CNH INDUSTRIAL

SUSTAINABILITY REPORT

2017

CNH INDUSTRIAL

“OUR APPROACH TO SUSTAINABILITY IS **EVER MORE PROACTIVE** AND IN TUNE WITH GLOBAL CHANGES. WE HAVE SET **LONG-TERM TARGETS** TO ALIGN WITH THE UNITED NATIONS’ **SUSTAINABLE DEVELOPMENT GOALS**, CHOOSING TO CONCENTRATE OUR EFFORTS ON FIVE STRATEGIC SDGs. WE ARE DRIVEN TO ENSURE THAT OUR FOOTPRINT IS SUSTAINABLE, AND ONE THAT LEAVES A **POSITIVE AND LASTING IMPRESSION**.

SERGIO MARCHIONNE
CHAIRMAN

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.

POWERING TRANSFORMATION

OUR SUSTAINABLE TECHNOLOGIES, YOUR ACHIEVEMENT.

01

CONTENTS

NTS
NTENTS CONTEN

LETTER TO STAKEHOLDERS

Dear Stakeholders,

At CNH Industrial, our vision of sustainability has evolved over time, becoming an important catalyst for positive change in our organization and has served to stimulate growth to achieve evermore ambitious targets. From the Company's foundation, we have placed significant importance on the relationship between sustainability and long-term success. This led to the adoption of sustainable practices and the use of our measurement data into how we operate our company and inter-act with both our internal and external stakeholders.

As a result, our approach to sustainability is ever more proactive and in tune with the changes that are taking place globally. One of the latest developments for us on this path was the analysis of the United Nations' Sustainable Development Goals (SDGs). This began immediately after its worldwide adoption, and is the reason why, beginning in 2016, we set long-term targets to align with these established goals.

The SDGs were also the starting point for a further analysis aimed at quantifying the social value generated by our Company, taking into consideration its social needs, in line with the shared value approach. For this reason, we combined the SDGs within our materiality analysis, which in turn indicated that CNH Industrial's greatest contribution can be made in relation to five of the 17 SDGs: SDG 2 'Zero hunger'; SDG 8 'Decent work and economic growth'; SDG 10 'Reduced inequalities'; SDG 12 'Responsible consumption and production'; SDG 13 'Climate action' and as such, we have chosen to concentrate our efforts in these important areas.

Our sustainability efforts were once again acknowledged in 2017. CNH Industrial was re-confirmed as Industry Leader in the Dow Jones Sustainability Indices (DJSI) World and Europe for the seventh consecutive year, and as Capital Goods Industry Group Leader for the second time. Furthermore, we scored A- in the CDP Climate Change Program, in acknowledgment of our measures to optimize energy use, cut CO_2 emissions, and mitigate the business risks of climate change. We were also one of 74 companies to be included in the 'A- List' of the CDP Water Program 2017 for our efforts in water management.

Stakeholder engagement on the material topics that are fundamental to our business continued in 2017, specifically focusing on Agricultural Equipment, Commercial Vehicles, and Powertrain customers. The analysis revealed that the two most cited material topics were 'The circular product life cycle' and 'CO_2 and other air emissions'. Specifically, from a circular economy perspective, the circular product life cycle material topic was considered as the most relevant to CNH Industrial by both the Company and its stakeholders, highlighting the importance of adopting alternative solutions that minimize the impact of a product's entire life cycle. The importance accorded to CO_2 and other air emissions not only reflects the impact of manufacturing processes, but also of the entire value chain - logistics, supply chain, and product use.

In terms of a circular product life cycle, the investment in and promotion of natural gas and biomethane technologies remain chief priorities for CNH Industrial. In 2017, through our FPT Industrial brand, we launched the new Cursor 13 Natural Gas (NG) engine, currently the world's most powerful 100% natural-gas engine, and the first-ever Natural Gas engine developed for long-haul transportation. The engine reinforces the Company's market-leading position in sustainable transport, further consolidated by the launch of the IVECO New Stralis NP (Natural Power) 460.

In agriculture, the U.S. debut of a newly designed methane-powered concept tractor from New Holland Agriculture, represented the next step in realizing the farm of the near future, one that moves away from fossil fuel powered vehicles and embraces renewable sources.

Regarding CO_2 and other air emissions, 2017 saw significant developments across our manufacturing sites with an 11% year-on-year reduction in CO_2 emissions per hour of production, and 56% of electricity consumption from renewable sources. In terms of logistics, CO_2 emissions from global inbound and outbound distribution fell in 2017 in line with our targets.

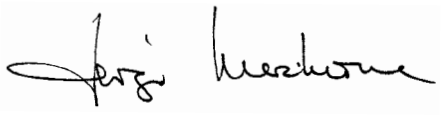
Continuous improvement in our production and logistics processes was driven by the principles of our World Class Manufacturing (WCM) program. And 2017 saw our commercial vehicles plant in Madrid (Spain) become the first CNH Industrial facility to achieve WCM Gold Level making it a shining example of manufacturing excellence.

Regarding our most valuable resource of all, our people, we continued to develop numerous engagement activities, seeking to enhance employee wellbeing through targeted projects at local level and by setting long-term goals at regional level.

We remain mindful of the needs of the communities in which we operate, and as such, work to create partnerships with local associations. In 2017, alongside our long-standing partnerships with Pastoral do Menor in Brazil, Slow Food in Italy, and United Way in the United States, we joined forces with Team Rubicon, a U.S. non-profit veteran-led disaster response team. The collaboration gave rise to several projects during the year, including Operation Iron Bird in Mississippi after the catastrophic tornado, and Operation Hard Hustle in Texas following Hurricane Harvey.

2017 was a year full of significant achievements in our sustainability efforts, of which we can be proud of and from which we gain energy for the year ahead and the new projects upon which we are embarking. As forerunners in our industry, we are driven to ensure that our sustainability footprint is the right one. The kind that leaves a positive and lasting impression on our customers, employees and all those touched by our efforts.

Sergio Marchionne



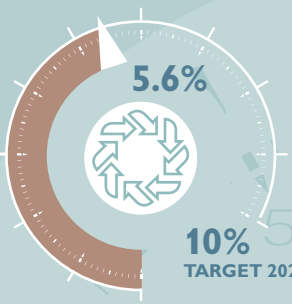
CHAIRMAN

Richard J. Tobin

CHIEF EXECUTIVE OFFICER

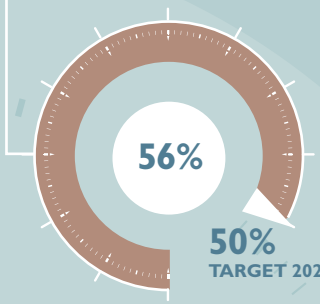
2017 MAIN RESULTS

CIRCULAR PRODUCT LIFE CYCLE



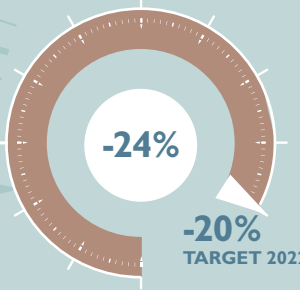
10% OF **PARTS & SERVICES' NET SALES** FROM REMANUFACTURED COMPONENTS

RENEWABLE ENERGY

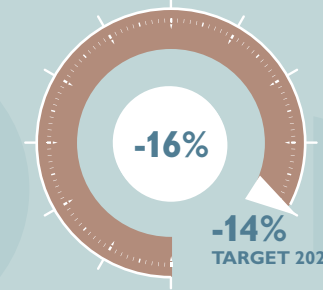


50% OF TOTAL ELECTRICITY CONSUMPTION DERIVED FROM **RENEWABLE SOURCES**

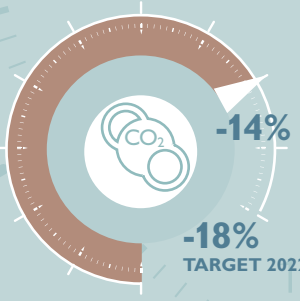
CO_2 AND OTHER AIR EMISSIONS



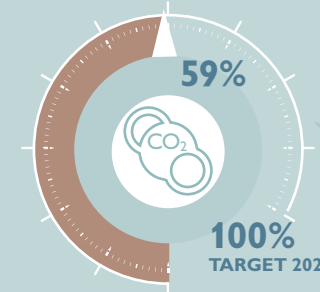
-20% VS. 2014 IN **CO_2 EMISSIONS** PER PRODUCTION UNIT



-14% VS. 2014 IN **VOC EMISSIONS** PER SQUARE METER

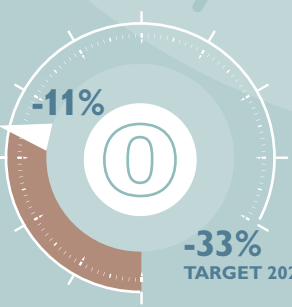


-18% VS. 2014 IN KG OF **CO_2 EMISSIONS** PER TON **OF GOODS TRANSPORTED** (INBOUND, OUTBOUND, AND SPARE PARTS)



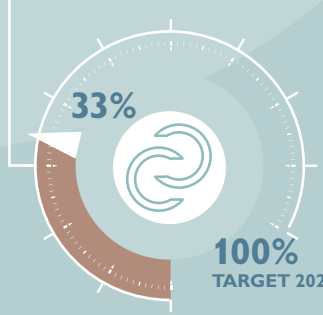
MONITORING OF **CO_2 EMISSIONS** OF 100% **OF KEY SUPPLIERS**

INNOVATION-TO-ZERO



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

VALUE CHAIN MANAGEMENT



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

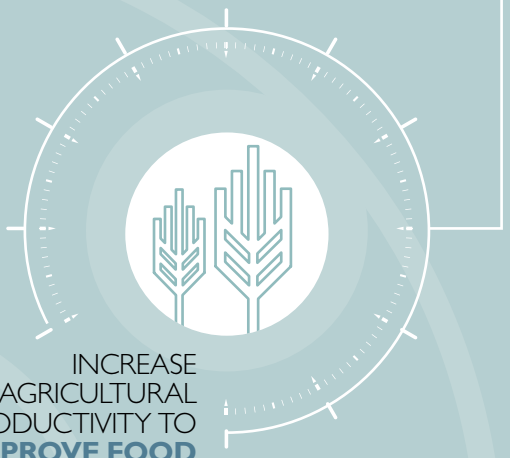
Global quantitative long-term targets. The trends of all long-term targets are shown on pages 26-27.

GROWTH DRIVERS

EXPAND THE **BIOFUEL** OFFERING

SPREAD **SUSTAINABLE FARMING** SOLUTIONS

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



INCREASE AGRICULTURAL PRODUCTIVITY TO **IMPROVE FOOD** AVAILABILITY

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

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

ADVANCE **ENVIRONMENTAL PROTECTION**

FOSTER **PEOPLE ENGAGEMENT**

OUR REPORT

OUR SUSTAINABLE COMPANY

ORGANIZATION PROFILE

OUR COMMITMENT TO THE FUTURE

OUR VALUE CHAIN

INNOVATION

CUSTOMER NEEDS

BRAND VISION

PRODUCT CONCEPT

HOW WE GET THINGS DONE

OUR GOVERNANCE MODEL

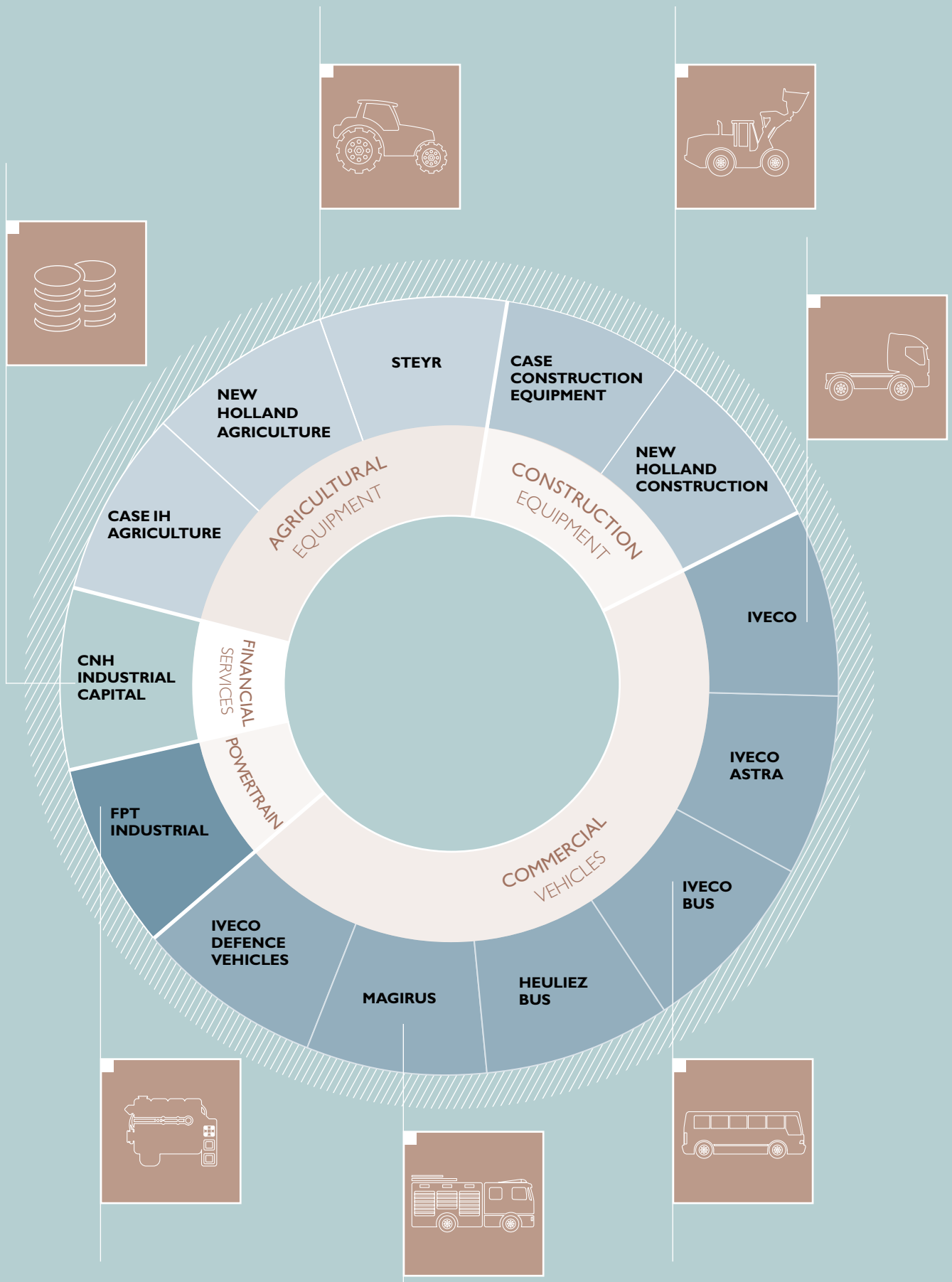
HOW WE MANAGE OUR PEOPLE

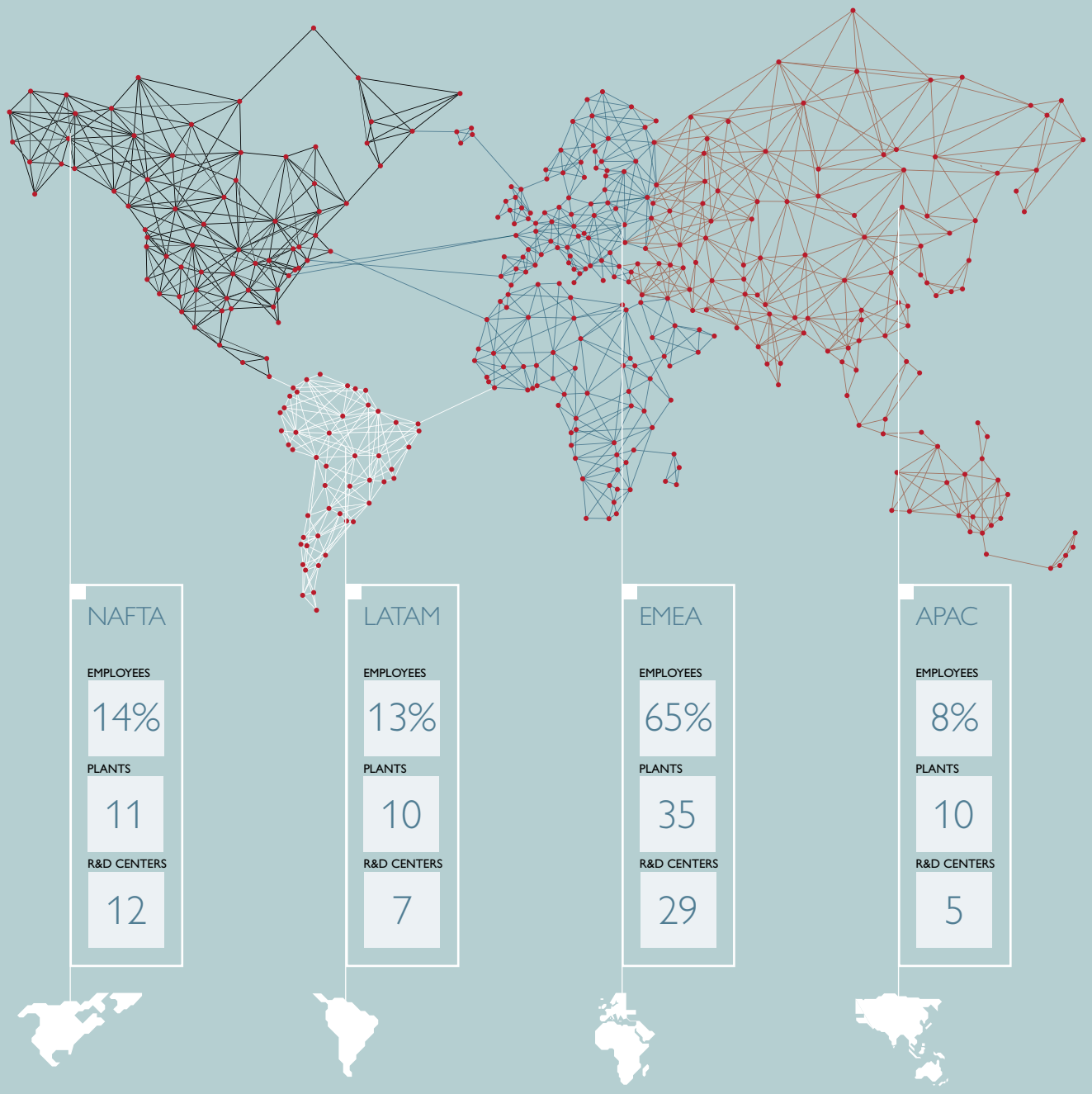
ENGAGING LOCAL COMMUNITIES

RELATIONSHIPS WITH PUBLIC AND PRIVATE ORGANIZATIONS

02

OUR SUSTAINABLE COMPANY


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



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.
With 66 manufacturing plants, 53 Research and Development (R&D) centers, a workforce of 63,356 employees, and a commercial presence in approximately 180 countries (as at December 31, 2017), CNH Industrial is in a unique competitive position.
CNH Industrial aims to be a global leader in next-generation industrial equipment and commercial vehicles. It is a pioneer 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.

CNH Industrial N.V. was formed by the merger, completed on September 29, 2013, between Fiat Industrial S.p.A. and its majority-owned subsidiary CNH Global N.V. It is incorporated in and abides by the laws of the Netherlands, and has its corporate seat in Amsterdam (the Netherlands) and its principal office in London (UK).
CNH Industrial is listed on both the New York Stock Exchange and the Milan Stock Exchange.
The Company 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-IFRS Annual Report ("2017 Annual Report").
The 2017 Annual Report on Form 20-F and the 2017 Annual Report are available on the Company's website. CNH Industrial's financial communications focus mainly on US GAAP results; as a consequence, starting with the 2016 Sustainability Report, all financial data is taken from the Annual Report on Form 20-F, prepared in accordance with US GAAP.

ECONOMIC PERFORMANCE

CNH INDUSTRIAL ($million)

	2017	2016	2015
Revenues	**27,361**	24,872	25,912
Consolidated operating profit/(loss)	**1,662**	1,439	1,635
Operating profit/(loss) from industrial activities	**1,519**	1,291	1,432
Net income/(loss)	**313**	(249)	248
Investments in tangible and intangible assets[a]	**492**	503	656
R&D expenses	**957**	860	856
Net industrial cash/(debt)	**(861)**	(1,561)	(1,578)

(a) Net of vehicles sold under buy-back agreements or leased out.

QUANTITY OF PRODUCTS SOLD

CNH INDUSTRIAL WORLDWIDE (≃ no.)

Industrial segments	2017
Agricultural Equipment	**175,750**
Construction Equipment	**38,300**
Commercial Vehicles	**152,400**
Powertrain[a]	**871,000**

(a) Including 606,700 engines, of which 54% sold to external customers.

PUBLIC FUNDING AWARDED TO CNH INDUSTRIAL

CNH INDUSTRIAL ($million)

	2017	2016	2015
Grants	**28**	25	23
Loans	**28**	27	34
of which subsidized loans	**28**	27	34
Total public funding[a]	**56**	**52**	**57**

(a) Of which 26% in EMEA, 49% in LATAM, and 26% in APAC.

(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 102-3; GRI 102-4; GRI 102-5; GRI 102-6; GRI 102-7; GRI 201-4

BREAKDOWN OF VALUE ADDED

CNH Industrial strives to create value and to distribute it to its stakeholders. The calculation[1] of value added gives the Company a better understanding of its economic impacts, enabling it to determine how much wealth it created, how it was created, and how it was distributed to stakeholders.
In 2017, the value added generated by CNH Industrial's activities and distributed to its various stakeholders totaled $6,172 million, equivalent to 22.6% of revenues (a 7.6% increase compared to the previous year).

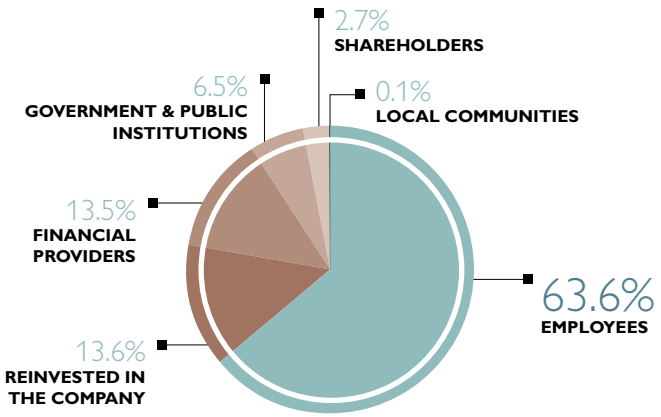
DIRECT ECONOMIC VALUE GENERATED

CNH INDUSTRIAL ($million)

Industrial segments	2017
Consolidated 2017 revenues	27,361
Income of financial services companies	(1,193)
Government grants (current and deferred/capitalized), release of provisions, other income	158
Other income	1,184
Direct economic value generated	**27,510**
Cost of materials	19,120
Depreciation and amortization, including assets under operating lease and assets sold under buy-back commitments	1,350
Other expenses	868
Value added	**6,172**

BREAKDOWN OF VALUE ADDED

CNH INDUSTRIAL



RECOGNITION AS A SOCIALLY RESPONSIBLE COMPANY

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

PRESENCE IN SUSTAINABILITY INDEXES

Inclusion in sustainability indexes, and the ratings received from specialized sector-specific agencies, further reflect the robustness of CNH Industrial's sustainable system. In 2017, CNH Industrial was reconfirmed as Industry Leader in the Dow Jones Sustainability Indices (DJSI) World and Europe for the seventh consecutive year. It received a score of 89/100 against an average of 49/100 for the overall sector. The Company was also named Capital Goods Industry Group Leader for the second time.

(1) *For details on the methodology used, see Report Parameters on page 242.*

GRI STANDARDS

GRI 201-1

Still in 2017, CNH Industrial scored A- in the *CDP Climate Change* program, in recognition of its actions to optimize energy consumption, reduce CO_2 emissions, and mitigate the business risks of climate change. It also ranked among the 74 A-listers in the *CDP Water* program, won the RobecoSAM *Gold Class Sustainability Award 2018*, and was awarded *oekom Prime Status*.

As at December 31, 2017, CNH Industrial was included in the following indexes: MSCI ESG Leaders Indexes[1], MSCI SRI Indexes[1], FTSE4Good Index Series, ECPI Global Agriculture Liquid, ECPI World ESG Equity, ECPI Global Developed ESG Best-in-Class, ECPI Euro ESG Equity, Euronext Vigeo Europe 120, Euronext Vigeo Eurozone120, Thomson Reuters Diversity & Inclusion Index, STOXX Global ESG Leaders Index, STOXX Global ESG Environmental Leaders Index, STOXX Global ESG Social Leaders Index, STOXX Global ESG Governance Leaders Index, STOXX Global ESG Impact Index, STOXX Global Climate Change Leaders Index, STOXX Global Low Carbon Footprint Index, and STOXX Global Reported Low Carbon Index[2].

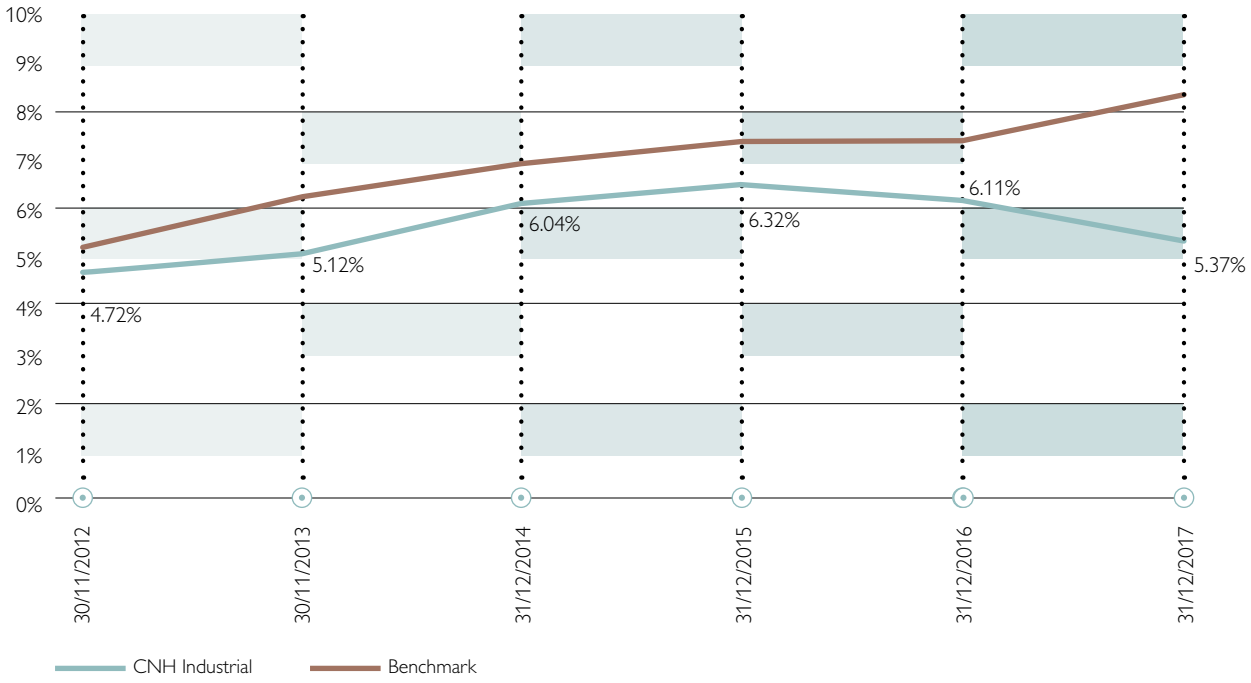
SOCIALLY RESPONSIBLE INVESTORS

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

As at December 31, 2017, 5.37% of CNH Industrial's free float was held by 34 (32 in 2016) asset owners and by 92 (74 in 2016) socially responsible mutual funds[3].

As in the previous year, CNH Industrial's result was lower than the benchmark by about 301 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 third. The Company's result was below the benchmark only because the score of the top-ranking company – benefitting from a prosperous SRI domestic market – was once again so high it significantly raised the benchmark. Excluding this competitor from calculations, CNH Industrial's percentage of equity would be 94 basis points higher than the benchmark.

FREE FLOAT

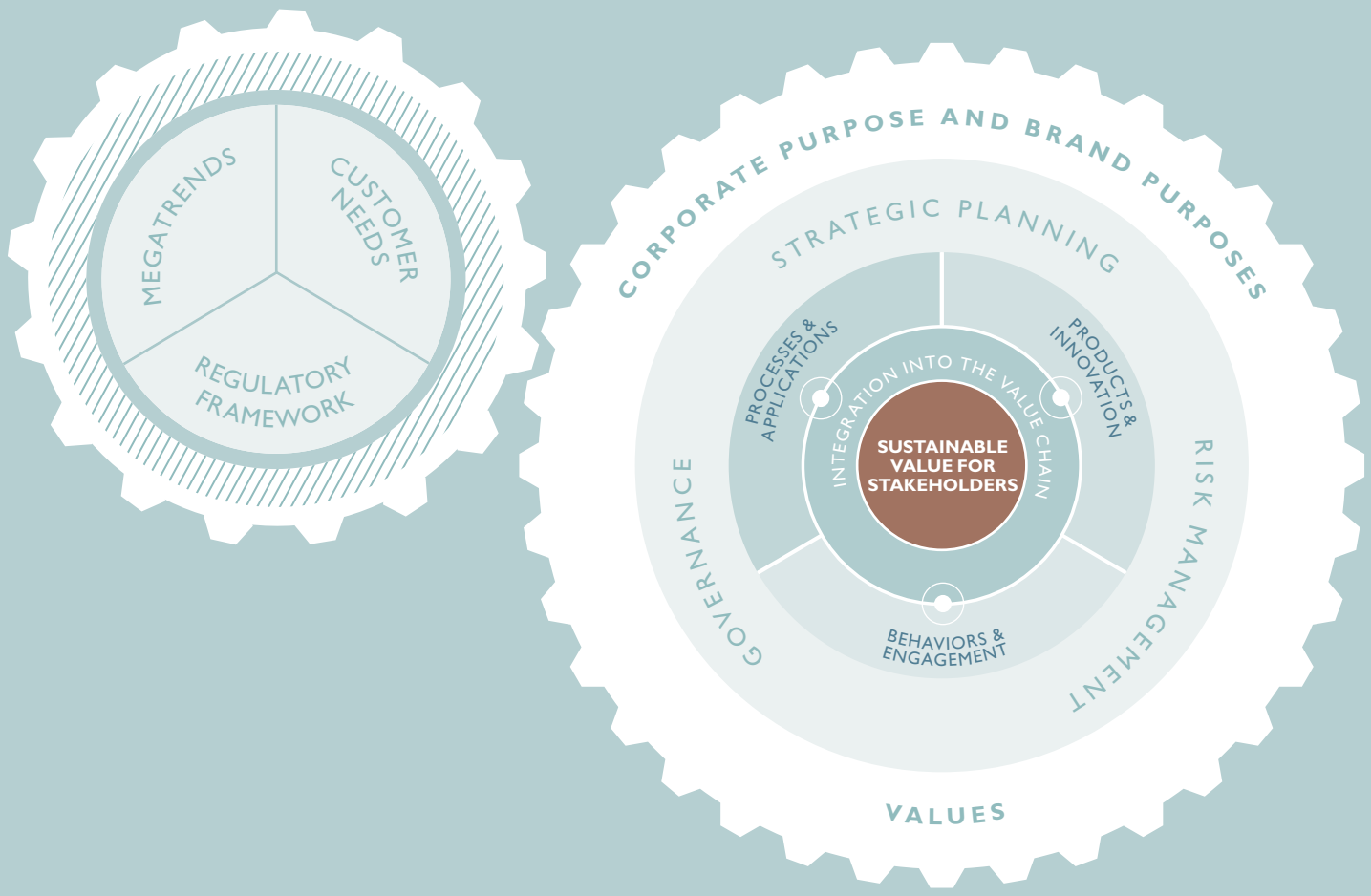


(1) *The inclusion of CNH Industrial in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, or promotion of CNH Industrial by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI.MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.*

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

(3) *For details on the methodology used, see Report Parameters on page 244.*

CNH INDUSTRIAL SUSTAINABILITY MODEL



OUR COMMITMENT TO THE FUTURE

SUSTAINABILITY MODEL

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

Megatrends are long-term global changes affecting governments, economies, and societies, and they provide a snapshot of ongoing changes across the globe and of emerging social needs; market needs identify customer priorities and demand for products and services (see page 140); and the regulatory framework fosters continuous improvement through legislation, regulation, and industry standards (see page 123).

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

The Company's purpose and values are implemented through:

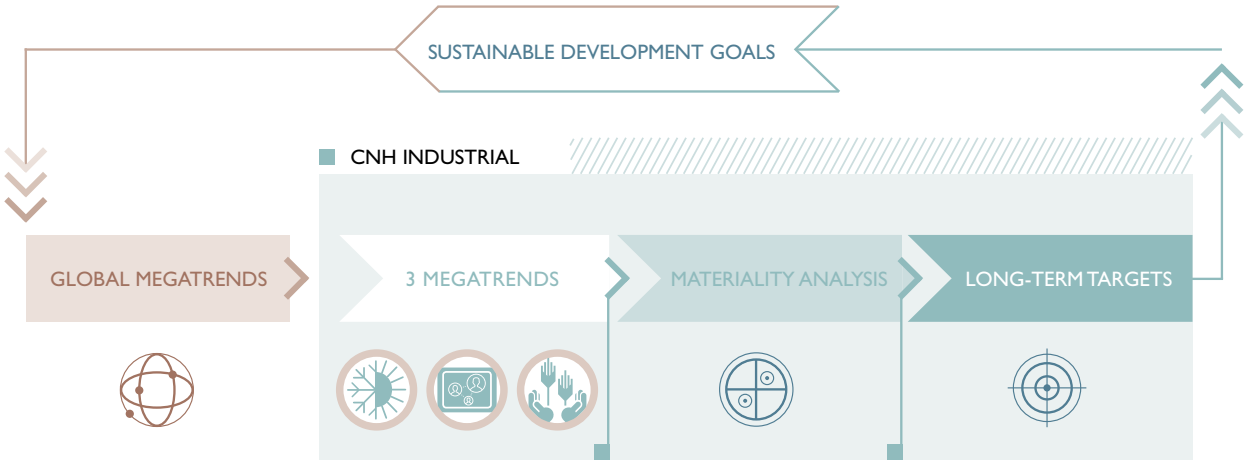
- strategic planning, including medium-to-long term targets (see page 25)
- a system of principles, rules, and procedures in which roles and responsibilities are clearly defined (Governance model, see pages 45-54)
- a process that anticipates and manages current and future economic, environmental, and social risks and opportunities (Risk Management, see page 66).

Moving closer to the core of the Model, the emphasis shifts from strategy and governance to the operational aspects of the Company. These consist of processes and applications such as manufacturing and logistics (see pages 175; 201), product development and innovation (see page 145), and employee behavior and stakeholder engagement, all of which must be integrated into the entire value chain in order to achieve CNH Industrial's core objective: the creation of sustainable value for all stakeholders.

In order to verify the alignment of the Sustainability Model with individual brand priorities, during 2017 in EMEA the representatives of the main brands held a workshop during which they presented the sustainability topics most relevant to each brand; the topics were then aligned with the Sustainability Model and the Materiality Matrix.

SHARED VALUE APPROACH

Shared Value is an innovative approach to business sustainability in which companies generate economic value in a way that also creates value for society, thus meeting the needs of both. The approach offers a new perspective to encourage companies to redefine and reshape their overall value chain, and was expounded in an article published by M. Porter and M. Kramer[1] in 2011.



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

In recent years, the Company has changed its approach to sustainability, moving from a reactive one to a proactive one in which CNH Industrial leverages sustainability to take decisions for long-term value creation. Adopting a shared value approach is a significant challenge, as the main goal is to find a way to make business and social aims meet. It's not just about philanthropy or minimizing negative impacts; it's also about devising strategies capable of benefitting the society and communities in which they are implemented while generating a tangible gain for businesses.
In 2016, as part of the materiality analysis (see page 21), the Company used the United Nation's Sustainable Development Goals (SDGs)[2] as one of the sources to identify the megatrends (defined as phenomena predicted to shape the Company's activities in the coming decade). These SDGs reflect which social needs to address from a shared value perspective.
The long-term targets set by senior management in relation to the megatrends were also consistent with the SDGs.
In 2017, to further substantiate the Company's shared value approach, the SDGs previously identified in 2016 and linked to the long-term targets were further examined in order to pinpoint those of most relevance to CNH Industrial. The 5 SDGs thus identified are those that will inspire CNH Industrial's future endeavors in terms of targets, practices and projects, as highlighted by specific icons throughout the Report corresponding to each goal, underlining the contribution made by CNH Industrial toward reaching the SDGs.
To further enhance the consistency of this approach, and taking all the commitments set out in the Sustainability Plan into consideration, all Plan targets were aligned with the 17 SDGs (see page 247) to give a more detailed picture of the Company's responsibility to build a sustainable future.

SDG	MEGATREND[a]	MATERIAL TOPICS[b]
2 ZERO HUNGER		■ Self-sustaining food systems ■ Autonomous vehicles and connectivity ■ Local community engagement
8 DECENT WORK AND ECONOMIC GROWTH		■ Employee engagement ■ Innovation-to-zero ■ Value chain management ■ Local community engagement
10 REDUCED INEQUALITIES		■ Employee engagement ■ Local community engagement
12 RESPONSIBLE CONSUMPTION AND PRODUCTION		■ Circular product life cycle ■ CO_2 and other air emissions ■ Self-sustaining food systems ■ Innovation-to-zero
13 CLIMATE ACTION		■ Circular product life cycle ■ Renewable energy ■ CO_2 and other air emissions ■ Self-sustaining food systems ■ Autonomous vehicles and connectivity

(a) For the definition of the megatrends climate change, food scarcity and food security, and the innovative and digital world, see page 244.
(b) The 3 material topics not related to the 5 SDGs are: water and waste efficiency; digital workplaces; and trade, regulations, and public debate.

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

MATERIALITY ANALISYS

The materiality analysis is 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. The materiality analysis is a strategic business tool that:

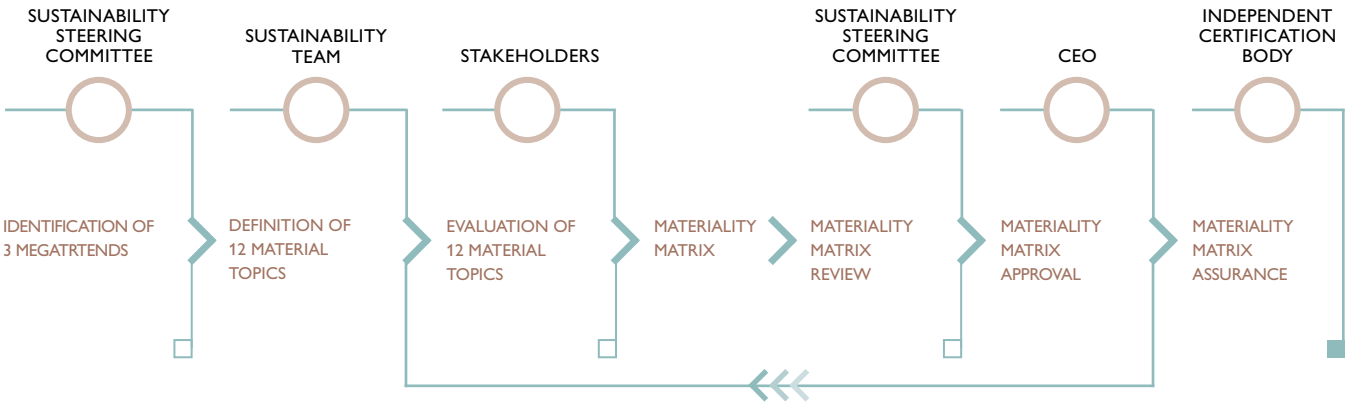
- supports the Company in aligning its purpose, brand portfolio, and regional presence with topics that are material for its stakeholders
- identifies the material topics through which CNH Industrial aims to respond to global challenges
- defines targets (aligned with the UN SDGs) in the Sustainability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

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

The 3 megatrends identified as most relevant to the business of CNH Industrial by the Sustainability Steering Committee, and approved by the Chief Executive Officer (CEO), were:

- *climate change*
- *food scarcity and food security*
- *the innovative and digital world.*

MATERIALITY ANALYSIS



After identifying the megatrends, a workshop was organized with the Sustainability Team to identify 12 material topics. These topics 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.

These topics were then evaluated through stakeholder engagement, in line with the principle of stakeholder inclusiveness in the GRI Standards (see page 241). The evaluation of the 12 material topics was two-fold:

- relevance to CNH Industrial was determined based on feedback from the first reports to Group Executive Council (GEC) members (74 responses out of 188)
- relevance to stakeholders was assessed based on feedback from a sample of 1,247 stakeholders (of which 223 were interviewed in 2017) among employees, customers, dealers, opinion leaders, public institutions, NGOs, investors, and journalists.

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).

GRI STANDARDS

GRI 102-21; GRI 102-29; GRI 102-32; GRI 102-42; GRI 102-43; GRI 102-46

CNH Industrial managers and stakeholders were engaged via an online survey or direct interview; they were asked to evaluate the 12 material topics identified, ranking the 5 most relevant based on their impact on the economy, the environment, and society.
In 2017, the opinion of customers was explored in more depth, with 177 interviews held directly at workshops or at the specialty fairs *Agritechnica* in Hannover (Germany) and *Solutrans* in Lyon (France).
The Materiality Matrix (see page 23) reflects how frequently each material topic was selected. Each material topic is positioned within the Materiality Matrix according to internal relevance (x-axis) and relevance to each stakeholder category (y-axis).

Every year the Materiality Matrix is 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 used 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 shown in the table on page 24). CNH Industrial's materiality analysis employs a multi-year approach. The Materiality Matrix is updated annually to take account of changes in stakeholder perceptions and incorporate any new topic that may become significant for the Company. To this end, other stakeholders will be interviewed in 2018 to identify needs and priorities related to the current material topics.

MATERIALITY MATRIX

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

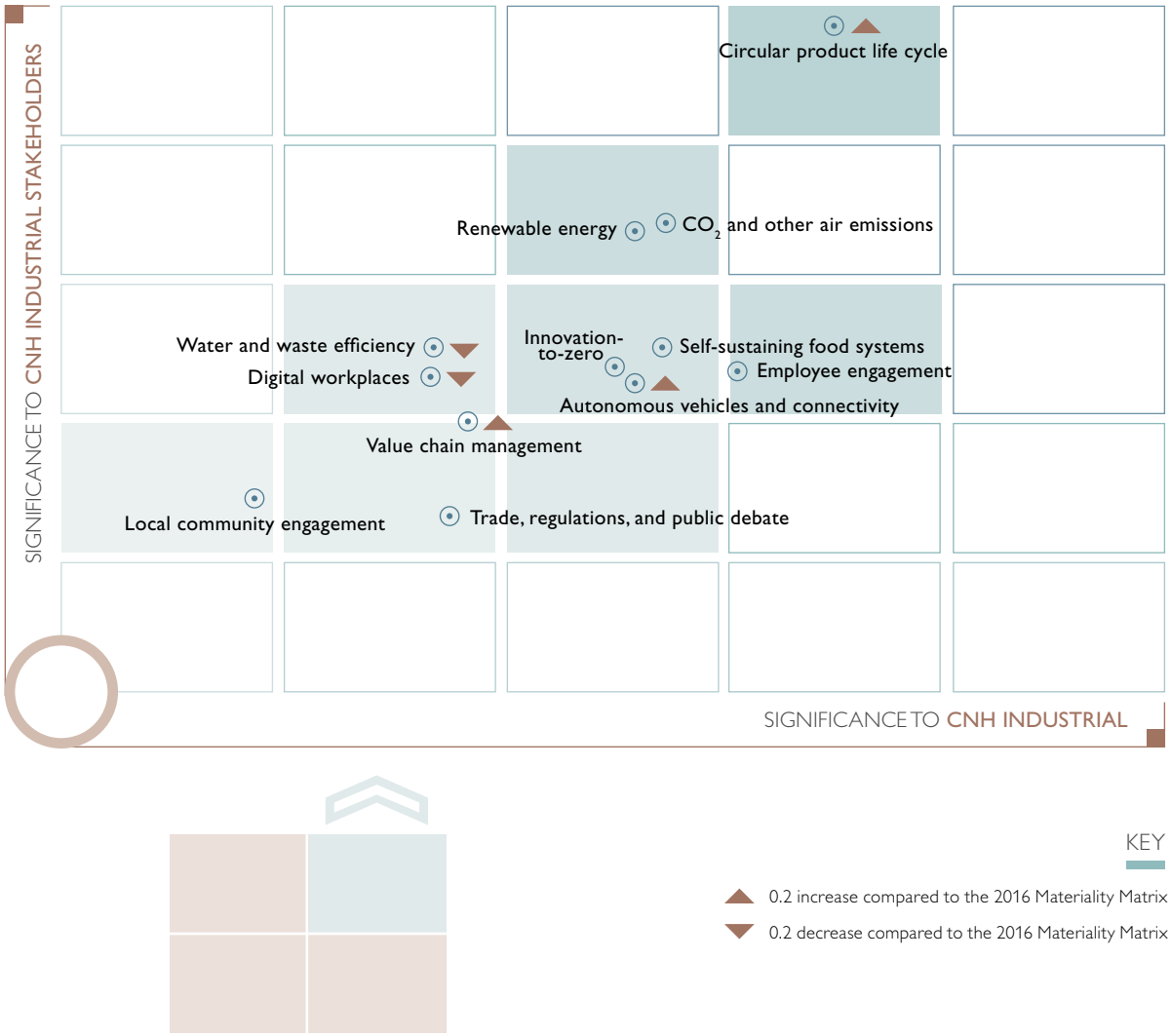
Within the scope of the analysis, aspects related to Corporate Governance, respect for human rights, regulatory compliance, and economic value creation were considered prerequisites, and therefore were not examined individually. However these topics are monitored and reported in the Sustainability Report.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

When performing the materiality analysis, CNH Industrial's methodology is to consider all 12 topics material, before prioritizing them in terms of relevance according to the feedback collected via stakeholder engagement.
The 2017 Materiality Matrix is the sum of the results of the 2016 and 2017 engagement processes, which involved a total of 1,321 people.

GRI STANDARDS

GRI 102-31

MATERIALITY MATRIX
CNH INDUSTRIAL



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

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

The importance of **circular product life cycle, value chain management**, and **autonomous vehicles and connectivity** increased significantly compared to the 2016 results, partly because of the greater resonance of these issues in the global debate. The topics **digital workplaces** and **water and waste efficiency**, on the other hand, were judged less important compared to the 2016 sample.
For more information on material topics, and the associated management approach and boundaries, please refer to the table *Material Topics in Detail* on page 24, which also shows the links to the GRI Standards.

MATERIAL TOPICS IN DETAIL

Material topics[a]	TOPIC BOUNDARY (WORLDWIDE)			LINK TO GRI STANDARDS	SUSTAINABILITY REPORT PAGE	
	Where the impacts occur		Organization's involvement with the impacts		MA[b]	Results & Targets
	Entities in the organization[c]	Entities in the organization's value chain				
PRODUCT & INNOVATION						
Circular product life cycle	AG - CE CV - PT	■ Customers ■ Dealer and service network ■ Suppliers and commercial partners	All Products	› GRI 301: Materials	145; 209; 231	37; 41
Autonomous vehicles and connectivity	AG-CV	■ Customers ■ Dealer and service network ■ Suppliers and commercial partners	AG-CV Products	(d)	145; 149	36
Self-sustaining food systems	AG	■ Customers ■ Dealer and service network ■ Suppliers and commercial partners	AG Products	(d)	145; 217	37
Trade, regulations, and public debate	Entire organization	Public institutions	All products and processes	› GRI 415: Public Policy	123	36
BEHAVIORS & ENGAGEMENT						
Local community engagement	Entire organization	Local communities	All products and processes	› GRI 413: Local Communities	109	33-35
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	135; 139; 161; 223	38-39
Employee engagement	Entire organization		Employee management	› GRI 404: Training and Education	73	30
Digital workplaces	Entire organization		Employee management	(d)	73; 86	32
PROCESSES & APPLICATIONS						
CO_2 and other air emissions	Entire organization	All stakeholders	All products and processes	› GRI 302: Energy › GRI 305: Emissions	145; 161; 180; 191; 201; 207	36-37; 39; 40; 41
Renewable energy	Entire organization	All stakeholders	Manufacturing processes	› GRI 302: Energy	191	40
Water and waste efficiency	Entire organization	Local communities	Manufacturing processes	› GRI 303: Water › GRI 306: Effluents and Waste	180	39
Innovation-to-zero	Entire organization	All stakeholders	All products and processes	› GRI 403: Occupational Health and Safety	80; 135; 176	31-32

(a) The list of material topics and their respective boundaries remain unchanged compared to the 2016 Matrix. For the definition of material topics, see page 245.
(b) Management Approach.
(c) AG = Agricultural Equipment
CE = Construction Equipment
CV = Commercial Vehicles
PT = Powertrain.
(d) For this material topic (although not directly identified by the GRI Standards), the Sustainability Report specifies how CNH Industrial manages it, along with its specific indicators.

GRI STANDARDS

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

CONSTANT DIALOGUE WITH STAKEHOLDERS

Stakeholders present a wide range of differing interests, so establishing and maintaining stable and lasting relationships is crucial for creating shared value over the long term. Along with the engagement process during the materiality analysis, CNH Industrial promotes ongoing communication and active engagement with its stakeholders worldwide. It interacts with them continually and proactively during the year, through dedicated functions, promoting ongoing dialogue[1]. The Company believes that such exchanges are opportunities for mutual growth and improvement, and that cooperation and trust are built on receptiveness and engagement.

The first step toward building effective engagement involves the identification of stakeholders in order to establish the most effective communication channels, while continually monitoring expectations, needs, and opinions. CNH Industrial identified and selected key stakeholders through an internal assessment performed by the corporate functions managing stakeholder relations on a daily basis.

Understanding specific requirements and priorities enables CNH Industrial to deal with issues before they become critical, and to fine-tune its responses according to the stakeholders' interests.

LONG-TERM TARGETS

In 2016, CNH Industrial defined 20 long-term targets, aligned with the material topics included in the Materiality Matrix and consistent with those stated in the UN SDGs. The process to define these targets, based on potential risks and opportunities relating to its business activities, involved all members of the Group Executive Council (GEC). The results as at December 31, 2017 towards their achievement are described in the following pages.

In 2017, some of the existing long-term targets were restated, and new ones were added, bringing the total to 24 long-term targets. These were incorporated into the Sustainability Plan, which expresses CNH Industrial's commitment to contribute to development in harmony with people and the environment.

Through the actions, results, and targets included in the Plan, the Company clearly and directly communicates its commitment to its stakeholders. The Plan is updated annually to report the progress of existing projects and establish new targets to ensure continuous improvement, essential for long-term growth.

SDGs	LONG-TERM TARGETS[a]
2 ZERO HUNGER	■ 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% vs. 2015 in field productivity by expanding data management and control systems for harvesting, tractors, and crop production
8 DECENT WORK AND ECONOMIC GROWTH	■ 2022: 100% of EMEA employees involved in training ■ 2022: 100% of APAC employees involved in training ■ 2022: -33% vs. 2014 in employee accident frequency rate ■ 2022: sustainability self-evaluation of 100% of Tier 1 suppliers
10 REDUCED INEQUALITIES	■ 2022: +20% vs. 2016 in number of employee volunteer hours in NAFTA ■ 2022: +80% vs. 2016 in number of people involved in CNH Industrial local community initiatives in EMEA ■ 2022: +5% (year-on-year) in number of young people involved in plants' local projects fostering professional inclusion in LATAM ■ 2022: +50% vs. 2017 in number of people involved in CNH Industrial's local community initiatives in APAC
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	■ 2022: 10% of Parts & Services' net sales from remanufactured components ■ 2022: development of next-generation engines running on CNG, LNG, and LPG, and compatible with bio methane and H_2 blends, to further improve CO_2 emissions and TCO ■ 2022: -20% vs. 2014 in CO_2 emissions per production unit ■ 2022: -14% vs. 2014 in VOC emissions per square meter ■ 2022: -18% vs. 2014 in kg of CO_2 emissions per ton of goods transported ■ 2022: monitoring of CO_2 emissions of 100% of key suppliers ■ 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 ■ -5% (year-on-year) in volume of both Product Improvement Programs (PIPs) and warranty claims per unit ■ 2020: autonomous technology development and implementation on self-propelled vehicles ■ 2020: 50% of total electricity consumption derived from renewable sources

[a] The 4 missing long-term targets, which are linked to other SDGs, are related to health and wellbeing and to the flexible work location scheme (see page 32).

[1] For details on the functions responsible for dialogue with stakeholders, engagement tools used, and main stakeholder expectations, see the table on pages 264-265 in the Appendix.

GRI STANDARDS

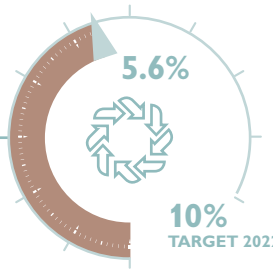
GRI 102-42; GRI 102-43

KEY

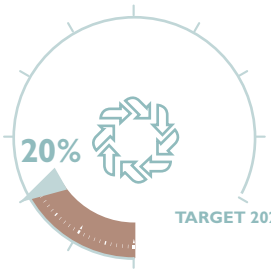
Target exceeded · Target achieved or in line with plan · Target partially achieved

2017 PROGRESS TOWARDS TARGETS

CIRCULAR PRODUCT LIFE CYCLE

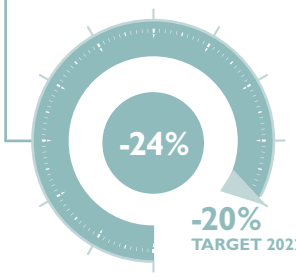


10% OF **PARTS & SERVICES' NET SALES** FROM REMANUFACTURED COMPONENTS

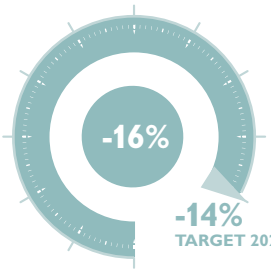


DEVELOPMENT OF **NEXT-GENERATION ENGINES** RUNNING ON CNG, LNG, AND LPG, AND COMPATIBLE WITH BIO METHANE AND H_2 BLENDS, TO FURTHER IMPROVE CO_2 EMISSIONS AND TCO

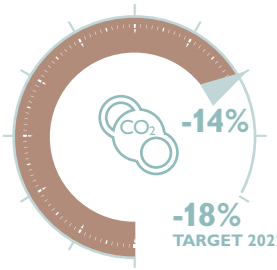
CO_2 AND OTHER AIR EMISSIONS



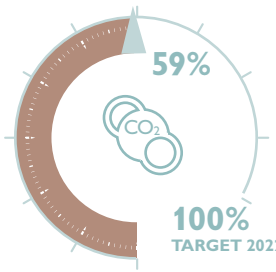
-20% VS. 2014 IN **CO_2 EMISSIONS** PER PRODUCTION UNIT



-14% VS. 2014 IN **VOC EMISSIONS** PER SQUARE METER

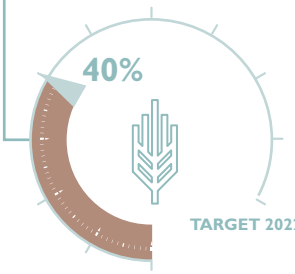


-18% VS. 2014 IN KG OF **CO_2 EMISSIONS PER TON OF GOODS TRANSPORTED** (INBOUND, OUTBOUND, AND SPARE PARTS)

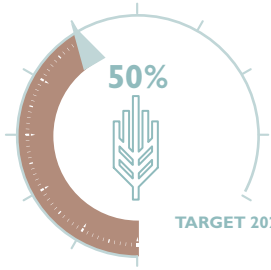


MONITORING OF **CO_2 EMISSIONS** OF 100% OF **KEY SUPPLIERS**

SELF-SUSTAINING FOOD SYSTEMS



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



UP TO +25% VS. 2015 IN **FIELD PRODUCTIVITY** BY **EXPANDING DATA MANAGEMENT** AND **CONTROL SYSTEMS** FOR HARVESTING, TRACTORS, AND CROP PRODUCTION

INNOVATION-TO-ZERO

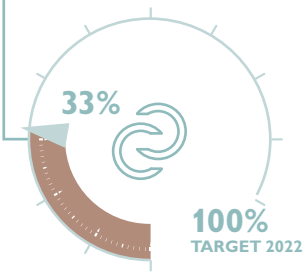
-33% VS. 2014 IN EMPLOYEE **ACCIDENT FREQUENCY RATE**

-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)

AUTONOMOUS VEHICLES AND CONNECTIVITY

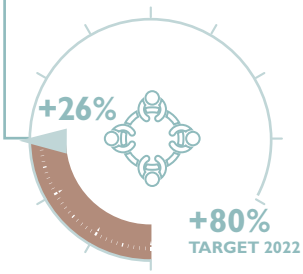
AUTONOMOUS TECHNOLOGY DEVELOPMENT AND IMPLEMENTATION ON SELF-PROPELLED VEHICLES

VALUE CHAIN MANAGEMENT

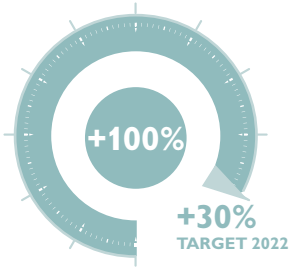


SUSTAINABILITY SELF-EVALUATION OF 100% OF **TIER 1 SUPPLIERS**

LOCAL COMMUNITY ENGAGEMENT

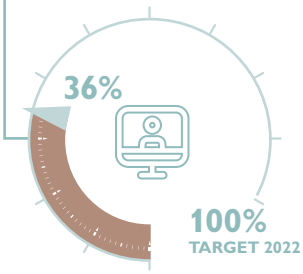


+80% VS. 2016 IN NUMBER OF **PEOPLE** INVOLVED IN CNH INDUSTRIAL **LOCAL COMMUNITY INITIATIVES** IN **EMEA**

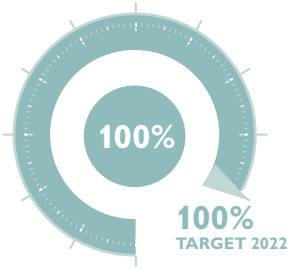


+30% VS. 2016 IN NUMBER OF **YOUNG PEOPLE** INVOLVED IN **PLANTS' LOCAL PROJECTS** FOSTERING PROFESSIONAL INCLUSION IN **LATAM**[a]

DIGITAL WORKPLACES[b]



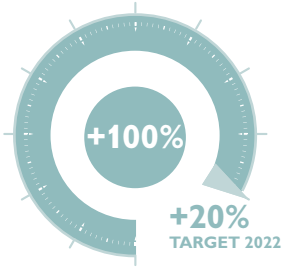
100% OF **EMEA EMPLOYEES** INVOLVED IN **SMART WORKING INITIATIVES** (EXCLUDING HOURLIES)



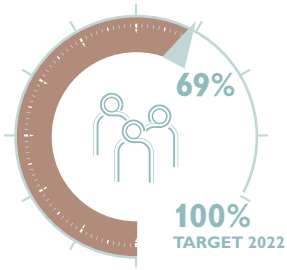
100% OF **LATAM SALARIED EMPLOYEES** INVOLVED IN **SMART WORKING INITIATIVES** (FLEXIBLE WORK SHIFTS)

EMPLOYEE ENGAGEMENT

100% OF EMEA EMPLOYEES INVOLVED IN **TRAINING**

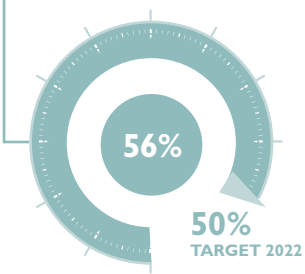


+20% VS. 2016 IN NUMBER OF EMPLOYEE **VOLUNTEER HOURS** IN **NAFTA**



100% OF **LATAM** EMPLOYEES INVOLVED IN WELLBEING **CAMPAIGNS PROMOTING HEALTHY LIFESTYLES**[c]

RENEWABLE ENERGY



50% OF TOTAL ELECTRICITY CONSUMPTION DERIVED FROM **RENEWABLE SOURCES**

[a] *This long-term target was revised (see page 33).*
[b] *The long-term targets under this material topic have been modified. The new targets are available on page 32.*
[c] *This long-term target was extended to all Regions (see page 32).*

SUSTAINABILITY PLAN

CORPORATE GOVERNANCE AND SUSTAINABILITY

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

Commitment: Continuously integrate sustainability into corporate systems

	ACTIONS	2017 RESULTS	TARGETS
CNH Industrial	▸ Implementation of an integrated sustainability management system, incorporating environmental and social issues in business decisions	● Value chain impact on sustainability assessed for alignment with both material topics and UN Sustainable Development Goals (SDGs) ➡ 20	▸ 2020: development of a study to identify the shared value generated by CNH Industrial's activities and products
		● Ad hoc workshop organized in EMEA to align Sustainability Model with brand priorities ➡ 19	
		● Regional sustainability coordinators involved in periodic meetings to share best practices across Regions ➡ 51	
	▸ Delivery of training to promote a culture of sustainability and raise awareness among stakeholders		▸ 2020: development, set-up, and provision of online training on sustainability

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

	ACTIONS	2017 RESULTS	TARGETS
CNH Industrial	▸ Enhancement of Board members' knowledge of Company operations	● Several meetings held (in parallel with Board meetings) between Board Directors and GEC members (brand, product, and segment leaders) to gain insight into industry-specific business aspects ➡ 47	▸ 2018: organization of Board meetings at different Company sites, focusing on specific business and/or regional operations
	▸ Alignment with the Dutch Corporate Governance Code	● Company compliance with the new Dutch Corporate Governance Code (DCGC) assessed, corrective measures formulated, and Board-approved measures implemented ➡ 45	
	▸ Conception, design, and oversight of a Corporate Compliance Program	◐ Integration of Customer Master Data Workflow (CMDW) and Hiperos third-party due diligence tools completed and activated in EMEA, and currently being evaluated for roll-out to LATAM and high-volume sites in APAC ➡ 59	▸ 2018: ongoing implementation of third-party due diligence process by completing CMDW system integration in all Regions, evaluating alternative software providers, and preparing for process expansion to include certain higher-risk indirect suppliers
		◐ Trade compliance organization (processes, procedures, and technology) further implemented	▸ 2018: 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	● Initiatives to further increase global Compliance Helpline awareness implemented via internal communication campaign, internal publication articles, and *LINK* articles ➡ 56	▸ 2018: ongoing initiatives to further increase awareness of global Compliance Helpline; implementation of a compliance smartphone app pilot project in NAFTA

The full list of SDG icons along with their descriptions can be found on page 247

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

	ACTIONS	2017 RESULTS	TARGETS
CNH Industrial	▸ Monitoring of the impact of business activities on human rights	● Human rights assessments performed across the main CNH Industrial legal entities in EMEA, covering 94% of the Region's total workforce, or 39,160 employees out of the 41,494 headcount ➡ *63*	APAC ▸ 2018: follow-up of human rights assessments across the main CNH Industrial legal entities
	▸ Demonstration of climate leadership by investigating climate-related activities	○ Development of internal monitoring process postponed to 2018 ➡ *191*	▸ 2018: development of an internal monitoring process for all Company activities with repercussions for climate-related policies

Commitment: Maintain a continuously updated risk management system

	ACTIONS	2017 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 73 CNH Industrial locations in EMEA, NAFTA, and LATAM (since launch in 2015), with 29 sites identified as requiring a second flood risk study and included in the loss prevention visit schedule. 25 sites already revisited to date, of which 12 in 2017, as per action plan ➡ *70*	
		● Integrated Approach for earthquake assessment consolidated and extended to 27 key sites (since launch in 2013), of which 4 in 2017, as per action plan ➡ *70*	
	▸ Optimization of cyber risk insurance program	● Broad in-depth analysis conducted on: 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 ➡ *71*	
		● Adequate insurance coverage defined and implemented ➡ *71*	

OUR PEOPLE

RESPECTING HUMAN AND LABOR RIGHTS

Commitment: Promote diversity and offer equal opportunities

	ACTIONS	2017 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, corporate Intranet)	● 50,025 hours of training delivered on fundamental rights and other corporate Code of Conduct aspects ➡ *54; 58; 59*	▸ 2018: 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 ➡ *89*	▸ 2018: 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)	▸ 2018: continuous improvement and monitoring of recruitment processes across Regions to ensure performance as EOE

	ACTIONS	2017 RESULTS	TARGETS
CNH Industrial	▸ Promotion of job opportunities encouraging workforce diversity	● Several outcomes achieved: ▸ +2% vs. 2016 in number of women employed ▸ 11% of management positions held by women Several initiatives implemented: EMEA ▸ Workshops and mentoring programs for women NAFTA ▸ Recruitment events at more than 150 military bases LATAM ▸ Creation of a Diversity Committee APAC ▸ Initiatives to support the integration of women in the workplace ➡ 79	▸ 2018: increase in the number of diversity candidates employed by Region, in accordance with local requirements and limitations
	▸ Promotion of women's leadership and self-awareness		EMEA ▸ 2018: +15% vs. 2017 in number of women involved in leadership and self-awareness programs

DEVELOPING HUMAN CAPITAL

Commitment: Enhance skills within the Company

	ACTIONS	2017 RESULTS	TARGETS
CNH Industrial	▸ Assessment of employees through the Performance and Leadership Management appraisal system	● 100% of salaried employees and above evaluated ➡ 89	▸ 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: ▸ *Action Learning* projects at regional/function level ▸ Coaching and mentoring initiatives ▸ Leadership skills training for new managers ➡ 92	▸ 2018: ongoing targeted development and training programs customized to employees' individual needs
		● EMEA ▸ 69% of employees involved in training activities ➡ 91	EMEA ▸ 2022: involvement of 100% of employees in training activities
			APAC ▸ 2022: involvement of 100% of employees in training activities

Commitment: Maintain sustainability as a key corporate objective

	ACTIONS	2017 RESULTS	TARGETS
CNH Industrial	▸ Incorporation of environmental and social targets in the performance management system	● 543 targets set for specific sustainability project leaders ➡ 89	▸ 2018: ongoing application of role-specific and job-related sustainability targets

The full list of SDG icons along with their descriptions can be found on page 247

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

Commitment: Survey level of employee satisfaction, needs, and requests

	ACTIONS	2017 RESULTS	TARGETS
CNH Industrial	▸ Execution of people satisfaction surveys	● Exit surveys and/or interviews performed across all Regions ➡ *95* ● CNH Industrial classified among the *150 Best Companies to Work For* in Brazil (online satisfaction questionnaire completed by 2,049 employees) ➡ *94*	▸ 2018: continuous monitoring, extending the sample to significant locations and organizations

Commitment: Attract and retain the best talent

	ACTIONS	2017 RESULTS	TARGETS
CNH Industrial	▸ Implementation of long-term performance-related incentive plans	● Long-term performance-related incentive plans implemented for key talents ➡ *91*	▸ 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	2017 RESULTS	TARGETS
CNH Industrial	▸ Extension of OHSAS 18001 certification	● 60 manufacturing sites, employing approx. 40,500 people, OHSAS 18001 certified ➡ *82* ● 8 non-manufacturing sites, employing approx. 2,000 people, OHSAS 18001 certified ➡ *82* ● All most relevant joint venture plants (in which CNH Industrial holds at least a 50% interest) as at 2011 OHSAS 18001 certified ➡ *81*	▸ 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	2017 RESULTS	TARGETS
CNH Industrial	▸ Pursuit of a zero-accident and zero-injury rate	● -11% vs. 2014 achieved in employee accident frequency rate ➡ *84* ● Zero fatal accidents reported (involving employees, contractors, or anyone else on CNH Industrial premises worldwide) ➡ *84*	▸ 2022: -33% vs. 2014 in employee accident frequency rate

Commitment: Promote a culture of safety in the workplace

	ACTIONS	2017 RESULTS	TARGETS
CNH Industrial	▸ Implementation of initiatives to increase employee health and safety awareness via multiple tools (e.g., training courses, corporate Intranet, video tutorials)	● 206,900 hours of training delivered ➡ *80*	▸ 2018: continuous implementation of information and training activities

FOSTERING EMPLOYEE WELLBEING AND WORK-LIFE BALANCE

Commitment: Promote the health and wellbeing of employees

	ACTIONS	2017 RESULTS	TARGETS
CNH Industrial	▸ Dissemination of information to employees on general health and infectious disease prevention, provision of medical support, and promotion of employee wellbeing through targeted programs	● LATAM ▸ 69% of employees involved in wellbeing campaigns promoting healthy lifestyles[a] ● Several initiatives implemented: EMEA ▸ Stretching exercise programs NAFTA ▸ *THRIVE* program APAC ▸ Biomedical screenings and health checks ➡ *96*	▸ 2022: involvement of 100% of employees in wellbeing campaigns promoting healthy lifestyles

Commitment: Foster the development of digital workplaces

	ACTIONS	2017 RESULTS	TARGETS
CNH Industrial	▸ Implementation of new technologies and smart working initiatives to improve work quality and efficiency and employee work-life balance	● EMEA ▸ 36% of employees involved in smart working initiatives (excluding hourlies)	EMEA ▸ 2022: participation of 40% of employees in flexible work location scheme (excluding hourlies)
		▲ LATAM ▸ 100% of salaried employees involved in smart working initiatives (flexible work shifts)[a]	LATAM ▸ 2022: participation of 50% of employees in flexible work location scheme (excluding hourlies)
			APAC ▸ 2022: involvement of 30% of employees in flexible work location scheme (excluding hourlies)

[a] Venezuela not included, due to the deconsolidation as at December 31, 2017 (see page 241).

The full list of SDG icons along with their descriptions can be found on page 247

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

Commitment: Foster employee inclusiveness and pride

	ACTIONS	2017 RESULTS	TARGETS
CNH Industrial	▸ Support for volunteer work during paid working hours	▲ NAFTA ▸ More than +100% vs. 2016 achieved in number of employee volunteer hours ➡ *99*	NAFTA ▸ 2022: +20% vs. 2016 in number of employee volunteer hours
	▸ Promotion and development of social team-building activities to increase employee awareness of sustainability topics		EMEA ▸ 2018: +15% vs. 2017 in number of employees involved in social team-building activities

IMPROVING EMPLOYEE COMMUTING

Commitment: Improve commuting for employees

	ACTIONS	2017 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	● Several mobility plans implemented at all sites in Italy and in Valladolid (Spain) ➡ *100*	▸ 2018: implementation of mobility plans in Italy and France
		● Carpooling initiatives implemented at 4 sites in Italy and at 2 in Spain ➡ *100*	▸ 2018: implementation of carpooling initiatives at 4 additional plants in Italy
		● *Giretto d'Italia* cycling challenge attended by all Italian sites, involving 1,356 participants ➡ *101*	▸ 2018: ongoing support for *Giretto d'Italia* cycling challenge

LOCAL COMMUNITIES

SUPPORTING LOCAL COMMUNITIES

Commitment: Promote social and economic development of local communities

	ACTIONS	2017 RESULTS	TARGETS
CNH Industrial	▸ Promotion of initiatives fostering the growth of local communities, including through partnerships with associations and non-profit organizations	● EMEA +26% vs. 2016 in number of people involved in CNH Industrial's local community initiatives Several initiatives supported: ▸ Telethon ➡ *112* ▸ *TechPro²* training ➡ *116* ▸ Slow Food ➡ *118* ▸ FAO for Water Management ➡ *120*	EMEA ▸ 2022: +80% vs. 2016 in number of people involved in CNH Industrial's local community initiatives
		▲ LATAM More than +100% vs. 2016 in number of young people involved in plants' local projects fostering professional inclusion Several initiatives supported: ▸ *Plantar & Construir* program ▸ *São Miguel Arcanjo Association* ▸ *Casa Bom Menino* orphanage ▸ *Pastoral do Menor - São José Social Center* ➡ *117*	LATAM ▸ +5% (year-on-year) in number of young people involved in plants' local projects fostering professional inclusion
			APAC ▸ 2022: +50% vs. 2017 in number of people involved in CNH Industrial's local community initiatives

Commitment: Aid populations affected by natural disasters

	ACTIONS	2017 RESULTS	TARGETS
CNH Industrial	▸ Provision of technical, financial, and humanitarian support to populations affected by natural disasters	● Several outcomes achieved: NAFTA ▸ $313,000 worth of equipment and services donated to Team Rubicon for disaster relief operations ▸ $22,000 donated to Team Rubicon for disaster relief operations ▸ 104 hours volunteered by employees for disaster relief in flood-affected areas ➡ *115*	▸ 2018: ongoing support for natural disaster relief, as needed

SUPPORTING YOUTH TRAINING

Commitment: Support the professional development of young people

	ACTIONS	2017 RESULTS	TARGETS
CNH Industrial	▸ Implementation of professional skills development initiatives, including scholarships and training courses	● Several outcomes achieved: EMEA ➡ *116* *TechPro²* project: ▸ 149 students trained in Italy, Ethiopia and South Africa combined, for a total of 4,737 training hours NAFTA ➡ *116* ▸ $175,000 donated to local schools for STEM education LATAM ➡ *117* ▸ $19,400 donated to *Pintura Solidária* and its *Color Compass* initiative, benefitting approx. 7,000 people ▸ Support provided to the São *Miguel Arcanjo Association*, benefitting 400 children/teenagers APAC ➡ *116; 118* ▸ *TechPro²* project in China: 194 students trained and 507 training hours provided ▸ $75,000 donated for the reconstruction of a dilapidated school in Pune (India) ▸ 1,000 school kits donated to 8 schools in Turkey	▸ 2018: ongoing support of professional skills development and education for young people ▸ 2018: extension of *TechPro²* project to 2 additional institutes

The full list of SDG icons along with their descriptions can be found on page 247

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

IMPROVING FOOD AVAILABILITY

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

	ACTIONS	2017 RESULTS	TARGETS
CNH Industrial	▸ Promotion of local projects	● Several outcomes achieved: EMEA ➡ *118* ▸ Ongoing support provided to the Karrayyu community (Ethiopia), assisting 42 shepherds NAFTA ➡ *119* ▸ $300,000 donated to *Future Farmers* of America (FFA) ▸ 1,055 hours volunteered by employees for food banks and other food organizations APAC ➡ *119* ▸ 900 farmers trained on new farming technology ▸ 60 young people trained on tractor operations and mechanics	▸ 2018: ongoing support for initiatives linked to the Company's megatrends, to either mitigate and limit their impact or exploit and enhance their positive effects EMEA ▸ 2019: creation of a garden in Ethiopia under the *Thousand Gardens in Africa* project

FIGHTING CLIMATE CHANGE

Commitment: Support projects to combat climate change

	ACTIONS	2017 RESULTS	TARGETS
CNH Industrial	▸ Promotion of local projects	● Several outcomes achieved: EMEA ➡ *120* ▸ Water Management project implemented in Tunisia, involving 243 people NAFTA ➡ *120* ▸ 3 projects executed with Team Rubicon and U.S. Fish & Wildlife Services APAC ➡ *121* ▸ Crop burning prevention project launched in Kallar Majri village in Punjab (India)	▸ 2018: ongoing support for environmental initiatives related to infrastructure and relevant repairs EMEA ▸ 2019: ongoing Water Management project in Tunisia, including: implementation of targeted activities for sustainable water management across the country/territory; implementation of a planting campaign with the purchase of 1,000 fruit trees; training of 40 young people on sheep/goat farming and fertilization techniques APAC ▸ 2018: ongoing support for crop-burning prevention project in India, project extension to 4 additional villages, and baling of 5,000 tons of crop stubble

RELATIONSHIPS WITH PUBLIC AND PRIVATE ORGANIZATIONS

COLLABORATING WITH TRADE ASSOCIATIONS

Commitment: Collaborate to reduce polluting emissions and improve product safety

	ACTIONS	2017 RESULTS	TARGETS
Commercial Vehicles	▸ Collaboration with sector associations and institutions to develop a methodology for the measurement of CO_2 emissions from product use	● Homologation test procedure developed to provide VECTO input data for CO_2 declaration for the most important heavy-duty vehicle configurations (classes 4, 5, 9, and 10) ➡ *208*	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 continued with CEMA, focusing on Tractor Mother Regulation and mandatory Anti-lock Braking System (ABS). Long-term goal set to reduce fatal road accidents involving farming equipment by 50% by 2035	Collaboration with CEMA: ▸ 2020: development of safety measures for long cabin vehicles as per revised General Safety Regulations on masses and dimensions

INNOVATION AND PRODUCT DEVELOPMENT

DEVELOPING AUTONOMOUS VEHICLES AND CONNECTIVITY

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

	ACTIONS	2017 RESULTS	TARGETS
Agricultural Equipment	▸ Development of automated/autonomous vehicle technologies	● NH Drive solution further developed by New Holland Agriculture, to be presented in 2018 at the *World AG Expo* farm equipment show in Tulare (USA) and deployed to the E. & J. Gallo Winery for pilot testing ➡ *150*	▸ 2020: autonomous technology development and implementation on self-propelled vehicles

REDUCING POLLUTION

Commitment: Continue to reduce polluting emissions

	ACTIONS	2017 RESULTS	TARGETS
Powertrain	▸ Early implementation of regulations for the reduction of polluting emissions (NO_x, particulates, etc.)	● Stage V development activities implemented as per plan ➡ *208*	▸ 2018: HI-eSCR2 Start of Production (SOP)
Agricultural Equipment		● Umbrella program to implement Stage V engines approved and underway	▸ 2019: first implementation of Stage V engines and after-treatment systems on all products
Construction Equipment		● LATAM ▸ Tier 3 dozers introduced in Brazil ▸ Umbrella program approved in the Construction Equipment segment for telescopic handlers, compact wheel loaders, and crawler excavators	

The full list of SDG icons along with their descriptions can be found on page 247

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

REDUCING CO_2 EMISSIONS

Commitment: Optimize energy consumption and efficiency

	ACTIONS	2017 RESULTS	TARGETS
Powertrain	▸ Development of a carbon footprint assessment or Life Cycle Assessment (LCA) methodology	● Process started for the 3-year renewal of the ISO/TS 14067 certification of the LCA of the F1C engine ➡ *153*	
Agricultural Equipment / Powertrain	▸ Reduction of CO_2 emissions through fuel consumption optimization	● Harvester concept studies to improve efficiency and reduce TCO being conducted, with positive preliminary results in terms of fuel consumption and CO_2 emissions	▸ 2020: implementation of most efficient technologies on next-generation combine harvesters to significantly reduce TCO
Commercial Vehicles / Powertrain			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	2017 RESULTS	TARGETS
Powertrain	▸ Expansion of natural gas-powered vehicle offering, featuring Compressed Natural Gas (CNG) and Liquefied Natural Gas (LNG)	● Natural gas-powered engine offering expanded with launch of the C13 NG engine, delivering the highest power among the 100% NG engines on the market ➡ *211*	▸ 2022: development of next-generation alternative fuel engines to further reduce CO_2 emissions and TCO
Powertrain		● New program focusing on single cylinder launched to identify the benefits of new combustion technologies	▸ 2022: focus on natural gas engine technologies to achieve near-zero NO_x emissions in urban applications
Agricultural Equipment		● Methane-powered concept tractor presented at the *Farm Progress Show* in NAFTA and across Europe ➡ *209*	▸ 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

DEVELOPING SELF-SUSTAINING FOOD SYSTEMS

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

	ACTIONS	2017 RESULTS	TARGETS
Agricultural Equipment	▸ Development of solutions that minimize environmental impact	● Data platform infrastructure developed to store data submitted by customers, dealers, and other third parties worldwide ➡ *219*	▸ 2022: up to +25% vs. 2015 in field productivity 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	2017 RESULTS	TARGETS
Agricultural Equipment	▸ Increase in agricultural equipment safety	● OK to Ship approved for medium-range tractors compliant with Mother Regulation	
Construction Equipment	▸ Reduction of noise level in operator environment and of operator exposure to vibrations	● Virtual analysis developed to reduce operator cab Sound Pressure Level (SPL)	▸ 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	● Tractor cab noise level reduction process implemented as per plan; results expected to be introduced with next commercial launch	
Construction Equipment		EMEA ● Several innovation concepts developed for graders; new contents expected to be integrated into the new Stage V programs ● Electro-hydraulic (EH) controls currently being implemented on compact wheel loaders	EMEA ▸ 2020: testing of 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 restraint system development postponed to 2022	Heavy range ▸ 2022: development of a restraint system in heavy vehicle cabs to improve driver biomechanics in case of frontal impact

Commitment: Improve product quality

	ACTIONS	2017 RESULTS	TARGETS
CNH Industrial	▸ Improvement of product quality and safety	◐ -4.1% vs. 2016 achieved in volume of Product Improvement Programs (PIPs) ◐ -4.1% vs. 2016 achieved in warranty claims per unit (for Agricultural Equipment, Construction Equipment, and Commercial Vehicles) ➡ 159	▸ -5% (year-on-year) in volume of both Product Improvement Programs (PIPs) and warranty claims per unit (for Agricultural Equipment, Construction Equipment, and Commercial Vehicles)

SUPPLY CHAIN

INCREASING SUPPLY CHAIN SUSTAINABILITY

Commitment: Promote social and environmental responsibility among suppliers

	ACTIONS	2017 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 into new purchase agreements with suppliers in EMEA ➡ 165	
	▸ Distribution of self-assessment questionnaires on environmental and social performance to select suppliers	● 33% of Tier 1 suppliers involved in sustainability self-assessment questionnaire ➡ 169	▸ 2022: sustainability self-evaluation of 100% of Tier 1 suppliers

The full list of SDG icons along with their descriptions can be found on page 247

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

	ACTIONS	2017 RESULTS	TARGETS
CNH Industrial	▸ Execution of sustainability audits at suppliers worldwide	● 75 audits performed (60 by internal SQEs and 15 by third parties) ➡ *169*	▸ 2018: execution of 80 audits (60 by internal SQEs and 20 by third parties)
	▸ Enhancement of sustainability awareness among suppliers	● 1,023 suppliers trained on the sustainability assessment process ➡ *171*	▸ 2018: implementation of sustainability information activities for suppliers
	▸ CO_2 emissions monitoring of key suppliers	● 59% of key suppliers monitored for CO_2 emissions through the *CDP Supply Chain* program ➡ *173*	▸ 2022: monitoring of CO_2 emissions of 100% of key suppliers
	▸ Promotion of supplier involvement in the World Class Manufacturing (WCM) program	● 199 supplier plants involved in the WCM program ➡ *170*	▸ 2018: involvement of 220 supplier plants in the WCM program

MANUFACTURING PROCESSES

FOSTERING CONTINUOUS IMPROVEMENT

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

	ACTIONS	2017 RESULTS	TARGETS
CNH Industrial	▸ Adoption of World Class Manufacturing (WCM)	◐ 1 plant received the first-ever gold award for CNH Industrial, 2 additional plants received the silver award, and 3 the bronze award ➡ *179*	▸ 2018: further increase in the number of WCM plants achieving bronze level (4), silver level (4), and gold level (1)

REDUCING ENVIRONMENTAL IMPACT AND OPTIMIZING ENERGY PERFORMANCE

Commitment: Optimize the Company's environmental performance

	ACTIONS	2017 RESULTS	TARGETS
CNH Industrial	▸ Application of best available techniques for the reduction of Volatile Organic Compounds (VOC) in paint processes	▲ -15.9% 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 country-specific characteristics	▲ -14.5% vs. 2014 in water withdrawal per production unit[b] achieved at Company plants worldwide ➡ *186*	▸ 2018: -3% vs. 2014 in water withdrawal per production unit at Company plants worldwide
	▸ Optimization of waste management based on country-specific characteristics	▲ 92% of waste recovered at Company plants worldwide ➡ *188*	▸ 2018: 91% of waste recovered at Company plants worldwide
		▲ -18.1% vs. 2014 in waste generated per production unit[b] achieved at Company plants worldwide ➡ *188*	▸ 2018: -14% vs. 2014 in waste generated per production unit at Company plants worldwide
		▲ -20.9% vs. 2014 in hazardous waste generated per production unit[b] achieved at Company plants worldwide ➡ *188*	▸ 2018: -17% vs. 2014 in hazardous waste generated per production unit at Company plants worldwide
	▸ Formulation of guidelines for the identification and safeguard of protected species and biodiversity		▸ 2018: implementation of improvement measures (if required) identified by BVI assessments at plants where such activity has been carried out

[b] *Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 242.*

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

	ACTIONS	2017 RESULTS	TARGETS
CNH Industrial	▸ Implementation of an Energy Management System and certification of plants as per international standard ISO 50001	● ISO 50001 certification achieved by 47 plants (accounting for approx. 97% of total energy consumption) ➡ *192*	▸ 2020: extension of ISO 50001 certification to all CNH Industrial plants worldwide[c]
		● Energy Management System adopted at all plants (accounting for 100% of total energy consumption) ➡ *193*	▸ 2020: implementation of the Energy Management System at all plants, monitoring secondary energy vectors (accounting for 100% of total energy consumption)
		● Secondary energy vectors monitored, accounting for 76% of CNH Industrial's total energy consumption worldwide ➡ *193*	
		● GHG emissions associated with over 20% of total energy consumption verified, as per GHG Protocol requirements, according to ISO 14064-3 standard ➡ *193*	▸ 2018: 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	▲ -12.5% vs. 2014 in energy consumption per production unit[d] achieved at Company plants worldwide ➡ *197*	▸ 2018: -6.5% vs. 2014 in energy consumption per production unit at Company plants worldwide
		▲ -24% vs. 2014 in CO_2 emissions per production unit[d] achieved at Company plants worldwide ➡ *198*	▸ 2022: -20% vs. 2014 in CO_2 emissions per production unit at Company plants worldwide
		● Training sessions organized at several plants to raise awareness of WCM and ISO 50001 ➡ *193*	▸ 2018: organization of energy events to raise awareness and employee engagement
		● Phase 3 technical interventions completed at the green plant in Rorthais (France) ➡ *199*	
	▸ Promotion of renewable energy generation and use	▲ 56.2% of total electricity consumption derived from renewable sources ➡ *197*	▸ 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	● Zero CO_2 impact achieved at the Cascinette Testing Facility (Italy) ➡ *190*	

[c] The scope of reference is 2014.
[d] Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 242.

The full list of SDG icons along with their descriptions can be found on page 247

▲ 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	2017 RESULTS	TARGETS
CNH Industrial	▸ Implementation of initiatives to reduce CO_2 emissions and minimize the overall impact of logistics	● -14.1% vs. 2014 achieved in kg of CO_2 emissions per ton of goods transported (including spare parts) ➡ *203*	INBOUND AND OUTBOUND ▸ 2022: -18% vs. 2014 in kg of CO_2 emissions per ton of goods transported (including spare parts)
	▸ Reduction in the use of packaging and protective materials	INBOUND ◐ -0.1% vs. 2016 achieved in disposable cardboard and wood packaging for shipments from Europe to North America in the Agricultural Equipment and Construction Equipment segments ➡ *205*	
		INBOUND ▲ -12.4% vs. 2016 achieved in disposable cardboard and wood packaging for shipments from Italy in the Commercial Vehicles segment, under the *World Material Flow* (WMF) program ➡ *205*	

END-OF-LIFE

PROMOTING REMANUFACTURING AND RECYCLING

Commitment: Increase production of remanufactured components

	ACTIONS	2017 RESULTS	TARGETS
Parts & Services	▸ Increase in number and distribution of remanufactured components	● 5.6% of Parts & Services' net sales generated by remanufactured components ➡ *231*	▸ 2022: 10% of Parts & Services' net sales from remanufactured components

Commitment: Increase data on product recycling rate

	ACTIONS	2017 RESULTS	TARGETS
Commercial Vehicles	▸ Implementation of International Material Data Sheet (IMDS) for medium and heavy vehicles	◐ +5% achieved in number of datasheets	

03

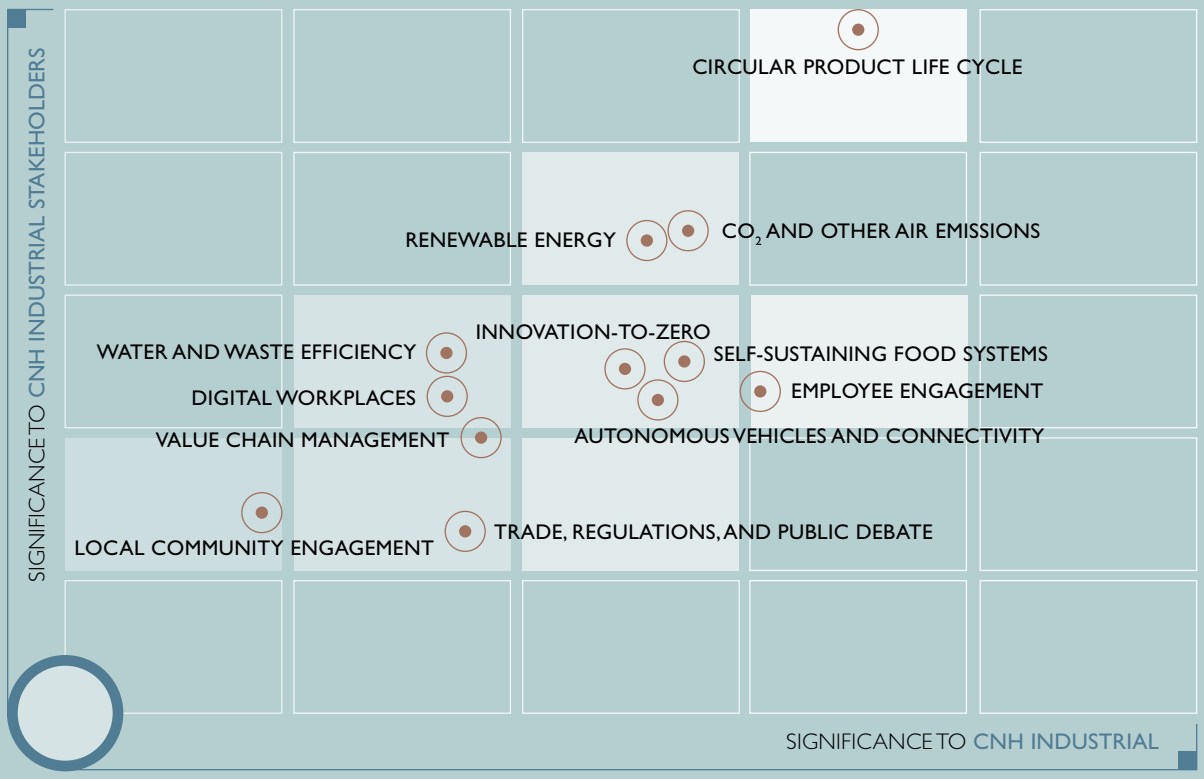
HOW WE GET THINGS DONE

OUR
GOVERNANCE
MODEL

HOW WE
MANAGE
OUR PEOPLE

ENGAGING
LOCAL
COMMUNITIES

RELATIONSHIPS
WITH PUBLIC
AND PRIVATE
ORGANIZATIONS



OUR GOVERNANCE MODEL

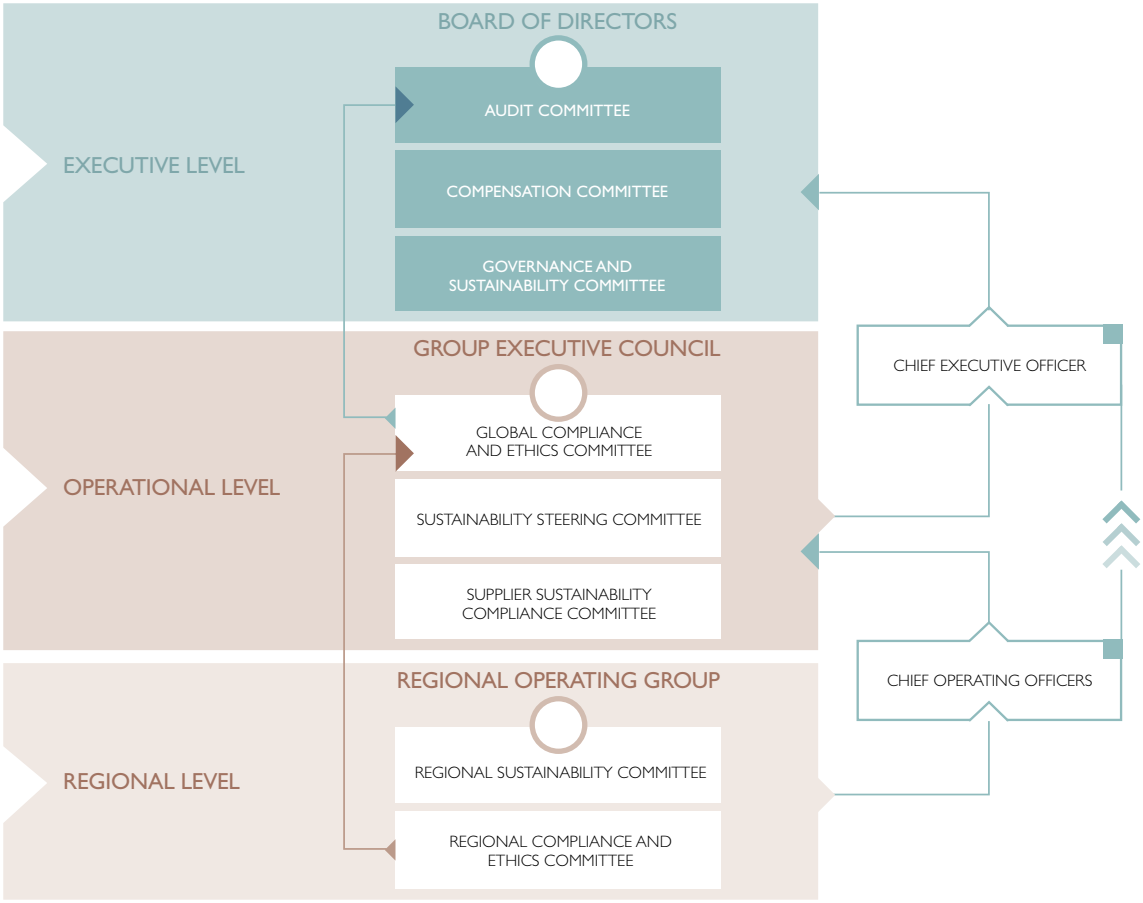
Material topics described in this chapter (for definitions see page 245).

MANAGEMENT FRAMEWORK

CNH Industrial's Governance model is built on a structure and a set of rules that the Company has adopted to manage its operations in an ethical and transparent way. CNH Industrial believes that a robust Governance model is essential to effectively manage the interests of all its stakeholders. For investors and analysts, a governance model that gives due weight to sustainability issues fosters a long-term corporate outlook and contributes to risk-adjusted returns. A robust governance model ensures that the Company's performance is not due to chance or random behavior and that continuous improvement is possible, based on analysis and results achieved each year. In addition, it ensures that risk management controls are in place to safeguard the value of investments. The first materiality analysis (2013-2015) revealed that the Company's stakeholders considered a robust system of governance essential for a company like CNH Industrial, and, for that reason, this aspect was not included in the second materiality analysis (see page 21). The central pillars of CNH Industrial's Governance model include: ongoing alignment with international best practice and the Dutch Corporate Governance Code (DCGC); a clear and comprehensive Code of Conduct, with policies for implementing the principles contained in the Code of Conduct itself (see page 53); and an advanced enterprise risk management system (see page 66). CNH Industrial has adopted the best practice provisions[1] of the DCGC, which contains principles and best practice provisions that regulate relations between the Board of Directors of a listed Dutch company and its shareholders. In 2017, the Company assessed its compliance with the new DCGC, formulated corrective measures, and implemented Board-approved measures.

GOVERNANCE STRUCTURE

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



(1) *Except as discussed in the section Compliance with Dutch Corporate Governance Code in the 2017 Annual Report, page 89.*

GRI STANDARDS

GRI 102-18

BOARD OF DIRECTORS

The Board of Directors (BoD) as a whole has collective responsibility for Company strategy: it develops, approves, and updates the Company's purpose, long-term value and mission statements, as well as its strategies, policies, and goals regarding economic, environmental, and social topics.

The BoD[1] is **composed** of 11 members: two Executive Directors (i.e., who have been granted the titles of 'Chairman' and 'Chief Executive Officer'), having responsibility for the day-to-day management of the Company, and nine Non-Executive Directors, who have responsibility with respect to the Board's oversight function. Under Article 16 of the Articles of Association, the general authority to represent CNH Industrial shall be vested in the BoD, as well as in each of the Executive Directors to whom the title Chairman or Chief Executive Officer has been granted. Eight directors (73%) qualified as independent under the NYSE Listing Standards and best practice provision 2.1.8 of the Dutch Corporate Governance Code (DCGC). The composition of the Non-Executive Directors is such that they are able to operate independently and critically with respect to one another, the Executive Directors, and any other particular interest involved, and in accordance with best practice provision 2.1.7 of the DCGC.

Two members of the BoD are in the 30-50 age group (18.2%), 9 members are in the over-50 age group (81.8%), and no member is under 30 years of age.

The BoD is appointed or re-elected annually by the shareholders during the Annual General Meeting. The **criteria** used to select and appoint members of the BoD, and consequently its committees, are contained in the relevant Guidelines (available on the Company's website), which stipulate that: the BoD 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, and the industrial and financial sectors, more specifically. An appropriate and diversified mix of skills, professional backgrounds, and genders are fundamental to the proper functioning of the Board as a collegial body.[2]

In addition, with regard to **diversity**, it is generally recognized that boards with adequate diversity are more effective in performing their monitoring and advisory activities, due to the variety of professional experience, perspectives, insights, skills, and connections to the outside world that diversity can add. Thirty-six percent of the Company's Directors are female and the Board includes representatives of seven nationalities.

The **independence** requirements for members of the CNH Industrial BoD were established with reference to the DCGC, the NYSE Rules, and Rule 10A-3 of the U.S. Securities Exchange Act.

Regarding **conflicts of interest**, the Regulations of the BoD (available on the Company's website) state that a member of the BoD shall not participate in discussions or decision making with respect to a matter in relation to which he or she has a direct or indirect personal interest which is in conflict with the interests of the Company and the business associated with the Company ('conflict of interest'). In addition, the BoD as a whole may, on an ad hoc basis, resolve that there is such a clear *appearance* of a conflict of interest regarding an individual member of the BoD in relation to a specific matter that it is deemed in the best interest of a proper decision-making process that said individual member of the BoD be excused from participation in the decision-making process with respect to the matter, even though the member of the BoD in question may not be subject to an *actual* conflict of interest[3].

The Directors consider the **evaluation** of the BoD, its committees, and members to be an important aspect of Corporate Governance. Each year, under the oversight of the Governance and Sustainability Committee and with the assistance of the Corporate Secretary, the BoD undertakes an annual evaluation of its own effectiveness and performance, and that of the committees and individual Directors. In 2017, the evaluation of the BoD and its committees consisted of a self-assessment by each of the bodies, facilitated by written questionnaires. The questionnaires cover key functions such as overseeing personnel development, financial and other major issues of strategy, risk, integrity, reputation, and governance, and are designed to promote a robust and comprehensive performance assessment discussion.

In 2017, assessments of individual directors were performed through discussions between the Senior Non-Executive Director and each of the Directors.

(1) *Board as appointed by the Company's shareholders at the Annual General Meeting of Shareholders on April 14, 2017.*
(2) *Guidelines on the composition of the Board of Directors are available on the Company's website.*
(3) *The Regulation of the Board of Directors is available on the Company's website.*

GRI STANDARDS

GRI 102-20; GRI 102-22; GRI 102-24; GRI 102-25; GRI 102-26; GRI 102-28; GRI 405-1

The BoD discusses the results of such performance evaluations in executive session - ordinarily in the second BoD meeting of the following year - and agrees upon actions to take advantage of identified opportunities for improvement. The Executive Directors were not present during discussion among the Non-Executive Directors relating to their performance.
In January 2017, the BoD met to review and discuss the Company's overall strategy for the creation of long-term value. In that meeting, the leaders of each of the business units and functions (all GEC members) presented their operating results and business plans as well as their top short-term and medium-term operational and strategic risks. The presentations allowed management to articulate their strategies for achievement of their business objectives and mitigation of risks, and permitted the BoD to give feedback on management's plans. In subsequent meetings in 2017, the BoD reviewed and discussed with applicable GEC members the long-term value creation strategies of certain of the Company's individual business segments (including Commercial Vehicles, New Holland Agricultural Equipment, and Case IH Agricultural Equipment) and Regions.

Attendance at the Board meetings was 89%. All but one director attended not less than 80% of the Board meetings. The other director attended 60% of the Board meetings.

At the 2014 Annual General Meeting of Shareholders, the shareholders approved the Company's Remuneration Policy[4], which is available on the Company's website. The amount and the breakdown of the **remuneration** paid to the Executive and Non-Executive Directors is set forth in the section *Remuneration of Directors* in the 2017 Annual Report (see the 2017 Annual Report, pages 96; 102).
More details on the composition of the highest Governance body and its committees, whether Board members are executive or non-executive and their independence, significant positions, and skills matrix are shown in the table on pages 266-267. Moreover, the curricula of all Board members are available on the Company's website.

THE BOARD'S COMMITTEES

The Company's Articles of Association require the Board of Directors (BoD) to appoint three different committees and to determine their duties and powers, which will then constitute their respective charters. These committees serve in an advisory role to the Board on aspects set out in their charters, and the BoD may also delegate powers to them on certain matters. The committees are comprised of only non-executive directors and are assigned advisory roles, specifically in the fields of auditing (Audit Committee), compensation (Compensation Committee), and governance and sustainability (Governance and Sustainability Committee).

The **Audit Committee** is responsible for, among other things, assisting the BoD in overseeing certain specific issues and for approving the annual audit plan put forward by the Internal Audit function. The Plan is prepared with the help of a Risk Assessment tool and is divided into four sections: operational, information technology, dealers, and compliance and special projects. Within the latter section, audits are planned in each of the Regions and cover areas of risk identified in the Risk Assessment (e.g., occupational health and safety, bribery and corruption, money laundering, conflicts of interest, reimbursement of expenses). The Company has established a separate department for the Internal Audit function, and the head of the Internal Audit function reports to the Audit Committee, which reviews and approves the annual internal audit plan (see the 2017 Annual Report, page 78).

The **Compensation Committee** is responsible for, among other things, assisting the BoD in: determining executive compensation consistent with the Company's remuneration policy; reviewing and recommending for approval executive directors' compensation; administering equity incentive plans and deferred compensation benefit plans; discussing with management the Company's policies and practices regarding compensation; and issuing recommendations thereon (see the 2017 Annual Report, page 79).

The **Governance and Sustainability Committee** is responsible for, among other things, assisting the BoD in: monitoring and evaluating reports on CNH Industrial's sustainable development policies and practices, management standards, strategy, global performance and Governance; reviewing, assessing, and making recommendations on strategic guidelines for sustainability-related issues; and reviewing the Company's annual Sustainability Report. The Governance and Sustainability Committee helps to develop the Board's collective knowledge on sustainability (see the 2017 Annual Report, page 79).

(4) The Remuneration Policy is available on the Company's website.

GRI STANDARDS

GRI 102-27; GRI 102-36

GROUP EXECUTIVE COUNCIL

CNH Industrial has established the Group Executive Council (GEC) to strengthen the quality of the Company's decision-making and the implementation of its strategy.
On certain key industrial matters, the Board of Directors (BoD) is advised by the GEC. The GEC is an operational decision-making body of CNH Industrial responsible for reviewing the operating performance of the businesses and for making decisions on certain operational matters. The GEC is effectively supervised by the non-executive directors of the BoD. For this purpose, the GEC, through the executive directors, provides the non-executive directors with all information the non-executive directors require to fulfill their responsibilities.
The GEC, as at December 31, 2017, is headed by the Company Chairman and comprises the Chief Executive Officer (CEO) and 4 main groups.

- The first of these consists of 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 (Brand Leader) 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** and **commercial functions** that drive consistency and rigor in processes and performance across the operating Regions, ensure overall consistency in terms of platform architecture, technology and the supply base, and optimize the Group's capital allocation.
- The final group is composed 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[5] has 20 members, including the Company Chairman, and its composition is as follows:

- gender: 2 members are women, representing 10% of the total
- age group: 11 members are in the 30-50 age group (55%), 9 members are in the over-50 age group (45%), and no member is under 30 years of age.

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

GROUP EXECUTIVE COUNCIL'S COMMITTEES

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

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

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

The GC&EC, through the Company's Chief Compliance Officer, reports to the Audit Committee of the Board of Directors, at least quarterly, on the operation, contents, and effectiveness of the Company's compliance program, on any alleged material compliance and ethics violations, and on the disposition (or proposed disposition) of material compliance and ethics violations that have been investigated.

[5] *As at December 31, 2017.*

GRI STANDARDS

- GRI 405-1

The GC&EC is composed of the following members: the Chief Executive Officer, Chief Financial Officer, Chief Human Resources Officer, General Counsel, Chief Compliance Officer, Chief Internal Audit Officer, and the heads of the Company's Financial Services business and ICT function.
The GC&EC meets at least quarterly, or more frequently as deemed necessary or appropriate by its members.

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

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

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

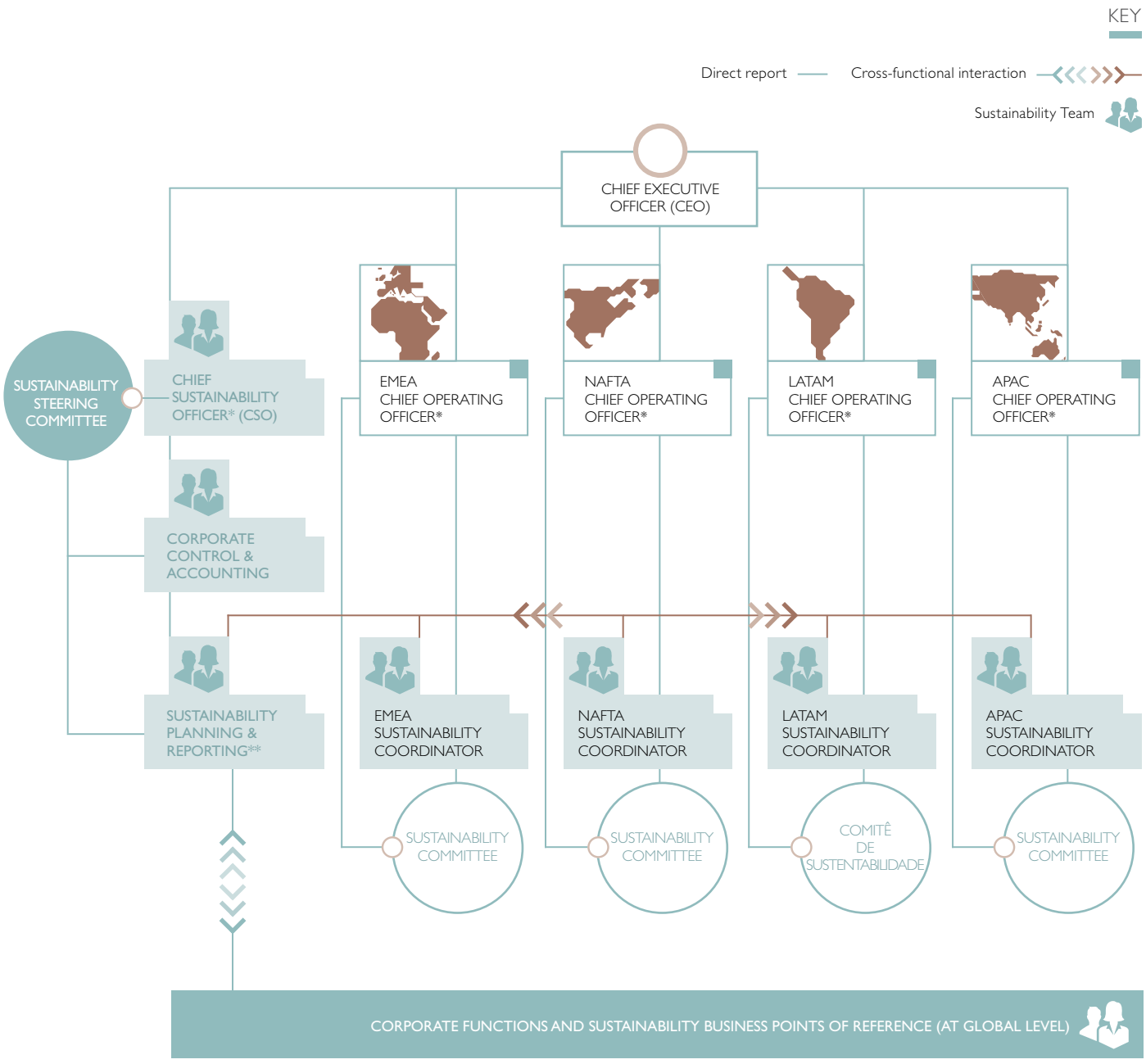
The **Regional Sustainability Committees**, established in 2016, represent the sustainability organizational structure at regional level. These committees address decisions on sustainability at regional level and are responsible for the alignment and integration of different processes in each Region, 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 Chief Operating Officer (COO) of the Region (who is a GEC member), is coordinated by the Regional Sustainability Coordinator, and consists of representatives of various functions involved in different areas of sustainability. Regional Sustainability Committee meetings are held periodically according to the needs of the COO.

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

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

SUSTAINABILITY ORGANIZATION

CNH Industrial, as a leader in sustainability, has established an organizational structure consisting of global and regional sustainability committees (see page 49) and the Sustainability Team in order to optimize the management of sustainability aspects within the Company.



(*) *Member of the Sustainability Steering Committee (together with other CEO first levels).*
(**) *Member of Regional Sustainability Committees.*

SUSTAINABILITY STRUCTURE

The **Sustainability Team**, appointed in 2016, is a network of experts responsible for incorporating sustainability criteria more effectively into Company strategy and for ensuring the necessary support for sustainability planning and reporting. The Team is overseen by the Chief Sustainability Officer, who reports to the CEO, and consists of personnel with global expertise (the Sustainability Planning and Reporting Department and the Sustainability Business Points of Reference), as well as individuals at regional level supervised by the 4 Regional Sustainability Coordinators.

The **Chief Sustainability Officer** (CSO) was appointed in 2016 following a significant development in CNH Industrial's approach to sustainability. The Company has adopted a proactive approach, by which CNH Industrial leverages sustainability in taking decisions for long-term value creation. The CSO oversees the Company's sustainability activities, provides visionary leadership, and coordinates with management, shareholders, and employees to promote the continuous improvement of an effective corporate sustainability approach. The CSO is a member of the GEC, chairs the Sustainability Steering Committee, and is also the Chief Financial Officer. The CSO oversees the Corporate Control & Accounting function, which in turn supervises the Sustainability Planning and Reporting Department.

The **Sustainability Planning and Reporting Department** (SPRD) is responsible for monitoring external trends and incorporating them into the Company in line with stakeholder requirements, proposing projects and promoting the adoption of good practices to encourage their integration into Company processes.
The SPRD is responsible for:

- promoting a culture of sustainability throughout the Company
- promoting the integration of sustainability into day-to-day activities, implementing the strategies defined by the Sustainability Committees
- facilitating continuous improvement by supporting and stimulating the Regions and corporate functions
- assisting with risk management
- strengthening the relationship with and enhancing the perceptions of stakeholders.

The SPRD has an operational role and is responsible for conducting the materiality analysis and stakeholder engagement processes (see pages 21; 25), for managing sustainability planning and reporting, and for completing questionnaires required by sustainability rating agencies. The SPRD acts as secretary to the Sustainability Steering Committee.

The 24 **Sustainability Business Points of Reference** are appointed, as representatives from within the various operating areas, to:

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

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

The 4 **Regional Sustainability Coordinators** ensure the integration of sustainability into regional operating processes, continually liaising with the SPRD, and coordinating with other regional functions. Each Regional Sustainability Coordinator reports to the respective Regional Chief Operating Officer (all of whom are GEC members) and coordinates the Regional Sustainability Committee.
The need for flexible management led to the creation of regional structures, with each Region organized in a way that best suits its individual requirements. Regular meetings to share best practices were introduced in 2017 in order to maintain a link among all regional activities. At these meetings, each Region presents its processes, methodologies, and practices and shares them with the other Regions, thus creating opportunities to exchange information and generate synergies around projects.

SUSTAINABILITY MANAGEMENT SYSTEM

Consistent with the CNH Industrial Sustainability Model (see page 19), the sustainability management system consists of the following tools:

- the **Code of Conduct**, approved by the Board of Directors, and related Company policies which set out the Company's approach to key issues (see page 53)
- a set of **policies** to manage specific issues, as well as the Human Capital Management Guidelines, Green Logistics Principles, and the Supplier Code of Conduct (see page 53)
- the **materiality analysis**, which defines social and environmental priorities (see page 21)
- stakeholder engagement on material topics (there is a dedicated email address for stakeholders to make requests, ask questions, and provide feedback)
- a set of approximately 200 sustainability-related **Key Performance Indicators**, designed to provide maximum coverage of all the key environmental, social, and governance aspects, in line with GRI Standards and those of the major sustainability rating agencies
- the **Sustainability Plan**, also including long-term targets, which identifies action priorities and tracks commitments undertaken (see pages 28-41)
- 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 topics relating to sustainability, supplementing the financial data as per the requirement of the Dutch Decree on Non-Financial Information, which incorporated Directive 2014/95/EU into Dutch law
- the 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 PLAN AND REPORTING PROCESS

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

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

- submitted to SGS Nederland B.V.[6], an independent certification body, for auditing as per Sustainability Reporting Assurance (SRA) procedures and in compliance with both the GRI Standards and AA1000 APS 2008 standard. SGS is officially authorized to provide assurance as per AA1000. The alignment of CNH Industrial's sustainability management system with the ISO 26000 guidelines on social responsibility is also audited[7]
- approved by the Sustainability Steering Committee (see page 49), with each chapter approved by the relevant members
- reviewed by the members of the Group Executive Council (see page 48)
- approved by the Chief Executive Officer
- reviewed by the Governance and Sustainability Committee (see page 47)
- presented along with the Annual Report at CNH Industrial's Annual General Meeting of Shareholders, 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 Company's website.

[6] As at December 31, 2017, Sergio Marchionne and Peter Kalantzis, Chairman and Director of the CNH Industrial Board of Directors, were also, respectively, Non-Executive Chairman and Non-Executive Director of the Board of Directors of the SGS Group.
[7] The statement of assurance, describing the activities carried out and the opinions expressed, is shown on pages 272-273.

GRI STANDARDS

- GRI 102-56

GOVERNANCE SYSTEM

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

CODE OF CONDUCT AND POLICIES

CNH Industrial's **Code of Conduct** (hereinafter the Code of Conduct) is one of the pillars of the CNH Industrial Corporate Governance system, which regulates the decision-making processes and the approach used by the Company and its employees in interacting with all stakeholders. The Code of Conduct summarizes the values the Company recognizes, adheres to, and fosters, in the belief that integrity and fairness are important drivers of social and economic development.
The Code of Conduct, adopted by the Board of Directors in 2014, forms an integral part of the Company's internal control system. It sets out the principles of business ethics that CNH Industrial adheres to, and applies to all of its directors, officers, and employees, as well as to those acting for or on behalf of all CNH Industrial companies worldwide. The Code of Conduct addresses the ethical aspects of economic, social, and environmental issues. Explicit reference is made to the UN's Declaration on Human Rights, the relevant International Labour Organization (ILO) Conventions, and the OECD Guidelines for Multinational Companies.

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

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

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

GRI STANDARDS

GRI 102-12; GRI 102-16

The Code of Conduct is available in the Governance section of the Company's website. Compliance policies are available in the Compliance and Ethics section of the Company's Intranet site. The Code of Conduct and compliance policies are available in multiple languages.

CNH Industrial adopted its **Supplier Code of Conduct** in 2015. It is also available in multiple languages on both the Company's website (in the Suppliers' section) and Intranet site. The Supplier Code of Conduct summarizes the Company's expectations of all its suppliers. Compliance with the Supplier Code of Conduct is a mandatory requirement for continuing business relations with the Company (see page 162).

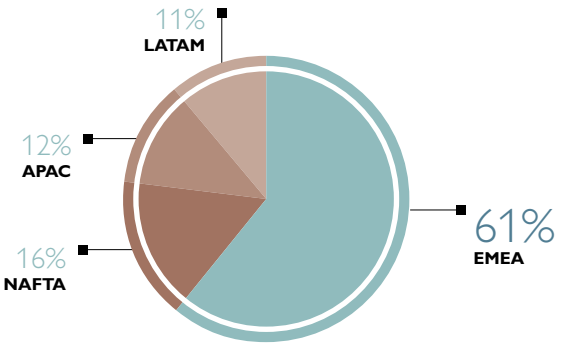
APPLICATION AND DISSEMINATION

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

Available in 18 languages (Chinese, Czech, Danish, Dutch, English, French, German, Hindi, Italian, Polish, European Portuguese, Latin American Portuguese, Romanian, Russian, European Spanish, Latin American Spanish, Swedish, and Turkish), the Code of Conduct can be viewed and downloaded through the Company's website and Intranet site, and hard copies are available from the Human Resources Department.

The principles and values of good corporate governance established in the Code of Conduct are conveyed, through periodic training and other communication channels, to all employees irrespective of their level or role. During 2017, the dissemination of the Code of Conduct and the respective training activities were supported and reinforced through a comprehensive communications campaign. In particular, some initiatives were implemented to further increase awareness of the global Compliance Helpline (an internal communications campaign, articles on internal publications, and *LINK* articles).
Moreover, in 2017, online training on the Code of Conduct was delivered to all of CNH Industrial's Board of Directors and GEC members, as well as to approximately 25,000 employees, of whom 80% were professional and salaried employees and 20% managers, for a total of 13,985 hours (12,585 in 2016).

2017 EMPLOYEE CODE OF CONDUCT TRAINING BY REGION
CNH INDUSTRIAL WORLDWIDE (%)



The 2017 Code of Conduct training course included 3 modules: conflict of interest, workplace harassment, and product safety and quality.

GRI STANDARDS
GRI 102-17

CODE OF CONDUCT REACH AND COVERAGE[a]

CNH INDUSTRIAL WORLDWIDE (%)

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

[a] Refers to categories considered at risk of corruption, as identified via specific risk assessment. Results refer to the 3-year period between 2015 and 2017; the same percentages were achieved each year.

For information on the reach and written acknowledgment of the Code of Conduct among suppliers, please refer to the chapter on the Supplier Code of Conduct (see page 162). The Code of Conduct also applies to 100% of the subsidiaries in which CNH Industrial holds at least a 51% interest.

The Company also advocates the Code of Conduct and the Supplier Code of Conduct as best practice standards in business ethics among the partners, suppliers, consultants, agents, dealers, and other third parties with whom it has long-term relationships. Company contracts include specific clauses relating to the recognition of, and adherence to, the fundamental principles of the Code of Conduct and related policies, as well as compliance with applicable laws, particularly those related to bribery and corruption, money laundering, antitrust/competition law, and other corporate criminal liabilities. In addition, compliance with the Supplier Code of Conduct is a requirement for continuing business relations with CNH Industrial.

100%

OF EMPLOYEES[b] INVOLVED IN ONLINE TRAINING ON THE CODE OF CONDUCT

COMPLIANCE RISK ASSESSMENT

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

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

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

In 2017, the Compliance and Ethics function continued to implement and improve its compliance risk assessment, via a web-based risk survey involving approximately 250 managers across all four operating Regions. Survey recipients were selected based on their respective geographic location, business segment or function, roles and responsibilities, and types of risks associated with such roles and responsibilities. The Company is currently developing action plans to further address the risks identified, which will be implemented in 2018.

In 2017, CNH Industrial delivered targeted training on the critical issues identified during the 2016 risk assessment, with a focus on:

- anti-bribery/corruption
- antitrust/fair competition
- workplace harassment
- conflicts of interest
- fraud
- human trafficking.

[b] Salaried employees and above.

GRI STANDARDS

GRI 205-1

MONITORING AND INVESTIGATIONS

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

In January 2015, the Company launched its **Compliance Helpline**, a global reporting tool available in 14 languages, managed by an independent third party.
This monitoring system provides CNH Industrial employees, customers, suppliers, and other third parties with a dedicated means to report potential violations of applicable laws, the Code of Conduct, the Supplier Code of Conduct, or Company policies. Reports can also be submitted in person to a manager or other Company representative, via the Internet or via dedicated phone lines, as indicated in the CNH Industrial Compliance Helpline Policy[2]. Where permitted by applicable laws, reports may be submitted on an anonymous basis.
CNH Industrial employees have an obligation to report misconduct. The Compliance Helpline is an important tool meant to encourage reporting and foster a culture of individual and collective responsibility for compliance and ethics. Company policy protects anyone reporting a concern in good faith from retaliation of any kind. The Company is committed to responding to every report submitted through the Compliance Helpline. A global case management system, implemented in conjunction with the launch of the Compliance Helpline, helps ensure the accurate tracking and timely resolution of investigations. Investigations are primarily conducted by Internal Audit, the Legal Department, Human Resources, or the Compliance and Ethics function. Additionally, regional committees comprising representatives from Human Resources, Internal Audit, and Compliance or Legal are responsible for providing oversight of investigations within their respective Regions.

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

In 2017, 42 cases were classified as material at regional level and reported to the relevant RC&EC, while 6 matters were classified as material at global level and reported to the GC&EC.

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.

PERIODIC AUDITING

CNH Industrial regularly monitors the application of the Company's main compliance policies in each Region. Monitoring is carried out by the Internal Audit Department based on the annual audit plan. Audit results, identified violations, and agreed corrective measures are notified to the relevant corporate departments and senior management.

[2] *www.cnhindustrialcompliancehelpline.com.*

GRI STANDARDS

GRI 102-17; GRI 102-33; GRI 102-34

In 2017, the Company disclosed the results of 77 compliance-related internal audits conducted at its main operational sites: 5 regarding business ethics; 15 related to environmental and occupational health and safety issues; and 57 related to bribery, antitrust, and other regulatory requirements, which also covered 30 investigations linked to matters reported through the Compliance Helpline. The audits revealed substantial compliance with the main standards. Any violations relating to aspects included in the Code of Conduct were managed either through appropriate disciplinary action or through action plans to improve internal control procedures.
In February 2017, for example, in coordination with the GC&EC and Legal functions, the Internal Audit Department audited CNH Industrial's Brand Sales departments in EMEA. The aim was to verify awareness of antitrust requirments and understanding of CNH Industrial policies, and to detect any compliance issues. The audit results confirmed the overall awareness of the main antitrust regulatory provisions and of the related CNH Industrial policy.

2017 AUDITS BY TYPE AND REGION

CNH INDUSTRIAL WORLDWIDE (no.)

	Business ethics	Environmental safety	Investigations	Other	**Total**
EMEA	3	10	13	15	**41**
NAFTA	0	0	1	3	**4**
LATAM	0	2	1	7	**10**
APAC	2	3	15	2	**22**
World	5	15	30	27	**77**

VIOLATION REPORTING

In 2017, the Company responded to and/or investigated 552 matters submitted through the Compliance Helpline or other available corporate channels (57% of the reports received via the Compliance Helpline were submitted anonymously).

2017 COMPLIANCE HELPLINE REPORTED MATTERS

CNH INDUSTRIAL WORLDWIDE (no.)

Matters by category	**No. of matters**
Specific business activities and/or Company policies	**37**
HR Issues, including but not limited to, general workplace conflicts, harassment, and discrimination	**306**
Business conduct[a]	**133**
Other	**76**
Total matters	**552**

[(a)] *No anti-competition cases reported in 2017.*

In 2017, 555 investigations were closed, each requiring an average of 49 days for completion.
316 of the allegations investigated were substantiated as breaches of the Code of Conduct or of corporate policies (a 57% substantiation rate).

2017 DISCIPLINARY APPROACH TO SUBSTANTIATED BREACHES OF THE CODE OF CONDUCT OR CORPORATE POLICIES

CNH INDUSTRIAL WORLDWIDE (no.)

Type of disciplinary action	**No. of actions**
Termination of employment	**101**
Disciplinary action	**166**
Coaching, remedial training or review of the relevant policy	**45**
No action required[a]	**4**
Total	**316**

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

Moreover, 11 allegations of some form of discrimination were reported through the Compliance Helpline, of which 5 were substantiated and resulted in disciplinary action and/or remedial training.

GRI STANDARDS

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

ANTI-CORRUPTION AND BRIBERY

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 site in 14 languages.
As stated in the Anti-Corruption Policy, CNH Industrial does not tolerate any kind of bribery (the paying or offering of anything of value in order to obtain an improper business advantage) to public officials or representatives of international organizations, or any other party connected with a public official, or private entities/individuals, or anyone otherwise prohibited by applicable laws.
The **Corruption Perception Index** published by Transparency International is generally used as a guide by the Company's Compliance and Ethics function and Regional Compliance & Ethics Committees (RC&ECs) in assessing and categorizing the specific risks and prevalence of corruption in each 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 2017, online anti-corruption training was provided to all of CNH Industrial's GEC members, as well as to approximately 24,000 employees (of whom 82% were professional and salaried employees, and 18% managers), for a total of 14,422 training hours. These employees represented the entire eligible workforce at the time the training initiative was launched. Training focused specifically on anti-corruption laws, policies, and procedures.

2017 ANTI-CORRUPTION TRAINING BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

	Employees involved	Training hours
EMEA	14,651	8,738
NAFTA	4,048	2,529
LATAM	2,727	1,771
APAC	2,606	1,384
World	**24,032**	**14,422**

Company employees are required to report compliance issues (including corruption) by any of multiple means (e.g., by reporting them to managers or through the Compliance Helpline).
As in 2015 and 2016, no cases of bribery were either reported to the Compliance Helpline or substantiated in 2017.

CNH Industrial engages in benchmarking with peer companies to assess its approach and verify the continued adoption of best practices in preventing and detecting corruption. Corruption prevention processes and controls are verified through the Company's internal audit program. The results are submitted to both 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. This Team meets regularly to provide updates on new developments in corruption prevention, regulations, and enforcement, and to share best practices across the Company. Additionally, it designs training materials, provides classroom training, and develops and distributes legal notices and other information to all applicable Company employees. The Practice Team assesses various aspects of the Company's anti-corruption compliance and ethics program, identifying opportunities for, and assisting in, program development and improvement. Company contracts include specific clauses relating to the acknowledgment of, and adherence to, the fundamental principles of the Code of Conduct, Supplier Code of Conduct, and related policies, as well as compliance with applicable laws, particularly those related to bribery and corruption.

GRI STANDARDS

GRI 205-2; GRI 412-2

THIRD-PARTY DUE DILIGENCE PROCESS

In 2016, the Compliance and Ethics function developed and launched a new and enhanced Third-Party Due Diligence process, using a new web-based third-party risk assessment and due diligence workflow tool. This 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 additional due diligence based on their specific risk profile. Additional controls (such as particular contract provisions and certifications) may be implemented with higher-risk third parties. The due diligence process ranges from the basic screening of relevant watch lists to obtaining in-depth corporate intelligence reports from external diligence sources. Within the scope of the process, the individual Regional Compliance & Ethics Committees (RC&ECs) and, if necessary, the Global Compliance & Ethics Committee (GC&EC) have oversight of high-risk third-party relationships.

ANTITRUST AND COMPETITION

As stated in CNH Industrial's Code of Conduct, the Company recognizes the critical importance of an open and competitive market, and is committed to complying with all applicable competition and antitrust legislation and to not engaging in business practices that may violate applicable antitrust or competition laws (such as the establishment of cartels, price fixing, market divisions, limitations with respect to production or sales, tying arrangements, the exchange of commercial information or business views, etc.).
The Company has a program in place to promote compliance with competition and antitrust laws and to identify and minimize the risk of any violations.

This compliance program includes a dedicated Competition Policy, available on the Company's website. The Competition Policy applies to CNH Industrial and to all of its directors, officers, and employees, as well as to those acting for or on behalf of all CNH Industrial companies worldwide. It sets detailed and stringent rules to be observed when dealing with competitors, trade associations, suppliers, and customers, as well as rules to be observed in response to Competition Authority investigations, emphasizing full cooperation in the event of antitrust/competition investigations or any requests for information regarding alleged anti-competitive conduct. The Competition Policy also emphasizes the importance of promptly reporting any actual or suspected Policy violations, either to a member of the Legal and Compliance Department or anonymously using the Company's Compliance Helpline, a dedicated global tool created to report potential violations of applicable laws (see page 56).

The compliance program also provides for regular and mandatory **online training**, which is assessed via a final test. Additional scenario-based classroom training is provided if case specific needs are identified. In 2017, online competition and antitrust training was delivered to all of CNH Industrial's GEC members and to approximately 24,000 employees, with a focus on: the common principles of global competition laws and how they are enforced internationally; the types of agreements with competitors that are almost always illegal; the ways in which a company with a dominant market position can abuse its power; the ways in which illegal agreements can be established between competitors; and the appropriate response should an employee be concerned about the legality of any conversation or agreement.

2017 ANTITRUST TRAINING BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

	Employees involved	Training hours
EMEA	14,494	6,473
NAFTA	4,172	2,591
LATAM	2,720	1,303
APAC	2,596	1,118
World	**23,982**	**11,485**

CNH Industrial's internal audit program verifies, among others things, the competition and antitrust processes and controls (see page 56).

INFORMATION SECURITY AND DATA PRIVACY

The rapid development of technology is having a significant political and economic impact globally, since virtual points of exposure to potential cyberattacks are increasing exponentially, thus creating new challenges for businesses. CNH Industrial believes that information security and the correct processing of personal data in its possession is fundamental, and has therefore implemented dedicated controls and protection measures that are constantly monitored.
Information security refers to all the practices and processes in place to ensure data is not accessed, used or modified by unauthorized individuals or parties. It covers more than just personal data, protecting all information and assets managed for the Company. Information security is regulated by the Company's 12 Security Policies, which detail the operational procedures implemented by CNH Industrial at global level.

Information security is monitored and managed by a dedicated body within the ICT Department, which is itself organized into regional units. The head of ICT is a member of the Global Compliance & Ethics Committee (see page 48), which is responsible for approving Information Security Policies concerning both individual employees and ICT personnel.

Data Privacy establishes the rules that govern personal data collection and handling. The latter includes processing, use, transfer, sharing, possession, and disposal. As stated in the Company's Code of Conduct, CNH Industrial is committed to collecting, storing, and processing personal data in compliance with all applicable laws. To this end, the Company implements appropriate organizational and technical measures to ensure correct and secure processing, according to its Data Privacy Policy (see page 53).

To prevent information security breaches, CNH Industrial has set up online training for all salaried employees and above across all 4 Regions, including new hires.

100%
OF EMPLOYEES[a] INVOLVED IN ONLINE TRAINING ON DATA PRIVACY & SECURITY

The training covers:
- Basic Information Security - a mandatory, entry-level course on information security
- Phishing – Don't Take the Bait! - an anti-phishing course on the best way to avoid scams and the theft of sensitive personal data.

CNH Industrial periodically undertakes an information security risk assessment, conducted by ICT Security and based on the NIST[3] Cybersecurity Framework, to identify ICT risks and assess their probability and impact. This is followed by continuous risk management, also involving other ICT units, to identify the risk management strategy (i.e., mitigation, transfer or acceptance). In case of mitigation, measures are defined and implemented to reduce the risk and associated liability.

To prevent confidential data breaches, CNH Industrial has a dedicated team operating 24/7 that ascertains any detected sign of breach or attack, in which case an **Incident Response Procedure** (IRP) is defined and applied to ensure effective response and continuous improvement. Moreover, stakeholders can report the potential violation of information security using a Company global tool, the Compliance Helpline (see page 56).

Finally, when employees return end-of-life PCs, a data wiping procedure protects Company data by repeatedly overwriting the hard drives with random data, as per recognized best practices.

(a) Salaried employees and above.
(3) NIST: National Institute of Standards and Technology.

GRI STANDARDS

GRI 418-1

HUMAN AND LABOR RIGHTS MANAGEMENT

CNH Industrial is committed to the creation of long-term sustainable value for all its stakeholders, and is firmly convinced that respect for fundamental human rights is a prerequisite to achieve this.
The Company supports the protection of fundamental human rights in all its operations, and seeks to promote respect for these principles by others where it has an influence, particularly contractors, suppliers, and all other entities and individuals with whom it has a business relationship. In fact, the Company will not establish or continue a relationship with any entity or individual that refuses to respect the principles of its Code of Conduct.
The Company's commitment is stated in its Code of Conduct, in the Human Rights Policy that supplements it, and in the Supplier Code of Conduct. These documents are available on the Company's website.
The human rights principles included in the aforementioned documents are consistent with the spirit and intent of the United Nations' Universal Declaration of Human Rights, the OECD Guidelines for Multinational Companies, and the relevant Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO).
The Company's Code of Conduct and policies apply to all of its directors, officers, and employees, as well as to those acting for or on behalf of all CNH Industrial companies worldwide.
Moreover, in selecting suppliers, CNH Industrial is committed to considering their social and environmental performance and the values outlined in the Code of Conduct (see page 165).
To monitor respect for human rights, CNH Industrial has implemented the Compliance Helpline (see page 56), a means for CNH Industrial employees, customers, suppliers, and other third parties to report potential violations of applicable laws, Company policies or the Code of Conduct.
Risks linked to the violation of human rights are included in the Enterprise Risk Management (ERM) system. CNH Industrial's ERM methodology defines risk as any event that could affect the Company's ability to meet its objectives. The methodology enables the timely identification of risks and the evaluation of their significance, and allows action to be taken to mitigate and, where possible, eliminate them.

NON-DISCRIMINATION

As stated in its Code of Conduct, CNH Industrial does not accept discrimination against employees in any form, including on the basis of: race, gender, sexual orientation, social or personal status, health, physical condition, disability, age, nationality, religion, or personal beliefs, or against any other protected group. The Company recruits employees on the basis of their qualities, experience, and skills and is committed to providing equal opportunities to all employees, both on the job and in their career advancement. The head of each department shall ensure, in every aspect of the employment relationship, such as recruitment, training, compensation, promotion, transfer, or termination, that employees are treated according to their abilities to meet job requirements, and that all decisions are free from any form of discrimination.
The Supplier Code of Conduct states that all suppliers must treat their workers in a fair and non-discriminatory manner, guaranteeing equal opportunities and the absence of any policy aimed at, or indirectly resulting in, discrimination toward them on any basis whatsoever, including, but not limited to, race, gender, sexual orientation, social and personal status, health condition, disability, age, nationality, religion or personal belief (in accordance with applicable laws).
For further information on how CNH Industrial manages diversity and equal opportunities, see page 79.
For information on how this aspect is approached in the management of the supply chain, see page 162.

CHILD LABOR

As stated in the Code of Conduct, CNH Industrial does not employ child labor. Specifically, it does not employ anyone younger than the minimum legal working age in force where the work is carried out and, in any case, does not employ anyone younger than 15, unless an exception is expressly provided for by international conventions and by local legislation.
CNH Industrial is also committed to not establishing or maintaining working relationships with suppliers that employ child labor. For information on how this aspect is approached in the management of the supply chain, see page 162.

FORCED LABOR AND HUMAN TRAFFICKING

As stated in its Human Rights Policy, CNH Industrial does not tolerate the use of forced or mandatory labor, slavery, involuntary or coerced labor, human trafficking or sex trafficking in any of its operations or by any individuals with whom it has a business relationship. The Supplier Code of Conduct stipulates that no supplier may employ forced labor or engage in any form of human trafficking, whether by force, fraud or coercion. All forms of involuntary servitude, slavery, forced labor, sex trafficking, and the procurement of any commercial sex act are strictly prohibited.
For information on how this aspect is approached in the management of the supply chain, see page 162.
See also the Slavery and Human Trafficking statement of CNH Industrial, available on the Company's website.

HARASSMENT

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

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

As stated in the Code of Conduct, CNH Industrial recognizes and respects the right of its employees to be represented by trade unions or other representatives established in accordance with local applicable legislation. When engaging in negotiations with such representatives, CNH Industrial seeks a constructive approach and relationship.
Moreover, all suppliers shall allow workers to freely join associations and bargain collectively, in accordance with local law, without interference, discrimination, retaliation, or harassment (see the Supplier Code of Conduct).
For further information on freedom of association and collective bargaining, see page 102.
For information on how this aspect is approached in the management of the supply chain, see page 162.

OCCUPATIONAL HEALTH AND SAFETY

CNH Industrial recognizes health and safety in the workplace as a fundamental right of employees and a key element of the Company's sustainability efforts. All Company choices must respect the health and safety of employees in the workplace. CNH Industrial has adopted and continues to develop an effective occupational health and safety policy, which implements preventive measures both at individual and collective levels, to minimize the potential for injury in the workplace.
CNH Industrial also seeks to ensure industry-leading working conditions, in accordance with principles of hygiene, industrial ergonomics, and individual organizational and operational processes. CNH Industrial believes in and actively promotes a culture of accident prevention and risk awareness among workers, in particular through the provision of training and information. All employees are required to be personally responsible and to take all preventive measures for the protection of health and safety, as established by the Company and communicated through specific directives, instructions, information, and training (see the Health and Safety Policy).
As stated in the Supplier Code of Conduct, all suppliers must provide and maintain a safe work environment in compliance with all applicable laws.
For further information on occupational health and safety, see page 80.
For information on how this aspect is approached in the management of the supply chain, see page 162.

HUMAN RIGHTS ASSESSMENT

CNH Industrial continuously monitors respect for human rights within the Company's operations and across its supply chain. As regards its **internal operations**, in 2013, CNH Industrial launched a pilot project under which, each year, the Internal Audit function sends an impact assessment survey to the Human Resources functions of the Region selected that year[4], to monitor the following human rights aspects:

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

[4] *Regions are surveyed in rotation on an annual basis.*

GRI STANDARDS

- GRI 407-1; GRI 412-1

In the first year, the monitoring project involved 5 countries in EMEA, covering about 30,000 employees, or 42% of the Company's global workforce.
In 2014, the assessment survey was integrated into standard procedures and extended to APAC, covering more than 90% of the workforce in India.
In 2015, it was extended to China, involving about 50% of the country's total workforce. The main focus was the need to implement a Privacy Policy for employee data collection and monitoring in China, based on Chinese cultural and social practices.
Then, in 2016, it was extended to LATAM, centering on the need to evaluate extending parental leave benefits for legally adopted children, to promote and improve favorable conditions in the workplace. The assessment involved 59% of the Region's total workforce.
After the completion of the first cycle of surveys, the assessment process restarted in 2017 in EMEA, involving the main countries in Europe for CNH Industrial (Italy, France, Germany, Spain, Belgium, Czech Republic, Poland, and the UK), plus South Africa and Ethiopia. It covered 94% of the Region's total workforce, or 39,160 out of the total headcount of 41,494, and did not identify any particular concerns or issues.
The assessment complied with the requirements of Art. 17 and 18 of the Guiding Principles on Business and Human Rights, 2011[5] (the Ruggie Framework).

Every year, CNH Industrial also conducts an assessment of the entire workforce regarding the presence of child labor in its legal entities. In 2017, the Company surveyed 100% of its total workforce[6] 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[7].

As regards CNH Industrial's **suppliers**, in order to prevent or minimize any environmental or social impact from the supply chain, the Company has developed a process to assess them on sustainability issues, by means of sustainability self-assessments, risk assessments, and sustainability audits (see page 166). A specific operational procedure is in place to monitor supplier compliance. In 2017, 75 suppliers worldwide were identified as presenting potential risks according to the following criteria: supplier turnover, risk associated with the supplier's country of operation, supplier financial risk, level of participation in the assessment process, and risk associated with the purchasing category.
These suppliers were subsequently audited: as a result, 14 of them were involved in the formulation of 29 corrective action plans for areas in need of improvement in terms of human rights issues (see page 169).
These improvement areas concern the:
- implementation and/or development of a code of conduct
- improvement of communications and training on the code of conduct
- implementation of a grievance mechanism.

Action plans are monitored via follow-ups between supplier and auditor. Any non-compliance is brought to the attention of the Suppliers Sustainability Compliance Committee (see page 49), which determines the actions to be taken against the defaulting supplier.
According to the assessment process, in 2017, no suppliers were considered at risk in terms of child labor, forced/compulsory labor, or violation of either freedom of association or collective bargaining.
To the Company's knowledge, there is no use of child or forced labor at the plants of its suppliers.

(5) United Nations' Guiding Principles on Business and Human Rights: implementing the United Nations "Protect, Respect and Remedy" Framework 2011.
(6) Study conducted on the total workforce as at October 31, 2017.
(7) For the purposes of the study, hazardous working conditions include: work with dangerous machinery, equipment or tools; the manual handling or transport of heavy loads; exposure to hazardous substances, agents or processes; exposure to health-damaging temperatures, noise levels, or vibrations; and work under particularly difficult conditions (long hours or night shifts).

CONFLICT MINERALS

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

In particular, the Company has implemented measures across its supply chain designed to address disclosure obligations under the Dodd-Frank Act and regulations adopted by the US Securities and Exchange Commission regarding the source of 3TG that may originate from the Democratic Republic of Congo and specific surrounding countries.
CNH Industrial performed due diligence on the source and origin of 3TG in Company products. The Company's due diligence measures have been designed to conform, in all material respects, with the due diligence framework presented by the Organization for Economic Co-operation and Development (OECD) in the OECD publication (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 (collectively, the Surveyed Suppliers). For the year ended December 31, 2016[8], Surveyed Suppliers represented approximately 80% of the Company's purchases (by dollar value) of goods from suppliers.
CNH Industrial requested that all Surveyed Suppliers provide information regarding 3TG and smelters, using the template developed by the Responsible Minerals Initiative, known as the Conflict Minerals Reporting Template (the Template). The Template was developed to facilitate disclosure and communication of information regarding smelters and refiners that provide material to a manufacturer's supply chain. It includes questions regarding a direct supplier's conflict-free policy, its due diligence process, and information about its supply chain, such as the names and locations of smelters and refiners as well as the origin of 3TG used by those facilities.

(8) The 2017 data will be available as of June 1, 2018.

In 2015, pursuing the Company's commitment to support industry efforts for the responsible sourcing of minerals from conflict regions, CNH Industrial became a member of the Responsible Minerals Initiative (RMI). The RMI operates a smelter validation program to certify those smelters and refiners that are conflict-free, thereby helping companies verify the origins of minerals in their supply chain and ensure that those minerals are not funding armed conflict or human rights abuses in the DRC region. The RMI also offers members opportunities for information sharing, and helps companies implement best practices through the development of reporting tools and training.
In 2017, CNH Industrial implemented a new system for the collection and analysis of conflict minerals information submitted by suppliers. The system automates the evaluation of the smelter information provided by the supply chain against data from the Responsible Minerals Initiative.

FINAL RULINGS AND ADDITIONAL INFORMATION

SIGNIFICANT FINAL RULINGS

In this section, the Company reports final court judgments or final arbitration awards that individually had an adverse material effect on the Company (referred to as significant final rulings).
In 2017, no significant final rulings were issued against the Company for violations of laws in the following areas: environment, rights of local communities and impacts on society, marketing and advertising, privacy and loss of customer data, anti-competitive behavior and antitrust, intellectual property, contractual liability, product responsibility, product and service information and labelling, sales of banned or disputed products, anti-corruption and anti-bribery, labor and social security.

EUROPEAN COMMISSION SETTLEMENT

In relation to the 2016 European Commission settlement relating to certain business practices, the Company has been named as defendant in current private litigation commenced in various EU jurisdictions and Israel. Such litigation remains at an early stage, and the Company expects to face further claims, the extent and outcome of which cannot be predicted at this time. The case dates back to 1997, with the most serious conduct occurring no later than 2004. In other words, the facts in question are associated with a company that was very different – in terms of culture, management, and shareholding – from the current CNH Industrial. Furthermore, the Company has since implemented a robust compliance program aimed at preventing similar conduct (see the section on Antitrust and Competition on page 59).

PROVISIONS

As a global Company with a diverse business portfolio, CNH Industrial is exposed to numerous legal risks, including dealer and supplier litigations, intellectual property right disputes, product warranty and defective product claims, product performance, asbestos, personal injuries, emissions and/or fuel economy regulatory and contractual issues, and environmental claims that arise in the ordinary course of business. The outcome of any current or future proceedings, claims or investigations cannot be predicted with certainty.
When it is probable that an outflow of resources embodying economic benefits will be required to settle obligations, and this amount can be reliably estimated, CNH Industrial recognizes specific provisions for this purpose. With specific reference to environmental risks, at December 31, 2017, the Company had estimated a provision[9] in the amount of $43 million ($35 million at December 31, 2016).

LABOR AND SOCIAL SECURITY

Labor and social security disputes culminating in final court judgments in 2017 involved a total payout of 0.14% of labor costs for the year. In Brazil, such judgments, mainly relating to the interpretation of particularly controversial legislation, accounted for 89% of all such judgments against the Company, or approximately 72% of the Company's total payout. However, in the specific context of Brazil, these judgments were not exceptional in nature or in number.

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

GRI STANDARDS

GRI 205-3; GRI 206-1; GRI 307-1; GRI 416-2; GRI 417-2; GRI 417-3; GRI 418-1; GRI 419-1

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, if appropriate, eliminate them. CNH Industrial's ERM system is based on the framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and adapted for specific Company requirements by incorporating Company management knowledge as well as best practice indicators identified through comparison with other industrial groups.

Through this process, the Company has identified 34 primary risk drivers, further broken down into 85 specific risk events. Primary risk drivers include a number of significant topics, such as business operations, competitive factors, and regulatory compliance. Risks are classified according to the probability of occurrence and potential impact on profitability, cash flow, business continuity and/or reputation, which determine the significance of a risk when analyzed holistically and in conjunction with other identified risks. For events that could potentially exceed predetermined risk thresholds, existing measures are analyzed and future containment measures, action plans, and persons of reference are identified to address the specific events and/or corresponding risks proactively. This process follows a bottom-up analysis starting at the business unit level, with risk survey completion by business and function leaders worldwide, followed by one-on-one interviews with Group Executive Council members, risk assessment discussions with the Audit Committee of the Board of Directors, and presentations to the Board of Directors.

For more information on risks, risk management, and control systems, see the 2017 Annual Report, page 69.

RISK APPETITE

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

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

GRI STANDARDS

GRI 102-30

Risk Category	Category description	Risk Driver Areas	Risk appetite
FINANCIAL	Financial risks include uncertainty of financial return and the potential for financial loss due to capital structure imbalances, inadequate cash flows, asset impairments, and the volatility of financial instruments associated with foreign exchange and interest rate exposure.	Interest rates, foreign exchange, capital markets, liquidity and credit, trade financing, and subsidized financing.	CNH Industrial has a prudent risk appetite with respect to financial risks (such as liquidity, market 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.	Laws and regulations, contractual obligations, and ethics and integrity.	CNH Industrial has an averse risk appetite with respect to compliance risks and requires full compliance. The Company takes appropriate measures in the event of a breach of applicable laws 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 2017 to further enhance the risk assessment process that included the following:

- Board of Directors Review: During a meeting with the Board of Directors in January 2017, the leaders of each of the business units and functions presented their top short-term and medium-term operational and strategic risks. The presentations allowed Management to articulate their plans to mitigate the risks and permitted the Board of Directors to give feedback on Management's plans.
- The Company reorganized the central ERM team to give it more internal visibility and a focus on integrating ERM principles in its business operations. The new team is in the process of deploying tools and training within the organization to enable more efficient risk identification and a more effective risk management program.
- The Company has implemented a pilot program to develop a risk response template. The template, once finalized, will provide a common format for all business units and functions to evaluate and discuss risks inside the Company. This tool is part of the Company's efforts to make ERM more accessible to more employees throughout the organization and for risks to be consistently evaluated as part of the ongoing management of the business.
- In 2017, COSO published *Enterprise Risk Management–Integrating with Strategy and Performance,* which builds on the original ERM framework published by COSO in 2004. The new framework emphasizes the integration of ERM principles into a company's strategy setting and execution. The new framework is largely in line with the direction the Company was already pursuing. However, the Company is further evaluating the implications of the new framework with the assistance of external subject matter experts.

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

In 2017, the Risk Management Center of Competence managed 93 sites, representing 88% 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 audited every 3 years, and more than 50% every year.
In 2017, 42 sites were inspected (covering approximately 53% of CNH Industrial sites) and 63 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 $3.2 million in recommended improvements to align the sites to CNH Industrial's relevant loss prevention standards. These targeted investments cut loss expectancies by approximately $0.6 billion, resulting in a Global Efficiency Index (GEI) of 0.59[5], in line with the highest international standards.
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 (indeed some may argue it already has), and may introduce new hazards in areas unaccustomed to them.
In order to strengthen sustainability and resilience within CNH Industrial, the Company's Risk Management Center of Competence works to develop and launch forward-looking, innovative risk engineering approaches and solutions to better understand the impacts of natural hazards and to properly respond to this information. The ability to assess the losses and costs associated with natural hazards is in fact essential for better decision making on hazard mitigation investments and planning.
Assessments must also consider supply chain risk, the management of which is increasingly challenging in today's competitive world. To this end, the Company's Risk Management function is working on a dedicated initiative to implement suitable strategies to manage both every day and exceptional risk associated therewith.

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

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

(3) Source: 2018 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, 2016 to June 30, 2017 (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 function has developed an innovative risk management methodology in collaboration with: the Company's EHS (Environment, Health and 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.

To date, approximately 67% of CNH Industrial's total insured value has been analyzed and quantified using this methodology, based on a total of 40 self-assessments performed by the sites since the methodology's first adoption in 2012 (of which 18 in 2017). To validate the information collected through the assessments, 8 on-site visits were conducted in 2017 at sites selected as suitably representative of the Company in terms of size, activities, and geographical distribution. The audits, organized by the EHS department for each operating legal entity, 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, which quantify the overall level of risk using a scientific, certified self-assessment tool. The results were presented to the insurance market as evidence that CNH Industrial's environmental risks are known, well-quantified, and properly managed. The results also led to comprehensive global insurance coverage.

EARTHQUAKE RISK RE-ENGINEERING PROJECT

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 scientific 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 enables the Company to:

- efficiently assess
- properly quantify
- proactively manage

the seismic risks its industrial manufacturing sites are exposed to.

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

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

Since its inception in 2013, the Integrated Approach has been extended to 27 selected CNH Industrial plants worldwide, of which 4 in 2017: i.e., in Fargo, San Leandro, and Racine (USA) and in Foggia (Italy). Furthermore, standardized output forms were defined to streamline and simplify the collection and reporting of results.

POTENTIAL IMPACT ANALYSIS OF CLIMATE CHANGE

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

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

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

Since its first adoption in 2015, the new industrial flood risk assessment methodology has been tested at 73 sites worldwide (48 in EMEA, 22 in NAFTA, and 3 in LATAM), identifying 33 sites (21 in EMEA, 9 in NAFTA, and 3 in LATAM) requiring a second flood risk study. To date, 25 of these 33 sites have already been revisited and reassessed for flood risks, of which 12 in 2017 (3 in EMEA, 6 in NAFTA, and 3 in LATAM).
Special ad hoc flood surveys were conducted by the flood risk assessment team to test the accuracy and efficiency of the new process.

CYBER RISK MANAGEMENT

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

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

The assessment led to the definition and implementation of adequate insurance coverage. In 2017, a team made up of IT, Internal Audit, and Risk Management members continued to work on possible improvements to current policies and procedures to reduce the likelihood and impact of a cyber-related loss, based on the recommendations of cyber insurance companies.

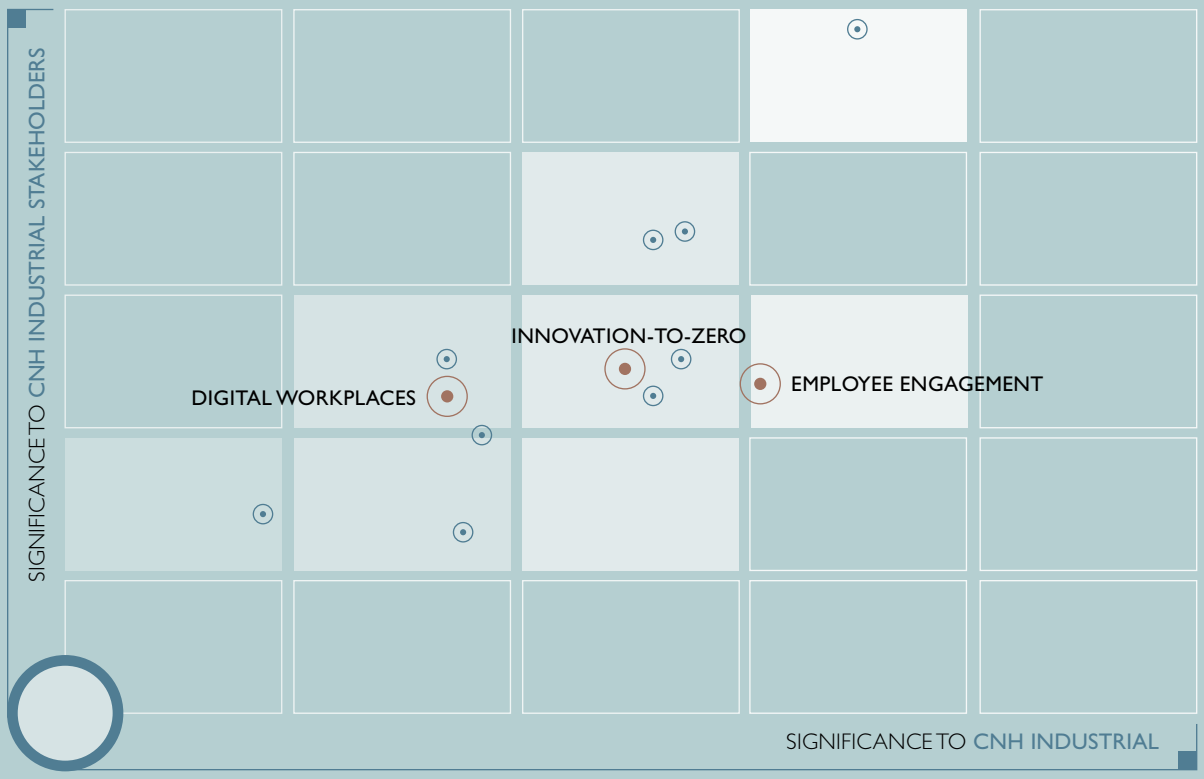
PRECAUTIONARY PRINCIPLE

As per its Environmental Policy, CNH Industrial believes that using resources efficiently and reducing environmental impacts are crucial strategies in creating added value for both the Company and the communities in which it operates. CNH Industrial employs a precautionary approach to anticipate potential risks that could impact the environment and human health. In designing its products, managing its manufacturing processes, and defining logistics flows, CNH Industrial applies the precautionary principle introduced by the *Rio Declaration on Environment and Development*[6].
The product development process (see page 156) identifies, within its various phases, appropriate deliverables designed to anticipate future environmental regulations on product use, favoring the use of recycled materials and excluding the use of monitored hazardous substances (see page 152). Furthermore, innovation projects carried out in partnership with leading universities across the world give CNH Industrial privileged access to the latest scientific developments regarding products.

Through a consolidated environmental management system and the implementation of World Class Manufacturing (WCM), CNH Industrial evaluates the magnitude and importance of all the impacts of its manufacturing processes. Moreover, the Company governs its processes and manages its environmental and social aspects systemically, aiming at continuous improvement. Many voluntary initiatives are carried out within plants to mitigate the environmental impact of manufacturing processes (see page 180). In 2017, CNH Industrial's overall expenditure on environmental protection exceeded $38 million, broken down as follows: approximately $28 million for waste disposal and emissions treatment, and over $10 million for prevention and environmental management.

In order to further reduce the environmental impact of its logistics processes, CNH Industrial carefully considers appropriate solutions, such as type of transport, intermodality, long-haul transport, and packaging design (see page 201). All of the above reflect CNH Industrial's strong commitment to reducing its environmental footprint, using a life cycle approach that involves all impact factors: from the selection and use of raw materials and natural resources, to their processing and delivery, to the management of product end-of-life, to component remanufacturing (see page 231), to product disposal.

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



HOW WE MANAGE OUR PEOPLE

Material topics described in this chapter (for definitions see page 245).

MANAGEMENT FRAMEWORK

CNH Industrial considers its people an essential resource. When operating in dynamic and highly competitive industries, success is achieved first and foremost through the talent and passion of skilled individuals. Indeed, the Company strongly believes that business growth is made possible through personal growth, which is why it invests its business gains in the development of its people, creating a virtuous circle.

As evidenced by the materiality analysis, both **employee engagement** in sustainability matters and **digital workplaces** are key contributors to being a more sustainable Company. These material topics affect, both directly and indirectly, how employees adapt their approach to the changing workplace environment.

Furthermore, as stated in CNH Industrial's Code of Conduct, occupational health and safety is an employee's fundamental right and a key aspect of the Company's sustainability management system (see page 80).

This aspect is covered in the Materiality Matrix by the material topic **innovation-to-zero**, which aims to achieve zero-impact processes (see page 135).

Employee engagement, leveraged to increase employee awareness of sustainability topics (especially in terms of environmental protection, health and proper nutrition, and food security and waste), plays an important role in reaching the Company's goals, and hence is considered a strategic element in dealing with the megatrends identified, particularly *food scarcity and food security* and *climate change* (see page 244).

In this regard, CNH Industrial's commitment to employee engagement is reflected in the long-term targets it has set in terms of training (see page 91), employee volunteering (see page 99), and wellbeing campaigns promoting healthy lifestyles (see page 96).

In 2017, the Company organized numerous employee engagement and awareness activities, including, among other things, training projects focusing on particular environmental topics (see page 182).

It also organized a variety of targeted health initiatives on specific diseases, health issues, and risks, with a focus on preventive measures and healthy behaviors, as well as information campaigns to raise employee awareness of global health issues (see page 96).

As regards **digital workplaces** (see pages 86-87), the Company promotes the use of new technologies to improve work quality and efficiency, employee work-life balance (remote work), and the exchange of information, in part to foster innovation. To this end, specific activities are adopted to make it easier for employees to implement the latest technologies and new work methods in all areas of business (both office and manufacturing), while ensuring Company and personal data is properly managed and secure. This material topic is considered crucial to respond adequately to *the innovative and digital world* megatrend (see page 244).

CNH Industrial's commitment to its people is stated in the Company's Code of Conduct and Human Capital Management Guidelines. The Code of Conduct and corporate policies were approved by the Board of Directors and distributed to all employees, and are available on the corporate website and Intranet portal. For further information, see the Code of Conduct section on page 53.

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.

In 2017, individual targets related to the material topics described above were included in the Performance and Leadership Management system (see page 88) for several managers responsible for the projects indicated in the Sustainability Plan.

Health and safety protection in the workplace, on the other hand, is promoted in every area of operations and in every country by a dedicated organizational structure (Environment, Health and Safety - EHS), established in each Region within the scope of manufacturing (see page 80).

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 page 28), 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.

GRI STANDARDS

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

Several grievance mechanisms are available to CNH Industrial employees (see page 105), such as the Compliance Helpline, an operational tool that enables employees to report potential violations of corporate policies, the Code of Conduct, or applicable laws (see page 56).
The following pages provide further details of the initiatives and projects focusing on people management, as well as the resources allocated and the mechanisms used to evaluate their effectiveness.

PROMOTING SUSTAINABLE BEHAVIORS

CNH Industrial continued to engage and educate employees on sustainability with a number of special internal communication initiatives. Through the *Sustainable Everyday* video campaign, available on the Intranet and screened on monitors at its sites, the Company promoted sustainable behaviors that employees can adopt both at home and at work. The first 2 videos in the 6-part series, which will continue in 2018, focused on responsible use of air-conditioning and heating, and on reducing CO_2 emissions. At all of its locations, the Company also set up visual reminders to recycle and to use less paper, water, and electricity, using 4 workplace signs installed in break areas, restrooms, meeting rooms, and near printers. In celebration of *World Environment Day*, the Company invited employees to submit their favorite nature photos for a special feature on the Company's Intranet called *How Do You Reconnect to Nature?* Employees worldwide submitted more than 300 images, with the final published photo gallery receiving more than 1,000 likes (see page 183). Finally, CNH Industrial celebrated its sustainability achievements, including top rankings in the Dow Jones Sustainability Indices and *CDP Climate Change* and *CDP Water* programs (see page 16), by spreading the news via the Intranet and on posters targeting its hourly workforce.

OUR PROJECT

EMPLOYEES IN NUMBERS

As at December 31, 2017, CNH Industrial had 63,356 employees, an overall increase of 528 from the 62,828 headcount at year-end 2016. The increase of 800 employees due to changes in the scope of operations (mainly related to the acquisition of Kongskilde Industries' agricultural Grass and Soil business, and primarily affecting the EMEA Region) was partially offset by the negative balance of new hires (approximately 5,500) and departures (approximately 5,800), mainly attributable to workforce rebalancing initiatives in the Regions according to specific business needs.

EMPLOYEE TURNOVER

CNH INDUSTRIAL WORLDWIDE (no.)

	2017	2016	2015
Employees at January 1	**62,828**	64,391	69,207
New hires	**5,575**	4,888	3,792
Departures	**(5,868)**	(6,548)	(8,424)
Δ scope of operation	**821**	97	(184)
Employees at December 31	**63,356**	**62,828**	**64,391**
Turnover (%)	**9.3**	10.4	13.1
New hires (%)	**8.8**	7.8	5.9

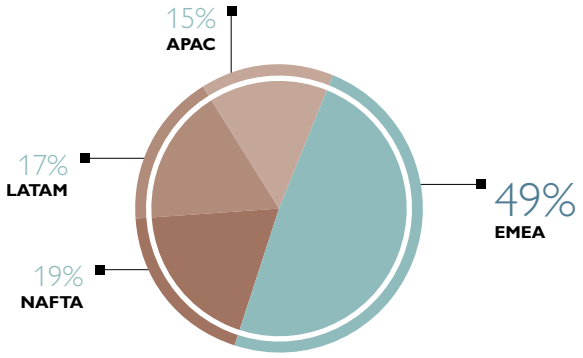
GRI STANDARDS

GRI 102-7; GRI 401-1

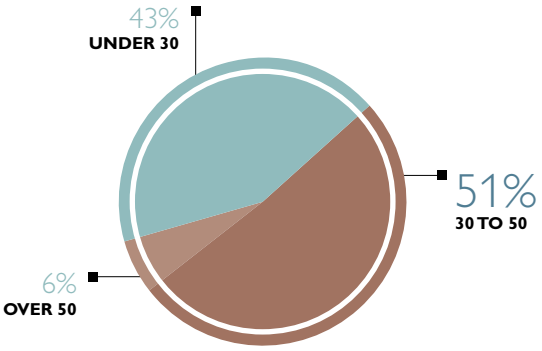
Most new hiring was in EMEA, with 49% of total new hires, followed by NAFTA, with 19%. About 43% of new hires were aged under 30. Female employees accounted for 19% of the year's new hires, while male employees accounted for 81%. In 2017, approximately 65% of new hires were employed under no-term contracts.

NEW HIRES[a]
CNH INDUSTRIAL WORLDWIDE

BY REGION



BY AGE GROUP



(a) *Of total new hires.*

In 2017, there were approximately 5,800 departures from the Company, almost 10.2% 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. Almost 58% of collective redundancies were managed through contract terminations at the Company's initiative, with payment of severance packages and other supporting measures as per agreements with unions and/or employee representatives. It should be noted that around 17% of the employees made redundant in accordance with such agreements will reach the retirement requirements within the timeframe covered by the unemployment benefit scheme.

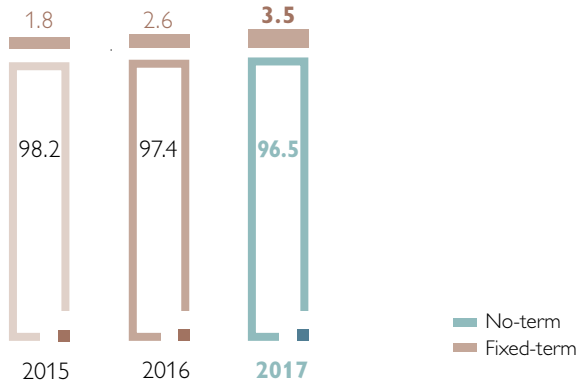
Dismissals of US employees in permanent layoff and departures following the end of employees' recall rights, according to the applicable permanent layoff rules, represented 22.4% of total collective redundancies.

Voluntary resignations with exit incentives, or terminations of temporary contracts at sites affected by collective dismissals, accounted for 7.7%, and dismissals managed through retirement and/or early retirement schemes accounted for approximately 6%. The residual portion mainly included voluntary exits without incentives that occurred at sites affected by a collective redundancy program, and that were linked to it.
In 2017, almost 70 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 380 CNH Industrial employees transferred between countries, or between legal entities within the same country.

As regards departures, the highest percentage was reported in EMEA (45.7%) and NAFTA (25.1%), and in the 30-50 age group (46.6%).
More details on turnover data are available in the Appendix (see pages 250-251).

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



Approximately 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, 709 contracts were changed into no-term contracts, 14% of which were with female employees. Around 2% of the Company workforce is employed part-time, of which approximately 53% 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, 2017, agency contracts accounted for 4,123 personnel, of which 72% in EMEA, 8% in NAFTA, 2% in LATAM, and 18% in APAC. This type of contract is entered into or renewed in relation to business needs, as per applicable legislation and CLA provisions, and is thus ultimately subject to variation in relation to specific market requirements.

LABOR PRACTICES

CNH Industrial believes its people are its most precious asset. Efforts to implement an inclusive recruitment practice, and the best use of available talent 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. To develop the most talented individuals, CNH Industrial offers challenging, rewarding careers where employees never stop learning and, above all, where they see their value recognized (see page 87).

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 approach that comprises a number of different components. This comprehensive package rewards employees for their contribution to the Company's results, and allows them to share in the business success they help to create.

Base salary, benefits, and short and long-term incentives are determined by market-driven benchmarks, thereby ensuring fair and objective treatment for all employees in the different markets around the world. The specific criteria for adjustments focus on closing gaps with respect to market position, giving priority to top performers. Variable compensation is influenced by individual employee contribution, which is rigorously evaluated through a performance and leadership management program that is deployed throughout the entire organization. The same metrics and methodology are applied in the annual performance assessment of all eligible employees worldwide. Additionally, the Company employs a formal process to monitor the application of its core equity and fairness principles to compensation levels, annual salary reviews, and promotions. In particular, these reviews are based on standard criteria, and do not allow managers discretion over those receiving compensation actions. All of these measures combined ensure that the Company's total compensation approach guarantees equal treatment for all individuals regardless of age, gender, race, religious belief or other such factors or attributes.

GRI STANDARDS

GRI 102-8

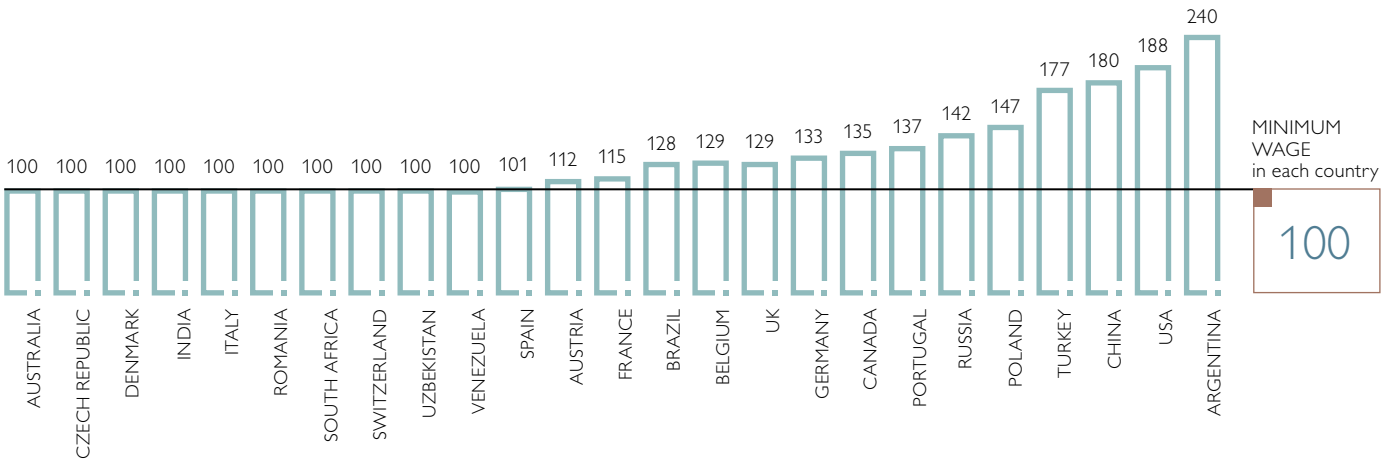
LOCAL MINIMUM WAGES

In many countries, minimum wage levels are established by law and, in some cases, there may be variations within the country based upon region/state or upon other criteria. Where no specific law exists, a minimum wage may be established by collective bargaining agreements between employer associations and trade union representatives. This, for example, is the case in Italy, Germany and Belgium, where pay and employment conditions are negotiated at regional or national level, with the possibility of further agreements on their application or supplementary terms and conditions at company level.

Lastly, minimum wage levels are also established on the basis of specific economic, social, and political circumstances and, therefore, do not allow for cross border comparisons. In order to evaluate the adequacy of entry-level salaries in each country, in 2017, CNH Industrial analyzed countries representing 99% of its employees. In all countries, CNH Industrial entry-level wages[1] were at or above the statutory minimum or non-company collective labor agreements, as shown in the graph below.

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

CNH INDUSTRIAL WORLDWIDE (MINIMUM WAGE = 100)



(a) Data reflects the effect of exchange rates.

EMPLOYEE BENEFITS

Benefits provide employees with a value that goes beyond their salary and cash incentives, and can make up a meaningful part of the total remuneration package. For this reason, CNH Industrial offers a competitive range of benefits, normally available to all full-time employees and, in many countries, also to part-time or temporary employees. Benefits differ according to an individual's level and country of employment, and depend on local policy.

CNH Industrial conducted a survey on 99% of its workforce worldwide, covering all major Company sites as at October 31, 2017, 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 following table.

(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, 2017.

GRI STANDARDS

GRI 202-1; GRI 401-2

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

Financial benefits	2017	2016	2015
Supplementary pension plans	**86.5**	88.6	85.5
Supplementary health plans	**78.3**	78.1	81.6
Life insurance	**50.0**	49.3	53.6
Financial support for disability/invalidity	**82.2**	83.9	86.3
Employee cafeterias or meal vouchers	**74.2**	73.6	75.8
Other[b]	**6.0**	5.9	6.1
Social benefits			
Childcare[c]	**15.0**	15.0	13.3
Sports facilities[d]	**10.7**	10.7	9.0
Wellness and nutrition programs[e]	**37.1**	37.3	38.7
Other (e.g., flexible working schemes, emergency care/first aid, referral programs, leave of absence, or other flexible benefits)	**52.9**	53.4	49.5

[a] Data as at October 31, 2017.
[b] Includes benefits such as Company cars, housing, and interest free loans.
[c] Includes kindergartens, free gyms for children, assistance with homework, summer camps/holidays, and other childcare services.
[d] Includes free gym access, gym/fitness courses, and other sports initiatives.
[e] Includes nutrition coaching, training on how to stop smoking, medical check-ups, medical screening, and other wellness programs.

According to the survey, approximately 86.5% of employees were eligible for a supplementary **pension plan**, and 75.6% of them had joined one (or 65.4% of those surveyed).
Supplementary pension plans fall into 2 categories:

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

Most existing pension plans at CNH Industrial companies are defined contribution plans.
In addition, nearly all CNH Industrial legal entities participate in supplemental **health care plans**, which in most cases are insurance-based. Levels of coverage vary from country to country depending on the public health care system, tax and regulatory restrictions, and local market conditions.
According to the survey, approximately 78.3% of employees were also eligible for a supplementary health plan, and about 64.7% of the workforce had joined one.
Finally, CNH Industrial promotes a healthy lifestyle through comprehensive wellness programs (see page 96), and facilitates access to dedicated sports facilities.

MANAGING MULTICULTURAL TEAMS

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

- Recognizing Differences
- Managing Differences
- Sustaining Energy at a Distance.

Since the global launch of this online program, more than 6,700 employees have signed up and attended the 3 online courses, totaling more than 7,300 hours of training.
The program has enabled employees to enhance their ability to communicate and collaborate with colleagues located in other Regions and with different cultural backgrounds, enabling them to:

- recognize and handle cultural differences
- understand behavioral expectations in different contexts, including how different cultures handle conflict
- motivate and build trust in multicultural teams from a distance.

FOCUS ON

GRI STANDARDS

- GRI 201-3

DIVERSITY AND INCLUSION

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.

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).

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.

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 Company's website and Intranet portal.

Given CNH Industrial's global presence, there may be significant differences in legislation among countries where the Company operates, as well as different levels of awareness, concern, and ability among employees in applying the principles of non-discrimination. The Company Code of Conduct and specific policies ensure that the same standards are applied worldwide. Indeed, as stated in the Code of Conduct, Company standards supersede in jurisdictions where legislation is more lenient.

Many Company initiatives were implemented in 2017 to promote and build awareness of the importance of a diverse and inclusive workforce.

In EMEA, particular focus was given to gender diversity. With the support of external providers, the aim was to promote women's leadership and self-awareness, networking, and personal empowerment. The main initiatives centered on workshops and mentoring programs, which involved 142 employees.

In NAFTA, all open hourly and salaried positions across the Region were advertised outside the Company through several diversity organizations. Furthermore, an experienced military recruiting team was actively involved in recruitments at more than 150 military bases.

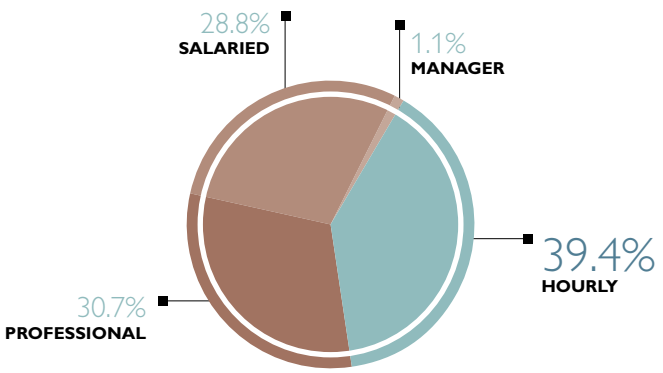
In LATAM, several programs focused on fostering a culture of diversity, through recruitment and the training and integration of current and new employees. A Diversity Committee was created to support diversity and implement inclusive activities.

In APAC, specific initiatives were devised to support the integration of women in the workplace and enhance awareness of work-life balance at CNH Industrial.

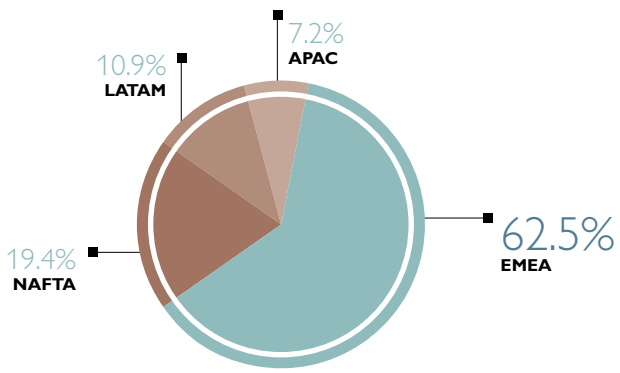
As evidenced by the projects implemented during the year, gender diversity was a focal point across all Regions. Women at CNH Industrial constitute 15.1% of the global workforce. In 2017, the percentage of women in the Company's workforce increased by 2% over the previous year. Female employees are mainly concentrated in the 30-50 year age group, and have a length of service of up to 5 years. As regards distribution by education, 77.6% of female employees have a medium/high level of education (41.6% hold a university degree or equivalent, and 36% a high school diploma). About 53% of the Company's part-time employees are female, and around 13% of fixed-term contracts are with women.

FEMALE EMPLOYEES
CNH INDUSTRIAL WORLDWIDE

BY CATEGORY[a]



BY REGION



[a] *For more information on employee categories, see page 242.*

GRI STANDARDS

GRI 405-1

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 survey showed that, in the countries where the law requires companies to employ a minimum percentage of disabled workers (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).
An employee nationality survey[3] was carried out in 2017 at CNH Industrial legal entities in 11 countries, comprising 83% of the Company's workforce worldwide. The survey evidenced that 4% of employees (compared to 3% in 2016) belonged to a nationality other than the country surveyed. It should be noted that this percentage was equal for women and men (4%). Germany and the UK were the countries where CNH Industrial legal entities employed the highest percentage (9% and 10%, respectively) of workers of a nationality other than that of the host country. For female workers, the figure was 10% in Germany and 25% in the UK.

REFUGEE INTEGRATION IN ULM

In 2017, the plant in Ulm (Germany), which manufactures firefighting vehicles, launched a voluntary project for the labor market integration of 9 refugees from Afghanistan, Algeria, Kazakhstan, Morocco, and Syria.
The overall refugee integration process was overseen by a local staff-development agency, with a particular focus on the development of language skills so as to foster full integration not only at work, but also during leisure time. Indeed, the new hires were trained and assisted while performing their tasks by German-speaking experts.
Integration occurred across different manufacturing areas, particularly:

- ladder production
- turntable assembly
- truck equipment customization
- painting.

The success of the initiative is an example of how a global company such as CNH Industrial can contribute to resolving some of today's most pressing issues through the full integration of people with different backgrounds, skills, and cultures.

OUR PROJECT

OCCUPATIONAL HEALTH AND SAFETY

CNH Industrial's approach to occupational health and safety is based on effective preventive and protective measures, implemented both collectively and individually, aimed at minimizing risk of injury in the workplace. CNH Industrial endeavors to ensure optimal working conditions, applying principles of industrial hygiene and ergonomics to managing processes at organizational and operational level. The Company adopts the highest standards in the countries in which it operates, even where regulatory requirements are less stringent, believing this to be the best way to achieve excellence. The relevance of this aspect for CNH Industrial was confirmed by the materiality analysis; indeed, within the Materiality Matrix, occupational health and safety falls under the material topic **innovation-to-zero** (see page 135).
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 using different tools, such as training and awareness campaigns. Approximately 206,900 hours of occupational health and safety training (of which 100,262 hours on the job) were provided in 2017. On-the-job training activities involved approximately 26,400 employees, 82% of whom were hourly. CNH Industrial also requires its suppliers and partners to comply with worker health and safety regulations, focusing on continuous improvement by fostering high standards across the value chain. These principles are outlined in the CNH Industrial Health and Safety Policy, adopted by the Company at its foundation. The Policy is available to all employees and interested stakeholders on the corporate website.

(2) *Survey carried out on October 31, 2016.*
(3) *Survey carried out on October 31, 2017 in Argentina, Belgium, France, Germany, Italy, Poland, Canada, USA, Brazil, Spain, and the UK.*

GRI STANDARDS

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

Safety is a priority in the Company, as evidenced by the compliance of management systems with both the OHSAS 18001 international standard and the continuous improvement principles of World Class Manufacturing (WCM).
Consolidated monitoring and reporting systems - such as the SPARC (Sustainability, Performance, Analysis, Reporting, and Compliance) system - are used to keep track of health and safety performance, measure the effectiveness of actions taken to achieve targets, and plan new improvement initiatives, through the management of appropriate Key Performance Indicators (KPIs). These indicators can be analyzed at different organizational levels (plant, segment, Region, or Company), thus enabling the simultaneous engagement of different corporate functions at various levels to meet the targets. Periodic benchmarking activities help drive the continuous improvement of plants' health and safety performance.
CNH Industrial sets ambitious annual targets for occupational health and safety, taking account of the particular nature of the work, experience, and technical advancement, while safeguarding employee health and the surrounding work environment. These targets are then included in the Sustainability Plan (see page 28). Progress towards these targets is achieved by utilizing the continuous improvement phases of the safety management systems. Specifically, the Company set a long-term target for 2022 to reduce the accident frequency rate by 33% compared to 2014.
CNH Industrial carries out ongoing health and safety hazard identification and risk assessments (for both routine and non-routine activities) and modifies activities, materials, and processes, particularly with regard to the design of work areas, processes, and work organization. The effectiveness of these activities is checked during periodic internal audits and management reviews.
In addition, newly acquired plants are assessed based on existing processes and activities, to determine what interventions are necessary to achieve health and safety management compliance with CNH Industrial standards.

RESPONSIBILITY AND ORGANIZATION

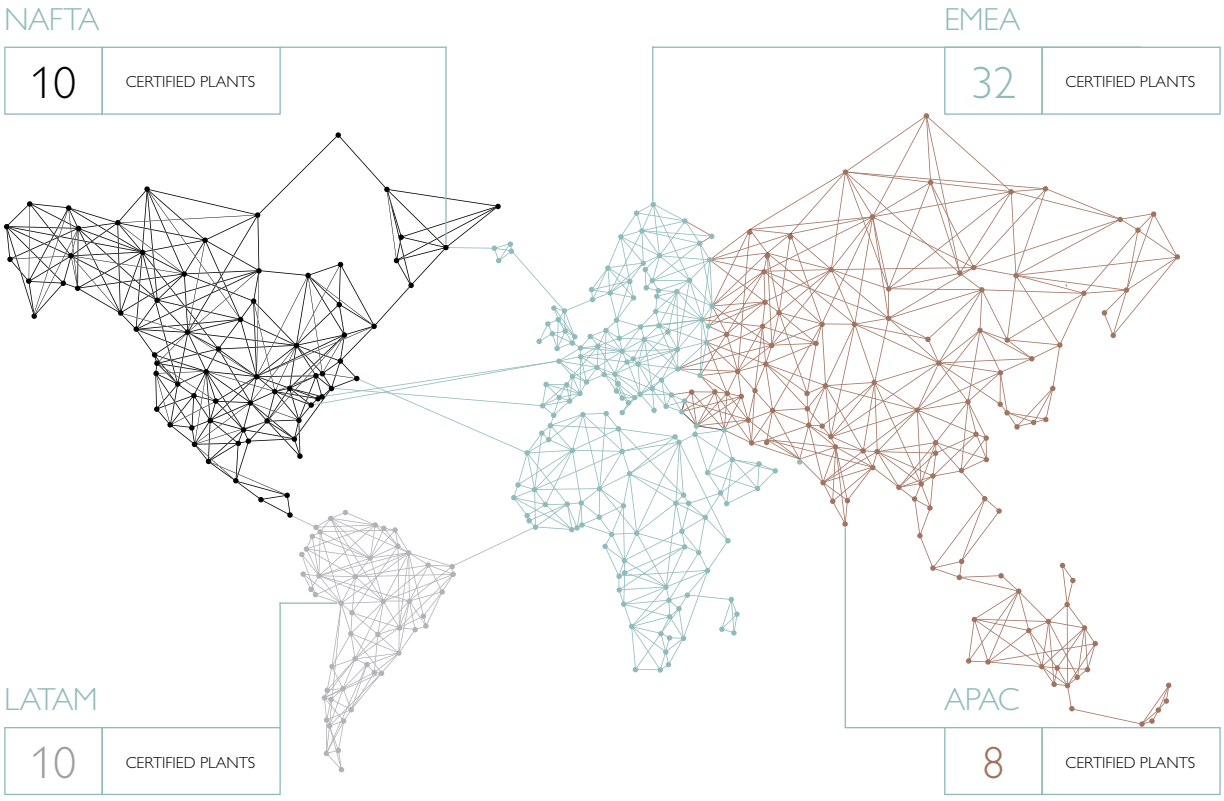
CNH Industrial safeguards and promotes occupational health and safety in its activities and across the Regions in which it operates through a consistent global organizational structure.
Specific responsibilities in the fields of health and safety are defined in compliance with national regulations, and assigned by employers with clearly identified areas of accountability. Management at plants and in the workplace rests with local employers.
Manufacturing plants have an Environment, Health and Safety (EHS) unit, responsible for dealing with occupational health and safety issues, as well as for providing specialized technical assistance to production managers and to those in charge of other processes at site level.
Plant EHS units are coordinated by Regional EHS units, which support adherence to the CNH Industrial Health and Safety Policy and compliance with applicable regulations. In addition, Regional EHS units provide specialized assistance in 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 comments where appropriate. Individual health and safety targets were included in the Performance and Leadership Management system (see page 88) for plant managers and for most of the managers responsible for the projects indicated in the 2017 Sustainability Plan.

CERTIFICATION PROCESS

The certification of occupational health and safety management systems as per the OHSAS 18001 international standard covers 60 CNH Industrial manufacturing plants worldwide, accounting for almost 40,500 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 2017, the occupational health and safety management systems at some non-manufacturing sites were OHSAS 18001 certified, accounting for about 2,000 people at 8 different sites and locations. In total, 68 CNH Industrial sites worldwide (manufacturing and non-manufacturing) are now OHSAS 18001 compliant, covering almost 42,500 people, as are all joint venture plants in which CNH Industrial has at least a 50% interest.

OHSAS 18001 CERTIFIED PLANTS[a]

CNH INDUSTRIAL WORLDWIDE



[a] *For the complete list of plants, see the table on pages 238-240.*

OHSAS 18001 CERTIFIED PLANTS

CNH INDUSTRIAL WORLDWIDE (no.)

	2017	2016	2015
Certified plants	**60**	57	55
Employees working at certified plants	**40,471**	42,838	45,477

OHSAS 18001 CERTIFIED NON-MANUFACTURING SITES

CNH INDUSTRIAL WORLDWIDE (no.)

	2017	2016	2015
Certified non-manufacturing sites	**8**	8	8
Employees working at certified non-manufacturing sites	**1,996**	1,691	2,122

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

	2017	2016	2015
Internal audits (no.)	**1,335**	809	733
External audits (no.)	**73**	77	69
Total employees covered by external audits (no.)	**36,861**	44,807	46,880
Total employees out of the total headcount covered by external audits (%)	**58.18**	71.32	72.80

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 important in a multinational and interdisciplinary environment involving multiple cultures and legal frameworks and large numbers of people.

In 2017, several ongoing initiatives continued to promote a culture of safety and the adoption of shared standards. Among these, the Madrid plant (Spain) created so-called *Safety Circles*, which involve all workers within a group in out-of-hours meetings to discuss their safety issues and devise small-scale projects to resolve them.

Several other events were organized for *World Safety Day* to highlight the importance of safety in the workplace, on the streets, and at home, and to promote a preventive approach to safety.

The health and safety results achieved over the last few years, along with long-term targets, were published globally on the Company Intranet with the aim of informing and raising awareness among employees.

In India, the plant in Noida organized various on-site activities, such as the *Safety Improvement Suggestion Poster* competition, the distribution of the *Fire Safety Pamphlet*, safety awareness training for all employees, and the *Talk & Training* for contract workers, while the plant in Pithampur celebrated *National Safety Day* by raising awareness and fostering engagement on health and safety.

The plants in LATAM organized their annual *Safety Awareness Prevention Week*, celebrating the event with numerous activities, such as lectures, theater presentations by employees, quizzes, and fitness activities, organized for all employee categories and contract workers alike.

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 families upon the birth of a new child, containing useful safety gadgets for the home to foster a safety culture from childhood.

In NAFTA, some plants provided off-site safety awareness tips as part of their periodic communications to employees. For example, over the winter, the Wichita plant (USA) provided employees with holiday safety pamphlets on safely handling electrical Christmas decorations and on preventing candle fires at home.

NEXT-GENERATION TRAINING

Virtual reality training is becoming increasingly widespread, providing realistic and practical scenarios to engage workers in a safe, virtual environment.

The plant in Valladolid (Spain), in partnership with a specialized local company, developed and implemented a Virtual Reality (VR) tool to offer all employees advanced proactive safety training. A virtual simulation room was created near the assembly lines, equipped with VR headsets, headphones, and hand actuators.

The tool provides training on how to perform work operations and job tasks, simulating distances, interactions, and the possible consequences of careless or unsafe behavior, such as not wearing the personal protective equipment required in the workplace.

Since June 2017, 150 employees have received approximately 300 hours of virtual training.

Incorporating VR technology into training enhances employee engagement and provides a richer experience, helping workers to remember and apply what they learn.

FOCUS ON

$79 MILLION SPENT ON HEALTH AND SAFETY

OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE

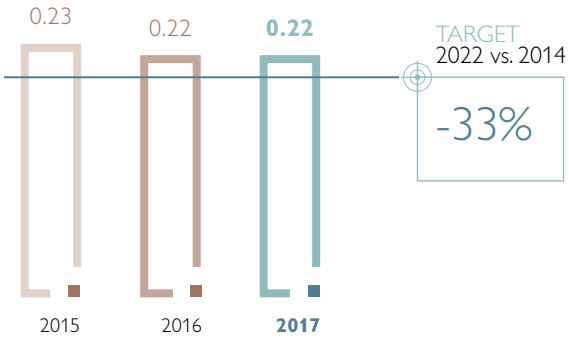
In 2017, approximately $79 million was spent on improving health and safety protection, representing 2% of personnel costs[1]. The yearly expenditure on improvements to occupational safety and working conditions (worker protection, structural improvements, inspections of plants and working environments) totaled almost $70 million, while approximately $9.2 million was spent on employee health (health care costs).
The investments in health and safety led to approximately $7.3 million in savings on the insurance premiums paid to the Italian National Institute for Insurance against Accidents at Work (INAIL) in 2017.

ACCIDENT RATES

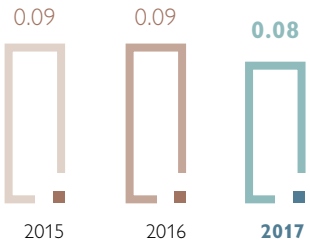
Accident rates are a clear indicator of how successful a company is at preventing industrial accidents. Owing to the Company's many initiatives, the overall frequency rate in 2017 was 0.22 injuries per 100,000 hours worked, reflecting the positive trend in limiting the number of accidents and the high safety levels achieved thus far. The severity rate was 0.08 days of absence per 1,000 hours worked, a 11% drop compared to the previous year. Safety data relates to 96% of the workforce within the reporting scope[2].
The breakdown by gender showed that the percentage of accidents causing an absence of at least 3 days among female employees was 5.74%[3] of total accidents.
In 2017, for accidents involving contractors[4] operating at CNH Industrial plants worldwide, the overall frequency rate was 0.27 injuries per 100,000 hours worked, a 26% 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 9%[6] of total accidents. The severity rate for contractors was 0.07 days of absence per 1,000 hours worked, a 8% drop compared to the previous year.
In 2017, **no fatal accidents** were reported involving employees, contractors, or anyone else working at CNH Industrial facilities worldwide.

INNOVATION TO ZERO

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. 2014 was chosen as the base year for global planning, in line with the Business Plan. The base year employee accident frequency rate is equal to 0.25 accidents per 100,000 hours worked.
(b) The severity rate is the number of days of absence (of more than 3 days) divided by the number of hours worked, multiplied by 1,000.

In 2017, 3,417 near misses[7] were reported and analyzed. The remedial actions deemed necessary and implemented during the year led to enhanced preventive measures contributing to further improvement. In addition, activities continued in 2017 across CNH Industrial to develop and disseminate tools to collect data on, analyze, and track events (injuries, events requiring first aid, and near misses), unsafe acts, and unsafe conditions, in order to improve their respective management as well as the effectiveness of the preventive measures in place.

(1) Personnel costs totaled $3,955 million in 2017.
(2) The non-manufacturing data refers only to sites with a workforce of more than 30 people.
(3) Data does not include CNH Industrial plants in NAFTA.
(4) Contractors are defined as external company or freelancers/self-employed who have a contract with a CNH Industrial company and who provide services within the data reporting scope and within the company perimeter (resident).
(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.

GRI STANDARDS

GRI 403-2

SAFE DRIVING IN ZEDELGEM

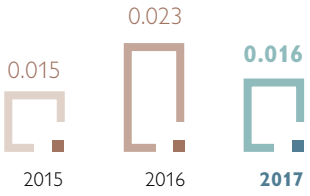
During the annual *Mobility Week* organized in 2017 at the plant in Zedelgem (Belgium) to promote awareness of green and safe transport to work, a rollover simulator was set up at the plant's entrance in collaboration with the Belgian authorities. The simulator allowed employees to experience first-hand what it feels like to overturn during a car accident as the vehicle turns upside down and repeatedly rolls over – a situation probably unfamiliar to most. The goal was to highlight the importance of wearing seat belts, which can actually save lives during a collision.
The initiative was organized by the Mobility Committee in collaboration with a number of representatives from HR, the Health and Safety Department, and trade unions, and promoted via a communications campaign using flyers and videos.

OUR PROJECT

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.

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



In 2017, 15 occupational disease cases were ascertained by the relevant insurance authorities in the countries of reference, while no cases of occupational disease 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 page 96).
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.*

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.

DIGITAL WORKPLACES

As emerged from the materiality analysis, **digital workplaces** is considered a material topic by both CNH Industrial and its stakeholders (see page 21), in that technological innovation is transforming working methods, offering new opportunities to companies and their employees. Given the relevance of this topic to CNH Industrial, therefore, the Company set key long-term targets for EMEA, LATAM, and APAC to involve, respectively, 40%, 50%, and 30% of employees (excluding hourlies) in the flexible work location scheme.

CNH Industrial's actions in this area are aimed at improving quality of life and individual productivity by managing available technologies and people's time more intelligently, whether in the office or at the plant.

CNH Industrial is using a multi-disciplinary approach to create digital workplaces across the Company: some initiatives are department-led, targeting specific needs, others are Company-wide, such as the corporate Intranet. The latter keeps employees informed and engaged, aligning them on key internal messages and success stories. Available in 6 languages, with a modern, user-friendly look and feel, it is accessible to 85% of salaried employees. To stimulate online participation, it employs smart interactive tools (such as surveys and other useful widgets) and a social network approach enabling employees to post likes and comments. It also provides access to a variety of Company resources and applications. In some countries, some Intranet areas are also accessible to hourly workers: in Italy, 2,500 blue-collar employees utilize the portal's *LIFE* channel to keep up-to-date on special offers, discounts, and other initiatives for employees and their families.

In 2017, some CNH Industrial plants started developing Industry 4.0 projects, such as: the trialing of *Collaborative Robots* (Cobots), i.e., robots assisting workers in repetitive tasks (2 trials in EMEA); *Motion Capture*, which analyzes potential ergonomics improvements to existing workstations to minimize the impact of new assemblies on operators (1 trial in EMEA); and *Simulated Painting Training*, involving software able to accurately calculate paint coat thickness, quality of coverage, paint usage, cost of painting parts, and loss due to wastage (1 trial in NAFTA).

Work is increasingly organized in a less individualistic and more collaborative way: teams are often logistically spread apart across different sites and Regions, so accessing and managing data and information instantly and securely is of utmost importance. This requires integrated tools and new models for organization and collaboration, and thus an evolution in the concept of the physical work station.

Initiatives in pursuit of this objective were launched at several Company offices, including a pilot project for the adoption of 3 specific work tools within the Microsoft Office 365 suite, and the identification of 3 main areas where the Company will offer employees technological solutions to improve productivity and participation: collaboration, social networks, and teamwork. In 2017, the 3 work tools selected - SharePoint Online, Yammer, and Project Online - were successfully trialed; they will be extended to all Regions in 2018 and fully integrated with the existing Office tools.

Another initiative centered on the adoption of Robotic Process Automation (RPA) technology in pilot projects in the Purchasing and Finance departments. RPA software is used to execute repetitive, rule-based processes across several Company applications, reducing human error, improving accuracy, and affording employees more time for higher value-added tasks such as innovation and strategy.

GRI STANDARDS

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

SMART SOLUTIONS IN VALLADOLID

One of the objectives of CNH Industrial's plants is to harness technologies that put them at the forefront of innovation while simplifying employee tasks in certain work areas.
To this end, in 2017, the plant in Valladolid (Spain) involved 5 employees in the experimental use of exoskeletons in both the assembly and logistics areas.
The exoskeleton prototypes enable the workers to perform certain tasks in a posture that is ergonomically similar to a sitting position, thus supporting their body weight and reducing lower extremity strain and fatigue.
The adoption of this technology falls within the scope of the plant's broader strategy of implementing Industry 4.0 and collaborative robotics solutions, virtual and augmented reality, additive manufacturing, and big data to achieve the best results possible in terms of manufacturing efficiency.

OUR PROJECT

FLEXIBLE WORK LOCATIONS

In 2017, CNH Industrial continued trials enabling its employees to work from different locations, extending ongoing initiatives and launching new ones across the Regions.
In EMEA, the *Smart Working* project continued in 2017 at the Turin and San Mauro sites (Italy), involving about 4,000 employees. In April, CNH Industrial concluded its 6-month *Work from Home* pilot, which involved a target group of around 700 employees (55% of the employees in the targeted roles). Participants were able to work from home once a week for a maximum of 4 days per month. In October, CNH Industrial was selected by the *Politecnico di Milano* as one of the 5 best Italian companies involved in Smart Working for its *Work from Home* project. A survey showed that 98% of the 700 employees involved in the pilot said they were satisfied with the initiative.
In addition to remote working options, the *Smart Working* project continued the *COMF-Location* initiative for all salaried employees in Turin and San Mauro (Italy), allowing them to work from the local Company office most convenient to them. Employees were permitted to make use of 32 desks at *COMF-Locations* with the same frequency as for *Work from Home*, and to combine the two initiatives during the same week.
In Lugano (Switzerland), 177 employees participated in smart working initiatives in 2017, benefitting from a flexible schedule and the opportunity to work remotely 1 day a week. In France, a teleworking pilot project was introduced for 30 employees at the Company's sites in Vénissieux, Saint Priest, Trappes, and Le Plessis.
In NAFTA, as part of its *Building a Better Workplace* campaign, the Company continued to offer flexible work arrangements, including remote working, to eligible personnel among its approximately 4,000 full-time salaried and above employees in the USA and Canada.
In LATAM, *Home Office* pilot programs were organized in both Brazil and Argentina in 2017, enabling employees to work from home 1 day a week. In Brazil, 48 employees participated in the pilot and completed a survey on their experience; in Argentina, the pilot involved 62 employees. The extension of *Home Office* programs is planned for 2018 in both Brazil and Argentina.
In APAC, 15 employees participated in a *Work from Home* program in Guragon (India).

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

PERFORMANCE AND LEADERSHIP MANAGEMENT

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

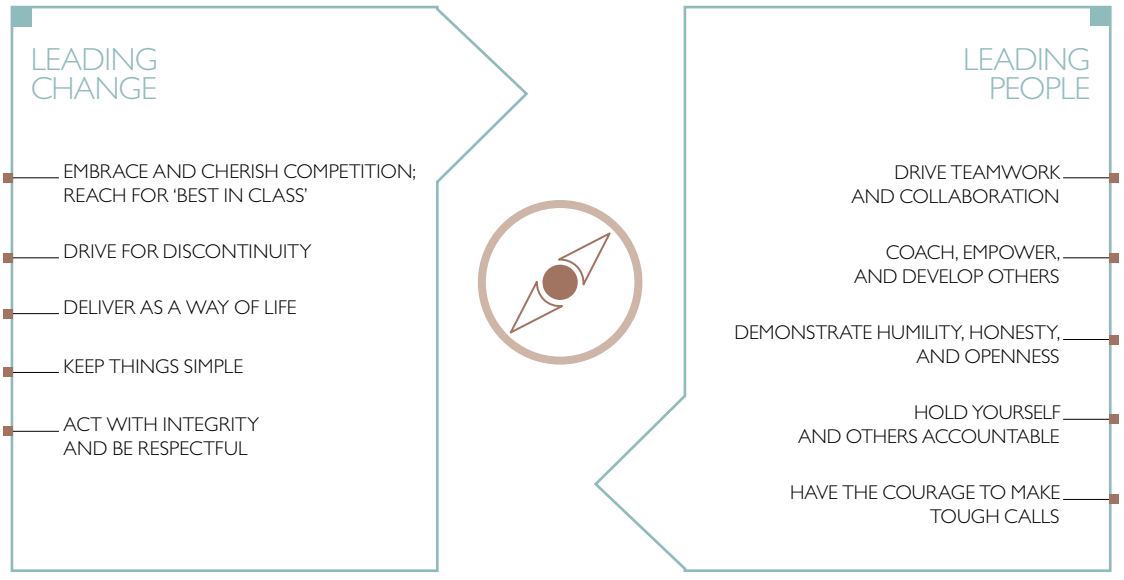
- Meritocracy – rewarding excellence
- Leadership – a key driver in managing change and people
- Competition – a factor to be embraced and encouraged
- Best-in-class performance – a core benchmark
- Accountability – delivering on promises.

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

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

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

LEADERSHIP BEHAVIORS



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. With each new PLM cycle, employees can enter details on their professional aspirations and request specific training (such as coaching, exposure to senior management, etc.) to address the areas identified for improvement.
This unique skills mapping and appraisal process is supported by IT systems that give managers full access to up-to-date information on the people within their organizational unit, and on those indirectly in their reporting line. This means that individual employee evaluations are accessible and can also be examined by senior management within the organizational structure.

100%[a]
OF SALARIED EMPLOYEES AND ABOVE ASSESSED VIA PLM

During 2017, performance and leadership mapping was carried out on 22,854 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 eligibility guidelines (for example, the employee must have worked at the Company for more than 6 months).
Apart from a few exceptions for which PLM is not required (for example, joint ventures in China), the entire workforce of salaried-and-above employees worldwide takes part in the PLM process.
Both CNH Industrial's Chairman and Chief Executive Officer (CEO) firmly believe that an organization's success depends on its personnel and, for this reason, they are directly involved in the PLM process and analyze its results, focusing on senior managers. Additionally, the CEO organized ad hoc meetings 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).
In 2017, as regards social, environmental, and climate change issues, 543 targets (compared to 472 in 2016) were incorporated into the performance management system, and subsequently into the variable compensation, for specific sustainability project leaders, Energy and Environment, Health and Safety (EHS) managers, and relevant staff at plant level.

TALENT MANAGEMENT AND SUCCESSION PLANNING

CNH Industrial operates in dynamic, highly competitive industries where success is achieved by having talented individuals within the organization, and by appointing the right people to key positions. These objectives are at the core of the talent management process, which identifies the most talented employees and fast tracks their development. The selected individuals are offered professional opportunities that allow them to gain experience in other geographic areas or segments, enabling the Company to develop effective succession plans while giving priority to candidates from within the Company.
The process is conducted uniformly across countries, functions, segments, and levels of the organization. Key individuals, selected on the basis of their professional performance, leadership profile, and potential for growth in positions of greater responsibility, are evaluated through a process that directly involves management, from the immediate supervisor to senior management.
In September 2017, the CEO and the GEC held the CNH Industrial Global Talent Review. During the meeting, they reviewed succession plans for the top 100+ key leadership positions and for over 500 potential successors and emerging talents.

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

GRI STANDARDS

GRI 404-3

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 MANAGEMENT

CNH Industrial encourages the appointment of local managers in all countries. However, international appointments may occur if considered development opportunities for talented individuals, or to transfer specific skills and expertise from other countries. In that case, the appointed manager is required to invest in the selection and development of a local successor. This also ensures that specific skills and expertise are successfully transferred across countries.

MANAGERS OF LOCAL NATIONALITY BY REGION[a]

CNH INDUSTRIAL WORLDWIDE (%)

	2017	2016	2015
EMEA	**84**	85	84
NAFTA	**89**	92	89
LATAM	**85**	82	82
APAC	**57**	50	55

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

Furthermore, CNH Industrial also deems it important to develop its **internal human resources**, as evidenced by the seniority of the Company's senior executives.
The more than 150 leaders that report directly to GEC members have an average length of service of 16 years. Additionally, 76% of new manager-level appointments in 2017 were internal candidates. Only 24% were external hires.

TALENT ATTRACTION AND RETENTION

Around the world, CNH Industrial continues to adopt recruiting methods focusing on universities, social media platforms, and career events or job fairs.
The Company's sponsorship of several universities affords it privileged relationships, a strong presence on campus, and regular student internships. In some cases, CNH Industrial directly sponsors individual postgraduate students to carry out research projects on Company premises. In others, it awards university scholarships to students studying in areas where the Company intends to recruit.
During the year, CNH Industrial participated in 130 career events, with its own specially designed booths.
In 2017, new hires included about 400 recent graduates, of which 31% were women. More than 50% of these graduates had previously worked at the Company, as trainees or interns.

TALENT ATTRACTION

CNH INDUSTRIAL WORLDWIDE (no.)

	2017	2016	2015
New graduates recruited	**403**	248	224
Traineeships	**3,296**	3,174	3,098

In addition to the employee development programs described on page 92, in 2017, CNH Industrial engaged in a series of initiatives to provide development opportunities and increase the retention of talented employees.
For example, selected employees had the opportunity to personally meet and get direct insight from top management representatives at informal meetings, where open conversations about the Company and business challenges and opportunities were encouraged.
Specific training was offered to recently appointed or newly-hired supervisors to support them in managing the challenges of their new positions, in line with the Company's Leadership Model.
Lastly, selected employees also had the opportunity to pursue further educational qualifications, financially supported by the Company on the condition they remain with the Company for a period of time that varies according to respective regional policies. In 2017, 84 employees joined the Master/Postgraduate program alone.

Moreover, CNH Industrial offers **long-term incentives** designed to engage and retain key leaders across the Company. In 2017, the Company introduced a new long-term incentive program, with updated performance metrics to remain aligned with the market and covering a 3-year performance period (2017-2019). The program involves approximately 375 managers worldwide, and its aim is to strengthen key leaders' alignment with and commitment to achieving the Company's long-term goals. For more information, see the 2017 Annual Report on pages 99-100.

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. As evidence of the importance given to training and to developing a qualified and specialized workforce, the Company set a long-term target to involve 100% of EMEA and APAC employees in training by 2022.

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

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

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

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

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

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

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

Employees are given the opportunity to indicate development and training needs in their respective PLM plans, and to propose actions to support their personal development during the year. Suggestions are shared with their direct managers and HR, and evaluated and implemented according to needs and priorities.

Training effectiveness and efficiency are monitored and measured based on the participants' satisfaction with the initiative and improvements in individual knowledge/skills.

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.

+15%
OF EMPLOYEES INVOLVED IN TRAINING

TRAINING IN NUMBERS

In 2017, CNH Industrial invested approximately $3.9 million in training, delivering a total of 714,610 training hours to 48,981 individuals (+15% compared to 2016), of whom 83% were men and 17% were women.

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

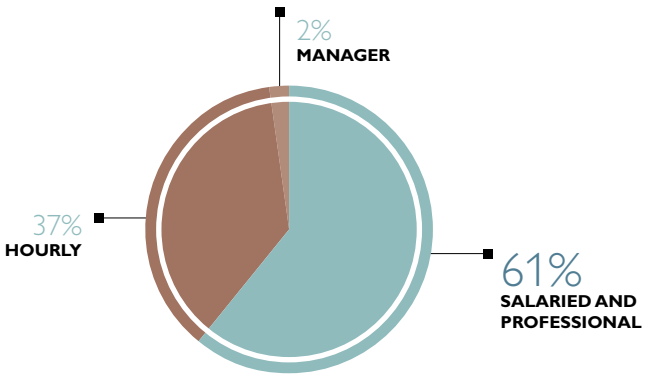
TRAINING IN NUMBERS

CNH INDUSTRIAL WORLDWIDE (no.)

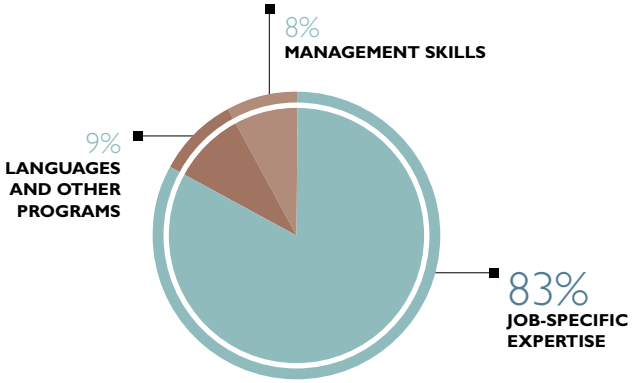
	2017
Training hours	714,610
Employees involved	48,981
Average hours of training per employee involved	14.6

Most corporate learning campaigns are delivered online, which allows individuals to pursue training when most convenient and minimizes work disruption by allowing them to remain in their place of work. In 2017, 73,694 hours of online training were provided to 24,194 employees.
For details on specific training activities, see pages 54, 80 and 182.

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



TYPE OF TRAINING
CNH INDUSTRIAL WORLDWIDE



(a) *For more information on employee categories, see page 242.*

More details and data on training are available in the Appendix (see page 255).

HARVARD MANAGE MENTOR

Harvard Manage Mentor® is a global initiative for individual leadership development on demand. A variety of courses support employees in developing their skills and improving their performance on Leading Change, Leading People, and General Business and Economics.
Since the global launch of this program, 9,977 employees have signed up and attended almost 21,000 online courses, with a 41% completion rate and more than 17,022 hours of training. The feedback received has been positive, with employees appreciating the opportunity to access a variety of managerial courses that enhance their knowledge while reinforcing CNH Industrial's Leadership Behaviors.

FOCUS ON

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.
Following the success of the *Lead to Win* development program implemented in recent years, many other *Action Learning* programs were rolled out in 2017, involving almost 200 talented employees from different functions at both regional and global level.
All of these programs were created to accomplish several key objectives:

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

GRI STANDARDS

- GRI 404-2

The Company also organized several targeted training sessions on employee leadership and managerial and technical skills. Furthermore, ad hoc mentoring and coaching programs were delivered to about 120 people, to support and encourage personal learning, maximize their potential, develop their skills, and improve their performance.

In addition, CNH Industrial applies the principles of the World Class Manufacturing (WCM) program, an integrated model for managing all the elements of an organization (from safety to the environment, from cost deployment to people development). Through WCM, the Company focuses on improving the efficiency of all its technical and organizational components with the aim of maximizing market competitiveness (see page 176). As at December 2017, 54 plants were participating in the program, accounting for 96% of plant personnel worldwide and 99% of revenues from sales of products manufactured at Company plants.

96%
OF PLANT PERSONNEL PARTICIPATED IN THE WCM PROGRAM

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

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

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

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

- zero accidents - creating a safety culture
- zero human errors - ensuring seamless interaction between people and systems, so as to improve process competencies
- developing 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 the skills and competencies of hourly workers to create a culture centered on the Autonomous Activities pillar
- achieving excellent process control through the correct implementation of Quality Control procedures
- involving and motivating people to assume responsibilities within a continuous improvement environment.

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

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

OUTPLACEMENT

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

INTERNAL MOBILITY

Through the *Job Posting* program, 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 2017, the program advertised over 2,000 positions, and more than 5,000 internal candidacies were received from all over the world. The majority of the positions were posted in EMEA and NAFTA.

CNH INDUSTRIAL AMONG BEST COMPANIES TO WORK FOR IN BRAZIL

In 2017, for the fourth year running, CNH Industrial was classified among the *150 Best Companies to Work For in Brazil*, in one of the most important organizational climate surveys in the country.

The survey was conducted by Voce SA Magazine (published by *Editora Abril*), in partnership with *Fundação Instituto de Administração* of the University of Sao Paulo, one of Brazil's leading higher education institutions, recognized throughout the world in a number of rankings.

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, 3,000 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 2,049 of the 3,000 employees selected. Lastly, a journalist from the magazine visited the Company to meet employees and the head of Human Resources.

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

In the wake of the positive experience with Brazil's organizational climate survey, in 2017, a similar survey was conducted internally in Argentina, involving 430 employees.

FOCUS ON

PEOPLE SATISFACTION SURVEYS

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

CNH Industrial collects the information provided by departing employees across the Regions through departing surveys/ exit interviews. The goal is to understand what employees look for in a new organization and gain awareness of any potential areas of dissatisfaction. In every Region, 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.

Surveys are also useful to measure the level of employee engagement when major changes occur within the organization, providing the Company with important and useful information that is ultimately an indication of employee satisfaction. For example, in 2017, ad hoc surveys were rolled out to the Agricultural Equipment and Construction Equipment Product Development function and to the Powertrain Products Segment function, to monitor the employees' level of understanding following the introduction of new working models, and get a clear picture of new organizational needs.

A survey was also rolled out to the Commercial Vehicles Products Segment function, to monitor the level of employee satisfaction as part of the *World Class Engineering Program* (see page 153). The survey involved almost 200 employees, and consisted of 18 questions divided into 9 categories: evaluation, autonomy, sense of satisfaction, climate, goals, leadership, office environment, knowledge management, and training. The questionnaire was completed by 86% of participants. The results were further analyzed through interviews with senior representatives of various functions and through brainstorming sessions, so as to identify improvement measures. This process led to the definition of specific action plans concerning 4 different areas, to be implemented in 2018.

EMPLOYEE WELFARE AND WELLBEING

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

WORK-LIFE BALANCE

CNH Industrial believes that successfully balancing work and leisure commitments is important for employee wellbeing, and so offers a number of programs and services designed to assist in meeting their daily obligations. **Childcare** is an area where managing costs and time are crucial. To help its employees, CNH Industrial delivers assistance through a number of channels, including discounts at local daycare centers, direct subsidies, and flexible use of benefit funds for childcare expenses. In 2017, 4 locations throughout Italy, France, and Austria had agreements in place with 1 or more local daycare centers, while in Spain, 589 employees received direct funds from the Company towards a daycare center of their choice. In the USA, 3,800 eligible employees were able to set aside pre-tax sums for childcare by contributing to a Dependent Day Care flexible savings account.
The Company also offered school kits, containing supplies for the scholastic year, to 2,819 children of employees in Brazil, Argentina, and Venezuela, and direct funds for school expenses to 1,188 parents of children aged 3-16 in Spain. Discounted summer camps organized in Italy and the Czech Republic continued in 2017, involving 612 of the employees' children.

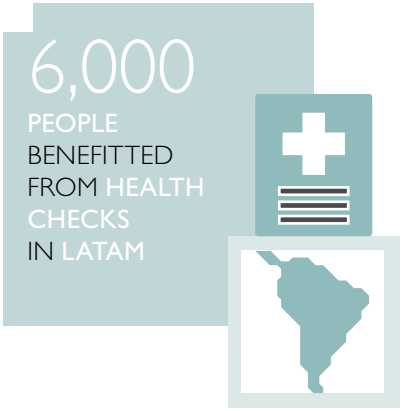
2,819
SCHOOL KITS
PROVIDED

The use of **flexible benefits** packages for employees grew in 2017, with the introduction of 2 new programs in Italy and India. In 2017, through the new voluntary program *Conto Welfare* launched in June, employees in Italy were able to allocate funds to a variety of goods and services, including health products, educational expenses and care for family members, gym memberships, and entertainment. Approximately 11.6% of all employees in Italy subscribed to the program.

In India, the new *i-Flex* benefits program offered employees a host of discounts on food, travel, fitness, and medicine. Through its existing flexible benefits scheme, approximately 600 employees in the UK were eligible for direct funds for childcare or fitness, such as a gym membership or the purchase of a bicycle.

On-site services helped employees make the best use of their time during their workdays. At 62 of its locations, CNH Industrial offered subsidized on-site cafeterias, snack shops or other meal services, while other offerings, such as laundry and dry cleaning services, were available at selected locations in Italy, the USA, and Russia. To help employees with their daily financial needs, on-site banking, free checking accounts, loans or financial consultations were made available to 8,159 employees in 8 countries. On-site fitness equipment was offered at 7 locations, and on-site pharmacy services were available at plants in Piracicaba and Sorocaba (Brazil), Cordoba (Argentina), Khimki (Russia), and Greater Noida (India). In Italy, the Company expanded its on-site pharmacy services, launched in 2016 as part of the *Smart Working* program, to a third site, in Turin. It also launched a new initiative called *We Love Book Sharing* at sites in Turin, San Matteo, and Suzzara (Italy), to promote reading and book sharing among employees. Similarly, in Brazil, a new *Traveling Library* at the Sete Lagoas site benefitted 700 employees.

On a global level, CNH Industrial continued to engage in initiatives to raise employee awareness of **health** risks and preventive measures and to address global health issues such as HIV. With its global long-term target of involving 100% of employees by 2022 in wellbeing campaigns promoting healthy lifestyles, the Company adopted several health initiatives, both at regional and global level. The *Pink October* campaign on breast cancer awareness and the *Blue October* campaign on prostate cancer prevention were extended to all sites in Brazil and Argentina, as well as to Madrid (Spain), where mammograms and ultrasounds were provided to 220 female employees and prostate cancer tests to 43 male employees over 50. Still in LATAM, a Dengue awareness campaign was launched in collaboration with the Dengue Prevention Committee, while special programs for pregnant employees and new mothers continued, benefitting 70 women. Annual biomedical screenings and health checks were performed on 300 employees in the UK, 398 in India, 745 in China, and 6,082 in Brazil. Near Pune (India), 144 employee family members received free screenings, while the children of employees in Turin and San Mauro (Italy) were offered free medical check-ups. In addition to annual screenings, 950 employees in Basildon (UK) received free eye examinations and prescription glasses, and in Plock (Poland), 120 employees benefitted from a new blood glucose test introduced in 2017. Through the wellness program *THRIVE*, which promotes behavioral change through information on health issues and financial incentives, employees in the USA were encouraged to complete health assessments and biomedical screenings. In 2017, 94% of eligible employees participated in wellness activities (assessments and biomedical screenings), and 87% of eligible employees committed to stopping smoking through the *Breaking Free* voluntary cessation program. Targeted programs were organized at Company plants to help workers maintain their health and reduce the risk of injury. Stretching programs, involving pilates and yoga, benefitted 100 workers at the Madrid and Valladolid plants (Spain), 250 at the Piracicaba plant (Brazil), 40 at the San Matteo plant (Italy), and 10 at the Ulm plant (Germany). At Sankt Valentin (Austria), 32 employees took advantage of in-house physical therapy, as did 150 employees in Spain. The *Back School*, introduced in 2016 at the Madrid plant (Spain) to provide employees with back exercise and rehabilitation machines, benefitted 200 employees in 2017. Other offerings, including workshops and assessments on stress reduction, mindfulness, healthy eating, and addiction, took place in 10 countries, benefitting nearly 7,000 employees. To encourage good nutrition, free fruit was distributed to 500 employees in Sankt Valentin (Austria) and to 173 employees in Lugano (Switzerland). The Company continued to encourage smoking cessation as part of its main health programs. In 2017, 50 employees in San Matteo and Modena (Italy), 55 in Cordoba (Argentina), 22 in Pithampur (India), and 8 in Sete Lagoas (Brazil) joined specific programs to quit smoking.



Throughout the year, for all the above-mentioned activities, CNH Industrial developed a number of internal **communications** to raise awareness of the different topics and **keep employees duly informed**. In particular, the Company created ad hoc internal campaigns to inform employees about new flexible benefits offerings, such as *Conto Welfare* and *i-Flex*, as well as a communication framework called *Building a Better Workplace* to promote on-site services aimed at improving employee life quality at work. Special attention was given to health, through the launch of several communication campaigns related to disease prevention.

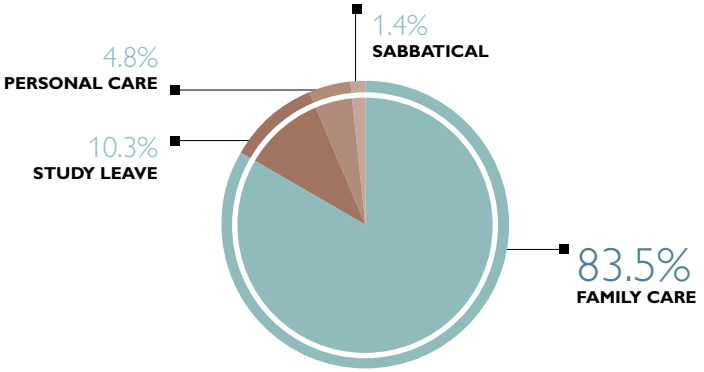
Through posters and a dedicated corporate Intranet page, the global *Well!* campaign continued to provide all employees with tips on the prevention of minor illnesses and potential health problems; in 2017, the Company distributed 4 new communications: 2 on allergies, followed by food intolerances and sun protection. Finally, seasonal flu prevention campaigns (offering workers voluntary vaccinations) were organized at locations worldwide, advertised through posters and communications on internal bulletin boards and the corporate Intranet, leading to the administration of approximately 7,200 vaccines.

7,200
EMPLOYEES RECEIVED FLU VACCINES

FLEXIBLE WORKING

Flexibility in working hours, including part-time employment (see page 76), 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 2017, 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%, and in APAC 41%. Another survey[2] showed that, between November 2016 and October 2017, 5,415 employees (8.5% of the total CNH Industrial workforce) took leave of more than 3 days for the care of family members, for personal treatment and care (excluding all forms of compulsory leave for illness), or for study and sabbatical leave. Overall, 5.5% 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 83.5 % of the total), with 16.8% of this taken by female workers. Study leave comprised 10.3% of the total, 89.4% of which was taken by male workers, while leave taken for personal treatment and care amounted to about 4.8% of the total, with 38.5% of this taken by female workers. Sabbatical leave in 2017 was 1.4%, as in 2016.
These benefits are part of a corporate philosophy that aims for a healthier, more motivated, and sustainable workforce that actively participates in the Company's success.

LEAVE OF 3 DAYS OR MORE
CNH INDUSTRIAL WORLDWIDE



In 2017, the Company continued to offer a number of flexible working arrangements. In Russia, all employees at the Company's Khimki and Chelny sites enjoyed shorter work shifts on Fridays during the summer months, while approximately 1,600 hourly employees at selected sites in Argentina, India, and Italy benefitted from both flexible shift scheduling and working time reductions to compensate for overtime. Eligible employees in the USA and Canada continued to benefit from the Birthday Time-Off vacation policy, which allows them to take an extra day off each year on or within 30 days of their birthdays. In India, more than 1,600 employees also benefitted from a day off for their birthdays or anniversaries.

(1) Survey of all Company employees, excluding hourly employees, carried out on October 31, 2017.
(2) Survey of all Company employees carried out on October 31, 2017.

PARENTAL LEAVE

The equal opportunities CNH Industrial offers in terms of maternity, paternity, and adoption are evidence of its commitment to encouraging both female and male employees to balance parental responsibilities with their careers. The Company grants parental leaves to all its employees in compliance with local regulations (labor law requirements may vary from country to country), collective labor agreements, and Company policies. In 2017, 2,923 employees[3], approximately 4.6% of Company personnel, took maternity, paternity, adoption or breastfeeding leave. Overall, 74.7% of total leave was in EMEA, 15.4% in LATAM, 7% in APAC, and the remainder in NAFTA. In terms of gender, 65.2% of overall leave was taken by male workers. Paternity leave accounted for approximately 59.8% of the total, maternity leave for more than 26%, while breastfeeding accounted for 14%. The percentage of leave for adoption was negligible. Over the total workforce, parental leave was most frequent in LATAM (5.4%) and EMEA (5.3%). In NAFTA, in 100% of cases, the conditions of maternity leave were more favorable than those required by law.

PARENTAL LEAVE

CNH INDUSTRIAL WORLDWIDE (no.)

	Maternity leave entitlement			Paternity leave entitlement			Adoption leave entitlement			Breastfeeding leave entitlement		
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
Total number of employees who were entitled to parental leave[a]	9,347	-	9,347	53,149	53,149	-	53,661	45,120	8,541	26,136	18,017	8,119
	Maternity leave			Paternity leave[c]			Adoption leave[c, d]			Breastfeeding leave[c]		
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
Total number of employees who took parental leave[b]	765	-	765	1,748	1,748	-	2	1	1	408	157	251

(a) Number of employees entitled to parental leave as at October 31, 2017, as per applicable laws, collective labor agreements, and/or Company policies.
(b) From November 2016 to October 2017.
(c) In NAFTA, paternity, adoption, and breastfeeding leaves are included in family care leave, and so are not included in the data for parental leave.
(d) In many time keeping/payroll systems, adoption leave is coded as maternity or paternity leave; therefore, the data for adoption is partial.

In October 2017, another survey was conducted on the number of employees, by gender, who had returned to work after parental leave. The survey was carried out in Italy, Belgium, Spain, and Poland (countries where 41% of total CNH Industrial personnel are employed), and showed a return to work rate of 96% and a retention rate of 98%. The results of the survey are reported in the table below.

RETURN TO WORK AFTER PARENTAL LEAVE[a]

CNH INDUSTRIAL EMEA (no.)

	Total	Men	Women
Total number of employees who returned to work in the reporting period[b] after parental leave ended	**780**	639	141
Total number of employees who returned to work[c] after parental leave ended that were still employed 12 months after their return to work	**781**	622	159

(a) Survey carried out in Italy, Belgium, Spain, and Poland.
(b) November 2016 - October 2017.
(c) In the period November 2015 - October 2016.

(3) Survey covers the period from November 1, 2016 to October 31, 2017.

GRI STANDARDS

GRI 401-2; GRI 401-3

INCLUSIVENESS AND PRIDE

In line with its long-term target in NAFTA to increase employee **volunteer** hours by 20% vs. 2016 by 2022, the Company continued to implement several initiatives not only in the Region, but also across EMEA and LATAM. Through *#ImpactDay*, a volunteering and team-building initiative launched in NAFTA in 2016, 957 employees volunteered 4,316 working hours over the course of 2017 for initiatives linked to food banks, shelters, disaster relief, and other charitable causes. Employees also continued to benefit from the Volunteer Time-Off (VTO) policy, introduced in 2016 to allow eligible people to use up to 8 hours a year during working hours to volunteer, with 325 hours of VTO donated in 2017.
In EMEA, CNH Industrial introduced Social Team Building events to engage employees in relationship building while working on specific sustainability projects. 2 of these events were organized in Turin (Italy), where 148 employees from Company locations across the world came together to participate in recycling workshops, while another 30 employees worked together to clean up a park. A third Social Team Building initiative, also in Turin, was implemented in collaboration with *Legambiente*, leading to the creation of 11 Company gardens to be tended by employees. In 2017, 17 Social Team Building events took place throughout Europe, involving 829 employees.
In Brazil, the Company continued to promote employee volunteering, with several major events at its sites. The *Winter Clothes Campaign*, which took place at all locations in Brazil, involved 85 volunteers and the donation of 4,183 articles of clothing. Through *Solidarity Christmas* events, 120 employee volunteers collected 2,047 toys for children in need, while other events held to raise funds for local non-profit organizations involved 156 employees from 5 different locations across the country. In 2017, 678 Brazilian employees volunteered 1,075 hours to contribute to local community initiatives during working hours.
In 2017, blood drives continued to take place across the Company, involving 1,684 employees worldwide. Furthermore, 200 employees at sites in Turin (Italy) received free tests at their offices to check blood donation eligibility through a campaign called *15 Minutes of Your Time Are Worth 1 Life*, carried out in collaboration with the FIDAS blood donor organization.

Besides encouraging employees to interact with local communities, CNH Industrial also seeks to involve **their families** in Company life, such as during its *Open Days*, when everyone is invited to take part in tours and fun activities involving carnival games, music, and food. During 2017, *Open Day* festivities took place at 14 plants worldwide. The Company also organized special *Bring Your Child to Work* days at 7 locations, engaging more than 2,200 employees, as well as holiday parties for employees' children in Italy, Switzerland, the UK, Belgium, Brazil, and Russia. Lastly, through its long-standing **grants and scholarship program**, known as the *Student Achievement Awards*, the Company continued to offer the children of employees a chance to qualify for grants based on their academic excellence. The program is open to students with a high school or university diploma, or a university degree, and covers all countries where the Company has a significant presence. The Awards policy is overseen by the Grants and Scholarship Committee and is implemented through regional committees that have contacts in all countries involved. In 2017, 145 grants and scholarships totaling approximately $320,000 were awarded worldwide to employees' children through this program. At regional level, CNH Industrial also supports local awards programs, such as the *Special Talent* scholarships in India, which awarded 38 children of employees in 2017. In Russia, the employees' children who achieved top marks received small gifts each semester.

Sports and recreational activities are opportunities for employees to network with one another, while doing something positive for their health. In 2017, more than 360 employees in Brazil, the USA, Germany, Spain, Austria, and Australia were involved in running teams and footraces sponsored by the Company. In EMEA, at the plant in Jesi (Italy), 300 employees participated once again in the annual *CNH Industrial Olympic Games*, while 855 employees at the plants in Antwerp and Zedelgem (Belgium) were involved in athletic and recreational team sports, arranged through a special sports committee. Furthermore, 160 employees across Italy joined one of the Company football teams, while 200 joined a special foosball tournament, with proceeds donated to the Telethon foundation (see page 112). In NAFTA, 6 locations sponsored local employee baseball, softball, and bowling teams. Games and tournaments between CNH Industrial employees and those from other companies continued in Racine (USA), where 172 employees participated in the *YMCA Corporate Cup*, as well as in Denmark, where 147 employees took part in an intercompany *DHL* event. In LATAM, the Company held several sports events near its plants for employees and their families.

During *Leisure Day*, 1,800 people in Sorocaba and Sete Lagoas (Brazil) were engaged in football tournaments and running events; the *Sesi Games*, which involve the plants in Contagem and Sete Lagoas plants (Brazil), saw 80 employees engaged in athletics events; and 207 employees in Venezuela benefitted from family sports and recreational activities. Lastly, in APAC, all Company employees at the Khimki site (Russia) participated in a friendly football match against other local companies, while major sports events were organized in India, from cricket and volleyball to badminton and football, involving 632 employees in Pune, Pithampur, and Greater Noida.

63,000
EMPLOYEE READERSHIP FOR *LINK* MAGAZINE

In order to engage its diverse and global workforce, and foster a **sense of belonging and pride**, CNH Industrial carries out several company-wide internal communication initiatives. Its *LINK* magazine connects with and engages salaried and hourly employees across the globe through success stories, positive examples of teamwork, and best practices from throughout the organization. The magazine has a circulation of 63,000 employees worldwide. In 2017, it was printed in Romanian, Danish, and Swedish for the first time, making it available in 17 languages in total. Furthermore, CNH Industrial circulates 16 regional newsletters, which highlight activities and events of local interest, and serve as an important means for employee recognition. These include the Company's latest newsletter, *APAC Networks,* introduced in 2017 to better reach and unify employees across this vast Region.
During the year, at its plants, CNH Industrial continued to develop its motivational campaigns on World Class Manufacturing (see page 176) and World Class Logistics (see page 224). The campaigns included mega posters featuring both employee photographs and quotes about their work, installed at 12 additional plants and depots across the Regions.
Bringing leadership and employees face-to-face is another way CNH Industrial seeks to better connect its people. To this end, quarterly town hall meetings were held in each Region to offer employees the chance to ask leaders direct questions, as they listened to quarterly results presentations. Moreover, other regional activities were organized to allow employees to interact with management in an informal setting, such as the *Mann ki Baat* coffee hour created in India in 2017, with 3 meetings held during the year, involving 80 employees.

EMPLOYEE ENVIRONMENTAL FOOTPRINT

COMMUTING

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

6,400
PEOPLE BENEFITTED FROM SHUTTLE SERVICES

CNH Industrial's plants in Italy partnered with local authorities to implement a number of initiatives based on the mobility assessments and commuting plans adopted. The Company also subsidized the purchase of public transportation subscriptions for 110 employees in Modena and San Matteo. In Switzerland, the Company subsidized public transportation costs for 25 employees in Lugano, as well as commuting costs for employees living near its site in Arbon.
After 2016's successful launch of the carpooling app *Jojob* at the Madrid plant (Spain), in 2017, it was extended to the site in Valladolid (Spain) and to 4 sites in Italy, reducing overall mileage travelled by employees on their shared commutes by over 155,000 kilometers.
Many other sustainable mobility initiatives continued at various plants and offices worldwide. In Madrid and Valladolid (Spain), Turin (Italy), Pune, Pithampur, and Greater Noida (India), Khimki and Chelny (Russia), and Piracicaba, Contagem, Sete Lagoas, Sorocaba, and Betim (Brazil) the Company continued to offer shuttle services to employees commuting between their workplaces and nearby strategic points, benefitting almost 6,400 people. In the USA, CNH Industrial partnered with students from the University of Wisconsin-Madison's Ethical and Responsible Business Network on a project examining ways for Company employees in Racine and St. Nazianz to reduce carbon emissions while commuting to work.

The study focused on the challenges, costs, distances, and availability of public transportation near the two sites to identify a series of potential options, benchmarking them against other company commuting programs. Final recommendations suggested incentivizing carpooling and biking to work, where feasible.
During the year, many bike events continued at several locations. In September, all CNH Industrial sites in Italy took part in the *Giretto d'Italia*, where people are encouraged to travel to work by bike, with a special mention for the cities with the greatest number of participants. In 2017, more than 1,200 employees participated.
Furthermore, 30 employees in Germany participated in a bike-to-work campaign, and 59 employees in France took up a challenge to commute to work through alternative means, including by bike or public transportation. Employees in the USA joined weekend biking events sponsored by the Company, including the annual *Pedal the Parks* ride in Burr Ridge and the *Pedal to Preserve* initiative in New Holland (see page 113).

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 2017, the air travel by employees managed directly through Company headquarters[1] generated about 8,100 tons of CO_2 emissions for approximately 24,600 business trips, 71% of which were medium haul[2]. 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[3]. However, the Company's 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 2017, audio conferencing and instant messaging services were enhanced, reaching approximately 30,000 authorized users, with an average of approximately 4,800 desktop sharing sessions and 91,500 instant messaging sessions per day. Since 2011, CNH Industrial has also been investing in the phase-in of video conference facilities, and in 2017 it further enhanced its high-quality TelePresence videoconferencing system. There are now 79 specially-equipped conference rooms (70 in 2016), and these facilities were used for more than 50,300 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 2017, approximately 2,950 personal computers and 236 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 276 tons of CO_2 compared to 2010[4].
Additionally, approximately 4,580 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.
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. In 2017, 167 physical servers were eliminated, 60 physical servers were virtualized, and 234 new virtual servers were created, reducing annual energy consumption by about 7,575 MWh compared to 2010 (equivalent to approximately 3,696 tons in CO_2 reductions).

(1) Data refers to Italy, France, the UK, Germany, and Spain.
(2) Medium-haul transfers are those from 500 to 1,600 kilometers.
(3) According to the UN's Intergovernmental Panel on Climate Change (IPCC), aircraft emit gases and particles directly into the upper troposphere and lower stratosphere where they: alter atmospheric composition, particularly of greenhouse gases, including carbon dioxide (CO_2), ozone (O_3), and methane (CH_4); trigger the formation of condensation trails; and increase cirrus cloudiness. All of these elements modify the absorption and refraction of infrared radiation, hence contributing to the greenhouse effect. Source: Intergovernmental Panel on Climate Change, 1999 – Aviation and the Global Atmosphere (Summary for Policymakers) – A Special Report of the IPCC – Working Groups I and III in collaboration with the Scientific Assessment Panel to the Montreal Protocol on Substances that Deplete the Ozone Layer.
(4) The conversion factor used is: 1 kWh = 0.52 kilos of CO_2 (source: Carbon Trust, Conversion Factors, 2011).

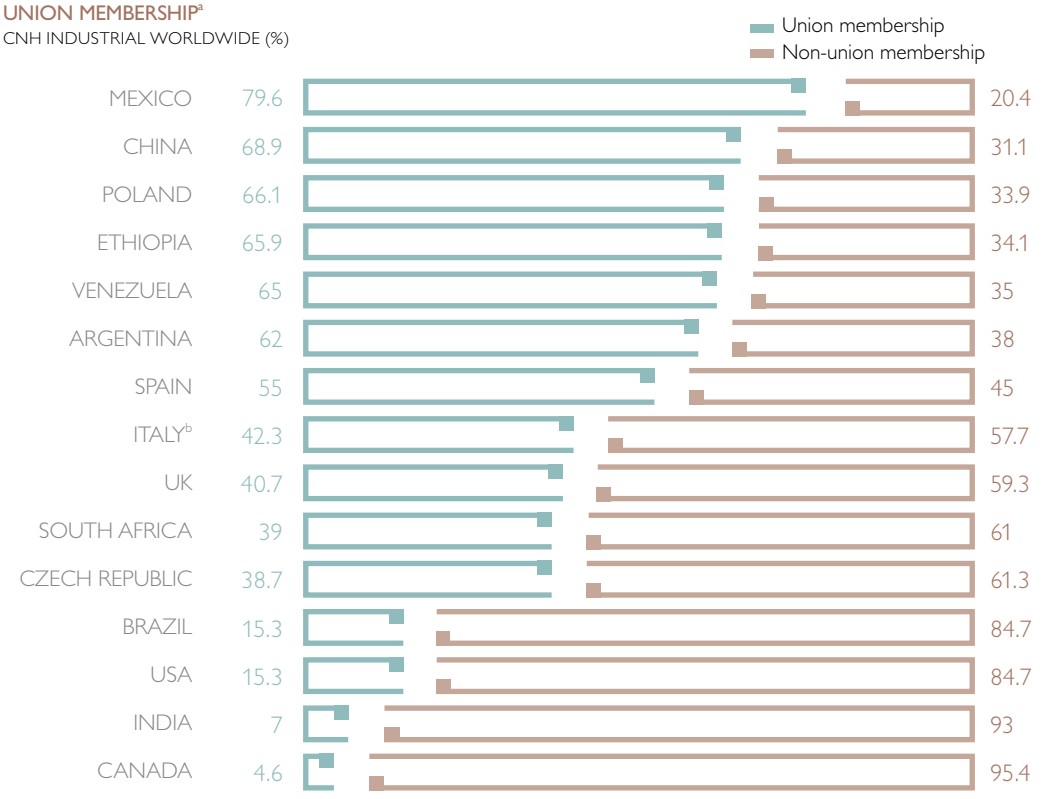
INDUSTRIAL RELATIONS

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. In 2017, 2 EWC plenary meetings and 4 meetings with the EWC Select Committee took place to discuss cross-country Company initiatives.

FREEDOM OF ASSOCIATION

Under the CNH Industrial Code of Conduct, the Company recognizes and respects the right of its employees to be represented by trade unions or other representatives established or appointed as per local applicable legislation. In 2017 (figures as at October 31, 2017), a survey on unionization was carried out in all the countries where CNH Industrial operates. Freedom of association is regulated by country-specific legislation. In certain countries, surveys on the level of trade union representation cannot be conducted because union membership is considered an employee's personal and private choice and, as such, is not communicated to the employer. At the time of the survey, 14 countries were excluded due to data privacy protection, accounting for 23.6% of CNH Industrial's employees, whilst 23 countries had no employees affiliated with a trade union, and accounted for 2% of the population mapped. It should be noted that the absence of employee affiliations with trade unions does not exclude employees from establishing representation bodies with information, consultation, and negotiation rights. This is the case in Romania, for instance, where the approximately 200 CNH Industrial employees (representing 16% of the workforce of the 23 countries with no employee affiliations to trade unions) elected a representative body with information, consultation, and negotiation rights.

UNION MEMBERSHIP[a]
CNH INDUSTRIAL WORLDWIDE (%)



(a) Survey carried out on October 31, 2017.
(b) Figures for Italy updated as at December 31, 2017.

GRI STANDARDS

GRI 407-1

REPRESENTATIVE BODIES

Representative bodies, normally elected by workers at their respective plants, have the right to be informed and/or consulted and/or to enter negotiations on issues that, as defined by law or applicable collective agreements, may regard health and safety in the workplace, wages and benefits, operational issues (working hours, shifts, collective vacations, etc.), training, equal opportunities, company restructuring, collective redundancies, etc. In the countries of the European Union, the establishment of employee representative bodies is envisaged for companies and/or sites where employee numbers exceed the minimum limits specified by national laws or procedures. In North America, representative bodies are only present at sites where a trade union is already established. A survey carried out on October 31, 2017 in all the countries where CNH Industrial operates revealed the absence of any employee representative bodies in 22 of those countries (comprising only 1.2% of the workforce surveyed). Worldwide, more than 79% of employees are covered by representative bodies.

79%
OF EMPLOYEES COVERED BY REPRESENTATIVE BODIES

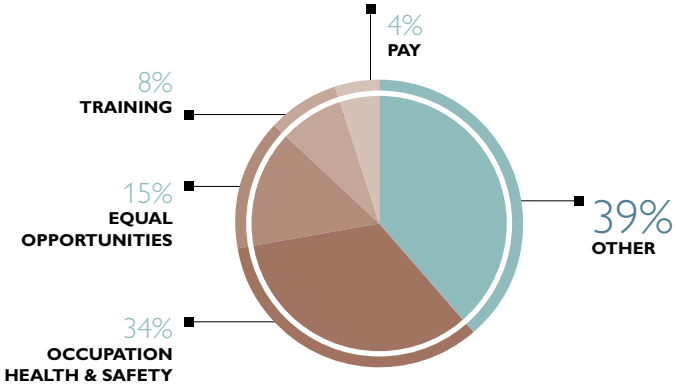
JOINT COMMITTEES

In October 2017, a survey conducted in all the countries where CNH Industrial operates[1] showed that more than 85% of employees were represented by occupational health and safety joint committees (i.e., committees made up of Company and worker representatives). Other joint committees addressing equal opportunities, training, and pay were found to represent 58.4%, 12.3%, and 7.7%, respectively, of the employees surveyed. Moreover, more than 57% of those surveyed were represented by joint committees dealing with other issues, including:

- joint WCM Steering Committees providing for the shared involvement with and leadership over plant WCM activities, established as per applicable Collective Labor Agreements (CLAs) at the plants in Burlington and Racine (USA)
- Peer Review Committees for Suspension and Termination, in place at several locations in the USA and Canada
- joint committees for the management of apprenticeships and for social issues relating to single workers
- joint committees on housing, employee transportation, childcare, and cafeterias
- several joint committees established in Italy under the CLA, such as the National Joint Committee, the National Joint Committee on Welfare, the National Equal Opportunities Joint Committee, joint committees on organization and production systems at plant and/or production unit level, and joint committees on World Class Manufacturing (WCM) and plant efficiency established at plant level.

DISTRIBUTION OF JOINT COMMITTEES BY TYPE

CNH INDUSTRIAL WORLDWIDE



(1) *Data based on a survey of 99.9% of CNH Industrial's workforce worldwide.*

GRI STANDARDS

GRI 403-1

COLLECTIVE BARGAINING AGREEMENTS

As at December 31, 2017, collective bargaining agreements covered about 80% of Company employees. This is an average figure based on local practices and regulations, as shown in the table below:

2017 COLLECTIVE BARGAINING AGREEMENT COVERAGE

CNH INDUSTRIAL WORLDWIDE (%)

	Employees surveyed	Employees covered by collective bargaining agreements
EMEA	99	99
NAFTA	100	16
LATAM	100	95
APAC	99	11
World	**99**	**80**

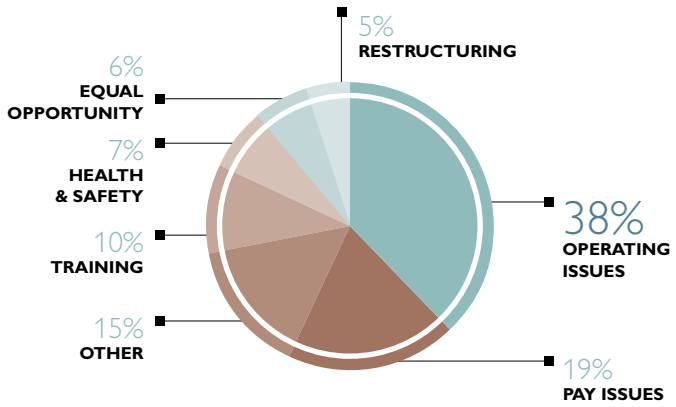
LABOR MANAGEMENT AGREEMENTS

In 2017, CNH Industrial signed a total of 224 agreements at either Company or plant level, 27 of which included agreed provisions on health and safety matters. The main wage and regulatory agreements signed in 2017 with Company legal entities include:

- the agreement reached in February 2017 at the plant in Basildon (UK) between CNH Industrial and Unite, a trade union representing 53% of the plant's workforce, envisaging structural increases linked to inflation as of January 1, 2017 and January 1, 2018
- a 3-year agreement (2017-2019) reached in November 2017 with IVECO Spain, providing for wage increases and for improvements in the application of the existing flexibility scheme
- the agreements signed in Italy in February, October, and December, aimed, respectively, at implementing and improving the 2017 flexible benefits program and at extending it to 2018. The program applies to all CNH Industrial employees in Italy except managers (approximately 16,900 as at December 2017)
- the agreements reached in the annual negotiations in France, providing for wage increases ranging from slightly below to above inflation levels, depending on business results
- the agreement reached in the Czech Republic in March 2017, providing for a wage increase above inflation as of April 1, 2017, owing to country-specific circumstances and to positive business results
- 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.

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.

GRI STANDARDS

- GRI 102-41; GRI 403-4

GRIEVANCES ON LABOR PRACTICES

In 2017, several collective disputes/disagreements involving works councils, employee representative bodies, or unions were filed, discussed, and resolved worldwide, in compliance with specific procedures set forth by law or collective agreements. It should be noted that, in the USA, grievances are a very common practice at unionized sites with a conciliation body established according to the applicable CLA. A similar practice is in place at certain non-unionized sites in the USA, where conciliation bodies, known as Peer Review Committees for Suspension and Termination, are established according to Company policy.
For further details on the number of grievances filed and resolved, see the table below.

2017 GRIEVANCES FILED AND RESOLVED

CNH INDUSTRIAL WORLDWIDE (no.)

	Grievances filed	Grievances resolved
EMEA	6	6
NAFTA	210	145
LATAM	-	-
APAC	-	-
World	**216**	**151**

MINIMUM NOTICE PERIOD FOR OPERATIONAL CHANGES

In the **European Union** (EU), the Council Directive 01/23/EC stipulates that, should a contractual sale or merger result in the transfer of a business, plant, or parts thereof, an information and consultation procedure must be conducted with employee representatives. The procedure must be initiated a reasonable period of time prior to the transfer. Moreover, the Council Directive 98/59/EC on the approximation of the laws of the EU member states relating to collective redundancies requires employers to hold consultations with workers' representatives whenever collective redundancies are being contemplated. Accordingly, CNH Industrial subsidiaries comply with the regulatory provisions resulting from the adoption of the above directives in each individual EU member state.

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

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

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

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

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

MANAGEMENT OF PRODUCTION LEVELS

In 2017, 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 Agricultural Equipment segment recorded an increase in volumes compared to 2016 for both tractors and combines, resulting in fewer production stoppages across plants, and the need to resort to overtime and temporary workers at the plants in Basildon (UK) and Sankt Valentin (Austria), in part due to the required compliance with the new legislation aimed at improving safety standards for tractors. In the Construction Equipment segment, production volumes improved compared to 2016, requiring the San Mauro Torinese plant (Italy) to gradually increase its line rate and schedule additional shifts. In the Commercial Vehicles segment, the increased production volumes of light vehicles at the IVECO plant in Suzzara (Italy) was managed through overtime and by hiring temporary workers. The decline in orders persisting at the Iveco Defence Vehicles plant in Bolzano (Italy) continued to require production stoppages, although to a lesser extent than in 2016. The significant drop in volumes recorded since the end of Q2 2017 at the ASTRA plant in Piacenza (Italy) was managed through temporary layoffs. Bus production volumes increased at the plants in Annonay (France) and Vysoke Myto (Czech Republic), requiring the latter to resort to overtime and agency workers, while the persistent drop in production in Rorthais (France) led to a significant increase in temporary layoffs during the first half of the year.

In North America, white collar employment levels dropped slightly throughout the year, while the hourly headcount increased slightly. Several Agricultural Equipment and Construction Equipment plants in **NAFTA** implemented workforce rebalancing initiatives and increased the number of down weeks, including extended periods of downtime, to manage costs during quarters in which production volumes were lower. Nonetheless, in Q4 2017, the plants in Benson, Fargo, Burlington, and Racine (USA) had to increase their headcounts due to an increase in market demand.

In **LATAM**, the Agricultural Equipment segment in Brazil reported a major increase in production volumes compared to previous years, requiring the hiring of additional workers, while volumes across the Construction Equipment and Commercial Vehicles segments were still not sufficient for a full utilization of the workforce, thus requiring the combined use of time banks and other flexibility tools. Workforce rebalancing initiatives were required in the Commercial Vehicles segment in Brazil, mainly during the second half the year. In Argentina, production volumes increased, mainly in the Commercial Vehicles and Powertrain segments, requiring the hiring of agency workers and the use of overtime.

In **APAC**, the management of production levels varied by segment. The Commercial Vehicles plant in Dandenong (Australia) dealt with an increase in volumes by hiring additional labor, thus improving the utilization of existing assets. In China, the Agricultural Equipment plant in Harbin adopted flexibility schemes for its hourly employees, entailing overtime during peak periods and days off in the low season, so as to align production levels with the fluctuating market demand for harvesting products. The Agricultural Equipment plants in Noida and Pune (India) coped with volume fluctuations by increasing days off during low production periods. The Construction Equipment plant in Pithampur (India) resorted to down days to deal with the low production volumes and resulting underutilization of the workforce, reported in the first 3 quarters of the year.

RESTRUCTURING AND REORGANIZATION

In **EMEA**, in 2017, the IVECO plant in Brescia (Italy) continued to manage the redundancies announced in 2015 through collective dismissals on the basis of the agreements stipulated with the unions and the workers council in October 2016 (for dismissals to be made by the end of May 2017) and in November 2017 (for dismissals to be made by the end of April 2018): about 90 employees who met the requirements for retirement during the period covered by the unemployment benefit scheme were dismissed within the framework of the same agreements. More than 200 jobs were created at the plant between 2015 and 2017 by insourcing production activities, around 330 employees were transferred from Brescia to other CNH Industrial plants (mainly Suzzara), and about 110 found other opportunities outside CNH Industrial.
In Germany, in October 2017, the workers' council signed a reconciliation of interests agreement concerning 200 employees to be made redundant between 2017 and 2018 at the plant in Ulm (which manufactures firefighting vehicles). These cuts are required to support, by increasing the plant's efficiency level, the business recovery plan put in place after a few years of negative financial results. Additionally, the parties agreed to a social plan that prioritizes the dismissal of employees aged 58 or more who voluntarily agree to join a special bridging pension program. In 2017, the Ulm plant laid off around 70 employees, who either joined the voluntary plan or whose employment contract was terminated by mutual consent.

In **NAFTA**, after the acquisition of Kongskilde Industries' agricultural Grass and Soil business, Kongskilde's former Hudson facility was shut down and integrated into the plant in Goodfield (USA). All of the employees who were not transferred to the Goodfield site have or will receive severance payments pursuant to CNH Industrial's severance policy.

In **LATAM**, the fluctuating production volumes affecting the Commercial Vehicles segment in Brazil required the Company to make around 200 workers redundant in Sete Lagoas. Given the social impact and legal constraints involved, a specific agreement with the union was signed to provide severance pay and specific benefits for the personnel affected.

LABOR UNREST

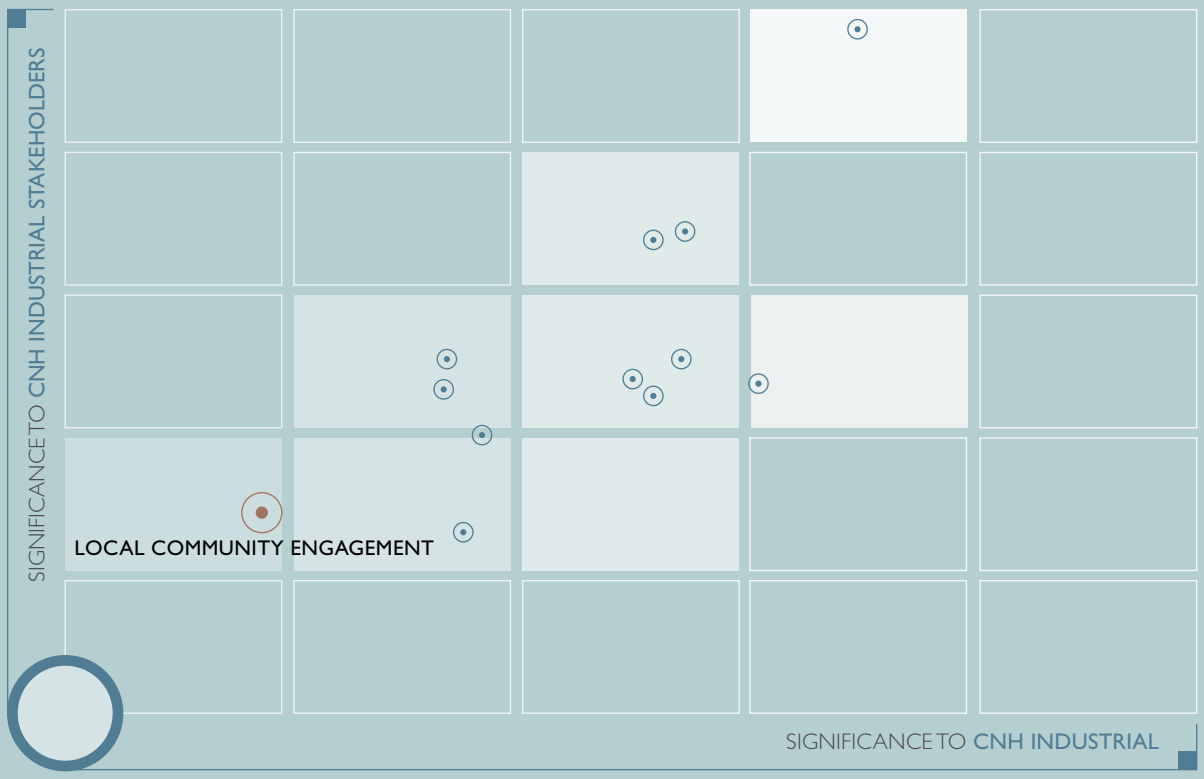
In Italy, the overall level of labor unrest in 2017 was low, albeit higher than the previous 3 years and comparable to that recorded in 2013.

In France, apart from a few episodes at different sites related to annual wage negotiations, to the dismissal of an employee representative, or for specific operational reasons, most strikes were related to labor reform.

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

In Brazil and Argentina, there were a number of strikes against labor law changes, and some for operational reasons.

In other countries, the overall levels of labor unrest in 2017 were either zero or negligible.



ENGAGING LOCAL COMMUNITIES

Material topics described in this chapter (for definitions see page 245).

MANAGEMENT FRAMEWORK

$5.7
MILLION
INVESTED IN
LOCAL
COMMUNITIES

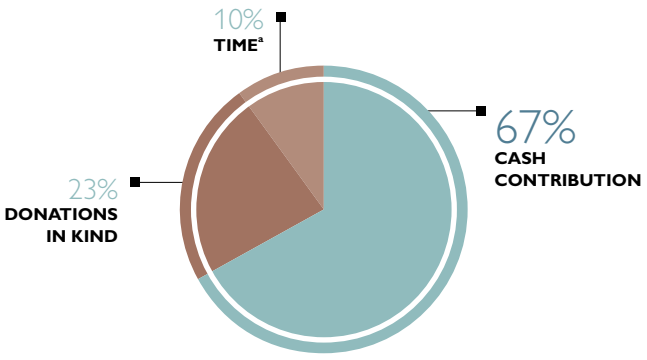
CNH Industrial's relationship with **local communities** is a key material topic, as emerged from the materiality analysis. Living and working in synergy with the Region, and collaborating on projects that benefit the community, contribute to enhancing the satisfaction of employees (who often live close to plants) and their sense of belonging to the Company, while bringing economic advantages to both the Company and the community. Local initiatives are also deemed to have powerful strategic potential when integrated within a shared value strategy.
Organizations involved in activities to benefit local communities are regularly engaged in the materiality analysis (see page 21). The stakeholder engagement activities carried out in 2017 highlighted the importance for a company like CNH Industrial of being a corporate citizen embedded in the community and part of it; stakeholders acknowledged, however, the major challenge of being recognized as a community member. To achieve this objective, a company should enhance local competitiveness by offering, for example, the professional support of its skilled employees to career counseling centers and educational initiatives. It should also contribute to community revitalization and to improving the efficiency of public works investments, as well as to safeguarding rural landscapes. The Chief Operating Officer (COO) of each Region has the highest responsibility for initiatives related to local communities. Based on the above principles, 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.
In line with its business approach and the opinion of stakeholders, the strategy developed by the Company prioritizes youth training and quality education, food availability, and measures to combat climate change. It therefore continued to pursue a number of projects related to the megatrends it defined in 2016 as most relevant, particularly *food scarcity and food security* and *climate change*.

MA

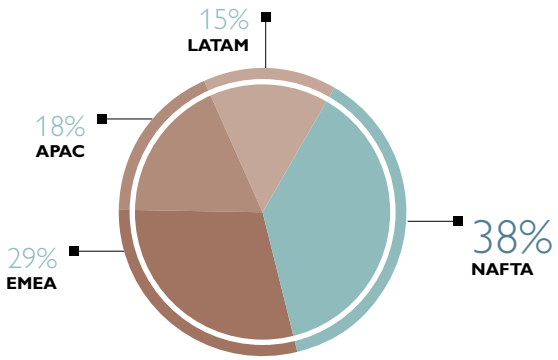
As stated in the Code of Conduct, CNH Industrial is aware of the potential direct and indirect impact of its decisions on the communities in which it operates. For this reason, the Company promotes an open dialogue to ensure that the legitimate expectations of local communities are duly taken into consideration, and voluntarily endorses projects and activities that encourage their economic, social, and cultural development. Moreover, CNH Industrial acts in a socially responsible manner by respecting the culture and traditions of each country, and by operating with integrity and in good faith to earn the trust of the community.
The Community Investment Policy, available on the Company's website, ensures that activities are managed consistently, identifying methods and defining areas of application at global level. Furthermore, specific guidelines are implemented by Region to best adapt the process to local needs. The Compliance Helpline is an operational grievance mechanism available to CNH Industrial's local communities to report potential violations of corporate policies, the Code of Conduct, or applicable laws (see page 56).
In 2016, long-term targets for the engagement of local communities were defined for 2022 and integrated into the Sustainability Plan, aiming at the continuous improvement and monitoring of the associated activities (see page 33). Moreover, some of these targets are also included as individual objectives in the Performance and Leadership Management system (see page 88). Projects and their results are described in the Sustainability Report, on the Company website, and on other dedicated websites.
In 2017, the resources allocated by CNH Industrial to communities were valued at more than $5.7 million.

CONTRIBUTION TO LOCAL COMMUNITIES
CNH INDUSTRIAL WORLDWIDE

BY TYPE



BY REGION



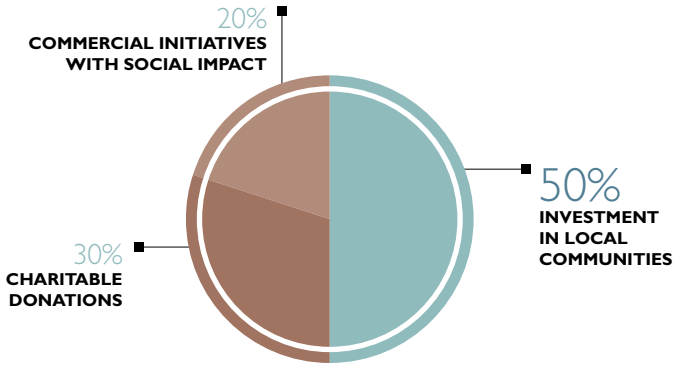
[a] *Represents the monetary value of hours of volunteer work carried out by employees during working hours (also includes initiatives where legal entities are fully or partially reimbursed through public funds).*

GRI STANDARDS

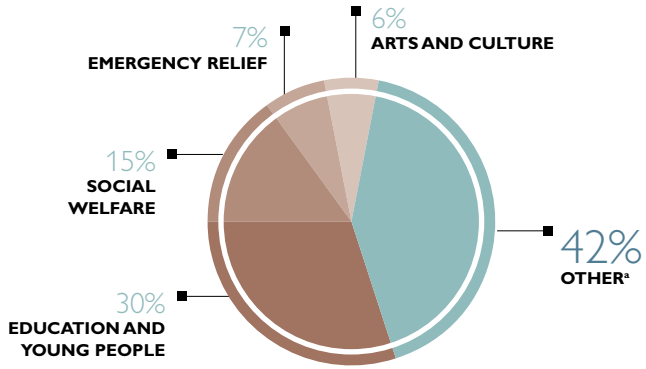
GRI 103-1; GRI 103-2; GRI 103-3

CONTRIBUTION TO LOCAL COMMUNITIES
CNH INDUSTRIAL WORLDWIDE

BY CATEGORY



BY SUBJECT



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

IMPACT MEASUREMENT AND VALUATION

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

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

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

SOCIAL RETURN ON INVESTMENT

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

The SROI analysis entails 6 stages:

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

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

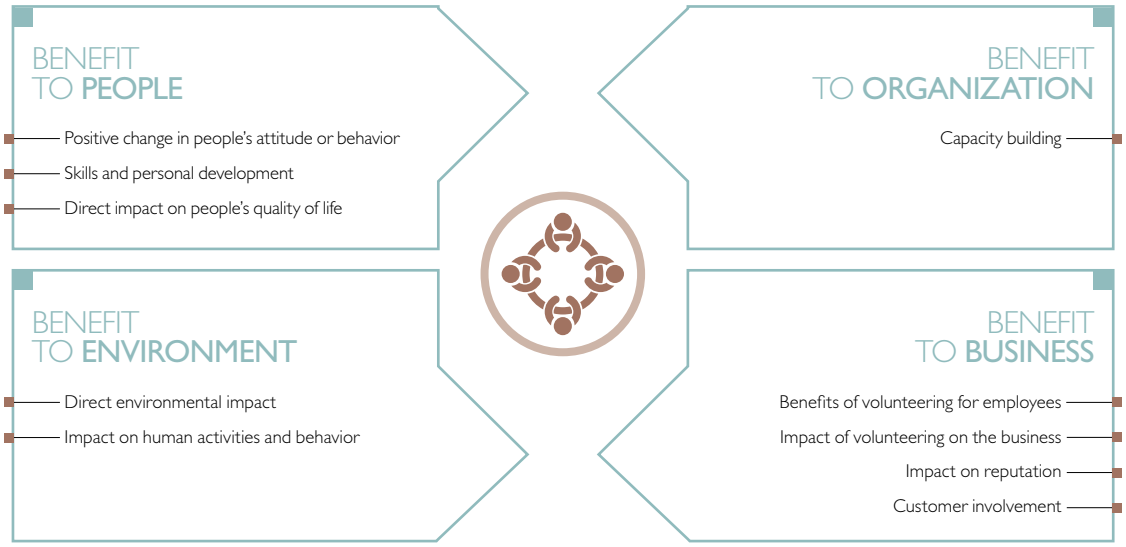
The main positive externalities[2] (social and environmental) generated by each of the 4 projects were taken into account (for example, flood risk reduction, quality of life improvement, and enhancement of technical skills to facilitate entry into the labor market). For all the projects, the SROI was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

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

SOCIAL IMPACT ASSESSMENT

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

SOCIAL IMPACT ASSESSMENT CRITERIA



Based on this method, the 4 areas are weighted and the project's impact on specific aspects within each is rated on a scale from 1 (no impact) to 5 (very high impact). An average rating is then calculated for each area, representing the indicators (KPIs) to assess the project's overall impact on people, organization, environment, and business, respectively. The assessment, applied to a broad number of projects in 2017, is carried out by the people responsible for the implementation of the initiative being assessed.

As of 2018, it will become mandatory in EMEA to perform a Social Impact Assessment of the projects being evaluated for approval; the potential benefits indicated will serve as a parameter for project selection.

SOCIAL IMPACT ASSESSMENT OF MAIN PROJECTS

Project	Other KPIs	Evaluation of Benefit to:				Reference Page
		People	Organization	Environment	Business	
LOCAL DEVELOPMENT INITIATIVES						
Telethon	Amount given	2.3	2.7	(a)	3.8	112
Habitat for Humanity	Volunteering work hours	2.5	2.9	(a)	3.3	113
United Way	Amount given	3.8	3.9	(a)	2.9	113
Relay for Life (American Cancer Society)	Amount given	2.3	3.4	(a)	3.4	115
YOUTH TRAINING						
TechPro² (Ethiopia)	Young people involved	4	2.3	(a)	3.9	116
TechPro² (Fossano, Italy)	Young people involved	3.6	2.3	(a)	3.8	116
Cooperaçao para o Desenvolvimento Morada Humana	People involved	3.5	3.1	2	3.5	117
Esporte da Cidade	Young people involved	3.4	2.3	1.9	2.6	117
Pastoral do Menor	Young people involved	3.6	2.7	1.9	3	117
PROJECTS TO IMPROVE FOOD AVAILABILITY						
Advanced farming in Ghana	Economic development	3.2	3.7	3.7	4.5	118
Future Farmers of America	Amount given	2.6	4.1	(a)	3.7	119
PROJECTS TO COMBAT CLIMATE CHANGE						
FAO water management	People involved	2.7	1.7	4	4	120

(a) *No impact.*

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

GRI STANDARDS

GRI 413-1

POTENTIAL IMPACT OF OPERATIONS ON LOCAL COMMUNITIES

CNH Industrial is fully aware of the potential impact of its operations on the environment and local communities. To integrate more effectively with the community in which it operates, the Company adopts social and environmental policies that respect both people and the region. This goes beyond corporate boundaries, extending to the supply chain. Where possible, the Company relies on and partners with local suppliers, to whom it transfers its best practices, such as the WCM program. Local suppliers are also required to abide by the Company's principles on human rights and working conditions (i.e., to reject all forms of forced and/or child labor), environmental protection, and business ethics (see page 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 pages 80; 96)
- improvements in the welfare of workers and their families (see page 95)
- the impact of atmospheric emissions (see page 198)
- air quality protection (see page 184)
- water management (see page 185)
- waste management, soil and subsoil protection (see page 187)
- biodiversity protection (see page 189)
- removal of hazardous substances (see page 152)
- adoption of logistics solutions with lower environmental impact (see page 201).

All of the above are monitored, among other aspects, under the Risk Management system (see page 66), but, for some plants, the monitoring of water management and biodiversity protection are particularly important. In those cases, targeted projects were launched, directly involving local communities.

LOCAL DEVELOPMENT INITIATIVES

INITIATIVES IN EMEA

In EMEA, CNH Industrial continued to strengthen collaborations with its brands to identify, promote, and support local community initiatives, in line with the objectives and priorities of each brand.
In 2017, the Company's **Local Community Initiatives procedure** was updated in EMEA to improve and streamline the management of local opportunities identified by CNH Industrial employees. The procedure, to be implemented as of 2018, specifies the process for requesting, sponsoring, and approving a local community initiative. Requests for investments in local communities exceeding $50,000 will be assessed by the EMEA Committee, with major initiatives directly overseen by the Chief Operating Officer (COO).

During the year, several environmental and youth training initiatives were organized (see pages 116; 120), while the Company continued to maintain strategic collaborations with selected partners to strengthen its social role across the areas in which it operates.

+26%
OF PEOPLE INVOLVED IN LOCAL COMMUNITY INITIATIVES

In EMEA, CNH Industrial committed to an 80% increase in the number of people involved in local community initiatives by 2022.

In Italy, CNH Industrial continued to support the **Telethon Foundation**'s scientific research on rare genetic diseases through a number of initiatives, such as: *Andare Lontano* (Go Far), a campaign involving Company donations for employees' children starting school for the first time; the charity event *Sostieni la ricerca con tutto il cuore* (Support research with all your heart), organized in Turin (Italy) for employees, dealers, suppliers, customers, and local authorities; and charity auctions held during Telethon's annual fundraising marathon, with the direct involvement of IVECO, FPT Industrial, and CASE Construction Equipment.
In 2017, these initiatives involved more than 20,000 employees and family members, with over $226,000 donated by CNH Industrial and its brands combined.

GRI STANDARDS

- GRI 103-2; GRI 413-2

INITIATIVES IN NAFTA

Investments in the health and sustainability of local communities, charitable donations, and volunteering are a key part of CNH Industrial's community involvement in NAFTA. Requests for funding and/or donations are reviewed by the CNH Industrial Foundation, which prioritizes education, health and human services, civic and community improvement, food security, and disaster relief. The grant review process is facilitated by the **CNH Industrial Foundation** Grant Application Portal, accessible to potential applicants via the corporate website. Grant applications that meet the initial criteria are reviewed on a quarterly basis by the Foundation's Board of Directors, made up of employee representatives. In 2017, the recipients of grants of $5,000 (USD or CAD) or more were asked to submit an impact/progress report within 9 months of donation receipt, in order to better assess the impact of the Company's community investments and ensure consideration for future funding.
During the year, CNH Industrial also continued to encourage its employees to engage with local communities by promoting individual and team volunteering opportunities during working hours (see page 99).

During the year, CNH Industrial supported several initiatives near its plants. Among other contributions, it donated $25,000 to the Bracewell Stadium in Burlington (USA) as part of a multi-year commitment to renovate this historical high school football venue, built in 1920. Near its site in New Holland (USA), 21 Company employees spent 85 hours supporting the local farming community by educating the public about agriculture during the 3-day *Family Farm Days* fair. In Lancaster County (USA), 69 CNH Industrial employees participated in the *Pedal to Preserve* bike ride event, raising over $56,000 for farmland preservation.

CNH Industrial, through its brands, finances long-term projects in partnership with key charitable organizations, such as Habitat for Humanity, United Way, and the American Cancer Society.

In 2017, CNH Industrial continued to raise funds and help the non-profit organization **Habitat for Humanity** build affordable homes for low-income families across the USA.
During the year, CASE Construction Equipment donated materials worth more than $175,000 and contributed construction equipment to initiatives such as Team Rubicon's *Operation Fearless Mary*, an urban blight recovery project in Grand Rapids, Michigan (USA). The event brought in 72 volunteers and 20 new members from Team Rubicon for the operation.
In 2017, continuing a 10-year tradition, 140 CNH Industrial employees assisted in building and repair work for Habitat for Humanity, volunteering 879 work hours, while the Company donated $20,000 to local affiliates near select sites.

879
VOLUNTEER HOURS DONATED TO HABITAT FOR HUMANITY

CNH Industrial started collaborating with Habitat for Humanity in 2007, and has donated nearly $520,000 over 7 years.

In Racine (USA), the Company also supported 2 organizations committed to preventing homelessness: the **Homeless Assistance Leadership Organization** (HALO) and the **Housing Resources Inc.**, donating more than $5,000 in 2017.

In line with previous years, CNH Industrial supported **United Way**, a non-governmental organization present in 45 countries worldwide helping those in need of access to primary care, education, and financial stability. The Company organized several fundraisers, including the annual workplace giving campaign in North America targeting 8,700 employees. In 2017, CNH Industrial and its employees donated more than $625,000 to the organization.

In 2017, CASE Construction Equipment awarded the *Dire States Equipment Grant* to Quincy Township in Pennsylvania (USA) toward building/repair work on the Old Forge Bridge, whose deteriorating conditions were threatening access to residents, fire departments, ambulances, police, and school buses. The Grant was launched in 2016 and awards one community each year with $25,000 in free equipment use, to help reduce the costs of building or repairing local infrastructure.

INITIATIVES IN LATAM

In LATAM, CNH Industrial focuses on understanding the context in which it operates to better contribute to local development. In **Brazil**, where most of the Company's plants in the Region are located, the motto at each of the 5 production facilities is 'think globally, act locally'.
In Contagem and Sete Lagoas, local development is based on 6 pillars: youth leadership, job and income generation, teacher training and education, professional qualification and entrepreneurship, community development, and social capital. In Curitiba, Sorocaba, and Piracicaba, specific partnerships are in place to support quality of life, health, and youth leadership and development through cultural, sports, and educational initiatives.
There are 3 major social responsibility programs in place – *Case Multiação*, *Plantar & Construir*, and *Proximo Passo* (see page 117) – that reflect the Company's commitment to local communities, while *Banco CNH Industrial Capital* promotes art, culture, education, and training projects, in line with the Company's sustainability goals.

1,600
PEOPLE INVOLVED IN CULTURAL INITIATIVES IN CURITIBA

HEALTH AND WELLBEING FOR CHILDREN AND THE ELDERLY

In 2017, CNH Industrial continued to support 2 institutions in Curitiba (Brazil) to assist children and the elderly. The Company donated approximately $47,200 to the *São Vicente de Paulo Asylum* nursing home, which cares for 190 elderly women, with 15 employees volunteering their time on Mother's Day.
It also donated approximately $20,800 to the *Pequeno Príncipe* children's hospital, and organized a special initiative called *Popcorn Stories*, with 48 storytelling events throughout the year for approximately 4,000 children aged 0-18 and their families. In addition, 15 employees volunteered at the hospital on Children's Day during a plaster painting workshop.

PROMOTING CULTURE

CNH Industrial sponsors many artistic and cultural projects in Brazil. The *Associação Cultural Sempre Um Papo*, in Sete Lagoas, is a project that fosters a reading culture through free regular lectures and debates with renowned writers and intellectuals. In 2017, the project's events were attended by about 2,000 people. The *Platinum Concert Series Cultural Project*, in Curitiba, gave about 1,600 people access to affordable concert tickets.

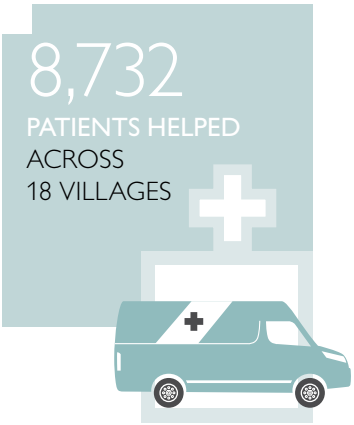
To promote quality reporting across the Region, the Company sponsors several awards programs. The *CNH Economic Journalism Award*, formerly the *Fiatallis Award*, created in 1993, recognizes the contribution of the press to Brazil's economy and development. The award is in its twenty-fourth year and has seen more than 8,000 applications, over 21,000 press professionals, and more than 200 award-winning reports. The *New Holland Award for Photojournalism* recognizes works that portray rural life and agriculture in South America. Since its inception 13 years ago, the program has received 21,000 pictures and awarded 68 professional and amateur photographers. In 2017, a special traveling exhibition of the 30 best images toured 105 cities across LATAM and was visited by 415,000 people.

In 2017, making its own cultural contribution, the Company published the book *Technology in Brazil: One Story, Multiple Faces*, which looks at how technological development has impacted society, infrastructure, food, sustainability, and the environment in Brazil.

INITIATIVES IN APAC

CNH Industrial has a strong presence in the Emerging Markets in APAC, which enables it to share expertise and show its solidarity with local communities. In recent years, this close relationship has taken on greater importance, with initiatives that range from offering information and access to health, to supporting education for young people across the Region (see page 118).
In **India**, following the directive on Corporate Social Responsibility 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.

New Holland Agriculture has partnered with the **Smile Foundation** since 2016 to provide better medical facilities in rural areas near CNH Industrial's Greater Noida plant (India), where underprivileged people lack access to health services and are reluctant to seek treatment due to financial constraints. The Smile Foundation delivers healthcare services through a mobile medical unit, called *Smile on Wheels*. The unit runs 5 days a week, is equipped with first aid kits, preliminary diagnostic kits, and basic medicines, and is staffed by a doctor, nurse/lab technician, and ambulance driver. In 2017, the unit served around 8,732 patients across 18 villages.



PARTICIPATION IN EMERGENCY RELIEF EFFORTS

In 2017, CNH Industrial continued to support relief efforts during several natural disasters, in large part through the partnership between CASE Construction Equipment and Team Rubicon, a non-profit veteran-led disaster response organization. In partnership with U.S. Fish & Wildlife Service, the brand has trained Team Rubicon members on heavy equipment operations since 2015.

In **North America**, with the support of its dealers, CASE Construction Equipment contributed equipment – and, at times, volunteer employees – to several of Team Rubicon's projects, such as *Operation Iron Bird* in Mississippi after the EF3 tornado, and in Texas following Hurricane Harvey. The brand also supported Team Rubicon's *Operation Fox Yeah* mission when heavy storms hit the area between CNH Industrial's sites in Racine and Burr Ridge, causing substantial flooding that affected the homes of employees and of their families and friends. The project involved 13 CNH Industrial employees volunteering during working hours as part of an *Impact Day* volunteer event (see page 119).

In 2017, CASE Construction Equipment (in partnership with its dealers) and CNH Industrial combined contributed $22,000 in cash to Team Rubicon plus $313,000 worth of equipment and services, with 104 hours volunteered by employees for disaster relief in flood-affected areas in Illinois (USA). CASE Construction Equipment also gave further visibility to the Company's relief work at the international *CONEXPO* trade fair, where it unveiled a special Team Rubicon Disaster Response SV340 skid steer loader.

FIGHTING CANCER TOGETHER

For 8 years, CNH Industrial and its US employees have participated in *Relay for Life*, a national, group-based, 24-hour fundraising walk for the **American Cancer Society**. In 2017, CNH Industrial and its employees raised more than $42,000 for the organization. Meanwhile, the New Holland Agriculture Survivor Tractor, purchased in 2016, continued to be used to raise cancer awareness. During the year-long campaign, the purple tractor made stops at a number of farm shows in the USA and Canada, including *Farm Progress*, in celebration of the brand's 100 years of tractor production. New Holland Agriculture helped raise more than $100,000 for the fight against cancer, and will continue its fundraising activities throughout 2018.

In Australia, 2017 marked the third year that New Holland Agriculture has sponsored the **Prostate Cancer Foundation of Australia** (PCFA), by means of a joint logo on its tractors emblemizing the partnership. The logo was featured at all major New Holland Agriculture events across the country, reminding men to get regularly tested for prostate cancer. In 2017, the brand donated approximately $58,800 to the Foundation.

FOCUS ON

YOUTH TRAINING

CNH Industrial's community efforts also focus on young people, and in particular on their education. In addition to the awards and scholarships given to employees' children (see page 99), the Company works hard to promote young people's education by collaborating with private and public institutions and other stakeholders. Activities range from promoting long-running educational projects, to sponsoring organizations involved in young people's education.

TECHPRO²

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

+23%
IN STUDENTS TRAINED UNDER THE *TECHPRO²* PROJECT

The *TechPro²* project began in **Italy** in 2011 with the opening of the center in Fossano, followed by another center in 2015 at the Istituto Teresa Gerini, in Rome, with the support of New Holland Agriculture. In 2017, 76 students received 1,317 training hours and 20 students underwent a 320-hour internship at local repair shops in Fossano, while 26 students received nearly 1,000 of classroom and on-the-job training hours in Rome.

In 2012, the project was extended to Belém (**Brazil**). It continued until 2015, when 20 young people received 800 hours of training.

In 2013, the project was launched at the Bosco Children Center in Addis Ababa (**Ethiopia**), delivering a course certificate officially recognized by the Ethiopian government. In 2017, 18 students received over 700 hours of training, with most of them finding employment.

In 2014, in **China**, the project was launched at the Changshan vocational secondary school in the province of Zhejiang, with teacher training, tools, parts, engines, vehicles, and internship opportunities all offered by IVECO. In 2016, another training program was set up at the Yanji International Technical School, in Northeast China, with the support of Case IH, New Holland Agriculture, and FPT Industrial. In 2017, the *TechPro²* courses were attended by 128 students in Changshan (for a total of 219 training hours) and by 66 students in Yanji (for a total of 288 training hours).

In 2016, the project was also launched at the Ennerdale Don Bosco Educational Projects School, in Johannesburg (**South Africa**), where FPT Industrial provided an F1A engine and a power generator set, among other things. Additionally, a *Train the Trainer* course on engines was launched for specialist teachers. The new course, in which 9 students received 1,400 training hours, supplements the existing IVECO course on commercial vehicles.
In 2017, 343 students received classroom and/or on-the-job training through *TechPro²*, with approximately 5,244 training hours.

SUPPORTING STEM EDUCATION

To celebrate the 175th anniversary of Case IH and CASE Construction Equipment, CNH Industrial awarded $175,000 in education grants for science, technology, engineering, and mathematics (STEM) across different school districts near its US sites. Each of the 7 communities selected received a $25,000 grant to implement STEM education curricula and update classroom resources.

PROFESSIONAL INCLUSION IN BRAZIL

By 2022, in LATAM, CNH Industrial is committed to a 30% increase, compared to 2016, in the number of young people involved in local projects at plants fostering professional inclusion.

In Brazil, the Company promotes a number of programs and projects to help children and teenagers integrate into society and gain useful skills for future employment.
In Contagem, CNH Industrial works with the *Cooperação para o Desenvolvimento and Morada Humana* (CDM) to reduce poverty in highly deprived areas. In 2017, the CDM received approximately $88,000 from CNH Industrial. As part of this partnership, the Company has run the *Plantar & Construir* program through its New Holland brands since 2009, helping young people develop leadership skills through sports and other initiatives, such as the 4-month *Young Worker Track* training initiative involving teenagers aged 15-17. It also provides training and education to teachers at a local partner school. In 2017, *Plantar & Construir* benefitted 75 people.

Similarly, the *Association São Miguel Arcanjo* serves at-risk children and teenagers in the Barbacena area, through educational and recreational activities. One such activity is the *Music and Life* project, which improves interpersonal relationships, school performance, cognitive and intellectual development, and motor and sensory coordination through art education. In 2017, the project benefitted 400 children and teenagers aged 6-17.

In 2017, again in partnership with the CDM, CNH Industrial continued to support the *Proximo Passo* project in Sete Lagoas, launched by IVECO in 2007 to develop youth leadership through arts, music, and outdoor activities. During the year, the project benefitted 300 people. The Company also continued to sponsor the *Esporte da Cidade* initiative, offering children and teenagers from underprivileged areas a chance to improve their intellectual and physical skills through sports. In 2017, CNH Industrial donated approximately $63,000 to the project, helping 150 children and teenagers aged 9-17.

CASE Construction Equipment and Case IH continued to implement their *Case Multiação* program, started in 2009, in the areas surrounding the plants in Piracicaba and Sorocaba. The program is aided by non-governmental organizations, and focuses on human development through culture, sports, and continuing education. In Piracicaba, the Company donated approximately $8,300 to the *Casa Bom Menino* orphanage in 2017, as well as access to a variety of educational and cultural activities, benefitting 115 children and teenagers aged 0-18.

In Sorocaba, several programs are in place to promote engagement with young people in high-risk areas. The *Pastoral do Menor – São José Social Center* organizes social and educational activities that help improve school performance and reduce school dropout rates. In 2017, CNH Industrial donated approximately $16,600 to the organization, benefitting 2,000 children and teenagers.

The *Pintura Solidária* cultural organization promotes art and creative expression among marginalized people through musical performances and painting workshops. In 2017, the *Color Compass* project held 10 events in 10 different towns across São Paulo. The Company donated approximately $19,400 to the program, which helped approximately 7,000 people.

The *Bola da Vez* organization engages young people aged 5-17 through sports. In 2017, the Company donated approximately $9,000 to the initiative, which benefitted 400 children and teenagers. During a special event called *Maos a Obra*, 30 employees volunteered 180 hours to clean, paint, and carry out maintenance at the organization's headquarters.

OVER **7,000**
PEOPLE INVOLVED IN THE *COLOR COMPASS* PROJECT IN BRAZIL

DISSEMINATING WCM IN ARGENTINA

In 2017, CNH Industrial signed an agreement with the Ministry of Education of the Province of Cordoba to share its extensive manufacturing expertise with local technical schools. The Company will train students on the World Class Manufacturing (WCM) program (see page 176) that it implements at its plants worldwide. In addition to offering its employees' expertise, CNH Industrial will provide teacher training at local technical schools, as well as audiovisual material on industrial topics, technologies, and processes related to WCM. During the first year of the agreement, 40 employees volunteered a total of 240 training hours.

EDUCATING UNDERPRIVILEGED CHILDREN IN APAC

200
UNDERPRIVILEGED CHILDREN AGED 7-15 HELPED IN INDIA

In **India**, CNH Industrial continued to support initiatives aimed at improving education for underprivileged children. In 2017, it donated approximately $19,000 to the OPEN[1] *Mission Education* program for the second year running, helping 200 children aged 7 to 15 at a local school near its plant in Greater Noida. The aim is to integrate the children into mainstream society by empowering them to thrive within the formal education system. The Company also donated approximately $75,000 to fund the reconstruction of a dilapidated school near its plant in Pune.

In **Turkey**, in 2017, CNH Industrial partnered with a local NGO, *Gelecege Isik Tut* (Light to the Future), to provide school supplies to children in need. A total of 1,000 school kits - consisting of backpacks, notebooks, stationary, and other school items - were sent to children at 8 different schools located in the eastern part of the country.

PROJECTS TO IMPROVE FOOD AVAILABILITY

In line with the megatrend analysis conducted in 2016, CNH Industrial has initiated several projects related to *food scarcity and food security*, a key megatrend for Company strategy aligned with SDG 2 'Zero hunger' (see page 247). Different countries' access to and consumption of food resources highlights a major disparity in global distribution. CNH Industrial's involvement in local communities, often through educational initiatives, can help these countries access resources.

ADVANCING FARMING TECHNOLOGIES IN GHANA

In Ghana, demand for high-level technology is still fairly low due to the prevalence of manual farming practices. Case IH is currently collaborating with local third parties to develop a project to increase the employability and efficiency of agricultural technicians, contract farmers, and agricultural machinery operators in Northern Ghana. The objective is to promote agricultural mechanization so as to increase efficiency, yields, and food security, and to prevent the migration of young farmers from rural to urban areas through the creation of entrepreneurial opportunities, thus counteracting the issue of an aging farmer population. It will also enable the creation of more efficient irrigation and climate-smart management practices, such as the use of solar powered pumps, thus minimizing the environmental impact.

PARTNERSHIP WITH SLOW FOOD IN ETHIOPIA

In 2014, IVECO became a technical partner of the *Thousand Gardens in Africa* project, in collaboration with the Slow Food Foundation for Biodiversity. The project focuses on bringing together farming experience, community sharing, and educational/information initiatives, while respecting different environments, socio-economic scenarios, and cultures. In the first year, a vehicle was donated to the Karrayyu shepherd community in Ethiopia able to carry almost a dozen cans of the camel milk they produce every day. The ongoing project currently assists 42 shepherds.

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

TRAINING FUTURE FARMERS IN THE USA

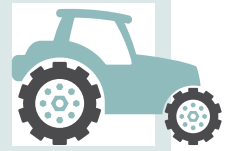
In the USA, CNH Industrial supports the **FFA** (formerly known as Future Farmers of America), an association active in farming education since 1928. In 2017, the Company donated nearly $300,000 to the organization. As part of this collaboration, Case IH continued to sponsor university students attending the association's *New Century Farmer* conference, an intensive 5-day event devised to promote careers in production agriculture.

This highly competitive program is open to university students who are former or existing FFA members, and gives them an opportunity to gain access to industry experts and attend workshops on a variety of topics relevant to modern farming. New Holland Agriculture promoted the FFA conference both locally and nationally, at trade fairs and during its tour to raise funds for cancer research.

The brand also took part in a community service project (293 volunteer hours) at the WB Saul High School in Philadelphia (USA), home of the largest FFA chapter in the state of Pennsylvania, where more than 50 employees spent a day painting the school's dairy barn and aquaponics classroom, and helped with landscaping tasks around the campus.

In 2017, Case IH continued its 24-year sponsorship of the **American Farm Bureau** with a donation of 9 tractors worth $225,000. The donation was part of the annual *Young Farmers and Ranchers* contest.

9
TRACTORS
DONATED



HUNGER TASK FORCE FARM IN THE USA

Located near the Company's main sites in Racine (USA), the *Hunger Task Force Farm* grows fresh produce to feed the hungry and create a reliable source of healthy food for its network of food banks. Established in 2004, the Farm ships about 340 tons of fresh produce per year and grows over 30 varietals of fruits and vegetables.

In 2017, CNH Industrial supported the organization through 2 volunteering initiatives, involving 58 employees who volunteered 218 hours of their time to harvest produce. CNH Industrial Capital also donated a New Holland Agriculture T4050 tractor to help with farm operations. Furthermore, under the Company's *Impact Day* volunteer initiative, employees gave 1,055 hours of their time to help food banks and other food organizations.

INTEGRATED FARMING SYSTEMS IN INDIA

In 2017, CNH Industrial offered a number of training opportunities in India through the Indian Society of Agribusiness Professionals (ISAP). The *Integrated Farming Systems* project was launched in 2016 to improve farming productivity and the livelihoods of the rural population by providing better technology.

The equipment required for training, including New Holland Agriculture tractors, is leased through a local rental center managed by a farmers' association. The program also helps build awareness of other auxiliary industries to improve income, such as cattle maintenance, bee keeping, and vermicomposting. In 2017, the project benefitted around 900 farmers.

As part of the *Hunar* skill development training project, 2 construction equipment training centers were established in Southern and Northwestern India, respectively, where 60 young trainees in total are currently completing a short-term vocational skill development training program.

AROUND
900
FARMERS
TRAINED

PROJECTS TO COMBAT CLIMATE CHANGE

At CNH Industrial, a key priority is to combat *climate change*, a megatrend whose negative impact on ecosystems affects the quality of life for people in local communities, as well as consumer choices. For this reason, the Company increasingly focuses on projects to reduce its plants' environmental impact, including on local communities (see page 183), along with projects to help protect them against the effects of climate change, such as desertification, water scarcity, and the loss of biodiversity. The projects are aligned with SDG 13 'Climate action' (see page 247).

STANDING WITH THE FAO FOR WATER MANAGEMENT IN TUNISIA

In 2017, 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, first established in 2015 to improve the country's water mobilization and irrigation. The aim is to help reduce rural poverty and insecurity of resources in the Governorate of Kebili, significantly impacted by desertification and climate change.
The project, involving 243 people, will provide for the construction and repair of traditional water harvesting systems, the creation of vegetable gardens for families, an increase in grazing, and the development of orchards and new wooded areas. The overall aim is to enable the fully sustainable management of water, a resource that is especially valuable in an area at such risk. The project's latest developments were presented during *European Development Days*, organized by the European Commission in Brussels (Belgium) since 2006.

Also on the theme of water, in 2017, CNH Industrial was a Main Sponsor of the first edition of the *International Water Forum: Rules of Water, Rules for Life*, in Milan (Italy). The event focuses on urban water governance and gender-related aspects of water.

PROTECTING WILDLIFE AND NATURE IN THE USA

In collaboration with Team Rubicon and the U.S. Fish & Wildlife Service, CASE Construction Equipment continued to support several initiatives in 2017 to protect wildlife and nature in the USA.

Projects included: mitigating an impending public health and ecological disaster in California's largest lake, Salton Sea, which is shrinking due to rapid evaporation and to the decrease in the agricultural run-off that was the lake's primary water source; developing a wetland habitat at the DeSoto National Wildlife Refuge near the Missouri River; and making improvements at the San Diego National Wildlife Refuge in California, an important stopover for migratory birds.

NEIGHBORHOOD REVITALIZATION IN THE USA

In 2017, the Company supported several US neighborhood revitalization projects in collaboration with CASE Construction Equipment and its dealers. The brand contributed 2 TR310 compact track loaders with grapple buckets to *Operation Joe Louis*, an urban blight recovery project in Detroit organized by non-profit partner Team Rubicon, which brought in over 100 volunteers and training personnel from across the USA to assist in the operation.

In Milwaukee, CASE Construction Equipment and CNH Industrial donated the use of a skid steer during the 9th *Annual Victory Garden Blitz*. In 2017, over 300 volunteers created 514 gardens, bringing the total to over 3,500 community gardens created across the city since the project's inception.

CREATING AN ALTERNATIVE TO CROP BURNING IN INDIA

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

The *Straw Management Solution* project was launched in 2017 at the Kallar Majri village, in Punjab, by the Department of Agriculture in collaboration with the Ministry of Agriculture, the Government of Punjab, and CNH Industrial.

The project, which involves 20 farmers, aimed to prevent crop burning (CO_2 emissions were cut by 1,500 tons) and offer an alternative means for crop residue management (1,000 tons of crop stubble were baled rather than burnt). New Holland Agriculture contributed its entire range of equipment (baler, rake, mulcher, and tractor) to the project.

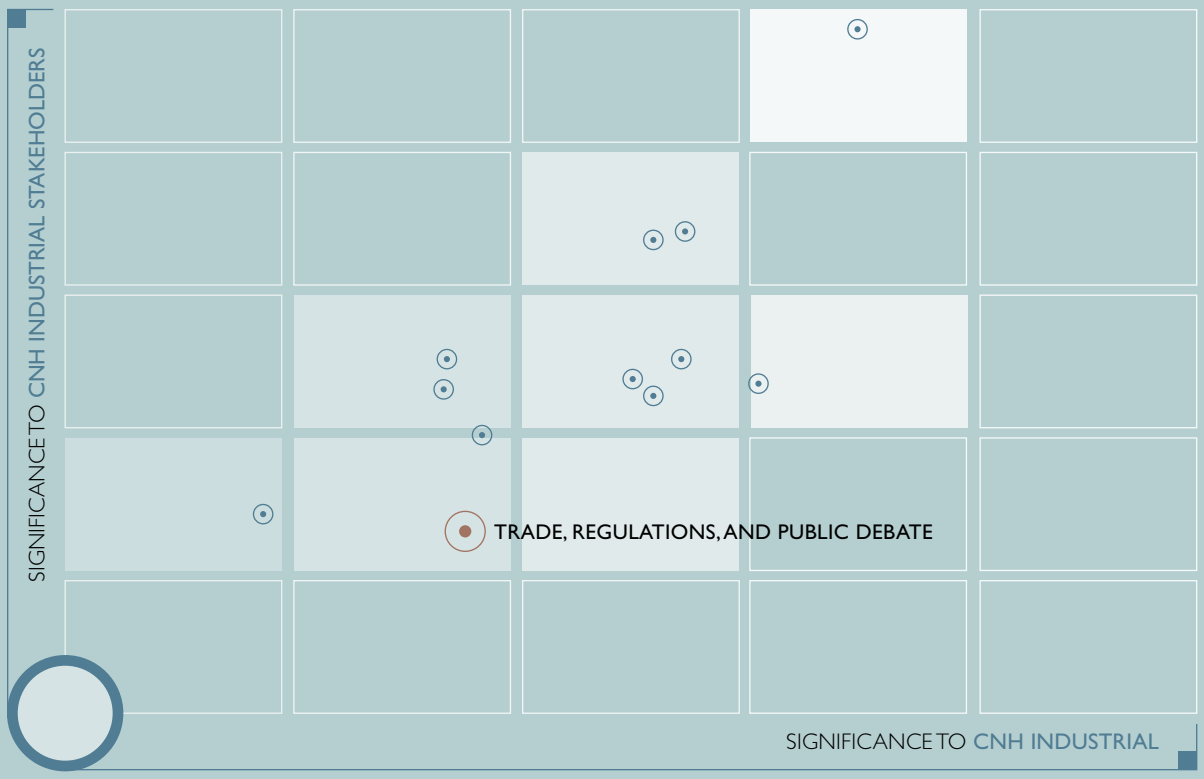
PLANTING TREES

In 2017, many CNH Industrial plants engaged in tree-planting activities, at times involving local communities.
In **EMEA**, employees and family members in Madrid (Spain) joined a volunteer-based project for the reforestation of the *Los Cerros de Álcalá* natural park in the city of Álcalá de Henares. Still in Spain, the Valladolid plant organized a reforestation day at PRAE Environmental Park, involving over 50 employees and their families and children. The two Spanish plants combined planted about 800 trees. Employees at both sites were given a small *petunia axillaris* plant to grow at work or at home. Meanwhile, the plant in Bourbon Lancy (France) collaborated with a local elementary school on the launch of the *Mure Verde* (Green Wall) project, which involved about 30 of the school's students.

Similar initiatives took place in **NAFTA**, at the plants in Benson, Burlington, Fargo, Grand Island, and Racine (USA) and in Saskatoon (Canada) where a total of more than 700 trees were planted.

In **LATAM**, in Brazil, the plant in Curitiba planted almost 1,000 native species across approximately 9,000 square meters of the site's green areas; employees and family members in Sete Lagoas celebrated *National Tree Day* by planting 130 native species of tabebuia; and the plant in Sorocaba engaged 2 local childcare organizations to plant trees in green areas around the site. Furthermore, on *World Environment Day*, every employee at the plants in Piracicaba and Sorocaba received either a fruit or vegetable plant as a gift.
Similarly, in Cordoba (Argentina), a reforestation project was undertaken in 2017 to reduce the carbon footprint around the Company's site, entailing the planting of 500 trees over a 2-year period. The first 50 trees were planted by 60 volunteers among employees and community members.

In **APAC**, New Holland Agriculture launched a massive tree-planting drive on the anniversary of its 20th year of production in India. The drive, which involved employees, dealers, customers, and local communities, led to the planting of over 25,000 saplings across 168 dealer locations, schools, colleges, villages, and roads.



RELATIONSHIPS WITH PUBLIC AND PRIVATE ORGANIZATIONS

Material topics described in this chapter (for definitions see page 245).

MANAGEMENT FRAMEWORK

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

CNH Industrial aims at making a positive contribution to the future development of policies, regulations, and standards on issues that affect its business and the communities in which it operates. Specifically, the Company contributes its expertise and knowledge in its dialogue with governments, local authorities, and other stakeholders on policies concerning the capital goods sector, including sustainable agriculture, construction equipment, the automotive industry, and other sectors related to the transport of people and goods. CNH Industrial is committed to contributing to society's technological advancement, and to cooperating with public institutions, universities, and other organizations on research and development into innovative solutions in the fields in which it operates. The Company's proactive approach to institutional relations contributes to identifying new business opportunities early on, and to creating business conditions that are competitive as well as sustainable over the long term. Interest representation is conducted only where permitted by and in strict compliance with applicable laws, including anti-corruption and antitrust laws, and in full compliance with the Company's Code of Conduct and related policies and procedures (see page 53). In EMEA, CNH Industrial is registered with the European Transparency Register, which is operated jointly by the European Parliament and the European Commission. The Register provides information about the interest representatives (organizations and self-employed individuals) that seek to influence the decision-making processes of the European Union, and a code of conduct serving as a framework to regulate their activities. In 2016, CNH Industrial also registered with the Italian Transparency Register, adopted for the first time in Italy by the Ministry of Economic Development, drawing upon the same model applied across other European institutions.

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

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

In line with its business approach and the opinions of stakeholders, the Company's strategy is to continue to pursue initiatives related to its megatrends (those it defined in 2016 as most relevant), particularly to *climate change* and *food scarcity and food security* (see page 244). The Company's objectives and actions toward continuous improvement in the transparency of its relations with public institutions are disclosed in the Report.

As stated in the Code of Conduct, all such relations must be transparent and conducted in accordance with CNH Industrial's values and with applicable laws. Interest representation and other political activities shall only be conducted by duly designated departments and authorized individuals, and only where permitted by and in strict compliance with applicable laws and, in any case, in full observance of the Code of Conduct and any applicable Company procedures.
Moreover, CNH Industrial abides by 2 compliance policies[1], implemented in relation to the Code of Conduct, that regulate relations with public institutions: *US Lobbying Activities and Other Contacts with US Government Officials* and *Political Action Committee Activity and Other Political Contributions.*
The Compliance Helpline is an operational grievance mechanism to report potential violations of corporate policies, the Code of Conduct, or applicable laws; it can also be used to report violations related to relations with public institutions (see page 56).

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

GRI STANDARDS

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

PUBLIC POLICY AND INTEREST REPRESENTATION

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

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

In 2017, the Company actively participated in institutional conferences, working groups, initiatives, roundtables, and meetings to encourage and foster debate on the megatrends that are most relevant for sustainability: *climate change, food scarcity and food security,* and *the innovative and digital world* – the latter considered as facilitating the first two. The following are some examples of the activities carried out by CNH Industrial during the year, through its relations with institutions, to combat climate change and improve food availability.

INITIATIVES LINKED TO COMBATING CLIMATE CHANGE

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

In EMEA, CNH Industrial and all its brands actively participated in many events and projects, including in collaboration with the sector associations of which the Company's brands are members, within the framework of the European Union's policies on the environment and sustainable mobility. In particular, CNH Industrial strived to increase awareness across Europe of the role of natural gas and its impact on the environment (in terms of lower emissions) and on the economy, as well as to promote autonomous driving.

As a long-standing member of the European Automobile Manufacturers' Association **(ACEA)**, IVECO has actively participated in and contributed to the debate on European Union (EU) policies to lower CO_2 emissions. In this regard, CNH Industrial participates in ACEA's working groups, sharing its vision for a sustainable future for the transport sector, supporting alternative, carbon-neutral fuels to meet the EU's goals, while also focusing its attention on safety requirements, materials, and future trends, such as automated driving and connectivity.

As a member of the European Council for Automotive R&D **(EUCAR)**, the association representing the major European passenger car and commercial vehicle manufacturers, the Company contributes to facilitating and coordinating pre-competitive research and development projects, participating in a wide range of collaborative European R&D programs.

CNH Industrial is also a member of the Committee for European Construction Equipment **(CECE)**, a trade association for construction equipment manufacturers. Throughout 2017, the Company collaborated with the association's committees and project teams to bring forward EU legislation on the safety and environmental aspects of construction machinery, such as engine exhaust emissions, outdoor noise, and the safety of machinery at work.

Moreover, CNH Industrial has been a member of the European Association of Internal Combustion Engine Manufacturers **(EUROMOT)** since its foundation in 1991. During 2017, the Company contributed to the association's activities centered on Non-Road Mobile Machinery (NRMM) engine exhaust emissions, particularly relating to the EU Regulation on new emission limits.
Lastly, the Company is a member of the Natural and Bio Gas Vehicle Association **(NGVA Europe)**, which advocates

and promotes the use of natural gas and biomethane for transport in Europe. In 2017, through this membership, IVECO participated in many activities and conferences, including the *NGV Corridors – Towards Sustainable Mobility* conference held in Barcelona (Spain). Furthermore, together with **NGV Italy**, which promotes sustainable mobility, IVECO promoted the advance of alternative fuels in Europe, by organizing workshops with national institutions to support member states' plans to comply with EU legislation regarding the development of natural gas infrastructures.

Within the framework of the **Memorandum of Understanding (MoU)** signed between IVECO, FCA (Fiat Chrysler Automobiles), and SNAM S.p.A. (Italy's leading company in the transport and dispatching of natural gas), aimed at fostering the development of natural gas fuel for road vehicles, the Company implemented several initiatives and actions to raise awareness of natural gas and sustainable mobility across Italian municipalities, promoting local interventions and policies in support of alternative fuels, in particular biomethane, which can bring significant environmental and economic benefits to consumers, companies, and public administrations.

IVECO's role in contributing to the promotion of natural gas as an alternative fuel, as well as its commitment to sustainability, were particularly underlined on 2 occasions: during the *2017 European Gas Conference* held in Vienna (Austria), when the IVECO Stralis NP – the first natural gas truck for long-haul operations and the most sustainable long-distance transport truck ever – was voted Project of the Year, receiving the *European Gas Awards of Excellence 2017*; and at the *NGV GLOBAL Conference 2017* held in Rotterdam (Netherlands), during which IVECO received the *NGV Global Industry Champion 2017* award for its commitment to the natural gas sector.

In 2017, CNH Industrial attended a conference called *Small-Scale LNG in Euro-Mediterranean: Unlocking Environmental and Economic Benefits for the Region*, held at the European Parliament in Brussels (Belgium) to discuss how natural gas and, in the future, biomethane represent a vision for sustainable freight transport for IVECO and FPT Industrial. Meanwhile, to promote sustainable solutions across European cities, IVECO Bus took part in 2 workshops within the *CEOs Smart Mobility Forum*, organized by the World Road Transport Organization (IRU), to discuss *Vision 2030 for Buses and Coaches* and the role of alternative fuels. On the sidelines of the G7 Summit, under the Italian Presidency, CNH Industrial was invited to participate in many events on alternative fuels, at both *G7 Transport and Environment Ministers' Meetings*. Moreover, IVECO was the official provider of transport services during the 43rd *G7 Summit* held in Taormina (Italy), supplying its natural gas and electric vehicles for the mobility of delegations, ministers, officials, and personalities attending the summit.

The key role of innovation and digitalization at CNH Industrial was extensively highlighted at the *FPT Industrial Tech Day* organized in Turin (Italy), during which FPT Industrial presented its latest innovative technologies and projects and its vision for the future of engine technology, based on a process of decarbonization that will lead to a green and sustainable future.

In Dubai (UAE), at the *WAIPA World Investments Conference 2017*, which brings together Investment Promotion Agencies (IPAs), CNH Industrial had the opportunity, as a capital goods leader, to present its achievements towards sustainable development, particularly with regard to the construction equipment sector through its brands CASE Construction Equipment and New Holland Construction.

Still in 2017, in Milan (Italy), New Holland Agriculture presented its sustainability projects, in particular those tackling the depletion of water resources, during the first edition of the *International Water Forum: Rules of Water, Rules for Life*, an initiative under the auspices of the Italian G7 Presidency and with the patronage of numerous institutions (see page 120), including, among others, the European Commission and the United Nations' Food and Agriculture Organization (FAO).

In NAFTA, CNH Industrial is a member of the Business Roundtable **(BRT)**. Believing that the business community has a special obligation to step forward and help build an environmentally and economically sustainable future, the BRT is an association of chief executive officers of leading US companies working to promote a thriving economy and expand opportunity across the USA through sound public policy. The BRT supports policies that capitalize on the country's strengths in technology and energy diversity to maximize energy options and preserve environmental quality. It believes in harnessing the country's abundant renewable energy resources in a cost-effective manner, while diversifying energy supplies, enhancing energy security, and advancing environmental stewardship. Additionally, given the potentially serious and far-reaching consequences of global warming for both society and ecosystems, the association encourages addressing such risks, and supports collective actions that may lead to the reduction of greenhouse gas emissions on a global scale.

CNH Industrial is also member of the Engine Manufacturers Association **(EMA)**, which represents worldwide manufacturers of internal combustion engines and on-highway medium and heavy-duty trucks. EMA works with governments and industry towards achieving cleaner air (emissions control) and safer highways and vehicles, while ensuring environmental and safety standards and regulations are technologically feasible, cost-effective, ensure public safety, and provide environmental protection and benefits. EMA sponsors scientific and technical research aimed at improving engine and truck performance and fuel efficiency, reducing emissions from internal combustion engines, and enhancing safety.

Moreover, the Company is a member of the National Association of Manufacturers **(NAM)**, the largest manufacturing association in the USA, representing small and large manufacturers from every industrial sector across all 50 states. The NAM supports an energy strategy that embraces all forms of domestic energy production while expanding existing conservation and efficiency efforts. Indeed, while oil, natural gas, and clean coal remain essential contributors to US energy security, investments are increasingly being made in other energy sources such as alternative fuels, nuclear energy, and renewable energy. The association's manufacturers are leading the way in advancing energy efficiency and sustainability efforts that enhance environmental protection, with a particular focus on emissions reduction, waste management, biodiversity protection, and water discharges.

CNH Industrial is also a member of the US-based Association of Equipment Manufacturers **(AEM)**, whose goal is to enable equipment manufacturers to be successful in the global marketplace. The AEM has adopted a comprehensive energy policy statement that addresses domestic energy production by focusing on both conventional and renewable energy sources, and by implementing the US Renewable Fuel Standard (RFS). The AEM focuses on educating the US administration and leaders in Congress about the importance of the RFS for manufacturers, and on advancing efforts to expand fueling infrastructure.

Lastly, the Company is a member of **Growth Energy**, USA's premier trade association working to advance biofuel policies and expand consumer access to higher ethanol blends at fueling stations. Growth Energy is committed to driving ethanol demand by empowering consumers with information on homegrown biofuels, and by forging strategic partnerships across the entire biofuels supply chain that may grow the US economy and improve the environment for future generations. Growth Energy believes in enhancing and facilitating market access to higher blends of ethanol, reintroducing consumers to ethanol, defending the Renewable Fuel Standard (RFS), and pursuing biofuel policies.

In LATAM, specifically in Brazil and Argentina, CNH Industrial has relations with institutions and associations that play a fundamental role in influencing governmental decisions that impact the Company´s business and performance, as well as the economic and social development of LATAM countries as a whole. In 2017, through its representatives, the Company actively participated in forums, technical committees, and advisory councils on specific themes such as: alternative fuels, automotive safety, vehicle emission levels, new technologies for urban and rural transportation, mobility, and enhanced machinery and commercial vehicle productivity. Other themes included the regulatory and legal requirements related to the automotive sector, other institutions and countries, and labor aspects.

As regards its affiliations in the Region, CNH Industrial is a member of the National Association of Automobile Manufacturers **(ANFAVEA)**, responsible for filing legislative and regulatory claims within the automotive sector with the Brazilian government and other institutions, including labor unions. CNH Industrial interacts with the Association's branches for heavy vehicles (trucks and buses) and agricultural and construction equipment. ANFAVEA leads discussions on important milestones for emissions, alternative fuels, automotive safety, ergonomics, labor legislation, material recycling, vehicle inspections, and more.

The Company is also a member of the Society of Engineers of Mobility **(SAE Brazil)**, which brings together engineers working in the production of automobiles, trucks, buses, and self-propelled machines. CNH Industrial engineers and executives participate directly in the SAE's technical commissions, debates, and forums. The Company also sponsored events related to urban mobility, transportation, logistics, better use of fossil and alternative fuels, vehicle emission levels, new technologies for urban and rural transport, and the enhancement of machinery and commercial vehicle performance and productivity. The Company has institutional relations with other similar entities across Europe, North America, and Asia.

Furthermore, CNH Industrial is a member of the Brazilian Association of Automotive Engineering **(AEA)**, which interacts with the government on automobile legislation for commercial vehicles and machinery with regard to the homologation of parts, components, and complete vehicles. In addition, it focuses on other topics such as: motorization, emissions, safety and dimensional specifications, weight and dimensions, and parts and other components involved in vehicle assembly. CNH Industrial participates in the AEA's consultative council focusing on upgrades and improvements to the materials used in vehicles, engines, and machines.

Since logistics have an indirect impact on tackling *climate change*, all relevant processes must be properly managed. To this end, CNH Industrial logistics processes are managed to optimize the efficiency of logistics flows and reduce their environmental impact. The importance of sustainable logistics to the Company lies not only in time and cost efficiencies, but also in the related environmental and social impacts, in terms of emission reduction, resource use, packaging management, as well as in their indirect impact on human health and traffic congestion. Some examples of the Company's memberships of institutions in LATAM related to logistics are described below.

CNH Industrial is a member of the National Freight Transportation and Logistics Association **(NTC & Logística)**, the main entity for freight forwarders in Brazil. Through IVECO, the Company supports the Association's technical and commercial events, such as *Fenatran*, the largest trade show for trucks and transportation materials in Latin America. The Association defends the interests of carriers, with a focus on the best logistics flows between production sites and consumers in Brazil and neighboring countries. It also intervenes in critical matters regarding sector legislation, public safety, labor relations, and logistics infrastructure development and improvement.

CNH Industrial is also a member of the Brazilian Association of Machinery and Equipment Industry **(ABIMAQ)**, which brings together and represents the capital goods industry in Brazil while promoting its development. ABIMAQ leads important discussions related to legislation on the use and application of machines in agribusiness and in public infrastructure works. It also promotes forums on tax and legal issues to enhance Brazil's industrial competitiveness. CNH Industrial actively participated in the *Commission for Machinery and Agricultural Implements and Construction*, focusing on critical issues such as the environment, basic sanitation, and energy generation and distribution, as well as on road, rail, port, and airport logistics.

In APAC, in 2017, CNH Industrial showcased its brands' leadership in natural gas technology, further highlighting the advantages of the large-scale use of this alternative fuel in decarbonizing transport in Asia. Natural gas, in fact, provides a solution to many current issues in terms of air quality, CO_2 emissions, energy efficiency, and noise levels (a key factor in urban and night missions).

As regards tackling *climate change*, CNH Industrial actively participated in the debates on China's non-road vehicle emission standards and advanced engine manufacturing at: the **ACEA** local office in Beijing, the local branch of the US Association of Equipment Manufacturers **(AEM China)**, the local trade association of Agriculture Machinery Manufactures **(CAAMM)**, and the China Internal Combustion Engine Industry Association **(CICEIA)**, respectively. The aim was to offer Chinese legislators examples of best practices around the world, promoting and fostering a constructive dialogue on the main regulatory issues.
As a major industrial player in both the Italian and Chinese markets, CNH Industrial was invited to participate in the fourth *China-Italy Business Forum* in Beijing, a platform to discuss potential opportunities in the infrastructure, agriculture, green technology, sustainable mobility, and urban development sectors.

Within the scope of the **Memorandum of Cooperation** signed in July 2017 by the European Commission and the Japanese Ministry of Economy, Trade, and Industry, which recognizes the increase in Liquefied Natural Gas (LNG) demand, IVECO announced its plans to support the development of sustainable natural gas transport in Japan. The first step was the signing of a Memorandum of Understanding with transport and logistics operator Ryobi Holdings, for the supply of its technology and vehicles to develop a sustainable transport network.

In Australia, through the Company's membership with local sector associations, IVECO participated in many roundtables organized by the Australian Truck Industry Council **(TIC)**, in particular regarding the Company's activities to support the development of alternative fuels and the reduction of emissions, as well as investments in the Intelligent Transportation System (ITS) sector. FPT Industrial and IVECO attended the *Asia Pacific Gas Conference* (APGC 2017) in Daegu (Korea), where FPT Industrial presented its latest natural gas technology, showing Korean government officials how this solution could lead to important policy changes in support of a sustainable future.
In Russia, IVECO had the opportunity to demonstrate the benefits of LNG in the transport sector at events such as the *7th St. Petersburg International Gas Forum* (*SPIGF 2017*) and the *NGV Rally Blue Corridor*. During the former, the brand showcased its IVECO Stralis NP, and participated in the conference *World Experience of Natural Gas for Transport: Trends, Security, Sustainability*. The *SPIGF 2017* venue was also the finishing point for the *Blue Corridor 2017: Iberia – Baltia Rally*, in which IVECO took part with its Stralis NP. In addition, IVECO Bus was an Official Supplier for *Expo 2017* and partner of the event's hosting city, Astana (Kazakhstan). The event's *Future Energy* theme focused on "exploring strategies, programs, and technologies aimed at sustainable energy development, promoting energy security and efficiency and encouraging the use of renewable energy".

INITIATIVES LINKED TO IMPROVING FOOD AVAILABILITY

In 2017, in the non-road sector, CNH Industrial organized initiatives and participated in events to raise awareness among institutional, economic, and social stakeholders of its role in tackling food scarcity and enhancing food security, through precision farming, agricultural mechanization, and global collaborations.

In EMEA, as a member of the European Agricultural Machinery Industry Association **(CEMA)**, the Company proactively contributed to many activities in 2017, strengthening relationships with stakeholders within the agri-food chain while promoting precision farming (i.e., digital farming and Agriculture 4.0). To this end, CNH Industrial is leading a CEMA working group with the aim to promote Company policies on sustainable agriculture, alternative fuels, and autonomous driving. These topics are gaining in importance and are fueling the political debate for a better EU Common Agricultural Policy (CAP).

In Brussels (Belgium), at the heart of European Union institutions, Case IH presented the benefits of digital farming technologies (in terms of agricultural sustainability and productivity) to high-level representatives of the European Commission and the European Parliament at the EURACTIV conference, *Digitising European Farming Equipment: The Way Forward For Successful And Sustainable Farming?*

The Company, together with its agricultural equipment brands Case IH and New Holland Agriculture, also played an important role at meetings and workshops among sector experts held in Bergamo (Italy) in preparation for *G7 Agriculture*. In the presence of international stakeholders, the two brands presented their most advanced equipment, including New Holland Agriculture's new Methane Power T6.180, a methane-powered concept tractor prototype, reaffirming the entire Company's commitment to developing agricultural machinery that is not only innovative, but also centered on sustainability.

The importance of a future in which a circular economy approach, and consequently natural gas, plays a decisive role in developing increasingly sustainable agriculture was also underlined in Paris (France), when New Holland Agriculture sponsored the *Agriculture & Food Summit* organized by *Politico*, a global news and information company dealing with politics and policy making. The brand presented its leadership in the use of alternative fuels for agricultural machinery during a dedicated working breakfast at the EU Parliament.

Agricultural mechanization in developing countries is another important topic for the sector, as discussed by CNH Industrial at the *13th Annual Meeting of the Infrastructure Consortium for Africa (ICA*), organized by the African Development Bank in collaboration with the Italian government. CNH Industrial was the only capital goods manufacturer invited to the Conference, during which it highlighted the contribution of all its brands towards the development of sustainable mobility in Africa, as well as its projects executed in collaboration with international development cooperation agencies.

In NAFTA, CNH Industrial is a member of the Diesel Technology Forum **(DTF)**, a non-profit organization raising awareness of the importance of clean diesel technology (engines, vehicles, and equipment), cleaner diesel fuel, and emission-control systems. Despite today's general shift towards diesel-powered equipment, the growing global demand for food requires farms to become even more productive. This means not only more sustainable and efficient farming practices, but also more productive and efficient machines, such as the engine and equipment technology delivered by Case IH and New Holland Agriculture. Another way to make farms more productive is by investing in equipment - tractors and harvesters - that can do more work in less time using less fuel, i.e., autonomous vehicles like Case IH's and New Holland Agriculture's autonomous concept tractors. Today's tractors are connected to the farmer's tablet, each other, the dealer, the Cloud, and the field, and feature real-time data tracking, GPS guidance, and feedback on everything from ground conditions to direction of travel. This connected and smart farming technology saves time, reduces the use of fertilizers, herbicides, pesticides, and other inputs, and allows farmers to pre-program their equipment to perform operations precisely, maximizing equipment and fuel efficiency while minimizing soil compaction and crop damage.

Institutions and associations in LATAM encourage best agricultural practices that enable productivity according to environmental requirements aligned with local legislation on soil and water usage. They also promote access to the best technologies to overcome food scarcity and optimize food production, thus avoiding waste. Some of these institutions lead important discussions regarding laws on machinery usage and application in the agribusiness and public infrastructure sectors, besides promoting forums on legal and tax issues to enhance Brazil's industrial competitiveness.
CNH Industrial is a member of the Association of Argentine Factories and Distributors of Tractors and other Agricultural Equipment **(AFAT)**, which brings together agricultural machinery manufacturers and dealers in Argentina. The Association focuses on sector legislation and regulatory litigation with the government and other institutions, including local labor unions. CNH Industrial actively participates in the management of AFAT, leading important discussions related, among other things, to emissions, technical standards, types of fuel, safety, ergonomics, and labor legislation.

Moreover, the Company is also a member of the Brazilian Agribusiness Association **(ABAG)**, which promotes the technological, economic, and social development of Brazil's entire agricultural production chain. It also serves as a liaison to strengthen the sector's trade and institutional relations with the government and other entities and countries (through their respective associations). CNH Industrial provides ABAG with financial and technical resources for events that promote sector improvements and facilitate rural producers' access to credit for agricultural investments. The Association also encourages the best agricultural practices that enable productivity according to environmental requirements aligned with local legislation on land and water use, and promotes access to the best technologies to overcome food scarcity and optimize food production, thus avoiding waste.

CNH Industrial is a member of the Brazilian Agricultural Research Corporation **(Embrapa)**, which has links with the Ministry of Agriculture, Livestock, and Supply (MAPA). Embrapa focuses on agricultural production research and the development of new technologies to increase agricultural production while reducing land use, promoting reforestation, and preserving native forests and water resources. The Company has established several partnerships with Embrapa regional companies spread throughout Brazil, with the aim to increase national agricultural productivity through the use of its agricultural machinery.

Lastly, CNH Industrial is a member of the Capixaba Institute for Research, Technical Assistance, and Rural Extension **(Incaper)**, which has links with the state government of Espírito Santo, in southeastern Brazil. Incaper's works focus on coffee and forestry, as well as on other agricultural crops like fruits, vegetables, and seeds. CNH Industrial has established a technical partnership with the Institute to improve the development and local use of its machines, such as the Case IH coffee harvester.

In APAC, in the non-road sector, CNH Industrial participated in Asia's largest agricultural machinery exhibition, the *CIAME - China International Agricultural Machinery Exhibition*. During the event, the Company joined the *Agricultural Machinery Working Group China*, a workshop organized by **VDMA** (the German mechanical engineering industry association), of which CNH Industrial is a member, to discuss China's non-road engine emission standard and agricultural machinery subsidy policies. It was also an opportunity for the Company to reaffirm its efforts in tackling food scarcity and air pollution in China.

In Australia, CNH Industrial actively participated in the debate on the future of agriculture, including through its membership with many sector associations, such as the Tractor and Machinery Association **(TMA)**.
Through activities organized by the Australian Farm Institute, the Company also contributed to the *Precision to Decision (P2D) Project*: *Accelerating Precision Agriculture to Decision Agriculture*, which aims at facilitating the development of digital technology for agriculture in Australia, and is supported by the Australian Government's Department of Agriculture and Water Resources.
Still in Australia, Case IH supported the Society of Precision Agriculture Australia (SPAA), a non-profit and independent membership-based group formed in 2002 to promote the development and adoption of precision agriculture technologies. In particular, the Company participated in regional events and in the *National Symposium*, presenting its vision for precision farming and agricultural mechanization, in support of food security.

CNH Industrial is a member of industry and other associations, and of national and international advocacy organizations. A list of its main memberships is available on page 268, and the complete list is available on the Company's website.

POLITICAL PARTIES

Any and all relationships between CNH Industrial and political parties, as well as their representatives or candidates (collectively referred to as Political Parties), are conducted according to the highest standards of transparency and integrity. Financial contributions to Political Parties are only allowed where permitted by law, and must be authorized at the appropriate level within each company.
In 2017, **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.

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

CREATING VALUE FOR STAKEHOLDERS

MEETING CUSTOMER EXPECTATIONS

INNOVATION AND PRODUCT DEVELOPMENT

SUPPLY CHAIN

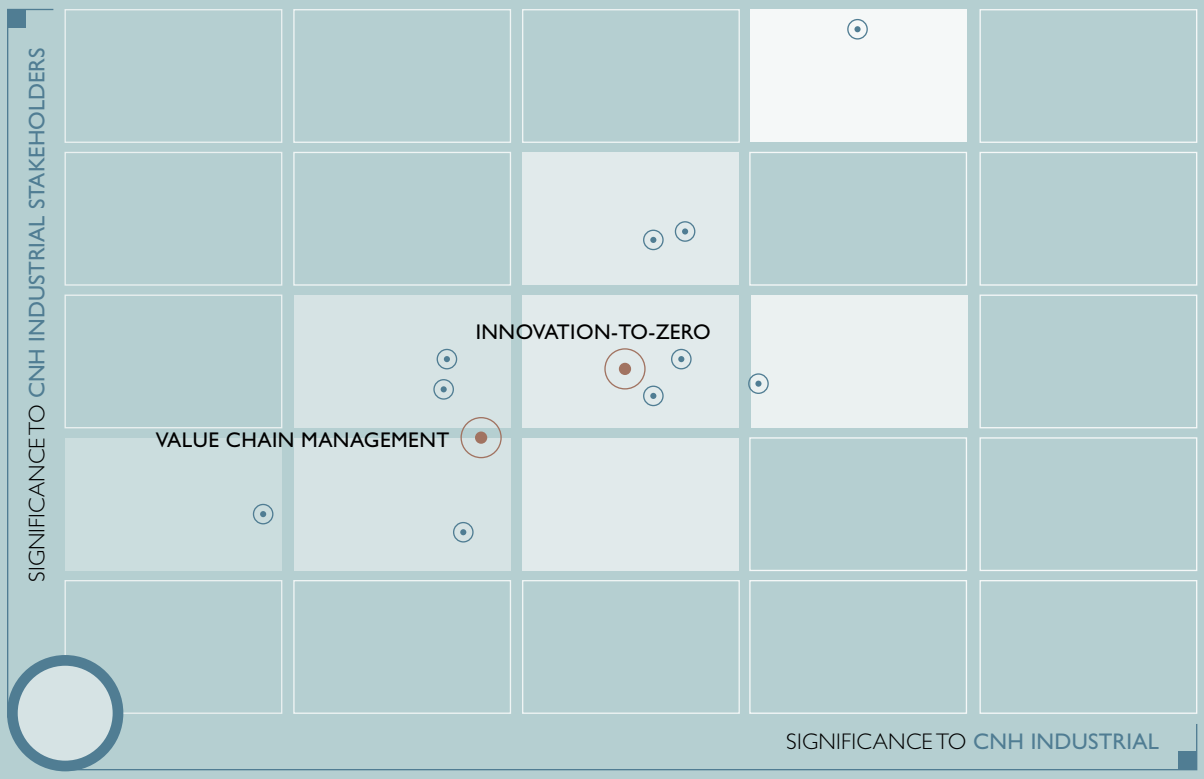
MANUFACTURING PROCESSES

LOGISTICS PROCESSES

SUSTAINABLE PRODUCTS

SALES AND AFTER-SALES

END-OF-LIFE



CREATING VALUE FOR STAKEHOLDERS

Material topics described in this chapter (for definitions see page 245).

MANAGEMENT FRAMEWORK

A company's value chain affects, and is affected by, many social and environmental issues (e.g., the use of natural resources, workplace safety, working conditions, etc.), which are inevitably related to the social needs of stakeholders. Analyzing and understanding the value chain can help to identify opportunities to create shared value, enhancing and rethinking relationships with the stakeholders involved.
Indeed, one of the ways in which CNH Industrial seeks to improve process efficiency and product competitiveness while creating value for society is by focusing on **value chain management**, considered a material topic by both the Company and its stakeholders (see page 23).
The stakeholders involved in CNH Industrial's value chain are the suppliers, dealers, and customers, with customer needs considered a top priority. CNH Industrial's value chain starts with the Innovation function (see page 145), which evaluates market requirements and collaborates with brands to develop products that better meet customer needs, and it ends with product end-of-life, which can be postponed through remanufacturing, enabling products to continue to perform efficiently for as long as possible. Furthermore, since the Company provides customers with equipment they use in their work, it is aware of being an integral part of their value chain, and that it must therefore strive to maximize their competitiveness. For these reasons, the Company is committed to offering products with lower operating and maintenance costs and superior performance.
The dealer and service network provides a communication gateway between CNH Industrial and its customers (see page 223). For this reason, each brand has specific programs in place to help maintain preferential relationships with dealers, enabling them to offer customers the best service possible. This contributes to their growth, making the dealer network stronger and more competitive.
The final crucial aspect of the value chain is the supply chain (see page 161), since value is created in part by a supply chain that is integrated, collaborative, and safe - also in terms of preventing and managing reputational risk.

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

- customer management aims for zero loss of customer data (see page 140)
- product development aims to develop technologies and identify fuels that can contribute to achieving zero product impact on the environment (see page 152)
- World Class Manufacturing seeks to eliminate all types of waste and loss (see page 176)
- occupational health and safety aims to achieve zero accidents, which reflects the effectiveness of preventive and protective measures (see page 80)
- quality aims for zero defects (see page 158).

Both these material topics, value chain management and innovation-to-zero, relate to the 3 megatrends identified: they mitigate the negative impact of *climate change* and *food scarcity and food security*, and are an effective means of boosting the positive impact of *the innovative and digital world* (see page 244).
The main principles that drive CNH Industrial in doing business sustainably across the entire value chain are included in the Code of Conduct (see page 53), and consist in selecting suppliers fairly and equitably, delivering the highest value possible to its customers, and developing and implementing innovative technical solutions to minimize the environmental impact of its products and maximize safety.
In terms of processes, CNH Industrial is committed to continuously improving the environmental performance of its operations by developing effective systems that reduce environmental impacts and optimize the use of resources.
The effectiveness of value chain management and innovation-to-zero is ensured by specific KPIs, published in the Sustainability Report. For accountability, objectives, and projects related to these material topics, refer to the respective sections in the Report.
Sustainability principles drive CNH Industrial's operations, and this creates sustainable value along the entire chain, as underlined in the CNH Industrial Sustainability Model (see page 19).

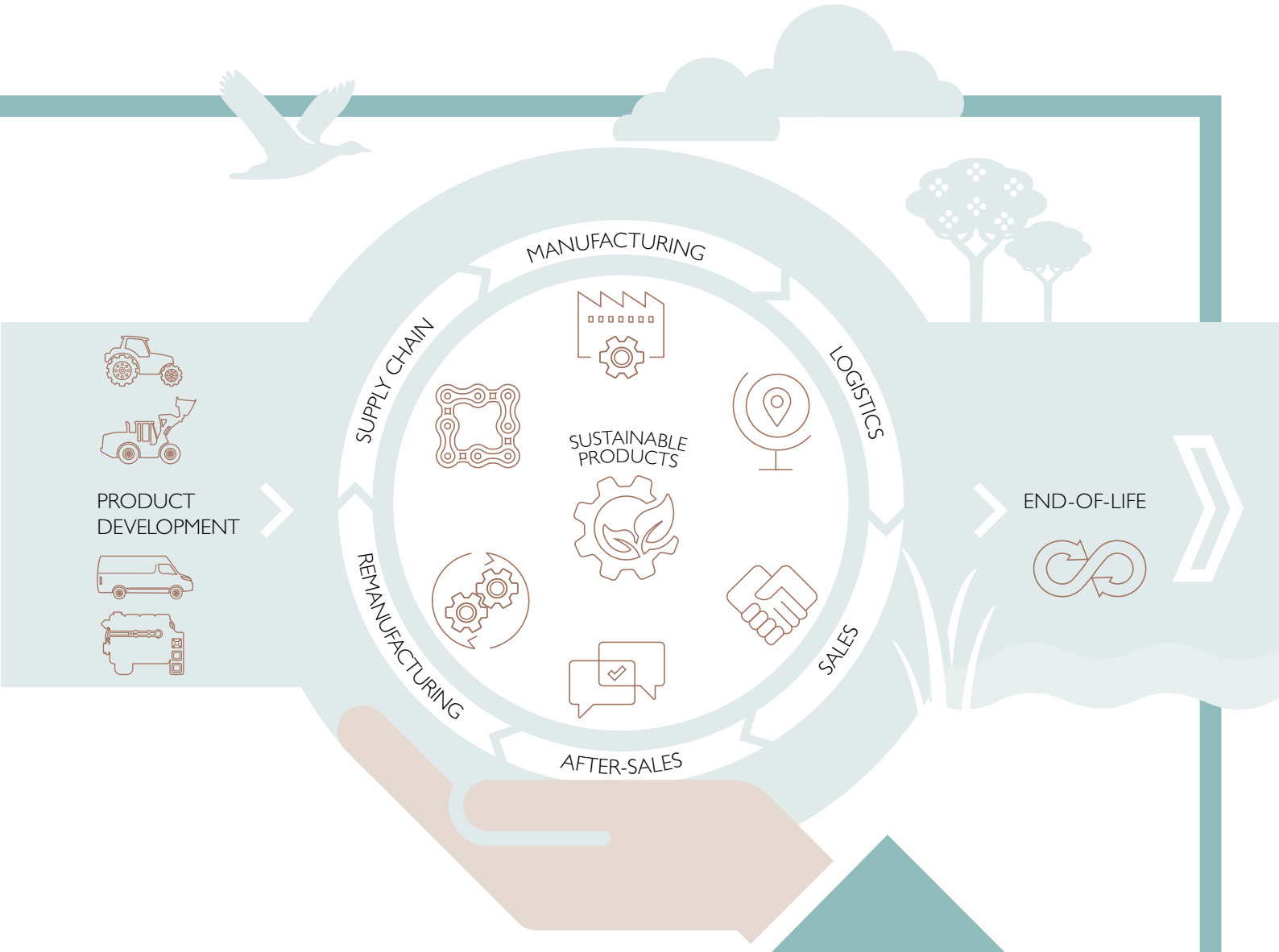
GRI STANDARDS

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

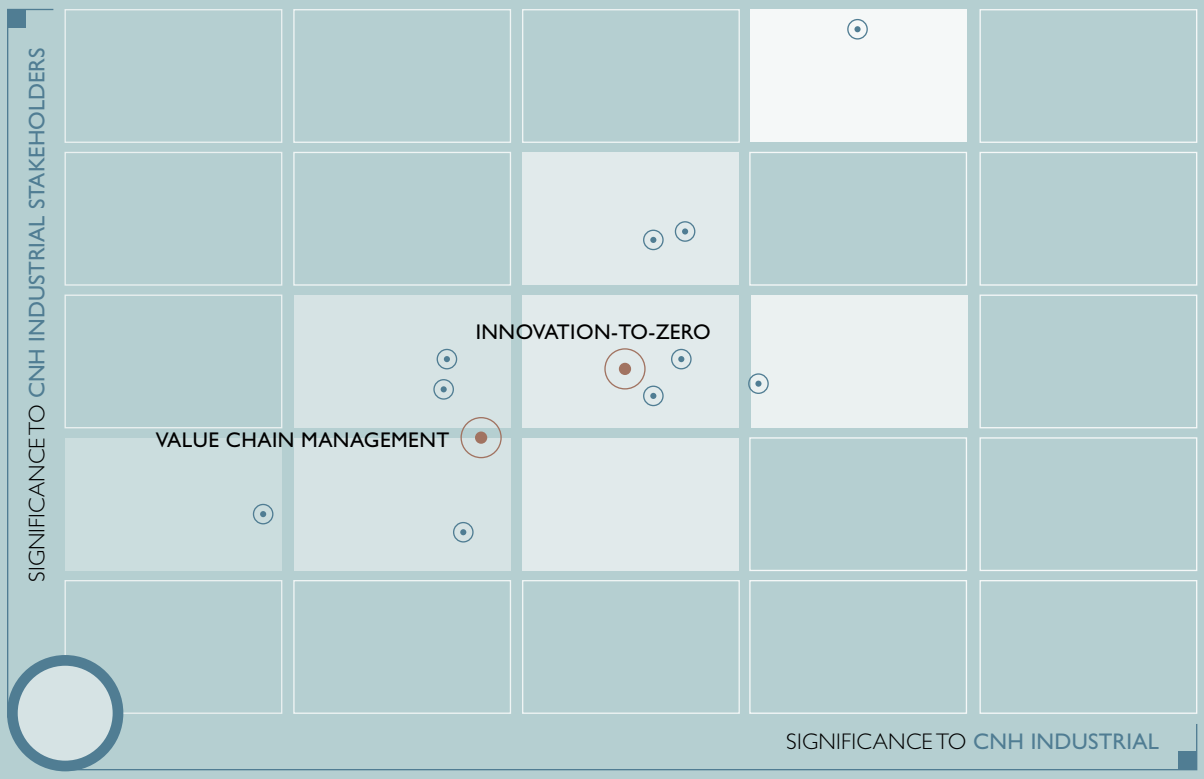
INNOVATION

CUSTOMER NEEDS → BRAND VISION → PRODUCT CONCEPT

	MEETING CUSTOMER EXPECTATIONS	INNOVATION AND PRODUCT DEVELOPMENT	SUPPLY CHAIN	MANUFACTURING PROCESSES
MATERIAL TOPICS	› Innovation-to-zero › Value chain management	› Circular product life cycle › CO_2 and other air emissions › Innovation-to-zero › Self-sustaining food systems › Autonomous vehicles and connectivity	› CO_2 and other air emissions › Value chain management	› Renewable energy › CO_2 and other air emissions › Innovation-to-zero › Water and waste efficiency
LONG-TERM TARGETS		› -5% (year-on-year) in volume of both Product Improvement Programs (PIPs) and warranty claims per unit › 2020: autonomous technology development and implementation on self-propelled vehicles	› 2022: monitoring of CO_2 emissions of 100% of key suppliers › 2022: sustainability self-evaluation of 100% of Tier 1 suppliers	› 2020: 50% of total electricity consumption derived from renewable sources › 2022: -20% vs. 2014 in CO_2 emissions per production unit › 2022: -14% vs. 2014 in VOC emissions per square meter
SDGs		12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION	12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION	12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION



LOGISTICS PROCESSES	SUSTAINABLE PRODUCTS	SALES AND AFTER-SALES	END-OF-LIFE
› CO_2 and other air emissions › Value chain management	› Circular product life cycle › CO_2 and other air emissions › Innovation-to-zero › Self-sustaining food systems › Autonomous vehicles and connectivity	› Value chain management	› Circular product life cycle
› 2022: -18% vs. 2014 in kg of CO_2 emissions per ton of goods transported (inbound, outbound, and spare parts)	› 2022: development of next-generation engines running on CNG, LNG, and LPG, and compatible with biomethane and H_2 blends, to further improve CO_2 emissions and TCO › 2022: up to +25% vs. 2015 in field productivity by expanding data management and control systems for harvesting, tractors, and crop production › 2022: distribution of new alternative-fuel tractors (methane and propane)		› 2022: 10% of Parts & Services' net sales from remanufactured components
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	2 ZERO HUNGER 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION		12 RESPONSIBLE CONSUMPTION AND PRODUCTION



MEETING CUSTOMER EXPECTATIONS

Material topics described in this chapter (for definitions see page 245).

MANAGEMENT FRAMEWORK

Customers are part of CNH Industrial's value chain, which is an important material topic for both the Company and its stakeholders.
Customers use CNH Industrial products in their daily work and therefore, in order to enhance productivity, they need practical advice on the best purchasing options, the right amount to invest, and which products meet their business needs. CNH Industrial 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.
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.

Value chain management is a material topic and relates to the 2 megatrends *climate change* and *food scarcity* and *food security* (see page 244), since their negative impacts can be mitigated by well-designed products and their effective use by customers.
CNH Industrial's commitment to its customers is a cornerstone of its Code of Conduct, which states that the Company and all its executives, managers, and employees shall strive to meet and exceed customer expectations, while continually improving the quality of the Company's products and services.
Moreover, as stated in the Company's Data Privacy Policy, CNH Industrial strives to protect values such as confidentiality and personal data protection rights, in compliance with applicable laws.

Each brand is responsible for managing customer relations and for defining the respective 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 Council (GEC). Through the brands, this function provides the services required to implement defined customer strategies and policies.
The Company continually monitors results and customer satisfaction levels, inviting every recipient of customer assistance to participate in follow-up surveys (see pages 227-228).

An operational grievance mechanism, the Compliance Helpline, is available to CNH Industrial customers to report potential violations of corporate policies, the Code of Conduct, or applicable laws (see page 56).

In 2017, CNH Industrial participated in the EcoVadis Corporate Social Responsibility (CSR) assessment of how effectively a company has integrated the principles of CSR into its business and management system. The analysis covers 4 themes: environment, social, ethics, and supply chain. CNH Industrial attained Gold Level, the highest level of CSR performance, ranking among the top 5% of companies for this benchmark.

GRI STANDARDS

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

CUSTOMER ENGAGEMENT

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

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

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

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

TRANSPARENT COMMUNICATION

CNH Industrial recognizes that advertising must be truthful and transparent, and advocates positive and responsible values and conduct across all forms of communication. In 2017, no significant final rulings[1] (see page 65) 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.

CUSTOMER FEEDBACK PROCESS

The Market Research Department manages CNH Industrial's market research projects worldwide. It defines the objectives of each assignment in collaboration with internal customers (mainly Marketing and Product Development), and achieves them by applying dedicated methodologies to collect customer feedback and suggestions. The approaches used include in-depth interviews, focus groups, telephone interviews, web surveys, 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.

(1) Significant final rulings are defined as having, individually, an adverse material effect on the Company.

GRI STANDARDS

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

A NEW CUSTOMER CENTER

In 2017, CNH Industrial opened its new Customer Center at the CNH Industrial Village in Turin (Italy). The Center provides support to 48 EMEA countries in 34 languages and handles approximately 3 million contacts a year via the many channels available to the brands' customers: phone, email, apps, and online.

In addition to the operational teams managing the Sales, After-Sales, and Customer Experience services, the new Center features an innovative Customer Control Room, conceived to enhance the monitoring of vehicles connected via on-board telematics devices by broadening the monitoring of the services activated by each customer. This enables timely assistance in the event of vehicle downtime, coordinated via the service network.

The Customer Control Room reflects the Company's customer care vision as it enhances customer support by moving from a reactive service, i.e., able to respond to an issue as rapidly as possible, to a proactive one. Currently available for the new IVECO Stralis, the Control Room's new systems can monitor and analyze information processed by on-board electronic units and sent to the Control Room telematically. The analysis of this data provides information on vehicle status. Using specific algorithms, the data allows to identify potential malfunctions and to intervene by promptly alerting customers before any serious issue or breakdown occurs.

These innovative systems are paired with other real-time monitoring tools, such as those for monitoring vehicles currently broken down across Europe.

Finally, new smartphone apps allow collecting and analyzing customer feedback on the services received.

FOCUS ON

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
- brand perception and positioning.

A CONNECTED FUTURE

Since the Internet of Things (IoT) has opened up a new world of connectivity to CNH Industrial's segments, the Company's Precision Solutions and Telematics unit has been working closely with ICT Connected Services to streamline the integration and optimize the implementation of new technologies, and thus develop a range of services relevant to customers. One example is the CNH Industrial Service Delivery Platform – the Company's own 'cloud' – that provides access to specific services and stores operational data for all connected machines, delivering the following benefits:

- in agriculture, the real-time data acquired can be analyzed for better informed decision-making
- in construction, the idle-time monitoring feature enables fleet managers to detect inefficiencies caused by excessive idling and redeploy machines, enhancing productivity and reducing emissions
- IVECO customers have access to innovative artificial-intelligence algorithms to reduce fuel consumption by up to 15%, as well as the carbon footprint and total cost of ownership.

OUR PROJECT

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 that 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 World Class Manufacturing (WCM) management system was implemented at 15 plants present in these markets, whilst ensuring the management of certain aspects according to 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 WCM program (see page 176). In parallel, the Company also promotes or actively participates in projects (such as youth training) aimed at developing local communities (see page 116), 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 aligned as closely as possible to customer requirements; therefore, when necessary, some product lines are modified or entirely redesigned on site to better meet local customer needs.
To this end, CNH Industrial has set up research centers in China, India, South Africa, and Brazil that actively participate in knowledge development and technology dissemination within the Company. These Research and Development (R&D) centers support local talent hiring as well as knowledge sharing, mainly through web platforms and IT systems.

(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 2017.*

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.

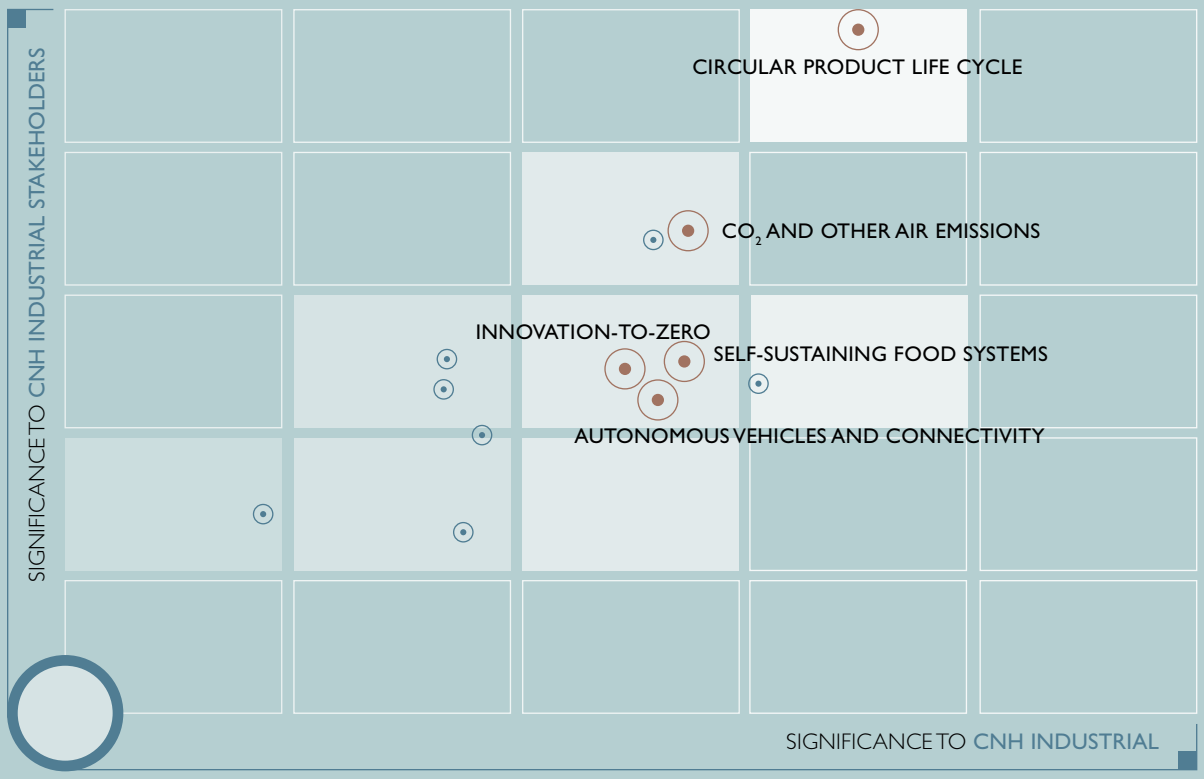
In 2017, for the third year running, CNH Industrial was included in the prestigious annual ranking of the 150 most innovative companies in Brazil: *Inovação Brasil 2017*, compiled by the *Valor Econômico* financial newspaper in partnership with Strategy&, ranked CNH Industrial 5th in the *Automotiva e veículos de grande porte* (automotive and large vehicles) category, and 54th overall.

In 2017, CASE Construction Equipment unveiled the 770EX OL Only Loader. The new loader is powered by an FPT Industrial 3.9-liter 4-cylinder S8000 engine with a mechanical injection system, and was customized for the Indian market at the Pithampur R&D Center. It delivers powerful performance and fast response coupled with 5% better productivity and up to 10% fuel savings versus comparable products on the market. It was re-engineered to deliver higher loader-lift capacity, and the power shuttle transmission provides 4 forward and 4 reverse speeds. The hydraulically shifted clutches allow the operator to change both direction and travel speed on the go, while the control valves ensure shifts are smooth and precise. The new single-piece engine hood ensures outstanding maintenance and serviceability access, while the vehicle's overall layout delivers simple and rapid ground-level access to all daily service points.
For enhanced operator comfort, the 770EX OL has a redesigned, spacious cab featuring a large buddy seat, storage compartments, mobile charger, document holder, bottle holder, radio, and more. Large glazed windows provide outstanding all-round visibility and improved air ventilation for the operator.
The 770EX OL's performance and efficiency is further enhanced by a telematics system that combines internet, cellular, and GPS technologies to monitor details such as the vehicle's real-time location, operating hours, and cumulative hours, and that sends a text alert when maintenance is required.
The launch of the 770EX OL marked 60 years since CASE Construction Equipment introduced its landmark Model 320, the industry's first factory-integrated tractor loader/backhoe, back in 1957.

TOP-RANKING PERFORMANCE AND CUSTOMER SERVICE IN INDIA

The *2017 India Tractor Product Performance Index (PPI) Study*SM, the annual customer survey by global market research company J.D. Power, awarded New Holland Agriculture the highest score in the 31-40 hp and 41-50 hp segments. The brand also came top, for the second time, in the *2017 India Tractor Customer Service Index (CSI) Study*SM with a robust 74-point increase on 2016. It previously won top place in the first CSI study in 2015.
The study measures satisfaction with tractor performance and with quality and reliability among owners of 12-month and 24-month old tractors, across 4 horsepower segments. The survey revealed an overall 20% increase in owner satisfaction with tractor performance compared to last year.
CNH Industrial operates a manufacturing plant and R&D center in Greater Noida, where it produces New Holland tractors, engines, and components. The plant serves the domestic market as well as exporting to more than 100 countries. New Holland Agriculture holds the market leading position in small square balers, as well as offering tractors, hay and forage equipment, planters, sprayers, and tillage implements. CNH Industrial also has a presence in India with its Case IH brand, the country's market leader in sugarcane harvesters, which are assembled at its manufacturing and R&D center in Pune. With these two brands, CNH Industrial covers the entire agricultural production cycle, as well as offering a range of specialist equipment.

FOCUS ON



INNOVATION AND PRODUCT DEVELOPMENT

Material topics described in this chapter (for definitions see page 245).

MANAGEMENT FRAMEWORK

CNH Industrial's priority is to deliver products that best meet its customers' needs. At the core of the Company are innovation and product development, which respond to customer requirements, in line with each brand's vision, by providing a continuously improving range of new products.

At CNH Industrial, R&D and product development adopt an **innovation-to-zero** approach, developing technologies and identifying fuels that can contribute to achieving zero product impact on the environment and zero defects. Efforts to minimize fuel consumption and **CO_2 and other air emissions** and to maximize efficiency and promote a **circular product life cycle** are pivotal to meeting the Company's commitment to the sustainability of its products. Furthermore, CNH Industrial closely monitors the new technologies underlying **autonomous vehicles and connectivity**, while the Agricultural Equipment segment is strongly committed to offering **self-sustaining food systems** that help optimize crop yield.

All of the aforementioned material topics relate to the 3 megatrends identified (see page 244): they mitigate the negative impact of *climate change* and *food scarcity and food security*, whereas the *innovative and digital world* can facilitate the diffusion of both self-sustaining food systems and autonomous vehicles.

As stated in the Company's Code of Conduct and in its Environmental Policy (see page 53), CNH Industrial is committed to producing and selling, in full compliance with legal and regulatory requirements, products of the highest standard in terms of environmental and safety performance.

All Research and Development (R&D) and product conception and design activities are overseen by the 4 Product Segments, the heads of which are members of the Group Executive Council (see page 48), and are managed through the processes of Innovation and of Global Product Development.

Both processes rely on established procedures to assess the effectiveness of the management and monitoring of Key Performance Indicators (KPIs), and are common to all brands across all Regions, including Emerging Markets.

Starting from 2017, the Agricultural Equipment and Construction Equipment Product Development function adopted a new product innovation governance process, aligned with the material topics. The key sustainability targets and goals were integrated into the Product Innovation roadmaps and included as individual goals in the Performance and Leadership Management system (see page 88), and are set out in the Sustainability Plan (see pages 36-38).

Several grievance mechanisms are available to CNH Industrial stakeholders, including the Compliance Helpline, an operational tool that enables employees to report potential violations of corporate policies, the Code of Conduct, or applicable laws (see page 56).

INNOVATION

In 2017, CNH Industrial's Research and Development (R&D) expenditure reached $957 million, or 3.6% of the Company's net sales from industrial operations. R&D activities involved approximately 5,900 employees at 53 centers worldwide, of which approximately 900 were in 12 R&D centers in Emerging Markets.

RESEARCH AND DEVELOPMENT HIGHLIGHTS

CNH INDUSTRIAL WORLDWIDE

	2017	2016	2015
Research centers (no.)	**53**	49	50
of which in Emerging Markets	**12**	10	10
R&D employees (no.)	**5,891**	5,922	5,968
R&D spending ($million)	**957**	860	856
R&D spending as % of sales[a]	**3.6**	3.6	3.5

[(a)] *Includes only net sales from industrial operations ($26,290 million in 2017).*

GRI STANDARDS

GRI 103-2; GRI 103-3

INNOVATION PROCESS

CNH Industrial manages its portfolio of Research and Development (R&D) themes through a structured, measurable, and clearly-defined methodology consistent across the Company, aimed at fully aligning customers' future product needs with the actions required to most effectively meet those needs.
The innovation process is closely linked to other important activities, such as R&D, market research, and product planning. The main stages of R&D innovation include:

- definition of the technologies to be developed (road mapping)
- selection of R&D themes
- analysis of past successes and failures
- diagnosis of engineering areas of competence
- feasibility study
- activity planning
- activity development through the Innovation Projects Development process
- release to the Product Development phase.

Once R&D themes have been selected, based on priorities and on available skills and expertise, CNH Industrial often collaborates on basic research through ad hoc partnerships with research centers and universities (see page 268). For highly strategic projects, on the other hand, the core research is developed by the relevant internal segments themselves. The Company's R&D activities focus on 3 main areas: decarbonization, automated driving, and connectivity and data management.
CNH Industrial's innovation strategy is based on a fully integrated product development program revolving around 3 main areas of expertise: virtual development, basic technology evolution, and integrated modelling. 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 clear picture of energy management optimization of the final product as a whole.

CNH Industrial's Innovation Projects Development process refers to applied research and consists of 9 clear-cut steps, grouped into 3 overall macro-phases: concept, innovation, and advanced engineering.
The **Concept phase**, the first in the Innovation process, is the most creative and is left deliberately unstructured. It mainly focuses on concept and development, and on the assessment of one or more technologies and their potential. At this stage, collaborations are established with companies of excellence, i.e., potential partners for current or future projects, and activities include technology scouting, benchmarking, and customer development trend-analysis to identify needs and opportunities for improvement and enhancement. This phase also encompasses the creative ideas submitted through the Open Innovation tools. Any idea suggested during the Concept phase is evaluated by a group of experts; in the event of a positive outcome, it becomes an innovation project and moves on to the next phase.

The initial feasibility study continues throughout all 4 steps of the **Innovation phase**, at the end of which the product must meet every technical requirement to move forward, or the project is discontinued. During the **Advanced Engineering** or **Pre-Development 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 part of the Innovation phase: if economic requirements are unmet, the project is discontinued; if they are met, the project is handed over to the Product Development platform for execution.

INTELLECTUAL PROPERTY

Intellectual Property Rights (IPR) are strategic, intangible assets actively protected by CNH Industrial. The Company's Intellectual Property (IP) team, which is part of the Legal Department, is responsible for:

- creating IPR awareness amongst Company employees
- prompting engineers and developers to share their innovative ideas with the IP Department
- filing and updating applications for new patents and trademarks
- managing the existing portfolio of registered patents and trademarks
- monitoring potential infringements of the Company's patents and trademarks by competitors or other third parties
- defending the Company's interests in IP conflicts
- ensuring that the Company does not infringe patents or trademarks of third parties.

The IP team is also actively involved in the product development process, conducting patentability and freedom-to-operate reviews at a variety of mandatory stages throughout the process itself. As an additional safeguard against potential infringement, CNH Industrial also relies on external specialists who provide periodic updates on competitors' published applications and patents.

+14%
IN ACTIVE PATENTS OWNED

INTELLECTUAL PROPERTY

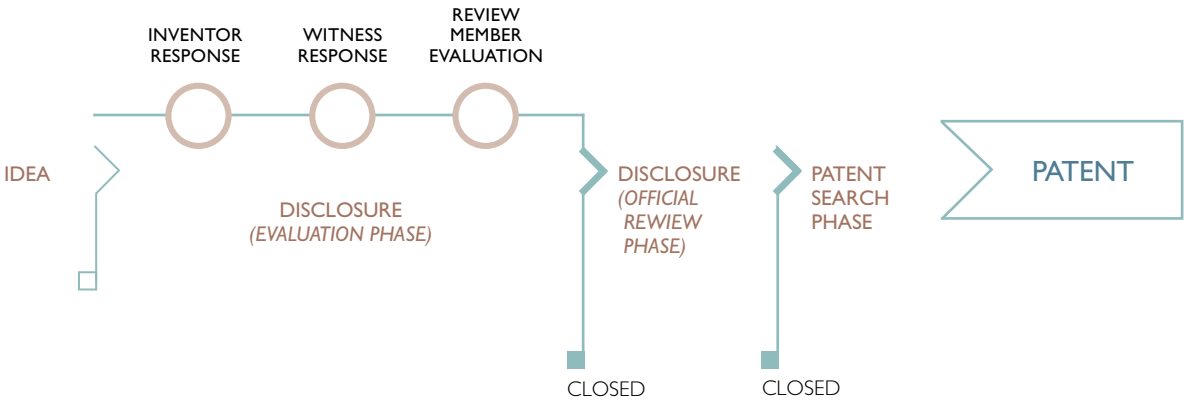
CNH INDUSTRIAL WORLDWIDE (no.)

	2017	2016	2015
Active patents	**9,629**	8,463	7,719
of which registered during the year	**2,004**	1,134	847
R&D employees' patents pending	**4,036**	3,743	3,519
of which filed during the year	**1,379**	1,227	971
New disclosures on Innovation Portal	**770**	850	831

In order to manage the wealth of innovative ideas generated inside the organization, the Company created an Innovation Portal accessible to all employees working in technology-related areas: these are the people who conceive, design, and build CNH Industrial products, and who often have ideas to further improve their quality and performance. The secure and user-friendly Innovation Portal (accessible from any workstation worldwide) provides an ideal channel for converting these ideas into disclosures, which may eventually lead to patents. Given the significant value-creating potential of these internally-generated ideas, the Company has set up a Patent Award Program to reward inventors whose ideas are successfully patented.

The Innovation Portal is managed by the IP team, with the support of product-specific Review Teams for the technical evaluation of new ideas. Each Review Team consists of internal personnel actively involved in all key aspects of the product, including engineering, manufacturing, marketing, testing, etc.

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 2017, 770 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.

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 currently engaged in research projects on decarbonization, automated driving, and connectivity and data management.

(1) *For the complete list of universities, see the table on pages 268-271.*

THE GASTONE PROJECT

The *GASTone* project, co-funded by the European Union and concluded in 2017, involved the building of a new powertrain concept design for a compressed natural gas (CNG) engine, in which the systems for energy recovery, storage, and re-use were fully integrated with the engine system and control strategies.
The concept design centered on 3 main aspects:

- the recovery of energy from exhaust heat via an energy cascading approach, by using an advanced thermoelectric generator and a turbo-generator
- the integration of a smart kinetic energy recovery system to replace the alternator and generate electricity during deceleration, which improves engine efficiency
- the re-use of energy generated by the electrification of the main auxiliaries (coolant and oil pumps, auxiliary e-supercharger, and air conditioning compressor).

These 3 aspects were incorporated into a Cursor NG engine (natural gas-powered), integrated into the control system, and calibrated. The engine then underwent bench testing using the ACEA[a] long-haul driving cycle, demonstrating overall fuel savings of 2%.

[a] The European Automobile Manufacturers' Association (Association des Constructeurs Européens d'Automobiles).

DRIVING TOWARDS AUTONOMOUS VEHICLES

As evidenced in the Materiality Matrix, **autonomous vehicles and connectivity** is one of the key material topics for CNH Industrial and its stakeholders due to the potential impact of these themes on external stakeholders (the value chain, customers, the environment). Indeed, they could radically change product use by the customer, and the product's impact on the environment during use.

For CNH Industrial, this topic is an area for future business development, and the Company therefore considers it strategic to monitor the associated technologies.
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, namely:

- *climate change*, because autonomous vehicles can significantly reduce fuel consumption and air emissions
- the *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).

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 position location.
Given the relevance of this topic to CNH Industrial, the Company set a long-term target to develop and implement autonomous technology in self-propelled vehicles by 2020. The first applications are likely to be in agriculture, where there are fewer variables to manage and fewer regulations compared to the automotive sector.

AUTONOMOUS TRACTORS

In 2016, CNH Industrial gave the public a glimpse of what the future of agriculture may hold, with a preview of its autonomous concept tractor technology at the *Farm Progress Show* in Boone (USA). The Company presented 2 models at the Case IH and New Holland Agriculture stands, respectively: an entirely cabless Case IH Magnum concept tractor, and a New Holland T8 NH$^{\text{Drive™}}$ concept tractor featuring a cab for ultimate operational flexibility and easily transferable autonomous technology. In 2017, New Holland Agriculture also previewed this autonomous technology on the T7 Heavy Duty tractor to demonstrate its ease of transfer across the brand's family of tractor models.

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 Agriculture 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
- task selection
- 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 tools 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. Moreover, 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 from the driving seat of a combine harvester or tractor, and monitor operations and change 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 key concept of truck platooning is the development of an autonomous driving system that enables 2 or more trucks to link in a convoy and travel closely in line at a set distance, using wireless connectivity and automated driving support systems. All trucks automatically replicate 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 economy and the efficiency of freight transport logistics by reducing distances between vehicles and minimizing aerodynamic drag, ultimately reducing environmental impact. It also improves road safety by reducing driver fatigue and cutting accidents caused by human error, such as sudden braking or lane departure. A driver is in any case present and ready to intervene in the event of failure.

Truck platooning is part of an integrated industry approach to reduce road transport CO_2 emissions. A decisive role is played not only by the vehicle itself and the trailer, but also by the use of alternative fuels, logistics, infrastructure, and intelligent transport systems (of which platooning is one example). Moreover, as the lead vehicle optimizes its driving style, the rest of the convoy adopts the same strategy, reducing fuel consumption and consequently cutting CO_2 emissions by up to 10%.

For autonomous vehicles to work effectively, 2 forms of communication need to be developed: vehicle-to-vehicle (V2V) and vehicle-to-infrastructure (V2I).
The *C-ROADS ITALY* project was launched in 2017 as part of the European *C-ROADS Platform* to develop V2I communication. The Platform brings together the national *C-ROADS* projects of the various member states that are working toward implementing the Cooperative Intelligent Transport Systems (C-ITS). The aim of the *C-ROADS Platform* is to define functional, technical, and organizational requirements to make C-ITS services interoperable and standardized across all national pilot projects.
C-ITS pilot sites will be set up in 16 countries to test and then make available the Day 1 services[2] and, subsequently, Day 1.5 services, as defined by the European Commission's C-ITS platform. Investments will be made in each national *C-ROADS* project to ensure that road infrastructure is upgraded for the provision of Day 1 services and vehicle data exchange (V2I). At the same time, some industry players, such as car manufacturers and telephone operators, will be involved in field testing components for data exchange and related services. Specifically, the *C-ROADS ITALY* pilot project will include the testing of certain Day 1 services, of truck platooning for heavy goods vehicles, and of autonomous driverless cars (Highway Chauffeur) under real traffic conditions.

[2] *A list of commonly agreed C-ITS services for deployment across the EU.*

PRODUCT DEVELOPMENT

The environmental impact of a product throughout its life cycle is evaluated using appropriate tools such as Life Cycle Assessment (LCA), among others. Since a product's impact on the environment is greatest during use, improving product performance (in terms of optimizing fuel consumption, energy efficiency, durability, and length of intervals between maintenance cycles) helps reduce its environmental impact, as well as the Total Cost of Ownership (TCO). For this reason, during the design phase, CNH Industrial promotes the creation of more eco-friendly products by:

- reducing CO_2 and other polluting emissions
- eliminating the presence of regulated substances
- aiming at higher efficiency during use
- lengthening the intervals between maintenance cycles
- reducing noise emissions
- using materials and components that are easily recoverable or recyclable
- selecting easy-to-dismantle components that can be remanufactured.

CNH Industrial is committed to reducing or eliminating **regulated substances**, which pose a potential risk to human health and the environment, from its products and its manufacturing operations.
There are a growing number of laws that restrict or prohibit the presence of designated regulated substances in products placed on the market. Under certain of these laws, such as EU Regulation No. 1907/2006 (so called REACH Regulation – Registration, Evaluation, Authorization and restriction of CHemical Substances), the Company has to collect from its supply chain detailed information with respect to the individual substances contained in its parts and whole goods. As the Company's supply chain may be as many as ten layers deep, collection of the required information requires the cooperation of many third parties.
CNH Industrial has been actively involved in trade associations that have coordinated meetings of industry participants to evaluate software systems to facilitate the collection and management of such information across common supply chains. In addition, CNH Industrial has been actively involved in supplier outreach efforts in order to, among other things, educate the suppliers on these legal requirements, share with such suppliers the approach being taken by CNH Industrial, and solicit feedback from the suppliers on how the approach can be improved.
CNH Industrial has also modified its supplier terms and conditions to require suppliers to provide CNH Industrial with information necessary to comply with such regulated substances laws. As part of the Production Part Approval Process, parts will not be approved for production unless the applicable supplier has provided to CNH Industrial all required regulatory information.

Although CNH Industrial does not always purchase **raw materials** directly (with the exception of steel used for direct processing), it constantly monitors their overall consumption.
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.

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 (see page 80), and environmental safety (noise and engine emissions).
With regard to safety, the design phase takes into account several aspects of operational functionality, including:

- operating instructions and information (Operator's Manuals, see page 157)
- applicable regulations and/or standards
- limits of intended use
- operator experience
- operator training
- working conditions
- physical properties of the vehicle.

An essential step in any indexed safety risk assessment is the systematic identification of potential hazards and hazardous events for all types and phases of use, such as assembly and set-up, preparation for use, installation and removal of tools and accessories, on-road use, in-field use, use during transportation, blockage clearing, cleaning, service, and maintenance.

WORLD CLASS ENGINEERING

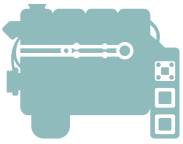
In 2017, CNH Industrial looked into the feasibility of extending the World Class Manufacturing (WCM) approach to one of its most strategic areas, Product Development.
The World Class Engineering (WCE) system follows the structure of the WCM, although its contents are completely different in nature. It consists of 10 technical pillars and 10 management pillars and entails the application of an audit system (including the same awards as the WCM system) to track implementation maturity. Each pillar has a well-defined, clear objective, and consists of 7 phases.
The 10 WCE technical pillars are:

- Market Research
- Innovation
- Product Planning
- Product Development Process Management
- Design
- Cost Deployment
- Support Engineering
- Knowledge Management
- People Development
- Office Environment for Creative Work.

The WCE methodology is currently being tested in the Commercial Vehicles Light Range segment, with a first audit expected to take place in 2018.

FOCUS ON

LIFE CYCLE ASSESSMENT



In 2014, FPT Industrial launched a pilot project at the Foggia plant (Italy) for the Life Cycle Assessment (LCA) of the 3-liter F1C engine for light commercial vehicles. The goal was to quantify the engine's environmental impact in terms of CO_2 emissions along the entire process chain, from raw materials to final engine disposal. The 3-liter F1C engine was ISO/TS 14067 certified in 2014; the process for certification renewal for the next 3-year period is underway and will be completed in the first half of 2018.

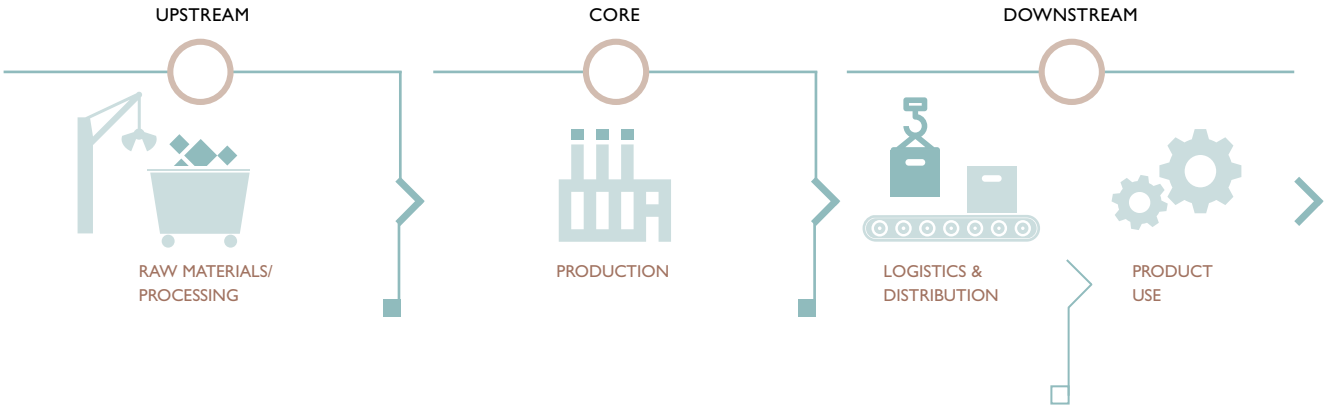
Building on the experience gained from this initial project and the information collected and processed, FPT Industrial joined forces with an external company to develop a software tool known as the Life Cycle - Environment Management System (LC-EMS). This tool estimates the CO_2 impact of production plants from a life cycle perspective, as required by the ISO 14001:2015 standard. It is currently implemented at the plants in:

- Bourbon Lancy (France) - Cursor Engine
- Torino Motori (Italy) - NEF Engine
- Torino Driveline (Italy) - transmissions and axles.

The LC-EMS measures CO_2 emissions over the 3 distinct stages of the product's life cycle:

- upstream: the procurement of materials, from extracting raw materials to building the components required for product manufacturing at each plant (e.g., crankcases)
- core: the operations carried out at the plant in the manufacture of FPT products (e.g., engines)
- downstream: distribution, product use, and end-of-life.

LC-EMS TOOL



The software requires each plant and platform function to jointly compile, each for their respective areas, 3 datasheets, one for each life-cycle stage. For the upstream stage, the software mainly uses CO_2 emissions values taken from data reported in the literature. For the core stage, each plant enters its actual data on the annual consumption of energy, water, chemicals and other materials, and on its direct emissions and waste disposal. The platform function, on the other hand, provides product data for the downstream stage: fuel consumption, specific emissions, and average life-cycle mileage.
The data processed by the software allows CO_2 trends to be analyzed during all stages, in particular during product and process design.

The LC-EMS tool is integrated into the plants' systems that regulate their environmental aspects, which include the WCM system (see page 176), the environmental management system (see page 180), and the energy management system (see page 191).

IMPACTS COVERED BY CNH INDUSTRIAL'S ENVIRONMENTAL MANAGEMENT SYSTEMS

RESOURCE USE	ECOLOGICAL CONSEQUENCES	HUMAN HEALTH
⦿ Water depletion	⦿ Acidification	⦿ Human toxicity
	⦿ Dust & particulate matter	
	⦿ Eutrophication	
	⦿ Global warming	
	⦿ Ozone depletion	
	⦿ Photochemical ozone formation	
	⦿ Species richness	

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, each vehicle's overall impact and the specific impact of powertrain modifications. The vehicles were compared during different life-cycle stages, such as component manufacture, assembly, and product use; the end-of-life assessment was approximate because it is beyond the vehicle manufacturer's remit.

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, collaboration with the Ergonomics Department allows CNH Industrial to achieve a perfect blend between product design and an optimal end-user experience.

The Ergonomics Department focuses on:

- researching higher levels of comfort than those required by law
- improving vehicles customized for specific missions (which are often more complicated as they require more than a simple drive function)
- advancing innovative technologies already available in cars and best-in-class products.

Both Design and Ergonomics functions play an active role in many of the Global Product Development phases.

INNOVATIVE VEHICLES FOR EMERGING MARKETS

In 2017, CNH Industrial continued its ongoing commitment to promote growth and development opportunities for talented young people, and to invest in product innovation and research and development projects to build a sustainable future. During the year, the Company partnered with the Royal College of Art in London (UK), ranked as the No. 1 Art and Design College in the *QS World University Rankings*, on an initiative involving students from the college's vehicle and service design program.

About 30 students were tasked with designing and developing innovative industrial products and services to meet local needs and align with existing infrastructure in developing nations. The aim was to create a concept that could succeed in environments where capital, income, and skills may be lacking, and that had low production and maintenance costs and enabled sustainable local use. Concept designs fell under one of 4 distinct categories. The *Automark* category focused on identifying specific market needs and designing a vehicle that was simple to build, maintain, and operate, as well as able to generate brand value. The *Inside Out* category centered on identifying priorities in rescue scenarios and designing a vehicle that was simple to understand, operate, and use, while harnessing local materials. The *Urban Flow* category required students to analyze the basic requirements for the transport of passengers and goods, and to design a vehicle that could improve local people's quality of life. Lastly, for the *Service Design* category, students had to identify market opportunities to improve efficiency, and develop simple and sustainable solutions to assist end-users. A winning design was selected for each category: a compost production system for Automark; a hovercraft rescue vehicle for Inside Out; a wet and dry season transport vehicle concept for Urban Flow; and, for the Service Design category, the award went to the BUG-E modular electric cart and dedicated digital platform for rural farmers.

FOCUS ON

PRODUCT DEVELOPMENT PROCESS

At CNH Industrial, the development and launch of new products are managed through dedicated platform teams for each product class. Platform teams are responsible for the management of products' entire life cycles, from the development of new products to the maintenance of existing ones.
Each team is composed of representatives from the following functions:

- Brand – definition of market requirements, including regional variations
- Product Engineering – product design and fulfillment of technical requirements
- Product Validation – product validation and certification
- Manufacturing – planning and preparation for production
- Purchasing – management of sourcing process and procurement of parts
- Supplier Quality Engineering (SQE) as part of Purchasing – monitoring compliance of suppliers' production processes with CNH Industrial standards and requirements
- Parts and Service – management of spare parts
- Quality and Product Support – monitoring correct implementation of processes to ensure quality of final product
- Finance – monitoring budget and investment, analyzing profitability of new product programs and related activities.

Platform teams follow the standardized Global Product Development (GPD) process, which itself is subject to continuous monitoring and revision. Although its application is standardized across geographic 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, supported by the various business functions. At the end of each phase, reviews are carried out to determine if the objectives for the phase have been met. Once these objectives are achieved, the decision is made to continue to the next phase.
This approach optimizes resource planning and facilitates investment allocation and the definition of clear objectives; it also improves the ability to forecast and manage risk and, ultimately, to develop quality products. During each phase of the GPD process, the Design and Ergonomics departments work closely with each platform team to make new products more appealing and functional.
Every new product development and/or product change rigorously follows the Delegation of Authority (DOA), which defines the funding approval process. Management approval of the program depends on the overall spending level.

EARLY WARNING PHASE

The Global Product Development (GDP) process ends with the achievement of the Ok to Ship (OKTS) milestone, which authorizes the shipment of finished products to sales and service networks. The first few months thereafter are known as the Early Warning Phase, in which a specific team is appointed to focus on and quickly assess product performance by collecting feedback from the service network and internal support functions, in order to implement required improvements quickly and effectively.
This monitoring activity, which continues throughout the overall Current Product phase (see page 159), is a crucial resource for the development of new products, as the findings on the latest launches are integrated in new designs thereafter, creating a virtuous circle of continuous innovation.

PRODUCT CHANGE MANAGEMENT

Products are typically considered current 6 months after launch. The platform teams are responsible for introducing enhancements to current products by implementing action plans to achieve 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 page 224).

INFORMATION PROVIDED IN THE OPERATOR'S MANUAL

	Agricultural Equipment	Construction Equipment	Commercial Vehicles
Sourcing of components	-	-	-
Presence of substances that could impact the environment	⊙	⊙	⊙
Safe product use	⊙	⊙	⊙
Product disposal	-	-	⊙ [a]
Noise and vibration levels (as applicable)	⊙	⊙	⊙

[a] Data is published on a dedicated website for light-range vehicles in accordance with Directive 2005/64/EC (see page 233).

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 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 adoption of a quality system compliant with standards such as ISO 9001 or ISO/TS 16949 (see page 175) reflects a robust quality process and drives the continuous improvement of processes, products, and services through clear targets, responsibilities, and key performance indicators (KPIs).

Quality-related activities 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 product performance information into new product development processes (proactive approach)
- drive consistency of quality processes and methodologies across all brands and Regions
- optimize results while improving the efficiency and promptness 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 efficiency monitoring
- Supplier Quality - by striving for the flawless launch, seamless production, and quality excellence of purchased components
- Manufacturing Quality - by setting quality targets based on benchmarking and performing end-of-line audits to verify customer requirements are met
- Quality Systems - by ensuring central coordination, operational execution, and monitoring through the established methodology standards of the Company's quality management system.

Production, Manufacturing Engineering, Quality, Purchasing, and other brand functions share responsibility for the intrinsic quality of all product-related processes while promoting process improvements, flawless execution, problem solving, and sound decision-making.

In addition, Quality Control is one of the 10 technical pillars of World Class Manufacturing (see page 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 extend improvements throughout the production process.

Quality control is based on the ability to monitor and measure production quality KPIs. The Quality Assurance Matrix is one of the tools available to guide the process of identifying the most critical areas for improvement. A detected defect is proactively removed from the next step in the production process.

One of the main KPIs monitored is Customer Quality Audit results, based on the tests conducted during the auditing of products for customer usability. Another important quality indicator is Pre-Delivery Inspection, carried out prior to vehicle registration to ensure the customer receives a quality-assured product.

CURRENT PRODUCT MANAGEMENT

The first few months after finished products are shipped to sales and service networks are known as the Early Warning phase (see page 156), during which product performance is assessed as quickly as possible so that improvements can be implemented, if needed.
After this initial period, the product is treated as current and its quality control and performance monitoring continues under Current Product Management (CPM). At CNH Industrial, CPM is a systematic business process designed to maintain and improve the product throughout its entire production life. The CPM team includes representatives from Quality, Engineering, Parts, Purchasing, Manufacturing, and Brand Service, who provide resources and expertise. The team is responsible for reviewing all product information channeled to CPM from various sources, such as customer visits, dealer reports transmitted via product support tools, warranty claims, and quality reports from manufacturing units and suppliers. Any product issue reported is analyzed and managed systematically so that speedy technical resolutions can be provided to the production platforms to improve product design or fine-tune assembly methods, in order to meet customer needs and prevent recurring issues. The process is tracked using ad hoc tools.

RECALL CAMPAIGNS

The decision to launch a remedial action (including voluntary recall campaigns), also known as a Product Improvement Program (PIP), is made by the Current Product Management (CPM) team. This decision takes account of both technical factors and the impact on customers. The CPM team evaluates the safety aspects of every PIP by using tools such as Safety Risk Assessment. 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 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, it engages all the other functions that interact directly with customers, including brand organizations and dealers. During recall campaigns that require vehicle repair, CNH Industrial utilizes different programs and channels to inform customers about work to be performed on their vehicles.
The *Best Service Program*, for example, is a tool for managing campaigns that are particularly sensitive due to the 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

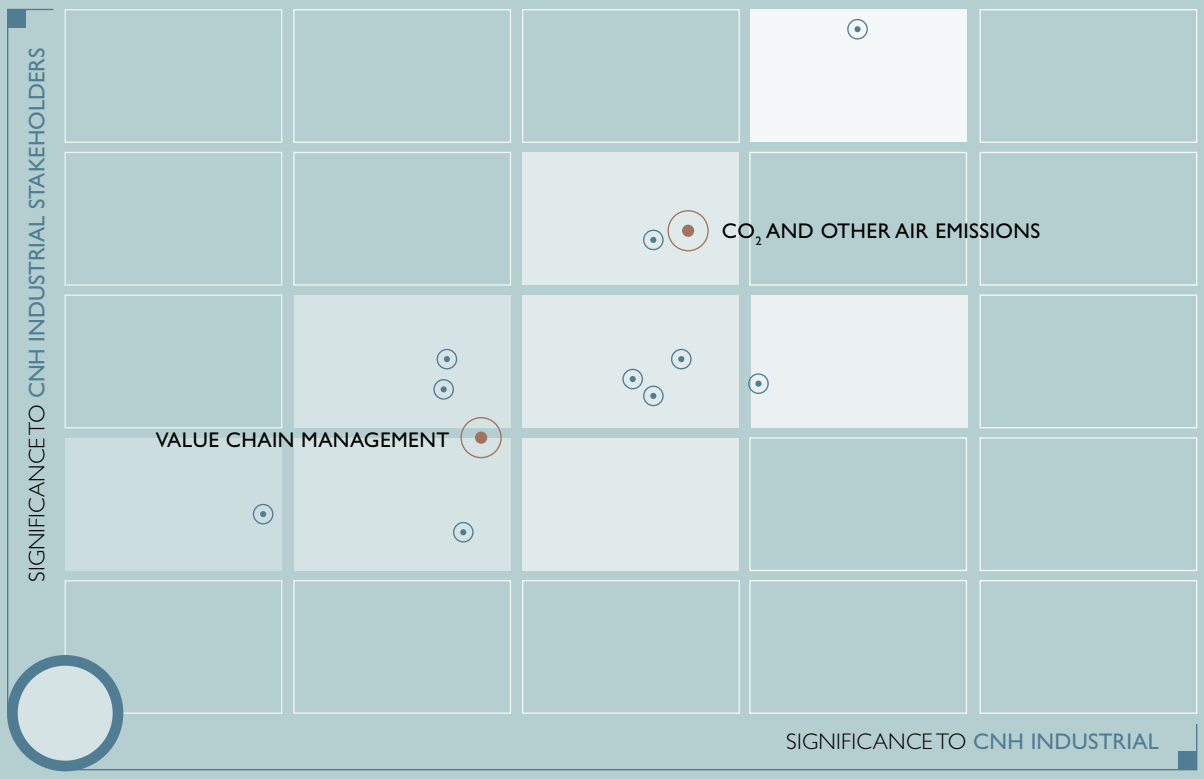
CNH INDUSTRIAL WORLDWIDE (no.)

	2017	2016	2015
Mandatory campaigns	**156**	169	171
Safety campaigns	**6**	17	10
Total	**162**	**186**	**181**

2017 RECALL CAMPAIGNS (PIPs)

CNH INDUSTRIAL WORLDWIDE (no.)

	Mandatory campaigns	Safety campaigns	Total
Agricultural Equipment products	64	4	**68**
of which units involved	19,207	5,478	**24,685**
Construction Equipment products	25	0	**25**
of which units involved	11,346	0	**11,346**
Commercial Vehicles products	67	2	**69**
of which units involved	46,363	737	**47,100**
Total Products	**156**	**6**	**162**
Total units	76,916	6,215	**83,131**



SUPPLY CHAIN

Material topics described in this chapter (for definitions see page 245).

MANAGEMENT FRAMEWORK

CNH Industrial adopts a responsible approach to the management of its entire supply chain, from small local companies to large multinational organizations, establishing relationships that go beyond commercial transactions, and fostering long-lasting and mutually satisfying collaborations with eminently qualified partners that share the Company's principles. For CNH Industrial, supply chain sustainability means looking beyond corporate boundaries, strategically and effectively promoting a sense of shared responsibility.
Advocating socially and environmentally responsible behavior across the entire supply chain is one of the Company's primary commitments, along with spreading a culture of sustainability among those Company employees who work with suppliers every day. This approach goes hand in hand with the other priorities at the heart of supply chain management: quality, price, and lead times.

As evidenced by the results of the materiality analysis, **value chain management** is a material topic for CNH Industrial and stakeholders alike. Relationships based on open dialogue and collaboration increase efficiency, improve quality, foster innovation, and encourage a shared commitment to sustainability targets, creating undeniable mutual benefits. Furthermore, promoting and monitoring high standards of sustainability fosters long-term relationships with suppliers in the interest of both parties, as it reduces potential risks, ensures continuity of supply, and improves overall sustainability along the entire supply chain, mitigating reputational risk and any potential damage to the Company's credibility. Another material topic to emerge from the materiality analysis that affects the supply chain is **CO_2 and other air emissions**. Therefore, reducing CO_2 emissions across the supply chain and beyond Company activities is equally important to both CNH Industrial 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 best solutions to improve equipment productivity
- *the 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 pages 38-39); their progress is regularly monitored by the Suppliers Sustainability Compliance Committee in order to implement any corrective actions deemed necessary. The long-term improvement targets set in 2017 aim to increase both CO_2 monitoring within the supply chain and the coverage of sustainability assessments (see pages 38-39). The targets and results achieved are communicated to stakeholders via the Sustainability Report and the Company's website. Management effectiveness is measured through periodic benchmarking against the main competitors and leading sustainability companies, and through rating agency assessments on sustainability issues. The results of these assessments are the starting point for improvement measures.

CNH Industrial purchases are managed by the Purchasing function, which operates globally through dedicated structures in EMEA, 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 has in the industry. The highest responsibility for CNH Industrial's supply chain management initiatives lies with the Group Executive Council (GEC). Moreover, the Company's Suppliers Sustainability Compliance Committee, established in 2015, is responsible for monitoring suppliers' compliance with the Supplier Code of Conduct and their sustainability assessment process (see page 49).
In 2017, supply chain management improvement targets were included in the Performance and Leadership Management system (see page 88) for most managers of projects included in the Sustainability Plan.

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. It is available on the corporate website in 8 languages and is 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 (including energy and water) 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.

The Supplier Code of Conduct applies to the entire supply chain, with 100% coverage and written acknowledgement from 100% of suppliers, as required by contract (see page 165).
As highlighted in the Supplier Code of Conduct, all suppliers must work with CNH Industrial to enforce the Code itself, and are required to transfer its principles to their employees, subsidiaries, affiliates, and subcontractors. CNH Industrial is committed to fostering long-term partnerships with its suppliers, through specific tools and periodic workshops designed to achieve a smooth integration between the respective business cultures and processes, in order to work jointly toward meeting market expectations.

100%
OF SUPPLIERS COVERED BY THE SUPPLIER CODE OF CONDUCT

Furthermore, CNH Industrial is committed to supporting small and local suppliers and minority-owned businesses (see page 165).
Any violation of the Supplier Code of Conduct can alter the business relationship with CNH Industrial, and may result in contract termination. All suppliers must comply with applicable laws (including, but not limited to, corruption and antitrust regulations) and with CNH Industrial's 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 page 56). Details of the Compliance Helpline are available in the Supplier Code of Conduct.

GRI STANDARDS

- GRI 102-16

SUPPLIER PROFILE

CNH Industrial manages purchases worth approximately $15.1 billion, with a total network of 5,162 direct material suppliers. In 2017, 57 new eligible suppliers were added to the network, while there were no significant changes to supply chain structure and no additional outsourcing of activities.

The Company's top 150 suppliers are considered strategic suppliers, not only because they generate more than 60% of the total value of purchases, but also because of the length of the relationships involved, along with their production capacity and handling of spare parts.

SUPPLIERS IN NUMBERS

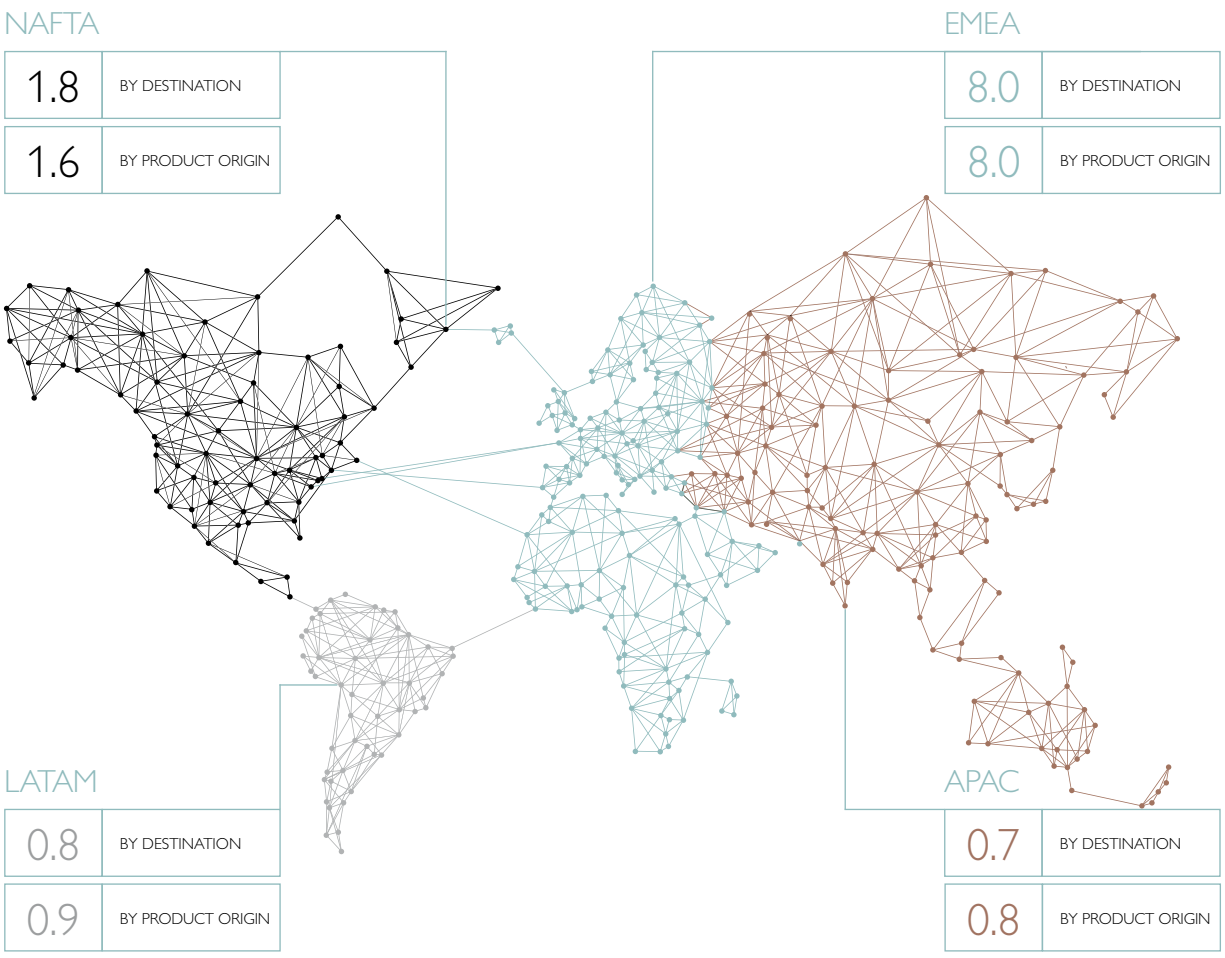
CNH INDUSTRIAL WORLDWIDE

	2017
Direct and indirect material purchases[a] (% of the total volume of CNH Industrial purchases)	85
Direct material suppliers (no.)	5,162
Value of purchases from direct material suppliers[b] ($billion)	11.3
Value of purchases from indirect material suppliers[c] ($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)

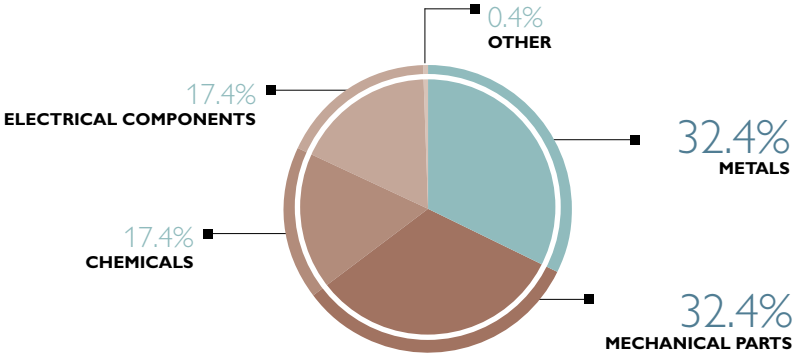


[a] Refers to the value of direct material purchases.

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.*

95%
OF PROCUREMENT SPENDING ON LOCAL SUPPLIERS

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 2017, contracts signed by CNH Industrial with local suppliers accounted for over 95% of procurement costs. Specifically, 97% in EMEA and 91% in NAFTA, which are CNH Industrial's major locations of operation[2].

Additionally, CNH Industrial promotes the World Class Manufacturing program (see 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 2017, 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 100,000 tons), rubber (approximately 80,000 tons), and other miscellaneous materials (approximately 60,000 tons).

In addition, a detailed spend analysis is carried out to improve supplier 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.

[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 71% of the total value of purchases in EMEA, and 15% 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 CNH Industrial supplier by identifying its strengths and weaknesses and its ability to manufacture according to the highest quality standards. The PSA tool is used to assess companies that do not currently provide materials or services, as well as suppliers that have undergone reorganization, or whose plants were relocated. The PSA must be carried out prior to the procurement phase to allow potential new suppliers to participate in tenders. The tool is a way to evaluate a potential supplier's ability to manufacture quality products using best practices, and to assess company systems and processes directly at supplier plants.

PSA evaluation criteria involve key sustainability aspects, with explicit reference to both environmental and occupational health and safety management; indeed, one of the requirements is the presence of an Environmental and Health and Safety System in the working area, preferably certified by a third party. Compliance with the provisions restricting the use of hazardous substances is carefully monitored through a dedicated section of the PSA. The presence of management systems reflects suppliers' efforts to monitor and manage environmental aspects, labor practices, human rights, and impacts on society. All potential new suppliers (57 in 2017) are evaluated according to the above criteria. Supplier sustainability is also assessed via indicators included in a self-assessment questionnaire that, for a number of suppliers determined each year, are verified by audit (see page 166).

100%
OF NEW SUPPLIERS EVALUATED AS PER SUSTAINABILITY CRITERIA

In addition, through the Commitment Declaration stipulated for new suppliers, the latter are requested to comply with the CNH Industrial Code of Conduct and Supplier Code of Conduct. Specific contractual clauses require them to provide references and demonstrate abilities in relation to: fighting corruption, protecting and safeguarding the environment, promoting health and safety at work, ensuring non-discrimination, prohibiting forced and/or child labor, and recognizing freedom of association.

The best practices and contractual clauses to be incorporated into supplier agreements, including the General Purchasing Conditions, were shared at CNH Industrial level. If a supplier fails to adhere to these principles, CNH Industrial reserves the right to terminate the business relationship or instruct the supplier to implement a corrective action plan.

SUPPLIER 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

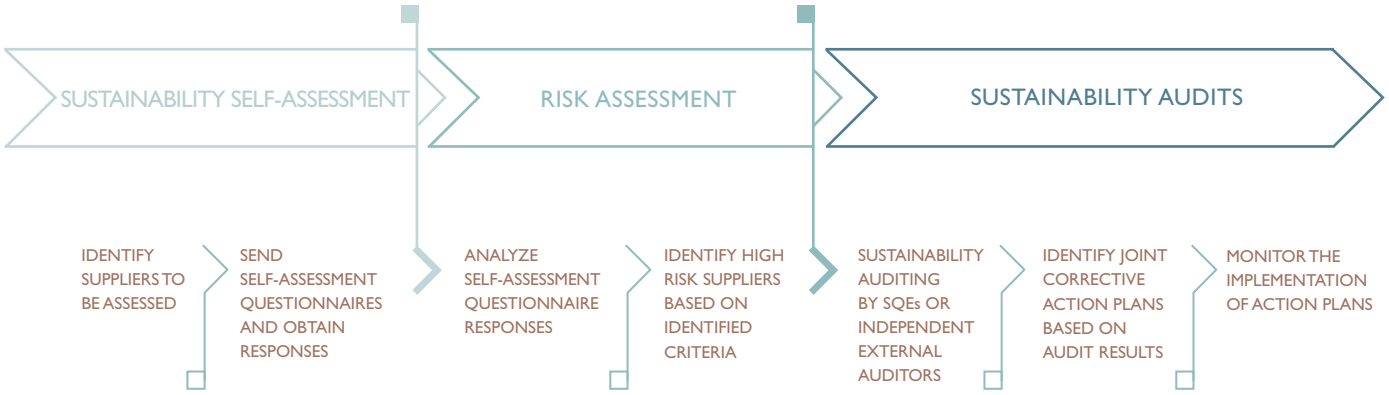
GRI STANDARDS

GRI 308-1; GRI 412-3; GRI 414-1

SUPPLIER ASSESSMENT

Suppliers play a crucial role in supply continuity and can influence the way public opinion perceives CNH Industrial's social and environmental responsibility. To prevent or minimize any environmental or social impact, CNH Industrial has developed a process to assess suppliers on sustainability issues. This process is also a way to engage suppliers while promoting high sustainability standards, and thus continuous improvement.
The supplier assessment process is managed yearly by the Purchasing functions: Supplier Relations involves suppliers through specific communications, Commodities encourages suppliers to fill in the questionnaires, and Supplier Quality along with third party auditors assesses suppliers through dedicated audits. The process is overseen by the Suppliers Sustainability Compliance Committee (see page 49).
The assessment process involves 3 consecutive steps over a 1-year period.

ASSESSMENT PROCESS



During the first step of the evaluation, a number of suppliers are asked to fill out a **sustainability self-assessment** questionnaire. Since 2014, CNH Industrial has used the questionnaire drawn up by the Automotive Industry Action Group (AIAG). Suppliers are requested to provide information on: human rights, the environment, compliance and ethics, diversity, and health and safety. The process is carried out via a dedicated IT platform developed and managed by a third party to ensure the highest levels of transparency and neutrality. The self-assessment questionnaire is sent 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[3])
- 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.

[3] *For countries with poor human rights records, refer to the list published by EIRIS (EIRIS Human Rights Countries of Concern, October 2010).*

Sustainability audits are performed at suppliers' plants by either Company Supplier Quality Engineers (SQEs) or independent external auditors. Audits, which are organized in agreement with the suppliers, aim at verifying the information submitted via the self-assessment questionnaires and at defining possible improvement plans where necessary. Each supplier selects representatives within its organization (usually from HR, Safety, Environment, and Quality) to take part in 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 (see page 49), 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 Supply Quality Performance (SQP) system draws up a Supplier Scorecard, containing qualitative information and the scores from sustainability assessments. This information, along with each supplier's financial, technical, and logistics data, makes up the Summary by Plan document used to assign new orders.

ASSESSMENT CRITERIA

		Categories of reference[a]	Self-assessment	Audit
HUMAN RIGHTS	Company code of conduct	HR	⊙	⊙
	Supplier code of conduct	SO	⊙	⊙
	Supplier facilities	HR	⊙	⊙
	Supplier working conditions and practices	LA	⊙	⊙
	Supplier contract	HR	⊙	⊙
ENVIRONMENT	Environmental management system	EN	⊙	⊙
	Waste	EN	⊙	
	Metrics	EN	⊙	⊙
	Greenhouse gases (GHG)	EN	⊙	⊙
	Prevention	EN	⊙	
	Emergency planning	EN	⊙	⊙
	Regulatory tracking	EN	⊙	
	Training	EN	⊙	⊙
	Supplier training	LA	⊙	
	Environmental policy	EN	⊙	
	Environmental strategy	EN	⊙	
	Audit	EN	⊙	⊙
	Land and water conservation	EN	⊙	
	Verification	EN	⊙	
	Water policy	EN	⊙	
	Water targets	EN	⊙	
	Wetlands	EN	⊙	
	Water-stressed areas	EN	⊙	
	Logistics processes	EN	⊙	
	Logistics targets	EN	⊙	
	Disposable packaging	EN	⊙	

[a] *EN: Environment*
LA: Labor practices
HR: Human rights
SO: Impacts on society

		Categories of reference[a]	Self-assessment	Audit
COMPLIANCE AND ETHICS	Corruption	SO	⊙	⊙
	Training	LA	⊙	⊙
	Supplier training	LA	⊙	⊙
	Conflict of interest	SO	⊙	
	Supplier ethics	SO	⊙	
	Risk assessment	SO	⊙	
	Intellectual property protection program	SO	⊙	
	Intellectual property violations	SO	⊙	⊙
	Contractual requirements	SO	⊙	
DIVERSITY	Organization	LA	⊙	⊙
	Employee policy	LA	⊙	⊙
	Supplier policy	LA	⊙	⊙
	Training	LA	⊙	⊙
	Supplier training	LA	⊙	⊙
	Corporate diversity strategy	LA	⊙	⊙
	Supplier diversity metrics	LA	⊙	⊙
HEALTH AND SAFETY	System	LA	⊙	⊙
	Substances of concern (SoC)	LA	⊙	⊙
	Audits	LA	⊙	⊙
	Employee involvement	LA	⊙	⊙
	Training	LA	⊙	⊙
	Supply chain	LA	⊙	⊙
	Emergency response	LA	⊙	⊙
	Emergency planning	LA	⊙	⊙
GENERAL	Industry associations	SO	⊙	
	Industry training	LA	⊙	
	Stakeholders	SO	⊙	
	Sustainable purchasing	SO	⊙	
	Recognition	SO	⊙	
	Conflict minerals	HR	⊙	
	Community development	SO	⊙	⊙

[a] *EN: Environment*
LA: Labor practices
HR: Human rights
SO: Impacts on society

In 2017, almost 1,700 suppliers were invited to access the online self-assessment questionnaire available via the Supplier Portal. The questionnaire was completed by 448 suppliers (accounting for approximately 45% of direct material purchases). The average score achieved (72/100) confirmed that social and environmental issues were being properly addressed. Results were essentially in line with the previous year's findings, confirming the widespread implementation of sustainability initiatives, with a significant number of suppliers adopting their own social and environmental systems, setting specific targets, and drafting periodic reports.

No critical issues involving collective bargaining, child labor, or forced/compulsory labor were reported in 2017.

GRI STANDARDS

GRI 407-1; GRI 408-1; GRI 409-1

SUPPLIER SUSTAINABILITY SELF-ASSESSMENT QUESTIONNAIRES

CNH INDUSTRIAL WORLDWIDE

	2017	2016	2015
Suppliers that responded to the questionnaire (no.)	**448**	380	323
Responding suppliers as a percentage of direct material purchases (%)	**45**	28	33
Average assessment score	**72/100**	67/100	70/100
Suppliers involved in assessment process (%)	**33**	21	14

2017 ANALYSIS OF SUPPLIER SELF-ASSESSMENT QUESTIONNAIRES

CNH INDUSTRIAL WORLDWIDE

	Number of suppliers identified as having significant actual and/or potential negative impacts	Significant actual and/or potential negative impacts
ENVIRONMENT (EN)	32	■ environmental policy and strategy (especially for water management and biodiversity) ■ measures to verify responsible environmental practices of suppliers ■ action plans for reducing the environmental impact of logistics processes
LABOR PRACTICES (LA)	6	■ program to verify sustainability practices within the supply chain (health, safety, and working conditions)
HUMAN RIGHTS (HR)	12	■ code of conduct ■ contractual requirements for suppliers ■ process for reporting data on the use of conflict minerals in the supply chain
IMPACTS ON SOCIETY (SO)	34	■ periodic assessments to identify compliance and ethics risks ■ contractual requirements for suppliers and sustainable purchasing guidelines ■ community development activities

In 2017, 75 audits were carried out at 75 supplier plants worldwide (60 by SQEs and 15 by independent external auditors).

AUDITS BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

	2017	2016	2015
EMEA	**18**	20	18
NAFTA	**19**	18	15
LATAM	**19**	14	16
APAC	**19**	18	16
World	**75**	**70**	**65**

The total number of audits worldwide covered approximately 6% of the total purchase value. In 2017, 28 suppliers were involved in the formulation of 210 corrective action plans for areas in need of improvement.
No critical issues emerged from the audits, and therefore no contracts were suspended or terminated.
The assessments performed in 2017 also highlighted an improvement in sustainability scores for 100% of the suppliers that had an action plan in place in 2016, thanks to the increased awareness deriving from the corrective measures implemented and from the audit process itself.

2017 ANALYSIS OF CORRECTIVE ACTION PLANS

CNH INDUSTRIAL WORLDWIDE

	Percentage of suppliers identified as having significant actual and/or potential negative impacts, with which action plans were agreed upon[a]	Number of action plans identified	Main action plan topics
ENVIRONMENT (EN)	19%	48	■ preparation of formal documents on environmental management ■ definition of environmental performance targets
LABOR PRACTICES (LA)	31%	92	■ definition of a formal health and safety management system ■ expansion of communications and training to employees and to suppliers
HUMAN RIGHTS (HR)	19%	29	■ implementation and/or development of code of conduct ■ improvement of communications and training regarding the code of conduct ■ implementation of grievance mechanism
IMPACT ON SOCIETY (SO)	24%	41	■ definition of a supplier code of conduct or of formal supplier management documents ■ monitoring of supply chain performance ■ preparation of formal documents on anti-corruption practices

[a] *The percentage is calculated based on the number of suppliers audited (75 in 2017). No suppliers were considered at risk in terms of child labor, forced/compulsory labor, or violation of either freedom of association or collective bargaining.*

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 2017, 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 the supply chain are the Company's website and its **Supplier Portal**, which was created in 2016 to further enhance two-way conversations between CNH Industrial and its suppliers. The Portal is an interactive platform that is continuously enriched with new modules devised to deliver a 'one-stop shop experience' to the entire supply chain. It is the sole repository of supplier-related tools, documents, and communications, and serves as a central registry containing the contact details of every supplier.
Moreover, 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.

As in previous years, several initiatives promoting the exchange of ideas and information continued in 2017.

One of these was the **Come to our Plant** initiative, originally launched in 2016, during which some of the Company's main suppliers were invited to visit CNH Industrial's plants and specific product lines. The goal of these interactive sessions is to work together to eliminate waste and drive efficiencies in all aspects of industrial business, and enable meetings with different functions to develop action plans.
In 2017, 62 of these sessions were held in EMEA, 100 in NAFTA, and 213 in LATAM.

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 2017, a number of events were organized at regional level to foster the exchange of information and opinions with leading suppliers, attended by 20 suppliers in NAFTA and 74 in LATAM. 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 information on particularly praiseworthy initiatives.

+13%
IN WCM SUPPLIER PLANTS

Another initiative is known as **Technology Days**, during which meetings are held to give suppliers the chance to showcase their cutting-edge products in terms of innovation, technology, and quality, while addressing specific topics and sharing information on recent technological developments. In 2017, a total of 40 events were organized with the participation of approximately 560 people.

The **World Class Manufacturing** (WCM) activities carried out at suppliers' plants were expanded in 2017 compared to the previous year, with 199 plants included in the WCM program as at December 31, 2017. Activities took place in 2 distinct yet equally important phases, providing suppliers with the necessary knowledge to apply the intrinsic concepts of Lean Production. Firstly, various training sessions led by CNH Industrial's WCM program specialists took place on suppliers' premises. Secondly, supplier WCM teams were given the opportunity to visit selected CNH Industrial plants to learn about the Company's best practices. In 2017, 10 workshops were organized at CNH Industrial's best plants in terms of WCM pillar implementation, involving 50 WCM suppliers.
In addition, approximately 80 follow-ups were conducted to verify the proper implementation of the WCM methodology.
This dual approach enabled a greater number of suppliers to achieve good results during the year. Activities continued to focus on the model areas (i.e., the areas within a plant where WCM methodologies and tools are first applied rigorously), but were also extended to other plant areas.

WCM SUPPLIER PLANTS
CNH INDUSTRIAL WORLDWIDE (no.)

	2017	2016	2015
Supplier plants involved in the WCM program	**199**	176	154

More than 35 WCM-related 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 Company's WCM awarding system; indeed, 2017 saw the first CNH Industrial supplier to be awarded Bronze Level, one year ahead of the initial forecast.
In 2017, 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 13.8% 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 3.1% compared to 2016.
Moreover, in 2017, for the first time, 6 audits were carried out in LATAM, obtaining good results in terms of WCM scores.

CNH Industrial continues to promote numerous initiatives to encourage innovation among suppliers. In particular, the **Suppliers' Proposals** program advocates a proactive approach to business, and allows sharing the economic benefits arising from the innovative methods and technologies introduced based on supplier suggestions. In 2017, 139 suppliers were involved in the program and 792 proposals were actually realized. Through the Suppliers' Proposals section accessible via the Supplier Portal, suppliers can submit both Cost Reduction and Quality Improvement ideas. The proposals are then assessed by a dedicated cross-functional team.

As regards supplier **training activities**, CNH Industrial invited approximately 1,000 suppliers to attend training sessions in Turin (Italy) on the Supplier Sustainability Self-Assessment (SSSA) process, to help them complete self-assessment questionnaires as effectively as possible. Training activities were managed by the Sustainability Planning and Reporting, Supplier Relations, and Supplier Quality functions. They are expected to continue and to be extended to a greater number of suppliers, including through the Supplier Portal.

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 2017, the GML focused mainly on the recycling of polymeric scraps generated in other industrial sectors (e.g., end-of-life packaging), as well as on the development of environmentally sustainable carbon fibers (biologically-derived or recycled) suitable for use as a filler for thermoplastic composites, so as to reduce environmental impact during both production and vehicle use.
Carbon fiber-reinforced thermoplastic composites represent one of the technologies that can potentially reduce vehicle weight by replacing glass fiber composites and metal. This idea was recently tested on the beam bracket of the IVECO Daily's IP carrier using the Organopol series, and the outcomes of this project were validated both technically and economically.
In addition, with regard to large paneling, the GML is evaluating the application of new natural fibers featuring aesthetic characteristics, as well as bio-based carbon fibers.
Carbon footprint reduction requires a strong focus on all material families, as well as on the vehicle's overall life cycle. For example, the assessment of the industrial applicability of steel and aluminum sandwich panels made lighter by interposing a polymeric layer highlighted several improvements in terms of noise levels, vibrations, and thermal conductivity. The characterization of ultra-high strength steels highlighted their significant weight reduction potential in freight and passenger transport applications. An extensive study on the body of the IVECO Daily also highlighted a significant weight reduction potential in the use of enhanced metallic alloys.
The circular economy approach also requires close attention be given to the production process. To this end, in 2017, the GML looked into the possibility of using steels subjected to low pressure carburizing and high-pressure gas quenching in powertrain transmission applications, with the assessment indicating potential environmental benefits during the production stage.

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.

Within the supplier assessment process (see page 166), the self-assessment questionnaire monitors the environmental management system implemented by suppliers by focusing on the following aspects:

- presence of an environmental policy and environmental management system (preferably certified)
- reduction targets for GHG emissions, energy and water consumption, and waste generation
- monitoring of environmental aspects
- monitoring of sources of potential releases to air, water, and land, and subsequent identification of improvement areas
- delivery of internal environmental training, while encouraging their own suppliers to do the same
- execution of regular audits to verify policies, non-compliances, and corrective actions
- presence of a biodiversity protection strategy.

The questionnaire also includes a dedicated **water management** section focusing on:

- policies, strategies or strategic plans regarding water management and improvements to wastewater management
- specific improvement targets
- bodies of water, wetlands or natural habitats affected by the water withdrawals or discharges of plants
- operations located in water-stressed areas.

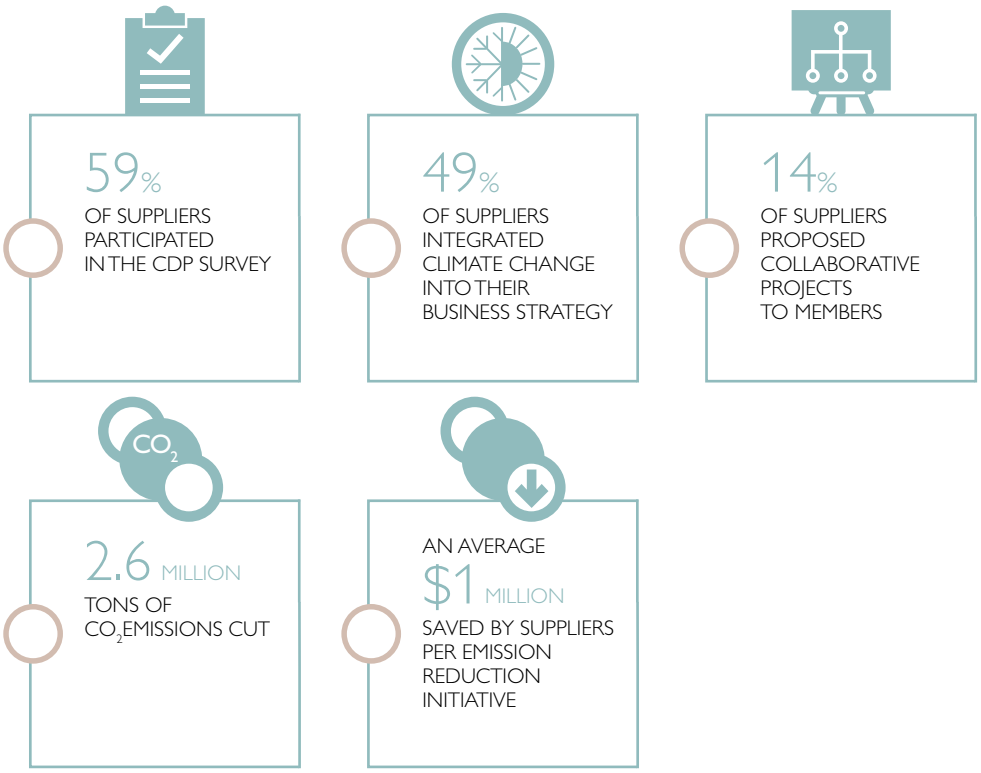
The assessment, which involved 448 suppliers, confirmed that environmental issues were being properly addressed, especially with regard to the adoption of environmental management systems, emergency plans, and regulatory controls.

CNH Industrial deems the protection of water sources increasingly important as it believes their scarcity could affect production continuity. For this reason, suppliers are explicitly requested to optimize their use of water resources, particularly fresh water, given their potential impact on the continuity of supply to the Company. In collaboration with its supplier Oerlikon Graziano India and the Indian Society of Agribusiness Professionals (ISAP), CNH Industrial launched a project to collect rainwater near its plant in Greater Noida (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. 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[4] questionnaire, in order to establish a clear picture of their strategies to tackle **climate change** and of their current and/or future initiatives to reduce CO_2 emissions. Suppliers were selected based on total purchase value, existing collaborations, and their expertise in environmental management. The analysis of the results gave rise to many ideas that will come into play when establishing future collaborations with suppliers. The companies involved in the *CDP Supply Chain* generated 2.2 million tons of CO_2 emissions[5] in supplying CNH Industrial in 2017. The initiative will continue in 2018.

[4] 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.
[5] Including scope 1, 2, and 3 emissions. 88% of the total CO_2 emissions reported are scope 3 emissions.

CDP SUPPLY CHAIN RESULTS



SPREADING AN INTERNAL CULTURE OF SUSTAINABILITY

Initiatives targeting the employees responsible for supplier relationships have been consolidated over the years, aiming at ensuring satisfactory awareness of sustainability and good governance among suppliers through open and ongoing dialogue.

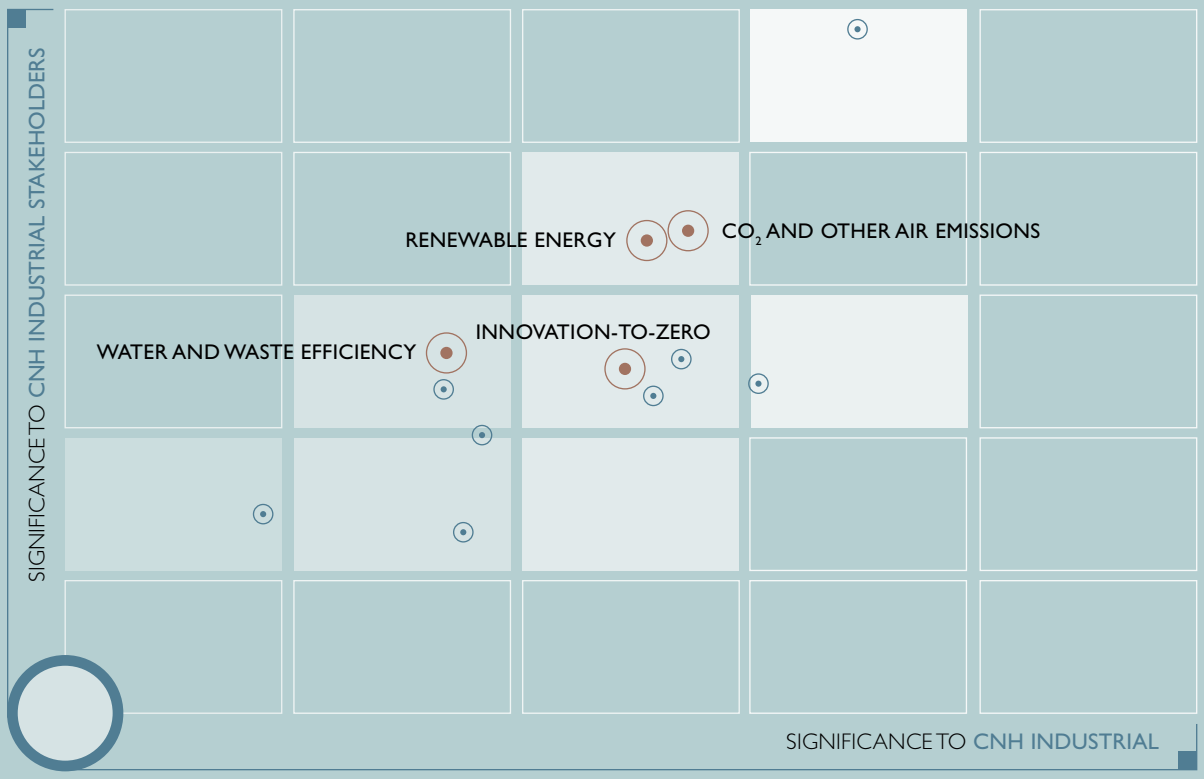
In this regard, Supplier Quality Engineers (SQEs) take part in training activities every year to explore some of the key issues of environmental and social responsibility, with training contents aligned with those of the Supplier Code of Conduct. In 2017, a number of sustainability training activities were organized for the SQEs in APAC, focusing on sustainability processes especially related to supply chain management.

Moreover, the 2017 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.



MANUFACTURING PROCESSES

Material topics described in this chapter (for definitions see page 245).

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:

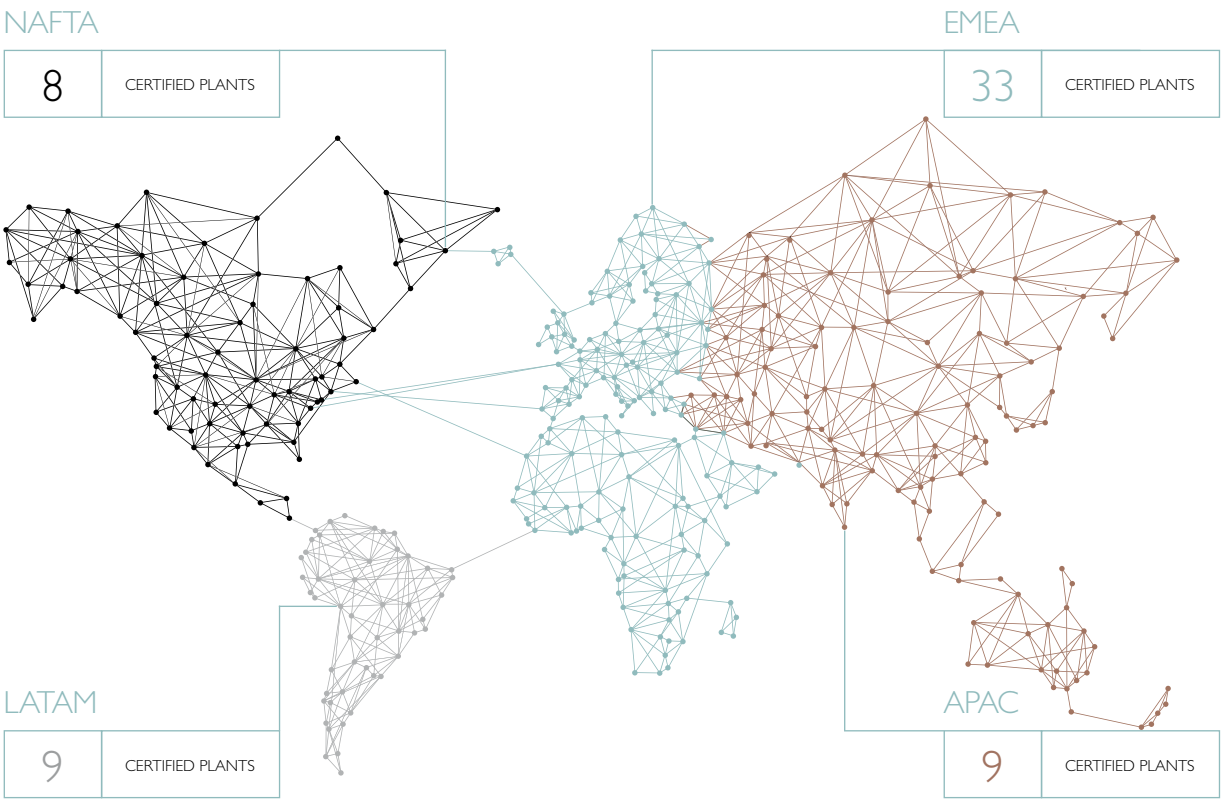
- drives the development, standardization, convergence, implementation, and improvement of manufacturing processes
- drives the optimization of technology investments and synergies
- drives the development and implementation of new product manufacturing processes and improvements to existing ones across Regions, in line with the product segments (see page 156)
- oversees worker health and safety (see page 80)
- oversees issues concerning environmental and energy management (see 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 page 176). Due to customers demanding ever-higher quality and the level of excellence required by the WCM, the focus is on the quality of every aspect of the manufacturing process, which has led plants to also adopt a quality management system compliant with ISO 9001.

As at December 31, 2017, 59 CNH Industrial plants were ISO 9001 or ISO/TS 16949 certified, collectively accounting for 96% of revenues from sales of products manufactured at the Company's plants. To achieve its quality standards, CNH Industrial devised a robust supply chain management process (see page 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[a]

CNH INDUSTRIAL WORLDWIDE (no.)



[a] *For the complete list of plants, see the table on pages 238-240.*

WORLD CLASS MANUFACTURING

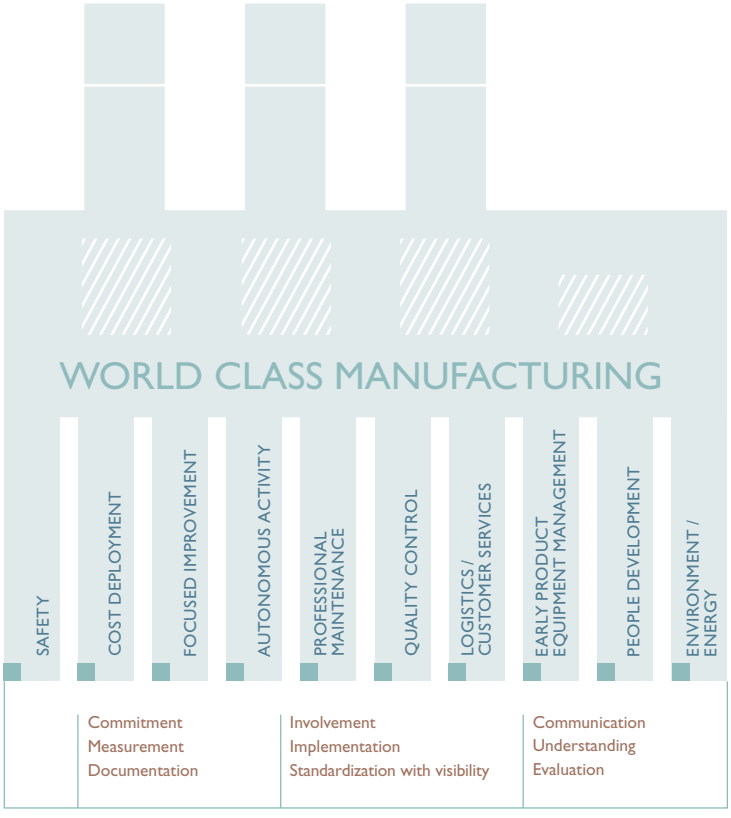
In striving to consolidate and maintain high standards of manufacturing excellence, CNH Industrial applies the principles of World Class Manufacturing (WCM), an innovative program for continuous improvement originating from Japan. WCM is an integrated model for managing all the elements of an organization, focused on improving the efficiency of all its technical and organizational components to maximize market competitiveness. WCM is a structured system encompassing the most effective manufacturing methodologies, which include Total Quality Control (TQC), Total Productive Maintenance (TPM), Total Industrial Engineering (TIE), and Just In Time (JIT). Through precise methods and standards, the WCM system seeks to eliminate all types of waste and loss by identifying objectives such as: zero injuries, zero defects, zero breakdowns, zero waste, inventory reduction, and suppliers' punctual delivery of parts to plants (and subsequently to dealers and end-users). This approach is related to the **innovation-to-zero** vision for manufacturing processes (see page 135).

These objectives require a strong commitment from plant management and all relevant departments, reinforced by continuous interaction across all organizational levels.

Some of the benefits of WCM implementation include greater competitiveness, the development of new and improved technology and innovation, increased flexibility, increased communication between management and production personnel, enhanced quality of work, and increased workforce empowerment.

The WCM system cuts across all boundaries and is applied to all departments within a company, embracing numerous topics (known as pillars) including safety in the workplace, the environment, quality, logistics, in-house and specialist maintenance, human resources, and process and product engineering (involving the reorganization of work stations, the installation of new machinery, and new product launches).

WCM PILLARS

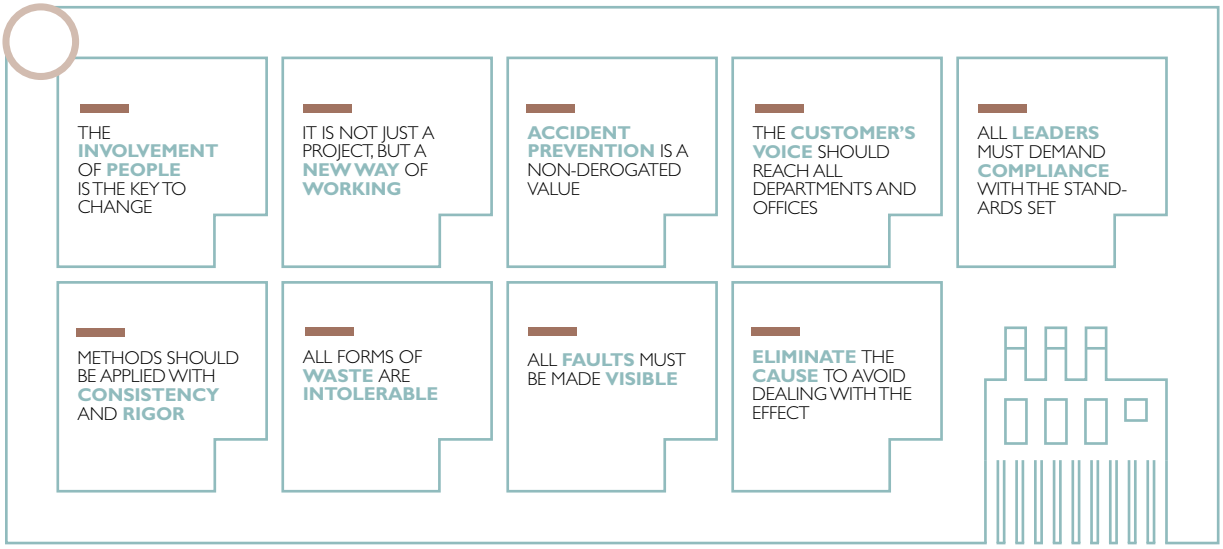


GRI STANDARDS

GRI 103-1

One of the main features of the WCM program is the direct relationship between an activity or project and its cost benefits. Continuous improvement initiatives are driven by the Cost Deployment pillar, which accurately identifies all plant waste and losses, guides the functions tasked with containing and eliminating the sources of waste, evaluates project feasibility, and assesses and certifies the results achieved by carefully monitoring specific performance indicators (KPIs). Such a methodical and structured approach ensures that the process for evaluating initiatives is genuinely effective, in that it measures and correlates all factors affected by the initiative itself.
The widespread use of WCM principles at CNH Industrial plants allows the Company to share a common culture based on efficient processes and on a language universally recognized across the plants and countries in which CNH Industrial operates.
WCM leverages knowledge development through employee participation, by which implicit knowledge becomes explicit and codified, and subsequently incorporated into new products, new services, and new ways of working.

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 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, and those of all other stakeholders, in terms of products, order processing, delivery, quick response services, and after-sales assistance. After all, the aim of continuous improvement is to increase customer satisfaction and loyalty while also ensuring long-term profitability, by developing processes and adding value to products and services.

MADRID TAKES THE GOLD

In 2017, the IVECO plant in Madrid (Spain) became the first-ever CNH Industrial site to achieve Gold Level in the World Class Manufacturing (WCM) program, thus becoming the highest-ranking plant in terms of manufacturing excellence among the Company's production facilities worldwide.
This achievement reflects the plant's best-ever results in over 70 years of history, mostly due to the improvement measures introduced in recent years. Results include 1,080 days[a] with zero accidents and 99% recycled waste in 2017.
Many of these improvements were also achieved thanks to the employees' involvement and suggestions collected through the WCM system. In 2017, the plant in Madrid received an average of 34 suggestions per employee, which is in and of itself another sign of excellence.

[a] *As at December 31, 2017.*

FOCUS ON

$107 MILLION
SAVED THROUGH WCM PROJECTS

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 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 at 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

At CNH Industrial, the use of tools for sharing information and collecting suggestions is well established. In 2017, about 466,000 employee suggestions were collected across the plants where WCM principles are applied, with an average of 13 per employee. In 2017, 15,236 WCM projects were implemented (of which 10% on Safety and Environment pillars), generating $107 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 2017, 54 plants were participating in the program, accounting for 82% of Company plants, 96% of plant personnel, and 99% of revenues from sales of products manufactured by Company plants. 1 plant received the gold award, 15 received the silver award, and 23 received the bronze award.

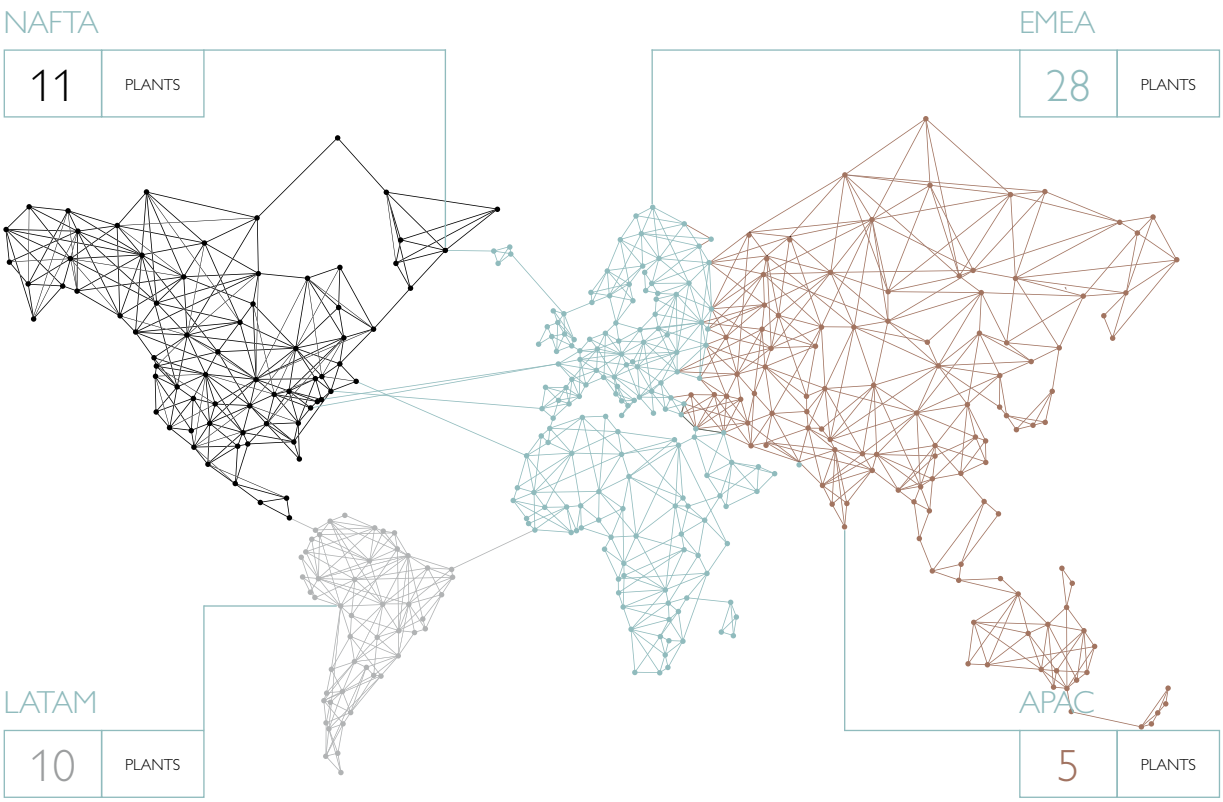
During 2017, internal auditing training courses were offered to plant managers, hence supporting the continuous spread of WCM principles.

WCM initiatives are coordinated by a steering committee (established in March 2012), consisting of senior manufacturing management and CNH Industrial WCM managers, which drives the relevant strategies and develops the necessary methodologies for the entire Company.

13
SUGGESTIONS PER EMPLOYEE COLLECTED UNDER THE WCM PROGRAM

WCM PLANTS[a]

CNH INDUSTRIAL WORLDWIDE (no.)



[a] *For the complete list of plants, see the table on pages 238-240.*

ENVIRONMENTAL MANAGEMENT

CNH Industrial is committed to continuously improving the environmental performance of its production processes by adopting conventional and enhanced technologies and by acting responsibly to mitigate their environmental impact. Safeguarding the environment at CNH Industrial is based on principles of prevention, protection, information sharing, and people engagement to ensure effective long-term management.

The materiality analysis identified air emissions (covered by the material topic **CO_2 and other air emissions**), the use of water, and the management of waste and effluents (both covered by the material topic **water and waste efficiency**) as the most significant environmental aspects for the Company and stakeholders alike.

CNH Industrial's efforts to manage environmental aspects efficiently is one of the ways it is responding to the 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 page 52), available on the corporate website, describes the Company's short, medium, and long-term commitments to responsibly managing the environmental aspects of manufacturing (particularly energy, natural resources, raw materials, hazardous substances, polluting emissions, waste, natural habitats, and biodiversity).

These aspects are included in both CNH Industrial's environmental management system and the Environment pillar of the World Class Manufacturing system; both require compliance with guidelines, procedures, and operating instructions, and regular internal audits and reviews by management. This dual approach enables the effective management of environmental aspects and the evaluation of results (including against stated targets), which are duly reported in the Sustainability Report and on the Company's website.

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, 2017'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 page 39).

In 2017, CNH Industrial's determination to manage the environmental impact of its business in a sustainable way was recognized again at global level, with the Company's inclusion as Industry Leader in the Dow Jones Sustainability Europe and World Indexes (see page 16). Furthermore, CNH Industrial ranked among the A-listers in the *CDP Water Program 2017*, confirming the Company's commitment to sustainably managing resources.

$38 MILLION SPENT ON ENVIRONMENTAL PROTECTION

The building of new plants abides by environmental protection criteria, taking into account specific local needs and the impact of construction. Newly acquired plants are assessed based on existing processes and activities, to determine what interventions are necessary to achieve environmental management compliance with CNH Industrial standards.

Throughout the year, the efforts made to reduce the Company's environmental footprint (which encompasses various aspects affecting the environment, from the selection and use of raw materials and natural resources, to product end-of-life and disposal) continued to require a significant commitment, both financially and in terms of measures to improve technical and management performance.

An operational grievance mechanism, the Compliance Helpline, is available to CNH Industrial stakeholders to report potential violations of corporate policies, the Code of Conduct, or applicable laws (see page 56).

In 2017, CNH Industrial's overall expenditure on environmental protection was over $38 million, broken down as follows: approximately $28 million on waste disposal and emissions treatment, and over $10 million on prevention and environmental management. A total of $4.5 million was invested in initiatives to reduce the Company's environmental impact, while improvement projects and measures generated almost $3 million in cost savings.

GRI STANDARDS

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

NANOTECHNOLOGY IN MANUFACTURING

CNH Industrial uses nanotechnologies in the process of painting some of its products, specifically during the washing (pretreatment) of surfaces preceding the actual painting phase. Indeed, some CNH Industrial plants adopt thin layer technology, through which nanotechnology products/nanoparticles are dosed in process tanks to react with the surfaces of metal substrates previously treated with a degreasing solution; the chemical-physical reaction triggered forms a layer of zirconium oxide that coats the metal surface. This treatment confers excellent resistance to corrosion and outstanding paint adhesion, while also reducing environmental impact and enhancing process quality and operational performance. The process usually takes place at room temperature, in which case, because no heat is applied, there is no vapor generation. Chemical concentrations are very low, and product applications (spraying or dipping) are automated and performed in enclosed areas. Thin layer technology produces less sludge for disposal than traditional technology, and does not require hazardous acid cleaning of paint system equipment. It also cuts energy and water consumption, reduces wastewater, and requires less maintenance.
This technology is in use in 20 paintshops across 12 plants (5 in EMEA, 5 in NAFTA, and 2 in LATAM).

FOCUS ON

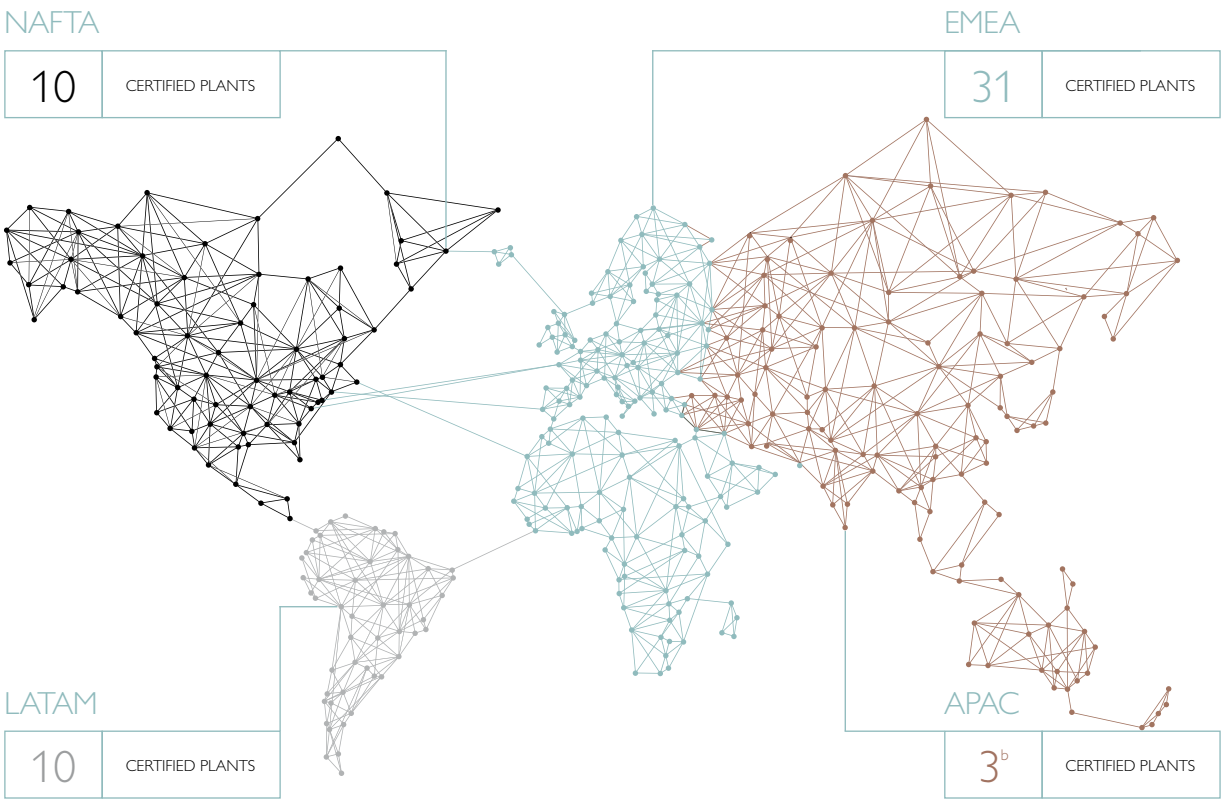
RESPONSIBILITY AND ORGANIZATION

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 2017, individual environmental impact reduction targets were included in the Performance and Leadership Management system (see page 88) 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 SPARC (Sustainability, Performance, Analysis, Reporting & Compliance), which is a new performance indicator management tool in use from 2017, 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, 2017, approximately 600 people from CNH Industrial plants worldwide had access to the platform.

PROCESS CERTIFICATION

In 2017, CNH Industrial continued to pursue and maintain the certification of its plants' environmental management systems as per the ISO 14001 international standard. To date, every CNH Industrial manufacturing plant currently in operation and falling within the scope of application is ISO 14001 certified (see pages 238-240).
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 their 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 (no.)



[a] *For the complete list of plants, see the table on pages 238-240.*
[b] *2 additional plants in APAC outside the reporting scope are ISO 14001-certified (see page 240).*

In 2017, the Company also continued its transition to the new ISO 14001:2015 environmental management standard, which will supersede the previous version ISO 14001:2004 as of September 2018. In EMEA, for example, the Region's central EHS team processed the new standard procedures and documents that will be used to develop new environmental management systems compliant with the new ISO 14001 standard at each plant. Additionally, in NAFTA, the procedures and processes for conformance to ISO 14001:2015 were developed and reviewed, in collaboration with the NAFTA plants, to ensure a smooth transition.
In 2017, 11 European plants and 1 NAFTA plant already transitioned to the new standard, ahead of its coming into force.

ENGAGEMENT AND AWARENESS ACTIVITIES

CNH Industrial is committed to promoting and disseminating the principles of continuous improvement and environmental management both within and outside the Company. It does so by addressing employees and business partners via specific communication and training tools, as well as by organizing events engaging employee family members and local communities.
A reliable and effective means of engaging people and sharing information is the World Class Manufacturing program (see page 176), which promotes good practices and the implementation of improvement projects, including those suggested by the employees themselves.
In 2017, CNH Industrial involved approximately 20,000 employees in environmental training activities, for a total of approximately 38,000 hours (a 17% increase compared to 2016).
Local EHS representatives at Company plants participated in several training activities coordinated by the central functions of each Region. These included an in-depth workshop on air emissions provided to CNH Industrial sites in Europe, delivering technical and regulatory training on industrial smokestacks and their sampling points, in light of recent developments and the growing interest in this issue. The workshop was also an opportunity for plants to share information and experiences.

In NAFTA, technical training sessions were held throughout the year to enhance knowledge of tools and improvements to common aspects. These included sessions on optimizing technical gases in welding operations, identifying opportunities for improvements regarding air emissions, waste, and water in paint systems, improving project measurement and verification techniques, and using regression analysis tools to identify fixed and variable water consumption.

CNH Industrial reaffirmed its commitment to environmental issues in 2017 by celebrating global events such as *World Environment Day* and *World Water Day*. To mark the latter, CNH Industrial used its Intranet site to share an interactive map with its employees, illustrating the main water reduction initiatives implemented by plants across the world, along with the targets reached.

Moreover, in 2017, various plants implemented tree and shrub planting initiatives, both within and outside production plants, to increase environmental awareness among personnel and local communities alike, with the objective of conserving and extending existing green areas (see page 121).

20,000
EMPLOYEES INVOLVED IN ENVIRONMENTAL TRAINING ACTIVITIES

The **Brescia** plant (Italy) invited almost a dozen students from a local high school to gain hands-on experience of workshop equipment and of how to deal with environmental impacts. The students developed interesting proposals for environmental sustainability projects applicable at the plant, from designing and building objects using recycled materials such as paper, cardboard, and wood, to recovering energy from catering food waste. The projects were then presented at the annual *Dies Fasti* event held at the high school and open to the community. The initiative was part of the broader project *Alternanza Scuola-Lavoro*, an innovative teaching method that harnesses practical experience to help build on skills learned at school and test students' abilities in the field.

Another engagement and awareness initiative took place at the **Croix** plant (France), where, following benchmarking with other Company plants, an in-house workshop was set up where wooden pallets can be turned into eco-friendly furniture such as workbenches, supports for communication material, and noticeboards displaying performance indicators and other information. Projects of this type encourage workers to be creative by transforming waste into handy objects and by suggesting useful ideas.

At the **Madrid** plant (Spain), about 500 employees and their families took part in environmental training workshops on themes such as sustainable cooking and planting/tending small vegetable and other gardens. They were organized together with a local association that assists differently abled people in their development.

Additionally, at plants across EMEA, 78 EHS personnel received 56 hours of specific training on the ISO14001:2015 standard, including internal auditor training in line with the new standard.

As part of an environmental workshop, employees at the plant in **Noida** (India) built tables for various meeting rooms using recycled wood waste.

CNH Industrial is also committed to raising awareness of environmental issues among its suppliers (see page 172) and dealers (see page 223).

EMPLOYEE ENGAGEMENT IN WORLD ENVIRONMENT DAY 2017

On *World Environment Day*, to publicize its commitment to improving its sustainable environmental management, CNH Industrial reported its global environmental performance results and major environmental projects on the Company's Intranet. Employees also took part in a photo swap, sharing photos on the UN's 2017 theme of *Connecting People to Nature* and posting likes of their favorite ones, with over 300 photos posted and liked (see page 74).

At local level, the plants in Brazil launched various initiatives to mark the day. In **Sorocaba**, employees and family members were involved in training activities on growing fruit trees held at the municipal botanical garden, while the **Piracicaba** plant held sessions on the correct composting of food waste. In **Curitiba**, over 500 employees took part in an awareness-raising campaign on the plant's main environmental issues (water, waste, and emissions). Lastly, the **Sete Lagoas** plant joined forces with the local *Juca Dias* School to promote good environmental behavior, involving about 110 students.

ENVIRONMENTAL PERFORMANCE

Consolidated monitoring and reporting systems, such as SPARC (Sustainability, Performance, Analysis, Reporting & Compliance), 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. Periodic benchmarking activities help drive the continuous improvement of plants' environmental performance.

SAFEGUARDING AIR QUALITY

Reducing air emissions is one of CNH Industrial's strategic goals, consistent with the results of the materiality analysis. The application of advanced technologies in the manufacturing process is critical to meet the improvement targets set by the Company.

The main air emissions are monitored according to specific programs to verify compliance with existing regulations, and results are systematically recorded via the monitoring system in use.

As of 2016, CNH Industrial has removed all ozone-depleting substances[1] (only found in certain equipment used for cooling, air conditioning, and climate control) from all of its plants falling within the scope of application.

VOLATILE ORGANIC COMPOUNDS

In terms of Volatile Organic Compounds (VOC)[2] emissions, painting has the greatest environmental impact of all manufacturing processes at CNH Industrial. For this reason, the Company is committed to monitoring and reducing VOC emissions per square meter painted, and has set a long-term target for 2022 to reduce VOC emissions by 14% compared to 2014.

In 2017, average VOC emissions per square meter painted decreased by 5% compared to 2016 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.

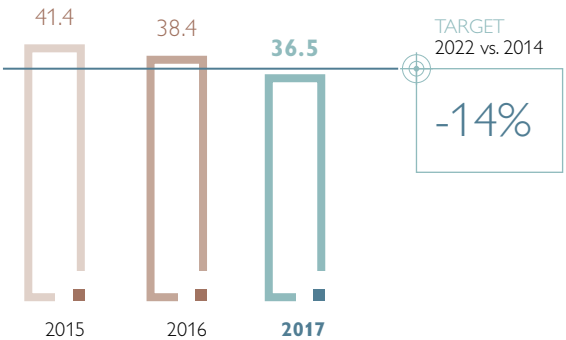
The plant in **Annonay** (France) installed new low-pressure paint spray guns, thus reducing paint overspray and associated air emissions, and the generation of hazardous waste. Overall, the project reduced VOC emissions by 2.45 g/m^2 for each painted vehicle, hazardous waste generated by 20 tons, and costs by about $20,000.

By installing a new automatic pipe cleaning system in its paint shop, the plant in **Valladolid** (Spain) was able to achieve an annual reduction of approximately 6,000 kilos in the amount of solvent used for cleaning operations during color changes, savings worth over $50,000, and an overall 2% reduction in VOC compared to the previous year.

The **Noida** plant (India) introduced electrostatic spray guns, which reduce paint overspray, and changed to high-solids paints, which require less solvent in the thinning process. The project allowed the plant to reduce overall VOC emissions by 1% compared to 2016 and save over $63,000.

-5%
IN VOC EMISSIONS PER SQUARE METER PAINTED

VOLATILE ORGANIC COMPOUNDS (VOC) EMISSIONS[a]
CNH INDUSTRIAL WORLDWIDE (g/m^2)



(a) 2014 was chosen as the base year for global planning, in line with the Business Plan. The base year VOC emissions are equal to 43.4 g/m^2.

(1) Ozone Depleting Substances are 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.
(2) Volatile Organic Compounds (VOC) are compounds such as hydrocarbons, containing only carbon and hydrogen, as well as compounds also containing oxygen, chlorine or other elements.

GRI STANDARDS

GRI 305-6; GRI 305-7

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)

	2017	2016	2015
Plants (no.)	52	54	55
Nitrogen Oxides (NO_X)	**355.4**	341.4	351.2
Sulfur Oxides (SO_X)	**69.9**	64.1	65.2
Dust	**8.2**	7.7	7.7

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, considering 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.

CNH Industrial's Water Management Guidelines, issued in 2012, require plants 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 **Suzzara** plant (Italy) significantly reduced industrial water use by about 15,000 cubic meters/year (-4.5% compared to 2016) by optimizing the water supply to the start/stop cycles, which improved the management of tank-water changes in the body pretreatment system. Furthermore, the work-program software was modified so as to detect vehicle body position inside the tunnel, and therefore manage input failures and/or momentary absences of a vehicle body. This optimized the system's water supply and led to a sharp reduction in paint sludge (about 60 tons), a decrease in the use of chemicals, and cost savings of more than $55,000.

The **Zedelgem** plant (Belgium) launched a new initiative with a long-term target of drastically reducing industrial water withdrawals. In 2017, about 7,500 square meters of plant roofing was connected to the industrial water supply, enabling the collection of over 6,000 cubic meters of rainwater, i.e., enough to supply over 25% of the industrial water used on-site.

The **Curitiba** plant (Brazil) implemented a system to filter wastewater from the biological treatment system, for reuse in the plant's lavatories. The system reduced water withdrawals by 29,000 cubic meters/year, cutting costs by $110,000.

-16%
IN WATER WITHDRAWAL PER PRODUCTION UNIT

The **Sorocaba** plant (Brazil) installed a collection and ultrafiltration system for wastewater from the physical-chemical treatment plant to reduce water consumption and the volumes of water discharged. The system enables 90% of the technical water to be recovered and reused to wash floor surfaces and vehicles manufactured at the plant. This reduces industrial water use by about 8,500 cubic meters/year, saving about $20,000.

CNH Industrial plants do not use wastewater generated by other organizations.

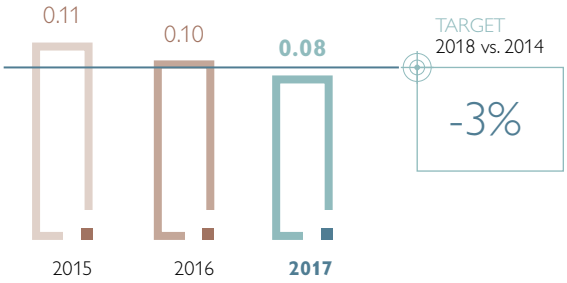
WATER WITHDRAWAL AND DISCHARGE

CNH INDUSTRIAL WORLDWIDE (thousands of m^3)

	2017	2015	2014
Plants (no.)	54	56	57
Withdrawal			
Groundwater	**2,970**	3,274	3,752
Municipal water supply	**1,692**	1,766	1,759
Surface water	**25**	19	25
of which salt water	**-**	-	-
Rainwater	**2**	2	1
Other	**4**	5	8
Total water withdrawal	**4,693**	5,066	5,545
Discharge			
Surface water	**518**	531	577
of which salt water	**-**	-	-
Public sewer systems	**2,594**	2,715	2,761
Other destinations	**107**	140	130
Total water discharge	**3,219**	3,386	3,468

WATER WITHDRAWAL PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (m^3/ hours of production[b])



(a) 2014 was chosen as the base year for global planning, in line with the Business Plan. The base year water withdrawal is equal to 0.10 m^3/hours of production.
(b) Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 242.

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)[3], Chemical Oxygen Demand (COD)[4], and Total Suspended Solids (TSS)[5] - showed that performance in 2017 was in line with 2016 and fully compliant with applicable local limits (see page 258).
This result was achieved partly thanks to the adoption of specific wastewater treatment systems (operated either in-house or by specialized industry partners), which treat the water discharged from the plants; this occurs mainly through physical and chemical processes and, depending on wastewater quality, through biological treatment.
The effluents from CNH Industrial plants are not channeled for reuse by other organizations.

(3) Biochemical Oxygen Demand (BOD) is the total mass of oxygen used by microorganisms, over a specific time period at 20°C, to decompose (oxidize) the organic material present in a liter of water (normally expressed in mg/l). The standard test period for BOD is 5 days (BOD_5).
(4) Chemical Oxygen Demand (COD), expressed in milligrams per liter (mg/l), is the quantity of oxygen required for the complete chemical oxidation of organic and inorganic compounds present in a sample of water.
(5) Total Suspended Solids (TSS) is the parameter used in water quality management and in water purification to indicate the quantity of solids present in suspension, which can be separated by vigorous mechanical means such as vacuum filtration or centrifugation of the water sample.

GRI STANDARDS

GRI 303-1; GRI 306-1

PLANTS IN WATER-STRESSED AREAS

Out of all the countries in which the Company operates, 3 plants were classified as sensitive in terms of availability and use of water resources. These areas were identified using 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 were **Plock** (Poland), **Vysoke Myto** (Czech Republic), and **Noida** (India). Since 2011, specific initiatives have been in place at all 3 plants to significantly reduce water withdrawals and demand, thus contributing to the preservation and safeguarding of water resources in each respective country (see page 259). Such initiatives focus mainly on the treatment and recovery of wastewater, the reduction or elimination of waste (e.g., by installing flow restrictors in the shower rooms and bathrooms), and the monitoring of consumption.

In 2017, all 3 plants 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 EMEA, for example, following the circulation of specific guidelines for monitoring existing underground structures, plants periodically carry out the monitoring and inspection of tanks, vats, and underground pipes.

Both the **Torino Driveline** and **Torino Engine** plants (Italy) tackled the issue of soil and subsoil protection by targeting their respective areas for storing the wastewater destined for technological treatment: the flooring at both plants (about 1,600 square meters in total) was refurbished using epoxy resins with high mechanical and chemical resistance, as well as non-slip floor sheeting with high mechanical resistance. Furthermore, all storage tanks and the flooring itself were coated with a UV-resistant ceramic.

In 2017, no significant releases of potentially contaminating substances were recorded.

WASTE MANAGEMENT

CNH Industrial strives to optimize manufacturing processes and activities across its plants, aiming not only to enhance the end product and eliminate waste, but also to improve the management of the waste produced, a key aspect of its Environmental Policy.

CNH Industrial plants analyze their production chains to identify potential waste management improvements at different stages that will limit the quantities of waste produced and the risks posed. In addition, particular emphasis is given to improvements that increase waste recovery and reuse. The 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 order of preference for waste management improvements is waste recovery, waste to energy conversion, and waste treatment.

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

The results achieved in 2017 are proof of CNH Industrial's major commitment to managing this important environmental aspect. Indeed, the waste recovered at Company level during 2017 increased compared to 2016, reaching 92% of the total waste generated. The percentage of waste sent to landfill continued to fall in 2017, to around 2.5% (a 26% reduction compared to 2016).

In terms of waste generated in relation to the production unit[6], total waste generation and hazardous waste fell by more than 5% compared to 2016.

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.

92%
OF WASTE
RECOVERED

[6] *For the definition of total manufacturing hours, see the chapter on Report Parameters (see page 242).*

GRI STANDARDS

GRI 306-3

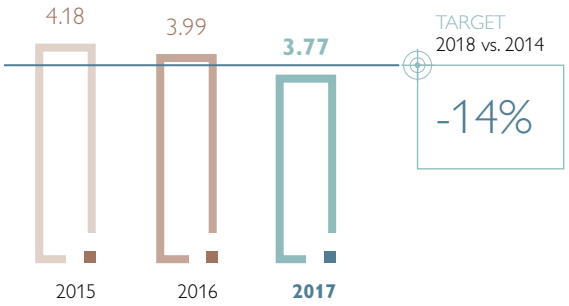
WASTE GENERATION AND MANAGEMENT

CNH INDUSTRIAL WORLDWIDE (tons)

	2017	2016	2015
Plants (no.)	54	56	57
Waste generated			
Non-hazardous waste	**192,983**	184,665	199,401
Hazardous waste	**17,637**	16,885	19,376
Total waste generated	**210,620**	**201,550**	**218,777**
of which packaging	**64,558**	54,572	61,670
Waste disposed			
Treatment	**12,318**	11,009	15,465
of which incineration	**589**	130	172
Sent to landfill	**5,341**	6,796	7,725
Total waste disposed	**17,659**	**17,805**	**23,190**
Waste recovered			
Waste recovered (excluding waste-to-energy)	**186,126**	174,040	185,082
Waste-to-energy conversion	**6,834**	9,705	10,504
of which hazardous	**2,724**	2,968	3,723
Total waste recovered	**192,960**	**183,745**	**195,586**
of which hazardous	**9,729**	9,051	9,492
% waste recovered	**91.6%**	91.2%	89.4%
% waste sent to landfill	**2.5%**	3.4%	3.5%

WASTE GENERATED PER PRODUCTION UNIT[a]

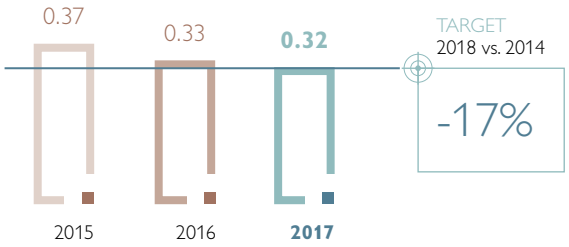
CNH INDUSTRIAL WORLDWIDE (kg/hours of production[b])



[a] 2014 was chosen as the base year for global planning, in line with the Business Plan. The base year waste generated is equal to 4.61 kg/hours of production.
[b] Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 242.

HAZARDOUS WASTE GENERATED PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (kg/hours of production[b])



[a] 2014 was chosen as the base year for global planning, in line with the Business Plan. The base year hazardous waste generated is equal to 0.40 kg/hours of production.
[b] Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 242.

-5%
IN HAZARDOUS WASTE GENERATED PER HOUR OF PRODUCTION

In 2017, CNH Industrial plants completed several initiatives to reduce waste generation.

The plant in **Bolzano** (Italy) streamlined its engine test bench area by shutting down the coolant intake/discharge circuit and discharging the coolant into a new tank, in order to then reuse it within the same process, thereby drastically reducing both water consumption and related wastewater disposal costs. The new system led to an annual reduction in water consumption of 600 cubic meters, a 15-ton decrease in hazardous waste generation (-2% compared to 2016), and $20,000 in savings.

The **Torino Driveline** and **Torino Engine** plants (Italy) installed an organic nutrient dosing system upstream of the activated-sludge biological wastewater treatment system to increase the system's efficiency. Measurement of the main parameters showed that the intervention improved the quality of discharged water by approximately 20% compared to the previous year. It also allowed both plants to obtain a more advantageous wastewater discharge fee, resulting in over $180,000 in total savings.

GRI STANDARDS

GRI 306-2

The **Torino Driveline** plant (Italy) also installed a briquetting press into the gear production line in order to recover cutting fluid (i.e., cooling lubricant) during the process and reduce the volume of waste generated. The press receives the waste shavings generated during processing and compresses them into briquettes, which allows recovering the cooling lubricant that was previously disposed of with the waste shavings. The result was an annual recovery of about 6,600 kilos of cutting fluid, with a corresponding reduction in the volume of waste generated, and savings of approximately $14,500.
Several initiatives were implemented to reduce packaging waste, particularly at the plants in **Benson**, **Fargo**, **Grand Island**, and **Wichita** (USA), and in **Contagem**, **Curitiba**, and **Sete Lagoas** (Brazil). The improvement measures involved: the replacement of wooden racks with reusable steel racks for the shipment of components; the replacement of wooden shipping pallets and disposable packaging materials with reusable ones; and the treatment of wooden pallets to extend their durability. Overall, these measures led to a reduction in packaging-related waste of about 730 tons and to approximately $74,000 in savings.
The plant in **Noida** (India) implemented a number of measures to cut its overall waste production, achieving an annual 35-ton reduction and over $7,000 in savings. The plan involved washing and reusing workers' coveralls in the painting area, which reduced their disposal by about one-third. The plant also started to collect and reuse plastic protective equipment in the painting area, and downsized the cloths used to clean component surfaces before painting.

PROTECTING BIODIVERSITY

In 2017, 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 achieved, see the table on page 261 . 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, for plants near, bordering or within protected or high-biodiversity areas, 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 2017, although no specific improvement measures were required, CNH Industrial continued to implement improvement initiatives for the protection of biodiversity within and around its plants.
The plant in **Racine** (USA) joined *Snapshot Wisconsin*, a volunteer-based project supported by the Wisconsin Department of Natural Resources, aiming at monitoring wildlife using motion-activated trail cameras. The project's goal is to collect data to assist in wildlife management. In 2017, the plant began to compile an inventory and upload photos of the animal species detected on and near plant premises, with monitoring still underway.

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: energy, carbon and other emissions, water, waste management, transportation, supply chain, communication and educational outreach, workforce and governance. CNH Industrial earned 714 points, in line with the high score achieved the previous year.

FOCUS ON

GRI STANDARDS

GRI 304-2; 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[7] and PCTs[8], CNH Industrial completed the process to eliminate these hazardous substances in 2012.
In 2017, no fines or sanctions for 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, the Company has concentrated its efforts on the study and application of alternative solutions to replace heavy metal-containing products used in painting processes. In addition, CNH Industrial is more broadly committed to the sustainable use and reduction of chemicals, with a view to environmental protection, waste reduction, and cost savings. Thanks to a project launched in collaboration with a local supplier, the plant in Plock (Poland) was able to reduce its consumption of chemical products by about 9,000 kilos (-13% compared to 2016), by replacing the flocculants used in 2 of the painting lines with a new, concentrated, higher-efficiency flocculant. The initiative also resulted in more than $25,000 in savings.

EXTERNAL NOISE PRODUCED BY PLANTS

In order to minimize the noise impact of its plants, CNH Industrial encourages the adoption of procedures provided for by plant environmental management systems and by guidelines issued in previous years (such as the guideline for the design and purchase of new, low-noise machinery).

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, the Center launched a project to achieve zero impact for the plant by 2017, and to significantly increase the use of dynamos to produce electricity while testing engines, with 9 test cells or projects to be completed by 2017. As a result, 5 test cells were installed in 2017, leading to an annual reduction in CO_2 of approximately 1,480 tons. Furthermore, productivity increased by 10% compared to 2015 partly thanks to the optimization of testing processes.

OUR PROJECT

[7] *Polychlorinated Biphenyls (PCBs) are a group of extremely stable chemical compounds with excellent dielectric and heat transfer properties, widely used in the past in both the industrial and commercial sectors (e.g., in capacitors and transformers). Because of their toxicity to humans and to the environment, PCBs are among the most dangerous pollutants.*
[8] *Polychlorinated Terphenyls (PCTs) have physical and chemical properties similar to PCBs, and may contain up to 10% of PCBs within the product matrix. They have been used as plasticizers, fire retardants, and in various types of coating.*

GRI STANDARDS

GRI 307-1

ENERGY MANAGEMENT

Climate change was one of the megatrends identified as having the potential to shape the Company's future business (see page 244). CNH Industrial approaches climate change mitigation by reducing energy consumption and by limiting the use of fossil fuels, responsible for air pollution and, above all, CO_2 emissions. Managing greenhouse gas emissions and optimizing energy consumption are prerequisites for the continuous improvement of the Company's performance and the protection of the environment in which it operates.

As evidenced by the materiality analysis, **renewable energy** and **CO_2 and other air emissions** are considered priority material topics by both CNH Industrial and its stakeholders, due to the nature and extent of their environmental and economic impact, and to their association with global warming, an issue gaining increasing importance among the international community. The significance of these aspects is further highlighted by their political, technological, and economic implications, in terms of both sustainable procurement and impact mitigation.

As stated in the Energy Policy representing the framework of each plant's management system, CNH Industrial is committed to reducing: the use of fossil fuels in favor of renewable energy sources; energy consumption through more efficient products and processes; and greenhouse gas emissions by cutting energy consumption and through conventional and innovative technical solutions.

The short, medium, and long-term targets related to energy performance, CO_2 emissions, and the use of renewable energy are included in the Sustainability Plan (see page 40). They were set in line with the Business Plan and reflect CNH Industrial's voluntary commitment to improving its daily energy performance across its manufacturing operations.

Moreover, as further evidence of its commitment to promote sustainable development and fight climate change, CNH Industrial endorsed 2 of the commitments promoted by the CDP[1] in 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 and to engage in national and international debates to contribute to progress in reducing greenhouse gas emissions.

The improvement process is supported by a robust energy management system and by the application of World Class Manufacturing principles. Plants rely on this dual, integrated methodology and on its systematic implementation to set standards and energy targets, to implement improvement actions, and to guide the respective monitoring processes, the evaluation of results against stated targets, and their dissemination through proper communication channels.

An operational grievance mechanism, the Compliance Helpline, is available to CNH Industrial stakeholders to report potential violations of corporate policies, the Code of Conduct, and applicable laws (see page 56).

In 2017, over $7.7 million was invested overall in improving energy performance, leading to a reduction in energy consumption of approximately 262 TJ and a reduction in CO_2 emissions of over 21,000 tons[2].

Furthermore, a designated work team continued to focus on the application of the Internal Price of Carbon (IPoC) methodology, considered a strategic business tool in guiding investments to reduce CO_2 emissions. The IPoC enables classifying and prioritizing energy saving projects based on their ability to generate the greatest benefit in terms of CO_2 reductions in relation to the investment cost sustained by the Company. The methodology also enables the cross-fertilization of the most effective projects in terms of CO_2 reductions worldwide based on the specific IPoC of each Region and plant. Currently, based on the historical data analysis, CNH Industrial's global carbon price is $100-135 per ton of CO_2.

$7.7 MILLION INVESTED IN IMPROVING ENERGY EFFICIENCY

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 related targets were included once again in 2017's Performance and Leadership Management system (see page 88) for several energy and plant managers.

CNH Industrial has a specific internal structure overseeing issues related to the conservation of energy resources. Energy management activities are organized both centrally and at regional and plant level.

(1) *CDP is the international non-profit organization providing the only global system for companies and cities to measure, disclose, manage, and share essential environmental information.*

(2) *The 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.*

GRI STANDARDS

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

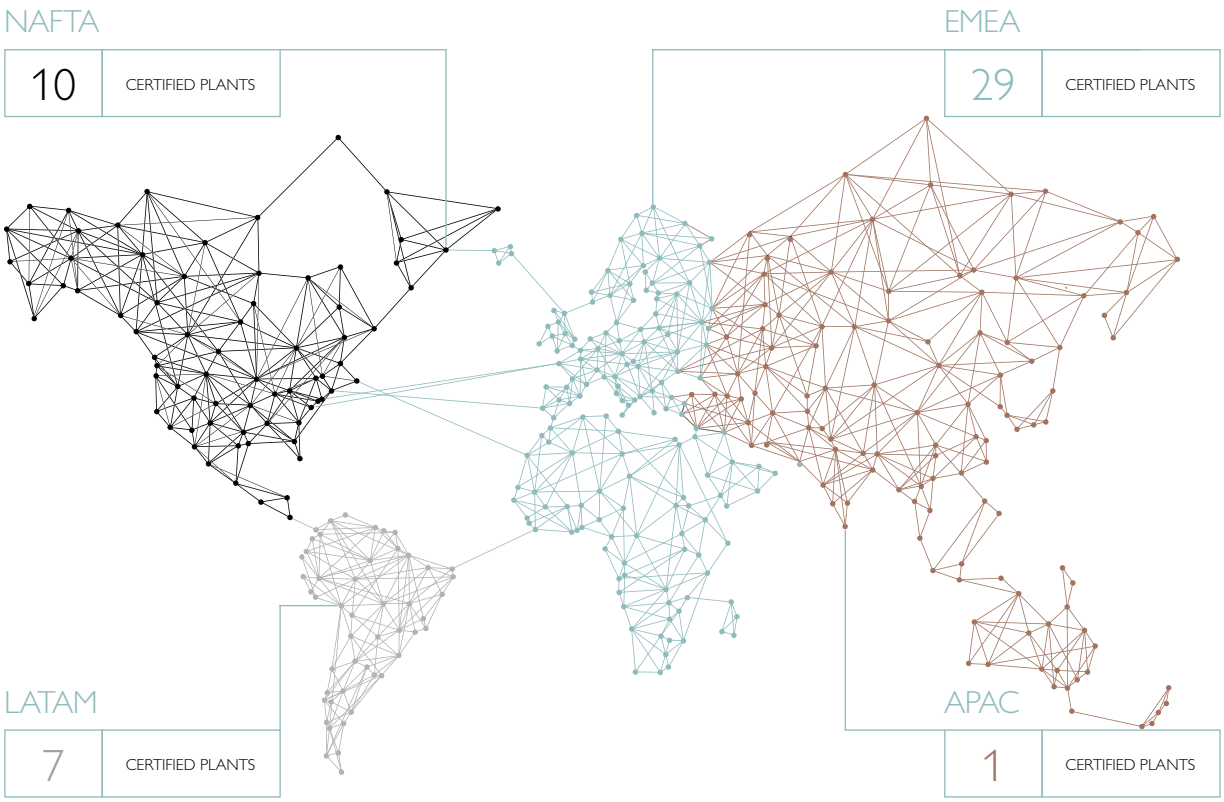
47
ISO 50001
CERTIFIED PLANTS

To ensure the necessary alignment and support from across the Company, activities are coordinated by the Energy function's Business Point of Reference for Sustainability and respective team, made up of the energy managers and specialists from each segment and Region, which interacts with the Sustainability Planning and Reporting Department, as well as directly with plants. Based on the strategies defined by the GEC, the Energy team sets out CNH Industrial's guidelines and objectives (with the Chief Manufacturing Officer), as well as the best strategies to achieve them; it also manages investment budgets for specific projects and oversees the progress of the Energy Action Plan through monitoring.
The team also performs internal compliance audits and raises awareness of energy issues among management and employees through meetings and campaigns. An IT platform allows energy managers to share data reports and energy performance results. The Company's overall energy management structure consists of 80 professionals, located at both corporate offices and plants.

ENERGY MANAGEMENT SYSTEM

CNH Industrial aims at reducing the energy impact of manufacturing processes and the risks associated with new legislation and rising energy costs, in part through the development and implementation of an energy management system.
In 2017, 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

ISO 50001 CERTIFIED PLANTS[a]
CNH INDUSTRIAL WORLDWIDE (no.)



[a] *For the complete list of plants, see the table on pages 238-240.*

gas emissions. In 2017, CNH Industrial's energy management system was rolled out to 47 plants, representing about 97% of the Company's energy consumption, outperforming the targets set for the year.
Voluntary compliance with the ISO 50001 standard reflects CNH Industrial's determination to manage its business sustainably, as recognized globally by its inclusion in the Dow Jones Sustainability Index and its CDP results (see pages 16-17). Specifically, CNH Industrial scored an A- in the *CDP Climate Change Program*.
In 2017, 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[3] and WRI[4] (GHG Protocol) and with ISO 14064 standards, covering 100% of CNH Industrial's energy consumption.

SHARING AND AWARENESS ACTIVITIES

The ongoing promotion of staff involvement and awareness of the importance of energy resource conservation is key to reaching CNH Industrial's improvement targets. To this end, best practices are standardized and disseminated across plants through the World Class Manufacturing (WCM) system, to enable the kind of synergy that is crucial for the development and continuous improvement of any global company.
In 2017, 6,759 hours of training were provided (mainly by internal professionals) to 7,853 people across different plants. Training focused on the distinctive features of the ISO 50001 energy management system, the correct monitoring and management of energy performance, the training of certified internal auditors at plants in EMEA and NAFTA, and WCM energy management principles.
In 2017, CNH Industrial actively participated in *M'illumino di meno*, the Italian radio campaign to raise awareness of energy saving and rationalizing energy consumption among public and private entities. The Company also launched several initiatives among employees to promote responsible environmental behavior. For example, informational place mats were distributed in corporate cafeterias, describing the sustainability projects implemented at plants and inviting everyone to do their part in saving energy. Moreover, thousands of thermometers were distributed across the offices in Italy, where employees took more than 2,000 temperature measurements – before and after the awareness initiative. The experiment resulted in a drop in temperatures and a reduction in CO_2 emissions of approximately 5 tons.
Harnessing the experience gained at some plants, in 2017, the Company began extending the energy lab concept, i.e., an area usually designed using recycled materials and adorned with plants, where employees can develop, plan, and track improvement activities related to energy management.

ENERGY PERFORMANCE

An efficient energy management system requires effective monitoring of energy performance, by means of specific Energy Performance Indicators (EnPI).
These indicators allow CNH Industrial to measure the benefits and effectiveness of its initiatives, plan improvement measures, and establish new and ever-more challenging targets. In 2017, CNH Industrial continued to monitor energy performance and compliance with the Action Plan at all plants via the Energy Monitoring & Targeting (EMT) management and control platform. Furthermore, in order to achieve a higher level of monitoring by 2020 of both primary energy vectors, purchased directly from external suppliers, and secondary energy vectors, transformed and then distributed to manufacturing processes, the Company continued to monitor secondary vectors at all plants via the same EMT platform. As at December 2017, approximately 80% 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 set-up and realization of 328 technical and management improvement projects, and to an increased level of people engagement and awareness. These projects were able to address the different types of losses indicated in the WCM Energy methodology, which are used to classify and clearly identify energy inefficiencies.
The WCM Energy pillar aims at optimizing energy use in manufacturing processes. This pillar is a management tool that enables each plant to understand, monitor, and reduce energy consumption and the impact of CO_2 generated during manufacturing operations, which translates into benefits for the environment and lower production costs.

(3) *World Business Council for Sustainable Development.*
(4) *World Resources Institute.*

GRI STANDARDS

GRI 302-1

In 2017, CNH Industrial implemented several short to medium-term initiatives involving the redesign of processes, equipment conversion and retrofitting, operational changes to new installations, and increased employee awareness. The following is a list of the outcomes achieved:

COMPRESSED AIR

- sectioning of distribution lines
- efficiency and modulation improvements
- sealing of air leaks
- installation of additional inverters
- lower overall pressure
- increase in machinery shutdowns when idle
- use of portable compressors during idle periods
- fewer terminal users
- replacements with more efficient systems
- elimination of inappropriate compressed air use

BUILDINGS

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

WASTE HEAT RECOVERY

- heat recovery from ovens and compressors
- heat recovery for chilled water generation

LIGHTING

- installation of high-efficiency lighting systems (LED) inside and outside plants
- use of presence detectors and dimmers
- use of solar lamps
- creation of skylights

EMF[1] (PUMPS/FANS/MOTORS)

- installation of inverters
- modulation of fan extractors
- ventilation optimization
- optimization of transformers and cabins

METERING

- system expansion

HEATING/PROCESS HEAT AND COOLING

- replacement of old heating systems
- hot water supply from CHP[2] system
- HVAC[3] system efficiency and maintenance
- heating reduction
- replacement of burners
- insulation of ovens
- establishment of startup and shutdown procedures
- application of optimal setpoints
- HVAC system efficiency and maintenance
- cooling reduction.

(1) *Electromotive force.*
(2) *Combined Heat-Power.*
(3) *Heating, Ventilation, and Air Conditioning.*

2017 IMPROVEMENT PROJECTS IN DETAIL

CNH INDUSTRIAL WORLDWIDE

	Projects (no.)	Total energy reduction (GJ/year)	Estimated project cost ($)
Conversion and retrofitting of equipment	100	93,177	3,744,939
Installation of new equipment	64	66,622	3,224,438
Operational changes	117	50,178	477,341
Process redesign	47	51,932	297,858
Total	**328**	**261,909**	**7,744,576**

In 2017, the Company realized 328 efficiency projects investing approximately $7.7 million in total, of which over 60% in EMEA, 15% in LATAM, 15% in NAFTA, and the rest in APAC. The projects generated about $7 million in savings.
The simple payback period is estimated at 1.1 years, in part due to the approximately $0.8 million in savings generated by management initiatives implemented at no cost.
About 40% of the total investments focused on optimizing energy consumption, while over 30% aimed at the widespread replacement of existing lighting systems with LED technology, for an investment of over $2.2 million. The remaining initiatives centered, as in previous years, on the installation of inverters, high-efficiency motors, intelligent stand-by systems on machinery, and set-point regulation adjustments according to operational requirements.
Other significant interventions involved:

- buildings (about 10% of the total investment), with a particular focus on reducing thermal losses
- heat generation and distribution systems, with approximately $1.1 million (about 15% of the total investment) spent on: replacing low-efficiency burners with new high-efficiency, low-emissions technology; installing solar collectors for the production of sanitary hot water; and sectioning distribution networks
- compressed-air consumption (about 8% of the total investment), with the ongoing monitoring and sealing of air leaks, the sectioning of distribution lines, and set-point regulation adjustments.

Direct and indirect energy consumption by source, and the associated CO_2 emissions, continued to be reported throughout 2017. For each source, a distinction was made between renewable and non-renewable energy. CO_2 emissions were calculated according to GHG Protocol standards, incorporated into Company Guidelines.
At CNH Industrial, the only sources of greenhouse gas emissions, besides those deriving from energy consumption, are associated with the use of HFC compounds with global warming potential (GWP) present in the air-conditioning and cooling units of work spaces, and in production and fire suppression equipment. The potential emissions from these substances (CO_2 eq) are negligible compared with emissions from energy production: in fact, with an incidence of less than 0.75%, they fall outside the reporting scope[4].

ENHANCING DUST COLLECTOR EFFICIENCY

The plants in NAFTA typically use dust collectors to control welding fumes, spiking electricity consumption due to the collectors' large motors. The plants in **Fargo**, **Goodfield**, and **Wichita** (USA) began to control dust collector operations either by programming them to match production schedules, and thus to work only when the welders in the collector-controlled area are operating, or by using opacity sensors to activate them based on air quality.
At the Goodfield plant, all collectors used to power up automatically even with just a few welders operating, but they have now been programmed so that all unnecessary collectors remain off. The same process is used at the plant in Fargo, where the dust collectors' schedule is controlled via the building's automation system to ensure the collectors run only when needed. Lastly, the plant in Wichita now controls dust collector operations via opacity sensors, so that they run only when the air quality requires it.
In 2017, the 3 plants invested a combined total of $13,500 in dust collector upgrades, generating $73,500 in total savings, 3,042 GJ in energy savings, and a reduction in CO_2 emissions of 576 tons per year.

OUR PROJECT

[4] *Details on the reporting scope are available in the chapter on Report Parameters (see pages 238-240).*

GRI STANDARDS

GRI 302-4; GRI 305-1; GRI 305-2

56%
OF ELECTRICITY FROM RENEWABLE SOURCES

ENERGY CONSUMPTION

In 2017, CNH Industrial reported a total energy consumption[5] of 6,571 TJ, an increase of approximately 4.9% over the previous year, mainly due to an 11% increase in hours of production. As regards energy performance, measured as the Company's total internal energy consumption divided by hours of production, CNH Industrial's 2017 year-end results were better than the previous year, with a 6% KPI improvement. This outcome was the result of the effective synergy between the energy management and WCM systems adopted by the Company and of the energy efficiency projects realized. Indeed, while the increase in production would have been expected to cause an increase in energy consumption per hour of production, management's responsiveness made it possible to limit variable consumption directly linked to production. Furthermore, considerable efforts went into specific operational measures leading to a reduction in the fixed share of energy consumption, which is independent from the production process.

TOTAL ENERGY CONSUMPTION[a]

CNH INDUSTRIAL WORLDWIDE (GJ)

Non-renewable sources	2017	2016	2015
Plants (no.)	52	54	55
Direct energy consumption			
Natural gas	**2,717,724**	2,636,772	2,733,025
Coal	**139,724**	131,243	125,206
Diesel	**272,086**	235,292	253,062
Liquefied petroleum gas (LPG)	**51,906**	35,755	31,409
Other (HS and LS fuel oil)	**148**	119	-
Total	**3,181,588**	**3,039,181**	**3,142,702**
Indirect energy consumption			
Electricity	**1,138,933**	1,064,463	1,358,490
Thermal energy	**641,537**	610,687	619,274
Other energy sources	**40,580**	115,017	128,498
Total	**1,821,050**	**1,790,167**	**2,106,262**
Total energy consumption from non-renewable sources	**5,002,638**	**4,829,348**	**5,248,964**

Renewable sources	2017	2016	2015
Plants (no.)	52	54	55
Direct energy consumption			
Biomass	**4,702**	22,169	30,824
Solar-thermal	**137**	246	419
Total	**4,839**	**22,415**	**31,243**
Indirect energy consumption			
Electricity	**1,399,965**	1,342,881	1,100,664
Thermal energy	**52,404**	57,666	57,961
Other energy sources[b]	**111,331**	9,998	9,136
Total	**1,563,700**	**1,410,545**	**1,167,761**
Total energy consumption from renewable sources	**1,568,539**	**1,432,960**	**1,199,004**
Total energy consumption	**6,571,177**	**6,262,308**	**6,447,968**

[a] 2014 was chosen as the base year for global planning, in line with the Business Plan. The base year energy consumption is equal to 7,296,179 GJ.
[b] The difference between the 2017 and 2016 figures is due to the increased use of renewable energy at some plants in the Powertrain segment.

[5] Types of energy included: electricity, heat, steam, cooling, natural gas, metallurgical coal, diesel, and other fuels.

GRI STANDARDS

GRI 302-1

ENERGY CONSUMPTION BY TYPE

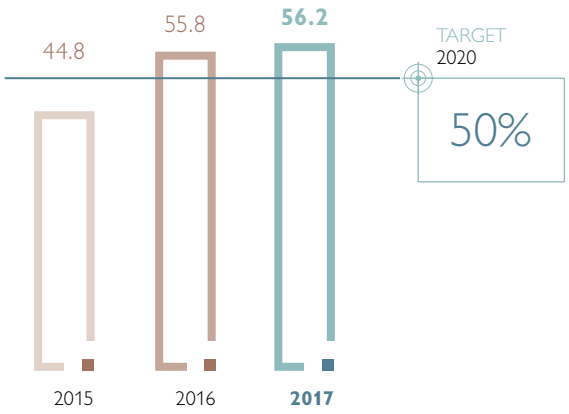
CNH INDUSTRIAL WORLDWIDE (GJ)

	2017	2016	2015
Plants (no.)	52	54	55
Electricity[a]	**2,658,857**	2,502,246	2,554,364
Heat	**694,078**	668,599	677,655
Steam[b]	**-**	-	-
Cooling coal	**31,952**	30,113	42,424
Natural gas	**2,717,724**	2,636,772	2,733,024
Other energy sources	**468,566**	424,578	440,500
Total energy consumption	**6,571,177**	**6,262,308**	**6,447,968**

(a) Electricity also includes compressed air.
(b) Steam is included in heat.

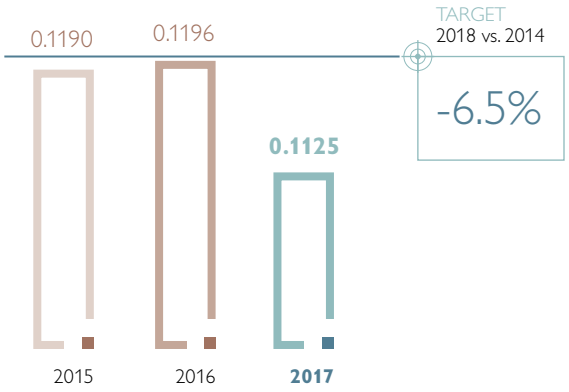
ELECTRICITY CONSUMPTION FROM RENEWABLE SOURCES

CNH INDUSTRIAL WORLDWIDE (%)



ENERGY CONSUMPTION PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (GJ/hours of production[b])



(a) 2014 was chosen as the base year for global planning, in line with the Business Plan. The base year energy consumption is equal to 0.1286 GJ/hours of production. Types of energy included: electricity, heat, steam, cooling, natural gas, metallurgical coal, diesel, and other fuels. KPIs do not include the fuel used to test products.
(b) Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 242.

CO_2 EMISSIONS

In 2017, CNH Industrial's CO_2 emissions (scope 1 and 2) were 405,261 tons[6], a 1% reduction compared to the previous year. This result was due to the greater share of renewable energy in CNH Industrial's energy mix, which reached 56% of the Company's total electricity consumption.
Furthermore, the increased use of renewable energy cut CO_2 emissions by approximately 120,000 tons.

DIRECT AND INDIRECT CO_2 EMISSIONS[a]

CNH INDUSTRIAL WORLDWIDE (tons)

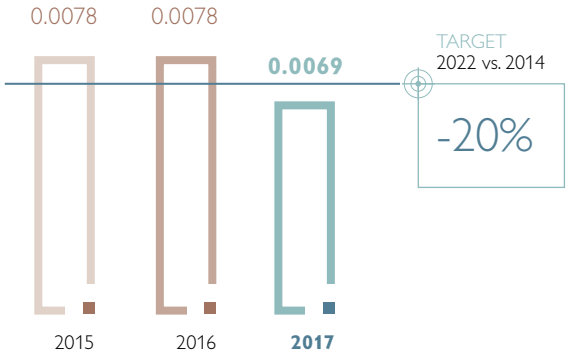
	2017	2016	2015
Plants (no.)	52	54	55
Direct emissions (scope 1)	**180,588**	172,562	176,765
Indirect emissions (scope 2) - market-based	**224,673**	235,362	248,107
Indirect emissions (scope 2) - location-based	**295,629**	265,841	288,469
Total CO_2 emissions[b]	**405,261**	407,924	424,872
Direct emissions from landfill gases	**257**	1,210	1,683

[a] CO_2 is the only significant greenhouse gas within CNH Industrial's processes (see page 243).
For CNH Industrial, biogenic CO_2 emissions are those released by the combustion of landfill gases.
2014 was chosen as the base year for global planning, in line with the Business Plan.
The base year CO_2 emissions are equal to 515,897 tons.
There were no significant changes in emissions requiring the recalculation of base year emissions.
GHG emissions were consolidated and reported using an operational control approach.
For the methodologies and emission factors used, see page 243.
[b] Total CO_2 emissions are calculated as per the market-based methodology of the GHG Protocol. Total CO_2 emissions do not include emissions from landfill gases.

-11%
IN CO_2 EMISSIONS PER HOUR OF PRODUCTION

DIRECT AND INDIRECT CO_2 EMISSIONS PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (tons of CO_2/hours of production[b])



[a] CO_2 is the only significant greenhouse gas within CNH Industrial's processes (see page 243).
2014 was chosen as the base year for global planning, in line with the Business Plan.
The base year CO_2 emissions are equal to 0.0091 tons/hours of production.
The indicator includes scope 1 and scope 2 emissions, as per the market-based methodology of the GHG Protocol.
KPIs do not include the fuel used to test products.
[b] Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 242.

[6] Value stated as per the market-based methodology of the GHG Protocol.

GRI STANDARDS

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

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].

The energy generated in 2017 by the Basildon plant was approximately 93,108 GJ, giving the plant extra credits in terms of CO_2 emission allowances for the year.

On the other hand, the energy generated in 2017 by the Vysoke Myto plant was approximately 93,180 GJ, which put the plant in debt in terms of its CO_2 emission allowances for the year.

GREEN PLANTS IN FRANCE

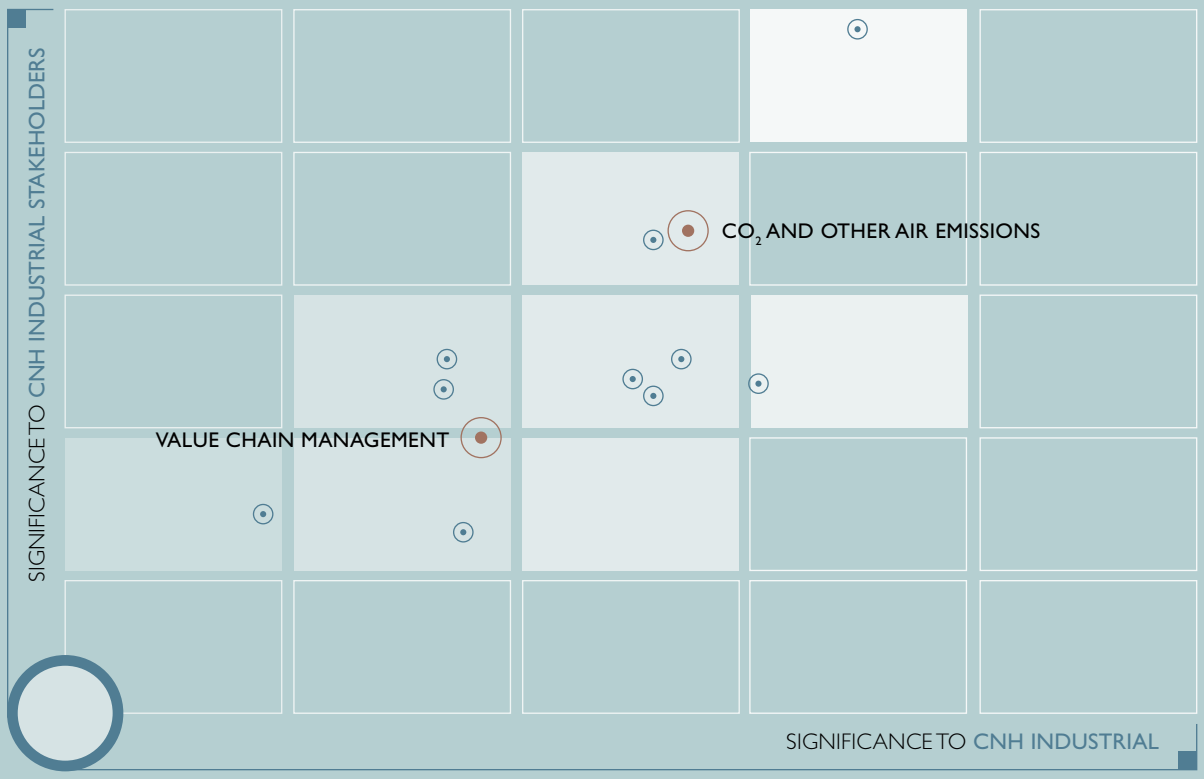
In 2017, the French plants in Annonay and Rorthais continued to implement numerous initiatives to reduce their environmental impact.

The **Annonay** plant developed several initiatives to raise environmental awareness both on and off site and improve environmental conditions in its surrounding area. Assisted by an external consultancy, the plant identified and classified 30 bird species and 28 insect species inhabiting its green areas, and implemented measures to protect them and local biodiversity in general. Projects ranged from the creation of wooden insect hotels, nests for great tits and owls, and shelters for hedgehogs, to the planting of fruit trees, shrubs, and native hedgerows. The plant also installed 3 hives for a small bee colony for environmental biomonitoring with a local partner. Several visits focusing on biodiversity and respect for nature were organized across the plant's green areas for local students and employees' children, as well as an external communications campaign via social and mass media to emphasize the Company's environmental commitment.

Meanwhile, the **Rorthais** plant contributed to preserving biodiversity by planting 50 trees and shrubs (with 50 more to be added each year), to separate its smoking area from the restaurant, reduce visual pollution, and absorb CO_2. It also started a project to recycle wood container packaging, transforming it into flower bed boxes and on-site walking trails. The plant aims at limiting its overall environmental impact by reducing energy consumption and associated GHG emissions. In 2017, it continued to transition to LED technology, covering 73% of plant lighting (internal and external), with efforts expected to continue in 2018. Measures to significantly reduce gas consumption included better production uptime and downtime management across different production areas, and a major improvement project (i.e., *kaïzen*) under the WCM program focusing on plant painting booths. Furthermore, the water reduction project started at the end of 2016, to recycle the water used for vehicle leak testing, had significant results: in 2017, the plant used only 200 cubic meters of water, a 95% reduction in water consumption for leak testing. From a logistics standpoint, the use of trains rather than other means of transport cut fuel consumption (and therefore CO_2 emissions) by 40%, going from 3,800 cubic meters in 2017 to 6,700 in 2016. Efforts are expected to continue in 2018 with the ongoing implementation of additional projects.

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).*



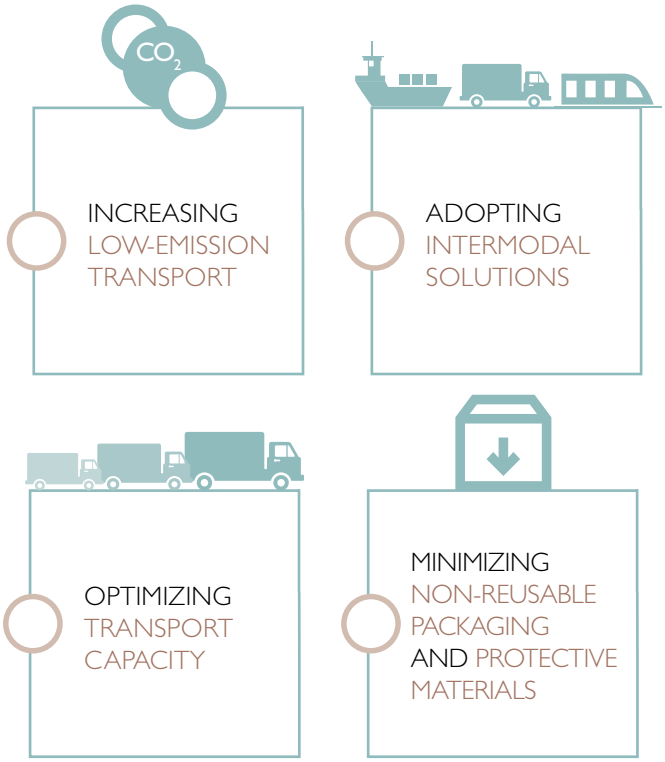
LOGISTICS PROCESSES

Material topics described in this chapter (for definitions see page 245).

MANAGEMENT FRAMEWORK

In managing its logistics processes, CNH Industrial continually strives to find sustainable solutions to combat climate change, conserve natural resources, and safeguard health.
To this end, logistics processes at CNH Industrial are managed both internally within the value chain, specifically within the functions responsible for manufacturing, sales, and purchasing, and externally, by interacting with the operational context outside the Company to optimize the efficiency of logistics flows and reduce their environmental impact.
In terms of the material topics identified in the Materiality Matrix, logistics processes have an economic, environmental, and social impact on both **CO_2 and other air emissions** and **value chain management**. The importance of sustainable logistics to the Company lies not only in time and cost efficiencies, but also in emissions reduction, resource use, packaging management, and, not least, in their indirect impact on human health and traffic congestion.

To coordinate its efforts effectively towards improvements in this area, CNH Industrial published the Green Logistics Principles, available on the Company's website. The Green Logistics Principles are intended to coordinate the Company's initiatives on promoting sustainable behaviors, and help both corporate functions and suppliers effectively monitor their performance and meet improvement targets.
In line with these principles, CNH Industrial's approach focuses on the 4 following areas:



Initiatives and projects developed to reduce the environmental impact of logistics processes are described in the following sections.

The logistics system is managed according to World Class Manufacturing principles (see page 176), which define the logistics processes employed at plants and in supplier network planning, while pursuing safety, ergonomics, eco-compatibility, and transport logistics flow optimization. This approach ensures effective management and the evaluation of projects according to defined standards. Through this methodology, CNH Industrial shares and disseminates its best practices, tried and tested across all plants, to improve process management with continually updated internal benchmarking.

GRI STANDARDS

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

As an integral part of its approach, CNH Industrial believes that actively engaging suppliers is key to achieving an effective, sustainable logistics system. To this end, the Company directly involves suppliers in most of its projects and initiatives, promoting and encouraging the development and implementation of the best solutions to meet CNH Industrial's environmental impact reduction targets.
As further proof of this commitment, some suppliers of logistics processes were engaged in the *CDP Supply Chain* initiative (see page 172), which monitors the CO_2 emissions of selected suppliers and promotes projects to reduce them through joint initiatives and partnerships.

The Company's main sustainable logistics improvement targets are to reduce CO_2 emissions derived from handling components and finished goods, and to minimize the use of non-reusable packaging. In this regard, in 2016, a 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 kilos of CO_2 emissions per ton of goods transported (inbound, outbound, and spare parts) compared to 2014. This voluntary target is included in the Sustainability Plan (see page 41).
Target achievement is monitored quarterly and, if necessary, corrective measures are implemented. The results are made available to stakeholders annually through the Sustainability Report and corporate website.
In addition, the main projects for reaching the target included in the Sustainability Plan in 2017 were incorporated in the individual targets of managers involved in the Performance and Leadership Management system (see page 88).
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, is 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 2017, 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 2017, CO_2 emissions from global inbound and outbound distribution were reduced by 5,645 tons. These emissions reductions were a result of the improvement projects implemented in 2017. One such improvement project concerned intermodal transport between Italy and Spain: goods from critical suppliers, previously shipped by road, were transported by sea. This led to a reduction in CO_2 emissions of 3,234 tons, saving over $371,000.

(1) *The criteria used to measure the significance of the environmental aspects of logistics processes are the size of the impact, and the Company's ability to manage and mitigate both the impact and its potential effects on the surrounding environment.*

CO_2 EMISSIONS IN LOGISTICS PROCESSES[a]

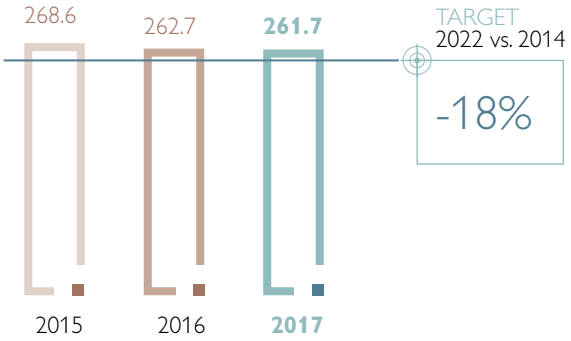
CNH INDUSTRIAL WORLDWIDE (tons)

	2017	2016	2015
Inbound	**181,331**	160,246	179,954
Outbound	**184,649**	170,833	182,256
Parts	**37,302**	31,835	31,955
Total	**403,282**	**362,914**	**394,165**

(a) CO_2 emissions for road transport were quantified as per the GHG Protocol, revised edition, and for sea and rail transport as per the IFEU Heidelberg methodology for environmental calculations.
The increase in overall CO_2 emissions was mainly due to the increase in volumes in Latin America (in all segments).

CO_2 EMISSIONS IN LOGISTICS PROCESSES[a]

CNH INDUSTRIAL WORLDWIDE (Kg of CO_2 emissions/tons of goods transported)



(a) Base year CO_2 emissions are 304.6 kg per ton of goods transported.

Managing the environmental aspects associated with logistics focuses particularly on reducing non-reusable packaging and protective materials, in line with Company standards and quality requirements. Where this is not possible, CNH Industrial seeks the best solutions to ensure the recovery of materials.
Although this aspect is less significant than air emissions, a monitoring process is in place to provide a solid database for building future areas for improvement.
CNH Industrial plants in Europe recorded an average of 0.32 kilos of cardboard disposed of per total manufacturing hours[2], in line with 2016 figures.
Wherever possible, finished goods (e.g., engines, axles) are shipped in returnable racks to reduce cardboard and wood waste, both for the Company and for customers.

CARDBOARD DISPOSED OF IN LOGISTICS PROCESSES

CNH INDUSTRIAL EUROPE (Kg/hours of production[a])

	2017	2016	2015
Cardboard disposed of per hours of production	**0.32**	0.32	0.31

(a) Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 242.

(2) Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 242.

USE OF LNG TRUCKS FOR INBOUND TRANSPORT

In 2017, new logistics flows using trucks running on alternative fuel were implemented for transportation from suppliers to CNH Industrial plants.
Liquefied Natural Gas (LNG) trucks generate extremely low emissions, including those of particulate matter (-99% compared to diesel), NO_x (-30% compared to diesel), and aldehydes (-50% compared to diesel).
The flow between the plants in Valladolid and Madrid (Spain) - about 5,600 roundtrips - was handled using 22 LNG trucks; the flow from suppliers in the Turin area to the Brescia and Suzzara plants (Italy) - about 8,000 trips - was handled using 24 LNG trucks. LNG trucks were also used for long trips from Northern to Southern Italy (about 900 km). In 2018, 10 new flows with 70 LNG trucks are planned.

OUR PROJECT

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 type of transport, intermodality, long-haul transport, and packaging design.

INCREASING LOW-EMISSION TRANSPORT

CNH Industrial is committed to reducing CO_2 emissions arising from the transport of components and finished products by continually promoting the use of road vehicles that conform to the most stringent environmental standards and, therefore, generate fewer emissions. Indeed, since 2013, all segments in Europe have gradually introduced specific environmental contractual clauses obliging external transport providers to use vehicles compliant with Euro IV standards or higher.

In 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.

93% OF SERVICE PROVIDERS IN NORTH AMERICA INVOLVED IN THE *SMARTWAY* PROGRAM

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 2017, 93% of service providers (rail and road transport) participated in the *SmartWay* program.

ADOPTING INTERMODAL SOLUTIONS

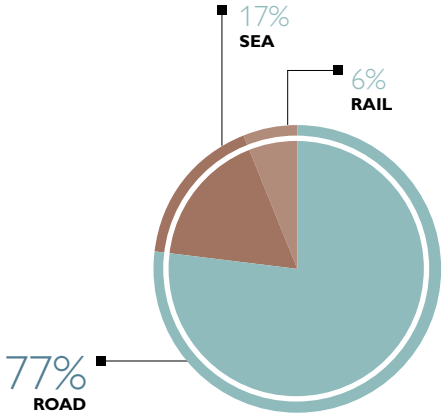
The inbound and outbound transport of materials can generate significant road transport volumes, depending on geography, infrastructure, and production levels. CNH Industrial always strives to promote alternative modes of road transport using intermodal solutions, with the aim of reducing both traffic congestion and CO_2 emissions. Intermodal solutions take a holistic view of transportation services, treating them as an integrated logistics chain and employing a variety of solutions for the movement of goods from source to destination.

In 2017, critical components (e.g., colored plastic parts, metal sheets) were shipped by sea from Italy to the plants in Madrid and Valladolid (Spain). This reduced CO_2 emissions by 3,234 tons.

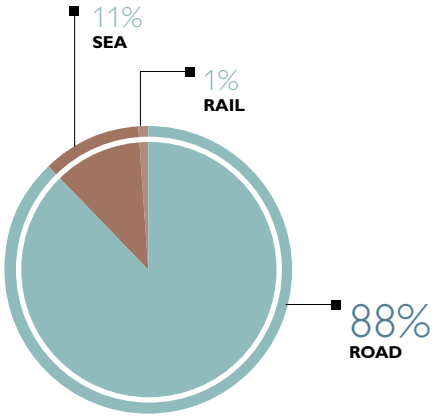
With a view to continuous improvement, the intercontinental flow by rail between East Asia and Europe was also used to move finished goods (engines) in the opposite direction from Italy to Japan.

In Europe, finished goods and components continued to be moved by rail between plants in Southern Italy and the North, with approximately 270 train journeys in each direction in 2017.

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

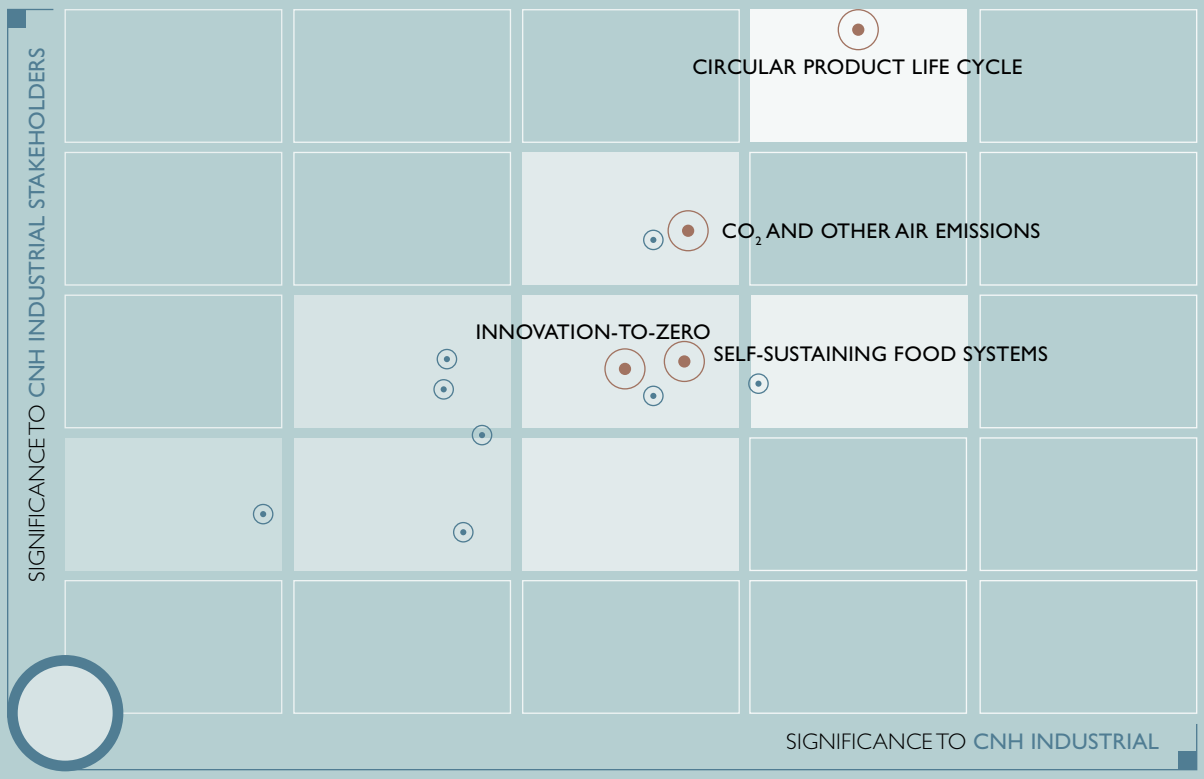
Optimizing transport capacity is one of the methods used by CNH Industrial to reduce the costs and environmental impact of transportation. Technical and organizational changes are made to both routes and volumes to optimize and streamline the entire process, including in environmental terms.

A new project began in November 2017 to optimize the transport of cabs from the plant in Valladolid to the one in Madrid (Spain), by using new 21.5-meter *megacamiones* (i.e., mega-trucks) instead of the standard 13.6-meter semitrailers. This cut the number of trips by 28% and CO_2 emissions by 77 tons.

MINIMIZING NON-REUSABLE PACKAGING AND PROTECTIVE MATERIALS

Packaging design and use standardization - including the adoption of lighter materials and structures, as well as reusable materials - reduces the use of raw materials, cuts waste, and optimizes transport capacity, thus reducing CO_2 emissions.

In 2017, as part of the *World Material Flow* (WMF) program, the Agricultural Equipment, Construction Equipment, and Commercial Vehicles segments continued to monitor the quantity of cardboard and wood used in consolidating shipments of materials by sea to plants in North and South America and in Australia. This led to the use of fewer wood crates, reducing the amount of wood shipped by approximately 99 tons (4.13%).



SUSTAINABLE PRODUCTS

Material topics described in this chapter (for definitions see page 245).

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 CNH Industrial's brands to manufacture products that respect the environment while satisfying customers' demand for high performance and for reliable, safe, and comfortable vehicles with globally competitive operating costs. 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 244): they mitigate the negative impact of *climate change* and *food scarcity and food security*, whereas *the innovative and digital world* can facilitate the diffusion of 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, the Company strives to develop a portfolio of products that increasingly adopt eco-design and that are ever-more performant and environmentally friendly, by improving efficiency and by reducing fuel consumption and associated 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 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.

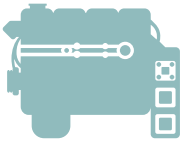
The TCO approach was initially adopted in the Commercial Vehicles segment, proving to be extremely valuable for customers, who were provided with an easy-to-use online calculation tool aiding in the selection of vehicles best suited to specific business needs. In the Agricultural Equipment segment, Case 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.

In 2017, CASE Construction Equipment launched a TCO online calculator in North America. The tool gives customers the opportunity to calculate the total cost of ownership for the full line of CASE equipment based on real-life cost factors such as fuel, labor, parts, and maintenance.

REDUCING POLLUTING EMISSIONS

As evidenced by the materiality analysis, the reduction of **CO_2 and other air emissions** is an issue of relevance to CNH Industrial's stakeholders.

Diesel engine combustion produces a series of pollutants including nitrogen oxides (NO_x) and particulate matter (PM); their levels in exhaust gases mainly depend on the temperature of the combustion chamber, determined in the engine design phase. NO_x gases are produced at about 1,600°C, while almost all PM particles burn up at high temperatures.



A choice must therefore be made between optimized combustion, producing less PM but more NO_x, or less efficient combustion, resulting in the emission of fewer NO_x but more PM. Lower PM levels are achievable with a Diesel Particulate Filter (DPF), which requires periodic regeneration due to particulate build-up over time. NO_x emissions, on the other hand, can be reduced using one of 2 systems.

The first is known as Exhaust Gas Recirculation (EGR), which recirculates exhaust gases in the combustion chamber to lower its temperature, thus reducing NO_x levels. However, this system penalizes engine efficiency and increases particulate production, thus requiring frequent DPF regeneration.

The second system is known as Selective Catalytic Reduction (SCR), which maintains optimized combustion and reduces NO_x emissions through the addition of a reductant (ammonia, obtained from AdBlue). This produces little PM and requires less frequent DPF regeneration.

GRI STANDARDS

GRI 103-1

As regards the latter, in 2005, FPT Industrial 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). Further developments led to the brand's launch, in 2012, of a new, innovative SCR system called Hi-eSCR, which maintains optimized combustion and fuel consumption, produces little PM, and requires less frequent DPF regeneration. Like its predecessor, the new system uses AdBlue for NO_x reduction. An additional advantage is the enhanced safety it delivers for construction equipment: since the system works below 200°C, the equipment can be used near flammable materials, which is particularly valuable, for example, in wood recycling centers. In 2016, FPT Industrial launched the second-generation HI-eSCR2 technology for Agricultural Equipment and Construction Equipment applications, with production expected to begin in 2018.
FPT Industrial's SCR systems are currently used in on-road, off-road, and power generation applications, and are present in 80% of the diesel engines sold as at year-end 2017.
In parallel to SCR systems, another readily available and easily applicable solution to reduce the polluting emissions of on-road vehicles is natural gas fuel. Compared to conventional diesel engines, FPT Industrial's natural-gas engines have extremely low emissions, including particulate matter (-99% compared to diesel), NO_x (-30% compared to diesel), and aldehydes (-50% compared to diesel).

REDUCING CO_2 EMISSIONS

The reduction of **CO_2 and other air emissions** is one of the challenges being tackled by CNH Industrial. The Company has always kept a close watch on the emissions associated with its manufacturing processes (see page 198) and logistics (see page 203), 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
- enhancing the use of alternative fuels, in particular natural gas (see page 209)
- developing alternative traction systems (see page 213)
- offering precision solutions and telematics to improve productivity (see page 213)
- helping customers use vehicles as efficiently as possible (see page 216).

Since 2015, IVECO has actively contributed, as a member of ACEA[1], to the European Commission project aimed at developing a computer simulation tool (called VECTO[2]) to estimate the CO_2 emissions of heavy commercial vehicles over 5 pre-defined missions. VECTO is scheduled to provide vehicle certification by 2018, allowing an 18-month lead time after all relevant legislation enters into force for mandatory heavy-duty vehicle CO_2 disclosures. To this end, the tool has already been tested with all Original Equipment Manufacturers (OEMs), the certification of VECTO input data is underway, and the relevant internal procedure is expected to be certified by the end of 2018. This will enable official CO_2 disclosures as of January 2019.
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, new EU regulations[3] came into force in 2014 establishing average annual CO_2 emission targets for all new vehicles sold on the European market.
IVECO's commitment to further reducing CO_2 emissions and fuel consumption is evident across its entire product range:

- Light range: the Daily Euro 6 (Model Year 2016) features up to an 8% reduction in fuel consumption and CO_2 emissions compared to the Euro 5 model (MY2014), based on the NEDC test cycle
- Medium range: the new Eurocargo, launched in 2015, generates 5-8% fewer CO_2 emissions compared to the previous model
- Heavy range: the New Stralis XP, Model Year 2016 (TCO_2 version), generates up to 11% fewer CO_2 emissions, depending on missions and optional features. 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
- 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.

(1) *European Automobile Manufacturers' Association.*
(2) *Vehicle Energy Consumption Calculation Tool for heavy-duty vehicle CO_2 certification.*
(3) *EU Regulations 510/2011 and 253/2014.*

ALTERNATIVE FUELS

As evidenced by the materiality analysis, CNH Industrial fully recognizes the importance of promoting a **circular product life cycle** to minimize environmental impact and reduce **CO_2 and other air emissions**.

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 requirement.

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 the Company for 2022 is the development of next-generation engines running on compressed natural gas (CNG), liquefied natural gas (LNG), and liquefied petroleum gas (LPG), compatible with biomethane and H_2 blends, to further improve CO_2 emissions and Total Cost of Ownership (TCO).

In addition to natural gas as an alternative to diesel, CNH Industrial is also researching other renewable liquid fuels – from biomethanol and bioethanol (for bi-fuel vehicles) to e-fuels, oxymethylene ethers (OMEs), and dimethyl ethers (DMEs) – to meet the different requirements of on and off-road customers. Mid to long-term research and technology (R&T) projects are currently under evaluation.

ENERGY-INDEPENDENT FARMS

An energy-independent farm is one that can independently meet its own energy and fuel needs, as well as those of the surrounding community, while reusing its own waste products (crop residues, waste from agriculture, and food industry waste in general). A farm where organic waste (including compost, biomass, and liquid waste) is used to produce biogas, which can be either used to generate electricity and heat or refined and turned into biomethane to fuel the farm's tractors.

In 2013, New Holland Agriculture launched its first-generation T6 Methane Power tractor prototype, which is currently being tested in Brazil. In 2015, a second-generation prototype was developed using a standard T6.180 tractor fitted with a 6-cylinder NEF methane engine, developed for agriculture applications by FPT Industrial. The prototype has undergone extensive field testing in very different climates and conditions across Europe, receiving very positive feedback. In the wake of this success, New Holland Agriculture received funding from the UK's Advanced Propulsion Centre (APC) for its Low-Carbon Tractor Project.

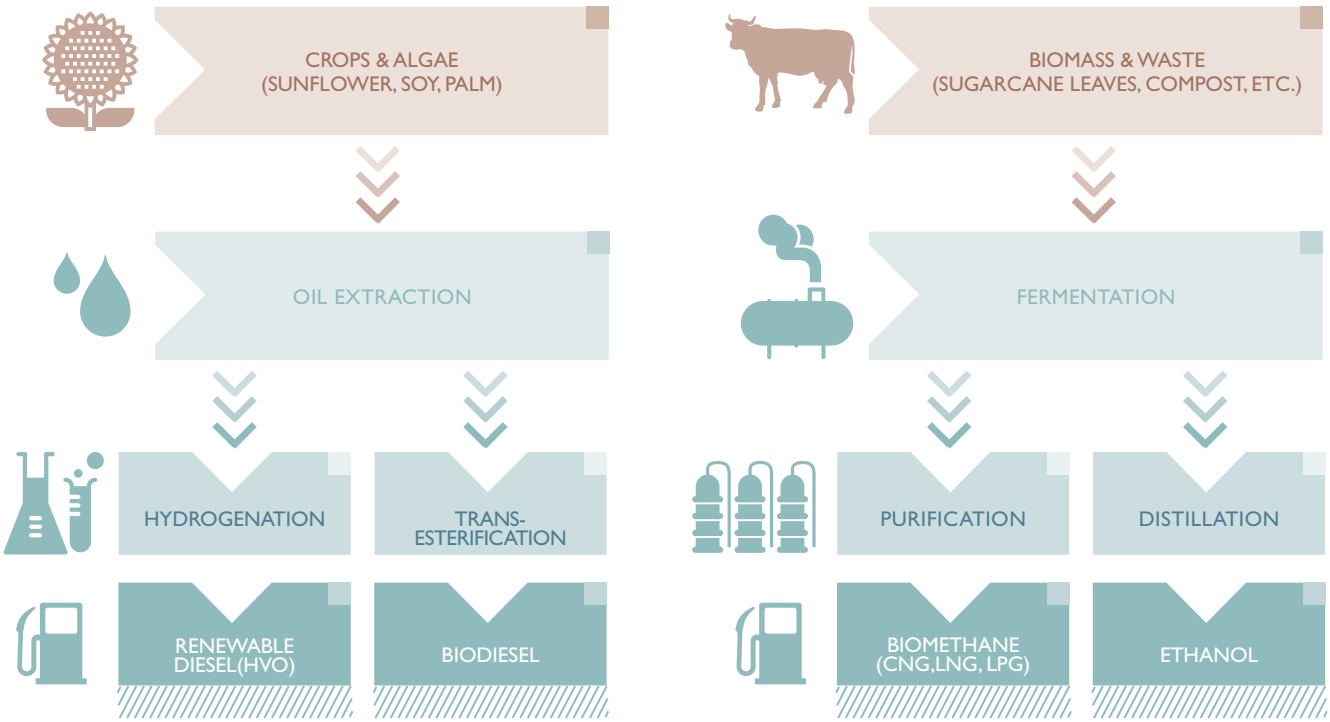
In 2017, New Holland Agriculture presented a third-generation methane powered concept tractor, a development of the previous T6 Methane Power prototype. Its 6-cylinder NEF engine delivers the same power, torque, and performance as its diesel equivalent, as well as a 50% pass-by noise reduction, which is ideal when performing farm work (especially in the vicinity of livestock) or municipal services.

This methane-powered concept tractor yields running cost savings of up to 30% compared to diesel machines. In real field conditions, it generates at least 10% fewer CO_2 emissions and reduces overall emissions by 80% compared to a standard diesel tractor. Its environmental performance is further improved when fueled by biomethane produced on the farm itself, forming a vital link in the virtuous cycle of energy-independent farming. The innovative tank design, which features a composite layered tubular structure, provides a full day of autonomy, similar to an equivalent diesel model. The tractor presents an exclusive, futuristic agronomic design, as well as a new cab design centered on operator comfort and ergonomics: maximum visibility, video cameras, controls built into the armrest, and additional parameter controls accessible via the interactive headliner display. It also features a complete series of precision farming technologies (see page 214), such as an integrated roof antenna enabling automatic driving along crop rows, as well as autonomous technologies enabling, for example, the automatic detection of obstacles.

The methane-powered concept tractor represents New Holland Agriculture's vision for the sustainable future of farming and its pursuit of sustainable and efficient technology for agriculture.

Given the relevance of this topic to CNH Industrial, the Company set a long-term target for 2022 to distribute new alternative-fuel tractors (methane and propane), generating approximately -80% in polluting emissions and -10% in CO_2 emissions compared to diesel models.

BIOFUELS



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 polluting emissions, including particulate matter (-99% compared to diesel), NO_x (-30% compared to diesel), and aldehydes (-50% compared to diesel)
- 5-10% fewer CO_2 emissions than diesel
- more than 80% fewer ozone-generating agents compared to conventional fuels
- it can be used with current production technologies
- it is a renewable source (if derived from biomass).

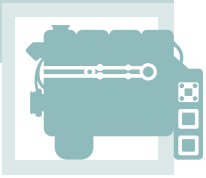
From an economic sustainability standpoint, the savings in Total Cost of Ownership (TCO) associated with NG vehicles can be as much as 10% compared to a diesel-powered Euro VI vehicle. Moreover, NG is markedly less expensive than diesel and its use can reduce fuel costs by up to 40%.

CNH Industrial's interest in natural gas as a fuel goes back many years, as demonstrated by investments in research on NG 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.
NG-powered vehicles are ideal for transport missions in sectors such as distribution, short, medium, and long-haul logistics, and municipal services such as waste collection and transport.

With over 30,000 NG engines produced and many years' experience in the industry, FPT Industrial boasts the widest range of NG engines on the market. Among the 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, hydrocarbons, and NO_x) to very low levels.

FPT Industrial's NG engines are 100% biomethane-compatible. They are used in commercial vehicles, buses, and specialty vehicles, and are available in the Cursor, NEF, and F1 series, offering customers significant cost benefits over the vehicles' entire useful life.

+44%
IN NG ENGINES SOLD



COMPRESSED NATURAL GAS ENGINES SOLD[a]
FPT INDUSTRIAL WORLDWIDE (no.)

	2017	2016	2015
NG Engines sold	4,959	3,442	3,255

(a) Figures include engines sold to IVECO brands.

NEW CURSOR 13 NATURAL GAS ENGINE

In 2017, FPT Industrial presented its new Cursor 13 NG engine, currently the most powerful 100% natural gas engine available on the market and the first-ever NG engine developed for long-haul missions. The Cursor 13 NG is a 100% natural gas, single-fuel, easy-to-use product that can run on either compressed natural gas (CNG), liquefied natural gas (LNG), or biomethane. The latter solution can reduce CO_2 emissions almost to zero.

The Cursor 13 NG features a multipoint injection system with stoichiometric combustion, and delivers up to 15% more power and 18% more torque than FPT Industrial's 9-liter NG engine.

FPT Industrial has the most extensive experience in natural gas engine technologies for industrial applications on the market, with more than 30,000 NG engines sold worldwide in the last 20 years. The brand also boasts the most complete range of NG engines, from heavy (Cursor 13 and Cursor 9) and medium (NEF N60), to light (F1C).

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

OUR PROJECT

The term **biodiesel** usually refers to Fatty Acid Methyl Esters (also known as FAMEs), produced through the transesterification of oils from crops such as rapeseed, sunflower, palm, and soy. 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 are operated 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, the brand 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).

FPT Industrial is currently 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 centers and fuel suppliers, the brand has been performing a detailed evaluation of Euro VI heavy-duty engines for on-road applications, using HVOs as defined according to the EN 15940 specification for renewable fuels. Operational tests have been positive, with a potential reduction in both tailpipe and CO_2 emissions. Hydro-treating vegetable oils is a new way of producing very high-quality bio-based diesel fuels via 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 also been involved in several research projects in collaboration with external R&D suppliers and universities, focused on continuously monitoring the rapid evolution of biodiesel technology, and on potential breakthroughs from the early stages of development.
In 2016, IVECO launched the new IVECO Bus Crossway, the first of the brand's products to run on HVO. To date, FPT Industrial engines type-approved as per the EN 15940 standard are: the NEF 6 and Cursor 9 (for bus applications), compliant with Euro VI Step A emission requirements; and the NEF 4 and 6, Cursor 9 (for bus applications), Cursor 11-13, and F1C, compliant with Euro VI Step C emission requirements.

THE MOST SUSTAINABLE TRUCK EVER

In 2017, IVECO launched the new Stralis NP 460, the only full range of heavy-duty natural gas vehicles specifically designed to cover any type of mission - from regional to international haulage, from high volume to swap body container transport, from the carriage of dangerous goods (ADR) to construction logistics.
The market's most sustainable truck ever now delivers even more power and efficiency, offering a true competitive advantage to transport operators in meeting the growing demand for green logistics.
The new Stralis NP 460 range features the new Cursor 13 NP single-fuel engine (see page 211), designed to deliver the required power even for the most demanding missions. Also new is the 12-speed Hi-Tronix automated transmission, further improving the previous version's driving comfort and performance; the Hi-Tronix gearbox also comes with an integrated hydraulic retarder as standard, and hill-holder function for driver and load safety. New functionalities include the GPS-based HI-CRUISE predictive driving.

The vehicle can run on compressed natural gas (CNG), liquefied natural gas (LNG), or a combination of the two. The single-fuel version featuring a double LNG tank delivers an autonomy range of up to 1,600 kilometers. It also features IVECO's best on-road fuel efficiency technologies and services to deliver up to 15% less fuel consumption and up to 9% lower Total Cost of Ownership than a diesel truck.
The new STRALIS NP 460 delivers the ultimate comfort of the Hi-Way cab, specifically designed for long-haul missions. It also runs extremely quietly, at less than 71 dB as measured on the Piek quiet truck test, making the vehicle even more sustainable. Moreover, it features 3 innovative digital applications developed by MICHELIN® solutions (see page 215).

OUR PROJECT

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. To this end, 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 Company's Commercial Vehicles segment offers not only natural gas-powered engines, but also pure electric drive vehicles for last miles, and diesel-electric hybrid technology for passenger transport, i.e., with traction generated by either electric or diesel engines, or a combination of the two.

IVECO has a long tradition in the electric vehicle sector: the first Daily Electric, in fact, dates back to 1986.
Altra, the brand's engineering center of excellence for alternative propulsions, is a leader in the research and development of electric, hybrid, and fuel cell engines. The center supports the Company's Product platforms in delivering technologies and solutions for the transport sector capable of reducing its environmental impact and saving energy.
The center's main design, development, and manufacturing activities focus on:

- alternative traction systems (full electric and electric hybrid vehicles)
- energy saving solutions for fuel reduction (through micro-hybrid systems)
- electrical and electronic subsystems and components for energy conversion
- high-voltage electrical subsystems and components
- innovative systems for energy storage and generation.

Altra provides technical support to IVECO's customer assistance for its fleet of alternative traction vehicles running in Italy and abroad. Additionally, the center features a roller test bench and other equipment to test and validate end-of-line vehicles, including 2 and 4-wheel drive buses and industrial vehicles with up to 3 axles. The roller bench is also used to calibrate vehicle operation under real working conditions, perform dynamic diagnoses, and fine-tune electric motor performance. When associated with high-voltage measurement devices, it is essential for measuring and optimizing the energy consumption and power of newly developed solutions. In addition to the roller bench, 2 resistive load banks are used to test high-voltage electrical loads connected to a vehicle's high voltage power net, as well as the electrical properties (power, voltage, and current under different load profiles) of battery systems, motors, and generators.
The Altra center is ISO 14001 and ISO 9001 certified. In addition to the transport sector, it is now also focusing on a number of advanced agricultural equipment projects on behalf of CNH Industrial.

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 4 segments - Agricultural Equipment, Construction Equipment, Commercial Vehicles, and Powertrain.

INNOVATIVE TROLLEYBUSES FOR THE CITIES OF THE FUTURE

In 2017, IVECO Bus confirmed its commitment to clean energy by further enhancing its complete array of alternative energy products, offering both its Natural Power range of vehicles, running on natural gas and biomethane, and its hybrid electric vehicles. The brand launched a new generation of trolleybuses featuring innovative solutions, such as In-Motion Charge technology that combines the use of overhead power lines with energy storage in the on-board battery.
This type of solution enables public transport providers to plan electric bus routes to also include stretches where overhead lines are not present, which simplifies organization and implementation and reduces costs. It also ensures vehicles are always operational, with no downtime for recharging or in the event of a power outage affecting the overhead lines.
The new trolleybus will be available in 2019; it will be featured in the Urbanway range and in the Crealis Bus Rapid Transit range, and both models will come in a 12 and 18-meter version. Thanks to its long-standing experience in the electric bus sector, IVECO Bus boasts over 800 units already circulating in Europe.

FOCUS ON

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 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, in 2014, CNH Industrial launched AFS Connect (Case IH) and PLM Connect (New Holland Agriculture). 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. The remote monitoring of machine performance data and field operations allows adjusting farming decisions in real time, thus improving productivity and reducing downtime.

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, performance data, and fuel consumption) for better fleet management. The information is sent to the Cloud in real time, which gives fleet managers full control wherever they are through the Internet. By measuring and tracking each vehicle, factors impeding machine productivity can be detected and corrected immediately to improve overall performance.

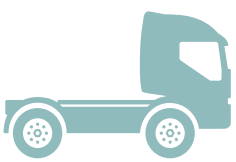
The software helps to identify problems before they occur and sends critical information in real time, which enables maintenance to be scheduled as needed and minimizes repair costs and downtime.

The idle time monitoring feature allows fleet managers to detect any inefficiencies and take immediate corrective action to minimize costs and environmental impact caused by machine idling. The pre-programmed reports on machine use help plan working schedules and track operations to increase total production.

Thanks to a partnership with Leica Geosystems started in 2014, the Company also offers various Machine Control solutions under the CASE SiteControl and New Holland FleetGrade product families. These solutions improve machine productivity by enabling both active and passive machine control to match a project design. For example, SiteControl and FleetGrade products allow operators to better control the blade movements of dozers and graders, and enhance the accuracy of excavators based on slope or elevation. Machine Control solutions reduce the time required to complete a task, cut fuel consumption, and help meet project targets faster and more effectively.

Within the **Commercial Vehicles** segment, in 2013, the IVECO brand launched the IVECONNECT system, comprising IVECONNECT Drive, which includes infotainment and driver-oriented services, and IVECONNECT Fleet, for managing vehicles and business operations.

IVECONNECT Drive includes a satellite navigation system, which provides real-time traffic monitoring to help the vehicle operator find the best route to ensure punctual delivery, thus saving time and improving service quality. It also includes Driving Style Evaluation (DSE), which provides the driver with on-board tips and suggestions for an efficient driving style, thus enabling driver improvement over time while cutting emissions and fuel consumption. Furthermore, to maximize safety on the road, the Driver Attention Support feature helps to avoid accidents caused by operator fatigue.



IVECONNECT Fleet Management collects and displays vehicle data, enabling the fleet manager to monitor vehicles, operators, and operations, and to create targeted reports by trip/vehicle/driver. This provides a better understanding of the business so that corrective action may be taken where needed, maximizing efficiency and Total Cost of Ownership (TCO) while reducing empty trips.

In the heavy-vehicles segment, in 2016, IVECO launched a number of new on-board features to maximize the productivity and profitability of the transport sector. These new features and upgrades include the GPS-based predictive cruise

control and the new TCO_2 Services packages. The latter, designed to reduce fuel consumption, carbon footprint, and TCO, include a complete series of integrated efficiency-boosting solutions, such as:

- SMART REPORT – a weekly report on driving style and fuel consumption
- ADVISING – fuel saving tips
- TCO_2 DRIVING – economy-oriented driving courses.

In the light-vehicles segment, IVECO's New Daily Euro 6 takes on-board connectivity beyond infotainment via a dedicated smartphone app and professional work tool called Daily Business UP. The app acts as a driver's assistant to maximize driver productivity - with features such as Driving Style Evaluation (including real-time suggestions for up to 15% in fuel savings), a professional navigation system by Sygic, and the Interactive User Handbook. The app also acts as a business assistant, optimizing fleet efficiency and tracking scheduled services via FleetWork. The app links directly to IVECO Assistance Non Stop, for 24/7 roadside assistance (see page 228).

CUSTOMIZED DIGITAL SOLUTIONS

Owners of the new IVECO STRALIS NP 460 (see page 212) can enjoy 3 new **MICHELIN® solutions** innovative services specifically adapted for STRALIS gas technology. MICHELIN® solutions is a brand of the Michelin Group that designs, develops, and markets innovative digital solutions in Europe to enhance corporate fleet mobility and profitability by improving safety, efficiency, and productivity and minimizing environmental footprint.

The 3 digital services were specifically customized for the STRALIS NP 460. They were designed to facilitate efficient vehicle operation and maintenance and integration into existing fleets, and to help fleet managers and drivers optimize performance and reduce total cost of ownership. All 3 services are supplied as standard features:

- *MyBestRoute* calculates transport mission costs and helps select the best truck and smartest route
- *MyInspection* digitalizes the inspection of vehicles
- *MyTraining* digitalizes and facilitates driver training for the STRALIS NP 460.

The 3 new services complement IVECO's fuel-efficient solutions and make the STRALIS NP 460 a practical and cost-effective option for transport fleets.

MyBestRoute – This web-based application calculates route costs, provides options based on time, speed, distance, and quantity of CO_2 emissions, and evaluates the cost of operating different trucks based on model and/or fuel. The version designed for IVECO is the only one on the market that can compare gas and diesel trucks. It also provides a list of gas stations, facilitates the scheduling of supply routes and stops, and includes the exact configurations for various STRALIS NP models.

MyInspection – This smartphone app guides drivers step-by-step in performing vehicle inspections, reporting anomalies, taking photos of these anomalies, and automatically notifying maintenance workshops that can plan potential intervention accordingly. The inspection process is: completely paperless, which puts an end to often illegible handwritten inspection reports; fully guided, assisting the driver with vehicle inspections, thus enhancing efficiency; and streamlined, which gives maintenance managers a better understanding of driver feedback, enabling them to identify and schedule repairs promptly. All vehicle inspections are recorded and saved. The app version designed for IVECO incorporates the specific features of gas technology.

MyTraining – This smartphone app enables instructors to train drivers quickly and efficiently in the driver's cab, and ensures skills are updated over time, while greatly simplifying the organization and administration of training material. The app records each driver's training history, highlights any areas for improvement, and plans future sessions accordingly. Everything is strictly digitalized, which means training times are significantly reduced and results are immediately available. The app version for IVECO complements the training provided by the manufacturer, and helps STRALIS NP owners to quickly learn how to handle their trucks, particularly in terms of the specificities of natural gas technology.

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.

The courses also focus on the on-board safety systems to increase driver awareness and reduce the number of accidents.

In addition to the driving courses, a **Driving Style Evaluation** system provides real-time assistance to commercial vehicle drivers to optimize fuel consumption. Based on algorithms that analyze the signals and data transmitted by the traction 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 user-friendly telematics interface. The interaction between the driver, vehicle, and operating center allows all vehicles to be monitored, providing real-time assessment of driving hours, fuel consumption, GPS position, and expected travel time. Thanks to the IVECONNECT Fleet system, customers can therefore benefit from lower total management costs while maintaining the same process efficiency.

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
- 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 addition to training, CNH Industrial offers customers user-friendly 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.

SELF-SUSTAINING FOOD SYSTEMS

Self-sustaining food systems is one of the material topics identified in the materiality analysis. Indeed, the ability to offer agricultural products and solutions promoting an economic system with zero impact on resources is one of the future global challenges that CNH Industrial intends to tackle. The topic significantly affects external stakeholders (customers and the environment), given CNH Industrial's role in the food production and distribution value chain.

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 244) primarily through its agricultural brands, by extending mechanization as widely as possible based on specific local needs and opportunities, and 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
- 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 pages 118; 128).

Given the relevance of this topic to CNH Industrial, the Company set a long-term target for 2022 to increase field productivity by up to 25% compared to 2015, by expanding data management and control systems for harvesting, tractors, and crop production.

PRECISION AGRICULTURE

Precision agriculture (PA) 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.

PA technologies can link and optimize all stages of the farming cycle. The potential benefits are:

- 20% in fuel savings - the use of guidance systems optimizes routes across fields
- 20% less work time - the use of guidance systems reduces overlaps
- 10% in input savings (fertilizers, pesticides, etc.) – variable-rate applications enable using inputs only as needed, thus reducing the environmental impact
- 15% increase in productivity - yield monitoring helps manage in-field variations and increases the yield itself.

Fuel savings are the most obvious benefit of precision agriculture, but the real advantage lies in the wealth of information acquired and processed in seconds through connectivity and access to big data. The data is 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.

[1] *Rural Development Report 2016, IFAD, page 25 (www.ifad.org/ruraldevelopmentreport).*

OPEN INNOVATION ON PRECISION FARMING

In 2016, New Holland Agriculture became a partner of the *growITup* platform, the open innovation hub established by Cariplo Factory in conjunction with Microsoft and aimed at promoting and sharing innovative ideas to support the agri-food sector.
In 2017, the hub launched the *#CallForGrowth on Precision Farming*: a challenge to all startups and SMEs in the agri-food sector eager to apply their innovative talents to this Service Delivery Platform (SDP). The initiative's goal is to promote the widespread sharing and use of data. To this end, New Holland Agriculture developed a secure open data platform through which its customers (the data owners) can share agri-food and vehicle data and interact with third parties to create a real agri-food services ecosystem.
The aim is to help farmers manage and plan their operations effectively through increasing amounts of data, processed and transformed into management tools by the companies that use the platform.

The *#CallForGrowth on Precision Farming* comprises 6 themes:

- Farm Management: demand/planning, reporting, data visualization
- Accounting: finance, administration, personnel management
- Precision Agriculture: mapping, VRA (variable rate application), yield monitoring
- Agronomy: crop health, weather, pest control, irrigation
- Legal: regulations, legal documents
- Food Traceability: end-product quality and safety, certifications.

This stage of the project focused on aligning the SDP with the certification processes of major companies, such as Barilla and Peroni. The project won the *Premio Innovazione 2017* at SMAU 2017.

OUR PROJECT

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. 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.

SHARED VALUE THROUGH PRECISION AGRICULTURE

Global agriculture is and will be facing a number of major challenges in the years to come, such as rapid worldwide population growth, climate change, an increasing demand for energy, resource shortages, accelerated urbanization, dietary changes, aging populations in rural areas in developed countries, increased competition across world markets, lack of access to credit, and land grabbing in many developing countries.

The most accepted scenario is based on the UN forecast of the world population reaching 9 billion people by 2050. As stated by the United Nations, "Ending hunger and malnutrition relies heavily on sustainable food production systems and on resilient agricultural practices." Precision Agriculture (PA) management not only addresses this issue, but also directly contributes to achieving the targets of SDG 2 'Zero hunger', particularly targets 2.4 and 2.a. The former focuses on sustainable food production systems and resilient agricultural practices as means to increase productivity and production, while maintaining and improving ecosystems. The latter focuses on increasing investments and international cooperation in developing countries.

Precision agriculture offers new and advanced technologies that not only enhance the efficiency and accuracy of farm management systems, thus increasing profitability, but also generate other environmental and social benefits.
Indeed, the adoption of PA practices can significantly contribute to food security and safety as it offers technology solutions able to produce more with less. In terms of food safety, it makes farming more transparent by improving tracking, tracing, and reporting. It also makes the food chain easier to monitor for producers, retailers, and customers, enabling much better predictions of the quality of agricultural products.

Moreover, precision agriculture can trigger wider societal changes, given that it affects work practices and living conditions on farms, improving the quality of life and generating a positive impact on site and across the surrounding community.
PA technologies can also have a positive impact on the environment. Indeed, enhanced precision means that the amounts of water, fertilizers, and all resources involved in crop production can be reduced with no impact on yield, and that the yield itself can be increased using less. The end result is increased production, reduced water use, better water quality, and less nutrient runoff – the latter often being the main factor behind water pollution and coastal dead zones.
In terms of environmental benefits, precision agriculture can:

SOIL

- reduce soil compaction
- optimize fertilizer and fungicide usage based on the level of disease risk posed by crop density
- reduce herbicide usage through a map-based approach (for winter cereals, a 6-81% decrease in broad-leaved weed herbicides and a 20-79% decrease in grass weed herbicides)
- reduce pesticide usage by 20-30%

WATER

- reduce flood risks
- reduce fresh water usage by 20-40%
- reduce ground water pollution

AIR

- reduce carbon footprints (a 10% decrease in fuel consumption in field operations)
- reduce air emissions of ammonia.

Lastly, the more mindful and responsible use of farmland also has an indirect positive impact on biodiversity and on the conservation of both soil and water, which contributes to achieving the targets of both SDG 15 'Life on land' and SDG 13 'Climate action'.
As technologies are further developed and spread, increasingly detailed information will become available on the actual impact that precision agriculture can have on the community.

INTERNET OF FOOD AND FARM

The *Internet of Food and Farm* (IoF2020) is a large-scale pilot project that explores the potential of Internet of Things (IoT) technologies in farming, and CNH Industrial has been an active partner of the IoF2020 consortium since its establishment on January 1, 2017.
Within the project, the Company is leading a use case on machine interoperability - a bottleneck when it comes to bringing the value of IoT technologies to the farming community. In a perfect digital world, all farm equipment and devices would be able to interact with each other, and it is this interoperability that the Company is focusing on.
Similarities can be drawn with the development of the power grid: in its early days, various voltages were used, phases differed by provider, and electrical appliances were only compatible with the network they were designed for. Luckily, connectors and voltages were fairly quickly standardized, and electricity and appliances became accessible to a broader public.
Data is like electricity: it needs to flow to generate power; communication protocols need to be standardized to be understood. To this end, the IoF2020 project group under CNH Industrial's leadership implemented a common data model using the ADAPT framework.
The next phase of the project is focusing on real-time communication, with existing communication standards being explored and extended as required, in collaboration with dedicated standardization organizations.

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 page 152). Indeed, the Company strives not only to set and comply with high safety standards, but also to direct its innovations according to users' understanding of the product. Customers use CNH Industrial products in their work, hence the simpler the interaction between operator and machine, the safer the task performed. Furthermore, construction and agricultural equipment is often used under difficult conditions: steep terrain and extreme weather require products able to guarantee total safety and maximum comfort, minimizing the risk of human error caused by excessive fatigue.

For this reason, all CNH Industrial products are designed to shift the user's focus from how a machine works to how a task is performed, combining ergonomics and comfort for increasingly intuitive and user-friendly controls. The more effectively ergonomics is applied, the less it is perceived; indeed, an optimal working space should make any task feel as natural as possible, encourage good posture, and spare the operator any discomfort and/or strain.

To deliver comfort, as well as accessibility to machine components during maintenance, a working space must be designed according to the operator's known and expected movements. To this end, CNH Industrial uses proprietary and self-developed software (for tractors and commercial vehicles) to map operator movements onto a virtual 3D mannequin in order to optimize the interaction between operator and controls and devise the most ergonomic solutions. In 2017, this ergonomics analysis was expanded by including vehicle simulations (using virtual reality headsets) enabling customers to try out the new product solutions devised.

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. Ergonomics studies are increasingly focusing on operator posture and fatigue during maintenance due to the demanding nature of some actions, particularly those required regularly every 30 or 50 hours of use.

The Ergonomics Department and the platforms work together on the positioning of components to improve the operator's ease of access and execution, hence decreasing machine downtime during maintenance as well as the customers' Total Cost of Ownership (TCO). In order to identify the most comfortable working methods and positions, the Ergonomics engineers use motion capture camera systems and body markers, linking maintenance operators to virtual mannequins while creating a variety of alternative simulations of real-life operations. This method is also applied to manufacturing to simulate product assembly operations (using digital human modeling), analyzing and improving worker comfort and safety in line with World Class Manufacturing targets and the NIOSH and REBA criteria for comfort standards.

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 transmit rear and side view images of the tractor.

This increases safety considerably when operating particularly large equipment or very long trailers, and avoids the operator needing to turn around to check maneuvers. 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 page 157).

GRI STANDARDS

GRI 103-1

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) to shield against objects falling from above, and with Roll Over Protective Structures (ROPS) as a safeguard in the event of vehicle rollover. Additionally, the Operator's Manuals include an entire chapter on the safe use of each machine (see page 157). Lastly, all potentially dangerous machine components are listed on a decal on the side of the machine itself. Maintenance activities are performed from the ground, to minimize the risk of accidents.

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 with high quality preventive, active, and passive safety features to maximize the protection of vehicle occupants, cargo, and other road users.

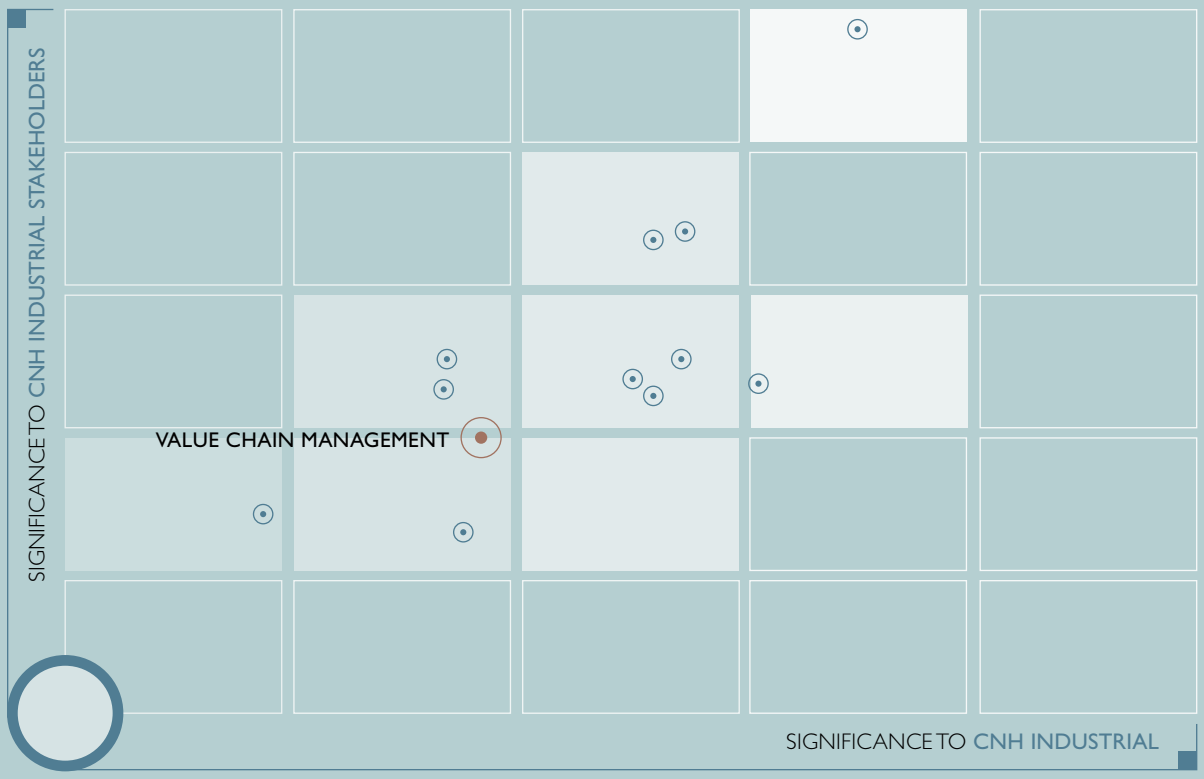
Commercial vehicles operators are aware of work-related risks and the importance of vigilance on the road.

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.

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			⊙	⊙	



SALES AND AFTER-SALES

Material topics described in this chapter (for definitions see page 245).

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 page 21). This material topic relates to all 3 megatrends identified - *climate change*, *food scarcity and food security*, and *the innovative and digital world* - as it mitigates their negative impact and enhances their positive effects. CNH Industrial is aware that the dealer and service network provides a gateway for communication between the Company and its customers. Dealerships interact every day with the customers who use CNH Industrial products in their work, who need advice on the best purchasing options and assurance that they are investing the right amount in a product that best meets their business needs. This relationship must be one of mutual trust, so that CNH Industrial customers can depend on timely assistance and minimum downtime, especially in agriculture where harvesting and sowing cannot be postponed.

The dealer network is managed by Region and by brand. 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 page 217).
An operational grievance mechanism, the Compliance Helpline, is available to CNH Industrial dealers to report potential violations of corporate policies, the Code of Conduct, or applicable laws (see page 56).
Detailed qualitative standards are set for each brand and specified in the guidelines accompanying the contract that each dealership signs when admitted into the Company's dealer network. These standards mainly concern:

- dealer visual identity and guidelines
- sales[1]
- service[1]
- parts[1].

The guidelines' visual identity section provides information on managing the physical appearance of the dealership, including posters, interiors, and staff uniforms. For all other aspects (sales, service, and spare parts), there is a detailed list of required facilities (meeting rooms and customer parking areas), compulsory equipment (IT and a workshop with special tools), and 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 role (see page 225).
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, and legal representatives.
Before the contract is signed, Network Development and the Commercial team notify the dealer of the recommended standards it is required to fulfill, as well as a business plan that is also shared with CNH Industrial Capital.
Various CNH Industrial personnel provide induction training and support to the new dealerships entering the CNH Industrial network, giving guidance according to their areas of expertise:

- network managers
- sales
- service
- spare parts
- CNH Industrial Capital.

(1) *Organization, training, management skills, tools, and processes.*

GRI STANDARDS

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

In addition, dealers may request the support of the Training function responsible for the relevant market, and access many online courses specific to different dealership positions via the Training area. CNH Industrial representatives, who visit dealerships regularly, are also responsible for communicating any changes in quality standards based on their area of competence, and for establishing a schedule for dealership compliance.
The dealer network is engaged in regular events aimed at involving the sales force and providing it with updates on qualitative standards.
For any non-compliance identified during audits, an action plan is established and monitored through follow ups. Some CNH Industrial brands strongly encourage dealers to pursue international quality standards, such as ISO 9001 for quality system management, and ISO 14001 for environmental management.
Through the Dealer Satisfaction Survey (DSS), CNH Industrial measures dealer satisfaction with certain CNH Industrial brands in EMEA and NAFTA, focusing on aspects such as: marketing and sales activities; products; vehicle ordering and delivery; support and relationships with local teams/managers; spare parts; warranty terms; after-sales teams; training; and support from manufacturers.
Dealers are fully engaged in these ongoing surveys and their comments and suggestions are used by CNH Industrial to improve performance and partnerships.

FOCUS ON

WORLD CLASS LOGISTICS

To improve customer service and quality and to reduce operational costs in parts distribution, CNH Industrial implemented the World Class Logistics (WCL) approach at its parts distribution centers worldwide. WCL is based on the World Class Manufacturing methodology already successfully implemented in the Company's manufacturing operations, and leverages the expertise and experience gained there.
WCL focuses on improving safety and ergonomics for operators, delivering high quality products and services, and optimizing logistics processes in parts distribution centers.
The Company launched the WCL program in 2015 at 5 distribution centers – in Sorocaba (Brazil), Lebanon (USA), Le Plessis (France), Modena (Italy), and St. Marys (Australia) – employing and training around 500 personnel to date. The program delivers structured and sustainable operational cost reductions by cutting packaging use and streamlining transport management.

DEALER PORTAL

Once the contract is signed, the dealer's admission to the dealer and service network is coded, which entails the creation of a user name and the provision of credentials to access the Dealer Portal. This web portal connects the global dealer network to CNH Industrial, and provides the tools to manage sales and after-sales. The Dealer Portal allows dealers to:

- configure a vehicle and draw up a quote for the customer
- enter purchase orders
- download Operator's Manuals
- register new vehicle warranties
- order spare parts
- obtain technical information and specialist assistance for repairs
- receive authorizations to perform warranty repairs
- receive information on recall campaigns
- order documentation.

All activities related to the technical management of products are overseen by Quality and Product Support, which manages the e-TIM and ASiST tools, accessible via the Dealer Portal.
e-TIM is the primary support tool for any dealer facing an issue with a vehicle or machine. The system provides an extensive technical information database for all products, and specifies how to perform repairs and which tools to use. It also provides Service Bulletins describing how to address recurring problems and recall campaigns (PIPs), and a repair history for each vehicle or machine. The service network can therefore access specific technical information on repairs and receive authorizations to perform warranty repairs in real time.

Should more specific technical assistance be required, ASiST enables interactive, online contact with teams of product specialists. Furthermore, ASiST provides valuable data on the frequency of defects evidenced during repairs. This allows CNH Industrial's Quality and Current Product Management (CPM) teams to identify and solve global product issues in a timely manner, reducing warranty costs, facilitating the rapid launch of recall campaigns (see page 159), and improving customer satisfaction.

AUDITS AND INCENTIVES

The dealer network is audited yearly, either by CNH Industrial, external agencies, or by the dealership itself through self-assessments. The audit checklist covers 3 main areas: sales, after-sales, and spare parts, as well as specific aspects for each of these areas. Dealerships are evaluated on competitiveness, organizational structure, financial sustainability, customer service and satisfaction, visual identity, equipment and operations, administration and marketing, sales, spare parts, and participation in training. 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 them to continually monitor their compliance with required qualitative standards, while overseeing the measures in place to meet them. The system also collects information on every dealership audit performed, using audit results to analyze dealer performance and eventually develop action plans to help resolve any weaknesses detected during the audits.

In 2017, in EMEA, 90% of New Holland Agriculture's dealerships were audited by internal and 10% by external auditors; 100% of Case IH and CASE Construction Equipment dealerships were audited by internal auditors; and 91.2% of IVECO dealerships were audited by internal and 8.8% by external auditors.

Brand audit results determine dealership access to the incentive programs established by each respective brand. These programs are developed in line with global market strategies, and their main objective is to foster business growth among dealerships and the best possible customer service. Some of these programs, such as Case IH's *Red Excellence Program*, CASE Construction Equipment'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. Every year, therefore, 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 build on people's product knowledge, managerial skills, and technical know-how, and to raise awareness of a corporate identity built on standards of excellence.

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 demand, from offering products that meet their 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 needs. Moreover, all educational material is 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 availability timeframe for courses 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 page 216).

In 2017, Unetversity provided 75,321 hours of commercial training, for a total of 345 courses available in 19 different languages, across the Commercial Vehicles segment in EMEA and APAC. Moreover, CNH Industrial has also started to focus on mixed reality as a means to provide streamlined remote assistance and training to maintenance experts. To this end, the Company partnered with Microsoft in an innovative mixed-reality pilot project, currently on trial at both Heuliez Bus and Case IH workshops in EMEA. Mixed reality is a new concept that merges the real and virtual worlds, encompassing both augmented reality and virtuality via immersive technology. The project leverages Microsoft's HoloLens headsets/glasses, which enable technicians to work on machines while interfacing with Company experts located across the Region. This means that questions are answered quickly, interventions are timely, and customers get their machines back faster.

NEW TRAINING ACADEMY IN ZIMBABWE

In 2017, Case IH opened a brand new training academy in Chinhoyi (Zimbabwe) to provide hands-on technical and operational training to help farmers improve productivity through the broader adoption of mechanization. The academy's ultimate goal is to support Zimbabwe in improving agricultural productivity to regain food self-sufficiency.
With 2,000 hectares of land, mostly planted with maize and wheat, the training academy is owned by local farmers and leased and operated by BlueSky Farms. The latter runs all training activities in partnership with Case IH and Agricon. Furthermore, Case IH provided the agricultural equipment for training, including many different tractor models, a rotary combine harvester, a sprayer, and a seed planter. Training activities are expected to start in 2018 and will be provided to about 500 people per year.

OUR PROJECT

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 providing the brands and the dealers with tailored financial solutions while securing an appropriate level of profitability and equity remuneration. As a captive business, CNH Industrial Capital depends on the operations of Agricultural Equipment, Construction Equipment, and Commercial Vehicles, and its geographical presence is consistent with the commercial footprint of the Company. In 2017, the total managed portfolio, including the portfolio held by non-consolidated joint ventures, reached approximately $27 billion globally. The main products offered are wholesale financing to dealers and retail financing for the purchase or lease of new and used equipment and vehicles.

Financial Services supports the Company throughout the management of receivables and related risks. Such activity is consistent 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.

Customer selection and monitoring represent a key element to secure the performance of the managed receivables. To this end, Financial Services focuses on portfolio quality improvement, including with respect to the appropriate identification and monitoring of the underlying counterparts. Business relationships are assessed according to sound know-your-customer practices, applicable anti-money laundering laws, and Company policies and procedures, to ensure that third parties' business counterparts are reputable, qualified, and involved in a legitimate business. The reference framework is regularly updated based on the evolution of regulations and to reflect experience gained in operations and business practices.

SUSTAINABLE FINANCING

In 2017, CNH Industrial Capital Europe, a joint venture with BNP Paribas Leasing Solutions operating as a captive finance unit for the retail business in major European countries, launched a project providing for a series of sustainability initiatives focusing on Commercial Vehicles. The goal was to support energy transition by incentivizing the sale of new, eco-friendly natural gas and electric vehicles. In addition, the growing financing of OK Trucks, i.e., pre-owned vehicles certified and guaranteed by IVECO, addresses the challenges of the circular economy. The overall project reflects the commitment of both CNH Industrial and the BNP Paribas Group towards sustainability, integrating its principles into operating activities and supporting long-term value creation.

OUR PROJECT

CUSTOMER SUPPORT AND SATISFACTION

From the initial contact onwards, CNH Industrial interacts with and assists its customers to give them an experience that meets their expectations. The Company's Customer Care departments specialize in developing, managing, and promoting customer service solutions, fostering enduring relationships, and satisfying customer needs and expectations. Customers may request information or make a complaint via the brands' websites, toll-free numbers, smartphone applications, or via email - 24 hours a day, 7 days a week.

Customer Care staff manage the entire process, from initial customer contact to final feedback to the customer, ensuring resolutions in the timeliest manner.

Each and every CNH Industrial brand, Region, and department has a contact person for each type of information request or complaint, ensuring issues are dealt with as quickly and comprehensively as possible.

CNH Industrial's Customer Service centers work closely with brands, dealers, Technical Services, Quality, and other functions, providing services in the following areas:

- Customer Relations (pre and post-sales) - aimed at managing the overall customer experience by ensuring a direct and effective communication channel to assist customers by means of accurate and timely inquiry feedback and complaint management
- Breakdown Assistance and Assistance Non-Stop (after-sales) - services designed to intervene by any means to ensure minimum downtime in the event of a breakdown.

CUSTOMER RELATIONS

CNH Industrial centers all operations around customer needs and on developing good customer relations. Each brand is responsible for managing its respective website and social network presence (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 on whether CNH Industrial met their expectations.

These inquiries are organized by type or category, and assigned a target date or objective for completion.

2017 CUSTOMER RELATIONS

CNH INDUSTRIAL

	EMEA	NAFTA	LATAM
Contacts processed (no.)	146,531	66,239	10,746
Resolution within 5 days (%)	85%	95%	81%
Customer satisfaction			
Customer participation in satisfaction surveys (%)	14%	7.5%	n.a
Customer satisfaction index (scale of 1-10)			
Information quality	7.5	6.2	n.a
Complaint resolution	6.7	4.7	n.a

BREAKDOWN ASSISTANCE

Breakdown Assistance (BDA) intervenes in the event of vehicle breakdowns within the Agricultural Equipment and Construction Equipment segments, to ensure that all necessary steps are taken to minimize downtime. A dedicated Parts Shipment and Delivery team oversees the location and delivery of parts, including overseas shipments. The BDA service tracks repairs through the dealers or with the customers, until all issues are resolved, allowing customers to get back to work as soon as possible.

The BDA process is carefully monitored: in NAFTA, once an issue has been resolved, the dealer receives a satisfaction survey to evaluate the service provided, measured in hours of total vehicle downtime. In LATAM, the satisfaction survey is sent directly to the customers.

100% of NAFTA and LATAM customers that used the BDA service were invited to take part in the survey.

GRI STANDARDS

GRI 102-43; GRI 102-44

2017 BREAKDOWN ASSISTANCE
CNH INDUSTRIAL

	EMEA	NAFTA[b]	LATAM
Contacts processed (no.)	57,803	110,976	2,866
Average call center response time (seconds)	20	22	6
Vehicle downtime			
Vehicles repaired within 48 hours (%)	68%	55%	49%
BDA customer satisfaction			
Customers invited to participate in the survey (%)	[a]	100%	100%
Customer participation in satisfaction surveys (%)	[a]	18%	25%
Customer satisfaction index (scale of 1-10)	[a]	9.43	9

[a] Data not available in EMEA due to data protection legislation, since customers usually submit their assistance requests to the BDA service via the dealers.
[b] In NAFTA, satisfaction surveys are carried out through dealerships.

ASSISTANCE NON-STOP

Assistance Non-Stop (ANS) ensures a round-the-clock, 365 days a year service to Commercial Vehicles customers in EMEA and LATAM. Established to provide instant technical support for vehicle problems, the service is operational across 48 EMEA countries and is available in 34 languages. All ANS employees receive specific training and regular refresher courses. As soon as the customer and vehicle are identified and located, the assistance request is handled by an operator who pre-diagnoses the problem, and may directly involve technicians in cases flagged as most critical in the Customer Center database. When a fault has been verified, the operator contacts the nearest mechanic, who is directed to the breakdown location. The operator continues to monitor the process until the repair is complete, assisting the mechanic, if needed, and keeping the customer updated until the vehicle is released. The Customer Center shares its database with relevant departments, listing faults by number and type, and matching them with faulty models and the duration of breakdowns.

The ANS service can be contacted via a universal toll-free number or through the IVECONNECT on-board system (see page 214). In the event of a breakdown, the IVECONNECT system allows the driver to contact the Customer Center directly from the vehicle by sending an automatic breakdown assistance request. In turn, the Customer Center sends the driver regular updates on the status of the request and the estimated assistance arrival time, all directly through the on-board telematics system. The Customer Center can contact the nearest mechanic through ANS Mobile, an application available on Android and Blackberry devices, which can locate the nearest mobile repair van and track its movements using GPS. Customers can also request and initiate assistance directly from their smartphones through the IVECO Non Stop app, which works in the same way as IVECONNECT.

72 hours after service delivery, Commercial Vehicles brands assess the satisfaction of customers using the ANS service. The general level of satisfaction with the service is assessed based on 3 elements: the telephone service or call center, on-site assistance, and the service dealer (winch or tow). Assessment results are translated into a plan of action to be implemented by field services.

2017 ASSISTANCE NON-STOP
CNH INDUSTRIAL

	EMEA	LATAM
Contacts processed (no.)	1,652,419	36,305
Average call center response time (seconds)	25	16
Vehicle downtime		
Arrival and repair in under 3 hours (%)	58%	49%
Arrival and repair in under 8 hours (%)	72%	72%
Arrival and repair in under 24 hours (%)	80%	85%
ANS customer satisfaction		
Customers invited to participate in the survey (%)	100%[a]	100%
Customer participation in satisfaction surveys (%)	10%	30%
Customer satisfaction index (scale of 1-10)	8.8	8.6
Satisfied or very satisfied customers (%)	91%	87%

[a] Survey conducted on 100% of the representative sample.

CUSTOMER SATISFACTION PROGRAMS

In 2017, CNH Industrial continued to implement the Customer Satisfaction Index (CSI) program in **EMEA**, first launched in 2015, focusing on the Agricultural Equipment and Commercial Vehicles segments' major markets. The program monitors the quality of services offered through the Company's distribution network, with regard to sales (sales CSI) and after-sales (after-sales CSI). Monitoring is usually done via telephone interviews, during which clients talk about their experiences and highlight the best aspects of the services they received.
The primary goals are to:

- create and define the most appropriate customer satisfaction and loyalty indexes and reporting systems
- provide dealers and brands with data on customer satisfaction with the purchase and service experience, via specific indexes and reporting systems
- enhance dealer performance through regular customer feedback to identify areas for improvement
- enable dealerships to identify dissatisfied customers and promptly implement action plans.

In 2017, the program was broadened as follows:

- Commercial Vehicles: sales CSI monitoring extended to 8 markets and after-sales CSI monitoring to 6 markets
- Agricultural Equipment: sales and after-sales CSI monitoring extended to 4 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, thus driving further metrics improvements. Additionally, in the North American market:

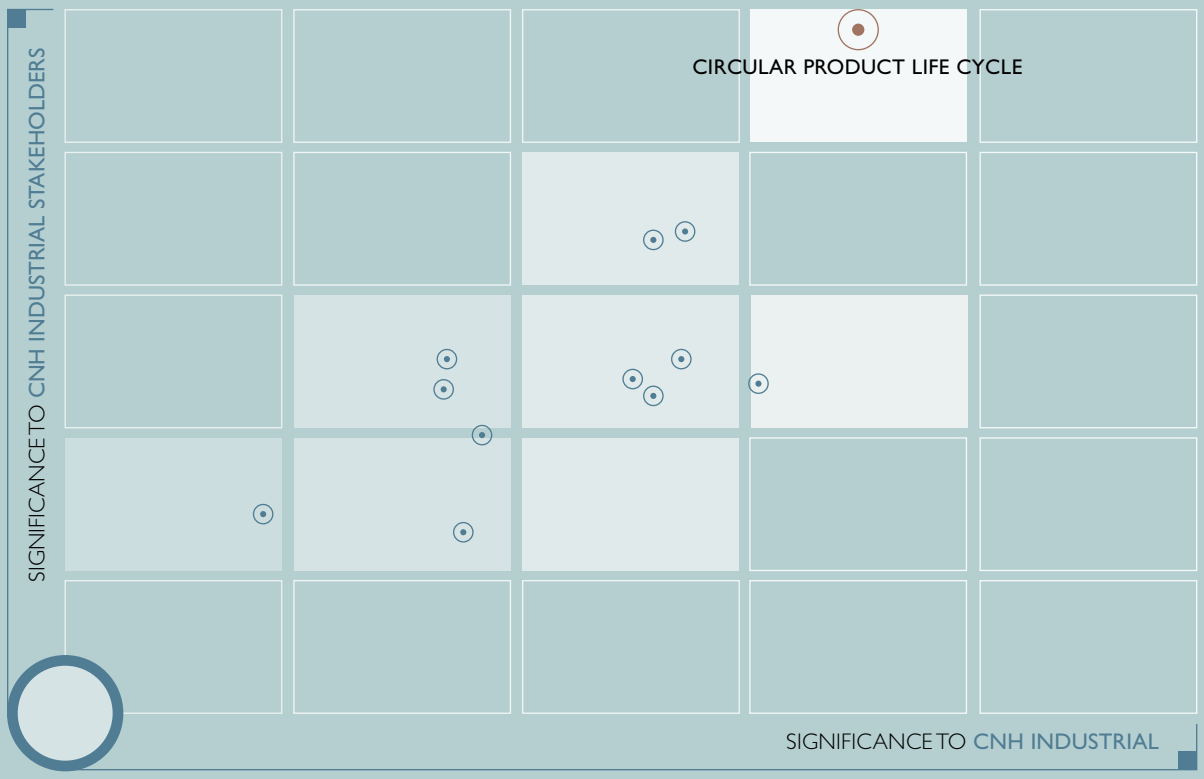
- all Breakdown Assistance (BDA) inquiries are followed up with an online survey (with an 18% participation rate)
- all Customer Relations case types are surveyed as follows:
  - all complaint cases are followed up with a phone call and a live survey
  - all information cases are followed up with an online survey.

Once survey results are compiled and formatted, they are organized 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 (2017) are:

- complaint cases closed on time: 94%
- information cases closed on time: 96%.

In **LATAM**, in 2014, CNH Industrial implemented the Net Promoter Score (NPS) methodology in the Construction Equipment and Commercial Vehicles segments. NPS measures customer satisfaction and loyalty based on the customer's willingness to recommend a brand or product to a friend or relative. The NPS metric is simple and standardized, and can therefore be used to compare any type of business or product. Customer satisfaction with CNH Industrial has increased since 2014, reflecting the effectiveness of the Company's Customer Relationship Management (CRM) measures.
In 2015, CNH Industrial developed and implemented a specific CRM tool for the Commercial Vehicles segment in Brazil to enhance relationships between customers and brands via the dealerships, and so increase Net Promoter Scores. It has since been adopted by 15 dealers to manage sales and customer relations. The tool is now expected to be customized and extended to the Agricultural Equipment and Construction Equipment segments.

In 2017, in **APAC**, CNH Industrial enhanced its existing CRM system in Russia by making it available on mobile devices, by implementing automated reports for regular follow-ups on sales opportunities, and by adding a specific lead qualification form. The latter ensures that all potential customers who contact the company are properly processed, assigned to the right dealer, and followed-up in a timely and efficient manner.
The system is in use at 25 dealers in Russia and at IVECO Russia headquarters, with plans to extend it to 25 more dealers in 2018 to cover the entire dealer network in Russia.
In Australia, CNH Industrial implemented a CRM system for the Construction Equipment segment. The system is in use at CASE Construction Equipment and New Holland Construction headquarters, and at the CASE Construction Equipment store in Sydney. The aim is to manage customer databases, to profile customers, and to personalize offers, as well as to follow up all sales opportunities in collaboration with dealers.



END-OF-LIFE

Material topics described in this chapter (for definitions see page 245).

MANAGEMENT FRAMEWORK

As the materiality analysis shows, CNH Industrial recognizes the real importance of promoting a **circular product life cycle** to minimize impact on the environment. Reusing, recycling, and recovering components can reduce landfill waste, and component remanufacturing enables resources to be used for as long as possible. Stakeholders believe it is important to reduce raw material usage and CO_2 emissions, cut costs by reusing recoverable materials, thus avoiding waste, and extend remanufacturing to other sectors. However, stakeholders feel that more stringent standards are necessary to streamline the technical specifications of processes and to ensure reliable and consistently high quality end products.

REMANUFACTURING

By regenerating, or remanufacturing, worn components (cores), CNH Industrial reduces waste, reuses materials, and encourages the recycling of recoverable materials. Additionally, by avoiding the extraction of new raw materials, it reduces both energy use and the production of greenhouse gases. Indeed, the reconditioning and reuse of components lessens the Company's environmental impact by reducing the use of raw materials by about 1,200 tons per year, with a corresponding reduction in CO_2 emissions.

Remanufacturing cores is an industrial process that ensures the same standards of operational performance as new products, triggering a virtuous cycle of savings in raw materials and reductions in materials going to landfill. Furthermore, this process ensures 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 function, 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 of remanufactured products and their sale 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.

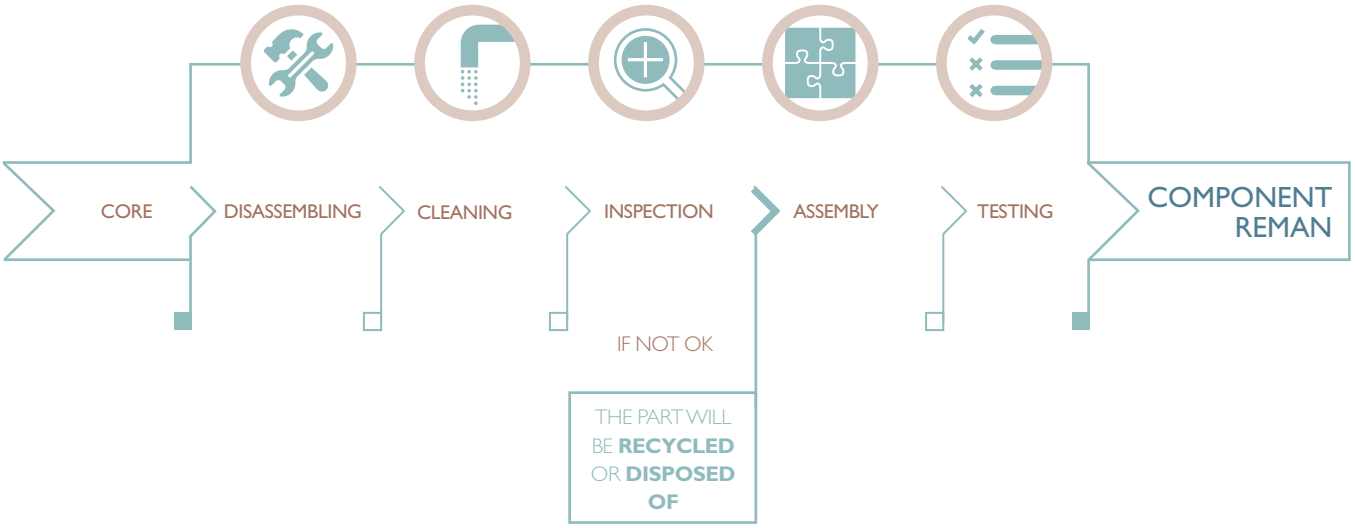
REMANUFACTURING PROCESS

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.
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.

GRI STANDARDS

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

THE REMANUFACTURING PROCESS



Cores are remanufactured using parts that are either new or remanufactured themselves, as per the original design, technical specifications, and regulatory standards. Finally, the functional requirements of remanufactured components are certified following rigorous in-house benchmark testing, which gives customers the certainty of purchasing spare parts offering the same quality, performance standards, life expectancy, and emissions levels as the equivalent new components. As further proof of their high quality and reliability, the spare parts remanufactured by CNH Industrial are subject to exactly the same maintenance intervals and warranty conditions as new parts.
Products are remanufactured for Case IH, CASE Construction Equipment, New Holland Agriculture, New Holland Construction, and IVECO brands. They comprise a wide range of parts, including engines (blocks or components), transmissions, cylinder heads, turbines, starter motors, alternators, fuel injection systems, control units, flywheels, clutches, compressors, hydraulic components, etc., and are available across the board for all CNH Industrial brand products.

A SECOND LIFE FOR THE EXPO MILANO 2015 PAVILION

In 2017, IVECO celebrated the opening of its new Daily Center: a brand new factory outlet created to showcase the best of the multi-award winning Daily product family and offer a unique customer experience. The Center, located at the IVECO manufacturing plant in Suzzara (Italy), is a prime example of the Company's sustainability values given that the building has been repurposed from New Holland Agriculture's pavilion at *Expo Milano 2015*.
The original pavilion was conceived as completely eco-sustainable, to be built with zero waste, dismantled at the end of the exhibition leaving no trace, and reconstructed at any Company site.
It was built at *Expo Milano 2015* without foundations following dry construction techniques in order to avoid the use of concrete and water. Its prefabricated lightweight steel parts were assembled on site using screws, resulting in a clean and efficient build. At the end of the international event, the pavilion was easily dismantled without leaving any pollutants. The parts were then shipped and the structure was rebuilt at its new home in Suzzara (Italy).
The overall pavilion project – from concept and design to execution – was recognized as an example of sustainability and nominated Leader in the Sustainable Design & Construction Category within the scope of the *Towards a Sustainable Expo* initiative promoted by the Italian Ministry for the Environment.

FOCUS ON

RECOVERY AND RECYCLING

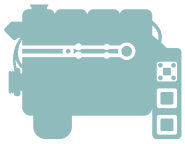
The commitment to reduce the environmental impact of end-of-life vehicles (ELVs) starts in the concept and design phase, through the selection of easily recyclable components (see page 152), and continues every step of the way, from the remanufacturing of worn components (cores), to providing customer assistance in the scrapping of products that are no longer serviceable, but whose parts are suitable for remanufacturing.
Although CNH Industrial does not always purchase raw materials directly (with the exception of steel used for direct processing), their overall consumption is constantly monitored (see page 163).
As regards the environmental aspects associated with logistics, CNH Industrial focuses particularly on reducing non-reusable packaging and protective materials, in line with Company standards and quality requirements. Where this is not possible, CNH Industrial seeks the best solutions to ensure the recovery of materials.

MAIN MATERIALS USED

Material type	Renewable material	Non-renewable material[a]	Recoverable material	Purchased from external suppliers[b]
Metals	-	⊙	⊙	⊙
Polymers[c]	-	⊙	⊙	⊙
Elastomers[c]	-	⊙	⊙	⊙
Glass	-	⊙	⊙	⊙
Fluids[c]	-	⊙	⊙	⊙

[a] As per GRI Standards, non-renewable materials are resources that do not renew in short time periods, such as minerals, metals, oil, gas, or coal.
[b] CNH Industrial does not always purchase raw materials directly (see page 163).
[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.



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. 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.

05

APPENDIX

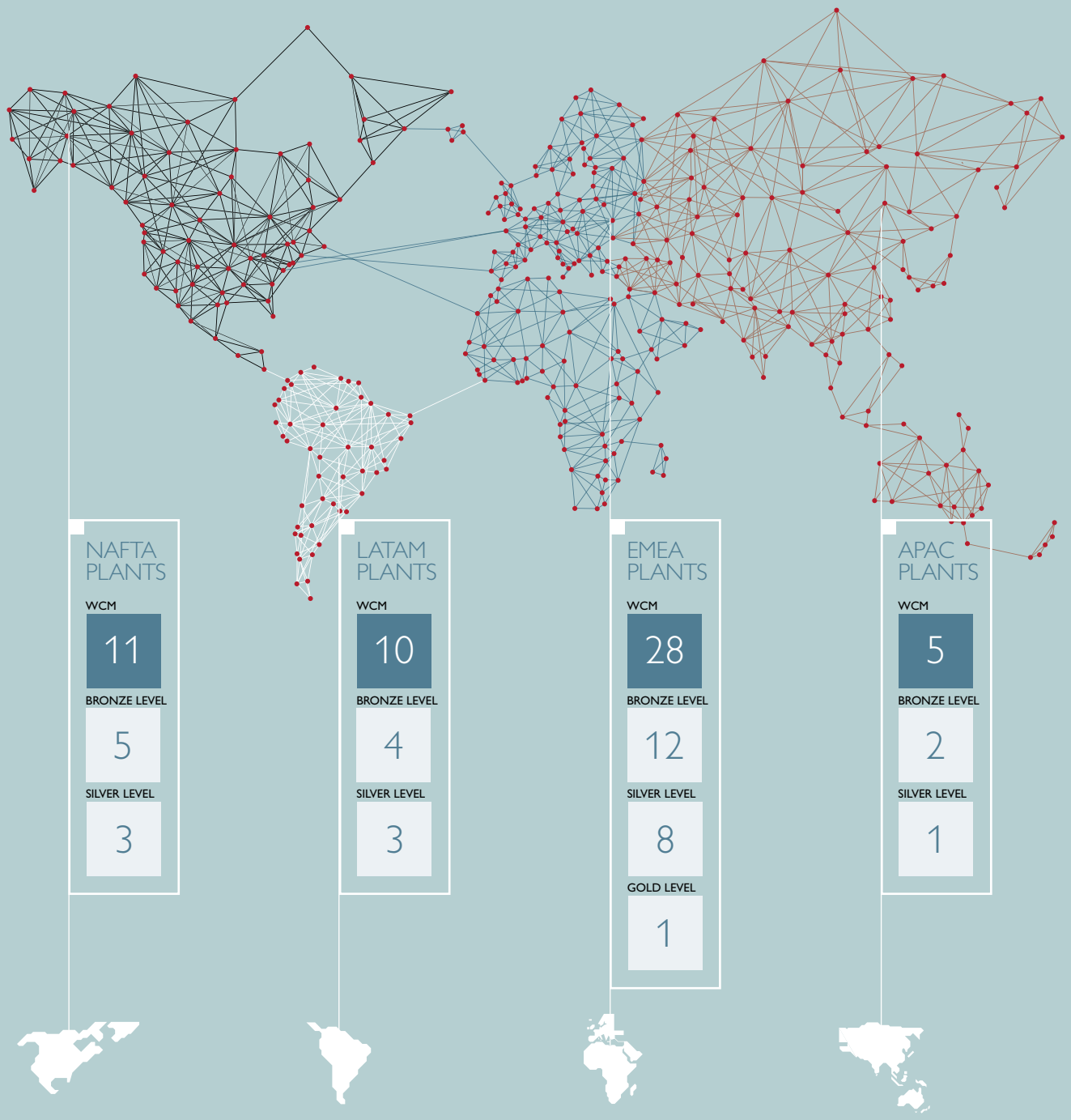
DIX APPENDIX AP
ENDIX APPENDIX

REPORT
PARAMETERS

PERFORMANCE
INDICATORS

ASSURANCE
STATEMENT

GRI CONTENT
INDEX



REPORT PARAMETERS

OBJECTIVES

CNH Industrial's Sustainability Report aims to give stakeholders a comprehensive overview of the Company's operations, integrating financial results and economic commitments with environmental and social ones.
This is the fifth 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 page 21). As per the GRI Standards (core option), one or more disclosures specified in the guidelines were monitored for each material topic (see page 245). The contents were integrated with the information requirements of Socially Responsible Investors (SRIs) and financial and non-financial analysts who periodically review the Company's sustainability performance.

CNH Industrial's strategic approach is set out in the chapter Our Commitment to the Future, on page 19, which also includes the Sustainability Model summarizing CNH Industrial's approach to sustainability, and explains how the materiality analysis evolved from a context analysis tool into a business tool used by senior management to identify new long-term targets consistent with, and integrated into, the Company's business strategy.

SCOPE

Unless otherwise stated, the **scope** (reporting period) of the Sustainability Report covers information and data for the year 2017 - which coincides with the calendar year - for all CNH Industrial segments worldwide consolidated in the Annual Report as at December 31, 2017.
Unless otherwise indicated, the terms Company and CNH Industrial refer to CNH Industrial including all its subsidiaries (also called legal entities or group of companies).

The term **segment** refers to Agricultural Equipment, Construction Equipment, Commercial Vehicles, Powertrain, or 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 246.

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 data of satisfactory quality or to the immateriality of its activities (as is often the case for newly acquired legal entities, joint ventures, or manufacturing activities not yet fully operational). In some cases, subsidiaries or plants not consolidated in the financial statements were included within the scope of the Report because of their significant environmental and social impact. Any significant variations in the scope of the Report or in the data are expressly indicated in the text or tables in the Appendix.

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

GRI STANDARDS

GRI 102-50; GRI 102-51; GRI 102-52; GRI 102-54

KEY

ISO/OHSAS · WCM Bronze · WCM Silver · WCM Gold

PLANTS OVERVIEW

CNH INDUSTRIAL WORLDWIDE

COUNTRY	PLANT	SEGMENT[a]	PRIMARY FUNCTIONS	WCM		QUALITY	SAFETY		ENVIRONMENT		ENERGY	
				Award	Scope	ISO 9001	OHSAS 18001	Scope	ISO 14001	Scope	ISO 50001	Scope
EMEA												
Austria	**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	**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), drive 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, cabs)	B	⊙	⊙	○	⊙	○	⊙	○	⊙
Italy	**Piacenza**	CV	Quarry and construction vehicles	B	⊙	⊙	○	⊙	○	⊙	○	⊙
Italy	**Pregnana M.se**	PT	Engines (marine and power generation units)		⊙	⊙	○	⊙	○	⊙	○	⊙

[a] *AG = Agricultural Equipment (Case IH Agriculture, Steyr, New Holland Agriculture)*
CE = Construction Equipment (CASE Construction Equipment, New Holland Construction)
CV = Commercial Vehicles (IVECO, IVECO ASTRA, IVECO BUS, Heuliez Bus, Magirus, Iveco Defence Vehicles)
PT = Powertrain (FPT Industrial)

GRI STANDARDS

GRI 102-45

KEY

ISO/OHSAS · WCM Bronze · WCM Silver · WCM Gold

COUNTRY	PLANT	SEGMENT[a]	PRIMARY FUNCTIONS	WCM		QUALITY	SAFETY		ENVIRONMENT		ENERGY	
				Award	Scope	ISO 9001	OHSAS 18001	Scope	ISO 14001	Scope	ISO 50001	Scope
Italy	San Mauro	CE	Excavators	B	⊙	⊙	○	⊙	○	⊙	○	⊙
Italy	Suzzara	CV	Light vehicles	S	⊙	⊙	○	⊙	○	⊙	○	⊙
Italy	Torino Driveline	PT	Transmissions and axles	S	⊙	⊙	○	⊙	○	⊙	○	⊙
Italy	Torino Motori	PT	Engines (heavy)	S	⊙	⊙	○	⊙	○	⊙	○	⊙
Italy	Vittorio Veneto	CV	Components			⊙	○	⊙	○	⊙	○	⊙
Poland	Kutno	AG	Row crop, cultivators, harvesters			⊙						
Poland	Plock	AG	Combines, balers, headers	B	⊙	⊙	○	⊙	○	⊙	○	⊙
South Africa	Rosslyn	CV	Buses (Intercity), medium and heavy vehicles assembly					⊙				
Spain	Madrid	CV	Heavy vehicles	G	⊙	⊙	○	⊙	○	⊙	○	⊙
Spain	Valladolid	CV	Light vehicles, heavy cabs components	S	⊙	⊙	○	⊙	○	⊙	○	⊙
UK	Basildon	AG	Tractors	B	⊙	⊙	○	⊙	○	⊙	○	⊙
NAFTA												
Canada	Saskatoon	AG	Seeding equipment	S	⊙	⊙	○	⊙	○	⊙	○	⊙
Mexico	Queretaro	AG & CE	Components	B	⊙	⊙	○	⊙	○	⊙	○	⊙
USA	Benson	AG	Sprayers, cotton pickers	B	⊙		○	⊙	○	⊙	○	⊙
USA	Burlington	CE	Backhoe loaders, forklifts		⊙	⊙	○	⊙	○	⊙	○	⊙
USA	Fargo	AG & CE	Tractors, wheeled loaders	B	⊙	⊙	○	⊙	○	⊙	○	⊙
USA	Goodfield	AG	Soil management equipment		⊙		○	⊙	○	⊙	○	⊙
USA	Grand Island	AG	Tractors and combines	S	⊙	⊙	○	⊙	○	⊙	○	⊙
USA	New Holland	AG	Hay, forage	B	⊙	⊙	○	⊙	○	⊙	○	⊙
USA	Racine	AG	Tractors (high horsepower), transmissions	B	⊙	⊙	○	⊙	○	⊙	○	⊙
USA	St. Nazianz	AG	Self-propelled sprayers		⊙							
USA	Wichita	CE	Skid steer loaders	S	⊙	⊙	○	⊙	○	⊙	○	⊙

[a] *AG = Agricultural Equipment (Case IH Agriculture, Steyr, New Holland Agriculture)*
CE = Construction Equipment (CASE Construction Equipment, New Holland Construction)
CV = Commercial Vehicles (IVECO, IVECO ASTRA, IVECO BUS, Heuliez Bus, Magirus, Iveco Defence Vehicles)
PT = Powertrain (FPT Industrial)

KEY

ISO/OHSAS · WCM Bronze · WCM Silver · WCM Gold

COUNTRY	PLANT	SEGMENT[a]	PRIMARY FUNCTIONS	WCM		QUALITY	SAFETY		ENVIRONMENT		ENERGY	
				Award	Scope	ISO 9001	OHSAS 18001	Scope	ISO 14001	Scope	ISO 50001	Scope
LATAM												
Argentina	Cordoba	AG	Tractors, combines		⊙	⊙	○	⊙	○	⊙		
Argentina	Cordoba	CV	Medium and heavy vehicles	B	⊙	⊙	○	⊙	○	⊙	○	⊙
Argentina	Cordoba	PT	Engines (heavy)		⊙	⊙	○	⊙	○	⊙		
Brazil	Contagem - Belo Horizonte	CE	Backhoe loaders, crawler excavators, crawler dozers, wheel loaders, graders, dozers	S	⊙	⊙	○	⊙	○	⊙	○	⊙
Brazil	Curitiba	AG	Combines, tractors	S	⊙	⊙	○	⊙	○	⊙	○	⊙
Brazil	Piracicaba	AG	Sugarcane harvesters, sprayers	B	⊙	⊙	○	⊙	○	⊙	○	⊙
Brazil	Sete Lagoas	CV	Light, medium and heavy vehicles	B	⊙	⊙	○	⊙	○	⊙	○	⊙
Brazil	Sete Lagoas	CV	Defense vehicles		⊙	⊙	○	⊙	○	⊙		⊙
Brazil	Sete Lagoas	PT	Engines (light, medium, and heavy)	S	⊙	⊙	○	⊙	○	⊙	○	⊙
Brazil	Sorocaba	AG	Combines, components	B	⊙		○	⊙	○	⊙	○	⊙
APAC												
Australia	Dandenong	CV	Heavy vehicles		⊙	⊙	○	⊙	○	⊙		⊙
China	Chongqing	PT	Engines (light, medium, and heavy)	B	⊙	⊙	○	⊙	○	⊙		⊙
China	Foshan	AG	Sugarcane harvesters			⊙	○	⊙				
China	Harbin	AG	Combines, tractors, balers		⊙	⊙	○	⊙				
China	Urumqi	AG	Cotton pickers			⊙	○	⊙				
India	Noida	AG	Tractors	S	⊙	⊙	○	⊙	○	⊙	○	⊙
India	Pithampur	CE	Backhoe loaders, earth compactors	B	⊙	⊙	○	⊙	○			
Russia	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)

DATA COVERAGE

World Class Manufacturing (WCM) data (see page 176) relates to 54 plants consolidated in the Annual Report as at December 31, 2017, representing 99% of revenues from sales of products manufactured at CNH Industrial plants.
Occupational health and safety data (see page 80) relates to 56,516 employees, or about 96% of the workforce within the reporting scope.
There are 60 OHSAS 18001 certified plants, representing 99% of revenues from sales of products manufactured at CNH Industrial plants.
Information on **environmental** performance and management systems (see pages 180; 184) relates to 54 fully consolidated plants, representing 98% of revenues from sales of products manufactured at CNH Industrial plants.

There are 56 ISO 14001 certified plants, representing 99% of revenues from sales of products manufactured at CNH Industrial plants.
Information on **energy** performance and management systems (see pages 191; 193) relates to 52 fully consolidated plants, representing 97% of revenues from sales of products manufactured at CNH Industrial plants.
There are 47 ISO 50001 certified plants, representing 92% of revenues from sales of products manufactured at CNH Industrial plants.
In 2015, the collection of data on environmental and energy performance also began 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 2018.

CHANGES IN THE SCOPE

The difference in scope compared to the previous year is due to the deconsolidation of the plant in **La Victoria** (Venezuela) as of December 31, 2017, owing to the economic and socio-political situation in the country (see the 2017 Annual Report, page 122).
With regard to the plant in La Victoria:

- the number of employees as at December 31, 2017 does not include the plant's personnel
- the activities carried out by the plant during the year have been reported
- the plant was not included in the 2017 data on environmental and energy performance, given that it was excluded from the manufacturing scope as of January 1, 2017, and subsequently treated as a depot.

In addition, the plant in **Berlin** (Germany) was shut down in 2016, and so was not included within the 2017 reporting scope. No restatement of data was necessary.
Moreover, in January 2017, CNH Industrial completed the acquisition of the Grass and Soil business of **Kongskilde Industries**, which develops, manufactures, and sells solutions for agricultural applications. The acquisition had an impact on the number of CNH Industrial employees as at December 31, 2017, as employee transfers were included within the scope of the Sustainability Report. On the other hand, the reporting scope for manufacturing processes did not include information or data related to the 2 newly-acquired plants in Kutno (Poland) and Överum (Sweden), except for the inclusion of Kutno within the ISO 9001 certification scope.

DEFINING SUSTAINABILITY REPORT CONTENTS

Sustainability Report contents are selected through a process of exchange and comparison across CNH Industrial's internal structures, through a network of representatives within the different organizational areas that oversee the implementation of initiatives and the reporting of performance in terms of sustainability.
Defining the contents of the Report is a process based on principles of materiality, stakeholder inclusiveness, sustainability context, and completeness. This complex and systematic process, which takes place during the Report's planning phase, in part through the materiality analysis (see page 21), 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 for an accurate reading of the information provided.
The **preparation** of the Sustainability Report (see page 52) was contingent on a systematic information and data retrieval process, crucial to ensure the accuracy of sustainability performance reporting. Approximately 200 Key Performance Indicators (KPIs) were reported in this document. Where available, computerized management and control systems (e.g., the SAP HR platform for employee data, and the Energy platform for financial data on communities) were used to ensure the reliability of information flows and data accuracy. Other indicators were monitored using electronic databases (e.g., the SPARC[2] reporting system for environmental and health and safety data) or spreadsheets, populated directly by the representatives of each thematic area worldwide and verified by their supervisors.

[2] *Sustainability, Performance, Analysis, Reporting & Compliance.*

GRI STANDARDS

GRI 102-43; GRI 102-46; GRI 102-48

METHODOLOGIES

APPROACH TO DATA CALCULATION

- To enable comparability over time, the data presented refers to the 3-year period from 2015 to 2017.
- Figures in currencies other than US dollars were converted at the average exchange rate at December 31, 2017.
- The **value added**, representing the value generated by corporate business activities, was calculated via an internal method as the difference between production value and the associated intermediate costs, net of depreciation. The global net value added was then divided among beneficiaries as follows: employees (direct remuneration comprising salaries, wages, and severance pay; and indirect remuneration consisting of welfare benefits); government and public institutions (income taxes); financial providers (interest paid on borrowed capital); shareholders (dividends paid); Company (share of reinvested profits); and local communities.
- Economic data was collected directly rather than extrapolated from the **Annual Report on Form 20-F** as at December 31, 2017.

- **Human resources** data refers to the entire corporate scope, unless otherwise specified.
- **Human resources** data refers to data as at December 31, 2017, unless otherwise specified.
- **Employees** are divided into 4 main categories: Hourly, Salaried, Professional, and Manager. Professional encompasses all individuals in specialized and managerial roles. Manager refers to individuals in senior management roles. They include both full-time and part-time personnel.
- 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 IT tools and software.
- **Injury rates** were calculated excluding commuting accidents, i.e., those involving employees during normal commutes between place of residence and work. When calculating injury rates for contractors, hours worked may have been estimated.
- In calculating **days of absence**, days refer to calendar days.

- Investment data for **local communities** is based on accounting data and calculation methods, and also includes estimates. 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 indexes were defined to evidence medium and long-term trends in environmental and energy performance. This approach highlights enhanced performance due to process improvements, and not simply linked to variations in production volumes. Performance indicators are calculated on the total number of manufacturing hours, defined as the hours of presence of hourly employees within the manufacturing scope required to manufacture a product.
- Values expressed in **tons** refer to metric tons (1,000 kilos).
- With regard to **environmental data**, SPARC[3] or similar systems were individually compiled for each production unit based on respective qualitative and quantitative data. Individual Standard Aggregation Databases only include data for the activities of the production unit in question. Depending on data, the detection criterion was either measured, calculated or estimated[4].
- **NO_x**, **SO_x**, and **dust** emissions were calculated based on historical average values. Dusts are those deriving from the combustion of fossil fuels (methane, diesel, LPG, and coal).
- 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.)

[3] *Sustainability, Performance, Analysis, Reporting & Compliance.*
[4] *A value is considered as measured if detected using a certified measurement tool. This criterion remains valid even if a formula is applied to convert the detected value's unit of measurement. A value is considered as calculated if derived from 2 or more measured data items using a formula or algorithm. A value is considered as estimated if based on at least 1 uncertain data item in addition to other measured quantities.*

GRI STANDARDS

- GRI 102-8; GRI 202-2; GRI 303-1; GRI 303-3; GRI 305-7; GRI 306-1; GRI 403-2

- The reporting scope does not include waste that is not associated with manufacturing, auxiliary, or production support activities within the production unit, nor waste generated as a result of activities outside the normal production cycle.
- The **water sources** (or water bodies) considered as significantly affected by water withdrawals and/or discharges fall into 3 categories: protected, with high biodiversity value, or affected by water withdrawals and/or discharges in excess of 5% of their average annual volume. A protected water body is a geographically defined area designated, regulated, and managed according to specific conservation objectives. A water body with high biodiversity value is an area that is not legally protected, but recognized by government and non-governmental organizations for the presence of significant biodiversity.
- CNH Industrial's **wastewater quality indicators** - Biochemical Oxygen Demand (BOD), Chemical Oxygen Demand (COD), and Total Suspended Solids (TSS) - correspond to the average concentrations measured at each plant's effluent discharge point and weighted according to the respective volumes discharged. For each plant, calculations were based on the highest BOD, COD, and TSS concentrations measured during the year, under normal operating conditions.

- **Energy** consumption was measured via specific measurement systems and converted into joules through specific equivalences depending on the energy vector. For example, when monitored as a secondary vector, compressed air is indicated in Nm^3 and, through conversion formulas, translated into kWh and then GJ. Direct energy refers to the forms of energy that fall within the scope of the organization's operations; it can either be consumed by the organization within its boundaries, or exported to other users. Indirect energy refers to the energy produced outside the scope of the organization's operations, supplied to meet the organization's needs (e.g., electricity, heating, and cooling). The amount of fuel used for the following purposes is reported separately: to move unsold, newly-manufactured vehicles to the designated parking lots; to fuel forklifts and internal utility cars; to perform engine tests; and to power generators, motor pumps, pressure washers, and other devices. The KPIs to assess energy consumption per production unit and CO_2 emissions per production unit do not take into account diesel consumption.
- At CNH Industrial, the sources of **greenhouse gas emissions**, besides the CO_2 emissions from energy consumption, are associated with the use of HFC compounds with Global Warming Potential (GWP) present in air-conditioning, cooling, fire suppression, aerosol (e.g., propellants), and manufacturing equipment. The potential emissions from these substances (CO_2 eq) are negligible compared with emissions from energy production; in fact, with an incidence of 0.75%, they fall outside the reporting scope.
- **CO_2 emissions** were calculated according to GHG Protocol standards implemented through Company guidelines. Furthermore, calculations were made using the lower heat of combustion reference value and the emission factors specific to the energy industry's power generation stations, available in the second volume of the IPCC 2006 Guidelines. In terms of emission factors, only CO_2 was taken into account, as CH_4 and N_2O components were considered negligible and therefore de minimis.
- For **scope 2 emissions accounting**, CNH Industrial applied the dual reporting system of the GHG Protocol Scope 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.

The KPI to assess CO_2 emissions per production unit refers to the scope 2 emissions calculated according to the market-based method.

GRI STANDARDS

GRI 302-1; GRI 302-3; GRI 303-2; GRI 305-1; GRI 305-2; 305-4; GRI 306-5

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**[5] operating worldwide.
To be eligible for analysis, a mutual fund must:

- perform ethical, social or environmental screenings of stock and bond issuers (negative and/or best-in-class screens)
- be marketed as an SRI
- be available to the public (retail funds).

The **free float** is the percentage of shares remaining after adjusting for block ownership and restricted shares, as calculated by STOXX Ltd[6].
Block ownership is defined as the sum of all holdings larger than 5% - held by companies, governments, families, and private investors, but excluding those held by investment companies and funds - that have to be reported to domestic regulatory agencies.

DEFINITIONS

MEGATRENDS

Key megatrends are defined as phenomena that have the potential to shape the Company's future business. The 3 identified as most relevant to CNH Industrial are:

- **climate change**: as a broad concept, climate change encompasses political, judicial, ethical, economic, and scientific 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.).

[5] *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.*
[6] *www.stoxx.com/document/Indices/Common/Indexguide/stoxx_indexguide.pdf.*

MATERIAL TOPICS

The following are the material topic definitions as submitted to stakeholders for the purpose of assessing their priority within the Materiality Matrix (see page 23), listed in alphabetic order:

- **autonomous vehicles and connectivity**: innovative products and solutions for autonomous or self-driving vehicles that use connectivity and big data to reduce human input for hazardous and strenuous tasks. This technology offers potentially significant social welfare benefits, including the potential to reduce fatalities, accidents, fuel consumption, and pollution. Its main applications are in agriculture (e.g., precision farming, agribotics, and soil protection) and in the transportation of goods and people (e.g., truck platooning and autonomous buses)
- **circular product life cycle**: alternative solutions (such as alternative fuels/tractions and remanufacturing) that minimize the impact of a product's life cycle by promoting a circular economy, in which resources are used fully and for as long as possible, and products and materials are recovered and regenerated at the end of their service lives
- **CO_2 and other air emissions**: activities to further improve energy efficiency and reduce CO_2 and other polluting emissions in: manufacturing processes, building management and maintenance, logistics processes, product development, event organization, and employee commuting
- **digital workplaces**: using new technologies to improve quality and efficiency at work, employee work-life balance (remote work), and the exchange of information, in part to foster innovation; activities that make it easier for employees to adopt the latest technologies and new ways of working in all areas of business (both office and manufacturing); and implementation of measures aimed at improving the management and security of Company and personal data
- **employee engagement**: activities that increase employee awareness of sustainability topics, with a specific focus on: environmental protection, health and proper nutrition, food security, and food waste
- **innovation-to-zero**: the vision of a zero concept world: zero emissions, zero accidents, zero fatalities, zero defects, and zero security breaches
- **local community engagement**: activities that support local community development, with a specific focus on: zero food waste, emergency relief, drought risk mitigation, biodiversity protection, and education on alternative farming techniques
- **renewable energy**: promoting the use of energy from renewable sources in manufacturing processes, generated mainly from water, waste, sun, and wind, to limit fossil fuel use and CO_2 emissions
- **self-sustaining food systems**: products and solutions for agriculture - including agricultural production, food production, logistics, and distribution - that promote an economic system with zero impact on resources
- **trade, regulations, and public debate**: participation in the debate on shaping public policies and defining regulations; helping to identify innovative solutions for standards and guidelines; favoring free trade agreements; advocating action through national and international regulatory bodies; making use of scientific expertise; and investing in innovation
- **value chain management**: initiatives to actively engage Company stakeholders (especially suppliers, dealers, and customers) in achieving common improvement targets for the creation of long-term value
- **water and waste efficiency**: aspects to be managed in all manufacturing processes: water efficiency, water discharge, water availability, waste recovery, and hazardous/non-hazardous waste.

SKILLS DEFINITIONS

Industry sector classifications used for compiling the Skills Matrix on page 266 are based on MSCI and Standard & Poor's Global Industry Classification Standard (GICS):

- **Academic Positions**: academic or board positions at leading educational institutions
- **Charitable and Environmental Engagement**: formal recognition by, or board position or significant personal engagement with, charitable/environmental organizations
- **Consumer Discretionary**: current or previous leadership or board position at companies operating in this industry sector (which contains: Automobiles & Components: Auto Components, Automobiles. Consumer Durables & Apparel: Household Durables, Leisure Products, Textiles, Apparel & Luxury Goods. Consumer Discretionary: Hotels, Restaurants & Leisure, Diversified Consumer Services, Media; Retailing)
- **Consumer Staples**: current or previous leadership or board position at companies operating in this industry sector (which contains: Food & Staples Retailing; Food, Beverage & Tobacco; Household & Personal Products)
- **Financial**: accounting and financial knowledge
- **Governance, Legal, and Board Expertise**: understanding of corporate governance practices and norms, understanding of legal systems, as well as board expertise and regulatory knowledge
- **Health Care**: current or previous leadership or board position at companies operating in this industry sector (which contains: Health Care Equipment & Services; Pharmaceuticals; Biotechnology & Life Sciences)
- **Industrials & Materials**: current or previous leadership or board position at companies operating in this industry sector (which contains: Energy Equipment & Services, Oil, Gas & Consumable Fuels; Chemicals, Construction Materials, Containers & Packaging, Metals & Mining, Paper & Forest Products; Aerospace & Defense, Building Products, Construction & Engineering, Electrical Equipment, Industrial Conglomerates, Machinery, Trading Companies & Distributors; Commercial & Professional Services; Transportation)
- **Telecommunications & Information Technology**: current or previous leadership or board position at companies operating in this industry sector (which contains: Telecommunication Services; Software & Services; Technology Hardware & Equipment; Semiconductors & Semiconductor Equipment).

OTHER DEFINITIONS

The **Regions**, indicated throughout the Report using their respective acronyms, are comprised as follows:

- **APAC**: Continental Asia (including Turkey and Russia), Oceania, and member countries of the Commonwealth of Independent States (excluding Ukraine)
- **EMEA**: member countries of the European Union, member countries of the European Free Trade Association (EFTA), Ukraine, the Balkans, the African continent, and the Middle East (excluding Turkey)
- **LATAM**: Central and South America, and the Caribbean Islands
- **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 2017.

OTHER INFORMATION

As regards the **infographics** included in the Report, the percentages indicate trends calculated against 2016, unless otherwise specified.

GRI Standards disclosures are referenced at the bottom of the pages on which they are disclosed. If a disclosure is explained over a number of consecutive pages, it is indicated only on the first page.

This icon indicates the sections explaining the management approach to a specific material topic.

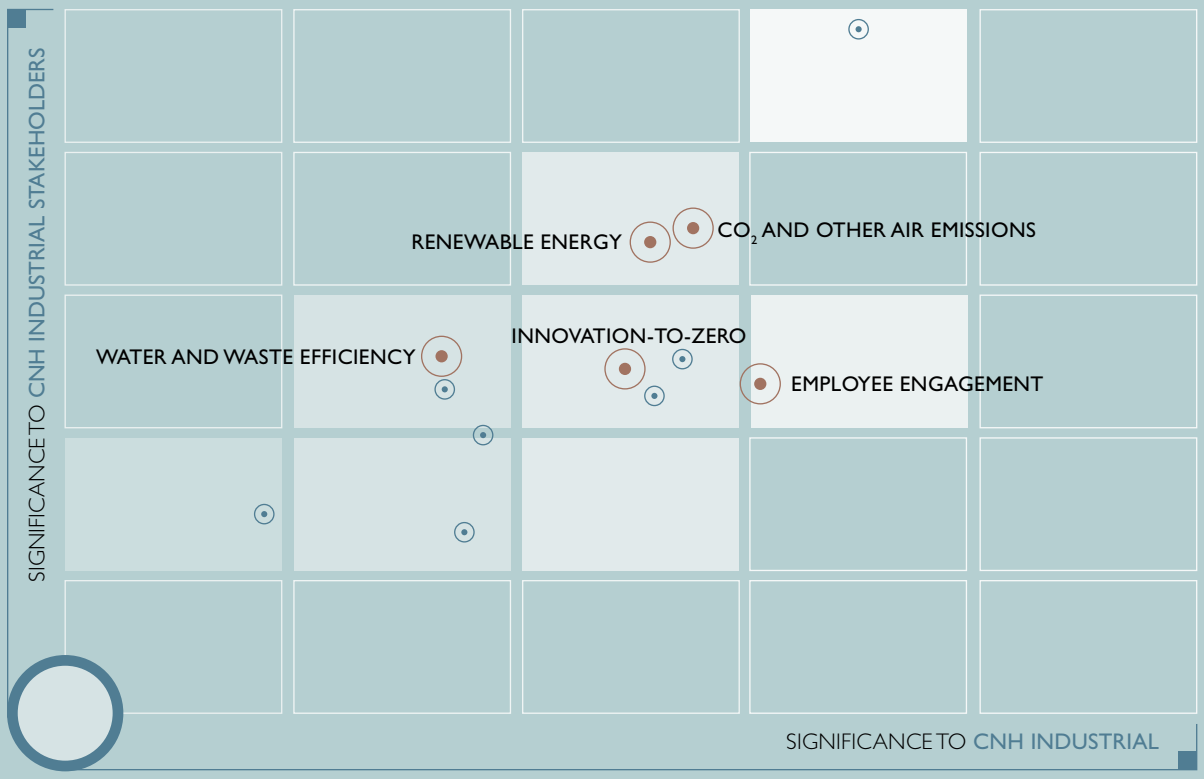
This icon indicates a link with the material topic **innovation-to-zero.**

This icon indicates a link with the material topic **employee engagement.**

CNH INDUSTRIAL SUPPORTS THE SUSTAINABLE DEVELOPMENT GOALS

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

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



PERFORMANCE INDICATORS

Material topics described in this chapter (for definitions see page 245).

HUMAN RESOURCES

EMPLOYEES IN NUMBERS

EMPLOYEES BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

	2017	2016	2015
EMEA	**41,494**	40,678	40,801
NAFTA	**8,691**	9,042	10,022
LATAM	**8,150**	8,298	8,812
APAC	**5,021**	4,810	4,756
World	**63,356**	**62,828**	**64,391**

EMPLOYEES BY REGION AND CATEGORY[a]

CNH INDUSTRIAL WORLDWIDE (no.)

	2017				2016				2015			
	Hourly	**Salaried**	**Professional**	**Manager**	Hourly	Salaried	Professional	Manager	Hourly	Salaried	Professional	Manager
EMEA	**26,382**	**6,259**	**8,266**	**587**	25,930	6,066	8,107	575	26,208	6,078	7,944	571
NAFTA	**4,637**	**168**	**3,678**	**208**	4,831	181	3,829	201	5,726	204	3,893	199
LATAM	**5,458**	**1,459**	**1,158**	**75**	5,586	1,489	1,152	71	6,004	1,579	1,153	76
APAC	**1,997**	**1,553**	**1,418**	**53**	1,962	1,475	1,317	56	2,020	1,511	1,167	58
World	**38,474**	**9,439**	**14,520**	**923**	**38,309**	**9,211**	**14,405**	**903**	**39,958**	**9,372**	**14,157**	**904**

[a] *For more information on employee categories, see page 242.*

EMPLOYEES BY SEGMENT

CNH INDUSTRIAL WORLDWIDE (no.)

	2017	2016	2015
Agricultural Equipment	**25,007**	24,254	24,494
Construction Equipment	**5,240**	5,378	5,695
Commercial Vehicles	**23,843**	23,882	24,783
Powertrain	**8,050**	8,070	8,163
Other Activities[a]	**145**	146	140
Financial Services	**1,071**	1,098	1,116
Total	**63,356**	**62,828**	**64,391**

[a] *Other Activities include corporate functions.*

EMPLOYEE TURNOVER

CNH INDUSTRIAL WORLDWIDE (no.)

	2017	2016	2015
Employees at January 1	**62,828**	64,391	69,207
New hires	**5,575**	4,888	3,792
Departures	**(5,868)**	(6,548)	(8,424)
Δ scope of operation	**821**	97	(184)
Employees at December 31	**63,356**	**62,828**	**64,391**
Turnover (%)	**9.3**	10.4	13.1
New hires (%)	**8.8**	7.8	5.9

EMPLOYEE TURNOVER BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

EMEA	2017	2016	2015
Employees at January 1	**40,678**	40,801	41,756
New hires	**2,733**	2,156	2,017
Departures	**(2,682)**	(2,363)	(2,753)
Δ scope of operation	**765**	84	(219)
Employees at December 31	**41,494**	40,678	40,801
Turnover (%)	**6.5**	5.8	6.7
New hires (%)	**6.6**	5.3	4.9

NAFTA	2017	2016	2015
Employees at January 1	**9,042**	10,022	11,647
New hires	**1,072**	742	447
Departures	**(1,470)**	(1,722)	(2,072)
Δ scope of operation	**47**	-	-
Employees at December 31	**8,691**	9,042	10,022
Turnover (%)	**16.9**	19.0	20.7
New hires (%)	**12.3**	8.2	4.5

LATAM	2017	2016	2015
Employees at January 1	**8,298**	8,812	10,485
New hires	**925**	1,043	640
Departures	**(1,050)**	(1,557)	(2,348)
Δ scope of operation	**(23)**	-	35
Employees at December 31	**8,150**	8,298	8,812
Turnover (%)	**12.9**	18.8	26.6
New hires (%)	**11.3**	12.6	7.3

APAC	2017	2016	2015
Employees at January 1	**4,810**	4,756	5,319
New hires	**845**	947	688
Departures	**(666)**	(906)	(1,251)
Δ scope of operation	**32**	13	-
Employees at December 31	**5,021**	4,810	4,756
Turnover (%)	**13.3**	18.8	26.3
New hires (%)	**16.8**	19.7	14.5

EMPLOYEE TURNOVER BY CATEGORY[a]

CNH INDUSTRIAL WORLDWIDE (no.)

Hourly	2017	2016	2015
Employees at January 1	**38,309**	39,958	43,685
New hires	**3,299**	2,685	2,238
Departures	**(3,502)**	(4,219)	(5,633)
Δ change in category	**(103)**	(97)	(84)
Δ scope of operation	**471**	(18)	(248)
Employees at December 31	**38,474**	38,309	39,958
Turnover (%)	**9.1**	11.0	14.1
New hires (%)	**8.6**	7.0	5.6

Salaried	2017	2016	2015
Employees at January 1	**9,211**	9,372	11,341
New hires	**1,177**	1,058	877
Departures	**(969)**	(948)	(1,381)
Δ change in category	**(296)**	(331)	(1,496)
Δ scope of operation	**316**	60	31
Employees at December 31	**9,439**	9,211	9,372
Turnover (%)	**10.3**	10.3	14.7
New hires (%)	**12.5**	11.5	9.4

Professional	2017	2016	2015
Employees at January 1	**14,405**	14,157	13,222
New hires	**1,066**	1,126	654
Departures	**(1,309)**	(1,312)	(1,278)
Δ change in category	**325**	381	1,527
Δ scope of operation	**33**	53	32
Employees at December 31	**14,520**	14,405	14,157
Turnover (%)	**9.0**	9.1	9.0
New hires (%)	**7.3**	7.8	4.6

Manager	2017	2016	2015
Employees at January 1	**903**	904	959
New hires	**33**	19	23
Departures	**(88)**	(69)	(132)
Δ change in category	**74**	47	53
Δ scope of operation	**1**	2	1
Employees at December 31	**923**	903	904
Turnover (%)	**9.5**	7.6	14.6
New hires (%)	**3.6**	2.1	2.5

[a] *For more information on employee categories, see page 242.*

EMPLOYEE TURNOVER BY AGE GROUP

CNH INDUSTRIAL WORLDWIDE (no.)

Under 30 years	2017	2016	2015
Employees at January 1	**7,661**	8,984	11,252
New hires	**2,389**	2,067	1,838
Departures	**(1,317)**	(1,761)	(2,379)
Δ age range	**(1,622)**	(1,632)	(1,780)
Δ scope of operation	**176**	3	53
Employees at December 31	**7,287**	**7,661**	**8,984**
Turnover (%)	**18.1**	23.0	26.5
New hires (%)	**32.8**	27.0	20.5

30 to 50 years	2017	2016	2015
Employees at January 1	**39,579**	40,161	42,315
New hires	**2,819**	2,461	1,720
Departures	**(2,737)**	(3,024)	(3,829)
Δ age range	**(98)**	(91)	77
Δ scope of operation	**453**	72	(122)
Employees at December 31	**40,016**	**39,579**	**40,161**
Turnover (%)	**6.8**	7.6	9.5
New hires (%)	**7.0**	6.2	4.3

Over 50 years	2017	2016	2015
Employees at January 1	**15,588**	15,246	15,640
New hires	**367**	360	234
Departures	**(1,814)**	(1,763)	(2,216)
Δ age range	**1,720**	1,723	1,703
Δ scope of operation	**192**	22	(115)
Employees at December 31	**16,053**	**15,588**	**15,246**
Turnover (%)	**11.3**	11.3	14.5
New hires (%)	**2.3**	2.3	1.5

EMPLOYEE TURNOVER BY GENDER

CNH INDUSTRIAL WORLDWIDE (no.)

Men	2017	2016	2015
Employees at January 1	**53,494**	54,981	59,415
New hires	**4,497**	4,074	2,997
Departures	**(4,931)**	(5,594)	(7,233)
Δ scope of operation	**709**	33	(198)
Employees at December 31	**53,769**	**53,494**	**54,981**
Turnover (%)	**9.2**	10.5	13.2
New hires (%)	**8.4**	7.6	5.5

Women	2017	2016	2015
Employees at January 1	**9,334**	9,410	9,792
New hires	**1,078**	814	795
Departures	**(937)**	(954)	(1,191)
Δ scope of operation	**112**	64	14
Employees at December 31	**9,587**	**9,334**	**9,410**
Turnover (%)	**9.8**	10.2	12.7
New hires (%)	**11.2**	8.7	8.4

PROMOTIONS

CNH INDUSTRIAL WORLDWIDE (no.)

	2017	2016	2015
Hourly	**169**	161	126
Salaried	**433**	521	1,589
Professional	**352**	341	588
Manager	**25**	33	32
Total	**979**	**1,056**	**2,335**

WORKFORCE GENDER DISTRIBUTION BY CATEGORY[a]

CNH INDUSTRIAL WORLDWIDE

	2017				2016				2015			
	Men		Women		Men		Women		Men		Women	
	(no.)	(%)	(no.)	(%)	(no.)	(%)	(no.)	(%)	(no.)	(%)	(no.)	(%)
Hourly	34,694	90.2	3,780	9.8	34,671	90.5	3,638	9.5	36,136	90.4	3,822	9.6
Salaried	6,677	70.7	2,762	29.3	6,502	70.6	2,709	29.4	6,639	70.8	2,733	29.2
Professional	11,579	79.7	2,941	20.3	11,517	80.0	2,888	20.0	11,399	80.5	2,758	19.5
Manager	819	88.7	104	11.3	804	89.0	99	11.0	807	89.3	97	10.7
Total	**53,769**	**84.9**	**9,587**	**15.1**	**53,494**	**85.1**	**9,334**	**14.9**	**54,981**	**85.4**	**9,410**	**14.6**

[a] *For more information on employee categories, see page 242.*

EMPLOYEES BY CATEGORY[a] BY AGE

CNH INDUSTRIAL WORLDWIDE (no.)

	2017			2016			2015		
	Under 30 years	30 to 50 years	Over 50 years	Under 30 years	30 to 50 years	Over 50 years	Under 30 years	30 to 50 years	Over 50 years
Hourly	5,043	23,657	9,774	5,298	23,574	9,437	6,466	24,233	9,259
Salaried	1,539	6,056	1,844	1,618	5,790	1,803	1,734	5,850	1,788
Professional	705	9,721	4,094	745	9,632	4,028	783	9,469	3,905
Manager	-	582	341	-	583	320	1	609	294
Total	**7,287**	**40,016**	**16,053**	**7,661**	**39,579**	**15,588**	**8,984**	**40,161**	**15,246**

[a] *For more information on employee categories, see page 242.*

EMPLOYEES BY CATEGORY[a] BY AGE

CNH INDUSTRIAL WORLDWIDE (%)

	2017			2016			2015		
	Under 30 years	30 to 50 years	Over 50 years	Under 30 years	30 to 50 years	Over 50 years	Under 30 years	30 to 50 years	Over 50 years
Hourly	13.1	61.5	25.4	13.8	61.6	24.6	16.2	60.6	23.2
Salaried	16.3	64.2	19.5	17.6	62.8	19.6	18.5	62.4	19.1
Professional	4.9	66.9	28.2	5.2	66.8	28.0	5.5	66.9	27.6
Manager	-	63.1	36.9	-	64.6	35.4	0.1	67.4	32.5

[a] *For more information on employee categories, see page 242.*

WORKFORCE GENDER DISTRIBUTION BY LENGTH OF SERVICE

CNH INDUSTRIAL WORLDWIDE

	2017		2016		2015	
	Total (no.)	**of which women (%)**	Total (no.)	of which women (%)	Total (no.)	of which women (%)
Up to 5 years	**19,508**	**18.2**	20,317	17.5	22,074	17.2
6 to 10 years	**14,545**	**17.1**	14,064	17.2	14,137	17.3
11 to 20 years	**15,273**	**14.6**	14,200	14.4	14,494	13.2
21 to 30 years	**10,068**	**8.9**	9,975	8.7	9,063	8.8
Over 30 years	**3,962**	**10.9**	4,272	10.5	4,623	10.0

WORKFORCE GENDER DISTRIBUTION BY LEVEL OF EDUCATION[a]

CNH INDUSTRIAL WORLDWIDE

	2017[b]		2016[c]		2015[d]	
	Total (no.)	**of which women (%)**	Total (no.)	of which women (%)	Total (no.)	of which women (%)
University degree or equivalent	**13,594**	**23.5**	12,871	23.1	12,452	22.6
High school	**23,343**	**11.9**	23,421	11.9	23,400	12.0
Elementary/middle school	**17,550**	**9.8**	17,640	9.8	18,261	9.7

[a] Data as at October 31, 2017.
[b] About 9,005 employees not mapped for 2017.
[c] About 9,608 employees not mapped for 2016.
[d] About 10,697 employees not mapped for 2015.

WORKFORCE GENDER DISTRIBUTION BY EMPLOYMENT TYPE

CNH INDUSTRIAL WORLDWIDE (no.)

	2017			2016			2015		
	Total	**Men**	**Women**	Total	Men	Women	Total	Men	Women
Full time	**61,976**	**53,119**	**8,857**	61,590	52,920	8,670	63,767	54,782	8,985
Part-time	**1,380**	**650**	**730**	1,238	574	664	624	199	425

WORKFORCE GENDER DISTRIBUTION BY EMPLOYMENT CONTRACT

CNH INDUSTRIAL WORLDWIDE (no.)

	2017		2016		2015	
	No-term	**Fixed-term**	No-term	Fixed-term	No-term	Fixed-term
Men	**51,843**	**1,926**	52,042	1,452	54,070	911
Women	**9,297**	**290**	9,143	191	9,194	216
Total	**61,140**	**2,216**	61,185	1,643	63,264	1,127

WORKFORCE DISTRIBUTION BY EMPLOYMENT CONTRACT, BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

	2017		2016		2015	
	No-term	**Fixed-term**	No-term	Fixed-term	No-term	Fixed-term
EMEA	**39,971**	**1,523**	39,749	929	39,985	816
NAFTA	**8,664**	**27**	9,026	16	10,017	5
LATAM	**7,548**	**602**	7,644	654	8,546	266
APAC	**4,957**	**64**	4,766	44	4,716	40
World	**61,140**	**2,216**	61,185	1,643	63,264	1,127

OCCUPATIONAL HEALTH AND SAFETY

OCCUPATIONAL HEALTH AND SAFETY - EMPLOYEES

NUMBER OF INJURIES[a] BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

	2017	2016	2015
EMEA	**158**	157	157
NAFTA	**12**	16	18
LATAM	**31**	29	29
APAC	**8**	11	12
World	**209**	**213**	**216**

[a] *Resulting in more than 3 days of absence.*

DAYS OF ABSENCE[a] BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

	2017	2016	2015
EMEA	**6,175**	6,201	6,355
NAFTA	**409**	1,060	1,267
LATAM	**503**	792	918
APAC	**163**	218	271
World	**7,250**	**8,271**	**8,811**

[a] *Days lost due to accidents – more than 3 days.*

ACCIDENT FREQUENCY RATE[a] BY REGION

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

	2017	2016	2015
EMEA	**0.27**	0.26	0.28
NAFTA	**0.08**	0.11	0.11
LATAM	**0.23**	0.23	0.20
APAC	**0.10**	0.14	0.16
World	**0.22**	**0.22**	**0.23**

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

ACCIDENT SEVERITY RATE[a] BY REGION

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

	2017	2016	2015
EMEA	**0.11**	0.10	0.11
NAFTA	**0.03**	0.07	0.08
LATAM	**0.04**	0.06	0.06
APAC	**0.02**	0.03	0.04
World	**0.08**	**0.09**	**0.09**

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

OCCUPATIONAL ILLNESS FREQUENCY RATE (OIFR) BY REGION

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

	2017	2016	2015
EMEA	**0.015**	0.032	0.023
NAFTA	**0.035**	0.020	0.006
LATAM	**0.007**	-	-
APAC	**-**	-	-
World	**0.016**	**0.023**	**0.015**

MEDICAL TREATMENTS

CNH INDUSTRIAL WORLDWIDE (no.)

	2017	2016	2015
Total visits (thousands)	**102.25**	90.20	98.16
Visits per employee	**1.61**	1.44	1.52

OCCUPATIONAL HEALTH AND SAFETY - CONTRACTORS[1]

NUMBER OF INJURIES[a] BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

	2017	2016	2015
EMEA	**15**	28	19
NAFTA	**2**	-	2
LATAM	**6**	8	23
APAC	**-**	-	-
World	**23**	**36**	**44**

[a] *Resulting in more than 3 days of absence.*

ACCIDENT FREQUENCY RATE[a] BY REGION

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

	2017	2016	2015
EMEA	**0.32**	0.62	0.47
NAFTA	**0.81**	-	0.19
LATAM	**0.24**	0.27	0.57
APAC	**-**	-	-
World	**0.27**	**0.36**	**0.44**

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

ACCIDENT SEVERITY RATE[a] BY REGION

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

	2017	2016	2015
EMEA	**0.09**	0.13	0.14
NAFTA	**0.35**	-	0.07
LATAM	**0.04**	0.06	0.09
APAC	**-**	-	-
World	**0.07**	**0.08**	**0.10**

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

OCCUPATIONAL ILLNESS FREQUENCY RATE (OIFR) BY REGION

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

	2017	2016	2015
EMEA	**-**	0.04	-
NAFTA	**-**	-	-
LATAM	**-**	-	-
APAC	**-**	-	-
World	**-**	**0.02**	**-**

[1] *Contractors are defined as external company or freelancers/self-employed who have a contract with a CNH Industrial company and who provide services within the data reporting scope and within the company perimeter (resident).*

HUMAN CAPITAL DEVELOPMENT

MANAGERS OF LOCAL[a] NATIONALITY BY REGION

CNH INDUSTRIAL WORLDWIDE (%)

	2017	2016	2015
EMEA	**84**	85	84
NAFTA	**89**	92	89
LATAM	**85**	82	82
APAC	**57**	50	55

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

TALENT ATTRACTION

CNH INDUSTRIAL WORLDWIDE (no.)

	2017	2016	2015
New graduates recruited	**403**	248	224
Traineeships	**3,296**	3,174	3,098

TRAINING IN NUMBERS

CNH INDUSTRIAL WORLDWIDE (no.)

	2017	2016	2015
Training hours	**714,610**	827,501	728,732
Employees involved	**48,981**	42,764	57,723
Average hours of training per employee involved	**14.6**	19.4	12.6

AVERAGE HOURS OF TRAINING PER EMPLOYEE INVOLVED BY GENDER

CNH INDUSTRIAL WORLDWIDE (no.)

	2017		2016		2015	
	Men	**Women**	Men	Women	Men	Women
Employees involved	**40,586**	**8,395**	35,438	7,326	49,279	8,444
Average hours of training per employee involved	**14.8**	**13.4**	20.1	15.7	12.9	11.3

AVERAGE HOURS OF TRAINING PER EMPLOYEE INVOLVED BY CATEGORY[a]

CNH INDUSTRIAL WORLDWIDE (no.)

	2017			2016			2015		
	Hourly	**Salaried and Professional**	**Manager**	Hourly	Salaried and Professional	Manager	Hourly	Salaried and Professional	Manager
Employees involved	**18,154**	**29,641**	**1,186**	17,507	24,253	1,004	32,453	24,297	973
Average hours of training per employee involved	**16.7**	**13.4**	**12.9**	24.2	15.9	19.6	12.4	13.1	8.2

[a] *For more information on employee categories, see page 242.*

EMPLOYEE WELFARE AND WELLBEING

PARENTAL LEAVE

CNH INDUSTRIAL WORLDWIDE (no.)

	Maternity leave entitlement			Paternity leave entitlement			Adoption leave entitlement			Breastfeeding leave entitlement		
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
Total number of employees who were entitled to parental leave[a]	9,347	-	9,347	53,149	53,149	-	53,661	45,120	8,541	26,136	18,017	8,119

	Maternity leave			Paternity leave[c]			Adoption leave[c, d]			Breastfeeding leave[c]		
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
Total number of employees who took parental leave[b]	765	-	765	1,748	1,748	-	2	1	1	408	157	251

[a] *Number of employees entitled to parental leave as at October 31, 2017, as per applicable laws, collective labor agreements, and/or Company policies.*
[b] *From November 2016 to October 2017.*
[c] *In NAFTA, paternity, adoption, and breastfeeding leaves are included in family care leave, and so are not included in the data for parental leave.*
[d] *In many time keeping/payroll systems, adoption leave is coded as maternity or paternity leave; therefore, the data for adoption is partial.*

GRI STANDARDS

GRI 401-3; GRI 404-1

INDUSTRIAL RELATIONS

2017 COLLECTIVE BARGAINING AGREEMENT COVERAGE

CNH INDUSTRIAL WORLDWIDE (%)

	Employees surveyed	Employees covered by collective bargaining agreements
EMEA	99	99
NAFTA	100	16
LATAM	100	95
APAC	99	11
World	**99**	**80**

2017 GRIEVANCES FILED AND RESOLVED

CNH INDUSTRIAL WORLDWIDE (no.)

	Grievances filed	Grievances resolved
EMEA	6	6
NAFTA	210	145
LATAM	-	-
APAC	-	-
World	**216**	**151**

ENVIRONMENT

ENVIRONMENTAL PROTECTION EXPENDITURE AND INVESTMENTS

CNH INDUSTRIAL WORLDWIDE ($million)

	2017	2016	2015	2014
Plants (no.)	54	56	57	55
Expenditure	**38**	38	37	56
of which on waste disposal and emissions treatment	**28**	27	26	35
of which on prevention and environmental management	**10**	11	11	21
Investments	**4.5**	3.9	3.6	16
Cost savings	**3.0**	3.3	4	5

AIR EMISSIONS

VOLATILE ORGANIC COMPOUNDS (VOC)[a]

CNH INDUSTRIAL WORLDWIDE

	Target 2022 vs. 2014	2017	2016	2015
Plants (no.)		54	56	57
Average VOC emissions (g/m^2)	**-14%**	**36.5**	38.4	41.4
Total VOC emissions (kg)		**1,688,278**	1,568,261	1,628,096

(a) 2014 was chosen as the base year for global planning, in line with the Business Plan. The base year VOC emissions are equal to 43.4 g/m^2.

NO_X, SO_X, AND DUST EMISSIONS

CNH INDUSTRIAL WORLDWIDE (tons)

	2017	2016	2015
Plants (no.)	52	54	55
Nitrogen Oxides (NO_X)	**355.4**	341.4	351.2
Sulfur Oxides (SO_X)	**69.9**	64.1	65.2
Dust	**8.2**	7.7	7.7

WATER MANAGEMENT

WATER WITHDRAWAL PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (m^3/hours of production[b])

	Target 2018 vs. 2014	2017	2016	2015
Plants (no.)		54	56	57
Water withdrawal	**-3%**	**0.08**	0.10	0.11

(a) 2014 was chosen as the base year for global planning, in line with the Business Plan. The base year water withdrawal is equal to 0.10 m^3/hours of production.
(b) Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 242.

WATER WITHDRAWAL AND DISCHARGE

CNH INDUSTRIAL WORLDWIDE (thousand of m^3)

	2017	2016	2015
Plants (no.)	54	56	57
Withdrawal			
Groundwater	**2,970**	3,274	3,752
Municipal water supply	**1,692**	1,766	1,759
Surface water	**25**	19	25
of which salt water	**-**	-	-
Rainwater	**2**	2	1
Other	**4**	5	8
Total water withdrawal	**4,693**	**5,066**	**5,545**
Discharge			
Surface water	**518**	531	577
of which salt water	**-**	-	-
Public sewer systems	**2,594**	2,715	2,761
Other destinations	**107**	140	130
Total water discharge	**3,219**	**3,386**	**3,468**

WATER RECYCLING INDEX

CNH INDUSTRIAL WORLDWIDE (thousands of m^3)

	2017	2016	2015
Plants (no.)	54	56	57
Total water requirement	**6,639**	6,989	7,574
of which covered by recycling	**1,946**	1,923	2,029
of which water withdrawal	**4,693**	5,066	5,545
Recycling Index[a]	**29%**	**27.5%**	**26.8%**

(a) The recycling index is calculated as a percentage of the total water requirement.

QUALITY OF WATER DISCHARGES

CNH INDUSTRIAL WORLDWIDE (milligram/liter)

	2017	2016	2015
Plants (no.)	54	56	57
Biochemical Oxygen Demand (BOD)	**30.5**	54.2	63.7
Chemical Oxygen Demand (COD)	**115.0**	188.0	174.7
Total Suspended Solids (TSS)	**45.6**	57.1	40.6

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	2017 water intensity[b] (m^3/COGS)	Discharge water quality (mg/l)	2014 fresh water consumption (m^3/hours of production)	2017 fresh water consumption (m^3/hours of production)	Reduction target (2018 vs. 2014)
Agricultural Equipment ■ Noida (India)	0.00083	BOD: 20 COD: 153 TSS: 72	0.105	0.110	-2%
Agricultural Equipment ■ Plock (Poland)	0.00037	BOD: 210 COD: 554 TSS: 4.6	0.051	0.044	-20%
Commercial Vehicles ■ Vysoke Myto (Czech Republic)	0.00019	BOD: 169 COD: 285 TSS: 61	0.033	0.022	-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] = 133 m^3/sec	Industrial water	yes[b]	yes[c]	no	no

(a) Monthly average of the last 49 years (1969-2017).
(b) The section of the Loire that flows near the plant falls within 3 protected areas:
- SIC - FR8301020: Vallée Alluviale de la Loire (left bank)
- SIC - FR2600967: Vallée de la Loire entre Devay et Digoin (right bank)
- ZPS - FR2612002: Vallée de la Loire de Iguerande à Decize.
In this context, the river is an important environmental resource for the local community, providing the water supply for the area's agriculture and grazing land.
(c) There is a high level of biodiversity in the stretch of the Loire near the plant (see page 261). 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)

	2017	2016	2015
Plants (no.)	54	56	57
Waste generated			
Non-hazardous waste	**192,983**	184,665	199,401
Hazardous waste	**17,637**	16,885	19,376
Total waste generated	**210,620**	**201,550**	**218,777**
of which packaging	**64,558**	54,572	61,670
Waste disposed			
Treatment	**12,318**	11,009	15,465
of which incineration	**589**	130	172
Sent to landfill	**5,341**	6,796	7,725
Total waste disposed	**17,659**	**17,805**	**23,190**
Waste recovered			
Waste recovered (excluding waste-to-energy)	**186,126**	174,040	185,082
Waste-to-energy conversion	**6,834**	9,705	10,504
of which hazardous	**2,724**	2,968	3,723
Total waste recovered	**192,960**	**183,745**	**195,586**
of which hazardous	**9,729**	9,051	9,492
% waste recovered	**91.6%**	91.2%	89.4%
% waste sent to landfill	**2.5%**	3.4%	3.5%

WASTE AND HAZARDOUS WASTE GENERATED PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (kg/hours of production[b])

	Target 2018 vs. 2014	2017	2016	2015
Plants (no.)		54	56	57
Waste generated	**-14%**	**3.77**	3.99	4.18
Hazardous waste generated	**-17%**	**0.32**	0.33	0.37

(a) 2014 was chosen as the base year for global planning, in line with the Business Plan. The base year waste generated is equal to 4.61 kg/hours of production. The base year hazardous waste generated is equal to 0.40 kg/hours of production.
(b) Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 242.

WASTE RECOVERED[a]

CNH INDUSTRIAL WORLDWIDE (%)

	Target 2018	2017	2016	2015
Plants (no.)		54	56	57
Waste recovered	**91**	**92**	91	89

(a) Percentage of waste recovered on waste generated.

TRANSPORTED, IMPORTED, EXPORTED OR TREATED HAZARDOUS WASTE

CNH INDUSTRIAL WORLDWIDE (tons)

	2017	2016	2015
Plants (no.)	54	56	57
Hazardous waste transported to external suppliers of waste management services in the same country	**17,623**	16,837	19,343
of which sent for treatment	**7,761**	7,289	9,218
Hazardous waste transported to external suppliers of waste management services abroad	**14**	-	-
of which sent for treatment	**-**	-	-
Total hazardous waste transported	**17,637**	**16,837**	**19,343**

GRI STANDARDS

GRI 306-2; GRI 306-4

PLANTS[a] NEAR, BORDERING OR WITHIN PROTECTED[b] 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	7 species listed, of which: ■ 0 critically endangered ■ 0 endangered ■ 0 vulnerable ■ 1 near threatened ■ 6 of least concern
FOGGIA (ITALY)	Engines (light), drive shafts	601,680	Adjacent to the protected area (3,500 m)	168 species listed, of which: ■ 0 critically endangered ■ 0 endangered ■ 2 vulnerable ■ 6 near threatened ■ 160 of least concern
MADRID (SPAIN)	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] Plants included in the table are those completing the BVI methodology (see page 189) that are located near, bordering or within protected or high-biodiversity areas.
[b] 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

	2017	2016	2015	2014
Plants (no.)	52	54	55	55
Expenditure ($ million)	**170**	169[a]	154	177
Investments ($ million)	**7.7**	6.7	11	10
Cost savings ($ million)	**7**	3.8	7	6
Energy savings (GJ)	**261,909**	164,898	290,000	307,000
CO_2 emissions reduction (tons)	**21,061**	9,975	18,000	20,000

(a) 2016 data restated with respect to the 2016 Sustainability Report.

TOTAL ENERGY CONSUMPTION[a]

CNH INDUSTRIAL WORLDWIDE (GJ)

Non-renewable sources	2017	2016	2015
Plants (no.)	52	54	55
Direct energy consumption			
Natural gas	**2,717,724**	2,636,772	2,733,025
Coal	**139,724**	131,243	125,206
Diesel	**272,086**	235,292	253,062
Liquefied petroleum gas (LPG)	**51,906**	35,755	31,409
Other (HS and LS fuel oil)	**148**	119	-
Total	**3,181,588**	3,039,181	3,142,702
Indirect energy consumption			
Electricity	**1,138,933**	1,064,463	1,358,490
Thermal energy	**641,537**	610,687	619,274
Other energy sources	**40,580**	115,017	128,498
Total	**1,821,050**	1,790,167	2,106,262
Total energy consumption from non-renewable sources	**5,002,638**	4,829,348	5,248,964

Renewable sources	2017	2016	2015
Plants (no.)	52	54	55
Direct energy consumption			
Biomass	**4,702**	22,169	30,824
Solar-thermal	**137**	246	419
Total	**4,839**	22,415	31,243
Indirect energy consumption			
Electricity	**1,399,965**	1,342,881	1,100,664
Thermal energy	**52,404**	57,666	57,961
Other energy sources[b]	**111,331**	9,998	9,136
Total	**1,563,700**	1,410,545	1,167,761
Total energy consumption from renewable sources	**1,568,539**	1,432,960	1,199,004
Total energy consumption	**6,571,177**	6,262,308	6,447,968

(a) 2014 was chosen as the base year for global planning, in line with the Business Plan. The base year energy consumption is equal to 7,296,179 GJ.
(b) The difference between the 2017 and 2016 figures is due to the increased use of renewable energy at some plants in the Powertrain segment.

ENERGY CONSUMPTION BY TYPE

CNH INDUSTRIAL WORLDWIDE (GJ)

	2017	2016	2015
Plants (no.)	52	54	55
Electricity[a]	**2,658,857**	2,502,246	2,554,364
Heat	**694,078**	668,599	677,655
Steam[b]	**-**	-	-
Cooling coal	**31,952**	30,113	42,424
Natural gas	**2,717,724**	2,636,772	2,733,024
Other energy sources	**468,566**	424,578	440,500
Total energy consumption	**6,571,177**	6,262,308	6,447,968

(a) Electricity also includes compressed air.
(b) Steam is included in heat.

GRI STANDARDS

GRI 302-1

ENERGY CONSUMPTION PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (GJ/hour of production[b])

	Target 2018 vs. 2014	2017	2016	2015
Plants (no.)		52	54	55
Energy consumption per production unit	**-6.5%**	**0.1125**	0.1196	0.1190

[a] 2014 was chosen as the base year for global planning, in line with the Business Plan. The base year energy consumption is equal to 0.1286 GJ/hours of production.
Types of energy included: electricity, heat, steam, cooling, natural gas, metallurgical coal, diesel, and other fuels.
KPIs do not include the fuel used to test products.
[b] Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 242.

ELECTRICITY CONSUMPTION FROM RENEWABLE SOURCES

CNH INDUSTRIAL WORLDWIDE (%)

	Target 2020	2017	2016	2015
Plants (no.)		52	54	55
Electricity consumption from renewable sources	**50**	**56.2**	55.8	44.8

DIRECT AND INDIRECT CO_2 EMISSIONS[a]

CNH INDUSTRIAL WORLDWIDE (tons)

	2017	2016	2015
Plants (no.)	52	54	55
Direct emissions (scope 1)	**180,588**	172,562	176,765
Indirect emissions (scope 2) - market-based	**224,673**	235,362	248,107
Indirect emissions (scope 2) - location-based	**295,629**	265,841	288,469
Total CO_2 emissions[b]	**405,261**	407,924	424,872
Direct emissions from landfill gases	**257**	1,210	1,683

[a] CO_2 is the only significant greenhouse gas within CNH Industrial's processes (see page 243).
For CNH Industrial, biogenic CO_2 emissions are those released by the combustion of landfill gases.
2014 was chosen as the base year for global planning, in line with the Business Plan.
The base year CO_2 emissions are equal to 515,897 tons.
There were no significant changes in emissions requiring the recalculation of base year emissions.
GHG emissions were consolidated and reported using an operational control approach.
For the methodologies and emission factors used, see page 243.
[b] Total CO_2 emissions are calculated as per the market-based methodology of the GHG Protocol, and do not include emissions from landfill gases.

DIRECT AND INDIRECT CO_2 EMISSIONS PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (tons of CO_2/hour of production[b])

	Target 2022 vs. 2014	2017	2016	2015
Plants (no.)		52	54	55
Direct and indirect CO_2 emissions per production unit	**-20%**	**0.0069**	0.0078	0.0078

[a] CO_2 is the only significant greenhouse gas within CNH Industrial's processes (see page 243).
2014 was chosen as the base year for global planning, in line with the Business Plan.
The base year CO_2 emissions are equal to 0.0091 tons/hours of production.
The indicator includes scope 1 and scope 2 emissions, as per the market-based methodology of the GHG Protocol.
KPIs do not include the fuel used to test products.
[b] Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 242.

GRI STANDARDS

GRI 302-3; GRI 302-4; GRI 305-1; GRI 305-2; 305-4; GRI 305-5

OTHER GRI DISCLOSURES

DIALOGUE WITH STAKEHOLDERS IN DETAIL

Stakeholders	Corporate functions[a]	Tools and interaction channels	Key topics and concerns[b]
CUSTOMERS	› Marketing › Customer Care › Product Development	■ direct engagement in materiality analysis ■ market research ■ focus groups ■ customer satisfaction surveys ■ above-the-line and below-the-line communication channels ■ two-way communication through: web, direct mailing, dealerships, toll-free numbers, etc. ■ events (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 › dedicated Regional 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 procedures and protection in periods of market uncertainty ■ clear objectives and reward system ■ information on strategies and results ■ training and professional development ■ stimulating and safe work environment
PROFESSIONAL ORGANIZATIONS AND ASSOCIATIONS		■ direct engagement in materiality analysis ■ meetings to share and align with corporate objectives and decisions	■ indirect participation in the decision-making process ■ development of sense of belonging ■ access to information
EMPLOYEES' FAMILIES		■ participation initiatives (Children's Christmas, Family Day, etc.) ■ internal publications	■ indirect participation in corporate life ■ targeted initiatives (nursery school, academic scholarships, supplemental health programs)
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

[a] The names provided in the corporate functions column have, in some cases, been altered to make them more self-explanatory and, therefore, do not necessarily coincide with the official name given to the corresponding activity or area of responsibility.
[b] The way the Company has responded to those key topics and concerns falls within the scope of its day-by-day activities and is described in the Report.

GRI STANDARDS

GRI 102-40; GRI 102-44

Stakeholders	Corporate functions[a]	Tools and interaction channels	Key topics and concerns[b]
JOURNALISTS, MEDIA, AND OPINION LEADERS	› Communications	■ direct engagement in materiality analysis ■ daily dialogue ■ presentations and press conferences ■ meetings ■ brand and Company websites	■ availability, timeliness, accuracy, and transparency of information
LOCAL COMMUNITIES: RELIGIOUS, CULTURAL, AND SOCIO-POLITICAL ASSOCIATIONS, HEALTH SYSTEMS, SCHOOLS & UNIVERSITIES, AND NON-GOVERNMENTAL & NON-PROFIT ORGANIZATIONS	› dedicated Regional functions	■ direct engagement in materiality analysis ■ meetings with representatives of associations, organizations or local communities ■ actions or projects, managed directly or in partnership ■ cultural exchange programs ■ Compliance Helpline	■ responsiveness to project proposals and individual requests for assistance ■ contributions and support for medium to long- term initiatives ■ access to information
PUBLIC INSTITUTIONS: GOVERNMENT, LOCAL AUTHORITIES, PUBLIC AGENCIES, REGULATORY BODIES, INTERNATIONAL INSTITUTIONS, TRADE ASSOCIATIONS, AND NON-GOVERNMENTAL ORGANIZATIONS	› Institutional Relations › Environment, Health and Safety	■ direct engagement in materiality analysis ■ periodic ad hoc meetings on corporate objectives and position ■ participation in working groups, development of joint projects and alliances ■ collaboration on R&D projects ■ initiatives to highlight regulatory issues ■ dialogue with institutions and environmental associations	■ responsiveness and proactiveness towards projects presented ■ collaboration and access to information ■ satisfaction of tender requirements for R&D projects ■ technical support on specific industry-related issues ■ inclusion of environmental aspects in business strategies (e.g., combating climate change)
SCIENTIFIC AND TECHNOLOGICAL RESEARCH CENTERS AND UNIVERSITIES	› Innovation	■ direct engagement in materiality analysis ■ open-source tools ■ 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 ■ web Supplier 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.
[b] The way the Company has responded to those key topics and concerns falls within the scope of its day-by-day activities and is described in the Report.

CNH INDUSTRIAL BOARD OF DIRECTORS[a] SKILLS MATRIX

NAME	BORN	GENDER	DIRECTOR[b]			
			POSITION	CNH INDUSTRIAL COMMITTEE MEMBERSHIP	EXECUTIVE	INDEPENDENT[c]
SERGIO MARCHIONNE	1952	MALE	CHAIRMAN		YES	NO
LÉO W.HOULE	1947	MALE	SENIOR NON-EXECUTIVE DIRECTOR[d]	COMPENSATION (Chairperson) GOVERNANCE AND SUSTAINABILITY	NO	YES
RICHARD J.TOBIN	1963	MALE	CHIEF EXECUTIVE OFFICER		YES	NO
MINA GEROWIN	1951	FEMALE	DIRECTOR	GOVERNANCE AND SUSTAINABILITY	NO	YES
SUZANNE HEYWOOD	1969	FEMALE	DIRECTOR	COMPENSATION GOVERNANCE AND SUSTAINABILITY (Chairperson)	NO	NO
PETER KALANTZIS	1945	MALE	DIRECTOR	AUDIT COMPENSATION	NO	YES[e]
JOHN LANAWAY	1950	MALE	DIRECTOR	AUDIT	NO	YES[e]
SILKE C. SCHEIBER	1973	FEMALE	DIRECTOR	AUDIT	NO	YES[e]
GUIDO TABELLINI	1956	MALE	DIRECTOR	COMPENSATION	NO	YES
JACQUELINE A.TAMMENOMS BAKKER	1953	FEMALE	DIRECTOR	GOVERNANCE AND SUSTAINABILITY	NO	YES
JACQUES THEURILLAT	1959	MALE	DIRECTOR	AUDIT (Chairperson)	NO	YES[e]

(a) Board as appointed by the Company's shareholders at the Annual General Meeting of Shareholders on April 14, 2017.
(b) As at December 31, 2017.
(c) Under the NYSE Listing Standards and the Dutch Corporate Governance Code.
(d) According to the provisions of the Dutch Corporate Governance Code.
(e) As a member of the Audit Committee, "independence" also under Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Industry sector classifications used for compiling the skills matrix are based on MSCI and Standard & Poor's Global Industry Classification Standard (GICS):

- **Academic Positions**: academic or board positions at leading educational institutions
- **Charitable and Environmental Engagement**: formal recognition by, or board position or significant personal engagement with, charitable/environmental organizations
- **Consumer Discretionary**: current or previous leadership or board position at companies operating in this industry sector (which contains: Automobiles & Components: Auto Components, Automobiles. Consumer Durables & Apparel: Household Durables, Leisure Products, Textiles, Apparel & Luxury Goods. Consumer Discretionary: Hotels, Restaurants & Leisure, Diversified Consumer Services, Media; Retailing)
- **Consumer Staples**: current or previous leadership or board position at companies operating in this industry sector (which contains: Food & Staples Retailing; Food, Beverage & Tobacco; Household & Personal Products)
- **Financial**: accounting and financial knowledge

GRI STANDARDS

GRI 102-22

SKILLS CATEGORIES									
GOVERNANCE, LEGAL, AND BOARD EXPERTISE	FINANCIAL	CONSUMER DISCRETIONARY	CONSUMER STAPLES	INDUSTRIALS & MATERIALS	TELECOMMUNI-CATIONS & INFORMATION TECHNOLOGY	ACADEMIC POSITIONS	CHARITABLE AND ENVIRONMENTAL ENGAGEMENT	HEALTH CARE	MANDATES IN OTHER LISTED COMPANIES[b]
⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙		5
⊙	⊙			⊙	⊙		⊙		-
⊙	⊙			⊙	⊙		⊙		2
⊙	⊙			⊙			⊙		-
⊙	⊙					⊙	⊙		-
⊙	⊙			⊙			⊙		2
⊙	⊙	⊙		⊙	⊙				-
⊙	⊙								1
⊙	⊙					⊙			1
⊙	⊙		⊙	⊙			⊙		3
⊙	⊙							⊙	-

[b] *As at December 31, 2017.*

- **Governance, Legal, and Board Expertise**: understanding of corporate governance practices and norms, understanding of legal systems, as well as board expertise and regulatory knowledge
- **Health Care**: current or previous leadership or board position at companies operating in this industry sector (which contains: Health Care Equipment & Services; Pharmaceuticals; Biotechnology & Life Sciences)
- **Industrials & Materials**: current or previous leadership or board position at companies operating in this industry sector (which contains: Energy Equipment & Services, Oil, Gas & Consumable Fuels; Chemicals, Construction Materials, Containers & Packaging, Metals & Mining, Paper & Forest Products; Aerospace & Defense, Building Products, Construction & Engineering, Electrical Equipment, Industrial Conglomerates, Machinery, Trading Companies & Distributors; Commercial & Professional Services; Transportation)
- **Telecommunications & Information Technology**: current or previous leadership or board position at companies operating in this industry sector (which contains: Telecommunication Services; Software & Services; Technology Hardware & Equipment; Semiconductors & Semiconductor Equipment).

COMMITMENTS TO EXTERNAL INITIATIVES[a]

COUNTRY	NAME	TYPE OF INSTITUTION	CNH Industrial's type of commitment: PROJECTS	MEMBERSHIP	POSITION IN GOVERNANCE BODY	FUNDING
EMEA						
Austria	Association of Austrian Machinery and Metalware Industry (FMMA)	Association		⊙		
Austria	Technische Universität Graz	University	⊙			
Belgium	American Chamber of Commerce to the European Union (AmCham EU)	Association		⊙		
Belgium	Committee for European Construction Equipment (CECE)	Association		⊙	⊙	
Belgium	European Association of Internal Combustion Engine Manufacturers (EUROMOT)	Association		⊙	⊙	
Belgium	European Agricultural Machinery (CEMA)	Association		⊙	⊙	
Belgium	European Automobile Manufacturers' Association (ACEA)	Association		⊙	⊙	
Belgium	European Council for Automotive R&D (EUCAR)	Association		⊙		
Belgium	Federations Belge de l'Automobile & du Cycle (FEBIAC)	Association		⊙		
Belgium	Natural and Bio Gas Vehicle Association (NGVA Europe)	Association		⊙	⊙	
Belgium	Union Internationale des Transport Publics (UITP)	Association		⊙	⊙	
Belgium	University of Antwerp	University	⊙			
Belgium	University of Ghent	University	⊙			
Belgium	Vrije Universiteit Brussel	University	⊙			
Czech Rep.	Automotive Industry Association (AIA)	Association		⊙		
Denmark	Aarhus University	University	⊙			
France	Association Française du Gaz Naturel pour Véhicules (AFGNV)	Association		⊙		
France	CEA Grenoble	Research Center	⊙			
France	European Cluster for Automotive Solutions (CARA ex-LUTB)	Association	⊙	⊙	⊙	
France	CETHIL INSA	University	⊙			
France	Électricité de France (EDF)	Research Center	⊙			
France	IFP Enegies Noivelles (IFPEN)	Research Center	⊙			
France	Institut Français Des Sciences et Technologies des Transports, de l'Amènagement et des Rèseaux (IFSTTAR)	Research Center	⊙			
France	Union des Industriels de l'Agro-Equipement (AXEMA)	Association		⊙		
Germany	Aachen University	University	⊙			
Germany	Fraunhofer-Gesellschaft	Research Center	⊙			
Germany	Stuttgart University	University	⊙			
Germany	Verband Deutscher Maschinen und Anlagenbau (VDMA)	Association		⊙		
Germany	Verband der Automobilindustrie (VDA)	Association		⊙		
Italy	Consiglio Nazionale delle Ricerche Istituto Motori Napoli (IRMN)	Research Center	⊙			
Italy	Consorzio MEDIS	Research Center	⊙			
Italy	CREA	Research Center	⊙			

[a] *List of CNH Industrial's main memberships. The complete list is available on the Company's website.*

COUNTRY	NAME	TYPE OF INSTITUTION	CNH Industrial's type of commitment:			
			PROJECTS	MEMBERSHIP	POSITION IN GOVERNANCE BODY	FUNDING
EMEA						
Italy	CRF	Research Center	⊙			
Italy	CRIT	Research Center	⊙			
Italy	ELASIS	Research Center	⊙			
Italy	IMAMOTER	Research Center	⊙			
Italy	Italian Electric Road Vehicle Association (CIVES)	Association		⊙		
Italy	Italian National Institute for Environmental Protection and Research (ISPRA)	Research Center	⊙			
Italy	Natural Gas Vehicle Italy (NGV Italy)	Association		⊙	⊙	
Italy	Politecnico di Bari	University	⊙			
Italy	Politecnico di Milano	University	⊙			
Italy	Politecnico di Torino	University	⊙			
Italy	RE:Lab	Research Center	⊙			
Italy	Reggio Emilia Innovazione	Research Center	⊙			
Italy	Unione Nazionale Aziende Construction Equipment & Attachments (UNACEA)	Association		⊙		
Italy	Università degli Studi di Ancona	University	⊙			
Italy	Università degli Studi di Bologna	University	⊙			
Italy	Università degli Studi di Ferrara	University	⊙			
Italy	Università degli Studi di Genova	University	⊙			
Italy	Università degli Studi di Modena e Reggio Emilia	University	⊙			
Italy	Università degli Studi di Napoli	University	⊙			
Italy	Università degli Studi di Roma 'Tor Vergata'	University	⊙			
Italy	Università degli Studi di Torino	University	⊙			
Italy	World Energy Council Italy	Association		⊙		
Poland	Polish LNG Platform	Association		⊙	⊙	
Spain	Asociación Española de Fabricantes de Automóviles y Camiones (ANFAC)	Association		⊙	⊙	
Spain	Asociacion Iberica de Gas Natural para la Movilidad (GASNAM)	Association		⊙	⊙	
Spain	Asociación Nacional de Maquinaria Agropecuaria, Forestal y de Espacios Verdes (ANSEMAT)	Association		⊙		
UK	Confederation of British Industry (CBI)	Association		⊙	⊙	
UK	Society of Motor Manufacturers and Traders (SMMT)	Association		⊙		
NAFTA						
Canada	Saskatchewan Polytechnic	University	⊙			
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		⊙	⊙	

COUNTRY	NAME	TYPE OF INSTITUTION	CNH Industrial's type of commitment:			
			PROJECTS	MEMBERSHIP	POSITION IN GOVERNANCE BODY	FUNDING
NAFTA						
USA	Business Roundtable (BRT)	Association		⊙	⊙	
USA	Campaign to Fix the Debt	Association		⊙		
USA	Coalition for Employment through Exports (CEE)	Association		⊙	⊙	
USA	Diesel Technology Forum (DTF)	Association		⊙		
USA	Engine Manufacturers Association (EMA)	Association		⊙		
USA	Graham School of Management (University of Chicago)	University	⊙			
USA	GreenWood Resources	Research Center	⊙			
USA	Growth Energy	Association		⊙	⊙	
USA	Kansas State University	University	⊙			
USA	Marquette University	University	⊙			
USA	National Association of Manufacturers (NAM)	Association		⊙	⊙	
USA	National Cattlemen's Beef Association	Association		⊙		
USA	Ohio State University	University	⊙			
USA	Oregon State University	University	⊙			
USA	Organization for International Investment (OFII)	Association		⊙		
USA	Pennsylvania State University	University	⊙			
USA	Purdue University	University	⊙			
USA	Southwest Research Institute (SWRI)	Research Center	⊙			
USA	Texas A&M University	University	⊙			
USA	Trade Benefits America	Association		⊙		
USA	University of California	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		⊙	⊙	
LATAM						
Argentina	Argentine Chamber of Construction (CAC)	Association		⊙		
Argentina	Association of Agricultural Machinery Manufacturers (AFAT)	Association		⊙		
Argentina	Association of Automotive Manufacturers (ADEFA)	Association		⊙		
Argentina	American Chamber of Commerce - AR and USA companies (AMCHAM)	Association		⊙		
Brazil	American Chamber of Commerce - BR and USA companies (AMCHAM)	Association		⊙		
Brazil	Brazilian Association of Automotive Engineering (AEA)	Association		⊙		

COUNTRY	NAME	TYPE OF INSTITUTION	CNH Industrial's type of commitment:			
			PROJECTS	MEMBERSHIP	POSITION IN GOVERNANCE BODY	FUNDING
LATAM						
Brazil	Brazilian Association of Machines and Equipment (ABIMAQ)	Association		⊙		
Brazil	Brazilian Agribusiness Association (ABAG)	Association		⊙		
Brazil	Brazilian Federation of Banks (FEBRABAN)	Association		⊙		
Brazil	Empresa Brasileira de Pesquisa Agropecuária (EMBRAPA)	Government	⊙			
Brazil	Instituto Capixaba de Pesquisa, Assistência Técnica e Extensão Rural (Incaper)	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		⊙		
Brazil	SAE Brasil (Mobility Engineers Society)	Association		⊙		
Brazil	São Paulo State University (UNESP) Botucatu	University	⊙			
Brazil	Universidade Estadual de Campinas (Unicamp)	University	⊙			
Brazil	Universidade Federal de Mato Grosso (UFMT)	University	⊙			
Brazil	Universidade Federal de Lavras	University	⊙			
Brazil	Universidade Federal de Minas Gerais (UFMG)	University	⊙			
APAC						
Australia	Bus Industry Confederation (BIC)	Association		⊙	⊙	
Australia	Gas Energy Australia's CNG and LNG Joint Taskforce	Association		⊙		
Australia	Tractor and Machinery Association (TMA)	Association		⊙	⊙	
Australia	Truck Industry Council (TIC)	Association		⊙	⊙	
China	China Agriculture Machinery Distribution Association (CAMDA)	Association		⊙		⊙
China	China Association of Agriculture Machinery Manufacturers (CAAMM)	Association		⊙		
China	China Combustion Engine Industry Association (CICEIA)	Association		⊙		
India	Confederation of Indian Industry (CII)	Association		⊙		
India	Indian Construction Equipment Manufacturers Association (ICEMA)	Association		⊙		
India	Tractor Manufacturers Association (TMA)	Association		⊙	⊙	
Korea	Korean Automotive Manufacturers Association (KAMA)	Association		⊙		
Russia	Association of European Businesses (AEB)	Association		⊙		
Russia	Russian Association of Farm Machinery (ROSAGROMASH)	Association		⊙		
Thailand	Federation of Thai Industries, Agricultural Machineries Group	Association		⊙		
Turkey	Automotive Industrialists Association (OSD)	Association	⊙	⊙	⊙	⊙
Turkey	Automotive Distributers' Association (ODD)	Association		⊙		
Turkey	Truck Importers Association (TAID)	Association		⊙	⊙	
Uzbekistan	UzAgromashService Association	Association		⊙		

ASSURANCE STATEMENT

SGS

ASSURANCE STATEMENT

ASSURANCE STATEMENT
FOR THE CNH INDUSTRIAL N.V. SUSTAINABILITY REPORT 2017

SGS Nederland B.V. was commissioned to conduct an independent assurance of the CNH Industrial N.V. ("CNH Industrial" or "Company") 2017 Sustainability Report.

Responsibility and Scope of Assurance

SGS Nederland B.V. is responsible for expressing its opinion on information, graphs, tables, and statements in the Sustainability Report, within the assurance scope described below, for the purpose of informing all interested parties.

SGS Nederland B.V. expressly disclaims any liability or co-responsibility for the preparation of any of the material included in this document or for the process of collection and treatment of the data therein.

The information in the Sustainability Report is the exclusive responsibility of CNH Industrial.

SGS Nederland B.V. affirms its independence from CNH Industrial, being free from bias and conflict of interests with the Company, its subsidiaries, and stakeholders.

The Company is responsible for the identification of stakeholders and of material issues, for defining objectives with respect to sustainability performance, and for establishing and maintaining appropriate performance management and internal control systems.

SGS Nederland B.V. was asked to express an opinion in relation to the assurance scope, which includes the following aspects:

- the evaluation of the Report against the Global Reporting Initiative's **GRI Standards**, core option
- the review of the Company's approach to the materiality analysis and stakeholder engagement processes and initiatives
- the assessment of the robustness of the data management systems, information flow and controls, and the verification of qualitative and/or quantitative information to confirm the accuracy and the process of data elaboration and synthesis
- the performance of a type 2 evaluation of the application of the AA1000 AccountAbility Principles Standard (2008) and of the reliability of the information reported
- the confirmation of the adherence of the sustainability model adopted by CNH Industrial to the requirements of ISO 26000 guidance.

Methodology and Limitations

The verification process is based on SGS Product Procedure for Sustainability Report Assurance and incorporates the AA1000 Assurance Standard as audit criteria. The process started from materiality analysis and stakeholder engagement methodology validation activities and was performed through examination of records, procedures and documents, and interviews with personnel and management.

The texts, graphs, and tables included in the Report were verified by selecting, on a significant sample, qualitative and/or quantitative information to confirm the accuracy of the data collection and consolidation process.

Auditing activities were carried out during February and March 2017 at Company sites in Argentina (Cordoba), France (Annonay), India (Pithampur), Spain (Valladolid), and USA (Benson and New Holland) 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, 2017 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 2017 Sustainability Report is accurate, balanced, and reliable, representing a relevant summary of the activities carried out by CNH Industrial in 2017 and an essential tool in communicating with stakeholders.

SGS Nederland B.V. confirms that the information included in the Report provides a material and complete representation of the Company's sustainability performance.

The verification process confirmed that the Report was prepared based on rigorous processes.

With regards to the level of adherence to the AA1000 Principles (Inclusivity, Materiality, and Correspondence), and to the approach of the Company to the materiality analysis and stakeholder engagement processes and initiatives, the Audit team provides the following opinion:

- the Creating Shared Value (CSV) approach adopted by CNH Industrial reflects its commitment to the most relevant UN Sustainable Development Goals for the Company, in line with the global megatrends, the material topics, and the long-term targets identified
- the Materiality Matrix has been further enhanced by surveying additional stakeholders. Customers were the focus in 2017, and 177 interviews were conducted with Agricultural Equipment, Commercial Vehicles, and Powertrain customers
- regarding environment and energy management, the integration of a new criterion based on carbon pricing into the evaluation and prioritization of energy efficiency projects was welcomed.

In the 2017 Sustainability Report, the Company has included more indicators than specified by the minimum requirements of the core option.
Furthermore, we confirm that the sustainability model – integrated into the Company's business model – is in line with the requirements of ISO 26000 guidance.

Statement of conclusion

On the basis of the verification performed, we are satisfied that the information contained in the 2017 Sustainability Report is accurate and reliable, and provides stakeholders a fair and balanced representation of the activities of CNH Industrial.

With reference to the GRI Standards, the organization satisfies the principles for defining report content and the principles for ensuring the quality of reported information.

We confirm that the Report is aligned with the requirements of the Global Reporting Initiative's **GRI Standards**: **core option**.

Spijkenisse, March 21, 2018.

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 (see page 21). 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 2017 Sustainability Report; however, where specifically stated, the reference is to the 2017 Annual Report as at December 31, 2017, 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	15	-		
	102-2 Activities, brands, products, and services	15; Annual Report 31	-		
	102-3 Location of headquarters	15; 280; Annual Report 85	-		
	102-4 Location of operations	15	-		
	102-5 Ownership and legal form	15; Annual Report 8; 107	-		
	102-6 Markets served	15; Annual Report 39-41	-		
	102-7 Scale of the organization	15; 74	-		
	102-8 Information on employees and other workers	76; 242; 253	-		
	102-9 Supply chain	163	-		
	102-10 Significant changes to the organization and its supply chain	163	-		
	102-11 Precautionary Principle or approach	71	-		
	102-12 External initiatives	53	-		
	102-13 Membership of associations	130; 268	-		
	Strategy				
	102-14 Statement from senior decision-maker	6;	-		
	Ethics and integrity				
	102-16 Values, principles, standards, and norms of behavior	53; 162	-		
	Governance				
	102-18 Governance structure	45; Annual Report 74-85	-		
	Stakeholder engagement				
	102-40 List of stakeholder groups	264	-		
	102-41 Collective bargaining agreements	104; 256	-		
	102-42 Identifying and selecting stakeholders	21; 25	-		
	102-43 Approach to stakeholder engagement	21; 25; 227; 241	-		
	102-44 Key topics and concerns raised	227; 264	-		

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	238; Annual Report 44-46	-		
	102-46 Defining report content and topic Boundaries	21; 24; 241	-		
	102-47 List of material topics	24	-		
	102-48 Restatements of information	241	-		
	102-49 Changes in reporting	24	-		
	102-50 Reporting period	237	-		
	102-51 Date of most recent report	237	-		
	102-52 Reporting cycle	237	-		
	102-53 Contact point for questions regarding the report	280	-		
	102-54 Claims of reporting in accordance with the GRI Standards	237	-		
	102-55 GRI content index	274	-		
	102-56 External assurance	52; 272	-		

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	24; 135; 161	-		
	103-2 The management approach and its components	135; 161	-		
	103-3 Evaluation of the management approach	135; 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	24; 191	-		
	103-2 The management approach and its components	191	-		
	103-3 Evaluation of the management approach	191	-		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	193; 196; 243; 262	-		
	302-3 Energy intensity	197; 243; 263	-		
	302-4 Reduction of energy consumption	195; 263	-		
Water					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	24; 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; 242; 258	-		
	303-2 Water sources significantly affected by withdrawal of water	243; 259	-		
	303-3 Water recycled and reused	242; 258	-		
Emissions					
GRI 103: Management Approach 2016[a]	103-1 Explanation of the material topic and its Boundary	24; 161; 180; 191; 201; 207	-		
	103-2 The management approach and its components	145; 161; 180; 191; 201	-		
	103-3 Evaluation of the management approach	145; 161; 180; 191; 201	-		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	195; 198; 243; 263	-		
	305-2 Energy indirect (Scope 2) GHG emissions	195; 198; 243; 263	-		
	305-4 GHG emissions intensity	198; 243; 263	-		
	305-5 Reduction of GHG emissions	198; 263	-		
	305-6 Emissions of ozone-depleting substances (ODS)	184	-		
	305-7 Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	184; 242; 257	(b)	(b)	(b)

[a] *Also related to product use, supply chain, and logistics processes, in line with the material topic CO_2 and other air emissions identified in the materiality analysis (see page 21).*

[b] *The part omitted is the disclosure of Persistent Organic Pollutants (POP) and Hazardous Air Pollutants (HAP). These are not applicable and not monitored as they are considered insignificant for CNH Industrial's manufacturing processes.*

GRI STANDARDS	DISCLOSURE	PAGE NUMBER(s) AND/OR URL(s)	OMISSION		
			PART OMITTED	REASON	EXPLANATION
Effluents and Waste					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	24; 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; 242; 258	-		
	306-2 Waste by type and disposal method	188; 260	-		
	306-3 Significant spills	187	-		
	306-4 Transport of hazardous waste	260	-		
	306-5 Water bodies affected by water discharges and/or runoff	243; 259	-		
Supplier Environmental Assessment					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	24; 135; 161	-		
	103-2 The management approach and its components	135; 161	-		
	103-3 Evaluation of the management approach	135; 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	24; 80	-		
	103-2 The management approach and its components	80	-		
	103-3 Evaluation of the management approach	80	-		
GRI 403: Occupational Health and Safety 2016	403-1 Workers representation in formal joint management-worker health and safety committees	103	-		
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	84; 242; 254	(c)	(c)	(c)
	403-4 Health and safety topics covered in formal agreements with trade unions	104	-		
Training and Education					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	24; 73	-		
	103-2 The management approach and its components	73	-		
	103-3 Evaluation of the management approach	73	-		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	255	-		
	404-2 Programs for upgrading employee skills and transition assistance programs	92	-		
	404-3 Percentage of employees receiving regular performance and career development reviews	89	-		
Local Communities					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	24; 109	-		
	103-2 The management approach and its components	109; 112	-		
	103-3 Evaluation of the management approach	109	-		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	111	-		
	413-2 Operations with significant actual and potential negative impacts on local communities	112	-		
Supplier Social Assessment					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	24; 135; 161	-		
	103-2 The management approach and its components	135; 161	-		
	103-3 Evaluation of the management approach	135; 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	-		

(c) *The part omitted includes:*
- the absentee rate because the information is currently unavailable. In 2018, CNH Industrial will further investigate the possibility of collecting this data
- the disclosure of the indicators by gender for NAFTA due to confidentiality constraints, in line with the Region's regulations on discrimination
- the Occupational Disease Rate (ODR) and Lost Day Rate (LDR) by gender, since the information is currently unavailable. CNH Industrial started collecting such data in 2017, and will begin disclosure in 2018.

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	24; 123	-		
	103-2 The management approach and its components	123	-		
	103-3 Evaluation of the management approach	123	-		
GRI 415: Public Policy 2016	415-1 Political contributions	131	-		
Customer Health and Safety					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	24; 135; 220	-		
	103-2 The management approach and its components	135; 145	-		
	103-3 Evaluation of the management approach	135; 145	-		
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	157	-		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	65; 159	-		
Marketing and Labeling					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	24; 135; 139	-		
	103-2 The management approach and its components	135; 139	-		
	103-3 Evaluation of the management approach	135; 139	-		
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	65; 140; 159	-		
	417-3 Incidents of non-compliance concerning marketing communications	65; 140	-		
Customer Privacy					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	24; 135; 139	-		
	103-2 The management approach and its components	135; 139	-		
	103-3 Evaluation of the management approach	135; 139	-		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	60; 65; 140	-		
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	24; 209; 231	-		
	103-2 The management approach and its components	145; 209; 231	-		
	103-3 Evaluation of the management approach	145; 231	-		
Autonomous vehicles and connectivity					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	24; 149	-		
	103-2 The management approach and its components	145	-		
	103-3 Evaluation of the management approach	145	-		
Self-sustaining food systems					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	24; 217	-		
	103-2 The management approach and its components	145	-		
	103-3 Evaluation of the management approach	145	-		
Value chain management (dealer management)					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	24; 223	-		
	103-2 The management approach and its components	223	-		
	103-3 Evaluation of the management approach	223	-		
Digital workplaces					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	24; 73; 86	-		
	103-2 The management approach and its components	73; 86	-		
	103-3 Evaluation of the management approach	73; 86	-		
Innovation-to-zero (excluding occupational health and safety)					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	24; 135; 176	-		
	103-2 The management approach and its components	135	-		
	103-3 Evaluation of the management approach	135	-		

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 17-29
	Ethics and integrity	
	102-17 Mechanisms for advice and concerns about ethics	54; 56
	Governance	
	102-19 Delegating authority	49
	102-20 Executive-level responsibility for economic, environmental, and social topics	46
	102-21 Consulting stakeholders on economic, environmental, and social topics	21
	102-22 Composition of the highest governance body and its committees	46; 266; Annual Report 74-80
	102-23 Chair of the highest governance body	Annual Report 75
	102-24 Nominating and selecting the highest governance body	46
	102-25 Conflicts of interest	46; Annual Report 80
	102-26 Role of highest governance body in setting purpose, values, and strategy	46; Annual Report 74
	102-27 Collective knowledge of highest governance body	47
	102-28 Evaluating the highest governance body's performance	46
	102-29 Identifying and managing economic, environmental, and social impacts	21
	102-30 Effectiveness of risk management processes	66; Annual Report 69-73
	102-31 Review of economic, environmental and social topics	22
	102-32 Highest governance body's role in sustainability reporting	21
	102-33 Communicating critical concerns	56
	102-34 Nature and total number of critical concerns	56
	102-35 Remuneration policies	Annual Report 92
	102-36 Process for determining remuneration	47
	102-37 Stakeholders involvement in remuneration	(a)

GRI STANDARDS	DISCLOSURE	
GRI 200 Economic Standard Series		
Economic Performance		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	16
	201-2 Financial implications and other risks and opportunities due to climate change	68
	201-3 Defined benefit plan obligations and other retirement plans	78; Annual Report 128-129; 163
	201-4 Financial assistance received from government	15
Market Presence		
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage[b]	77
	202-2 Proportion of senior management hired from the local community	90; 242
Anti-corruption		
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	55; 57
	205-2 Communication and training about anti-corruption policies and procedures	58
	205-3 Confirmed incidents of corruption and actions taken	57; 65
Anti-competitive Behavior		
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	65; Annual Report 44; 170

(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	261
	304-2 Significant impacts of activities, products, and services on biodiversity	189
	304-3 Habitats protected or restored	189
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	261
Environmental Compliance		
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	65; 190
GRI 400 Social Standards Series		
Employment		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	74; 250-251
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees[b]	77; 98
	401-3 Parental leave	98; 255
Labor/Management Relations		
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	105
Diversity and Equal Opportunity		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	46; 48; 79; 252
Non-discrimination		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	57
Freedom of Association and Collective Bargaining		
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	62; 102; 168
Child Labor		
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	61; 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	62
	412-2 Employee training on human rights policies or procedures	58
	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	65

[b] *This GRI Standards Disclosure is partially reported.*

CONTACTS

CNH INDUSTRIAL

PRINCIPAL OFFICE

25 St. James's Street, London, SW1A 1HA, United Kingdom

Tel. +44 207 7660 346

website: *www.cnhindustrial.com*

INVESTOR RELATIONS

Europe	Tel. +44 207 7660 386
North America	Tel. +1 630 887 3745

e-mail: *investor.relations@cnhind.com*

SUSTAINABILITY

e-mail: *sustainability@cnhind.com*

CORPORATE COMMUNICATIONS

Tel. +44 207 7660 346

e-mail: *mediarelations@cnhind.com*

GRI STANDARDS

GRI 102-3; GRI 102-53

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 on 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:

294
KG OF LANDFILL WASTE

40
KG OF CO_2

395
KM OF TRAVEL BASED ON THE AVERAGE EUROPEAN CAR

11,471
LITERS OF WATER

674
KWH OF ENERGY

478
KG OF WOOD

NOTES

GRAPHIC DESIGN

Sunday
Turin, Italy

EDITORIAL COORDINATION

Sunday
Turin, Italy

PRINTING

Graf Art - Officine Grafiche Artistiche
Venaria Reale (To), Italy

Printed in Italy
April 2018

This document is printed on environmentally-friendly paper.

TAINABILITY REPOR
Y REPORT SUSTAIN

CNH Industrial N.V.
Corporate Seat: Amsterdam, the Netherlands
Principal Office: 25 St. James's Street, London, SW1A 1HA, United Kingdom
Share Capital: €17,608,744.72 (as of December 31, 2017)
Amsterdam Chamber of Commerce: reg. no. 56532474