CNH INDUSTRIAL

2019 SUSTAINABILITY REPORT

CNH INDUSTRIAL

POWERING SUSTAINABLE TRANSFORMATION

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LETTER FROM SUZANNE HEYWOOD CHAIR AND ACTING CEO

DEAR STAKEHOLDERS

We are living through an epochal crisis that none of us could ever have foreseen, with the spread of the COVID-19 virus in early 2020 forcing us to question our beliefs and to face unprecedented challenges. Although this pandemic has laid bare how vulnerable all of us are, we are more convinced than ever that it is crucial to continue our work and to pursue our values, to join forces and strengthen partnerships with our stakeholders, and not to let events deflect us from our commitment to sustainability.

Powering Sustainable Transformation represents our new corporate purpose. It also encapsulates exactly how we intend to move forward.

Powering expresses our resilience in facing global challenges – one of these being the aforementioned COVID-19 and its impact on our business activities and personal lives, compelling us to find new ways to safeguard our employees while ensuring business continuity and financial stability. Another challenge, one we have been tackling for some time now, is climate change, which has led to increasing fires and floods in parts of the world where we operate daily. As responsible corporate citizens, we must always bear in mind that everything we do affects our planet, and must therefore adjust our business practices and objectives to safeguard the environment. And by delivering on our purpose, we make a positive impact by empowering our customers and the world to play an active role in global transformation, while we transform energy to make it possible.

Powering also reflects our ability to drive internal transformation and create new and increasingly innovative solutions.

Transformation echoes our belief that positive change is the way forward. On September 3, 2019, we presented our five-year 'Transform2Win' strategy at our Capital Markets Day in New York, outlining investments in innovation and in the ongoing digital revolution. We will transform our individual businesses, empowering our segments to achieve their full potential, and separate the On-Highway and Off-Highway businesses to create two global leaders. This decision was based on a deep review process revealing that the two have diverging synergies and regulatory, customer, and investment requirements, and respond differently to the growing industry megatrends of digitalization, automation, alternative propulsion, and servitization.

Sustainable embodies CNH Industrial's conviction that sustainability is a business enabler, the key to creating real competitive advantage, as reflected in our product strategy. Indeed, this will further expand into digitalization and automation, while adopting a decarbonization strategy centered on biofuels and electrification solutions. Sustainability is part of the DNA of all our business segments:

- Agriculture, with its precision farming technologies, helping farmers steward resources and, for example, reduce emissions by using natural gas as fuel
- Construction, committed to alternative fuel technologies with its new methane-powered concept *ProjectTETRA*
- Commercial and Specialty Vehicles, leading the way in alternative propulsion technologies, embracing hydrogen fuel cells (in partnership with Nikola Motor Company) and focusing on LNG
- Powertrain, pioneering sustainable powertrain technologies, offering a range of solutions to reduce greenhouse gases while evolving towards zero emissions.

Sustainable also reflects the 4 strategic priorities (Carbon Footprint, Occupational Safety, Life Cycle Thinking, and People Engagement) and 4 aspirational goals identified; namely, to become a zero-carbon organization, achieve zero serious injuries, fully recover waste and components, and fully engage with all stakeholders as we create shared value.

To make these aspirational goals even more tangible, we included 10 new strategic sustainability targets for 2024 in our 'Transform2Win' strategy. They are in line with the UN Sustainable Development Goals (SDGs), and range from cutting CO_2 emissions generated by manufacturing processes, logistics, and product use, to increasing the use of electricity from renewable sources, reducing the employee accident frequency rate, incorporating sustainability criteria into new product design, increasing waste recovery, and further engaging employees, suppliers, and local communities. Furthermore, the targets related to CO_2 emissions and the accident frequency rate were included as individual goals in senior management's compensation scheme.
These challenging goals cannot be achieved without our people and the key role played by their aspirations and enthusiasm, nor without our valued stakeholders.
The priorities underlying our strategy are in line with our materiality analysis and the expectations of our stakeholders, whom we continued to engage during the year with a focus on Agriculture and Construction customers. We also further broadened the analysis of the material topics most relevant to CNH Industrial by involving senior management.

2019 brought significant developments across our plants regarding one of our most material topics, CO_2 and other air emissions: a year-on-year reduction of about 15% in CO_2 emissions per hour of production, almost 72% of electricity consumption from renewable sources, and a drop of about 19% in CO_2 emissions from global inbound and outbound logistics compared to 2014 (in line with the 2024 targets).
We continued as always to prioritize our people, their safety, and their aspirations and expectations, through listening, dialogue, involvement, and engagement.

In terms of safety, we continued to strengthen the relevant management systems, including our World Class Manufacturing program, as well as our training at all Company levels. We further enhanced employee wellbeing and training, and performed our first global engagement survey, with a 75% response rate, which we will use to develop an action plan to respond to our people's needs.
As part of our ongoing local community support, we implemented projects in line with our intervention priorities (youth training, quality education, food availability, and climate change and environmental impact mitigation), launched 2 new *TechPro*^{2} centers in Italy and Ethiopia, and continued our long-standing partnerships with *Pastoral do Menor* in Brazil, and *Habitat for Humanity* and *Team Rubicon* in the USA. A new project was launched in several countries to tackle plastic pollution in our rivers and oceans.

In 2019, CNH Industrial's sustainability efforts were confirmed internationally: we are Industry Leader in the Dow Jones Sustainability Indices (DJSI) World and Europe for the 9th consecutive year, among the leaders in the CDP Climate Change and CDP Water Security programs for our commitment to reduce our environmental impact, and again received an MSCI ESG Rating of AAA.
Following the annual letter to CEOs by BlackRock CEO Larry Fink, our reporting disclosures became yet more transparent for all stakeholders: we broadened those in the EU Annual Report to conform with the *Task Force on Climate-related Financial Disclosures* (TCFD), and evaluated our alignment with the industry-specific requirements of the *Sustainability Accounting Standards Board* (SASB), specifically on energy management, employee health and safety, material sourcing, remanufacturing design, and services. This will be an ongoing process to continuously align our reporting with the most stringent international standards.

We are proud of all we have achieved in 2019. Despite the challenges ahead of us, we shall strive to continue powering sustainable transformation, and to create value while mindful of your needs, joining forces with you – our stakeholders – to act sustainably to protect our planet.
We are delighted to share our commitments, projects, and achievements with you, so please enjoy reading this Report and, as always, thank you for being such a big part of our success.

Suzanne Heywood

CHAIR AND ACTING CHIEF EXECUTIVE OFFICER

COMMITTED TO A BETTER FUTURE

SUSTAINABILITY PRIORITIES

CARBON FOOTPRINT

ASPIRATIONAL GOAL:
CARBON NEUTRAL

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

2024 STRATEGIC SUSTAINABILITY TARGETS

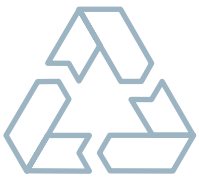
-46%
vs. 2014 IN CO_2 EMISSIONS PER PRODUCTION UNIT AT COMPANY PLANTS WORLDWIDE

80%
OF TOTAL ELECTRICITY CONSUMPTION DERIVED FROM RENEWABLE SOURCES

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

25%
OF PRODUCT PORTFOLIO AVAILABLE WITH NATURAL GAS POWERTRAINS

LIFE CYCLE THINKING



ASPIRATIONAL GOAL:
FULLY RECOVERABLE

CNH Industrial recognizes the real importance of promoting a circular product life cycle in which resources are used fully and for as long as possible, and products and materials are recovered and regenerated at the end of their service life. For this reason, the Company offers a range of products able to run on fuels derived from renewable sources, and is committed to adopting sustainability criteria from the design stage in order to develop more environmentally friendly products. To maximize product life, CNH Industrial also offers its customers a range of remanufactured spare parts, in line with its circular economy approach.
In manufacturing processes, particular emphasis is given to improvements that increase waste recovery and reuse.

2024 STRATEGIC SUSTAINABILITY TARGETS

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

94%
OF WASTE RECOVERED AT COMPANY PLANTS WORLDWIDE

OCCUPATIONAL SAFETY

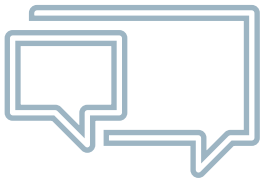
ASPIRATIONAL GOAL:
ZERO SERIOUS INJURIES

CNH Industrial's approach to occupational health and safety is based on effective preventive and protective measures, implemented both collectively and individually, aimed at minimizing the risk of injury in the workplace. CNH Industrial endeavors to ensure optimal working conditions, applying principles of industrial hygiene and ergonomics to managing processes at organizational and operational level. Its safety management system engages employees in creating a culture of accident prevention and risk awareness and involves them directly in identifying and reporting work-related hazards and potentially hazardous situations. This proactive approach is intended to promote common, ethical occupational health and safety principles, and enables the achievement of improvement targets using various tools, such as training and awareness campaigns.

2024 STRATEGIC SUSTAINABILITY TARGETS

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

PEOPLE ENGAGEMENT



ASPIRATIONAL GOAL:
FULLY ENGAGED

Keeping people engaged in Company projects is the best way to reach set targets together. CNH Industrial considers its people an essential resource. When operating in dynamic and highly competitive industries, success is achieved first and foremost through the talent and passion of skilled individuals. Indeed, the Company strongly believes that business growth is made possible through personal growth, which is why it invests its business gains in the development of its people, creating a virtuous circle. 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.
Living and working in synergy with the surrounding area, and collaborating on projects that benefit the community, contribute to enhancing the satisfaction of employees (who often live close to plants) and their sense of belonging to the Company, while bringing economic advantages to both the Company and the community.

2024 STRATEGIC SUSTAINABILITY TARGETS

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

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

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

OUR SUSTAINABLE COMPANY

02

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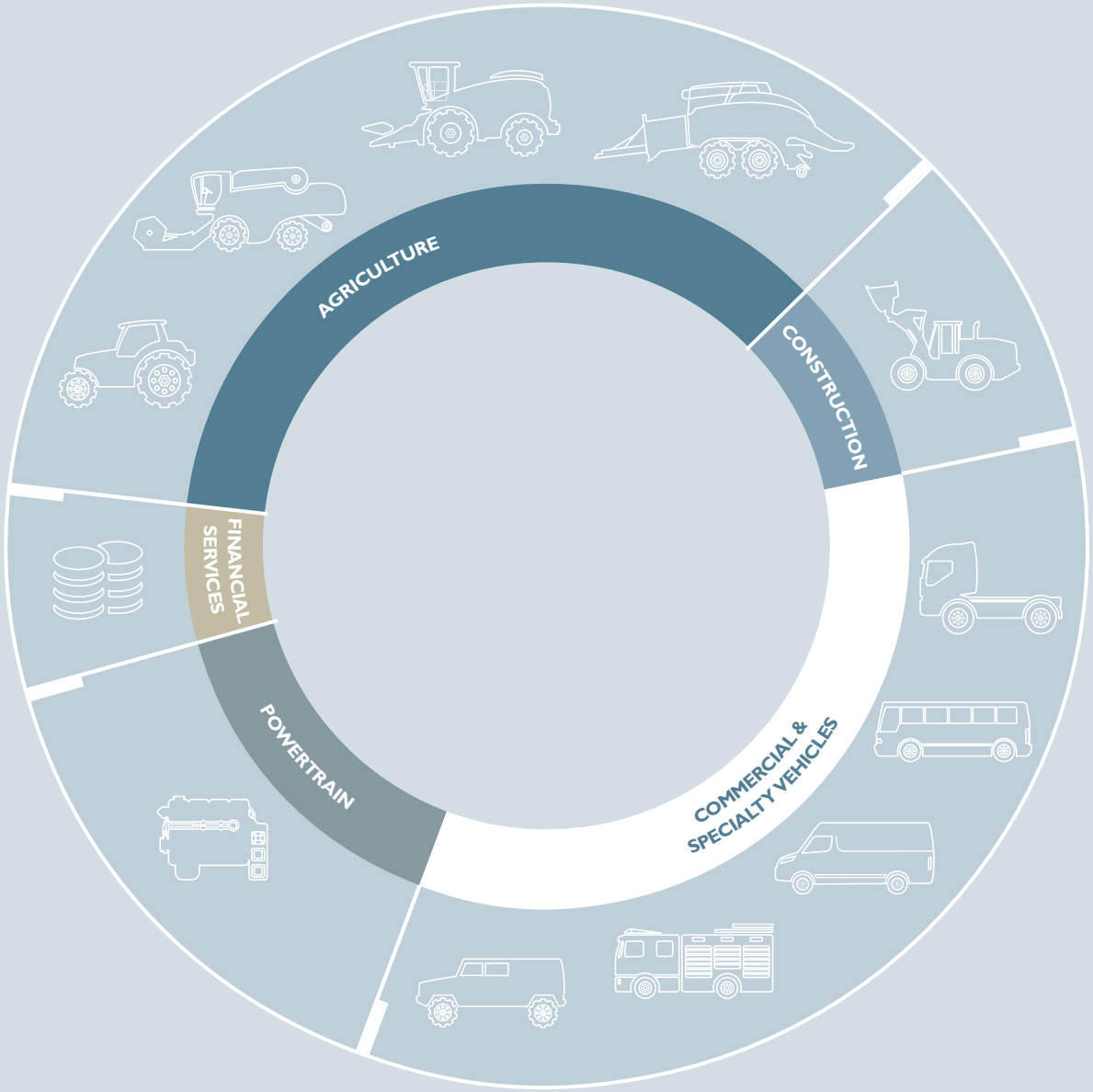
ORGANIZATION PROFILE

OUR COMMITMENT TO THE FUTURE

ORGANIZATION PROFILE



CNH INDUSTRIAL AT A GLANCE

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

With 67 manufacturing plants, 56 research and development (R&D) centers, a workforce of 63,499 employees, and a commercial presence in approximately 180 countries (as at December 31, 2019), CNH Industrial is in a unique competitive position.

QUANTITY OF PRODUCTS SOLD

CNH INDUSTRIAL WORLDWIDE (thousand units)

Segments	2019
Agriculture	174
Construction	39
Commercial & Specialty Vehicles	145
Powertrain[a]	829

(a) Including 596,420 engines, of which 55.7% sold to external customers.

FOCUS ON

TRANSFORM TO WIN STRATEGY

On September 3, 2019, CNH Industrial presented its *Transform2Win* strategy at the New York Capital Markets Day: a detailed business plan to transform the Company's structure and performance, and empower its 5 operating segments to achieve their full potential. The strategy is based on 2 pillars:

- sector-leading growth and performance through innovation, business simplification, enhanced cost management, and asset optimization
- separation, by early 2021, of the Company's on-highway and off-highway assets, creating 2 focused world-leading businesses.

Under the *Transform2Win* strategy, CNH Industrial will reduce operating costs and increase the efficiency of its asset base through a targeted restructuring plan and other initiatives, including the continued implementation of the 80/20 simplification process initiated in 2018.

Transform2Win will see the Company separate its on-highway and off-highway businesses, a decision that follows a deep portfolio review process, taking strategic, investor, and synergy considerations into account. The review highlighted the diverging regulatory and customer requirements of the 2 businesses and their different susceptibilities to the accelerating industry megatrends of digitalization, automation, alternative propulsion, and servitization. The spin-off of the Company's on-highway assets will maximize management focus and flexibility, align investment priorities and incentives, better meet respective business needs, and optimize the cost and capital structure of each brand to drive profitable growth. It will also further strengthen the leadership positions of both the on-highway and off-highway businesses, better positioning them to achieve their ambitious targets while optimizing their potential for creating shareholder value.

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

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

ECONOMIC PERFORMANCE

CNH INDUSTRIAL ($million)

	2019	2018	2017
Revenues	**28,079**	29,706	27,701
Adjusted EBIT	**1,880**	2,101	1,640
Adjusted EBITDA	**3,095**	3,438	2,990
Net income/(loss)	**1,454**	1,099	290
Investments in tangible and intangible assets[a]	**637**	558	492
R&D expenses	**1,030**	1,061	957
Net industrial cash/(debt)	**(854)**	(599)[b]	(903)[b]

[a] Net of vehicles sold under buy-back agreements or leased out.
[b] As of December 31, 2019, the definition of Net Debt and Net Debt of Industrial Activities was modified to include other current financial assets. Previous data was recast accordingly.

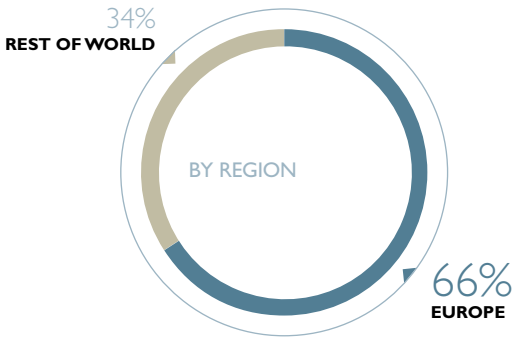
FUNDING AWARDED TO CNH INDUSTRIAL

CNH INDUSTRIAL WORLDWIDE ($million)

	2019	2018	2017
Grants	**32**	54	28
Loans	**0**	5	28
of which subsidized loans	**0**	5	28
Total public funding	**32**	59	56

FUNDING AWARDED

CNH INDUSTRIAL WORLDWIDE



BREAKDOWN OF VALUE ADDED

CNH Industrial strives to create value and to distribute it to its stakeholders. The calculation[2] 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 2019, the value added generated by CNH Industrial's activities and distributed to its various stakeholders totaled $5,729 million, equivalent to 20.4% of revenues.

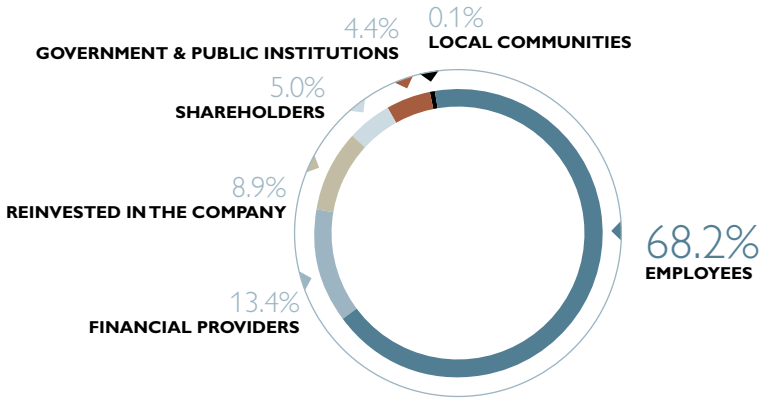
DIRECT ECONOMIC VALUE GENERATED

CNH INDUSTRIAL ($million)

	2019
Consolidated 2019 revenues	28,079
Income of financial services companies	(1,930)
Government grants (current and deferred/capitalized), release of provisions, other income	311
Other income	1,453
Direct economic value generated	**27,913**
Cost of materials	20,114
Depreciation and amortization, including assets under operating lease and assets sold under buy-back commitments	1,215
Other expenses	855
Value added	**5,729**

BREAKDOWN OF VALUE ADDED

CNH INDUSTRIAL



(2) *For details on the methodology used, see Report Parameters on page 232.*

RECOGNITION AS A SOCIALLY RESPONSIBLE COMPANY

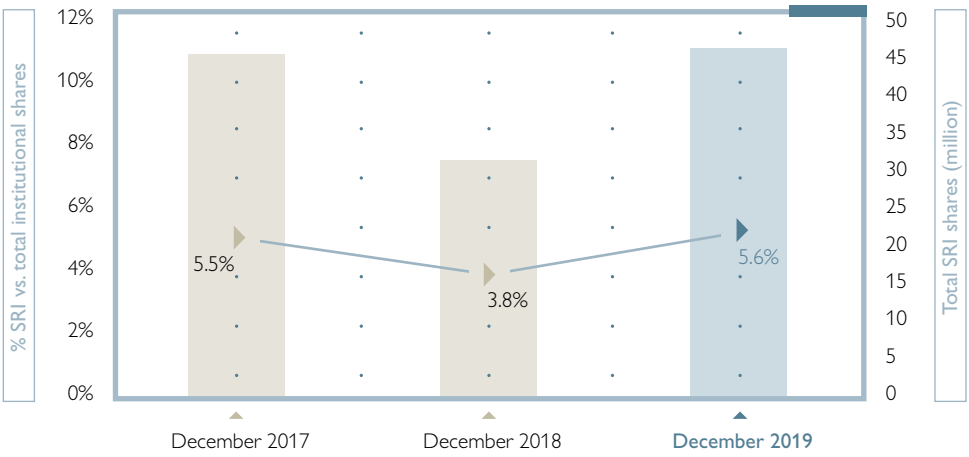
CNH Industrial's ongoing commitment to sustainability and results achieved in this regard have been substantiated by the presence of CNH Industrial shares in the portfolios of Socially Responsible Investors (SRIs) and by the Company's inclusion in some of the world's most prestigious sustainability equity indexes.

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, 2019, according to the Nasdaq analysis[1], CNH Industrial's SRI ownership represented 46.1 million shares, or 5.6% of total institutional shares. It has increased by 0.3 percentage points since the previous reporting period (September 2019).

HISTORICAL SRI OWNERSHIP TREND



PRESENCE IN SUSTAINABILITY INDEXES

Inclusion in sustainability indexes, and the ratings received from specialized sector-specific agencies, further reflect the robustness of CNH Industrial's commitment to sustainability. In 2019, the Company was reconfirmed as Industry Leader in the Dow Jones Sustainability Indices (DJSI) World and Europe for the ninth consecutive year. It received a score of 88/100. Still in 2019, 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 72 A-listers in the CDP Water Security program, won the SAM Gold Class Sustainability Award 2020, and was awarded ISS-oekom Prime Status.

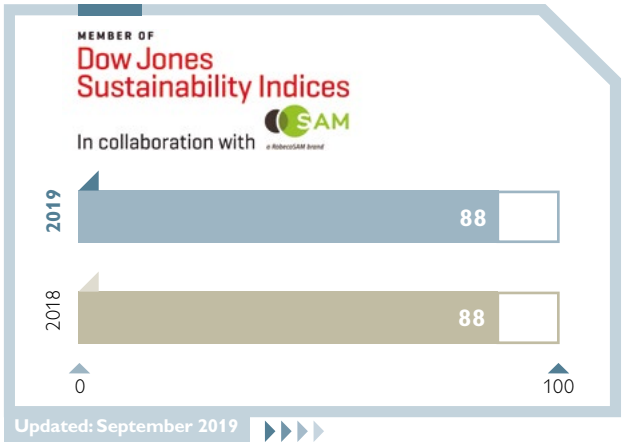
As of December 31, 2019, CNH Industrial was included in the following indexes: FTSE4Good Index Series[2], Euronext Vigeo Europe 120, Euronext Vigeo Eurozone 120, STOXX Global ESG Leaders Index, STOXX Global ESG Environmental Leaders Index, STOXX Global ESG Social Leaders Index, STOXX Global ESG Governance Leaders Index, STOXX Global ESG Impact Index, STOXX Global Low Carbon Footprint Index, STOXX Global Reported Low Carbon Index[3], and Integrated Governance Index (IGI). Furthermore, as of 2019, CNH Industrial received an MSCI ESG[4] Rating of AAA.

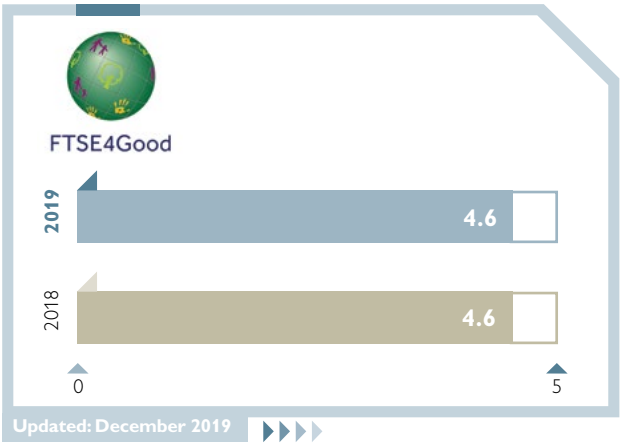
(1) The analysis covers the largest global mutual funds and asset owners. The latter include pension funds (national, occupational, company-specific, or local government), foundations, public funds, insurance funds, endowments, sovereign wealth funds, and large financial organizations investing their own assets.

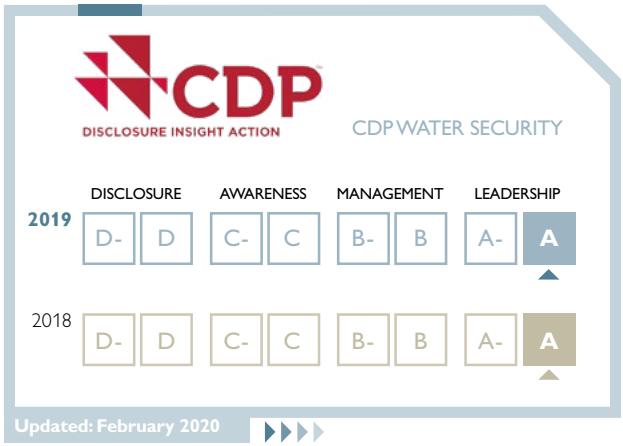
(2) FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that CNH Industrial has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social, and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

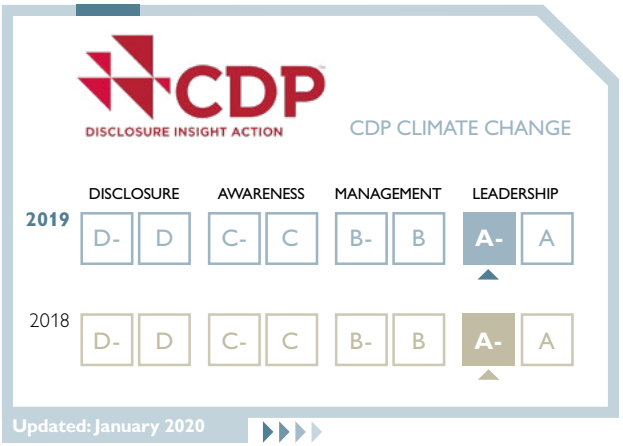
(3) Those listed are the main global STOXX indexes in which CNH Industrial is included.

(4) The use by CNH Industrial of any MSCI ESG Research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of CNH Industrial by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.





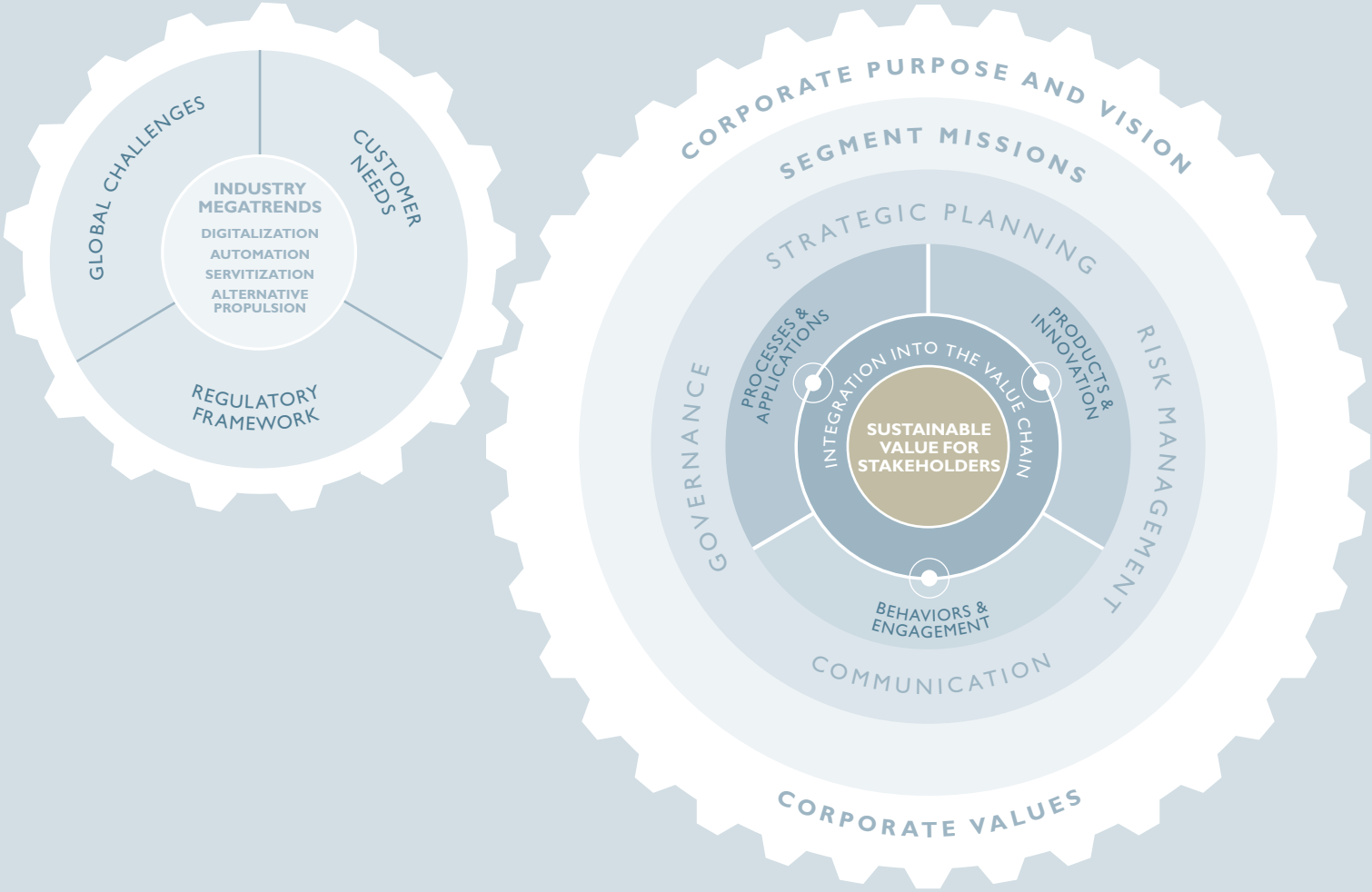




The Company received the following recognitions from rating agencies:

OUR COMMITMENT TO THE FUTURE

CNH INDUSTRIAL SUSTAINABILITY MODEL



SUSTAINABILITY MODEL

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

Global challenges[1] are long-term global changes affecting governments, economies, and societies, and they provide a snapshot of ongoing changes across the globe and of emerging social needs; industry megatrends[2] are those that will specifically impact our industries over the coming years; customer needs identify customer priorities and demand for products and services (see page 137); and the regulatory framework fosters continuous improvement through legislation, regulation, and industry standards (see page 122).
CNH Industrial responds to these external drivers with a shared corporate purpose, defined as *Powering Sustainable Transformation*, and an individual purpose for each segment, consistent across the Company and viable over the medium-to-long term, as well as with a set of values that lie at the core of CNH Industrial's day-to-day activities.

The Company's purpose and values are implemented through:

- strategic planning, including medium-to-long term targets (see pages 25-35)
- a system of principles, rules, and procedures in which roles and responsibilities are clearly defined (Governance model, see pages 39-61)
- a process that anticipates and manages current and future economic, environmental, and social risks and opportunities (Risk Management, see page 62).

FOCUS ON

CEO IN THE FRONT LINE

CNH Industrial has always worked tirelessly to integrate sustainability aspects into its day-to-day activities. In 2019, to further underscore this commitment, CNH Industrial's Chief Executive Officer (CEO) personally endorsed 3 sustainability initiatives along with the CEOs of other leading companies. One was the **CEO's Call to Action for a New Deal for Europe**, which addresses company leaders across Europe who believe sustainability is central and key to their way of doing business. Furthermore, CNH Industrial's CEO signed the **Statement on the Purpose of a Corporation** promoted by Business Roundtable, an association of CEOs of leading US companies (see page 122). The CEOs thereby committed to creating long-term value while better serving everyone – investors, employees, communities, suppliers, and customers. The third initiative was the **CEO Action for Diversity & Inclusion™**, the largest CEO-driven business commitment to advance diversity and inclusion in the workplace through concrete activities and sharing best practices across industries.

(1) *The global challenges selected by CNH Industrial are: climate change, food scarcity and food security, and the innovative and digital world (see page 235).*
(2) *The industry megatrends are: digitalization, automation, servitization, and alternative propulsion.*

FOCUS ON

SHARED VALUE APPROACH

Shared Value is an innovative approach to business sustainability in which companies generate economic value in a way that also creates value for society, thus meeting the needs of both. The approach offers a new perspective to encourage companies to redefine and reshape their overall value chain, and was expounded in an article published by M. Porter and M. Kramer[a] in 2011.
CNH Industrial leverages sustainability to make decisions for long-term value creation. Adopting a shared value approach is a significant challenge, as the main goal is to find a way to make business and social aims meet. It's not just about philanthropy or minimizing negative impacts; it's also about devising strategies able to benefit the society and communities in which they are implemented while generating a tangible gain for businesses. To this end, the Company launched a pilot project to quantify shared value: specifically, the shared value generated by precision farming solutions, as agreed with senior management. The social needs identified as the starting point of the study were the United Nations Sustainable Development Goals (SDGs). The first step of the project involved defining the indicators to be measured, and the shared value is expected to be quantified in the coming years.

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

MATERIALITY ANALYSIS

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

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

The results of the materiality analysis were subsequently grouped by theme and used as the basis for defining the Company's sustainability priorities (see pages 6-7); based on these, 10 strategic sustainability targets were then defined and included in the Strategic Business Plan, and presented at CNH Industrial's *Capital Markets Day* at the New York Stock Exchange in September.

In the materiality analysis, topics are considered material if they reflect CNH Industrial's economic, environmental, and/or social impact, or influence the decisions of stakeholders, in line with the materiality reporting principle in the GRI Sustainability Reporting Standards (GRI Standards).
The materiality analysis uses the same boundaries within the organization as those consolidated in the 2019 EU Annual Report, which encompass every CNH Industrial segment worldwide (material topic boundaries and alignment with GRI Standards are shown in the table on page 21).
CNH Industrial's materiality analysis involves the following steps:

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

In 2016, CNH Industrial analyzed the **global challenges** and identified those that affect its business (or have the potential to do so), thus turning the materiality analysis into a strategic tool to identify intervention priorities while considering the broader external context.
To provide a detailed and accurate snapshot of phenomena whose impacts are ongoing or reasonably foreseeable over the medium-to-long term, the members of the Sustainability Steering Committee (SSC, see page 44) selected the global

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

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

challenges most significant to CNH Industrial from a list compiled after assessing many different sources; these included context and scenario analyses (including the SDGs), sustainability reports, and the websites of over 100 companies.
The 3 global challenges identified as most relevant to the business of CNH Industrial are: climate change, food scarcity and food security, and the innovative and digital world[2].

After selecting the global challenges in 2016, a workshop was organized with the Sustainability Team (see page 44) to **identify the material topics**. These topics are the key aspects CNH Industrial focuses on to either mitigate and limit the impact and risks resulting from the global challenges, or exploit and enhance the positive effects and opportunities they generate. Each material topic identified could be linked to more than one global challenge.
The topics related to the global challenges are **evaluated** through stakeholder engagement[3], in line with the principle of stakeholder inclusiveness as per the GRI Standards (see page 231). The analysis engages an increasing number of stakeholders each year.

Until 2018, occupational health and safety and connectivity fell under the material topics innovation-to-zero and autonomous vehicles, respectively. However, in 2019, to better reflect CNH Industrial's current strategy, both were individually added to the materiality analysis as new stand-alone material topics - given that occupational health and safety is a key topic in CNH Industrial's Strategic Business Plan, and that connectivity reflects the trends and developments in technology and big data, and merits separate evaluation due to its numerous applications.

The 2 new topics' position on the materiality matrix was calculated based on the 2016-2018 values for the material topics from which they derived, and their individual evaluation in 2019. Feedback and opinions on the 14 material topics were collected in 2019, and suggestions were gathered on other issues potentially relevant to CNH Industrial's sustainability management.

Moreover, following changes in senior management, the material topics' relevance to CNH Industrial was further analyzed in 2019 via an on-line survey of the members of the SSC and the Chief Executive Officer (CEO).
When performing the materiality analysis, CNH Industrial's methodology was to consider all 14 topics material, before prioritizing them in terms of relevance according to the feedback collected via stakeholder engagement.
The evaluation of the 14 material topics was two-fold:

- relevance to CNH Industrial was determined in 2019, based on feedback from SSC members (see page 44)
- relevance to stakeholders was assessed based on feedback from a sample of 1,934 stakeholders[4] among employees, customers, dealers, opinion leaders, public institutions, NGOs, investors, and journalists.

The stakeholders were chosen by the internal representatives who interact with them on a daily basis, and endorsed by the relevant members of the Global Executive Committee (GEC); sensitive cases were also endorsed by the CEO. CNH Industrial managers and stakeholders were engaged via an online survey or direct interview; they were asked to evaluate the 14 material topics identified, ranking the 5 most relevant based on their impact on the economy, the environment, and society.
In 2019, engagement activities mainly involved customers and suppliers via direct interviews at two specialty trade fairs: *Agritechnica* in Hannover (Germany) for agricultural machinery, and *Solutrans* in Lyon (France) for commercial vehicles.
The Materiality Matrix reflects how frequently each material topic was selected. Each material topic is positioned within the Materiality Matrix according to internal or external relevance, enabling the Matrix itself to be read in two ways:

- the horizontal axis illustrates the degree of significance to CNH Industrial, in ascending order
- the vertical axis illustrates significance to stakeholders, in ascending order.

Within the scope of the analysis, aspects related to Corporate Governance, respect for human rights, regulatory compliance, and economic value creation were considered prerequisites, and therefore were not examined individually. However, these topics are monitored and reported in the Sustainability Report. The Matrix also shows the degree of alignment between external stakeholders' expectations and the relevance of the material topics to the Company.
Every year, the Materiality Matrix is reviewed by senior management and given final approval by the CEO, the SSC, and the Board of Directors' Governance and Sustainability Committee (see page 43). The final phase involves third-party assurance of compliance, in which the Matrix development process is audited by SGS, an independent company.
The Materiality Matrix is updated annually to take account of changes in stakeholder perceptions and incorporate any new topic that may become significant for the Company. To this end, other stakeholders will be interviewed in 2020 to identify needs and priorities related to current material topics.

(2) *For the definitions of the global challenges, see page 235 of the Appendix.*
(3) *For details on the functions responsible for dialogue with stakeholders, engagement tools used, and main stakeholder expectations, see the table on pages 254-255 of the Appendix.*
(4) *Of which 247 were interviewed in 2019, 440 in 2018, 223 in 2017, and 1,024 in 2016.*

2019 MATERIALITY MATRIX

The 2019 Materiality Matrix encompasses the overall results of a 3-year engagement process, which involved a total of 1,934 stakeholders.

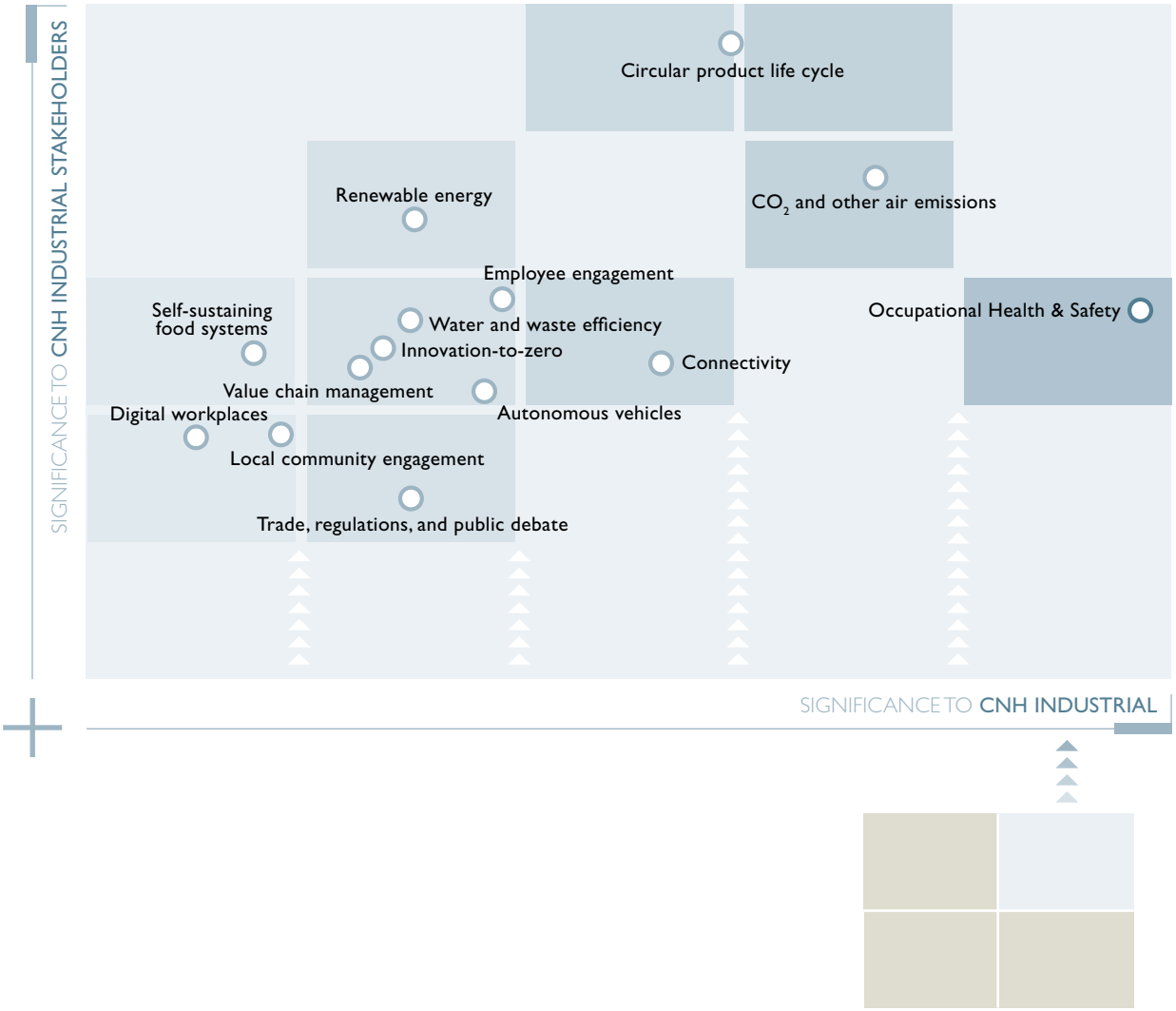
1,934
PEOPLE ENGAGED

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

In 2019, the materiality analysis confirmed the greater significance of business-related aspects, in line with the sustainability priorities defined within CNH Industrial's Strategic Business Plan. Specifically, from a circular economy perspective, the material topic **circular product life cycle** was considered, both within and outside the Company, as one of the most relevant to CNH Industrial, highlighting the importance of adopting alternative solutions that minimize the impact of a product's life cycle. **CO_2 and other air emissions** was also one of the most relevant topics, considering not only the impact of manufacturing processes, but also of the entire value chain (logistics, supply chain, and product use). The new topic **occupational health and safety** also ranked among the most relevant to both the Company and its stakeholders, highlighting the importance of an approach based on effective preventive and protective measures involving all employees.

For more information on material topics, and the associated management approach and boundaries, please refer to the table Material Topics in Detail on page 21, which also shows the links to the GRI Sustainability Reporting Standards (GRI Standards).

MATERIALITY MATRIX
CNH INDUSTRIAL



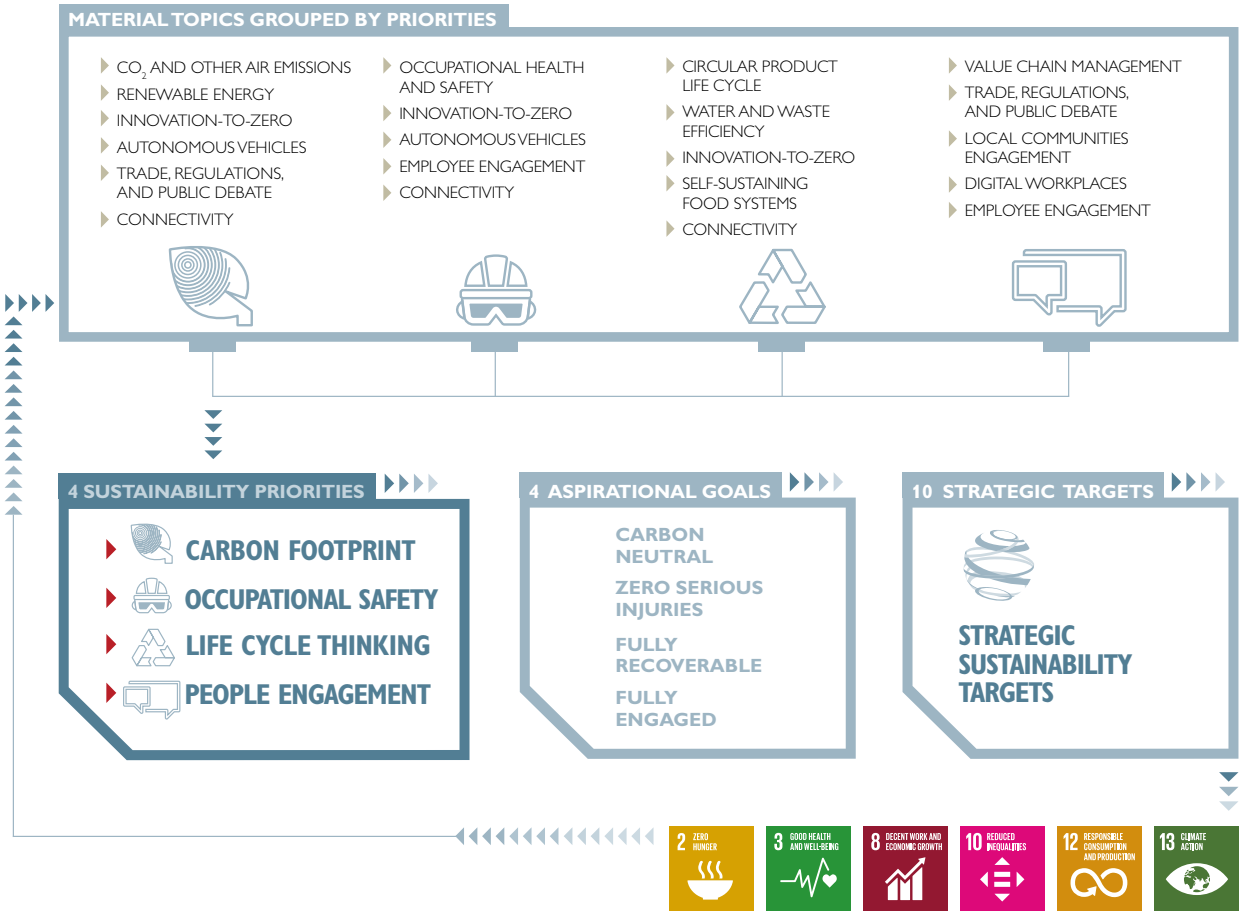
MATERIAL TOPICS IN DETAIL

MATERIAL TOPICS[a]	TOPIC BOUNDARY (WORLDWIDE)			LINK TO GRI STANDARDS	SUSTAINABILITY REPORT PAGE	
	Where the impacts occur		Organization's involvement with the impacts		MA[b]	Results & Targets
	Entities in the organization[c]	Entities in the organization's value chain				
PRODUCT & INNOVATION						
Circular product life cycle	AG - CE C&SV - PT	■ Customers ■ Dealer and service network ■ Suppliers and commercial partners	All products	GRI 301: Materials	141; 195; 197; 221	31; 35
Connectivity	AG - CE C&SV - PT	■ Customers ■ Dealer and service network ■ Suppliers and commercial partners	All products	(d)	141; 195; 202	32
Autonomous vehicles	AG - C&SV	■ Customers ■ Dealer and service network ■ Suppliers and commercial partners	AG - C&SV products	(d)	141; 195; 208	32
Self-sustaining food systems	AG	■ Customers ■ Dealer and service network ■ Suppliers and commercial partners	AG products	(d)	141; 195; 202	32
Trade, regulations, and public debate	Entire organization	■ Public institutions	All products and processes	GRI 415: Public Policy	121	30
BEHAVIORS & ENGAGEMENT						
Occupational Health & Safety	Entire organization		Employee management	GRI 403: Occupational Health and Safety	77	28
Local community engagement	Entire organization	■ Local communities	All products and processes	GRI 413: Local Communities	107	29-30
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	133; 137; 153; 221	33
Employee engagement	Entire organization		Employee management	GRI 404: Training and Education	69	27-29
Digital workplaces	Entire organization		Employee management	(d)	69; 83	28
PROCESSES & APPLICATIONS						
CO_2 and other air emissions	Entire organization	■ All stakeholders	All products and processes	GRI 302: Energy GRI 305: Emissions	141; 153; 168; 180; 189; 195	34-35
Renewable energy	Entire organization	■ All stakeholders	Manufacturing processes	GRI 302: Energy	180	35
Water and waste efficiency	Entire organization	■ Local communities	Manufacturing processes	GRI 303: Water GRI 306: Effluents and Waste	168	34
Innovation-to-zero	Entire organization	■ All stakeholders	All products and processes		133; 166	33

[a] *For the definition of material topics, see page 235.*
[b] *Management Approach.*
[c] *AG = Agriculture*
CE = Construction
C&SV = Commercial and Specialty Vehicles
PT = Powertrain.
[d] *For this material topic (although not directly identified by the GRI Standards), the Sustainability Report specifies how CNH Industrial manages it, along with its specific indicators.*

SUSTAINABILITY PRIORITIES AND STRATEGIC TARGETS

The Company's sustainability priorities derive from grouping the material topics by theme to facilitate and simplify the interpretation of stakeholders' expectations and make the Materiality Matrix a truly effective business tool.
The 4 sustainability priorities are: **carbon footprint**, to reduce the emissions generated by plants, logistics, and products; **occupational safety**, to minimize the risk of injury in the workplace through effective preventive and protective measures; **life cycle thinking**, to use resources fully and for as long as possible through a circular product life cycle approach; and **people engagement**, to actively involve employees, suppliers, and local communities alike.
The sustainability priorities are further driven by the aspirational goals, seen as an objective to strive for over the long-term. In order to achieve them, senior management included 10 challenging targets for 2024 in the Company's new Strategic Business Plan, so as to make CNH Industrial's firm commitment to sustainability a reality.



ALIGNMENT WITH THE UNITED NATIONS SUSTAINABLE GOALS

Since CNH Industrial embraces all 17 UN Sustainable Development Goals (SDGs)[1], efforts were made to ensure the commitments stated in the Sustainability Plan are aligned with said SDGs, not only to substantiate the Company's contribution to achieving global objectives, but also to ensure transparency in its communication with stakeholders by providing a more detailed picture of its responsibility to build a sustainable future.

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

A total of 6 SDGs were identified as most relevant.

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

CNH Industrial supports the SDGs

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

CNH Industrial decided to partly apply the process described in *Integrating the SDGs into Corporate Reporting: A Practical Guide*, a collaborative paper by the Global Reporting Initiative and the UN Global Compact.

The Guide outlines a process of principled prioritization aimed at helping companies to identify and prioritize their SDG targets, take appropriate action, and report on their progress. This approach assists companies in integrating the SDGs into existing corporate responsibility and sustainability reporting programs.

The process involves 3 steps:

- Step 1: define priority SDG targets
- Step 2: measure and analyze
- Step 3: report, integrate, and implement change.

The first stages of step 1 were completed in 2019; this will be followed by a realignment with the SDGs defined in previous years.

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

STRATEGIC SUSTAINABILITY TARGETS

As further evidence of the extent to which CNH Industrial considers the materiality analysis a business tool and integrates it into corporate strategy, in 2019, the Company's senior management set 10 strategic sustainability targets aligned with the material topics included in the Materiality Matrix, and consistent with the sustainability priorities and the UN Sustainable Development Goals (SDGs). Targets were defined based on potential risks and opportunities relating to the Company's 2024 Strategic Business Plan, and involved all members of the Global Executive Committee (GEC). These 10 new targets were presented to investors during CNH Industrial's *Capital Markets Day* on September 3, 2019 at the New York Stock Exchange.

Progress towards targets is verified twice a year, and new ones are added yearly. These new targets are set, and existing ones restated, to align with the SDGs and reflect the evolution of the material topics, in the continuous search for new areas of improvement. Key targets are incorporated into the Sustainability Plan (see pages 25-35), which expresses CNH Industrial's commitment to contribute to development in harmony with people and the environment. Through the actions, results, and targets included in the Plan, the Company clearly and directly communicates its commitment to its stakeholders. The Plan is updated annually to report the progress of existing projects and establish new targets, essential for long-term growth.

SUSTAINABILITY PRIORITIES	ASPIRATIONAL GOALS	2024 STRATEGIC SUSTAINABILITY TARGETS
CARBON FOOTPRINT	CARBON NEUTRAL	**-46%** vs. 2014 in CO_2 emissions per production unit at Company plants worldwide **-20%** vs. 2014 in kg of CO_2 emissions per ton of goods transported (including spare parts) **80%** of total electricity consumption derived from renewable sources **25%** of product portfolio available with natural gas powertrains
OCCUPATIONAL SAFETY	ZERO SERIOUS INJURIES	**-50%** vs. 2014 in employee accident frequency rate
LIFE CYCLE THINKING	FULLY RECOVERABLE	**100%** of new products developed using sustainability/ recyclability design criteria **94%** of waste recovered at Company plants worldwide
PEOPLE ENGAGEMENT	FULLY ENGAGED	**100%** of employees worldwide involved in engagement surveys **+100%** vs. 2017 in number of people who benefit from CNH Industrial's local community initiatives **100%** of tier 1 suppliers involved in sustainability self-evaluations

SUSTAINABILITY PLAN

CORPORATE GOVERNANCE AND SUSTAINABILITY

page 26

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

OUR PEOPLE

pages 27-29

- Respecting human and labor rights
- Developing human capital
- Promoting and protecting occupational health and safety
- Fostering employee wellbeing and work-life balance
- Improving employee commuting

LOCAL COMMUNITIES

pages 29-30

- Supporting local communities
- Fighting climate change and mitigating the environmental impact
- Improving food availability
- Supporting youth training

RELATIONSHIPS WITH PUBLIC AND PRIVATE ORGANIZATIONS

page 30

- Collaborating with trade associations

INNOVATION AND PRODUCT DEVELOPMENT

pages 30-33

- Designing sustainable products
- Implementing a decarbonization strategy
- Promoting digitalization
- Implementing automation
- Improving product safety

PURCHASING PROCESSES

page 33

- Increasing supply chain sustainability

MANUFACTURING PROCESSES

pages 34-35

- Fostering continuous improvement
- Reducing environmental impact and optimizing energy performance

LOGISTICS PROCESSES

page 35

- Minimizing environmental impact

END-OF-LIFE

page 35

- Promoting remanufacturing and recycling

CORPORATE GOVERNANCE AND SUSTAINABILITY

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

Commitment: Continuously integrate sustainability into corporate systems

ACTIONS	2019 RESULTS	TARGETS
▸ Implementation of an integrated sustainability management system, incorporating environmental and social issues in business decisions		▸ 2020: development of a study to identify the shared value generated by CNH Industrial activities and products
▸ Delivery of training to promote a culture of sustainability and raise awareness among stakeholders	■ Internal sustainability awareness campaign launched. First 2 videos (on SDG 12 and SDG 13) released 70	▸ 2020: development, set-up, and provision of sustainability awareness campaigns

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

ACTIONS	2019 RESULTS	TARGETS
▸ Enhancement of Board members' knowledge of Company operations	■ Onboarding of 2 new executive directors and 2 non-executive directors completed 42	▸ 2020: onboarding of additional Board members in anticipation of Company spin-off transaction
▸ Conception, design, and oversight of a Corporate Compliance Program	■ Governance, Risk, and Compliance (GRC) tool integrated into the Third-Party Due Diligence process, replacing previous software. Roll-out to additional sites planned and started. Extension to higher-risk suppliers postponed until completion of Company spin-off transaction 53	
	◧ Global Trade Compliance system further enhanced, particularly in Europe, AMEA, and South America 53	▸ 2020: development of a compliance scorecard for each geographic area, with key compliance metrics tracked quarterly
▸ Update of the Corporate Whistleblowing System for the reporting and investigation of complaints/allegations	■ New Retaliation Prevention Policy adopted alongside the creation of a dedicated internal investigations function. *Speak Up* training delivered in multiple countries 47; 49	▸ 2020: launch of a global communications campaign on new Retaliation Prevention Policy, revised Code of Conduct, and *Speak Up* culture
	■ Compliance smartphone app communications campaign completed in North America, leading to increase in number of users. Extension to other geographic areas put on hold pending completion of Company spin-off transaction 50	
▸ Promotion of a work environment driven by the highest principles and respectful of human rights, using multiple tools (e.g., training courses, corporate Intranet)	■ 35,230 hours of training delivered on human rights and other corporate Code of Conduct aspects 48; 49; 52; 54	▸ 2020: ongoing delivery of educational programs
▸ Monitoring of the impact of business activities on human rights	■ Human rights assessments performed, covering 25% of employees working in internal operations 58	▸ 2020: completion of human rights assessments cycle (2018-2020 period), to monitor 100% of employees working in internal operations
▸ Demonstration of climate leadership by providing climate change information in mainstream corporate reports	■ Guide for Responsible Corporate Engagement in Climate Policy implemented for the internal monitoring of Company activities with repercussions for climate-related policies 122	

KEY

- ▲ Target exceeded
- ■ Target achieved or in line with plan
- ◧ Target partially achieved
- □ Target postponed
- 2024 Strategic Sustainability Target
- See page

OUR PEOPLE

RESPECTING HUMAN AND LABOR RIGHTS

Commitment: Promote diversity and offer equal opportunities

ACTIONS	2019 RESULTS	TARGETS
▸ Monitoring of the global implementation of equal opportunity principles relating to performance and leadership appraisals, promotions, and recruitment processes	■ External recruitment agencies made aware of the Company's role as Equal Opportunity Employer (EOE)	▸ 2020: continuous improvement and monitoring of recruitment processes across geographic areas to ensure performance as EOE
▸ Promotion of job opportunities encouraging workforce diversity	■ Several outcomes achieved: ▸ +1.5% vs. 2018 in percentage of women employed ▸ 12.6% of management positions held by women *76; 242*	▸ 2020: increase in the number of diversity candidates employed worldwide, in accordance with local requirements and limitations
▸ Promotion of women's leadership and self-awareness	▲ +30% vs. 2018 in number of women involved in leadership and development initiatives *75*	▸ 2020: +15% vs. 2019 in number of women involved in leadership and development initiatives

DEVELOPING HUMAN CAPITAL

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

ACTIONS	2019 RESULTS	TARGETS
▸ Execution of people engagement and satisfaction surveys	■ 100% of employees worldwide involved in engagement surveys *91*	▸ 2024: 100% of employees worldwide involved in engagement surveys

Commitment: Enhance skills within the Company

ACTIONS	2019 RESULTS	TARGETS
▸ Development of programs to upgrade and improve employee skills and behaviors	■ Several development programs implemented: ▸ Action Learning projects ▸ Coaching and mentoring initiatives *89*	▸ 2020: ongoing targeted development and training programs customized to employees' individual needs
	■ 79% of employees worldwide involved in training activities *89*	▸ 2022: involvement of 100% of employees worldwide in training activities

Commitment: Attract and retain the best talent

ACTIONS	2019 RESULTS	TARGETS
▸ Implementation of long-term performance-related incentive plans	■ Long-term performance-related incentive plans implemented for key talents *88*	▸ 2020: ongoing implementation of long-term performance-related incentive plans for key talents

Commitment: Maintain sustainability as a key corporate objective

ACTIONS	2019 RESULTS	TARGETS
▸ Incorporation of environmental and social targets into the performance management system	■ Sustainability targets incorporated into the performance management system for several roles at different levels of the organization 86	▸ 2020: incorporation of at least 1 sustainability target into the performance management system for 25% of employees

PROMOTING AND PROTECTING OCCUPATIONAL HEALTH AND SAFETY

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

ACTIONS	2019 RESULTS	TARGETS
▸ Pursuit of a zero-accident and zero-injury rate	■ -18% vs. 2014 achieved in employee accident frequency rate 81	▸ 2024: -50% vs. 2014 in employee accident frequency rate
▸ Extension of OHSAS 18001 / ISO 45001 certifications	■ 60 manufacturing sites, employing approx. 42,770 people, OHSAS 18001 / ISO 45001 certified ■ 10 non-manufacturing sites, employing approx. 3,140 people, OHSAS 18001 / ISO 45001 certified ■ All most-relevant joint venture plants (in which CNH Industrial holds at least a 50% interest) as at 2011 OHSAS 18001 / ISO 45001 certified 79	▸ 2020: maintenance of OHSAS 18001 or ISO 45001 certifications existing as at 2014, and extension to additional manufacturing/non-manufacturing sites and most relevant joint venture plants (in which CNH Industrial holds at least a 50% interest)

Commitment: Promote a culture of safety in the workplace

ACTIONS	2019 RESULTS	TARGETS
▸ Implementation of initiatives to increase employee health and safety awareness via multiple tools (e.g., training courses, corporate Intranet, video tutorials)	■ 229,599 hours of training delivered 78	▸ 2020: continuous implementation of information and training activities

FOSTERING EMPLOYEE WELLBEING AND WORK-LIFE BALANCE

Commitment: Promote the health and wellbeing of employees

ACTIONS	2019 RESULTS	TARGETS
▸ Dissemination of information to employees on general health and infectious disease prevention, provision of medical support, and promotion of employee wellbeing through targeted programs	■ 62% of employees worldwide involved in wellbeing initiatives promoting healthy lifestyles 92	▸ 2022: involvement of 100% of employees worldwide in wellbeing initiatives promoting healthy lifestyles

Commitment: Foster the development of digital workplaces

ACTIONS	2019 RESULTS	TARGETS
▸ Implementation of new technologies and smart working initiatives to improve work quality and efficiency and employee work-life balance	■ 36% of employees involved in flexible work location schemes (excluding hourlies) 84	▸ 2022: participation of 40% of employees in flexible work location schemes (excluding hourlies)

KEY

- ▲ Target exceeded
- ■ Target achieved or in line with plan
- ◧ Target partially achieved
- □ Target postponed
- 2024 Strategic Sustainability Target
- See page

Commitment: Foster employees' sense of belonging and pride

ACTIONS	2019 RESULTS	TARGETS
▸ Support for volunteer work during paid working hours	New target set in 2019. As a consequence, 2019 results not available	▸ 2022: +10% vs. 2019 in number of employees involved in volunteering activities during paid working hours[a]

IMPROVING EMPLOYEE COMMUTING

Commitment: Improve commuting for employees

ACTIONS	2019 RESULTS	TARGETS
▸ Development of mobility plans to improve commuting to/from selected sites by broadening the use of public transport, carpooling, and alternative mobility (cycling), and by improving entrances and loading/parking areas	■ Mobility plans implemented across Italy and at 3 additional sites in France 97	▸ 2020: execution of mobility survey in Czech Republic
	▲ Carpooling initiative implemented at all 14 sites in Italy 97	▸ 2020: implementation of carpooling initiatives at 3 additional sites in France
	■ *Giretto d'Italia* cycling event sponsored and organized at all sites in Italy, involving around 1,000 people 98	▸ 2020: extension of the *Giretto d'Italia* initiative by promoting the use of public transport (in addition to cycling) for employee commuting

LOCAL COMMUNITIES

SUPPORTING LOCAL COMMUNITIES

Commitment: Promote the social and economic development of local communities

ACTIONS	2019 RESULTS	TARGETS
▸ Promotion of initiatives fostering the growth of local communities	▲ More than +100% vs. 2017 in number of people who benefitted from CNH Industrial's local community initiatives 107	▸ 2024: +100% vs. 2017 in number of people who benefit from CNH Industrial's local community initiatives

FIGHTING CLIMATE CHANGE AND MITIGATING THE ENVIRONMENTAL IMPACT

Commitment: Support projects to combat climate change and reduce environmental impacts

ACTIONS	2019 RESULTS	TARGETS
▸ Promotion of local projects	■ Several outcomes achieved: ▸ 6.5 tons of plastic fished from seas and rivers in Italy, Brazil, and Argentina 110; 112 ▸ 10,000 people benefitted from the *Jal Sanchay* water conservation project in India 110; 111; 112	
	■ *Water Management* project in Tunisia completed, with 1,000 trees purchased and 40 young people trained on farming and fertilization techniques 110; 111	

[a] *Target updated with respect to the 2018 Sustainability Report.*

IMPROVING FOOD AVAILABILITY

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

ACTIONS	2019 RESULTS	TARGETS
▸ Promotion of local projects	■ Several outcomes achieved: ▸ 400 snack packs distributed during *Food Security Week* in the USA *115* ▸ 128 students trained on modern farming techniques in Ghana *110; 114* ▸ 50 young agricultural engineers trained in Thailand *110; 114*	
	Thousand Gardens in Africa project not implemented	

SUPPORTING YOUTH TRAINING

Commitment: Support the professional development of young people

ACTIONS	2019 RESULTS	TARGETS
▸ Implementation of professional skills development initiatives, including scholarships and training courses	■ Several outcomes achieved: ▸ 500 students trained under the *TechPro²* project *110; 115* ▸ 120 teenagers benefitted from the *Crê-Ser* project in Brazil *110; 116* ▸ 50,000 students benefitted from the *Multimedia-Aided School Education* project in India *110; 116*	

RELATIONSHIPS WITH PUBLIC AND PRIVATE ORGANIZATIONS

COLLABORATING WITH TRADE ASSOCIATIONS

Commitment: Collaborate to reduce polluting emissions and improve product safety

ACTIONS	2019 RESULTS	TARGETS
▸ Collaboration with sector associations and institutions to develop a methodology for the measurement of CO_2 emissions from product use	■ Certified procedure for CO_2 measurement defined for medium range vehicles and applied to heavy range vehicles	
▸ Collaboration with sector associations on initiatives to improve vehicle safety	■ Collaboration with CEMA continued, focusing on virtual testing (by simulation), with technical working group led by CNH Industrial	

INNOVATION AND PRODUCT DEVELOPMENT

DESIGNING SUSTAINABLE PRODUCTS

Commitment: Promote best practices in the design of sustainable products

ACTIONS	2019 RESULTS	TARGETS
▸ Integration of sustainability criteria into the design of new products	New target set in 2019. As a consequence, 2019 results not available	▸ 2024: 100% of new products developed using sustainability/recyclability design criteria

KEY

- ▲ Target exceeded
- ■ Target achieved or in line with plan
- ◧ Target partially achieved
- □ Target postponed
- 2024 Strategic Sustainability Target
- See page

IMPLEMENTING A DECARBONIZATION STRATEGY

Commitment: Continue to reduce polluting emissions

ACTIONS	2019 RESULTS	TARGETS
▸ Early implementation of regulations for the reduction of polluting emissions (NO_X, particulates, etc.)	■ Powertrain ▸ Roll-out completed for Stage V products with engine power above 130kW (agricultural tractors, combines, construction machinery) ▸ Key features incorporated into range with engine power below 130kW	
	■ Agriculture/Construction Stage V engines and after-treatment systems implemented or planned for all products	

Commitment: Optimize energy consumption and efficiency

ACTIONS	2019 RESULTS	TARGETS
▸ Extension of Life Cycle Assessment (LCA) methodology	New target set in 2019. As a consequence, 2019 results not available	Powertrain ▸ 2021: completion and ISO 14067 certification of Life Cycle Assessment (LCA) on Cursor 13 engine
▸ Reduction of CO_2 emissions through fuel consumption optimization	■ Powertrain/Agriculture ▸ Driveline concept defined for next-generation combine harvesters	Powertrain/Agriculture ▸ 2020: implementation of most efficient technologies on next-generation combine harvesters to significantly reduce Total Cost of Ownership (TCO)
	■ Powertrain/Commercial & Specialty Vehicles (heavy range) ▸ -3% in average fuel consumption compared to previous Stralis model (at constant speed of 85 km/h) owing to aerodynamics improvements	Powertrain/Commercial & Specialty Vehicles (heavy range) ▸ 2021: up to an additional -4% in fuel consumption and CO_2 emissions on Stralis X-Way diesel models, depending on mission and product configuration

Commitment: Promote the use of alternative fuels

ACTIONS	2019 RESULTS	TARGETS
▸ Expansion of natural gas-powered vehicle offering, featuring biomethane, Compressed Natural Gas (CNG), and Liquefied Natural Gas (LNG)	New target set in 2019. As a consequence, 2019 results not available	▸ 2024: 25% of product portfolio available with natural gas powertrains
	■ Powertrain ▸ LONGRUN project (involving FPT Industrial and IVECO) approved by European Commission	Powertrain ▸ 2022: development of next-generation alternative fuel engines running on CNG and LNG, and compatible with biomethane, to further reduce CO_2 emissions and Total Cost of Ownership (TCO)
	■ Powertrain ▸ -70% in NO_X emissions achieved following engine calibrations ▸ certification achieved for trucks (TNP) and buses (CMRT)	Powertrain ▸ 2022: focus on natural gas (NG) engine technologies to achieve ultra low NO_X emissions in urban applications
	■ Agriculture ▸ Concept tractors showcased at SIMA and Agritechnica trade events ▸ Development and testing of concept vehicles currently underway	Agriculture ▸ 2022: distribution of new alternative-fuel tractors (methane and propane) generating approx. -80% in polluting emissions and -10% in CO_2 emissions compared to diesel models
	■ Construction ▸ Concept wheel loaders displayed at Bauma trade event 200	Construction ▸ 2024: distribution of new alternative-fuel wheel loaders (methane) generating approx. -80% in polluting emissions and -10% in CO_2 emissions compared to diesel models

Commitment: Promote the use of alternative tractions

ACTIONS	2019 RESULTS	TARGETS
▸ Introduction of alternative (electric/hybrid) drivelines to reduce environmental impact and improve efficiency	New target set in 2019. As a consequence, 2019 results not available	Powertrain/Agriculture ‣ 2022: implementation of electric/hybrid drivelines on tractors
	Commercial & Specialty Vehicles ‣ Significant targets for alternative drivelines (including collaboration with Nikola Motor Company for fuel cell technology) incorporated into the Strategic Business Plan presented at the New York Stock Exchange 200	Powertrain/Commercial & Specialty Vehicles ‣ 2030: implementation of alternative (electric/hybrid) driveline technologies on all vehicles
	New target set in 2019. As a consequence, 2019 results not available	Powertrain/Commercial & Specialty Vehicles (light range) ‣ 2023: development of next generation Electric Daily (including in-house production of e-drivelines and battery packs)
	New target set in 2019. As a consequence, 2019 results not available	Powertrain/Commercial & Specialty Vehicles (heavy range) ‣ 2024: development of new full electric and fuel cell heavy range (including in-house production of e-axles)
	New target set in 2019. As a consequence, 2019 results not available	Powertrain/Commercial & Specialty Vehicles (bus range) ‣ 2023: development of full electric bus range (including in-house battery pack assembly) ‣ 2023: implementation of mild hybrid solutions on diesel and compressed natural gas (CNG) vehicles

PROMOTING DIGITALIZATION

Commitment: Promote smart agricultural products and digital solutions to optimize resources

ACTIONS	2019 RESULTS	TARGETS
▸ Development of solutions that minimize environmental impact	Agriculture ‣ New digital solutions, enabling precision farming applications, launched for Case IH Magnum and New Holland Agriculture T8 tractor models	Agriculture ▸ 2022: up to +25% vs. 2015 in field productivity by expanding data management and control systems for harvesting, tractors, and crop production

IMPLEMENTING AUTOMATION

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

ACTIONS	2019 RESULTS	TARGETS
▸ Development of automated/autonomous vehicle technologies	Agriculture Flagship rotary combines launched, featuring fully automated core harvester functions and delivering more than +10% in productivity	Agriculture ▸ 2020: autonomous technology development and implementation on self-propelled vehicles

KEY

- ▲ Target exceeded
- ■ Target achieved or in line with plan
- ◧ Target partially achieved
- □ Target postponed
- 2024 Strategic Sustainability Target
- See page

IMPROVING PRODUCT SAFETY

Commitment: Continue to improve safety, ergonomics, and comfort

ACTIONS	2019 RESULTS	TARGETS
▸ Improvement in ergonomics of operator controls to reduce operator stress and enhance comfort	■ Construction ▸ Virtual testing using Computer-Aided Design (CAD) models performed in Europe and North America to validate improved ergonomics of electro-hydraulic (EH) controls on graders	Construction ▸ 2020: testing of EH controls on graders to validate improved ergonomics and operator fatigue reduction in Europe ▸ 2021: testing of EH controls on graders to validate improved ergonomics and operator fatigue reduction in North America
▸ Enhancement of occupant safety level acting on body structure and restraint systems	■ Commercial & Specialty Vehicles (heavy range) ▸ Aeroflex project (involving IVECO) continued, focusing on active and passive safety measures for next-generation long-haul trucks	Commercial & Specialty Vehicles (heavy range) ▸ 2022: development of a restraint system in heavy vehicle cabs to improve driver biomechanics in case of frontal impact

Commitment: Improve product quality

ACTIONS	2019 RESULTS	TARGETS
▸ Improvement of product quality and safety	■ -2.4% vs. 2018 achieved in volume of warranty claims per unit ▲ -28% vs. 2018 achieved in volume of Product Improvement Programs (PIPs) *151*	

PURCHASING PROCESSES

INCREASING SUPPLIER SUSTAINABILITY

Commitment: Promote social and environmental responsibility among suppliers

ACTIONS	2019 RESULTS	TARGETS
▸ Distribution of self-assessment questionnaires on environmental and social performance to select suppliers	■ 76% of Tier 1 suppliers involved in sustainability self-assessment questionnaire *160*	▸ 2024: 100% of Tier 1 suppliers involved in sustainability self-evaluations
▸ Execution of sustainability audits at suppliers worldwide	■ 85 audits performed (60 by internal Supplier Quality Engineers (SQEs) and 25 by third parties) *160*	▸ 2020: execution of 90 audits (65 by internal SQEs and 25 by third parties)
▸ Enhancement of sustainability awareness among suppliers	■ Webinars related to CDP Climate Change questionnaire held for suppliers *162*	▸ 2020: implementation of sustainability information activities for suppliers
▸ CO_2 emissions monitoring of key suppliers	■ 50% of key suppliers monitored for CO_2 emissions through the CDP Supply Chain program *163*	▸ 2022: monitoring of CO_2 emissions of 100% of key suppliers
▸ Promotion of supplier involvement in the World Class Manufacturing (WCM) program	▲ 55 audits (achieving +250 points in cumulative audit score) and 100 follow-ups performed *162*	▸ 2020: execution of more than 160 audits and follow-ups

MANUFACTURING PROCESSES

FOSTERING CONTINUOUS IMPROVEMENT

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

ACTIONS	2019 RESULTS	TARGETS
▸ Adoption of World Class Manufacturing (WCM) principles	1 plant received the gold award, 1 plant the silver award, and 2 the bronze award 167	▸ 2020: further increase in the number of WCM plants achieving bronze level (3), silver level (8), and gold level (1)

REDUCING ENVIRONMENTAL IMPACT AND OPTIMIZING ENERGY PERFORMANCE

Commitment: Optimize the Company's environmental performance

ACTIONS	2019 RESULTS	TARGETS
▸ Application of best available techniques for the reduction of Volatile Organic Compounds (VOCs) in paint processes	-27.1% vs. 2014 in VOC emissions per square meter painted achieved at Company plants worldwide 172	▸ 2022: -27% vs. 2014 in VOC emissions per square meter painted at Company plants worldwide[b]
▸ Optimization of water withdrawal and discharge management system based on country-specific characteristics	-22.5% vs. 2014 in water withdrawal per production unit[c] achieved at Company plants worldwide 173	▸ 2022: -24% vs. 2014 in water withdrawal per production unit at Company plants worldwide[b]
▸ Optimization of water withdrawal in water-stressed areas	-21.9% vs. 2014 in water withdrawal per production unit[c] achieved at the plant in Greater Noida (India) 175; 249	▸ 2022: -29% vs. 2014 in water withdrawal per production unit at the plant in Greater Noida (India)
	-20.4% vs. 2014 in water withdrawal per production unit[c] achieved at the plant in Pithampur (India) 175; 249	▸ 2022: -30% vs. 2014 in water withdrawal per production unit at the plant in Pithampur (India)
	New target set in 2019. As a consequence, 2019 results not available	▸ 2022: -10% vs. 2014 in water withdrawal per production unit[c] at the plant in Queretaro (Mexico)
▸ Optimization of waste management based on country-specific characteristics	93.3% of waste recovered at Company plants worldwide 176	▸ 2024: 94% of waste recovered at Company plants worldwide[b]
	-23.7% vs. 2014 in waste generated per production unit[c] achieved at Company plants worldwide 177	▸ 2022: -25% vs. 2014 in waste generated per production unit at Company plants worldwide[b]
	-35.2% vs. 2014 in hazardous waste generated per production unit[c] achieved at Company plants worldwide 177	▸ 2022: -36% vs. 2014 in hazardous waste generated per production unit at Company plants worldwide[b]
▸ Formulation of guidelines for the identification and safeguard of protected species and biodiversity	New Biodiversity Risk Evaluation (BRE) methodology implemented at 1 plant, requiring no improvement measures 178	▸ 2020: implementation of improvement measures identified through BVI or BRE assessments, if needed

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

ACTIONS	2019 RESULTS	TARGETS
▸ Identification of measures and technologies to reduce energy consumption and CO_2 emissions per production unit	-43.7% vs. 2014 in CO_2 emissions per production unit[c] achieved at Company plants worldwide 187	▸ 2024: -46% vs. 2014 in CO_2 emissions per production unit at Company plants worldwide ▸ 2030: -60% vs. 2014 in CO_2 emissions per production unit at Company plants worldwide

[b] *Target updated with respect to the 2018 Sustainability Report.*
[c] *The production unit corresponds to the hour of production. Total manufacturing hours are used to calculate the normalized production unit indicator. For the definition of total manufacturing hours, see page 233.*

KEY

- ▲ Target exceeded
- ■ Target achieved or in line with plan
- ◧ Target partially achieved
- □ Target postponed
- 2024 Strategic Sustainability Target
- See page

ACTIONS	2019 RESULTS	TARGETS
▸ Identification of measures and technologies to reduce energy consumption and CO_2 emissions per production unit	■ -21.2% vs. 2014 in energy consumption per production unit[d] achieved at Company plants worldwide 186	▸ 2030: -30% vs. 2014 in energy consumption per production unit at Company plants worldwide
▸ Promotion of renewable energy generation and use	■ 71.8% of total electricity consumption derived from renewable sources 186	▸ 2024: 80% of total electricity consumption derived from renewable sources ▸ 2030: 90% of total electricity consumption derived from renewable sources
▸ Implementation of an Energy Management System and certification of plants as per international standard ISO 50001	■ ISO 50001 certification achieved by 55 plants (accounting for approx. 99.6% of total energy consumption) 181	▸ 2020: extension of ISO 50001 certification to all CNH Industrial plants worldwide
	■ Energy Management System adopted at all plants worldwide (accounting for 100% of total energy consumption) ■ Secondary energy vectors monitored, accounting for 88.4% of CNH Industrial's total energy consumption worldwide 182	▸ 2020: implementation of the Energy Management System at Company plants worldwide, monitoring secondary energy vectors (accounting for 100% of total energy consumption)
	■ GHG emissions associated with over 20% of total energy consumption verified as per GHG Protocol requirements and according to ISO 14064-3 standard 181	▸ 2020: verification (according to ISO 14064-3 standard) of GHG emissions associated with over 20% of total energy consumption, with reference to GHG Protocol requirements

LOGISTICS PROCESSES

MINIMIZING ENVIRONMENTAL IMPACT

Commitment: Reduce the environmental impact of logistics

ACTIONS	2019 RESULTS	TARGETS
▸ Implementation of initiatives to reduce CO_2 emissions and minimize the overall impact of logistics	■ -18.6% vs. 2014 achieved in kg of CO_2 emissions per ton of goods transported (including spare parts) 191	▸ 2024: -20% vs. 2014 in kg of CO_2 emissions per ton of goods transported (including spare parts)

END-OF-LIFE

PROMOTING REMANUFACTURING AND RECYCLING

Commitment: Increase the production of remanufactured components

ACTIONS	2019 RESULTS	TARGETS
▸ Increase in number and distribution of remanufactured components	■ Aftermarket Solutions ▸ 8.3% of Aftermarket Solutions' net sales generated by remanufactured components 221	Aftermarket Solutions ▸ 2022: 10% of Aftermarket Solutions' net sales from remanufactured components

[d] *The production unit corresponds to the hour of production. Total manufacturing hours are used to calculate the normalized production unit indicator. For the definition of total manufacturing hours, see page 233.*

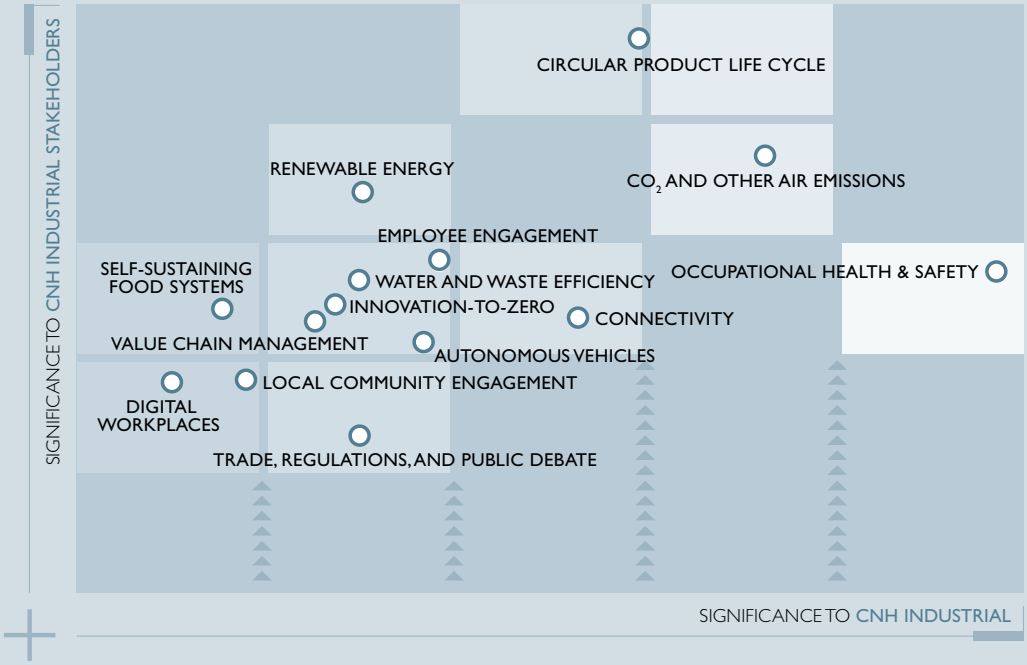
HOW WE GET THINGS DONE

03

PAGES 37-129

- 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 235).

MANAGEMENT FRAMEWORK

CNH Industrial's Governance model is built on a structure and a set of rules that the Company has adopted to manage its operations in an ethical and transparent way. CNH Industrial believes that a robust Governance model is essential to effectively manage its businesses for the long-term interests of all its stakeholders. For investors and analysts, a governance model that gives due weight to sustainability issues fosters a long-term corporate outlook and contributes to risk-adjusted returns. A robust governance model ensures that the Company's performance is not due to chance or random behavior and that continuous improvement is possible, based on analysis and results achieved each year. In addition, it ensures that risk management controls are in place to safeguard the value of investments. Since CNH Industrial considers a robust system of governance essential for its activities, it is a prerequisite for the materiality analysis (see page 18).

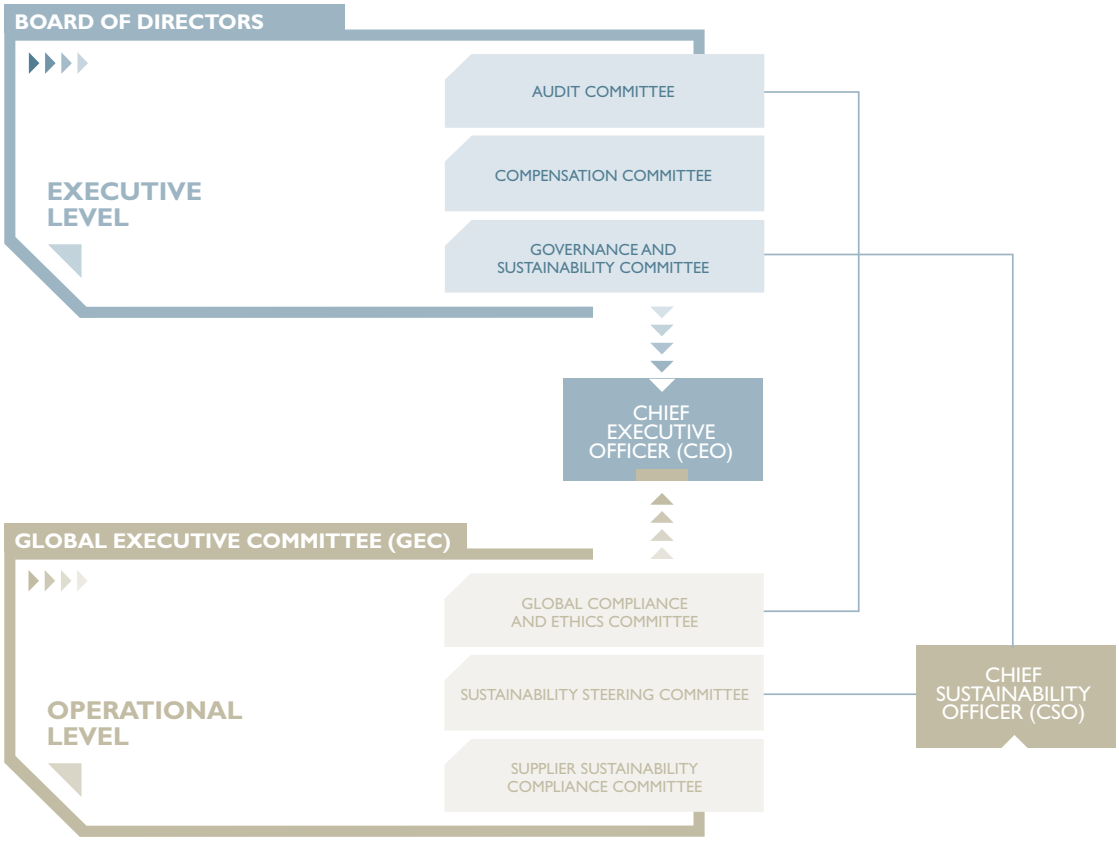
The central pillars of CNH Industrial's Governance model include:

- ongoing alignment with international principles and best practice provisions
- a clear and comprehensive Code of Conduct, with policies for implementing the principles contained in the Code of Conduct itself (see page 47)
- an effective enterprise risk management system (see page 62).

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

GOVERNANCE STRUCTURE

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



(1) *Except as discussed in the section Compliance with Dutch Corporate Governance Code in the 2019 EU Annual Report, page 99.*

BOARD OF DIRECTORS

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

The Board, as at December 31, 2019, was **composed** of two (22%) Executive Directors (i.e., who have been granted the titles 'Chair' and 'Chief Executive Officer'), having responsibility for the day-to-day management of the Company, and seven (78%) Non-Executive Directors, who have responsibility with respect to the Board's oversight function.
At December 31, 2019, five members of the Board were in the 30-50 age group (56%), four members were in the over-50 age group (44%), and no member was under 30 years of age.

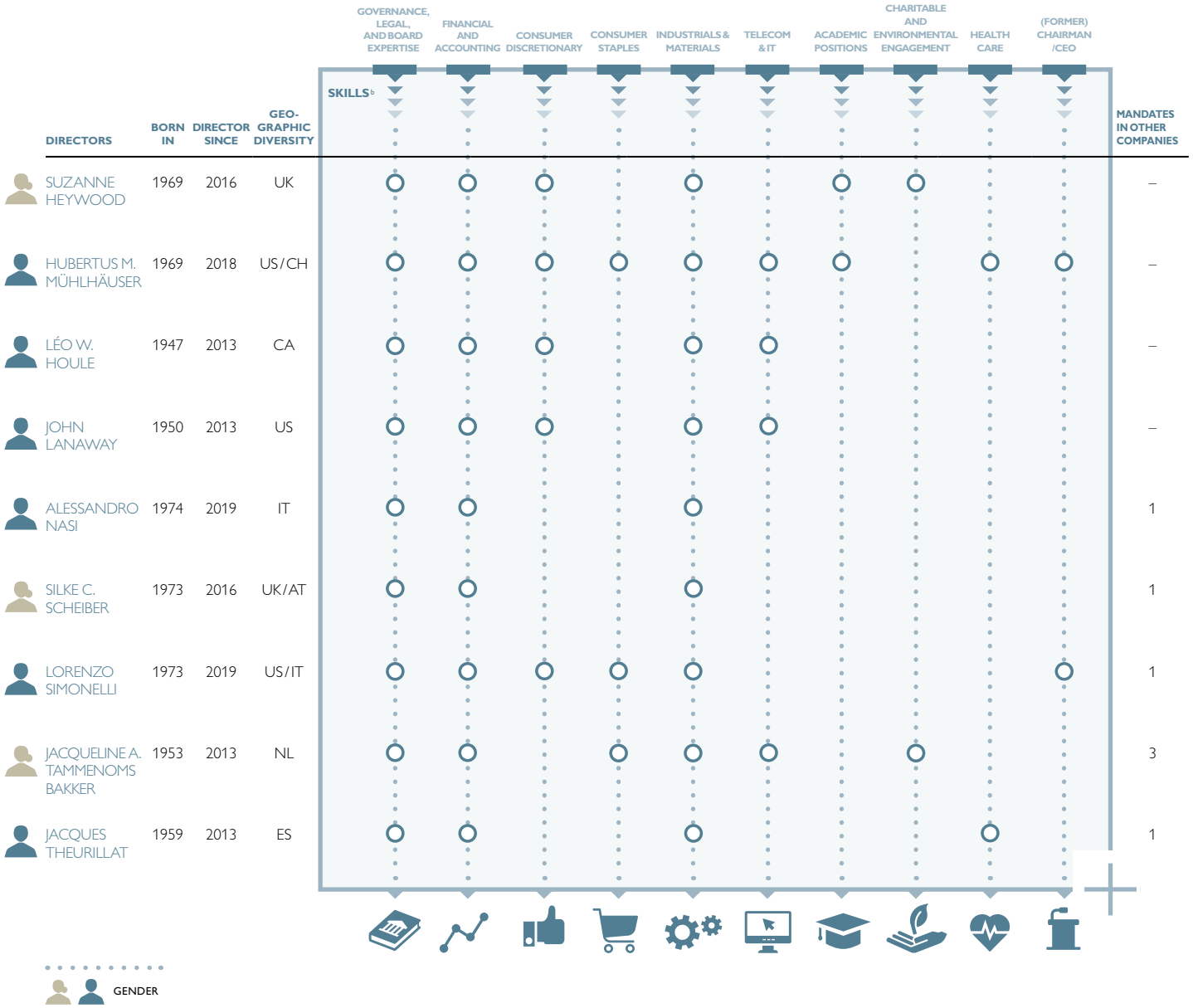
The **criteria** used to select and appoint members of the Board, and consequently its committees, are contained in the relevant Guidelines[2]. The Non-Executive Directors believe that, in consideration of the size of the Company, the complexity and specific characteristics of the segments in which it operates, and the geographic distribution of its businesses, the Board should be composed of individuals with skills, experience, and cultural background, both general and specific, acquired in an international environment and relevant to an understanding of the macro-economy and global markets, more generally, as well as the industrial and financial sectors, more specifically.

The **independence** requirements for members of the Board were established with reference to the Dutch Corporate Governance Code (DCGC), the NYSE Rules, and Rule 10A-3 of the U.S. Securities Exchange Act. As at December 31, 2019, six directors (67%) qualified as independent under the NYSE Listing Standards and best practice provision 2.1.8 of the DCGC. The composition of the Non-Executive Directors is such that they are able to operate independently and critically with respect to one another, the Executive Directors, and any other particular interest involved, and in accordance with best practice provision 2.1.7 of the DCGC. On April 12, 2019, the Board appointed Mr. Léo W. Houle, an independent Director, as Senior Non-Executive Director for purposes of best practice provision 5.1.3, and in compliance with best practice provision 2.1.9, of the DCGC. The Senior Non-Executive Director is responsible for the proper functioning of the Board and its Committees. Independent directors have an essential role in protecting the interests of all stakeholders. Their contribution is also necessary for the proper composition and functioning of the Committees, whose advisory functions include preliminary examination and formulation of proposals relating to areas of potential risk, such as prevention of potential conflicts of interest. Non-Executive Directors are limited to being on no more than four (4) boards of other public companies.

An appropriate and diversified mix of skills, professional backgrounds, and **diversity** factors (such as gender, race, ethnicity, and country of origin or nationality) are fundamental to the proper functioning of the Board as a collegial body. As at December 31, 2019, 33.3% of the Company's directors were female and the Board included representatives of different nationalities. Furthermore, it is generally recognized that boards with adequate diversity are more effective in performing their monitoring and advisory activities, due to the variety of professional experience, perspectives, insights, skills, and connections to the outside world that diversity can add. Considering the foregoing factors and the attributes of the individual directors, the Board considers itself a diverse body, well-suited to fulfilling its duties. The Governance and Sustainability Committee (see page 43) periodically assesses the skills, experience, and other attributes of the individual directors, with a view toward ensuring an appropriate level of diversity and ensuring the directors have the necessary expertise to fulfill their respective duties.

(1) References to the Board of Directors are as at December 31, 2019.
(2) Guidelines on the composition of the Board of Directors are available on the Company's website.

CNH INDUSTRIAL BOARD OF DIRECTORS SKILLS MATRIX[a]



[a] *As at December 31, 2019.*
[b] *Industry sector classifications used for compiling the skills matrix are based on MSCI and Standard & Poor's Global Industry Classification Standard (GICS). See definition on page 236.*

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

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

The Board considers the **evaluation** of its performance and the performance of its Committees and individual directors to be an important aspect of corporate governance. Each year, under the oversight of the Governance and Sustainability Committee (see page 43) and with the assistance of the Corporate Secretary, the Board undertakes an annual evaluation of its own effectiveness and performance, and that of the Committees and individual directors. In 2019, the evaluation of the Board and its Committees consisted of a self-assessment by each of the bodies facilitated by a written questionnaire. The questionnaire covers key aspects and functions, such as composition of the Board, collegiality, information, oversight and involvement, and the Committees, and is designed to promote a robust and comprehensive performance assessment discussion. The Chair met with each of the Directors to discuss the performance of the Board, the Committees, and individual directors. The Board of Directors discusses the results of such performance assessment, in executive session, and agrees upon actions to take advantage of identified opportunities for improvement. On the recommendation of the Governance and Sustainability Committee, the Board intends to periodically engage a third party to facilitate the annual performance assessment.

In 2019, there were 10 Board meetings. All Board members are expected to attend no less than 75% of all Board and Committee meetings. The Board members and their attendance at Board meetings in 2019 are indicated below.

2019 BOARD MEETING ATTENDANCE (%)

Board Member	Heywood	Houle	Lanaway	Mühlhäuser	Nasi	Scheiber	Simonelli	Tammenoms Bakker	Theurillat
Attendance	100	100	100	100	100	80	75	90	80

In 2019, the onboarding of two new executive directors and two non-executive directors was completed. In addition, the Board reviewed and discussed with management, among other things, the Company's Strategic Business Plan and the long-term value creation strategies of all of the Company's individual business segments and regions.

As provided for by the Company's Articles of Association and in alignment with the DCGC: "the Company shall have a policy in respect of the remuneration of the members of the Board of Directors. Such remuneration policy shall be adopted by the General Meeting of Shareholders[4]." The **remuneration**[5] of the directors (executive and non-executive) must, therefore, be aligned with the provisions of the Company's Remuneration Policy. The shareholders of CNH Industrial discussed and approved the Company's Remuneration Policy during the first Annual General Meeting (AGM) held by the Company on April 16, 2014 after the completion of the merger by incorporation of Fiat Industrial S.p.A. and of CNH Global N.V. with and into CNH Industrial N.V. The Remuneration Policy was subsequently amended and approved by shareholders on April 14, 2017. In the absence of specific recommendations or proposals for amendments by the Board, the Remuneration Policy is annually submitted to the shareholders (in the agenda of each AGM) as a discussion-only item, and must be approved by shareholders at least every four years. Pursuant to the amendment to the Remuneration Policy approved on April 14, 2017, Non-Executive Directors are not awarded compensation in the form of shares and/or rights to shares (they are paid only in cash) and their compensation is not affected by Company results.

THE BOARD'S COMMITTEES

The Company's Articles of Association require the Board to appoint three different committees and to determine their duties and powers, which will then constitute their respective charters. These committees serve in an advisory role to the Board on aspects set out in their charters, and the Board may also delegate powers to them on certain matters. In 2013, the Board appointed the following committees: the Audit Committee, the Governance and Sustainability Committee, and the Compensation Committee.

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

(4) *Excerpt of art. 13.4 of the Company Articles of Association, publicly available on the Company's website.*
(5) *Details of the remuneration of the Board of Directors and its Committees are set forth in the 2019 EU Annual Report under the section Remuneration Report, page 105.*

The **Audit Committee** is responsible for, among other things, assisting the Board in overseeing certain specific issues and for approving the annual audit plan put forward by the Internal Audit function. The annual audit plan is prepared with the help of a Risk Assessment tool and is divided into four sections: operational, information technology, dealers, and compliance and special projects. As regards the latter section, audits are planned consistently at regional level, and cover areas of risk identified within the Risk Assessment tool (e.g., occupational health and safety, bribery and corruption, money laundering, conflicts of interest, expense reporting). The Company has established a separate department for the Internal Audit function, and the head of the Internal Audit function reports to the Audit Committee, which reviews and approves the annual internal audit plan. In 2019, the Audit Committee met 10 times[6]. As at December 31, 2019, each member of the Audit Committee was independent (see the 2019 EU Annual Report, page 87).

The **Compensation Committee** is responsible for, among other things, assisting the Board in: determining executive compensation consistent with the Company's Remuneration Policy; reviewing the compensation of executive directors; administering equity incentive plans and deferred compensation benefit plans; and discussing with management the Company's policies and practices regarding compensation. In 2019, the Compensation Committee met five times[6]. As at December 31, 2019, two of the three members of the Compensation Committee were independent (see the 2019 EU Annual Report, page 88).

The **Governance and Sustainability Committee** is responsible for, among other things, assisting the Board in: monitoring and evaluating reports on CNH Industrial's sustainable development policies and practices, management standards, strategy, global performance, and governance; reviewing, assessing, and making recommendations on strategic guidelines for sustainability including occupational health and safety and climate-related issues; and reviewing the Company's annual Sustainability Report. The Governance and Sustainability Committee helps to develop the Board's collective knowledge on sustainability. In 2019, the Governance and Sustainability Committee met seven times[6]. As at December 31, 2019, two of the three members of the Governance and Sustainability Committee were independent (see the 2019 EU Annual Report, page 88).

GLOBAL EXECUTIVE COMMITTEE

CNH Industrial has established the Global Executive Committee (GEC) to strengthen the quality of the Company's decision-making and the implementation of its strategy. The GEC is an operational decision-making body of CNH Industrial, and is responsible for reviewing the operating performance of the segments and making decisions on certain operational matters. On certain key industrial matters, the Board is advised by the GEC. The Board remains accountable for the decisions of the GEC and has ultimate responsibility for the Company's management and external reporting. The GEC is comprised of CNH Industrial's Chief Executive Officer and key senior managers. The GEC is effectively supervised by the Non-Executive Directors of the Board. For this purpose, the GEC, either directly or through the Executive Directors, provides the Non-Executive Directors with all information they require to fulfill their responsibilities. As at December 31, 2019, the GEC had 12 members and its composition was as follows:

- gender: two members were women (representing 17% of the total)
- age groups: seven members were in the 30-50 age group (58%), five members were in the over-50 age group (42%), and no member was under 30 years of age.

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

GEC COMMITTEES

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

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

The GC&EC:

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

[6] *For committee meeting attendance by committee members, see the 2019 EU Annual Report, page 87-88.*

The GC&EC, through the Company's Chief Compliance Officer, reports (at least quarterly) to the Audit Committee of the Board on the operations, contents, and effectiveness of the Company's compliance program, on any alleged material compliance and ethics violations, and on the disposition (or proposed disposition) of material compliance and ethics violations.
As at December 31, 2019, the GC&EC was composed of the following members: the Chief Executive Officer, Chief Financial Officer, Chief Strategy, Talent, ICT and Digital 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 the Chief Information Officer. The GC&EC meets at least quarterly, or more frequently as deemed necessary or appropriate by its members.

The **Sustainability Steering Committee** (SSC) is responsible for:
- identifying sustainability strategies
- integrating the identified sustainability strategies with business needs, adopting a medium-to-long term vision
- providing a forum for communication and benchmarking among geographic areas.

The SSC is chaired by the Chief Sustainability Officer, who is also the Chief Financial Officer, and is coordinated by the Sustainability Unit. As at December 31, 2019, the permanent members of the committee were: the Leaders of the Operating Segments together with the Chief Strategy, Talent, ICT and Digital Officer, Chief Technology Officer, Chief Supply Chain Officer, General Manager Aftermarket Solutions, General Managers High Growth Markets, and the heads of Corporate Communications, Legal, Compliance, Internal Audit, and Corporate Control & Accounting and Sustainability. Proposals made by the SSC are shared with the GEC and submitted to the Chief Executive Officer for consideration and approval. The SSC meets at least twice a year.

CNH Industrial's **Suppliers Sustainability Compliance Committee** 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 supplier self-assessments and audits
- evaluating material matters 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 material matters 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 and representatives from each of the following functions: the Purchasing Commodities unit, the Purchasing Legal Department, and the Sustainability Unit. The Committee may request the assistance of managers or other personnel that usually interface with the supplier in question. The Suppliers Sustainability Compliance Committee meets at least twice a year.

SUSTAINABILITY ORGANIZATION

As a leader in sustainability, CNH Industrial has established a sound organizational structure to optimize the management of sustainability aspects within the Company. The Sustainability Team is a network of experts responsible for incorporating sustainability criteria more effectively into Company strategy and for ensuring the necessary support for sustainability planning and reporting.
The Team comprises the following:
- Chief Sustainability Officer
- Sustainability Unit
- Sustainability Points of Reference
- Global Social Initiatives team.

The **Chief Sustainability Officer** (CSO), who oversees the Sustainability Team, was appointed in 2016 following a significant development in CNH Industrial's approach to sustainability. The CSO supervises the Company's sustainability activities, provides visionary leadership, and coordinates with management, shareholders, and employees to promote the continuous improvement of an effective corporate sustainability approach. The CSO is a member of the Global Executive Committee (GEC), chairs the Sustainability Steering Committee, and is also the Chief Financial Officer. The CSO oversees the Corporate Control & Accounting and Sustainability function, which in turn supervises the Sustainability Unit.

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

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

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

The 25 **Sustainability Points of Reference** are representatives from within the various operating areas, and are appointed to:

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

They provide a direct link between the SU and the various operating areas, providing both technical and organizational support. Moreover, the Sustainability Coordinators for South America and the Rest of the World ensure the integration of sustainability aspects into regional operating processes, continually liaising with the SU.

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

SUSTAINABILITY MANAGEMENT SYSTEM

Consistent with the CNH Industrial Sustainability Model (see page 16), the sustainability management system consists of the following tools:

- the **Code of Conduct**, approved by the Board of Directors, and related policies that set out the Company's approach to key issues (see page 47)
- a set of **policies** to manage specific issues, as well as the Human Capital Management Guidelines, Green Logistics Principles, and the Supplier Code of Conduct (see page 47)
- the **materiality analysis**, which defines social and environmental priorities (see page 16)
- **stakeholder engagement** on material topics
- a set of approximately 200 sustainability-related **key performance indicators**, designed to provide maximum coverage of all the key environmental, social, and governance aspects, in line with the GRI Sustainability Reporting Standards (GRI Standards) and those of the major sustainability rating agencies
- the **Sustainability Plan**, also including the strategic sustainability targets, which identifies action priorities and tracks commitments undertaken (see pages 25-35)
- the annual **Sustainability Report**, which discloses the Company's sustainability performance
- a summary included in the **EU Annual Report** relating to sustainability, supplementing the financial data as per the requirement of the Dutch Decree on Non-Financial Information, which incorporated Directive 2014/95/EU into Dutch law.

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 GRI Sustainability Reporting Standards (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 and set by the corporate functions with the assistance of the Sustainability Unit (SU), which also ensures the incorporation of the stakeholders' expectations evidenced by the materiality analysis. Indeed, the SU is responsible for ensuring medium-to-long-term targets are in line with both stakeholders' expectations and Company strategies. The Plan is updated annually and reviewed mid-year.

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

- submitted to SGS Nederland B.V., an independent certification body, for auditing as per Sustainability Reporting Assurance (SRA) procedures and in compliance with both the GRI Standards and the AA1000 Accountability Principles Standard (2018). SGS is officially authorized to provide assurance as per the AA1000 Assurance Standard (AA1000AS 2008 with 2018 Addendum). The alignment of CNH Industrial's sustainability management system with the ISO 26000:2010 guidelines on social responsibility is also audited[7]
- approved by the Sustainability Steering Committee (see page 44), with each chapter approved by the relevant members
- reviewed by the members of the Global Executive Committee
- approved by the Chief Executive Officer
- reviewed by the Board of Directors' Governance and Sustainability Committee (see page 43)
- presented along with the EU Annual Report at CNH Industrial's Annual General Meeting of Shareholders, to provide a complete and up-to-date overview of the sustainability strategy to shareholders and investors
- published and made publicly available in the sustainability section of the Company's website.

FOCUS ON

GLOBAL TAX STRATEGY

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

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

[7] The Statement of Assurance, describing the activities carried out and the opinions expressed, is available on pages 260-261.

GOVERNANCE SYSTEM

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

CODE OF CONDUCT AND POLICIES

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

The Code of Conduct, originally adopted by the Board in 2014, forms an integral part of the Company's internal control system. The Code of Conduct applies to all of CNH Industrial directors, officers, and employees, as well as to those acting for or on behalf of all CNH Industrial companies worldwide. In the fourth quarter of 2019, the Board approved a revised and updated version of the Code of Conduct, which will be rolled out in early 2020 in conjunction with an internal communication campaign. Among other things, the Code of Conduct addresses the ethical aspects of economic, social, and environmental issues. Explicit reference is made to the UN's Declaration on Human Rights, the relevant International Labour Organization (ILO) Conventions, and the OECD[1] Guidelines for Multinational Companies.

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

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

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

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

The Code of Conduct is available in 19 languages and can be found in the Governance section of the Company's website. Compliance policies are available in multiple languages and can be found in the Compliance and Ethics section of the Company's Intranet portal.

CNH Industrial adopted its **Supplier Code of Conduct** in 2015. It is available in 9 languages on both the Company's website (in the Suppliers' section) and Intranet. The Supplier Code of Conduct summarizes the Company's expectations of all its suppliers. Compliance with the Supplier Code of Conduct is a mandatory requirement for continuing business relations with the Company (see page 153).

APPLICATION AND DISSEMINATION

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

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

The principles and values of good corporate governance established in the Code of Conduct are conveyed, through periodic training and other communication channels, to all employees irrespective of their level or role.
In 2019, the Code of Conduct training course included 3 modules: Conflicts of Interest, Fair Competition (Antitrust), and Protecting Company Information on Social Media (see page 49). This training was delivered to all members of the CNH Industrial Board and Global Executive Committee (GEC), as well as to 24,176 employees, of whom 80% were professional and salaried employees and 20% managers, for a total of 10,923 hours (11,592 in 2018). During the year, CNH Industrial also provided on-site compliance training to 75% of its joint ventures in which the Company has a controlling interest, including in Spain, South Africa, and Uzbekistan.

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 2017 and 2019; the same percentages were achieved each year.

Every year, the corporate Compliance and Ethics function asks certain employees to formally acknowledge, in writing, that they have read both the CNH Industrial Code of Conduct and the Conflict of Interest Policy and understand their contents; and to confirm that they have no information or knowledge of any violation of the Code of Conduct or Conflict of Interest Policy that hasn't already been disclosed to the Company. The recipients in 2019 were:

- senior managers and above
- all purchasing employees
- country heads (regardless of grade)
- Financial Services
- Finance managers / senior professionals / any professionals or associates who manage people
- IT managers / senior professionals / any professionals or associates who manage people
- HR managers / senior professionals
- sales managers / senior professionals (brand / parts sales / special vehicles / commercial services / product support).

For information on the reach and written acknowledgment of the Code of Conduct among suppliers, please refer to the chapter on the Supplier Code of Conduct (see page 153). The Code of Conduct also applies to 100% of the subsidiaries in which CNH Industrial holds at least a 51% interest.

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

100%
OF EMPLOYEES[a] INVOLVED IN ONLINE TRAINING ON THE **CODE OF CONDUCT**

[a] Salaried employees and above.

COMPLIANCE RISK ASSESSMENT

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

The degree of risk impact refers to the estimated severity of a risk's effect on the organization, or the potential loss that may result if the risk event occurs. The risk likelihood refers to the probability that a given risk event will occur.
When evaluating the effectiveness of existing controls, respondents to the risk assessment survey are instructed to evaluate the legal and compliance policies and processes in place to prevent errors and promote ethical behavior, as well as the related communications and training provided by the Company.

In 2019, the corporate Compliance and Ethics function continued to implement and improve its compliance risk assessment, via a new Enterprise Risk Management tool that performs a risk survey by automatically calculating not only the inherent risks, but also the effectiveness of the control environment and the residual risk of various risk drivers. Survey recipients were selected based on their respective geographic location, business segment or function, roles and responsibilities, and the types of risks associated with such roles and responsibilities. The Company is currently developing action plans to further address the risks identified, with corrective actions to be implemented in 2020.

In 2019, CNH Industrial delivered targeted training (for a total of 35,230 hours) on the critical issues identified during the risk assessment performed during the previous year, with a focus on:

- anti-corruption and bribery
- careful communication (on social media)
- compliance culture (*Speak Up* culture)
- confidential information
- conflict of interest[2]
- data privacy
- fair competition (antitrust)[2]
- human rights (avoiding sexual harassment)
- human rights (promoting mutual respect)
- making business commitments
- protecting Company information on social media[2]
- retaliation.

[2] Included in the Code of Conduct training course.

MONITORING AND INVESTIGATIONS

The Company encourages its employees to actively engage in the detection and prevention of misconduct by reporting any activity that violates applicable laws, the Code of Conduct or Company policies. Reporting potential violations gives the Company the opportunity to investigate matters and take corrective action, reducing the risk or damage that could otherwise affect the employee in question, co-workers, the Company, or the communities in which it operates.
In January 2015, the Company launched its **Compliance Helpline**, a global reporting tool available in 14 languages, managed by an independent third party.
This communication channel provides CNH Industrial employees, customers, suppliers, and other third parties with a dedicated means to report potential violations of applicable laws, the Code of Conduct, the Supplier Code of Conduct, or Company policies. Reports can be submitted (a) in person to a manager or other Company representative, (b) through an Internet website, or (c) by telephone through dedicated phone lines (to a call center managed by a third party), as indicated in the Compliance Helpline Policy[3]. Where permitted by applicable laws, reports may be submitted on an anonymous basis.

In 2019, a communications campaign on the CNH Industrial Compliance smartphone app was completed in North America, leading to an increase in the number of respective users. The campaign's extension to other geographic areas was put on hold pending completion of the Company spin-off transaction.

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 corporate Compliance and Ethics function. Additionally, regional committees comprising representatives from Human Resources, Internal Audit, and Compliance or Legal are responsible for providing oversight of investigations within their respective geographic areas.

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

In 2019, 50 cases were classified as material at regional level and reported to the relevant RC&EC, with 1 of them further classified as material at global level. All 50 such matters were reported to the GC&EC and the Audit Committee.

Each quarter, the Chief Compliance Officer provides the Audit Committee with an update on the Company's compliance and ethics activities. Information regularly communicated to the Audit Committee includes: training activities, risk assessment results, emerging compliance risks, updates on material compliance and ethics projects, Compliance Helpline reports and related statistics, the status of closed and ongoing investigations, and a summary of material matters at both regional and global level.
If a reported matter is substantiated, the Company implements appropriate disciplinary action, up to and including termination of employment. The GC&EC has approved specific disciplinary guidelines and distributed them to the RC&ECs, so as to clearly communicate its expectations with respect to appropriate disciplinary actions and ensure a consistent disciplinary approach.

[3] *www.cnhindustrialcompliancehelpline.com.*

PERIODIC AUDITING

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

In 2019, the Company disclosed the results of 65 compliance-related internal audits conducted at its main operational sites: 6 regarding business ethics and 59 related to bribery, antitrust, and other regulatory requirements, which also covered investigations linked to matters reported through the Compliance Helpline. The audits revealed substantial compliance with the main standards. Any violations relating to aspects included in the Code of Conduct were managed either through appropriate disciplinary action or through action plans to improve internal control procedures.

AUDITS BY TYPE

CNH INDUSTRIAL WORLDWIDE (no.)

	2019
Business Ethics Compliance (BEC)	6
Whistleblowing (WB)	24
Other[a]	35
Total	**65**

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

VIOLATION REPORTING

In 2019, the Company responded to and/or investigated 548 matters submitted through the Compliance Helpline (40% of which were submitted anonymously) or through other available corporate communication channels.

COMPLIANCE HELPLINE REPORTED MATTERS

CNH INDUSTRIAL WORLDWIDE (no.)

Matters by category	2019
Questions related to specific business activities and/or Company policies	49
HR issues, including but not limited to general workplace conflicts, harassment, and discrimination[a]	325
Business conduct	137
Other	37
Total	**548**

[a] 290 of these issues were resolved in the reporting period, while 35 are still in process.

In 2019, 526 investigations were closed. 204 of the allegations investigated were substantiated as breaches of the Code of Conduct or of Company policies (a 39% substantiation rate).

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

CNH INDUSTRIAL WORLDWIDE (no.)

Matters by category	2019
Termination of employment	66
Disciplinary action	103
Coaching, remedial training or review of the relevant policy	32
No action required[a]	3
Total	**204**

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

Moreover, 13 allegations of some form of discrimination were reported through the Compliance Helpline: 12 of these were unsubstantiated, while 1 investigation was still in process as of the end of 2019.

ANTI-CORRUPTION AND BRIBERY

CNH Industrial's Anti-Corruption Policy establishes procedures designed to ensure full compliance with applicable anti-corruption legislation. Oversight of the Policy lies with the corporate Compliance and Ethics function. The Company's culture of integrity requires all employees to actively collaborate in monitoring the Policy's enforcement, and to set an example of ethical conduct by reporting any potential violations to their managers, Human Resources or Compliance representatives or using the Compliance Helpline.

CNH Industrial's Anti-Corruption Policy is supplemented by means of regional addendums that take into account the specific corruption risk factors of each geographic area. The Policy was disseminated to all Company employees and senior management worldwide and is available on the corporate Intranet in 16 languages.
As noted above, every year, the corporate Compliance and Ethics function asks certain employees to formally acknowledge, in writing, that they have read both the CNH Industrial Code of Conduct and the Conflict of Interest Policy and understand their contents; and to confirm that they have no information or knowledge of any violation of the Code of Conduct or Conflict of Interest Policy that hasn't already been disclosed to the Company.

As stated in its Anti-Corruption Policy, CNH Industrial does not tolerate any kind of bribery (the paying or offering of anything of value in order to obtain an improper business advantage) concerning public officials or representatives of international organizations, or any other party connected with a public official, or private entities/individuals or anyone otherwise prohibited by applicable laws.

The **Corruption Perception Index**, published by Transparency International, is generally used as a guide by the corporate Compliance and Ethics function and Regional Compliance & Ethics Committees (RC&ECs) in assessing and categorizing the specific risks and prevalence of corruption in each geographic area, and the type of controls needed. In addition, the Company periodically assesses factors such as the risks associated with its businesses, the likelihood of a violation, the potential consequences, and the effectiveness of applicable internal controls. The Company also provides corruption prevention training using both online and scenario-based classroom training.

In 2019, online anti-corruption training was provided to all members of the Global Executive Committee (GEC), as well as to 25,365 employees (of whom 80% were professional and salaried employees, and 20% managers), for a total of 5,744 training hours. These employees represented the entire workforce deemed to present a higher level of risk, given their roles and responsibilities, at the time the training initiative was launched.

2019 ANTI-CORRUPTION TRAINING BY GEOGRAPHIC AREA

CNH INDUSTRIAL WORLDWIDE (no.)

	Employees involved	Training hours
North America	4,234	1,017
Europe	15,147	3,361
South America	2,732	676
Rest of World	3,252	690
Total	**25,365**	**5,744**

Additionally, during the fourth quarter of the year, specific anti-corruption training was also delivered online in South America to 2,621 employees (for a total of 1,262 training hours), and in-person in South Africa to 55 employees (for a total of 110 training hours).
Company employees are required to report compliance issues (including corruption) by any of multiple means (e.g., by reporting them to managers or through the Compliance Helpline).
No cases of bribery were reported to the Compliance Helpline in the 2016-2018 period; 2 cases were reported in 2019, of which 1 was investigated and found to be unsubstantiated, while the other is still under investigation.

CNH Industrial engages in benchmarking with peer companies to assess its approach and verify the continued adoption of best practices in preventing and detecting corruption. Corruption prevention processes and controls are verified through the Company's internal audit program. The results are submitted to both senior management and the Audit Committee, so as to take action when an opportunity to improve internal controls is identified.

The Company also investigates and tracks all corruption allegations to evaluate the need for additional controls and training, and surveys all employees annually, reminding them of their obligation to report compliance issues. Senior employees, as well as those in higher risk functions, are required on an annual basis to formally disclose any potential Code of Conduct or conflict of interest violation of which they are aware.
The Company's Legal and Compliance departments established a **Global Anti-Corruption Practice Team** of internal legal advisors from each geographic area. This Practice Team meets regularly to provide updates on new developments in corruption prevention, regulations, and enforcement, and to share best practices across the Company. Additionally, it designs training materials, provides classroom training, and develops and distributes legal notices and other information to all applicable Company employees. The Practice Team assesses various aspects of the Company's anti-corruption compliance and ethics program, identifying opportunities for, and assisting in, program development and improvement. Company contracts include specific clauses relating to the acknowledgment of, and adherence to, the fundamental principles of the Code of Conduct, Supplier Code of Conduct, and related policies, as well as compliance with applicable laws, particularly those related to bribery and corruption.

THIRD-PARTY DUE DILIGENCE PROCESS

In 2016, the corporate Compliance and Ethics function developed and launched a Third-Party Due Diligence process, using a web-based third-party risk assessment and due diligence workflow tool. This process gives the Company more insight into the specific risks posed by different third-parties with whom it does business, based on attributes such as: location, type of interaction between the third party and the Company, and possible interaction between the third party and government officials in connection with its work for the Company. The process provides a ranking of high-risk third parties representing the Company in the marketplace (including dealers and distributors). Third parties identified as posing a high risk are subject to variable levels of additional due diligence based on their specific risk profile. Additional controls (such as particular contract provisions and certifications) may be implemented with higher-risk third parties. The due diligence process ranges from the basic screening of relevant watch lists to obtaining in-depth corporate intelligence reports from external diligence sources. Within the scope of the process, the individual Regional Compliance & Ethics Committees (RC&ECs) and, if necessary, the Global Compliance & Ethics Committee (GC&EC) have oversight of high-risk third-party relationships.

In 2019, a new Governance, Risk, and Compliance (GRC) tool was integrated into the Third-Party Due Diligence process, replacing the previous software. The new system's roll-out to various Company sites was duly planned and started during the year; however, further deployment was postponed until completion of the Company spin-off transaction.

TRADE COMPLIANCE

CNH Industrial is a material participant in international trade, an area of increasing focus where laws are complex and dynamic. The Company addresses these challenges by implementing an International Trade Compliance Policy, whose subject matter is also an important part of the Supplier Code of Conduct (see page 153), and through a dedicated Global Trade Compliance function. In 2019, the Global Trade Compliance function expanded its resources, particularly in Europe, AMEA[4], and South America, deployed new processes to address new regulations and a dynamic trade environment, and developed new compliance tools.

ANTITRUST AND COMPETITION

As stated in CNH Industrial's Code of Conduct, the Company recognizes the critical importance of an open and competitive market, and is committed to complying with all applicable competition and antitrust legislation and to not engaging in business practices that may violate applicable antitrust or competition laws (such as the establishment of cartels, price fixing, market divisions, limitations with respect to production or sales, tying arrangements, the exchange of commercial information or business views, etc.). Every year, the Compliance and Ethics function collects a statement from a number of employees declaring they understand and adhere to the Code of Conduct (including the antitrust aspects) and that they have no knowledge of any violation of the Code of Conduct nor of any conflicts of interest that have not already been disclosed to the Company.

(4) *Asia, Middle East, and Africa.*

CNH Industrial has a program in place to promote compliance with competition and antitrust laws and to identify and minimize the risk of any violations. This compliance program includes a dedicated Competition Policy, available on the Company's website and overseen by the Legal Department. The Competition Policy applies to CNH Industrial and to all of its directors, officers, and employees, as well as to those acting for or on behalf of all CNH Industrial companies worldwide. It sets detailed and stringent rules to be observed when dealing with competitors, trade associations, suppliers, and customers, as well as rules to be observed in response to Competition Authority investigations, emphasizing full cooperation in the event of antitrust/competition investigations or any requests for information regarding alleged anti-competitive conduct. The Competition Policy also emphasizes the importance of promptly reporting any actual or suspected Policy violations, either to a member of the Legal and Compliance departments or anonymously using the Company's Compliance Helpline (see page 50).

In 2019, the online training on the Code of Conduct included a module on fair competition and antitrust. This training was delivered to all members of CNH Industrial's Board of Directors and Global Executive Committee (GEC), as well as to 24,176 employees, of whom 80% were professional and salaried employees and 20% managers, for a total of 10,923 hours.

CNH Industrial's internal audit program verifies, among other things, the competition and antitrust processes and controls (see page 51) in place. In relation to the acquisition of new businesses, an antitrust audit is conducted in connection with other due diligence activities and with the support of specialized external law firms.

With reference to safeguarding confidential information, the CNH Industrial Code of Conduct expressly indicates that the know-how, trade secrets, intellectual property, and other proprietary information developed by the Company is a fundamental and critically valuable resource that every employee is required to protect. The Company and its subsidiaries are required to protect the confidentiality of information they may receive from third parties.

INFORMATION SECURITY AND DATA PRIVACY

The rapid development of information technology is having a significant impact globally. Virtual points of exposure to potential cyberattacks are increasing exponentially, creating new challenges for governments and businesses. CNH Industrial believes that information security and the correct processing of personal data in its possession is fundamental; it has therefore implemented dedicated controls and protection measures that are constantly monitored. Moreover, in line with SOX compliance requirements, the security controls related to CNH Industrial's IT infrastructure and information security management system are also audited and certified annually by an external auditor.

Information security refers to all the practices and processes in place to ensure data is not accessed, used, modified or deleted by unauthorized individuals or parties. It covers more than just personal data: it means protecting all information and data assets managed by or for the Company. Information security is regulated by the Company's Information Security Policies, which detail the operational procedures implemented by CNH Industrial at global level. Information security is monitored and managed by a dedicated team within the ICT Department. The head of ICT is a member of the Global Compliance & Ethics Committee (see page 43), which is responsible for approving Information Security Policies concerning both individual employees and ICT personnel.

Online training on information security is delivered regularly to all information system users: new hires receive it as part of the onboarding process, while all employees receive it at least once every 3 years. In 2019, such training was delivered to more than 2,300 employees worldwide, for a total of 800 hours. Training is supplemented by ad hoc awareness initiatives on specific topics.

CNH Industrial periodically undertakes an information security risk assessment, conducted by ICT Security and based on the NIST[5] Cybersecurity Framework, to identify ICT risks and assess their probability and impact. This is followed up by continuous risk management and improvement measures. In 2019, 26 high-level risks were downgraded due to the implementation of mitigation measures.
CNH Industrial protects confidential information against unauthorized access (both physical and logical), setting and limiting the number of accounts that have privileged access to such data.

[5] *National Institute of Standards and Technology.*

To prevent information security breaches, data is protected when at rest, in transit or in use, via a complex set of complementary measures involving software, networks, servers, and devices assigned to users (such as laptops and smartphones). CNH Industrial adopts data loss prevention measures including, but not limited to: data loss prevention software, encryption, advanced anti-malware software, and secure data disposal.

Vulnerability analysis and management are crucial in ensuring the confidentiality, integrity, and availability of CNH Industrial's sensitive information, and in maintaining business continuity, protecting Company reputation, and preventing financial losses. Every effort is made to properly identify, report, prioritize, and remediate vulnerabilities that pose a significant risk to the Company.
The IT asset management process includes a data erasure procedure to remove all confidential data from any asset before disposal. IT assets are data sanitized by the partner in charge of fleet management, and the activity is tracked via the asset management tool.
A dedicated Computer Security Incident Response Team (CSIRT) operating 24/7/365 is responsible for coordinating and providing support in the event of a computer security breach or incident.

INFORMATION/CYBERSECURITY INCIDENTS & BREACHES[a]

CNH INDUSTRIAL WORLDWIDE (no.)

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

[a] Structured data collection system available as of 2018.
[b] Incidents are prioritized based on a combination of assigned impact and urgency levels. Priorities rank from high (P0) to low (P3).
Each year, all incidents have been solved with no impact on business activities.

CNH Industrial defined a Security Incident Response Plan providing a framework of procedures, roles, responsibilities, and accountability for incident handling, and enabling breach detection, analysis, containment, eradication, recovery, and follow-up in response to incidents.

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

Data Privacy establishes the rules that govern personal data collection and handling. The latter includes processing, use, transfer, sharing, possession, and disposal. As stated in the Company's Code of Conduct, CNH Industrial is committed to collecting, storing, and processing personal data in compliance with all applicable laws. To this end, the Company has built and is continually expanding its own Privacy Management framework: a set of policies, guidelines, tools, skills, and resources aimed at ensuring compliance with multiple data privacy regulations around the world.

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

Compliance with data privacy regulations is monitored by a dedicated body within the Compliance and Ethics function and is subject to audits by the Internal Audit function. Similarly as for information security, new hires receive data privacy online training as part of the onboarding process, while all employees receive it at least once every 3 years.
In 2019, 3,184 employees worldwide received training on the appropriate handling of personal information, for a total of 1,266 hours.
During the year, CNH Industrial received no substantiated complaints concerning breaches of privacy.

HUMAN AND LABOR RIGHTS MANAGEMENT

CNH Industrial is committed to the creation of long-term sustainable value for all its stakeholders and is firmly convinced that respect for fundamental human rights is a prerequisite to achieve this objective.
The Company supports the protection of fundamental human rights in all its operations and seeks to promote respect for these principles by others where it has an influence, particularly contractors, suppliers, and all other entities and individuals with whom it has a business relationship. The Company will not establish or continue a relationship with any entity or individual that refuses to respect the principles of its Code of Conduct.
The Company's commitment is summarized in its Code of Conduct, in the Human Rights Policy that supplements it, and in the Supplier Code of Conduct. These documents are available on the Company's website and are overseen by the Global Executive Committee (GEC).

In 2019, online training on human rights and other Code of Conduct aspects was delivered to all of CNH Industrial's Board of Directors and GEC members, as well as to approximately 24,180 employees, of whom 80% were professional and salaried employees and 20% managers, for a total of 10,923 hours (11,592 in 2018). Moreover, a specific human rights course focusing on promoting mutual respect was delivered to approximately 25,120 employees worldwide, for a total of 11,347 hours, while a specific course on avoiding sexual harassment was delivered to employees in South Korea.

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 Code of Conduct and policies apply to all of the Company's directors, officers, and employees, as well as to those acting for or on behalf of all CNH Industrial companies worldwide. Moreover, in selecting suppliers, the Company is committed to considering their social and environmental performance and the values outlined in the Code of Conduct (see page 157). To monitor respect for human rights, CNH Industrial has implemented the Compliance Helpline (see page 50), a means for CNH Industrial employees, customers, suppliers, and other third parties to report potential violations of applicable laws, Company policies or the Code of Conduct.
Risks linked to the violation of human rights are included in the Enterprise Risk Management (ERM) system. CNH Industrial's ERM methodology defines risk as any event that could affect the Company's ability to meet its objectives.
The methodology enables the timely identification of risks and the evaluation of their significance, and allows action to be taken to mitigate and, where possible, eliminate them.

NON-DISCRIMINATION

As stated in its Code of Conduct, CNH Industrial rejects all forms of discrimination against employees, specifically based on: race, gender, sexual orientation, social or personal status, health, physical condition, disability, age, nationality, religious or personal beliefs, political opinion or against any other protected group. The Company recruits employees on the basis of their knowledge, experience, and skills, and is committed to providing equal opportunities to all employees, both on the job and in their career advancement. The Human Resources (HR) head of each segment/function, in collaboration with Business Management, is responsible for ensuring that, in every aspect of the employment relationship – be it recruitment, training, compensation, promotion, relocation, or termination of employment – employees are treated on the basis of their ability to meet job requirements, and that all decisions are free from any form of discrimination.
The Supplier Code of Conduct states that all suppliers must treat their workers in a fair and non-discriminatory manner, guaranteeing equal opportunities and the absence of any policy aimed at, or indirectly resulting in, discrimination toward them on any basis whatsoever, including but not limited to: race, gender, sexual orientation, social 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 74.
For information on how this aspect is approached in the management of the supply chain, see page 153.

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 153.

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 third party with whom it has a business relationship. The Supplier Code of Conduct states that no supplier may employ forced labor or engage in any form of human trafficking, whether by force, fraud or coercion. All forms of involuntary servitude, slavery, forced labor, sex trafficking, and commercial sex acts are strictly prohibited. For information on how this aspect is approached in the management of the supply chain, see page 153.
See also CNH Industrial's Slavery and Human Trafficking statement, available on the corporate website.

HARASSMENT

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

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

As stated in the Code of Conduct, CNH Industrial recognizes and respects the right of its employees to be represented by trade unions or other representatives established in accordance with applicable local legislation. When engaging in negotiations with such representatives, CNH Industrial seeks a constructive approach and relationship.
Moreover, all suppliers shall allow workers to freely join associations and bargain collectively, in accordance with local law, without interference, discrimination, retaliation, or harassment (see the Supplier Code of Conduct).
For further information on freedom of association and collective bargaining, see page 99.
For information on how this aspect is approached in the management of the supply chain, see page 153.

OCCUPATIONAL HEALTH AND SAFETY

CNH Industrial recognizes health and safety in the workplace as a fundamental right of employees and a key element of the Company's sustainability efforts. All Company choices must respect the health and safety of employees in the workplace. CNH Industrial has adopted and continues to develop an effective approach to occupational health and safety, which includes preventive measures at both individual and collective levels, to minimize the potential for injury in the workplace.
CNH Industrial also seeks to ensure industry-leading working conditions, in accordance with principles of hygiene, industrial ergonomics, and individual organizational and operational processes. CNH Industrial believes in and actively promotes a culture of accident prevention and risk awareness among workers, in particular through the provision of training and information. All employees are required to be personally responsible and to take all preventive measures for the protection of health and safety, as established by the Company and communicated through specific directives, instructions, information, and training (see the Health and Safety Policy).
As stated in the Supplier Code of Conduct, all suppliers must provide and maintain a safe work environment in compliance with all applicable laws.
For further information on occupational health and safety, see page 77.
For information on how this aspect is approached in the management of the supply chain, see page 153.

HUMAN RIGHTS ASSESSMENT

CNH Industrial monitors respect for human rights within the Company's operations and across its supply chain and customer base.

As regards its **internal operations**[6], CNH Industrial's Internal Audit function has, since 2013, sent an impact assessment survey to the Human Resources functions of the geographic area selected each year[7], to monitor the following human rights aspects:

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

INTERNAL HUMAN RIGHTS ASSESSMENT

CNH INDUSTRIAL WORLDWIDE

YEAR	Countries involved	% of the global workforce[a] involved	Employees involved (no.)
2017	Italy, France, Germany, Spain, Belgium, Czech Republic, Poland, UK, South Africa, Ethiopia	62	39,160
2018	Australia, New Zealand, Turkey, Uzbekistan, Thailand	6	3,753
2019	USA, Canada, Mexico, Denmark, Finland, Norway, Sweden, Bulgaria, Lithuania, Romania, Slovakia, Ukraine, Portugal, UK, Ireland, Luxembourg, Netherlands, Austria, Switzerland	19	11,890

(a) Refers to the percentage of employees involved at the respective year-end.

In each of the past 3 years, across the geographic areas evaluated, the assessment confirmed the presence of policies and controls that ensure respect for human rights, in line with local legal requirements, 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[8] (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 2019, the Company surveyed 100% of its total workforce[9] 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[10].

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

(6) Joint ventures in which CNH Industrial holds at least a 51% interest are included in the perimeter.
(7) Geographic areas are surveyed in rotation on an annual basis.
(8) United Nations' Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework 2011.
(9) Study conducted on the total workforce as at October 31, 2019.
(10) 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).

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 157).

A specific operational procedure is in place to monitor supplier compliance. In 2019, 85 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. Issues were identified for 12 of the suppliers, who agreed to a total of 20 corrective action plans for areas in need of improvement in terms of human rights issues (see page 161).
These improvement areas concern the:

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

Action plans are monitored via follow-ups between the supplier identified and the Company auditor. Any non-compliance is brought to the attention of the Suppliers Sustainability Compliance Committee (see page 44), which determines the actions to be taken against the non-compliant supplier.

According to the assessment process, in 2019, no suppliers were considered at risk in terms of child labor, forced/compulsory labor, or violation of either freedom of association or collective bargaining.
To the Company's knowledge, there is no use of child or forced labor at the plants of its suppliers.

Before engaging in a commercial transaction with a **customer**, CNH Industrial conducts a due diligence screening and risk assessment. Company names, shareholders, and owners are screened against a number of lists – issued by the UN, EU, USA, and OSCE[11] – intended to counter, among other things, human rights violations. As an additional measure, when appropriate, the Company ensures that its sales agreements include specific end-user contract clauses, or end-user statements and/or undertakings, for certain transactions or locations identified as posing a high risk by the risk assessment. In AMEA[12], CNH Industrial introduced a more robust clause in its sales agreements that specifically refers to the obligation of all dealers and other third parties who distribute the Company's products to comply with various conditions when they resell CNH Industrial's products.

(11) Organization for Security and Co-operation in Europe.
(12) Asia, Middle East, and Africa.

CONFLICT MINERALS

Another demonstration of CNH Industrial's respect for human rights is its stand against the use of natural resources extracted in conflict zones. To this end, the Company implements a compliance program and a Conflict Minerals Policy intended to promote the responsible sourcing of tin, tantalum, tungsten, and gold (referred to as conflict minerals or 3TG) from the Democratic Republic of Congo (DRC) and surrounding region, where revenues from the extraction of these natural resources have historically funded armed conflict and human rights abuses. The Conflict Minerals Policy was adopted in 2013 and is available on the corporate website.

To perform its due diligence on the source and origin of 3TG in its products, CNH Industrial established a standard operating procedure, implementing specific measures across its supply chain to address disclosure obligations under the Dodd-Frank Act and regulations, adopted by the U.S. Securities and Exchange Commission (SEC), regarding the source of 3TG that may originate from the DRC and specific surrounding countries. The Company's due diligence process and measures have been designed to conform, in all material respects, with the due diligence framework presented by the Organization for Economic Co-operation and Development (OECD) in its 2016 publication *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* (third edition, OECD Publishing), including its Supplements on gold, tin, tantalum, and tungsten. This due diligence framework is also known as the OECD Guidance. CNH Industrial is committed to making every reasonable effort to establish, and requires each supplier to disclose, whether the products purchased contain 3TG obtained from sources that fund armed conflict or support inhumane treatment in the DRC or the surrounding region. In particular, as per the Conflict Minerals Policy (which also applies to the Company's suppliers), and as per the terms and conditions of standard purchase agreements, CNH Industrial expects its suppliers to conduct a reasonably thorough inquiry into the existence and origins of 3TG in their respective supply chains, and to provide written evidence of due diligence. If the products sold to CNH Industrial do, in fact, contain 3TG that are not conflict-free, suppliers are required to identify their sources and eliminate procurement as soon as commercially practicable. 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 that come from many different direct suppliers within the Company's vast global supply network. In addition, there are generally multiple tiers between the 3TG mines and CNH Industrial's suppliers. This means that the Company must rely on its direct suppliers to work with their upstream supply chain to provide accurate information on the origin of any 3TG contained in components or materials it purchases. 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 focusing on its major direct suppliers, as well as on its direct suppliers deemed likely to supply components containing 3TG (collectively, the Surveyed Suppliers). CNH Industrial requests all Surveyed Suppliers to provide information regarding 3TG and smelters using the Conflict Minerals Reporting Template (CMRT) developed by the Responsible Minerals Initiative (RMI). The RMI, which the Company joined in 2015, operates a smelter validation program to certify those smelters and refiners that are conflict-free, thereby helping companies verify the origins of minerals in their supply chains and ensure that those minerals are not funding armed conflict or human rights abuses in the DRC region. The RMI also offers members opportunities to share information, and helps companies implement best practices through the development of reporting tools and training. The CMRT was developed to facilitate disclosure and communication of information regarding smelters and refiners that provide material to a manufacturer's supply chain. It includes questions regarding a direct supplier's conflict-free policy, its due diligence process, and information about its own supply chain, such as the names and locations of smelters and refiners as well as the origin of 3TG used by those facilities.

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

Furthermore, as part of the standard operating procedure, the Company performs an annual review of its due diligence process and supplier survey results in order to prepare a Conflict Minerals Annual Report, which is submitted to the SEC and available on the corporate website.
In 2019[13], CNH Industrial's Surveyed Suppliers represented approximately 80% of the Company's purchases (in US dollars) of goods from suppliers. Based on the data collected, the Company identified the presence of gold in some of its electronics, and of tin, tantalum, and tungsten in some of its electrical and mechanical products, used because of their good corrosion resistance, electrical properties, and mechanical strength. CNH Industrial does not use 3TG in its parts or products unless necessary for equipment functionality and reliability. For these parts, the Company works with its suppliers to make sure all 3TG are sourced from conformant smelters.

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 2019, no significant final rulings were issued against the Company for violations of laws in the following areas: environment, rights of local communities and impacts on society, human rights, marketing and advertising, privacy and loss of customer data, anti-competitive behavior and antitrust, intellectual property, contractual liability, product responsibility, product and service information and labelling, sales of banned or disputed products, anti-corruption and anti-bribery, labor and social security.

EUROPEAN COMMISSION SETTLEMENT

On July 19, 2016, the European Commission (hereinafter the Commission) announced a settlement with IVECO, the Company's wholly-owned subsidiary, in relation to an investigation by the Commission into certain business practices in the European Union in relation to medium and heavy-duty trucks. Following the settlement, CNH Industrial has been named as defendant in private litigation commenced in various European jurisdictions and Israel by customers and other third parties, either acting individually or as part of a wider group or class of claimants. These claims remain at an early stage. In addition, on the basis of the letters issued by a significant number of customers indicating that they may commence proceedings in the future, CNH Industrial expects to face further claims based on the same legal grounds, in the aforementioned and various other jurisdictions. The extent and outcome of these claims cannot be predicted at this time. The above case dates back to 1997, with the most serious conduct occurring no later than 2004. In other words, the facts in question are associated with a company that was very different – in terms of culture, management, and shareholding – from the current CNH Industrial. Furthermore, the Company has since implemented a robust compliance program aimed at preventing similar conduct (see the section on Antitrust and Competition on page 53).

PROVISIONS

As a global Company with a diverse business portfolio, CNH Industrial is exposed to numerous legal risks, including dealer and supplier litigations, intellectual property right disputes, product warranty and defective product claims, product performance, asbestos, personal injuries, emissions and/or fuel economy regulatory and contractual issues, and environmental claims that arise in the ordinary course of business. The outcome of any current or future proceedings, claims or investigations cannot be predicted with certainty.
When it is probable that an outflow of resources embodying economic benefits will be required to settle obligations, and this amount can be reliably estimated, CNH Industrial recognizes specific provisions for this purpose. With specific reference to environmental risks, at December 31, 2019, the Company had estimated a provision[14] in the amount of $32 million ($38 million at December 31, 2018).

LABOR AND SOCIAL SECURITY

Labor and social security disputes culminating in final court judgments in 2019 involved a total payout of 0.12% of labor costs for the year. In Brazil, such judgments, mainly relating to the interpretation of particularly controversial legislation, accounted for 84% of all such judgments against the Company, or approximately 80% of the Company's total payout. However, in the specific context of Brazil, these judgments were not exceptional in nature or in number.

[13] The 2019 data will be available as of June 1, 2020.
[14] This provision represents management's best estimate of CNH Industrial's probable environmental obligations. Amounts included in the estimate comprise direct costs to be incurred in connection with environmental obligations associated with current or formerly owned facilities and sites. This provision also includes costs related to claims on environmental matters.

RISK MANAGEMENT

CNH INDUSTRIAL RISK MANAGEMENT

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

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

Through this process, CNH Industrial has identified 45 primary risk drivers that include a number of significant topics, such as business strategies and operations, competitive factors, environmental issues, and regulatory compliance. The process follows a bottom-up analysis starting at the business unit level, with risk survey completion by business and function leaders worldwide, followed by cross-functional reviews, one-on-one interviews with Global Executive Committee (GEC) members, presentations and risk assessment discussions with the Audit Committee of the Board of Directors, and review and discussion with the Board of Directors. Direct feedback received from each of these layers, up to and including the Board of Directors, is then used to identify and develop risk-mitigating activities as necessary within the business or functional area, which are usually deployed by management's first line of defense.

Inherently, CNH Industrial's risk management process is not meant to provide a guarantee on the risk assessments performed or on the full achievement of the Company's objectives. CNH Industrial's potential overall risk exposure is described in the Risk Factors section of the 2019 EU Annual Report, on page 25 and 78.

RISK MITIGATION ACTIVITIES

The risk mitigation activities initiated by management are designed to mitigate any impact to CNH Industrial's business plan, including financial and operational performance, during 2019 and beyond. The Enterprise Risk Management (ERM) process is linked with the Company's sustainability program and with its strategic sustainability targets and aspirational goals articulated in the Strategic Business Plan. These targets and goals, which are incorporated into the individual segment business plans, provide a framework to address the long-term challenges to increasing stakeholder value and proactively mitigate associated risks. The ERM process also monitors emerging circumstances that may be incorporated into risk assessment and mitigation activities when deemed necessary. These activities include risk assessments and action plans intended to manage identified and emerging risks facing CNH Industrial in the short, medium and long-term.

For example, the industry and technology megatrends and associated emerging risks identified within CNH Industrial's Strategic Business Plan, and discussed in the Risk Factors section of the 2019 EU Annual Report on page 25 (i.e., mobility and connected services, vehicle electrification, fuel cell technology and autonomy), are integrated within the ERM process to help the business stay ahead of preventable disruptions.

The resulting mitigating actions taken by CNH Industrial in this instance include investments in vertical integration solutions in precision farming technologies with improved data sharing capabilities, real-time agronomic visualization, and decision-making solutions. Connectivity platforms, including advanced equipment service capabilities, are being developed within the Company's business segments, particularly Agriculture and Commercial and Specialty Vehicles. CNH Industrial continues to invest in advanced technologies in alternative power to keep its options flexible with market demand, including its recent partnership with Nikola Motor Company, a leader in fuel cell truck technology. The Company is constantly implementing cybersecurity programs, initiatives, and procedures to mitigate data protection and privacy risk exposure.

RISK APPETITE

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

Risk Category		Category description	Risk driver areas	Risk appetite
LONG-TERM	**Strategic risks** *Create value*	Strategic risks may affect CNH Industrial's long-term Strategic Business Plan performance targets, innovation roadmap, and sustainability objectives	Socio-political events, macroeconomics, competition, customer demands, product portfolio, technological innovation, investments, commercial policies, external relations, social responsibility, environment, and business combinations	Taking into consideration CNH Industrial stakeholders' interests as well as cost/benefit considerations in pursuing its long-term targets, CNH Industrial has a responsible appetite concerning strategic risk
SHORT- AND MEDIUM-TERM COMPLIANCE	**Operational risks** *Enhance value*	Operational risks are related to internal processes, people and systems, or external events linked to the actual operation of CNH Industrial's portfolio of businesses	Production capacity, logistics, distribution channels, quality control, purchasing, 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
	Financial risks *Enhance & protect value*	Financial risks include uncertainty of financial return and the potential for financial loss due to financial performance	Financial management and trade financing	CNH Industrial has a prudent risk appetite with respect to financial risks (such as liquidity, market, foreign exchange, and interest risks, as explained in more detail in Note 31 of the Consolidated Financial Statements)
	Compliance risks *Protect value*	Compliance risks cover unanticipated failures to comply with applicable laws, regulations, policies and procedures	Laws and regulations, contractual obligations, ethics and integrity, anti-corruption, antitrust/fair competition, consumer protection and product safety, corporate compliance and culture, government relations, import/export practices, privacy, and third parties	CNH Industrial has an averse risk appetite with respect to compliance risks and requires full compliance

ENHANCEMENTS TO THE RISK MANAGEMENT PROCESS

The development and implementation of an effective and robust Enterprise Risk Management (ERM) process requires continuous evaluation and improvement. As part of these efforts, CNH Industrial continues to enhance its risk management process, including a recently implemented Governance, Risk, and Compliance (GRC) software platform, with the intent to augment and automate the risk management and compliance activities throughout the organization. This platform uses the latest technologies to accommodate and optimize existing GRC requirements and enable CNH Industrial to expand its risk management program over time and as the GRC environment evolves.

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 607 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 2019, the Risk Management Center of Competence managed 91 sites, representing 82% of the insured value; the latter represents 100% of the scope of all loss prevention activities. To achieve continual and efficient industrial risk monitoring, the selection process ensures that 100% of sites within the scope are audited every 3 years, and more than 50% every year. In 2019, 39 sites were inspected (covering approximately 56% of the CNH Industrial scope in terms of insured value) and 76 new projects were tracked, confirming 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 $3.7 million in recommended improvements to align the sites to CNH Industrial's relevant loss prevention standards. These targeted investments cut loss expectancies by approximately $1 billion, resulting in a Global Efficiency Index (GEI) of 0.37[5], in line with the highest international standards.

Climate change is bound to alter the magnitude and frequency of hydrological and meteorological disasters (some may argue it already has), and possibly introduce new hazards in areas unaccustomed to them. Indeed, industrial losses from natural hazards such as earthquakes, flooding, tornadoes, and severe storms are on the rise.
In order to strengthen sustainability and resilience within CNH Industrial, the Company's Risk Management Center of Competence works to develop and launch forward-looking, innovative risk engineering approaches and solutions to better understand the impacts of natural hazards and to properly respond to this information. The ability to assess the losses and costs associated with natural hazards is in fact essential for better decision making on hazard mitigation investments and planning.

CNH Industrial's projects highlight the contribution of risk management to addressing climate change issues. Current Company risk management projects include:

- a new approach to insurable environmental risks
- earthquake risk re-engineering
- climate change impact analysis – flood risk re-engineering
- cyber risk management.

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

- fine-tuning the existing tools and processes and the measurement and modeling of risks, in order to facilitate a more comprehensive analysis of risk-based business decisions and the evaluation of emerging risk-based opportunities
- integrating and consolidating risk management programs
- developing risk awareness across the organization
- creating a cross-functional risk management committee that will periodically review all areas of CNH Industrial's enterprise risk management.

INSURABLE ENVIRONMENTAL RISKS

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

(3) Source: 2020 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, 2018 to June 30, 2019 (Insurance Year).
(5) The Global Efficiency Index for loss mitigation measures (GEI = cost of protection/reduction of expected damage) is recognized as a measure of best practice for industrial risk management.

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

To date, approximately 85% of CNH Industrial's total insured value has been analyzed and quantified using this methodology, based on a total of 50 self-assessments performed by sites since the methodology's adoption in 2012 (of which 13 in 2019). To validate the information collected through the assessments, 21 on-site visits were conducted by year-end 2019 at sites selected as suitably representative of the Company in terms of size, activities, and geographical distribution. The audits, organized by the EHS department for each operating legal entity, were conducted by environmental risk engineers from a leading global environmental risk insurer to validate the consistency of the self-assessment checklists and identify possible improvement opportunities.
These activities provided the basis for the development of the Company's first environmental maps, which quantify the overall level of risk using a scientific, certified self-assessment tool. The results were presented to the insurance market as evidence that CNH Industrial's environmental risks are known, well-quantified, and properly managed. The results also led to comprehensive global insurance coverage.

EARTHQUAKE RISK RE-ENGINEERING PROJECT

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

the seismic risks its industrial manufacturing sites are exposed to.

The research project adopts a multilevel and quantitative approach, i.e., a procedure capable of using different knowledge levels as inputs and of providing a quantitative measurement of seismic risk:
- the Level 1 analysis focuses on quantitative and transparent seismic risk prioritization
- the Level 2 analysis provides a quantitative seismic loss assessment
- the Level 3 analysis entails on-site loss prevention engineers specialized in earthquakes developing dedicated risk mitigation recommendations.

This procedure has allowed classifying and prioritizing the Company's sites based on seismic risk, facilitating decision making and the identification of the highest-ranking facilities potentially in need of closer analysis.

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

Since its inception in 2013, the Integrated Approach has been extended to 44 selected CNH Industrial plants worldwide (with 15 Level 1 assessments performed in 2019); moreover, a Level 2 assessment was performed in 2019 at the FPT Industrial plant in Foggia (Italy), and a Level 3 assessment in 2018 at the IVECO plant in Brescia (Italy). Results are collected and reported using standardized output forms, developed to streamline and simplify the process. The project will continue in 2020, with targeted visits to plants at high seismic risk (in terms of vulnerability and impact), identified on the basis of Level 1 assessments.

POTENTIAL IMPACT ANALYSIS OF CLIMATE CHANGE

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

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

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

Since its adoption in 2015, the new industrial flood risk assessment methodology has been tested at 73 sites worldwide (22 in North America, 48 in Europe, and 3 in South America), identifying 33 sites (9 in North America, 21 in Europe, and 3 in South America) requiring a second flood risk study. To date, 27 of the 33 sites have already been revisited and reassessed for flood risks, of which 1 in 2019 - a second review performed in Foggia (Italy).
The most important sites at potential risk of flood have been analyzed using this methodology, and the initiative is therefore considered complete; each site's risk assessment will be updated at each successive survey.

CYBER RISK MANAGEMENT

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

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

The assessment led to the definition and implementation of adequate insurance coverage. Furthermore, in 2019, in line with previous years, the team made up of IT, Internal Audit, and Risk Management members continued to work on possible improvements to current policies and procedures to reduce the likelihood and impact of a cyber-related loss, based on the recommendations of cyber insurance companies.

SUPPLY CHAIN RISK MANAGEMENT

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

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

Currently, the tool monitors all the direct material suppliers. In 2020, it will be further improved and integrated into the supplier assessment tool (see page 157).

PRECAUTIONARY PRINCIPLE

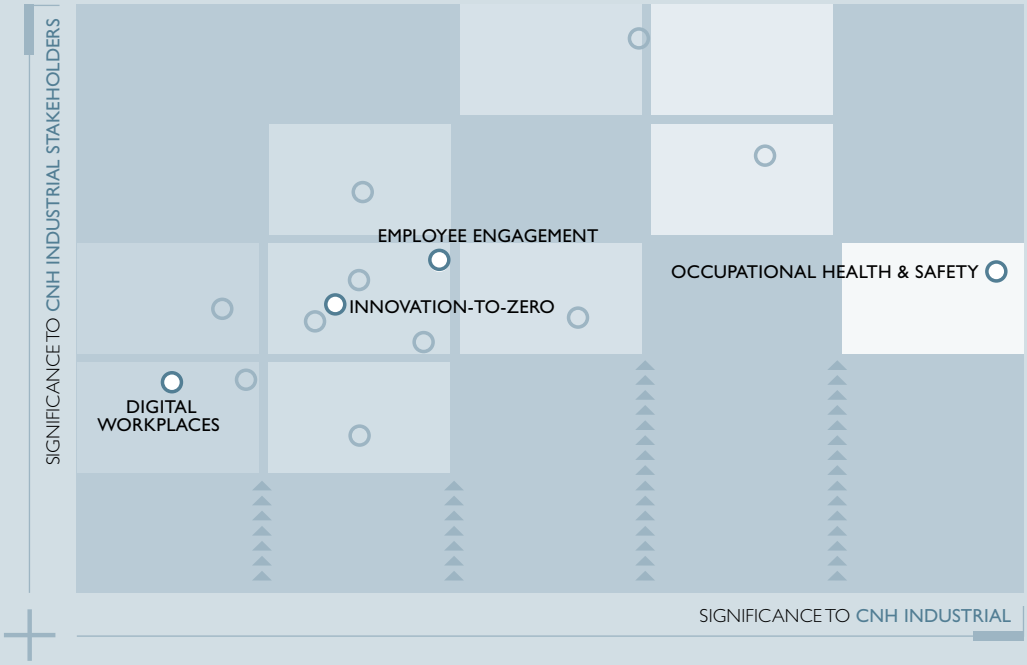
As per its Environmental Policy, CNH Industrial believes that using resources efficiently and reducing environmental impacts are crucial strategies in creating added value for both the Company and the communities in which it operates. CNH Industrial employs a precautionary approach to anticipate potential 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 144) 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 144). 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 168). In 2019, CNH Industrial's overall expenditure on environmental protection was approximately $44 million, broken down as follows: approximately $33 million for waste disposal and emissions treatment, and almost $11 million for prevention and environmental management.

In order to further reduce the environmental impact of its logistics processes, CNH Industrial carefully considers appropriate solutions, such as type of transport, intermodality, long-haul transport, and packaging design (see page 192). All of the above reflect CNH Industrial's strong commitment to reducing its environmental footprint, using a life cycle approach that involves all impact factors: from the selection and use of raw materials and natural resources, and their processing and delivery, to the management of product end-of-life, component remanufacturing (see also page 221), and 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 235).

2024 STRATEGIC SUSTAINABILITY TARGETS

-50%
vs. 2014 IN EMPLOYEE ACCIDENT FREQUENCY RATE

100%
OF EMPLOYEES WORLDWIDE INVOLVED IN ENGAGEMENT SURVEYS

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 human capital, 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. They also affect – both directly and indirectly – how employees adapt to the changing workplace environment. Another people-focused material topic is **occupational health and safety**, which – as stated in CNH Industrial's Code of Conduct – is an employee's fundamental right and a key aspect of the Company's sustainability management system (see page 77).

Employee engagement, leveraged to increase employee awareness of sustainability topics (especially in terms of environmental protection, health and proper nutrition, and food security and waste), plays an important role in reaching the Company's goals, and hence is considered a strategic element in supporting its *people engagement* sustainability priority (see page 22).
CNH Industrial's commitment to people engagement is reflected in the strategic sustainability target (see page 24) it incorporated into the Strategic Business Plan in 2019: to involve 100% of employees in engagement surveys by 2024.
During the year, the Company organized numerous employee engagement and awareness activities, including, among other things, training projects on specific environmental topics (see page 170).
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 92).

As regards **digital workplaces** (see page 83), the Company promotes the use of new technologies to improve work quality and efficiency, employee work-life balance (remote work), and the exchange of information, in part to foster innovation. To this end, specific activities are organized to make it easier for employees to implement the latest technologies and new work methods in all areas of business (both office and manufacturing), while ensuring Company and personal data is properly managed and secure.

In 2019, individual targets related to the material topics described above were included in the Performance Management Process (PMP, see page 85) for several managers responsible for the projects indicated in the Sustainability Plan.
CNH Industrial's commitment to its people is stated in the Company's Code of Conduct and Human Capital Management Guidelines. The Code of Conduct and corporate policies were approved by the Board of Directors and distributed to all employees, and are available on the corporate website and Intranet portal. For further information, see the Code of Conduct section on page 47.

From an operational point of view, the Chief Strategy, Talent, ICT and Digital Officer, who is also a member of the Global Executive Committee (GEC), is responsible for the management of human capital (including industrial relations, compensation and benefits, training and development, organization, facilities, diversity and inclusion, wellbeing, etc.). The initiatives focusing on the material topics associated with human capital are managed by the Head of Human Resources (HR) and respective team, supported by Internal Communications. They are also responsible for the management of work-life balance initiatives and of employee engagement in sustainability.
The responsibility for issues related to the direct operations workforce is cascaded from the Chief Strategy, Talent, ICT and Digital Officer to other members of the organization, such as senior executives and employees, mainly through: the goal setting phase of the PMP, organizational announcements defining responsibilities (via email and the corporate Intranet), organizational charts via the Intranet, and quarterly updates communicated through town hall meetings and Intranet news about the progress of business results against yearly targets.
Information about the workforce is fed back to the Chief Strategy, Talent, ICT and Digital Officer: regularly, through meetings with the HR management team; annually, through the performance review management phase of the PMP; and as needed, through specific meetings and ad hoc reports.
The performance of the Chief Strategy, Talent, ICT and Digital Officer, as well as of the HR management team, is annually evaluated through the PMP.

Health and safety protection in the workplace, on the other hand, is promoted in every area of operations and in every country by a dedicated organizational structure (Environment, Health and Safety – EHS), established within the scope of the Supply Chain department (see page 78).
The objectives and actions that fulfill the Company's commitments to continuous improvement provide a clear measure of the effectiveness of human capital management. Targets are set annually on a voluntary basis and included in the Sustainability Plan (see pages 27-29), and their progress is regularly monitored to enable corrective actions, if necessary.
Through the Sustainability Plan, CNH Industrial not only discloses its targets for each year, it also indicates the instruments used and results obtained, in the name of transparency towards all stakeholders.

OUR PROJECTS

PROMOTING SUSTAINABLE BEHAVIORS

CNH Industrial continued to engage employees on sustainability with a number of special internal communications initiatives. One of these was a new video campaign to educate employees on the UN's Sustainable Development Goals (SDGs) and on the Company's commitment and initiatives to support them. The 2 videos released in 2019 – on SDG 12 'Responsible consumption and production' and SDG 13 'Climate action', respectively – were translated into 17 languages, and can be viewed on the corporate Intranet as well as on display screens installed at all sites worldwide. The campaign will be further extended in 2020, focusing on 4 additional SDGs.

At all of its locations, the Company continued to display visual reminders to recycle and to use less paper, water, and electricity, with 4 signs installed in break areas, restrooms, meeting rooms, and near printers. In 2019, these reminders were also translated into 6 languages and posted via the corporate Intranet.

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

EMPLOYEES IN NUMBERS

As of December 31, 2019, CNH Industrial had 63,499 employees, a decrease of 1,126 from the 64,625 headcount at year-end 2018. The change was mainly attributable to the difference between new hires (approximately 5,200) and departures (approximately 6,300) during the year. A further decrease of approximately 40 employees was due to changes in the scope of operations, mainly related to the sale of the Company's Truckline parts business (retailer and distributor of aftermarket commercial vehicle parts and accessories in Australia), partially offset by three acquisitions – AgDNA, ATI Inc., and K-Line Ag – in Australia and North America. These acquisitions are part of CNH Industrial's commitment to growing its global agriculture business by ensuring its brands' global customers have access to technological advancements.
Excluding the changes in the scope of operations, the decrease compared to year-end 2018 is attributable to the drop in permanent and fixed-term workers in manufacturing, primarily in the Agriculture segment in Europe and North America and in the Powertrain segment in Europe, and to the decrease in salaried employees (due to optimizations linked to market trends) in the Agriculture segment, mainly in North America, and in the Commercial and Specialty Vehicles and Construction segments, mainly in Europe. The decrease was partially offset by a moderate workforce increase in Research and Development divisions to strengthen the pool of skills and competencies in view of technology transitions, particularly electrification, autonomous driving, and alternative propulsion solutions.

EMPLOYEE TURNOVER

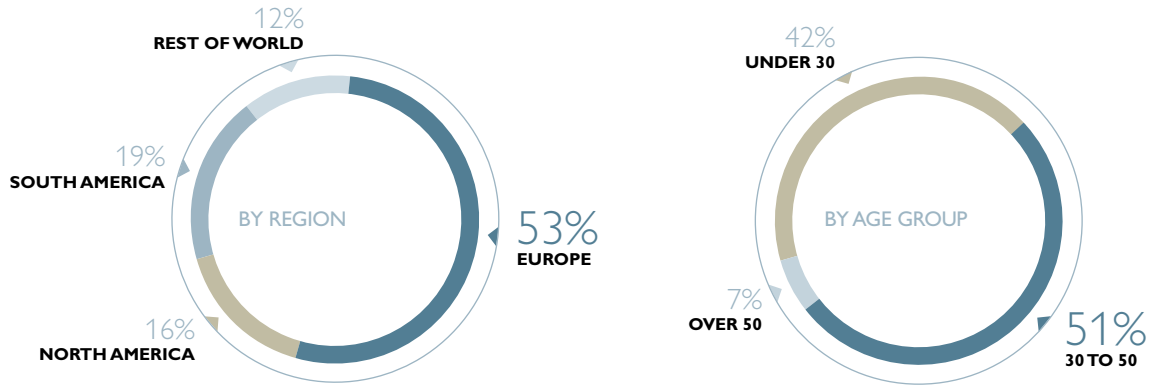
CNH INDUSTRIAL WORLDWIDE (no.)

	2019	2018	2017
Employees at January 1	**64,625**	63,356	62,828
New hires	**5,277**	7,189	5,575
Departures	**(6,360)**	(6,049)	(5,868)
Δ scope of operation	**(43)**	129	821
Employees at December 31	**63,499**	**64,625**	**63,356**
Turnover (%)	**10.0**	9.4	9.3
New hires (%)	**8.3**	11.1	8.8

GRI STANDARDS GRI 102-7; GRI 401-1

Most new hiring was in Europe, with 53% of total new hires, followed by South America, with 19%. About 42% of new hires were aged under 30. Female employees accounted for 21% of the year's new hires, while male employees accounted for 79%.
In 2019, approximately 69% of new hires were employed under no-term contracts.

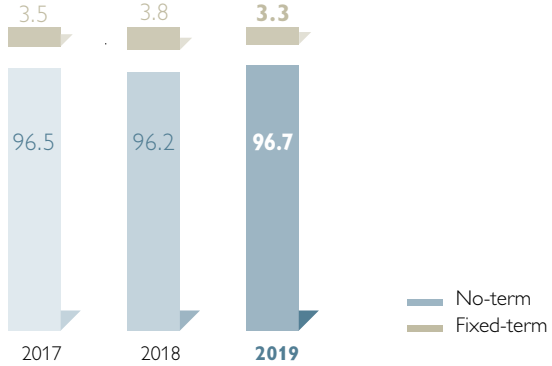
NEW HIRES[a]
CNH INDUSTRIAL WORLDWIDE



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

In 2019, there were approximately 6,300 departures from the Company, almost 8.1% of which were collective redundancies following the reorganization or rationalization of operations, in some instances initiated in previous years. Whenever possible, redundancies were managed through temporary social welfare mechanisms provided for by law, and through social programs established in collaboration with trade unions and aimed at minimizing the impact on employees. In all, 36% 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 21% of the employees made redundant in accordance with such agreements will reach the retirement requirements within the timeframe covered by the unemployment benefit scheme.
Voluntary resignations with exit incentives at sites affected by collective dismissals accounted for 58% of total collective dismissals, whilst termination of temporary contracts accounted for 2%. 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 2019, a dozen employees from sites affected by downsizing or restructuring projects, including those launched in previous years, accepted permanent transfers to other locations, thus limiting the potential impact of collective dismissals. CNH Industrial also provides opportunities for transfers between segments and countries. During the year, 485 CNH Industrial employees transferred between countries, or between legal entities within the same country.
As regards departures, the highest percentage was reported in Europe (51.8%) and North America (20.4%), and in the 30-50 age group (45.7%).
More details on turnover data are available in the Appendix (see pages 240-241).

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, 985 contracts were changed into no-term contracts, 22% of which were with female employees. Around 2% of the Company workforce is employed part-time, of which approximately 50% are women. Fixed-term hiring takes place in response to a temporary need for personnel, in line with applicable laws and the provisions of Collective Labor Agreements (CLAs). As at December 31, 2019, agency contracts accounted for 4,208 personnel, of which 8% in North America, 73% in Europe, less than 1% in South America, and 19% in the Rest of the World. This type of contract is entered into or renewed in relation to business needs, as per applicable legislation and CLA provisions, and is thus ultimately subject to variation in relation to specific market requirements.

LABOR PRACTICES

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

COMPENSATION

In its commitment to ensure an inclusive work environment and equal opportunities for all employees, CNH Industrial adopts a progressive total compensation system based on equitable criteria. The Company is committed to providing a base pay that, in compliance with local regulations, is competitive with the local market, affordable from a business perspective, and in line with the Company's *achieve and earn* philosophy. CNH Industrial has defined a compensation approach that comprises a number of different components. This comprehensive package rewards employees for their contribution to the Company's results, and allows them to share in the business success they help to create.

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

LOCAL MINIMUM WAGES

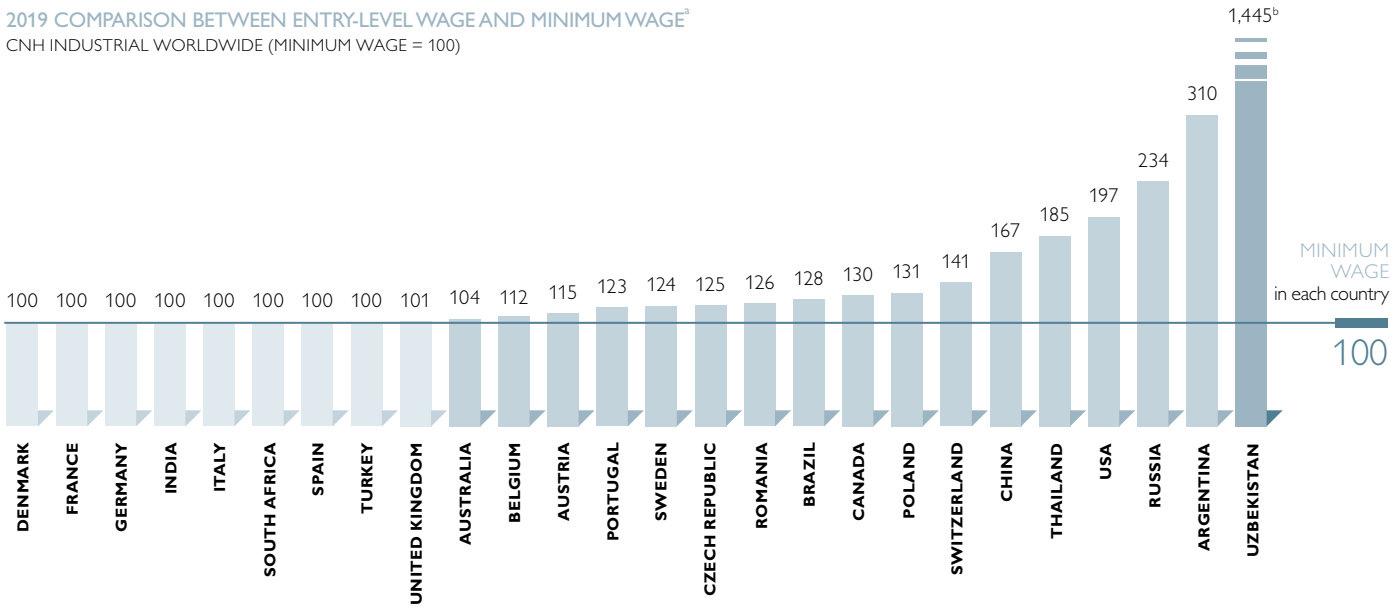
In many countries, minimum wage levels are established by law and, in some cases, there may be variations within the country based upon region/state or upon other criteria. Where no specific law exists, a minimum wage may be established by collective bargaining agreements between employer associations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

Lastly, minimum wage levels are also established on the basis of specific economic, social, and political circumstances and, therefore, do not allow for cross border comparisons. In order to evaluate the adequacy of entry-level salaries in each country, in 2019, CNH Industrial analyzed countries representing 99% of its employees. In all countries, CNH Industrial entry-level wages[1] were at or above the statutory minimum or non-company collective labor agreements, as shown in the following graph.

[1] *In accordance with the GRI Sustainability Reporting Standards (GRI Standards), an entry-level wage is defined as the full-time wage in the lowest employment category, on the basis of Company policy or agreements between the Company and trade unions. Interns and apprentices are not considered. For each country, results are based on the sector with the lowest entry-level wage. Figures reported are as at October 31, 2019.*

GRI STANDARDS GRI 202-1

2019 COMPARISON BETWEEN ENTRY-LEVEL WAGE AND MINIMUM WAGE[a]
CNH INDUSTRIAL WORLDWIDE (MINIMUM WAGE = 100)



[a] *Data reflects the effect of exchange rates.*
[b] *The value is determined by local market practices, the high inflation rate, and the depreciation of the Uzbek currency (UZS) against the US dollar.*

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, 2019, on the availability and adoption of various Company benefits (including pension plans, supplemental health plans, financial support for those with accident-related permanent disabilities, life insurance, employee cafeterias or meal vouchers and other benefits). The results are shown in the following table.

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

Financial benefits	**2019**	2018	2017
Supplementary pension plans	**84.7**	83.6	86.5
Supplementary health plans	**81.3**	79.9	78.3
Life insurance	**63.7**	66.2	50.0
Financial support for disability/invalidity	**84.9**	86.2	82.2
Employee cafeterias or meal vouchers	**83.7**	77.6	74.2
Other[b]	**15.3**	5.7	6.0
Social benefits			
Childcare[c]	**62.5**	60.7	57.5
Sports facilities[d]	**26.2**	13.4	10.7
Wellness and nutrition programs[e]	**40.4**	37.2	37.1
Other (e.g., flexible working schemes, emergency care/first aid, referral programs, leave of absence, or other flexible benefits)	**65.1**	66.5	52.9

[a] *Data as at October 31, 2019.*
[b] *Includes benefits such as Company cars, fuel reimbursement, and transportation allowance.*
[c] *Includes kindergartens, summer camps/holidays, and other childcare services. 2017 and 2018 data restated with respect to the 2018 Sustainability Report, to reflect additional initiatives included in 2019's reporting scope.*
[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 84.7% of employees were eligible for a supplementary **pension plan**, and 71% of them had joined one (representing 60% of the total population surveyed).
Supplementary pension plans fall into 2 categories:

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

Most existing pension plans at CNH Industrial companies are defined contribution plans.
In addition, nearly all CNH Industrial legal entities participate in supplemental **health care plans**, which in most cases are insurance-based. Levels of coverage vary from country to country depending on the public health care system, tax and regulatory restrictions, and local market conditions.
According to the survey, approximately 81.3% of employees were also eligible for a supplementary health plan, and about 79% of the eligible workforce had joined one.
Finally, CNH Industrial promotes a healthy lifestyle through comprehensive wellness programs (see page 92), and facilitates access to dedicated sports facilities.

FOCUS ON

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.

In 2019, 234 employees signed up for and attended the 3 online courses, totaling 390 hours of training.
The program has enabled employees to enhance their ability to communicate and collaborate with colleagues located in other geographic areas and with different cultural backgrounds, enabling them to:

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

DIVERSITY AND INCLUSION

The Company rejects all forms of discrimination, specifically based on race, gender, sexual orientation, personal and social status, health, physical condition, disability, age, nationality, religious or personal beliefs, political opinion or against other protected groups.
The responsibility for diversity management lies with the Human Resources (HR) heads of each segment, function, and cross-segment, all of whom report to the head of HR within the Strategy, Talent, ICT and Digital department, whose Chief Officer is a member of the Global Executive Committee (GEC).
The HR head of each segment/function, in collaboration with Business Management, is responsible for ensuring that, in every aspect of the employment relationship – be it recruitment, training, compensation, promotion, relocation, or termination of employment – employees are treated on the basis of their ability to meet the requirements of the job.

OUR PROJECTS

WOMEN'S MENTORING PROGRAM IN ITALY

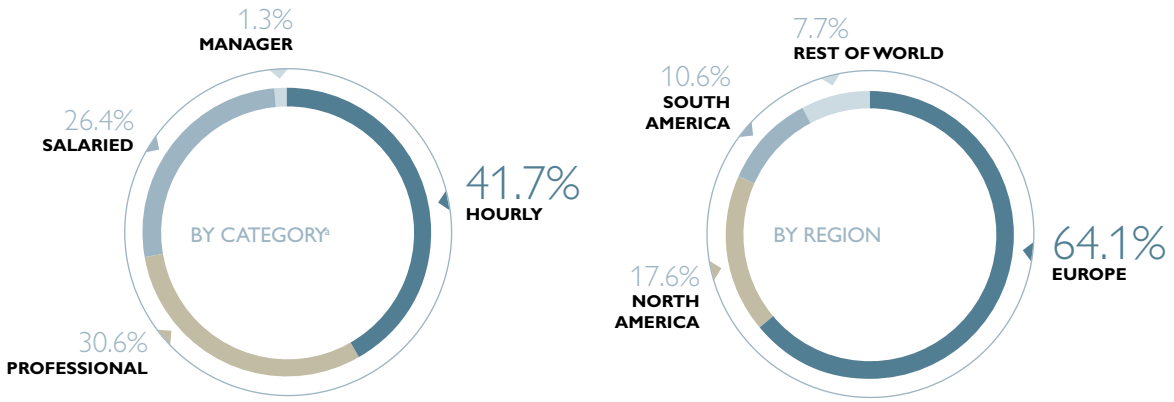
As part of its commitment to foster the development of its female professionals, in 2019, the Company again ran its *Women's Mentoring* program in Italy.
The program aims at boosting professional growth by creating inter-functional synergies, inspiring a culture of giving back, and promoting a sense of personal and professional commitment.
The 9-month program, which involved 24 female professionals, was organized into different stages providing specific tools and individual coaching and training as appropriate. It was also designed to enable both mentors and mentees to tailor learning paths based on individual needs and backgrounds.
During the program, mentors and mentees also participated in meetings in person, each conducted by a coach, giving mentees the opportunity to share their feelings, doubts, and takeaways from the experience. An additional benefit was the networking among all participants, as encouraged throughout the program.
The initiative was met with positive comments and reactions from both mentors and mentees, who all recognized its value in improving managerial, assertiveness, and listening skills, as well as in creating an increased awareness of how to achieve personal and professional growth, and pursue a preferred career path.

Offering career opportunities and advancement free from discrimination while encouraging and respecting diversity are among the commitments emphasized in CNH Industrial's Human Capital Management Guidelines and Human Rights Policy, available on the Company's website and Intranet portal.
Given CNH Industrial's global presence, there may be significant differences in legislation among countries where the Company operates, as well as different levels of awareness, concern, and ability among employees in applying the principles of non-discrimination. CNH Industrial's Code of Conduct and specific policies ensure that the same standards are applied worldwide. Indeed, as stated in the Code of Conduct, Company standards supersede in jurisdictions where legislation is more lenient.

Many Company initiatives were implemented in 2019 to promote and build awareness of the importance of a diverse and inclusive workforce, some of which are outlined below.
To promote **gender diversity**, in Europe, some of the Company's most outstanding female employees participated in workshops held in schools, where they shared their experiences with students while encouraging girls to pursue their ambitions free from limiting stereotypes. In addition, support programs were organized for mothers returning from maternity leave, and several workshops were held on women's leadership, self-awareness, networking, and personal empowerment.
Coaching and mentoring programs to address women's growth were developed in Brazil and Italy, while, in India, training was provided to help tackle sexual harassment and to encourage diversity.
In North America, CNH Industrial is a Corporate Partnership Council member of the Society of Women Engineers (SWE), an organization that empowers women to achieve their full potential in careers as engineers and leaders, highlighting the value of diversity. As a corporate member, the Company attended the SWE's annual conference and continued to support its mission and objectives by funding programs, supporting diversity, and creating and promoting opportunities for women in engineering and technology.
To support **veterans**, in North America, an experienced military recruiting team was actively involved in veteran recruitments at more than 150 military bases.
Sensitive to **personal beliefs**, special meat-free meals were prepared at the plant in Bolzano (Italy) and served during the night to employees observing Ramadan.
In Europe, awareness of **intellectual and physical disabilities** was promoted through the many initiatives in place to engage and integrate people with disabilities in the workforce. In Spain, for example, CNH Industrial renewed this commitment by collaborating once again with local NGO *Fundación Roncalli Juan XXIII* in support of the *enclave laboral*, resulting in the hiring of workers with physical disabilities at the manufacturing plant in Madrid. The Company also continued to support the *Integracamp* project to promote cognitive impairment awareness and build diversity values among employees' children from an early age.

Moreover, as part of its diversity and inclusion projects, CNH Industrial actively participated in a number of job fairs focused on the employment of persons with disabilities.
For more **mature employees**, in Europe, a workshop was organized for those over 50 on body awareness activities and posture exercises.
In addition to the above initiatives, CNH Industrial promoted awareness of **unconscious bias**. In Argentina, for example, conferences open to all were organized, attendance voluntary, with a focus on the value of an inclusive environment within an organization, recognizing diversity bias, and practical tools to instigate change.
CNH Industrial aims to make diversity and inclusion a competitive advantage for the Company, and to create an environment that encourages creative ideas, excludes bias, and retains talent. Evidence of this commitment is its Diversity Committee in South America specifically supporting diversity and promoting inclusivity, as well as the letter of intention sent by the regional head of HR to external recruitment agencies at the beginning of 2019, inviting them to present diversity candidates (such as women for leadership roles, professionals with special needs, people from immigrant and LGBT+[2] communities, black professionals, and mothers).
As evidenced by the projects implemented during the year, gender equity was a focal point worldwide. Women at CNH Industrial constitute 15.8% of the global workforce. In 2019, the percentage of women in the Company's workforce increased by 1.5% over the previous year. Female employees are mainly concentrated in the 30-50 year age group, and mainly have a length of service of up to 5 years. As regards distribution by education, 77.2% of female employees have a medium/high level of education (42.4% hold a university degree or equivalent, and 34.8% a high school diploma). About 50% of the Company's part-time employees are female, and around 20% of fixed-term contracts are with women.

FEMALE EMPLOYEES
CNH INDUSTRIAL WORLDWIDE



[a] For more information on employee categories, see page 232.

A survey monitoring the employment of **people with disabilities** is conducted every 2 years. The last such survey[3] was carried out in 2018 in 42 countries, covering almost 99% of the Company's employees. The survey showed that, in the countries where the law requires companies to employ a minimum percentage of workers with disabilities (15 mapped, accounting for about 69% of the Company's global personnel), the latter make up 3.6% of total employees (compared to 3.4% in the 2016 survey).
In many other countries (including Argentina, Australia, Belgium, Canada, Mexico, Poland, UK, and USA) there is no legislation relating to the employment of persons with disabilities that establishes minimum quotas, although in some cases other forms of protection exist (i.e., related to working hours or workplace environments, specific grants/benefits for companies employing workers with disabilities, etc.). In these countries (27 mapped by the survey), there are objective limitations to reporting the number of these workers, as the information is sensitive and often subject to data protection legislation. As a result, the Company is only aware of an employee's personal status if he/she chooses to disclose it.

[2] Lesbian, gay, bisexual, transgender/transsexual, and related communities.
[3] Survey carried out on October 31, 2018.

In September 2015, IVECO France agreed with all 5 trade unions represented in the company to implement, for an indefinite term, the agreement signed in 2007 (and subsequently renewed in 2012) setting specific rules and measures aimed at the recruitment, training, and development of people with disabilities and at their long-term employment. As of March 2017, CNH Industrial also entered into a 3-year agreement with all the trade unions in France represented in the Company, which establishes provisions for employees with disabilities very similar to those in the IVECO agreement. An employee **nationality** survey[4] was carried out in 2019 at CNH Industrial legal entities in 11 countries, comprising 82% of the Company's workforce worldwide. The survey evidenced that 4% of employees (the same percentage as in 2018) were of a nationality other than the country surveyed. It should be noted that this percentage was higher for female employees (5%) than for male employees (4%). The UK and Germany were the countries where CNH Industrial legal entities employed the highest percentage (13% and 10%, respectively) of workers of a nationality other than that of the host country. For female workers, the figure was 29% in the UK and 10% in Germany.

OUR PROJECTS

PROMOTING DIVERSITY AND INCLUSION IN SOUTH AMERICA

In 2019, as part of its initiatives to raise awareness of diversity and inclusion, CNH Industrial rolled out the *#WeareMulti* communications campaign targeting all employees in South America. The main objective of the campaign was to foster engagement and respect for others, by leveraging CNH Industrial's diverse environment and its employees' many different stories and backgrounds.

All employees – from different locations, functions, segments, and plants – were invited to share their experiences, insights, and perspectives on diversity, with a number of stories selected to focus on gender equity, race, religion, and sexual orientation.

Each employee, therefore, had the chance to contribute to creating this open dialogue across the organization and to building an open mindset that will drive future growth and sustainable innovation.

The initiative was met with positive feedback and engagement, and highlighted a variety of different aspects and viewpoints that will be considered in future Company initiatives and policies.

In Brazil, CNH Industrial's commitment to diversity and inclusion was rewarded with the *Prêmio AB Diversidade no Setor Automotivo* award by Automotive Business and MHD Consultoria, in collaboration with a jury of diversity specialists. The award is given in recognition of companies whose initiatives and outcomes foster internal diversity and inclusion while also generating a positive impact on the automotive industry.

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, as evidenced by the material topic **occupational health and safety** within the Materiality Matrix, and is reflected in the Company's sustainability priority *occupational safety* (see page 22).

The safety management system engages employees in creating a culture of accident prevention and risk awareness, and involves them directly in identifying and reporting work-related hazards and potentially hazardous situations (e.g., by filling in specific forms). This proactive approach enables the sharing of common, ethical occupational health and safety principles across the Company, and the achievement of improvement targets using various tools, such as training and awareness campaigns.

[4] *Survey carried out on October 31, 2019 in Argentina, Belgium, Brazil, Canada, France, Germany, Italy, Poland, Spain, UK, and USA.*

Approximately 229,600 hours of occupational health and safety training (of which 116,844 on the job) was provided in 2019. This included general training as well as training on specific work-related hazards (e.g., working at height or in confined spaces) and topics (e.g., personal protective equipment). On-the-job training involved 33,076 employees, 80% of whom were hourly. CNH Industrial also requires its suppliers and partners to comply with worker health and safety regulations, focusing on continuous improvement by fostering high standards across the value chain. These principles are outlined in the CNH Industrial Health and Safety Policy, adopted by the Company at its foundation. The Policy is available in 14 languages to all employees and interested stakeholders via the corporate website.

CNH Industrial involves all employees and their representatives in the development, implementation, and evaluation of the occupational health and safety management system by:

- arranging periodic meetings
- consulting with them to identify hazards, assess risks, define controls and preventive measures, and analyze incidents (presenting such activities at the above-mentioned meetings)
- engaging them in the development and revision of occupational health and safety objectives and policies
- collecting their feedback on the preventative measures adopted, on the organization of the occupational health and safety management system, and on working methods and procedures.

Safety is a priority across the Company, as evidenced by the compliance of management systems with both the OHSAS 18001 and ISO 45001 international standards, as well as with the continuous improvement principles of World Class Manufacturing (WCM) and its specific Safety pillar (see page 166).

Consolidated monitoring and reporting systems – such as the SPARC (Sustainability, Performance, Analysis, Reporting, and Compliance) system – are used to keep track of health and safety performance, measure the effectiveness of actions taken to achieve targets, and plan new improvement initiatives, through the management of appropriate key performance indicators (KPIs). These indicators can be analyzed at different levels (plant, segment, geographic area, or Company), thus enabling the simultaneous engagement of different corporate functions at various levels to meet the targets. Periodic benchmarking activities help drive the continuous improvement of the plants' health and safety performance.

CNH Industrial sets ambitious annual targets for occupational health and safety, taking account of the particular nature of the work, experience, and technical advancement, while safeguarding employee health and the surrounding work environment. These targets are then included in the Sustainability Plan (see page 28), and progress towards their achievement is pursued by implementing the continuous improvement phases of the safety management systems. Furthermore, in 2019, in line with its sustainability priority *occupational safety* and with the material topic **occupational health and safety**, the Company extended an existing target and made it more ambitious, including it as a strategic sustainability target (see page 24) in the Strategic Business Plan: to reduce the accident frequency rate by 50% by 2024 (compared to 2014).

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

In addition, newly acquired plants are assessed based on existing processes and activities, to determine what interventions are necessary to achieve health and safety management compliance with CNH Industrial standards.

RESPONSIBILITY AND ORGANIZATION

CNH Industrial safeguards and promotes occupational health and safety in its activities and across the geographic areas in which it operates through a consistent global organizational structure.

Specific responsibilities in the fields of health and safety are defined in compliance with national regulations, and assigned by employers with clearly identified areas of accountability. Management at plants and in the workplace rests with local employers.

The highest responsibility for initiatives focusing on occupational health and safety at CNH Industrial lies with the Global Executive Committee (GEC).

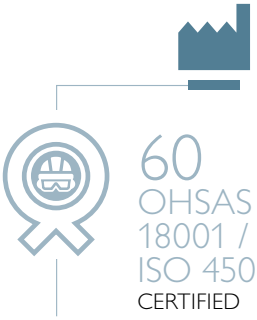
The central Environment, Health and Safety (EHS) function (which serves as a reference point for sustainability) coordinates and manages health and safety issues as per CNH Industrial's Health and Safety Policy. It periodically verifies performance against targets, proposes new initiatives, and defines health and safety policies.

Each regional EHS unit is responsible for the functional management of the plant EHS units within the respective geographic area, and provides specialized assistance in Company processes that impact safety. The plant EHS unit is responsible for dealing with occupational health and safety issues, as well as for providing specialized technical assistance to production managers and to those in charge of other processes at site level.

The specific projects to manage the occupational health and safety impact of manufacturing processes are the responsibility of plant managers.
In addition, the Governance and Sustainability Committee, a committee of the Board of Directors (see page 40), is regularly informed of the health and safety results, and comments where appropriate. Individual health and safety targets were included in the Performance Management Process (see page 85) for plant managers and for most of the managers responsible for the projects indicated in the 2019 Sustainability Plan.

CERTIFICATION PROCESS

The Company's certification of its occupational health and safety management systems as per the OHSAS 18001 or ISO 45001 international standards is voluntary and covers 60 CNH Industrial manufacturing plants worldwide, accounting for almost 42,770 people.
In 2019, the Company started its transition to the new ISO 45001:2018 Occupational Health and Safety Management standard, which will supersede the OHSAS 18001:2007 standard as of March 2021.
Certifications are awarded by accredited international bodies (which are also continuously and rigorously monitored by other international organizations), to review and certify the high levels of reliability and of operational and procedural standards.
In 2019, the occupational health and safety management systems at some non-manufacturing sites were OHSAS 18001 or ISO 45001 certified, accounting for about 3,140 people at 10 different sites and locations. In total, 70 CNH Industrial sites worldwide (manufacturing and non-manufacturing) are now OHSAS 18001 or ISO 45001 compliant, covering 45,911 people (about 77% of the workforce within the reporting scope), as are all joint venture plants in which CNH Industrial has at least a 50% interest.



OHSAS 18001 / ISO 45001 CERTIFIED PLANTS AND NON-MANUFACTURING SITES

CNH INDUSTRIAL WORLDWIDE (no.)

	2019	2018	2017
Certified plants	**60**	60	60
Employees working at certified plants	**42,769**	41,937	40,471
Certified non-manufacturing sites	**10**	10	8
Employees working at certified non-manufacturing sites	**3,142**	3,279	1,996

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

	2019	2018	2017
External audits (no.)	**66**	83	73
Total employees covered by external audits (no.)	**42,845**	45,271	36,861
Total employees covered by external audits (% of total headcount)	**67.5**	70	58.2
Internal audits (no.)	**1,074**	1,074	1,335
Total employees covered by internal audits (no.)	**42,657**	43,098	39,973
Total employees covered by internal audits (% of total headcount)	**67.2**	66.7	63.1

SAFETY CULTURE

The Company's Health and Safety Policy fosters individual participation through communication and awareness activities designed to stimulate and motivate staff to play an active role in the overall improvement process. This approach is particularly important in a multinational and interdisciplinary environment involving many cultures, multiple legal frameworks, and large numbers of people.
In 2019, several ongoing initiatives continued to promote a culture of safety and the adoption of shared standards across the Company. *Safety Captains* were appointed among hourly employees at several plants worldwide, tasked with identifying potentially unsafe acts and conditions, raising safety awareness among colleagues, promoting personal responsibility and involvement, and encouraging discussion on safety issues and on the development of solutions.

Several other events were organized globally to mark the international campaign *World Day for Safety and Health at Work*, highlighting the importance of safety in the workplace, on the streets, and at home, and promoting a preventive approach to safety. The plant in Greater Noida (India) organized a variety of activities around *National Safety Day*, including a safety oath/pledge, a fire drill, safety training on the handling of warehouse materials, specialized training for both drivers and cleaning staff, and meetings with safety experts.
The health and safety results achieved over the last few years, along with the Company's key targets, were posted via the corporate Intranet with the aim of informing and raising awareness among all employees worldwide.
The Company also promoted other targeted initiatives to promote safety and employee wellbeing.
For example, the plant in Brescia (Italy) launched the *PeopleCare – Women's Welfare for Women* initiative, involving 100% of female employees in a series of seminars and experiential workshops on various relevant and sensitive issues such as violence, mental health, motherhood, family, and career paths.
The Italian plants in Brescia and Foggia implemented the *Star bene lavorando* (Stay healthy while working) project, delivering a course (both theory and practical) on posture and on muscle and joint health. The initiative involved 100% of salaried employees as well as hourly workers from a number of departments. Its main goal was to make participants more aware of the consequences of bad posture, giving them the tools (in the form of knowledge and exercises) to take better care of themselves.
The plant in Curitiba (Brazil) involved employees' families in safety projects focusing on the development of visual safety measures at the plant, with safety signs created by the employees' children. The initiative aimed at extending engagement in safety issues beyond the company gates, emphasizing that safety is important for the entire family.

FOCUS ON

SAFETY THROUGH TECHNOLOGY

In 2019, safety initiatives leveraging technology were developed at various plants, aimed at improving the reporting and recording of safety data as well as the management of unsafe acts and conditions.
The plant in Pithampur (India) launched a safety mobile app called *First Information System* for the reporting of incidents/accidents, near misses, and unsafe acts and conditions to management. A similar tool was developed in Suzzara (Italy), where tablets can now be used directly from the shop floor to plan safety audits, record findings (regarding unsafe acts and conditions), and then manage them (perform follow-ups) through a user-friendly graphical interface.
Furthermore, several plants applied technologies to their forklifts, aimed at eliminating and reducing the risk of accidents and collisions. The following are some examples.
The plant in Annonay (France) equipped its forklifts with an anti-collision system, particularly to guarantee pedestrian safety, while in Suzzara (Italy), a speed control gate was installed inside the assembly building, in case the operator forgets to activate the turtle button (which reduces speed) on forklifts and electric tractors. In Valladolid (Spain), video cameras were installed on the forklifts' forks for improved visibility on blind corners and to assist when positioning items in hard-to-reach areas. And lastly, the powertrain plant in Sete Lagoas (Brazil) installed an electronic system on its forklifts, making it impossible to operate them without first filling out an electronic checklist.

OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE

In 2019, almost $77.6 million was spent on improvements to occupational safety and working conditions (worker protection, structural improvements, inspections of plants and working environments), while approximately $8.9 million was spent on employee health care costs.
During the year, the investments in health and safety led to almost $2.4 million in savings on the insurance premiums paid to the Italian National Institute for Insurance against Accidents at Work (INAIL).

ACCIDENT RATES

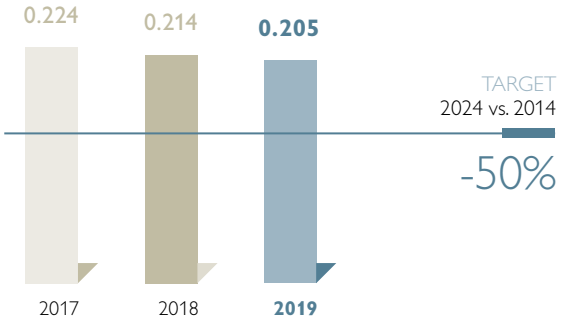
Accident rates are a clear indicator of how successful a company is at preventing industrial accidents. Owing to the Company's many initiatives, the overall employee accident frequency rate in 2019 was 0.205 injuries (0.150 for women and 0.204 for men)[1] per 100,000 hours worked, a 4% drop compared to the previous year. The severity rate was 0.095 days of absence (0.089 for women and 0.093 for men)[1] per 1,000 hours worked. Safety data relates to 96% of the workforce within the reporting scope[2].

-4%
IN EMPLOYEE **ACCIDENT FREQUENCY RATE**

In 2019, for accidents involving contractors[3] operating at CNH Industrial plants worldwide, the overall frequency rate was 0.156 injuries per 100,000 hours worked, a 23% drop compared to the previous year[4]. As regards the breakdown by gender, the percentage of accidents causing an absence of at least 3 days among female employees of external companies was approximately 14%[1] of total accidents. The severity rate for contractors was 0.025 days of absence per 1,000 hours worked, a 52% drop compared to the previous year.
In 2019, one CNH Industrial male employee had a fatal accident while participating in an offshore race, organised by a third-party customer, in Italy. In addition, one fatal accident involving an agency[5] male worker at a plant in North America was reported.

EMPLOYEE ACCIDENT FREQUENCY RATE[a]

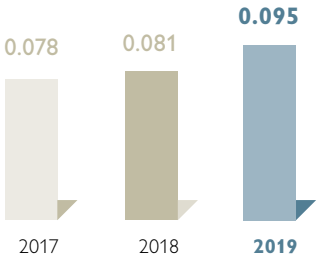
CNH INDUSTRIAL WORLDWIDE (accidents per 100,000 hours worked)



(a) The frequency rate is the number of injuries reported (resulting in more than 3 days of absence) divided by the number of hours worked, multiplied by 100,000. The base year (2014) employee accident frequency rate is equal to 0.250 accidents per 100,000 hours worked. For information on the rationale for choosing 2014 as the base year, see page 232.

EMPLOYEE ACCIDENT SEVERITY RATE[b]

CNH INDUSTRIAL WORLDWIDE (days of absence per 1,000 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 2019, 3,179 near misses[6] 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 2019 across CNH Industrial to develop and disseminate tools to collect data on, analyze, and track events (injuries, events requiring first aid, and near misses), unsafe acts, and unsafe conditions, in order to improve their respective management as well as the effectiveness of the preventive measures in place.

OCCUPATIONAL DISEASES

Specific occupational disease indicators reflect a company's success in providing a healthy work environment for its employees. Occupational diseases are the result of lengthy, gradual, and progressive exposures during work activities to chemical, physical or biological agents harmful to workers.
Occupational diseases are continually monitored in order to identify persistent working conditions that may have caused their onset, assess any residual risks and, if necessary, implement corrective and improvement measures to prevent recurrence.

(1) The breakdown by gender does not include CNH Industrial sites in North America.
(2) The non-manufacturing data refers only to sites with a workforce of more than 30 people.
(3) Contractors are defined as external companies or freelancers/self-employed individuals who have a contract with a CNH Industrial company and who provide services within the data reporting scope and within the company perimeter (resident).
(4) In some cases, the hours worked are estimates.
(5) It should be noted that agency workers are not included in the reporting scope for safety data, as per CNH Industrial's internal methodology.
(6) Near miss: an unplanned event that did not result in injury, illness, or damage, but had the potential to do so.

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

In 2019, there were 13 occupational disease cases involving employees (reflecting an occupational illness frequency rate of 0.018 for women and 0.012 for men)[7] ascertained by the relevant insurance authorities in the countries of reference, while there were no cases of occupational disease involving contractors operating at CNH Industrial facilities worldwide.

SAFEGUARDING HEALTH

At CNH Industrial, safeguarding employee health goes beyond reducing accidents and illnesses through the identification and elimination of hazards and minimization of risks. Indeed, the Company is also committed to promoting the psychological and physical wellbeing of its people through specific disease and disorder prevention programs, backed up by assistance and support services (see page 92).
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.

WORK-RELATED STRESS

For some years, CNH Industrial has undertaken a number of initiatives to assess work-related stress. Specifically, it has adopted a structured risk analysis process (with a specific focus on its health and safety data), consistent with the nature of the Company in relation to the workplace, and in compliance with the specific regulations in each country. Since work-related stress risk assessments are influenced by environmental, cultural, and psychosocial factors, the Company has developed a specific training program for employees at all levels to ensure the objectivity of risk assessments within a given country. As a consequence, assessment outcomes may differ from country to country.
The systematic assessment of this type of risk helps to identify the most appropriate mitigation tools and promote employee wellbeing at all Company plants. The outcomes of this process are continually monitored to assess the effectiveness of measures (e.g., through opinion surveys) and to implement new tools.

WORKSTATION ERGONOMICS

In order to prevent potential problems before they arise, as well as to identify and contain critical situations, CNH Industrial monitors workstation ergonomics at numerous plants across each geographic area. The probability and severity of an injury can be reduced by taking account of human physiology and of how people interact with equipment, right from the design phase of working environments. To improve health, safety, and comfort, as well as employee performance, CNH Industrial makes use of in-house expertise to study workplace ergonomics, often through virtual simulations and often in close collaboration with eminent universities.
By way of example, some of the initiatives implemented in 2019 to improve ergonomics at CNH Industrial sites are described below.
At the Madrid plant (Spain), initiatives included: a robot to preassemble windshields, replacing manual preassembly; 3 new mechanical handlers to improve the handling of plastic parts, bumpers, and front grills; a new Automated Guided Vehicle (AGV) on the battery preassembly line, replacing the manual handling of the battery cart; and low-cost automation solutions to replace the manual handling of different components.
In Italy, both the Piacenza plant, manufacturing off-road vehicles for construction and mining, and the Modena plant, manufacturing drivelines and axles for tractors, adopted a new torque-controlled screwdriver (with an arm counterbalancing the weight of the screwdriver itself) to secure assembly line components, replacing manual operations as well as the dynamometric bars used to check the torque.

[7] *The breakdown by gender does not include CNH Industrial sites in North America.*
[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.*

DIGITAL WORKPLACES

As emerged from the materiality analysis, **digital workplaces** is considered a material topic by both CNH Industrial and its stakeholders (see page 18), in that technological innovation is transforming working methods, offering new opportunities to companies and their employees. Given the relevance of this topic to CNH Industrial, the Company set a global target to involve 40% of employees (excluding hourlies) in flexible work location schemes by 2022.
The overall goal is to improve quality of life and individual productivity by managing available technologies and people's time more intelligently, whether in the office or at the plant.

CNH Industrial is using a multi-disciplinary approach to create digital workplaces across its sites: some initiatives are department-led, targeting specific needs, others are Company-wide, such as the corporate Intranet. The latter keeps employees informed and engaged, aligning them on key internal messages and success stories. Available in 6 languages, with a user-friendly look and feel, the Intranet is accessible to all salaried employees and above. To stimulate online participation, it employs smart interactive tools (such as quick polls and other useful widgets) and a social network approach enabling employees to post likes and comments. It also provides access to a variety of Company resources and applications and features a dedicated section for new hires. In some countries, certain Intranet areas are also accessible to hourly workers: in Italy, 2,900 hourlies use the portal's *LIFE* channel to keep up-to-date on special offers, discounts, and other initiatives for employees and their families.

Since the launch of a comprehensive Industry 4.0 program in 2018, CNH Industrial has been involving many employees in the implementation of Industry 4.0 concepts and technologies in several manufacturing areas. One of the program's key objectives is to support **digital workplaces** using a very broad approach. To this end, in 2019, the Company implemented a number of solutions to: create safer workplaces (e.g., smart AGVs[1] in Valladolid, Spain); enhance health and wellbeing in the workplace (e.g., cobots[2] in Brescia, Italy); use digital technologies for training purposes (e.g., the virtual painting simulator in Madrid, Spain); and provide digitally-assisted support in assembly operations (e.g., Arkite HMI[3] solutions implemented on the combine assembly line in Zedelgem, Belgium). Furthermore, 23 plants worldwide are using 3D printing technology to produce highly-specialized tools to assist assembly line operators in their work – a solution much appreciated by the workers.

OUR PROJECTS

INDUSTRY 4.0 SOLUTIONS

Increasingly, robots and intelligent machines are assisting CNH Industrial workers with much of the heavy lifting at plants and warehouses, and the Company with its goal to reduce the risk of injuries and improve the wellbeing of employees.
For example, the plant in Brescia (Italy) equipped its warehouses with cobots (collaborative robots), featuring long flexible arms that can grab required items from warehouse racks and transfer them to the workers' desks. This allows the workers to remain comfortably seated while assembling components, without having to repeatedly get up to retrieve parts from the racks, and to do so in complete safety (cobots come to an immediate halt if they sense the presence of a person). Cobots are highly effective at reducing the physical strain on workers, and of great assistance to those with disabilities or in wheelchairs. Furthermore, with the retirement age set to increase, cobots will allow people to work longer safely.
The IVECO plant in Valladolid (Spain) acquired automated guided vehicles (AGVs) equipped with cameras, sensors, and AI[a] software. They are programmed to autonomously pick up the required components and carry them to and from exact locations (e.g., on the production line), taking the quickest route available. In line with the Company's goal to achieve zero accidents, AGVs' advanced software enables them to identify risks, stopping immediately if they sense a hazard of any kind. The cameras and sensors have also been designed to improve safety by preventing any risk of vehicle collision with people or other equipment. AGVs can transport items weighing between 10 and 20 kilos, at a speed of around 5 kilometers per hour, assisting workers with physically demanding tasks.

[a] *Artificial intelligence.*

[1] *Automated guided vehicles.*
[2] *Collaborative robots.*
[3] *Human-Machine Interface.*

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

In keeping with previous years, several initiatives were implemented in 2019 to improve digital collaboration across the Company. The most important one was the Proof of Concept (POC) launched for the global adoption of Microsoft Teams, a single tool offering most of the communication and collaboration features of the Microsoft Office 365 platform. From a user productivity standpoint, Robotic Process Automation (RPA) has been progressing at a rapid pace, with several initiatives underway at both process and individual levels. Indeed, with the main aim to improve the working environment, several repetitive activities will be performed by bots, i.e., software applications programmed to perform specific tasks. Additional initiatives were launched using Business Process Management (BPM) tools to coordinate the activities of multiple departments and systems.
Lastly, business analytics tools have become increasingly user-friendly and are rapidly evolving to deliver self-service analytics and machine learning, which will play a significant role in the near future by complementing user-driven analyses with computer-generated ones.

FLEXIBLE WORK LOCATIONS

In 2019, CNH Industrial continued trials enabling its employees to work from different locations, extending ongoing initiatives and launching new ones across the Company.
The *Work from Home* scheme, under the *Smart Working* project, which allows employees to work from home once a week for a maximum of 4 days per month, continues to expand and is now present in a total of 15 countries.
In addition, under the same *Smart Working* project, the *COMF-Location* initiative continued for all salaried employees in Turin and San Mauro (Italy), allowing them to work from the local Company office most convenient for them. With 32 desks available across all *COMF-Locations*, employees were also permitted to make use of the initiative with the same frequency as for *Work from Home*, and to take advantage of both initiatives during the same week.
In North America, as part of its *Building a Better Workplace* campaign, the Company continued to offer flexible work arrangements, including remote working, to eligible personnel among its nearly 4,000 full-time salaried employees and above in the USA and Canada.
Similarly, in South America and Rest of the World, remote work programs are available for salaried employees and above.
In total, in 2019, approximately 36% of employees were involved in flexible work location schemes (excluding hourlies).

HUMAN CAPITAL DEVELOPMENT

One of CNH Industrial's key challenges is growing and adapting to a constantly changing environment. The Company understands that the nature of today's socio-economic context calls for leaders able to evolve. A solid people management process is the key to success because it includes employees in the Company's business goals, makes the most of employee talent, and fuels workforce motivation. CNH Industrial is committed to supporting its employees through training initiatives, and by recognizing and rewarding their achievements and contributions to business results. In this manner, the Company not only measures itself against today's expected levels of global competitiveness, but also gains insight into potential improvements and prospective succession plans that are essential for building CNH Industrial's future.
The conviction that people are the Company's greatest asset is the baseline principle of the CNH Industrial Human Capital Management Guidelines (available on the corporate website), created for all Human Resources (HR) functions and managers worldwide to support and promote employee development and engagement.
Driven by the Company's Values and Behaviors defined in 2019, the Talent Development function guides the HR function according to the following pillars:

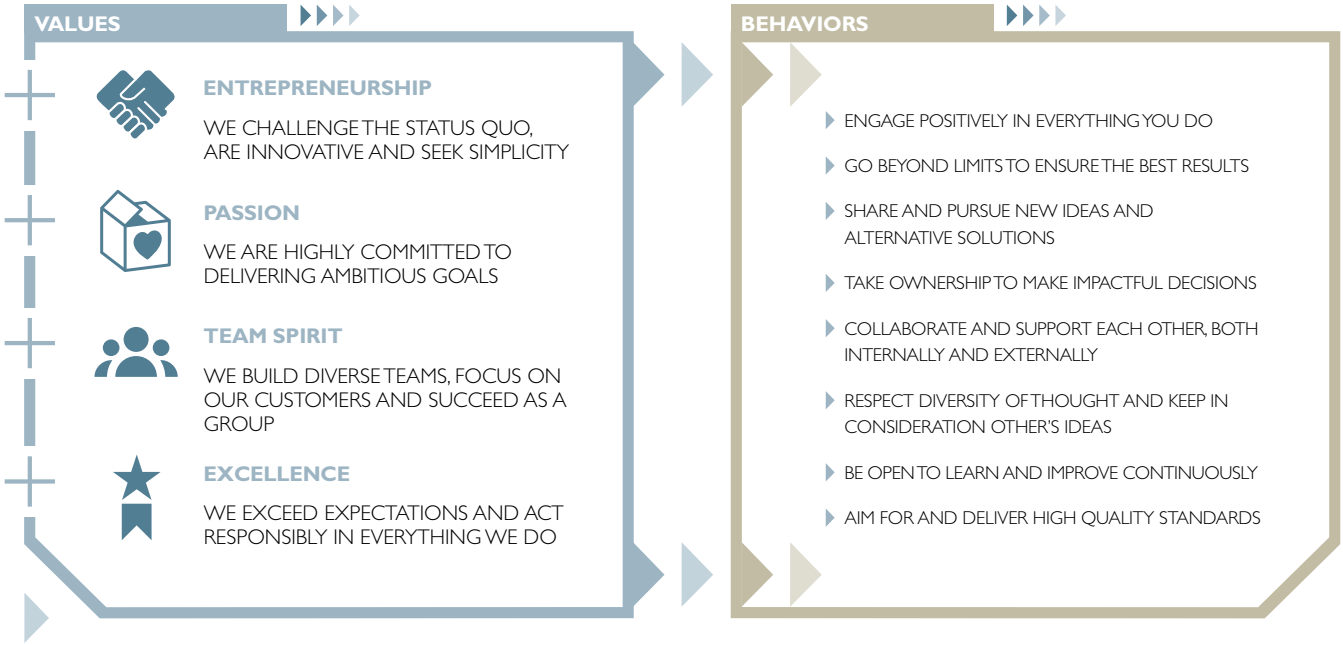
- CNH Industrial employees are the best guarantee for future success. Driven by a goal-oriented mindset, the Company leverages on a culture of excellence and sustainability to achieve outstanding and consistent results
- talent management and succession planning are key levers in achieving the Company's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

approach that encourages cross-functional and cross-segment mobility worldwide enables the capitalization of the talent management process across the Company, and constitutes an essential competitive advantage. This process ensures that the leadership pipeline is continuously fed at all levels of the organization

- skills are an asset to be developed and shared. CNH Industrial is committed to helping people adapt in real-time to change in an increasingly complex world. As employee development and the continuous improvement of corporate performance are closely interrelated, the Company's main objective is to increase the value of human resources through targeted programs.

PERFORMANCE MANAGEMENT PROCESS

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



The PMP, launched worldwide in 2019, applies to managers, professionals, and salaried employees alike. Representing an evolution of CNH Industrial's previous Performance and Leadership Management (PLM) model, the PMP was developed to ensure consistency with the Company's ongoing transformation.
The new PMP, which leverages on the strengths of the previous model, was adapted in line with the Company's new organization, Values, and Behaviors. Like its predecessor, the PMP is one of the key processes of human capital management and development.
The PMP aims to establish a transparent and bilateral dialogue with employees, so as to define together how each individual can contribute to the organization's results by achieving the agreed targets while acting in line with expected behaviors.

PERFORMANCE MANAGEMENT SYSTEM

As part of the Performance Management Process (PMP), managers and employees sit down at the beginning of each year to discuss individual targets for that year. Individuals are evaluated on their performance at the end of the year, focusing on two aspects – goal achievement and adherence to Company-endorsed behaviors. Based on their evaluation, both aspects are plotted on a 9-square grid, providing a visual snapshot of overall performance. This performance-oriented model ensures that employees are evaluated not only on what they did, but also on how they did it.

The last phase of the process entails giving feedback to employees, a means not only to motivate them but also to facilitate open and positive relationships. The outcomes and the areas identified for improvement are openly discussed between manager and employee, paving the way for employee performance improvement. Upon completion, employees can access their evaluation online. Furthermore, at any moment in the process, they can enter details on their professional aspirations and request specific training (such as coaching, exposure to senior management, etc.) to address the areas identified for improvement. This unique skills mapping and appraisal process is supported by IT systems that give managers full access to up-to-date information on the people within their organizational unit, and on those indirectly in their reporting line. Individual employee evaluations are therefore also accessible to and can be examined by senior management within the organizational structure.
The process therefore provides a concerted management framework for employee development, one that is transparent and focused on the individual.

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

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

In 2019, more than 23,300 employees (salaried and above) were assessed via the PMP. The percentage of women engaged in the PMP was the same as that employed by the Company. Furthermore, specific training on the new PMP was delivered to managers and employees worldwide.
Each employee is assessed through the PMP according to eligibility guidelines (for example, the employee must have worked at the Company for more than 6 months). Apart from a few exceptions for which PMP is not required (for example, joint ventures in China), the entire workforce of salaried-and-above employees worldwide takes part in the process.
In line with CNH Industrial's *achieve and earn* philosophy, designed to promote a culture of excellence and rewards, PMP assessment results are used to determine the individual contribution component of eligible employees' variable compensation. This demonstrates the extent to which the Company values a results-driven culture and rewards both achievements and behaviors.
In 2019, CNH Industrial set key sustainability targets related to the Company's social, environmental, and climate change efforts. These targets (the achievement of which affects variable compensation) were incorporated into the performance management system, and duly assessed for relevant employees at different levels of the organization, including Sustainability project leaders, Energy managers, Environment, Health and Safety (EHS) managers, and other staff at plant level.

TALENT MANAGEMENT AND SUCCESSION PLANNING

CNH Industrial operates in dynamic, highly competitive industries where success is achieved by having talented individuals within the organization, and by appointing the right people to key positions. These objectives are at the core of the talent management process, which identifies the most talented employees and fast tracks their development.
The selected individuals are offered professional opportunities that allow them to gain experience in other geographic areas or segments, enabling CNH Industrial to develop effective succession plans while giving priority to candidates from within the Company.

The process is conducted uniformly across functions, segments, and levels of the organization. Key individuals, selected on the basis of their professional performance, skill set, and potential for growth in positions of greater responsibility, are evaluated through a process that directly involves management, from their immediate supervisor to senior management. The process ensures that all key leaders are developing both short and long-term succession plans, with a special focus on talented individuals not yet widely known within the organization, but meriting investment as potential leaders for the future.

DEVELOPMENT OF MANAGEMENT

CNH Industrial encourages the appointment of local managers in all countries. However, international appointments may occur if considered to be development opportunities for talented individuals, or to transfer specific skills and expertise from other countries. In that case, the appointed manager is required to invest in the selection and development of a local successor. This also ensures that specific skills and expertise are successfully transferred across countries.
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 128 leaders that report directly to the members of the Global Executive Committee (GEC) have an average length of service of 14 years.
Additionally, 76% of new manager-level appointments in 2019 were internal candidates, the remaining 24% being external hires.

MANAGERS OF LOCAL NATIONALITY BY REGION[a]

CNH INDUSTRIAL WORLDWIDE (%)

	2019
North America	86
Europe	82
South America	93
Rest of World	59

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

TALENT ATTRACTION AND RETENTION

Around the world, CNH Industrial continues to adopt recruiting methods focusing on universities, social media platforms, and career events or job fairs.
The Company's sponsorship of several universities affords it privileged relationships, a strong presence on campus, and regular student internships. In some cases, CNH Industrial directly sponsors individual postgraduate students to carry out research projects on Company premises. In others, it awards university scholarships to students studying in areas where the Company intends to recruit.
During the year, CNH Industrial participated in 128 career events, with its own specially designed booths.
The year's new hires included more than 530 recent graduates, of which 29% were women. More than 70% of these graduates had previously worked at the Company as trainees or interns.

TALENT ATTRACTION

CNH INDUSTRIAL WORLDWIDE (no.)

	2019	2018	2017
New graduates recruited	**534**	407	403
Traineeships	**2,124**	2,691	3,296

In addition to the employee development programs described on page 89, in 2019, CNH Industrial engaged in a series of initiatives to provide development opportunities for and increase the retention of talented employees.
For example, selected employees participated in a program to develop leaders in key positions, focused on maximizing performance in line with business needs and strategic thinking. Other refresher programs were organized for leaders on advanced and innovative management techniques.
Specific training was also offered to recently appointed or newly-hired supervisors to support them in managing the challenges of their new positions.
Lastly, selected employees were given the opportunity to pursue further education qualifications, funded by CNH Industrial on the condition they remain with the Company for a period dependent on respective regional policies. In 2019, 42 employees joined the Master/Postgraduate program alone.
CNH Industrial offers **long-term incentives** designed to engage and retain key leaders across the Company. The long-term incentive program in place in 2019 was launched in 2017, covering a 3-year performance period (2017-2019). Involving approximately 300 managers worldwide, it aimed at strengthening key leaders' alignment with and commitment to achieving the Company's long-term goals. For more information, see the 2019 EU Annual Report on page 110.

TRAINING AND DEVELOPMENT

CNH Industrial believes that employee training is key to skills management and development. Training allows sharing operational and business know-how, as well as the Company's strategy and values. As evidence of the importance given to training and to developing a qualified and specialized workforce, the Company set a target to involve 100% of its global workforce in training by 2022, in line with the material topic **employee engagement**.
CNH Industrial applies a Training Management Model to enable a more effective and flexible response to evolving training needs arising from changes within the Company and in the economic environment.
The Company manages training through a 4-step process: training needs identification, content development, program delivery, and reporting. Ownership of each lies with different corporate functions, depending on which areas of content or expertise need to be improved.
The Training Management Model is business-oriented and therefore closely involves business functions on content areas such as:

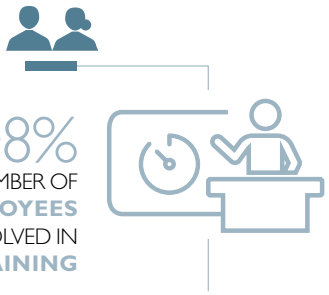
- business and job-specific skills
- new business methodologies
- shared tools, languages, soft skills, legal aspects and compliance, ethics, etc.

CNH Industrial manages the overall training process through a Global Learning Management System, an Internet-based Company tool available to employees via the corporate Intranet. It allows defining and managing a comprehensive learning process for each employee based on business, location, and/or specific individual needs.
The Company builds upon segment-specific training programs, believing that the most effective solutions are specifically tailored to individual needs.
Employees are given the opportunity to indicate development and training needs as part of the Performance Management Process (PMP, see page 85), and to propose actions to support their personal development during the year.
Suggestions are shared with their direct managers and Human Resources (HR), and evaluated and implemented according to needs and priorities.
Training effectiveness and efficiency are monitored and measured based on the participants' satisfaction with the initiatives delivered and improvements in their knowledge/skills; in some cases, depending on the learning path, structured follow-ups are provided.
HR's Talent Development function facilitates the overall training process by providing support to other functions and across segments, and its team guides the implementation of CNH Industrial's Training Management Model by coordinating relevant activities with the HR departments of each function and segment.
The Talent Development team centrally monitors:

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

TRAINING IN NUMBERS

In 2019, CNH Industrial invested approximately $3.9 million in training, delivering a total of 653,196 training hours to 50,220 individuals (an 8% increase compared to 2018), of whom 82% were men and 18% 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

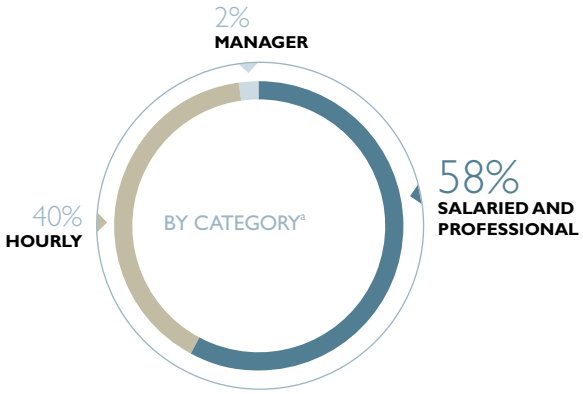
CNH INDUSTRIAL WORLDWIDE (no.)

	2019
Training hours	653,196
Employees involved	50,220
Average hours of training per employee involved	13

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 2019, 113,951 hours of online training were provided to 28,009 employees.
For details on specific training activities, see pages 52, 54, 78, 170, and 181.
More details and data on training are available in the Appendix (see page 246).

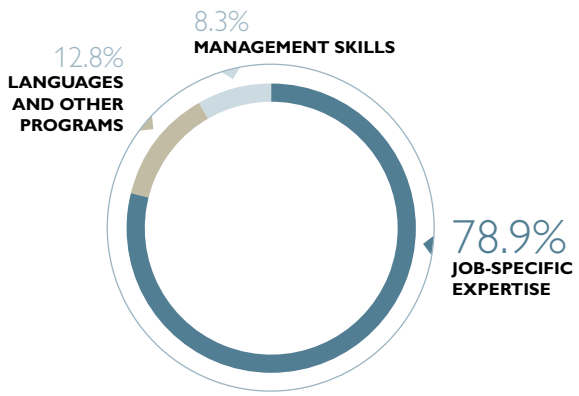
EMPLOYEES INVOLVED IN TRAINING

CNH INDUSTRIAL WORLDWIDE



TYPE OF TRAINING

CNH INDUSTRIAL WORLDWIDE



[a] *For more information on employee categories, see page 232.*

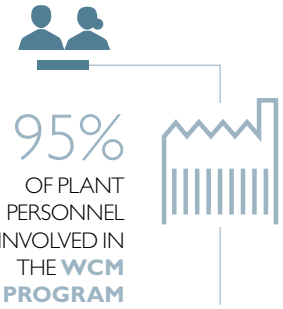
EMPLOYEE DEVELOPMENT PROGRAMS

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 Human Resources (HR) Department collaborates with the business units on the development of specific programs, for the most part customized according to individual needs.
To this end, many *Action Learning* programs were rolled out in 2019, involving more than 250 employees from different functions.
All of these programs were created to accomplish several key objectives:

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

During the year, the Company organized several targeted training sessions on employee leadership and managerial and technical skills. It also delivered ad hoc mentoring and coaching programs to over 150 people to support and encourage their personal learning, maximize their potential, develop their skills, and improve their performance.

CNH Industrial applies the principles of the World Class Manufacturing (WCM) program, an integrated model for managing all the elements of an organization (from safety to the environment, from cost deployment to people development). Through the WCM system, the Company focuses on improving the efficiency of all its technical and organizational components with the aim of maximizing market competitiveness (see page 166). As at December 31, 2019, 55 plants were participating in the program, accounting for 95% of plant personnel worldwide[1] and 99% of revenues from sales of products manufactured at Company plants[1].



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 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

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

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

- zero accidents – creating a safety culture
- zero human errors – ensuring seamless interaction between people and systems, so as to improve process competencies
- developing outstanding technical professionals who can assess any facility's current status, develop action plans to reach the desired status, and implement efficient and effective maintenance systems
- developing the skills and competencies of hourly workers to create a culture centered on the Autonomous Activities pillar
- achieving excellent process control through the correct implementation of Quality Control procedures
- involving and motivating people to assume responsibilities within a continuous improvement environment.

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

(1) The percentage is calculated on 64 plants; for the complete list of these plants, see pages 228-230.

OUTPLACEMENT

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

INTERNAL MOBILITY

Through the *Job Posting* program, open positions can be posted and made visible to all employees within, and in some cases beyond, a given geographic area. Over the course of 2019, the program advertised over 3,300 positions, receiving almost 4,500 internal candidacies from all over the world. In all, 16% of open positions were filled by internal candidates[2].

PEOPLE SATISFACTION AND ENGAGEMENT SURVEYS

CNH Industrial recognizes that people satisfaction and engagement surveys are a useful tool not only for measuring the level of employee satisfaction and engagement, but also for identifying improvement opportunities that meet the needs and expectations of the entire organization. In this regard, in 2019, the Company set a new strategic sustainability target (see page 24) within the Strategic Business Plan: to involve 100% of employees in engagement surveys by 2024.

CNH Industrial collects the information provided by departing employees worldwide through departing surveys/ exit interviews. The goal is to understand what employees look for in a new organization and gain awareness of any potential areas of dissatisfaction. Departing employees are asked to complete a questionnaire on management, career development, Company culture, and the work environment. The Human Resources Department consolidates data on a monthly/quarterly basis and shares specific business unit feedback with the relevant managers, in order to address specific areas of concern within each area.

In March 2019, an onboarding survey process was launched for all new hires, requiring the latter to fill out questionnaires after 30 and 210 days of employment, so as to gather feedback on their first months at the Company.

Moreover, towards year end, the Company carried out its first global *Great Place to Work* engagement survey, a tool for employees worldwide to be heard. Through this active listening approach, CNH Industrial gathers employee feedback on the shared compliance culture and on the relationships between employees and their colleagues, managers, and work, which leads to people-oriented initiatives that foster Company transformation. All CNH Industrial employees[3] (over 60,000 in total) were invited to participate in the survey. The response rate was 75%, or more than 45,000 employees.

The survey's results are currently under review, and will be used to define a 2020 action plan to further improve employee engagement.

75%
RESPONSE RATE TO **EMPLOYEE ENGAGEMENT SURVEY**

FOCUS ON

CNH INDUSTRIAL AMONG BEST COMPANIES TO WORK FOR IN BRAZIL

In 2019, for the sixth year running, CNH Industrial was classified among the *150 Best Companies to Work For in Brazil*, in one of the most important organizational climate surveys in the country.

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

First, 3,000 employees were randomly selected by the publisher to answer an online satisfaction questionnaire consisting of 56 questions covering various issues relating to identity, satisfaction and motivation, learning and development, and leadership. The questionnaire was completed by 76% of the employees selected. The survey results were used to calculate the IQAT[a] (a work environment quality index): the Company scored 82/100, the same as in 2018 (compared to 84/100 in 2017, and 79/100 in 2016).

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

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

(a) Índice de Qualidade do Ambiente de Trabalho.

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

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 targets for 2022 to promote employee health and wellbeing (see page 28) and increase volunteerism (see page 29).

WORK-LIFE BALANCE

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

Childcare is an area where managing costs and time is 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 2019, 6 locations throughout Austria, France, Italy, and Mexico had agreements in place with one or more local daycare centers, including the *Mirafiori Baby* center in Turin (Italy), established for employees. In Pithampur (India), a new daycare center is currently being set up. In the USA, 178 eligible employees set aside pre-tax sums for childcare by contributing to a Dependent Day Care flexible savings account. In Italy, Spain, and Argentina, a total of 628 employees received financial support from the Company towards daycare expenses.

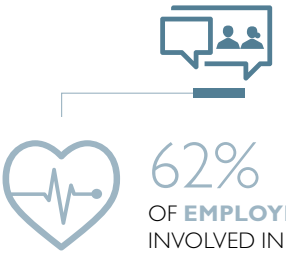
In 2019, CNH Industrial also offered 3,415 kits containing school supplies to the children of employees in Argentina and Brazil. Direct funds for school expenses were provided to 323 parents in Mexico and to 1,400 parents of children aged 3-16 in Spain. Still in Spain, 133 parents received safety kits for their newborns. Discounted summer camps continued to be offered in Italy, Spain, the Czech Republic, and Switzerland, benefitting 250 employees' children. For the second consecutive year, the Company held a camp in Spain, called *Integracamp*, which aims to promote awareness of intellectual disabilities. As part of the initiative, 30 employees' children engaged in activities and workshops at the *Juan XXIII Roncalli* Foundation (see page 75). Still in Spain, the Company launched a program that gave the children of 25 employees the opportunity to experience virtual reality.

The use of **flexible benefits** packages for employees continued in 2019. Through the voluntary program *Conto Welfare*, launched in 2017, employees in Italy were able to allocate funds to a variety of goods and services, including health products, educational expenses, care for family members, gym memberships, and entertainment. Through a flexible benefits scheme in the UK, approximately 500 employees were eligible for direct funds for childcare or fitness purposes, such as gym memberships or bicycle purchases. In India, the *i-Flex* benefits program offered employees a host of discounts on food, travel, fitness, and medicine.

On-site services helped employees make the best use of their time during their workdays. At 84 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 the USA, Italy, and Argentina. To help employees with their daily financial needs, on-site banking, free checking accounts, loans, and/or financial consultations were made available to over 17,000 employees at 23 locations in 8 countries. On-site fitness equipment was offered at 12 locations, and on-site pharmacy services were available in San Matteo and Turin (Italy), and Cordoba (Argentina). The Company's *We Love Book Sharing* initiative in Italy, to promote reading and book sharing among employees, continued in Brescia, Foggia, Piacenza, San Matteo, San Mauro, Suzzara, and Turin. In Brazil, a similar program was initiated in Piracicaba and Sete Lagoas.

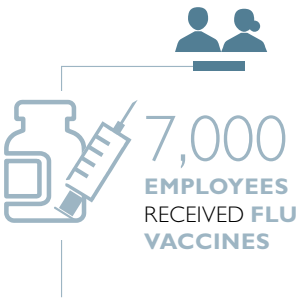
On a global level, CNH Industrial continued to engage in initiatives to raise employee awareness of **health** risks and preventive measures and to address global health issues such as HIV. With its global target of involving 100% of employees by 2022 in wellbeing initiatives promoting healthy lifestyles, the Company adopted several health initiatives.
The *Pink October* campaign on breast cancer awareness and the *Blue November* campaign on prostate cancer prevention involved all employees at all sites in Argentina and Brazil (around 8,000 in total). In Spain, employees joined the *With You We Face It* campaign for the International Day Against Breast Cancer. A *Skin Cancer Prevention* campaign was launched in Ulm (Germany), offering preventive check-ups to employees, especially those whose work involves exposure to sunlight,

benefitting 185 people. Across 4 locations in Brazil, dengue fever awareness initiatives are ongoing, with a new dedicated committee formed at the Contagem plant, and special programs for pregnant employees and new mothers continued with new breastfeeding rooms in Piracicaba and Sorocaba. A new campaign on safe driving habits in Foggia (Italy) involved 40 employees; a new back pain and stress prevention awareness campaign benefitted 20 employees in Warsaw (Poland); and 176 employees in Zedelgem (Belgium) received stress management training.
Annual biomedical screenings, health checks, and/or other lab analyses were carried out for approximately 70 employees in the UK, 630 in Argentina, 4,000 in Brazil, 360 in China, and 1,400 in India. In addition to annual screenings, all employees in Basildon (UK) were offered free eye examinations and prescription glasses, if needed. Eye exams were also offered to approximately 1,700 employees in Betim, Contagem, and Nova Lima (Brazil).
In 2019, 81% of employees in Canada and the USA participated in the wellness program *THRIVE*, which encourages health assessments and/or biomedical screenings and promotes behavioral change through information on health issues and financial incentives. Specifically, 44% of eligible employees in the USA participated in biomedical screenings, while 54% of eligible employees in Canada and the USA participated in health assessments. Moreover, 192 employees completed a voluntary tobacco cessation program. Similar programs, which are part of the Company's main health initiatives worldwide, led to another 15 employees in Jesi (Italy), as well as 15 in Sorocaba and 6 in Sete Lagoas (Brazil), participating in specific programs to quit smoking.



Targeted programs were organized at Company plants and other sites to help workers maintain good health and reduce the risk of injury. Stretching, yoga, and pilates programs were offered to employees in Basildon (UK), Piacenza and San Matteo (Italy), Ulm (Germany), Buenos Aires and Cordoba (Argentina), and Bangkok and Samutprakarn (Thailand). 450 employees in Cordoba (Argentina) were involved in a new sports accident prevention program. In Brescia and Foggia (Italy), and in Curitiba, Contagem, and Sete Lagoas (Brazil), programs on ergonomics were offered to over 6,000 employees. A physical therapy program was organized for 35 employees in St. Valentin (Austria), a weekly workout program focused on the spine for 15 employees in Ulm (Germany), and a workplace exercise program for approximately 360 employees in Piracicaba (Brazil). At the 2 plants in Brescia (Italy), 1,798 employees were offered access to a new remote ECG system, while 100 employees received practical and theory training on developing good posture and muscle and joint health. To encourage good nutrition, free apples were distributed to 500 employees in St. Valentin (Austria), 50 employees in Kutno (Poland) participated in a new seasonal fruits and vegetables program, 166 employees in Lugano (Switzerland) received free fruit, and a new weekly vegetable fair was held at 3 locations in Brazil. In 13 countries, the Company organized workshops and assessments on women's health, family planning, cancer prevention and early detection, weight management, first aid, and mental health, benefitting more than 21,000 employees.

Throughout the year, for all the above-mentioned activities, CNH Industrial developed a number of internal **communications campaigns** to raise awareness of the different topics and keep employees informed and engaged. The Company created ad hoc internal campaigns to inform employees about new flexible benefits offerings, such as *Conto Welfare*, as well as a communications framework called *Building a Better Workplace* to promote on-site services aimed at improving employees' quality of work life. Special focus was also given to preventive health care, through the launch of several targeted communications campaigns.



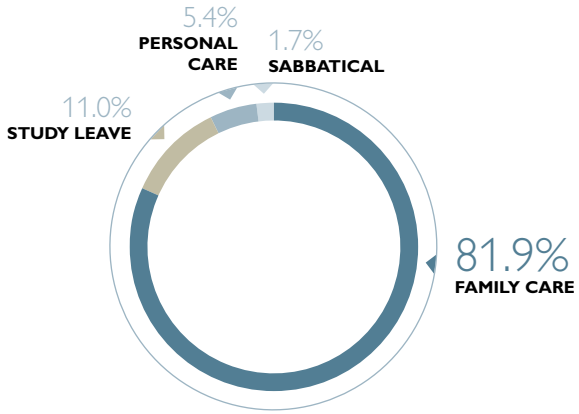
Finally, **seasonal flu prevention** campaigns (offering workers voluntary vaccinations) were organized at locations worldwide, advertised through posters and communications on internal bulletin boards and the corporate Intranet, leading to the administration of approximately 7,000 vaccines.

FLEXIBLE WORKING

Flexibility in working hours, including part-time employment (see page 72), allows employees to balance their time when needs arise, such as for childcare, care for the elderly or other personal requirements. CNH Industrial offers flexible working hours according to local customs and regulations. In 2019, the Company carried out a survey on the flexible working arrangements offered to its employees, focusing on flexible working hours, parental leave, and other forms of leave. The results provided a wide range of information, helping to identify appropriate action for improving employee work-life balance. Flexible arrangements, along with tools to reconcile work needs with the responsibilities of family life, enable a positive working environment to be established and maintained for all employees within the Company.

The survey revealed that approximately 83% of the employees surveyed[1] took advantage of flextime, and that this system was utilized most in North and South America, both at 100%, while in Europe the percentage was 86.5%, and in the Rest of the World 34.8%.
Another survey[2] showed that, between November 2018 and October 2019, 5,734 employees (8.9% of the total CNH Industrial personnel) took leave of more than 3 days for the care of family members, for personal treatment and care (excluding all forms of compulsory leave for illness), or for study and sabbatical leave. Overall, 6.1% of these leaves (which are defined by Company policy or agreements with trade unions or employee representatives) exceeded the provisions set by law, and 18% of them was granted to female employees. The type of leave most taken by employees was family-related (almost 82% of the total), with 17.7% of this taken by female workers. Study leave comprised 11% of the total, 86% of which was taken by male workers. Leave taken for personal treatment and care amounted to about 5.4% of the total, with 39.3% of this taken by female workers. Sabbatical leave in 2019 was 1.7%, a decrease compared to the 2.2% rate recorded in 2018. 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 2019, the Company continued to offer a number of flexible working arrangements. Over 1,900 employees at sites in Italy, Spain, Switzerland, and Brazil benefitted from flexible shift scheduling. Eligible employees in the USA and Canada continued to benefit from the Birthday Time-Off vacation policy, which allows them to take an extra day off each year on or within 30 days of their birthdays. In Brazil, 2,930 employees joined an hour bank plan, through which they can convert their overtime hours into time-off, for use at a later date.

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 2019, 3,051 employees[3], approximately 4.8% of Company personnel, took maternity, paternity, adoption or breastfeeding leave. Overall, 74.9% of total leave was in Europe, 13.1% in South America, 7.8% in the Rest of the World, and the remainder in North America. In terms of gender, 69% of overall leave was taken by male workers. Paternity leave accounted for approximately 63.3% of the total, maternity leave for 24.5%, while breastfeeding leave accounted for 12.1%. The percentage of leave for adoption was negligible. Over the total workforce, parental leave was most frequent in Europe (5.5%) and in South America (4.9%). In North America, in 100% of cases, the conditions of maternity leave were more favorable than those required by law.

(1) *Survey of all Company employees, excluding hourlies, carried out on October 31, 2019.*
(2) *Survey of all Company employees carried out on October 31, 2019.*
(3) *Survey covers the period from November 1, 2018 to October 31, 2019.*

2019 PARENTAL LEAVE

CNH INDUSTRIAL WORLDWIDE (no.)

	Maternity leave entitlement			Paternity leave entitlement			Adoption leave entitlement			Breastfeeding leave entitlement		
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
Total number of employees entitled to parental leave[a]	9,889	-	9,889	52,976	52,976	-	54,461	45,280	9,181	26,011	17,826	8,185
	Maternity leave			Paternity leave[c]			Adoption leave[c, d]			Breastfeeding leave[c]		
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
Total number of employees taking parental leave[b]	749	-	749	1,930	1,930	-	2	1	1	370	174	196

[a] Number of employees entitled to parental leave as at October 31, 2019, as per applicable laws, collective labor agreements, and/or Company policies.
[b] From November 2018 to October 2019.
[c] In North America, paternity, adoption, and breastfeeding leaves are included in family care leave, and so are not included in the data for parental leave.
[d] In many timekeeping/payroll systems, adoption leave is coded as maternity or paternity leave; therefore, the data for adoption is partial.

In October 2019, another survey was conducted in Europe on the number of employees, by gender, who had returned to work after parental leave. The survey was carried out in Italy, Belgium, Spain, and Poland (where 41% of total CNH Industrial personnel are employed), and showed a return to work rate of 94.9% and a retention rate of 94.5%. The results of the survey are reported in the table below.

2019 RETURN TO WORK AFTER PARENTAL LEAVE[a]

CNH INDUSTRIAL WORLDWIDE (no.)

	Total	Men	Women
Employees who returned to work in the reporting period[b] after parental leave ended	**743**	640	103
Employees who returned to work[c] after parental leave ended and who were still employed 12 months after their return to work	**763**	648	115

[a] Survey carried out in Italy, Belgium, Spain, and Poland.
[b] From November 2018 to October 2019.
[c] From November 2017 to October 2018.

OUR PROJECTS

GROWING COMMUNITIES

Whether growing nutritious food for those in need, or planting to promote environmental awareness, employees at CNH Industrial are committed to making a difference.

In the employee gardens at sites in the USA, the Company's agricultural expertise is being put to work on a small-scale. For example, at the Fargo plant, employees planted 3 acres of sweet corn on site to benefit the Great Plains Food Bank in North Dakota. In September and October, they harvested almost 2,500 kilos of sweet corn, which translates into more than 9,000 meals for those in need. In the employee garden at the Benson plant, employees grow their own produce on individual plots, and sweet corn on the remaining land for the whole plant to harvest at the end of the season. In 2 gardens at the Racine plant, employee volunteers grow produce that they share with others at the plant. Employees at the plant in New Holland have planted a wellness garden with a wide variety of vegetables, delivering a surplus of approximately 20 kilos per week that is donated to CrossNet Ministries, a local food bank for those in need.

At the Sorocaba and Sete Lagoas plants, in Brazil, 116 employees and family members took part in *Plante essa Ideia* (Plant that Idea), which encourages environmental protection and promotes integration between the Company and the community. Families participate in the planting of fruit and ornamental tree seedlings and vegetables, and receive feedback on the impact on the environment and on future generations. At the end of the session, everyone takes home a small plant as a souvenir.

OUR PROJECTS

STUDENT ACHIEVEMENT AWARDS

Through its long-standing grants and scholarship program, known as the *Student Achievement Awards*, the Company continued to offer the children of employees a chance to qualify for grants based on their academic excellence. The program is open to students with a high school or university diploma, or a university degree, and covers all countries where the Company has a significant presence. The Awards policy is overseen by the Grants and Scholarship Committee and is implemented through regional committees that have contacts in all countries involved. In 2019, the program awarded 184 grants and scholarships, totaling $428,106, to employees' children worldwide.

SENSE OF BELONGING AND PRIDE

In line with its target of a 10% increase in the number of employees involved in volunteering activities during paid working hours by 2022 (compared to 2019), the Company continued to implement several initiatives worldwide.
In 2019, in Canada and USA, 851 employees participated in volunteering activities during working hours. Through *#ImpactDay*, a volunteering and team-building initiative launched in North America in 2016, employees volunteered 3,488 working hours for initiatives linked to food banks, shelters, disaster relief, and other charitable causes. Lastly, the Volunteer Time-Off (VTO) policy, introduced in 2016, continued to enable eligible employees to devote up to 8 working hours a year to volunteering, resulting in 655 VTO hours donated.
In Europe, 539 employees volunteered in various programs, for a total of 1,205 paid working hours, including a CNH Industrial *Social Team Building* program devised to engage employees in relationship building while working on specific sustainability projects. For example, in the Czech Republic, 214 employees worked together on 3 different initiatives to manufacture and donate toys to children, bicycles to people in need in Africa, and birdhouses to a local daycare.
In Argentina and Brazil, the Company held several major events at its sites to promote employee volunteering, with a total of 1,053 employees volunteering 1,435 hours for local community initiatives during working hours. The *Winter Clothes Campaign*, which took place in Argentina as well as in Sete Lagoas and Sorocaba (Brazil), involved 22 volunteers and the donation of 2,315 articles of clothing. During the yearly *June Benefit Party,* employees in Brazil, their families, and members of the community came together to enjoy food and games and to raise funds for the organization *Institution Next Step*, involving more than 2,100 people.
In the Rest of the World, 600 employees were involved in volunteering activities during working hours.

3,043
EMPLOYEES VOLUNTEERED DURING WORKING HOURS

Blood drives continued to take place across the Company in 2019, involving approximately 1,140 employees.

Besides encouraging employees to interact with local communities, CNH Industrial also seeks to involve **employee families** in Company life, such as during its *Open Days*, when everyone is invited to take part in tours and recreational activities involving carnival games, music, and food. During 2019, *Open Day* festivities took place at 15 facilities worldwide. The Company also organized special *Bring Your Child to Work* days at 16 locations. As regards local educational awards programs, CNH Industrial sponsored scholarships in China for the employees' children who passed their senior high school or national college entrance examinations during the year. It also continued to support the *Talent Scholarship Scheme* in India, which recognizes and rewards the special talents of employees' children (in terms of academics, bravery, sports, art, and culture), reinforcing their creativity and motivation. In 2019, 14 children in China and 118 in India were awarded as part of these respective programs.

Sports and recreational activities are opportunities for employees to network with one another, while doing something positive for their health. In 2019, more than 300 employees in the USA, Austria, Denmark, Germany, Brazil, and Australia were involved in running teams and footraces sponsored by the Company. In North America, 5 sites sponsored local sports teams and/or leagues. Employees in Burlington (Canada) participated in a bocce tournament, while those in Grand Island participated in the annual *Grand Island Games*. In Italy, 300 employees at the plant in Jesi continued to take

part in annual *CNH Industrial Olympic Games*; another 140 employees joined a similar event in Brescia; 370 employees in Turin participated in a memorial open day in which they could try out a variety of sports; and employees across Italy played a range of sports as part of the *Agnelli Tournament*. In France, 91 employees participated in the *L'Ardèchoise* cycling race. Employees in Sete Lagoas and Sorocaba (Brazil) participated in local sports championships. In India, over 250 employees participated in the Greater Noida plant's cricket and volleyball tournament, while 341 employees in Pithampur participated in a wide variety of sports.

To engage its diverse and global workforce, and foster a **sense of belonging and pride**, CNH Industrial carries out several Company-wide internal communications initiatives. Its *LINK* magazine connects with and engages all employees across the globe through success stories, positive examples of teamwork, and best practices from throughout the Company. The magazine has a circulation of approximately 60,000 employees worldwide and is available in 17 languages. Furthermore, CNH Industrial circulates 12 local newsletters, which highlight activities and events of regional interest and serve as an important means of recognizing employees.
During the year, CNH Industrial also continued to develop internal motivational communications to involve and engage employees worldwide in Company matters. For example, to share CNH Industrial's new purpose, vision, and values across the organization, it launched a global multi-channel campaign for all employees, which will continue in 2020. At regional level, the campaigns *#WeareMulti* in South America (see page 77) and *Differenti Persone – La Nostra Scelta Vincente* (Different People – Our Winning Choice) in Italy reinforced the Company's commitment to diversity and inclusion as part of its corporate culture.
Bringing leadership and employees face-to-face is another way CNH Industrial seeks to better connect its people. To this end, regular town hall meetings were held across the organization to offer employees the chance to learn more about the Company's achievements and future plans directly from their leaders. Other activities were organized in specific countries to allow employees to interact with management in an informal setting, such as the *Mann ki Baat* coffee hour established in India in 2017, with more than 50 employees involved in 2019. Quarterly videos posted by the CEO continued to keep employees across CNH Industrial abreast of new developments and priorities. Additionally, employees are able to write directly to the CEO via a dedicated page on the corporate Intranet featuring a chat box and email address, offering them an opportunity for two-way communication.

EMPLOYEE ENVIRONMENTAL FOOTPRINT

COMMUTING

CNH Industrial is committed to improving employee commuting to and from work by encouraging the integration and efficient use of available transport systems and by subsidizing eco-friendly mobility solutions.
This approach brings benefits not only in terms of environmental impact, but also of employee satisfaction and wellbeing, as it lowers commute times, costs, stress, and the risk of accidents, and increases socializing opportunities among colleagues. The Company collaborates on initiatives for sustainable mobility, exploiting all available synergies with its neighboring plants. These projects are designed in collaboration with both local authorities and public transport companies.
CNH Industrial's plants in Italy partnered with local authorities to implement a number of initiatives based on the mobility assessments performed and commuting plans adopted. Similar assessments and plans were also prepared for 3 plants in France.
Still in Italy, the Company subsidized the purchase of **public transport** transit passes for employees in Jesi, Modena, and San Matteo. In Switzerland, it subsidized public transportation costs for 24 employees in Lugano, as well as travel costs for 157 employees commuting to its Arbon site. In France, it partially reimbursed employees commuting by bike or public transportation and, in Belgium, it offered free bus and train passes to 167 employees.
In France, the Company organized the *Mobility Challenge,* based on an online survey (carried out in September across all the country's 15 sites) of employees' commuting habits during European Mobility Week compared to the rest of the year. Employees who used sustainable mobility options were rewarded with the planting of a tree at their work location.
CNH Industrial continued to encourage its employees to **carpool** through the *Jojob* carpooling app, available for 15 sites in Italy and Spain, with 2,963 users. In 2019, carpoolers shared around 1.05 million kilometers on their commutes, cutting CO_2 emissions by 78 tons.

8,400
PEOPLE
BENEFITTED
FROM **SHUTTLE SERVICES**

Many other sustainable mobility initiatives continued at various plants and offices worldwide. In Piracicaba, Contagem, Sete Lagoas, Sorocaba, and Betim (Brazil), Harbin and Chongqing (China), Annonay and Bourbon Lancy (France), Pune, Pithampur, and Greater Noida (India), Turin (Italy), and Madrid and Valladolid (Spain), the Company continued to provide **shuttle services** for employees commuting between their workplaces and nearby strategic points, benefitting more than 8,400 people. Many **bike events** continued at several locations throughout the year. In September, all CNH Industrial sites in Italy took part in the *Giretto d'Italia* event, organized by Legambiente, encouraging people to travel to work by bike, with a special mention for cities with the greatest number of participants. In 2019, around 1,000 employees took part in the initiative.
Employees in Burr Ridge (USA) joined *Pedal the Parks*, an annual weekend community biking event sponsored by the Company, while those at the New Holland (USA) and Saskatoon (Canada) sites formed biking groups.

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 2019, employee air travel managed directly through Company headquarters[1], 72% of which was medium haul[2], generated 11,006 tons of CO_2 emissions for 27,887 business trips. This figure was calculated according to the GHG Protocol and certified by Atmosfair, a climate protection organization with a particular focus on the environmental impact of travel.
In many cases, travelling by air is unavoidable, in part because of the broad geographic dislocation of CNH Industrial sites. Because CO_2 is an inevitable by-product of fuel combustion in aircraft[3], emissions are undoubtedly the most significant environmental impact of air travel.
However, the Company's business travel is rationalized, and its environmental impact contained, by using computer technology (online and electronic communication) to enable employees across the globe to interact effectively.
In 2019, audio conferencing and instant messaging services were enhanced, with an average of 184,000 online sessions per month. Since 2011, CNH Industrial has also been investing in the phase-in of video conferencing facilities, and in 2019 it further enhanced its high-quality TelePresence video conferencing system. There are now 105 specially equipped conference rooms (93 in 2018), and these facilities were used for 55,557 hours throughout the year. Virtual tools also contribute to reducing emissions and costs, while allowing employees to work from their offices rather than travel long distances.

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 2019, approximately 6,200 personal computers and 350 technical workstations were replaced with new equipment featuring more efficient power supply units, optimizing the consumption of electricity drawn from the grid.
The Company also replaced around 2,800 printers (5% less than the previous year) and 3,000 computer monitors with new units that comply with environmental requirements regarding product energy consumption and efficiency, the use of hazardous substances, recyclability, packaging materials, and low-impact manufacturing methods. Furthermore, the monitors are also EnergyStar and EPEAT Silver/Gold rated. CNH Industrial rents its PCs, technical workstations, and computer monitors; when no longer usable, they are returned to the rental company, which handles their subsequent life cycle stages.
In forthcoming tenders for ICT supply contracts, the assessment of suppliers will include sustainability requirements.
As regards the Data Center, which houses the computer systems hosting the IT applications and services, the ICT Department continues to implement 2 complementary strategies to optimize energy consumption: the virtualization of servers and their allocation to second/third generation data centers. In 2019, 205 physical servers were eliminated, and around 54 were moved to new generation data centers.
New and more environmentally friendly data storage technologies are also being implemented, opting for all-flash solutions instead of hard disks. In 2019, 2,350 terabytes of disk space was moved to all-flash storage.

(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.*

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 21 members representing CNH Industrial employees in 17 countries of the European Union. In 2019, 1 EWC plenary meeting and 4 meetings with the EWC Select Committee took place to discuss cross-country Company initiatives.

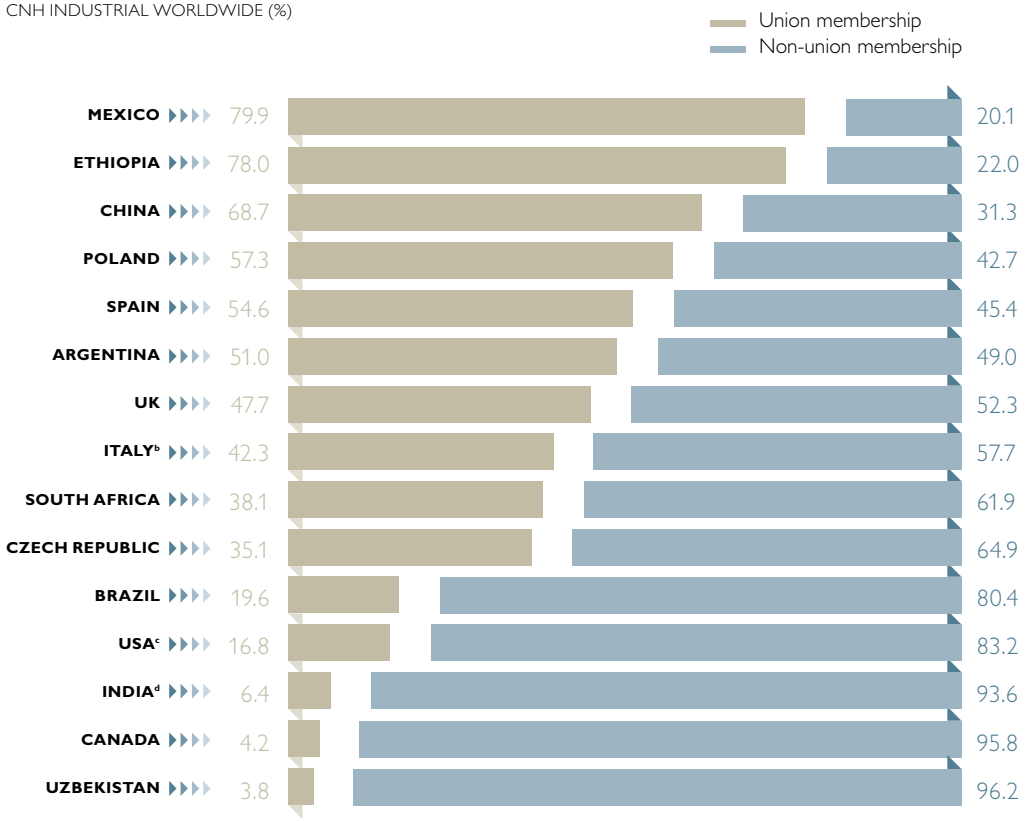
FREEDOM OF ASSOCIATION

Under the CNH Industrial Code of Conduct, the Company recognizes and respects the right of its employees to be represented by trade unions or other representatives established or appointed as per local applicable legislation. In 2019 (figures as at October 31, 2019), a survey on unionization was carried out in most of the countries where CNH Industrial operates (8 countries were excluded from the survey, accounting for 0.1% of CNH Industrial's global workforce). 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, an additional 12 countries were excluded due to data privacy protection (accounting for 22.2% of CNH Industrial's employees), whilst 13 countries (accounting for 1.6% of the population mapped) had no employees affiliated with a trade union. It should be noted that the absence of employee affiliations with trade unions does not prevent employees from establishing representation bodies with information, consultation, and negotiation rights. This is the case in Romania, for instance, where more than 200 CNH Industrial employees (representing 20.4% of the workforce of the 13 countries with no employee affiliations to trade unions) elected a representative body with information, consultation, and negotiation rights.

2019 UNION MEMBERSHIP[a]

CNH INDUSTRIAL WORLDWIDE (%)



(a) Survey carried out on October 31, 2019 on 99.9% of CNH Industrial's global workforce.
(b) Figures for Italy updated as at December 31, 2019.
(c) 99.9% of the workforce mapped.
(d) 99% of the workforce mapped.

REPRESENTATIVE BODIES

Representative bodies, normally elected by workers at their respective plants, have the right to be informed and/or consulted and/or to enter negotiations on issues that, as defined by law or applicable collective agreements, may regard health and safety in the workplace, wages and benefits, operational issues (working hours, shifts, collective vacations, etc.), training, equal opportunities, company restructuring, collective redundancies, etc. In the countries of the European Union, the establishment of employee representative bodies is envisaged for companies and/or sites where employee numbers exceed the minimum limits specified by national laws or procedures. In North America, representative bodies are only present at sites where a trade union is already established.

A survey carried out on October 31, 2019 in the countries where 99.9% of CNH Industrial's workforce is employed revealed the absence of any employee representative bodies in 14 of those countries (comprising only 1.2% of the workforce surveyed).

Worldwide, more than 77% of employees are covered by representative bodies.

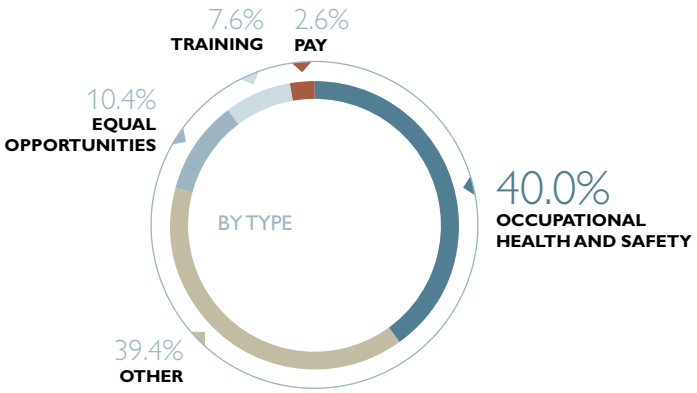
JOINT COMMITTEES

In October 2019, a survey[1] showed that 82% 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 46.8%, 44.2%, and 5%, respectively, of the employees surveyed. Moreover, more than 50% of those surveyed were represented by joint committees dealing with other issues, including:

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

DISTRIBUTION OF JOINT COMMITTEES

CNH INDUSTRIAL WORLDWIDE



(1) *Data based on a survey of 99.8% of CNH Industrial's global headcount.*

COLLECTIVE BARGAINING AGREEMENTS

As at December 31, 2019, collective bargaining agreements covered more than 80% of Company employees[2]. This is an average figure based on local practices and regulations, as shown in the table below. It should be noted that 70% of these agreements were signed with unions or employee representatives representing more than 50% of Company employees.

2019 COLLECTIVE BARGAINING AGREEMENT COVERAGE

CNH INDUSTRIAL WORLDWIDE (%)

	Employees surveyed	Employees surveyed covered by collective bargaining agreements
North America	100	17
Europe	100	99
South America	100	94
Rest of World	92	24
Global	**99**	**81**

FOCUS ON

NEW COLLECTIVE LABOR AGREEMENT IN ITALY

In March 2019, CNH Industrial and Fiat Chrysler Automobiles (FCA) signed a new collective labor agreement (CLA), effective until December 31, 2022, with the trade unions FIM-CISL, UILM-UIL, UGL Metalmeccanici, FISMIC, and Associazione Quadri e Capi Fiat (AQCF-R). The agreement, which applies to all of CNH Industrial's 16,850 or so employees (except managers) in Italy, will also strengthen the Company's relations with trade unions by expanding the areas of responsibility and improving the functioning of the joint committees – a tangible expression of the participatory system subscribed to by all parties involved. The new CLA provides for several new provisions, including:

- a 2% contractual base salary increase for each year of CLA validity, and the discontinuing of the variable pay linked to the Company Industrial Plan introduced in 2015. The variable pay linked to WCM efficiency, on the other hand, was maintained and target payouts increased for 2019, although these will be made more challenging for the 2020-2022 period
- an increase in Company contributions to pension funds, resulting in overall contributions higher than those defined under the national agreement for the metalworking and mechanical engineering industry
- improvements to the Company health care plan as of January 2020, providing for an increase in Company contributions and a reduction, by an equivalent amount, in employee contributions
- the introduction of a new, simplified CNH Industrial employee pay grading system
- additional provisions aimed at improving employee work-life balance
- additional clauses aimed at balancing individual needs with Company operational needs
- a full revision of the disciplinary code.

COLLECTIVE LABOR AGREEMENTS

In 2019, CNH Industrial signed a total of 188 agreements at either Company or plant level, 12 of which included agreed provisions on health and safety matters. The main wage and regulatory agreements signed in 2019 with Company legal entities include:

- the agreements reached in the annual negotiations in France, providing for wage increases ranging from slightly below to above inflation levels, depending on business results
- the agreement reached in February 2019 at the plant in Basildon (UK) between CNH Industrial and Unite, a trade union representing 59% of the plant's workforce, providing for wage increases linked to inflation from January 1, 2019 until January 1, 2020

[2] *Survey conducted on 99% of CNH Industrial's global headcount.*

- the agreement reached at the Vysoke Myto plant (Czech Republic), providing for a lump sum payment related to the previous year's overtime
- the agreement reached at the plant in Kutno (Poland) in March 2019, providing for wage increases above inflation owing to country-specific circumstances, positive business results, and a newly-defined contribution pension scheme
- the agreement reached in January 2019 at the plant in Zedelgem (Belgium) providing, among other things, for the introduction of flexibility schemes to cope with the seasonality of the products manufactured at the plant
- the agreements reached in Brazil, providing for the alignment of pay increases, benefits, and working conditions with those applied across the country's industrial sectors.

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

	2019
Operating issues	37.4
Wages / Pay issues	23.5
Other	20.2
Training	6.6
Health & safety	4.9
Equal opportunities	2.5
Restructuring	2.5
Stress management	1.2
Career development	0.8
Employability & lifelong learning	0.4

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

GRIEVANCES ON LABOR PRACTICES

In 2019, several collective disputes/disagreements involving works councils, employee representative bodies, or unions were filed, discussed, and resolved worldwide, in compliance with specific procedures set forth by law or collective labor agreements (CLAs). It should be noted that, in the USA, grievances are a very common practice at unionized sites with a conciliation body established according to the applicable CLA. A similar practice is in place at certain non-unionized sites in the USA, where conciliation bodies, known as Peer Review Committees for Suspension and Termination, are established according to Company policy.
For further details on the number of grievances filed and resolved, see the table below.

2019 GRIEVANCES FILED AND RESOLVED
CNH INDUSTRIAL WORLDWIDE (no.)

	Grievances filed	Grievances resolved
North America	**219**	**164**
Europe	**2**	**-**
South America	**-**	**-**
Rest of World	**1**	**-**
Total	**222**	**164**

MINIMUM NOTICE PERIOD FOR OPERATIONAL CHANGES

In **Canada**, the collective bargaining agreement between CNH Industrial Canada Ltd. and United Steelworkers Local Union No. 5917, which covers the Parts Depot located in Regina, provides for the Company's written notice to the union no later than 90 days prior to the scheduled depot closure date. At non-unionized sites and unionized locations with no specific requirements under the collective bargaining agreement, it is common practice to inform all employees of organizational changes related to outsourcing through a company-wide announcement, with appropriate advance notice. In the **USA**, the federal Worker Adjustment and Retraining Notification Act (WARN), which applies to both unionized and non-unionized sites, requires employers to give a minimum of 60-days' notice for any action that will cause at least 50 employees, or 33% of the workforce, to lose their jobs. The collective bargaining agreements between CNH Industrial America LLC and International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW), which cover the plants located in Burlington and Racine, contain a letter of understanding stating that the

Company will refrain from permanently shutting down either plant during the stated agreement term, which expires on April 30, 2022. A separate letter of understanding under the same collective bargaining agreement requires the Company to provide 6-months' advance notice to the local union in the event of a full plant closure. Should this 6-month notice period impair the Company's need for speed, flexibility, and confidentiality, the Company may provide such notice no less than 60 days prior to full plant closure.
In the **European Union** (EU), the Council Directive 2001/23/EC stipulates that, should a contractual sale or merger result in the transfer of a business, plant, or parts thereof, an information and consultation procedure must be conducted with employee representatives. The procedure must be initiated a reasonable period of time prior to the transfer.
Moreover, the Council Directive 98/59/EC on the approximation of the laws of the EU member states relating to collective redundancies requires employers to hold consultations with workers' representatives whenever collective redundancies are being contemplated. Accordingly, CNH Industrial subsidiaries comply with the regulatory provisions resulting from the adoption of the above directives in each individual EU member state.
In **Brazil**, bargaining is not mandatory in the event of the transfer of a business, plant, or parts thereof, resulting from a contractual sale or merger, but it is customary for CNH Industrial to implement a direct and formal communication process with both employees and unions. Talks generally focus on minimizing social impacts, if any. Operational changes in South America, such as the deployment of new technologies to improve work efficiency, quality, competitiveness, or 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 change; when necessary, such changes are made gradually in order to prepare employees for the new scenarios.
In **Australia**, the collective bargaining agreements applicable to CNH Industrial and IVECO include a clause that requires both to notify unions, delegates, and officials within 28 days in the event of changes that may significantly affect employees.
In **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 **Russia**, the minimum notice period required in the event of operational changes is 2 months. The Company must also notify the local employment center in advance if mass redundancies are planned.
In **Thailand**, the minimum notice period required in the event of operational changes is 1 month, while in **South Africa**, a 60-days' consultation period is required, followed by 30-days' notice.

MANAGEMENT OF PRODUCTION LEVELS

In 2019, CNH Industrial's work with trade unions and employee representatives to reach consensus-based solutions for managing market conditions varied across the different businesses and markets.

In North America, several **Agriculture** and **Construction** plants, including those in St. Nazianz, Fargo, Grand Island, and Wichita, had to implement workforce rebalancing initiatives and increase the number of plant down weeks to manage costs during quarters in which production volumes were lower.

At plants in Europe, production volumes showed a slight downward trend in all segments compared to 2018. The overall drop was partially offset by positive year-on-year growth in the hay and forage product line (Agriculture segment) and in the bus, firefighting, and defense product lines (Commercial and Specialty Vehicles segment).

In the **Agriculture** segment, the Jesi plant (Italy) and, to a greater extent, the Basildon plant (UK) had to resort to production stoppages. The plant in Zedelgem (Belgium), partly due to lower production volumes of the crop harvesting product line, had to dismiss temporary employees and resort to production stoppages. At the Plock plant (Poland), where a flexible working schedule agreement was in place to meet fluctuations in production during the year, the decrease in the production of crop harvesting units was partially offset by the increase in production of hay and forage products. The Kutno plant (Poland) managed the increased output of its hay and forage product line by hiring temporary workers, whilst the plant in Överum (Sweden) managed the decline in crop production volumes by rebalancing the workforce.
In the **Construction** segment in Italy, production volumes were stable at the Lecce plant but dropped at the San Mauro plant, which had to dismiss all temporary workers hired the previous year and resort to a small number of production stoppages in the second and third quarters of the year.
In the **Commercial and Specialty Vehicles** segment, the further increase in light-duty truck production volumes at the IVECO plant in Suzzara (Italy) was managed through overtime and by hiring permanent and temporary workers.

Medium-duty truck production volumes in Brescia (Italy) decreased, requiring production stoppages, mainly in the last 4 months of the year. The downward trend in production volumes of heavy-duty trucks at the Madrid plant (Spain) required further temporary layoffs (ERTE[3]) in the first quarter of 2019, on the basis of the agreement stipulated with the Works Council in 2018 and, subsequently, on the basis of a new agreement covering the period April-December 2019 (for up to 60 days of work suspension); the conditions of this second agreement, applicable to the employees affected, were once again agreed with the Works Council and are more favorable than statutory ones. Despite a significant increase in production volumes at the Iveco Defence Vehicles plant in Bolzano (Italy), the plant required further production stoppages, although to a lesser extent than in the previous year, whilst no temporary layoffs were required at the IVECO ASTRA plant in Piacenza (Italy) owing to a significant spike in output. Production volumes increased at all 3 bus plants in Europe, which required overtime and/or additional temporary employees, mainly at the Vysoke Myto plant (Czech Republic).
In the **Powertrain** segment, the fluctuation in the plants' production volumes is directly linked to changes in production volumes at the CNH Industrial plants where the final products are manufactured, as well as to changing demand from external customers. For engines, 2019's overall production volumes were unchanged compared to the previous year. The Torino Motori plant (Italy) showed a slight increase in production volumes, managed by hiring temporary workers, while the decrease in Bourbon Lancy (France) required production stoppages. Volumes at the Foggia plant (Italy) have been largely stable year-over-year. The Torino Driveline plant (Italy) required fewer days of suspended production than in the previous year.

In South America, all **Construction** and **Commercial and Specialty Vehicles** plants in Brazil reported a significant increase in production volumes compared to the previous year; the former managed this by hiring temporary workers, the latter by claiming time bank hours and with some additional overtime. In the **Agriculture** segment, most of the plants had to make use of overtime due to increasing volumes on most of their product lines.
In Argentina, due to the persisting economic recession, both the **Agriculture** and **Commercial and Specialty Vehicles** segments experienced a drop in production volumes and needed to suspend production for numerous days. Drops in volumes in the **Powertrain** segment, on the other hand, were relatively minor, resulting in fewer plant shutdowns.

In the Rest of the World, the management of production levels varied by segment. The **Commercial and Specialty Vehicles** plant in Dandenong (Australia) had to reduce its output while transitioning its core operations from manufacturing to light assembly, which required cutting the temporary workforce by more than 85%. In September 2019, the plant ceased production of the medium range truck ACCO (Australian Constructed Cab Over), used for various types of general haulage, and started assembling the new ACCO and X-Way Euro 6 medium range trucks.
In China, the **Agriculture** plant in Harbin adopted flexibility schemes for its hourly employees, entailing overtime during peak periods and days off in the low season, so as to align production levels with the seasonal market demand for harvesting products. In India, the **Agriculture** plants in Greater Noida and Pune and the **Construction** plant in Pithampur coped with volume fluctuations by reducing temporary workers and using collective vacation days during low production periods. The plant in Chelny (Russia) dealt with volume fluctuations by leveraging temporary workers. The plant in Tashkent (Uzbekistan) maintained stable production and dealt with production peaks during the planting and harvesting seasons by hiring additional temporary workers.

RESTRUCTURING AND REORGANIZATION

In North America, as part of a restructuring effort to right-size the organization, approximately 190 salaried workers in the **Agriculture** and **Construction** segments were made redundant through both voluntary and involuntary programs. About 150 hourly workers in both segments were also dismissed due to a decrease in market demand. The Company applied its severance policy to the salaried employees and its Indefinite Lay-off Policy to the hourlies, with the provisions of both policies more favorable than those required by law.
In May 2019, the Company announced the closure of its parts depots in San Leandro and Portland (USA), aimed at keeping CNH Industrial's parts distribution network competitive across the region. Both depots will close during the first quarter of 2020. The terms of closure for the San Leandro depot, which employs 25 workers, were negotiated with the representatives of the trade union International Brotherhood of Teamsters (IBT), and are more favorable than those required by law. While not legally required, the 11 affected employees in Portland will receive severance packages as per the Company's severance policy, more favorable than those required by law.

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

In Europe, in 2019, within the **Commercial and Specialty Vehicles** segment, the firefighting vehicles manufacturing plant in Ulm (Germany) completed the workforce reduction plan implemented on the basis of the agreements signed in October 2017 and December 2018 with the workers' council, providing for a reduction of up to 200 employees. As a consequence, about 85 employees left the company in 2019: approximately 30% of them were aged 58 or above and voluntarily agreed to join a special bridging pension scheme, with severance provisions above statutory requirements; and about 70% of them left the Company voluntarily, receiving better severance packages than required by law. In addition, 12 employees were transferred to other legal entities.
In Italy, in October 2019, the Company informed trade unions of its plan to reorganize the Italian production network within the **Powertrain** segment since, from June 2021, Fiat Chrysler Automobiles (FCA) will start its own production of engines, which are currently supplied by the plant in Foggia. In order to reduce the resulting significant excess manpower (approximately 700 workers) in Foggia, the plan is to transfer the production of one engine from the Torino plant to the Foggia plant. The latter will also launch the production of a new engine, verticalize part of its production, and expand its client base. Meanwhile, to avoid excess labor capacity at the Torino plant, the latter will take over (as of mid-2020) the manufacturing operations of the Pregnana plant, scheduled to cease production and shut down as of June 2020. In 2021, the Torino plant will also start assembling battery packs and electric drivelines.
Trade unions were also informed that the San Mauro plant, which manufactures excavators for the **Construction** segment, will cease production in April 2020 and be converted into a logistics hub. About two-thirds of the plant's employees will be re-employed; support aimed at searching for job opportunities within CNH Industrial will be provided to the remaining third (around 110 employees). The logistics hub will, among other things, take over the activities of the parts depot in Pregnana, which will cease operations by June 2021. As a result, the entire site (plant and depot) will shut down in 2 phases, with about 260 redundancies. Consultations are underway with unions and public institutions – including the Ministry of Economic Development and the Regional Government of Lombardy, where Pregnana is located – to minimize any social impact.

In South America, the Company was obliged to continue its voluntary dismissal plan started in 2018 in Argentina, where the enduring economic recession is expected to continue. The plan affects approximately 100 workers employed at the **Agriculture**, **Construction**, and **Commercial and Specialty Vehicles** plants in Cordoba, who will receive severance packages above legal requirements so as to minimize the social impact.

LABOR UNREST

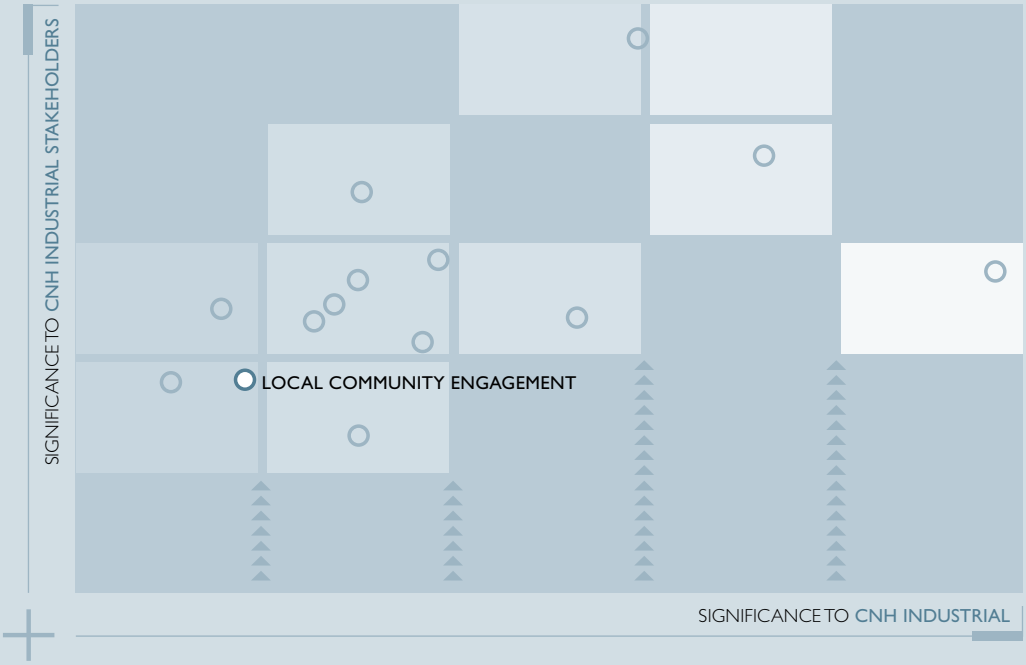
In **Belgium**, 2 strikes were called by the national unions, one over a new framework wage agreement for the next two years, and one over climate change, with a high level of participation from CNH Industrial employees.

In **France**, apart from a few episodes at different sites related to annual wage negotiations or for specific operational reasons, most strikes were associated with the national anti-government protests on pension reform.

In **Italy**, the overall level of labor unrest in 2019 was higher than in the previous year. This was due, on the one hand, to the high numbers joining the general strike called by the national metalworking and mechanical engineering industry unions to influence the country's political agenda in favor of investments and employment; on the other, to the announcement of the closure of 2 CNH Industrial sites in Italy.

In other countries, the overall levels of labor unrest in 2019 were either zero or negligible.

ENGAGING LOCAL COMMUNITIES



Material topics described in this chapter (for definitions see page 235).

2024 STRATEGIC SUSTAINABILITY TARGETS

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

MANAGEMENT FRAMEWORK

CNH Industrial's relationship with **local communities** is a key material topic, as emerged from the materiality analysis. Living and working in synergy with the surrounding area, and collaborating on projects that benefit the community, contribute to enhancing the satisfaction of employees (who often live close to plants) and their sense of belonging to the Company, while bringing economic advantages to both the Company and the community. Local initiatives are also deemed to have powerful strategic potential when integrated within a shared value strategy.
The organizations involved in CNH Industrial's activities to benefit local communities are regularly engaged in the materiality analysis. Based on the material topics thereby identified, and in line with both the Company's business drivers and the stakeholders' priorities[1], the corporate strategy developed favors both measures and projects in three main areas: combating climate change and reduce environmental impact, improving food availability, and supporting youth training.

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

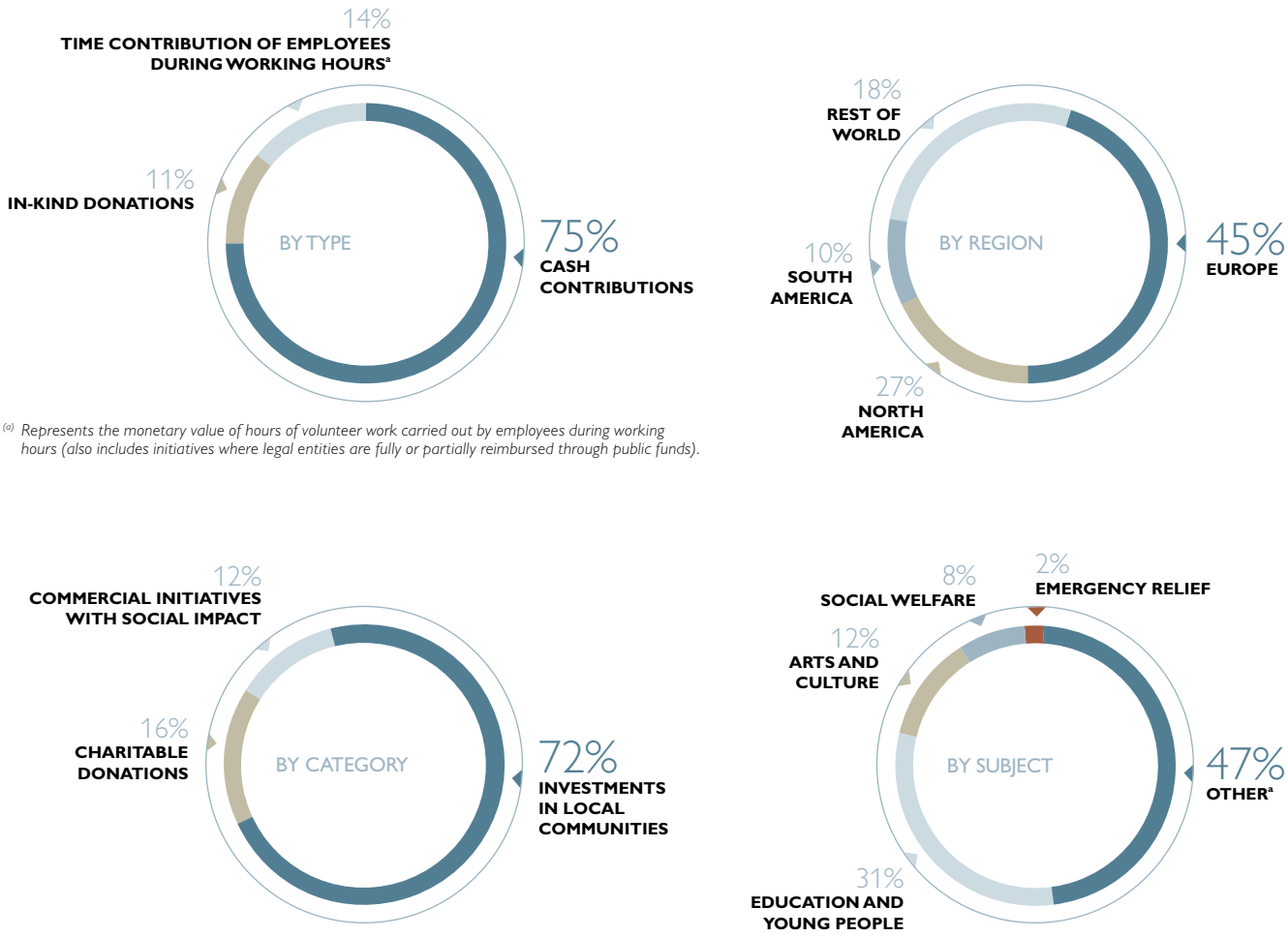
The Global Social Initiative Team (see page 45) is responsible for the operational aspects of local community projects, and for implementing them in accordance with country-specific requirements. The Team meets regularly to identify the projects to be implemented at global level, ensuring consistency across geographic areas while taking into account individual local needs as well the Company-wide strategy.
In North America, requests for funding or donations are reviewed by the CNH Industrial Foundation. Grant applications that meet the initial criteria are reviewed on a quarterly basis by the Foundation's Board of Directors, made up of employee representatives.
In 2019, in line with its sustainability priority *people engagement*, the Company increased and extended an existing target, including it as a strategic sustainability target (see page 24) in the Strategic Business Plan: a 100% increase in the number of people who benefit from CNH Industrial's local community initiatives by 2024 (compared to 2017). This strategic target was incorporated into the Sustainability Plan to ensure the continuous improvement and monitoring of the projects involved (see pages 29-30). Furthermore, the expected outcomes of each project falling under this target were also included as individual objectives in the Performance Management Process (see page 85).

In 2019, the resources allocated by CNH Industrial to local communities totaled $5.3 million.

The Compliance Helpline is an operational grievance mechanism available to CNH Industrial's local communities to report potential violations of corporate policies, the Code of Conduct, or applicable laws (see page 50). Projects and their results are included in the Sustainability Report and on the corporate website.

[1] *See the Materiality Matrix on page 20.*

CONTRIBUTION TO LOCAL COMMUNITIES
CNH INDUSTRIAL WORLDWIDE



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

(a) Also includes investments in economic development and the environment.

The investment data for local communities is categorized as per the principles set out in the LBG[2] Guidance Manual. Figures are based on accounting data and calculations, and include estimates. For details on the methodology, see page 234.

IMPACT MEASUREMENT AND VALUATION

CNH Industrial is fully aware of the potential impact of its operations on the environment and on local communities, and, for this reason, carefully monitors the aspects that could significantly impact them.

Moreover, the Company addresses social needs through specific business tools, managed at country level to better meet local communities' actual needs, namely: the Social Return on Investment (SROI), which measures the impact of an initiative on society and the social value generated, and the Social Impact Assessment (SIA), which measures the effectiveness of an initiative and its ability to address needs. Both of these tools help CNH Industrial select projects that specifically generate social and business value while addressing local community needs.

(2) LBG is the global standard in measuring and managing corporate community investments (www.lbg-online.net).

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. Where possible, the Company relies on and partners with local suppliers to whom it transfers its best practices, such as the WCM (World Class Manufacturing) program (see page 166). Local suppliers are also required to abide by the Company's principles on human rights and working conditions (e.g., to reject all forms of forced and/or child labor), environmental protection, and business ethics (see page 154). The aspects that could significantly impact local communities, and that CNH Industrial is committed to improving, concern:

- the impact on the health of workers and their families (see pages 77; 92)
- improvements in the welfare of workers and their families (see page 92)
- the impact of atmospheric emissions (see page 186)
- air quality protection (see page 171)
- water management (see page 173)
- waste management, soil and subsoil protection (see page 76)
- biodiversity protection (see page 178)
- removal of hazardous substances (see page 144)
- adoption of logistics solutions with lower environmental impact (see page 192).

All of the above are monitored, among other aspects, under the Risk Management system (see page 62). Additionally, targeted projects (directly involving local communities) were launched at a number of plants where biodiversity protection and water management and monitoring are particularly important.

SOCIAL RETURN ON INVESTMENT

The impact of improvement projects on society and the social value generated are 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[2].

Since 2015, the methodology has been applied to 4 local community projects. 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 three of the projects, and a predictive analysis on one. The main positive externalities[3] (social and environmental) generated by each of the four projects were taken into account (e.g., flood risk reduction, quality of life improvement, and enhancement of technical skills to facilitate entry into the labor market). For all the projects, the SROI was greater than 1. Given the results achieved, the methodology will be applied to other projects as common practice (see table on page 110).

SOCIAL IMPACT ASSESSMENT

The effectiveness of an initiative and its ability to address needs is measured through the Social Impact Assessment (SIA). Developed in line with the LBG[4] 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[2]. In 2019, the Company set a new strategic sustainability target (see page 24) within the Strategic Business Plan: a 100% increase in the number of people who benefit from CNH Industrial's local community initiatives by 2024 (compared to 2017). All projects implemented in line with this target were assessed using the SIA methodology (see table on page 110).

(1) *www.socialvalueuk.org.*
(2) *For details on the methodology, see Report Parameters on page 234.*
(3) *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.*
(4) *LBG is the global standard in measuring and managing corporate community investments (www.lbg-online.net).*

SOCIAL IMPACT ASSESSMENT OF MAIN 2019 PROJECTS

Association	PROJECT (COUNTRY)	Other KPIs	Evaluation of benefit to[a]				Reference page
			People	Organization	Environment	Business	
COMBAT CLIMATE CHANGE AND REDUCE ENVIRONMENTAL IMPACT							
Biem-Bioedilizia Mediterranea	**Ricrea (Italy)**	Volunteering work hours	2.8	2.7	3.9	3.8	112
Clean Sea Life	**Fishing for plastic (Italy)**	People involved	3.1	3.3	3.4	3.5	112
Food and Agriculture Organization of the United Nations (FAO)	**Water Management (Tunisia)[b]**	People involved	2.7	1.7	4.0	4.0	111
CNH Industrial	**Jal Sanchay - water conservation (India)**	People involved	2.2	2.9	3.6	4.2	111
Indian Agricultural Research Institute	**Prevention of Crop Stubble Burning (India)**	CO_2 emissions avoided	2.4	3.7	4.5	4.4	111
IMPROVE FOOD AVAILABILITY							
Damongo Agricultural College	**Advanced farming training (Ghana)**	People involved	3.2	3.7	3.7	4.5	114
Jomo Kenyatta University of Agriculture and Technology	**Irrigation training (Kenya)**	People involved	2.1	1.8	1.4	1.8	114
King Mongkut's Institute of Technology Ladkrabang	**Agricultural engineers training (Thailand)**	People involved	3.1	1.7	1.3	3.4	114
YOUTH TRAINING							
STEM	**Educational programs (USA)**	People involved	2.3	2.3	1.0	3.3	116
Salesian Society	**TechPro² (Italy)[b]**	People involved	4.0	3.0	1.0	4.0	115
Salesian Society	**TechPro² (Ethiopia, South Africa)**	People involved	4.2	3.4	1.0	4.5	115
Yizhong Education	**TechPro² (China)**	People involved	4.2	3.4	1.0	4.5	115
Gente de Bem	**Crê-Ser (Brazil)**	People involved	3.8	1.9	1.7	2.7	116
Organization for Poor and Economical Needs (OPEN)	**Mission education program in Greater Noida (India)**	People involved	3.8	3.3	1.1	3.4	116
CNH Industrial	**School rebuilding in Pune (India)**	Volunteering work hours	3.7	3.3	1.1	3.6	2018 SR p. 116
New Holland's Indian dealer network	**Multimedia-Aided School Education (India)**	People involved	3.9	3.7	1.5	4.3	116
REDUCE INEQUALITIES							
Habitat for Humanity	**Fighting homelessness (USA)**	Volunteering work hours	2.7	3.3	1.0	3.4	117
Pastoral do Menor	**Brincar e Sonhar (Brazil)**	People involved	3.8	2.4	2.1	3.3	117
Casa Bom Menino orphanage	**Nós no Mundo (Brazil)**	People involved	3.8	2.4	2.1	2.6	117
Cooperação para Desenvolvimento e Morada Humana (CDM)	**Próximo Passo (Brazil)**	People involved	3.4	2.1	2.4	3.6	117
Pintura Solidária	**Traveling exhibition (Brazil)**	People involved	2.2	2.0	1.6	2.9	118
PROMOTING HEALTH AND WELLBEING							
American Cancer Society	**Month of Hope program (USA)**	People involved	2.2	2.6	1.0	3.4	118
Futebol de Rua	**Futebol de Rua (Brazil)**	People involved	3.3	2.3	2.1	2.6	119
De Peito Alberto	**Esporte na Cidade (Brazil)**	People involved	2.9	2.3	2.1	2.6	119
Smile Foundation	**Smile on Wheels (India)**	People involved	2.8	3.7	1.8	4.1	118

[a] Benefits are rated on a scale from 1 (no impact) to 5 (very high impact). For details on the methodology, see page 234.
[b] Project also assessed and quantified using the Social Return on Investment (SROI) methodology (see pages 109; 234).

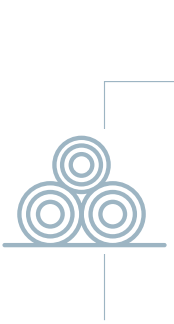
PROJECTS TO COMBAT CLIMATE CHANGE AND REDUCE ENVIRONMENTAL IMPACT

A key priority at CNH Industrial is to combat climate change, whose negative impact on ecosystems affects the quality of life for people in local communities, as well as consumer choices. The Company has initiated several projects to tackle this global issue, which are also aligned with SDG 13 'Climate Action' (see page 23). Such projects are increasingly focusing on reducing the environmental impact of Company plants, including on local communities and on helping protect the latter against the effects of climate change, such as desertification, water scarcity, and the loss of biodiversity. Other initiatives are in place to promote responsible behavior to minimize environmental impact. Participation in the projects associated with this key priority allows CNH Industrial's brands to enhance their profile and increase their visibility among potential customers, and strengthens Company employees' sense of belonging.

REDUCING CO_2 EMISSIONS

In Punjab and Haryana (Northern **India**), approximately 35 million tons of paddy straw and stubble are burnt every year, causing severe air pollution while depleting the land of precious soil nutrients, required for crop growth. In 2017, the *Prevention of Crop Stubble Burning* project was launched at the Kallar Majri village to prevent such burning and offer alternatives for crop-residue management. New Holland Agriculture contributed its full equipment range (baler, rake, mulcher, and tractor) to the initiative, which was extended to two more villages in 2018 and to three more in 2019. A total of 6,148 tons of paddy straw was baled rather than burnt in 2019, cutting CO_2 emissions by 9,314 tons and benefitting about 120 people across the 6 villages involved.

In August 2018, CNH Industrial also signed a public-private partnership agreement with the Indian Agricultural Research Institute to implement the *Straw Management Solution* project. Through an action research program involving farmers, the partnership aims to further develop an economically sustainable business model to use crop residue in an eco-friendly way. Indeed, agricultural machinery, technology, and practices will be customized for a period of 3 years to convert crop residue into energy sources, animal feed, and/or compost. It is estimated that New Holland Agriculture's balers in India are preventing more than 1.5 million tons of crop residue from being burnt annually. The *Straw Management Solution* has also benefitted farmers in terms of additional income, clean energy for their communities, increased fodder for their livestock, and improved overall soil structure and health.

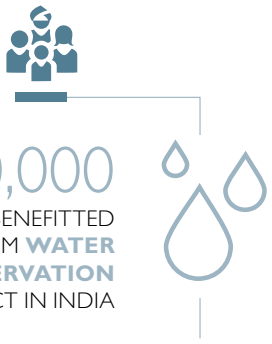


AROUND
6,150
TONS OF **PADDY STRAW BALED** RATHER THAN BURNT IN INDIA

MITIGATING WATER SCARCITY

In 2019, the Company presented the results of its 3-year *Water Management* project in **Tunisia** with the United Nations' Food and Agriculture Organization (FAO) and the Government of Tunisia. The project was implemented in Kebili, the second-largest of Tunisia's 24 governorates, which has approximately 250 small-scale rural farms. Among other outcomes, the project has enhanced food security, promoted fair and adequate revenues for the local community, improved the resilience of rural farmers to water scarcity, and endorsed sustainable ecosystems. The project's main activities consisted in consolidating and strengthening water mobilization efforts, planning hydraulic and other infrastructures, developing community initiatives for women and young people, delivering specialized training to farmers and animal breeders, and intensifying efforts to promote plant and animal breeding. New Holland Agriculture's sponsorship contributed to the construction and repair of traditional local water-collection systems, farmer training on agricultural techniques, and the realization of orchards, wooded areas, and vegetable gardens for families. These combined efforts have empowered farmers in such arid areas to manage water runoff and establish a network of communities actively promoting sustainable agricultural practices. The results achieved thus far have paved the way for both a long-term strategy to adopt and implement conservation agriculture and an investment plan to intensify rainwater collection. In total, the project has benefitted more than 1,200 people.

In 2019, CNH Industrial committed to improving water conservation in the communities near its New Holland Agriculture plant in Greater Noida (**India**) by launching the *Jal Sanchay* (Water Conservation) project, which affects four 1-hectare lakes nearby. The project relies on CNH Industrial manpower and machinery: employees are encouraged to volunteer as part of the Company's engagement activities, while Company brands provide the necessary equipment, such as tractors from New Holland Agriculture and backhoe loaders from CASE Construction Equipment. With the help of the local communities, the project entails clearing the areas surrounding the lakes, deepening the lakes, removing weeds and sludge, bunding, and planting vegetation, so as to purify,



10,000
PEOPLE BENEFITTED FROM **WATER CONSERVATION** PROJECT IN INDIA

replenish, and conserve groundwaters. Training programs will be organized to create awareness and teach the locals how to contribute to saving water and maintaining water bodies. In 2019, the project benefitted more than 10,000 people.

In **Brazil**, CNH Industrial sponsored *The Clown that Wastes Water* circus group, on tour to raise awareness of water use. The tour included 18 towns in Paraná, where access to cultural events and education is challenging in rural areas. In 2019, almost 17,800 children attended 39 shows.

PROTECTING BIODIVERSITY

CASE Construction Equipment continued its partnership with Team Rubicon, a veteran-led disaster response organization. The aim was to respond to numerous natural disasters in the **USA**, and to implement preventive measures to bolster local ecosystems while protecting the environment and communities from the worst effects of natural disasters. Interventions included fire mitigation operations in Nevada, fire mitigation and clean-up efforts in Colorado, and watercourse management and additional clean-up efforts in Pennsylvania after 2018's numerous floods.

In 2019, FPT Industrial, with the support of its Turin Testing Center and of the Torino Driveline and Torino Motori plants (**Italy**), sponsored the *Urban Forestry* project for the reforestation of the Basse di Stura area in Turin. The project entails the planting of 1,000 trees of 32 native species across a 4-hectare site in order to make the Basse di Stura area sustainable and to help capture an estimated 10 tons of CO_2 per year.

REDUCING PLASTIC

In 2019, in San Benedetto del Tronto (**Italy**), FPT Industrial launched the *Fishing for Plastic* project aimed at removing waste from the sea, in collaboration with both the city's Port Authority and Municipality, Clean Sea Life, PicenAmbiente, Garbage Service, the Central Adriatic Ports Authority, and MedSharks. Between May and June, approximately 40 local fishing boats collected and brought ashore all plastic recovered while fishing off the Adriatic coast. The outcome was astounding: in just one month, the fishermen collected approximately 6 tons of waste, of which 53% was plastic, 13% textiles, 11.5% metal and rubber, 4.6% glass, and 4% mixed waste. Less than 2% was food waste produced by the fishermen themselves (bottles, cans, and food packaging). 28% of the items recovered came from fishing and commercial navigation (fishing gear, metal paint cans, filters and engine gaskets, oil cloths, boots, and work gloves). In 2019, more than 1,500 people benefitted from the project. The same initiative was implemented in Sete Lagoas (**Brazil**) and Cordoba (**Argentina**). In Sete Lagoas, 100 volunteer employees and local residents, supported by the Municipal Secretariat for the Environment, removed 288 kilos of waste in two days from the shores of Lagoa Boa Vista, well-known for its sports and nightlife. In Cordoba, almost 100 volunteers contributed to cleaning up the River Suquía, removing 203 kilos of waste.

LIFE CYCLE THINKING

In 2019, in Lecce (**Italy**), CNH Industrial launched the *Ricrea* (Recreate) project in partnership with the City Council and *Biem-Bioedilizia Mediterranea*, an association for social development and support. The project's aim is to turn the wood waste from industrial packaging generated at the CASE Construction Equipment plant into a valuable resource. The wood was recycled and repurposed to benefit the community within the scope of a separate project, launched by the city in 2018, for the design and planning of urban and sports furniture, playgrounds, and recreational facilities. In 2019, the best concepts were assembled during a construction workshop attended by volunteers (locals, CASE Construction Equipment employees, and specialized craftsmen), and later installed throughout Lecce's Montefusco Park, which the plant will continue to maintain. In 2019, approximately 4,700 people benefitted from the project, which will be extended to another Italian city in 2020.

During the year, New Holland Agriculture donated 4,000 outdated calendars to the Foundation for the Blind in **Thailand**, which will be recycled and transformed into Braille materials for approximately 200 blind students attending local primary schools.

PARTICIPATING IN EMERGENCY RELIEF EFFORTS

CNH Industrial strives to respond as quickly as possible to the needs of people affected by natural disasters. The Company channels resources (vehicles as well as financial and technical support) to aid communities, and liaises on behalf of employees wanting to assist in relief efforts.
In **USA**, CNH Industrial continued to support relief efforts during several natural disasters, mostly through the partnership between CASE Construction Equipment and Team Rubicon, a non-profit veteran-led disaster response organization. In 2019, the brand and many of its dealers across North America provided equipment on multiple occasions, supporting

the ongoing clean-up efforts in Florida following Hurricane Michael, numerous missions in response to the floods and tornadoes across the upper Midwest, and wildfire clean-up and mitigation efforts across the western and mountainous regions. The year also saw the first-ever international deployment of CASE Construction Equipment and Team Rubicon personnel to Abaco Island, in the Bahamas, following Hurricane Dorian, with numerous pieces of equipment shipped by the brand. In 2019, CASE Construction Equipment and its dealers donated more than $250,000 worth of equipment and services to Team Rubicon, while the CNH Industrial Foundation contributed over $30,000 in cash grants along with part of the funds raised through a Company employee giving campaign. The remainder of these funds were donated to the Grand Island Community Foundation and the Nebraska Farm Bureau Foundation, which also received $15,000 each from the CNH Industrial Foundation for their emergency response and disaster recovery initiatives after the floods.

FOCUS ON

DIRE STATES EQUIPMENT GRANT

In the **USA**, CASE Construction Equipment's *Dire States Equipment Grant*, originally launched in 2016, awards one community each year with $25,000 in free equipment use to help offset the costs of building or repairing local infrastructure. Municipal, county, and other local government representatives are eligible to apply. The 2019 winner – Chapin, South Carolina – submitted an underground utility and services project that will relieve pressure on the current systems, protect water quality and public health in the region, and expand the capacity available to both residential and commercial interests for future growth. The project entails the installation of a new parallel force main to relieve pressures on the existing sewer force main and pump stations. The additional force main will provide extra capacity to reroute sewer flow, significantly reducing the likelihood of future overflows that could affect the drinking water of approximately 130,000 customers in the area.

PROJECTS TO IMPROVE FOOD AVAILABILITY

A key priority at CNH Industrial is to improve food availability. To this end, the Company has initiated several projects related to food scarcity and food security, which are also aligned with SDG 2 'Zero hunger' (see page 23). Countries' differing access to and consumption of food resources highlights a major disparity in global distribution. CNH Industrial's involvement in local communities can help these countries access resources. This priority is particularly reflected in projects that focus on education on alternative farming techniques, food availability, and zero food waste. By providing the equipment for such initiatives, the Agriculture segment's brands enhance their profile and increase their visibility among potential customers (including those participating in the educational projects).

FOOD EDUCATION

In the **USA**, CNH Industrial supports the FFA (formerly known as Future Farmers of America), an association active in farming education since 1928. In 2018, to further its commitment, the Company chartered its own *FFA Alumni and Supporters Chapter*[1], through which employees can engage with students pursuing agriculture degrees and members of other FFA Chapters nationwide. In 2019, the Chapter (which counted 140 members) coordinated many activities during the National FFA Week, including educational and/or professional development events with local high school FFA chapters. An employee giving campaign raised $5,660 towards purchasing nearly 70 FFA uniforms for students who could not afford them. Meanwhile, Case IH continued to sponsor university students attending the FFA's New Century Farmer conference, an intensive 5-day event to promote careers in production agriculture, where students who are former or existing FFA members can gain access to industry experts and attend workshops on modern farming. The FFA's initiatives were supported locally and/or nationally by Case IH, New Holland Agriculture, and CNH Industrial Capital, with Company donations totaling nearly $257,000.

During the year, in **Italy**, CNH Industrial donated a New Holland Agriculture tractor to support the *Fattoria Sociale* project, an educational farm managed by the Turin-based non-profit Paideia Foundation, which supports families of children with disabilities. The tractor was donated to support the farm's operations and increase its productivity while involving children with disabilities in educational activities focused on agriculture.

(1) *Chapters are affiliates of larger central state and national organizations.*

In **Austria**, more than 2,600 students from 45 agriculture schools across the country attended CNH Industrial's *School Days* organized at the Company's in-house testing area, where students acquired theoretical and hands-on knowledge of the latest STEYR models.

The modernization and mechanization of agricultural practices is a key aspect of **Ghana**'s economic development, as is the need to encourage younger people to work in agriculture given the high average age of current farmers. To this end, through its brand Case IH and in collaboration with local third parties, CNH Industrial launched a training project in 2018 at the Damongo Agricultural College, offering courses on smart and advanced farming techniques, climate-smart management practices, and agricultural equipment operation and maintenance. The project's aim is to farm hundreds of hectares of land, turn students into future managers capable of transferring their field expertise, and, eventually, create up to 15,000 new jobs across the country. In 2019, the project involved 128 students, who will also learn how to drive a tractor and obtain a Ghanaian license. To mark the project, a new chocolate product called *Good & Good* has been specially created and is manufactured exclusively for CNH Industrial to symbolize the link between the famous cocoa beans of Ghana and hazelnuts from Italy, a country key to the origins of CNH Industrial. In 2019, almost 400 people benefitted from the project.

In 2019, CNH Industrial continued its partnership with the Jomo Kenyatta University of Agriculture and Technology in **Kenya**, delivering training to senior engineering students on the irrigation system powered by an FPT Industrial F32 engine (donated in 2018 at the start of the 3-year training course). In 2019, the course involved 600 students and 20 teachers.

In **Thailand**, CNH Industrial partnered with the King Mongkut's Institute of Technology Ladkrabang (KMITL) to provide training to 50 of the Institute's young agricultural engineers per year. The Company supplies educational materials, machinery, and its own experts, and the 4-year curriculum includes 2 years on CNH Industrial products and technologies. A tractor demonstration took place during the year, in which students were able to learn about the functions, features, and benefits of New Holland Agriculture's TC48R model. Courses also feature guest instructors, as well as training sessions and internships on Company premises. Moreover, the Company participated in KMITL's Open House 2019, an event organized with the Faculty of Agricultural Engineering, where potential future students were able to visit the campus and meet their peers. The event was attended by approximately 5,000 visitors.

FOOD AVAILABILITY

Located near the Company's sites in Racine (**USA**), the Hunger Task Force Farm grows fresh produce to feed the hungry and create a reliable source of healthy food for its network of food banks. Established in 2004, the Farm ships about 250 tons of fresh produce per year and grows over 25 types of fruits and vegetables, using a New Holland Agriculture tractor donated by CNH Industrial Capital in 2017. Support in 2019 included $11,000 in cash contributions from the Company and the CNH Industrial Foundation, help during harvesting through the Company's *Impact Day* volunteering initiatives (see page 96), and a special event sponsored by Case IH to collect food donations during a baseball game. This latter initiative saw 32 Company employees volunteer their time and collect 4,227 kilos of food for the organization. In all, under the Company's *Impact Day* and *Volunteer Time-Off* (VTO) initiatives, employees donated 624 hours of their time in 2019 to help food banks and other food organizations.

In **Brazil**, New Holland Agriculture launched a campaign to fight hunger and food waste by donating 10 meals for each product sold in the country. In 2019, the brand donated 14,232 kilos of food to food banks located in Minas Gerais and Rio Grande do Sul.

New Holland Construction partnered with Food of World to feed 30,000 children a day in **Mozambique**, where an estimated 30% of the population is malnourished, by providing super-protein bars using nutrient-rich spirulina as the main ingredient. The brand provided a D150B dozer to help level the construction site where Food of World will build a facility to produce the protein bars.

FOOD SECURITY

In 2019, CNH Industrial organized its second annual *Food Security Week* in North America to promote awareness of this critical topic among employees and other stakeholders, including FFA students starting their careers in agriculture. Employees and students joined in a program to put together 400 snack packs, later distributed to charitable organizations in Racine and New Holland (**USA**). In addition, friendly food-drive contests were organized at 9 facilities across the region, resulting in the collection of more than 3,880 kilos of food, donated to local community organizations.

In **Pakistan**, CNH Industrial sponsored the donation of 120 food hampers to families in need in Karachi, distributed through a local NGO, the Peace & Development Organization.

400
SNACK PACKS DISTRIBUTED DURING *FOOD SECURITY WEEK* IN USA

PROJECTS TO SUPPORT YOUTH TRAINING

At CNH Industrial, a key priority is to engage local communities. To this end, and in line with stakeholders' expectations (see page 20), the Company prioritizes initiatives that support local community development, especially youth training. In addition to the awards and scholarships given to employees' children (see page 96), the Company works hard to promote young people's education by collaborating with private and public institutions and other stakeholders. Projects are also aligned with SDG 10 'Reduce inequality within and among countries', through their promotion of training in Emerging Markets[1] with the aim to develop qualified potential recruits for the Company's sales and service networks.

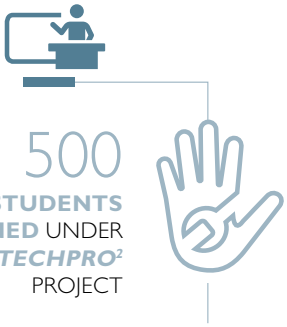
TECHPRO² PROJECT

TechPro², a joint project with schools run by the Don Bosco Salesian Society, mainly aims at training mechatronics specialists to meet a growing demand for skilled personnel. The training course entails a 2-stage curriculum: theory is taught at the Salesian training institutes, while hands-on learning is provided at authorized CNH Industrial repair shops. The Company provides expertise by training the teachers, who in turn pass on the knowledge to the students in the classroom. It also offers financial aid, as well as tools and essential parts (such as complementary vehicles, engines, drives, and diagnostic tools) for classroom training and practice.

In 2019, in **Ethiopia**, a new certified course on commercial vehicles was launched at the Mekelle Don Bosco Polytechnic College, with IVECO providing the equipment, tools, and training. This course is an addition to the two existing *TechPro²* programs (focusing on agricultural equipment and commercial vehicles, respectively) established at the Bosco Children School in Addis Ababa.

During the year, a new program was also launched in Verona (**Italy**): focusing on industrial and powertrain topics (with IVECO and FPT Industrial providing vehicles and engines), it is the third *TechPro²* program established in the country – the other two being in Fossano and Rome.

In all, in 2019, 471 students received classroom and on-the-job training through the *TechPro²* project, for a total of 6,066 training hours.



500
STUDENTS TRAINED UNDER THE ***TECHPRO²*** PROJECT

2019 TECHPRO² PROJECT

COUNTRY		Start Year	Students	Training Hours[a]	Segments
ITALY					
	Fossano	2011	77	1,657	C&SV
	Rome	2015	22	991	AG
	Verona	2019	-	-	C&SV - PT
ETHIOPIA					
	Addis Ababa	2013	58	744	AG - C&SV
	Mekelle	2019	-	-	C&SV
SOUTH AFRICA					
	Johannesburg	2016	14	1,936	C&SV - PT
CHINA					
	Changshan (Zhejiang)	2014	157	219	C&SV
	Yanji	2016	43	288	AG
	Urumqi (Xinjiang)	2018	100	231	AG - C&SV - PT
Total			**471**	**6,066**	

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

[1] *Emerging Markets are defined as low, lower-middle, or upper-middle income countries as per the World Bank list of economies as at June 2019.*

SUPPORTING EDUCATION

In 2019, CNH Industrial continued to support STEM[2] academic disciplines in **North America** through its educational grants program for local schools. Each year under the program, up to 4 schools/school districts are eligible to receive a grant of up to $25,000 (or an equivalent in-kind equipment donation). Implementation of the programming funded in connection with the initial 2018 grants cycle is ongoing, with 947 students estimated to have directly benefitted from the program in 2019. Additionally, 210 tablets used during the Company's *Capital Markets Day* at the New York Stock Exchange were donated in support of public schools near CNH Industrial's Benson, Burlington, and Racine facilities.
CASE Construction Equipment also donated numerous pieces of equipment to technical education schools throughout the year, such as Pittsburg State University, to support diesel technician and heavy equipment operator training programs aimed at bolstering the industry workforce for both Company dealers and customers.

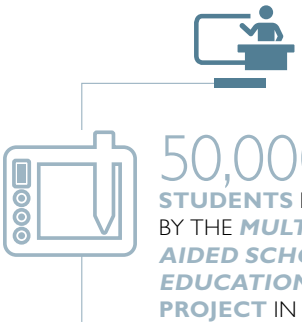
In **Italy**, CNH Industrial supported the Agnelli Foundation, a non-profit, independent social sciences research institute that focuses on education using an interdisciplinary perspective and applying rigorous quantitative methods.

120 **TEENAGERS** INVOLVED IN THE ***CRÊ-SER*** **PROJECT** IN BRAZIL

In **Brazil**, the *Gente de Bem* organization helps socially vulnerable teenagers, both personally and professionally. The organization offers monthly extra-curricular activities divided into three phases: qualification for the job market, personal development, and citizenship and sustainability. Throughout the year, it also offers vocational guidance activities, marketing classes, and computer courses, and tackles other matters such as life projects, family planning, overcoming obstacles, self-esteem, and the Brazilian voting system. In 2019, about 120 teenagers from 3 state schools in Curitiba benefitted from the *Crê-Ser* project supported by CNH Industrial.
In 2017, CNH Industrial signed an ongoing agreement with the Ministry of Education of the Province of Cordoba (**Argentina**) to share its extensive manufacturing expertise with local technical schools. Through its *WCM at Schools* project, devised within this framework, the Company provides training to teachers and students on the World Class Manufacturing (WCM) program implemented at its plants worldwide (see page 166). In 2019, 8 employees contributed to this project, training 40 teenagers.

In **South Africa**, a team from New Holland Agriculture volunteered time to support 360 students at the Ingqayizivele Secondary School in Tembisa, an impoverished township in Johannesburg. The brand's contribution included career advice, mentoring sessions, new stationery for the top 10 students for their upcoming final examinations, and sanitary pads – one of the most urgent requirements for female students at the school. These efforts were part of a CNH Industrial dual-branded initiative that brought together local teams from New Holland Agriculture and IVECO for international Mandela Day, an annual event honoring the legacy of South Africa's former President and his values through volunteering and community service.

In **India**, CNH Industrial continued to support initiatives aimed at improving education for underprivileged children. In 2019, for the fifth year running, it supported the OPEN[3] Mission Education program, helping 220 children aged 4-14 at a local school near its plant in Greater Noida. The aim is to integrate the children into mainstream society by empowering them to thrive within the formal education system.



50,000 **STUDENTS** IMPACTED BY THE ***MULTIMEDIA-AIDED SCHOOL EDUCATION*** **PROJECT** IN INDIA

In 2018, the Company launched the *Multimedia-Aided School Education* project across the country's primary, elementary, and high schools, focusing on understanding technology and enhancing teaching quality and capabilities at Indian state schools. Moving away from traditional chalk and talk teaching, the program promotes the use of technology for an immersive classroom experience, providing schools with integrated multimedia K-Yan Knowledge Devices that combine interactivity, computing, internet access, projection, and television in one compact teaching aid. With support from New Holland Agriculture and CASE Construction Equipment, the initiative in 2019 ran across 19 states and 97 schools located near both brands' top dealers. Some 700 teachers were trained and 50,000 students assisted under the initiative. It also won the 2019 CSR Times[4] Award in India, which received over 600 applications shortlisted to 80 projects judged across 16 categories. The CNH Industrial project won in the Education category.

In **China**, in response to government advocacy for improving the development of education in poor areas in southern Xinjiang, the Company launched initiatives calling for employees to donate books. In 2019, a total of 412 books, along with equipment such as printers and fax machines, were donated to kindergartens and primary schools in Bachu County.

(2) *Science, Technology, Engineering, and Mathematics.*
(3) *Organization for Poor and Economical Needs.*
(4) *The CSR Times is an Indian monthly publication on corporate social responsibility.*

PROJECTS TO REDUCE INEQUALITY

CNH Industrial actively supports projects and activities that encourage the economic, social, and cultural development of local communities, and acts in a socially responsible manner by respecting the culture and traditions of each country and by operating with integrity and in good faith to earn the trust of the community.

SUPPORTING PEOPLE IN NEED

In 2019, CNH Industrial offered a year-round matching gift program for employees, matching their donations to their charitable organization of choice for up to $5,000 annually per employee. In **North America**, the Company held several targeted employee giving campaigns focusing on specific initiatives and philanthropic causes. *CNH Industrial Gives Back*, a dedicated online portal for employee giving and volunteering initiatives, continued for its third year running. Through these and other initiatives, employees in North America were able to support a wide range of organizations during the year, with employee, Company, and CNH Industrial Foundation donations of more than $264,000.

In **Brazil**, the *Pastoral do Menor* center in Sorocaba celebrated its 17th year, as well as the 29th anniversary of the establishment of the Brazilian Statute of the Child and Adolescent (ECA), by organizing a major event at the city's *Recreativo Campestre* (recreational club) with the support of CNH Industrial. Theater, music, and dance performances were offered to more than 700 children and teenagers from 11 local educational centers, championing the ECA and its key role in guaranteeing the rights of minors. CNH Industrial has sponsored *Pastoral do Menor* since 2008, supporting socio-educational projects in 11 districts in Sorocaba and benefitting about 1,200 children and teenagers.

Since 2013, CNH Industrial has also sponsored *Casa do Bom Menino* in Piracicaba, a shelter for children and teenagers temporarily separated from their families. In 2019, through the sponsorship of the project *Nós no Mundo*, about 100 children from the shelter aged 4-17 participated in art workshops, environmental education, and sports programs to develop new skills and abilities to help expand their cultural repertoire, improve social cohesion, and foster ecological awareness.

Próximo Passo is a social project in the Cidade de Deus neighborhood of Sete Lagoas, supported by CNH Industrial since 2015 through a partnership with the NGO *Cooperação para Desenvolvimento e Morada Humana* (cooperation for housing development). It offers community development, a choir for the elderly, talent exchange programs, and socio-educational workshops for children and teenagers, including percussion classes and training courses to prepare 15-17 year-olds for the job market. In 2019, 117 people benefitted directly from the project.

1,200
CHILDREN SUPPORTED THROUGH *PASTORAL DO MENOR* IN BRAZIL

FIGHTING HOMELESSNESS

In 2019, CNH Industrial continued to support the non-profit organization Habitat for Humanity, providing funds, volunteers, and equipment to help build affordable homes for low-income families across the **USA**. During the year, the Company and the CNH Industrial Foundation gave $35,500 to support 5 Habitat for Humanity local chapters near its sites, and 51 CNH Industrial employees contributed 358 work hours to assist in construction and repair works. CNH Industrial started collaborating with Habitat for Humanity in 2007 and has since donated over $600,000. In 2019, 59 people directly benefitted from the project.

CASE Construction Equipment's partnership with Team Rubicon, a non-profit veteran-led disaster response organization, provided numerous opportunities in 2019 to work on site clearance and development projects, while providing valuable training for Team Rubicon volunteers on safe and efficient equipment use.

358
VOLUNTEER HOURS DONATED TO **HABITAT FOR HUMANITY** IN USA

In collaboration with the One Voice association in **Australia**, CNH Industrial supported Elevate, a non-profit community that provides accommodation and support to homeless Australians. During 2019, IVECO employees actively helped to build an accommodation farm, from the design phase to excavating the property, clearing the land, and digging trenches. Moreover, 50 additional employees contributed 400 volunteer hours to painting, fencing, and gardening on the farm, so preparing the property for future residents.

PROMOTING CULTURE

In 2019, in **Italy**, FPT Industrial promoted cultural and artistic events as part of its commitment to reach out to customers and end users, telling the story of its products and mission through activities reflecting its values of innovation, quality, and sustainability. FPT Industrial was the main sponsor of the Italy Pavilion at the 58th Art Biennale of Venice, for which

the brand invited American artist Christian Holstad to create an ad hoc artwork. Entitled *Consider Yourself as a Guest*, the piece is a large cornucopia, ancient symbol of good fortune and abundance, created entirely from plastic waste to reflect the urgency of addressing sea and ocean pollution around the world. It was displayed at the Ca' Foscari University in Venice and at the contemporary art exhibition *Artissima 2019* in Turin, of which FPT Industrial is a partner.
As part of the celebrations to mark the 500th anniversary of Leonardo da Vinci's death, FPT Industrial partnered with the *Museo Nazionale della Scienza e della Tecnologia Leonardo da Vinci* (National Museum of Science and Technology) in Milan, which houses the most important collection of models by the artist. The brand sponsored the new Da Vinci galleries, the world's largest permanent exhibition dedicated to the Renaissance genius.
FPT Industrial also became a main sponsor of *Luci d'Artista* in Turin, an open-air contemporary art exhibition and light show that has illuminated the squares and streets of the city every year since 2008. Specifically, it sponsored the installation *M I R A C O L A*, inspired by Leonardo da Vinci's theories on the relationship between light and shadow.

In 2019, in **Brazil**, the *Pintura Solidária* traveling exhibition visited 10 cities in the state of São Paulo, including Sorocaba and Piracicaba. The event comprised traditional dance, folk legends, beliefs, cuisine, and celebrations, and showcased 32 paintings created using acrylic techniques and no canvas. CNH Industrial has sponsored the project since 2011. In the first 6 months of 2019 alone, the initiative was seen by approximately 8,000 people.

8,000
PEOPLE
INVOLVED IN
THE ***PINTURA SOLIDÁRIA***
EXHIBIT
IN BRAZIL

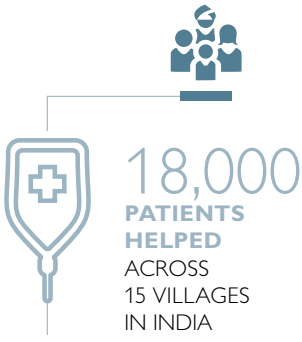
During the traditional Curitiba Festival, the *Guritiba* project, sponsored by the Company, offered shows, musical performances, and recreational activities for children, with free performances in public schools (in highly vulnerable neighborhoods), shopping malls, and other spaces. In 2019, the Festival involved more than 17,800 people.
In Mato Grosso, the *Conviver para Conhecer* project promoted children's literature while empowering teachers to address the issue of disability inclusion in rural areas, through the creation of book kits consisting of four stories centered on the human, artistic, and emotional potential of children with disabilities. It also included storytelling workshops for teachers. The initiative, implemented in partnership with *Renovarte Produções Culturais*, provided 1,350 free kits to public schools in the area.
Now in its 15th year, the *New Holland Award for Photojournalism* continued to recognize works that portray the distinctive nature of rural life and agriculture in South America. The exhibition showcased 30 images from both finalist and winners and toured the cities of Curitiba, Cuiabá, and Petrolina (Brazil), Cordoba (Argentina), and Bogota (Colombia). The public also participated in free cultural workshops.

PROJECTS TO PROMOTE HEALTH AND WELLBEING

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

SUPPORTING HEALTH

In **India**, New Holland Agriculture has partnered with the Smile Foundation since 2016 to provide better medical facilities in rural areas near CNH Industrial's Greater Noida plant, where underprivileged people lack access to health services and are reluctant to seek treatment due to financial constraints. The Smile Foundation delivers healthcare services through a mobile medical unit, called *Smile on Wheels*. The unit runs 5 days a week, is equipped with first aid kits, preliminary diagnostic kits, and basic medicines, and is staffed by a doctor, nurse/lab technician, and ambulance driver. In 2019, the unit served about 18,000 patients across 15 villages near the plant.



18,000
PATIENTS HELPED
ACROSS
15 VILLAGES
IN INDIA

In **Myanmar**, New Holland Agriculture and its local distributor, Yoma Heavy Equipment, partnered with M2030, a movement launched by the Asia Pacific Leaders Malaria Alliance to eliminate malaria in Asia by 2030. During the year, a campaign was rolled out to 14 New Holland Agriculture showrooms across 10 regions, and it is expected to benefit several thousand farmers. The aim is to increase awareness about malaria through M2030 information material, raise funds by means of M2030 donation boxes, and implement a unique pledge scheme by which dealerships donate funds to malaria programs for every New Holland Agriculture tractor sold. Dealerships are also offering purchasing customers an information package on eliminating malaria and short training sessions on malaria prevention.

FIGHTING CANCER

In 2019, CNH Industrial organized its first-ever annual *Month of Hope* to support the American Cancer Society's Hope Lodge program, in the USA, and two Canadian Cancer Society programs: the Cancer Resource Rooms in Ontario and the Wheels of Hope program in Saskatchewan. 15 CNH Industrial facilities in the **USA** and **Canada** participated

in *Month of Hope* initiatives, through employee volunteering activities as well as monetary and in-kind donations from employees, the Company, and the CNH Industrial Foundation. The program benefitted at least 2,300 patients. The CNH Industrial Foundation also donated $20,000 to the American Cancer Society's Hope Lodge program. Since 2008, CNH Industrial and its employees have raised and donated over $600,000 to fight cancer and support patients and their families.
In **Italy**, New Holland Agriculture, IVECO, and FPT Industrial sponsored *La Partita del Cuore 2019*, a soccer game between the *Nazionale Italiana Cantanti* (celebrity Italian singers) and the *Campioni della Ricerca* (leading sports personalities supporting research). In 2019, all proceeds were donated to the *Fondazione Piemontese per la Ricerca sul Cancro* (dedicated to cancer research) and to the Telethon Foundation.
In **Brazil**, CNH Industrial donated over $45,000 to the *Pequeno Príncipe Hospital* towards projects and programs to improve cancer treatments.
In **Australia**, 2019 marked the sixth year that New Holland Agriculture has sponsored the *Prostate Cancer Foundation* of Australia. The brand displays a joint logo on its tractors as the partnership's emblem, and this was featured at all major New Holland Agriculture events across the country to remind men to get regularly tested for prostate cancer. In 2019, the brand donated over $57,000 to the Foundation.

SUPPORTING RESEARCH ON RARE GENETIC DISEASES

In Europe, CNH Industrial continued to support the Telethon Foundation's scientific research on rare genetic diseases through several fundraising initiatives involving its brands and more than 17,000 employees in **Italy** and **Spain**. Initiatives included the ongoing sale of cookies and chocolates and participation in the *Andare Lontano* (Go Far) campaign, entailing a Company donation to Telethon for each employee's child starting school for the first time. In 2019, approximately $90,000 was donated to the organization.

SUPPORTING SPORTS

In Curitiba (**Brazil**), *Futebol de Rua* (Street Soccer) assists students aged 7-12 from the Alvaro Borges Municipal School, providing access to sports, leisure, cultural, and educational activities for their social development and wellbeing. A variety of themes are discussed throughout the year, such as emotional development, financial literacy, and principles of peace, human rights, ecological awareness, safe driving, non-violent communication, and confronting racism. In developing its activities, analogies are always made with soccer. CNH Industrial has partnered with this initiative since 2018. In 2019, the project involved 88 young people.

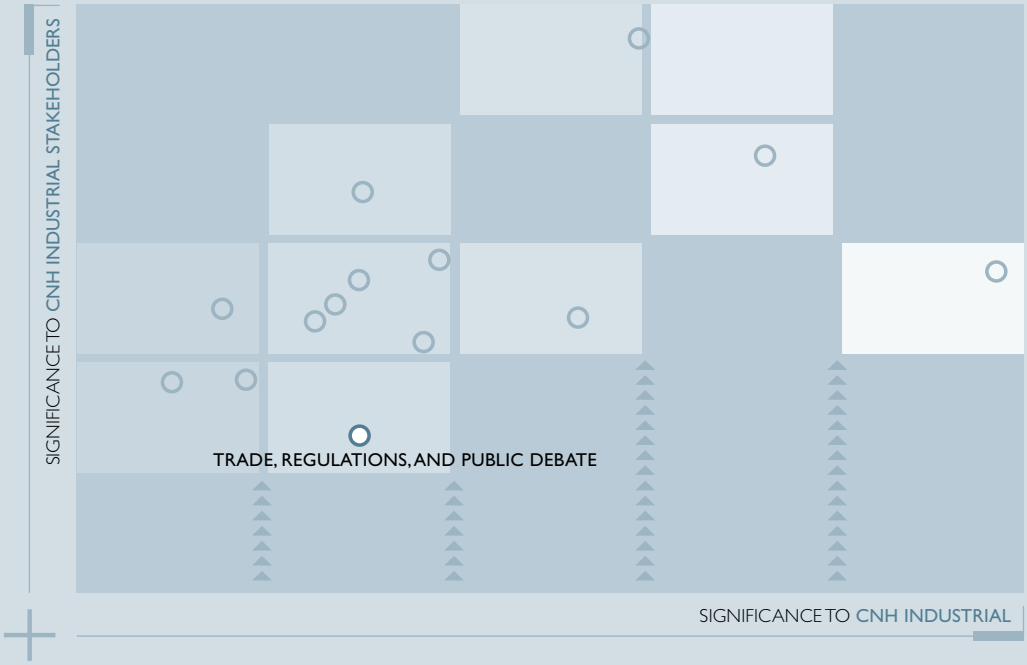
In Sorocaba, the *Associação Bola da Vez* project (promoted by the homonymous association) provides social and educational support to socially vulnerable children and teenagers aged 3-17. For 15 years, 11 of which with CNH Industrial's support, it has promoted sports in schools three times a week, and raised social awareness through activities such as field trips and talks. Several themes are discussed, from fighting drugs to personal hygiene. In 2019, the project benefitted 315 children.
The Company supported the charitable association *De Peito Aberto*, which seeks to improve the quality of life of socially vulnerable children through sports, education, health, and culture. *Esporte na Cidade* (Sports in the City), sponsored by CNH Industrial since 2014, offers free introductory sports classes for school students, including twice-weekly judo classes for 7-17 year-olds, held before or after regular school hours; outcomes include improved school attendance, body image, sociability, and discipline. In 2019, the initiative benefitted 130 children and teenagers in Contagem and Sete Lagoas.

FOCUS ON

SUPPORTING WELLBEING IN BRAZIL

In 2019, CNH Industrial introduced the *Gaia + Valores* project to its social partners in São Paulo and Minas Gerais. The project aims to enhance social skills and emotional development, employing positive psychology and mindfulness, in order to generate effective improvements in educational relationships and learning in children and teenagers through dynamic and fun activities. Themes such as non-religious meditation, emotional intelligence, gratitude, perseverance, optimism, and non-violent communication are discussed, and teachers receive training on employing such methods in class. About 670 people among teachers and students benefitted from the project in the cities of Piracicaba, Sorocaba, Contagem, and Sete Lagoas.

RELATIONSHIPS WITH PUBLIC AND PRIVATE ORGANIZATIONS



Material topics described in this chapter (for definitions see page 235).

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, international organizations, 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, with a focus on sustainable mobility and alternative fuels. CNH Industrial is committed to contributing to society's technological advancement, and to cooperating with public institutions, universities, and other organizations on research and development into innovative solutions in the fields in which it operates. The Company's proactive approach to institutional relations contributes to identifying new business opportunities early on, and to creating business conditions that are competitive as well as sustainable over the long term. Interest representation is conducted only where permitted by and in strict compliance with applicable laws, including anti-corruption and antitrust laws, and in full compliance with the Company's Code of Conduct and related policies and procedures (see page 47). CNH Industrial is registered with the European Transparency Register, which is operated jointly by the European Parliament and the European Commission. The Register provides information about the interest representatives (organizations and self-employed individuals) that seek to influence the decision-making processes of the European Union, and a code of conduct serving as a framework to regulate their activities. In 2016, CNH Industrial also registered with the Italian Transparency Register, set up and adopted for the first time in Italy by the Italian Ministry of Economic Development, drawing upon the same model applied across other European institutions, while in 2018 it enrolled in the Register of Interest Representatives of the Italian Chamber of Deputies.

The highest responsibility for CNH Industrial's Institutional Relations lies with the Global Executive Committee (GEC). The functions in charge of relations with institutions in each geographic area are responsible for:

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

In line with its business approach and the opinions of stakeholders, CNH Industrial's strategy is to continue to pursue initiatives to tackle climate change and food scarcity and food security (see page 18). The objectives and actions implemented in this regard are also aimed at continuous improvement in the transparency of the Company's relations with public institutions, as disclosed in this Report.
As stated in the Code of Conduct, all such relations must be transparent and conducted in accordance with CNH Industrial's values and with applicable laws. Interest representation and other political activities shall only be conducted by duly designated departments and authorized individuals, and only where permitted by and in strict compliance with applicable laws and, in any case, in full observance of the Code of Conduct and any applicable Company procedures.

In the event of any violation of the above, CNH Industrial uses the Code of Conduct, its policies, and related procedures to ensure a consistent Company-wide approach in line with its climate change strategy. The Code of Conduct regulates CNH Industrial's relationships with various types of public and private organizations (including universities and research centers). These relationships are also an aspect of the Company's commitment to combating climate change, as stated in its Environmental Policy, as this requires the engagement of stakeholders.

In Europe, AMEA, and ANZ[1], the Institutional Relations Department is responsible for overseeing advocacy activities, supporting CNH Industrial's engagement with institutions and stakeholders, and engaging daily with the Company and brands' departments and functions.
CNH Industrial abides by two compliance policies[2], implemented in relation to the Code of Conduct, that regulate relations with public institutions: *US Lobbying Activities and Other Contacts with US Government Officials* and *Political Action Committee Activity and Other Political Contributions.*
The Compliance Helpline is an operational grievance mechanism to report potential violations of corporate policies, the Code of Conduct, or applicable laws; it can also be used to report violations related to relations with public institutions (see page 50).

CNH Industrial is a member of many industry and other associations, and of national and international advocacy organizations. A list of its main memberships is available on page 256, and the complete list is available on the Company's website.

In 2019, membership fees for trade associations, industrial and business organizations, technical associations, and interest representation/lobbying groups totaled about $3.6 million globally (compared to approximately $3.7 million in 2018). The three most substantial fees were paid to the European Automobile Manufacturers' Association (ACEA), for almost $0.5 million, the Mechanical Engineering Industry Association (VDMA), for almost $0.3 million, and the National Association of Automotive Vehicle Manufacturers (ANFAVEA), for over $0.1 million.

PUBLIC POLICY AND INTEREST REPRESENTATION

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

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

In 2019, the Company actively participated in institutional conferences, working groups, roundtables, initiatives, and meetings to encourage and foster public debate and policy making on the most relevant matters for sustainability: climate change, food scarcity and food security, and the innovative and digital world – the latter considered an aid to tackling the first two. The following are some examples of the activities carried out by CNH Industrial during the year, through its relations with institutions and key stakeholders, to combat climate change and improve food availability.

INITIATIVES LINKED TO COMBATING CLIMATE CHANGE

CNH Industrial contributes to combating climate change mainly by promoting the use of alternative powertrain solutions and innovative vehicles, while participating in the institutional and public debate around air quality, the reduction of polluting emissions, and other important issues.
As further evidence of its effort to fight climate change, the Company endorsed two of the commitments promoted by the CDP[3] through its Commit to Action campaign during the UN Climate Change Conference (COP21) in 2015, and began to include climate change information in mainstream corporate reports in 2016. Furthermore, in 2019, it also implemented the Guide for Responsible Corporate Engagement in Climate Policy[4], providing for the internal monitoring of Company activities with repercussions for climate-related policies.

In North America, CNH Industrial is a member of the Business Roundtable (**BRT**), made up of chief executive officers of the largest US companies, working together towards a strong and sustainable economic future in the USA. The BRT

(1) *AMEA and ANZ: Continental Asia (including Turkey and Russia), Oceania and member countries of the Commonwealth of Independent States (excluding Ukraine), the African continent, and the Middle East.*
(2) *Compliance policies are available in the Compliance and Ethics section of the Company's Intranet site.*
(3) *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.*
(4) *The Guide, which sets out a program of action for companies wishing to demonstrate best practice in climate policy engagement, was developed by the CDP, the UN Global Compact (UNGC), Ceres, The Climate Group, the World Wide Fund for Nature (WWF), and the World Resources Institute (WRI).*

was the first multisectoral business association in the USA to recognize the significant environmental, economic, and security threats posed by climate change, and to call for collective action to address the risks it poses to society, the environment, and the economy. The association promotes sound public policy to deliver long-term economic and social growth, and advocates for research, development, and deployment of advanced products and technologies to achieve a truly competitive and environmentally sustainable economy.
CNH Industrial is also member of the Truck and Engine Manufacturers Association (**EMA**), which represents worldwide manufacturers of internal combustion engines and on-highway medium and heavy-duty trucks. The EMA works with governments and industry towards achieving cleaner air (emissions control) and safer highways and vehicles, while ensuring environmental and safety standards and regulations are technologically feasible, cost-effective, ensure public safety, and provide environmental benefits. The association sponsors scientific and technical research aimed at improving engine and truck performance and fuel efficiency, reducing emissions from internal combustion engines, and enhancing safety.

Moreover, the Company is a member of the National Association of Manufacturers (**NAM**), the largest manufacturing association in the USA, representing small and large manufacturers from every industrial sector across all 50 states. The NAM supports an energy strategy that embraces all forms of domestic energy production while expanding existing conservation and efficiency efforts. 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 association focuses on educating the US administration and leaders in Congress about the importance of the RFS for manufacturers, and on advancing efforts to expand fueling infrastructure. Moreover, CNH Industrial joined other companies of the sector on the *AEM Sustainability Task Force*, to share best practices for sustainability and set industry-specific improvement initiatives.

Lastly, the Company is a member of **Growth Energy**, the USA's premier trade association working to advance biofuel policies. The association represents producers and supporters of ethanol as a fuel, working to offer consumers better choices at fueling stations, grow the US economy, and improve the environment for future generations. Growth Energy promotes policies that enhance and facilitate market access to higher blends of ethanol, while reintroducing consumers to ethanol and defending the RFS.

In Europe, CNH Industrial and all its brands actively participated in many events and projects in 2019, 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. Specifically, the Company contributed to the public debate and policy making of the EU and its member states aimed at setting the EU's first CO_2 standards for Heavy Duty Vehicles (HDVs). The Company also took part in the general development of policies and debate, both at EU and national level, in support of autonomous driving, alternative fuels such as natural gas, and hydrogen, electric, and hybrid vehicles.

Remaining in the sustainable mobility sector, CNH Industrial participated in the policy debate on local public transport systems, supporting policies for their development and the shift towards sustainable bus fleets to help improve air quality and mitigate climate change.
The Company also contributed to creating policies in support of alternative fuels – and a circular economy – in the agriculture sector, particularly promoting the use of biomethane through specific initiatives in many countries.
By participating in policy debates, CNH Industrial actively collaborates with policy makers, think tanks, and NGOs. This has led to joint advocacy actions and public events organized with trade associations and key stakeholders across Europe, to share and discuss opportunities particularly relating to the development of alternative fuels.

As a long-standing member of the European Automobile Manufacturers' Association (**ACEA**), the Company has actively contributed to the debate on EU policies to lower CO_2 emissions. The automotive sector is currently playing a leading role in

combating climate change, taking responsibility for reducing emissions from vehicles and manufacturing. In this regard, CNH Industrial has been participating in ACEA's working groups to share its technical expertise and vision for a sustainable future for the transport sector, supporting alternative carbon-neutral fuels while also focusing on safety requirements, materials, and future trends such as automated driving and connectivity. Moreover, within the framework of its ACEA membership and as Chair of the Commercial Vehicles Board, IVECO contributed to establishing the first CO_2 standards for trucks by presenting solutions where natural gas and biomethane play a leading role in the future of road freight transport as readily-available alternatives to diesel that can significantly contribute to the decarbonization of Europe.

As a member of the European Council for Automotive R&D (**EUCAR**), the association representing Europe's major passenger car and commercial vehicle manufacturers, the Company contributes to facilitating and coordinating pre-competitive research and development projects, participating in a wide range of collaborative European R&D programs; most of these relate to alternative fuels and clean vehicles, which contribute to combating climate change and improving air quality.

CNH Industrial is also a member of the Committee for European Construction Equipment (**CECE**) and of the European Agricultural Machinery Association (**CEMA**), trade associations for construction equipment and agricultural machinery manufacturers, respectively. Throughout 2019, the Company collaborated with the associations' committees and project teams to bring forward EU legislation on the safety and environmental aspects of off-road machinery (focusing on engine exhaust emissions, noise emissions, and work machinery safety).

CNH Industrial has also been a member of the European Association of Internal Combustion Engine Manufacturers (**EUROMOT**) since its foundation in 1991. In 2019, particularly through its brand FPT Industrial, the Company contributed to the association's activities centered on Non-Road Mobile Machinery (NRMM) engine exhaust emissions, particularly relating to the full implementation of EU Stage V Regulation.

Lastly, the Company is a board member of the Natural & bio Gas Vehicle Association (**NGVA Europe**), which advocates and fosters the use of natural gas and biomethane for transport in Europe. In 2019, in collaboration with several other national associations for natural gas, IVECO and FPT Industrial promoted the advancement of alternative fuels in Europe, in line with EU legislation on the development of natural gas infrastructures, fostering debate on European regulation for natural gas (towards 2030 and beyond) and on transitioning technology towards renewable sources (biomethane), electrification, and hydrogen.

In South America, specifically in Brazil and Argentina, CNH Industrial has relations with institutions and associations that play a fundamental role in influencing government decisions that impact the Company´s business and performance, as well as the economic and social development of South American countries as a whole. In 2019, through its representatives, the Company actively participated in forums, technical committees, and advisory councils on specific themes such as: alternative fuels, automotive safety, vehicle emission levels, new technologies for urban and rural transportation, mobility, and enhanced machinery and commercial vehicle productivity. Other themes included the regulatory and legal requirements of the automotive sector, other institutions and countries, and labor aspects.

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

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

Furthermore, CNH Industrial is a member of the Brazilian Association of Automotive Engineering (**AEA**), which works with the government on automobile legislation for commercial vehicles and machinery with regard to the homologation of parts, components, and complete vehicles. In addition, it focuses on other topics such as: motorization, emissions, safety and dimensional specifications, weight 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, CNH Industrial manages its logistics processes to optimize the efficiency of flows and reduce their environmental impact. The importance of sustainable logistics to the Company lies not only in time and cost efficiencies, but also in mitigated environmental and social impacts in terms of emissions, resources, packaging, human health, and traffic congestion. Below is a description of some of the Company's memberships of South American institutions concerned with logistics.

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

CNH Industrial is also a member of the Brazilian Machinery Builders' Association (**ABIMAQ**), which brings together and represents the capital goods industry in Brazil while promoting its development. ABIMAQ leads important discussions related to legislation on the use and application of machines in agribusiness and in public infrastructure works. It also promotes forums on tax and legal issues to enhance Brazil's industrial competitiveness. CNH Industrial actively participated in the *Commission for Machinery and Agricultural Implements and Construction*, focusing on critical issues such as the environment, basic sanitation, and energy generation and distribution, as well as on road, rail, port, and airport logistics. Furthermore, a CNH Industrial representative was appointed chair of the ABIMAQ Road Machinery Chamber for the 2018-2020 period, a rotating position among the association's member companies.

In the Rest of the World, in 2019, CNH Industrial showcased its brands' leadership in natural gas technology, further highlighting the advantages of the large-scale use of this alternative fuel in decarbonizing transport in Asia. Natural gas, in fact, provides a solution to many current issues in terms of air quality, CO_2 emissions, energy efficiency, and noise emissions (a key factor in urban and night missions).
As regards tackling climate change, CNH Industrial actively continued to take part in several institutional debates on China's on-road and off-road vehicle emission standards, including: at the European Automobile Manufacturers' Association (**ACEA**) in Beijing, where the Company met key Chinese stakeholders and institutions to present success stories from the European market, as well as policies on the reduction of emissions and pollutants; at the local branch of the US Association of Equipment Manufacturers (**AEM China**); at local trade associations, such as the China Association of Agricultural Machinery Manufacturers (**CAAMM**) and the China Construction Machinery Association (**CCMA**); and at the China Internal Combustion Engine Industry Association (**CICEIA**). The aim was to offer Chinese legislators examples of best practices around the world, while promoting and fostering a constructive dialogue on the main regulatory issues, possible future solutions for sustainable mobility and farming in Asia, and the development of policies on transport sector decarbonization and air quality improvement.

In India, CNH Industrial has a long-standing presence particularly in the agriculture and construction sectors, and is a member of both the Tractor and Mechanization Association (**TMA**) and the Indian Construction Equipment Manufacturers' Association (**ICEMA**). As such, the Company has contributed to the local debate on climate policies that will see the implementation of more stringent emission standards for tractors and other agricultural and construction machinery in the near future (Bharat stage IV in 2020 and Bharat stage V in 2024).

ADVOCATING FOR CLIMATE CHANGE MITIGATION

In 2019, the Company actively engaged in several initiatives to combat climate change, with a focus on raising awareness of alternative fuels and sustainable mobility.
In Paris (France), during the *Centenary Celebration* of the International Organization of Motor Vehicle Manufacturers (OICA), the CEO of CNH Industrial delivered a speech on the Company and its brands' commitment and efforts to decarbonize the transport sector, focusing on the key role of sustainability in the commercial vehicles segment and on the role of natural gas as the logical stepping stone to electrification and fuel cells.

Still in Paris, IVECO took part in the *GIE*[5] *Annual Conference*, with a presentation on the opportunities and next steps for building a European Liquefied Natural Gas market, underlining the role of natural gas technology as a readily-available

[5] *Gas Infrastructure Europe.*

sustainable transport solution, especially for goods and long-distance haulage; it has clear environmental benefits and, through biomethane, can pave the way to a circular economy.

As regards biomethane, in 2019, CNH Industrial's brands IVECO, FPT Industrial, and New Holland Agriculture, along with other leading stakeholders, signed a Memorandum of Understanding in Rome (Italy) in the presence of Italian Government representatives, providing for a collaboration to promote biomethane within the transport sector. The agreement will allow the Company to continue implementing its *Energy Independent Farm* project on a national scale, creating farms that are energy self-sufficient and turn both organic and agricultural waste into biomethane, which, in turn, allows tractors to generate zero CO_2 emissions, thus combating climate change.

As regards natural gas, IVECO was invited to give its aforementioned presentation on building a European Liquefied Natural Gas market at the second *Three Seas Initiative Business Forum*, held in Ljubljana (Slovenia), hosted by the Slovenian Prime Minister and jointly organized by the Government of the Republic of Slovenia.

In Birmingham (UK), the Company participated in the *World Biogas Summit*, organized by the World Biogas Association and the Anaerobic Digestion and Bioresources Association (ADBA), and specifically in the panel on *The Role of Biogas in a Rapidly Changing World*, focusing on the growing role of institutions in facilitating the adoption of natural gas technologies. IVECO participated in the *Hydrogen for Climate Action Conference*, organized by the trade association Hydrogen Europe and the European Commission, and hosted by the latter at its headquarters in Brussels (Belgium). The Conference was Europe's first event on hydrogen of this magnitude, and an opportunity to bring together the business sector and European policy makers to show the extent of their commitment to hydrogen technologies. IVECO's President of Commercial and Specialty Vehicles delivered a speech on CNH Industrial's serious commitment to decarbonization and its new path towards hydrogen vehicles.

He also spoke at the *Annual Assembly* of the Italian Association of the Automotive Industry (ANFIA[6]), in the presence of the Italian Prime Minister, about the future role that the Company and its brands will play with regards to alternative fuels. CNH Industrial participated in various roundtables and conferences during the 2019 United Nations Framework Convention on Climate Change (COP25), held in Madrid (Spain). It contributed to the session on *Natural Gas, Biomethane, and Hydrogen: The Solutions for Sustainable Mobility*, focusing on the future of freight transport, organized by the Iberian Association of Natural Gas for Mobility (GASNAM) and attended by the Spanish Ministry of Industry; it also contributed to the panel on *Electro-Mobility and Climate Change*, centered on the future of electro-mobility and organized by both ANFAC (the Spanish Association of Automobile and Truck Manufacturers) and AELEC (the Spanish Electricity Industry Association), in collaboration with the Spanish Ministry of Industry. Furthermore, CNH Industrial participated in the roundtable on *The Role of Mobility in Achieving the Objectives of the Paris Agreement*, to discuss best practices in sustainable mobility and the role of natural gas as a bridge fuel in the transition to renewable energy propulsion. During the event, the Company showcased IVECO and FPT Industrial's leadership in natural gas technologies, and their further ambitions for electric and hydrogen commercial vehicles.

CNH Industrial's commitment to the environment and sustainability was also underlined during the *2019 European Forum for Manufacturing*, held at the European Parliament in Brussels (Belgium), where the Company described its ongoing efforts to reduce fuel consumption and emissions, increase machine efficiency, and develop alternative propulsion technology using natural gas and biomethane.

Through its brand CASE Construction Equipment, the Company was invited to the institutional debate *Agriculture & Construction Equipment: European Industries Boosting a Sustainable Future for All*, to present multiple power solutions for reducing emissions and achieving carbon neutrality. It was organized at the EU Parliament by trade associations CECE (Committee for European Construction Equipment), CEMA (European Agricultural Machinery Association), and the European Forum for Manufacturing.

In Tel Aviv (Israel), FPT Industrial contributed to the *Fuel Choices and Smart Mobility Summit 2019,* the annual event on alternative fuels and smart mobility organized by the Office of the Prime Minister of Israel, during which it described its e-Powertrain solutions and its leadership in alternative propulsion for commercial vehicles and buses.

[6] *Associazione Nazionale Filiera Industria Automobilistica.*

In Russia, CNH Industrial presented its natural gas solutions and the benefits of alternative fuels at the *9th St. Petersburg International Gas Forum*. The event also played host to the closing ceremony of the *Blue Corridor Rally – Gas into Engines*, in which IVECO participated with its Stralis NP, covering more than 2,700 kilometers across Russia, and during which the Company presented its natural gas solutions for the agricultural sector.

FOCUS ON

OICA MANIFESTO ON GLOBAL ROAD SAFETY

Following a United Nations' (UN) report on worryingly high road fatalities, especially in low-GDP countries, and the creation of a Special Commission to tackle global road safety and set minimum regulatory requirements, the International Organization of Motor Vehicle Manufacturers (OICA), supported by CNH Industrial through its sector association memberships, published a manifesto on global road safety. It calls for local governments to adopt UN safety regulations and suggests an integrated approach to the issue that takes into account local infrastructures and laws. The OICA has offered its expertise to the signatory countries, committing to help them implement the manifesto's minimum safety requirements within the framework of country-specific legislation. As regards CNH Industrial's efforts to promote road safety through the safe use of its products, see page 145.

INITIATIVES LINKED TO IMPROVING FOOD AVAILABILITY

In 2019, in the off-road sector, CNH Industrial organized initiatives and participated in events to raise awareness among institutional, economic, and social stakeholders of its role in tackling food scarcity and enhancing food security through precision farming, agricultural mechanization, and global collaborations.

In North America, CNH Industrial is part of the Agricultural Broadband Coalition (**ABC**), a diverse coalition of companies and trade associations from the agriculture, manufacturing, and technology sectors, which promotes and advocates enhanced telecommunications policies for rural America, as well as robust fixed and mobile telecommunications services in support of precision agriculture in the USA. Such connectivity services enable customers to digitize farm operations, expand precision farming applications, and adopt current and future agricultural equipment such as Case IH and New Holland Agriculture's autonomous concept tractors. Today's tractors are connected to the farmer's tablet, each other, the dealer, the Cloud, and the field, and feature real-time data tracking, GPS guidance, and feedback on everything from ground conditions to direction of travel. This connected and smart farming technology saves time, reduces the use of fertilizers, herbicides, pesticides, and other inputs, and allows farmers to pre-program their equipment to perform operations precisely, maximizing equipment and fuel efficiency while minimizing soil compaction and crop damage. Without connectivity in the field, many of these technological advancements would be unavailable to farmers.

CNH Industrial is also a member of the Diesel Technology Forum (**DTF**), a non-profit organization raising awareness of the importance of clean diesel technology (engines, vehicles, and equipment), cleaner diesel fuel, and emissions-control systems. In the US agricultural sector, diesel dominates the entire farm supply chain; it is crucial to continue to improve the productivity and efficiency of diesel-powered equipment to meet the growing global demand for food.

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

At national level, the Company contributes to the development of sustainable agriculture policies through trade associations such as: the Federation for the Technology Industry (**AGORIA**) and the Association of Agricultural Equipment Manufacturers and Importers (**FEDAGRIM**) in Belgium; the Association of French and Foreign Agricultural Equipment

Manufacturers (**AXEMA**) in France; the Agricultural Engineers Association (**AEA**) in the UK; the Mechanical Engineering Industry Association (**VDMA**) in Germany; the National Association for Agricultural, Forestry, and Landscape Machinery (**ANSEMAT**) in Spain; and the Association of Austrian Machinery and Metalware Industries (**FMMI**) in Austria.

Institutions and associations in South America encourage best agricultural practices that enhance productivity according to environmental requirements aligned with local legislation on 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 Argentine Association of Manufacturers and Distributors of Tractors and other Agricultural Equipment (**AFAT**). The association focuses on sector legislation and regulatory litigation with the government and other institutions, 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.

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

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

In the Rest of the World, the Company actively participates in the debate on the future of agriculture, including through its membership of many sector associations, in order to support local policies and strategies. For example, it participates in the Agricultural Machinery Working Group China, organized by **VDMA China** (branch of the German Mechanical Engineering Industry Association), and plays an active role in: the Tractor and Machinery Association of Australia (**TMA**), the Tractor and Mechanization Association (**TMA**) in India, the Russian Association of Specialized Machinery and Equipment Manufacturers (**ROSSPETSMASH**), and the China Association of Agricultural Machinery Manufacturers (**CAAMM**).

ADVOCATING TO IMPROVE FOOD AVAILABILITY

The benefits of digital farming technologies for agricultural sustainability and productivity, and the Company's vision for precision farming and sustainable agricultural mechanization to improve food security, were presented at various public events.

In 2019, CNH Industrial supported many international initiatives for sustainable agricultural development, particularly in Africa.

In April, CNH Industrial participated in the *Italy-Tunisia Business Forum* held in Tunis, and specifically in a workshop on sustainable agriculture, while in June it took part in the *Ethiopia-Italy Business Forum*, held in Addis Ababa, and in the *Eastern Africa Business Forum* organized by the UN's Industrial Development Organization (UNIDO).

During the latter, the Company presented its contribution to combating climate change and promoting sustainable agriculture and innovation in Africa, underlining the strong need for investments in agricultural mechanization to achieve future sustainable development and increased food availability.

The contribution of CNH Industrial's brands to combating food scarcity was also highlighted during a visit by the Thai board members of the *Italy-Thailand Business Forum* to the CNH Industrial Village in Turin (Italy), during which they were presented with the latest technology available in Case IH and New Holland Agriculture machinery, and with the latest developments in the use of alternative fuels in the agriculture sector. In October, the President of New Holland Agriculture took part in *Agrievolution 2019*, the seventh world summit on agricultural machinery, hosted by Spain's Minister of Agriculture, Fisheries, and Food. He discussed current and long-term trends in the agriculture sector – with a spotlight on alternative propulsions – and opportunities for developing a real circular economy, to improve food security.
In Beijing (China), the Company participated, for the third consecutive year, in the *China Forage Conference* organized by the Dairy Association of China and the China National Seed Association. The Company presented its latest technology developments for silage harvesting, as well as its contributions to help Chinese farmers grow and harvest high quality hay and forage in order to improve the quality and quantity of milk and meat production.

POLITICAL PARTIES

Any and all relationships between CNH Industrial and political parties, as well as their representatives or candidates (hereinafter collectively referred to as Political Parties), are conducted according to the highest standards of transparency and integrity. Financial contributions to Political Parties are only allowed where permitted by law and must be authorized at the appropriate level within each company.
In 2019, **no contributions** were made to Political Parties. Any political association or financial contribution made by an employee is considered a personal matter, and completely voluntary. This includes contributions made through a Political Action Committee (PAC). In the USA, in accordance with applicable laws, CNH Industrial provides administrative support to the CNH Industrial Excellence in Government Fund (a PAC), which collects personal voluntary contributions from Company employees for donation to candidates and/or other PACs. Information relating to these contributions is available on the US Federal Election Commission website[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 **South America**, CNH Industrial is committed to collaborating and maintaining an open dialogue with numerous organizations. It is an active member of the principal trade associations within the sector, and regularly participates in national roundtables, in the firm belief that contributing to public policy development is an essential requirement for a responsible company.

In the **Rest of the World**, several CNH Industrial subsidiaries are members of industry associations within their sector, representing the interests of members on labor and other issues, according to country-specific legal and best practice frameworks.

(1) *www.fec.gov.*

OUR VALUE CHAIN

04

PAGES 131-223

CREATING VALUE FOR STAKEHOLDERS

MEETING CUSTOMER EXPECTATIONS

INNOVATION AND PRODUCT DEVELOPMENT

SUPPLY CHAIN

MANUFACTURING PROCESSES

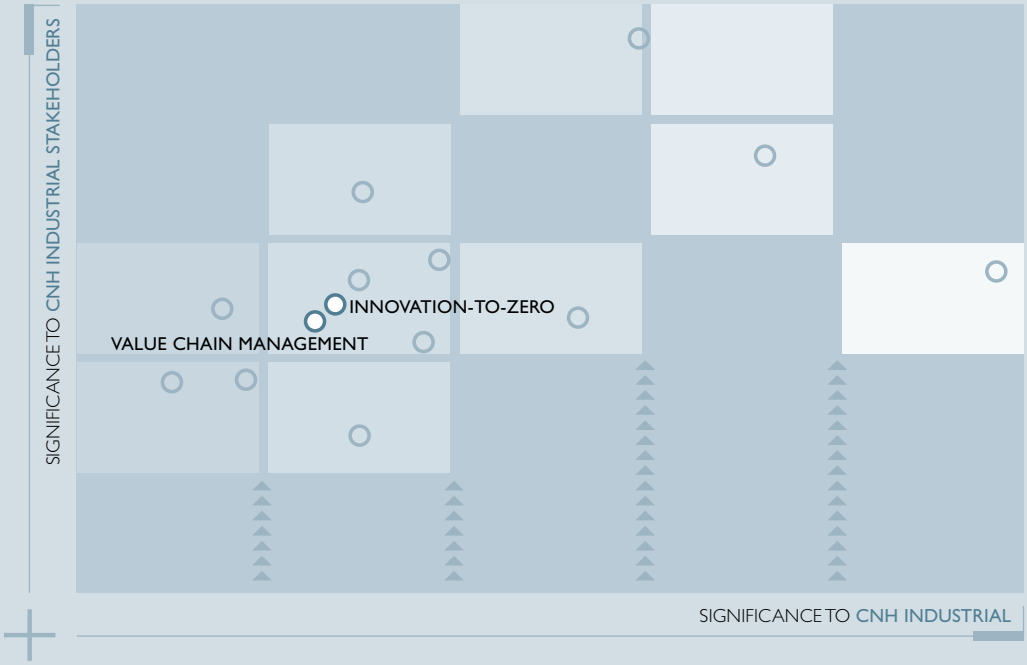
LOGISTICS PROCESSES

SUSTAINABLE PRODUCTS

SALES AND AFTER-SALES

END-OF-LIFE

CREATING VALUE FOR STAKEHOLDERS



Material topics described in this chapter (for definitions see page 235).

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 20).

CNH Industrial's value chain starts with the innovation process, during which market requirements are evaluated and brands collaborate on the development of products that better meet customer needs. It ends with product end-of-life, which can be postponed through remanufacturing, enabling products to continue to perform efficiently for as long as possible. Furthermore, since the Company provides customers with equipment they use in their work, it is aware of being an integral part of their value chain, and that it must therefore strive to maximize their competitiveness. For these reasons, the Company is committed to offering products with lower operating and maintenance costs and superior performance.
The dealer and service network provides a communication gateway between CNH Industrial and its customers (see page 211). 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 152), since value is created in part by a supply chain that is integrated, collaborative, and safe – which includes preventing and managing reputational risk.

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

- customer management aims for zero loss of customer data (see page 139)
- the decarbonization strategy aims to achieve zero product impact on the environment (see page 196)
- World Class Manufacturing seeks to eliminate all types of waste and loss (see page 166)
- occupational health and safety aims to achieve zero accidents, which reflects the effectiveness of preventive and protective measures (see page 77)
- quality aims for zero defects (see page 150).

The main principles that drive CNH Industrial in doing business sustainably across the entire value chain are included in the Code of Conduct (see page 47), and consist in selecting suppliers fairly and equitably, delivering the highest value possible to its customers, and developing and implementing innovative technical solutions to minimize the environmental impact of its products and maximize safety.
In terms of processes, CNH Industrial is committed to continuously improving the environmental performance of its operations by developing effective systems that reduce environmental impacts and optimize the use of resources. The effectiveness of value chain management and innovation-to-zero is ensured by specific key performance indicators (KPIs), published in this Sustainability Report. For accountability, objectives, and projects related to these material topics, refer to the respective sections in the Report.
Sustainability principles drive CNH Industrial's operations, and this creates sustainable value along the entire chain, as underlined in the CNH Industrial Sustainability Model (see page 16).

04

INNOVATION

CUSTOMER NEEDS

BRAND VISION

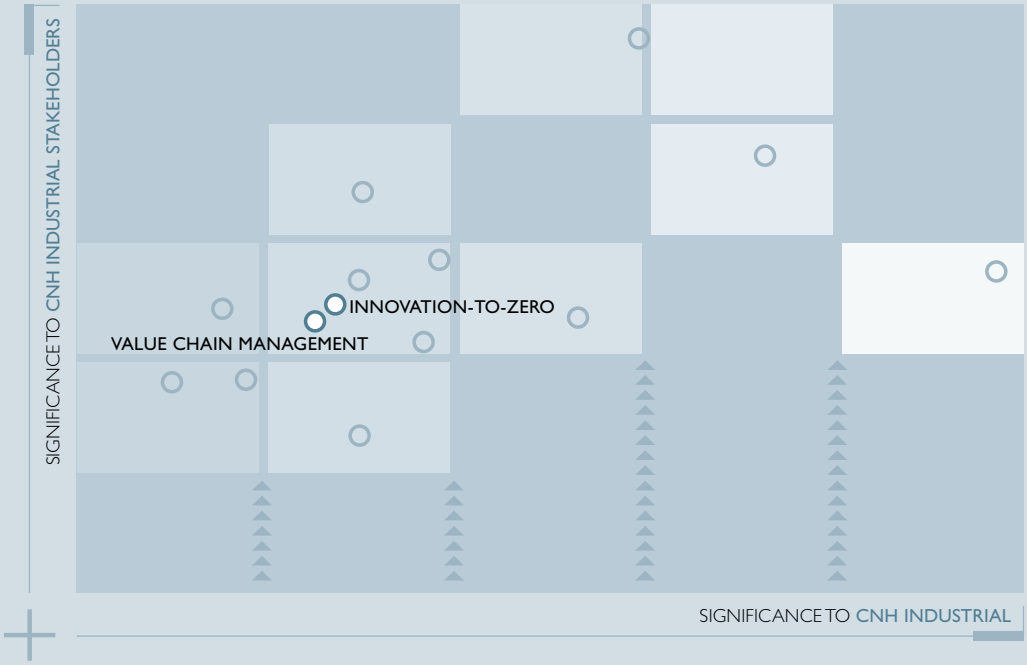
PRODUCT CONCEPT

SUPPLY CHAIN

	MEETING CUSTOMER EXPECTATIONS	INNOVATION AND PRODUCT DEVELOPMENT	PURCHASING PROCESSES	MANUFACTURING PROCESSES
MATERIAL TOPICS	▸ Innovation-to-zero ▸ Value chain management	▸ Circular product life cycle ▸ CO_2 and other air emissions ▸ Innovation-to-zero ▸ Self-sustaining food systems ▸ Autonomous vehicles 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
2024 STRATEGIC SUSTAINABILITY TARGETS		▸ 100% of new products developed using sustainability/recyclability design criteria	▸ 100% of tier 1 suppliers involved in sustainability self-evaluations	▸ 94% of waste recovered at Company plants worldwide ▸ -46% vs. 2014 in CO_2 emissions per production unit at Company plants worldwide ▸ 80% of total electricity consumption from renewable sources at Company plants worldwide
SDGs	2, 12	2, 3, 8, 12, 13	8, 10, 12, 13	3, 8, 12, 13

LOGISTICS PROCESSES	SUSTAINABLE PRODUCTS	SALES AND AFTER-SALES	END-OF-LIFE
▸ CO_2 and other air emissions ▸ Value chain management	▸ Circular product life cycle ▸ CO_2 and other air emissions ▸ Self-sustaining food systems ▸ Autonomous vehicles and connectivity	▸ Value chain management	▸ Circular product life cycle
▸ -20% vs. 2014 in kg of CO_2 emissions per ton of goods/ spare parts transported	▸ 25% of product portfolio available with natural gas powertrains		

MEETING CUSTOMER EXPECTATIONS



Material topics described in this chapter (for definitions see page 235).

MANAGEMENT FRAMEWORK

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

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

A key factor is the ability to manage customer relations across the board, ensuring accessibility in the event of information requests and problem reporting, as well as clear and timely responses. This aspect is also crucial in laying the foundations for future success because it helps understand the degree of customer satisfaction; furthermore, customer feedback and suggestions help identify changes to be made to existing product ranges, and new product lines to be developed to meet future market needs. The Company considers this aspect important for building trust, while stakeholders view it as an opportunity to cultivate efficient equipment use and thus limit disruptions in the event of problems. CNH Industrial's commitment to its customers is a cornerstone of its Code of Conduct, which states that the Company and all its executives, managers, and employees shall strive to meet and exceed customer expectations, while continually improving the quality of the Company's products and services.

Moreover, as stated in the Company's Data Privacy Policy, CNH Industrial strives to protect values such as confidentiality and personal data protection rights, in compliance with applicable laws.

Each brand is responsible for managing customer relations and for defining its respective main guidelines. The Company continually monitors results and customer satisfaction levels, inviting every recipient of customer assistance to participate in follow-up surveys (see page 216).

An operational grievance mechanism, the Compliance Helpline, is available to CNH Industrial customers to report potential violations of corporate policies, the Code of Conduct, or applicable laws (see page 50).

CNH Industrial participates in the EcoVadis Corporate Social Responsibility (CSR) assessment of how effectively a company integrates the principles of CSR into its business and management system. The assessment focuses on 4 main themes: environment, labor and human rights, ethics, and sustainable procurement. In 2019, CNH Industrial attained Gold Level, the highest level of CSR performance, ranking among the top 5% of companies for this benchmark.

CUSTOMER ENGAGEMENT

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

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

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

CNH Industrial processes customer data in separate databases for each brand, through a central system managed by geographic area and business segment, adopting a unified approach for all brands and markets. The central database provides an integrated view of the customer information collected from the different sources, and, in terms of distribution and follow-up, assists in the operational management of both customers and leads (entered into the system by the

brands, by the dealers themselves, or by the customers through the brand and/or product website). It also includes other data, such as on customer service interactions, information requests, breakdown assistance, lead management, surveys, and anything else that may involve the customer. Relevant information can be accessed by the marketing teams to create advertising campaigns and generate lists of sales prospects, and by any sales team entering into a negotiation.

OUR PROJECTS

MINIMIZING THE ENVIRONMENTAL IMPACT OF TRADE EVENTS

Delivering on its core value of sustainability, IVECO made a commitment in 2019 to minimize the environmental impact of its trade events, starting with the elimination of plastic bottles: attendees were provided with water bottles made of 100% recyclable PET and encouraged to refill them at the various water coolers provided at each event. IVECO reduced plastic use by eliminating some 12,000 1.5-liter plastic bottles at its major events of 2019 – the IVECO S-WAY launch in Madrid, brand dealership training sessions, the joint press event with Nikola Motor Company, and its *Customer Days*. The initiative delivered a vital message on the issue of plastic pollution in our oceans, and heightened awareness among attendees by inviting them to continue using the bottles on a daily basis after the events.

CUSTOMER FEEDBACK PROCESS

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

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

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

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

Results are fully integrated into the Company's processes in order to build brand strategies in line with customer needs, and to provide customers with the best-in-class products and services required for the growth of their businesses.

Customer research complements the Global Product Development process, with emphasis on incorporating customer needs and preferences early in the design stages. Market research teams work closely with internal customers on both brand and technical aspects to design projects that efficiently elicit accurate customer input. Research methods vary based on the strategic questions to be addressed. The Company leverages leading edge tools (interviews at trade shows and other events, web surveys) to gather information effectively and make the experience of participating in research a positive one.

Research findings are incorporated into the product design process, the creation of business cases, and overall strategy to ensure that development and execution are customer-driven.

At the same time, customer satisfaction is measured throughout the process to assess how the Company is performing at various steps on the customer journey. Customer feedback is passed on to the relevant departments, providing opportunities to improve customer satisfaction and identify early trends. The results of these surveys are consolidated and submitted to the marketing research teams on a monthly basis.

Through Customer-Driven Product Definition (CDPD), CNH Industrial customers actively participate in the development and testing of new models. CDPD consists in: visiting and collecting feedback from customers; analyzing their suggestions; meeting with product platform teams; customer testing of new model prototypes followed by a comparison of their main features; and, finally, integrating customer suggestions into final product specifications. All of these stages lead to product designs that not only ensure optimal performance and efficiency, but also meet the needs of the customers who work with CNH Industrial vehicles every day.

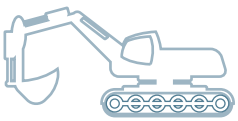
TRANSPARENT COMMUNICATION

CNH Industrial recognizes that advertising must be truthful and transparent, and advocates positive and responsible values and conduct across all forms of communication.
In 2019, no significant final rulings[1] were issued against the Company for non-compliance with regulations or voluntary codes concerning:

- marketing communications, including advertising, promotions, and sponsorships
- product and service information and labeling
- breach of customer privacy and loss of customer data.

CUSTOMIZING FOR EMERGING MARKETS

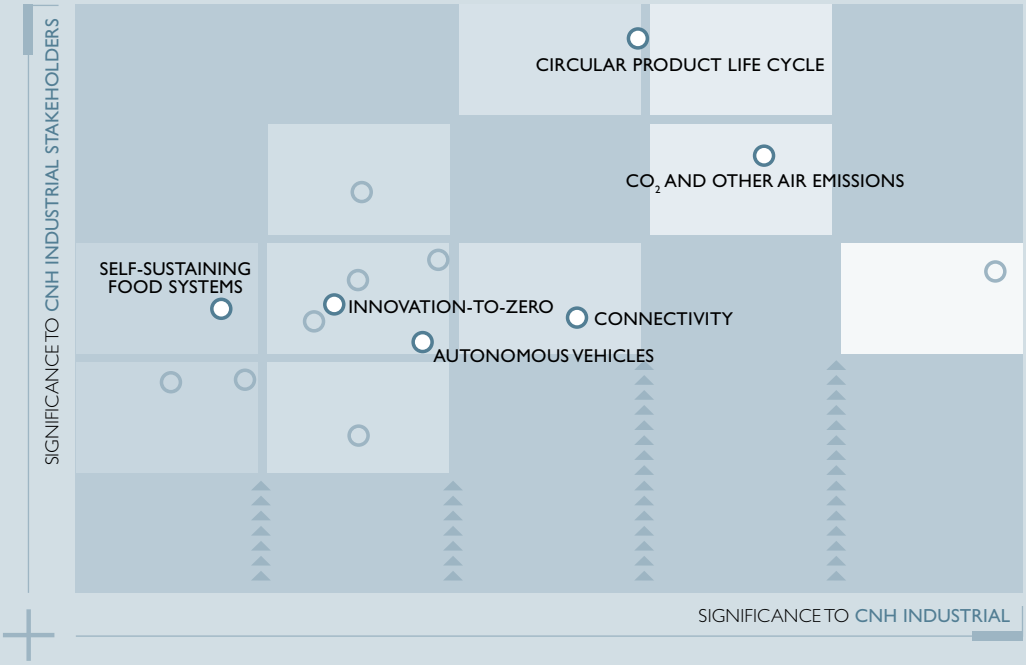
CNH Industrial believes in the strategic value of its activities in Emerging Markets[2], where the Company adopts the same standards and management systems implemented across all countries in which it operates. Indeed, the World Class Manufacturing (WCM) management system is in operation at 16 plants present in these markets, with certain aspects managed according to the specific needs and regional differences of local economies.
On the product side, CNH Industrial's approach is to meet market demand by offering products that are aligned as closely as possible to customer requirements; therefore, when necessary, some product lines are modified or entirely redesigned on site to better meet local customer needs.
To this end, CNH Industrial has set up research centers in China, India, South Africa, and Brazil that actively participate in knowledge development and technology dissemination within the Company. These Research and Development (R&D) centers support local talent hiring as well as knowledge sharing, mainly through web platforms and IT systems.
Due to the complex product and application knowledge demanded by the industry, CNH Industrial uses a multi-faceted approach when developing its R&D capacity in Emerging Markets. The 3 main tools used are: relocation of experienced R&D staff from developed markets, recruitment of local staff, and acquisition (direct or through joint ventures) of local product designs and knowledge. As the Company's strategy is to leverage global platforms with local adaptations in all markets, its ultimate goal is to have local R&D capacity in each market area. The Company uses relocated, experienced R&D staff and acquisitions to accelerate knowledge transfer within local markets, so as to ensure that local R&D resources are developed and prepared to manage local capacity as quickly as possible.
In 2019, for the fifth year running, CNH Industrial was included in the prestigious annual ranking of the 150 most innovative companies in Brazil. Compiled by the *Valor Econômico* financial newspaper in partnership with consulting company Strategy& (part of the PwC network), the *Valor Inovação Brasil 2019* award ranked CNH Industrial in first place – for the second year running – in the *Automotiva e veículos de grande porte* (automotive and large vehicles) category, and in tenth place overall.



CASE Construction Equipment and New Holland Construction recently launched a new range of 4 crawler excavators customized for the Brazilian market, with 13-ton, 18-ton, 20-ton, and 35-ton models for each brand. Adaptations include a modified FPT Industrial engine for the 20-ton models for both brands, delivering more power and a faster response, with 5-6% improved productivity and fuel consumption, reduced costs and lead times for spare parts, and improved noise levels both in and outside the cab. Furthermore, the 20-ton excavators' engine can also run on biodiesel.
To meet the Brazilian market's demand for heavy-duty machines, partly owing to the country's extensive mining operations, all 4 excavator bodies were re-engineered to deliver improved durability, while the front attachments on the 20-ton and 35-ton models (the Mass Excavator versions) now feature a new kinematics concept. In addition, the booms and dippers were redesigned on all models to meet customer demand for greater breakout force, greater lifting capacity, and the ability to dig terrain closer to the machine itself.

(1) *Significant final rulings are defined as having, individually, an adverse material effect on the Company (see page 61).*
(2) *Emerging Markets are defined as low, lower-middle, or upper-middle income countries as per the World Bank list of economies as at June 2019.*

INNOVATION AND PRODUCT DEVELOPMENT



Material topics described in this chapter (for definitions see page 235).

2024 STRATEGIC SUSTAINABILITY TARGETS

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

MANAGEMENT FRAMEWORK

CNH Industrial's priority is to deliver products that best meet its customers' needs. At the core of the Company are innovation and product development that, in line with each brand's vision, respond to customer requirements by providing a continuously improving range of new products.
The material topics identified by the materiality analysis are closely interrelated with product innovation. Indeed, at CNH Industrial, R&D and product development adopt an **innovation-to-zero** approach, developing technologies and identifying fuels that can contribute to achieving zero product impact on the environment and zero defects. Efforts to minimize fuel consumption and **CO_2 and other air emissions** and to maximize efficiency and promote a **circular product life cycle** are pivotal to meeting the Company's commitment to the sustainability of its products. Furthermore, CNH Industrial closely monitors the new technologies underlying **autonomous vehicles** and **connectivity**, while the Agriculture segment is strongly committed to offering **self-sustaining food systems** that help optimize crop yield.

As stated in the Company's Code of Conduct and in its Environmental Policy (see page 47), CNH Industrial is committed to producing and selling, in full compliance with legal and regulatory requirements, products of the highest standard in terms of environmental and safety performance.
Moreover, the Product Safety & Cybersecurity Policy summarizes the Company's commitment to designing, validating, manufacturing, selling, and supporting safe products that comply with or exceed all applicable laws, and to providing protection against risks related to cyber incidents. CNH Industrial considers this a requirement for conducting responsible and sustainable business, and crucial to building and maintaining public trust in its products and the Company itself. This approach is meant to create, maintain, and continuously support a corporate culture of product safety and cybersecurity that goes beyond compliance requirements.
All Research and Development (R&D) and product conception and design activities are overseen by the head of Technology and the Segment Leaders, who are members of the Global Executive Committee (GEC), and are managed through the processes of Innovation and of Global Product Development. Both processes rely on established procedures to assess the effective management and monitoring of key performance indicators (KPIs), and are common to all brands worldwide, including in Emerging Markets.
In 2017, the Agriculture and Construction Product Development functions adopted a new product innovation governance process, aligned with the material topics.
In 2019, in line with its *life cycle thinking* sustainability priority, the Company set a new strategic sustainability target (see page 24) within its Strategic Business Plan: to ensure that 100% of its new products include sustainability and/or recyclability design criteria by 2024.
All key sustainability targets and goals were integrated into the Product Innovation roadmaps and included, along with the strategic sustainability target, as individual goals in the Performance Management Process (see page 85). Those targets that can be disclosed without compromising Company confidentiality are set out in the Sustainability Plan (see pages 30-33).

INNOVATION

In 2019, CNH Industrial's Research and Development (R&D) expenditure reached $1,030 million, or 3.9% of the Company's net sales from industrial operations. R&D activities involved approximately 5,700 employees at 56 centers worldwide, of which approximately 800 were in 13 R&D centers in Emerging Markets[1].

RESEARCH AND DEVELOPMENT HIGHLIGHTS

CNH INDUSTRIAL WORLDWIDE

	2019	2018	2017[a]
R&D spending ($million)	**1,030**	1,061	957
R&D spending as % of sales[b]	**3.9**	3.8	3.7
Research centers (no.)	**56**	54	53
of which in Emerging Markets	**13**	11	12
R&D employees (no.)	**5,670**	6,024	5,891

[a] These figures have been recast following the retrospective adoption, on January 1, 2018, of the updated accounting standard Revenue from Contracts with Customers (ASC 606) and ASU 2017-07: Compensation-Retirement Benefits (Topic 715).
[b] Includes only net sales from industrial operations ($26,149 million in 2019).

[1] Emerging Markets are defined as low, lower-middle, or upper-middle income countries as per the World Bank list of economies as at June 2019.

RESEARCH AND DEVELOPMENT INVESTMENTS IN SUSTAINABLE PRODUCTS

Based on CNH Industrial's Sustainability Model (see page 16), sustainable product research and development (R&D) focuses on 4 main areas:

- efficient diesel engines (see page 195)
- a decarbonization strategy (see page 196) to tighten regulations on emissions while enhancing climate change awareness. It includes research on alternative fuels and electrification and is linked to the material topics **CO_2 and other air emissions** and **circular product life cycle**
- digitalization (see page 202) for the broad diffusion of digital and connected applications. It entails research on precision solutions, telematics, and open connectivity. Investments in this area will improve productivity and so reduce energy consumption. Digitalization research is linked to the material topics **CO_2 and other air emissions** and **self-sustaining food systems**
- automation (see page 208) and connectivity (see page 202), enabled by digitalization and robots. This area includes research on agriculture, construction, and commercial vehicles and is linked to the material topics **autonomous vehicles** and **connectivity**.

R&D INVESTMENTS IN SUSTAINABLE PRODUCTS

CNH INDUSTRIAL WORLDWIDE ($million)

	2019
Efficient diesel engines	170
Decarbonization strategy	66
Digitalization	82
Automation and connectivity	102
Total	**420**

The figures in the table do not include the amounts invested in green innovation related to new or current products. Furthermore, a total of $205.1 million was invested in the integration of innovations into final products.

INNOVATION PROCESS

CNH Industrial has a long tradition of involvement in national and international workgroups and has played an active role in collaborative research projects for some years now. The Company is currently engaged in research projects on decarbonization, automation, digitalization, and connectivity.

The Company actively collaborates with academic institutions and global working groups to promote the development of new innovations and expand its own wealth of knowledge and skills. Collaborations in Europe include those with the Catholic University of Leuven, the University of Ghent, and the Flanders Make research center (Belgium); and the CRF and IMAMOTER[2] research centers, the Consiglio per la ricerca in agricoltura e l'economia agraria (CREA)[3], and universities Politecnico di Torino, Università degli studi di Bologna, Università degli studi di Modena e Reggio Emilia, and Università degli studi di Torino (Italy). Collaborations in North America include those with Kansas State University, Ohio State University, Pennsylvania State University, and Purdue University (USA), as well as the University of Saskatchewan (Canada). In South America, they include those with São Paulo State University (Brazil).

CNH Industrial manages its Research and Development (R&D) portfolio through a structured, measurable, and clearly defined methodology consistent across the Company, aimed at fully aligning customers' expected product needs with the actions required to most effectively meet them.

The Innovation process is closely linked to R&D, and to other important activities such as market research and product planning. The main stages of R&D innovation include:

- definition of the technologies to be developed (road mapping)
- selection of R&D themes
- analysis of past successes and failures
- diagnosis of engineering areas of competence
- feasibility study and proof of concept

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

- activity planning
- activity development through the Innovation Projects Development process
- release to the Product Development phase.

Once R&D themes have been selected, based on priorities and on available skills and expertise, CNH Industrial often collaborates on basic research through ad hoc partnerships with research centers and universities. For highly strategic projects, on the other hand, the core research is developed by the relevant internal segments themselves. The Company's innovation strategy is based on a fully integrated product development program revolving around 3 main areas of expertise: virtual development, basic technology evolution, and integrated modelling.
Virtual development, which is partially related to basic research, puts CNH Industrial one step ahead of the competition, enabling a higher level of expertise, the integration of powertrain innovations on a larger scale, and a clear picture of energy management optimization of the final product as a whole.

CNH Industrial's Innovation Projects Development process refers to applied research and consists of 9 clear-cut steps, grouped into 3 overall macro-phases: Concept, Innovation, and Advanced Engineering.

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.

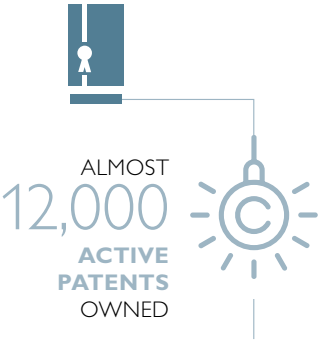
The initial feasibility study continues throughout the **Innovation** phase, at the end of which a Technology Readiness Level (TRL) assessment is performed to demonstrate concept validity. The product or system being assessed must reach a TRL 5 (indicating the technology was validated in a relevant environment).

During the **Advanced Engineering** or Pre-Development phase, which follows Innovation, the concept is integrated into a product and completed so as to create a prototype to assess functionality and stability through virtual and field testing. This phase also formalizes the adoption of new technologies, new material purchasing needs, and the development of components not identified during the previous phase. If necessary, suppliers are engaged at this time to collaborate on the joint development of components required to execute the project. Cost analysis is part of this phase: if economic requirements are unmet, the project is discontinued; if they are met, the project is handed over to the Product Development platform for execution, provided it has reached TRL 8 (system complete and qualified).
Given the future goal of validating autonomous vehicles, the Company has redefined its product validation by increasing the use of virtual testing in place of traditional and expensive physical testing.

INTELLECTUAL PROPERTY

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

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



The IP team is also actively involved in the product development process, conducting patentability and freedom-to-operate reviews at a variety of mandatory stages throughout the process itself.
As an additional safeguard against potential infringement, CNH Industrial also relies on external specialists who provide periodic updates on competitors' published applications and patents.
In order to manage the wealth of innovative ideas generated inside the organization, the Company created an Innovation Portal accessible to all employees working in technology-related areas: these are the people who conceive, design,

and build CNH Industrial products, and who often have ideas to further improve their quality and performance. The secure and user-friendly Innovation Portal (accessible from any workstation worldwide) provides an ideal channel for converting these ideas into disclosures, which may eventually lead to patents. Given the significant value-creating potential of these internally-generated ideas, the Company has set up a *Patent Award Program* to reward inventors whose ideas are successfully patented.
The Innovation Portal is managed by the IP team, with the support of product-specific Review Teams for the technical evaluation of new ideas. Each Review Team consists of internal personnel actively involved in all key aspects of the product, including engineering, manufacturing, marketing, testing, etc.
CNH Industrial's Innovation Portal process consists of 3 macro-phases: evaluation, official review, and patent search.

INTELLECTUAL PROPERTY

CNH INDUSTRIAL WORLDWIDE (no.)

	2019	2018	2017
Active patents	**11,984**	11,051	9,629
of which registered during the year	**1,765**	2,195	2,004
Patents pending	**4,402**	4,009	4,036
of which filed during the year	**1,801**	1,459	1,379
New disclosures on Innovation Portal	**1,205**	1,054	770

PRODUCT DEVELOPMENT

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

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

Although CNH Industrial does not always purchase **raw materials** directly (with the exception of steel used for direct processing), it constantly monitors their overall consumption (see page 156). When designing components for new products (which is done in close collaboration with suppliers), priority is given to the use of easily recyclable materials, especially recoverable metals such as aluminum and cast iron, thermoplastics, and paints with low solvent content.

The **water** used throughout the life cycles of CNH Industrial's products and the potential to reduce customers' water use are not relevant in the design of new products, because a product's total water usage over its lifespan and the impact that product use might have on water quality are minimal in relation to overall consumption.

REGULATED SUBSTANCES

CNH Industrial is committed to reducing or eliminating regulated substances, which pose a potential risk to human health and the environment, from its products and its manufacturing operations.
There are a growing number of laws that restrict or prohibit the presence of designated regulated substances in products placed on the market. Under certain of these laws, such as EU REACH Regulation No. 1907/2006 (Registration, Evaluation, Authorization, and restriction of CHemical substances), EU RoHS Recast Directive No. 2011/65 (Restriction of Hazardous Substances), and EU-WEEE Recast Directive 2012/19 (Waste Electrical & Electronics Equipment), the Company has to collect detailed information from its supply chain with respect to the individual substances contained in its parts and whole goods. As the Company's supply chain may be as many as ten layers deep, collection of the required information requires the cooperation of many third parties. The Company also needs to design out restricted substances and register products that are considered in scope under the WEEE Directive.
CNH Industrial has been actively involved in trade associations that have coordinated meetings with industry participants to evaluate software systems to facilitate the collection and management of such information across common supply chains. In addition, the Company has been actively involved in supplier outreach efforts in order to, among other things, educate the suppliers on these legal requirements, share with such suppliers the approach being taken by CNH Industrial, and solicit feedback from the suppliers on how the approach can be improved.

FOCUS ON

F-GAS ELIMINATION

CNH Industrial is committed to reducing emissions of fluorinated gases (F-gases) since they are powerful greenhouse gases and contribute to global warming.
F-gases are a group of chemicals that include hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulfur hexafluoride (SF_6), and other fluorine-containing greenhouse gases. HFCs are used in various applications – as coolants in refrigeration and air conditioning systems, as foaming or extinguishing agents in fire-fighting systems, as aerosol propellants, and as solvents.
HFC-134a, also known as tetrafluoroethane, is an F-gas widely used by manufacturers, including CNH Industrial, as an air conditioning refrigerant due to its low toxicity, efficient cooling capacity, satisfactory material compatibility, stability, and because it does not damage the ozone layer. However, because it has a global warming potential (GWP) of 1,430, higher than other available refrigerants, HFC-134a is currently being phased out. For future products, CNH Industrial is working with R1234yf, a refrigerant gas with a GWP of just 4.

The Company has also modified its supplier terms and conditions to require suppliers to provide CNH Industrial with information necessary to comply with such laws on regulated substances. As part of the Production Part Approval Process, parts will not be approved for production unless the applicable supplier has provided all required regulatory information to CNH Industrial.

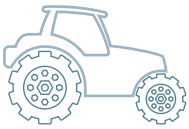
ERGONOMICS AND SAFETY

Keeping operators safe while they work has always been a key factor in the Company's product design and development. Indeed, the Company strives not only to set and comply with high safety standards, but also to direct its innovations according to how users understand its products. Customers use CNH Industrial products in their work, hence the simpler the interaction between operator and machine, the safer the task performed. Furthermore, construction and agricultural equipment is often used under difficult conditions: steep terrain and extreme weather require products able to guarantee total safety and maximum comfort, minimizing the risk of human error caused by excessive fatigue.
For this reason, all CNH Industrial products are designed to shift the user's focus from how a machine works to how a task is performed, combining **ergonomics** and comfort for increasingly intuitive and user-friendly controls. The more effectively ergonomics is applied, the less it is perceived; indeed, an optimal working space should make any task feel as natural as possible, encourage good posture, and spare the operator any discomfort and/or strain.

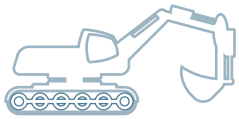
The Ergonomics Department collaborates with platforms by suggesting solutions, technologies, and components to improve product usability, adapting what is currently available in the automotive and other sectors to the specific needs of CNH Industrial's segments. The Ergonomics Department focuses on:
- researching higher levels of comfort than those required by law
- exploring mechanisms to reduce the stress levels and mental and physical fatigue of vehicle drivers and operators
- improving vehicles customized for specific missions (which are often more complicated as they require more than a simple drive function)
- advancing innovative technologies already available in cars and best-in-class products.

CNH Industrial believes it is the product manufacturer's responsibility to ensure **high safety standards**. Most CNH Industrial products are designed according to applicable government and/or industry standards on road safety, functional safety, occupational safety, and environmental safety (noise and engine emissions). In this regard, the design phase takes into account several aspects of operational functionality, including:
- operating instructions and information (Operator's Manuals, see page 149)
- applicable regulations and/or standards
- limits of intended use
- operator experience
- operator training
- working conditions
- physical properties of the vehicle.

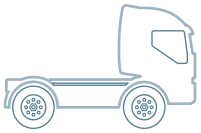
An essential step in any indexed safety risk assessment is the systematic identification of potential hazards and hazardous events for all types and phases of use, such as assembly and set-up, preparation for use, installation and removal of tools and accessories, on-road use, in-field use, use during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



As regards **agricultural equipment**, safety is vital not only when working in the fields, but also when traveling by road from one field to another. To this end, all CNH Industrial brands tractors are fitted with a Falling Object Protection System (FOPS) to shield both cab and operator against objects falling from above, and with Roll Over Protective Structures (ROPS) as a safeguard in the event of vehicle rollover – two vital mechanisms to prevent these very common hazards when working with front loaders or in potentially hazardous areas. Tractors are also equipped with long range video cameras connected to the on-board display, which transmit rear and side view images of the tractor. This increases safety considerably when operating particularly large equipment or very long trailers, and avoids the operator needing to turn around to check maneuvers. All Operator's Manuals include an entire chapter on the safe use of each machine (see page 149).



Ergonomics and comfort are also important factors in the safe use of **construction equipment**. Indeed, the passive safety measures mentioned above – FOPS and ROPS – are also fitted on all CNH Industrial construction brand models, given their similar exposure to the risk of falling objects and vehicle rollover. Again, all Operator's Manuals include an entire chapter on the safe use of each machine (see page 149). Additionally, all potentially dangerous machine components are listed on a decal on the side of the machine itself, while maintenance activities are performed from the ground to minimize the risk of accidents.



High safety standards are also a priority for **commercial vehicles**, as reflected in the design and development of vehicles with high-quality preventive, active, and passive safety features to maximize the protection of vehicle occupants, cargo, and other road users alike. This comprehensive approach is part of the Company's daily challenge and commitment to continually raise safety standards for all road users. Accordingly, the research and development of safety systems focuses on 3 key areas:

- driver assistance: devices that assist the driver both in normal conditions and when a warning is triggered
- collision avoidance: systems activated during an emergency, providing maneuvering assistance to avoid collision
- damage mitigation: devices activated to minimize damage when impact is unavoidable.

Currently, the Advanced Driver Assistance Systems (ADAS) offered by CNH Industrial commercial vehicles include Adaptive Cruise Control (ACC), Advanced Emergency Braking System (AEBS), and Lane Departure Warning System (LDWS). Furthermore, following several studies on passive safety and biomechanics, light and medium commercial vehicles can optionally be fitted with Advanced Occupant Restraint Systems (AORS) for enhanced protection in case of frontal impact, with the additional option of installing window airbags in light vehicles to protect occupants in the event of a side impact.

OUR PROJECTS

TRAINING ON PRODUCT SAFETY

3 GOOD HEALTH AND WELL-BEING

In Russia, IVECO assisted Moscow's Emergency Rescue Services by delivering safety training on effective rescue operations in serious accidents involving heavy-duty trucks. IVECO's technical experts held a series of training sessions for rescuers using the latest Stralis model, provided by the brand for the occasion. Focusing on the vehicle's construction and layout, basic systems, and cab load-bearing elements, participants learned, among other things, how to: move steering columns to release a trapped driver after a frontal impact; cut cabs safely, avoiding potentially flammable sound dampening materials in climate control systems (it should be noted that the cabs on IVECO's latest models feature only non-combustible noise absorbing materials); disconnect the tow bar using a special lever; and unlock damaged rear axle brake mechanisms via an external source of compressed air. One of the course's most important topics was the configuration of natural gas-powered vehicles, which are becoming increasingly widespread in Russia.

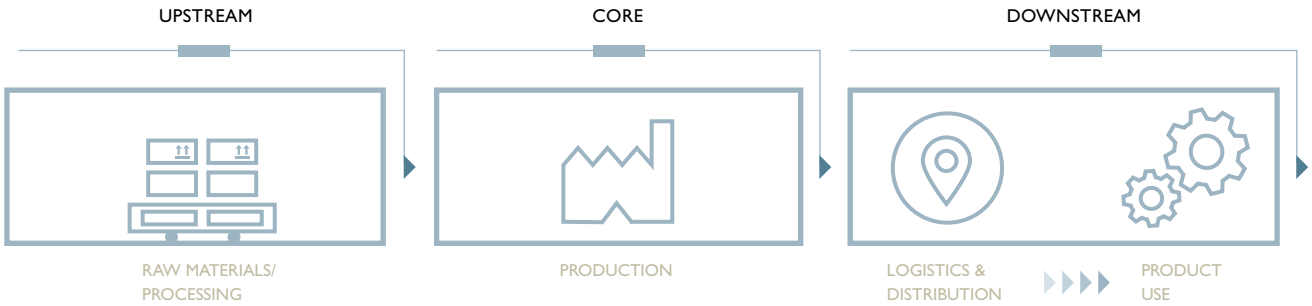
DESIGN

Industrial design is driven by technology and, indeed, the design of CNH Industrial's products reflects their intrinsic technology. Excellent design gives machine owners and operators an immediate visual and tactile message about the quality and robustness of the Company's products. Design translates into physical form, an expression of each brands' values.
CNH Industrial puts a great deal of care and effort into design, given the lengthy service life of its equipment (durability), and its use over many consecutive hours (comfort), often by different people (configurability), each requiring ease of access and control over commands (ergonomics).
For this reason, the Company views design not only as the aesthetic counterpart of engineering, but also as the best approach to developing products that are functionally and aesthetically appealing right from conception. To this end, CNH Industrial created a Design function that actively collaborates with every platform, with style centers in Turin and Modena (Italy), Burr Ridge (USA), and Vénissieux (France).
The goal is to develop product components increasingly aligned with the latest technologies, while also offering contemporary and attractive styles paired with appealing yet strong materials fit for intensive and prolonged usage. For example, in addition to being resistant to wear and tear, internal materials must be easy to maintain and wash, and cabin colors must be calming. CNH Industrial designers work alongside engineers to bridge the gap between form and function, productivity and aesthetics, ecology and performance, often working together with the marketing functions of Company brands to support the promotion and launch of new products.
Furthermore, collaboration with the Ergonomics Department allows CNH Industrial to achieve a perfect blend of good product design and optimal end-user experience. Both the Design and Ergonomics functions play an active role in many of the Global Product Development phases.

LIFE CYCLE ASSESSMENT

In 2014, FPT Industrial launched a pilot project at the Foggia plant (Italy) for the Life Cycle Assessment (LCA) of the 3-liter F1C engine for light commercial vehicles. The goal was to quantify the engine's environmental impact in terms of CO_2 emissions along the entire process chain, from raw materials to final engine disposal. The 3-liter F1C diesel engine was ISO/TS 14067 certified in 2014. Additionally, in 2019, the company decided to pursue the certification of its F1C NG engine, also manufactured at the Foggia plant, deemed strategic in terms of environmental impact.
Following the Life Cycle Assessment (LCA) of its F1C engine, FPT Industrial has begun a new LCA of its Cursor 13 diesel engine; completion, along with ISO 14067 certification, is expected in 2021.

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. By year-end 2019, the brand had completed updating the LC-EMS database on the status of its plants.



The LC-EMS tool is currently implemented at the plants in:
- Bourbon Lancy (France) – medium engines (Cursor)
- Torino Motori (Italy) – medium engines (NEF and F5C)
- Torino Driveline (Italy) – transmissions and axles.

The LC-EMS measures CO_2 emissions over the 3 distinct stages of the product's life cycle:
- upstream: the procurement of materials, from extracting raw materials to building the components required for product manufacture at each plant (e.g., crankcases)
- core: the operations carried out at the plant in the manufacture of FPT Industrial products (e.g., engines)
- downstream: distribution, product use, and end-of-life.

The software requires each plant and platform function to jointly compile, each for their respective areas, 3 datasheets, one for each life cycle stage. For the upstream stage, the software mainly uses CO_2 emissions values taken from data reported in the literature. For the core stage, each plant enters its actual data on the annual consumption of energy, water, chemicals and other indirect materials, and on its direct emissions and waste disposal. The platform function, on the other hand, provides product data for the downstream stage: fuel consumption, specific emissions, and average life cycle mileage.
The data processed by the software allows CO_2 trends to be analyzed during all stages, in particular during product and process design.
The LC-EMS tool is integrated into the plants' systems that regulate their environmental aspects, which include the World Class Manufacturing system (WCM, see page 166), the environmental management system (see page 168), and the energy management system (see page 180).

IMPACTS COVERED BY CNH INDUSTRIAL'S ENVIRONMENTAL MANAGEMENT SYSTEMS

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

PRODUCT DEVELOPMENT PROCESS

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

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

Platform teams follow the standardized Global Product Development (GPD) process, which itself is subject to continuous monitoring and revision. Although its application is standardized across geographic areas, the process allows for variations in product specifications to meet local requirements, including those specific to Emerging Markets. The GPD process consists of 5 phases, each including a set of 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

Prior to the OK to Ship milestone, an Early Warning team is appointed to monitor the performance of products under warranty by collecting customer feedback from the service network and internal support functions to quickly address any issues. This monitoring activity continues until the formal Program Closure milestone is reached, after which the product moves under the purview of the Current Product Management (CPM) team and process.

PRODUCT CHANGE MANAGEMENT

The platform teams are responsible for introducing enhancements to current products by implementing action plans to achieve both warranty targets (set by the Quality team) and cost reduction targets, while managing and setting deadlines. Specific quality and reliability targets are set for each product and project, and assigned to the relevant teams of each respective development platform.
The aim of the Current Product Management (CPM) process is to address any quality and/or reliability issues or non-compliance so as to ensure increased customer satisfaction, reduced warranty costs, and improved product quality. All CPM aspects, cost reduction solutions, manufacturability improvements, etc. go through the Product Change Management (PCM) process so as to implement design changes. PCM is the standardized process and tool used by platform teams to manage Change Review Boards (CRB) and track the implementation of design changes.

OPERATOR'S MANUAL

Each product sold comes with an Operator's Manual (OM) through which CNH Industrial provides key product information to customers, and that is in every respect an integral part of the product itself. The manual provides extensive information on safe use and on behaviors to minimize environmental impact, such as the correct disposal of lubricating oils and additives, and efficient product use to reduce fuel and energy consumption and pollution.
The manual contains comprehensive information on:

- product identification data
- product functions (start-up and operation)
- correct product maneuvering
- safe product use
- human-machine interactions (controls and devices)
- on-board equipment
- technical features
- periodic checks and scheduled maintenance
- product approval standards (emissions, noise, electromagnetic compatibility, etc.)
- instructions for biodiesel use, if applicable
- safe product transportation (for off-road equipment).

The safety and accident prevention information contained in the Operator's Manual is presented in line with the ANSI Z535 standard. Furthermore, all manual contents comply with EU directives specific to vehicle type, such as 2006/42 EC, 2010/52 EC, Commission Delegated Regulation (EU) 1322/2014, and Commission Delegated Regulation (EU) 2015/208. Manuals are available in every major language used in the markets where the products are sold, as per applicable local regulations, and accessible to the service network via a dedicated webpage on the Dealers' Portal (see page 212). Moreover, for Commercial and Specialty Vehicles, CNH Industrial launched the IVECO Easy Guide, a smartphone app for end-users (for IOS and Android devices) to navigate through the contents of the Operator's Manuals, featuring live updates and links to multimedia material. The app's extension to the Agriculture and Construction segments is planned for 2020.
The goal is to become completely paper-free as soon as permissible by law, replacing all hardcopies of Operator's Manuals with digital versions.

INFORMATION PROVIDED IN THE OPERATOR'S MANUAL

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

[(a)] *Data is published on a dedicated website for light-range vehicles in accordance with Directive 2005/64/EC (see page 223).*

PRODUCT QUALITY CONTROL

Product Quality Control at CNH Industrial impacts all stages of a product's life cycle, from conception to after-sales management. An effective quality system helps improve product performance during usage to meet customer uptime expectations in the field, and is an important factor to drive customer loyalty and increase the Company's competitiveness. At CNH Industrial, the adoption of a quality system compliant with standards such as ISO 9001 or ISO/TS 16949 (see pages 226-228) reflects a robust quality process and drives the continuous improvement of processes, products, and services through clear targets, responsibilities, and key performance indicators (KPIs).
Product quality control aims to:

- ensure product quality throughout the entire product life cycle
- maximize the input of qualitative product performance information into new product development processes (proactive approach)
- drive consistency of quality processes and methodologies across all brands and geographic areas
- optimize results while improving the efficiency and promptness of end-user support to meet customers' quality expectations.

The control process ensures that all quality aspects are built into the product life cycle, with a focus on:

- new product quality – by supporting new product development phases through a proactive problem-prevention approach
- current product quality – by monitoring product behavior in the field and defining priorities that support solution development and enable efficiency monitoring
- supplier quality – by striving for the flawless launch, seamless production, and quality excellence of purchased components
- manufacturing quality – by setting quality targets based on benchmarking and performing end-of-line audits to verify customer requirements are met
- quality systems – by ensuring central coordination, operational execution, and monitoring through the established methodology standards of the Company's quality management system.

Production, Manufacturing Engineering, Quality, Purchasing, and other brand functions share responsibility for the intrinsic quality of all product-related processes while promoting process improvements, flawless execution, problem solving, and sound decision-making.
In addition, Quality Control is one of the 10 technical pillars of World Class Manufacturing (see page 166), 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 149), during which product performance is assessed as quickly as possible so that improvements can be implemented, if needed.

After this initial period, the product is treated as current and its quality control and performance monitoring continues under Current Product Management (CPM). At CNH Industrial, CPM is a systematic business process designed to maintain and improve the product throughout its entire production life. The CPM team includes representatives from Quality, Engineering, Parts, Purchasing, Manufacturing, and Brand Service, who provide resources and expertise. The team is responsible for reviewing all product information channeled to CPM from various sources, such as customer visits, dealer reports transmitted via product support tools, warranty claims, and quality reports from manufacturing units and suppliers. Any product issue reported is analyzed and managed systematically so that speedy technical resolutions can be provided to the production platforms to improve product design or fine-tune assembly methods, in order to meet customer needs and prevent recurring issues. The process is tracked using ad hoc tools.

RECALL CAMPAIGNS

The decision to launch a remedial action (including voluntary recall campaigns), also known as a Product Improvement Program (PIP), is made by the Current Product Management (CPM) team. This decision takes account of both technical factors and the impact on customers. The CPM team evaluates the safety aspects of every PIP by using tools such as the Safety Risk Assessment and, based on the index obtained, determines whether to launch a specific safety recall campaign. Once a voluntary recall campaign has been approved and prepared for launch, it is released to the network, ensuring its rapid completion to minimize customer impact and maximize customer vehicle availability.

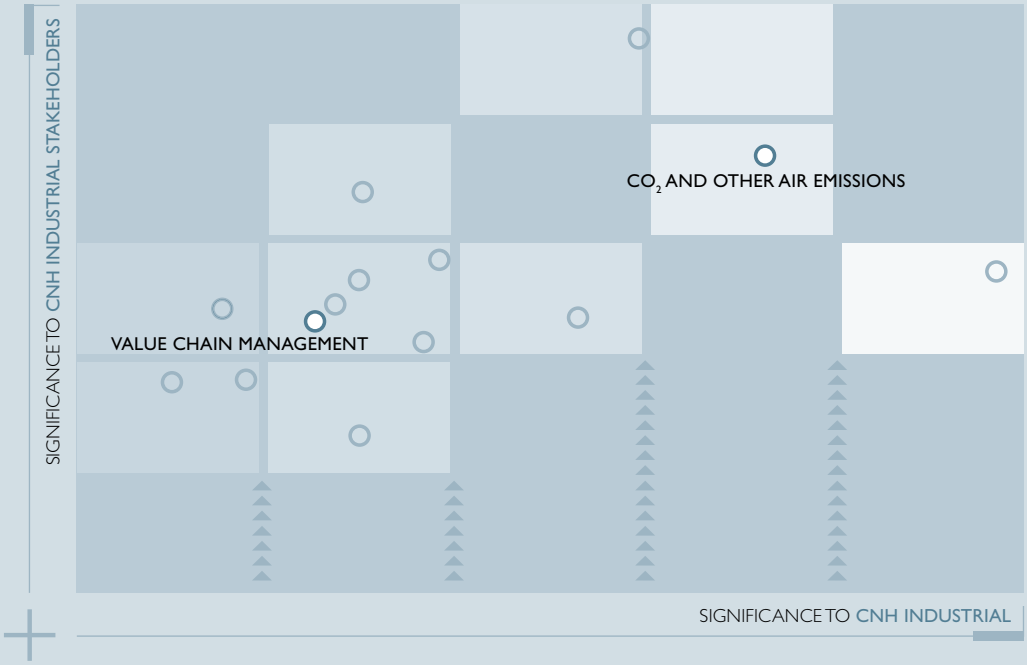
The implementation of a recall campaign falls within the product quality control process, and involves all of the functions that interact directly with customers, including brand organizations and dealers. During recall campaigns that require vehicle repair, CNH Industrial utilizes different programs and channels to inform customers about work to be performed on their vehicles. The *Best Service Program*, for example, is a tool for managing campaigns that are particularly sensitive due to the geographic area or product type. The program offers centralized support to dealers and other commercial entities, and fosters customer loyalty by reducing vehicle downtime at repair shops. A call center coordinates activities and keeps both customers and dealers informed, while ensuring spare parts are supplied as promptly as possible. Ensuring CNH Industrial customers safe and reliable products is a key aspect for the Company. In this respect, the Quality Control process includes a Reporting Procedure for Product Safety Problems that enables both the service network and employees to report any product safety issue found. In a dedicated section on the corporate Intranet, employees can report events involving any of the Company's products. The reports received are analyzed and duly processed by the CPM team. In addition, to speed up the reporting of potential quality problems, the service network is provided with appropriate Incident Reporting Guidelines.

NUMBER OF RECALL CAMPAIGNS (PIPs)

CNH INDUSTRIAL WORLDWIDE (no.)

	2019	2018	2017
Mandatory campaigns	**132**	136	156
Safety campaigns	**21**	11	6
Total	**153**	147	162

PURCHASING PROCESSES



Material topics described in this chapter (for definitions see page 235).

2024 STRATEGIC SUSTAINABILITY TARGETS

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

MANAGEMENT FRAMEWORK

CNH Industrial adopts a responsible approach to the management of its entire supply chain, from small local companies to large multinational organizations, establishing relationships that go beyond commercial transactions, and fostering long-lasting and mutually satisfying collaborations with eminently qualified partners that share the Company's principles.
For CNH Industrial, supply chain sustainability means looking beyond corporate boundaries, strategically and effectively promoting a sense of shared responsibility.
Advocating socially and environmentally responsible behavior across the entire supply chain is one of the Company's primary commitments, along with spreading a culture of sustainability among those Company employees who work with suppliers every day. This approach goes hand in hand with the other priorities at the heart of supply chain management: quality, price, and lead times.

As evidenced by the results of the materiality analysis, **value chain management** is a material topic for CNH Industrial and stakeholders alike. Relationships based on open dialogue and collaboration increase efficiency, improve quality, foster innovation, and encourage a shared commitment to sustainability targets, creating undeniable mutual benefits.
Furthermore, promoting and monitoring high standards of sustainability fosters long-term relationships with suppliers in the interest of both parties, as it reduces potential risks, ensures continuity of supply, and improves overall sustainability along the entire supply chain, mitigating reputational risk and any potential damage to the Company's credibility. Another material topic to emerge from the materiality analysis as equally important to both CNH Industrial and its stakeholders, and that implicitly affects the supply chain, is **CO_2 and other air emissions**. Reducing such emissions must go beyond Company activities, thus including the supply chain, in order to help protect the planet from climate change and mitigate the depletion of natural resources.

Commitments to continuous improvement are realized through specific targets and actions, which also give an indication of how efficiently the supply chain is being managed. Targets are set annually on a voluntary basis and included in the Sustainability Plan; the Company's Suppliers Sustainability Compliance Committee (SSCC, see page 44), established in 2015, regularly monitors supplier progress in order to implement any corrective actions deemed necessary. Furthermore, in 2019, as regards the coverage of supplier sustainability assessments, the Company extended the existing target to 2024, including it as a strategic sustainability target (see page 24) in the Strategic Business Plan, in line with the Company's sustainability priority *people engagement*. The targets and results achieved are made available to stakeholders via the Sustainability Report and the Company's website.
Management effectiveness is measured through periodic benchmarking against the main competitors and leading sustainability companies, and through rating agency assessments on sustainability issues. The results of these assessments are the starting point for improvement measures.

CNH Industrial purchases are managed by the Purchasing function, which operates globally through dedicated structures, by product line and commodity group. Purchasing defines strategies and guidelines to build and strengthen partnerships with suppliers, offering them stability and development opportunities thanks to the broad product portfolio that CNH Industrial has in the industry. The highest responsibility for CNH Industrial's supply chain management initiatives lies with the Global Executive Committee (GEC). Moreover, the SSCC is responsible for monitoring suppliers' compliance with the Supplier Code of Conduct and their sustainability assessment process (see page 157). In 2019, supply chain management improvement targets were included in the Performance Management Process (see page 85) for most managers of projects included in the Sustainability Plan.

CNH Industrial has adopted the Supplier Code of Conduct that, together with the CNH Industrial Code of Conduct, provides the framework for responsible supply chain management. It is available on the corporate website in 8 languages and is circulated to suppliers through CNH Industrial's Supplier Portal (see page 161). Besides compliance with local legislation, the Supplier Code of Conduct stipulates respect for:

- labor and human rights
  - rejecting any form of forced or child labor
  - guaranteeing fair working conditions, working hours, and wages
  - recognizing the right to freedom of association in line with applicable laws
  - safeguarding employee health and safety
  - guaranteeing equal opportunities and that no policies exist that could lead to any form of discrimination

- environmental protection
  - optimizing the use of resources (including energy and water) and minimizing polluting and greenhouse gas emissions
  - developing products while considering their impact on the environment and the potential to reuse or recycle them
  - responsibly managing waste treatment and disposal
  - eliminating the use of potentially hazardous substances
  - adopting logistics procedures while considering their environmental impact
- trade restrictions/export controls
  - sourcing minerals responsibly
- business ethics
  - complying with regulations against improper payments
  - ensuring accurate and complete bookkeeping
  - respecting intellectual property rights
  - disclosing conflicts of interest
  - respecting principles of fair competition and antitrust regulations
  - respecting anti-money laundering legislation.

The Supplier Code of Conduct applies to the entire supply chain. As highlighted in the Supplier Code of Conduct, all suppliers must work with CNH Industrial to enforce the Code itself, and are required to pass on its principles to their employees, subsidiaries, affiliates, and subcontractors.
CNH Industrial is committed to fostering long-term partnerships with its suppliers, through specific tools and periodic workshops designed to achieve a smooth integration between the respective business cultures and processes, in order to work jointly toward meeting market expectations. Furthermore, the Company is also committed to supporting small and local suppliers and minority-owned businesses (see page 156).
Any violation of the Supplier Code of Conduct can alter the business relationship with CNH Industrial, and may result in contract termination. All suppliers must comply with applicable laws (including, but not limited to, anti-corruption and antitrust regulations) and with CNH Industrial's Code of Conduct and Supplier Code of Conduct; they are also obliged to report any suspected violations thereof to the Company.
An operational grievance mechanism, the Compliance Helpline, is available to CNH Industrial suppliers to report potential violations of corporate policies, the Code of Conduct, or applicable laws (see page 50). Details of the Compliance Helpline are available in the Supplier Code of Conduct.

SUPPLIER PROFILE

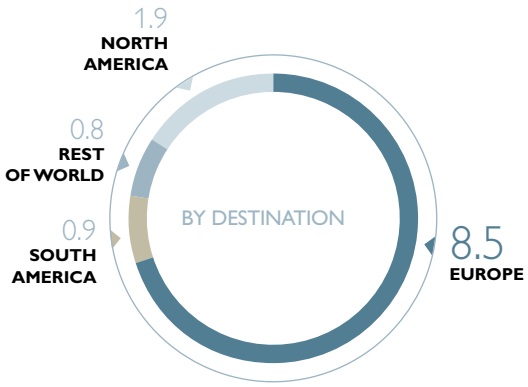
CNH Industrial manages purchases worth approximately $16.2 billion, with a total network of 4,175 direct material suppliers. In 2019, 55 new eligible suppliers were added to the network, while there were no significant changes to supply chain structure and no additional outsourcing of activities.
The Company's top 150 suppliers are considered strategic suppliers, not only because they generate 62% of the total value of purchases, but also because of the length of the relationships involved, along with their production capacity and handling of spare parts.

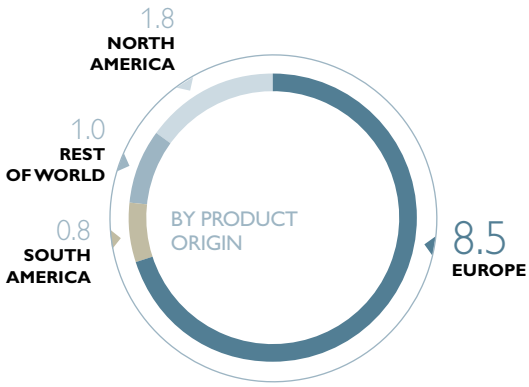
SUPPLIERS IN NUMBERS
CNH INDUSTRIAL WORLDWIDE

	2019
Direct and indirect material purchases[a] (% of the total value of CNH Industrial purchases)	85
Direct material suppliers (no.)	4,175
Value of purchases from direct material suppliers[b] ($billion)	12.1
Value of purchases from indirect material suppliers[c] ($billion)	1.7
Local suppliers (%)	95

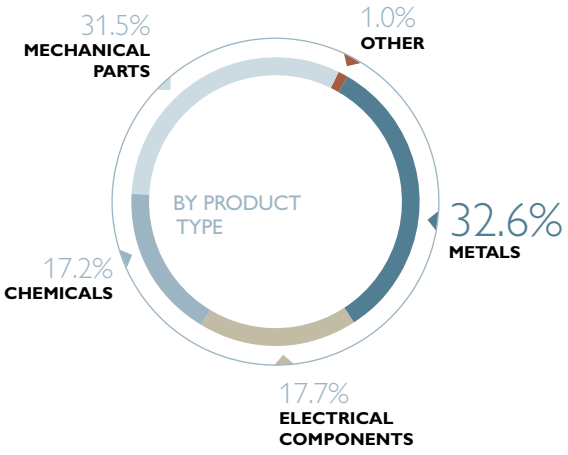
[a] Refers to the value of purchases.
[b] Direct materials are preassembled components and systems used in assembly. The value of raw material purchases is considered marginal.
[c] Indirect materials are services, machinery, equipment, etc.

PURCHASES[a]
CNH INDUSTRIAL WORLDWIDE ($billion)





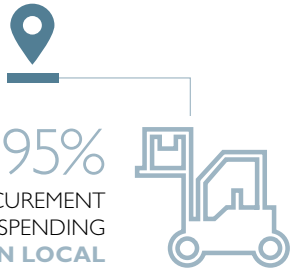
PURCHASES[a]
CNH INDUSTRIAL WORLDWIDE



(a) Refers to the value of direct material purchases.

Developing local skills, transferring its technical and managerial expertise, and strengthening local businesses are just some of the targets that CNH Industrial sets for itself. Creating ongoing relationships with local suppliers helps reduce risks associated with business operations and optimize costs.
Significant amounts are spent on local suppliers[1]: in 2019, contracts signed by CNH Industrial with local suppliers accounted for 95% of procurement costs. Specifically, 97% in Europe and 91% in North America, which are CNH Industrial's major locations of operation[2].

Additionally, the Company promotes the World Class Manufacturing program (see page 166) at local supplier plants, to share best practices and methodologies. Although CNH Industrial does not always purchase raw materials directly (one exception being steel used for direct processing), their overall consumption and general price trends are constantly monitored. In 2019, the main raw materials used in semi-finished goods purchased by the Company were steel and cast iron (including scrap), plastics and resins, rubber, and other miscellaneous materials.



(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 Europe and 15% in North America.

RAW MATERIALS USED IN SEMI-FINISHED GOODS PURCHASED BY THE COMPANY

CNH INDUSTRIAL WORLDWIDE (thousand tons)

	2019	2018	2017
Steel and cast iron[a]	**2,050**	2,000	2,000
Plastics and resins	**100**	130	100
Rubber	**103**	100	80
Other miscellaneous materials	**70**	90	60

(a) Including scrap.

Furthermore, in line with the activity started in 2018, the Company continued to monitor paper, cardboard, and wood consumption at its offices and in packaging at its plants, so as to assess impact and devise improvement measures, if needed.

PAPER, CARDBOARD, AND WOOD CONSUMPTION

CNH INDUSTRIAL WORLDWIDE (tons)

	2019	2018
Paper (office use)	**641**	637
Cardboard (packaging used at plants)	**3,492**	3,648
Wood (packaging used at plants)	**21,868**	21,312
Related procurement spend (%)	**0.1**	0.1

In addition, a detailed spend analysis is carried out to improve business performance and maximize operational efficiency. In 2019, the spend analysis involved 3,559 suppliers (accounting for approximately 95% of direct material purchases) in the following categories:

- metals: 33%
- electrical components: 18%
- chemicals: 17%
- mechanical parts: 32%.

73% of analyzed suppliers were in Europe, 8% in North America, 16% in South America, and 3% in the Rest of the World. Using a software tool known as the Financial Suppliers Sensitivity System (FS3), supply chain managers have access to suppliers' financial assessments. This tool is continually updated with confidential information provided by the suppliers themselves and contained in any financial reports. The evaluation, calculated automatically and checked by an analyst, allows suppliers to be identified according to their category of financial risk. Suppliers in particular difficulty are monitored weekly to prevent and minimize the risk of any interruptions to the supply chain. The continuous monitoring of economic factors is essential to good supply chain management.

FOCUS ON

SUPPLIER DIVERSITY

In the procurement of its products and services, CNH Industrial's policy in North America is to promote, encourage, and increase the participation of diversity-owned enterprises. These may include businesses that are small, disadvantaged, or owned by women, ethnic minorities or veterans (including ex-service personnel with disabilities), or that are part of the US Small Business Administration program for small companies that operate and employ people in Historically Underutilized Business Zones. CNH Industrial actively seeks, identifies, and assists these companies to qualify as competitive suppliers, affording them the opportunity to increase their sales and expand their markets. It provides potential diversity-owned suppliers with adequate information during bidding processes, as well as reasonable delivery lead times, so as to support and increase, where possible, their participation in CNH Industrial procurement activities. The Company's Purchasing personnel regularly reviews material requirements, identifying areas of potential participation for diversity-owned enterprises. The methods and procedures involved in these activities are a standard part of buyer training seminars.

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 to CNH Industrial, as well as suppliers that have undergone reorganization, or whose plants were relocated. The PSA must be carried out prior to the procurement phase to allow potential new suppliers to participate in tenders. The tool is a way to evaluate a potential supplier's ability to manufacture quality products using best practices, and to assess 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. In 2019, 37 potential new suppliers were evaluated according to the above criteria. Supplier sustainability is also assessed via indicators included in a self-assessment questionnaire that, for a number of suppliers determined each year, are verified by audit (see page 157).

In addition, through the Commitment Declaration stipulated for new suppliers, the latter are requested to comply with the CNH Industrial Code of Conduct and Supplier Code of Conduct. Specific contractual clauses require them to provide references and demonstrate abilities in relation to: fighting corruption, safeguarding the environment, promoting health and safety at work, ensuring non-discrimination, prohibiting forced and/or child labor, and recognizing freedom of association.
The best practices and contractual clauses to be incorporated into supplier agreements, including the General Purchasing Conditions, were shared at CNH Industrial level. If a supplier fails to adhere to these principles, CNH Industrial reserves the right to terminate the business relationship or instruct the supplier to implement a corrective action plan.

SUPPLIER ASSESSMENT

Suppliers play a crucial role in supply continuity and can influence the way public opinion perceives CNH Industrial's social and environmental responsibility. To prevent or minimize any environmental or social impact, CNH Industrial has developed a process to assess suppliers on sustainability issues. This process is also a way to engage suppliers while promoting high sustainability standards, and thus continuous improvement. The supplier assessment process is managed yearly by the Purchasing functions and is overseen by the Suppliers Sustainability Compliance Committee (see page 44). The assessment process involves 3 consecutive steps over a 1-year period.

ASSESSMENT PROCESS

SUSTAINABILITY SELF-ASSESSMENT

- IDENTIFY SUPPLIERS TO BE ASSESSED
- SEND SELF-ASSESSMENT QUESTIONNAIRES AND OBTAIN RESPONSES
- ANALYZE SELF-ASSESSMENT QUESTIONNAIRE RESPONSES

SUSTAINABILITY RISK ASSESSMENT

- IDENTIFY HIGH RISK SUPPLIERS BASED ON IDENTIFIED CRITERIA

SUSTAINABILITY AUDITS

- SUSTAINABILITY AUDITING BY SQEs OR INDEPENDENT EXTERNAL AUDITORS
- IDENTIFY JOINT CORRECTIVE ACTION PLANS BASED ON AUDIT RESULTS
- MONITOR THE IMPLEMENTATION OF ACTION PLANS

During the first step of the evaluation, a number of suppliers are asked to fill out a **sustainability self-assessment** questionnaire. Since 2014, CNH Industrial has used the questionnaire drawn up by the Automotive Industry Action Group (AIAG). Suppliers are requested to provide information on: human rights, the environment, compliance and ethics, diversity, and health and safety. The process is carried out via a dedicated IT platform.

The questionnaires are then analyzed and used to perform a **sustainability risk assessment**, which allows identifying critical suppliers whose compliance with sustainability criteria needs to be addressed. The key drivers used to create the risk map are:

- supplier turnover
- risk associated with the supplier's country of operation (focusing on countries with poor human rights records[1])
- supplier financial risk
- participation in the assessment process
- risk associated with the purchasing category (i.e., the commodity group).

Based on risk assessment results, suppliers are classified according to 3 levels of risk (high, medium, and low) and selected for audit accordingly.

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 checking 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 Human Resources, Safety, Environment, and Quality) to take part in the audits, as well as a representative manager. Should audit findings reveal critical issues to be addressed, joint action plans are drawn up with the suppliers to define:

- improvement areas (e.g., implementation of internal procedures in line with sustainability principles)
- responsibilities (which could entail organizational changes)
- corrective measures (e.g., targeted training programs)
- timeframes for action plans.

Action plans are monitored via follow-ups between supplier and auditor, through a structured process supported by an IT system. At the end of the follow-up period, action plan results are collected and analyzed for compliance according to a dedicated operational procedure. In case of defaulting suppliers, further corrective actions are defined and implemented in agreement with the competent internal departments. Every month, the Supply Quality Performance (SQP) system draws up a Supplier Scorecard, containing qualitative information and the scores from sustainability assessments. This information, along with each supplier's financial, technical, and logistics data, makes up the Summary by Plan document used to assign new orders.

ASSESSMENT CRITERIA

		Categories of reference[a]	Self-assessment	Audit
HUMAN RIGHTS	Company code of conduct	HR	○	○
	Supplier code of conduct	SO	○	○
	Supplier facilities	HR	○	○
	Supplier working conditions and practices	LA	○	○
	Supplier contract	HR	○	○
ENVIRONMENT	Environmental management system	EN	○	○
	Waste	EN	○	
	Metrics	EN	○	○
	Greenhouse gases (GHG)	EN	○	○
	Prevention	EN	○	
	Emergency planning	EN	○	○
	Regulatory tracking	EN	○	
	Training	EN	○	○

(a) *EN: Environment*
LA: Labor practices
HR: Human rights
SO: Impacts on society.

(1) *For countries with poor human rights records, refer to the list published by the US Department of State.*

		Categories of reference[a]	Self-assessment	Audit
ENVIRONMENT	Supplier training	LA	○	
	Environmental policy	EN	○	
	Environmental strategy	EN	○	
	Audit	EN	○	○
	Land and water conservation	EN	○	
	Verification	EN	○	
	Water policy	EN	○	
	Water targets	EN	○	
	Wetlands	EN	○	
	Water-stressed areas	EN	○	
	Logistics processes	EN	○	
	Logistics targets	EN	○	
	Disposable packaging	EN	○	
COMPLIANCE AND ETHICS	Corruption	SO	○	○
	Training	LA	○	○
	Supplier training	LA	○	○
	Conflict of interest	SO	○	
	Supplier ethics	SO	○	
	Risk assessment	SO	○	
	Intellectual property protection program	SO	○	
	Intellectual property violations	SO	○	○
	Contractual requirements	SO	○	
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 2019, 76% of the supplier base (accounting for approximately 97% of direct material purchases) was invited to access the online sustainability self-assessment questionnaire available via the Supplier Portal (see page 161). 790 questionnaires were completed, covering 1,537 supplier companies[2] (accounting for approximately 60% of direct material purchases). The average score achieved (74/100) 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 2019.

SUPPLIER SUSTAINABILITY SELF-ASSESSMENT QUESTIONNAIRES
CNH INDUSTRIAL WORLDWIDE

	2019	2018	2017
Suppliers involved in the assessment process (%)	**76**	46	33
Suppliers involved as a percentage of direct material purchases (%)	**97**	88	84
Suppliers that responded to the questionnaire (no.)	**790**	604	448
Responding suppliers as a percentage of direct material purchases (%)	**60**	51	45
Average assessment score	**74/100**	72/100	72/100

2019 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)	45	■ climate strategy ■ environmental strategy (focus on water and biodiversity) ■ measures for reducing the environmental impact of logistics processes
LABOR PRACTICES (LA)	6	■ ethics and compliance training ■ supplier's environmental training ■ audits on health and safety practices
HUMAN RIGHTS (HR)	6	■ code of conduct ■ contractual requirements for suppliers including labor and human rights ■ laws and regulations
IMPACTS ON SOCIETY (SO)	41	■ contractual requirements for suppliers including compliance and ethics

In 2019, 85 audits were carried out at 85 supplier plants worldwide (60 by SQEs and 25 by independent external auditors).

AUDITS BY GEOGRAPHIC AREA
CNH INDUSTRIAL WORLDWIDE (no.)

	2019	2018[a]	2017[a]
North America	**20**	20	19
Europe	**20**	19	17
South America	**20**	20	19
Rest of World	**25**	21	20
Total	**85**	**80**	**75**

[a] *Audit breakdown restated for Europe and Rest of World with respect to the 2018 Sustainability Report, following changes in the composition of CNH Industrial's geographic areas (see page 237).*

The total number of audits worldwide covered approximately 3.7% of the total purchase value. In 2019, 26 suppliers were involved in the formulation of 118 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 2019 also highlighted an improvement in sustainability scores for 89% of the responding suppliers that had an action plan in place in 2018, thanks to the increased awareness deriving from the corrective measures implemented and from the audit process itself.

[2] *The difference in numbers is due to the fact that one parent company may fill out one questionnaire covering many of its subsidiaries.*

2019 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)	14.1%	15	■ definition of environmental management documentation ■ definition of environmental targets (focus on water, greenhouse gases, waste)
LABOR PRACTICES (LA)	28.2%	58	■ definition of formal documentation, supporting emergency planning system ■ expansion of communications and training to employees and suppliers
HUMAN RIGHTS (HR)	14.1%	20	■ implementation and/or development of code of conduct ■ improvement in overtime management ■ implementation of grievance mechanism
IMPACTS ON SOCIETY (SO)	20.0%	25	■ definition of a supplier code of conduct or of formal supplier management documents

[a] *The percentage is calculated based on the number of suppliers audited (85 in 2019). No suppliers were considered at risk in terms of child labor, forced/compulsory labor, or violations of either freedom of association or collective bargaining. One supplier currently remains under investigation for an overtime issue.*

ONGOING DIALOGUE WITH SUPPLIERS

Strongly convinced that suppliers are key partners for its growth, CNH Industrial is committed to keeping them engaged and informed at all times. Promoting continuous dialogue and exchange with them builds stronger supplier relationships, in which goals and strategies can be shared, and collaborations and joint projects can thrive – as evidenced by the Company's many long-standing and mutually beneficial alliances.
Many events and activities to encourage continuous dialogue with the suppliers remained in place in 2019.
The primary collaboration platform and communication channel for the supply chain is the Company's **Supplier Portal**, an interactive website providing modules and tools through which operations involving suppliers are managed, as well as documents and communications for the exchange of information. Moreover, dedicated email addresses were created for suppliers as additional communication channels for sustainability matters and to report any non-compliance within the supply chain.
In 2019, several initiatives promoting the exchange of ideas and information continued as in previous years.

One of these was **Come to our Plant**, originally launched in 2016, organized for suppliers at the manufacturing plants to which they deliver parts. Through interactive sessions in which suppliers visit the production lines, the goal of the initiative is to address operational issues and exchange improvement suggestions, so as to drive efficiencies and enhance both supplier and plant performance. In 2019, 113 of these sessions were held in South America.

Key suppliers are also invited to **Supplier Conventions** coinciding with the production or commercial launch of major products. The objective is to provide suppliers with relevant information, enabling them to efficiently organize their operations and optimize supply quality and delivery. In 2019, 3 Supplier Conventions took place in Europe involving approximately 150 suppliers, in addition to a webinar for the Agriculture segment's entire supply base attended by over 800 suppliers.

In 2019, in South America, the Company held the second of its **Supplier Excellence Awards** to recognize and reward the region's most outstanding suppliers. The project involves all suppliers regardless of their strategic or economic importance, and rewards those that stand out in 13 areas, including but not limited to quality, delivery, commercial relationships, technology, innovation, and World Class Manufacturing (WCM). It also recognizes the best projects on social and environmental responsibility. The 2019 event was attended by more than 200 participants.

Another initiative is known as **Technology Days**, which gives suppliers a chance to showcase their cutting-edge products in terms of innovation, technology, and quality, while addressing specific topics and sharing information on recent technological developments. In 2019, a total of 11 events were organized in Europe, 15 in North America, and 5 in South America, with the participation of approximately 1,100 people.

As at December 31, 2019, the total number of supplier plants that had adopted the **World Class Manufacturing** (WCM) program reached 215. This followed a number of WCM activities, which 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 2019, 8 workshops were organized at CNH Industrial's best plants in terms of WCM pillar implementation, involving 45 WCM suppliers. In addition, 130 follow-ups and 175 training days 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 PROGRAM AT SUPPLIERS' PLANTS
CNH INDUSTRIAL WORLDWIDE (no.)

	2019	2018	2017
Supplier plants involved in the WCM program	**215**	210	199
Audits performed at supplier plants involved in the WCM program	**55**	50	35

During the year, 55 WCM-related audits at suppliers' plants were carried out 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, 3 CNH Industrial suppliers had been awarded Bronze Level as at year-end 2019.
In 2019, CNH Industrial also continued to perform audits and follow-ups at supplier plants in Europe to monitor a number of sustainability indicators (KPIs), such as accident frequency rate and energy consumption, recording significant improvements for all suppliers involved. As regards the Safety pillar, the average accident frequency rate (accidents per 100,000 hours worked) decreased by 10% compared to the previous year. Within the scope of the Environment pillar, suppliers were required to include the measurement of energy consumption in their standard practices. The plants monitoring energy consumption for at least a year recorded an average 3% reduction compared to 2018, repeating the trend recorded the previous year.

CNH Industrial continues to promote numerous initiatives to encourage innovation among suppliers. In particular, the **Suppliers' Proposals** program advocates a proactive approach to business, and allows sharing the benefits arising from the innovative methods and technologies introduced based on supplier suggestions. Through the Suppliers' Proposals section accessible via the Supplier Portal (see page 161), suppliers can submit both Cost Reduction and Quality Improvement ideas. The proposals are then assessed by a dedicated cross-functional team. In 2019, 152 suppliers were involved in the program in Europe and in South America and 54 proposals were actually realized, creating a benefit of about $3.5 million.

As regards supplier training activities, the 139 suppliers selected to participate in the CDP Supply Chain initiative (see page 163) were given specific training on the Company's approach and commitment to fighting climate change, highlighting the importance of a supply chain that is also committed to this issue.

Lastly, in 2019, CNH Industrial participated in several meetings organized by suppliers, discussing its approach to sustainability as well as its best practices to engage suppliers and assess their social and environmental performance.

PROMOTING THE CONTINUOUS IMPROVEMENT OF ENVIRONMENTAL ASPECTS

CNH Industrial's commitment to curtail the environmental impact of its activities and to tackle climate change cannot exclude the involvement of its suppliers. In fact, to limit the impact of manufacturing processes and products on the environment, suppliers are, on the one hand, requested to optimize their use of resources and minimize polluting emissions and greenhouse gases; 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 157), the self-assessment questionnaire monitors the environmental management approach implemented by suppliers by focusing on the following aspects:

- presence of an environmental policy and environmental management system (preferably certified)
- reduction targets for GHG emissions, energy and water consumption, and waste generation
- monitoring of environmental aspects
- monitoring of sources of potential releases to air, water, and land, and subsequent identification of improvement areas
- delivery of internal environmental training, while encouraging their own suppliers to do the same
- execution of regular audits to verify policies, non-compliances, and corrective actions
- presence of a biodiversity protection strategy.

The questionnaire also includes a dedicated **water management** section focusing on:
- policies, strategies, and/or strategic plans regarding water management and improvements to wastewater management
- specific improvement targets
- bodies of water, wetlands or natural habitats affected by the water withdrawals or discharges of plants
- operations located in water-stressed areas.

The assessment, which counted 790 responding suppliers in 2019, 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.

Another important supplier engagement activity centered on the mitigation of environmental impacts is the CDP Supply Chain initiative. In keeping with previous years, 139 suppliers were selected to fill out the CDP[3] questionnaire, in order to establish a clear picture of their strategies to tackle climate change and of their current and/or future initiatives to reduce CO_2 emissions. Suppliers were selected based on total purchase value, existing collaborations, and their expertise in environmental management. The analysis of the results gave rise to many ideas that will come into play when establishing future collaborations with suppliers. In 2019, the companies involved in the CDP Supply Chain initiative generated 392 million tons[4] of CO_2, cutting emissions by 6.7 million tons and generating $272.5 million in cost savings. The initiative will continue in 2020.

CDP SUPPLY CHAIN RESULTS

	2019	2018	2017
Key suppliers that participated in the CDP survey (%)	**50**	51	59
Responding suppliers that integrated climate-related issues into long-term business objectives (%)	**78**	80	49
CO_2 emissions cut (million tons)	**6.7**	1.4	2.6

SPREADING AN INTERNAL CULTURE OF SUSTAINABILITY

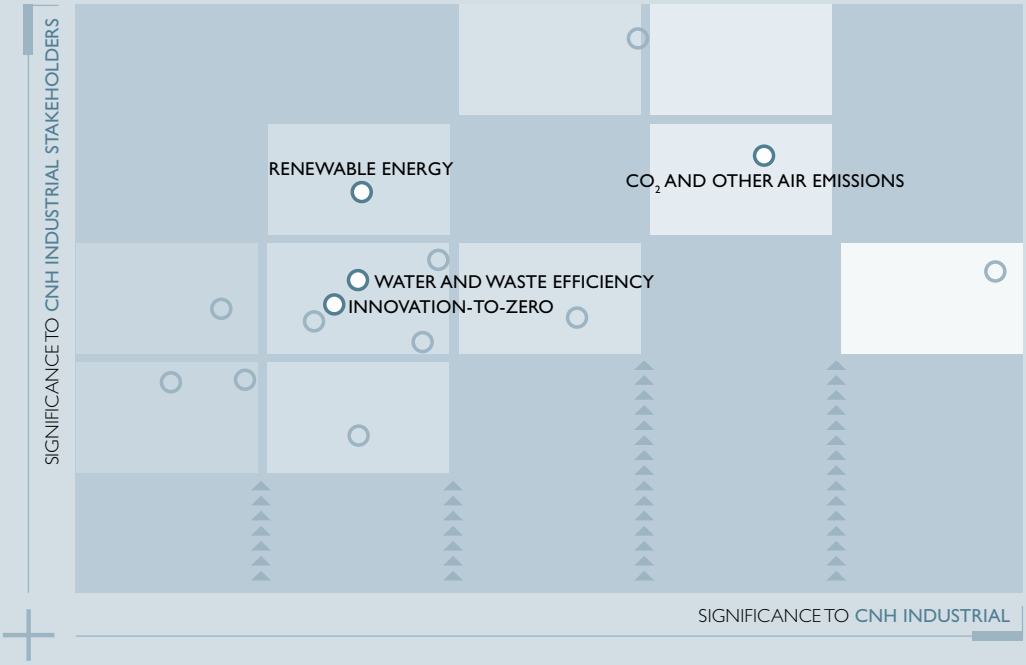
Initiatives targeting the employees responsible for supplier relationships have been consolidated over the years, aiming at ensuring satisfactory awareness of sustainability and good governance among suppliers through open and ongoing dialogue.
In this regard, Supplier Quality Engineers (SQEs) take part 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.

SUPPORTING SUPPLIERS IN DIFFICULTY

The global financial crisis and overall difficult socio-political context have demanded the close monitoring and management of critical situations arising along the supply chain.
CNH Industrial has strengthened its structures and mechanisms for managing suppliers in financial difficulty, focusing on promptly identifying high-risk situations and on stabilizing them through appropriate measures to ensure supply continuity, including through a new and recently implemented supplier monitoring tool (see page 67).

(3) CDP is an international non-profit organization providing the only global system for companies and cities to measure, disclose, manage, and share vital environmental information.
(4) Including scope 1, scope 2 (as per market-based methodology), and scope 3 (upstream) emissions. 70% of the total CO_2 emissions reported are scope 3 emissions.

MANUFACTURING PROCESSES



Material topics described in this chapter (for definitions see page 235).

2024 STRATEGIC SUSTAINABILITY TARGETS

94%
OF WASTE RECOVERED AT COMPANY PLANTS WORLDWIDE

-46%
vs. 2014 IN CO_2 EMISSIONS PER PRODUCTION UNIT AT COMPANY PLANTS WORLDWIDE

80%
OF TOTAL ELECTRICITY CONSUMPTION DERIVED FROM RENEWABLE SOURCES

MANAGEMENT FRAMEWORK

CNH Industrial makes its product manufacturing processes more effective, efficient, economical, and environmentally friendly through the application of streamlined systems and technologies, improvements to existing materials and processes, and the development of new materials, systems, processes or techniques. All manufacturing processes, systems, and techniques are required to be technologically suitable, technically feasible, economically viable, and ecofriendly.

The Company's Central Manufacturing function manages cross-segment manufacturing processes and supports segment organizations in ensuring that objectives are met and in line with business targets.

The Central Manufacturing function also:

- drives the development, standardization, convergence, implementation, and improvement of relevant manufacturing processes
- drives the optimization of technology investments and synergies
- drives transport, production planning, and industrial logistics processes in all segments
- enforces worker health and safety (see page 77) and addresses issues concerning environmental and energy management (see page 168)
- supports the development and implementation of new product manufacturing processes and improvements to existing ones, in line with the product segments (see page 141).

CNH Industrial adopts the World Class Manufacturing (WCM) management system, a program for innovation based on continuous improvement, developed to eliminate all types of waste and loss through the rigorous application of specific methods and standards (see page 166). 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, 2019, 59 CNH Industrial plants were ISO 9001 certified, collectively accounting for 98% of revenues from sales of products manufactured at the Company's plants[1]. To achieve its quality standards, CNH Industrial devised a robust supply chain management process (see page 153) to ensure the procurement of quality components, which are essential for the production of vehicles that meet the high standards demanded by CNH Industrial's customers.

OUR PROJECTS

TRACKING TECNOLOGIES

Material traceability allows the Company to identify, mitigate, and/or prevent disruptions, achieving more efficient logistics and production processes. Traceability requires the collaboration of the entire supply chain, with operators sometimes physically required to check the location of parts and manually enter information into a system, regardless of warehouse location or weather conditions, which creates a continuous time-lag between physical stock and visibility in the system.

Over the years, CNH Industrial has enhanced its systems to improve material checks, stock accuracy, and production traceability. More recently, it has also adopted real-time tracking technologies (RFID[a], GPS), achieving very accurate product flows while drastically reducing manual operations.

One striking example is the outdoor cab yard in Basildon (UK), which stores tractor cabs from Croix (France). To improve the efficiency and simplify the work of both production scheduler and forklift driver, the site introduced an automated system to manage scheduling and an RFID system for real-time stock checks. In addition to enhancing traceability, the new set-up reduced production schedule disruptions and the consequent need for urgent shipments (hence also reducing CO_2 emissions), and eliminated the use of paper and ink. It also improved work safety for the forklift driver, who no longer needs to dismount the vehicle to perform tasks, and reduced the risks related to loading/unloading goods. Other benefits include automated tracking and stock-taking, less time required to ship, receive, and invoice goods, adherence to schedules, and improvements in meeting customer demand. This Proof of Concept has now become CNH Industrial's new logistics standard, and is currently being extended to the main inter-Company flows.

Other initiatives to improve internal workflows were implemented at the plants in Sorocaba (Brazil) and Valladolid (Spain), which are now using automated guided vehicles (AGVs) to transfer kits to the production lines alongside an RFID door-opening interface, automating the entire process and improving productivity, reducing energy use, and providing accurate traceability. The plant in Wichita (USA) is currently testing the traceability of finished goods in its commercial area.

[a] Radio-frequency identification.

[1] The percentage is calculated on 64 plants; for the complete list of these plants, see pages 228-230.

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.

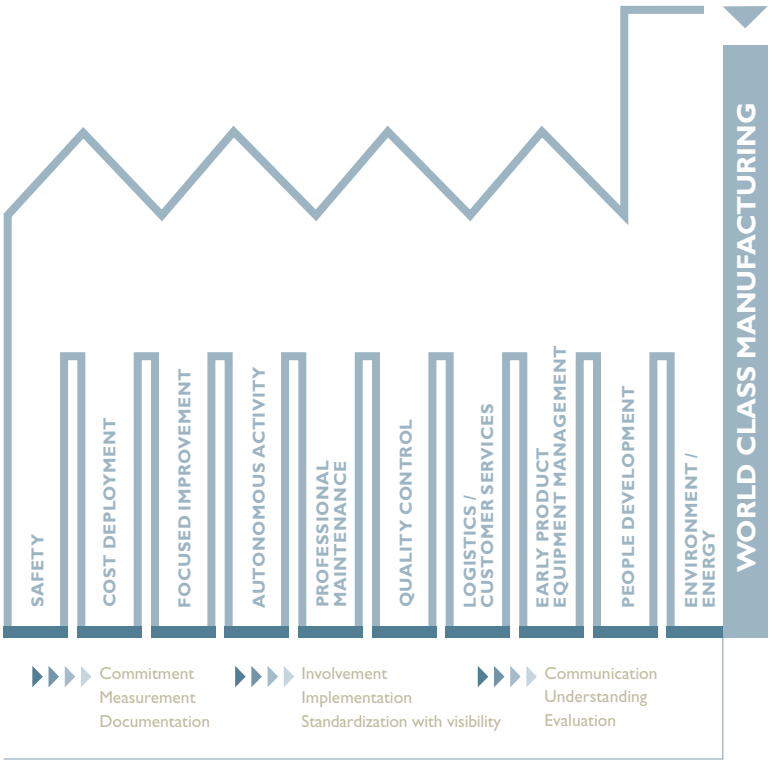
WCM is an integrated model for managing all the elements of an organization, focused on improving the efficiency of all its technical and organizational components to maximize market competitiveness. WCM is a structured system encompassing the most effective manufacturing methodologies, which include 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 133).

These objectives require a strong commitment from plant management and all relevant departments, reinforced by continuous interaction across all organizational levels.

Some of the benefits of WCM implementation include greater competitiveness, the development of new and improved technology and innovation, increased flexibility, increased communication between management and production personnel, enhanced quality of work, and increased workforce empowerment.

The WCM system cuts across all boundaries and is applied to all departments within a company, embracing numerous topics (known as pillars) including safety in the workplace, the environment, quality, logistics, in-house and specialist maintenance, human resources, and process and product engineering (involving the reorganization of workstations, the installation of new machinery, and new product launches).

WCM PILLARS



One of the main features of the WCM program is the direct relationship between an activity or project and its cost benefits. Continuous improvement initiatives are driven by the Cost Deployment pillar, which accurately identifies all plant waste and losses, guides the functions tasked with containing and eliminating the sources of waste, evaluates project feasibility, and assesses and certifies the results achieved by carefully monitoring specific performance indicators (KPIs).
Such a methodical and structured approach ensures that the process for evaluating initiatives is genuinely effective, in that it measures and correlates all factors affected by the initiative itself.
The widespread use of WCM principles at CNH Industrial plants allows the Company to share a common culture based on efficient processes and on a language universally recognized across the plants and countries in which CNH Industrial operates.
WCM leverages knowledge development through employee participation, by which implicit knowledge becomes explicit and codified, and subsequently incorporated into new products, new services, and new ways of working.
The WCM system is also implemented outside CNH Industrial: on the one hand, it enables the Company to meet its customers' needs with maximum flexibility and effectiveness; on the other, by sharing it with suppliers (see page 161), it allows the Company to ensure high product quality and process efficiency. WCM seeks to instill and reinforce the idea that everyone who is part of an organization must know their customers and strive to satisfy their needs, as well as those of all other stakeholders, in terms of products, order processing, delivery, quick response services, and after-sales assistance.
After all, the aim of continuous improvement is to increase customer satisfaction and loyalty while also ensuring long-term profitability, by developing processes and adding value to products and services.

$96.2 MILLION SAVED THROUGH **WCM PROJECTS**

One of the WCM system's strengths is its ability to motivate people – who are an intrinsic part of the model – to engage and take responsibility by contributing directly to process optimization via a well-established suggestion system. People are an integral part of target achievement and are involved throughout the entirety of improvement projects (universally known as *kaizen*), from definition to realization. This allows them to acquire and develop skills and good practices that are then shared across plants, forming a network of expertise and knowledge at the service of the Company. WCM plays a role in creating an organization that is engaged and free of barriers, where ideas, knowledge, and talent are shared between working groups, both within and across different plants.
In 2019, CNH Industrial organized *Kaizen Conventions* in every geographic area in which it operates, to recognize employee commitment and encourage the continuous search for new areas of improvement. The best *Kaizen* projects were announced via videos posted on the corporate Intranet.
The main objective was to drive motivation by recognizing teams' hard work in striving for excellence in manufacturing processes. After all, no one knows the Company better than the people who work for it: the employees serve as drivers and contribute the most toward continuous improvement, by making suggestions and playing a direct role in projects.
At CNH Industrial, the use of tools for sharing information and collecting suggestions is well established. In 2019, about 446,500 employee suggestions were collected across the plants where WCM principles are applied, with an average of 14 per employee. Furthermore, 14,683 WCM projects were implemented throughout the year (of which 10.5% on Safety and Environment pillars), generating $96.2 million in savings.
Each pillar involves a 7-step approach and auditing process, culminating in a series of awards (bronze, silver, gold, and world class). Increasingly challenging targets are reached by means of a rigorous approach comprising 3 progressive levels: reactive, preventive, and proactive.
As at December 31, 2019, 55 plants were participating in the program, accounting for 86% of Company plants[1], 95% of plant personnel[1], and 99% of revenues from sales of products manufactured by Company plants[1]; 1 of them received a gold award, 1 a silver award, and 2 bronze awards.
During the year, internal auditing training courses were offered to plant managers, hence supporting the continuous spread of WCM principles.
WCM initiatives are coordinated by a steering committee (established in March 2012), consisting of senior manufacturing management and CNH Industrial WCM managers, which drives the relevant strategies and develops the necessary methodologies for the entire Company.

14 **SUGGESTIONS PER EMPLOYEE** COLLECTED UNDER THE **WCM PROGRAM**

(1) The percentage is calculated on 64 plants; for the complete list of these plants, see pages 228-230.

OUR PROJECTS

NEXT-LEVEL MAINTENANCE MANAGEMENT

In order to get the best return on invested capital, a business must efficiently maintain its assets to safeguard productivity and maximize the life cycle of its machinery and components.
With thousands of parts, tools, parameters, and maintenance operations requiring monitoring, a Computerized Maintenance Management System (CMMS) optimizes overall maintenance management, machine scheduling and monitoring, the work of ever-more autonomous machine operators, and servicing.
State-of-the-art CMMS software is currently available at 16 CNH Industrial plants, where man and machine data is now centralized and connected via the IoT (Internet of Things), enabling big data analytics and Cloud computing to support machine operations. Machines at these plants are equipped with sensors providing real-time data on important parameters. The data is collected in the CMMS, which uses statistical techniques, algorithms, and machine learning to develop predictive models indicating when components should be serviced or replaced. CMMS software has thus enabled the plants to boost predictive maintenance, optimizing the life cycle of costly components while limiting the risk of unplanned stoppages caused by worn components.
The system adopted in Suzzara (Italy) involved 20% of the plants' machines. It was implemented, for example, in the body welding unit, specifically on the cubing line, where all body components are conveyed for welding.
In Sorocaba (Brazil), sensors enable measuring and checking thousands of conveyor pins while the line is still running, automatically indicating the pins to be replaced.
The plant in Bourbon Lancy (France), which counts 1,700 machines, adopted an IoT platform, gaining access to a wealth of readily-available data on both new and older machine electronics, enhancing maintenance management for both (without requiring sensors).
Overall, in 2019, the adoption of CMMS software reduced preventive maintenance cycles by 12%, preventive maintenance costs by 5%, and component replacement costs by 7%.
It was also an opportunity to train technicians on new competencies, as their workload dropped by 14%. Indeed, maintenance experts and operators at these plants now have a complete and integrated view of overall processes, and their interaction with the machinery is easier and more efficient, which affords them more time to focus on further innovation and an increased sense of job satisfaction and engagement.

ENVIRONMENTAL MANAGEMENT

CNH Industrial is committed to continuously improving the environmental performance of its production processes by adopting both conventional and enhanced technologies and by acting responsibly to mitigate their environmental impact. Safeguarding the environment at CNH Industrial is based on principles of prevention, protection, information sharing, and people engagement to ensure effective long-term management.
The materiality analysis identified air emissions (covered by the material topic **CO_2 and other air emissions**), the use of water, and the management of waste and effluents (both covered by the material topic **water and waste efficiency**) as the most significant environmental aspects for the Company and stakeholders alike.
Furthermore, CNH Industrial's efforts to manage environmental aspects efficiently is one way it is delivering on its *life cycle thinking* sustainability priority. In line with this, in 2019, the Company increased and extended an existing target, including it as a strategic sustainability target (see page 24) in the Strategic Business Plan: to recover 94% of waste at Company plants worldwide by 2024.
CNH Industrial's Environmental Policy (see page 47), available on the corporate website, describes the Company's short, medium, and long-term commitments to responsibly managing the environmental aspects of manufacturing (particularly energy, natural resources, raw materials, hazardous substances, polluting emissions, waste, natural habitats, and biodiversity).
These aspects are included in both CNH Industrial's environmental management system and the Environment pillar of the World Class Manufacturing system; both require compliance with guidelines, procedures, and operating instructions,

and regular internal audits and reviews by management. This dual approach enables the effective management of environmental aspects and the evaluation of results (including against stated targets), which are duly reported in the Sustainability Report and on the Company's website.

Significant environmental aspects are monitored, measured, and quantified to set improvement targets at both corporate and plant levels. As further evidence of the Company's commitment to protecting the environment, the indicators for 2019 again saw the improvements achieved in previous years, and the improvement targets set (as indicated in the Sustainability Plan) were met in line with expectations (see page 34).

In 2019, CNH Industrial's determination to manage the environmental impact of its business in a sustainable way was recognized again at global level, with the Company's inclusion as Industry Leader in the Dow Jones Sustainability Europe and World Indexes (see page 14). Furthermore, CNH Industrial ranked among the A-listers in the CDP Water Security Program 2019, confirming the Company's commitment to sustainably managing resources.

The building of new plants abides by environmental protection criteria, taking into account specific local needs and the impact of construction. Newly acquired plants are assessed based on existing processes and activities, to determine what interventions are necessary to achieve environmental management compliance with CNH Industrial standards.

The Company's environmental footprint encompasses various aspects affecting the environment, from the selection and use of raw materials and natural resources, to product end-of-life and disposal. Throughout the year, the efforts made to reduce its footprint continued to require a significant commitment, both financially and in terms of measures to improve technical and management performance.

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 47).

In 2019, CNH Industrial's overall expenditure on environmental protection was approximately $44 million, broken down as follows: approximately $33 million on waste disposal and emissions treatment, and almost $11 million on prevention and environmental management. A total of $3.8 million was invested in initiatives to reduce the Company's environmental impact, while improvement projects and measures generated almost $4.6 million in cost savings.

$44 MILLION SPENT ON **ENVIRONMENTAL PROTECTION**

RESPONSIBILITY AND ORGANIZATION

The highest responsibility for initiatives focusing on environmental protection at CNH Industrial lies with the Global Executive Committee (GEC). The specific projects to reduce the environmental impact of manufacturing processes are the responsibility of plant managers.

The central Environment, Health and Safety (EHS) function (which serves as a reference point for sustainability) coordinates and manages environmental issues as per CNH Industrial's Environmental Policy; it implements improvement actions at local level, periodically verifies performance against targets, proposes new initiatives, and defines environmental policies. An important role is also played by plant employees from other functions/bodies (production lines, logistics, manufacturing engineering, etc.) involved with environmental issues in various capacities.

In 2019, individual environmental impact reduction targets were included in the Performance Management Process (PMP, see page 85) for several managers responsible for the projects indicated in the Sustainability Plan and for several plant managers. These targets also aim at developing new best practices, and at identifying situations or activities at plant level posing a potential threat to the environment, and at mitigating their impact.

The Company also uses centralized systems such as SPARC[1], which is a performance indicator management tool, and the EHS IT platform, which provides users with training and information tools, such as ISO 14001 certification support documents (guidelines, procedures, reporting guidelines, etc.).

As at December 31, 2019, approximately 4,000 people from CNH Industrial worldwide had access to the platform.

(1) *Sustainability, Performance, Analysis, Reporting & Compliance.*

FOCUS ON

NANOTECHNOLOGY IN MANUFACTURING

CNH Industrial uses nanotechnologies in the process of painting some of its products, specifically during the washing (pretreatment) of surfaces preceding the actual painting phase. Indeed, some CNH Industrial plants adopt thin layer technology, through which nanotechnology products/nanoparticles are dosed in process tanks to react with the surfaces of metal substrates previously treated with a degreasing solution; the chemical-physical reaction triggered forms a layer of zirconium oxide that coats the metal surface. This treatment confers excellent resistance to corrosion and outstanding paint adhesion, while also reducing environmental impact and enhancing process quality and operational performance. The process usually takes place at room temperature, in which case, because no heat is applied, there is no vapor generation. Chemical concentrations are very low, and product applications (spraying or dipping) are automated and performed in enclosed areas. Thin layer technology produces less sludge for disposal than traditional technology, and does not require hazardous acid cleaning of paint system equipment. It also cuts energy and water consumption, reduces wastewater, and requires less maintenance. This technology is in use in 33 paintshops across 20 plants (5 in North America, 9 in Europe, 2 in South America, and 4 in Rest of World).

PROCESS CERTIFICATION

In 2019, CNH Industrial continued to pursue and maintain the certification of its plants' environmental management systems as per the ISO 14001 international standard. To date, every CNH Industrial manufacturing plant currently in operation and falling within the scope of application of the Sustainability Report is ISO 14001 certified (see pages 228-230)[2].

In addition to the systematic management of environmental aspects under normal operating conditions, the ISO 14001-certified environmental management system requires the adoption and regular verification of emergency plans and procedures, and related staff training. These procedures define roles, responsibilities, and responses when tackling anomalous and/or emergency situations, to protect both people and the environment.

The environmental certification maintenance process entails a series of external third-party audits, carried out by accredited bodies, with annual monitoring and certification renewal every 3 years. Furthermore, plants are required to perform an internal audit every year to verify the performance of their environmental management system. For example, environmental management systems continued to be regularly audited across North America, Europe, and, since 2019, Australia, by teams of Environment, Health and Safety (EHS) representatives from the operational units, coordinated by specialists from the central EHS function.

ENGAGEMENT AND AWARENESS ACTIVITIES

CNH Industrial is committed to promoting and disseminating the principles of continuous improvement and environmental management both within and outside the Company. It does so by addressing employees and business partners via specific communication and training tools, as well as by organizing events engaging employee family members and local communities. A reliable and effective means of engaging people and sharing information is the World Class Manufacturing program (see page 166), which promotes good practices and improvement projects, including those suggested by the employees themselves.

In 2019, CNH Industrial provided 29,041 hours of environmental training, of which 26,075 hours was on-the-job training to approximately 22,200 employees, 88% of whom were hourly.

Throughout the year, various plants implemented a series of initiatives to increase engagement and awareness among employees and their families, both at and outside manufacturing sites, some involving local communities and schools.

The **Burlington** plant (USA) collaborated with students from the FFA (formerly known as Future Farmers of America) to build duck nest boxes from recycled wooden pallets, which were then installed along the river bank behind the plant. Environmental specialists at the **Basildon** plant (UK) held several *plasticology workshops* for local school students to raise awareness of the use of plastic and its detrimental effects on the environment, including the 5 Rs of waste management (Refuse, Reduce, Reuse, Recycle, Recover), and specifically how to refuse or reuse plastic.

[2] *5 additional plants outside the reporting scope are ISO 14001-certified (see pages 228-230).*

Children of employees from the **Jesi** plant (Italy) spent a week at the WWF Oasis of Ripa Bianca, a nature reserve near the plant. Trainers from the Environmental Education Center provided educational activities, workshops, and tours of the site and local flora and fauna.
At the plant in **Sete Lagoas** (Brazil), over 40 children aged 9 were given the chance to experience the *Cerrado Biome* (a vast region of tropical savanna in the country) using virtual reality headsets. The aim was to raise environmental awareness among the students and teach them about the region's indigenous trees, endangered animals, and other wildlife.
In 2019, as part of an internal communications campaign on the Sustainable Development Goals (SDGs), the Company produced a video on SDG 12 'Responsible consumption and production', to raise awareness of responsible behavior. Translated into 17 languages, the video is available on the corporate Intranet as well as on display screens installed at all sites worldwide (see page 70).
CNH Industrial is also committed to raising awareness of environmental issues among its suppliers (see page 162) and dealers (see page 211).

FOCUS ON

CELEBRATING WORLD ECO DAYS

CNH Industrial reaffirmed its commitment to environmental issues in 2019 by celebrating global environmental events. For World Environment Day, for example, Company initiatives to reduce the environmental impacts of its products and plants were posted on its Intranet site, encouraging employees to adopt behavior to help combat climate change, such as: tree planting, sustainable mobility, waste separation and collection, plastic use reduction, and the use of eco-friendly paints and soaps.
Still on World Environment Day, employees from the New Holland Construction plant in **Pithampur** (India) joined other locals to plant 5,000 saplings along a nearby 4.5-kilometer road divider.
45 employees at the **Croix** plant (France) volunteered for World Cleanup Day in September 2019, collecting more than 170 kilos of waste (of which over 85% was plastic) from the vicinity of the plant.
In Brazil, the plants in **Curitiba**, **Piracicaba**, and **Sete Lagoas** celebrated Tree Day by participating in planting activities and raising awareness of the impact of human behaviors on the environment and the possible consequences for future generations.
Employees at the **Harbin** plant (China) joined the WWF campaign No Plastic in Nature to clear plastic bottles and cups from streets and parks, with the aim of protecting marine animals from plastic pollution. The WWF transformed all waste collected into artwork that was displayed on World Oceans Day, on June 8.

ENVIRONMENTAL PERFORMANCE

Consolidated monitoring and reporting systems, such as SPARC[1], are used to track environmental performance, measure the effectiveness of actions taken to achieve targets, and plan new improvement initiatives, through the management of appropriate key performance indicators (KPIs). These indicators can be analyzed at different levels (plant, segment, geographic area, or Company), thus enabling the simultaneous and parallel engagement of different corporate functions at various levels to meet targets.
Periodic benchmarking activities help drive the continuous improvement of plants' environmental performance.

SAFEGUARDING AIR QUALITY

Reducing air emissions is one of CNH Industrial's major goals, consistent with the results of the materiality analysis. The application of advanced technologies in the manufacturing process is critical to meet the improvement targets set by the Company.
The main air emissions are monitored, and results systematically recorded, through specific programs and systems to verify compliance with existing regulations.
As of 2016, CNH Industrial removed all ozone-depleting substances[2] (only found in certain equipment used for cooling, air conditioning, and climate control) from all of its plants falling within the scope of application.

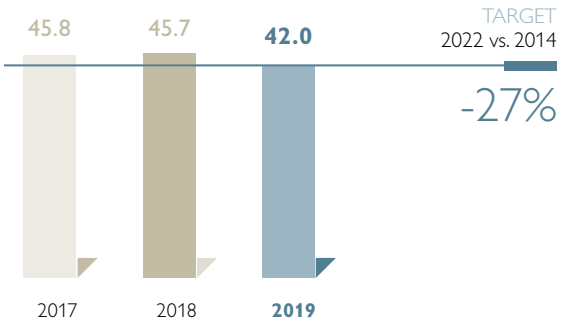
(1) *Sustainability, Performance, Analysis, Reporting & Compliance.*
(2) *Ozone Depleting Substances are potentially harmful substances in the ozone layer that contribute to the depletion of stratospheric ozone. The most significant and harmful are chlorofluorocarbons (CFCs), generally used as refrigerants, solvents and propellants, and hydrochlorofluorocarbons (HCFCs), used to replace CFCs.*

VOLATILE ORGANIC COMPOUNDS

In terms of Volatile Organic Compounds (VOC)[3] emissions, painting has the greatest environmental impact of all manufacturing processes at CNH Industrial. For this reason, and in line with the material topic **CO_2 and other air emissions**, the Company is committed to monitoring and reducing VOC emissions per square meter painted, and has set a target for 2022 to reduce VOC emissions per hour of production by 27% compared to 2014.
In 2019, average VOC emissions per square meter painted decreased by 8% compared to 2018 thanks to the ongoing management and control improvements to manufacturing processes, paired with a number of changes and upgrades at plant level.

VOLATILE ORGANIC COMPOUNDS (VOC) EMISSIONS[a]

CNH INDUSTRIAL WORLDWIDE (g/m^2)



(a) 2014-2018 data restated with respect to the 2018 Sustainability Report, following a change in 2019 to the way of calculating the painted surfaces of vehicles manufactured at 3 plants in South America.
The base year (2014) VOC emissions are equal to 57.6 g/m^2 (restated figure). For information on the rationale for choosing 2014 as the base year, see page 232.

The plant in **New Holland** (USA) introduced a new VOC-exempt solvent for cleaning paint guns and lines, reducing VOC emissions by about 5 tons compared to the previous year.
In Italy, the **Lecce** plant implemented a painting improvement project that speeds up the color change process and subsequent equipment washing, reducing VOC emissions by 9% compared to 2018 and hazardous waste by about 1 ton per year.
The **Suzzara** plant installed equipment to separate nitrogen from compressed air, subsequently using it to improve the quality and efficiency of paint application in van cab interiors. The reduced paint requirements cut VOC emissions by 12% (about 3,500 kilos per year), paint consumption by 7,000 liters, and costs by over $60,000.

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)

	2019	2018	2017
Plants (no.)	**57**	57	58
Nitrogen Oxides (NO_x)	**436.2**	370.9	366.8
Sulfur Oxides (SO_x)	**40.3**	56.9	73.0
Dust	**3.3**	6.3	8.5

(3) Volatile Organic Compounds (VOC) are compounds such as hydrocarbons, containing only carbon and hydrogen, as well as compounds also containing oxygen, chlorine or other elements.

WATER MANAGEMENT

CNH Industrial believes the sustainable management of water is a major commitment in a global context where the growth in population (and therefore in water demand) is met by a marked scarcity of water resources in an increasing number of regions worldwide. From a business perspective, the Company recognizes the economic importance of proper water management, and the potential risks associated with the lack thereof for the continuity of both supply and industrial processes.

CNH Industrial draws water mainly for industrial use, specifically for painting, cooling, washing, and machining, and strives to increase water efficiency within all its industrial processes (regional and environmental circumstances permitting). Furthermore, the Company's plants operate locally to reduce water requirements and wastewater volumes without compromising quality standards.

Indeed, the scarcity of water resources and related issues represent a potential risk; however, if properly managed, they can drive improvement and innovation within the manufacturing process.

CNH Industrial believes that increasing the use of recycled water can reduce withdrawals from external sources, improving water independence and the availability of water for local communities.

From a broader perspective, water is a resource shared with other stakeholders; collaboration on water management is therefore important, and joint efforts should aim at improving the community's health and wellbeing, especially in water-stressed areas (see page 175).

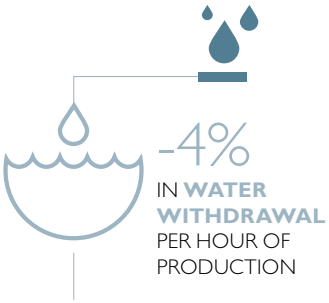
The impact on water resources is an integral part of plants' environmental assessments, as required by the ISO 14001 standard; to this end, all 61 ISO 14001-certified plants (see pages 228-230) have a water management plan.

CNH Industrial's Water Management Guidelines, issued in 2012 and applicable to all plants, require them to:

- analyze the management of water withdrawal and distribution systems and the consumption of water, and identify and eliminate leaks and waste
- identify specific performance indicators and benchmarking for the different manufacturing processes
- identify the manufacturing processes with the greatest impact on water resources, and prioritize the necessary interventions
- adopt changes and technological innovations to boost water use efficiency, reduce consumption, and improve the quality of effluents
- promote water recirculation within individual manufacturing processes and its reuse in multiple processes
- raise staff awareness of responsible water use, both at work and at home.

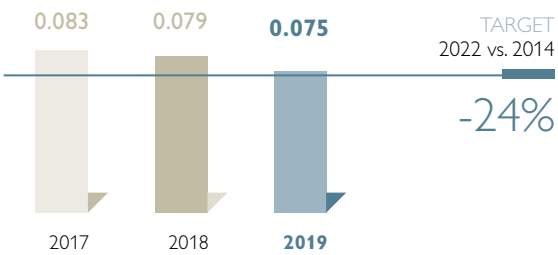
As evidence of its commitment to reduce water consumption, and in line with the material topic **water and waste efficiency**, CNH Industrial set a target to cut water withdrawals per production unit[4] by 24% by 2022 (compared to 2014). Accordingly, all plants contribute to cutting water consumption by setting specific reduction targets.

In terms of water withdrawal per production unit[4], the key performance indicator (KPI) for 2019 fell by more than 4% compared to 2018.



WATER WITHDRAWAL PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (m^3/ total manufacturing hours[b])



(a) The base year (2014) water withdrawal is equal to 0.10 m^3/hours of production. For information on the rationale for choosing 2014 as the base year, see page 232.
(b) Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 233.

(4) The production unit corresponds to the hour of production. Total manufacturing hours are used to calculate the normalized production unit indicator. For the definition of total manufacturing hours, see page 233.

WATER WITHDRAWAL, DISCHARGE, AND CONSUMPTION

CNH INDUSTRIAL WORLDWIDE (thousands of m^3)

	2019	2018	2017
Plants (no.)	56	56	57
Withdrawal			
Groundwater	**2,742**	2,948	2,970
Third-party water	**1,616**	1,640	1,748
of which municipal water supply	**1,614**	1,636	1,745
Surface water	**23**	28	27
of which rainwater	**2**	3	2
Seawater	**-**	-	-
Produced water	**-**	-	-
Total water withdrawal	**4,381**	4,616	4,745
Discharge[a]			
Surface water	**490**	501	518
Third-party water	**2,446**	2,683	2,713
Seawater	**-**	-	-
Groundwater	**-**	-	-
Total water discharge	**2,936**	3,184	3,231
Total water consumption[b]	**1,445**	1,432	1,514

[a] Includes only water discharges related to industrial water.
[b] Calculated as total water withdrawal minus total water discharge.

Many initiatives were implemented in 2019 to limit the impact of manufacturing processes on water resources.
At the **Benson** plant (USA), rainwater is now collected via downspouts in the painting area and subsequently used to clean floors, cutting the plant's municipal water withdrawals by more than 25,000 liters per year.
The **Modena** plant (Italy) started to reuse the water for cooling the cataphoresis oven to produce industrial water for its washing machines, instead of discharging it following treatment. This enabled the plant to reduce its industrial water consumption by about 5,000 cubic meters per month. Overall, the plant cut its yearly water withdrawal by approximately 20%, saving about $27,000.
The plant in **Madrid** (Spain) began to recycle the water used for leak testing, reducing water consumption by over 70% (almost 12,000 cubic meters per year), cutting costs by over $30,000 and water withdrawal per hour of production by 15% compared to the previous year.
There were several initiatives to reduce water consumption in Brazil, particularly at the plants in **Contagem**, **Curitiba**, and **Sorocaba**, focusing on the reuse of after-treatment water for: pre-treatment rinsing, pre-degreasing, and phosphating processes; chemical washing and dosing processes; replacement of evaporation losses; cleaning of floors and other areas; and use in bathrooms. Overall, these measures led to a reduction in potable water consumption of about 18,000 cubic meters and to approximately $52,000 in savings.

31%
OF **WATER RECYCLED**

As well as the promotion of responsible water withdrawal and associated initiatives, safeguarding the water bodies that receive the effluents from industrial processes is extremely important to CNH Industrial.
In order to exceed local wastewater requirements, Company plants rely on established operating procedures to ensure wastewater discharged during their manufacturing processes meets the required quality standards.
Indeed, the 3 wastewater quality indicators applied by CNH Industrial – Biochemical Oxygen Demand (BOD)[5], Chemical Oxygen Demand (COD)[6], and Total Suspended Solids (TSS)[7] – showed that performance in 2019 was fully compliant with applicable local limits (see page 247).
This result was achieved partly thanks to the adoption of specific wastewater treatment systems (operated either in-house or by specialized industry partners), which treat the water discharged from the plants; this occurs mainly through physical and chemical processes and, depending on wastewater quality, through biological treatment.
The substances of concern (SoC) restricted by local law are considered a priority, and consequently each plant is required to treat the associated discharges.
CNH Industrial plants do not use wastewater generated by other organizations, and the effluents from CNH Industrial plants are not channeled for reuse by other organizations.

[5] Biochemical Oxygen Demand (BOD) is the total mass of oxygen used by microorganisms, over a specific time period at 20°C, to decompose (oxidize) the organic material present in a liter of water (normally expressed in mg/l). The standard test period for BOD is 5 days (BOD5).
[6] Chemical Oxygen Demand (COD), expressed in milligrams per liter (mg/l), is the quantity of oxygen required for the complete chemical oxidation of organic and inorganic compounds present in a sample of water.
[7] Total Suspended Solids (TSS) is the parameter used in water quality management and in water purification to indicate the quantity of solids present in suspension, which can be separated by vigorous mechanical means such as vacuum filtration or centrifugation of the water sample.

PLANTS IN WATER-STRESSED AREAS

Out of all the countries in which the Company operates, 3 plants were classified in 2018 as being in areas considered sensitive in terms of availability and use of water resources. These areas were identified using the WRI[8] Aqueduct Water Risk Atlas, a mapping tool recognized by the major organizations in the field, through which the list of countries in water-stressed areas will be monitored annually to identify CNH Industrial plants where specific water conservation and protection measures are needed.
According to this mapping tool, there are 3 Company plants located in water-stressed areas[9]: in **Queretaro** (Mexico) and in **Greater Noida** and **Pithampur** (India).
As a consequence, in 2019, all 3 plants continued to further their commitment to reduce water consumption by implementing targeted measures and initiatives, in line with the previous year, and by setting specific improvement targets (see page 249).

The plant in **Queretaro** (Mexico), for example, installed a reverse osmosis system to reuse water for internal production processes involving, for example, the cab assembly line and the machining lines.

The plant in **Greater Noida** installed a new reverse osmosis system (as part of the *Zero-Liquid Discharge* project) that filters and purifies wastewater generated within the plant (by forced draft ventilation, cooling towers, lavatories). Furthermore, numerous sensors and flowmeters were installed in various tanks within the painting process, including on the cathodic electrodeposition line, to accurately monitor and optimize water consumption. These efforts cut water consumption by almost 60,000 cubic meters, saving $35,000.

At the plant in **Pithampur**, water saving projects included the installation of new leak-proof nozzles on the grease guns, reducing grease overspray on the production line during final greasing operations, and hence the water demand in washing operations. Moreover, the plant is now using a reverse osmosis system to filter the water from the paint shop lavatories and mix it with raw water[10] to reduce the level of total dissolved solids (TDS) in drinking water. The plant also adopted a new, more efficient washing technology that reduces the water demand from 500 to 200 liters per machine. In all, water consumption dropped by about 4,500 cubic meters, saving more than $3,000.

In all water-stressed areas containing one or more Company plants, CNH Industrial continually engages with its stakeholders in an effort to minimize its impact and implement shared solutions. In Greater Noida, for example, with the help of local communities, it launched the *Jal Sanchay* project to improve water conservation in the nearby communities (see page 111).

OUR PROJECTS

SUZZARA'S WATER FOOTPRINT

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

In 2019, the IVECO plant in Suzzara (Italy) began an assessment[a] of the water footprint associated with its operations, in line with the ISO 14046:2016 and ISO 14044:2006 international standards. All water flows directly associated with plant operations were studied, from withdrawal to the discharge of treated effluents.

The assessment involved 3 stages:

- the calculation of the plant's water consumption, identifying how water resources are employed within plant processes and areas of greatest water use
- an assessment of the category of impact: the water availability footprint (the plant's impact on water availability), and the water degradation footprint (the plant's impact on water quality)
- the identification of strategies for reducing the water footprint.

The assessment revealed that the plant does not have a significant impact on water resources, confirming a commitment and sensitivity to the issue in line with CNH Industrial's Environmental Policy.

[a] The assessment was based on the plant's data from 2017 – the most recent available at the start of the study. The data at year-end 2019 evidenced a further reduction in the plant's water footprint.

[8] World Resources Institute.
[9] Areas with a baseline water stress that is high (40-80%) or extremely high (>80%), and with an overall water risk that is high (3-4) or extremely high (4-5), according to the WRI Aqueduct Risk Atlas tool, as at December 5, 2018.
[10] Raw water includes rainwater, groundwater, water from infiltration wells, and water from bodies like lakes and rivers.

PROTECTING THE SOIL AND SUBSOIL

CNH Industrial strives to minimize the risk of environmental impact on the soil and subsoil. In Europe, for example, following the circulation of specific guidelines for monitoring existing underground structures, plants periodically carry out the monitoring and inspection of tanks, vats, and underground pipes.

In this regard, during the year, the plant in **Foggia** (Italy) carried out a video inspection of about 1,900 meters of its industrial water sewage system, relining 82 meters of pipes, while the **Torino Driveline** plant (Italy) video-inspected 300 meters of its rainwater collection sewage system.

In 2019, no significant releases of potentially contaminating substances were recorded, except for 2 cases in North America. The **Benson** plant (USA) experienced a 0.06 cubic meter hydraulic oil leak from a steel pipeline during a testing process. At the **Fargo** plant (USA), the failure of a filter on the hydraulic oil supply line caused a 15.14 cubic meter oil leak. In both instances, the leaks did not cause any environmental impact; they were duly cleaned up and reported to the competent government authorities.

WASTE MANAGEMENT

CNH Industrial strives to optimize manufacturing processes and activities across its plants, aiming not only to enhance the end product, but also to eliminate waste and improve the management of the waste produced, a key aspect of its Environmental Policy.

Given the significance of the material topic **water and waste efficiency**, 2 specific targets are in place with regard to both waste and hazardous waste (a third target for waste recovery was turned into a strategic sustainability target in 2019, see page 24):

- a 25% reduction in waste generated per production unit[11] at Company plants worldwide by 2022 (compared to 2014)
- a 36% reduction in hazardous waste generated per production unit[11] at Company plants worldwide by 2022 (compared to 2014).

The Company's commitment to optimizing waste management is shared across its plants, which seek solutions that facilitate waste recovery and minimize material sent to landfill. To this end, plants analyze their production chains to identify potential waste management improvements at different stages that will limit the quantities of waste produced and the risks posed – with particular emphasis on improvements that increase waste recovery and reuse. In order of preference, the methods adopted to improve the management of the waste generated are waste recovery, waste-to-energy conversion, and waste treatment.

WASTE GENERATION AND MANAGEMENT

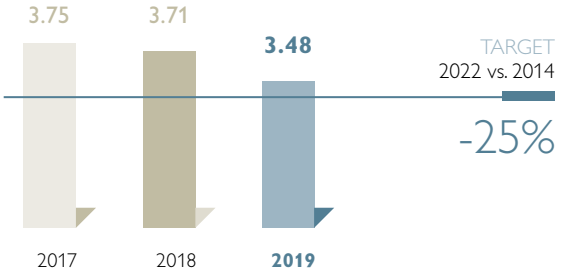
CNH INDUSTRIAL WORLDWIDE (tons)

	2019	2018	2017
Plants (no.)	56	56	57
Waste generated			
Non-hazardous waste	**187,806**	201,876	196,201
Hazardous waste	**14,856**	15,759	17,738
Total waste generated	**202,662**	**217,635**	**213,939**
of which packaging	**64,086**	66,453	66,107
Waste disposed			
Treatment	**9,962**	11,492	12,381
of which incineration	**926**	727	623
Sent to landfill	**3,588**	4,969	5,443
Total waste disposed	**13,550**	16,461	17,824
of which non-hazardous	**8,180**	**9,994**	**9,850**
Waste recovered			
Waste recovered (excluding waste-to-energy)	**181,134**	193,479	189,157
Waste-to-energy conversion	**7,978**	7,695	6,958
of which hazardous	**3,157**	3,038	2,739
Total waste recovered	**189,112**	**201,174**	**196,115**
of which hazardous	**9,486**	9,292	9,764
Waste recovered (%)	**93.3**	**92.4**	**91.7**
Waste sent to landfill (%)	**1.8**	**2.3**	**2.5**

(11) The production unit corresponds to the hour of production. Total manufacturing hours are used to calculate the normalized production unit indicator. For the definition of total manufacturing hours, see page 233.

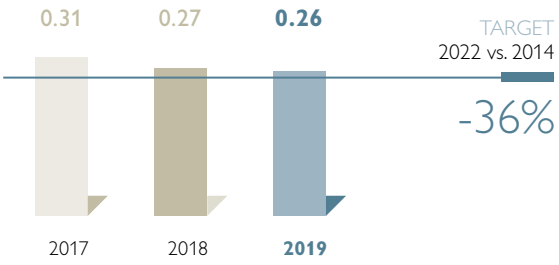
Waste disposal methods are decided by the Company, either directly or in consultation with waste disposal contractors.
The results achieved in 2019 are proof of CNH Industrial's major commitment to managing this important environmental aspect. Indeed, the waste recovered at Company level during the year increased compared to 2018, reaching 93.3% of the total waste generated, while the percentage of waste sent to landfill continued to fall, to approximately 1.8% (a 22% reduction compared to 2018). In terms of waste generated per production unit[12], total waste fell by approximately 7% and hazardous waste by 6% compared to 2018.
These excellent results were made possible by performance improvements in each geographic area, and are in line with the commitment to sustainable waste management set out in the CNH Industrial Sustainability Plan (see page 34).

WASTE GENERATED PER PRODUCTION UNIT[a]
CNH INDUSTRIAL WORLDWIDE (kg/hours of production[b])



(a) The base year (2014) waste generated is equal to 4.56 kg/hours of production. For information on the rationale for choosing 2014 as the base year, see page 232.
(b) Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 233.

HAZARDOUS WASTE GENERATED PER PRODUCTION UNIT[a]
CNH INDUSTRIAL WORLDWIDE (kg/hours of production[b])



(a) The base year (2014) hazardous waste generated is equal to 0.39 kg/hours of production. For information on the rationale for choosing 2014 as the base year, see page 232.
(b) Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 233.

OUR PROJECTS

WASTE REDUCTION AND VALORIZATION

CNH Industrial is committed to minimizing waste generation. Where this is not possible, it seeks ways to give waste a new life by transforming it into something of value, as evidenced by the following composting projects.
The **Burlington** plant (USA) provided dedicated containers across the site to collect both food waste and paper towel waste (from bathrooms), before sending it to a composting facility for conversion into nutrient rich soil for distribution to local farmers. The plant reduced its waste sent to landfill by almost 20 tons per year. The plants in **Racine** and **Wichita** (USA) replaced their plastic disposables with compostable eco-products (plates, bowls, forks, cafeteria trays, etc.), reducing plastic waste by almost 1 ton per year.
The **Saskatoon** plant (Canada) hired a local contractor to build a compost facility to enable composting of lunchroom waste across the plant. Moreover, all lunchroom materials were replaced with compostable items. These measures cut the plant's annual waste sent to landfill by over 10%, or 7 tons.
In **Bourbon Lancy** (France), the installation of a thermic dehydrator allowed the plant to reduce the weight and volume of the biowaste produced by its on-site cafeteria by over 80% (around 25 tons per year), and to then send it to an external company for methanization.
The **Contagem** plant (Brazil) implemented an internal vermicomposting system (in which worms are used to convert organic waste), which generates biogas and biofertilizer through thermophilic biodigestion. The plant cut its annual organic waste by 1,370 tons. The composting project implemented in **Sorocaba** (Brazil), focusing on the organic waste produced by the plant's cafeteria as well as its garden waste, led to zero waste sent to landfill. The project enabled processing 120 tons of waste per year, converting it into humus that was then used as fertilizer in the plant's gardens and/or distributed to the employees for use at home.

(12) The production unit corresponds to the hour of production. Total manufacturing hours are used to calculate the normalized production unit indicator. For the definition of total manufacturing hours, see page 233.

In 2019, CNH Industrial plants completed several initiatives to reduce waste generation.
A technical improvement to the sludge treatment system and the introduction of new chemical products in the painting process enabled the **Torino Motori** plant (Italy) to obtain a dryer paint sludge outflow, cutting annual waste production by almost 90 tons (a 42% reduction) and generating over $59,000 in savings.
The plant in **Chongqing** (China) progressively replaced the glass fiber filters on its painting lines with cotton filters, which cost and weigh less. This led to over $90,000 in savings and to a 7.2-ton reduction in hazardous waste.
Several initiatives were also implemented to reduce packaging waste, according to the 5 Rs[13] of waste management (in particular, the *Refuse* principle). The main improvement measures involved the **Torino Driveline**, **Sankt Valentin**, and **Zedelgem** plants in Europe; the **Cordoba**, **Curitiba**, **Piracicaba**, and **Sete Lagoas** plants in South America; and the **Chongqing** plant in China.
These measures included: the use of returnable metal containers; the replacement of wooden and/or cardboard shipping pallets and disposable packaging with reusable materials; and the reconditioning of wooden pallets to extend their durability. Overall, these measures led to a reduction in packaging-related waste of about 950 tons and to approximately $30,000 in savings.

PROTECTING BIODIVERSITY

Understanding how important it is to protect and enhance biodiversity in the areas surrounding its plants, CNH Industrial continued to pursue this commitment in 2019, in line with Company policies.
In 2010, the Company adopted the Biodiversity Value Index (BVI) methodology to assess some of its manufacturing sites adjacent to protected areas of particular environmental interest. Through an in-depth study of ecosystems within about a 5-kilometer radius of these manufacturing sites, the methodology has been used to assess the level of biodiversity in such areas and identify possible improvement measures for existing ecosystems.
To date, all plants that implemented the BVI methodology (see table on page 251) report having a negligible impact (<1%) compared to the already low overall impact of all other anthropic activities in the areas where the plants are located. Although no specific improvement measures were required following the BVI adoption, CNH Industrial has continued to implement improvement initiatives over the years to protect biodiversity within and around the plants that implemented the methodology.

In 2018, CNH Industrial integrated its approach to biodiversity with a methodology focusing only on the activities and impact of its plants, and on the risks they might pose to biodiversity and natural resources, regardless of the plants' contribution to the overall activities and impacts reported in the surrounding areas.
The new methodology, called Biodiversity Risk Evaluation (BRE), involves the assessment of the following 3 main aspects:
- assets – resources available in the region: protected areas, areas with high biodiversity value, protected species
- footprint – the impact of plant activities on biodiversity, in terms of use of resources and polluting emissions
- awareness – the level of environmental awareness among plant employees and stakeholders in the region.

The assessment translates into a map of risks, expressed in terms of potential damage to biodiversity. The results are used to determine improvement measures, which are implemented based on the scores assigned to each risk, and to identify standardized indicators enabling a consistent comparison between different plants' risk maps.
In 2019, the BRE was extended to the **Piacenza** plant (Italy), where the combined assessment of the 3 aspects mentioned above evidenced a low level of risk, requiring no improvement measures.

To date, as regards the Company's sites near, bordering, or within protected or high-biodiversity areas, the 2 methodologies – BVI and BRE – have been implemented at about 52% of plants falling within the scope of application; their further extension to potentially suitable plants will be assessed over the coming years.

[13] *Refuse, Reduce, Reuse, Recycle, Recover.*

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[14] and PCTs[15], CNH Industrial completed the process to eliminate these hazardous substances in 2012.
In 2019, no fines or sanctions for non-compliance related to ecological or environmental issues (including water) were imposed 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.
The machining technologists at the **Torino Driveline** plant (Italy) tested and introduced new eco-friendly coolants that perform better and more efficiently than their predecessors. This, along with the extension of some of the plant's ionizing systems, lengthened the coolant's life cycle, translating into considerable savings in terms of amount of coolant and water required to make the emulsion. To further reduce waste, a new processing machine was equipped with an advanced system to monitor consumption (including of hydraulic oil) in the hydraulic circuit. In all, the plant cut its annual consumption of chemical products (lubricants and detergents) by approximately 15,000 kilos, saving more than $130,000.

EXTERNAL NOISE GENERATED BY PLANTS

In order to minimize the noise impact of its plants, CNH Industrial encourages the adoption of procedures provided for by plant environmental management systems and by guidelines issued in previous years (such as the guideline for the design and purchase of new, low-noise machinery).

OUR PROJECTS

ADVANCING ENVIRONMENTAL PROTECTION

In addition to the measures implemented as a consequence of the methodologies applied by CNH Industrial, other activities to protect biodiversity – and the environment in general – have been carried out by the Company's plants.
The Wanuskewin Heritage Park, near the **Saskatoon** plant (Canada), has a plan to reintroduce bison in the park as early as 2022, which requires creating and maintaining natural grassland. In 2019, the plant provided the tractors and volunteers to sow a little over 647,000 square meters of land.
The **Basildon** plant (UK) set up an ongoing project with Mason Bees UK for the conservation of solitary bees. The plant purchased bee lodges and a number of cocoons of red mason bees, which emerged in April benefitting the nearby flora through pollination. At the end of each summer, the nesting tubes full of larvae are sent back to Mason Bees UK (to be stored over winter) that, in return, sends the plant new cocoons each spring.
As part of a team building event involving the logistics staff at the **Vysoke Myto** plant (Czech Republic), several bird boxes were built and donated to local kindergartens. Moreover, several plant employees spent a whole Sunday collecting more than 300 kilos of waste along a 5-kilometer route around the city.
For the second year running, numerous employees from the **Zedelgem** plant (Belgium) participated in the annual Eneco Clean Beach Cup, joining other volunteers in the clean-up of waste from local beaches.
In Brazil, as regards planting initiatives, employees and family members in **Sete Lagoas** and **Sorocaba** contributed to the *Plant that Idea* project (see page 95). In **Curitiba**, employees planted 66 native and fruit tree seedlings. In **Piracicaba**, white *ipês* donated by the municipal nursery were planted in collaboration with local institutions. The site in **Cordoba** (Argentina) planted 500 trees (comprising 5 different species) across a 17,000 square meter area, involving 65 employees and locals.
In India, New Holland Agriculture continued its massive tree-planting drive started in 2017. Throughout the year, in collaboration with its dealers' teams, the brand planted 45,000 saplings at dealer locations in **Pune** and **Greater Noida** to bolster community engagement and raise pollution awareness.

[14] *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.*
[15] *Polychlorinated terphenyls (PCTs) have physical and chemical properties similar to PCBs, and may contain up to 10% PCBs within the product matrix. They have been used as plasticizers, fire retardants, and in various types of coating.*

ENERGY MANAGEMENT

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. The significance of these aspects is further highlighted by their political, technological, and economic implications, in terms of both sustainable procurement and impact mitigation.

As stated in the Energy Policy, which represents the framework of each plant's management system, CNH Industrial is committed to reducing: the use of fossil fuels in favor of renewable energy sources; energy consumption through more efficient products and processes; and greenhouse gas emissions by cutting energy consumption while adopting both conventional and innovative technical solutions. Indeed, reducing its *carbon footprint* is one of the Company's sustainability priorities, included in the Strategic Business Plan with the aspirational goal to become carbon-neutral. To this end, 2 existing targets were turned into strategic sustainability targets for 2024 (see page 24): to reduce CO_2 emissions per hour of production by 46% compared to 2014 and to use 80% of electricity from renewable sources. These targets represent the intermediate stages in reaching the 2030 targets set in 2018 regarding energy performance, CO_2 emissions, and the use of renewable energy (see pages 34-35). All of these targets were included in the Sustainability Plan, reflecting CNH Industrial's voluntary commitment to improving its daily energy performance across its manufacturing operations.

During the year, to reinforce transparency in its management of climate-related risks and opportunities, the Company aligned the reporting of its climate change mitigation actions with the framework and recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD)[1]; it is also planning to carry out the recommended scenario analysis in the coming years and to set science-based targets accordingly. The improvement process is supported by a robust energy management system and by the application of World Class Manufacturing principles. Plants rely on this dual, integrated methodology and on its systematic implementation to set standards and energy targets, to implement improvement actions, and to guide the respective monitoring processes, the evaluation of results against stated targets, and their dissemination through proper communication channels.
An operational grievance mechanism, the Compliance Helpline, is available to CNH Industrial stakeholders to report potential violations of corporate policies, the Code of Conduct, and applicable laws (see page 50).

In 2019, over $12.8 million was invested overall in improving energy performance, leading to a reduction in energy consumption of approximately 254 TJ and a reduction in CO_2 emissions of over 18,000 tons[2].

$12.8 MILLION INVESTED IN IMPROVING **ENERGY EFFICIENCY**

CNH Industrial continued to apply the Internal Price of Carbon (IPoC) methodology, considered a strategic business tool in guiding investments to reduce CO_2 emissions. The IPoC enables classifying and prioritizing energy saving projects based on their ability to generate the greatest reductions in terms of CO_2 emissions in relation to the investment cost sustained by the Company. The methodology also enables the cross-fertilization of the most effective projects in terms of CO_2 reductions worldwide based on the specific IPoC of each geographic area and plant. Currently, based on historical-data analysis, CNH Industrial's global carbon price is $100-135 per ton of CO_2. In 2019, the Company also started to perform an analysis of externalities, used to quantify, in monetary terms, the impact of a company's operations on human health, the ecosystem, and the overall landscape, and hence on the environment. Externalities were assessed using the ExternE[3] methodology developed by the International Environment Agency, which enables tracing each pollutant and/or climate-altering emission from point of emission to the affected receptors (population, crops, forests, buildings, etc.) and quantifying their impact in terms of costs. These costs are called externalities because, despite being generally acknowledged as real costs, they are normally overlooked. They do however contribute to quantifying the overall short and long-term economic impact of CNH Industrial's energy saving projects submitted for approval.

(1) Task force of 32 international members (including providers of capital, insurers, large non-financial companies, accounting and consulting firms, and credit rating agencies) established by the Financial Stability Board (FSB) in 2015 to develop recommendations for more efficient and effective climate-related disclosures.
(2) The types of energy included were fuel, electricity, and heating. The energy consumption reduction value was estimated as per the International Performance Measurement and Verification Protocol (IPMVP), volume 1 (January 2012). The estimated CO_2 value includes scope 1 and scope 2 emissions.
(3) www.externe.info.

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 Global Executive Committee (GEC). As evidence of the Company's ongoing commitment to managing these issues, a number of related targets were included once again in 2019's Performance Management Process (PMP, see page 85) for several energy and plant managers.

CNH Industrial has a specific internal structure overseeing issues related to the conservation of energy resources. Energy management activities are organized both centrally and at plant level.

To ensure the necessary alignment and support from across the Company, activities are coordinated by the Energy function's Sustainability Point of Reference and respective team, made up of the energy managers and specialists from each segment and geographic area, which interact with the Sustainability Unit, 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, as well as the best strategies to achieve them; it also manages investment budgets for specific projects and oversees the progress of the Energy Action Plan through monitoring. The team also performs internal compliance audits and raises awareness of energy issues among management and employees through meetings and campaigns. An IT platform allows energy managers to share data reports and energy performance results. The Company's overall energy management structure consists of 85 professionals, located at both corporate offices and plants.

ENERGY MANAGEMENT SYSTEM

CNH Industrial aims at reducing the energy impact of manufacturing processes and the risks associated with new legislation and rising energy costs, in part through the development and implementation of an energy management system. In 2019, 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, in accordance with the challenging target of certifying all sites worldwide by 2020. It also started a process to transition to the latest version of the ISO 50001 standard, published in August 2018, with 2 plants already ISO 50001:2018 certified – Basildon (UK) and Croix (France). For the complete list of plants, see the table on pages 228-230.

55
ISO 50001
CERTIFIED
PLANTS

The main advantage of ISO 50001 certification is the systematic approach it provides to continuous improvement in energy performance: a more efficient and rational use of energy translates into economic benefits and fewer greenhouse gas emissions. In 2019, CNH Industrial counted 55 plants whose energy management system was ISO 50001 certified, representing about 99.6% 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 as Industry Leader and its CDP results (see page 15). Specifically, CNH Industrial scored an A- in the CDP Climate Change Program.

In 2019, the reporting and monitoring of greenhouse gas (GHG) emissions and energy consumption continued through voluntary compliance with the Corporate Accounting and Reporting Standard of the WBCSD[4] and WRI[5] (GHG Protocol) and with ISO 14064 standards, covering 100% of CNH Industrial's energy consumption.

SHARING AND AWARENESS ACTIVITIES

The ongoing promotion of staff involvement and awareness of the importance of energy resource conservation is key to reaching CNH Industrial's improvement targets. To this end, best practices are standardized and disseminated across plants through the World Class Manufacturing (WCM) system, to enable the kind of synergy that is crucial for the development and continuous improvement of any global company.

In 2019, approximately 12,600 hours of training were provided (mainly by internal professionals) to 12,303 people across different plants. Training focused on the distinctive features of the ISO 50001 energy management system, the correct monitoring and management of energy performance, the training of certified internal auditors at various plants, and WCM energy management principles.

[4] *World Business Council for Sustainable Development.*
[5] *World Resources Institute.*

During the year, CNH Industrial actively participated in *M'illumino di meno*, the Italian radio campaign to raise awareness of energy saving and rationalizing energy consumption among public and private entities. It also launched several initiatives among employees to promote responsible environmental behavior. For example, a series of information capsules called *Sustainable Every Day* were posted on the corporate Intranet to promote a more sustainable lifestyle through small changes to everyday routines (such as turning off computer monitors when idle, or lowering room temperatures by one degree), which can help save energy and safeguard the environment.

The Company also created a video on SDG 13 'Climate action' as part of an internal communications campaign launched to engage and educate employees on the UN's Sustainable Development Goals (SDGs) and on CNH Industrial's commitment and initiatives to support them. The video, translated into 17 languages, is available on the corporate Intranet as well as on display screens installed at all sites worldwide (see page 70).

Still in 2019, a global energy workshop was organized at the plant in Suzzara (**Italy**), involving 44 energy specialists from plants worldwide. The 4-day event was an opportunity to exchange ideas and knowledge, analyze CNH Industrial's energy performance, share experiences and success stories, and discuss implemented energy-saving projects. In addition, the energy specialists were trained and qualified during the workshop as internal auditors for the ISO 50001:2018 certification procedure.
The workshop also focused on a collaboration project started with the *Politecnico di Milano* university, aimed at analyzing the measurement systems and energy-related key performance indicators (KPIs) currently in use at CNH Industrial's plants, and at identifying, for both, the best-in-class for energy management – while benchmarking against the Company's 5 direct competitors. The study focused on 25 buildings and on the painting processes at 21 plants – the most energy-consuming aspect of the production process. The workshop gave the Company an opportunity to share the aspirational goals stated in its Strategic Business Plan, including its long-term ambition to become carbon neutral – as demonstrated by a study on the decarbonization of production processes already launched at 2 pilot plants, soon to be extended to other sites. The event also featured an *Energy Words Hunt* prize competition.
Finally, to offset the CO_2 emissions generated by participants travelling to the workshop, the energy specialists planted a number of trees as part of an environmental team building effort named *Trees are the Roots of our Future*.

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 2019, the Company continued to monitor energy performance and compliance with the Action Plan at all plants via the Energy Monitoring & Targeting (EMT) management and control platform. Furthermore, in order to achieve a higher level of monitoring by 2020 of both primary energy vectors, purchased directly from external suppliers, and secondary energy vectors, transformed and then distributed to manufacturing processes, the Company continued to monitor secondary vectors at all plants via the same EMT platform. As at December 2019, 88.4% of consumption associated with secondary energy vectors had been monitored.

In addition to carefully monitoring energy performance, the exchange and dialogue between plants was enhanced via an Intranet portal focusing on procedures, best practices, regulations, corporate Guidelines, and solutions to energy-related issues and challenges. The initiative led to the set-up and realization of 321 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.

In 2019, CNH Industrial implemented several short to medium-term initiatives involving the redesign of processes, equipment conversion and retrofitting, operational changes to new installations, and increased employee awareness.

The following is a list of the main outcomes achieved:

COMPRESSED AIR
- efficiency and modulation improvements
- sealing of air leaks
- installation of additional inverters
- lower overall pressure
- increase in machinery shutdowns when idle
- replacements with more efficient systems
- elimination of inappropriate compressed air use

EMF[a] (PUMPS/FANS/MOTORS)
- installation of inverters
- modulation of fan extractors
- ventilation optimization
- optimization of transformers and cabins
- installation of intelligent stand-by for idle systems

METERING
- system expansion

BUILDINGS
- roof repairs
- insulation of walls
- installation of rapid doors
- office automations

LIGHTING
- installation of high-efficiency and intelligent lighting systems (LED) inside and outside plants
- use of presence detectors and dimmers

HEATING/PROCESS HEAT AND COOLING
- replacement of old heating systems
- hot water supply from CHP[b] system
- heating reduction
- replacement of burners
- establishment of startup and shutdown procedures
- application of optimal setpoints
- cooling reduction
- installation of roof air vents

[a] *Electromotive force.*
[b] *Combined Heat-Power.*

2019 IMPROVEMENT PROJECTS IN DETAIL
CNH INDUSTRIAL WORLDWIDE

	Projects (no.)	Total energy reduction (GJ/year)	Estimated project cost ($)
Installation of new equipment	113	142,029	6,515,862
Conversion and retrofitting of equipment	94	51,923	4,334,454
Operational changes	73	26,024	1,119,789
Process redesign	41	33,827	836,914
Total	**321**	**253,803**	**12,807,019**

In 2019, the Company invested over $12.8 million in efficiency projects, generating about $7.5 million in savings. The simple payback period is estimated at 1.7 years, in part due to the approximately $80,000 in savings generated by management initiatives implemented at almost no cost.
About 27% of the total investment is aimed at the widespread replacement of existing lighting systems with LED technology, for an investment of over $3.4 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 initiatives involved:

- buildings (about 8% of the total investment), with a particular focus on reducing thermal losses
- heat generation and distribution systems, with approximately $1.1 million (about 9% 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 4% 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 2019. 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 0.835%, they fall outside the reporting scope[1].

OUR PROJECTS

MOVING TOWARDS ZERO CO_2 EMISSIONS

In 2019, FPT Industrial decided to offset the 16,500 tons of CO_2 emissions generated by its plant in Foggia (Italy) during the upstream activities and manufacture of F1C NG engines produced in the 2014-2018 period. This was done by supporting 3 projects at 3 landfill biogas plants in the region (Piedmont), where biogas is generated by the anaerobic fermentation of the organic part of landfill waste, transforming it into a useful resource. The choice to support these projects reflects the brand's circular economy vision.

In 2019, FPT Industrial also continued to offset the CO_2 emissions generated in 2018 by its Turin Testing Center, which tests and develops the brand's engines and drivelines, fine-tuning new engines, transmissions, and axles before they go into production. The Center aims to become a zero-impact testing facility. Indeed, the 15,000 tons of CO_2 generated by the facility during 2018 were balanced to zero by supporting activities at an electricity power plant in China, located near FPT Industrial facilities. The hydropower plant along the Huadian Xixi River, consisting of two 55-MWp turbo-generator units, produces energy that is fed directly into the grid and thus reduces energy production from fossil fuels.

ENERGY CONSUMPTION

In 2019, CNH Industrial reported a total energy consumption[2] of about 6,354 TJ, a decrease of approximately 7% over the previous year. As regards energy performance, measured as the Company's total internal energy consumption divided by hours of production, CNH Industrial's 2019 year-end results improved, with the KPI falling by approximately 8% compared to the previous year.

This outcome was the result of the successful synergy between the ISO 50001 energy management and World Class Manufacturing (WCM) systems adopted by the Company and of the energy efficiency projects realized. Indeed, while the hours of production remained the same, management's responsiveness made it possible to reduce the energy 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 of the production process.

71.8%
OF ELECTRICITY FROM **RENEWABLE SOURCES**

(1) Details on the reporting scope are available in the chapter on Report Parameters (see pages 228-231).
(2) Types of energy included: electricity, heat, steam, cooling, natural gas, metallurgical coal, diesel, and other fuels.

TOTAL ENERGY CONSUMPTION[a]

CNH INDUSTRIAL WORLDWIDE (GJ)

Non-renewable sources	2019	2018	2017
Plants (no.)	57	57	58
Direct energy consumption			
Natural gas	**2,724,085**	2,875,474	2,781,706
Coal	**-**	90,493	139,724
Diesel	**283,742**	262,043	294,300
Liquefied petroleum gas (LPG)	**87,082**	72,711	66,176
Other (HS and LS fuel oil)	**225**	154	148
Total	**3,095,134**	**3,300,875**	**3,282,054**
Indirect energy consumption			
Electricity	**669,649**	774,835	1,204,612
Thermal energy	**629,153**	694,710	641,537
Other energy sources	**2,162**	16,058	40,580
Total	**1,300,964**	**1,485,603**	**1,886,729**
Total energy consumption from non-renewable sources	**4,396,098**	**4,786,478**	**5,168,783**

Renewable sources	2019	2018	2017
Plants (no.)	57	57	58
Direct energy consumption			
Biomass	**14,144**	6,801	4,702
Solar-thermal	**46**	17	137
Total	**14,190**	**6,818**	**4,839**
Indirect energy consumption			
Electricity	**1,705,478**	1,843,182	1,399,965
Thermal energy	**43,851**	52,485	52,404
Other energy sources	**194,080**	148,519	111,331
Total	**1,943,409**	**2,044,186**	**1,563,700**
Total energy consumption from renewable sources	**1,957,599**	**2,051,004**	**1,568,539**
Total energy consumption	**6,353,697**	**6,837,482**	**6,737,322**

[a] *The base year (2014) energy consumption is equal to 7,469,657 GJ. For information on the rationale for choosing 2014 as the base year, see page 232.*

ENERGY CONSUMPTION BY TYPE

CNH INDUSTRIAL WORLDWIDE (GJ)

	2019	2018	2017
Plants (no.)	57	57	58
Electricity[a]	**2,551,319**	2,759,208	2,724,536
Heat	**673,050**	747,212	694,078
Steam[b]	**-**	-	-
Cooling	**20,051**	23,386	31,952
Natural gas (NG)	**2,724,085**	2,875,474	2,781,706
Other energy sources	**385,192**	432,202	505,050
Total energy consumption	**6,353,697**	**6,837,482**	**6,737,322**

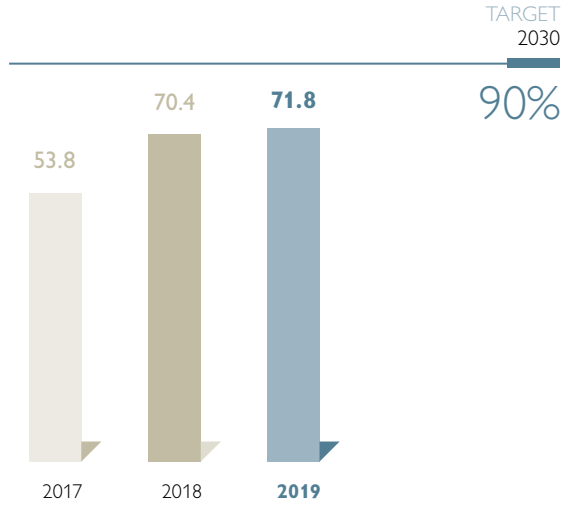
[a] *Electricity also includes compressed air.*
[b] *Steam is included in heat.*

OUR PROJECTS

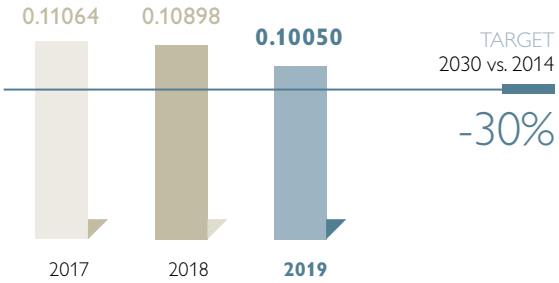
SMART LIGHTING IN SUZZARA

The plant in Suzzara (Italy) installed a high-efficiency intelligent lighting system in its assembly and bodywork area, adopting smart LED technology – an integrated lighting management and control system featuring motion sensors, dimmers, timers, etc. A total of 850 400W metal halide lamps were replaced with new 50-115W Smart LED dimmable ceiling lamps, resulting in energy savings 30% greater than with simple LED technology. The smart lighting control system uses wireless circuit boards installed directly in the ceiling lamps and other related devices (sensors, light actuators, etc.). Each group of presence sensors is also linked to a brightness sensor that modulates light intensity directly via the smart management system, with no rewiring required. The software of the smart management system enables the analysis of both real-time and historic energy consumption, sending alerts and notifications to enabled users for optimal energy management. With this project alone, the plant cut its electricity consumption by more than 5,000 GJ and CO_2 emissions by 442 tons, with an annual saving of $215,000.

ELECTRICITY CONSUMPTION FROM RENEWABLE SOURCES
CNH INDUSTRIAL WORLDWIDE (%)



ENERGY CONSUMPTION PER PRODUCTION UNIT[a]
CNH INDUSTRIAL WORLDWIDE (GJ/hours of production[b])



(a) The base year (2014) energy consumption per production unit is equal to 0.1275 GJ/hours of production. For information on the rationale for choosing 2014 as the base year, see page 232.
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 233.

CO_2 EMISSIONS

In 2019, CNH Industrial's CO_2 emissions (scope 1 and 2) were 327,981 tons[3], a 13.5% reduction compared to the previous year. This result was due to a decrease in energy consumption and to the greater share of renewable energy in CNH Industrial's energy mix, which reached 71.8% of the Company's total electricity consumption. Furthermore, the increased use of renewable energy cut CO_2 emissions by approximately 120,600 tons.

DIRECT AND INDIRECT CO_2 EMISSIONS[a]
CNH INDUSTRIAL WORLDWIDE (tons)

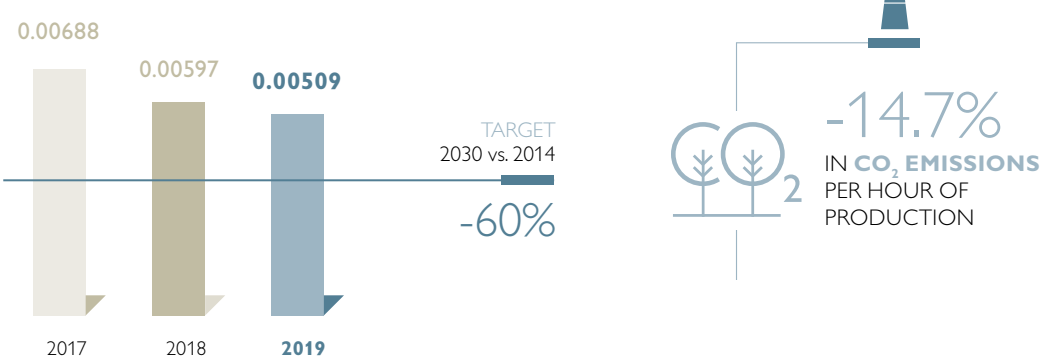
	2019	2018	2017
Plants (no.)	57	57	58
Direct emissions (scope 1)	**171,217**	184,439	186,598
Indirect emissions (scope 2) – market-based	**156,764**	194,575	235,246
Indirect emissions (scope 2) – location-based	**309,465**	312,409	305,308
Total CO_2 emissions[b]	**327,981**	**379,014**	**421,844**
Direct emissions from landfill gases	**772**	371	257

(a) CO_2 is the only significant greenhouse gas within CNH Industrial's processes (see page 233).
For CNH Industrial, biogenic CO_2 emissions are those released by the combustion of landfill gases.
The base year (2014) CO_2 emissions are equal to 530,851 tons.
For information on the rationale for choosing 2014 as the base year, see page 232.
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 234.
(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.

(3) Value stated as per the market-based methodology of the GHG Protocol.

DIRECT AND INDIRECT CO_2 EMISSIONS PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (tons of CO_2/hours of production[b])



[a] *CO_2 is the only significant greenhouse gas within CNH Industrial's processes (see page 233).*
The base year (2014) CO_2 emissions per production unit are equal to 0.0090 tons/hours of production.
For information on the rationale for choosing 2014 as the base year, see page 232.
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 or for logistics.

[b] *Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 233.*

PARTICIPATION IN EMISSION TRADING PROGRAMS

The energy used at CNH Industrial plants comes primarily from third-party power generation plants or directly from the national electricity grid. The only plant subject to the European Emission Trading System (EU-ETS) is the one in Basildon (UK)[4]. The energy generated in 2019 by the Basildon plant was 113,442 GJ, earning the plant extra credits in terms of CO_2 emission allowances for the year. Meanwhile, unlike previous years, the plant in Vysoke Myto (Czech Republic) no longer came under the ETS system thanks to the installation of methane boilers.

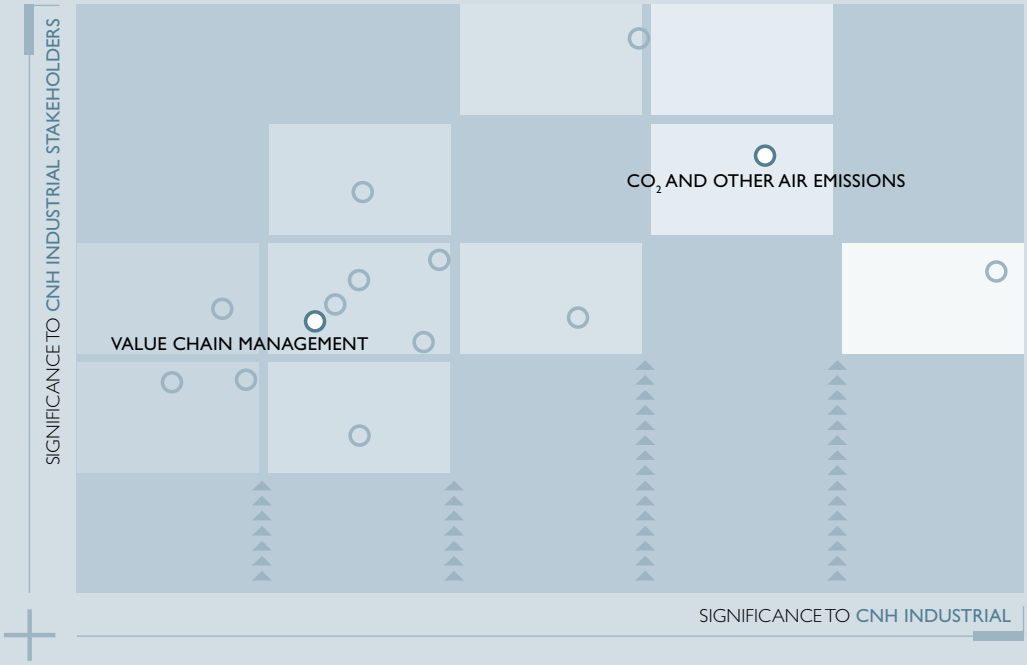
OUR PROJECTS

NEW METHANE BOILERS IN VYSOKE MYTO

In 2019, the plant in Vysoke Myto (Czech Republic) installed 2 separate methane boilers for the production of steam. The boilers were integrated into the preexisting heating infrastructure, and were also set up to produce superheated water should the need arise. They were positioned separately, each close to a respective point of use. Not only did this afford the plant more flexibility from a technical standpoint, it also led to greater energy efficiency in terms of fewer leaks within the distribution system, enhanced control over energy consumption and losses, and reduced environmental impact owing to lower CO_2, SO_X, and NO_X emissions. The initiative cut the plant's energy consumption by 22% and CO_2 emissions by approximately 60%, equal to more than 8,000 tons.

[4] *2013 marked the start of the third phase of the ETS, which sets a single EU-wide cap on emission allowances; this limit will decrease linearly over time, even after the end of the third trading period (2013-2020).*

LOGISTICS PROCESSES



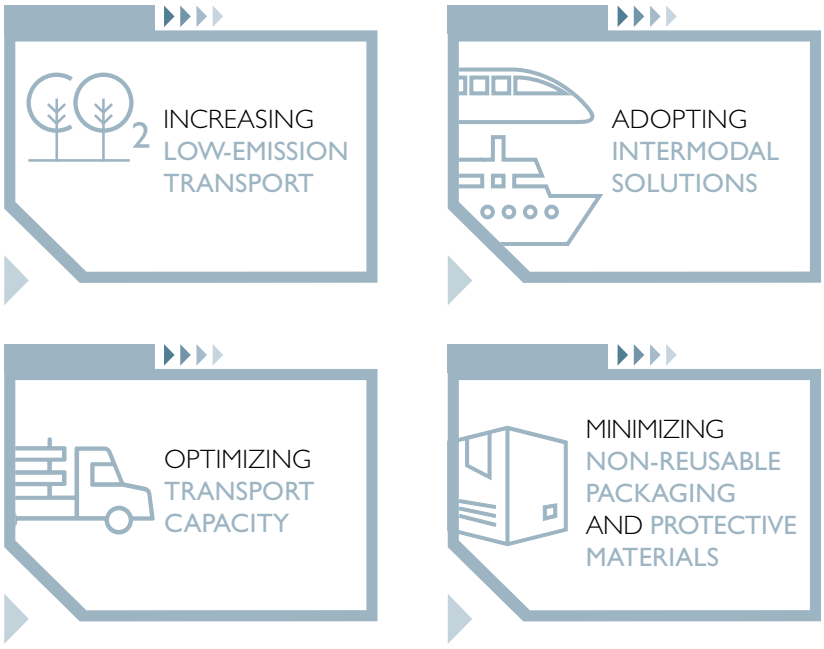
Material topics described in this chapter (for definitions see page 235).

2024 STRATEGIC SUSTAINABILITY TARGETS

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

MANAGEMENT FRAMEWORK

In managing its logistics processes, CNH Industrial continually strives to find sustainable solutions to combat climate change, conserve natural resources, and safeguard health.
To this end, logistics processes at CNH Industrial are managed both internally within the value chain, specifically within the functions responsible for manufacturing, sales, and purchasing, and externally, by interacting with the operational context outside the Company to optimize the efficiency of logistics flows and reduce their environmental impact. In terms of the material topics identified in the Materiality Matrix, logistics processes have an economic, environmental, and social impact on both **CO_2 and other air emissions** and **value chain management**. The importance of sustainable logistics to the Company lies not only in time and cost efficiencies, but also in emissions reduction, resource use, packaging management, and, not least, in their indirect impact on human health and traffic congestion.
To coordinate its efforts effectively towards improvements in this area, CNH Industrial published the Green Logistics Principles, available on the Company's website. The Green Logistics Principles are intended to coordinate the Company's initiatives on promoting sustainable behaviors, and help both corporate functions and suppliers effectively monitor their performance and meet improvement targets.
In line with these principles, CNH Industrial's approach to logistics focuses on 4 areas.



Initiatives and projects developed to reduce the environmental impact of logistics processes are described in the following sections.

The logistics system is structured so as to pursue safety, ergonomics, eco-compatibility, and transport logistics flow optimization. This approach ensures effective management and the evaluation of projects according to defined standards. As an integral part of its approach, CNH Industrial believes that actively engaging its suppliers is key to achieving an effective, sustainable logistics system. To this end, the Company directly involves them in most of its projects and initiatives, promoting and encouraging the development and implementation of the best solutions to meet CNH Industrial's environmental impact reduction targets.

As further proof of this commitment, some logistics providers were engaged in the *CDP Supply Chain initiative* (see page 163), 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 2019, in line with its sustainability priority *carbon footprint*, the Company increased and extended an existing target, including it as a strategic sustainability target (see page 24) for 2024 in the Strategic Business Plan: a 20% reduction in kilos of CO_2 emissions per ton of goods transported (inbound, outbound, and spare parts) compared to 2014. This voluntary target was included in the Sustainability Plan (see page 35).
Target achievement is monitored quarterly and, if necessary, corrective measures are implemented. The results are made available to stakeholders annually through the Sustainability Report and the Company's website.
In addition, individual targets were included in the Performance Management Process (PMP, see page 85) for several managers responsible for the main projects involved in reaching the aforementioned new sustainability target.
The Global Executive Committee (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's Aftermarket Solutions function, and their inbound distribution (to warehouses and distribution centers) is handled either by external providers engaged by CNH Industrial, or directly by suppliers. On the other hand, outbound distribution (including to dealerships) is handled by specialized transport providers.

MONITORING OF ENVIRONMENTAL PERFORMANCE

In 2019, 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 2019, CO_2 emissions from global inbound and outbound distribution were reduced by 4,432 tons. These emissions reductions were a result of the improvement projects implemented in 2019. One such improvement project concerned intermodal transport between Spain and Italy: the vehicles produced at the IVECO plant in Madrid (Spain), and previously shipped by road, are now transported by sea from Valencia (Spain) to Savona or Livorno (Italy), and then distributed by road to the customers. This led to a reduction in CO_2 emissions of 558 tons.

(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]

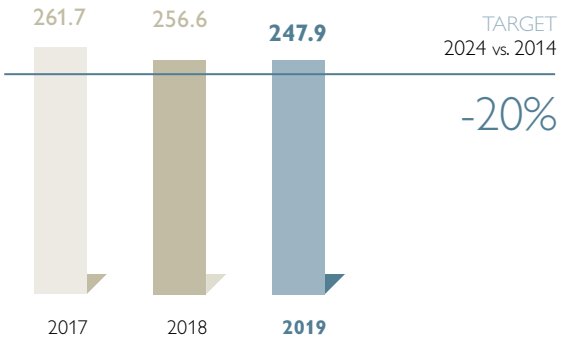
CNH INDUSTRIAL WORLDWIDE (tons)

	2019	2018	2017
Inbound	**195,464**	190,187	181,331
Outbound	**158,487**	178,419	184,649
Parts	**45,238**	43,623	37,302
Total	**399,189**	**412,229**	**403,282**

(a) CO_2 emissions for road transport were quantified as per the GHG Protocol, revised edition, and for sea and rail transport as per EcoTransIT World calculator. The decrease in overall CO_2 emissions was mainly due to the decrease in volumes in Europe and in air shipments to South America.

CO_2 EMISSIONS IN LOGISTICS PROCESSES[a]

CNH INDUSTRIAL WORLDWIDE (kg of CO_2 emissions/tons of goods transported)



(a) The base year (2014) CO_2 emissions are equal to 304.6 kg/ton of goods transported. For information on the rationale for choosing 2014 as the base year, see page 232.

Managing the environmental aspects associated with logistics focuses particularly on reducing non-reusable packaging and protective materials, in line with Company standards and quality requirements. Where this is not possible, CNH Industrial seeks the best solutions to ensure the recovery of materials. Although this aspect is less significant than air emissions, a monitoring process is in place to provide a solid database for building future areas for improvement.

CNH Industrial plants in Europe recorded an average of 0.34 kilos of cardboard disposed of per total manufacturing hours[2], the same as in 2018.

Wherever possible, finished goods (e.g., engines, axles) are shipped in returnable racks to reduce cardboard and wood waste for both the Company and customers.

CARDBOARD DISPOSED OF IN LOGISTICS PROCESSES

CNH INDUSTRIAL EUROPE (kg/hours of production[a])

	2019	2018	2017
Cardboard disposed of per hours of production	**0.34**	0.34	0.32

(a) Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 233.

(2) Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 233.

OUR PROJECTS

COMBINES ON THE DANUBE

In 2019, to manage the high delivery volumes during Europe's growing season, CNH Industrial introduced transport by catamaran along the River Danube for combines manufactured in Zedelgem (Belgium) and Grand Island (USA) and destined for the markets in Bulgaria and Romania.

The combines are transported by road from Zeebrugge (Belgium) to Passau (Germany), and then by catamaran for 1,800 kilometers before delivery in Ruse (Bulgaria).

The pilot project involved shipping 42 combines and cut CO_2 emissions by 37 tons.

The target for 2020 is to see this mode of transport become standard, so further reducing CO_2 emissions.

INITIATIVES TO REDUCE ENVIRONMENTAL IMPACT

CNH Industrial implements numerous initiatives to promote ever-more sustainable logistics processes. These initiatives focus on technologies, procedures, and activities aimed at reducing the environmental impact of logistics processes without compromising service quality or profitability, while taking account of the social impact of the activity itself. The aspects considered in defining technical solutions include type of transport, intermodality, long-haul transport, and packaging design.

INCREASING LOW-EMISSION TRANSPORT

CNH Industrial is committed to reducing CO_2 emissions arising from the transport of components and finished products by continually promoting the use of road vehicles that conform to the most stringent environmental standards and, therefore, generate fewer emissions. Indeed, since 2013, all segments in Europe have gradually introduced specific environmental contractual clauses obliging external transport providers to use vehicles compliant with Euro IV standards or higher.

93% OF **SERVICE PROVIDERS** IN NORTH AMERICA PARTICIPATED IN THE *SMARTWAY* PROGRAM

In Europe, CNH Industrial continued to promote the use of Liquefied Natural Gas (LNG) trucks, believing them to be the best technological solution towards sustainable transport. Indeed, they bring significant benefits for the environment in terms of reduced noise pollution, costs, and emissions compared to diesel. 21,800 journeys were made using LNG trucks in Europe in 2019, reducing CO_2 emissions by 321 tons.

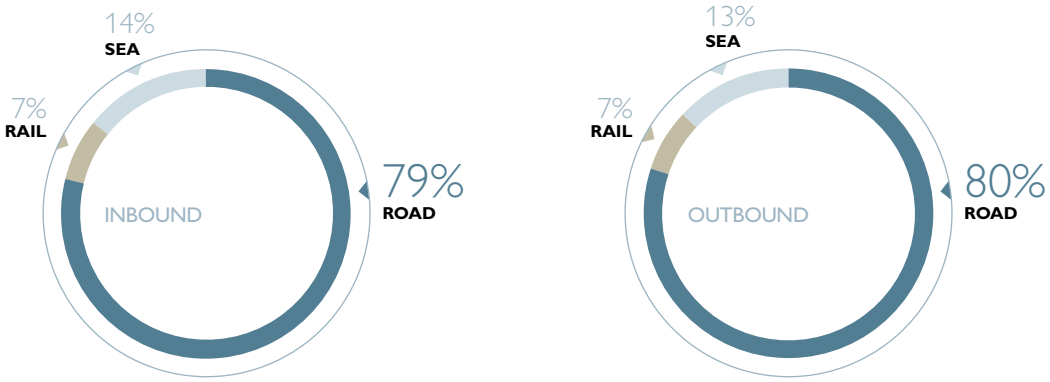
In North America, the Agriculture and Construction segments continued to engage their logistics partners in the *SmartWay* transport program. Launched in 2003, the program is sponsored by the Environmental Protection Agency (EPA) to improve efficiency and reduce greenhouse gas and air pollutant emissions along the transport chain. *SmartWay* provides its partners with a set of EPA-tested tools that help make informed transportation choices, measure and report CO_2 emissions, and improve supply-chain efficiency and environmental performance. It also helps them exchange reliable and credible performance data, and it accelerates the adoption of advanced technologies and operational practices. Participation in the program is one of the factors considered in evaluating potential suppliers. In 2019, 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 Europe, for example, intermodal solutions made the greatest impact in 2019 in the transport of finished goods. Besides the shift from road to sea for the transport of goods from the Madrid plant (Spain) to Savona and Livorno (Italy), 8,251 vehicles were transported by train from Suzzara (Italy) to the distribution center in Rheine (Germany), and from there across Northern Europe, reducing CO_2 emissions by 2,636 tons.
Furthermore, shipping by train was trialed from Suzzara to Wroclaw (Poland), transporting 192 units and reducing CO_2 emissions by 54 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.

BREAKDOWN OF TRANSPORT[a]
CNH INDUSTRIAL EUROPE



[a] *Percentages refer to the Agriculture, Construction, and Commercial and Specialty Vehicles segments, and are based on the principal mode of transportation used for each vehicle.*

OPTIMIZING TRANSPORT CAPACITY

Optimizing transport capacity is one of the methods used by CNH Industrial to reduce the costs and environmental impact of transportation. Technical and organizational changes are made to both routes and volumes to optimize and streamline the entire process, including in environmental terms.

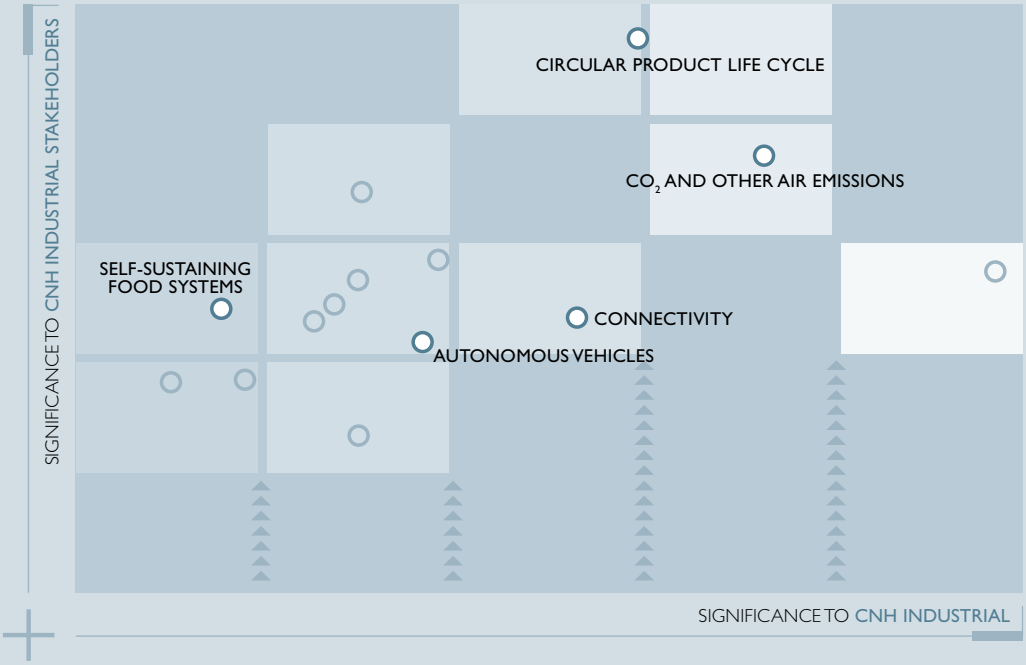
In 2019, seeking to improve the efficiency of container flows of Full Container Load (FCL) shipments from suppliers in China to the plant in Greater Noida (India), the Company analyzed the current levels of utilization of container capacity as well as the scheduling of minimum delivery batches, identifying the potential to increase capacity use by 40% and reduce the number of containers by 30%, thus decreasing CO_2 emissions by 106 tons.
In Europe, an express service was introduced in September to consolidate and transport materials via 24-ton trucks from suppliers in Northern Italy to the Basildon plant (UK), previously shipped using a dedicated vehicle from each supplier. In 4 months, the new service reduced CO_2 emissions by 105 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 2019, as part of the *World Material Flow* (WMF) program, the Agriculture, Construction, and Commercial and Specialty Vehicles segments continued to monitor the quantity of cardboard and wood used in consolidating shipments of materials by sea to plants in North America, South America, and Rest of the World.
At the plant in Dandenong (Australia), the wooden bases for transporting cabs manufactured in Valladolid (Spain) were replaced by metal racks, reducing wood use by 21.6 tons annually.

SUSTAINABLE PRODUCTS



Material topics described in this chapter (for definitions see page 235).

2024 STRATEGIC SUSTAINABILITY TARGETS

25%
OF PRODUCT PORTFOLIO AVAILABLE WITH NATURAL GAS POWERTRAINS

MANAGEMENT FRAMEWORK

CNH Industrial designs, manufactures, and sells trucks, commercial vehicles, buses, specialty vehicles, and agricultural and construction equipment, in addition to a broad portfolio of powertrain applications. Ongoing research into innovative solutions enables CNH Industrial's brands to manufacture products that respect the environment while satisfying customers' demand for high performance and for reliable, safe, and comfortable vehicles with globally competitive operating costs for enhanced profitability.

As evidenced by the materiality analysis, the reduction of **CO_2 and other air emissions** is one of the challenges being tackled by CNH Industrial. To this end, the Company has adopted a decarbonization strategy aimed at offering products with lower CO_2 emissions, by:

- enhancing the use of biofuels (see page 197)
- developing electrification (see page 200)
- exploring hydrogen applications (see page 202).

Among the other material topics identified by the materiality analysis, the need for **circular product life cycles** is the most relevant for both CNH Industrial and its stakeholders. Promoting the use of fuels from renewable sources is one of the possible responses to this topic.

Connectivity could radically change product use by the customer, as well as the product's impact on the environment during use. For example, the sale and diffusion of **autonomous vehicles** could potentially reduce CO_2 emissions, prevent driving accidents due to human error, and enhance productivity in agriculture.

Meanwhile, CNH Industrial remains strongly committed to offering **self-sustaining food systems** that help optimize crop yield – a topic that significantly affects external stakeholders (customers and the environment), given CNH Industrial's role in the food production and distribution value chain. Indeed, the Company's agricultural brands are also committed to delivering and supporting enhanced agricultural productivity, rural economic development, local and national food security, and local equipment and machinery production.

In 2019, in line with its sustainability priority *carbon footprint*, the Company set a new strategic sustainability target (see page 24) within its Strategic Business Plan: to make 25% of its product portfolio available with natural gas powertrains by 2024.

This sustainability target was also included in the Sustainability Plan (see pages 30-33) and as individual goals in the Performance Management Process (see page 85).

EFFICIENT DIESEL ENGINES

Internal combustion engines can be divided into 2 main operation categories, depending on whether they feature compression ignition (lean burn or diesel cycle) or stoichiometric spark ignition. Diesel engines are ultimately the most efficient, and are compatible with other fuels such as hydrogenated vegetable oils (HVOs) and potentially compatible with dimethyl ethers (DMEs, see page 200). Because of their operational efficiency in terms of fuel consumption and CO_2 emissions reductions, paired with emission reduction technologies such as Selective Catalytic Reduction (SCR) and Diesel Particulate Filters (DPF), diesel engines continue to prevail in most industrial applications.

When purchasing a product from any CNH Industrial brand portfolio, customers need to evaluate not only purchase prices, but also maintenance and operating costs. To this end, the Company has adopted a Total Cost of Ownership (TCO) approach to assist in product evaluation, enabling customers to seek out:

- lower fuel consumption
- longer maintenance intervals
- easier access to components for timelier interventions.

The TCO approach was initially adopted in the Commercial and Specialty Vehicles segment and proved to be extremely valuable for customers, who were provided with an easy-to-use online calculation tool aiding in the selection of vehicles best suited to specific business needs. IVECO's vision for transport, enabled by the advanced connectivity now available, has led the brand to focus on an even more comprehensive TCO model, one that goes beyond a simple list of costs to include aspects such as driver satisfaction and productivity, social responsibility, and economic and environmental sustainability. Based on this new TCO concept, all factors are integrated so as to create a loop in which they continuously interact with and influence each other. Given IVECO's customer-centric approach, all factors revolve around the driver – the central link closing the virtuous TCO loop. In the Agriculture segment, Case IH started using the TCO approach in 2014, specifically in relation to sugarcane harvesters, in anticipation of a gradual extension enabling the use of TCO targets to measure and compare machine efficiency. An online tool for customers is currently under development. In 2017, CASE Construction Equipment launched an online TCO calculator in North America, later rolled out to Europe and Australia.

The tool enables customers to calculate the TCO for the full CASE line based on real-life cost factors such as fuel, labor, parts, and maintenance.
FPT Industrial is currently focusing on developing even cleaner diesel engines so as to deliver the highest efficiency (up to 50%), and on enhancing exhaust heat recovery systems so as to offer customers the best TCO when using efficient diesel engines (e.g., for long-haul trucks and high-power off-road machines).

HI-eSCR2

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 less NO_x but more PM. Lower PM levels are achievable with a Diesel Particulate Filter (DPF), which requires periodic regeneration due to particulate build-up over time. NO_x emissions, on the other hand, can be reduced using one of 2 systems.
The first is 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, such as ammonia obtained from Diesel Exhaust Fluid (DEF). This produces little PM and requires less frequent DPF regeneration.
As regards the latter, in 2005, FPT Industrial developed and introduced an SCR system that cuts NO_x emissions by breaking them down into non-polluting molecules (O_2 and N_2) with a level of efficiency that makes EGR unnecessary. Further developments led to the brand's launch, in 2012, of a new, innovative SCR system called Hi-eSCR, which maintains optimized combustion and fuel consumption, produces little PM, and requires less frequent DPF regeneration. Like its predecessor, the new system uses DEF for NO_x reduction. An additional advantage is the enhanced safety it delivers for construction equipment: since the system works below 200°C, the equipment can be used near flammable materials, which is particularly valuable, for example, in wood recycling centers. In 2016, FPT Industrial launched its second-generation HI-eSCR2 technology for Agriculture and Construction applications. The new technology meets the stringent Stage V legislation, requiring a 40% reduction in PM. Production started in October 2018 with the NEF 67 Stage V engine, with more than 100 engines for high-power agricultural tractors produced by the end of the year.
FPT Industrial's SCR systems are currently used in on-road, off-road, and power generation applications, and were present in 73% of the diesel engines mounted in CNH Industrial products as at year-end 2019.

DECARBONIZATION STRATEGY

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 186) and logistics (see page 190), and is now developing its own decarbonization strategy to shift towards a more environmentally friendly product portfolio.
Within the Powertrain segment, in the short term, internal combustion engines will continue to predominate in most industrial applications, and so the challenge is to further reduce emissions. In this regard, CNH Industrial believes natural gas (NG) will play an important role: currently the most widely available green fuel, NG-powered vehicles are used extensively in on-road applications, and the technology is being extended into off-road, making NG an essential element in all emission reduction strategies in the years to come.
Other fuels may play a role in decarbonization, such as dimethyl ether (DME) and hydrogenated vegetable oil (HVO). Also, the possibility of modifying engines to offer the best solutions for a given area or application is bound to broaden the offering and integration of compressed natural gas (CNG) technology (see pages 197-200). Furthermore, 13 major global cities have announced zero-emission zones as regards transport and access. All of these factors are driving the shift towards alternative fuels and powertrain electrification.
In the medium term, the focus will be on electric drive technologies (see page 200) – not as an alternative to internal combustion solutions (at least, not yet), but as a way to further improve their performance, efficiency, and sustainability – developing different configurations depending on vehicle missions.

In the slightly longer term, hydrogen fuel cells (see page 202) represent the most promising electric drive technology for industrial, heavy-duty applications such as long-haul transport.
FPT Industrial foresees a future built on mixed-energy use: energy sources have different characteristics and meet different needs, and so a variety of solutions will co-exist in the market. For this reason, the Company intends to remain very open and pragmatic – adopting a multi-power approach.
From a well-to-wheel perspective, biogas, biofuels, and hydrogen-powered electric trucks represent the only truly green solutions, with zero impact on the industry if using energy from renewable sources.

ROADMAP OF NON-FOSSIL ENERGY SOURCES

Non-fossil energy sources	Currently available on the market	CNH Industrial engine compatibility	Fossil fuel replaced	Engine type	Timeframe
Biodiesel: Fatty Acid Methyl Esters (FAMEs)	Yes, blended with diesel	Not recommended	Diesel (partially)	Diesel	Already adopted
Green diesel: Hydrogenated Vegetable Oil (HVO)	Yes	NEF series Cursor series	Diesel	Diesel	Short-term
Biomethane	Yes	F1C NG NEF 6 NG Cursor 9 NG Cursor 13 NG	Methane	Spark-ignition	Medium-term
Dimethyl ether (DME)	Yes, in the USA	Under development	Diesel	Diesel	Medium-term
Methanol	Yes, blended with gasoline (A20), in Israel and India	Under development	Methane	Spark-ignition	Medium-term
Bioethanol (ETBE)	Yes, blended with gasoline	No	Gasoline (partially)	Spark-ignition	Medium-to-long term
Electricity	Yes	Under development	All	Electric	Medium-term
Hydrogen	Limited	Concept	All	Fuel cell	Medium-term

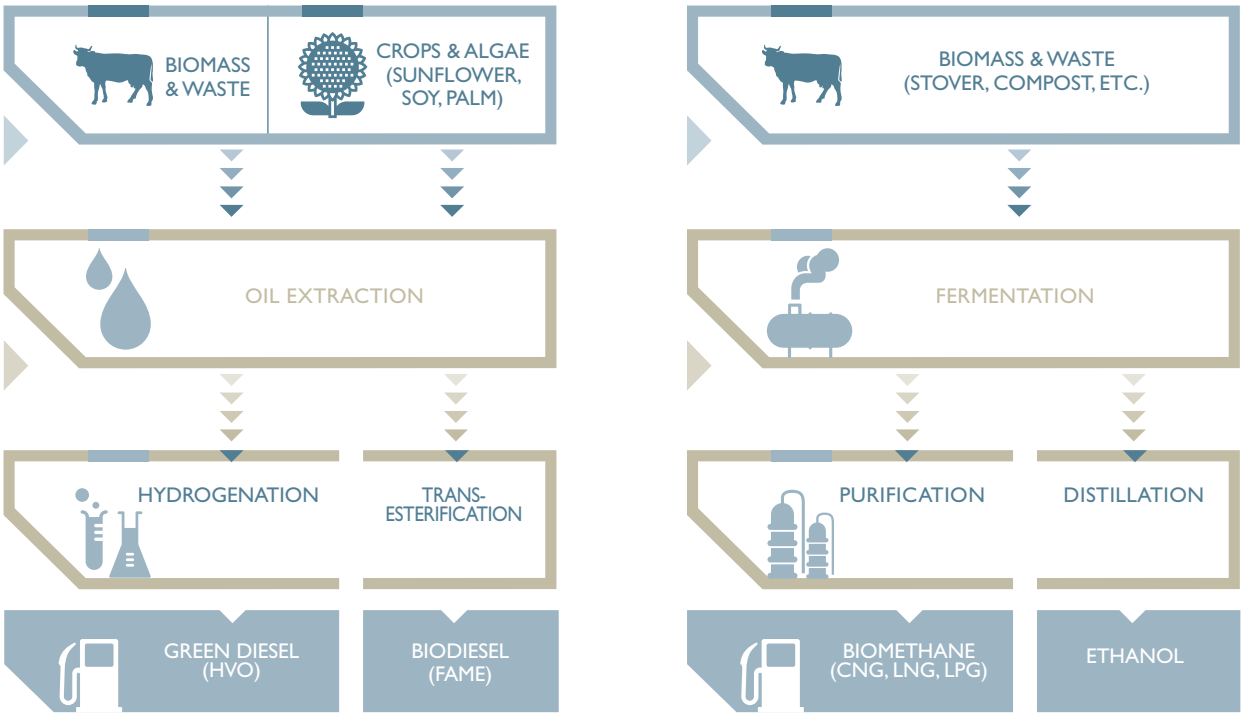
BIOFUELS

As evidenced by the materiality analysis, CNH Industrial fully recognizes the importance of promoting a **circular product life cycle** to minimize environmental impact and reduce **CO_2 and other air emissions**. Furthermore, the analysis also shows that the need for circular product life cycles is the most relevant material topic for both CNH Industrial and its stakeholders. One possible response to this is to promote the use of fuels from renewable sources or from processes generating negative CO_2 emissions.

Biofuel is defined as any fuel whose energy is obtained through a process of biological carbon fixation. Any hydrocarbon fuel produced from organic matter over a short period of time (days, weeks, or months) is considered a biofuel. This contrasts with fossil fuels, which take millions of years to form, and also with other types of non-hydrocarbon-based fuel (e.g., nuclear fission).
Biofuels can also be made in a laboratory or industrial setting, using chemical reactions to transform organic matter (biomass) into fuel. The starting materials for biofuels contain CO_2 that was fixed by a living organism, and the final fuel is produced quickly rather than over millions of years[1].

(1) *www.biofuel.org.uk.*

BIOFUELS



BIODIESELS

The term biodiesel usually refers to Fatty Acid Methyl Esters (also known as FAMEs), produced through the transesterification of oils from crops such as rapeseed, sunflower, palm, and soy. FAMEs have been used rather widely as a renewable biofuel, but have many disadvantages: high emissions, chemical instability, and, not originating from waste, the crops used to produce them take land from food production.

FPT Industrial is currently focusing its research on second-generation renewable biofuels, especially hydrogenated vegetable oil (HVO), also known as green diesel. At its technical center in Arbon (Switzerland), with the collaboration of external research and development (R&D) centers and fuel suppliers, the brand has been performing a detailed evaluation of Euro VI heavy-duty engines for on-road applications, using HVOs as defined by the EN 15940 specification for renewable fuels.

Operational tests have been positive, with a potential reduction in both tailpipe and CO_2 emissions. Hydro-treating vegetable oils is a new way of producing very high-quality bio-based diesel fuels via specific synthesis processes, without compromising fuel logistics, engines, exhaust after-treatment devices, or exhaust emissions. The Tector 7 (NEF67) and Cursor 9 engines are already type-approved with regard to EN 15940 fuel specifications, and a number of buses and coaches are already adapted to run on HVO for decreased CO_2 emissions, such as those sold to operators and transport authorities in Scandinavia, where HVO is produced and distributed for captive fleets.

In addition to extensive testing and development, FPT Industrial has also been involved in several research projects in collaboration with external R&D suppliers and universities, focused on continuously monitoring the rapid evolution of biodiesel technology, and on potential breakthroughs from the early stages of development.

BIOMETHANE

For CNH Industrial, the immediate usability of biomethane makes it the most promising alternative fuel. Whether in gas form (CNG) or liquefied form (LNG), the basic fuel is the same; what changes is the method of storage, distribution, and use.

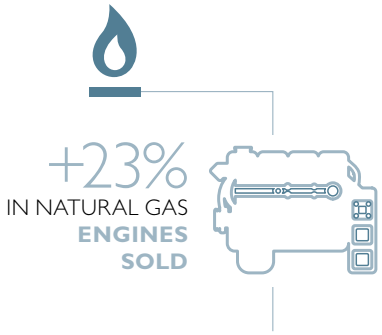
Biomethane is a natural gas (NG) derived from a renewable source, and is considered a strategic fuel owing to the main benefits that derive from its use, namely:

- -99% in CO_2 emissions compared to diesel
- -30% in NO_x emissions compared to diesel
- -50% in aldehyde emissions compared to diesel
- -80% in ozone-generating agents compared to conventional fuels
- extremely low polluting emissions, including particulate matter (PM)
- can be used with current production technologies.

From an economic sustainability standpoint, the savings in Total Cost of Ownership (TCO) associated with NG vehicles can be as much as 10% compared to a diesel-powered Euro VI vehicle. Moreover, NG is markedly less expensive than diesel and can reduce fuel costs by up to 40%.

With some 50,000 units sold and approximately a 70% market share in Europe, FPT Industrial has the widest NG engine portfolio on the market. Among the currently available technologies suitable for NG engine development, FPT Industrial focuses on stoichiometric combustion, the only cost-effective solution that brings emissions in line with Euro VI standards. Indeed, thanks to the closed-loop control of the lambda sensor and the use of a 3-way catalyst, NG engines can reduce harmful emissions (of CO_2, hydrocarbons, and NO_x) to very low levels.

FPT Industrial's NG engines are 100% biomethane-compatible. They are used in commercial vehicles, buses, and specialty vehicles, and are available in the Cursor, NEF, and F1 series, offering customers significant cost benefits over the vehicles' entire useful life.



NATURAL GAS ENGINES SOLD[a]
FPT INDUSTRIAL WORLDWIDE (no.)

	2019	2018	2017
NG engines sold	**9,200**	7,481	4,959

(a) Figures include engines sold to IVECO brands.

FOCUS ON

AN EVER-EXPANDING RANGE OF BIOMETHANE PRODUCTS

CNH Industrial has been investing in research into natural gas (NG) propulsion since the early 1980s, which has led to its ever-expanding range of engines, commercial vehicles, buses, and machinery powered by biomethane.

FPT Industrial has a full NG engine offering – heavy, medium, and light – for both on-road and off-road vehicles, giving customers significant cost benefits over the vehicles' entire useful life.

At the Agritechnica 2019 trade show, FPT Industrial presented its N67 Natural Gas engine, specifically developed for off-road applications, and its new F28 engine – in both NG and diesel versions.

In 2019, New Holland Agriculture announced its T6 Methane Power Tractor, the world's first tractor to run on methane. The tractor represents the culmination of the brand's award-winning *Energy Independent Farm*℠ project, which pioneers the concept of powering farm machinery with biofuel produced on site from waste. Following the project's launch in 2009, New Holland Agriculture tested its first methane power tractor prototype in 2013, and presented the concept tractor (awarded 2020 Sustainable Tractor of the Year) in 2017. The T6 Methane Power Tractor will become commercially available in all markets in the next 12 months.

NG-powered vehicles are ideal for distribution, short, medium, and long-haul logistics, and municipal services such as waste collection and transport. IVECO is a market leader in NG-powered vehicles and offers a complete range, including its Daily light commercial vehicles, Eurocargo medium line, and IVECO WAY heavy line. In 2019, the brand launched the IVECO S-WAY Natural Power, the only heavy-duty biomethane truck specifically designed for international long-haul transport. With a fuel range of up to 1,600 kilometers and a 460 hp engine, it delivers the same performance as its diesel equivalent, lower costs, and near-zero emissions.

Bringing biomethane's many benefits to passenger transport, in 2019, IVECO BUS launched the Crossway Natural Power: a coach for both school and intercity transport, it features a Cursor 9 NG engine and was awarded Sustainable Bus of the Year 2020 by a panel of international journalists. IVECO BUS also offers the Urbanway city bus, Crealis rapid transit bus, and Daily minibus.

In 2019, CNH Industrial's global firefighting brand Magirus launched the Compact class (H)LF 10, the world's first firefighting vehicle powered by Compressed Natural Gas (CNG). With a 420-liter CNG tank, it has a fuel range of up to 300 kilometers or can power the pump for up to 4 hours.

OUR PROJECTS

PROJECT TETRA

In 2019, CASE Construction Equipment launched *ProjectTETRA*, a methane-powered wheel loader concept developed in line with a circular economy approach, by which construction equipment is powered with fuel generated from waste products and renewable sources rather than fossil fuels. It reflects the increasing importance of alternative fuels, and demonstrates their feasibility in construction equipment.
The brand redesigned the wheel loader from scratch, combining an alternative fuel engine, advanced construction technology, and proven powertrain technology to create a vision for future wheel loader design. Its key features include all-round high-visibility glazing (16% more than a standard wheel loader), a high-visibility roof panel (with unobstructed views of the bucket throughout the entire loading arc), and an industry-first sliding door. *ProjectTETRA* won the 2019 Good Design® Award[a].

[a] *Awarded by the Chicago Athenaeum Museum of Architecture and Design and Metropolitan Arts Press Ltd. for the most innovative and cutting-edge industrial, product, and graphic designs produced around the world.*

DIMETHYL ETHER

Dimethyl ether (DME) is attracting interest as an alternative fuel because of the cost-effectiveness and feasibility of large-scale synthesis (via syngas) from natural gas (NG), especially when the latter is cheaply available. For ease of transportation, it can then be chemically converted into liquids rather than liquefied. DME can also be made from black liquor, a by-product of paper manufacturing, or from lignocellulosic biomass. Like liquefied petroleum gas (LPG), it can be transported in cylinders, making it especially suitable for developing economies where distribution networks are limited. It can also be used as an 'ideal fuel' in optimized diesel engines: as evidenced by all studies to date, the diesel cycle or lean burn (combustion ignition with excess air) is the most efficient, and so far unsurpassed.
DME specifically synthesized for low-emission, high performance combustion has significant development potential, achieving as much as 50% efficiency and very low running costs. Furthermore, depending on its source material, carbon is captured and stored during its production. Although DME produces significant levels of hydrocarbons and soot, it produces very low particulate, NO_x, CO_2, and sulfur emissions, and thus satisfies the strictest EU, US, and Japanese emissions standards.

ELECTRIFICATION

Electrified vehicle technologies represent the next step in CNH Industrial's decarbonization strategy. Not as an alternative but rather as a means to further improve the performance, efficiency, and sustainability of internal combustion solutions. The technology will feature different characteristics depending on vehicle missions.
CNH Industrial has a long tradition in the electric vehicle sector: the first IVECO Daily Electric, in fact, dates back to 1986. In 2019, IVECO, FPT Industrial, and Nikola Motor Company unveiled the *maquette* (3-D model) of the Nikola TRE, the first battery electric vehicle (BEV) for European markets, just 3 months after the CNH Industrial-Nikola Motor partnership was announced. The vehicle is based on the IVECO S-WAY heavy-duty truck launched in July 2019 in Madrid, and features Nikola's advanced electric technology and infotainment system. Its modular battery system will have a total capacity of up to 720 kWh, customizable for different customer missions, and the electric driveline will deliver 480 kW continuous power output with 1,800 Nm peak torque.
Heuliez Bus, a leading brand in e-mobility buses, has a full range for all urban applications. After the launch of its 12-meter overnight-charge e-bus, the brand expanded its range with an opportunity-charge articulated electric bus: sales and deliveries began in 2019 in France, Norway, the Netherlands, Germany, and across Europe.

At the end of 2018, FPT Industrial announced the launch of its e-Powertrain team, a division created within the Powertrain Product Engineering department entirely dedicated to the development of electrified vehicle technologies. This confirmed the brand's positioning in the market as a multi-power solutions provider, able to meet customer needs with a wide range of tailor-made alternative propulsion solutions.

FPT Industrial's electric strategy, which aims at developing customized solutions for every type of mission, is divided into 2 categories: electric propulsion and electric assist.
As regards **electric propulsion**, FPT Industrial offers 2 solutions: the e-axle and the transfer box, with electric power playing a direct role in vehicle propulsion in both. The e-axle is a compact and flexible solution that transfers power and torque to the wheels through the gear unit, resulting in a modular concept that can be easily adapted to various vehicle layouts and weight capacities and, above all, to different customer needs. It can deliver up to 250 kW in power and 98% efficiency under normal working conditions.
The e-axle can support 3 vehicle layouts – front, rear, and all-wheel drive – with different suspension systems (independent or rigid) simply by changing its external shape, without impacting its core components. It can also be used in different vehicle categories. As well as for light and medium commercial vehicles for urban missions, it could also be developed for compact agriculture and construction vehicles and equipment. Lastly, thanks to its compact design, the e-axle can be installed in vehicles with very limited space.
The transfer box, on the other hand, entails the addition of an electric power unit to the original engine, enabling the management of all propulsion modes – electric, hybrid, and internal combustion. It can be installed on existing vehicles with minimal impact and is scalable to suit different vehicle modes. It delivers 98% efficiency and a wheel torque of 8,000 Nm. The transfer box is the ideal solution for vehicles with different use and functional requirements, such as intercity missions requiring an electric last mile, long-haul full-hybrid applications, and construction equipment to be used at both urban and extra-urban building sites.

Electric assist, the second category of FPT Industrial's electrified vehicle technologies, focuses on providing support to the internal combustion engine in all its operational modes, with the option of a mild hybrid powertrain architecture. The combustion engine has 2 main extra components: the e-flywheel and the e-turbocharger, which recover energy that can be reused. Compared to a conventional diesel engine, these components ensure sustainability, performance, efficiency, and fuel savings. In fact, FPT Industrial's mild hybrid solution can reduce fuel consumption by up to 8%, improve transient response by up to 50%, increase low speed torque, optimize engine strategy, and supply energy to auxiliaries and implements.
Industrial powertrain solutions need to meet different market requirements. For this reason, FPT Industrial believes that system integration capabilities and modular technical solutions are essential to ensure a competitive offering. Thanks to its features, the mild hybrid powertrain can be applied to a wide range of applications – from low to high energy-demanding operations, from small to large vehicles, and on-road, off-road, and marine applications.

In 2019, FPT Industrial went into specific partnerships to expand its capabilities in electrification. At year-end, it signed a Memorandum of Understanding (MoU) with Microvast, a US-based company specialized in battery power systems for electric vehicles. The agreement will enable the brand to design and assemble high-voltage battery packs in-house for CNH Industrial vehicles and third-party customers. In addition, it will launch a new e-platform for the development and manufacture of complete electrified powertrain systems.

OUR PROJECTS

A HYBRID-POWERED CONCEPT TRACTOR

Short-liner agricultural brand STEYR and powertrain brand FPT Industrial partnered to create the STEYR Konzept, a concept tractor epitomizing the Company's future vision for agricultural machinery, in which innovative technologies are combined in a unique, sustainable, and potentially zero-emission package.
The concept tractor, designed by CNH Industrial's Design Center, features a modular hybrid electric drive, comprising a high-efficiency diesel engine, a generator, and 5 individually-controlled electric motors (powering the 4 wheels and hydraulic pump, respectively). These electric motors ensure power is available where needed most for the task at hand, and, when operating at peak power, an e-torque boost fed from a central battery supplies additional energy. In pure electric mode, the STEYR Konzept delivers zero-emissions operations (in terms of both exhaust gases and noise pollution), making it ideal for use in urban areas as well as near livestock or in confined spaces. The STEYR Konzept also features innovative precision farming technologies – a drone equipped with crop sensors that flies ahead of the tractor during field work, transmitting real-time data back to the cab for adjusting operating parameters based on actual field conditions. The concept tractor's innovative vehicle architecture offers a range of benefits, including enhanced operational flexibility and comfort.

During the year, the brand also took part in VISION-xEV, a project for the future advancement of electrified powertrain systems, funded under the EU's Horizon 2020 program for research and innovation.
FPT Industrial set specific targets to reflect and further advance its efforts in electrification: to start the production of an e-driveline and battery pack assembly for light commercial vehicles, and of e-axles for heavy commercial Battery Electric Vehicles (BEV), by year-end 2021; and to start battery pack assembly production for buses by year-end 2022.

HYDROGEN

In 2018, FPT Industrial unveiled its Hydrogen Fuel Cell Powertrain Concept: a technology with the potential to deliver a zero-emission powertrain for high energy-demanding applications. Indeed, as a multi-power solutions provider, FPT Industrial's mission is to analyze, test, and overcome obstacles to make hydrogen (H_2) a viable and effective solution, delivering performance, range, and reliability for such applications. A vehicle powered by an electric/fuel cell combination would generate zero emissions, reinforcing the case for hydrogen as the successor to natural gas for long-haul applications. FPT Industrial is preparing to lead innovations in this area, given that hydrogen could play a key role in developing a circular economy as it can be produced locally from renewable resources such as biomethane, wind, and solar energy.
The powertrain system developed by FPT Industrial delivers a maximum power of 400 kW and comprises the H_2 tanks, fuel cell module, lithium-ion battery pack, e-axle, and smart energy management system. The fuel cell supplies energy to the e-axle, which aligns performance with that of a diesel powertrain. The electric motor integrated into the axle delivers power to the wheels and, thanks to smart logic control, minimizes energy consumption. The lithium-ion battery provides support to the fuel cell during the most demanding operations and stores energy during vehicle deceleration.
Moreover, the powertrain's smart energy management and control systems enable the complete monitoring of air, integration, thermal systems, fuel, and power, delivering up to 50% powertrain efficiency. The potential advantages of an FPT Industrial Hydrogen Fuel Cell powertrain include: the highest levels of sustainability with zero noise and pollutant emissions, diesel-like performance, similar weight to a diesel powertrain (70% lighter than a battery-powered equivalent, based on a 44-ton GVW truck), and 6 times faster filling time than a battery vehicle (fuel cell refilling time is around 20 minutes, while a battery recharge can take up to 2 hours).
In 2019, FPT Industrial, IVECO, and 12 other companies launched the *H2Haul* project, to design and build 16 zero-emission fuel cell trucks to be tested in real-world operations at 4 demonstration sites in Belgium, France, Germany, and Switzerland, respectively. Funded by the EU's Horizon 2020 research and innovation program, Hydrogen Europe, and Hydrogen Europe Research, the project will run for 5 years, with a minimum of 2 years in production for all 16 trucks. Among the vehicles is the fuel cell electric version of the Nikola TRE truck – the result of a joint-venture between FPT Industrial, IVECO, and Nikola Motor Company. As part of its efforts towards hydrogen technologies, FPT Industrial plans to make electrified powertrains for fuel cell heavy-duty trucks available by the end of 2023.

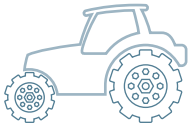
DIGITALIZATION AND CONNECTIVITY

Self-sustaining food systems is one of the material topics identified by the materiality analysis. Indeed, the ability to offer agricultural products and solutions promoting an economic system with zero impact on resources is one of the future global challenges that CNH Industrial intends to tackle.
With the effects of climate change being felt globally, predictive models and analysis are needed more than ever to plan farming operations and manage crop cycles in the context of more severe weather conditions and unseasonal events.
Developing **connectivity** and digitalization, and creating data-driven value, translates into tools that enable CNH Industrial's brands to offer customers ever-more efficient, sustainable, and smart products to support their businesses. The Internet of Things (IoT), for instance, has opened up a new world of connectivity that enables streamlining the integration of new technologies and optimizing their implementation, thus developing a range of services more relevant to customers.
An example of this is the CNH Industrial Service Delivery Platform – the Company's own 'cloud' – that provides access to specific services and stores operational data for all connected machines, delivering the following benefits:

- in agriculture, through precision and digital farming, real-time data can be collected and analyzed for better informed decision-making
- in construction, the idle-time monitoring feature enables fleet managers to detect inefficiencies caused by excessive idling and to redeploy machines, enhancing productivity and reducing emissions

- in commercial vehicles, IVECO customers have access to innovative algorithms that reduce fuel consumption by up to 15%, as well as carbon footprints and total cost of ownership
- in engines, customers can depend on ever-more personalized services that improve efficiency and extend engine life.

PRECISION AGRICULTURE



Precision agriculture (PA), also known as Agriculture 3.0, is a management strategy by which farming operations are performed using advanced technologies and equipment, taking account of actual cultivation needs and the soil's biochemical and physical properties. In a nutshell, precision agriculture is about doing more with less: producing more food using less land, water, fertilizers, and just the right amount of seed, while tending the land no more than is necessary, without waste and with respect for the environment.
PA technologies can link and optimize all stages of the farming cycle. The potential benefits are:

- a 20% decrease in fuel consumption – the use of guidance systems optimizes routes across fields
- a 20% decrease in work time – the use of guidance systems reduces overlaps
- a 10% decrease in input quantities (fertilizers, pesticides, etc.) – variable-rate applications enable using inputs only as needed, thus reducing the environmental impact
- a 80% decrease in soil compaction – the use of guidance systems prevents soil erosion
- a 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 collected and processed in real time through a telematics system and used to make practical decisions to improve crop profitability. Through sensors measuring deep soil composition, the system acquires data on the soil's exact chemical and physical properties, and calculates fertilizer and water requirements per gram. The data can be transmitted live to the tractor, which then distributes the appropriate quantity of chemicals per square meter of land. Throughout the operation, big data enables weather forecasts and location-specific data on rainfall patterns to be assessed in real time.
PA technology is delivered through 4 main tool categories: guidance systems, application monitoring, yield monitoring, and telematics. These tools are available in product families such as AFS – Advanced Farming System (Case IH) – and PLM™ – Precision Land Management (New Holland Agriculture).

At the end of 2018, to broaden its offering of precision farming technology solutions, CNH Industrial launched AGXTEND™, a new brand specializing exclusively in aftermarket PA. Customers of CNH Industrial's agricultural brands (Case IH, STEYR, and New Holland Agriculture) have access to exclusive AGXTEND™ productivity-enhancing technologies, able to deliver benefits throughout the entire cropping cycle.
The initial offering includes 5 services:

- zero-chemical weed control using electro-herbicide technology
- real-time soil sensing systems that automatically adjust implement working parameters to deliver uniform tillage performance
- highly accurate near-infrared and sensing systems providing real-time crop data for selecting the most efficient machine operating parameters
- a biomass sensing package that analyzes actual plant condition to then calibrate fertilizer application
- the use of Internet-of-Things (IoT) logic combining a range of real-time weather sensor data for informed agronomic decision making.

The AGXTEND™ product range was designed to be fully integrated into the existing precision farming platforms – AFS from Case IH, S-TECH from STEYR, and PLM™ from New Holland Agriculture. A vast range of competitor tractors, harvesting equipment, and farming machinery will also be able to use these solutions, if technically compatible.
AGXTEND™ significantly expands CNH Industrial's offering of precision farming solutions and is a key step in transitioning from predominantly guidance solutions to a full range of precision solutions and connected services. AGXTEND™ products have the potential to significantly enhance agribusiness sustainability by reducing fuel consumption and ensuring the targeted application of fertilizers and crop protection products. Furthermore, the precision use of electric pulses through electro-herbicide technology provides an effective and more sustainable alternative to agrochemicals, substantially reducing the environmental impact of farms.

SHARED VALUE THROUGH PRECISION AGRICULTURE

In adopting a shared value approach (see page 18), CNH Industrial examined the United Nations Sustainable Development Goals (SDGs)[1] to guide its analysis of social needs.
In its discussion of SDG 2 'Zero hunger', the United Nations states: "A profound change of the global food and agriculture system is needed if we are to nourish the 815 million people who are hungry today and the additional 2 billion people expected to be undernourished by 2050. Investments in agriculture are crucial to increasing the capacity for agricultural productivity, and sustainable food production systems are necessary to help alleviate the perils of hunger[2]."
Precision Agriculture (PA) management can directly contribute to achieving the targets of SDG 2 'Zero hunger', particularly targets 2.4 and 2.a. The former focuses on sustainable food production systems and resilient agricultural practices as means to increase productivity and production, while maintaining and improving ecosystems. The latter focuses on increasing investments and international cooperation in developing countries. Indeed, the adoption of PA practices can significantly contribute to food security and safety as it offers technology solutions able to produce more with less. In terms of food safety, it makes farming more transparent by improving tracking, tracing, and reporting. It also makes the food chain easier to monitor for producers, retailers, and customers, enabling much better predictions of the quality of agricultural produce. Moreover, precision agriculture can trigger wider societal changes, given that it affects work practices and living conditions on farms, improving the quality of life and generating a positive impact on site and across the surrounding community. PA technologies can also have a positive impact on the environment. Indeed, enhanced precision means that the amounts of water, fertilizers, and other resources involved in crop production can be reduced with no impact on yield, and that the yield itself can be increased using less.
The end result is increased production, reduced water use, better water quality, and less nutrient runoff – the latter often being the main factor behind water pollution and coastal dead zones.

In terms of environmental benefits, precision agriculture can:

SOIL

- reduce soil compaction by 80%
- optimize fertilizer and fungicide usage based on the level of disease risk posed by crop density
- reduce herbicide usage by 10% through a map-based approach
- reduce pesticide usage by 10%
- maximize soil health while minimizing agricultural runoff

WATER

- reduce flood risks
- reduce fresh water usage by 20-40%
- reduce groundwater pollution

AIR

- reduce carbon footprints (a 20% decrease in fuel consumption in field operations)
- reduce air emissions of ammonia.

Lastly, a more mindful and responsible use of farmland has an indirect positive impact on biodiversity and on the conservation of both soil and water, which contributes to achieving the targets of both SDG 15 'Life on land' and SDG 13 'Climate action'. As technologies are further developed and adopted, increasingly detailed information will become available on the actual impact that precision agriculture can have on the community.

DIGITAL FARMING

Digital farming (Agriculture 4.0) represents an evolution in precision agriculture (PA) based on digital data and digital management: while PA is mainly GPS-driven, digital farming practices and engineering have shifted towards connected, knowledge-based farm production systems, combining precision farming technology with intelligent networks and data management tools. Precision agriculture began to undergo this data-driven shift in the early 2010s, building on the advent of new technologies such as the Internet of Things (IoT), smart devices, cellular data connectivity, big data, deep learning, artificial intelligence, drones, low power sensors, hyperspectral sensors, improved satellite imaging, and cloud computing.

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

FOCUS ON

NEW-GENERATION KNOTTER SYSTEM

When it comes to large bales, regardless of the material involved or the intended use, the tighter they are packed the more efficient their handling, transport, and storage. To this end, knotting technology preserves bale density and integrity throughout. In 2019, New Holland Agriculture incorporated a new knotter system – the LoopMaster™ – into its Large Square Baler Series. The system:

- leaves zero twine offcuts on the bales, in the field, and/or during transport
- protects the environment by eliminating any discarded twine offcuts
- improves the quality of work
- eliminates animal feed contamination and any subsequent ingestion of twine offcuts
- delivers up to 15% more tensile strength
- increases daily productivity owing to greater baling efficiency.

The elimination of loose offcuts from the bales translates into better forage quality, while their elimination from the field mitigates their environmental impact. It is estimated that, for every 10,000 bales produced in one season, the new knotter system can eliminate the equivalent of almost 6 kilometers of twine offcuts, which would otherwise be left to contaminate the ground and crop. Furthermore, the greater twine strength delivered by the system means stronger knots, lower bale strain, greater baling efficiency, and higher productivity. Lastly, given that the knotter delivers greater knotting strength with a lower grade of twine to keep the bales together, customers benefit from a lower cost per bale.

The essence of digital farming lies in creating value from data, which is no longer sourced merely from farm equipment, but generated using new services and algorithms and transformed into actionable intelligence and substantial added value. Digital farming uses different types of data such as weather forecasts, remote imaging, and IoT sensors to offer growers agronomic guidance on the timing of operations and product quantities to apply across all crop cycles – enabling them to use the right product at the right rate, in the right place, at the right time.

Digital farming improves the efficiency and effectiveness of other precision farming tools, with considerable added value from data in terms of:

- connected production processes: these, combined with the partially automated collection and targeted analysis of data, provide a whole new level of clarity and comprehensiveness in evaluating a farm's overall status and operations, broadening customers' operational control
- decision support: smart systems allow for advanced data processing and analysis, otherwise difficult or impossible for individual farms using in-house data processing; this enables farmers to leverage an unprecedented amount of knowledge from external partners
- data exchange: networking with external partners, paired with the automated integration of information and data, leads to a much broader knowledge base and hence to well-grounded, quick decision-making
- optimization of farm operations, inputs, and outputs: data is used alongside other services to optimize the amount of seed according to field and environmental conditions, and to rationalize equipment according to the task at hand, thus enhancing the performance of all inputs
- blockchain traceability[3]: by reducing economies of scale in the agricultural sector, it enables the small producer to compete with the big player, be innovative, and transition towards a more sustainable way of working (aided by transparency).

[3] *The ability to identify and trace the history, distribution, location, and application of products, parts, and materials, to ensure the reliability of sustainability claims in the areas of human rights, labor (including health and safety), the environment, and anti-corruption. (www.bsr.org/reports/BSR_UNGC_Guide_to_Traceability.pdf).*

Digital farming requires:

- smart machines – able to receive, send, generate (via sensors), and process data, using inputs only as needed, for greater efficiency and reduced environmental impact
- connected machines – with communication and interface standards enabling the seamless exchange of data between machines, with business partners, and among data portals
- Connected in-field (micro) and remote (macro) sensors – able to collect environmental data for Cloud-computing and for building predictive models.

Data management is crucial in digital farming: data volumes must be manageable and, above all, controllable. Managing data through a data portal makes it easier to control information processing and flow. The farmer retains data ownership at all times, choosing how to allocate access rights, which data to share, and which partners to share it with[4].

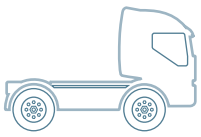
PRECISION CONSTRUCTION

Precision construction technologies, sold under Site Solutions (CASE Construction Equipment) and Fleet Systems (New Holland Construction), enhance precision when using machines on site, improve safety, and enable optimization of the entire fleet. The Company's construction telematics software, namely CASE's SiteWatch and New Holland's FleetForce, was launched in 2013, providing measurable and actionable data (including fleet location, performance data, and fuel consumption) for better fleet management. The information is sent to the Cloud in real time, which gives fleet managers full control wherever they are through the Internet. By tracking each vehicle and measuring its performance, factors impeding machine productivity can be detected and corrected immediately to improve overall performance. For example, fleet managers can identify machines being used for unsuitable tasks or consuming too much fuel, and therefore optimize equipment deployment, which reduces fuel consumption and air emissions.

The software helps to identify problems before they occur and sends critical information in real time, which enables maintenance to be scheduled as needed and minimizes repair costs and downtime. The idle time monitoring feature allows fleet managers to detect any inefficiencies and take immediate corrective action to minimize costs and environmental impact caused by machine idling. The pre-programmed reports on machine use help plan working schedules and track operations to increase total production.

Thanks to its digital strategy, CNH Industrial is shifting its focus to analytics and uptime, with huge amounts of data being collected and analyzed to detect potential anomalies and inefficient use before the customer is even aware of it. To this end, in 2019, CASE Construction Equipment and New Holland Construction enhanced their software by developing a new architecture and business model enabling them to directly help dealers and customers. Specifically, CASE Construction Equipment is able to directly monitor idle time, fuel consumption, and vehicle performance on a large scale, and compare each single use case with data from the rest of the world; this enables the brand to suggest interventions to dealers and/or customers and offer tips on how machine operators can improve vehicle operational and ecological efficiency.

CONNECTED VEHICLES



In 2019, IVECO significantly enhanced the digital end-to-end infrastructure of both its Daily and Stralis S-WAY MY19 models, with features such as a more powerful and flexible (Linux-based) telematics box, cybersecurity, and a Cloud-based platform to improve reliability and scalability compared to the previous on-premises off-board environment.

The new services and features include:

- a new Driving Style Evaluation (DSE) system, including additional parameters for vehicle use and efficiency (eco switch and predictive cruise control) and vehicle maintenance
- Remote Assistance Service, a unique tool enabling remote diagnostics and over-the-air updates of all vehicle control units. This feature further extends customer uptime, given that most operations (full remote checks and/or downloads) require a 10-15 minute pitstop rather than a trip to the workshop, thus minimizing the impact on the customer's business

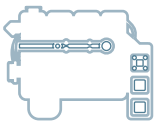
(4) *'Digital Farming: what does it really mean?' by CEMA, 2017.*

- advanced professional fuel advice, based on sophisticated algorithms using the parameters retrieved from all connected fleet vehicles. The new patented software predicts fuel consumption for all missions/conditions, and defines the actions required to improve vehicle efficiency based on driver behavior, eco-features, tire pressure, vehicle issues potentially affecting fuel economy, and trailer impact – with a customizable report generated automatically and sent to the customer
- an enhanced Control Room dashboard, featuring new alerts and triggers based on diagnostic trouble codes and parameters, and a new console created to improve their automation. A health status monitoring feature was added for specific components such as filters, batteries, clutches, and brake pads, to plan and integrate maintenance more efficiently, with minimal impact on the customer's business
- a new app launched to improve driver comfort and simplify access to new functions, including the DSE, Assistance Non-Stop, and remote diagnostics and programming. The app can also be used as a remote control to open/close windows, turn media on/off, lock/unlock doors, and activate/deactivate/program the air conditioning/heating system.

To establish a direct interaction with customers, IVECO launched a new web portal where customers can subscribe to the brand's new services, check their fleets' efficiency in terms of vehicle mission profiles, driving performance, and fuel consumption, and request to receive an automatic weekly report with a thorough summary of fleet performance. The portal, called MY IVECO, also features an *ecosystem widget* through which the brand, in collaboration with its partners, will progressively offer customers more and more services designed to improve their productivity and lower their Total Cost of Ownership (TCO).

Additional services and features to further improve driver comfort, driving safety, and customer uptime will be developed and launched in 2020.

CONNECTED ENGINES



With the availability of sufficient diagnostic data – collected by the Commercial and Specialty Vehicles segment since 2016 and by customers since 2019 – groups of experts at FPT Industrial started to analyze this information, laying the foundation for developing macro-projects focused on:

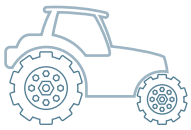
- remote assistance: for the remote assessment and resolution of issues, requiring fewer trips by Service Points to perform on-site interventions and saving about 5 hours per intervention. Remote assistance is also limiting the number of interventions, often long-distance, required from Flying Doctors – FPT Industrial experts sent on site in the event of product anomalies. In time, this will increasingly cut the trips required and subsequent CO_2 emissions
- product development: aiming at integrating the actual product use data supplied by customers into the design process of the product itself, so as to avoid improper use. In time, this will lead to the offering of products that optimize fuel consumption while preventing excessive component wear
- tailored maintenance: to develop, with the Commercial and Specialty Vehicles segment, flexible maintenance plans (maintenance per use) based on available information as well as on actual product use data, so as to reduce the number of vehicle trips to workshops and monitor and prevent the replacement (and therefore disposal) of serviceable components
- predictive analysis: since 2019, the data acquired by the Commercial and Specialty Vehicles segment has led to the development of predictive algorithms for the early prevention of vehicle breakdowns, resulting in fewer vehicles towed to workshops (hence fewer CO_2 emissions). Furthermore, predicting single component breakdowns makes it possible to replace just one component and prevent the breakdown and replacement of the entire engine
- recall campaign efficiency: since 2019, the telematics data acquired by the Commercial and Specialty Vehicles segment has also enabled analyzing issues associated with the specific common failures of a given engine model, ensuring recall campaigns are more efficient and only conducted when needed, thus cutting the number of trips to workshops.

AUTOMATION

As evidenced in the Materiality Matrix, **autonomous vehicles** is one of the key material topics for CNH Industrial and its stakeholders due to their potential impact on external stakeholders (the value chain, customers, the environment). Indeed, 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 current and future business development, and it therefore considers it strategic to monitor the associated technologies.
The sale and diffusion of autonomous vehicles can therefore potentially reduce CO_2 emissions, prevent driving accidents due to human error, and enhance productivity in agriculture.
Autonomous driving systems are developed using technologies that enable communication between vehicles and road infrastructures, as well as accurate position location.

AUTONOMOUS FARMING

In 2016, CNH Industrial gave the public a glimpse of what the future of agriculture may hold, with a preview of its autonomous concept tractor technology at the Farm Progress Show in Boone (USA). The Company presented 2 models at the Case IH and New Holland Agriculture stands, respectively: a cabless Case IH Magnum concept tractor and a New Holland T8 NH$^{Drive™}$ concept tractor featuring a cab for ultimate operational flexibility and easily transferable autonomous technology.
CNH Industrial's Innovation Group has proactively developed autonomous concept technology to help farmers and agribusinesses sustainably boost production and productivity by maximizing the timeliness of field operations based on soil and weather conditions, while optimizing labor.
In 2018, New Holland Agriculture started a pilot project to test its NH$^{Drive™}$ autonomous technology applied to T4.110F vineyard tractors, in partnership with the E. & J. Gallo Winery, the largest family-owned winery in the world and loyal customer of the brand's specialty tractors. The pilot project aims to collect agronomic data and operator feedback on the use of this technology in a vineyard's daily operations, so as to deliver autonomous solutions driven by the actual needs of winegrowers.
Still in 2018, New Holland Agriculture also presented its new CR Revelation combine range, which takes automation to a whole new level thanks to its featured award-winning IntelliSense™. This revolutionary system introduces a host of improvements in terms of farming productivity, from increased daily output and improved grain quality to less waste and grain damage. It also delivers significant benefits for the operator, from fewer decisions required to enhanced comfort and safety, less fatigue, and a simple, user-friendly interface. The customer feedback on the clinics previously conducted in France and Germany in 2017 to test this new technology was extremely positive. Customers found the system intuitive, easy to use, and reliable, and indicated it would be of great help for new or less experienced operators. They also underlined that it significantly increased performance and grain quality. The brand's flagship rotary combines were launched in 2019, featuring fully automated core harvester functions and delivering a more than 10% increase in productivity.



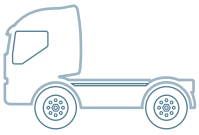
Since the reveal of its autonomous concept vehicle, Case IH has further developed the technology behind it. Different farming operations around the world require different levels of automation. Through extensive Customer-Driven Product Design research, Case IH found that current and future command and control solutions can be grouped based on the degree of automation required by different applications; therefore, in 2018, it defined 5 categories of automation and autonomy for agriculture:

- guidance
- coordination and optimization
- operator-assisted automation
- supervised autonomy
- full autonomy.

In 2018, Case IH also began an autonomous tractor pilot program with Bolthouse Farms, one of the largest carrot producers in North America. The producer is focused on and open to advanced technology as a means to enhance productivity, which makes it an ideal partner to test Case IH's *Autonomy and Automation Program*. The goal is to understand the ways new autonomous technology can be used to meet real world, on-farm requirements. The pilot program focused on primary tillage and deep tillage (both highly repetitive tasks that Bolthouse Farms conducts year-round),

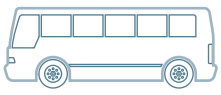
using a small fleet of autonomous Steiger® Quadtrac® tractors pulling True-Tandem™ disk harrows or Ecolo-Tiger® disk rippers. This setup will help evaluate autonomous machine control in a variety of tillage applications, considering different soil types, meteorological conditions, and sensing and perception solutions.
Lastly, in 2019, Case IH introduced its AFS Soil Command™ seedbed sensing and agronomic control technology, which helps control tillage equipment regardless of field conditions, ensuring constant and optimal seedbed depth when preparing the soil for planting, and helps producers measure and optimize the agronomic quality of the seedbed right from the tractor cab. Indeed, all depth controls are automatically pre-set and monitored from on board (eliminating the need to check the tillage process from the ground), based on yield-enhancing information and feedback received in real time from below the seedbed surface. This solution saves fuel and horsepower while enhancing labor and planting efficiency, machine productivity, and product yield.

TRUCK PLATOONING



The key concept of truck platooning is the development of an autonomous driving system that enables 2 or more trucks to link in a convoy and travel at a set close distance, using wireless connectivity and automated driving support systems. All trucks automatically replicate the commands executed by the platoon's lead driver: if the platoon leader brakes, for example, all other trucks in the platoon do the same. This system improves fuel economy and the efficiency of freight transport logistics by reducing distances between vehicles and minimizing aerodynamic drag, ultimately reducing environmental impact. It also improves road safety by reducing driver fatigue and cutting accidents caused by human error, such as sudden braking or lane departure. A driver is in any case present and ready to intervene if needed.
Truck platooning is part of an integrated industry approach to reduce road transport CO_2 emissions. A decisive role is played not only by the vehicle itself and the trailer, but also by the use of alternative fuels, logistics, infrastructure, and intelligent transport systems (of which platooning is one example). Moreover, as the lead vehicle optimizes its driving style, the rest of the convoy adopts the same strategy, reducing fuel consumption and consequently CO_2 emissions by up to 10%.
The EU Roadmap for Truck Platooning[1] provides an overview of the steps required and conditions to be met to implement multi-brand platooning by 2025, according to the principal truck manufacturers, including some conditions beyond the control of the truck industry.
The technology for platooning with trucks of the same brand (so-called *mono-brand* platooning) is already mature. Clearly, as customers will need to platoon trucks of different brands, the next step is to introduce multi-brand platooning, with the driver still ready to intervene.
Co-funded by the EU under the Horizon 2020 program, the ENSEMBLE[2] project was launched to address compatibility between different truck brands in terms of wireless connectivity and safe operation. Its main goal is to pave the way for the adoption of multi-brand truck platooning in Europe, and, to this end, 6 trucks of different brands will be driven in 1 or more platoons under real-world traffic conditions and across national borders. This will require the testing and demonstration of pan-European platooning technology, with the aim of delivering the numerous benefits mentioned above while minimizing the impact on other road users and infrastructure.

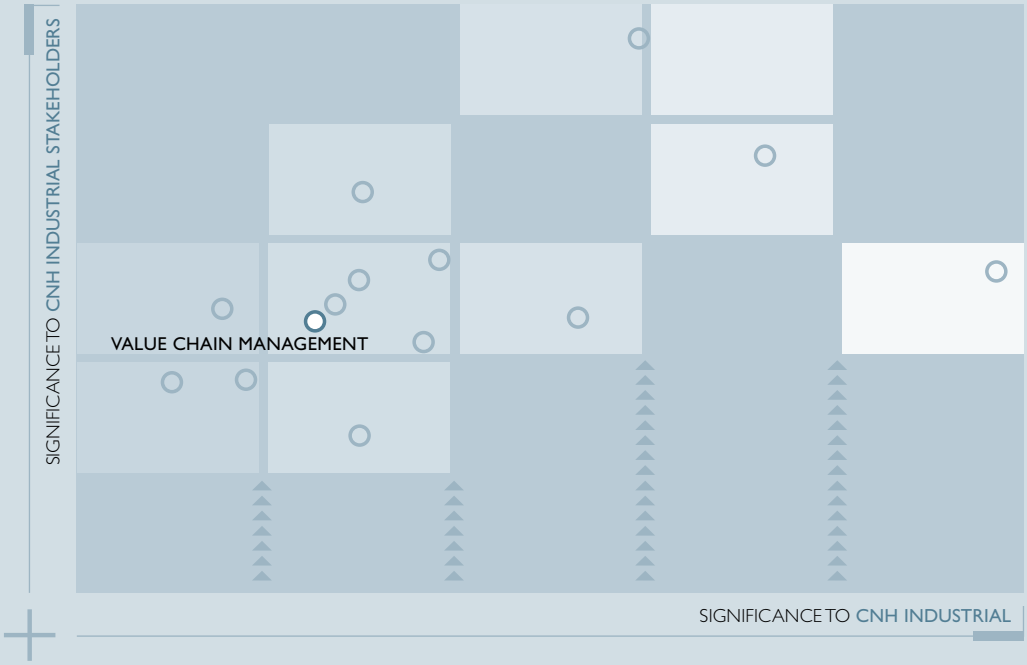
INTELLIGENT GARAGE



IVECO BUS partnered with the RATP[3] Group and CEA[4] to build the first ever, full-size 12-meter bus that can be driven autonomously in multi-story bus depots. As part of the European Bus System of the Future project, which falls under the EU's Horizon 2020 program for research and innovation, IVECO BUS fitted a hybrid electric Urbanway bus with cameras, radar, lidar, and autonomous driving technology, and demonstrated the benefits of autonomous driving at the RATP underground bus depot in Paris (France) – namely, that with self-parking buses, costs are reduced and operations optimized.

(1) *www.acea.be/publications/article/infographic-eu-roadmap-for-truck-platooning.*
(2) *Enabling Safe Multi-Brand Platooning for Europe.*
(3) *Régie Autonome des Transports Parisiens.*
(4) *The French Alternative Energies and Atomic Energy Commission.*

SALES AND AFTER-SALES



Material topics described in this chapter (for definitions see page 235).

DEALER MANAGEMENT AND PARTNERSHIPS

The dealer network is part of CNH Industrial's **value chain**, and fostering dealer partnerships through positive **management** is one of the key material topics that emerged from the materiality analysis (see page 18). CNH Industrial understands that the dealer and service network provides a gateway for communication between the Company and its customers. Dealerships interact every day with the customers who use products from CNH Industrial's brand portfolio 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.

The dealer network is managed by geographic area and by brand, applying global standards and sharing best practices. Each brand is responsible for managing dealership relations and for defining its main guidelines, with suitable structures in place to meet the needs of local markets. The dealer and service network is required to meet CNH Industrial's qualitative standards, which are verified periodically, and to implement the Company's specific dealership development programs. The main goal of these programs is to enable dealerships to offer customers the best service possible, 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 lifetime Total Cost of Ownership (TCO) of on- and off-road vehicles, or the carbon footprint of a fleet. An operational grievance mechanism, the Compliance Helpline, is available to CNH Industrial dealers to report potential violations of corporate policies, the Code of Conduct, or applicable laws (see page 50).

Detailed qualitative standards are set for each brand and specified in the guidelines accompanying the contract that each dealership signs when admitted into the Company's dealer network. These standards mainly concern:

- dealer facilities and visual identity guidelines
- sales
- after-sales
- sustainability.

The guidelines' visual identity and facilities section provides guidance on managing the physical appearance of the dealership, including exterior and interior layouts, furnishings, posters, and staff uniforms. For all other aspects (sales, service, and spare parts), there are detailed indications to help dealers define suitable outlet size, optimize the internal flow, promote the right brand experience, and regarding required equipment (IT and special workshop tools) and appropriate headcount. The guidelines also specify the equipment and key performance indicators (KPIs) to be monitored for each line of business (response time in the event of downtime, and management procedures for Product Improvement Programs). They additionally cover the best practices identified worldwide as well as the training requirements for dealership personnel, indicating the number of hours and types of courses that CNH Industrial will provide for each professional role (see page 213).

In order to be admitted into the dealer and service network of a CNH Industrial brand, potential dealers and their respective processes are rigorously assessed for approval by the Dealer Network manager, regional Sales VP, Service, Parts, Financial Services, and legal representatives, and the process is managed through an Electronic Network Action Approval Form (eNAAF). For new dealers, the recommended standards to be met and a business plan are part of their start-up process.

Various CNH Industrial personnel provide induction training and support to the new dealerships entering the CNH Industrial network, giving guidance according to their areas of expertise:

- network development
- sales
- after-sales
- financial services.

In addition, dealers may request the support of the Training function responsible for the relevant market, and, via the online Training section, access many courses tailored to different dealership positions. 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), the Company measures dealer satisfaction with certain CNH Industrial brands in Europe and North America, focusing on aspects such as: marketing and sales activities; products; vehicle ordering and delivery; support and relationships with local teams/managers; spare parts; warranty terms; after-sales teams; training; and support from manufacturers.
Dealers are fully engaged in these ongoing surveys and their comments and suggestions are used by CNH Industrial to improve performance and partnerships.

FOCUS ON

A GLOBAL MANUAL FOR CONSTRUCTION DEALERS

The brands within the Company's Construction segment have developed a manual of best practices to support their dealers across the globe, as well as their own management of the network itself. In line with their commitment to simplify how business is done, the Construction brands have:

- reduced the number of processes to be monitored within dealerships, focusing on the aspects that most impact customers and improve both brand and dealer profitability
- structured each step of dealership activities, explaining their impact, aiming to improve the experience of dealership customers and boost business performance.

The main purpose of the manual is to help dealers make decisions more efficiently and promptly, so as to expand their customer base while creating a unique customer experience.

DEALER PORTAL

Once the contract is signed, the dealer's admission to the dealer and service network is coded, which entails the creation of a username and credentials to access the Dealer Portal. This web portal connects the global dealer network to CNH Industrial, and provides the tools to manage sales and after-sales. The Dealer Portal allows dealers to:

- configure a vehicle and draw up a quote for the customer
- enter purchase orders
- download Operator's Manuals
- register new vehicle warranties
- order spare parts
- obtain technical information and specialist assistance for repairs
- receive authorizations to perform warranty repairs
- receive information on Product Improvement Programs (PIPs, or recall campaigns)
- order documentation.

All activities related to the technical management of products are overseen by Quality and Product Support, which manages the e-TIM and ASiST tools, accessible via the Dealer Portal.
e-TIM is the primary support tool for any dealer facing an issue with a vehicle or machine. The system provides an extensive technical information database for all products, and specifies how to perform repairs and which tools to use. It also provides Service Bulletins describing how to address recurring problems and PIPs, and a repair history for each vehicle or machine. The service network can therefore access specific technical information on repairs and receive authorizations to perform warranty repairs in real time. Should more specific technical assistance be required, ASiST

enables interactive, online contact with teams of product specialists. 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 PIPs (see page 151), and improving customer satisfaction.

AUDITS AND INCENTIVES

The dealer network is audited yearly, either by CNH Industrial, external agencies, or by the dealership itself through self-assessments. The audit checklist, which is based on the Company's quality management system, covers 3 main areas: sales, after-sales, and spare parts, as well as specific aspects for each of these areas. Dealerships are evaluated on competitiveness, organizational structure, financial sustainability, customer service and satisfaction, visual identity, equipment and operations, administration and marketing, sales, spare parts, and participation in training.

In Europe, the programs implementing dealer qualitative standards are monitored and managed via a dedicated system known as the Network Assessment Tool (NAT). The NAT software manages information on all CNH Industrial 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 the results to analyze dealer performance and, if necessary, develop action plans to help resolve any weaknesses detected during the audits.

In 2019, in **Europe**, 90% of New Holland Agriculture dealerships were audited by internal auditors and 10% by external ones; 94% of Case IH dealerships were assessed by internal auditors; 100% of dealerships in the Construction segment were audited by internal auditors; and lastly, 2% of IVECO dealerships were audited by internal auditors and 98% by external ones based on the ISO 9000 series of quality standards.

In **South America**, 100% of Case IH's dealers were assessed by internal auditors on: brand standards (signage and showrooms), service (processes and performance), parts (commercial performance), precision farming solutions, and sales process. In addition, 31% of the brand's dealers were also assessed by internal auditors on their warranty process.

Brand audit results determine dealership access to the incentive programs established by each respective brand to reward dealer compliance. These programs are developed in line with global market strategies, and their main objective is to foster business growth among dealerships and the best possible customer service. They include New Holland Agriculture's *Top Partner Program* and Case IH's *Red Excellence Program* and *Pinnacle Program* for Europe, North America, and South America.

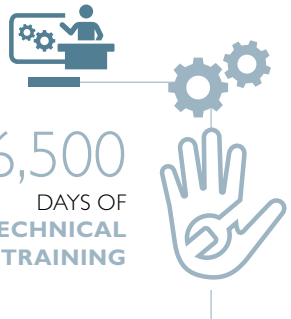
In **North America**, in 2019, 90% of Case IH dealerships were assessed under the brand's *Pinnacle* incentive program, with a focus on sales, marketing, operations, parts and service, and the brand's Advanced Farming System (AFS).

DEALERSHIP TRAINING

Believing it is very important to build the skills and know-how of all dealership personnel, CNH Industrial created a training department to meet dealer and service network training needs and enhance their knowledge and expertise. Every year, the Company designs and runs special training programs for approximately 90,000 dealership users (technicians, salespeople, and after-sales staff), tailored to the strategies and needs of each brand.

Training courses are designed to develop and build on dealership staff's product knowledge, managerial skills, and technical competencies, and to raise awareness of a corporate identity built on standards of excellence. Furthermore, all the technical training courses delivered also feature specific sessions on safe product operation and on environmental and climate change issues.

The training approach aims at improving the dealer network's expertise and ability to meet customer requirements, from offering products that meet their needs, to performing repairs in a timely fashion to minimize product downtime. Training is designed to offer customized solutions consistent with current market conditions, with a wide range of activities often delivered in the languages spoken by dealers and customers.



Training courses are provided in many forms, from traditional face-to-face Instructor Led Training (ILT), featuring both classroom and hands-on workshop sessions, to remote training courses delivered online via the Web Academy platform, using web-based learning, virtual classrooms, and blended learning. Delivery methods are chosen by users according to the certification level required to provide support for the products within their portfolio. Moreover, all educational material is accessible online through the Web Academy platform, which maximizes the availability timeframe for courses and cuts costs by reducing the need to travel.

2019 TECHNICAL TRAINING ACTIVITIES
CNH INDUSTRIAL WORLDWIDE (no.)

Area	Training Centers	Days of Training[a] (Instructor Led Training)	Student Days[a] (Instructor Led Training)	Technicians Registered[a] (Web Academy)	Trainee Enrolments[a] (Web Academy)
North America	9	2,500	25,000	10,000	50,000
Europe	29	7,500	50,000	30,000	15,000
South America	7	3,500	20,000	5,000	30,000
Rest of World	12	3,000	10,500	5,500	1,000
Total	**57**	**16,500**	**105,500**	**50,500**	**96,000**

(a) All numbers are rounded to the nearest 500.

OUR PROJECTS

CROWDFUNDING PARTNERSHIP FOR DIGITAL FINANCING OF SMEs

CNH Industrial and October, a fintech lending platform, partnered in 2019 to create *Crescere Insieme* (Grow Together), an initiative to support small and medium enterprises (SMEs) working with IVECO and CASE Construction Equipment brands. The initiative offers crowdfunding to SMEs in selected European markets, such as France, Italy, the Netherlands, and Spain, facilitating access to alternative financing and stimulating the adoption of peer-to-peer (P2P) lending to complement traditional financing for businesses wishing to diversify their sources of funding. Grow Together is a further step in CNH Industrial's digital evolution, a fundamental change in how value is delivered to customers and dealers. The first project was launched on October's crowdfunding platform in 2019, attracting over 2,000 private and institutional investors.

FINANCIAL SERVICES

Financial Services, primarily under the brand CNH Industrial Capital, offers a range of financial products to dealers and customers in the various geographic areas in which it operates. Financial Services' goal is to maximize CNH Industrial sales by providing the Company's segments and their dealers with tailored financial solutions while securing an appropriate level of profitability and equity remuneration. As a captive business, CNH Industrial Capital depends on the operations of the Agriculture, Construction, Commercial and Specialty Vehicles, and Powertrain segments, and its geographical presence is consistent with the commercial footprint of the Company. In 2019, 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 with all aspects of the management of receivables and related risks, consistently with its goal to drive best-in-class performance, leveraging core competencies and ensuring skills enhancement within the Company. It also entails progressive process standardization and system integration, as well as the implementation of common policies, all of which drive efficiencies in terms of operation and governance.
Customer creation is governed by a dedicated workflow based on common standards, which is integrated with the industrial platforms and supports the operational cycle of receivables management.

The selection and monitoring of business counterparts is a key element in securing the performance of the managed receivables. To this end, Financial Services focuses on improving the quality of the portfolio, including with the appropriate identification and monitoring of the underlying counterparts. Business relationships are assessed according to sound know-your-customer practices, anti-money laundering laws, and Company policies and procedures, so as to ensure that third parties' business counterparts are reputable, qualified, and involved in legitimate businesses. The reference framework is regularly updated according to the evolution of regulations and to reflect experience gained in operations and business practices.

SPARE PARTS' DISTRIBUTION

For customers using CNH Industrial products in their work, it is crucial to find the spare parts they need as quickly as possible at their dealership workshops. In this regard, CNH Industrial's Aftermarket Solutions function boasts 2.4 million items in stock: a complete range of new and remanufactured parts, accessories, attachments, and telematics solutions ensuring the value and performance over the long-term of every brand's current and past models. Through a global network of 45 parts depots, the Company offers dynamic logistics and assistance teams committed to guaranteeing the best quality standards and technology, the timely availability and delivery of parts, and solutions to issues that arise. Assistance is guaranteed 24/7, and spare parts under the special assistance program are shipped within 2 hours.
CNH Industrial's Aftermarket Solutions works in partnership with selected suppliers to provide the right services, products, and solutions that best support the dealer network in defining new business opportunities and increasing customer satisfaction and loyalty.
To improve customer service and quality and reduce operational costs in parts distribution, CNH Industrial implements the World Class Logistics (WCL) approach at its parts distribution centers worldwide. WCL is based on the World Class Manufacturing methodology already successfully implemented in Company manufacturing operations, and leverages the expertise and experience gained there.
The WCL approach aims at reducing losses by optimizing resources. Through the implementation of a set of best practices, the ultimate goal is to streamline both the depots' logistics operations and the entire spare parts distribution process, while achieving maximum efficiency with minimum environmental impact and zero quality defects. WCL also focuses on improving operator safety and ergonomics to achieve 'zero safety incidents'. The Company launched the WCL program in 2015 at 6 distribution centers – in Le Plessis (France), Modena (Italy), Sorocaba (Brazil), Lebanon and Cameron (USA), St. Marys (Australia), and Turin (Italy) – involving and training around 1,000 personnel to date. The program delivers structured and sustainable operational cost reductions by cutting packaging use and by streamlining transport management. In future developments, the WCL is expected to be extended to new depots.

FOCUS ON

ADDITIVE MANUFACTURING

In 2018, in order to improve manufacturing process efficiency, CNH Industrial began to produce its first 3D printed spare parts in Europe, a significant step towards additive manufacturing. This technology optimizes the management of spare parts and increases their availability, especially in the event of urgent orders or when parts are sold out. Most suppliers tend to establish a minimum order quantity that often exceeds actual needs, resulting in inventory obsolescence and higher costs. Thanks to 3D printing, CNH Industrial can produce its own small batches of spare parts within 24-36 hours, with each part undergoing stringent testing to ensure it meets the Company's requirements and specifications.
Additive manufacturing reduces the resources used (as it optimizes raw material quantities while minimizing machine downtime) and allows customers' vehicles to resume operations as quickly as possible. Furthermore, it reduces environmental impact as it cuts waste, prevents the disposal of end-of-life manufacturing equipment (which is replaced by a single printer), and minimizes the emissions associated with logistics. In the first stage of this enterprise, 4 parts were chosen for printing (for buses and agricultural equipment). The first 3D printed parts were shipped to dealers across Europe in 2019. All components were printed using plastic, but the technology is currently being tested for metal parts as well.

CUSTOMER SUPPORT AND SATISFACTION

From the initial contact onwards, CNH Industrial interacts with and assists its customers to give them an experience that meets their expectations. The Company's Customer Care departments specialize in developing, managing, and promoting customer service solutions, fostering long-lasting relationships, and satisfying customer needs and expectations. Customers may request information or report an issue via the brands' websites, toll-free numbers, smartphone applications, or via email – 24 hours a day, 7 days a week. Customer Care staff manage the entire process, from initial customer contact to final feedback to the customer, ensuring resolutions in the timeliest manner.

Each and every CNH Industrial brand, department, and geographic area has a contact person for each type of information request or complaint, ensuring issues are dealt with as quickly and comprehensively as possible.

CNH Industrial's Customer Service centers work closely with brands, dealers, Technical Services, Quality, and other functions, providing services in the following areas:

- Customer Relations (pre and post-sales) – aimed at managing the overall customer experience by ensuring a direct and effective communication channel to assist customers by means of accurate and timely inquiry feedback and complaint management
- Breakdown Assistance and Assistance Non-Stop (after-sales) – services designed to intervene by any means to ensure minimum downtime in the event of a breakdown.

CUSTOMER RELATIONS

CNH Industrial centers all operations around customer needs and on developing good customer relations. Each brand is responsible for managing its respective website and social network presence, and for launching a wide range of communication channels so that customers may interact in the way that suits them best (online, social media, distribution networks, phone support, etc.). Requests are initially handled by the Customer Center's first-level support, with most requests having a 5-day resolution target. If a case cannot be solved at first level, the Customer Center escalates the request to internal or external Company resources, such as field services or dealerships, to get accurate feedback for the customer. Customers who have filed a request are invited to take part in a survey on whether CNH Industrial met their expectations.

These inquiries are organized by type or category, and assigned a target date or objective for completion.

2019 CUSTOMER RELATIONS

CNH INDUSTRIAL

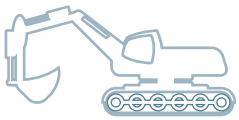
	REGION	Segment		
		Agriculture	Construction	Commercial & Specialty Vehicles
Contacts processed (no.)	North America[a]	26,040	10,282	(b)
Complaint resolution within 5 days (%)		80.1	75.2	(b)
Contacts processed (no.)	Europe	67,346	11,040	75,012
Complaint resolution within 5 days (%)		57	65	45
Contacts processed (no.)	South America	4,181	3,025	17,441
Complaint resolution within 5 days (%)		87.2	87.8	83.1
CUSTOMER SATISFACTION				
Customer participation in satisfaction surveys (%)	North America	21.5	18.2	(b)
Customer satisfaction index (scale 1-10)		4.26[d]	3.85[d]	(b)
Complaint resolution quality		3.78[e]	4.37[e]	(b)
Customer participation in satisfaction surveys (%)	Europe	(c)	(c)	(c)
Customer satisfaction index (scale 1-10)		(c)	(c)	(c)
Complaint resolution quality		(c)	(c)	(c)
Customer participation in satisfaction surveys (%)	South America	57.8	68.05	43.3
Customer satisfaction index (scale 1-10)		8.9	9.1	9.3

(a) *Contacts processed by email, calls in MSD, and inbound calls in BT.*
(b) *Commercial and Specialty Vehicles are not marketed in North America.*
(c) *Sample not significant due to change in survey process in 2019.*
(d) *Q10 response to CSI.*
(e) *Q9 response to CSI.*

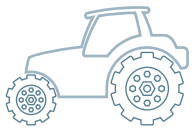
CUSTOMER ASSISTANCE

A company's long-term success is closely linked to the trust it builds among its customers by ensuring their satisfaction and winning their loyalty, making them brand advocates in the marketplace. That is why CNH Industrial puts customers and their needs at the center of its after-sales service and support strategies.
To this end, the Company has developed a number of tools, processes, and programs to support its customers, given that they use CNH Industrial products in their business and vehicle downtime results in profit loss.

BREAKDOWN ASSISTANCE



Breakdown Assistance (BDA) intervenes in the event of vehicle breakdowns within the Agriculture and Construction segments, to ensure that all necessary steps are taken to minimize downtime. A dedicated Parts Shipment and Delivery team oversees the location and delivery of parts, including overseas shipments. Through a carefully monitored process, the 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.
In North America, the BDA call center interacts with the dealers rather than the customers. Once an issue has been resolved, the dealers receive a satisfaction survey to evaluate the service provided, measured in hours of total vehicle downtime. In South America, the satisfaction survey is sent to the customers (with whom the BDA call center interacts directly).



In 2019, 100% of North and South American customers who used the BDA service were invited to take part in the survey.

2019 BREAKDOWN ASSISTANCE

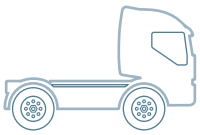
CNH INDUSTRIAL

	REGION	Segment	
		Agriculture	Construction
Contacts processed (no.)	North America	36,942	18,910
Average call center response time (seconds) to dealers[a]		1,701	1,265
Contacts processed (no.)	Europe	59,948	4,547
Average call center response time (seconds)		10.5	8.5
Contacts processed (no.)	South America	1,272	282[b]
Average call center response time (seconds)		15	15
CUSTOMER SATISFACTION			
Vehicles repaired within 48 hours (%)	North America	46	38
Vehicles repaired within 48 hours (%)	Europe	71	49
Vehicles repaired within 48 hours (%)	South America	83	65
CUSTOMER SATISFACTION INDEX			
Customers invited to participate in the survey (%)	North America[c]	100	100
Customer participation in satisfaction surveys (%)		16	11
Customer satisfaction index (scale of 1-10)		9.5	9.6
Customers invited to participate in the survey (%)	Europe	(d)	(d)
Customer participation in satisfaction surveys (%)		(d)	(d)
Customer satisfaction index (scale of 1-10)		(d)	(d)
Customers invited to participate in the survey (%)	South America	100[e]	n.a.
Customer participation in satisfaction surveys (%)		84	n.a.
Customer satisfaction index (scale of 1-10)		9.1	n.a.

[a] In North America, the average call center response time refers to the time required to respond to the dealer, with either a resolution or next steps, following the dealer's (not the customer's) first contact.
[b] In the Construction segment, BDA is only available in Brazil.
[c] In North America, satisfaction surveys are carried out through dealerships.
[d] Data not available in Europe due to data protection legislation, since customers usually submit their assistance requests to the BDA service via the dealers.
[e] 100% of the representative sample invited to participate in the survey.

ASSISTANCE NON-STOP

Assistance Non-Stop (ANS) ensures a round-the-clock, 365 days a year service to Commercial and Specialty Vehicles customers in Europe and South America. Established to provide instant technical support for vehicle problems, the service is operational across 48 Europe 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 206). 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 and Specialty Vehicles brands assess the satisfaction of customers using the ANS service. The general level of satisfaction with the service is assessed based on 3 elements: the telephone service or call center, on-site assistance, and the dealer service (winch or tow). Assessment results are translated into a plan of action to be implemented by field services.

2019 ASSISTANCE NON-STOP

CNH INDUSTRIAL

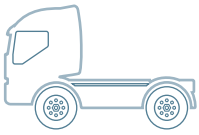
	Europe	South America
Contacts logged (no.)	83,000[a]	21,090
Average call center response time (seconds)	16	15
VEHICLE DOWNTOWN		
Vehicles repaired within 3 hours (%)	56	23
Vehicles repaired within 8 hours (%)	74	56
Vehicles repaired within 24 hours (%)	82	77
CUSTOMER SATISFACTION INDEX		
Customers invited to participate in the survey (%)	100[b]	100
Customer participation in satisfaction surveys (%)	8.4	74
Customer satisfaction index (scale of 1-10)	8.4	9.3
Satisfied or very satisfied customers (%)	85.8	81[c]

(a) Out of 1,972,264 total contacts.
(b) 100% of the representative sample invited to participate in the survey.
(c) Customers who gave a rating of 9 or 10.

SUPPORTING RESPONSIBLE USE

CNH Industrial's focus on the customer is not just about the supply of products, but extends to the way customers use them. Indeed, appropriate product use contributes significantly to enhancing product efficiency and reducing emissions. The Company brands therefore offer customers electronic systems, computer tools, and targeted training activities to ensure the most comprehensive knowledge of products and fuel consumption.
For on-road vehicles, for example, an efficient driving style can save 11% on fuel at a given average speed. However, driving performance cannot be improved without comprehensive fuel consumption information based on reliable data. In order to accurately quantify fuel consumption, one must consider many factors, such as the vehicle and its components, driving style, road and weather conditions, vehicle run-in, maintenance, and load conditions.

All of the above, along with the proper use of on-board devices and telematics, are systematically addressed by economy driving courses known as **IVECO TCO$_2$ Driving**. The training courses are delivered by a qualified team for training drivers, with an in-depth understanding of how to get the best from IVECO vehicles. The courses promote vehicle knowledge based on the ability to predict and anticipate typical driving situations on roads and freeways, providing professional drivers with comprehensive tips to improve driving style and reduce fuel consumption. Efficient driving is not only cost-effective, it also conveys a sense of responsibility to drivers, increasing their awareness and knowledge of vehicle mechanics and telematics supports.



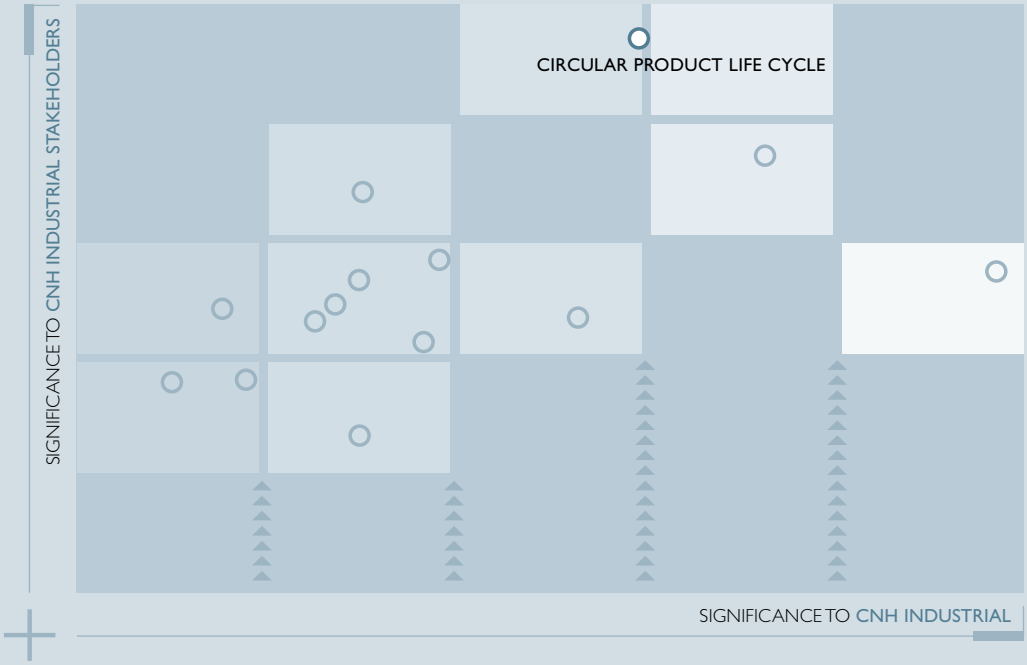
Designed to benefit both drivers and fleet owners, TCO$_2$ Driving courses can be tailored to meet the needs of both, according to the mission and vehicle line, and are delivered both in classrooms and on the road. For small groups, they can also be delivered directly at the locations of customers conducting daily missions, using their own vehicles and semitrailers. Programs, contents, and duration are flexible. Driver training usually consists of:

- classroom sessions – face-to-face, practical, and interactive sessions focusing on the key factors affecting fuel consumption. Their aim is to give drivers an in-depth knowledge of how to achieve the best driving style through the correct management of vehicle-related parameters according to various external conditions
- walk-arounds – at these sessions, participants 'touch the iron', learning how to perform the routine checks required to keep the vehicle roadworthy, and mastering the layout and deployment of vehicle components
- road tests – whereby drivers perform 2 laps around a circuit: on the first lap, driving as they normally would; on the second, activating all vehicle eco-devices while carefully following the trainer's green driving tips. On comparing lap results, performance data shows a considerable reduction in fuel consumption, even with professional drivers.

Following trainer instructions, the drivers learn hands-on about different fuel-saving driving techniques, according to mission and road morphology. The courses also focus on the on-board safety systems to increase driver awareness and reduce the number of accidents.

In addition to the driving courses, a **Driving Style Evaluation** system provides real-time assistance to commercial vehicle drivers to optimize fuel consumption. Based on algorithms that analyze the signals and data transmitted by the traction, vehicle, and GPS, the system provides the driver with 2 indicators via the on-board display: an overall assessment of driving-style impact on fuel consumption and the main tips to reduce 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 a 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.

END-OF-LIFE



Material topics described in this chapter (for definitions see page 235).

MANAGEMENT FRAMEWORK

As the materiality analysis shows, CNH Industrial recognizes the real importance of promoting a **circular product life cycle** to minimize impact on the environment. Reusing, recycling, and recovering components can reduce landfill waste, and component remanufacturing enables resources to be used for as long as possible. Stakeholders believe it is important to reduce raw material usage and CO_2 emissions, cut costs by reusing recoverable materials, thus avoiding waste, and extend remanufacturing to other sectors. However, stakeholders feel that more stringent standards are necessary to streamline the technical specifications of processes and to ensure reliable and consistently high-quality end products.

REMANUFACTURING

By regenerating, or remanufacturing, worn components (cores), CNH Industrial reduces waste, reuses materials, and encourages the recycling of recoverable materials. Additionally, by avoiding the extraction of new raw materials, it reduces both energy use and the production of greenhouse gases. Indeed, the reconditioning and reuse of components lessens the Company's environmental impact by reducing the use of raw materials by about 1,200 tons per year, with a corresponding reduction in CO_2 emissions.
Remanufacturing cores is an industrial process that ensures the same standards of operational performance as new products, triggering a virtuous cycle of savings in raw materials and reductions in materials going to landfill. Furthermore, this process ensures reliability and reduced vehicle downtime for customers at competitive prices.
There are various stakeholders involved in the remanufacturing process:

- customers
- dealerships, which propose remanufacturing solutions, salvage cores, and fit remanufactured parts to vehicles
- suppliers, which remanufacture cores and ensure the same operational performance as new products
- CNH Industrial, which manages product portfolios, commercial offers and communications, training to dealers, and logistics and reverse logistics processes.

CNH Industrial manages the overall process, from the collection of cores from dealerships to the stocking of remanufactured products and their sale to end customers. The Company offers a full range of original spare parts to cover the entire life cycle of all products, alongside a broad selection of remanufactured parts. All brands can thus offer more 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.

REMANUFACTURED COMPONENTS
CNH INDUSTRIAL WORLDWIDE (%)

	2019	2018	2017
Spare parts' net sales from remanufactured components	**8.3**	6.3	5.6

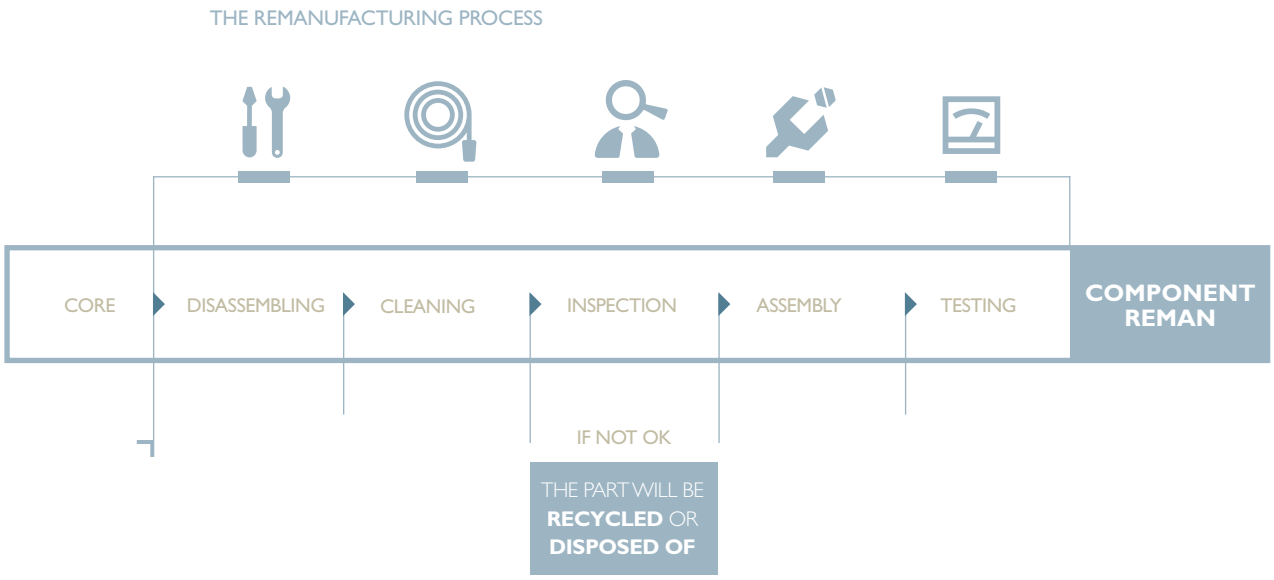
FOCUS ON

A SECOND LIFE WITH CASE CERTIFIED USED

In 2019, CASE Construction Equipment debuted its new CASE Certified Used offering – premium used machines, tested to the most rigorous standards, offering customers like-new performance and appearance for a lower total cost of ownership. CASE Certified Used is a new way to own a CASE Construction Equipment machine, accessing a range of market-leading features and innovations, without the initial financial outlay of a brand-new machine. Only vehicles less than 4 years old with a full preventative maintenance history are accredited as CASE Certified Used and deemed ready for purchase. Compact machines must have performed less than 3,000 operating hours, and heavy line machines less than 6,000 hours. Official CASE dealers assess every machine against a strict set of criteria, perform a full preventative maintenance service (replacing any sub-standard parts with genuine brand parts), and inspect up to 120 different checking points. As with new machines, CASE Certified Used machines are eligible for a range of benefits, including CASE Construction Equipment maintenance and repair contracts, CNH Industrial Capital financing, the CASE SiteWatch™ GPS fleet management system, and the CASE SiteControl™ machine control solution.

REMANUFACTURING PROCESS

In Europe, CNH Industrial collects cores from dealerships and transfers them to the FPT Industrial Garchizy plant (France), or to one of its certified and approved suppliers. The suppliers' knowledge of components and their design guarantees the efficiency and quality of the remanufacturing processes, and all remanufactured products feature the same technological upgrades currently available on the market.



Once delivered, cores are disassembled, cleaned, and inspected. After inspection, all unrecoverable parts are recycled or disposed of. Strict adherence to current laws is guaranteed throughout the process with regard to the proper disposal of products or parts thereof that are no longer usable and thus discarded.

Core recovery is key to achieving maximum efficiency in the remanufacturing process (indicated by the replacement rate), and is performed by professional experts who ensure final product quality.
Cores are remanufactured using parts that are either new or remanufactured themselves, as per the original design, technical specifications, and regulatory standards. Finally, the functional requirements of remanufactured components are certified following rigorous in-house benchmark testing, which gives customers the certainty of purchasing spare parts offering the same quality, performance standards, life expectancy, and emissions levels as the equivalent new components. As further proof of their high quality and reliability, the spare parts remanufactured by CNH Industrial are subject to exactly the same maintenance intervals and warranty conditions as new parts.

Products are remanufactured for Case IH, CASE Construction Equipment, New Holland Agriculture, New Holland Construction, and IVECO brands. They comprise a wide range of parts, including engines (blocks or components), transmissions, cylinder heads, turbines, starter motors, alternators, fuel injection systems, control units, flywheels, clutches, compressors, and hydraulic components, and are available across the board for all CNH Industrial brand products.

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 144), and continues every step of the way, from the remanufacturing of worn components (cores), to providing customer assistance in the scrapping of products that are no longer serviceable, but whose parts are suitable for remanufacturing.
Although CNH Industrial does not always purchase raw materials directly (with the exception of steel used for direct processing), their overall consumption is constantly monitored (see page 156).
As regards the environmental aspects associated with logistics, CNH Industrial focuses particularly on reducing non-reusable packaging and protective materials, in line with Company standards and quality requirements. Where this is not possible, CNH Industrial seeks the best solutions to ensure the recovery of materials.

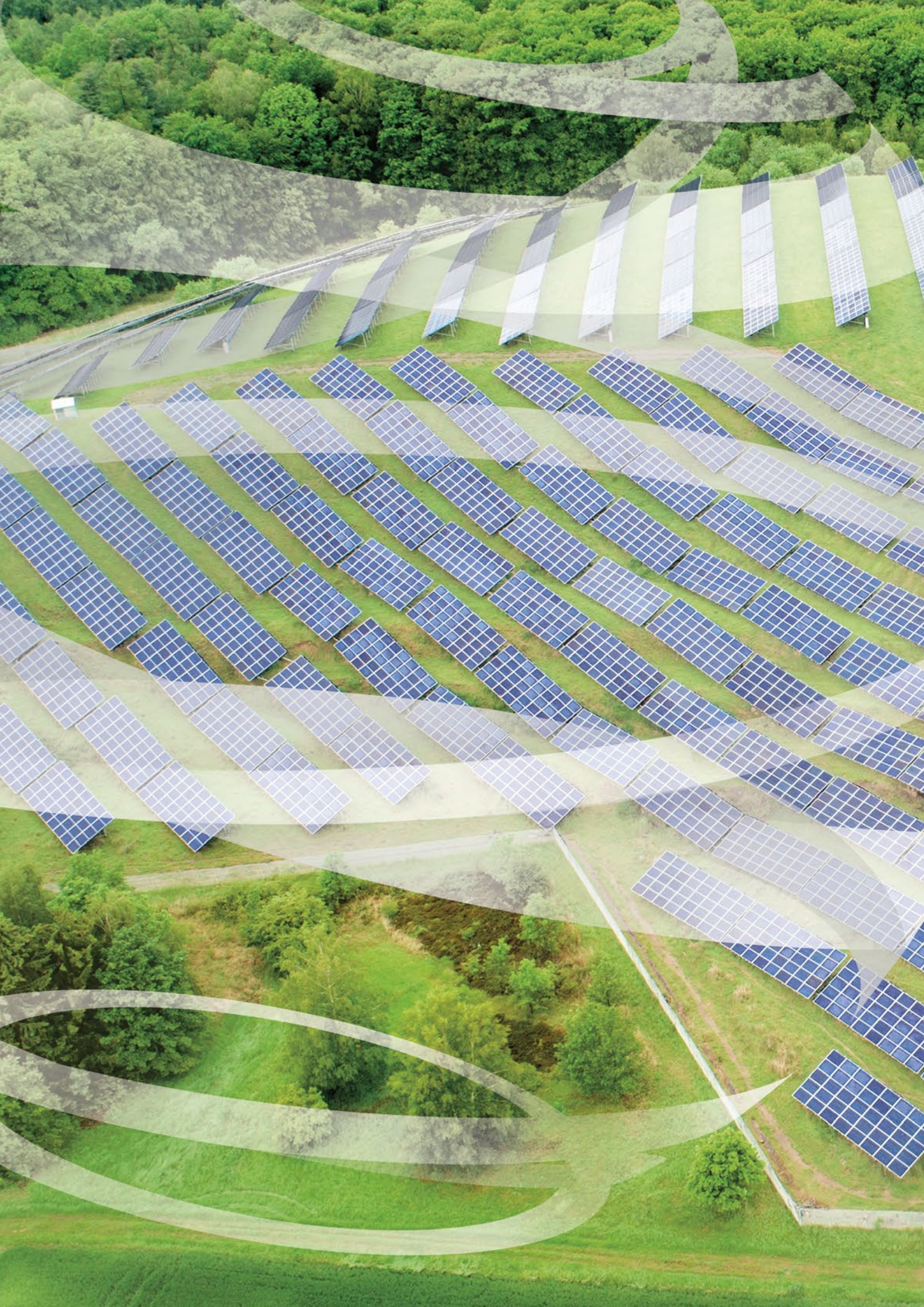
MAIN MATERIALS USED

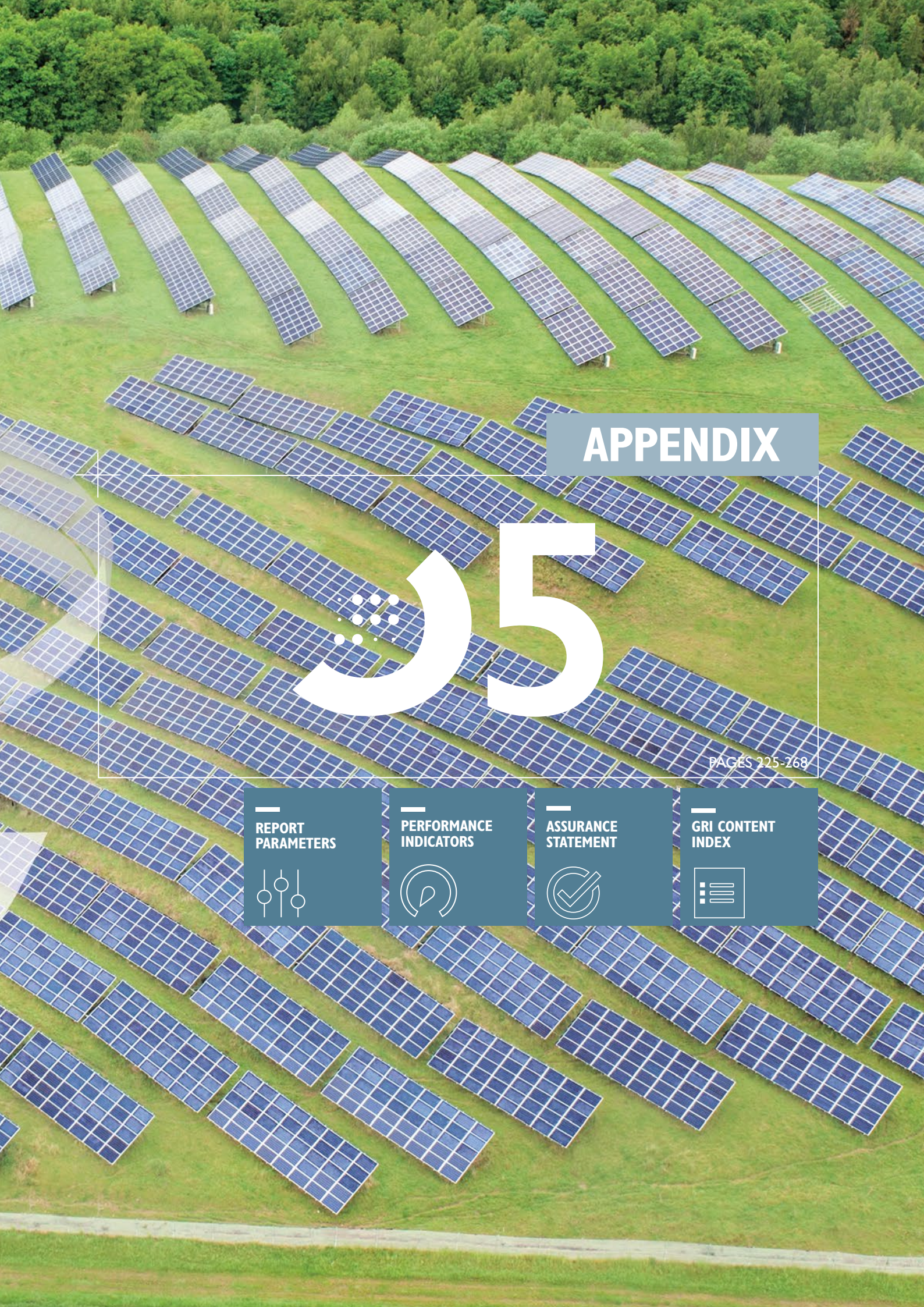
Material type	Renewable material	Non-renewable material[a]	Recoverable material	Purchased from external suppliers[b]
Metals	-	○	○	○
Polymers[c]	-	○	○	○
Elastomers[c]	-	○	○	○
Glass	-	○	○	○
Fluids[c]	-	○	○	○

(a) As per GRI Sustainability Reporting Standards (GRI Standards), non-renewable materials are resources that do not renew in short time periods, such as minerals, metals, oil, gas, or coal.
(b) CNH Industrial does not always purchase raw materials directly (see page 156).
(c) The actual level of recyclability depends on contingent factors such as the technologies available in a given country, chemical compatibility, and composition details.

CNH Industrial monitors and optimizes recoverability and recyclability levels. In 2014, the first product Life Cycle Assessments performed provided data on exact material composition and percentage breakdown, as well as an estimate of recyclability rates for each material. As regards the F1 engine, the recoverability rate is 95% of the total weight.

The IVECO New Daily has already reached and exceeded a 95% recoverability rate. Furthermore, thanks to an agreement with Fiat Chrysler Automobiles (FCA), its end-of-life in Italy is handled through a network of authorized agents, duly trained to recycle metals and separate polymers into different categories. The list of authorized dismantling agents is available on the IVECO website.





APPENDIX

05

PAGES 225-268

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 seventh annual CNH Industrial Sustainability Report.

This report has been prepared in accordance with the GRI[1] Standards: Core option. The topics covered in the CNH Industrial Sustainability Report originate from the materiality analysis (see page 18). As per the GRI Standards (Core option), one or more disclosures specified in the Standards were monitored for each material topic (see page 21). 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 16, which also includes the Sustainability Model summarizing CNH Industrial's approach to sustainability, and explains how the materiality analysis evolved from a context analysis tool into a business tool used by senior management to identify key targets consistent with, and integrated into, the Company's business strategy.

SCOPE

Unless otherwise stated, the scope (reporting period) of the Sustainability Report covers information and data for the year 2019 – which coincides with the calendar year – for all CNH Industrial segments worldwide consolidated[2] in the 2019 EU Annual Report as at December 31, 2019.

Unless otherwise indicated, the terms 'Company' and 'CNH Industrial' refer to CNH Industrial including all its subsidiaries (also called 'legal entities' or 'group of companies').

The Company is divided into the following geographic areas: North America, Europe, South America, and Rest of the World. The countries that make up these geographic areas are listed on page 237.

It should be noted that the definition of plant used in the Sustainability Report is in line with that in the 2019 EU Annual Report. The exclusion of any geographic area, legal entity, plant or specific site from the scope of the Report is attributable to the inability to obtain data of satisfactory quality or to the immateriality of its activities (as is often the case for newly acquired legal entities, joint ventures, or manufacturing activities not yet fully operational). In some cases, subsidiaries or plants not consolidated in the financial statements were included within the scope of the Report because of their significant environmental and social impact.

Any significant **variations** in the scope of the Report or in the data are expressly indicated in the text or tables in the Appendix.

(1) The Global Reporting Initiative (GRI) is a multi-stakeholder association for the development and disclosure of standards for reporting on an organization's economic, environmental, and/or social impacts.

(2) The differences with respect to the scope of the 2019 EU Annual Report are: the scope of the 2019 Sustainability Report excludes the Fecamp plant (France), removed from the manufacturing reporting scope as of January 1, 2018, and the Graz plant (Austria), no longer operational; the 2019 EU Annual Report refers to the scope as at December 31, 2019 and so includes the plants in Cowra (Australia) and Mt. Vernon (USA), acquired in 2019; the plant in Foshan (China) was closed during the year and so is not included in the 2019 EU Annual Report list, but is within the scope of the 2019 Sustainability Report due to its impact in the months prior to closure.

2019 PLANTS OVERVIEW
CNH INDUSTRIAL WORLDWIDE

KEY
ISO/OHSAS
WCM Bronze
WCM Silver
WCM Gold

COUNTRY	PLANT	SEGMENT[a]	PRIMARY FUNCTIONS	WCM		QUALITY	SAFETY		ENVIRONMENT		ENERGY	
				Award	Scope	ISO 9001	OHSAS 18001 / ISO 45001	Scope	ISO 14001	Scope	ISO 50001	Scope
NORTH AMERICA												
Canada	Saskatoon	AG	Seeding equipment	S	○	○	○	○	○	○	○	○
Mexico	Queretaro	AG & CE	Components	B	○	○	○	○	○	○	○	○
USA	Benson	AG	Sprayers, cotton pickers	B	○		○	○	○	○	○	○
USA	Burlington	CE	Backhoe loaders, forklifts	B	○	○	○	○	○	○	○	○
USA	Fargo	AG & CE	Tractors, wheel loaders	B	○	○	○	○	○	○	○	○
USA	Goodfield	AG	Soil management equipment	B	○		○	○	○	○	○	○
USA	Grand Island	AG	Tractors, combines	S	○	○	○	○	○	○	○	○
USA	New Holland	AG	Hay, forage	B	○	○	○	○	○	○	○	○
USA	Racine	AG	Tractors, transmissions	B	○	○	○	○	○	○	○	○
USA	St. Nazianz	AG	Self-propelled sprayers		○		○	○	○	○	○	○
USA	Wichita	CE	Skid steer loaders	S	○	○	○	○	○	○	○	○
EUROPE												
Austria	Sankt Valentin	AG	Tractors	S	○	○	○	○	○	○	○	○
Belgium	Antwerp	AG	Components (transmissions, rear axles, drivelines)	B	○	○	○	○	○	○	○	○
Belgium	Zedelgem	AG	Combines, forage harvesters, balers	B	○	○	○	○	○	○	○	○
Czech Republic	Vysoke Myto	C&SV	Buses (city, intercity)	B	○	○	○	○	○	○	○	○
France	Annonay	C&SV	Buses (coaches, city)	B	○	○	○	○	○	○	○	○
France	Bourbon Lancy	PT	Engines (heavy)	S	○	○	○	○	○	○	○	○
France	Coex	AG	Grape harvesters		○	○	○	○	○	○	○	○
France	Croix	AG	Cabins		○	○	○	○	○	○	○	○
France	Fourchambault Garchizy	PT	Engines (remanufacturing)		○	○	○	○	○	○	○	○

[a] *AG = Agriculture (Case IH, STEYR, New Holland Agriculture)*
CE = Construction (CASE Construction Equipment, New Holland Construction)
C&SV = Commercial and Specialty Vehicles (IVECO, IVECO ASTRA, IVECO BUS, Heuliez Bus, Magirus, Iveco Defence Vehicles)
PT = Powertrain (FPT Industrial).

KEY

ISO/OHSAS
WCM Bronze
WCM Silver
WCM Gold

COUNTRY	PLANT	SEGMENT[a]	PRIMARY FUNCTIONS	WCM		QUALITY	SAFETY		ENVIRONMENT		ENERGY	
				Award	Scope	ISO 9001	OHSAS 18001 / ISO 45001	Scope	ISO 14001	Scope	ISO 50001	Scope
France	Rorthais	C&SV	Buses (city)		○	○	○	○	○	○	○	○
France	Tracy-le-Mont	CE	Hydraulic cylinders			○	○	○	○	○	○	○
Germany	Ulm	C&SV	Firefighting vehicles	B	○	○	○	○	○	○	○	○
Italy	Bolzano	C&SV	Defense vehicles	B	○	○	○	○	○	○	○	○
Italy	Brescia	C&SV	Medium vehicles, cabs, chassis	S	○	○	○	○	○	○	○	○
Italy	Brescia	C&SV	Firefighting vehicles	B	○	○	○	○	○	○	○	○
Italy	Foggia	PT	Engines (light), drive shafts	S	○	○	○	○	○	○	○	○
Italy	Jesi	AG	Tractors	S	○	○	○	○	○	○	○	○
Italy	Lecce	CE	Wheel loaders, compact track loaders, telehandlers, graders	B	○	○	○	○	○	○	○	○
Italy	Modena	AG	Components (hydraulic groups, drivelines, axles, cabs)	B	○	○	○	○	○	○	○	○
Italy	Piacenza	C&SV	Quarry and construction vehicles	B	○	○	○	○	○	○	○	○
Italy	Pregnana M.se	PT	Engines (marine and power generation units)		○	○	○	○	○	○	○	○
Italy	San Mauro	CE	Excavators	B	○	○	○	○	○	○	○	○
Italy	Suzzara	C&SV	Light vehicles	S	○	○	○	○	○	○	○	○
Italy	Torino Driveline	PT	Transmissions, axles	S	○	○	○	○	○	○	○	○
Italy	Torino Motori	PT	Engines (heavy)	S	○	○	○	○	○	○	○	○
Italy	Vittorio Veneto	C&SV	Components			○	○	○	○	○	○	○
Poland	Kutno	AG	Row crop, cultivators, harvesters			○	○	○	○			
Poland	Plock	AG	Combines, balers, headers	B	○	○	○	○	○	○	○	○
Spain	Madrid	C&SV	Heavy vehicles	G	○	○	○	○	○	○	○	○
Spain	Valladolid	C&SV	Light vehicles, heavy cabs components	G	○	○	○	○	○	○	○	○
Sweden	Överum	AG	Ploughs					○				
UK	Basildon	AG	Tractors	B	○	○	○	○	○	○	○	○

[a] *AG = Agriculture (Case IH, STEYR, New Holland Agriculture)*
CE = Construction (CASE Construction Equipment, New Holland Construction)
C&SV = Commercial and Specialty Vehicles (IVECO, IVECO ASTRA, IVECO BUS, Heuliez Bus, Magirus, Iveco Defence Vehicles)
PT = Powertrain (FPT Industrial).

KEY
ISO/OHSAS
WCM Bronze
WCM Silver
WCM Gold

COUNTRY	PLANT	SEGMENT[a]	PRIMARY FUNCTIONS	WCM		QUALITY	SAFETY		ENVIRONMENT		ENERGY	
				Award	Scope	ISO 9001	OHSAS 18001 / ISO 45001	Scope	ISO 14001	Scope	ISO 50001	Scope
SOUTH AMERICA												
Argentina	Cordoba	AG	Tractors, combines	B	○	○	○	○	○	○	○	○
Argentina	Cordoba	C&SV	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	C&SV	Light, medium, and heavy vehicles	S	○	○	○	○	○	○	○	○
Brazil	Sete Lagoas	C&SV	Defense vehicles		○	○	○	○	○	○	○	○
Brazil	Sete Lagoas	PT	Engines (light, medium, and heavy)	S	○	○	○	○	○	○	○	○
Brazil	Sorocaba	AG	Combines, components	S	○	○	○	○	○	○	○	○
REST OF WORLD												
Australia	Dandenong	C&SV	Heavy vehicles		○	○	○	○	○	○		○
China	Chongqing	PT	Engines (light, medium, and heavy)	B	○	○	○	○	○	○	○	○
China	Foshan	AG	Sugarcane harvesters			○	○	○	○			
China	Harbin	AG	Combines, tractors, balers	B	○	○	○	○	○	○	○	○
China	Urumqi	AG	Cotton pickers			○	○	○	○			
India	Greater Noida	AG	Tractors	S	○	○	○	○	○	○	○	○
India	Pithampur	CE	Backhoe loaders, earth compactors	B	○	○	○	○	○	○	○	○
India	Pune	AG	Sugarcane harvesters, combines		○	○		○	○			
Russia	Naberežhnye Čhelny	AG	Tractors, combines			○	○	○	○			
South Africa	Rosslyn	C&SV	Buses (intercity), medium and heavy vehicles assembly					○				○
Uzbekistan	Tashkent	AG	Tractors			○		○				

[a] *AG = Agriculture (Case IH, STEYR, New Holland Agriculture)*
CE = Construction (CASE Construction Equipment, New Holland Construction)
C&SV = Commercial and Specialty Vehicles (IVECO, IVECO ASTRA, IVECO BUS, Heuliez Bus, Magirus, Iveco Defence Vehicles)
PT = Powertrain (FPT Industrial).

2019 DATA COVERAGE

World Class Manufacturing (WCM) data (see page 166) relates to 55 plants consolidated in the 2019 EU Annual Report as at December 31, 2019, representing 99% of revenues from sales of products manufactured at CNH Industrial plants[3].

Occupational health and safety data (see page 77) relates to 57,437 employees, or about 96% of the workforce within the reporting scope. There are 60 OHSAS 18001 / ISO 45001 certified plants accounting for 94% of Company plants and representing 100% of revenues from sales of products manufactured at CNH Industrial plants[3].

Information on **environmental** performance[4] and management systems (see pages 168; 171) relates to 56 fully consolidated plants, accounting for 88% of Company plants and representing 99% of revenues from sales of products manufactured at CNH Industrial plants[3]. There are 61 ISO 14001 certified plants, accounting for 95% of Company plants, representing 100% of revenues from sales of products manufactured at CNH Industrial plants[3], relating to 38,578 employees (or about 97% of the workforce at the plants within the reporting scope[3]).

Information on **energy** performance and management systems (see pages 180; 182) relates to 57 fully consolidated plants, accounting for 85% of Company plants and representing 99% of revenues from sales of products manufactured at CNH Industrial plants[3]. There are 55 ISO 50001 certified plants, accounting for 86% of Company plants, representing 98% of revenues from sales of products manufactured at CNH Industrial plants[3], relating to 37,775 employees (or about 95% of the workforce at the plants within the reporting scope[3]).

Moreover, there are 59 ISO 9001 certified plants, accounting for 92% of Company plants, representing 98% of revenues from sales of products manufactured at CNH Industrial plants[3] and relating to 38,014 employees (or about 96% of the workforce at the plants within the reporting scope[3]).

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 18), focuses on defining the topics and scope considered relevant to CNH Industrial's business and stakeholders owing to their economic, environmental, and social impact. The Report provides as complete a representation as possible of the relevant information, defining environmental and social action priorities and timeframes, to enable a thorough evaluation by stakeholders.

Ensuring the quality of information, on the other hand, is a process that concerns principles of balance, comparability, accuracy, timeliness, clarity, and reliability as per the GRI Sustainability Reporting Standards (GRI Standards). Indeed, the annual Sustainability Report describes positive trends as well as weaknesses and areas for improvement, with the aim of presenting a clear and balanced picture of CNH Industrial's sustainability performance to its stakeholders. Furthermore, information and quantitative data is collected in such a way as to enable data comparability over several years and between similar organizations for an accurate reading of the information provided.

The **preparation** of the Sustainability Report (see page 46) was contingent on a systematic information and data retrieval process, crucial to ensure the accuracy of sustainability performance reporting. Approximately 200 key performance indicators (KPIs) were reported in this document. Where available, computerized management and control systems (e.g., the SAP HR platform for employee data, and the Energy platform for financial data on communities) were used to ensure the reliability of information flows and data accuracy. Other indicators were monitored using electronic databases (e.g., the SPARC[5] 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.

(3) The percentage is calculated on 64 plants; for the complete list of these plants, see pages 228-230.
(4) Excludes data on NO_x, SO_x, and dust emissions, which are included within the energy scope.
(5) Sustainability, Performance, Analysis, Reporting & Compliance.

METHODOLOGIES

APPROACH TO DATA CALCULATION

- To enable comparability over time, the data presented refers to the 3-year period from 2017 to 2019.
- Figures in currencies other than US dollars were converted at the average exchange rate at December 31, 2019.
- 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, 2019. The 2019 Annual Report on Form 20-F and the 2019 EU Annual Report are available on the Company's website. CNH Industrial's financial communications focus mainly on US GAAP results; as a consequence, starting with the 2016 Sustainability Report, all financial data is taken from the Annual Report on Form 20-F, prepared in accordance with US GAAP.
- 2014 was chosen as the base year for 2014-2018 global planning, in line with the Business Plan. In extending the deadline of existing targets, 2014 was maintained as the base year, in continuity with the previous planning period, to clearly present the cumulative improvement.

- **Human resources data** refers to the entire corporate scope as at December 31, 2019 (unless otherwise specified).
- **Employees** are divided into 4 main categories: Hourly, Salaried, Professional, and Manager. Professional encompasses all individuals in specialized and managerial roles. Manager refers to individuals in senior management roles. They include both full-time and part-time personnel.
- **Safety data** refers to both manufacturing and non-manufacturing sites and includes both employees and contractors. Data on managers and agency workers is not included.
- **Injury rates** were calculated excluding commuting accidents, i.e., those involving employees during normal commutes between place of residence and work. When calculating injury rates for contractors, hours worked may have been estimated.
- In calculating **days of absence**, days refer to calendar days.
- As a result of redefining the geographic areas (see page 237), the data breakdown by geographic area in the chapter How We Manage Our People, and in the tables in the Human Resources section of the Appendix, is not available for the years 2017-2018.

- Investment data for **local communities** is categorized as per the principles set out in the LBG[1] Guidance Manual. Data is based on accounting data and methods, and also includes estimates. With regard to local community projects, the Company monitors both initiative costs and management costs. The initiative cost may be a cash contribution, in-kind donation or volunteer work (the latter is estimated based on the number of hours[2] employees spend volunteering for the initiative during paid working hours). Management costs can be internal (i.e., the cost of employee time[2] to manage and organize humanitarian initiatives promoted by the Company) or external. Figures do not include brand promotion initiatives.

(1) LBG is the global standard in measuring and managing corporate community investment (www.lbg-online.net).
(2) The hourly rate is calculated by dividing the total cost of personnel by the number of employees. The result is then divided by the number of working days per year (240), and again by the standard number of working hours per day (8).

- 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 department based on respective qualitative and quantitative data. Individual Standard Aggregation Databases only include data for the activities of the production department in question. Depending on data, the detection criterion was either measured, calculated or estimated[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, and LPG).
- The Sustainability Report accounts for **industrial waste**, i.e., any waste directly or indirectly related to production department activities. Industrial waste includes:
  - waste generated in production departments during normal working cycles
  - waste that, while not directly associated with manufacturing activities, is generated as a result of auxiliary or production support activities within the production department (e.g., maintenance, logistics, clerical, catering, medical room, sanitation, etc.).
- The reporting scope does not include waste that is not associated with manufacturing, auxiliary, or production support activities within the production department, nor waste generated as a result of activities outside the normal production cycle.
- 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 is 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 key performance indicators (KPIs) to assess energy consumption per production unit and CO_2 emissions per production unit do not take into account diesel or LPG consumption related to logistics or product testing.
- At CNH Industrial, the sources of **greenhouse gas emissions**, besides the CO_2 emissions from energy consumption, are associated with the use of HFC compounds with Global Warming Potential (GWP) present in air-conditioning, cooling, fire suppression, 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 0.835%, they fall outside the reporting scope.

[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.*

- **CO_2 emissions** were calculated according to GHG Protocol standards implemented through Company guidelines. Furthermore, calculations were made using the lower heat of combustion reference value and the emission factors specific to the energy industry's power generation stations, available in the second volume of the IPCC 2006 Guidelines. In terms of emission factors, only CO_2 was taken into account, as CH_4 and N_2O components were considered negligible and therefore *de minimis*.
- For **scope 2 emissions** accounting, CNH Industrial applied the dual reporting system of the GHG Protocol Scope Guidance, using both of its allocation methods across all Company plants:
  - the location-based method, which reflects the average emissions intensity of the grids on which energy consumption occurs (using mostly grid-average emission factor data)
  - the market-based method, which reflects emissions from electricity that companies have actively chosen to purchase (or reflects their lack of choice).

  In the case of energy produced and purchased outside a plant (mainly electricity and heat), when reporting according to the location-based method, the CO_2 emissions associated with energy consumption were calculated, worldwide, using the emission coefficients (expressed in gCO_2/kWh) provided by either the International Energy Agency or DEFRA (UK). When reporting according to the market-based method, on the other hand, they were calculated using the latest emission coefficients (expressed in gCO_2/ kWh) provided by the following sources:
  - Re-DISS for CO_2 emissions accounting in Europe
  - International Energy Agency for CO_2 emissions accounting in South America and Rest of World
  - primary energy suppliers for CO_2 emissions accounting in North America.

  The key performance indicator (KPI) to assess CO_2 emissions per production unit refers to the scope 2 emissions calculated according to the market-based method.

SOCIAL RETURN ON INVESTEMENT

The Social Return on Investment (SROI) methodology takes account of stakeholders' viewpoints and uses financial proxies to assign a value to social impacts identified as such by stakeholders, which typically do not have a market value. The SROI analysis entails 6 stages:

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

SOCIAL IMPACT ASSESSMENT

The Social Impact Assessment (SIA) tool, developed in line with the London Benchmarking Group framework, is used to evaluate the types of benefits gained in the 4 major areas potentially affected by any project: people, organization, environment, and business. Based on this methodology, the 4 areas are weighted and the project's impact on specific aspects within each is rated on a scale from 1 (no impact) to 5 (very high impact). An average rating is then calculated for each area, representing the indicators (KPIs) to assess the project's overall impact on people, organization, environment, and business, respectively. The KPIs in detail are:

- Benefit to people: positive change in people's attitude or behavior; skills and personal development; direct impact on people's quality of life
- Benefit to organization: capacity building
- Benefit to environment: direct environmental impact; impact on human activities and behavior
- Benefit to business: benefits of volunteering for employees; impact of volunteering on the business; impact on reputation; customer involvement.

DEFINITIONS

GLOBAL CHALLENGES

Key global challenges are defined as phenomena that have the potential to shape the Company's future business. The 3 identified as most relevant to CNH Industrial are:

- **climate change**: as a broad concept, climate change encompasses political, judicial, ethical, economic, and scientific actors, and goes far beyond the literal definition of natural climate variations. Climate change has begun to have a severe impact on ecosystems (e.g., flooding and desertification), and to influence worldwide economies, consumer purchase decisions, and people's quality of life

- **food scarcity and food security**: access to and use of food resources show significant disparities and uneven distribution worldwide, and these aspects are amplified by the combined effect of population increase and the growth of the middle class. Both the increase in demand and the quality and safety of food produce depend on the efforts of the individuals involved in the agricultural, processing, transport, manufacturing, and consumption production chains. The scarcity of food, water, and natural resources is frequently associated with an underlying, inherent socio-economic instability. Adequate food availability is a prerequisite for social harmony, both within a country and in relations between different countries

- **the innovative and digital world**: digitalization is transforming economic processes, corporate business models, and traditional social models. Constant connectivity, big data, social media, and the evolution of mobile devices are rapidly changing the way people work and communicate. This generates excellent opportunities for companies, as they can exploit the connectivity of the World Wide Web to access and manage huge amounts of data, position themselves in new markets, transform existing products, interact with their clients, and introduce new business and delivery models (e.g., precision agriculture, interconnected machinery, etc.).

MATERIAL TOPICS

The following are the material topic definitions as submitted to stakeholders for the purpose of assessing their priority within the Materiality Matrix (see page 20), listed in alphabetic order:

- **autonomous vehicles**: innovative products and solutions for autonomous or self-driving vehicles that use connectivity and big data to reduce human input for hazardous and strenuous tasks. This technology offers potentially significant social welfare benefits, including the potential to reduce fatalities, accidents, fuel consumption, and pollution. Its main applications are in agriculture (e.g., precision farming, agribotics, and soil protection) and in the transportation of goods and people (e.g., truck platooning and autonomous buses)
- **circular product life cycle**: alternative solutions (such as alternative fuels/tractions and remanufacturing) that minimize the impact of a product's life cycle by promoting a circular economy, in which resources are used fully and for as long as possible, and products and materials are recovered and regenerated at the end of their service life
- **CO_2 and other air emissions**: activities to further improve energy efficiency and reduce CO_2 and other polluting emissions in: manufacturing processes, building management and maintenance, logistics processes, product development, event organization, and employee commuting
- **connectivity**: developing connectivity, digitalization, and big data to offer customers efficient, sustainable, and smart products that support real-time decision making, help identify inefficiencies, enhance productivity, and reduce fuel consumption, pollution, and emissions. Its main applications are in agriculture (e.g., precision agriculture and digital farming) and in construction (e.g., precision construction, machine control solutions, connected vehicles)
- **digital workplaces**: using new technologies to improve quality and efficiency at work, employee work-life balance (remote work), and the exchange of information, in part to foster innovation; activities that make it easier for employees to adopt the latest technologies and new ways of working in all areas of business (both office and manufacturing); and implementation of measures aimed at improving the management and security of Company and personal data
- **employee engagement**: activities that increase employee awareness of sustainability topics, with a specific focus on: environmental protection, health and proper nutrition, food security, and food waste
- **innovation-to-zero**: the vision of a zero-concept world: zero emissions, zero accidents, zero fatalities, zero defects, and zero security breaches

- **local community engagement**: activities that support local community development, with a specific focus on: zero food waste, emergency relief, drought risk mitigation, biodiversity protection, and education on alternative farming techniques
- **occupational health and safety**: promoting a consistent and proactive approach to prevent accidents and increase risk awareness across the Company, by adopting the highest standards and best practices
- **renewable energy**: promoting the use of energy from renewable sources in manufacturing processes, generated mainly from water, waste, sun, and wind, to limit fossil fuel use and CO_2 emissions
- **self-sustaining food systems**: products and solutions for agriculture – including agricultural production, food production, logistics, and distribution – that promote an economic system with zero impact on resources
- **trade, regulations, and public debate**: participating in the debate on shaping public policies and defining regulations; helping to identify innovative solutions for standards and guidelines; favoring free trade agreements; advocating action through national and international regulatory bodies; making use of scientific expertise; and investing in innovation
- **value chain management**: initiatives to actively engage Company stakeholders (especially suppliers, dealers, and customers) in achieving common improvement targets for the creation of long-term value
- **water and waste efficiency**: aspects to be managed in all manufacturing processes: water efficiency, water discharge, water availability, waste recovery, and hazardous/non-hazardous waste.

SKILLS DEFINITIONS

Industry sector classifications used for compiling the Skills Matrix on page 41 are based on MSCI and Standard & Poor's Global Industry Classification Standard (GICS):

- **Academic Positions**: academic or board positions at leading educational institutions
- **Charitable and Environmental Engagement**: board position or significant personal engagement with, or formal recognition by, charitable/environmental organizations
- **Consumer Discretionary**: current or previous leadership or board position at companies operating in this industry sector (which contains: Automobiles & Components: Auto Components, Automobiles. Consumer Durables & Apparel: Household Durables, Leisure Products, Textiles, Apparel & Luxury Goods. Consumer Discretionary: Hotels, Restaurants & Leisure, Diversified Consumer Services, Media; Retailing)
- **Consumer Staples**: current or previous leadership or board position at companies operating in this industry sector (which contains: Food & Staples Retailing; Food, Beverage & Tobacco; Household & Personal Products)
- **Financial**: accounting and financial knowledge
- **Governance, Legal, and Board Expertise**: understanding of corporate governance practices and norms, understanding of legal systems, as well as board, risk management, and regulatory expertise
- **Health Care**: current or previous leadership or board position at companies operating in this industry sector (which contains: Health Care Equipment & Services; Pharmaceuticals; Biotechnology & Life Sciences)
- **Industrials & Materials**: current or previous leadership or board position at companies operating in this industry sector (which contains: Energy Equipment & Services, Oil, Gas & Consumable Fuels; Chemicals, Construction Materials, Containers & Packaging, Metals & Mining, Paper & Forest Products; Aerospace & Defense, Building Products, Construction & Engineering, Electrical Equipment, Industrial Conglomerates, Machinery, Trading Companies & Distributors; Commercial & Professional Services; Transportation)
- **Telecommunications & Information Technology**: current or previous leadership or board position at companies operating in this industry sector (which contains: Telecommunication Services; Software & Services; Technology Hardware & Equipment; Semiconductors & Semiconductor Equipment).

OTHER DEFINITIONS

The term **segment** refers to Agriculture (AG), Construction (CE), Commercial and Specialty Vehicles (C&SV), Powertrain (PT), or Financial Services.

Adjusted EBIT under U.S. GAAP is defined as net income (loss) before income taxes, interest expenses of Industrial Activities, net, restructuring expenses, the finance and non-service component of pension and other post-employment benefit costs, foreign exchange gains/(losses), and certain non-recurring items. In particular, non-recurring items are specifically disclosed items that management considers rare or discrete events that are infrequent in nature and not reflective of ongoing operational activities.

Adjusted EBITDA under U.S. GAAP is defined as Adjusted EBIT plus depreciation and amortization (including on assets sold under operating leases and assets sold under buy-back commitments).

As of the first quarter of 2019, CNH Industrial's 4 **geographic areas** include the following:

- **North America**: United States, Canada, and Mexico
- **Europe**: member countries of the European Union, European Free Trade Association, Ukraine, and the Balkans
- **South America**: Central and South America and the Caribbean Islands
- **Rest of World**: Continental Asia (including Turkey and Russia), Oceania, member countries of the Commonwealth of Independent States (excluding Ukraine), the African continent, and the Middle East.

Emerging Markets are defined as low, lower-middle, or upper-middle income countries as per the World Bank list of economies as at June 2019.

OTHER INFORMATION

GRI Sustainability Reporting Standards (GRI Standards) disclosures are referenced at the bottom of the pages on which they are disclosed. If a disclosure is explained over a number of consecutive pages, it is indicated only on the first page.

Performance changes compared to previous years were calculated to all decimal places available at the time of calculation.

As regards the **infographics** included in the Report, the indicated percentage variations are calculated against 2018, unless otherwise specified.

This icon indicates the sections explaining the management approach to a specific material topic.

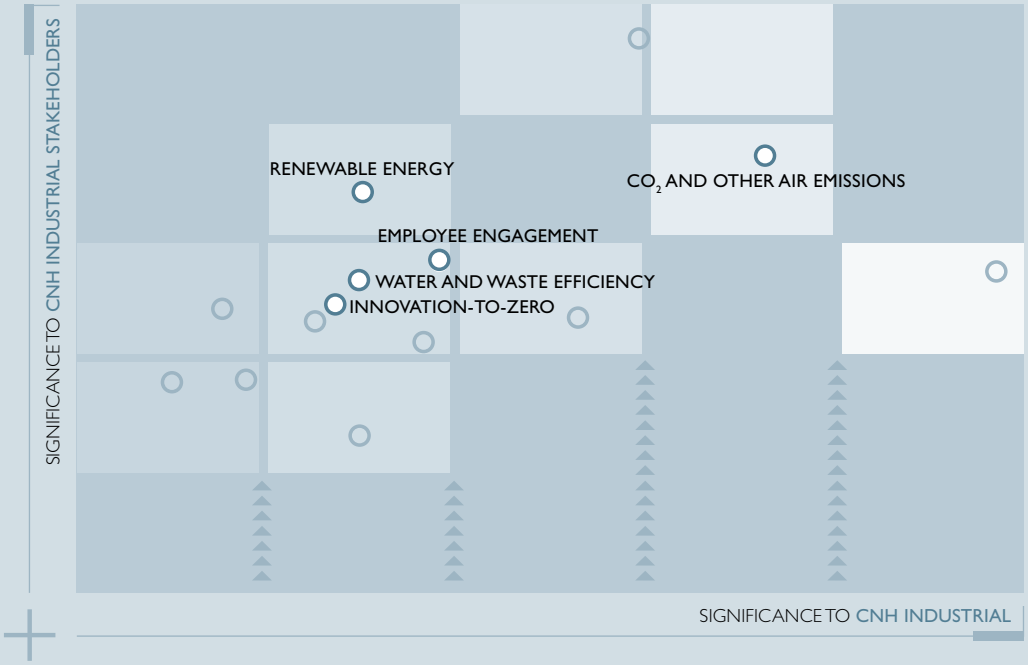
This icon indicates a link with the material topic **innovation-to-zero**.

This icon indicates a link with the material topic **employee engagement**.

This icon indicates a link with the material topic **circular product life cycle**.

This icon indicates a link with the material topic **digitalization**.

PERFORMANCE INDICATORS



Material topics described in this chapter (for definitions see page 235).

HUMAN RESOURCES

EMPLOYEES IN NUMBERS

EMPLOYEES BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

	2019
North America	8,447
Europe	41,499
South America	7,997
Rest of World	5,556
Total	**63,499**

EMPLOYEES BY REGION AND CATEGORY[a]

CNH INDUSTRIAL WORLDWIDE (no.)

	2019			
	Hourly	**Salaried**	**Professional**	**Manager**
North America	4,438	137	3,632	240
Europe	26,559	5,828	8,459	653
South America	5,368	1,352	1,193	84
Rest of World	2,198	1,657	1,625	76
Total	**38,563**	**8,974**	**14,909**	**1,053**

[a] *For more information on employee categories, see page 232.*

EMPLOYEES BY SEGMENT

CNH INDUSTRIAL WORLDWIDE (no.)

	2019	2018	2017
Agriculture	25,163	25,711	25,007
Construction	5,318	5,424	5,240
Commercial and Specialty Vehicles	23,692	23,933	23,843
Powertrain	8,064	8,265	8,050
Financial Services	1,128	1,149	1,071
Other Activities[a]	134	143	145
Total	**63,499**	**64,625**	**63,356**

[a] *Other Activities include corporate functions.*

EMPLOYEE TURNOVER

CNH INDUSTRIAL WORLDWIDE (no.)

	2019	2018	2017
Employees at January 1	**64,625**	63,356	62,828
New hires	**5,277**	7,189	5,575
Departures	**(6,360)**	(6,049)	(5,868)
Δ scope of operation	**(43)**	129	821
Employees at December 31	**63,499**	**64,625**	**63,356**
Turnover (%)	**10.0**	9.4	9.3
New hires (%)	**8.3**	11.1	8.8

EMPLOYEE TURNOVER BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

North America	2019
Employees at January 1	**8,856**
New hires	**859**
Departures	**(1,295)**
Δ scope of operation	**27**
Employees at December 31	**8,447**
Turnover (%)	**15.3**
New hires (%)	**10.2**

Europe	2019
Employees at January 1	**41,982**
New hires	**2,806**
Departures	**(3,293)**
Δ scope of operation	**4**
Employees at December 31	**41,499**
Turnover (%)	**7.9**
New hires (%)	**6.8**

South America	2019
Employees at January 1	**8,001**
New hires	**988**
Departures	**(1,027)**
Δ scope of operation	**35**
Employees at December 31	**7,997**
Turnover (%)	**12.8**
New hires (%)	**12.4**

Rest of World	2019
Employees at January 1	**5,786**
New hires	**624**
Departures	**(745)**
Δ scope of operation	**(109)**
Employees at December 31	**5,556**
Turnover (%)	**13.4**
New hires (%)	**11.2**

EMPLOYEE TURNOVER BY CATEGORY[a]

CNH INDUSTRIAL WORLDWIDE (no.)

Hourly	2019	2018	2017
Employees at January 1	**39,042**	38,474	38,309
New hires	**3,408**	4,374	3,299
Departures	**(3,746)**	(3,679)	(3,502)
Δ change in category	**(82)**	(200)	(103)
Δ scope of operation	**(59)**	73	471
Employees at December 31	**38,563**	**39,042**	**38,474**
Turnover (%)	**9.7**	9.4	9.1
New hires (%)	**8.8**	11.2	8.6

Salaried	2019	2018	2017
Employees at January 1	**9,535**	9,439	9,211
New hires	**861**	1,382	1,177
Departures	**(1,013)**	(948)	(969)
Δ change in category	**(389)**	(387)	(296)
Δ scope of operation	**(20)**	49	316
Employees at December 31	**8,974**	**9,535**	**9,439**
Turnover (%)	**11.3**	9.9	10.3
New hires (%)	**9.6**	14.5	12.5

Professional	2019	2018	2017
Employees at January 1	**15,097**	14,520	14,405
New hires	**960**	1,400	1,066
Departures	**(1,507)**	(1,346)	(1,309)
Δ change in category	**323**	516	325
Δ scope of operation	**36**	7	33
Employees at December 31	**14,909**	**15,097**	**14,520**
Turnover (%)	**10.1**	8.9	9.0
New hires (%)	**6.4**	9.3	7.3

Manager	2019	2018	2017
Employees at January 1	**951**	923	903
New hires	**48**	33	33
Departures	**(94)**	(76)	(88)
Δ change in category	**148**	71	74
Δ scope of operation	**-**	-	1
Employees at December 31	**1,053**	**951**	**923**
Turnover (%)	**8.9**	8.0	9.5
New hires (%)	**4.6**	3.5	3.6

[a] *For more information on employee categories, see page 232.*

EMPLOYEE TURNOVER BY AGE GROUP

CNH INDUSTRIAL WORLDWIDE (no.)

Under 30 years	2019	2018	2017
Employees at January 1	**7,464**	7,287	7,661
New hires	**2,207**	3,126	2,389
Departures	**(1,388)**	(1,443)	(1,317)
Δ age range	**(1,396)**	(1,521)	(1,622)
Δ scope of operation	**13**	15	176
Employees at December 31	**6,900**	**7,464**	**7,287**
Turnover (%)	**20.1**	19.3	18.1
New hires (%)	**32.0**	41.9	32.8

30 to 50 years	2019	2018	2017
Employees at January 1	**40,512**	40,016	39,579
New hires	**2,689**	3,574	2,819
Departures	**(2,905)**	(2,891)	(2,737)
Δ age range	**(313)**	(267)	(98)
Δ scope of operation	**(24)**	80	453
Employees at December 31	**39,959**	**40,512**	**40,016**
Turnover (%)	**7.3**	7.1	6.8
New hires (%)	**6.7**	8.8	7.0

Over 50 years	2019	2018	2017
Employees at January 1	**16,649**	16,053	15,588
New hires	**381**	489	367
Departures	**(2,067)**	(1,715)	(1,814)
Δ age range	**1,709**	1,788	1,720
Δ scope of operation	**(32)**	34	192
Employees at December 31	**16,640**	**16,649**	**16,053**
Turnover (%)	**12.4**	10.3	11.3
New hires (%)	**2.3**	2.9	2.3

EMPLOYEE TURNOVER BY GENDER

CNH INDUSTRIAL WORLDWIDE (no.)

Men	2019	2018	2017
Employees at January 1	**54,576**	53,769	53,494
New hires	**4,193**	5,781	4,497
Departures	**(5,245)**	(5,086)	(4,931)
Δ scope of operation	**(45)**	112	709
Employees at December 31	**53,479**	**54,576**	**53,769**
Turnover (%)	**9.8**	9.3	9.2
New hires (%)	**7.8**	10.6	8.4

Women	2019	2018	2017
Employees at January 1	**10,049**	9,587	9,334
New hires	**1,084**	1,408	1,078
Departures	**(1,115)**	(963)	(937)
Δ scope of operation	**2**	17	112
Employees at December 31	**10,020**	**10,049**	**9,587**
Turnover (%)	**11.1**	9.6	9.8
New hires (%)	**10.8**	14.0	11.2

PROMOTIONS

CNH INDUSTRIAL WORLDWIDE (no.)

	2019	2018	2017
Hourly	**112**	197	169
Salaried	**485**	508	433
Professional	**513**	454	352
Manager	**123**	25	25
Total	**1,233**	**1,184**	**979**

WORKFORCE GENDER DISTRIBUTION BY CATEGORY[a]

CNH INDUSTRIAL WORLDWIDE

	2019				2018				2017			
	Men		Women		Men		Women		Men		Women	
	(no.)	(%)	(no.)	(%)	(no.)	(%)	(no.)	(%)	(no.)	(%)	(no.)	(%)
Hourly	34,389	89.2	4,174	10.8	34,983	89.6	4,059	10.4	34,694	90.2	3,780	9.8
Salaried	6,327	70.5	2,647	29.5	6,739	70.7	2,796	29.3	6,677	70.7	2,762	29.3
Professional	11,843	79.4	3,066	20.6	12,013	79.6	3,084	20.4	11,579	79.7	2,941	20.3
Manager	920	87.4	133	12.6	841	88.4	110	11.6	819	88.7	104	11.3
Total	**53,479**	**84.2**	**10,020**	**15.8**	**54,576**	**84.5**	**10,049**	**15.5**	**53,769**	**84.9**	**9,587**	**15.1**

[a] *For more information on employee categories, see page 232.*

EMPLOYEES BY CATEGORY BY AGE[a]

CNH INDUSTRIAL WORLDWIDE (no.)

	2019			2018			2017		
	Under 30 years	30 to 50 years	Over 50 years	Under 30 years	30 to 50 years	Over 50 years	Under 30 years	30 to 50 years	Over 50 years
Hourly	4,712	23,405	10,446	5,065	23,738	10,239	5,043	23,657	9,774
Salaried	1,364	5,869	1,741	1,572	6,139	1,824	1,539	6,056	1,844
Professional	824	9,999	4,086	827	10,036	4,234	705	9,721	4,094
Manager	-	686	367	-	599	352	-	582	341
Total	**6,900**	**39,959**	**16,640**	**7,464**	**40,512**	**16,649**	**7,287**	**40,016**	**16,053**

[a] *For more information on employee categories, see page 232.*

EMPLOYEES BY CATEGORY BY AGE[a]

CNH INDUSTRIAL WORLDWIDE (%)

	2019			2018			2017		
	Under 30 years	30 to 50 years	Over 50 years	Under 30 years	30 to 50 years	Over 50 years	Under 30 years	30 to 50 years	Over 50 years
Hourly	12.2	60.7	27.1	13.0	60.8	26.2	13.1	61.5	25.4
Salaried	15.2	65.4	19.4	16.5	64.4	19.1	16.3	64.2	19.5
Professional	5.5	67.1	27.4	5.5	66.5	28.0	4.9	66.9	28.2
Manager	-	65.1	34.9	-	63.0	37.0	-	63.1	36.9
Global	**10.9**	**62.9**	**26.2**	**11.5**	**62.7**	**25.8**	**11.5**	**63.2**	**25.3**

[a] *For more information on employee categories, see page 232.*

WORKFORCE GENDER DISTRIBUTION BY LENGTH OF SERVICE

CNH INDUSTRIAL WORLDWIDE

	2019		2018		2017	
	Total (no.)	**of which women (%)**	Total (no.)	of which women (%)	Total (no.)	of which women (%)
Up to 5 years	**18,401**	**20.1**	19,689	19.0	19,508	18.2
6 to 10 years	**12,119**	**16.3**	13,304	17.0	14,545	17.1
11 to 20 years	**18,251**	**16.6**	17,112	15.9	15,273	14.6
21 to 30 years	**9,763**	**9.4**	10,350	8.8	10,068	8.9
Over 30 years	**4,965**	**8.2**	4,170	10.4	3,962	10.9

WORKFORCE GENDER DISTRIBUTION BY LEVEL OF EDUCATION[a]

CNH INDUSTRIAL WORLDWIDE

	2019[b]		2018[c]		2017[d]	
	Total (no.)	**of which women (%)**	Total (no.)	of which women (%)	Total (no.)	of which women (%)
University degree or equivalent	**14,636**	**23.7**	14,412	23.4	13,594	23.5
High school	**23,447**	**12.2**	23,526	11.9	23,343	11.9
Elementary/middle school	**17,069**	**11.0**	17,456	10.6	17,550	9.8

(a) Data as at October 31, 2019.
(b) About 8,953 employees not mapped for 2019.
(c) About 9,115 employees not mapped for 2018.
(d) About 9,005 employees not mapped for 2017.

WORKFORCE GENDER DISTRIBUTION BY EMPLOYMENT TYPE

CNH INDUSTRIAL WORLDWIDE (no.)

	2019			2018			2017		
	Total	**Men**	**Women**	Total	Men	Women	Total	Men	Women
Full-time	**62,002**	**52,738**	**9,264**	63,167	53,876	9,291	61,976	53,119	8,857
Part-time	**1,497**	**741**	**756**	1,458	700	758	1,380	650	730

WORKFORCE GENDER DISTRIBUTION BY EMPLOYMENT CONTRACT

CNH INDUSTRIAL WORLDWIDE (no.)

	2019		2018		2017	
	No-term	**Fixed-term**	No-term	Fixed-term	No-term	Fixed-term
Men	**51,805**	**1,674**	52,597	1,979	51,843	1,926
Women	**9,600**	**420**	9,604	445	9,297	290
Total	**61,405**	**2,094**	**62,201**	**2,424**	**61,140**	**2,216**

WORKFORCE DISTRIBUTION BY EMPLOYMENT CONTRACT BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

	2019	
	No-term	**Fixed-term**
North America	**8,438**	**9**
Europe	**39,809**	**1,690**
South America	**7,657**	**340**
Rest of World	**5,501**	**55**
Total	**61,405**	**2,094**

OCCUPATIONAL HEALTH AND SAFETY

OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE – EMPLOYEES

CNH INDUSTRIAL WORLDWIDE

	Target 2024 vs. 2014	2019	2018	2017
Number of injuries[a] (no.)		**194**	210	209
Days of absence[b] (no.)		**9,023**	7,957	7,250
Accident frequency rate[c] (accidents per 100,000 hours worked)	**-50%**	**0.205**	0.214	0.224
Accident severity rate[d] (days of absence per 1,000 hours worked)		**0.095**	0.081	0.078
Occupational illness frequency rate (OIFR) (cases of occupational illness per 100,000 hours worked)		**0.014**	0.018	0.016
Near miss frequency rate[e] (near misses per 100,000 hours worked)		**3.354**	2.971	3.654
Fatality rate[f] (fatalities per 100,000 hours worked)		**0.001**	-	-
Total medical visits (no.)		**82,802**	82,006	102,253
Medical visits per employee (no.)		**1.304**	1.269	1.614

(a) Resulting in more than 3 days of absence.
(b) Days lost due to accidents – more than 3 days.
(c) 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. The base year (2014) employee accident frequency rate is equal to 0.25 accidents per 100,000 hours worked. For information on the rationale for choosing 2014 as the base year, see page 232.
(d) 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.
(e) The near miss frequency rate is the number of near misses divided by the number of hours worked, multiplied by 100,000.
(f) The fatality rate is the number of fatalities divided by the number of hours worked, multiplied by 100,000.

2019 OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE BY REGION – EMPLOYEES

CNH INDUSTRIAL WORLDWIDE

	North America	Europe	South America	Rest of World
Number of injuries[a] (no.)	11	160	12	11
Days of absence[b] (no.)	473	7,750	363	437
Accident frequency rate[c] (accidents per 100,000 hours worked)	0.083	0.275	0.085	0.121
Accident severity rate[d] (days of absence per 1,000 hours worked)	0.036	0.133	0.026	0.048
Occupational illness frequency rate (OIFR) (cases of occupational illness per 100,000 hours worked)	0.008	0.021	-	-

(a) Resulting in more than 3 days of absence.
(b) Days lost due to accidents – more than 3 days.
(c) 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.
(d) 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 HEALTH AND SAFETY PERFORMANCE – CONTRACTORS[a]

CNH INDUSTRIAL WORLDWIDE

	2019	2018	2017
Number of injuries[b] (no.)	**15**	20	23
Accident frequency rate[c] (accidents per 100,000 hours worked)	**0.156**	0.203	0.266
Accident severity rate[d] (days of absence per 1,000 hours worked)	**0.025**	0.052	0.070
Occupational illness frequency rate (OIFR) (cases of occupational illness per 100,000 hours worked)	**-**	-	-

[a] Contractors are defined as external companies or freelance/self-employed workers who have a contract with a CNH Industrial company and who provide services within the data reporting scope and within the Company perimeter (resident).
[b] Resulting in more than 3 days of absence.
[c] 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.
[d] 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.

2019 OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE BY REGION – CONTRACTORS[a]

CNH INDUSTRIAL WORLDWIDE

	North America	Europe	South America	Rest of World
Number of injuries[b] (no.)	1	11	2	1
Accident frequency rate[c] (accidents per 100,000 hours worked)	0.205	0.224	0.091	0.050
Accident severity rate[d] (days of absence per 1,000 hours worked)	0.125	0.025	0.008	0.022
Occupational illness frequency rate (OIFR) (cases of occupational illness per 100,000 hours worked)	-	-	-	-

[a] Contractors are defined as external companies or freelance/self-employed workers who have a contract with a CNH Industrial company and who provide services within the data reporting scope and within the Company perimeter (resident).
[b] Resulting in more than 3 days of absence.
[c] 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.
[d] 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.

HUMAN CAPITAL DEVELOPMENT

MANAGERS OF LOCAL NATIONALITY BY REGION[a]

CNH INDUSTRIAL WORLDWIDE (%)

	2019
North America	86
Europe	82
South America	93
Rest of World	59

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

TALENT ATTRACTION

CNH INDUSTRIAL WORLDWIDE (no.)

	2019	2018	2017
New graduates recruited	534	407	403
Traineeships	2,124	2,691	3,296

TRAINING IN NUMBERS

CNH INDUSTRIAL WORLDWIDE (no.)

	2019	2018	2017
Training hours	653,196	868,779	714,610
Employees involved	50,220	46,406	48,981
Average hours of training per employee involved	13.0	18.7	14.6

AVERAGE HOURS OF TRAINING PER EMPLOYEE INVOLVED BY GENDER

CNH INDUSTRIAL WORLDWIDE (no.)

	2019		2018		2017	
	Men	Women	Men	Women	Men	Women
Training hours	536,934	116,262	733,450	135,239	602,437	112,173
Employees involved	41,004	9,216	38,041	8,365	40,586	8,395
Average hours of training per employee involved	13.1	12.6	19.3	16.2	14.8	13.4

AVERAGE HOURS OF TRAINING PER EMPLOYEE INVOLVED BY CATEGORY[a]

CNH INDUSTRIAL WORLDWIDE (no.)

	2019			2018			2017		
	Hourly	Salaried & Professional	Manager	Hourly	Salaried & Professional	Manager	Hourly	Salaried & Professional	Manager
Employees involved	20,098	28,912	1,210	19,321	26,035	1,050	18,154	29,641	1,186
Average hours of training per employee involved	14.6	12.1	7.9	21.8	16.6	14.8	16.7	13.4	12.9

(a) For more information on employee categories, see page 232.

EMPLOYEE WELFARE AND WELLBEING

2019 PARENTAL LEAVE

CNH INDUSTRIAL WORLDWIDE (no.)

	Maternity leave entitlement			Paternity leave entitlement			Adoption leave entitlement			Breastfeeding leave entitlement		
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
Total number of employees entitled to parental leave[a]	9,889	-	9,889	52,976	52,976	-	54,461	45,280	9,181	26,011	17,826	8,185

	Maternity leave			Paternity leave[c]			Adoption leave[c, d]			Breastfeeding leave[c]		
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
Total number of employees taking parental leave[b]	749	-	749	1,930	1,930	-	2	1	1	370	174	196

(a) Number of employees entitled to parental leave as at October 31, 2019, as per applicable laws, collective labor agreements, and/or Company policies.
(b) From November 2018 to October 2019.
(c) In North America, paternity, adoption, and breastfeeding leaves are included in family care leave, and so are not included in the data for parental leave.
(d) In many timekeeping/payroll systems, adoption leave is coded as maternity or paternity leave; therefore, the data for adoption is partial.

ENVIRONMENT

ENVIRONMENTAL PROTECTION EXPENDITURE AND INVESTMENTS

CNH INDUSTRIAL WORLDWIDE ($million)

	2019	2018	2017	2016
Plants (no.)	56	56	57	59
Expenditure	**44**	42	38	38
of which on waste disposal and emissions treatment	**33**	31	28	27
of which on prevention and environmental management	**11**	11	10	11
Investments	**3.8**	3.6	4.5	4
Cost savings	**4.6**	3.3	3.0	3.3

AIR EMISSIONS

VOLATILE ORGANIC COMPOUNDS (VOC)[a]

CNH INDUSTRIAL WORLDWIDE

	Target 2022 vs. 2014	2019	2018[b]	2017[b]
Plants (no.)		56	56	57
Average VOC emissions (g/m^2)	**-27%**	**42.0**	45.7	45.8
Total VOC emissions (kg)		**1,473,239**	1,687,840	1,673,108

(a) The base year (2014) VOC emissions are equal to 57.6 g/m^2 (restated figure). For information on the rationale for choosing 2014 as the base year, see page 232.
(b) 2014-2018 data restated with respect to the 2018 Sustainability Report, following a change in 2019 to the way of calculating the painted surfaces of vehicles manufactured at 3 plants in South America.

NO_X, SO_X, AND DUST EMISSIONS

CNH INDUSTRIAL WORLDWIDE (tons)

	2019	2018	2017
Plants (no.)	57	57	58
Nitrogen Oxides (NO_X)	**436.2**	370.9	366.8
Sulfur Oxides (SO_X)	**40.3**	56.9	73.0
Dust	**3.3**	6.3	8.5

WATER MANAGEMENT

QUALITY OF WATER DISCHARGES

CNH INDUSTRIAL WORLDWIDE (milligram/liter)

	2019	2018	2017
Plants (no.)	56	56	57
Biochemical Oxygen Demand (BOD)	**36.3**	45.1	29.1
Chemical Oxygen Demand (COD)	**169.8**	162.1	115.4
Total Suspended Solids (TSS)	**55.5**	33.8	45.5

WATER WITHDRAWAL PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (m^3/hours of production[b])

	Target 2022 vs. 2014	2019	2018	2017
Plants (no.)		56	56	57
Water withdrawal	**-24%**	**0.075**	0.079	0.083

(a) The base year (2014) water withdrawal is equal to 0.10 m^3/hours of production. For information on the rationale for choosing 2014 as the base year, see page 232.
(b) Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 233.

WATER WITHDRAWAL, DISCHARGE, AND CONSUMPTION

CNH INDUSTRIAL WORLDWIDE (thousands of m³)

	2019	2018	2017
Plants (no.)	56	56	57
Withdrawal			
Groundwater	**2,742**	2,948	2,970
Third-party water	**1,616**	1,640	1,748
of which municipal water supply	**1,614**	1,636	1,745
Surface water	**23**	28	27
of which rainwater	**2**	3	2
Seawater	**-**	-	-
Produced water	**-**	-	-
Total water withdrawal	**4,381**	4,616	4,745
Discharge[a]			
Surface water	**490**	501	518
Third-party water	**2,446**	2,683	2,713
Seawater	**-**	-	-
Groundwater	**-**	-	-
Total water discharge	**2,936**	3,184	3,231
Consumption			
Total water consumption[b]	**1,445**	1,432	1,514

(a) Includes only water discharges related to industrial water.
(b) Calculated as total water withdrawal minus total water discharge.

WATER RECYCLING INDEX

CNH INDUSTRIAL WORLDWIDE (thousands of m³)

	2019	2018	2017
Plants (no.)	56	56	57
Total water requirement	**6,340**	6,563	6,695
of which covered by recycling	**1,959**	1,947	1,950
of which water withdrawal	**4,381**	4,616	4,745
Recycling index[a] (%)	**31**	30	29

(a) The recycling index is calculated as a percentage of the total water requirement.

MAIN PLANTS LOCATED IN WATER-STRESSED AREAS[a] ACCORDING TO THE WRI METHODOLOGY

CNH INDUSTRIAL WORLDWIDE

Segment and plant	2019 discharge water quality (mg/l)	2014 water withdrawal per production unit (m³/hours of production[b])	2019 water withdrawal per production unit (m³/hours of production[b])	Reduction target[c] (2022 vs. 2014)[d]
Agriculture and Construction ■ Queretaro (Mexico)	BOD: 50 COD: n.a. TSS: 9	0.021	0.022	-10%
Agriculture ■ Greater Noida (India)	BOD: 19 COD: 95 TSS: 30	0.105	0.082	-29%
Construction ■ Pithampur (India)	BOD: 16 COD: 79 TSS: 62	0.057[e]	0.045	-30%

[a] *Areas with a baseline water stress that is high (40-80%) or extremely high (>80%) and an overall water risk that is high (3-4) or extremely high (4-5), according to the WRI Aqueduct Risk Atlas tool, as at December 5, 2018.*
[b] *Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 233.*
[c] *Refers to water withdrawal per production unit (m³/hours of production). Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 233.*
[d] *For information on the rationale for choosing 2014 as the base year, see page 232.*
[e] *Data was estimated based on the plant's performance in successive years.*

2019 WATER WITHDRAWAL, DISCHARGE, AND CONSUMPTION IN WATER-STRESSED AREAS[a]

CNH INDUSTRIAL WORLDWIDE (thousands of m³)

	Total	Queretaro (Mexico)	Greater Noida (India)	Pithampur (India)
Withdrawal				
Groundwater	**232**	14	218	-
Third-party water	**42**	-	-	42
of which municipal water supply	**42**	-	-	42
Surface water	**1**	-	-	1
of which rainwater	**1**	-	-	1
Seawater	**-**	-	-	-
Produced water	**-**	-	-	-
Total water withdrawal[b]	**275**	**14**	**218**	**43**
Discharge				
Total water discharge	**137**	**13**	118	**6**
Consumption				
Total water consumption[c]	**138**	**1**	**100**	**37**
Water consumption per production unit (m³/hours of production[d])	**0.03**	**0.002**	**0.04**	**0.04**

[a] *Areas with a baseline water stress that is high (40-80%) or extremely high (>80%) and an overall water risk that is high (3-4) or extremely high (4-5), according to the WRI Aqueduct Risk Atlas tool, as at December 5, 2018.*
[b] *The total water withdrawal in water-stressed areas corresponds to 6% of the Company's total water withdrawal.*
[c] *Calculated as total water withdrawal minus total water discharge.*
[d] *Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 233.*

2019 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 groundwater and discharge to river (Loire)	Loire average flow[a] = 133 m³/sec	Industrial water	yes[b]	yes[c]	no	no

[a] *Monthly average of the last 51 years (1969-2019).*
[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 251). 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)

	2019	2018	2017
Plants (no.)	56	56	57
Waste generated			
Non-hazardous waste	**187,806**	201,876	196,201
Hazardous waste	**14,856**	15,759	17,738
Total waste generated	**202,662**	**217,635**	**213,939**
of which packaging	**64,086**	66,453	66,107
Waste disposed			
Treatment	**9,962**	11,492	12,381
of which incineration	**926**	727	623
Sent to landfill	**3,588**	4,969	5,443
Total waste disposed	**13,550**	**16,461**	**17,824**
of which non-hazardous	**8,180**	9,994	9,850
Waste recovered			
Waste recovered (excluding waste-to-energy)	**181,134**	193,479	189,157
Waste-to-energy conversion	**7,978**	7,695	6,958
of which hazardous	**3,157**	3,038	2,739
Total waste recovered	**189,112**	**201,174**	**196,115**
of which hazardous	**9,486**	9,292	9,764
Waste recovered (%)	**93.3**	**92.4**	**91.7**
Waste sent to landfill (%)	**1.8**	**2.3**	**2.5**

WASTE AND HAZARDOUS WASTE GENERATED PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (kg/hours of production[b])

	Target 2022 vs. 2014	2019	2018	2017
Plants (no.)		56	56	57
Waste generated	**-25%**	**3.48**	3.71	3.75
Hazardous waste generated	**-36%**	**0.26**	0.27	0.31

(a) The base year (2014) waste generated is equal to 4.56 kg/hours of production.
The base year (2014) hazardous waste generated is equal to 0.39 kg/hours of production.
For information on the rationale for choosing 2014 as the base year, see page 232.
(b) Total manufacturing hours are used to calculate the indicator per hour of production.
For the definition of total manufacturing hours, see page 233.

WASTE RECOVERED[a]

CNH INDUSTRIAL WORLDWIDE (%)

	Target 2024	2019	2018	2017
Plants (no.)		56	56	57
Waste recovered	**94**	**93.3**	92.4	91.7

(a) Waste recovered as a percentage of waste generated.

TRANSPORTED, IMPORTED, EXPORTED OR TREATED HAZARDOUS WASTE

CNH INDUSTRIAL WORLDWIDE (tons)

	2019	2018	2017
Plants (no.)	56	56	57
Hazardous waste transported to external providers of waste management services in the same country	**14,806**	15,748	17,724
of which sent for treatment	**5,283**	6,362	7,825
Hazardous waste transported to external providers of waste management services abroad	**39**	11	14
of which sent for treatment	**-**	-	-
Total hazardous waste transported	**14,845**	**15,759**	**17,738**

BIODIVERSITY

PLANTS NEAR, BORDERING OR WITHIN PROTECTED[a] OR HIGH-BIODIVERSITY AREAS

CNH INDUSTRIAL WORLDWIDE

PLANT	Plant primary functions	Plant's total surface area (m²)	Location with respect to protected area	Species on IUCN Red List of threatened species and on national lists (no.)
BOLZANO (ITALY)[b]	Defense vehicles	120,000	Adjacent to the protected area (5,000 m)	387 species listed, of which: ■ 0 critically endangered ■ 6 endangered ■ 17 vulnerable ■ 27 near threatened ■ 337 of least concern
BOURBON LANCY (FRANCE)[c]	Engines (heavy)	210,000	Adjacent to the protected area (500 m)	195 species listed, of which: ■ 0 critically endangered ■ 2 endangered ■ 1 vulnerable ■ 1 near threatened ■ 191 of least concern
CURITIBA (BRAZIL)[c]	Combines, tractors	792,824	Adjacent to/contains part of the protected area	7 species listed, of which: ■ 0 critically endangered ■ 0 endangered ■ 0 vulnerable ■ 1 near threatened ■ 6 of least concern
FOGGIA (ITALY)[c]	Engines (light), drive shafts	601,680	Adjacent to the protected area (3,500 m)	168 species listed, of which: ■ 0 critically endangered ■ 0 endangered ■ 2 vulnerable ■ 6 near threatened ■ 160 of least concern
MADRID (SPAIN)[c]	Heavy vehicles	347,200	Adjacent to the protected area (1,500 m)	64 species listed, of which: ■ 0 critically endangered ■ 0 endangered ■ 0 vulnerable ■ 1 near threatened ■ 63 of least concern
PIACENZA (ITALY)[b]	Heavy vehicles	175,000	Adjacent to the protected area (5,000 m)	241 species listed, of which: ■ 2 critically endangered ■ 6 endangered ■ 11 vulnerable ■ 13 near threatened ■ 209 of least concern
SETE LAGOAS (BRAZIL)[c]	Light, medium, and heavy vehicles	2,000,000	Adjacent to the protected area (1,500 m)	79 species listed, of which: ■ 0 critically endangered ■ 0 endangered ■ 0 vulnerable ■ 0 near threatened ■ 79 of least concern
SUZZARA (ITALY)[c]	Light vehicles	520,000	Adjacent to the protected area (4,000 m)	110 species listed, of which: ■ 0 critically endangered ■ 2 endangered ■ 0 vulnerable ■ 0 near threatened ■ 108 of least concern
ULM (GERMANY)[c]	Firefighting vehicles	679,000	Adjacent to the protected area (2,000 m)	153 species listed, of which: ■ 0 critically endangered ■ 2 endangered ■ 1 vulnerable ■ 3 near threatened ■ 147 of least concern
ZEDELGEM (BELGIUM)[b]	Combines, forage harvesters, balers	360,357	Adjacent to the protected area (2,000 m)	232 species listed, of which: ■ 8 critically endangered ■ 11 endangered ■ 22 vulnerable ■ 19 near threatened ■ 172 of least concern

[a] Protected areas (national, regional, of EU-level importance, special protection zones, oases, etc.) are geographically defined areas designated, regulated or managed to achieve specific conservation objectives. Areas of high biodiversity value are not subject to legal protection, but are recognized by governmental and non-governmental organizations as having significant biodiversity.

[b] Plant implementing the BRE methodology (see page 178) that is located near, bordering or within protected or high-biodiversity areas.

[c] Plant implementing the BVI methodology (see page 178) that is located near, bordering or within protected or high-biodiversity areas.

ENERGY

ENERGY CONSUMPTION AND CO_2 EMISSIONS

IMPROVEMENT IN ENERGY PERFORMANCE

CNH INDUSTRIAL WORLDWIDE

	2019	2018	2017	2016
Expenditure ($million)	**168**	182	170	169
Investments ($million)	**12.8**	7.9	7.7	6.7
Cost savings ($million)	**7.5**	3.3	7	3.8
Energy savings (GJ)	**253,803**	160,009	261,909	164,898
CO_2 emissions reduction (tons)	**18,000**	11,809	21,061	9,975

TOTAL ENERGY CONSUMPTION[a]

CNH INDUSTRIAL WORLDWIDE (GJ)

Non-renewable sources	2019	2018	2017
Plants (no.)	57	57	58
Direct energy consumption			
Natural gas (NG)	**2,724,085**	2,875,474	2,781,706
Coal	**-**	90,493	139,724
Diesel	**283,742**	262,043	294,300
Liquefied petroleum gas (LPG)	**87,082**	72,711	66,176
Other (HS and LS fuel oil)	**225**	154	148
Total	**3,095,134**	3,300,875	3,282,054
Indirect energy consumption			
Electricity	**669,649**	774,835	1,204,612
Thermal energy	**629,153**	694,710	641,537
Other energy sources	**2,162**	16,058	40,580
Total	**1,300,964**	1,485,603	1,886,729
Total energy consumption from non-renewable sources	**4,396,098**	4,786,478	5,168,783

Renewable sources	2019	2018	2017
Plants (no.)	57	57	58
Direct energy consumption			
Biomass	**14,144**	6,801	4,702
Solar-thermal	**46**	17	137
Total	**14,190**	6,818	4,839
Indirect energy consumption			
Electricity	**1,705,478**	1,843,182	1,399,965
Thermal energy	**43,851**	52,485	52,404
Other energy sources	**194,080**	148,519	111,331
Total	**1,943,409**	2,044,186	1,563,700
Total energy consumption from renewable sources	**1,957,599**	2,051,004	1,568,539
Total energy consumption	**6,353,697**	6,837,482	6,737,322

[a] The base year (2014) energy consumption is equal to 7,469,657 GJ. For information on the rationale for choosing 2014 as the base year, see page 232.

ENERGY CONSUMPTION BY TYPE

CNH INDUSTRIAL WORLDWIDE (GJ)

	2019	2018	2017
Plants (no.)	57	57	58
Electricity[a]	**2,551,319**	2,759,208	2,724,536
Heat	**673,050**	747,212	694,078
Steam[b]	**-**	-	-
Cooling	**20,051**	23,386	31,952
Natural gas (NG)	**2,724,085**	2,875,474	2,781,706
Other energy sources	**385,192**	432,202	505,050
Total energy consumption	**6,353,697**	6,837,482	6,737,322

[a] Electricity also includes compressed air.
[b] Steam is included in heat.

ENERGY CONSUMPTION PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (GJ/hour of production[b])

	Target 2030 vs. 2014	2019	2018	2017
Plants (no.)		57	57	58
Energy consumption per production unit	**-30%**	**0.10050**	0.10898	0.11064

(a) The base year (2014) energy consumption per production unit is equal to 0.1275 GJ/hours of production.
For information on the rationale for choosing 2014 as the base year, see page 232.
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 233.

ELECTRICITY CONSUMPTION FROM RENEWABLE SOURCES

CNH INDUSTRIAL WORLDWIDE (%)

	Target 2030	2019	2018	2017
Plants (no.)		57	57	58
Electricity consumption from renewable sources	**90%**	**71.8**	70.4	53.8

DIRECT AND INDIRECT CO_2 EMISSIONS[a]

CNH INDUSTRIAL WORLDWIDE (tons)

	2019	2018	2017
Plants (no.)	57	57	58
Direct emissions (scope 1)	**171,217**	184,439	186,598
Indirect emissions (scope 2) – market-based	**156,764**	194,575	235,246
Indirect emissions (scope 2) – location-based	**309,465**	312,409	305,308
Total CO_2 emissions[b]	**327,981**	**379,014**	**421,844**
Direct emissions from landfill gases	**772**	371	257

(a) CO_2 is the only significant greenhouse gas within CNH Industrial's processes (see page 233).
For CNH Industrial, biogenic CO_2 emissions are those released by the combustion of landfill gases.
The base year (2014) CO_2 emissions are equal to 530,851 tons. For information on the rationale for choosing 2014 as the base year, see page 232.
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 234.
(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 2030 vs. 2014	2019	2018	2017
Plants (no.)		57	57	58
Direct and indirect CO_2 emissions per production unit	**-60%**	**0.00509**	0.00597	0.00688

(a) CO_2 is the only significant greenhouse gas within CNH Industrial's processes (see page 233).
The base year (2014) CO_2 emissions per production unit are equal to 0.0090 tons/hours of production. For information on the rationale for choosing 2014 as the base year, see page 232.
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 and for logistics.
(b) Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 233.

OTHER GRI DISCLOSURES

CONSTANT DIALOGUE WITH STAKEHOLDERS

Stakeholders present a wide range of differing interests, so establishing and maintaining stable and lasting relationships is crucial for creating shared value over the long term. Along with the engagement process during the materiality analysis, CNH Industrial promotes ongoing communication and active engagement with its stakeholders worldwide. It interacts with them continually and proactively during the year, through dedicated functions, promoting ongoing dialogue. The Company believes that such exchanges are opportunities for mutual growth and improvement, and that cooperation and trust are built on receptiveness and engagement. The first step toward building effective engagement involves the identification of stakeholders in order to establish the most effective communication channels, while continually monitoring expectations, needs, and opinions. CNH Industrial identified and selected key stakeholders through an internal assessment performed by the corporate functions managing stakeholder relations on a daily basis. Understanding specific requirements and priorities enables CNH Industrial to deal with issues before they become critical, and to fine-tune its responses according to the stakeholders' interests.

DIALOGUE WITH STAKEHOLDERS IN DETAIL

STAKEHOLDERS	Corporate functions[a]	Tools and interaction channels	Key topics and concerns[b]
CUSTOMERS	▸ Marketing ▸ Customer Care ▸ Product Development	▪ direct engagement in materiality analysis ▪ market research ▪ focus groups ▪ customer satisfaction surveys ▪ above-the-line and below-the-line communication channels ▪ two-way communication through: web, direct mailing, dealerships, toll-free numbers, etc. ▪ events (e.g., product launches) and participation in exhibitions, trade fairs, and conventions ▪ Customer-Driven Product Development (CPD) ▪ Compliance Helpline	▪ quality, reliability, and safety of products ▪ competitive prices and financial services ▪ speed and efficiency of assistance ▪ professionalism and courteousness in direct contacts and through dealers ▪ increase in products and services offered to customers (including financial services)
DEALER AND SERVICE NETWORK	▸ Sales ▸ Training	▪ direct engagement in materiality analysis ▪ daily contacts and periodic meetings with the network ▪ two-way communication through the web Dealer Portal and dedicated phone lines ▪ individuals responsible for monitoring the network and ensuring fulfillment of contractual standards ▪ dealer development programs ▪ programs to support dealers, including training, definition of standards, financing, and promotional campaigns ▪ Compliance Helpline	▪ complete and easily accessible product information ▪ business profitability ▪ development of sense of belonging ▪ quality and availability of products/parts/services ▪ competitive prices ▪ expansion of product lines ▪ expansion of services offered to customers, including financial services ▪ support services for dealers and rapid response to breakdowns
EMPLOYEES	▸ Human Resources ▸ Environment, Health and Safety	▪ direct engagement in materiality analysis ▪ daily dialogue ▪ Intranet portal ▪ meetings to communicate expected and actual performance levels and professional development path ▪ Compliance Helpline	▪ well-defined procedures and protection in periods of market uncertainty ▪ clear objectives and reward system ▪ information on strategies and results ▪ training and professional development ▪ stimulating and safe work environment
PROFESSIONAL ORGANIZATIONS AND ASSOCIATIONS		▪ direct engagement in materiality analysis ▪ meetings to share and align with corporate objectives and decisions	▪ indirect participation in the decision-making process ▪ development of sense of belonging ▪ access to information
EMPLOYEES' FAMILIES		▪ participation initiatives (e.g., Children's Christmas, Family Day) ▪ internal publications	▪ indirect participation in corporate life ▪ targeted initiatives (nursery school, academic scholarships, supplemental health programs)

[a] The names provided in the corporate functions column have, in some cases, been altered to make them more self-explanatory and, therefore, do not necessarily coincide with the official name given to the corresponding activity or area of responsibility.
[b] The way the Company has responded to those key topics and concerns falls within the scope of its day-by-day activities and is described in the Report.

STAKEHOLDERS	Corporate functions[a]	Tools and interaction channels	Key topics and concerns[b]
FINANCIAL COMMUNITY: TRADITIONAL AND SOCIALLY RESPONSIBLE INVESTORS (SRIs)	▸ Investor Relations ▸ Corporate Affairs ▸ Sustainability Unit	■ direct engagement in materiality analysis ■ General Meeting ■ price-sensitive disclosures and information ■ quarterly conference calls ■ seminars, industry conferences, roadshows, and meetings ■ daily dialogue (meetings, telephone, emails) ■ Investor Relations section of the Company website ■ EU Annual Report ■ Sustainability Report	■ enhancement of knowledge of the Company and its businesses ■ value creation (return on investment, sustainability of the business) ■ transparent and responsible management
JOURNALISTS, MEDIA, AND OPINION LEADERS	▸ Communications	■ direct engagement in materiality analysis ■ daily dialogue ■ presentations and press conferences ■ meetings ■ brand and Company websites	■ availability, timeliness, accuracy, and transparency of information
LOCAL COMMUNITIES: RELIGIOUS, CULTURAL, AND SOCIO-POLITICAL ASSOCIATIONS, HEALTH SYSTEMS, SCHOOLS & UNIVERSITIES, AND NON-GOVERNMENTAL & NON-PROFIT ORGANIZATIONS	▸ Dedicated functions	■ direct engagement in materiality analysis ■ meetings with representatives of associations, organizations or local communities ■ actions or projects, managed directly or in partnership ■ cultural exchange programs ■ Compliance Helpline	■ responsiveness to project proposals and individual requests for assistance ■ contributions and support for medium to long-term initiatives ■ access to information
PUBLIC INSTITUTIONS: GOVERNMENT, LOCAL AUTHORITIES, PUBLIC AGENCIES, REGULATORY BODIES, INTERNATIONAL INSTITUTIONS, TRADE ASSOCIATIONS, AND NON-GOVERNMENTAL ORGANIZATIONS	▸ Institutional Relations ▸ Environment, Health and Safety	■ direct engagement in materiality analysis ■ periodic ad hoc meetings on corporate objectives and position ■ participation in working groups, development of joint projects and alliances ■ collaboration on R&D projects ■ initiatives to highlight regulatory issues ■ dialogue with institutions and environmental associations	■ responsiveness and proactiveness towards projects presented ■ collaboration and access to information ■ satisfaction of tender requirements for R&D projects ■ technical support on specific industry-related issues ■ inclusion of environmental aspects in business strategies (e.g., combating climate change)
SCIENTIFIC AND TECHNOLOGICAL RESEARCH CENTERS AND UNIVERSITIES	▸ Innovation	■ direct engagement in materiality analysis ■ open-source tools ■ periodic meetings	■ satisfaction of tender requirements for R&D projects ■ collaborative R&D projects
SUPPLIERS AND COMMERCIAL PARTNERS	▸ Purchasing	■ direct engagement in materiality analysis ■ daily relationship through buyers ■ web Supplier Portal ■ *Come to our Plant* initiative ■ WCM suppliers ■ Supplier Advisory Council (SAC) ■ conventions ■ *Technology Days* ■ *Suppliers' Proposals* program ■ Compliance Helpline ■ dedicated email addresses	■ continuity of supply ■ fulfillment of contractual conditions ■ partnerships
TRADE UNIONS AND EMPLOYEE REPRESENTATIVES	▸ Industrial Relations	■ direct engagement in materiality analysis ■ institutional meetings and other exchanges pursuant to legal or contractual provisions at plant, legal entity, regional or national levels ■ trilateral meetings (Company, trade unions, and government bodies) on matters of particular importance ■ ad hoc meetings at plant, legal entity, regional or national level	■ social dialogue in line with the applicable legal or contractual provisions under which – from time to time and depending on the country, the issues, and the level of dialogue – trade unions or employee representatives have the right to information, consultation, and/or negotiation. As part of a participatory system of industrial relations, joint committees have been established in various countries to focus on specific topics of interest

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

[b] The way the Company has responded to those key topics and concerns falls within the scope of its day-by-day activities and is described in the Report.

MEMBERSHIP OF ASSOCIATIONS[a]

COUNTRY	NAME	TYPE OF INSTITUTION	COMMITMENT FROM CNH INDUSTRIAL			
			PROJECTS	MEMBERSHIP	POSITION ON GOVERNANCE BODY	FUNDING
NORTH AMERICA						
Canada	Association of Canadian Custom Harvesters Inc. (ACCHI)	Association		○		
Canada	Canadian Cattlemen's Association (CCA)	Association		○		
Canada	Canadian Forage and Grassland Association (CFGA)	Association		○		
Canada	Canadian Simmental Association (CSA)	Association		○		
Canada	Western Canadian Wheat Growers Association	Association		○		
USA	American-Uzbekistan Chamber of Commerce (AUCC)	Association		○	○	
USA	Association of Equipment Manufacturers (AEM)	Association		○	○	
USA	Associated Equipment Distributors (AED)	Association		○		
USA	Business-Industry Political Action Committee (BIPAC)	Association		○	○	
USA	Business Roundtable (BRT)	Association		○	○	
USA	Diesel Technology Forum (DTF)	Association		○		
USA	Equipment Leasing and Financing Association (ELFA)	Association		○		
USA	Future Farmers of America (FFA)	Association		○		
USA	Growth Energy	Association		○	○	
USA	National Association of Landscape Professionals (NALP)	Association		○		
USA	National Association of Manufacturers (NAM)	Association		○	○	
USA	National Cattlemen's Beef Association (NCBA)	Association		○		
USA	Organization for International Investment (OFII)	Association		○		
USA	Truck and Engine Manufacturers Association (EMA)	Association		○	○	
USA	U.S. Custom Harvesters, Inc.	Association		○		
USA	US-China Business Council (USCBC)	Association		○		
USA	US-Russia Business Council (USRBC)	Association		○		
USA	US-Turkmenistan Business Council (USTBC)	Association		○	○	
USA	US-Ukraine Business Council (USUBC)	Association		○		
EUROPE						
Austria	Association of Austrian Machinery and Metalware Industries (FMMI)	Association		○		
Austria	Austrian Agricultural Cluster (AAC)	Association		○		
Belgium	American Chamber of Commerce to the European Union (AmCham EU)	Association		○		
Belgium	Committee for European Construction Equipment (CECE)	Association		○	○	
Belgium	European Agricultural Machinery Association (CEMA)	Association		○	○	
Belgium	European Association of Internal Combustion Engine Manufacturers (EUROMOT)	Association		○	○	
Belgium	European Automobile Manufacturers' Association (ACEA)	Association		○	○	
Belgium	European Council for Automotive R&D (EUCAR)	Association		○		
Belgium	European Green Vehicles Initiative Association (EGVIA)	Association		○		
Belgium	Fédération Belge de l'Automobile & du Cycle (FEBIAC)	Association		○		
Belgium	Fédération Belge des Fournisseurs de Machines, Bâtiments et Équipements pour l'Agriculture et les Espaces Verts (FEDAGRIM)	Association		○		

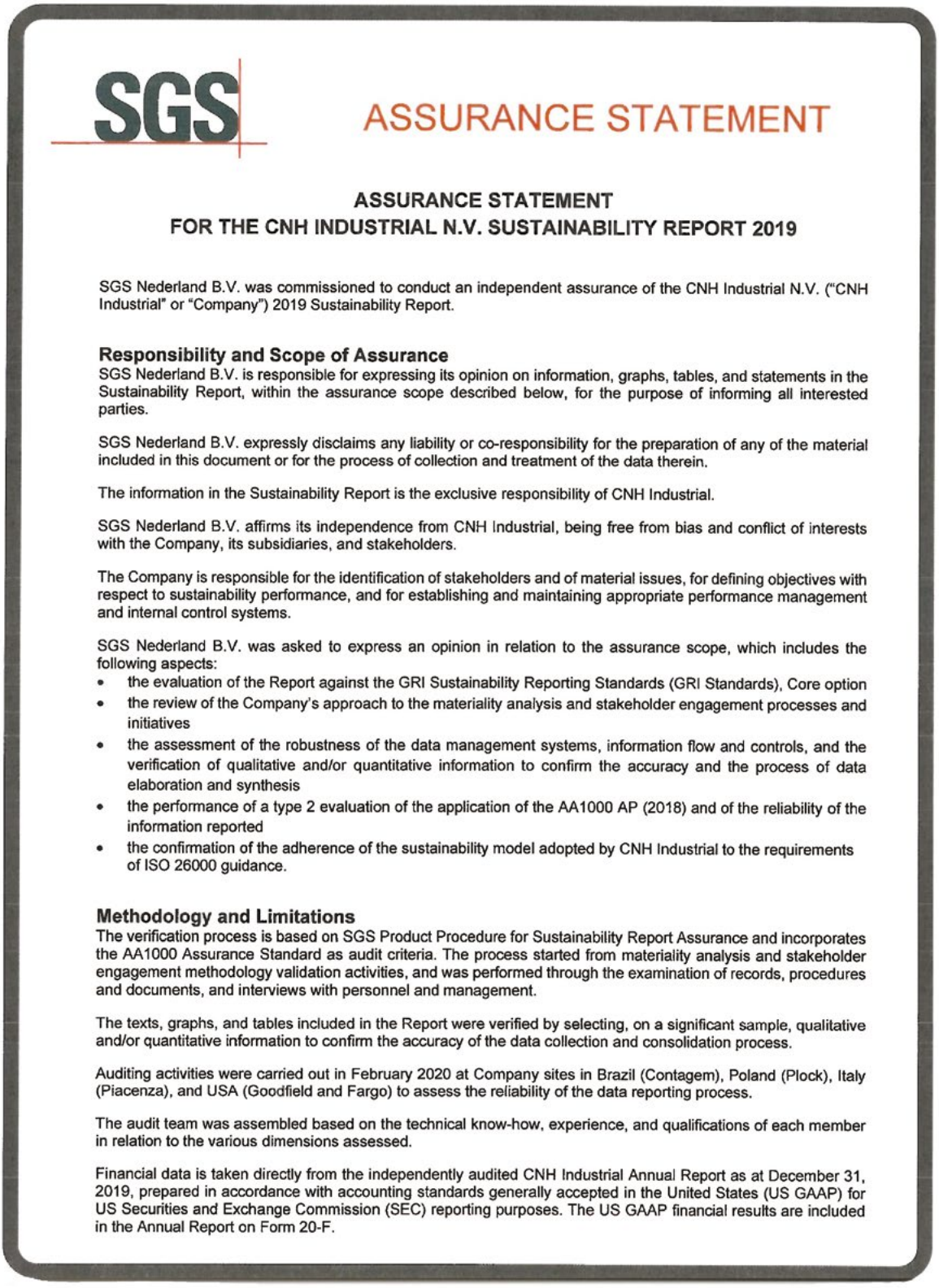
[a] *List of CNH Industrial's main memberships. The complete list is available on the Company's website.*

COUNTRY	NAME	TYPE OF INSTITUTION	COMMITMENT FROM CNH INDUSTRIAL			
			PROJECTS	MEMBERSHIP	POSITION ON GOVERNANCE BODY	FUNDING
EUROPE						
Belgium	Federation for the Technology Industry (AGORIA)	Association		○		
Belgium	Natural & bio Gas Vehicle Association (NGVA Europe)	Association		○	○	
Belgium	Union Internationale des Transports Publics (UITP)	Association		○	○	
Czech Rep.	Automotive Industry Association (AIA)	Association		○		
Czech Rep.	Czech Association of Importers of Agricultural Technology	Association		○		
Denmark	Dansk Agroindustri (Danish Agro Industry)	Association		○		
Denmark	Dansk Maskinhandlerforening (Agricultural Machinery Dealers)	Association		○		
Denmark	De Danske Bilimportører (Danish Car Importers Association)	Association		○		
Denmark	Maskinleverandørerne (Trade association for construction machinery)	Association		○		
Finland	Autotuojat Ry (Association of Automotive Industry in Finland)	Association		○		
Finland	Traktorimyyjien yhdistys (Tractor Trade Association of Finland)	Association		○		
France	Association Française du Gaz Naturel pour Véhicules (AFGNV)	Association		○		
France	Chambre Syndicale Internationale de l'Automobile et du Motocycle (CSIAM)	Association		○		
France	European Cluster for Mobility Solutions (CARA ex-LUTB)	Association	○	○	○	
France	Union des Industriels de l'Agroéquipement (AXEMA)	Association		○		
France	Union des Transports Publics et Ferroviaires (UTP)	Association		○		
Germany	Association of German Engineers (VDI)	Association		○		
Germany	German Energy Agency (DENA)	Association		○	○	
Germany	Verband Deutscher Maschinen und Anlagenbau (VDMA)	Association		○		
Germany	Verband der Automobilindustrie (VDA)	Association		○	○	
Germany	Zukunft ERDGAS (Natural gas association)	Association		○		
Italy	Commissione Italiana Veicoli Elettrici Stradali (CIVES)	Association		○		
Italy	Consorzio Italiano Biogas (CIB)	Association		○		
Italy	Federazione Nazionale Costruttori Macchine per l'Agricoltura (FEDERUNACOMA)	Association		○		
Italy	Italian Federation of Trade in Industrial Machinery (ASCOMAC Unimot)	Association		○		
Italy	MOTUS-E (Electric mobility association)	Association		○		
Italy	Natural Gas Vehicle Italy (NGV Italy)	Association		○	○	
Italy	Unione Nazionale Aziende Construction Equipment & Attachments (UNACEA)	Association		○		
Italy	World Energy Council Italy (WEC Italy)	Association		○		
Netherlands	Dutch agricultural mechanisation industry (Fedecom)	Association		○		
Netherlands	Dutch LNG Platform	Association		○		
Netherlands	Rijwiel en Automobiel Industrie (RAI)	Association		○		
Norway	Bilimportørens Landsforening (BIL)	Association		○		
Norway	Norges Bondelag (Norwegian Agrarian Association)	Association		○		
Norway	Traktor- og Landbruksmaskinimportørenes Forening / Tractor and Agricultural Machinery Importers' Association (TLIF)	Association		○		
Poland	Polish Confederation Lewiatan	Association		○		
Poland	Polish LNG Platform	Association		○	○	

COUNTRY	NAME	TYPE OF INSTITUTION	COMMITMENT FROM CNH INDUSTRIAL			
			PROJECTS	MEMBERSHIP	POSITION ON GOVERNANCE BODY	FUNDING
EUROPE						
Poland	Polski Związek Przemysłu Motoryzacyjnego (PZPM)	Association		○		
Poland	Transport Logistyka Polska (TLP)	Association		○		
Portugal	Asociação do Comércio Automóvel de Portugal (ACAP)	Association		○		
Slovenia	International Association of Fire and Rescue Services (CTIF)	Association		○		
Spain	Asociación Española de Fabricantes de Automóviles y Camiones (ANFAC)	Association		○	○	
Spain	Asociación Ibérica de Gás Natural para la Movilidad (GASNAM)	Association		○	○	
Spain	Asociación Nacional de Distribuidores e Importadores de Maquinaria de Obras Públicas, Minería y Construcción (ANDICOP)	Association		○		
Spain	Asociación Nacional de Maquinaria Agropecuaria, Forestal y de Espacios Verdes (ANSEMAT)	Association		○		
Sweden	MaskinLeverantörerna (Association for agricultural and construction material)	Association		○		
Sweden	Swedish Association of Automobile Manufacturers and Importers (BIL Sweden)	Association		○		
Switzerland	International Road Transport Union (IRU)	Association		○		
UK	Agricultural Engineers Association (AEA)	Association		○		
UK	Agricultural Machinery Dealers (FARMING UK)	Association		○		
UK	Confederation of British Industry (CBI)	Association		○	○	
UK	Construction Equipment Association (CEA)	Association		○		
UK	Freight Transport Association (FTA)	Association		○		
UK	Natural Gas Vehicle Network (NGVN)	Association		○		
UK	Society of Motor Manufacturers and Traders (SMMT)	Association		○		
Ukraine	Ukrainian Agribusiness Club (UCAB)	Association		○		
SOUTH AMERICA						
Argentina	American Chamber of Commerce in Argentina (AmCham Argentina)	Association		○		
Argentina	Argentine Chamber of Construction (CAC)	Association		○		
Argentina	Asociación de Fábricas y Distribuidores Argentinos de Tractores (AFAT)	Association		○		
Argentina	Association of Automotive Manufacturers (ADEFA)	Association		○		
Brazil	American Chamber of Commerce for Brazil (AmCham Brasil)	Association		○		
Brazil	Brazilian Agribusiness Association (ABAG)	Association		○		
Brazil	Brazilian Association of Automotive Engineering (AEA)	Association		○		
Brazil	Brazilian Association of Technology for Construction and Mining (SOBRATEMA)	Association		○		
Brazil	Brazilian Federation of Banks (FEBRABAN)	Association		○		
Brazil	Brazilian Machinery Builders' Association (ABIMAQ)	Association		○		
Brazil	Empresa Brasileira de Pesquisa Agropecuária (EMBRAPA)	Government	○			
Brazil	Italian-Brazilian Chamber of Commerce	Association		○		
Brazil	National Association of Automotive Vehicle Manufacturers (ANFAVEA)	Association		○	○	
Brazil	National Association of Cargo Transportation and Logistics (NTC & Logística)	Association		○		
Brazil	National Association of Credit, Finance, and Investment Institutions (ACREFI)	Association		○		
Brazil	Society of Automobile Engineers (SAE Brasil)	Association		○		

COUNTRY	NAME	TYPE OF INSTITUTION	COMMITMENT FROM CNH INDUSTRIAL			
			PROJECTS	MEMBERSHIP	POSITION ON GOVERNANCE BODY	FUNDING
REST OF WORLD						
Australia	Australian Trucking Association (ATA)	Association		○		
Australia	Bus Industry Confederation (BIC)	Association		○	○	
Australia	Gas Energy Australia Joint CNG and LNG Task Force	Association		○		
Australia	Heavy Vehicle Industry Australia (HVIA)	Association		○		
Australia	Tractor and Machinery Association of Australia (TMA)	Association		○	○	
Australia	Truck Industry Council (TIC)	Association		○	○	
Australia	Waste Contractors and Recyclers Association of NSW (WCRA)	Association		○		
China	China Agricultural Machinery Distribution Association (CAMDA)	Association		○		○
China	China Association of Agricultural Machinery Manufacturers (CAAMM)	Association		○		
China	China Association of Automobile Manufacturers (CAAM)	Association		○		
China	China Construction Machinery Association (CCMA)	Association		○		○
China	China Internal Combustion Engine Industry Association (CICEIA)	Association		○		
China	Shanghai Facilities and Agricultural Equipment Association (SFAEA)	Association		○	○	○
China	Verband Deutscher Maschinen und Anlagenbau (VDMA China)	Association		○	○	
India	Confederation of Indian Industry (CII)	Association		○		
India	Indian Construction Equipment Manufacturers' Association (ICEMA)	Association		○		
India	Indian Society of Agribusiness Professionals (ISAP)	Association		○		
India	Tractor and Mechanization Association (TMA)	Association		○	○	
Morocco	Association Marocaine des Importateurs de Matériel Agricole (AMIMA)	Association		○		
Myanmar	Italy-Myanmar Business Council	Association		○		
Russia	Association of European Businesses (AEB)	Association		○		
Russia	Russian Association of Specialized Machinery and Equipment Manufacturers (ROSSPETSMASH)	Association		○		
Russia	Russian Natural Gas Vehicle Association (NGVRUS)	Association		○		
Russia	Verband Deutscher Maschinen und Anlagenbau (VDMA Russia)	Association		○		
South Africa	National Association of Automobile Manufacturers of South Africa (NAAMSA)	Association		○		
South Africa	South African Agricultural Machinery Association (SAAMA)	Association		○		
Thailand	Federation of Thai Industries (FTI)	Association		○		
Turkey	Automotive Distributors' Association (ODD)	Association		○		
Turkey	Automotive Industrialists' Association (OSD)	Association	○	○	○	○
Turkey	Heavy Commercial Vehicles Association (TAİD)	Association		○	○	
Turkey	Turkey Construction Equipment Distributors and Manufacturers Association (IMDER)	Association		○		
Turkey	Turkish Metal Industrialists Union (MESS)	Association		○		
Uzbekistan	Chamber of Commerce and Industry of Uzbekistan	Association		○		

ASSURANCE STATEMENT



SGS

ASSURANCE STATEMENT

ASSURANCE STATEMENT
FOR THE CNH INDUSTRIAL N.V. SUSTAINABILITY REPORT 2019

SGS Nederland B.V. was commissioned to conduct an independent assurance of the CNH Industrial N.V. ("CNH Industrial" or "Company") 2019 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 GRI Sustainability Reporting Standards (GRI Standards), Core option
- the review of the Company's approach to the materiality analysis and stakeholder engagement processes and initiatives
- the assessment of the robustness of the data management systems, information flow and controls, and the verification of qualitative and/or quantitative information to confirm the accuracy and the process of data elaboration and synthesis
- the performance of a type 2 evaluation of the application of the AA1000 AP (2018) and of the reliability of the information reported
- the confirmation of the adherence of the sustainability model adopted by CNH Industrial to the requirements of ISO 26000 guidance.

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 the examination of records, procedures and documents, and interviews with personnel and management.

The texts, graphs, and tables included in the Report were verified by selecting, on a significant sample, qualitative and/or quantitative information to confirm the accuracy of the data collection and consolidation process.

Auditing activities were carried out in February 2020 at Company sites in Brazil (Contagem), Poland (Plock), Italy (Piacenza), and USA (Goodfield and Fargo) to assess the reliability of the data reporting process.

The audit team was assembled based on the technical know-how, experience, and qualifications of each member in relation to the various dimensions assessed.

Financial data is taken directly from the independently audited CNH Industrial Annual Report as at December 31, 2019, prepared in accordance with accounting standards generally accepted in the United States (US GAAP) for US Securities and Exchange Commission (SEC) reporting purposes. The US GAAP financial results are included in the Annual Report on Form 20-F.

Assurance Opinion

On the basis of the verification work performed, we are satisfied, with a reasonable level of assurance, that the information contained in the CNH Industrial 2019 Sustainability Report is accurate, balanced, and reliable, representing a relevant summary of the activities carried out by CNH Industrial in 2019 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, Responsiveness, and Impact), and to the approach of the Company to the materiality analysis and stakeholder engagement processes and initiatives, the Audit team provides the following opinion:

- sustainability issues have been increasingly and effectively integrated into the Company's operational and strategic management; the Company's sustainability priorities derive from clustering the material topics by theme. Based on these priorities, strategic sustainability targets were defined and included in the Strategic Business Plan 2020-2024 (CNH Industrial's Capital Markets Day - New York Stock Exchange), confirming the increasingly important role of sustainability in CNH Industrial's growth strategy
- the Materiality Matrix has been further enhanced by surveying additional groups, in particular Sustainability Steering Committee (SSC) members, and by collecting further feedback and opinions from stakeholders, specifically customers and suppliers
- detailed information regarding the quantification of greenhouse gas (GHG) emissions was provided, and recognition is given to the effort and commitment made by the Company to provide a complete and transparent communication of its carbon footprint, through an additional verification of greenhouse gas emissions, carried out according to ISO 14064-3 criteria. Moreover, the audit covered CO_2 emissions for the upstream and downstream transportation and distribution categories of Scope 3 emissions.

In the 2019 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 2019 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 GRI Sustainability Reporting Standards (GRI Standards): **Core option**.

Spijkenisse, March 23, 2020.

Andre Siraa
Business Manager

AA1000
Licensed Assurance Provider
000-8

GRI CONTENT INDEX

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.
The GRI Content Index is made up of two parts. The first contains references to the disclosures reported in accordance with the Core option, based on the materiality analysis (see page 16). The second contains references to additional GRI disclosures (not linked to the material topics) that complete the outline of CNH Industrial's performance. For each disclosure, the page number refers to the 2019 Sustainability Report; however, where specifically stated, the reference is to the 2019 EU Annual Report as at December 31, 2019, available on the corporate website.

GRI STANDARDS	DISCLOSURE	PAGE NUMBER(s) AND/OR URL(s)	OMISSION		
			PART OMITTED	REASON	EXPLANATION
GRI 101: Foundation 2016					
General Disclosures					
GRI 102: General Disclosures 2016	**Organizational profile**				
	102-1 Name of the organization	11	-		
	102-2 Activities, brands, products, and services	11; Annual Report 38	-		
	102-3 Location of headquarters	12; 268; Annual Report 94	-		
	102-4 Location of operations	11	-		
	102-5 Ownership and legal form	12; Annual Report 12; 94; 116	-		
	102-6 Markets served	11; Annual Report 46-47	-		
	102-7 Scale of the organization	11; 70; 239	-		
	102-8 Information on employees and other workers	71; 232; 243	-		
	102-9 Supply chain	154	-		
	102-10 Significant changes to the organization and its supply chain	154	-		
	102-11 Precautionary Principle or approach	67	-		
	102-12 External initiatives	47	-		
	102-13 Membership of associations	122; 256	-		
	Strategy				
	102-14 Statement from senior decision-maker	5	-		
	102-15 Key impacts, risks, and opportunities	Annual Report 25-37	-		
	Ethics and integrity				
	102-16 Values, principles, standards, and norms of behavior	47; 153	-		
	102-17 Mechanisms for advice and concerns about ethics	48; 50	-		
	Governance				
	102-18 Governance structure	39; Annual Report 81-94	-		
	102-19 Delegating authority	44	-		
	102-20 Executive-level responsibility for economic, environmental, and social topics	40	-		
	102-21 Consulting stakeholders on economic, environmental, and social topics	18	-		
	102-22 Composition of the highest governance body and its committees	40; Annual Report 81-89	-		

GRI STANDARDS	DISCLOSURE	PAGE NUMBER(s) AND/OR URL(s)	OMISSION		
			PART OMITTED	REASON	EXPLANATION
	102-23 Chair of the highest governance body	40; Annual Report 84	-		
	102-24 Nominating and selecting the highest governance body	40	-		
	102-25 Conflicts of interest	41; Annual Report 89	-		
	102-26 Role of highest governance body in setting purpose, values, and strategy	40; Annual Report 81-89	-		
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	102-28 Evaluating the highest governance body's performance	42	-		
	102-29 Identifying and managing economic, environmental, and social impacts	18	-		
	102-30 Effectiveness of risk management processes	62; Annual Report 78-80	-		
	102-31 Review of economic, environmental and social topics	19	-		
	102-32 Highest governance body's role in sustainability reporting	18; 46	-		
	102-33 Communicating critical concerns	50	-		
	102-34 Nature and total number of critical concerns	50	-		
	102-35 Remuneration policies	Annual Report 101-113	-		
	102-36 Process for determining remuneration	42	-		
	102-37 Stakeholders' involvement in remuneration	(a)	-		
GRI 102: General Disclosures 2016	**Stakeholder engagement**				
	102-40 List of stakeholder groups	254	-		
	102-41 Collective bargaining agreements	101	-		
	102-42 Identifying and selecting stakeholders	254	-		
	102-43 Approach to stakeholder engagement	231; 254	-		
	102-44 Key topics and concerns raised	254	-		
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	102-45 Entities included in the consolidated financial statements	228; Annual Report 50-52	-		
	102-46 Defining report content and topic Boundaries	18; 21; 231	-		
	102-47 List of material topics	21	-		
	102-48 Restatements of information	227	-		
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	102-50 Reporting period	227	-		
	102-51 Date of most recent report	227	-		
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	102-53 Contact point for questions regarding the report	268	-		
	102-54 Claims of reporting in accordance with the GRI Standards	227	-		
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	102-56 External assurance	46; 260	-		
Material Topics					
GRI 200 Economic Standards Series					
Procurement Practices					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	21; 133; 153	-		
	103-2 The management approach and its components	133; 153	-		
	103-3 Evaluation of the management approach	133; 153	-		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	154	-		
GRI 300 Environmental Standards Series					
Energy					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	21; 180	-		
	103-2 The management approach and its components	180	-		
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	302-3 Energy intensity	186; 233; 253	-		
	302-4 Reduction of energy consumption	184; 252	-		

(a) *Available on the corporate website after the General Meeting.*

GRI STANDARDS	DISCLOSURE	PAGE NUMBER(s) AND/OR URL(s)	OMISSION		
			PART OMITTED	REASON	EXPLANATION
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	103-3 Evaluation of the management approach	168	-		
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GRI 103: Management Approach 2016[b]	103-1 Explanation of the material topic and its Boundary	21; 153; 168; 180; 189; 195-197	-		
	103-2 The management approach and its components	141; 153; 168; 180; 189; 197	-		
	103-3 Evaluation of the management approach	141; 153; 168; 180; 189	-		
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	305-5 Reduction of GHG emissions	186; 253	-		
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	21; 168	-		
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	306-3 Significant spills	176	-		
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	21; 133; 153	-		
	103-2 The management approach and its components	133; 153	-		
	103-3 Evaluation of the management approach	133; 153	-		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	157	-		
	308-2 Negative environmental impacts in the supply chain and actions taken	160	-		
GRI 400 Social Standards Series					
Occupational Health and Safety					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	21; 77	-		
	103-2 The management approach and its components	77	-		
	103-3 Evaluation of the management approach	77	-		
GRI 403: Occupational Health and Safety 2016	403-1 Workers representation in formal joint management-worker health and safety committees	100	-		
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	81; 233; 244-245	(d)	(d)	(d)
	403-4 Health and safety topics covered in formal agreements with trade unions	101	-		

[b] *Also related to product use, supply chain, and logistics processes, in line with the material topic CO_2 and other air emissions identified in the materiality analysis (see page 235).*

[c] *The part omitted is the disclosure of Persistent Organic Pollutants (POP) and Hazardous Air Pollutants (HAP). These are not applicable and not monitored as they are considered insignificant for CNH Industrial's manufacturing processes.*

[d] *The part omitted includes:*
- *the absentee rate because the information is currently unavailable*
- *the disclosure of the indicators by gender for North America due to confidentiality constraints, in line with the Region's regulations on discrimination.*

GRI STANDARDS	DISCLOSURE	PAGE NUMBER(s) AND/OR URL(s)	OMISSION		
			PART OMITTED	REASON	EXPLANATION
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	21; 69	-		
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	103-3 Evaluation of the management approach	69	-		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	246	-		
	404-2 Programs for upgrading employee skills and transition assistance programs	89	-		
	404-3 Percentage of employees receiving regular performance and career development reviews	86	-		
Local Communities					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	21; 107	-		
	103-2 The management approach and its components	107; 111	-		
	103-3 Evaluation of the management approach	107	-		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	108	-		
	413-2 Operations with significant actual and potential negative impacts on local communities	109	-		
Supplier Social Assessment					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	21; 133; 153	-		
	103-2 The management approach and its components	133; 153	-		
	103-3 Evaluation of the management approach	133; 153	-		
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	157	-		
	414-2 Negative social impacts in the supply chain and actions taken	160	-		
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	21; 121	-		
	103-2 The management approach and its components	121	-		
	103-3 Evaluation of the management approach	121	-		
GRI 415: Public Policy 2016	415-1 Political contributions	129	-		
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	21; 133; 137	-		
	103-2 The management approach and its components	133; 137	-		
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GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	149	-		
	417-2 Incidents of non-compliance concerning product and service information and labeling	61; 139; 151	-		
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	21; 133; 137	-		
	103-2 The management approach and its components	133; 137	-		
	103-3 Evaluation of the management approach	133; 137	-		
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			PART OMITTED	REASON	EXPLANATION
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	21; 197; 221	-		
	103-2 The management approach and its components	141; 197; 221	-		
	103-3 Evaluation of the management approach	141; 221	-		
Autonomous Vehicles and Connectivity					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	21; 195; 208	-		
	103-2 The management approach and its components	141; 208	-		
	103-3 Evaluation of the management approach	141	-		
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	21; 195; 202	-		
	103-2 The management approach and its components	141; 202	-		
	103-3 Evaluation of the management approach	141	-		
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	21; 133; 211	-		
	103-2 The management approach and its components	211	-		
	103-3 Evaluation of the management approach	211	-		
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	21; 69; 83	-		
	103-2 The management approach and its components	69; 83	-		
	103-3 Evaluation of the management approach	69; 83	-		
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	21; 133; 166	-		
	103-2 The management approach and its components	133	-		
	103-3 Evaluation of the management approach	133	-		

ADDITIONAL GRI DISCLOSURES[a]

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	201-2 Financial implications and other risks and opportunities due to climate change	64
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GRI 206: Anti-Competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	61; Annual Report 50; 181

[a] *Not linked to the material topics.*
[b] *This GRI Standards Disclosure is partially reported.*

GRI STANDARDS	DISCLOSURE	PAGE NUMBER(s) AND/OR URL(s)
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	304-2 Significant impacts of activities, products, and services on biodiversity	178
	304-3 Habitats protected or restored	178
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GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	59; 160
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GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	58
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GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	61

[b] *This GRI Standards Disclosure is partially reported.*

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