other retirement plans	66; Annual Report 122-124;160-163
	201-4 Financial assistance received from government	11
Market Presence		
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage[b]	66; 262
	202-2 Proportion of senior management hired from the local community	79
Anti-corruption		
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	50
	205-2 Communication and training about anti-corruption policies and procedures	81
	205-3 Confirmed incidents of corruption and actions taken	50; 55
Anti-competitive Behavior		
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	55; Annual Report 44; 167

[a] Available on the corporate website after the General Meeting.
[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	164
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	271
	304-2 Significant impacts of activities, products, and services on biodiversity	192
	304-3 Habitats protected or restored	192
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	271
Environmental Compliance		
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	55; 193
GRI 400 Social Standards Series		
Employment		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover[b]	65; 260-262
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	66
	401-3 Parental leave[b]	94
Labor/Management Relations		
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	102
Diversity and Equal Opportunity		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	44; 72; 263-264
Non-discrimination		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	50
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	53; 73; 168
Child Labor		
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	53; 72; 168
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	168
Human Rights Assessment		
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	52
	412-2 Employee training on human rights policies or procedures	81
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	165
Socioeconomic Compliance		
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	55

[b] *This GRI Standards Disclosure is partially reported.*

GLOSSARY

A

AA1000: framework published by AccountAbility providing sustainability management tools to companies.
Accident frequency rate: number of injuries reported (resulting in more than 3 days of absence) divided by the number of hours worked, multiplied by 100,000.
Accident severity rate: the number of days of absence divided by the number of hours worked, multiplied by 1,000.
ACEA (European Automobile Manufacturers' Association): association founded in 1991 to promote, publicize, and protect the interests of supporting manufacturers for all issues affecting the car industry and transportation in general.
ADAS: Advanced Driver Assistance Systems.
AIAG (Automotive Industry Action Group): non-profit association of companies operating in the automotive industry.

B

Biodiesel: non-polluting alternative fuel extracted from renewable, freely available resources such as vegetable oils. Biodiesel does not contain petroleum, but can be mixed with diesel in various proportions. It can be used in place of gasoline in suitably adapted engines.
Biodiversity: all life forms on Earth. It comprises every biological variation of genetic inheritance (breeds or varieties of species, both wild and cultivated), species (animals, plants, fungi, microorganisms), and ecosystems (natural habitats such as aquatic, forest or alpine environments).
Biomethane: gas produced by the biological decomposition of organic material in the absence of oxygen, subsequently refined to achieve a methane concentration of 95%. Used as a biofuel for motor vehicles in the same way as natural gas (or fossil methane).
Blow-by: leakage of air-fuel mixture or of combustion gases through the piston rings and cylinder walls into the engine's crankcase, reducing both performance and fuel economy.
BOD (Biochemical Oxygen Demand): 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 (BOD_5).

C

Carpooling: transport under sustainable mobility by which private vehicles are shared by a group of people taking the same route.
Carbon footprint: term expressing the total greenhouse gas (GHG) emissions, in CO_2 equivalent, of a product, service or organization.
CNG (Compressed Natural Gas): natural gas, composed mainly of methane, compressed and stored in special containers at high pressure. Used as a fuel for vehicles able to run on natural gas.
CO_2 eq (carbon dioxide equivalent): parameter used to compare various greenhouse gas (GHG) emissions according to their Global Warming Potential (GWP). The CO_2 equivalent of a gas is calculated by multiplying the total weight of gas by its corresponding GWP.
COD (Chemical Oxygen Demand): expressed in milligrams per liter (mg/l), COD is the quantity of oxygen required for the complete chemical oxidation of organic and inorganic compounds present in a sample of water.
Conflict minerals: minerals mined in conditions of armed conflict and human rights abuses, notably in the Democratic Republic of Congo and neighboring states. Their use in the USA is regulated by the Dodd-Frank Act.
Core: a worn component that can be remanufactured.

D

Direct emissions (scope 1): air polluting emissions originating from combustion processes involving equipment controlled or owned by the organization.

E

EGR (Exhaust Gas Recirculation): system that recirculates exhaust gas back to the engine's intake to reduce NO_x emissions.
Emission trading: mechanism enabling the exchange of emission quotas between countries belonging to the Organization for Economic Co-operation and Development (OECD) and Economies in Transition (EIT), to meet their commitments to reduce greenhouse gas emissions. The system, introduced by EC Directive 2003/87/EC, defines a maximum level of acceptable emissions for each member state. According to the levels set, emission permits expressed in tons of CO_2 are assigned to, and may be exchanged among, participating members.
EPA (Environmental Protection Agency): agency of the US Government charged with the protection of the environment and public health.
Ergonomics (or human factors): scientific discipline focusing on the interactions among human and other elements of a system. Through the application of theory, principles, data, and design methods, it aims at optimizing human wellbeing and overall system performance.

F

FOPS (Falling Object Protection System): system protecting the cab and operator from objects falling from above.

G

GHG Protocol (Greenhouse Gas Protocol): international standards and guidelines regarding corporate greenhouse gas accounting and reporting.
GRI Standards: standards that create a common language for organizations and stakeholders through which the economic, environmental, and social impacts of organizations can be communicated and understood. The GRI Standards are designed to enhance the global comparability and quality of information on these impacts, thereby enabling greater transparency and accountability for organizations.

H

HFCs (Hydrofluorocarbons): halocarbons containing only hydrogen, fluorine, and carbon atoms. Because HFCs contain no chlorine, bromine, or iodine, they do not deplete the ozone layer. Like other halocarbons, they are potent greenhouse gases.
HVO (Hydrotreated Vegetable Oil): next-generation biodiesel derived from vegetable oils.

I

ILO (International Labour Organization): international organization responsible for drawing up and overseeing international labor standards.
IMDS (International Material Data System): online platform enabling the input of detailed information on the materials and substances used in purchased components.
Indirect emissions (scope 2): air polluting emissions originating from combustion processes external to the organization, over which the latter has no control.
Inverter: static electronic device that converts direct current into alternating current.
ISO 9001: series of voluntary regulations and guidelines developed by the International Organization for Standardization (ISO), defining the requirements of a quality management system within an organization.
ISO 14001: voluntary regulations developed by the International Organization for Standardization (ISO), defining the requirements of environmental management systems
ISO 14040: describes the principles and framework for life cycle assessment (LCA), including: the definition of the goal and scope of the LCA, the life cycle inventory analysis (LCI) phase, the life cycle impact assessment (LCIA) phase, the life cycle interpretation phase, reporting and critical review of the LCA, limitations of the LCA, the relationship between the LCA phases, and conditions for use of value choices and optional elements.

ISO 14064: voluntary standard developed by the International Organization for Standardization (ISO), specifying the international best practice in the management, reporting, and verification of data and information on greenhouse gases (GHG).
ISO 26000: guidelines developed by the International Organization for Standardization (ISO), defining socially responsible behaviors and possible actions. This is not a certification.
ISO 50001: voluntary regulations developed by the International Organization for Standardization (ISO), defining energy management requirements.
ISO/TS 16949: is an ISO technical specification aimed at the development of a quality management system that provides for continual improvement, emphasizing defect prevention and the reduction of variation and waste in the automotive industry supply chain. Based on the ISO 9001 standard, the first edition was published in June 1999 as ISO/TS 16949:1999.
IUCN Red List: the most comprehensive information source on the global conservation status of plant and animal species, managed by the International Union for Conservation of Nature (IUNC).

K

Kaizen: project of continuous improvement identified within World Class Manufacturing.

L

Last mile: final stage in the transport of goods, up to the point of sale or the end user's home.
LCA (Life Cycle Assessment): analytical method to evaluate every interaction between a product/component and the environment, determining the direct or indirect impact over its entire life cycle - from production to recycling and final disposal.
LNG (Liquefied Natural Gas): liquid obtained by subjecting compressed natural gas (CNG), previously purified and dehydrated, to subsequent phases of cooling and liquefaction, which reduces the volume by 600 times under standard conditions, therefore enhancing fuel range.

M

Material topic: topic that reflects a reporting organization's significant economic, environmental, and social impacts, or that substantively influences the assessments and decisions of stakeholders.
Materiality analysis: process to identify material topics based on the following 2 dimensions: the significance of the organization's economic, environmental, and social impacts and their substantive influence on the assessments and decisions of stakeholders.
Management approach: description of how an organization manages its material topics and their related impacts.
Nanotechnology: the science of manipulating materials on an atomic or molecular scale.

N

NEDC (New European Driving Cycle): driving cycle defined by EU directives. It involves 4 repeated urban cycles and 1 extra-urban cycle, and represents typical vehicle use in Europe. It is used, among other things, to assess the levels of vehicle polluting emissions and fuel consumption.
NO_X (Nitrogen Oxides): range of oxides that can be produced during the combustion of nitrogen-containing compounds.

O

ODS (Ozone Depleting Substances): potentially harmful substances in the ozone layer that, as such, contribute to the depletion of stratospheric ozone. The most important and harmful are chlorofluorocarbons (CFCs), generally used as refrigerants, solvents, and propellants, and hydrochlorofluorocarbons (HCFCs), used to replace CFCs.
OHSAS 18001: voluntary standard published by the British Standards Institution, defining the requirements of occupational health and safety management systems.
OIFR (Occupational Illness Frequency Rate): cases of occupational illness per 100,000 hours worked.

P

PCB (Polychlorinated Biphenyls): 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). PCBs are among the most dangerous pollutants because of their toxicity to humans and the environment.
PM (Particulate Matter): category of particles, solids, and liquids with a diameter ranging from a few nanometers (nm) to a few tens or hundreds of micrometers (μm). Their physical and chemical properties allow them to remain suspended in the atmosphere for long periods (hours, days or years), retaining their physical and/or chemical reactivity as distinct entities.
PTO (Power Take Off): mechanism that allows taking power from engines or transmissions, and transmitting it to accessories not directly connected to the wheels of the vehicle.

R

REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals): European Community Regulation on chemicals and their safe use.
ROPS (Roll Over Protective Structure): structure protecting against the rollover of construction equipment.

S

SAD (Standard Aggregation Data): IT platform used to monitor and report performance by means of indicators.
SCR (Selective Catalytic Reduction): chemical process for reducing NO_X levels in exhaust gas.
SO_X (Sulfur Oxides): term indicating the sulfur oxides in the atmosphere, usually sulfur dioxide (SO_2) and sulfur trioxide (SO_3).
SRI (Socially Responsible Investors): financial operators who integrate standard financials with environmental, social, and governance considerations.

T

TCO (Total Cost of Ownership): approach used to calculate all costs involved in the life cycle of a device (purchasing, operation, maintenance, and disassembly).
Tier: standard issued by the EPA that regulates polluting emissions.
Topic boundary: description of where the impacts occur for a material topic, and the organization's involvement with those impacts.
TSS (Total Suspended Solids): 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.

V

VOC (Volatile Organic Compounds): compounds, such as hydrocarbons, containing only carbon and hydrogen, as well as compounds that also contain oxygen, chlorine or other elements. A VOC is defined as any organic compound with a vapor pressure of 0.01 KPa or more at 293.15 K (20°C), as defined in art. 268 of Italian Legislative Decree 152/2006.

W

WCM (World Class Manufacturing): integrated production model focusing on excellence across the entire logistics and production cycle, and on the prevention of accidents, waste, and breakdowns via continuous performance improvements engaging all levels and functions within the company.
Work-related stress: a condition that may be associated with physical, psychological, and/or social disorders or dysfunctions, affecting individuals who do not feel capable of meeting set requirements or the expectations of others.

NOTES

This document is printed on eco-responsible IGLOO Silk, a 100% recycled paper produced by Arjowiggins Graphic. The internal pages are printed on 115 gsm paper and the cover is 350 gsm.

arjowiggins graphic papers

IGLOO

By printing on this recycled paper, CNH Industrial reduced its environmental impact by avoiding the generation or use of:

GRAPHIC DESIGN

Sunday
Turin, Italy

EDITORIAL COORDINATION

Sunday
Turin, Italy

PRINTING

Graf Art - Officine Grafiche Artistiche
Venaria Reale (To), Italy

Printed in Italy
April 2017

This document is printed on environmentally-friendly paper

CNH Industrial N.V.
Corporate Seat: Amsterdam, the Netherlands
Principal Office: 25 St. James's Street, London, SW1A 1HA, United Kingdom
Share Capital: €18,373,838.87 (as of December 31, 2016)
Amsterdam Chamber of Commerce: reg. no. 56532474