CNH INDUSTRIAL

# 2021 SUSTAINABILITY REPORT

# CONTENTS 01

# LETTER FROM THE CHAIR AND THE CHIEF EXECUTIVE OFFICER

## DEAR STAKEHOLDERS

As in 2020, 2021 presented unique circumstances and opportunities that required us to react, adapt, and assess our priorities across our global operations. However, our focus on sustainability remained steadfast and continued to make a substantial and positive difference. A holistic approach to Environmental, Social and Corporate Governance (ESG) is core to our collective future as a planet, a global community, and a business.

The evolution of the pandemic in 2021 required us to confront and overcome new challenges, but the health and safety of our over 60,000 employees worldwide remained our top priority. We delivered this through the rigorous application of protocols in line with both scientific and government guidelines. Alongside this, the global supply chain crisis increased raw material and transportation costs and reduced subcomponent availability, particularly for semiconductors. These two critical issues increasingly forced us to rely on expedited logistics processes, hindering our efforts to curb overall $CO_2$ emissions.

### CREATING TWO GLOBAL LEADERS IN SUSTAINABILITY

The year was also transformational: Scott W. Wine was appointed as the new Chief Executive Officer for CNH Industrial in January, we acquired Raven Industries to augment our precision and autonomy capability, and we executed the demerger of CNH Industrial N.V. and Iveco Group N.V. into two separately listed global entities as of January 1, 2022. Respectively specializing in Agriculture & Construction, and Commercial & Specialty Vehicles and Powertrain technologies, both Companies possess strong governance enacted through dedicated and experienced leadership teams, solid capital structures, clear strategies, and ambitious financial targets. The Senior Leadership Teams (SLT) for both entities have been operational from October 2021. They have defined new strategies, long-term priorities, and organizational structures, all while guaranteeing continuity of production, and thereby delivering for all our stakeholders.

### AREAS OF FOCUS AND KEY SUSTAINABILITY RESULTS

The sustainability priorities that CNH Industrial first identified in 2019, and upon which we have been achieving marked progress, continued to drive our operations throughout 2021 and will remain instrumental as the new CNH Industrial and Iveco Group chart their respective sustainability paths. These relate to carbon footprint, occupational safety, life-cycle thinking, and people engagement and are pursued together with their associated aspirational goals to become net zero carbon organizations, record no serious injuries, fully recover waste and components, and engage with all stakeholders.

Despite the aforementioned hurdles in 2021, we improved measurably on these priorities. Notable headway was made at our production facilities regarding one of our most material topics: **$CO_2$ and other air emissions**. We cut $CO_2$ emissions per hour of production by some 55% compared to 2014, exceeding our 50% reduction target three years earlier than planned. Moreover, almost 75% of our electricity consumption came from renewable sources, bringing us closer to our target of using 80% renewable energy by year-end 2024.

In terms of life-cycle thinking, we explored the feasibility of applying the *Circulytics* methodology, which provides a structured approach to measuring the circular economy of our manufacturing processes. Our plants increased their percentage of **recovered waste** to 95.1% at global level, achieving our 2024 target ahead of schedule, while their overall **Water Recycling Index** reached 51%. **Employee safety and engagement** remained a top priority with ongoing conducive dialogue. In line with our target, 2021 saw a 31% reduction in employee injury frequency rate compared to 2014, following increased **safety awareness** developments.

We continued to champion **diversity and inclusion**, critical to attracting and retaining the most promising people within our two organizations. Achievements in this area in 2021 included a 13% increase in the number of women managers compared to 2019. Moreover, CNH Industrial recruited Kelly Manley to become our first Chief Diversity & Inclusion, Sustainability, and Transformation Officer, to lead our sustainability objectives and foster a strong corporate culture and ever-more inclusive workplace.

We also continued to support **local communities**, primarily in three main areas: combating climate change and reducing environmental impact, improving food availability, and supporting youth training. In 2021, we invested $8.74 million in community projects, an increase of 25% compared to 2020, maintaining our focus on the many families in need as a result of the pandemic.

## INDUSTRY RECOGNITION

We were proud to see our sustainability efforts receive further acknowledgment in 2021. We were included in the Dow Jones Sustainability Indices (DJSI) World and Europe for the 11th consecutive year with the top score in our industry. Both the CDP Climate Change and Water Security programs also included us in their A-lists in recognition of our commitment to mitigating and cutting greenhouse gas emissions along our value chain and to protecting water security. In addition, we scored an MSCI ESG Rating of AAA for the 8th consecutive year, and EcoVadis awarded CNH Industrial its Platinum Level medal for the first time, ranking us among the top 1% of companies in this benchmark.

## 2022 AND BEYOND

With the effective demerger of CNH Industrial and Iveco Group, this Sustainability Report is the final document of its kind covering the combined Off- and On-Highway activities, targets, and results. We are proud of all that we have achieved together in our final year thanks to the hard work and commitment of all of our employees. The path we have pursued will play an important role in the years to come and serve as the foundation upon which these two new Companies, together with their stakeholders, will build their new strategies and set ever-more ambitious targets. To this end, CNH Industrial has announced its commitment to the Science Based Targets initiative (SBTi).

We are conscious that we are writing this letter during a time of extreme uncertainty, witnessing the concerning events unfolding in Ukraine. Sustainability has never been more at risk, nor more needed, than right now. Society as a whole is called upon to preserve its very existence, while also mitigating the environmental effects of a war and its global impacts. The top priority for CNH Industrial and Iveco Group is ensuring the health and safety of their employees in Ukraine, by providing them with ongoing assistance. CNH Industrial has also donated $500,000 to NGOs who are delivering on the ground support to those in need, and has established a global employee donation fund, with a dollar-for-dollar Company match.

We wish to thank you, our stakeholders, for your continued support through these testing times. Our incredible team also deserves praise for their tenacity and dedication, ensuring we delivered, and even exceeded, our sustainability targets in 2021, despite everything at play. We will continue to work side by side with you to achieve our business goals the right way, safeguarding people and the planet to the utmost of our abilities.

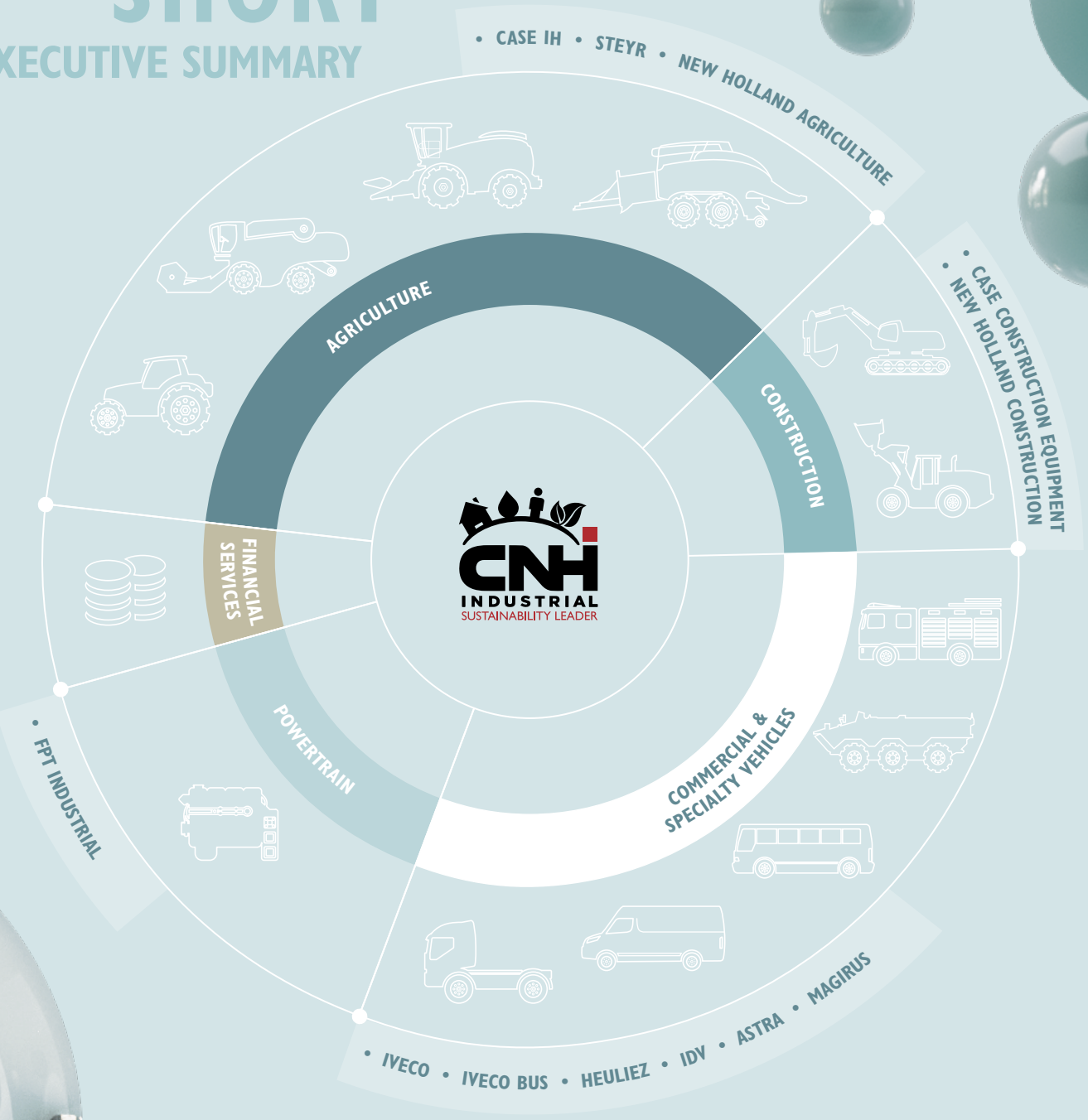
Sincerely,

**SUZANNE HEYWOOD**
**CHAIR**

**SCOTT W. WINE**
**CHIEF EXECUTIVE OFFICER**

# LONG STORY SHORT

## EXECUTIVE SUMMARY




## ABOUT THE SUSTAINABILITY REPORT

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

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

Until December 31, 2021, CNH Industrial N.V. owned and controlled the Commercial and Specialty Vehicles business, the Powertrain business, the Agriculture business, the Construction business, and the related Financial Services business. Effective January 1, 2022, the Commercial and Specialty Vehicles and Powertrain businesses and relevant Financial Services were separated from CNH Industrial N.V. by way of a legal statutory demerger (the 'Demerger') establishing Iveco Group N.V. The information included in this 2021 Sustainability Report refers to CNH Industrial prior to the Demerger, unless otherwise stated.

# CNH INDUSTRIAL AT A GLANCE

CNH Industrial is a global leader in the capital goods sector. As at December 31, 2021, it had a strong presence in both on-highway and off-highway applications, with 12 strong brands recognized as leaders in their respective fields – providing farmers with precision technologies to help feed a growing world population, manufacturing the machines that build the cities and infrastructure of the future, and delivering sustainable urban and goods transport solutions featuring future-proof powertrain technologies.

At the end of the year, the Company counted 70 manufacturing plants, 59 R&D centers, a workforce of 71,895 employees, and a commercial presence in approximately 180 countries, affording it an extremely strong competitive position.

**BRANDS** 12

**COUNTRIES** 180

**CONSOLIDATED REVENUES** $33 BILLION

**EMPLOYEES** 71,895

**R&D CENTERS** 59

**PATENTS OWNED** 14,647

**PLANTS** 70

**PARTS DEPOTS** 43

*This executive summary offers a small selection of the **key highlights** of the 2021 Sustainability Report. **Click the icon** to find out more.*

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

# FINANCIAL PERFORMANCE

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

## FINANCIAL PERFORMANCE

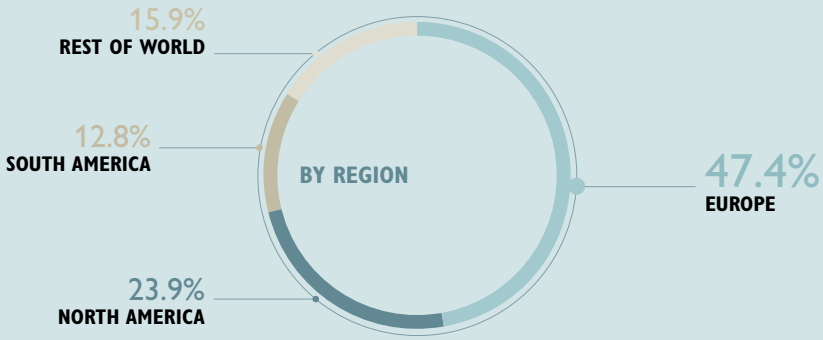
CNH INDUSTRIAL ($million)

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Revenues | **33,428** | 26,032 | 28,079 |
| Net sales of Industrial Activities | **31,622** | 24,285 | 26,149 |
| Net income/(loss) | **1,760** | (438) | 1,454 |
| Adjusted EBIT of Industrial Activities | **2,114** | 552 | 1,390 |
| Adjusted Diluted EPS | **1.35** | 0.28 | 0.84 |
| Net Cash/(Debt) of Industrial Activities | **288** | 786 | (854) |
| Capital expenditures on long-lived assets[a] | **714** | 484[b] | 637 |
| R&D expenses | **1,236** | 932 | 1,030 |

*[a] Excluding assets sold under buy-back commitments and equipment on operating leases.*
*[b] The decrease in capital expenditures in 2020 was the result of more targeted investments due to cash preservation actions during the COVID-19 pandemic.*

## REVENUES

CNH INDUSTRIAL WORLDWIDE



# FACTS AND FIGURES

**$131.3**
MILLION
SPENT ON HEALTH AND SAFETY

**$1.9**
MILLION
INVESTED IN EMPLOYEE TRAINING

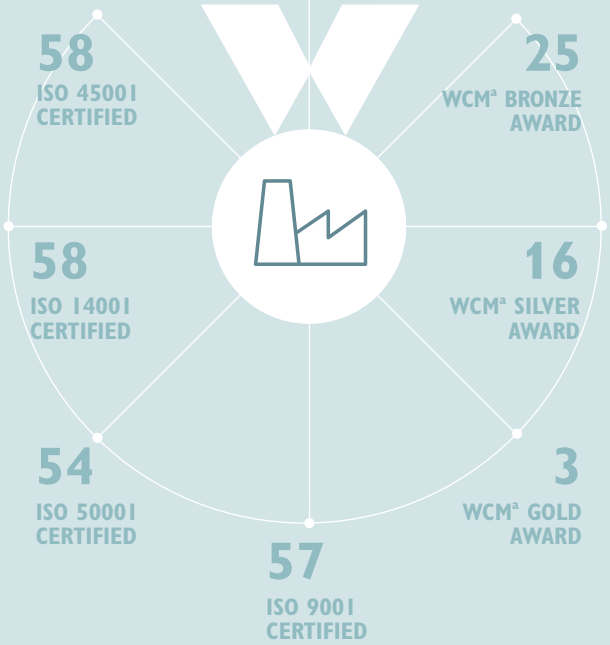
**$48**
MILLION
SPENT ON ENVIRONMENTAL PROTECTION

**$7.1**
MILLION
INVESTED IN IMPROVING ENERGY EFFICIENCY

**$705**
MILLION
INVESTED IN DEVELOPING SUSTAINABLE PRODUCTS

**$8.74**
MILLION
INVESTED IN LOCAL COMMUNITIES

PLANTS OVERVIEW




[a] *World Class Manufacturing.*

OUR PURPOSE

**POWERING SUSTAINABLE TRANSFORMATION**

LONG STORY SHORT

# CARBON FOOTPRINT

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

## 2021 I KEY FIGURES

**-8.5%**
IN **ENERGY CONSUMPTION** vs. 2020 PER HOUR OF PRODUCTION

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

**73%**
OF **KEY SUPPLIERS** MONITORED FOR **$CO_2$ EMISSIONS**

**+30%**
IN NATURAL GAS **ENGINES SOLD**

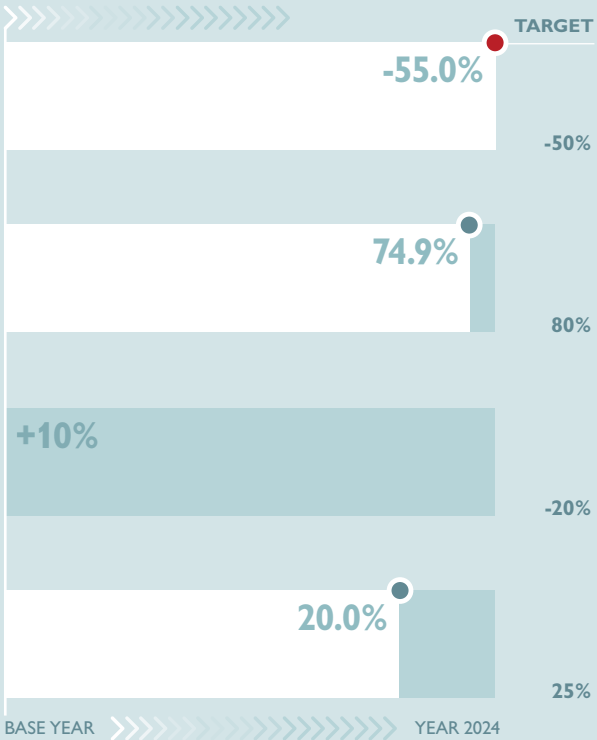
## 2024 STRATEGIC SUSTAINABILITY TARGETS

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

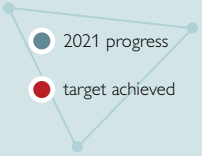
**80%**
OF TOTAL **ELECTRICITY** CONSUMPTION DERIVED **FROM RENEWABLE SOURCES**

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

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




## ASPIRATIONAL GOAL: CARBON NEUTRAL



LONG STORY SHORT

# OCCUPATIONAL SAFETY

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

## 2021 KEY FIGURES

**412,820**

HOURS OF **OCCUPATIONAL HEALTH AND SAFETY TRAINING** DELIVERED

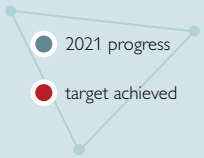
**-11.3%**

IN EMPLOYEE **INJURY FREQUENCY RATE**

## 2024 STRATEGIC SUSTAINABILITY TARGETS

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


**ASPIRATIONAL GOAL: ZERO SERIOUS INJURIES**




## BEYOND TELEMEDICINE

In order to provide welfare and social benefits to its employees and their families, the plant in Madrid (Spain) launched an important health initiative called *Beyond Telemedicine*, a digital medical platform enabling access to an innovative and comprehensive health and wellness service, paid for by the Company. Beyond Telemedicine allows healthcare professionals to evaluate, diagnose, and treat patients remotely using telecommunications technology. Through innovation and digitalization, employees now have access to the best physicians, at any time and regardless of location, in full respect of their privacy as data is not shared with the Company.
Through the platform, users can also access online health and wellness programs (e.g., regarding physical health, mental health, nutrition, yoga, pilates, strength training, etc.) and book in-person medical appointments or examinations at a discounted rate.

LONG STORY SHORT

# LIFE-CYCLE THINKING

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

## 2021 KEY FIGURES

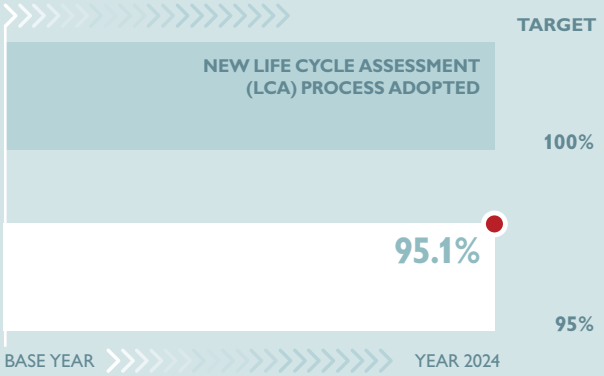
**51%**
OF **WATER RECYCLED**

**8.8%**
OF CNH INDUSTRIAL **SPARE PARTS' NET SALES** GENERATED FROM REMANUFACTURED COMPONENTS

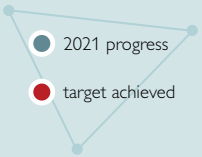
## 2024 STRATEGIC SUSTAINABILITY TARGETS

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

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




**ASPIRATIONAL GOAL: FULLY RECOVERABLE**




## CIRCULYTICS

In 2021, CNH Industrial conducted an analysis of the *Circulytics* methodology, developed by the Ellen MacArthur Foundation. The methodology measures the circular economy performance of a company's entire operations using a comprehensive set of indicators.
This assessment is done via a questionnaire that analyzes not only the results in terms of production and use of resources, but also the strategic and planning aspects involved in transitioning towards the circular economy. The questionnaire also supports decision making and strategy development as it enhances the understanding of a company's strengths and weaknesses. The Company is assessing the recommended indicators and best practices to gain a clear picture of the quality of its circular economy performance, and to identify new targets and improvement areas.

LONG STORY SHORT

# PEOPLE ENGAGEMENT

Keeping people engaged in Company projects is the best way to reach targets together. CNH Industrial considers its people an essential resource. When operating in dynamic and highly competitive industries, success is achieved first and foremost through the talent and passion of skilled individuals. Indeed, the Company strongly believes that business growth is made possible through personal growth, which is why it invests business gains in the development of its people, creating a virtuous circle. Outside the Company, CNH Industrial adopts a responsible approach to the management of its entire supply chain, from small local companies to large multinational organizations, establishing relationships that go beyond commercial transactions, and fostering long-lasting and mutually satisfying collaborations with eminently qualified partners that share the Company's principles. The same applies to the dealer and service network, which provides a gateway between the Company and its customers to build a relationship of mutual trust. Living and working in synergy with the surrounding area, along with collaborations on projects that benefit the community, contributes to enhancing the satisfaction of employees (who often live close to plants) and their sense of belonging to the Company; these aspects also bring economic advantages to both the Company and communities.

## 2021 KEY FIGURES

**12,600**
**DEALERSHIP TECHNICAL TRAINING** SESSIONS COMPLETED

**1,938**
**EMPLOYEES VOLUNTEERING** DURING WORKING HOURS

**634**
**STUDENTS TRAINED** UNDER THE *TECHPRO²* PROJECT

**96%**
OF PROCUREMENT SPENDING ON **LOCAL SUPPLIERS**

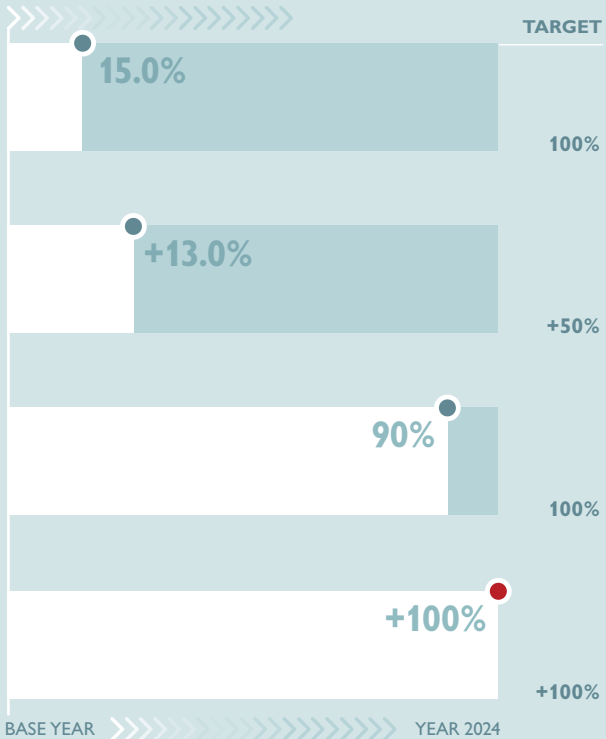
## 2024 STRATEGIC SUSTAINABILITY TARGETS

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

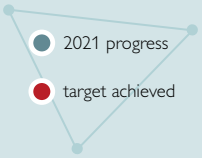
**+50%**
vs. 2020 IN NUMBER OF **WOMEN MANAGERS**

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

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

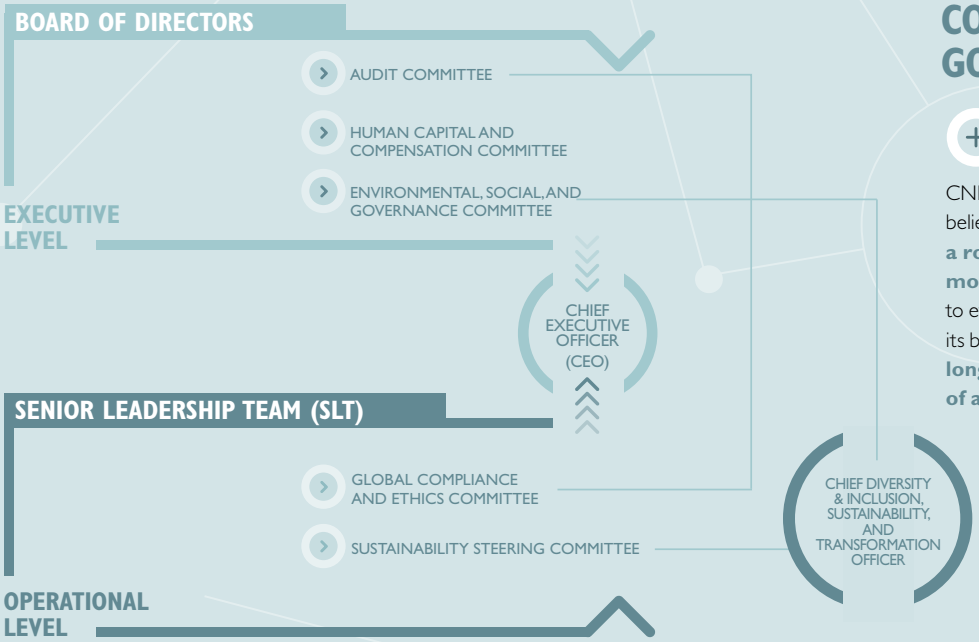



**ASPIRATIONAL GOAL: FULLY ENGAGED**



LONG STORY SHORT

# OUR MAIN TOOLS




## CORPORATE GOVERNANCE

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

## MATERIALITY ANALYSIS

The materiality analysis is a tool that CNH Industrial uses to **identify material topics** and ensure their close alignment with its business decisions, increasingly integrating sustainability principles into the Company's daily activities. The analysis enables the Company to **prioritize its actions** around those material topics that are critical for its business activities as well as most significant to its stakeholders, based on their impact on the economy, the environment, and society.

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

## RISK MANAGEMENT

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

## CREATING TWO GLOBAL LEADERS

2021 saw the successful year-end demerger between **CNH INDUSTRIAL N.V.** and **IVECO GROUP N.V.** As of 2022, the two Companies are separately listed with no cross-shareholding. Both enjoy strong governance, solid capital structures, clear strategies and financial targets, and a dedicated and experienced leadership.

The Senior Leadership Teams (SLT) of both Companies have been operational since October, tasked with defining new strategies, long-term priorities, and organizational structures while maximizing production continuity.

# DISTRIBUTION OF VALUE ADDED

CNH Industrial strives to create value and to distribute it to its stakeholders. The calculation[1] of value added gives the Company a better understanding of its economic impacts, enabling it to determine how much wealth it created, how it was created, and how it was distributed to stakeholders.
In 2021, the value added generated by CNH Industrial's activities and distributed to its various stakeholders totaled $7,139 million, equivalent to 21.4% of revenues.
During the year, CNH Industrial received $18 million in research and development grants, of which 72% in Europe and 28% in the Rest of the World.

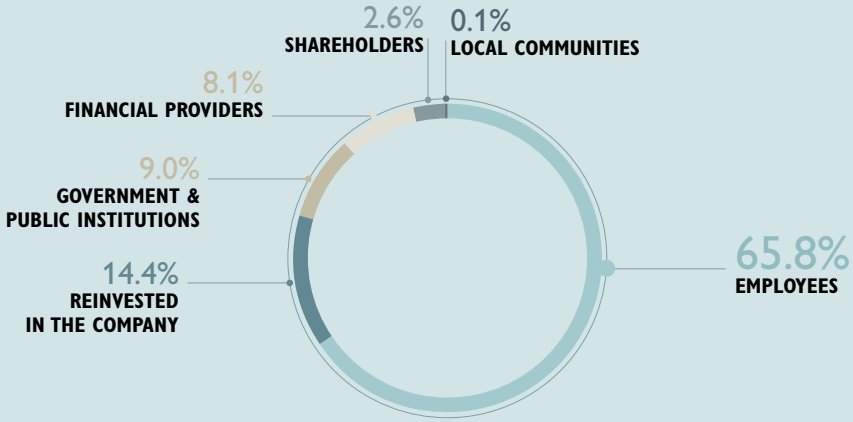
## DIRECT ECONOMIC VALUE GENERATED

CNH INDUSTRIAL ($million)

| | 2021 |
|---|---|
| Consolidated revenues | 33,428 |
| Income of financial services companies | (1,806) |
| Government grants (current and deferred/capitalized), release of provisions, other income | 247 |
| Other income | 2,163 |
| **Direct economic value generated** | **34,032** |
| Cost of materials | 23,407 |
| Depreciation and amortization, including assets under operating lease and assets sold under buy-back commitments | 1,148 |
| Other expenses | 2,338 |
| **Value added by Industrial Activities** | **7,139** |

## DISTRIBUTION OF VALUE ADDED

CNH INDUSTRIAL

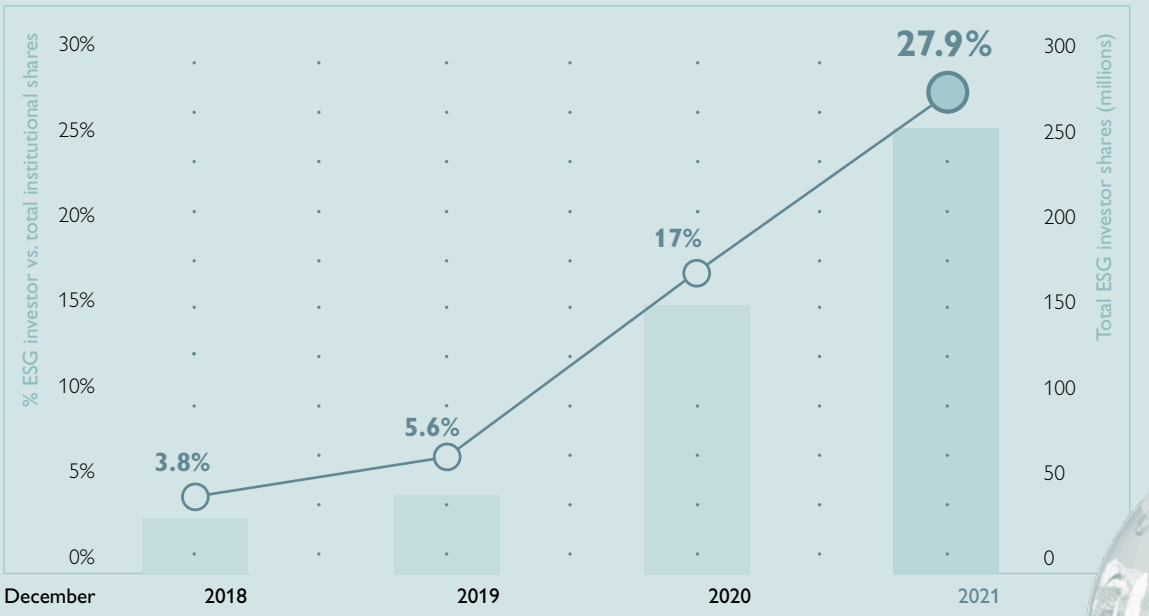



(1) *For details on the methodology used, see Report Parameters on page 242.*

# ESG INVESTORS

The presence of CNH Industrial shares in the portfolios of environmental, social, and governance (ESG) investors, i.e., those who integrate standard financials with ESG considerations, is a clear indication of appreciation of the Company's commitment to sustainability.
As at December 31, 2021, according to the Nasdaq analysis[2], CNH Industrial's ESG ownership represented 255.2 million shares, or 27.9% of total institutional shares.

ESG INVESTORS' HISTORICAL OWNERSHIP TREND




# PRESENCE IN SUSTAINABILITY INDEXES

Inclusion in sustainability indexes, and the ratings received from specialized sector-specific agencies, further reflect the robustness of CNH Industrial's commitment to sustainability.
In 2021, the Company was included for the 11th consecutive year in the Dow Jones Sustainability Indices (DJSI) World and Europe, achieving the highest score (88/100) out of 126 companies assessed within the Machinery and Electrical Equipment Industry. Furthermore, for the first time, CNH Industrial was simultaneously included in the prestigious A List of both the CDP Climate Change and CDP Water Security programs, in recognition of its actions to tackle climate change and to protect water security. It also won the S&P Global Gold Class Sustainability Award 2022, and was awarded ISS ESG Prime status.

As at December 31, 2021, the Company was included in the following indexes: Euronext Vigeo Europe 120, Euronext Vigeo Eurozone 120, MIB ESG Index, ECPI Global Agriculture Liquid Equity, ECPI World ESG Equity, ECPI Euro ESG Equity, ECPI Global Developed ESG Best-in-Class, STOXX Global ESG Leaders Index, STOXX Global ESG Environmental Leaders Index, STOXX Global ESG Social Leaders Index, STOXX Global Low Carbon Footprint Index, STOXX Global Reported Low Carbon Index[3], Refinitiv Diversity & Inclusion Index, and Integrated Governance Index (IGI). Moreover, in 2021, CNH Industrial received an MSCI ESG[4] Rating of AAA and was a responder to the 2021 Workforce Disclosure Initiative (WDI).

*(2) 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.*
*(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.*

Member of
**Dow Jones Sustainability Indices**
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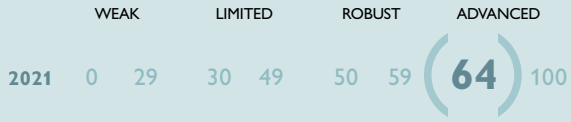
Updated: November 2021

EURONEXT INDICES EUROPE120 — VIGEO.EIRIS

EURONEXT INDICES EUROZONE120 — VIGEO.EIRIS




Updated: September 2021

CDP DISCLOSURE INSIGHT ACTION
A LIST 2021
CLIMATE WATER

| | DISCLOSURE | | AWARENESS | | MANAGEMENT | | LEADERSHIP | |
|---|---|---|---|---|---|---|---|---|
| 2021 | D- | D | C- | C | B- | B | A- | A |
| 2020 | D- | D | C- | C | B- | B | A- | A |

| | DISCLOSURE | | AWARENESS | | MANAGEMENT | | LEADERSHIP | |
|---|---|---|---|---|---|---|---|---|
| 2021 | D- | D | C- | C | B- | B | A- | A |
| 2020 | D- | D | C- | C | B- | B | A- | A |

Updated: December 2021

STOXX Member 2020/2021 ESG Leaders Indices

ECPI Sense in sustainability

REFINITIV
TOP 100 COMPANY 2021
Diversity and Inclusion Index

INTEGRATED GOVERNANCE INDEX 2021
INDICE della ESG IDENTITY

The Company received the following recognitions from rating agencies:

MSCI ESG RATINGS AAA [a]
CCC B BB BBB A AA AAA

Corporate ESG Performance Prime
RATED BY ISS ESG

Sustainability Award
Gold Class 2022
S&P Global

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02

# HOW WE GET THINGS DONE

PAGES 19-142

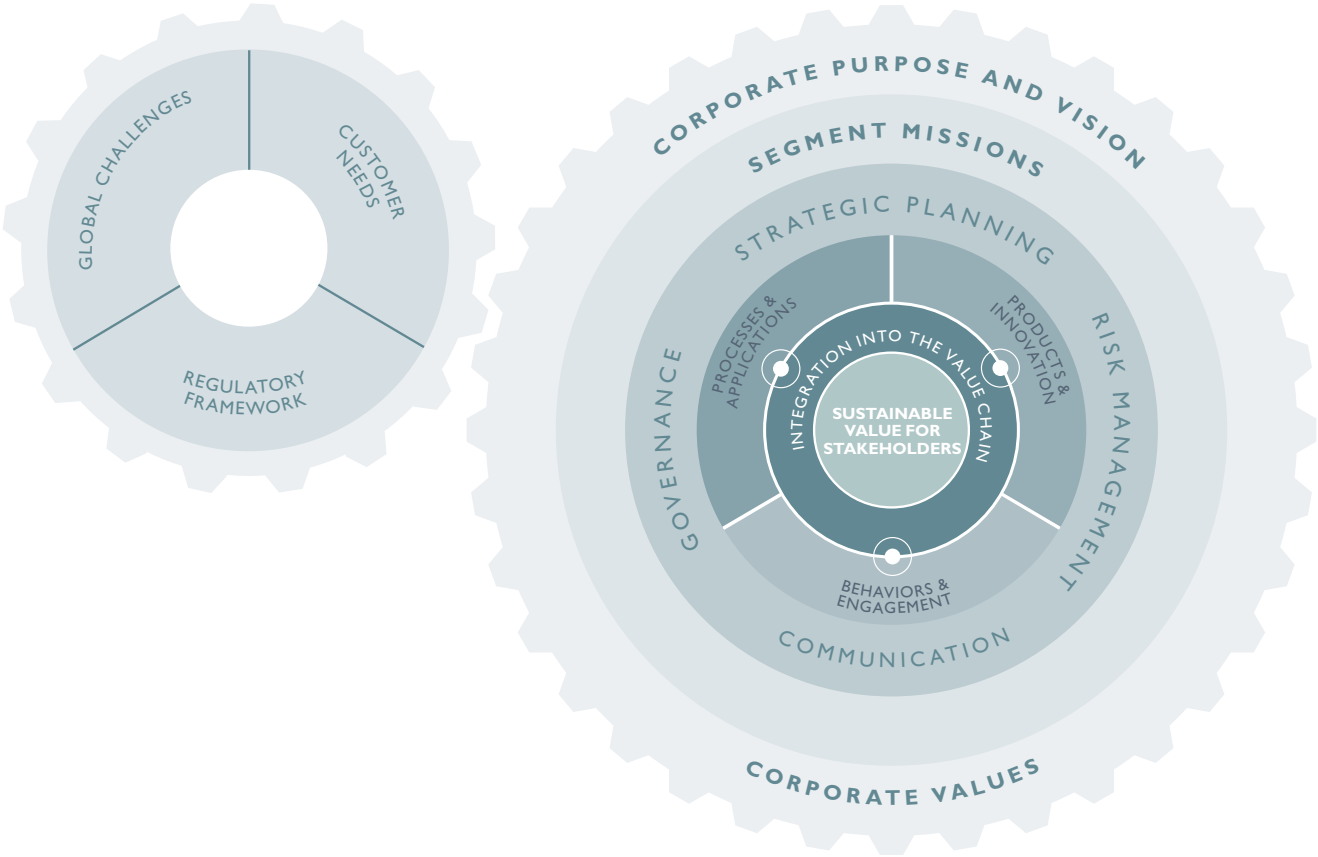
# OUR COMMITMENT TO THE FUTURE



# POWERING SUSTAINABLE TRANSFORMATION

# SUSTAINABILITY MODEL

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




**Global challenges**[1] relate to long-term global changes affecting governments, economies, and societies, and they provide a snapshot of the ongoing transformations across the world and emerging social needs; **customer needs** identify customer priorities and demand for products and services (see page 228); and the **regulatory framework** fosters continuous improvement through legislation, regulation, and industry standards (see page 131).

CNH Industrial responds to these external drivers with a shared corporate purpose, defined as *Powering Sustainable Transformation*, with individual segment/brand purposes, consistent across the Company and viable over the medium to long term, and with a set of values that lie at the core of CNH Industrial's day-to-day activities.

The Company's purpose and values are implemented through:

- strategic planning, including medium-to-long term targets (see page 28)
- a system of principles, rules, and procedures in which roles and responsibilities are clearly defined (Governance model, see page 39)
- a process that anticipates and manages current and future economic, environmental, and social risks and opportunities (Risk Management, see page 66).

(1) *The global challenges selected by CNH Industrial are: climate change, food scarcity and food security, and the innovative and digital world (see definitions on page 244).*

# 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 (i.e., the material topics identified) were grouped by theme and used as the basis for defining the Company's sustainability priorities (see pages 10-13); based on these, strategic sustainability targets were defined in 2019 and included in the Strategic Business Plan.
In the materiality analysis, topics are considered material if they reflect CNH Industrial's economic, environmental, and/or social impact, or influence the decisions of stakeholders, in line with the materiality reporting principle in the GRI Sustainability Reporting Standards (GRI Standards).
The materiality analysis uses the same boundaries within the organization as those consolidated in the 2021 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 275).

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

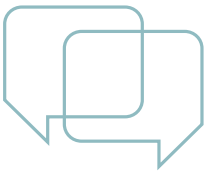
Still in 2016, after selecting the global challenges, a workshop was organized with the Sustainability Team (see page 46) to **identify the material topics**. These topics are the key aspects CNH Industrial focuses on to either mitigate and limit the impact and risks resulting from the global challenges, or exploit and enhance the positive effects and opportunities they generate. 12 material topics were originally identified, each of which could be linked to more than one global challenge.
In 2019, they were revised to better reflect CNH Industrial's strategy; as a consequence, occupational health and safety and connectivity (which previously fell under the material topics innovation-to-zero and autonomous vehicles, respectively) were individually added to the materiality analysis as new stand-alone material topics, bringing the total to 14.
The topics related to the global challenges are **evaluated** through stakeholder engagement[3], in line with the principle of stakeholder inclusiveness as per the GRI Standards (see page 241). The analysis engages an increasing number of stakeholders each year.

(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) *For the definitions of the global challenges, see page 244 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 264-265 of the Appendix.*

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 46)
- relevance to stakeholders was assessed based on feedback, collected over a 6-year engagement process, from a sample of 2,068 stakeholders[4] among employees, customers, dealers, opinion leaders, public institutions, NGOs, investors, and journalists.

**2,068**
STAKEHOLDERS ENGAGED



The stakeholders were chosen by the internal representatives who interact with them on a daily basis, and endorsed by the relevant members of the Senior Leadership Team (SLT); sensitive cases were also endorsed by the CEO.
CNH Industrial managers and stakeholders were engaged via an online survey or direct interview; they were asked to evaluate the 14 material topics identified, ranking the 5 most relevant based on their impact on the economy, the environment, and society. The engagement of external stakeholders was further extended in 2021 to additional stakeholders; due to the COVID-19 pandemic, all engagement activities were carried out virtually, through video interviews and/or online surveys.

The Materiality Matrix reflects how frequently each material topic was selected. Each material topic is positioned within the Materiality Matrix according to internal or external relevance, enabling the Matrix itself to be read in two ways:

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

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

Every year, the Materiality Matrix is reviewed by senior management and given final approval by the CEO, the SSC, and the Board of Directors' Environmental, Social, and Governance Committee. The final phase involves third-party assurance of compliance, in which the Matrix development process is audited by SGS, an independent company. Moreover, 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.

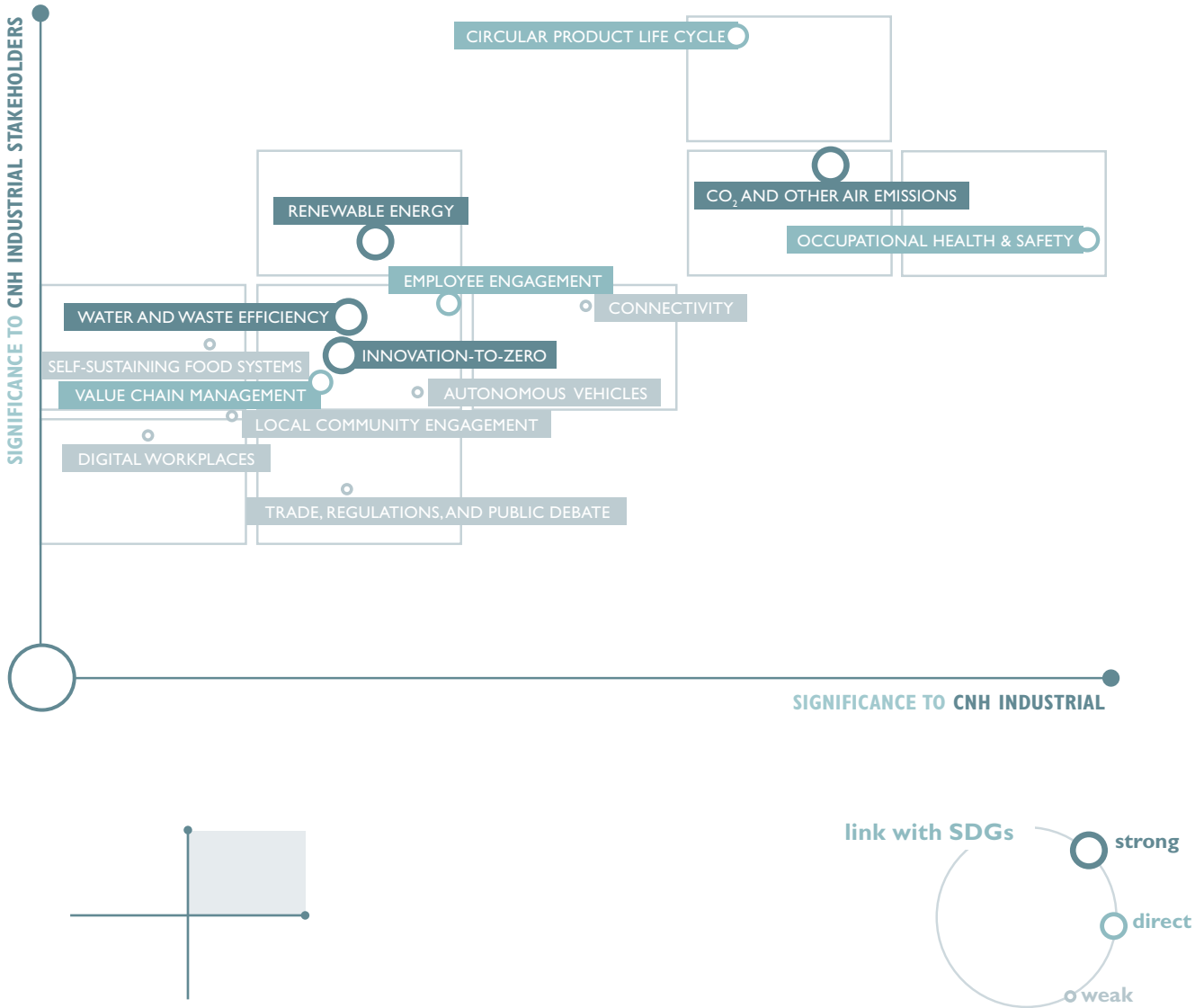
## 2021 MATERIALITY MATRIX

The 2021 Materiality Matrix encompasses the overall results of a 6-year engagement process, which involved a total of 2,068 stakeholders.
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 2021, the materiality analysis confirmed the greater significance of business-related aspects, in line with the sustainability priorities defined within CNH Industrial's Strategic Business Plan.
Specifically, from a circular economy perspective, the material topic **circular product life cycle** was considered, both within and outside the Company, as one of the most relevant to CNH Industrial, highlighting the importance of adopting alternative solutions that minimize the impact of a product's life cycle. **$CO_2$ and other air emissions** was also one of the most relevant topics, considering not only the impact of manufacturing processes, but also of the entire value chain (logistics, supply chain, and product use). The topic **occupational health and safety** also ranked among the most relevant to both the Company and its stakeholders, highlighting the importance of an approach based on effective preventive and protective measures involving all employees.

*(4) Of which 55 were interviewed in 2021, 79 in 2020, 247 in 2019, 440 in 2018, 223 in 2017, and 1,024 in 2016.*

During the year, the Company also performed a targeted analysis[5] to identify the link between its 14 material topics and the UN Sustainable Development Goals (SDGs) most relevant to CNH Industrial's business (i.e., the 6 SDGs aligned with the commitments stated in the Sustainability Plan). The size of each circle in the Materiality Matrix reflects the degree to which that material topic is linked with an SDG.
For more information on material topics, and the associated management approach and boundaries, please refer to the table Material Topics in Detail on the next page, which also shows the links to the GRI Sustainability Reporting Standards (GRI Standards).

**MATERIALITY MATRIX**
CNH INDUSTRIAL









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

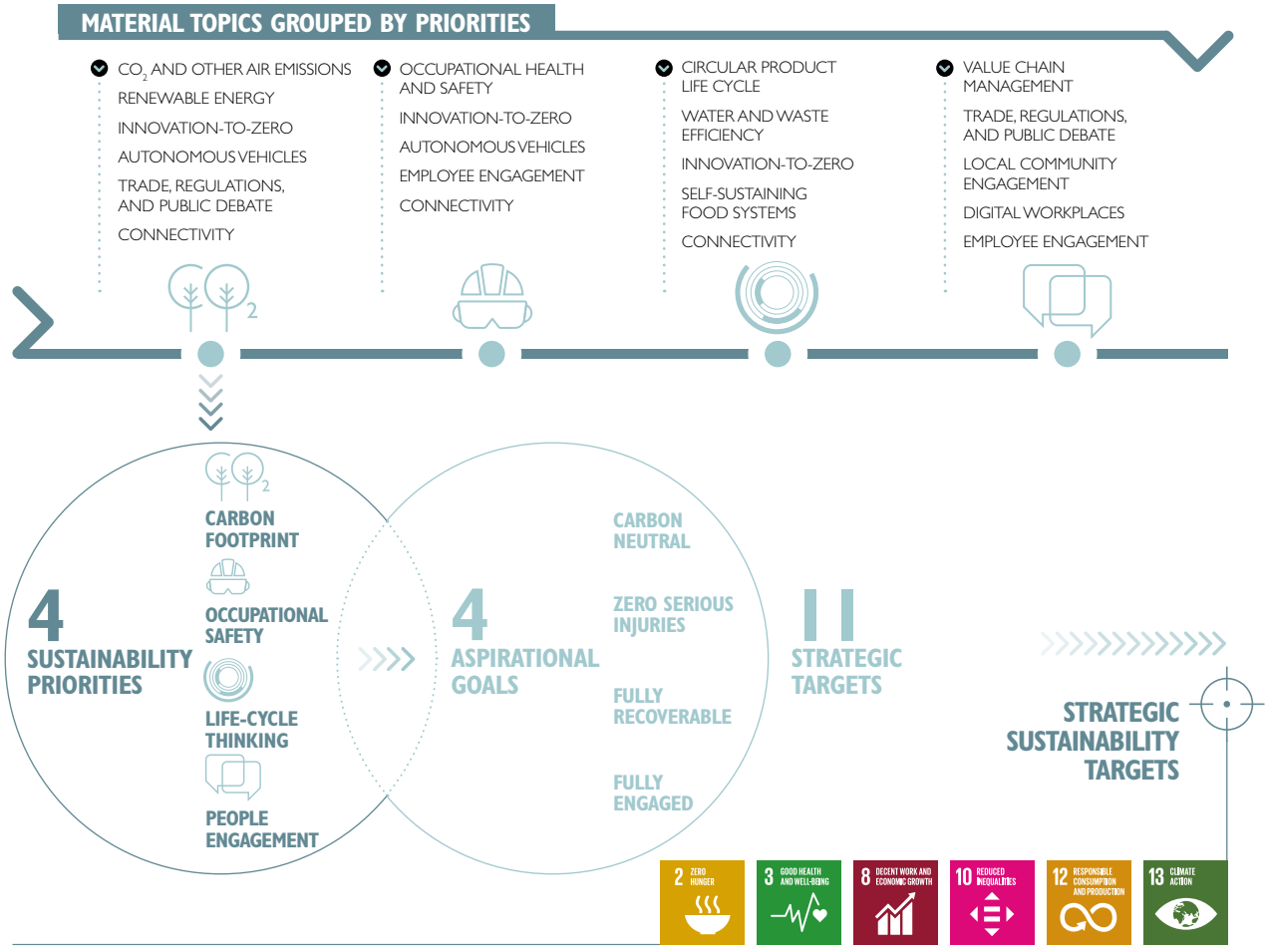
## MATERIAL TOPICS IN DETAIL

| MATERIAL TOPICS[a] | TOPIC BOUNDARY (WORLDWIDE) | | | LINK TO GRI STANDARDS | SUSTAINABILITY REPORT PAGE | |
|---|---|---|---|---|---|---|
| | Where the impacts occur | | Organization's involvement with the impacts | | MA[b] | Results & Targets |
| | Entities in the organization[c] | Entities in the organization's value chain | | | | |
| **PRODUCT & INNOVATION** | | | | | | |
| Circular product life cycle | AG - CE<br>C&SV - PT | ■ Customers<br>■ Dealer and service network<br>■ Suppliers and commercial partners | All products | GRI 301: Materials | 145 | 33 |
| Connectivity | AG - CE<br>C&SV - PT | ■ Customers<br>■ Dealer and service network<br>■ Suppliers and commercial partners | All products | (d) | 194; 212 | 35 |
| Autonomous vehicles | AG - C&SV | ■ Customers<br>■ Dealer and service network<br>■ Suppliers and commercial partners | AG - C&SV products | (d) | 194; 218 | 35 |
| Self-sustaining food systems | AG | ■ Customers<br>■ Dealer and service network<br>■ Suppliers and commercial partners | AG products | (d) | 194; 212 | 35 |
| Trade, regulations, and public debate | Entire organization | ■ Public institutions | All products and processes | GRI 415: Public Policy | 132 | |
| **BEHAVIORS & ENGAGEMENT** | | | | | | |
| Occupational Health & Safety | Entire organization | | Employee management | GRI 403: Occupational Health and Safety | 82 | 31 |
| Local community engagement | Entire organization | ■ Local communities | All products and processes | GRI 413: Local Communities | 116 | 33 |
| Value chain management | Entire organization | ■ Customers<br>■ Dealer and service network<br>■ Suppliers and commercial partners | All products and processes | GRI 204: Procurement Practices<br>GRI 308: Supplier Environmental Assessment<br>GRI 414: Supplier Social Assessment<br>GRI 416: Customer Health and Safety<br>GRI 417: Marketing and Labelling<br>GRI 418: Customer Privacy | 151; 227 | 36 |
| Employee engagement | Entire organization | | Employee management | GRI 404: Training and Education | 74 | 30-32 |
| Digital workplaces | Entire organization | | Employee management | (d) | 74; 90 | 32 |
| **PROCESSES & APPLICATIONS** | | | | | | |
| $CO_2$ and other air emissions | Entire organization | ■ All stakeholders | All products and processes | GRI 302: Energy<br>GRI 305: Emissions | 151; 167; 179; 188; 194; 206 | 33; 37 |
| Renewable energy | Entire organization | ■ All stakeholders | Manufacturing processes | GRI 302: Energy | 179 | 37 |
| Water and waste efficiency | Entire organization | ■ Local communities | Manufacturing processes | GRI 303: Water<br>GRI 306: Effluents and Waste | 167 | 36-37 |
| Innovation-to-zero | Entire organization | ■ All stakeholders | All products and processes | | 165 | 36 |

(a) *For the definition of material topics, see page 245.*
(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 the interpretation of stakeholders' expectations, facilitated and simplified by grouping the material topics by theme – making the Materiality Matrix a truly effective business tool.
The 4 sustainability priorities are: *carbon footprint*, to reduce the emissions generated by plants, logistics, and products; *occupational safety*, to minimize the risk of injury in the workplace through effective preventive and protective measures; *life-cycle thinking*, to use resources fully and for as long as possible through a circular product life cycle approach; and *people engagement*, to actively involve employees, suppliers, and local communities alike.
The sustainability priorities are further driven by aspirational goals, seen as objectives to strive for over the long term. In order to achieve such goals, senior management included 11[1] challenging targets for year-end 2024 in the Company's Strategic Business Plan, to further underscore CNH Industrial's absolute commitment to sustainability.




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

## ALIGNMENT WITH THE UNITED NATIONS SUSTAINABLE GOALS

Since CNH Industrial embraces all 17 UN Sustainable Development Goals (SDGs)[2], efforts were made to ensure the commitments stated in the Sustainability Plan are aligned with said SDGs, not only to substantiate the Company's contribution to achieving global objectives, but also to ensure transparency in its communication with stakeholders by providing a more detailed picture of its responsibility to build a sustainable future. The alignment process also led to the identification of the SDGs most relevant to CNH Industrial's business (i.e., those that emerged most frequently during the alignment with key targets), which enabled the Company to concentrate efforts more effectively on achieving its challenging goals.
A total of 6 SDGs were identified as most relevant:

CNH INDUSTRIAL
CNH Industrial supports the SDGs

SUSTAINABLE DEVELOPMENT GOALS

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

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.

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

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

These targets are incorporated into the Sustainability Plan (see pages 28-38), which includes both long and short-term targets and expresses CNH Industrial's commitment to contribute to development in harmony with people and the environment. Clear responsibilities are defined for each target to ensure they are consistently monitored and achieved. In this regard, executive compensation is linked, among other things, to the achievement of two strategic sustainability targets, specifically related to **$CO_2$ emissions** per production unit and the **injury frequency rate**.
In 2022, after CNH Industrial's spin-off transaction, the strategic sustainability targets will be redefined according to the new corporate strategy of each of the two Companies resulting from the demerger.

| SUSTAINABILITY PRIORITIES | ASPIRATIONAL GOALS | 2024 STRATEGIC SUSTAINABILITY TARGETS |
|---|---|---|
| CARBON FOOTPRINT | CARBON NEUTRAL | **-50%** vs. 2014 in **$CO_2$ emissions** per production unit at Company plants worldwide<br>**80%** of total **electricity** consumption derived **from renewable sources**<br>**-20%** vs. 2014 in kg of **$CO_2$ emissions** per ton of goods transported (including spare parts)<br>**25%** of product **portfolio** available with **natural gas powertrains** |
| OCCUPATIONAL SAFETY | ZERO SERIOUS INJURIES | **-50%** vs. 2014 in employee **injury frequency rate** |
| LIFE-CYCLE THINKING | FULLY RECOVERABLE | **100%** of **new products** developed using **sustainability/ recyclability design criteria**<br>**95%** of **waste recovered** at Company plants worldwide |
| PEOPLE ENGAGEMENT | FULLY ENGAGED | **100%** of **employees** worldwide involved in **engagement surveys**<br>**+50%** vs. 2019 in number of **women managers**<br>**100%** of Tier 1 **suppliers** involved in **sustainability self-evaluations**<br>**+100%** vs. 2017 in number of **people** who benefit from CNH Industrial's **local community initiatives** |

# SUSTAINABILITY PLAN

The following Sustainability Plan reflects CNH Industrial's achievements up until December 31, 2021.
As of January 2022, following the on-highway and off-highway business demerger, each of the two newly established Companies will revise its plans and make them public in the way it deems most suitable.
For this reason, the 2021 Sustainability Plan contains the same targets as those published in the 2020 Sustainability Report, as well as the respective results achieved as at December 31, 2021.

## CORPORATE GOVERNANCE AND SUSTAINABILITY

› page 29

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

## OUR PEOPLE

› page 30

Respecting human and labor rights

Developing human capital

Promoting and protecting occupational health and safety

Fostering employee wellbeing and work-life balance

Improving employee commuting

## LOCAL COMMUNITIES

› page 33

Supporting local communities

## CIRCULAR THINKING

› page 33

Designing sustainable products

Promoting circularity

## INNOVATION AND PRODUCT DEVELOPMENT

› page 33

Implementing a decarbonization strategy

Promoting digitalization

Implementing automation

Improving product safety

## PURCHASING PROCESSES

› page 36

Increasing supplier sustainability

## MANUFACTURING PROCESSES

› page 36

Fostering continuous improvement

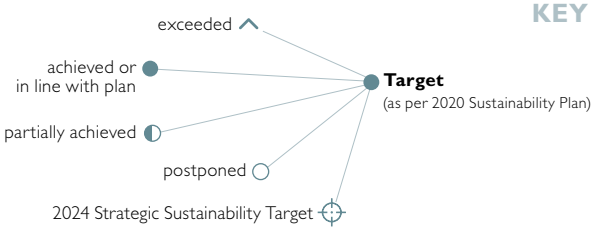
Reducing environmental impact and optimizing energy performance

## LOGISTICS PROCESSES

› page 38

Minimizing environmental impact

KEY

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# CORPORATE GOVERNANCE AND SUSTAINABILITY

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

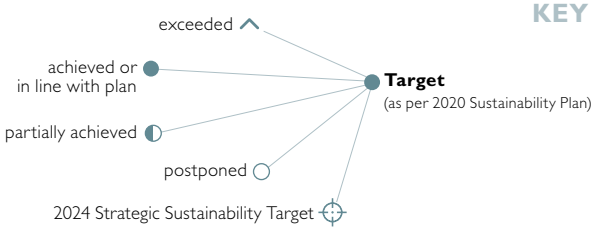
### Commitment: Continuously integrate sustainability into corporate systems

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Implementation of an integrated sustainability management system, incorporating environmental and social issues into business decisions | ▸ 2022: development of a study to identify the shared value generated by CNH Industrial activities and products | ○ Several methodologies under evaluation |
| ▸ Delivery of training to promote a culture of sustainability and raise awareness among stakeholders | ▸ 2022: development and set-up of sustainability training programs | ● Training program developed and ready to be delivered<br>● Internal sustainability awareness campaign completed, with the release of 2 final videos (on SDG 2 and a wrap-up video)<br>75 |

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

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Enhancement of Board members' knowledge of Company operations | ▸ 2021: onboarding of additional Board members to increase Board diversity, and in anticipation of Company spin-off transaction<br>▸ 2021: review of sustainability rating assessments, identification of opportunities for improvement, and development of corrective actions | ◐ 2 new female directors recruited to CNH Industrial's Board of Directors, bringing female Board representation to 33.3%<br>◐ Board review of sustainability rating assessments initiated, then put on hold due to Company spin-off transaction<br>43 |
| ▸ Conception, design, and oversight of a Corporate Compliance Program | ▸ 2021: development of a compliance scorecard for each geographic area, with key compliance metrics tracked quarterly | ○ Planned pilot for compliance scorecard in South America put on hold due to the pandemic and personnel changes within the designated team |
| ▸ Update of the Corporate Whistleblowing System for the reporting and investigation of complaints/allegations | ▸ 2021: launch of a global communications campaign on the corporate investigation process to enhance transparency and organizational justice | ● Roll-out completed of global communications campaign *See It? Say It* (addressing employees worldwide), in conjunction with launch of reporting feature for mobile via QR code<br>51 |
| ▸ Promotion of a work environment driven by the highest principles and respectful of human rights, using multiple tools (e.g., training courses, corporate Intranet) | ▸ 2021: ongoing delivery of educational programs | ● 16,936 hours of training delivered on human rights and other corporate Code of Conduct aspects<br>51 |
| ▸ Monitoring of the impact of business activities on human rights | ▸ 2021: completion of human rights assessments cycle (2019-2021 period), to monitor 100% of employees working in internal operations | ● Human rights assessment performed, covering 5% of employees working in internal operations<br>● 100% of employees working in internal operations (in the main countries of operation) involved in the assessment during the 2019-2021 period<br>61 |

KEY

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# OUR PEOPLE

## RESPECTING HUMAN AND LABOR RIGHTS

### Commitment: Promote diversity and inclusion and offer equal opportunities

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Promotion of job opportunities encouraging workforce diversity | ⌖ 2024: +50% vs. 2019 in number of women managers | ● +13% vs. 2019 in number of women managers employed 81; 252 |
| ▸ Implementation of initiatives to increase diversity and inclusion awareness | ▸ 2024: 100% of employees trained on diversity and inclusion | ● 15% of employees trained on diversity and inclusion 80 |
| ▸ Promotion of women's leadership and self-awareness | ▸ 2024: +15% in women involved in leadership initiatives year-over-year | ● +39% vs. 2020 in number of women involved in leadership and development initiatives 80 |

## DEVELOPING HUMAN CAPITAL

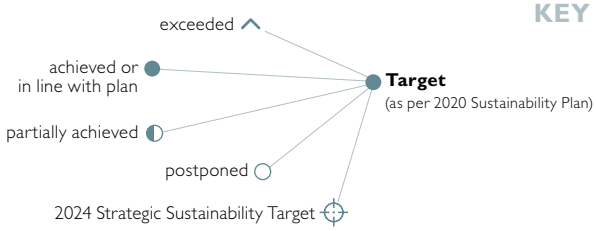
### Commitment: Survey employee engagement, satisfaction, needs, and requests

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Execution of people satisfaction surveys | ⌖ 2024: 100% of employees worldwide involved in engagement surveys | ● 15% of employees worldwide involved in engagement surveys 98 |

### Commitment: Enhance skills within the Company

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Development of programs to upgrade and improve employee skills and behaviors | ▸ 2021: ongoing targeted development and training programs customized to employees' individual needs | ● Several development programs implemented:<br>▸ Action Learning projects<br>▸ Coaching and mentoring initiatives 95 |
| | ▸ 2022: involvement of 100% of employees worldwide in training activities | ● 60% of employees worldwide involved in training activities 94 |

KEY

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## Commitment: Attract and retain the best talent

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Implementation of long-term performance-related incentive plans | ▸ 2021: ongoing implementation of long-term performance-related incentive plans for key talents | ● Long-term performance-related incentive plans implemented for key talents worldwide 96 |

## Commitment: Maintain sustainability as a key corporate objective

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Incorporation of environmental and social targets into the performance management system | ▸ 2021: incorporation of at least 1 sustainability target into the performance management system for 25% of employees worldwide | ^ At least 1 sustainability target incorporated into the performance management system for 35% of employees worldwide 93 |

# PROMOTING AND PROTECTING OCCUPATIONAL HEALTH AND SAFETY

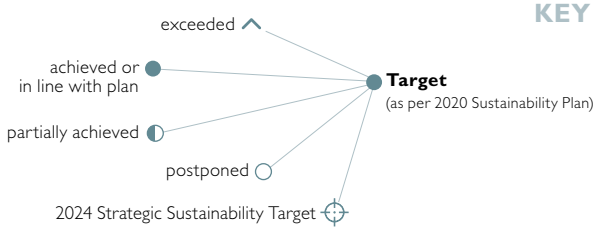
## Commitment: Maintain high standards in the prevention of accidents and injuries

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Pursuit of a zero-accident and zero-injury rate | ⊕ 2024: -50% vs. 2014 in employee injury frequency rate | ● -31% vs. 2014 achieved in employee injury frequency rate 86 |
| ▸ Extension of ISO 45001 certification | ▸ 2021: maintenance of safety management system 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) | ● 58 manufacturing sites, employing approx. 45,500 people, ISO 45001 certified<br>● 12 non-manufacturing sites, employing approx. 5,700 people, ISO 45001 certified<br>● All most-relevant joint venture plants as at 2014 (i.e., in which CNH Industrial holds at least a 51% interest) ISO 45001 certified 84 |

## Commitment: Promote a culture of safety in the workplace

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Implementation of initiatives to increase employee health and safety awareness via multiple tools (e.g., training courses, corporate Intranet, video tutorials) | ▸ 2021: continuous implementation of information and training activities | ● 412,820 hours of training delivered 83 |

KEY




## FOSTERING EMPLOYEE WELLBEING AND WORK-LIFE BALANCE

See page

### Commitment: Promote the health and wellbeing of employees

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Dissemination of information to employees on general health and infectious disease prevention, provision of medical support, and promotion of employee wellbeing through targeted programs | ▸ 2022: involvement of 100% of employees worldwide in wellbeing initiatives promoting healthy lifestyles | ● 76% of employees worldwide involved in wellbeing initiatives promoting healthy lifestyles 100 |

### Commitment: Foster the development of digital workplaces

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Implementation of new technologies and smart working initiatives to improve work quality and efficiency and employee work-life balance | ▸ 2022: participation of 40% of employees in flexible work location schemes (excluding hourlies) | ● 100% of employees worldwide involved in flexible work location schemes (excluding hourlies), as per local COVID-19 regulations 90 |

### Commitment: Foster employee inclusion and sense of pride

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Support for volunteer work during paid working hours | ▸ 2022: +10% vs. 2019 in number of employees involved in volunteering activities during paid working hours | ● -36% vs. 2019 in number of employees involved in volunteering activities during paid working hours[a] 103 |

## IMPROVING EMPLOYEE COMMUTING

### Commitment: Improve commuting for employees

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ 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 site entrances and loading/parking areas | ▸ 2021: implementation of an action plan in Czech Republic based on the 2020 mobility survey results | ● *JOBka* mobile app launched at the Vysoké Mýto plant (Czech Republic), enabling car-sharing ride requests/offers among employees 106 |
| | ▸ 2021: implementation of mobility action plans at sites in France | ◐ Shuttle services provided to employees commuting to/from sites in Annonay and Croix (France) 106 |
| | ▸ 2021: implementation of new and innovative on-demand internal shuttle service for employees commuting to/from Turin sites (Italy) | ^ *MyShuttle!* on-demand shuttle service made available to employees in Turin and San Matteo (Italy) 106 |

[a] *Result affected by social gathering restrictions.*

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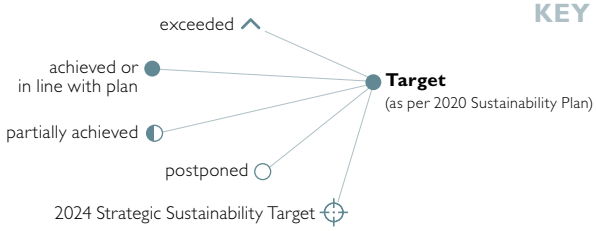


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# LOCAL COMMUNITIES

## SUPPORTING LOCAL COMMUNITIES

Commitment: Promote the social and economic development of local communities

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Promotion of initiatives fostering the growth of local communities | 2024: +100% vs. 2017 in number of people who benefit from CNH Industrial's local community initiatives | ● More than +100% vs. 2017 in number of people who benefitted from CNH Industrial's local community initiatives 116 |

# CIRCULAR THINKING

## DESIGNING SUSTAINABLE PRODUCTS

Commitment: Promote best practices in the design of sustainable products

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Integration of sustainability criteria into the design of new products | 2024: 100% of new products developed using sustainability/recyclability design criteria | ● New Life Cycle Assessment (LCA) process adopted, to be applied to the entire value chain 198 |

## PROMOTING CIRCULARITY

Commitment: Increase the production of remanufactured components

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Increase in number and distribution of remanufactured components | ▸ 2022: 10% of CNH Industrial spare parts' net sales from remanufactured components | ● 8.8% of CNH Industrial spare parts' net sales generated by remanufactured components 148 |

# INNOVATION AND PRODUCT DEVELOPMENT

## IMPLEMENTING A DECARBONIZATION STRATEGY

Commitment: Optimize energy consumption and efficiency

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Extension of Life Cycle Assessment (LCA) methodology | Powertrain<br>▸ 2021: completion and ISO 14067 certification of LCA on Cursor 13 engine | ● LCA on Cursor 13 engine completed and ISO 14067 certified 198 |
| ▸ Reduction of $CO_2$ emissions through fuel consumption optimization | Powertrain/Agriculture<br>▸ 2024: implementation of state-of-the-art technologies to improve efficiency of next-generation combine harvesters, significantly reducing total cost of ownership (TCO) | ● Next-generation combine harvester prototypes built and tested |
| | Powertrain/Commercial & Specialty Vehicles (heavy range)<br>▸ 2021: up to an additional -4% in fuel consumption and $CO_2$ emissions on STRALIS S-WAY diesel models, depending on mission and product configuration | ● Up to -3% in STRALIS S-WAY fuel consumption (diesel models) achieved through a combination of new engines, axles, and high-efficiency features |

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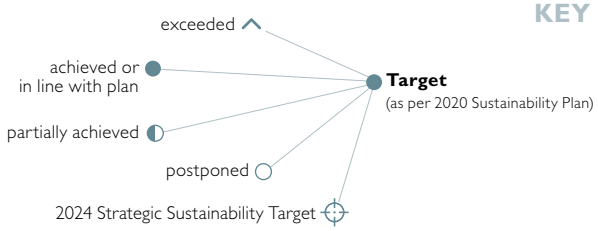


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## Commitment: Promote the use of alternative fuels

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Expansion of natural gas-powered vehicle offering, featuring biomethane, compressed natural gas (CNG), and liquefied natural gas (LNG) | ⊕ 2024: 25% of product portfolio available with natural gas (NG) powertrains | ● 20% of product portfolio made available with natural gas (NG) powertrains |
| | Powertrain<br>▸ 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) | ● New NEF 6.7 NG engine launched for the T6 Methane Power (the first-ever biomethane tractor on the market)<br>● New F28 NG engine further developed via benchmark testing for new 75 kW rating<br>● Development of new single-cylinder combustion engine started in collaboration with IFPEN, under the EU-funded LONGRUN project |
| | Powertrain<br>▸ 2022: focus on natural gas (NG) engine technologies to achieve ultra low $NO_x$ emissions in urban applications | ● New Cursor engine, compliant with Euro VI Step E emissions standard, launched on the market, featuring new proprietary after-treatment system (ATS) and exhaust gas recirculation (EGR) technology for emissions control |
| | Agriculture<br>▸ 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 | ● Production of new T6 Methane Power (the first-ever biomethane tractor on the market) launched at the Basildon plant (UK) 208<br>● LNG project with Bennamann progressing in line with plan |
| | Construction<br>▸ 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 | ◐ Strategy under review, pending evaluation of fuel cell/ hydrogen technologies as alternatives to reduce $CO_2$ emissions |

## Commitment: Promote the use of alternative tractions

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Introduction of alternative (electric/hybrid) drivelines to reduce environmental impact and improve efficiency | Powertrain/Agriculture<br>▸ 2023: implementation of electric/hybrid drivelines on tractors | ● License agreement reached with Monarch for the development of compact, utility, and specialty tractors with battery-electric drive |
| | Commercial & Specialty Vehicles<br>▸ 2030: implementation of alternative (electric/hybrid) driveline technologies on all vehicles, to achieve -50% in $CO_2$ emissions | ● Development of zero-emission product lineup initiated for all commercial vehicle ranges |
| | Powertrain/Commercial & Specialty Vehicles (light range)<br>▸ 2023: development of next generation Daily Electric (including in-house production of e-drivelines and battery packs) | ● Start of Production of full Daily Electric set for Q1 2023, with in-house battery pack and e-driveline production |
| | Powertrain/Commercial & Specialty Vehicles (heavy range)<br>▸ 2021: road testing of new full electric heavy range<br>▸ 2024: development of new full electric and fuel cell heavy range (including in-house production of e-axles) | ● Road test of a full electric 700 kWh heavy commercial vehicle performed<br>● Preliminary road testing of fuel cell heavy vehicle currently underway<br>● Development of full electric and fuel cell heavy range underway (including in-house e-axle production) |
| | Powertrain/Commercial & Specialty Vehicles (bus range)<br>▸ 2023: development of full electric bus range<br>▸ 2023: implementation of mild hybrid solutions on diesel and compressed natural gas (CNG) vehicles | ● Electric city bus production currently underway (9.5, 10.5, 12, and 18-meter models)<br>● Development of electric intercity bus started |

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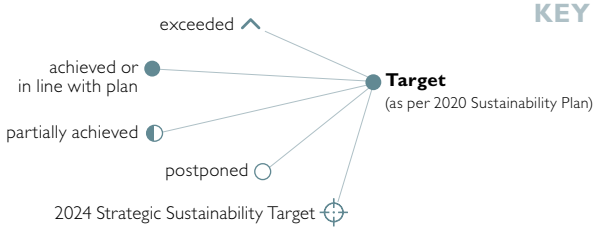


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## PROMOTING DIGITALIZATION

Commitment: Develop agricultural products and digital solutions to optimize resources

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Development of solutions that minimize environmental impact | Agriculture<br>▸ 2022: up to +25% vs. 2015 in field productivity by expanding data management and control systems for harvesting, tractors, and crop production | ● Raven Industries acquired to accelerate the development of digital solutions<br>218 |

## IMPLEMENTING AUTOMATION

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

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Development of automated/autonomous vehicle technologies | Agriculture<br>▸ 2024: gradual increase in automation level for all agricultural products, to improve machine efficiency and productivity (+20% in fuel efficiency vs. 2020) | ● Higher than expected take rates of combine harvester automation features<br>● New combine residue system and baler automation solutions each awarded a silver medal at the Agritechnica trade event |

## IMPROVING PRODUCT SAFETY

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

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Improvement in ergonomics of operator controls to reduce operator stress and enhance comfort | Construction<br>▸ 2021: testing of electro-hydraulic (EH) controls on graders in North America, to validate improved ergonomics and operator fatigue reduction | ◐ Testing performed in virtual setting, showing improvement in ergonomics<br>◐ Further testing and development of physical prototypes expected in 2022 |
| | Agriculture<br>▸ 2021: customer testing of MultiControl Armrest on Case IH Magnum and New Holland Agriculture T8 tractors<br>▸ 2021: release of new cab model designs and virtual testing, to validate improved operator comfort and visibility | ● Customer testing performed on Case IH Magnum and New Holland Agriculture T8 tractors<br>● New cab for T7 tractor (delivering improved comfort) launched on the market |
| ▸ Enhancement of occupant safety level through body structure and restraint system improvements | Commercial & Specialty Vehicles (heavy range)<br>▸ 2022: development of a restraint system in heavy vehicle cabs to improve driver biomechanics in case of frontal impact<br>▸ 2023: launch of new restraint system | ● Development and validation plan of a restraint system to improve driver biomechanics in case of frontal impact defined and integrated into the heavy vehicles Model Year 24 (MY24) |
| | Agriculture<br>▸ 2022: use of virtual rather than physical testing for some of the Roll Over Protection System (ROPS) checks required for cab homologation | ● Cab homologated based on virtual ROPS testing |
| ▸ Cybersecurity enhancement across product ranges | ▸ 2021: integration of cybersecurity criteria for product life cycle management into the product development process | ● Cybersecurity management system (CSMS) project continued in line with plan; completion expected by year-end 2022 |
| | ▸ 2022: creation of a Vehicle Security Operations Center enabling real-time remote cybersecurity monitoring | ● Vehicle Security Operations Center (VSOC) launched for agricultural products, currently monitoring all vehicles with connectivity features |

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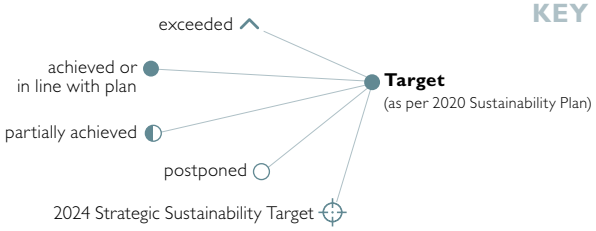


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## PURCHASING PROCESSES

### INCREASING SUPPLIER SUSTAINABILITY

Commitment: Promote social and environmental responsibility among suppliers

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Distribution of self-assessment questionnaires on environmental and social performance to select suppliers | ⌖ 2024: 100% of Tier 1 suppliers involved in sustainability self-evaluations | ● 90% of Tier 1 suppliers involved in sustainability self-evaluations 158 |
| ▸ Execution of sustainability audits at suppliers worldwide | ▸ 2021: execution of 95 audits (incl. reassessments, action plan follow-ups, and new assessments) | ● 95 audits performed 159 |
| ▸ Enhancement of sustainability awareness among suppliers | ▸ 2021: implementation of sustainability awareness activities for suppliers | ● Webinars related to CDP Supply Chain initiative held for suppliers<br>● Supplier Code of Conduct training made available to suppliers via the Supplier Portal 160 |
| ▸ $CO_2$ emissions monitoring of key suppliers | ▸ 2022: monitoring of $CO_2$ emissions of 100% of key suppliers | ● 73% of key suppliers monitored for $CO_2$ emissions through the CDP Supply Chain initiative 162 |
| ▸ Promotion of supplier involvement in the World Class Manufacturing (WCM) program | ▸ 2021: execution of more than 120 audits and follow-ups | ● 134 audits and follow-ups performed 160 |

## MANUFACTURING PROCESSES

### FOSTERING CONTINUOUS IMPROVEMENT

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

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Adoption of World Class Manufacturing (WCM) principles | ▸ 2021: further increase in the number of WCM plants achieving bronze level (1), silver level (8), and gold level (1) | ◐ 1 plant awarded gold and 1 awarded silver[b] 166 |

### REDUCING ENVIRONMENTAL IMPACT AND OPTIMIZING ENERGY PERFORMANCE

Commitment: Optimize the Company's environmental performance

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Optimization of waste management based on country-specific characteristics | ⌖ 2024: 95% of waste recovered at Company plants worldwide | ● 95.1% of waste recovered at Company plants worldwide 175 |
| | ▸ 2022: -25% vs. 2014 in waste generated per production unit at Company plants worldwide | ● -32.9% vs. 2014 in waste generated per production unit[c] achieved at Company plants worldwide 176 |

[b] *On-site WCM audits were severely impacted by travel restrictions, so most were performed remotely; this resulted in fewer awards as they cannot be earned following remote audits.*
[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 243.*

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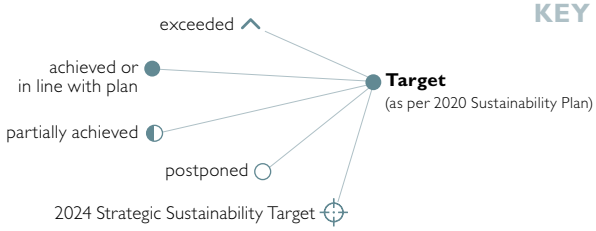


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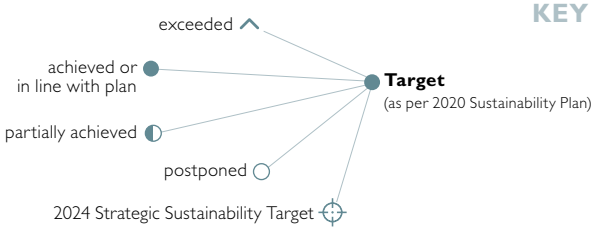
| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Optimization of waste management based on country-specific characteristics | ▸ 2022: -36% vs. 2014 in hazardous waste generated per production unit at Company plants worldwide | ● -43.2% vs. 2014 in hazardous waste generated per production unit[d] achieved at Company plants worldwide 176 |
| ▸ Application of best available techniques for the reduction of volatile organic compounds (VOCs) in paint processes | ▸ 2022: -27% vs. 2014 in VOC emissions per square meter painted at Company plants worldwide | ● -30.8% vs. 2014 in VOC emissions per square meter painted achieved at Company plants worldwide 171 |
| ▸ Optimization of water withdrawal and discharge management system based on country-specific characteristics | ▸ 2022: -24% vs. 2014 in water withdrawal per production unit at Company plants worldwide | ● -32.9% vs. 2014 in water withdrawal per production unit[d] achieved at Company plants worldwide 172 |
| ▸ Optimization of water withdrawal in water-stressed areas | ▸ 2022: -47% vs. 2014 in water withdrawal per production unit at the plant in Greater Noida (India) | ● -56.5% vs. 2014 in water withdrawal per production unit[d] achieved at the plant in Greater Noida (India) 174; 259 |
| | ▸ 2022: -19% vs. 2014 in water withdrawal per production unit at the plant in Pithampur (India) | ● -17% vs. 2014 in water withdrawal per production unit[d] achieved at the plant in Pithampur (India) 174; 259 |
| | ▸ 2022: -4% vs. 2014 in water withdrawal per production unit at the plant in Querétaro (Mexico) | ● -20% vs. 2014 in water withdrawal per production unit[d] achieved at the plant in Querétaro (Mexico) 174; 259 |
| ▸ Formulation of guidelines for the identification and safeguard of protected species and biodiversity | ▸ 2021: implementation of any improvement measures identified through BVI or BRE assessments | ● Biodiversity Risk Evaluation (BRE) performed at the plant in Plock (Poland), requiring no improvement measures thereafter 177 |

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

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Identification of measures and technologies to reduce $CO_2$ emissions per production unit | ⊕ 2024: -50% vs. 2014 in $CO_2$ emissions per production unit at Company plants worldwide<br>⊕ 2030: -60% vs. 2014 in $CO_2$ emissions per production unit at Company plants worldwide | ● -55% vs.2014 in $CO_2$ emissions per production unit[d] achieved at Company plants worldwide 185 |
| ▸ Promotion of renewable energy generation and use | ⊕ 2024: 80% of total electricity consumption derived from renewable sources<br>⊕ 2030: 90% of total electricity consumption derived from renewable sources | ● 74.9% of total electricity consumption derived from renewable sources 185 |
| ▸ Identification of measures and technologies to reduce energy consumption per production unit | ▸ 2030: -30% vs. 2014 in energy consumption per production unit at Company plants worldwide | ● -32.5% vs. 2014 in energy consumption per production unit[d] achieved at Company plants worldwide 185 |
| ▸ Implementation of an Energy Management System and certification of plants as per international standard ISO 50001 | ▸ 2021: verification (according to ISO 14064-3 standard) of GHG emissions associated with over 20% of total energy consumption, with reference to GHG Protocol requirements | ● GHG emissions associated with over 20% of total energy consumption verified as per GHG Protocol requirements and according to ISO 14064-3 standard 180 |

*(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 243.*

KEY

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# LOGISTICS PROCESSES

## MINIMIZING ENVIRONMENTAL IMPACT

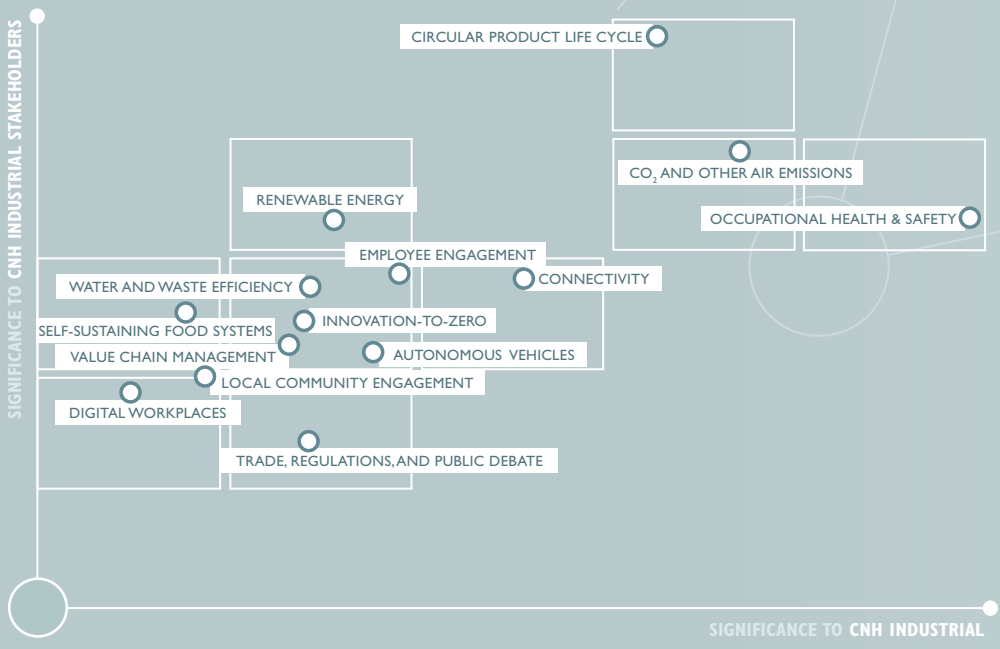
Commitment: Reduce the environmental impact of logistics

| ACTIONS | TARGETS | 2021 RESULTS |
|---|---|---|
| ▸ Implementation of initiatives to reduce $CO_2$ emissions and minimize the overall impact of logistics | 2024: -20% vs. 2014 in kg of $CO_2$ emissions per ton of goods transported (including spare parts) | ○ +9.9% vs. 2014 in kg of $CO_2$ emissions per ton of goods transported (including spare parts)[e] 190 |

[e] *Result affected by the increase in air transport use caused by sea transport disruptions, the global supply chain crisis, and component shortages.*

# OUR GOVERNANCE MODEL






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

# MANAGEMENT FRAMEWORK

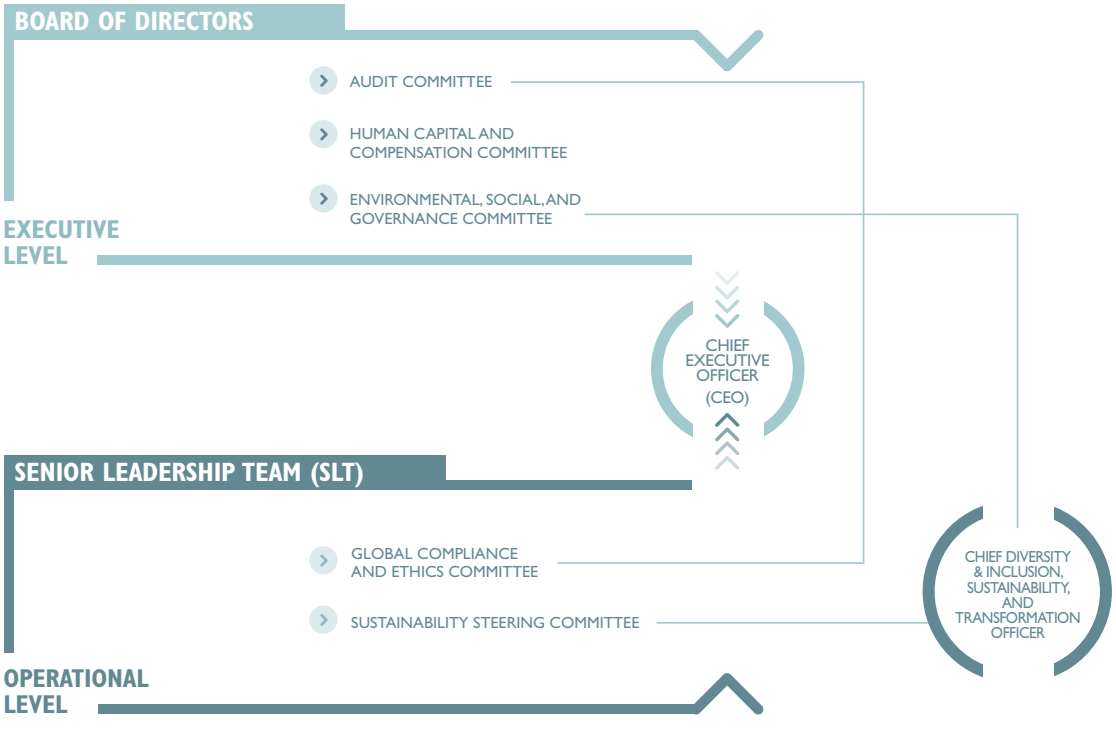
CNH Industrial's Governance model is built on a structure and a set of rules that the Company has adopted to manage its operations in an ethical and transparent way. CNH Industrial believes that a robust Governance model is essential to effectively manage its businesses for the long-term interests of all its stakeholders. A governance model that gives due weight to sustainability issues fosters a long-term corporate outlook and contributes to risk-adjusted returns. A robust governance model ensures that the Company's performance is not due to chance or random behavior and that continuous improvement is possible, based on analysis and results achieved each year. In addition, it ensures that risk management controls are in place to safeguard the value of investments. Since CNH Industrial considers a robust system of governance essential for its activities, it is a prerequisite for the materiality analysis (see page 21).
The central pillars of CNH Industrial's Governance model include:

- ongoing alignment with international best practices
- a clear and comprehensive Code of Conduct, with written policies for implementing the principles contained in the Code of Conduct itself (see page 48)
- an effective enterprise risk management system (see page 66).

CNH Industrial also complies with the best corporate governance practice provisions[1] of the Dutch Corporate Governance Code (DCGC), which contains principles and best practice provisions for relations between the board of directors of any listed Dutch company and its shareholders. The DCGC is focused on companies with a two-tier governance structure (a traditionally Dutch configuration); however, it also envisages a one-tier governance structure, such as that adopted by the Company.

# GOVERNANCE STRUCTURE

The Board of Directors (Board), together with its Committees, is responsible for the governance of CNH Industrial. On certain key industrial matters, the Board is advised by the Senior Leadership Team (SLT), an operational decision-making body of CNH Industrial responsible for reviewing the operating performance of the segments, and making decisions on certain operational matters (see page 45).




(1) *Except as discussed in the section Compliance with Dutch Corporate Governance Code in the 2021 EU Annual Report, page 109.*

## BOARD OF DIRECTORS

The Board of Directors[1] (Board) as a whole has collective responsibility for the strategy of the Company. Among other things, the Board oversees the development of the Company's mission and vision, as well as its strategies, policies, and goals regarding economic, environmental, and social topics.

The Board, as at December 31, 2021, was **composed** of 2 Executive Directors (i.e., who have been granted the title 'Chair' and 'Chief Executive Officer', respectively), having responsibility for the day-to-day management of the Company, and 7 Non-Executive Directors, who have responsibility with respect to the Board's oversight function.
As at December 31, 2021, 33% of the Company's directors were female (3) and the Board included representatives of different nationalities (see the skills matrix on page 42).
At December 31, 2021, 3 members of the Board were in the 30-50 age group (33%), 6 members were in the over-50 age group (67%), and no member was under 30 years of age.

The **independence** requirements for members of the Board were established with reference to the Dutch Corporate Governance Code (DCGC), the NYSE Rules, and Rule 10A-3 of the U.S. Securities Exchange Act. As at December 31, 2021, 6 directors (70%) qualified as independent under the NYSE Listing Standards and best practice provision 2.1.8 of the DCGC. The composition of the Non-Executive Directors is such that they are able to operate independently and critically with respect to one another, to the Executive Directors, and to any other particular interest involved, and in accordance with best practice provision 2.1.7 of the DCGC. On April 15, 2021, 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.

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 backgrounds, both general and specific, acquired in an international environment and relevant to an understanding of the macro-economy and global markets, more generally, as well as the industrial and financial sectors, more specifically.
Each member of the Board is appointed or re-elected annually by the shareholders during the Annual General Meeting.

An appropriate and diversified mix of skills, professional backgrounds, and **diversity** factors (such as gender, race, ethnicity, and country of origin or nationality) are fundamental to the proper functioning of the Board as a collegial body. Furthermore, it is generally recognized that diverse boards are more effective in performing their monitoring and advisory activities, due to the variety of professional experience, perspectives, insights, skills, and connections to the outside world that diversity can add. Considering the foregoing factors and the attributes of the individual directors, the Board considers itself a diverse body, well-suited to fulfilling its duties. Nevertheless, the Board is committed to increasing diversity among its members, in particular regarding women and underrepresented ethnic groups. The Environmental, Social, and Governance Committee (see page 44) periodically assesses the skills, experience, and other attributes of the individual directors, with a view toward ensuring an appropriate level of diversity and that the directors have the necessary expertise to fulfill their respective duties.

(1) *References to the Board of Directors are as at December 31, 2021.*
(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]

| | BORN IN | DIRECTOR SINCE | GEO-GRAPHIC DIVERSITY | SKILLS[b] GOVERNANCE, LEGAL, AND BOARD EXPERTISE | FINANCIAL AND ACCOUNTING | CONSUMER DISCRETIONARY | CONSUMER STAPLES | INDUSTRIALS & MATERIALS | TELECOM &IT | ACADEMIC POSITIONS | CHARITABLE AND ENVIRONMENTAL ENGAGEMENT | HEALTH CARE | (FORMER) CHAIRPERSON /CEO | MANDATES IN OTHER COMPANIES |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SUZANNE HEYWOOD | 1969 | 2016 | UK | • | • | • | | • | | | • | | • | 2 |
| CATIA BASTIOLI | 1957 | 2021 | IT | • | | | | • | | | • | | • | – |
| HOWARD W. BUFFETT | 1983 | 2020 | US | • | | • | | • | | • | • | | | – |
| LÉO W. HOULE | 1947 | 2013 | CA | • | • | • | | • | • | | | | | – |
| JOHN LANAWAY | 1950 | 2013 | US | • | • | • | | • | • | | | | | – |
| ALESSANDRO NASI | 1974 | 2019 | IT | • | • | | | • | | | | | • | 2 |
| VAGN SØRENSEN | 1959 | 2020 | UK | • | • | • | | • | • | | | | • | 3 |
| ÅSA TAMSONS | 1981 | 2021 | SE | • | • | | | | • | | | | | – |
| SCOTT W. WINE | 1967 | 2021 | US | • | • | • | | • | | | • | | • | 1 |
| GENDER | | | | | | | | | | | | | | |

[a] *As at December 31, 2021.*
[b] *Industry sector classifications used for compiling the skills matrix are based on MSCI and Standard & Poor's Global Industry Classification Standard (GICS). See definitions on page 246.*

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.

**9**
**BOARD MEETINGS** HELD, WITH AN AVERAGE **TOTAL ATTENDANCE** OF **100%**

The **minimum attendance** required for all Board members is at least 75% of all Board and Committee meetings. In addition, Non-Executive Directors are limited to being on no more than 4 boards of other public companies.
In 2021, the Board met 9 times.
The Board members and their attendance at Board meetings during the year are indicated below.

### 2021 BOARD MEETING ATTENDANCE (%)

| Board Member | Heywood | Houle | Buffett | Erginbilgic[a] | Lanaway | Nasi | Simonelli[a] | Sørensen | Wine |
|---|---|---|---|---|---|---|---|---|---|
| Attendance | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

[(a)] *At the Company's Extraordinary General Meeting of Shareholders held on December 23, 2021, the shareholders approved the appointment of two new non-executive directors, Ms. Catia Bastioli and Ms. Asa Tamsons, who replaced Mr. Tufan Erginbilgic and Mr. Lorenzo Simonelli (who, in turn, joined the Iveco Group N.V. Board).*

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 Environmental, Social, and Governance Committee 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 2021, the evaluation of the Board and its Committees consisted of a self-assessment by each of the bodies facilitated by a written questionnaire.
The questionnaire covers key aspects and functions, such as composition of the Board, collegiality, information, oversight, involvement, and the Committees, and is designed to promote a robust and comprehensive performance assessment discussion. The Chair met with each of the directors to discuss the performance of the Board, the Committees, and individual directors. The Board of Directors discusses the results of the performance assessment, in executive session, and agrees upon actions to take advantage of identified opportunities for improvement. On the recommendation of the Environmental, Social, and Governance Committee, the Board intends to periodically engage a third party to facilitate the annual performance assessment.

As provided for by the Company's Articles of Association and in alignment with the DCGC, "the Company shall have a policy in respect of the remuneration of the members of the Board of Directors. Such remuneration policy shall be adopted by the General Meeting of Shareholders[4]." The **remuneration**[5] of the directors (executive and non-executive) must, therefore, be aligned with the provisions of the Company's Remuneration Policy. The shareholders of CNH Industrial discussed and approved the Company's Remuneration Policy during the first Annual General Meeting (AGM) held by the Company on April 16, 2014 after the completion of the merger by incorporation of Fiat Industrial S.p.A. and of CNH Global N.V. with and into CNH Industrial N.V. The Remuneration Policy was subsequently amended, and approved by shareholders on April 14, 2017. In the absence of specific recommendations or proposals for amendments by the Board, the Remuneration Policy is annually submitted to the shareholders (in the agenda of each AGM) as a discussion-only item, and must be approved by shareholders at least every 4 years. Pursuant to the amendment to the Remuneration Policy approved on April 14, 2017, Non-Executive Directors are not awarded compensation in the form of shares and/or rights to shares (they are paid only in cash), and their compensation is not affected by Company results. At the AGM held on April 16, 2020, the Remuneration Policy was further amended to align the Policy with the new legal requirements contained in the Dutch Civil Code implementing the Revised European Shareholders' Rights Directive. A key change to the Remuneration Policy was the clarification of the link to long-term value creation and sustainability, in line with the Company's strategy and consistent with its corporate values.

[(3)] *The Regulations of the Board of Directors are available on the Company's website.*
[(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 2021 EU Annual Report under the section Remuneration Report.*

### THE BOARD'S COMMITTEES

The Company's Articles of Association require the Board of Directors (Board) to appoint 3 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. The Board has appointed the following committees: Audit Committee, Human Capital and Compensation Committee, and Environmental, Social, and Governance Committee. The charters of the Audit Committee, Human Capital and Compensation Committee, and Environmental, Social, and Governance Committee set forth independence requirements for their members for purposes of the Dutch Corporate Governance Code (DCGC). Audit Committee members are also required to qualify as independent under the NYSE Listing Standards and Rule 10A-3 of the Exchange Act.

The **Audit Committee** is responsible for, among other things, assisting the Board in overseeing certain specific issues and for approving the annual audit plan put forward by the Internal Audit function. The annual audit plan is prepared with the help of a Risk Assessment tool and is divided into 4 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. The Audit Committee is appointed by the Board and is comprised of at least 3 members who may be appointed for terms of up to 2 years, each of whom must be a Non-Executive Director. Members of the Audit Committee may be reappointed.
As at December 31, 2021, each member of the Audit Committee was independent.
In 2021, the Audit Committee met 10 times.

#### 2021 AUDIT COMMITTEE MEETING ATTENDANCE (%)

| Audit Committee Member | Lanaway | Simonelli[a] | Sørensen |
|---|---|---|---|
| Attendance | 100 | 100 | 90 |

*[a] Mr. Lorenzo Simonelli resigned from the CNH Industrial N.V. Board effective December 23, 2021 and, in turn, joined the Iveco Group N.V. Board.*

The **Human Capital and 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. The members of the Human Capital and Compensation Committee are appointed for terms of up to 2 years and may be reappointed.
As at December 31, 2021, 3 of the 4 members of the Human Capital and Compensation Committee were independent.
In 2021, the Human Capital and Compensation Committee met 8 times.

#### 2021 HUMAN CAPITAL AND COMPENSATION COMMITTEE MEETING ATTENDANCE (%)

| Human Capital and Compensation Committee Member | Houle | Buffett | Erginbilgic[a] | Nasi |
|---|---|---|---|---|
| Attendance | 100 | 100 | 88 | 100 |

*[a] Mr. Tufan Erginbilgic resigned from the CNH Industrial N.V. Board effective December 23, 2021 and, in turn, joined the Iveco Group N.V. Board.*

The **Environmental, Social, and Governance Committee** is responsible for, among other things, assisting the Board in: overseeing the Company's significant environmental[6], social, and governance risks, strategies, policies, programs, and practices to further its business purpose, strategy, culture, values, and reputation in the best interests of all CNH Industrial stakeholders; overseeing the Company's ongoing commitment to environmental stewardship and corporate social responsibility; overseeing and evaluating the policies, procedures, and practices related to the health and safety of Company employees; and globally monitoring, evaluating, and reporting on the sustainability strategy, governance, policies, procedures, practices, management standards, and performance of the Company and its subsidiaries. The

*[6] The environmental sphere includes climate-related issues.*

Environmental, Social, and Governance Committee helps the Board develop its collective knowledge on sustainability and provides guidance on key global environmental, social, and governance issues. The members of the Environmental, Social, and Governance Committee are appointed for terms of up to 2 years and may be reappointed.
As at December 31, 2021, 3 of the 4 members of the Environmental, Social, and Governance Committee were independent.
In 2021, the Environmental, Social, and Governance Committee met 8 times.

### 2021 ENVIRONMENTAL, SOCIAL, AND GOVERNANCE COMMITTEE MEETING ATTENDANCE (%)

| Environmental, Social, and Governance Committee Member | Nasi | Buffett | Erginbilgic[a] | Houle |
|---|---|---|---|---|
| Attendance | 100 | 88 | 100 | 100 |

[a] *Mr. Tufan Erginbilgic resigned from the CNH Industrial N.V. Board effective December 23, 2021 and, in turn, joined the Iveco Group N.V. Board.*

## SENIOR LEADERSHIP TEAM

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

As at September 30, 2021[7], the SLT had 16 members and its composition was as follows:
- gender: 3 members were women, representing 19% of the total
- age group: 7 members were in the 30-50 age group (44%), 9 members were in the over-50 age group (56%), and no member was under 30 years of age.

The SLT includes the Chief Diversity & Inclusion, Sustainability, and Transformation Officer (see page 46) and is advised on sustainability matters by, among others, the Sustainability Steering Committee (SSC).

### SLT COMMITTEES

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

The **Global Compliance and Ethics Committee** (GC&EC) provides assistance to management and the Company's Audit Committee to enable CNH Industrial and its operating subsidiaries to continue to operate according to the highest ethical business standards and in accordance with applicable laws.
The GC&EC:
- facilitates the development, implementation, and operation of an effective compliance and ethics program
- promotes an organizational culture that encourages compliance with the law and good ethical conduct
- considers and resolves any issues of interpretation regarding any aspect of the compliance and ethics program.

The GC&EC, through the Company's Chief Compliance Officer, reports (at least quarterly) to the Audit Committee of the Board on the operations, contents, and effectiveness of the Company's compliance program, on any alleged material compliance and ethics violations, and on the disposition (or proposed disposition) of material compliance and ethics violations.
The GC&EC meets at least quarterly, or more frequently as deemed necessary or appropriate by its members.

[7] *The respective Senior Leadership Teams of the two Companies established following the demerger became operational as of October 1, 2021.*

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 Diversity & Inclusion, Sustainability, and Transformation Officer, and is coordinated by the Sustainability Unit. As at December 31, 2021, the permanent members of the SSC committee were the same as the members of the SLT.
Proposals made by the SSC are shared with the SLT and submitted to the Chief Executive Officer for consideration and approval.
The SSC meets before every Environmental, Social, and Governance Committee meeting, at least 4 times 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 Diversity & Inclusion, Sustainability, and Transformation Officer
- Sustainability Unit
- Sustainability Points of Reference
- Global Social Initiatives team.

The **Chief Diversity & Inclusion, Sustainability, and Transformation Officer** 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 Chief Diversity & Inclusion, Sustainability, and Transformation Officer is a member of the Senior Leadership Team (SLT) and chairs the Sustainability Steering Committee.

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 21), 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 **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 20), 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 48)
- a set of **policies** to manage specific issues, as well as the Human Capital Management Guidelines, Green Logistics Principles, and the Supplier Code of Conduct (see page 48)
- the **materiality analysis**, which defines social and environmental priorities (see page 21)
- **stakeholder engagement** on material topics
- a set of approximately 200 sustainability-related **key performance indicators**, designed to provide maximum coverage of all the key environmental, social, and governance aspects, in line with the GRI Sustainability Reporting Standards (GRI Standards), the Sustainability Accounting Standards (SASB Standards), and those of the major sustainability rating agencies
- the **Sustainability Plan**, also including the strategic sustainability targets, which identifies action priorities and tracks the commitments undertaken (see pages 28-38)
- the annual **Sustainability Report**, which discloses the Company's sustainability performance
- a summary included in the **EU Annual Report** relating to sustainability, supplementing the financial data as per the requirement of the Dutch Decree on Non-Financial Information, which incorporated Directive 2014/95/EU into Dutch law. It also reports the Company's climate change mitigation actions as per the framework and recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD)[8].

## THE SUSTAINABILITY PLAN AND REPORTING PROCESS

The Sustainability Report is the means by which the Company presents its non-financial performance to stakeholders each year. The Report is prepared according to the GRI Sustainability Reporting Standards (GRI Standards)[9] and the Sustainability Accounting Standards (SASB Standards) version 2018-10[10], and includes the Sustainability Plan, which states the sustainability-related commitments made by CNH Industrial to its stakeholders.
The commitments, actions, and targets that make up the Sustainability Plan are identified and set by the corporate functions with the assistance of the Sustainability Unit (SU), which also ensures the incorporation of the stakeholders' expectations evidenced by the materiality analysis. Indeed, the SU is responsible for ensuring medium-to-long-term targets are in line with both stakeholders' expectations and Company strategies. The Plan is updated annually and reviewed mid-year.

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

- submitted to SGS Nederland B.V., an independent certification body, for auditing as per Sustainability Reporting Assurance (SRA) procedures and in compliance with both the GRI Standards and the AA1000 Accountability Principles Standard (2018). SGS is officially authorized to provide assurance as per the AA1000 Assurance Standard v3. The alignment of CNH Industrial's sustainability management system with the ISO 26000:2010 guidelines on social responsibility is also audited[11]
- approved by the Sustainability Steering Committee (see page 46), with each chapter approved by the relevant members
- reviewed by the members of the Senior Leadership Team (see page 45)
- approved by the Chief Executive Officer
- reviewed by the Board of Directors' Environmental, Social, and Governance (ESG) Committee (see page 44)
- 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.

[8] *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.*
[9] *See the GRI Content Index on page 275.*
[10] *See the SASB Index on page 281.*
[11] *The Statement of Assurance, describing the activities carried out and the opinions expressed, is available on pages 272-274.*

## 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 dealings with tax authorities, and seeks to build constructive working relationships with them based on a policy of open dialogue and full disclosure, with the goal of minimizing uncertainty in Company tax affairs. Advance tax rulings may be requested for material transactions.
Intercompany pricing arrangements are intended to reflect arm's length pricing in accordance with the OECD[a] Transfer Pricing Guidelines and applicable laws. Where appropriate, Advance Pricing Agreements are sought in respect of Company transfer pricing arrangements. Senior management reviews the Company's tax matters with the Audit Committee of the Board of Directors on a regular basis.

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

# 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 compliance with applicable laws. The Company is also committed to the creation of long-term sustainable value for all its stakeholders and is firmly convinced that respect for fundamental human rights and for basic working conditions is a prerequisite to achieve this. The Board of Directors is responsible for creating a culture that fosters such long-term value creation – a task that requires compliance with all applicable laws. To this end, and to clarify and make explicit the Company's values and expectations, the Board has adopted both a Code of Conduct and a Supplier Code of Conduct.


## CODE OF CONDUCT AND POLICIES

CNH Industrial's **Code of Conduct** is one of the pillars of the CNH Industrial Corporate Governance system, which regulates the decision-making processes and the approach used by the Company and its employees in interacting with all stakeholders. The Code of Conduct summarizes the values the Company recognizes, adheres to, and fosters, in the belief that integrity and fairness are important drivers of long-term value creation and social and economic development. The Code of Conduct, originally adopted by the Board of Directors in 2014, forms an integral part of the Company's internal control system. The Code of Conduct applies to all CNH Industrial directors, officers, and employees, as well as to those acting for or on behalf of all CNH Industrial companies worldwide (including all joint ventures in which the Company holds a controlling interest).
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-Harassment Policy
- Anti-Money Laundering Policy
- Anti-Retaliation Policy

*[1] Organisation for Economic Co-operation and Development.*

- Community Investment Policy
- Competition Policy
- Compliance Helpline Policy
- Conflict of Interest Policy
- Corporate Communications Policy
- Data Privacy Policy
- Environmental Policy
- Gifts, Entertainment & Travel Compliance 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
- Third Party Due Diligence Policy
- US Lobbying Activities and Other Contacts with US Government Officials
- Use of Company Property Policy.

The Code of Conduct is available in 19 languages and can be found in the Governance section of the Company's website. Compliance policies are available in multiple languages and can be found in the Compliance and Ethics section of the Company's Intranet portal.
CNH Industrial adopted its **Supplier Code of Conduct** in 2015. It is available in 9 languages on both the Company's website (in the Suppliers' section) and Intranet. The Supplier Code of Conduct summarizes the Company's expectations of all its suppliers. Compliance with the Supplier Code of Conduct is a mandatory requirement for continuing business relations with the Company (see page 152).

### APPLICATION AND DISSEMINATION

The Company's Code of Conduct and Company policies **apply** to all members and officers of CNH Industrial's Board of Directors, to all employees of CNH Industrial companies, and to all other individuals or companies that act in the name or on behalf of one or more CNH Industrial companies worldwide.
Available in 19 languages (Chinese, Czech, Danish, Dutch, English, French, German, Hindi, Italian, Polish, European Portuguese, Latin American Portuguese, Romanian, Russian, European Spanish, Latin American Spanish, Swedish, Turkish, and Thai), the Code of Conduct can be viewed and downloaded through the Company's corporate website and Intranet, and hard copies are available from the Human Resources Department.
The principles and values of good corporate governance established in the Code of Conduct are conveyed, through periodic training and other communication channels, to all Company employees irrespective of their level or role.
The 2021 Code of Conduct training course included 4 modules: Third Party Risks, Antitrust/Competition Law, Confidentiality, and Culture of Integrity - Personal Responsibility (see page 51). This training was delivered to all members of the CNH Industrial Board and Senior Leadership Team (SLT), as well as to approximately 24,295 employees (salaried and above) for a total of 8,889 hours (11,409 in 2020).
In 2021, following on from previous years, CNH Industrial provided compliance training to 53% of its joint ventures in which it has a controlling interest.
Moreover, as planned, Supplier Code of Conduct training materials were rolled out to suppliers during the year.

### CODE OF CONDUCT REACH AND COVERAGE[a]

CNH INDUSTRIAL WORLDWIDE (%)

| | Coverage | Written acknowledgement of the Code of Conduct[b] | Training made available |
|---|---|---|---|
| Employees | 100 | 100 | 100 |
| Subsidiaries[c] | 100 | 100 | 100 |

*[a] Results refer to the 3-year period 2019-2021; the same percentages were achieved each year.*
*[b] Results achieved relate to all senior managers and above, and to managers and senior professionals, in the following functional areas: CEO Staff, the Company segments, Finance, M&A and Sustainability, HR, ICT, Technology, Supply Chain, High Growth Markets AMEA and SA, Aftermarket Solutions, Legal, Compliance, Internal Audit, and Corporate Communications.*
*[c] Refers to salaried employees at CNH Industrial N.V. subsidiaries.*

Every year, the corporate Compliance and Ethics function asks certain categories of employees to formally acknowledge, in writing, that they have read both the CNH Industrial Code of Conduct and the Conflict of Interest Policy and understand their contents; and to confirm that they have no information or knowledge of any violation of the Code of Conduct or Conflict of Interest Policy that hasn't already been disclosed to the Company. The recipient categories in 2021 were:

- senior managers and above
- CEO Staff: managers/senior professionals
- segments (Agriculture, Construction, Commercial and Specialty Vehicles, Powertrain, Financial Services): managers/senior professionals
- Finance, M&A and Sustainability: managers up to senior professionals
- HR and Internal Communications: managers/senior professionals
- ICT: managers/senior professionals
- Digital: managers/senior professionals
- Technology and Quality: managers/senior professionals
- Supply Chain (Manufacturing/Logistics/Purchasing): managers/senior professionals
- High Growth Markets AMEA[2]: managers/senior professionals
- High Growth Market SA[3]: managers/senior professionals
- Aftermarket Solutions: managers/senior professionals
- Legal: managers/senior professionals
- Compliance: managers/senior professionals
- Internal Audit: managers/senior professionals
- Corporate Communications: managers/senior professionals.


For information on the reach and written acknowledgment of the Code of Conduct among suppliers, please refer to the chapter on the Supplier Code of Conduct (see page 152). The Code of Conduct also applies to 100% of the subsidiaries in which CNH Industrial holds at least a 51% interest.

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

### COMPLIANCE RISK MANAGEMENT

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

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

When assessing the effectiveness of existing controls, designated risk assessors evaluate respective control environments, including any relevant legal and compliance policies and processes in place, related communications, and training provided by the Company, to ensure resulting residual risk levels remain within the Company's established risk appetite. For further details, see the risk appetite table on page 67.

In 2021, the corporate Compliance and Ethics function continued to strengthen its compliance risk management activities by expanding the scope and quantity of risk assessments conducted, leveraging the Enterprise Risk Management software tool. Among other applications, this tool is used to perform risk surveys annually as well as to conduct targeted risk assessments, which are performed by subject matter experts within the Company's businesses. These deep-dive assessments help identify important risk exposures that trigger the execution of mitigation activities because they lie outside predetermined risk appetites. Such activities are intended to reduce or, in certain cases, eliminate the identified risk exposures altogether.

[2] *Asia, Middle East, and Africa.*
[3] *South America.*

In 2021, CNH Industrial delivered targeted training (for a total of 16,936 hours) on the critical issues identified during the risk assessment performed during the previous year, with a focus on:

- antitrust/competition law[4]
- anti-corruption and bribery
- confidentiality[4]
- conflict of interest
- culture of integrity - personal responsibility[4]
- human rights (respect in the workplace and avoiding sexual harassment)
- reporting fraud
- third party risks[4].

### MONITORING AND INVESTIGATIONS

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

In January 2015, the Company launched its **Compliance Helpline**, a global reporting tool available in 14 languages, managed by an independent third party.
The Compliance Helpline was set up following consultation with representatives from many different functions, including Human Resources (HR), Internal Audit, Legal, and Compliance, and with the approval of all relevant employee work councils in Europe.
This communication channel provides CNH Industrial employees, customers, suppliers, and other third parties with a dedicated means to report potential violations of applicable laws, the Code of Conduct, the Supplier Code of Conduct, or Company policies.
As indicated in the Compliance Helpline Policy[5], reports can be submitted (also on an anonymous basis, where permitted by law):

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

CNH Industrial employees have an obligation to report misconduct. The Compliance Helpline is an important tool meant to encourage reporting and foster a culture of individual and collective responsibility for compliance and ethics. This is also promoted via *Speak Up* global communication campaigns, under which the *See It? Say It* initiative, addressing employees worldwide, was rolled-out in 2021. Company policy protects anyone reporting a concern in good faith from retaliation of any kind. The Company is committed to responding to every report submitted through the Compliance Helpline. A global case management system, implemented in conjunction with the Compliance Helpline, helps ensure the accurate tracking and timely resolution of investigations, which are primarily conducted by Internal Audit, the Legal Department, HR, or the corporate Compliance and Ethics function. Additionally, regional committees comprising representatives from HR, Internal Audit, and Compliance or Legal are responsible for providing oversight of investigations within their respective geographic areas.

The materiality of all reported matters is evaluated according to criteria approved by the Global Compliance & Ethics Committee (GC&EC). Whether a matter is defined as material depends on aspects such as the extent of the potential penalties or monetary losses involved, the seniority of the implicated person, or the nature of the alleged violation. Matters defined as material are escalated to either the applicable Regional Compliance & Ethics Committee (RC&EC) or the GC&EC, depending on their extent and severity, for review and approval of findings and corrective actions. In general, matters with the potential to incur penalties or monetary losses in excess of $50,000, or that involve allegations 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.

*(4) Included in the Code of Conduct training course.*
*(5) www.cnhindustrialcompliancehelpline.com.*

In 2021, 47 cases were classified as material at regional level and reported to the relevant RC&EC, with 4 of them further classified as material at global level. All 47 such matters were reported to the GC&EC and the Audit Committee.

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

### PERIODIC AUDITING

CNH Industrial regularly monitors the application of the Company's main compliance policies in each geographic area. Monitoring is carried out by the Internal Audit Department based on the Annual Audit Plan. Audit results, identified violations, and agreed corrective measures are notified to the relevant corporate departments and senior management. In 2021, the Company disclosed the results of 52 compliance-related internal audits conducted at its main operational sites: 4 regarding business ethics and 48 related to bribery, anti-retaliation, 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.)

| | 2021 |
|---|---|
| Business Ethics Compliance (BEC) | 4 |
| Whistleblowing (WB) | 28 |
| Other[a] | 20 |
| **Total** | **52** |

*[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 2021, the Company responded to and/or investigated 463 new matters submitted through the Compliance Helpline (40% of which were submitted anonymously) or through other available corporate communication channels.

**COMPLIANCE HELPLINE REPORTED MATTERS**
CNH INDUSTRIAL WORLDWIDE (no.)

| **Matters by category** | 2021 |
|---|---|
| Questions related to specific business activities and/or Company policies | 27 |
| HR issues, including but not limited to general workplace conflicts[a] | 202 |
| Discrimination and harassment[b] | 88 |
| Business conduct | 108 |
| Health, safety, and environment | 35 |
| Other | 3 |
| **Total** | **463** |

*[a] 187 of these issues were resolved in the reporting period, while 15 were still in process at year end.*
*[b] Includes 49 harassment reports, 20 sexual harassment reports, and 19 reports of discrimination (of which 14 were unsubstantiated, 4 substantiated, and 1 still in process at year end). 80 of these issues were resolved in the reporting period, while 8 are still in process.*

In 2021, 422 investigations were closed. 190 of the allegations investigated were substantiated as breaches of the Code of Conduct or of Company policies (a 45% substantiation rate).

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

CNH INDUSTRIAL WORLDWIDE (no.)

| Type of disciplinary action | 2021 |
|---|---|
| Termination of employment | 62 |
| Disciplinary action | 92 |
| Coaching, remedial training or review of the relevant policy | 31 |
| No action required[a] | 5 |
| **Total** | **190** |

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

## ANTI-CORRUPTION AND BRIBERY

CNH Industrial's Anti-Corruption Policy establishes procedures designed to ensure full compliance with applicable anti-corruption legislation. Oversight of the Policy lies with the corporate Compliance and Ethics function. The Company's culture of integrity requires all employees to actively collaborate in monitoring the Policy's enforcement, and to set an example of ethical conduct by reporting any potential violations to their managers, Human Resources or Compliance representatives, or using the Compliance Helpline. CNH Industrial's Anti-Corruption Policy is supplemented by means of regional addendums that take into account the specific corruption risk factors of each geographic area. The Policy was disseminated to all Company employees and senior management worldwide and is available on the corporate Intranet in 19 languages.
Every year, the corporate Compliance and Ethics function asks certain categories of employees to formally acknowledge, in writing, that they have read both the CNH Industrial Code of Conduct and the Conflict of Interest Policy and understand their contents; and to confirm that they have no information or knowledge of any violation of the Code of Conduct or Conflict of Interest Policy that hasn't already been disclosed to the Company.

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

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

In 2021, the Company provided an online anti-corruption course to all members of the Senior Leadership Team (SLT) as well as to all salaried employees, the breakdown of which is shown in the table below.

### 2021 ANTI-CORRUPTION TRAINING BY GEOGRAPHIC AREA

CNH INDUSTRIAL WORLDWIDE (no.)

| | Employees involved | Training hours |
|---|---|---|
| North America | 3,738 | 1,191 |
| Europe | 13,271 | 4,015 |
| South America | 2,516 | 830 |
| Rest of World | 3,109 | 966 |
| **Total** | **22,634** | **7,002** |

Company employees are required to report compliance issues (including corruption) by any of multiple means (e.g., by reporting them to managers or through the Compliance Helpline).

No allegations of bribery were reported to the Compliance Helpline in 2018. Two potential cases were reported in 2019, of which one was substantiated. This substantiated case involved allegations against a third party, as a result of which the relationship with said party was terminated. **No cases of bribery** were reported in 2020 or 2021.

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.

### THIRD-PARTY DUE DILIGENCE PROJECT

The *Third-Party Due Diligence Project* started in 2021 under the oversight of the Global Compliance & Ethics Committee, aimed at improving existing processes of anti-bribery, anti-corruption, anti-money laundering, and trade compliance due diligence regarding entities with which CNH Industrial does business, on both the buy and sell side. Such a review is part of the best practices CNH Industrial has put in place to ensure the effectiveness and adequacy of its due diligence process, as well as to optimize the risk management associated with key counterparts.
A working group composed of Business, Compliance, and Financial Services representatives re-evaluated existing practices and processes, identifying opportunities to improve, streamline, and rationalize such practices and processes in the framework of a risk-based approach.

## TRADE COMPLIANCE

CNH Industrial is a material participant in international trade, an area of increasing focus where laws are complex and dynamic. The Company addresses these challenges by implementing its International Trade Compliance Policy, whose subject matter is also an important part of the Supplier Code of Conduct (see page 152). In accordance with this Policy, the Company is committed to complying with all applicable international trade laws and regulations (including import and export control laws, anti-boycott, anti-dumping, anti-corruption laws, and sanction programs). In addition, the Company has established a dedicated Global Trade Compliance function that, in 2021, built upon existing compliance tools, expanding and diversifying existing processes to encompass and address new regulations and a dynamic trade environment.

## ANTITRUST AND COMPETITION

As stated in CNH Industrial's Code of Conduct, the Company recognizes the critical importance of an open and competitive market, and is committed to complying with all applicable competition and antitrust legislation and to not engaging in business practices that may violate applicable antitrust or competition laws (such as the establishment of cartels, price fixing, market divisions, limitations with respect to production or sales, tying arrangements, the exchange of commercial information or business views, etc.).
With reference to safeguarding confidential information, the CNH Industrial Code of Conduct expressly indicates that the know-how, trade secrets, intellectual property, and other proprietary information developed by the Company is a fundamental and critically valuable resource that every employee is required to protect. The Company and its subsidiaries are also required to protect the confidentiality of information they may receive from third parties.

Every year, the Compliance and Ethics function collects a statement from a number of employees declaring they understand and adhere to the Code of Conduct (including the antitrust aspects), and that they have no knowledge of any violation of the Code of Conduct nor of any conflicts of interest that have not already been disclosed to the Company. CNH Industrial has a program in place to promote compliance with competition and antitrust laws and to identify and minimize the risk of any violations. This compliance program includes a dedicated Competition Policy, available on the Company's website and overseen by the Legal Department. The Competition Policy applies to CNH Industrial and to all of its directors, officers, and employees, as well as to those acting for or on behalf of all CNH Industrial companies worldwide. It sets detailed and stringent rules to be observed when dealing with competitors, trade associations, suppliers, and customers, as well as rules to be observed in response to Competition Authority investigations, emphasizing full cooperation in the event of antitrust/competition investigations or any requests for information regarding alleged anti-competitive conduct. The Competition Policy also emphasizes the importance of promptly reporting any actual or suspected Policy violations, either to a member of the Legal and Compliance departments or anonymously using the Company's Compliance Helpline (see page 51).
In 2021, the **online training** on the Code of Conduct included a module on Antitrust/Competition Law. This training was delivered to all members of the CNH Industrial Board and Senior Leadership Team (SLT), as well as to approximately 24,295 employees (salaried and above) for a total of 8,889 hours.

CNH Industrial's internal audit program verifies, among other things, the competition and antitrust processes and controls (see page 52) in place. In relation to the acquisition of new businesses, an antitrust audit is conducted in connection with other due diligence activities and with the support of specialized external law firms.

## INFORMATION SECURITY

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[6] 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.

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

**Information security** refers to all the practices and processes in place to ensure data is not accessed, used, modified or deleted by unauthorized individuals or parties. It covers more than just personal data: it means protecting all information and data assets managed by or for the Company. Information security is regulated by the Company's Information Security Policies, which detail the operational procedures implemented by CNH Industrial at global level. Information security is monitored and managed by a dedicated team within the ICT Department. The Chief Information Officer is a member of the Global Compliance & Ethics Committee (see page 45), which is responsible for approving Information Security Policies concerning both individual employees and ICT personnel.
CNH Industrial's security governance is based on 5 pillars – people, application, data, infrastructure, and product – and aims at developing an effective security culture and environment involving everyone in security management.

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

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

In 2021, *Protecting our Information* and *Phishing - Don't Take the Bait!* were delivered to more than 6,443 employees worldwide, for a total of more than 2,070 hours; *Smishing and Vishing - Unveil the Cheat* was delivered to more than 24,723 employees worldwide, for a total of more than 6,198 hours.
The training program also included 2 simulated phishing campaigns and 2 smishing campaigns to raise employee awareness of real-world phishing attacks and how to recognize them.

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

CNH Industrial manages 90% of its IT infrastructure with the support of providers NPO Sistemi and Kyndryl. NPO Sistemi's services are compliant with ISO 27001:2013 and ISO 9001:2015 standards, while Kyndryl's IT security, networking, cloud, system, and resiliency services are ISO 22301:2012-certified (the security services provided by Kyndryl are also ISO 27002:2013-compliant).
Every year, CNH Industrial undertakes an information **security risk assessment**, conducted by ICT Security and based on the NIST[7] Cybersecurity Framework, to identify ICT risks and assess their probability and impact. This is followed up by continuous risk management and improvement measures. In 2021, 10 high-level risks were downgraded due to the implementation of mitigation measures.

CNH Industrial protects confidential information against unauthorized access (both physical and logical), limiting the number of accounts that have privileged access to such data.
To prevent information **security breaches**, data is protected when at rest, in transit or in use, via a complex set of complementary measures involving software, networks, servers, and devices assigned to users (such as laptops and smartphones). The Company 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. In 2021, as part of its development of and investment in security, CNH Industrial engaged an external third party, PricewaterhouseCoopers (PWC), to perform a company-wide security assessment. The results of this effort will be used for development measures and road mapping going forward.

[7] *National Institute of Standards and Technology.*
[8] *Leading cybersecurity ratings company.*

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

Since 2018, CNH Industrial has also adopted the Bitsight[8] Security Ratings solution, which provides data-driven, dynamic measurements of the Company's cybersecurity performance and manages the performance of its cybersecurity program through broad measurement, continuous monitoring, and detailed planning in an effort to measurably reduce cyber risk.

### INFORMATION/CYBERSECURITY INCIDENTS & BREACHES

CNH INDUSTRIAL WORLDWIDE (no.)

| | | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Total number of information security breaches or other cybersecurity incidents[a] | P0 | 0 | 0 | 0 |
| | P1 | 1 | 3 | 11 |
| | P2 | 70 | 128 | 120 |
| | P3 | 4,588 | 3,326 | 1,218 |
| Total number of information security breaches involving customers' personally identifiable information | | 0 | 0 | 0 |
| Number of customers affected by the Company's data breaches | | 0 | 0 | 0 |
| Total amount of fines/penalties paid in relation to information security breaches or other cybersecurity incidents ($) | | 0 | 0 | 0 |

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

Additionally, the Company has set up an Information Security Competence Center dedicated to the security of its connected vehicle products (see page 201).

## DATA PROTECTION AND PRIVACY

**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 49)
- procedures to collect and respond to privacy-related inquiries from data subjects
- a comprehensive record of data processing activities, including personal data retention schedules/criteria
- a process to regularly assess and evaluate data privacy risks, including but not limited to:
  - procedures to consult with representatives of data subjects upon use of their personal data, if necessary
  - monitoring of the ongoing compliance of third-party data processors and evaluation of risks related to potential gaps identified.

Compliance with data privacy regulations is monitored by a dedicated body within the Compliance and Ethics function and is subject to audits by the Internal Audit function. Just as for information security, all employees receive online data privacy training at least once every 3 years, while for new hires it is part of the onboarding process.

In 2021, 15,729 employees worldwide received **training** on the appropriate handling of personal information, for a total of 7,865 hours.
During the year, CNH Industrial received no substantiated complaints concerning breaches of privacy.

## HUMAN AND LABOR RIGHTS MANAGEMENT

CNH Industrial is committed to the creation of long-term sustainable value for all its stakeholders and believes that respect for fundamental human rights is a prerequisite to achieving this objective.
Risks linked to human rights violations are included in the Company's Enterprise Risk Management (ERM) system. CNH Industrial's ERM methodology defines risk as any event that could affect the Company's ability to meet its objectives. The methodology enables the timely identification of risks and the evaluation of their significance, and allows action to be taken to mitigate and, where possible, eliminate them.
The Company supports the protection of fundamental human rights in all its operations and seeks to promote respect for these principles by others where it has an influence, particularly contractors, suppliers, and all other entities and individuals with whom it has a business relationship. The Company will not establish or continue a relationship with any entity or individual that refuses to respect the principles of its Code of Conduct, including the protection of fundamental human rights.
The Company's commitment is summarized in its Code of Conduct, in the Human Rights Policy that supplements it, and in the Supplier Code of Conduct. These documents are available on the Company's website.
While it is the responsibility of all covered persons[9] to ensure respect for human rights, the Senior Leadership Team (SLT) retains executive oversight and has responsibility for the implementation of the Human Rights Policy. CNH Industrial's Board of Directors oversees its implementation at board level and is responsible for ensuring adherence to the commitments therein, while Company managers are responsible for overseeing its implementation at local level.

The human rights principles included in the aforementioned documents are consistent with the spirit and intent of the United Nations' (UN) Universal Declaration of Human Rights, the OECD Guidelines for Multinational Companies, and the relevant Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO).

The Company's Code of Conduct and policies apply to all of the Company's directors, officers, and employees, as well as to those acting for or on behalf of all CNH Industrial companies worldwide. Moreover, in selecting suppliers (see page 155), the Company considers their social and environmental performance in addition to the values outlined in the Code of Conduct.

CNH Industrial implements specific procedures to monitor respect for human rights within its operations, assessing the latter's potential impact on human rights and implementing mitigating and preventative measures where needed.
To this end, the Company has implemented the Compliance Helpline (see page 51), 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.

[9] *Covered persons collectively include: CNH Industrial N.V. and its subsidiaries; the directors, officers, and employees of such entities; and those acting for or on behalf of such entities, comprising all parties the Company conducts business with, including, but not limited to: suppliers, service providers, sales representatives, agents, consultants, dealers, distributors, importers, resellers, and joint venture partners.*

In 2021, **online training** on human rights and other Code of Conduct aspects was delivered to all members of the CNH Industrial Board and Senior Leadership Team (SLT), as well as to approximately 24,295 employees (salaried and above) for a total of 8,889 hours (11,409 in 2020). Moreover, a specific human rights course focusing on respect and sexual harassment in the workplace was delivered in North America to approximately 3,584 employees, for a total of 896 hours.

CNH Industrial's approach to the management of human and labor rights focuses on 8 main areas, as described below.


### NO CHILD LABOR

As stated in the Code of Conduct, CNH Industrial prohibits the employment of child labor. Specifically, it prohibits the employment of anyone younger than the minimum legal working age in force where the work is carried out and, in any case, prohibits the employment of anyone younger than 15, unless an exception is expressly provided for by international conventions and by local legislation. CNH Industrial is also committed to not establishing or maintaining working relationships with suppliers that employ child labor. For information on how this aspect is addressed in the management of the supply chain, see page 152.

### NO FORCED LABOR, HUMAN TRAFFICKING, OR ANY FORM OF SLAVERY

As stated in its Human Rights Policy, CNH Industrial does not tolerate the use of forced or mandatory labor, slavery, human trafficking, or sex trafficking by any covered person[10]. Human trafficking is defined as arranging or facilitating the travel of another person with a view to that person being exploited. It is irrelevant whether or not that person consents to the travel.
The Supplier Code of Conduct states that no supplier may employ forced labor or engage in any form of human trafficking, whether by force, fraud or coercion. All forms of involuntary servitude, slavery, forced labor, sex trafficking, and commercial sex activities are strictly prohibited. For information on how this aspect is addressed in the management of the supply chain, see page 152.
See also CNH Industrial's Slavery and Human Trafficking statement, available on the corporate website.

### WORKING CONDITIONS

As stated in its Human Rights Policy, CNH Industrial ensures that all workers receive at least the legally mandated minimum wage and benefits. Working conditions, working hours, and compensation must be fair and must comply with the laws, standards, and practices of the country of operation. To this end, the Company ensures that overtime work is performed and remunerated according to applicable local laws and customs, collective labor agreements or industry standards. In addition, fixed-term hiring responds to a temporary need for personnel during peak times or for other purposes within the limits set by the local legislation.

### NO HARASSMENT

As stated in the Human Rights Policy, harassment can take many forms, all of which are considered cruel, inhumane, and/or degrading. CNH Industrial prohibits and does not tolerate any type of harassment. By way of example, racial or sexual harassment, or harassment related to other personal characteristics (the purpose or effect of which is to create a hostile work environment, violating the dignity of the person who is the victim of such harassment), or demanding any kind of sexual favor in exchange for a workplace advantage (e.g., a raise or to avoid being fired) is totally unacceptable to the Company, whether it takes place inside or outside the workplace.

### NO DISCRIMINATION

As stated in its Human Rights Policy, CNH Industrial does not accept discrimination against employees in any form on the basis of: ethnicity, race, gender, sexual orientation, personal or social status, health, physical condition, disability, age, nationality, religious or personal beliefs, political opinion, or other protected status. The Company recruits and hires employees on the basis of their experience, knowledge, and skills, and is committed to providing equal opportunities to all employees, both on the job and in their career advancement[11].
The head of Human Resources of each segment/function, in collaboration with all personnel managers, shall ensure that in every aspect of the employment relationship – be it recruitment, training, compensation, a promotion, a transfer, or termination – employees are treated according to their abilities to meet job requirements, and all decisions are free from any form of discrimination.
The Supplier Code of Conduct states that all suppliers must treat their workers in a fair and non-discriminatory manner, guaranteeing equal opportunities and the absence of any policy aimed at, or indirectly resulting in, discrimination toward them on any basis whatsoever, including but not limited to: race, gender, sexual orientation, social or personal status, health, physical condition, disability, age, nationality, religious or personal beliefs, political opinion, or other prohibited basis (in accordance with applicable laws).
For further information on how CNH Industrial manages diversity and equal opportunities, see page 79.
For information on how this aspect is addressed in the management of the supply chain, see page 152.

### NO RETALIATION

As stated in the Human Rights Policy, it is forbidden to retaliate in any way against someone for reporting in good faith a violation of this or any other Company Policy, its Code of Conduct or applicable laws, or for participating in the investigation of a reported violation. Any instance of retaliation may result in disciplinary action, up to and including termination of employment.

*[10] Covered persons collectively include: CNH Industrial N.V. and its subsidiaries; the directors, officers, and employees of such entities; and those acting for or on behalf of such entities, comprising all parties the Company conducts business with, including, but not limited to: suppliers, service providers, sales representatives, agents, consultants, dealers, distributors, importers, resellers, and joint venture partners.*
*[11] As per Convention No. 111 of the International Labour Organization (ILO).*

### FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

As stated in the Human Rights Policy, employees are free to choose to join (or not join) a trade union, and the Company recognizes and respects their right to be represented by said unions or by other representatives established in accordance with locally applicable legislation and practice, including their right to participate in collective bargaining. When engaging in negotiations with such representatives, the Company seeks a constructive approach and relationship[12].

Moreover, all suppliers are required to 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 107.
For information on how this aspect is addressed in the management of the supply chain, see page 152.

### 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. The Company 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 82.
For information on how this aspect is addressed in the management of the supply chain, see page 152.

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

### HUMAN RIGHTS ASSESSMENT

CNH Industrial monitors respect for human rights within the Company's operations and across its supply chain and customer base. As regards its **internal operations**[13], CNH Industrial's Internal Audit function has, since 2013, sent an impact assessment survey each year to the Human Resources functions of the geographic area selected[14], to assess the following human rights aspects:

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

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

*(12) As per Conventions No. 87 and 98 of the International Labour Organization (ILO).*
*(13) Joint ventures in which CNH Industrial holds at least a 51% interest are included in the perimeter.*
*(14) Geographic areas are surveyed in rotation on an annual basis.*

## INTERNAL HUMAN RIGHTS ASSESSMENT

CNH INDUSTRIAL WORLDWIDE

| YEAR | Countries involved | % of the global workforce[a] involved | Employees involved (no.) |
|---|---|---|---|
| 2019 | USA, Canada, Mexico, Denmark, Finland, Norway, Sweden, Bulgaria, Lithuania, Romania, Slovakia, Ukraine, Portugal, UK, Ireland, Luxembourg, Netherlands, Austria, Switzerland | 19 | 11,890 |
| 2020 | Italy, France, Spain, Germany, Poland, Belgium, UK, Argentina, Brazil, Russia, China, South Korea, South Africa, Ethiopia | 73 | 46,918 |
| 2021 | Australia, New Zealand, Turkey, Uzbekistan, Thailand, India | 5 | 3,614 |

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

In each of the past 3 years and in each geographic area evaluated, the assessment confirmed the presence of policies and controls designed to ensure respect for human rights, in line with local legal requirements, and did not identify any particular concerns or issues, including in relation to child or forced labor and freedom of association. The assessments complied with the requirements of Art. 17 and 18 of the Guiding Principles on Business and Human Rights, 2011[15] (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 and the level of compliance with the Code of Conduct in this regard. In 2021, the survey conducted on 100% of the Company's total workforce[16] revealed one case of non-compliance, which related to the hiring of an employee who at the time was 17 years old. Under local legislation, hiring an employee under the age of 18 is permitted provided the person has been awarded a high school diploma. A review of the hiring procedures revealed that, due to a bureaucratic inconsistency, the employee had not, in fact, obtained a diploma. Immediate corrective actions were put in place regarding the hiring process in order to avoid similar cases occurring in the future.
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[17].

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

As regards CNH Industrial's **suppliers**, in order to prevent or minimize any environmental or social impact arising from or related to the Company's supply chain, the Company has developed a process to assess suppliers on sustainability issues by means of sustainability self-assessments, risk assessments, and sustainability audits (see page 156). The Company has implemented a specific operational procedure to monitor supplier compliance and risks. In 2021, 95 suppliers worldwide were identified as presenting potential risks considering the following criteria: supplier turnover, risk associated with the supplier's country of operation, supplier financial risk, level of participation in the assessment process, risk associated with the particular purchasing category, and the time elapsed since their last audit (5 years or more). These suppliers were subsequently audited. Issues were identified for 4 of them, who agreed to a total of 7 corrective action plans for areas in need of improvement in terms of human rights issues (see page 159).
These improvement areas concern the:

- implementation of training initiatives
- expansion of relevant documentation
- improvement in overtime practices.

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

[15] *United Nations' Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework 2011.*
[16] *Study conducted on the total workforce as at October 31, 2021.*
[17] *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).*

According to the assessment process, in 2021, 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, among others, by the UN, EU, USA, and OSCE[18] – intended to counter, among other things, human rights violations. As an additional measure, when appropriate, the Company ensures that its sales agreements include specific end-user contract clauses, or end-user statements and/or undertakings, for certain transactions or locations identified as posing a high risk in the risk assessment. In AMEA[19], CNH Industrial introduced a more robust clause in its sales agreements that specifically refers to the obligation of all dealers and other third parties who distribute the Company's products to comply with various human rights requirements when they resell CNH Industrial's products.

### 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 Organisation for Economic Co-operation and Development (OECD) in its 2016 publication *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* (third edition, OECD Publishing), including its Supplements on gold, tin, tantalum, and tungsten. This due diligence framework is also known as the OECD Guidance. CNH Industrial is committed to making every reasonable effort to establish, and requires each supplier to disclose, whether the products purchased contain 3TG obtained from sources that fund armed conflict or support inhumane treatment in the DRC or the surrounding region. In particular, as per the Conflict Minerals Policy (which also applies to the Company's suppliers), and as per the terms and conditions of standard purchase agreements, CNH Industrial expects its suppliers to conduct a reasonably thorough inquiry into the existence and origins of 3TG in their respective supply chains, and to provide written evidence of due diligence. If the products sold to CNH Industrial do contain 3TG, suppliers are required to identify their sources and eliminate procurement, as soon as commercially practicable, of products containing 3TG obtained from sources that fund or support inhumane treatment in the DRC or surrounding region. CNH Industrial reserves the right to reassess future business dealings with suppliers that fail to comply with this Policy.

CNH Industrial's products are highly complex, typically containing thousands of parts that come from many different direct suppliers within the Company's vast global supply network. In addition, there are generally multiple tiers between the 3TG mines and CNH Industrial's suppliers. This means that the Company must rely on its direct suppliers to work with their upstream supply chain to provide accurate information on the origin of any 3TG contained in components or materials it purchases. When entering into new agreements and relationships with suppliers, the Company includes a clause that requires suppliers to provide the necessary 3TG information on a prospective basis.

Because of the scope and complexity of CNH Industrial's supply chain, the Company developed a risk-based approach focusing on its major direct suppliers, as well as on its direct suppliers deemed likely to supply components containing 3TG (collectively, the Surveyed Suppliers). CNH Industrial requests all Surveyed Suppliers to provide information regarding 3TG and smelters, using the Conflict Minerals Reporting Template (CMRT) developed by the Responsible Minerals Initiative (RMI).

[18] *Organization for Security and Co-operation in Europe.*
[19] *Asia, Middle East, and Africa.*

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 2021[20], CNH Industrial's Surveyed Suppliers represented approximately 86% of the Company's purchases (in US dollars) of goods from suppliers. Based on the data collected, the Company identified the presence of gold in some of its electronics, and of tin, tantalum, and tungsten in some of its electrical and mechanical products, used because of their good corrosion resistance, electrical properties, and mechanical strength. CNH Industrial does not use 3TG in its parts or products unless necessary for equipment functionality and reliability. For these parts, the Company works with its suppliers to make sure all 3TG are sourced from conformant smelters.

### COBALT

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

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

As a member of the Responsible Minerals Initiative (RMI) Cobalt Workgroup, CNH Industrial participates in discussing and sharing cobalt related information, and applies tools and resources specifically to support its due diligence on cobalt supply chains. The RMI added cobalt as a dedicated focus area in 2017, and has since worked to create the enabling conditions for companies to exercise due diligence over cobalt supply chains in accordance with the framework of the OECD Guidance. After benchmarking various companies' best practices in 2020, CNH Industrial surveyed key lithium-ion battery suppliers in 2021 on their sourcing information in light of its plan to implement a wider due diligence process on the responsible sourcing of cobalt throughout its supply chain.

*[20] The 2021 data will be available as of June 1, 2022.*

## 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 2021, **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; and labor and social security.

### EUROPEAN COMMISSION SETTLEMENT

In 2011, IVECO and its competitors in the European Union were subject to an investigation by the European Commission (hereinafter the Commission) into certain business practices in the European Union (in the period 1997-2011) in relation to medium and heavy-duty (M&H) trucks. On July 19, 2016, the Commission announced a settlement with IVECO. Following the settlement, CNH Industrial, IVECO, and IVECO Magirus AG (IMAG) were named as defendants in proceedings across Europe. 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 55).

### EMISSIONS REGULATORY ACTION

On July 22, 2020, a number of CNH Industrial's offices in Europe were visited by investigators in the context of a request for assistance by the public prosecutors of Frankfurt am Main (Germany) and Turin (Italy) in relation to alleged non-compliance of two engine models produced by FPT Industrial S.p.A. and installed in certain Ducato (a vehicle distributed by Stellantis) and IVECO Daily vehicles. FPT Industrial is providing its full cooperation to properly address the requests received. FPT Industrial, other companies of Iveco Group, and, in certain instances, CNH Industrial and other third parties have received various requests for compensation by German and Austrian customers on various contractual and tort grounds, including requests for damages resulting out of the termination of the purchase contracts, or in the form of requests for an alleged lower residual value of their vehicles as a consequence of the alleged non-compliance with type approval regulations regarding emissions. In certain instances, other customers have brought judicial claims on the same legal and factual bases. Although, at the date hereof, CNH Industrial has no evidence of any wrongdoing, the Company cannot predict at this time the extent and outcome of these requests and directly or indirectly related legal proceedings, including customer claims or potential class actions alleging emissions non-compliance.

### PROVISIONS

In the ordinary course of business, as a global Company with a diverse business portfolio, CNH Industrial is exposed to numerous legal risks, including, without limitation, dealer and supplier litigations, intellectual property right disputes, product warranty and defective product claims, product performance, asbestos, personal injuries, emissions and/or fuel economy regulatory and contractual issues, competition law, and other investigation and environmental claims. The outcome of any current or future proceedings, claims or investigations cannot be predicted with certainty. Adverse decisions in one or more of these proceedings, claims or investigations could require CNH Industrial to pay substantial damages or fines or undertake service actions, recall campaigns or other costly actions.

When it is probable that an outflow of resources embodying economic benefits will be required to settle current or future 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, 2021, the Company had estimated a provision[21] of $29 million ($32 million at December 31, 2020).

*[21] 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.*

### LABOR AND SOCIAL SECURITY DISPUTES

Labor and social security disputes culminating in final court judgments in 2021 involved a total payout of 0.08% of labor costs for the year.
In Brazil, such judgments, mainly relating to the interpretation of particularly controversial legislation, accounted for 86% of all such judgments against the Company, or approximately 51% of the Company's total payout. However, in the specific context of South America, these judgments were not exceptional in nature or in number.
In France, a final judgment was issued against Iveco France and 4 other companies that are not part of CNH Industrial, which recognized the right of former employees from the Iveco France Vénissieux site (acquired in 1998) to be compensated for anxiety over potential exposure to asbestos in the workplace. The judgment, which concerns Iveco France employees whose labor contract was transferred to the company on January 1, 1998, accounted for approximately 13% of CNH Industrial's total payout. The above case falls under a French common law that is controversial since it grants damages automatically without requiring, as stipulated under French civil law, proof of a company's breach of its safety obligations, of any loss, and of a causal link between the breach and the loss in question.
None of the final court judgments against the Company related to discrimination at work.

# RISK MANAGEMENT

## CNH INDUSTRIAL RISK MANAGEMENT


Risk management is an important component of CNH Industrial's overall culture and is integral to the achievement of its long-term business plan. Accordingly, the Company's Enterprise Risk Management (ERM) process was designed to assist in the identification, evaluation, and prioritization of business risks (including environmental, social, and governance risks), followed by a coordinated and balanced application of resources to minimize, monitor, and control the probability or impact of adverse events or to maximize the realization of opportunities.
CNH Industrial's ERM process is based on the framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), as well as the principles of the Dutch Corporate Governance Code (DCGC), and adapted for specific business requirements by incorporating Company management knowledge and best practices identified by third-party risk consulting firms.
Through this process, CNH Industrial has identified 43 primary enterprise risks, further broken down into 121 specific risk drivers. Primary risk drivers include a number of significant topics, such as business strategies and operations, competitive factors, social responsibility and environmental issues, and regulatory compliance. The process follows a bottom-up analysis starting at the business unit level, with risk survey completion by business and function leaders worldwide, followed by cross-functional reviews, one-on-one interviews with Senior Leadership Team (SLT) members, presentations and risk assessment discussions with the Audit Committee of the Board of Directors, and review and discussion with the Board of Directors. Direct feedback received from each of these layers, up to and including the Board of Directors, is then used to identify and develop risk mitigation activities as necessary within the business or functional area, which are deployed by management.
Inherently, CNH Industrial's risk management process is not meant to provide a guarantee of the accuracy or completeness of the risk assessments performed or of the full achievement of the Company's objectives. CNH Industrial's potential overall risk exposure is described in the Risk Factors section of the 2021 EU Annual Report, on pages 28 and 87.

## RISK MITIGATION ACTIVITIES

The risk mitigation activities initiated by management are designed to mitigate adverse impacts to CNH Industrial's business plan, including financial and operational performance, during 2021 and beyond. The Enterprise Risk Management (ERM) process is linked with the Company's sustainability program, with its strategic sustainability targets and aspirational goals articulated in the Strategic Business Plan, and with its employee and customer safety goals. These targets and goals, which are incorporated into the individual segment business plans, provide a framework to address the long-term challenges to increasing stakeholder value and proactively mitigate associated risks.
For example, a worldwide supply chain disruption is among the key risk areas identified in 2021 through the ERM process, as further discussed in the Risk Factors section of the 2021 EU Annual Report (on page 28). The risks identified were integrated into the ERM process to help the business stay ahead of preventable disruptions and seize opportunities when identified. The mitigating actions that the Company has taken with regard to the supply chain risk include, for example,

continuous monitoring and communication with key suppliers to anticipate production requirements, potential supply gaps, and other concerns, so as to limit the impact of supply shortages.
The Company's ERM process also monitors emerging risks, defined as new risks or risks for which the impacts are unknown or evolving, and thus may be incorporated into risk assessment and mitigation activities when deemed necessary. For example, the effects of climate change, the COVID-19 pandemic, and increased cybersecurity threats, as described in the Risk Factors section of the 2021 EU Annual Report, represent key emerging risks to CNH Industrial. Mitigation actions around climate change include investments in technology as part of the Company's decarbonization strategy, an initiative to reduce energy consumption in its manufacturing processes, as discussed in detail in the Taskforce on Climate-related Financial Disclosures (TCFD) section of the 2021 EU Annual Report and in this Sustainability Report. In response to the new working environment created by the COVID-19 pandemic, a dedicated global team has implemented smart working concepts across all operations, including a number of initiatives to ensure employee safety while maintaining business continuity. In addition, CNH Industrial has increased its efforts to minimize the likelihood or impact of cybersecurity threats. These efforts include increased third-party penetration testing of both the Company's internal systems and networks and of its telematics-enabled products.

## 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 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 | | Risk category description | Enterprise risks | Risk appetite |
|---|---|---|---|---|
| **LONG-TERM** | **Strategic risks**<br>*Create value* | Strategic risks may affect CNH Industrial's long-term Strategic Business Plan performance targets, innovation roadmap, and sustainability objectives | Socio-political events, macroeconomics, competition, customer demands, product portfolio, technological innovation, investments, commercial policies, business combinations, social responsibility, and environment | Taking into consideration CNH Industrial stakeholders' interests, the Company has a medium-high appetite concerning strategic risk, meaning it is willing to accept additional risk while applying cost/benefit considerations in pursuing its long-term targets |
| **SHORT- AND MEDIUM-TERM** | **Operational risks**<br>*Enhance value* | Operational risks are related to internal processes, people, and systems, or to external events linked to the actual operation of CNH Industrial's portfolio of businesses | Production capacity, logistics, distribution channels, quality control, purchasing, labor relations, asset safeguarding, intellectual property, information technology, cybersecurity, *force majeure*, and human rights | CNH Industrial seeks to minimize the occurrence and consequences of unforeseen operational risks with a medium-low appetite |
| | **Financial & taxation risks**<br>*Enhance & protect value* | Financial risks include uncertainty of returns and the potential for losses due to financial performance | Financial management, trade financing, reporting of results, and tax implications | CNH Industrial has a low risk appetite with respect to financial risks (such as liquidity, market, foreign exchange, and interest rate risks, as explained in more detail in Note 30 of the Consolidated Financial Statements included in the 2021 EU Annual Report) |
| | **Compliance risks**<br>*Protect value* | Compliance risks cover unanticipated failures to comply with applicable laws, regulations, policies, and procedures | EHS, technical and safety regulations, regulatory requirements, records management and retention, Company funds, labor regulations, contractual obligations, ethics and integrity, anti-corruption, antitrust/fair competition, consumer protection and product safety, corporate compliance and culture, misconduct reporting and resolution, import/export practices, privacy, and third parties | CNH Industrial has an averse risk appetite with respect to compliance risks and requires full compliance |

## ENHANCEMENTS TO THE RISK MANAGEMENT PROCESS

The development and implementation of an effective and robust Enterprise Risk Management (ERM) process requires continuous evaluation and improvement. As part of these efforts, CNH Industrial continues to enhance its risk management process, including the ongoing roll-out of targeted risk assessments conducted by subject matter experts

within the business. These assessments, which have more than doubled in quantity over the past twelve months, help identify important risk exposures outside of predetermined risk tolerance levels, and trigger the execution of new or previously identified risk mitigation activities that are intended to reduce or, in certain cases, eliminate the risk exposures altogether. The Company has also better aligned its oversight functions to improve the internal transparency of its risk profile and increase efficiencies across the Compliance, ERM, Internal Audit, and Sarbanes-Oxley (SOX) functions. Finally, CNH Industrial is in the process of expanding its GRC software platform to provide more intuitive coverage of common high-risk areas such as information technology and cybersecurity.

## PURE RISK MANAGEMENT[1]

CNH Industrial believes in preventing losses that could potentially lead to property damage or business interruptions. The Risk Management Center of Competence[2] addresses all stages of pure risk management, including risk identification, analysis, and treatment (including loss prevention).
The 4 pillars of pure risk management consist in:

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

The Risk Management Center of Competence is responsible for overseeing pure risks (e.g., fires, explosions, or natural disasters) and related insurance coverage, and plays a central role in the management of events that could potentially impact the continuity of operations or the integrity of physical assets (in particular, the Company's 598 sites worldwide)[3]. The risk management process is executed with maximum transparency and the highest level of expertise, assisted by consulting companies specializing in industrial risk that perform field audits to ensure in-depth, continual, and impartial risk assessments across the entire Company.

In 2021, the Risk Management Center of Competence managed 89 sites, representing 84% of the insured value; the latter represents 100% of the scope of all loss prevention activities. To achieve continual and efficient industrial risk monitoring, the selection process ensures that 100% of sites within the scope are audited every 3 years, and more than 50% every year. During the year, the Company performed a total of 22 on-site inspections and 6 Remote Risk Dialogue assessments, covering approximately 39%[4] of the CNH Industrial scope in terms of insured value. In addition, 118 new projects were tracked, confirming the highest level of compliance with international loss prevention standards.
Over the year[5], CNH Industrial's investment in loss prevention and mitigation measures totaled around $10.84 million in recommended improvements to align the sites to CNH Industrial's relevant loss prevention standards. These targeted investments cut loss expectancies by approximately $0.29 billion, resulting in a Global Efficiency Index (GEI) of 3.72[6], in line with the highest international standards. The loss-prevention investment strategy is focused on reducing both damage to assets and the consequent production stoppages (business interruptions) at both site and Company level, fully or partially adopting physical protection recommendations. Specifically, the Company's loss-prevention investments reduced the expected loss due to property damage by 65% and to business interruptions by 35%.

In the current fast-changing, competitive global business environment, it is crucial to detect new and emerging risks and adapt the necessary technical and financial mitigation measures as quickly as possible. This can only be achieved through systematic risk management processes that can identify, quantify, analyze, and constantly monitor such risks in a timely manner, while implementing mitigation practices and procedures accordingly.

*(1) Pure risks are risks resulting from natural causes or accidental or malicious acts (fires, explosions, floods, etc.) that may result not only in damage to goods or facilities, but also in the short or long-term interruption of operations.*
*(2) The risk management process is led by FCA Risk Management, which provides its services to CNH Industrial.*
*(3) Source: 2022 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) Due to the pandemic, a number of visits in some geographic areas planned for 2021 were postponed to 2022.*
*(5) Figures relate to the period from July 1, 2020 to June 30, 2021 (Insurance Year).*
*(6) 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.*

The Risk Management Center of Competence provides a critical, real-time contribution to the Company's sustainable development and a competitive advantage in the current 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.

The Company's key risk management projects include:

- potential climate change impact analysis
- flood risk re-engineering
- insurable environmental risks
- earthquake risk re-engineering
- cyber risk management.

### ANALYSIS OF THE POTENTIAL IMPACT OF CLIMATE CHANGE

As regards **climate change physical risk assessments**, evidence suggests that climate change will pose a serious risk for industrial groups in the future. Without intervention, average global temperatures are expected to keep rising, increasing the probability of physical risks. This could not only impact several of the currently known risks (in terms of both probability and severity), but also create now ones.

It is likely that climate change will alter the magnitude and frequency of hydrological and meteorological disasters (some may argue it already has), and introduce new hazards in areas unaccustomed to them. Indeed, industrial losses from natural hazards such as earthquakes, flooding, tornadoes, and severe storms are on the rise.
The projects realized by the Risk Management Center of Competence highlight how risk management contributes to addressing climate change issues by monitoring the impact of climate change on existing risks and by assessing whether risk treatment needs to be modified. Business owners and external advisors are involved if necessary.
In order to strengthen sustainability and resilience within CNH Industrial, the 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 has completed a **quantitative climate-related scenario assessment** of material physical climate risks that could significantly affect its operations, assets, and production continuity. It was completed with the support of specialist companies, recognized worldwide by scientific bodies, universities, and major industrial insurance groups. Various modeling and forecasting tools (geo risk insurance tools) were adopted for the assessment, and the results obtained were verified by performing specific in-depth field checks to ensure their reliability.

As regards **physical climate risk adaptation**, the industrial risks that are becoming more and more significant for large manufacturing companies are the low frequency/high severity natural hazard events. Such hazards are analyzed by the Risk Management Center of Competence with the support of its loss prevention engineering provider and the technical departments of the insurance and reinsurance companies represented on CNH Industrial's insurance panel. Analysis takes place during field audits and in all new project developments, using analytical techniques as well as practical, cost-effective methodologies providing optimized risk-mitigation options where feasible.

The material physical climate risk assessment covered 84% of the Company's insured value, with mitigation implementation plans typically having completion schedules of less than 5 years. Furthermore, 100% of new projects and initiatives are analyzed from the earliest stages of development to ensure the highest level of prevention and protection from material physical climate risks.

### FLOOD RISK RE-ENGINEERING

A specific flood risk re-engineering project was launched by the Risk Management Center of Competence 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 flood risks posed by climate change
- to explain the nature of the flood 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 the potential impacts of climate change.

CNH Industrial's Risk Management function established an ad hoc working team to verify whether the methodologies used to identify and quantify flood exposures were still the most advanced available.
The team was made up of experts (specialized in field assessments) from the loss prevention engineering departments of 4 companies recognized as world leaders in the insurance and reinsurance sector.
These companies supplied mapping tools (made available by their respective natural hazards research centers) that utilize geomorphological satellite imagery and mathematical modeling, which the team used to carry out the first macro analysis of the risk portfolio.
The risk analysis performed by the companies' engineering departments was based on visual and/or tool-based interpretation techniques and field checks. The aim of the project was to establish a state-of-the-art methodology to assess flood risks.
This methodology was applied comprehensively at all 89 sites worldwide under the control of the Risk Management Center of Competence.

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

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

To date, 60 major CNH Industrial plants, representing approximately 90% of the total insured value, have been analyzed and quantified using this methodology, based on site self-assessments. To validate the information collected through the assessments, audits were conducted at 21 plants selected as 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

CNH Industrial's risk management benefits 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 plants 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, the Integrated Approach has been extended to 39 selected CNH Industrial plants worldwide (Level 1 assessments); moreover, a Level 2 assessment was performed at the FPT Industrial plant in Foggia (Italy), and a Level 3 assessment 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 2022, with targeted assessments of plants at high seismic risk (in terms of vulnerability and impact), identified on the basis of Level 1 assessments.

### CYBER RISK MANAGEMENT

Cyber risk can be defined as the risk associated with online activity, internet trading, electronic systems, technological networks, and the storage of data. In recent years, a cross-functional workgroup made up of cyber risk experts and insurance market leaders, and coordinated by the Risk Management loss prevention team, has completed a comprehensive and in-depth cyber risk assessment to address insurance needs. The ad hoc risk assessment framework covered:
- threats of exposure of vital company assets, the information to be protected, and protection level requirements
- policies and procedures in place to reduce the risk of an attack in the event of a security breach
- plans and procedures in place to neutralize threats and remedy security issues.

The assessment led to the definition and implementation of adequate insurance coverage. In 2021, in line with previous years, the team made up of IT 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 system already in place giving all teams real-time access to structured information within an Excel database, and that is used to analyze suppliers both during and after their initial assessment process in order to monitor any status changes.
This valuable Tool helps the Company's decision-making process by using risk management to anticipate, prevent, and highlight potential risk exposures through the analysis of business, quality, and financial indicators, with the aim of evaluating the potential risk for CNH Industrial of certain non-sustainable supplier activities and/or behavior (e.g., relating to environmental and/or social risks). It yields rapid results through a dynamic system of alerts that identify further areas

for improvement for the Company in a timely manner, avoiding supply delays and obstacles to future risk management. In 2021, the Tool was further developed and new data incorporated so as to offer the same type of information and business management support to the two Companies established following CNH Industrial's spin-off transaction. Currently, the Tool monitors all direct material suppliers.

To further improve the risk management process, the Company also decided to develop a new supplier evaluation and financial management system, which will be integrated into the Company Strategy Reporting Tool as of 2022. Known as TIGRAN, this integrated system will enable the collection, aggregation, and analysis of supply chain information made available by the leading providers of business and financial data and analytics. This will simplify comparisons between suppliers from different countries, and help anticipate potential risks and optimize the efficiency of internal decision-making processes.

## 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 itself and the communities in which it operates. To this end, in order to anticipate potential risks that could impact the environment and human health, the Company applies a precautionary approach when designing its products, managing its manufacturing processes, and defining logistics flows: namely, the precautionary principle introduced by the *Rio Declaration on Environment and Development*[7].

The product development process (see page 198) 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 200). 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 167).
In 2021, CNH Industrial's overall expenditure on environmental protection was approximately $48 million, broken down as follows: approximately $35 million for waste disposal and emissions treatment, and almost $13 million for prevention and environmental management.

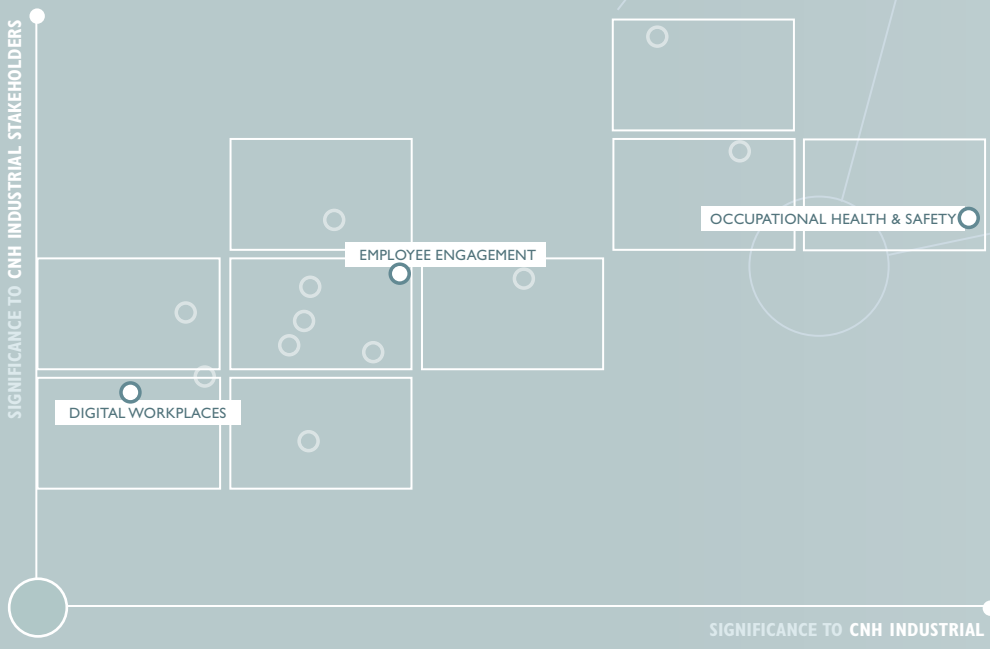
To further reduce the environmental impact of its logistics processes, the Company carefully considers appropriate solutions, such as type of transport, intermodality, long-haul transport, and packaging design (see page 190).

All of the above reflect CNH Industrial's strong commitment to reducing its environmental footprint, using a life cycle approach that involves all impact factors: from the selection and use of raw materials and natural resources, and their processing and delivery, to the management of product end-of-life, component remanufacturing (see page 147), and product disposal.

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

# HOW WE MANAGE OUR PEOPLE






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

# MANAGEMENT FRAMEWORK

CNH Industrial considers its people an essential resource. When operating in dynamic and highly competitive industries, success is achieved first and foremost through the talent and passion of skilled individuals. Indeed, the Company strongly believes that business growth is made possible through personal growth, which is why it invests its business gains in the development of its human capital, creating a positive feedback loop. As evidenced by the materiality analysis, both **employee engagement** in sustainability matters and **digital workplaces** are key contributors to being a more sustainable Company. They also affect, both directly and indirectly, how employees adapt to the changing workplace environment. Another people-focused material topic is **occupational health and safety**, which – as stated in CNH Industrial's Code of Conduct (see page 48) – is an employee's fundamental right and a key aspect of the Company's sustainability management system.

**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 25).

CNH Industrial's commitment to people engagement is reflected in the strategic sustainability targets (see page 27) it incorporated into the Strategic Business Plan in 2019: to involve 100% of employees in engagement surveys and to achieve a 50% increase (compared to 2019) in the number of women managers by year-end 2024.

During the year, the Company organized numerous employee engagement and awareness activities, including, among other things, training projects on specific environmental topics (see page 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 100).

As regards **digital workplaces** (see page 90), 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 2021, individual targets related to the material topics described above were included in the Performance Management Process (PMP, see page 91) 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 48.

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

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

Information about the workforce is fed back to the Chief HR 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 HR Officer, as well as of the HR management team, is annually evaluated through the PMP.

Health and safety protection in the workplace, on the other hand, is promoted in every area and country of operations by a dedicated organizational structure (Environment, Health and Safety – EHS), established within the scope of the Supply Chain Department (see page 83).

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 28-38), 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, but also indicates the instruments used and results obtained, in the name of transparency towards all stakeholders.
Several grievance mechanisms are available to CNH Industrial employees (see page 111), such as the Compliance Helpline, an operational tool that enables employees to report potential violations of corporate policies, the Code of Conduct, or applicable laws (see page 48).
The following pages provide further details of the initiatives and projects that focus on people management, as well as the resources allocated and the mechanisms used to evaluate their effectiveness.

### PROMOTING SUSTAINABLE BEHAVIORS

As in previous years, CNH Industrial continued to engage its employees on sustainability with a number of special internal communication initiatives.
One of these was a dedicated campaign on environmental, social, and governance (ESG) principles, with 4 bulletins delivered via internal corporate channels to hourly and salaried employees worldwide, highlighting CNH Industrial's ESG efforts and targets.
The Company also continued its video campaign on the UN's Sustainable Development Goals (SDGs)[a], particularly the 6 SDGs considered most relevant to its business, and on the initiatives in place to support them. The campaign, originally launched in 2019 targeting employees worldwide, concluded in 2021 with the release of a video on SDG 2 'Zero Hunger', spotlighting the role of precision agriculture in promoting sustainability, followed by a closing wrap-up video. Each of the 6 videos in the series has been translated into 17 languages, posted on the corporate Intranet, and played on display screens installed at sites worldwide to reach the broadest audience.
Lastly, CNH Industrial celebrated its sustainability achievements, including its top rankings in the Dow Jones Sustainability Indices, CDP Climate Change program, and CDP Water Security program (see page 16), by spreading the news via the Intranet and on posters targeting its hourly workforce.

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

# EMPLOYEES IN NUMBERS

As at December 31, 2021, CNH Industrial had 71,895 employees, an increase of 7,879 from the 64,016 employees at year-end 2020. The change was mainly attributable to the difference between new hires (approximately 13,000) and departures (approximately 7,300) during the year. A further increase of approximately 2,100 employees was due to changes in the scope of operations, mainly following the acquisitions of Raven Industries in the USA, Sampierana S.p.A. in Italy, and 4 divisions of the Capital Equipment Group (CEG) in South Africa. Raven Industries is a leader in precision agriculture technology and will significantly improve CNH Industrial's competitive position and add major innovation capabilities to accelerate the Company's precision and digital strategy. Sampierana is a company specializing in the development, manufacture, and commercialization of earthmoving machines, undercarriages, and spare parts. Its portfolio solidifies CNH Industrial's presence in critical market segments and provides the Company's dealers and customers access to industry-leading products backed by the CNH Industrial brand, distribution, and manufacturing experience. The acquisition of CEG enables CNH Industrial to expand its direct distribution network for Case IH (agriculture equipment), CASE Construction Equipment, and aftermarket services in southern Africa, and drives the continuous development of new and improved services for the Company's customers in the region.
Excluding the changes in the scope of operations, the increase compared to year-end 2020 is attributable mainly to the hiring of workers under both fixed-term and no-term contracts in manufacturing due to the increase in production volumes driven by strong market demand, primarily in: the Agriculture segment in South America, North America, and Europe; the Construction segment in South America and North America; and the Commercial and Specialty Vehicles segment in South America and, to a lesser extent, in Europe. There was also a moderate increase in R&D personnel to strengthen the pool of skills and competencies in view of technology transitions, particularly electrification, autonomous driving, alternative propulsion solutions, digitalization, and cloud-based software technologies.

## EMPLOYEE TURNOVER

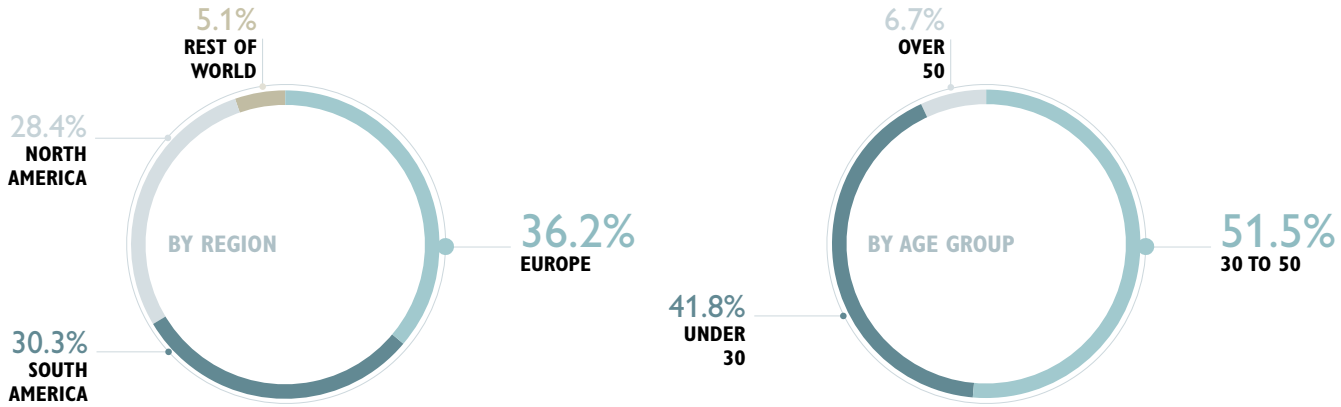
CNH INDUSTRIAL WORLDWIDE (no.)

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Employees at January 1 | **64,016** | 63,499 | 64,625 |
| New hires | **13,011** | 4,897 | 5,277 |
| Departures | **(7,297)** | (4,529) | (6,360) |
| Δ scope of operation | **2,165** | 149 | (43) |
| **Employees at December 31** | **71,895** | 64,016 | 63,499 |
| Turnover (%) | **10.1** | 7.1 | 10.0 |
| New hires (%) | **18.1** | 7.6 | 8.3 |

Most new hiring was in Europe, with approximately 36% of total new hires, followed by South America, with 30%. Approximately 42% of new hires were aged under 30. Female employees accounted for 19% of the year's new hires, while male employees accounted for 81%.
In 2021, approximately 56% of new hires were employed under no-term contracts.

## NEW HIRES[a]

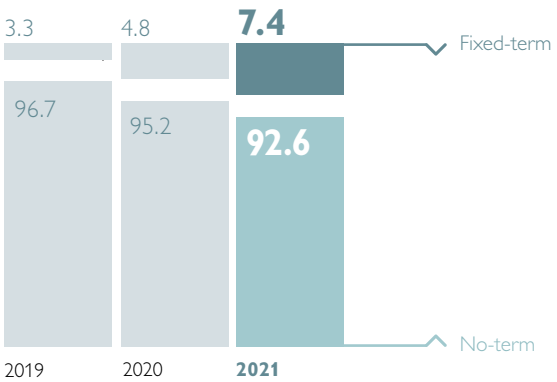
CNH INDUSTRIAL WORLDWIDE




*(a) As a percentage of total new hires.*

In 2021, there were approximately 7,300 departures from the Company, 4.7% 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, 85% of the 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 55% 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 15% of total collective dismissals.
In 2021, approximately 80 employees from sites affected by downsizing or restructuring projects, including those launched in previous years, accepted permanent transfers to other locations, thus limiting the potential impact of collective dismissals.
The Company also provides opportunities for transfers between segments and countries. During the year, more than 60 CNH Industrial employees transferred between countries, and around 150 between legal entities within the same country. These figures do not take into account the collective transfer of employees between legal entities in preparation for the demerger.
As regards departures, the highest percentage was reported in Europe (45.6%) and North America (24.7%), and in the 30-50 age group (48.6%).
More details on turnover data are available in the Appendix (see pages 250-251).

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




Approximately 93% of the Company's current employment agreements are no-term contracts, 98% of which are full-time. Fixed-term contracts represent approximately 7% of all contracts. During the year, 2,015 contracts were converted into no-term contracts, 17% of which with female employees. Around 2% of the Company workforce is employed part-time, of which approximately 47% 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, 2021, agency contracts accounted for 5,590 personnel, of which 6% in North America, 79% in Europe, 1% in South America, and 14% 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 91).

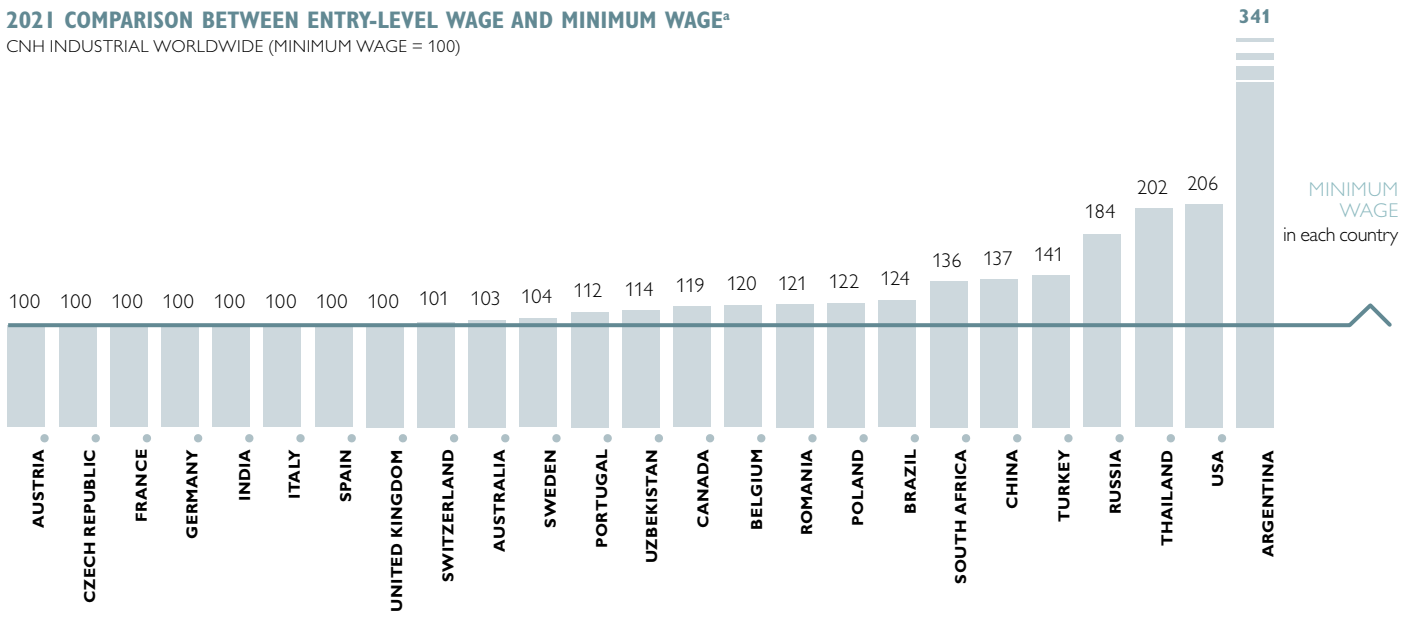
## COMPENSATION

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. 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 2021, the Company 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.

**2021 COMPARISON BETWEEN ENTRY-LEVEL WAGE AND MINIMUM WAGE[a]**
CNH INDUSTRIAL WORLDWIDE (MINIMUM WAGE = 100)




*[a] Data reflects the effect of exchange rates.*

## EMPLOYEE BENEFITS

Benefits provide employees with a value that goes beyond their salary and cash incentives, and can make up a meaningful part of the total remuneration package. For this reason, CNH Industrial offers a competitive range of benefits normally available to all full-time employees and, in many countries, also to part-time or temporary employees. Benefits differ according to an individual's level and country of employment and depend on local policy.
CNH Industrial conducted a survey on 99% of its workforce worldwide, covering all major Company sites as at October 31, 2021, 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.

*[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, 2021.*

### EMPLOYEES ENTITLED TO BENEFITS[a]

CNH INDUSTRIAL WORLDWIDE (%)

| Financial benefits | 2021 | 2020 | 2019 |
|---|---|---|---|
| Supplementary pension plans | **88.0** | 87.1 | 84.7 |
| Supplementary health plans | **83.6** | 81.6 | 81.3 |
| Life insurance | **66.3** | 65.4 | 63.7 |
| Financial support for disability/invalidity | **86.0** | 82.9 | 84.9 |
| Employee cafeterias or meal vouchers | **85.5** | 84.4 | 83.7 |
| Other[b] | **12.7** | 13.0 | 15.3 |
| **Social benefits** | | | |
| Childcare[c] | **65.5** | 65.6 | 62.5 |
| Sports facilities[d] | **23.1** | 24.8 | 26.2 |
| Wellness and nutrition programs[e] | **50.6** | 54.9 | 40.4 |
| Other (e.g., flexible working schemes, emergency care/first aid, referral programs, leave of absence, or other flexible benefits) | **73.8** | 75.0 | 65.1 |

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

According to the survey, approximately 88% of employees were eligible for a supplementary **pension plan**, and 83% of them had joined one (representing 73% 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 84% of employees were also eligible for a supplementary health plan, and about 80% of the eligible workforce had joined one.
CNH Industrial continued to promote a healthy lifestyle through comprehensive wellness programs (see page 100) and by facilitating access to dedicated sports facilities.

### LET'S TALK


In North America, the Company launched the *Let's Talk: Inclusive Mindset Series*, a webinar offering expert-led discussions in 3 parts: Data & Empathy, Models of Inclusion, and Cultivating Inclusive Cultures. With 400-600 employees attending each session, the webinars were designed to give employees across the region exposure to the diversity, equity, and inclusion matters being discussed at senior leadership level, and to create the foundation for inclusive and open discussions.

## DIVERSITY AND INCLUSION

The Company rejects all forms of discrimination that is based on race, ethnicity, gender, sexual orientation, personal or social status, health, physical condition, disability, age, nationality, religious or personal beliefs, political opinion or against any other protected group.

The responsibility for diversity and inclusion (D&I) lies primarily with the Senior Leadership Team (SLT), committed to creating a truly diverse and inclusive workplace where everyone benefits from equal opportunities based on their abilities and skills. Offering career and advancement opportunities free from discrimination while encouraging and respecting diversity are among the commitments emphasized in CNH Industrial's Human Capital Management Guidelines and Human Rights Policy, available on the Company's website and Intranet portal.
The Human Resources (HR) head of each segment/function collaborates with Business Management to ensure that, in every aspect of the employment relationship – be it recruitment, training, compensation, promotion, or relocation – employees are treated on the basis of their ability to meet the requirements of the job.
Given CNH Industrial's global presence, there may be significant differences in legislation among countries where the Company operates, as well as different levels of awareness, concern, and ability among employees in applying the principles of non-discrimination. CNH Industrial's Code of Conduct and specific policies ensure that the same standards are applied worldwide. Indeed, as stated in the Code of Conduct, Company standards supersede in jurisdictions where legislation is more lenient.
In 2021, to further strengthen D&I efforts and outcomes, the Company created the new position of Chief Diversity & Inclusion, Sustainability, and Transformation Officer, who reports to the CEO and is responsible for creating diversity, equity, and inclusion (DEI) programs and initiatives and for promoting such a culture at all levels within the organization.
The SLT established its full engagement and determination to champion the issue by signing the D&I Commitment Statements, rejecting any form of discrimination, and pledging to create an environment where everyone benefits from equal opportunities based on their abilities and skills.
The Company-wide D&I targets to be achieved by year-end 2024 are:

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

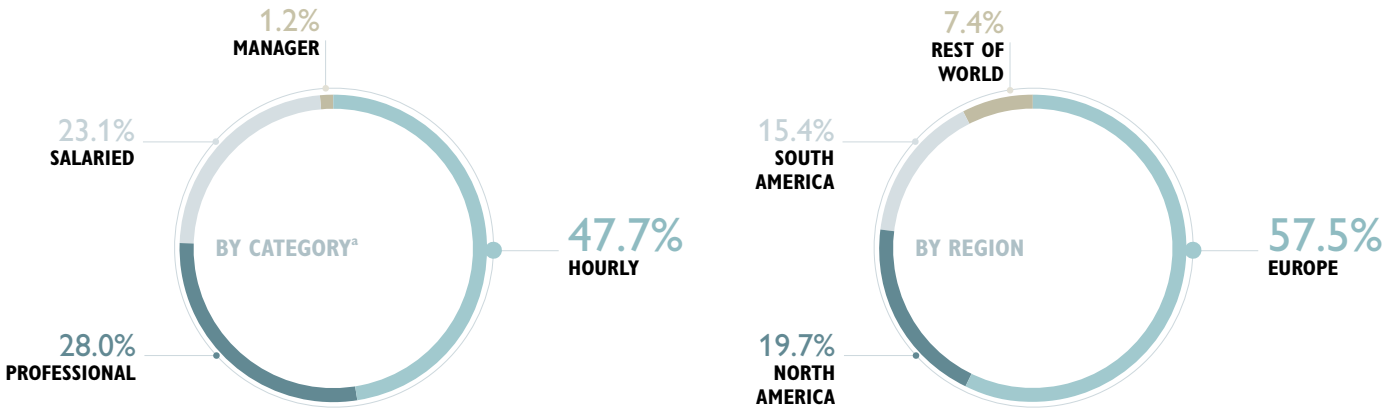
Moreover, as further evidence of the Company's commitment, individual D&I targets were set in 2021 for SLT members and included in their Performance Management Process.

Many Company initiatives were implemented throughout the year, including workshops, interactive discussions, and online training for employees at all levels, to spread a DEI culture and build awareness of the importance of a diverse and inclusive workforce across the organization; some of these initiatives are outlined below.
All SLT members and the managers reporting directly to them (over 200 employees in total) were involved in several workshops on **unconscious bias and inclusion**, aimed at making them fully aware of the potential bias that can arise in people management processes and at enhancing their understanding and sense of inclusivity. The program, started in 2020, was further extended in 2021 to reach a broader audience of both managers and function leaders.
In North America, the Company launched *Let's Talk: Inclusive Mindset Series*, a 3-part DEI webinar (see page 79) facilitated by a D&I expert and involving in total about 600 employees.
In Brazil, for the third year running, CNH Industrial received the *Prêmio AB Diversidade no Setor Automotivo* prize for its commitment to D&I, awarded 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 for the automotive industry.
To promote **gender diversity**, several workshops were held on women's leadership, self-awareness, networking, and personal empowerment. Coaching and mentoring programs promoting women's growth were developed globally, while training on the prevention of sexual harassment was delivered in the Rest of the World region.
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.
Additionally, new partnerships were established in the USA, namely with Women in Technology International (WITI), the leading organization for the advancement and inclusion of women in business and technology, and with Women in Manufacturing (WIM), the only national trade association devoted to supporting, promoting, and inspiring women who have chosen a career in the manufacturing industry.
In Italy, CNH Industrial collaborates with *Valore D*, an association of over 200 enterprises promoting gender balance and a culture of inclusion in the workplace.

In South America, the *Women who Inspire* initiative (see page 82) was rolled out in Brazil and Argentina. Centered on insights gathered during a focus group of all-female employees, its aim is to share the professional stories of inspiring women in key positions within the organization.
Regarding **parenting**, a number of initiatives were implemented in several countries to help employees (both mothers and fathers) in managing their return to work after parental leave while preserving their work-life balance.
In North America, to support **veterans**, the Company partnered with Mission Wisconsin, which helps employers in Wisconsin (USA) connect with service members, army spouses/life partners, and veterans transitioning from military to civilian life. The association builds a pipeline of veteran candidates based on CNH Industrial's recruitment needs, and liaises with Military Career Transition Offices to identify potential candidates among service members eligible for CNH Industrial's DOD SkillBridge Fellowship[2].
Sensitive to **sexual orientation** matters, the Company continued to promote a number of initiatives in South America around the LGBTQI+[3] Pride Day to raise awareness and promote an inclusive work environment.
A dedicated communications campaign addressing **race and ethnicity** and targeting employees in North America was launched via the corporate Intranet. It consisted of a series of articles on the national holidays, remembrance days, and festivities in celebration of minorities (e.g., National Hispanic Heritage Month, Juneteenth, Asian Heritage Month, Black History Month, etc.), each providing relevant background information and links to learning materials and opportunities.
In South Africa, members of the Company's Employment Equity & Skills Development Committee received training on laws and regulations related to the Employment Equity Plan, Discrimination, and Reporting, as well as on the Department of Labor's requirements for the submission of Skills Development Reports.
Several initiatives were also implemented to foster the inclusion of **differently abled employees**. In Europe, the Company renewed its commitment to support the inclusion of workers with physical disabilities in Spain, collaborating with a local work enclave to hire them in manufacturing, while dedicated training was delivered to employees in France who work directly with deaf and hearing-impaired colleagues.
In South America, specific training was delivered to leaders to increase awareness and share knowledge on how to foster the professional development and growth of people with disabilities.

As evidenced by the projects implemented during the year, gender equity was a focal point worldwide.
Women at CNH Industrial constitute 16.7% of the global workforce. In 2021, the percentage of women in the Company's workforce increased by 5% over the previous year. Female employees are mainly concentrated in the 30-50 year age group, and in the group with a length of service of up to 5 years. As regards distribution by education, 79.4% of female employees have a medium/high level of education (41.1% hold a university degree or equivalent, and 38.3% a high school diploma). More than 47% of the Company's part-time employees are female, and 18.3% of fixed-term contracts are with women.

**FEMALE EMPLOYEES**
CNH INDUSTRIAL WORLDWIDE




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

*(2) The DOD SkillBridge program offers service members an opportunity to gain valuable civilian work experience through specific industry training, apprenticeships, or internships during their last 180 days of service.*
*(3) Lesbian, gay, bisexual, transgender/transsexual, queer, intersex, and related communities.*

A survey monitoring the employment of **people with disabilities** is conducted every 2 years. The last such survey[4] was carried out in 2020 in 16 countries where the law requires companies to employ a minimum percentage of workers with disabilities, and covered more than 71% of the Company's global personnel. The survey showed that differently abled workers in these countries make up 3.9% of the total workforce (compared to 3.6% in 2018). It also showed that differently abled women account for 15% of the total surveyed (compared to 13% in 2018).
In all the other countries where CNH Industrial operates, there is no legislation relating to the employment of people with disabilities that establishes minimum quotas, although in some cases other forms of protection exist (i.e., related to working hours or workplace environments). In these countries, there are objective limitations to reporting the number of differently abled workers, as the information is sensitive and often subject to data protection legislation. As a result, the Company is only aware of an employee's personal status if he/she chooses to disclose it.
An employee **nationality** survey[5] was carried out in 2021 at CNH Industrial legal entities in 11 countries, comprising 83% of the Company's workforce worldwide. The survey evidenced that 4% of employees (the same percentage as in 2020) 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 (14% and 10%, respectively) of workers of a nationality other than that of the host country. For female workers, the figure was 33% in the UK and 9% in Germany.

### WOMEN WHO INSPIRE

As part of the Company's efforts to promote gender diversity, 47 women in South America were invited to participate in a focus group to discuss careers for women at CNH Industrial, and to brainstorm how to implement compelling gender equity actions. One of the group's outputs was the decision to spotlight the professional journeys of inspiring women currently holding important positions within the Company. The *Women Who Inspire* initiative was launched to share their stories – along with their milestones, work-life challenges, and tips for professional improvement (regardless of gender) – with employees across the region through live online roundtables, hence spreading a culture in support of equal opportunities and a positive and fair workplace.

# 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. The Company endeavors to ensure optimal working conditions, applying principles of industrial hygiene and ergonomics to managing processes at organizational and operational level. Additionally, it 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 25).
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.
In 2021, the Company delivered 412,820 hours of occupational health and safety training (of which 299,936 on the job). This included general training as well as training on specific work-related hazards (e.g., working at height or in confined spaces) and topics (e.g., personal protective equipment, or PPE), to raise awareness and reduce operational health and safety incidents. On-the-job training involved 43,396 employees, 81.9% of whom were hourly. Contractors and agency workers also receive specific refresher courses each year on safety rules and procedures. CNH Industrial also requires its suppliers and partners to comply with worker health and safety regulations, focusing on continuous improvement by

[4] *Survey carried out on October 31, 2020 in Austria, Czech Republic, France, Germany, Italy, Poland, Romania, Slovakia, Spain, Serbia, Ukraine, Brazil, China, Russia, South Africa, and Turkey.*
[5] *Survey carried out on October 31, 2021 in Argentina, Belgium, Brazil, Canada, France, Germany, Italy, Poland, Spain, UK, and USA.*

fostering high standards across the value chain. These principles are outlined in the CNH Industrial Health and Safety Policy, adopted by the Company at its foundation, and also apply to all workers, including contractors and agency workers. The Policy is available in 14 languages to all employees and interested stakeholders via the corporate website.

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 preventive measures adopted, on the organization of the occupational health and safety management system, and on working methods and procedures.

**412,820**

HOURS OF OCCUPATIONAL **HEALTH AND SAFETY TRAINING** DELIVERED

Safety is a priority across the Company, as evidenced by the compliance of management systems with the ISO 45001 international standard, as well as with the continuous improvement principles of World Class Manufacturing (WCM) and its specific Safety pillar (see page 165).

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 31), and progress towards their achievement is pursued by implementing the continuous improvement phases of the safety management systems.

Furthermore, in 2019, a specific strategic sustainability target (see page 27) was included in the Strategic Business Plan: to reduce the injury frequency rate by 50% by year-end 2024 (compared to 2014).

CNH Industrial carries out ongoing health and safety hazard identification and risk assessments (for both routine and non-routine activities) and establishes specific action plans with quantified targets to address those risks. These action plans are prioritized based on risk assessment results, determining the short, medium and long-term countermeasures, which can include the modification or replacement of activities, materials, or processes as appropriate, 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.

Risk assessments are conducted for normal, abnormal, and emergency conditions – as even emergencies require assessments and action plans to ensure they are dealt with promptly and effectively.

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. As regards employee health management (e.g., health monitoring, medical appointments, preventive consultations, vaccinations), the Company uses in-house occupational medicine services, delivered by specially hired medical professionals, as well as similar external services regulated by specific consulting agreements.

The highest responsibility for initiatives focusing on occupational health and safety at CNH Industrial lies with the Senior Leadership Team (SLT).

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

Each regional EHS unit is responsible for the functional management of the plant EHS units within the respective geographic area, and provides specialized assistance in Company processes that impact safety. The plant EHS unit is

responsible for dealing with occupational health and safety issues, as well as for providing specialized technical assistance to production managers and to those in charge of other processes at site level.
The specific projects to manage the occupational health and safety impact of manufacturing processes are the responsibility of plant managers.
In addition, the Environmental, Social, and Governance Committee, a committee of the Board of Directors (see page 41), 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 91) for plant managers and for most of the managers responsible for the projects indicated in the 2021 Sustainability Plan.

## CERTIFICATION PROCESS

The Company's certification of its occupational health and safety management systems as per the ISO 45001 international standard is voluntary and covers 58 CNH Industrial manufacturing plants worldwide, accounting for 45,521 employees.
In 2021, the Company completed its transition to the new ISO 45001:2018 Occupational Health and Safety Management standard, which supersedes the OHSAS 18001:2007 standard.
Certifications are awarded by accredited international bodies (in turn continuously and rigorously monitored by other international organizations) that review and certify the high levels of reliability and of operational and procedural standards.
In 2021, the occupational health and safety management systems at some non-manufacturing sites were ISO 45001 certified, accounting for 5,684 employees at 12 different sites and locations. In total, 70 CNH Industrial sites worldwide (manufacturing and non-manufacturing) are now ISO 45001 compliant – covering 51,205 employees (about 75.9% of the employees within the reporting scope), 5,388 contractors, and 7,190 agency workers (representing, respectively, 97% and 91% of the relative populations within the reporting scope) – as are all joint venture plants in which CNH Industrial has at least a 51% interest.


### ISO 45001 CERTIFIED PLANTS AND NON-MANUFACTURING SITES

CNH INDUSTRIAL WORLDWIDE (no.)

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Certified plants | **58** | 60 | 60 |
| Employees working at certified plants | **45,521** | 42,387 | 42,769 |
| Contractors working at certified plants | **5,128** | 4,305 | 4,410 |
| Agency workers working at certified plants | **6,816** | 4,906 | 5,390 |
| Certified non-manufacturing sites | **12** | 11 | 10 |
| Employees working at certified non-manufacturing sites | **5,684** | 3,239 | 3,142 |
| Contractors working at certified non-manufacturing sites | **260** | 293 | 220 |
| Agency workers working at certified non-manufacturing sites | **374** | 203 | 180 |

The effectiveness of management systems is verified through regular, documented, and substantiated audits. These are performed by qualified internal auditors, as well as by either industry-specific auditors or external, independent certification bodies (second and third-party external audits).
In 2021, internal audits of management systems covered 48,857 employees (about 72.5% of the employees within the reporting scope), 4,532 contractors, and 5,258 agency workers (representing, respectively, 81.5% and 66.6% of the relative populations within the reporting scope); external audits covered 46,953 employees (about 69.6% of the employees within the reporting scope), 5,388 contractors, and 7,190 agency workers (representing, respectively, 97% and 91% of the relative populations within the reporting scope).

### AUDITS AND WORKERS COVERED

CNH INDUSTRIAL WORLDWIDE (no.)

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| External audits | **64** | 63 | 66 |
| Employees covered by external audits | **46,953** | 42,097 | 42,845 |
| Contractors covered by external audits | **5,388** | 4,598 | 4,620 |
| Agency workers covered by external audits | **7,190** | 5,109 | 5,570 |
| Internal audits | **893** | 743 | 1,074 |
| Employees covered by internal audits | **48,857** | 42,891 | 42,657 |
| Contractors covered by internal audits | **4,532** | 3,711 | 4,300 |
| Agency workers covered by internal audits | **5,258** | 5,352 | 4,190 |

## 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.
During the year, several ongoing initiatives continued to promote a culture of safety and the adoption of shared standards across the Company. *Safety Captains* were appointed among hourly employees at several plants worldwide, tasked with identifying potentially unsafe acts and conditions, raising safety awareness among colleagues, promoting personal responsibility and involvement, and encouraging discussion on safety issues and on the development of solutions.

In South America, the plants in Brazil and Argentina hosted SIPAMA (International Week for Accident Prevention and the Environment), with almost 8,100 employees and family members attending either at Company sites or remotely from their homes. During the week, the numerous events held at the plants featured awareness videos on ergonomics and COVID-19 risk prevention; role playing; a virtual tour of the *Ecological Island* created at the IVECO plant in Argentina; and digital brochures on headphone safety tips to prevent hearing loss and on children's safety in the home. Additionally, an exclusive app was made available to employees across the organization, featuring quizzes, games, and awareness videos.
The plant in Curitiba (Brazil) involved employees and their families in the *Autonomous Operators in Safety* program, aimed at encouraging them to autonomously and proactively identify and recognize safe behaviors, thus strengthening the safety culture.

The Powertrain plants in Italy (i.e., the Torino Driveline, Torino Motori, and Foggia plants) launched a project addressing plant workers and external contractors alike, centered on the first-hand account of a severely injured work accident victim (a non-employee). The touching testimony was a means to raise awareness and help participants reflect on the value of safety at work and on the possible consequences of work accidents.
The plant in Suzzara (Italy) involved its employees in the so-called *Company Theatre Experience*, a training project in collaboration with the Technological Center Institute of Suzzara aimed at enhancing safety awareness and culture by means of a reality-based theatre environment. The initiative was conceived to create an effective interactive training tool to stimulate a lasting cognitive and emotional response, far beyond what classroom training can do.
The Plock plant (Poland) held a drawing competition for the employees' children called *My Parent Works Safely*, aimed at raising safety awareness, drawing attention to correct behaviors, promoting a safety culture, shaping a sense of responsibility, and encouraging a creative interpretation of safe behaviors.

The plant in Chongqing (China) held a month of safety-related activities, including training on fire safety (delivered by local police) and on the safety aspects of lockout-tagout and non-routine activities.
The Pune plant (India) held a *Health and Safety Week*, during which employees were involved in in-house and external training. The former focused on safety standards, personal protective equipment (PPE), specific hazards, and control measures; the latter centered on different types of emergencies and the appropriate response behaviors and featured work-safety competitions (with a prize for the winner).
The plant in Pithampur (India) launched the *Safety Day* initiative, involving employees in many activities such as a PPE awareness camp, online and offline quizzes, a slogan competition, and a drawing contest, among others, with prizes assigned to the winners.

### BEYOND TELEMEDICINE


In order to provide welfare and social benefits to its employees and their families, the plant in Madrid (Spain) launched an important health initiative called *Beyond Telemedicine*, a digital medical platform enabling access to an innovative and comprehensive health and wellness service, paid for by the Company. Beyond Telemedicine allows healthcare professionals to evaluate, diagnose, and treat patients remotely using telecommunications technology. Through innovation and digitalization, employees now have access to the best physicians, at any time and regardless of location, in full respect of their privacy as data is not shared with the Company.
Through the platform, users can also access online health and wellness programs (e.g., regarding physical health, mental health, nutrition, yoga, pilates, strength training, etc.) and book in-person medical appointments or examinations at a discounted rate.

## OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE

In 2021, approximately $131.3 million was spent on improving health and safety protection (representing 2.7% of personnel costs[1]), of which almost $116.9 million on improvements to occupational safety and working conditions (worker protection, structural improvements, inspections of plants and working environments), and approximately $14.4 million on employee health care costs.
During the year, the investments in health and safety led to almost $1.8 million in savings on the insurance premiums paid to the Italian National Institute for Insurance against Accidents at Work (INAIL).

**$131.3**
MILLION
SPENT ON
**HEALTH AND SAFETY**

### ACCIDENT RATES

Accident rates are a clear indicator of how successful a company is at preventing industrial accidents. Owing to the Company's many initiatives, the overall employee injury frequency rate in 2021 was 1.725 injuries per 1,000,000 hours worked, an 11.3% drop compared to the previous year. Safety data relates to 98% of employees within the reporting scope[2].

**EMPLOYEE INJURY RATES**
CNH INDUSTRIAL WORLDWIDE

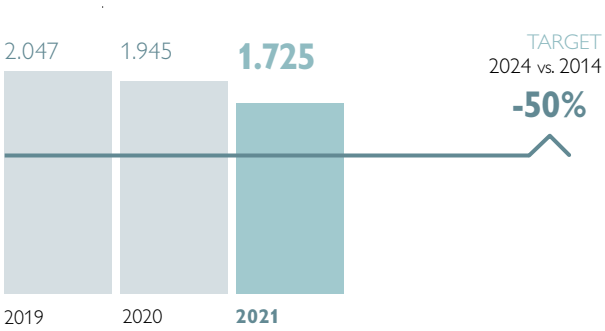
| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Injury frequency rate[a] (injuries per 1,000,000 hours worked) | **1.725** | 1.945 | 2.047 |
| Rate of high-consequence work-related injuries[b] (high-consequence work-related injuries per 1,000,000 hours worked, excluding fatalities) | **-** | - | 0.011 |
| Rate of recordable work-related injuries[c] (recordable work-related injuries per 1,000,000 hours worked) | **1.660** | 1.707 | 1.720 |

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

In 2021, for injuries involving contractors operating at CNH Industrial sites worldwide, the overall frequency rate was 3.064 injuries per 1,000,000 hours worked.
For agency workers, the overall frequency rate was 1.583 injuries per 1,000,000 hours worked.
In 2021, **no fatal accidents** or other high-consequence injuries were reported involving employees, contractors, or agency workers working at CNH Industrial facilities worldwide.

0
INNOVATION-TO-ZERO

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




*(a) The frequency rate is the number of injuries (work-related and non-work related, resulting in more than 3 days of absence) divided by the number of hours worked, multiplied by 1,000,000.*
*The base year (2014) employee injury frequency rate is equal to 2.498 injuries per 1,000,000 hours worked. For information on the rationale for choosing 2014 as the base year, see page 242.*

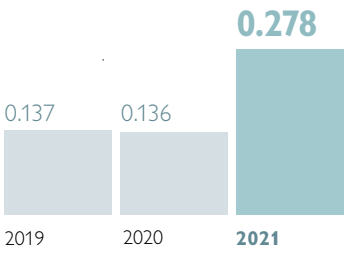
*(1) Personnel costs totaled $4,793 million in 2021.*
*(2) The non-manufacturing data refers only to sites with a workforce of more than 30 people.*

In the event of a work-related incident, a team is set up to conduct a field investigation and draw up a report to describe the event, analyze the root cause, and identify necessary countermeasures. During the follow-up, the team verifies the effectiveness of the countermeasures adopted, standardizes them, and extends them to other areas subject to analogous risks to avoid any similar events in the future.
In 2021, 3,346 near misses[3] 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, to improve the management of events (injuries, incidents requiring first aid, and near misses), unsafe acts, and unsafe conditions, and to enhance the effectiveness of the preventive measures in place, activities continued in 2021 across CNH Industrial to develop and disseminate tools to collect data on, analyze, and track such occurrences.
In 2021, the main types of employee work-related injuries fell under one of the following 4 categories: contusions/bruises/abrasions; fractures/dislocations/crushing; strains/sprains; and lacerations/punctures. For contractors, the main categories were: contusions/bruises/abrasions; lacerations/punctures; and fractures/dislocations/crushing. For agency workers, they were: fractures/dislocations/crushing and contusions/bruises/abrasions.

### OCCUPATIONAL DISEASES

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

**EMPLOYEE OCCUPATIONAL ILLNESS FREQUENCY RATE (OIFR)**
CNH INDUSTRIAL WORLDWIDE (cases of recordable work-related ill health per 1,000,000 hours worked)




In 2021, there were 30 cases of occupational disease involving employees ascertained by the relevant insurance authorities in the countries of reference, while there were no cases of occupational disease involving contractors or agency workers operating at CNH Industrial facilities worldwide.
Hazards with the potential to cause occupational illness are determined through risk assessments at each site; ergonomics issues were identified as the main such hazard in 2021. For the measures adopted or underway to eliminate these hazards and minimize risks, see Workstation Ergonomics on page 89.

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

## SAFETY THROUGH TECHNOLOGY

In 2021, 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 plants in Jesi and Modena (Italy) implemented several projects to improve safety in logistics, eliminating the use of forklifts in some assembly line areas and introducing automated vertical warehouse solutions.
The Madrid plant (Spain) improved its logistical safety by equipping some of its warehouses with polymer safety barriers and the RackEye™ safety system, which is a rack impact detector that sends automatic alerts when damage is detected. It also began to employ drones that use Internet of Things (IoT) technology and perform a number of warehouse activities (e.g., item inventory, the rapid identification of container damage, etc.), which reduced the use of lifting equipment, warehouse traffic, and overall congestion.
In Piracicaba and Sorocaba (Brazil), plant employees now receive training in a virtual room, in which assembly line workstations are faithfully reproduced and participants can practice as if they were on site. To boost employee engagement and interest in the training, the virtual reality platform was set up to work like a videogame, featuring a number of challenges as well as a scoring and ranking system.
The Powertrain plant in Sete Lagoas (Brazil) launched two projects to improve machine safety. The first involved the installation of position sensors with height detection connected to the programmable logic controller (PLC) that activates the equipment, which eliminated the risk of workpieces falling during lifting and/or rotation. The second entailed integrating the PLC with a digital checklist, whereby the equipment can function only if the latter has been fully completed and if there are no non-compliant items present.
The Powertrain plant in Chongqing (China) implemented several technical interventions to improve safety in the machining department. These include: the optimization of the conveyor system used to transfer workpieces from the washer to the cleanliness control area, thus avoiding the use of forklifts; the introduction of a conveyor system that automatically transfers cylinder blocks onto the trolleys of the automated guided vehicles (AGV), eliminating the need for lifting devices; and the installation of displacement sensors on lifting clamps, which ensure that cylinder heads are firmly clamped in the correct position and can therefore be moved and rotated safely.

## 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 100).
The Company strives to ensure industry-leading working conditions, in accordance with hygiene principles (including fully functioning WASH[4] services), industrial ergonomics, individual organizational and operational processes, and protocols in response to pandemics such as COVID-19.
In 2021, due to the ongoing global health emergency, the Company continued to adhere to the corporate COVID-19 Health and Safety Protocol developed in 2020, to ensure the highest level of health and safety in the workplace.

### 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.

(4) *Water, Sanitation, and Hygiene. Acronym broadly adopted in the international development context and in the emergency sector with reference to access to adequate water supplies, sanitation facilities, and hygiene services.*

### WORKSTATION ERGONOMICS

In order to prevent potential problems before they arise, as well as to identify and contain critical situations, CNH Industrial monitors workstation ergonomics at numerous plants across each geographic area. The probability and severity of an injury can be reduced by taking account of human physiology and of how people interact with equipment, right from the design phase of working environments. To improve health, safety, and comfort, as well as employee performance, CNH Industrial makes use of in-house expertise to study workplace ergonomics, often through virtual simulations and often in close collaboration with eminent universities.

By way of example, some of the initiatives implemented in 2021 to improve ergonomics at CNH Industrial sites are described below.
The Fargo plant (USA) installed advanced automated industrial equipment to move transmission carts from one work cell to another, thus safeguarding employees from the risk of posture-related strains or injuries.
In France, the Annonay plant eliminated the use of ladders by replacing them with lifting platforms, improving safety and work ergonomics in its paintshop and bodywork areas, while the Rorthais plant installed a manipulator arm to replace the manual handling of bus doors.
In Italy, the Modena plant implemented several initiatives which led to an improvement in the handling of components in the golden and strike zones, the installation of a new electric screwdriver, a decrease in vibration and noise levels, and a reduction in the manual handling required during assembly.
The Madrid plant (Spain) installed a manipulator arm in its paintshop, whereby large cans of paint are now lifted automatically rather than manually.
The Valladolid plant (Spain) installed both a robotic arm to replace the manual handling of parts to be loaded and transferred, and a new automated system to transfer vehicle frames to the assembly line, which together eliminated the use of cranes as well as manual handling.
The Powertrain plant in Córdoba (Argentina) implemented several initiatives, including: the adoption of a new electric torque-controlled screwdriver to remove the Cursor engine's bearing cover, which also led to lower vibration and noise levels; the introduction of a new, technologically advanced screwdriver to replace the old one; the installation of a clamping system; and the adoption of a motorized hoist to lift components.

## SMART CHEMICAL DISPENSERS


Achieving optimal paint quality and adhesion requires just the right dose of additives in the pre-treatment process. At the plant in Sankt Valentin (Austria), however, the manual dosing of additives during the washing process, in use until mid-2021, resulted in fluctuations in paint quality. Little information was available on the correct doses to use, so operators had to check and add the additives arbitrarily, based on experience. Handling such chemicals was also a safety risk.
To remedy the issue, the plant installed smart dosing stations, which are connected to programmable logic controllers (PLCs) that automatically regulate exactly how much is added and when. The optimal additive dose is set by analyzing data collected from sensors installed to monitor wash water parameters. All the operator has to do is monitor dosing quantities and check they are consistent over time.
This automated self-regulating process is a huge benefit in terms of operator safety while ensuring a more sustainable use of additives. It also enables continuous optimization and further reductions in the amount of chemicals used in the pretreatment process.

# DIGITAL WORKPLACES

As emerged from the materiality analysis, **digital workplaces** is considered a material topic by both CNH Industrial and its stakeholders (see page 21), in that technological innovation is transforming working methods, offering new opportunities to companies and their employees. Given the relevance of this topic to CNH Industrial, the Company set a global target to involve 40% of employees (excluding hourlies) in flexible work location schemes by year-end 2022. The overall goal is to improve quality of life and individual productivity by managing available technologies and people's time more intelligently, whether in the office or at the plant.
CNH Industrial is using a multi-disciplinary approach to create digital workplaces across its sites: some initiatives are department-led, targeting specific needs, others are Company-wide, such as the corporate Intranet. The latter keeps employees informed and engaged, aligning them on key internal messages and success stories. Available in 6 languages, with a user-friendly look and feel, the Intranet is accessible to all salaried employees and above. To stimulate online participation, it employs smart interactive tools (such as quick polls and other useful widgets) and a social network approach enabling employees to post likes and comments. It also provides access to a variety of Company resources and applications. In some countries, certain areas of the Intranet are also accessible to hourly workers to keep them 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 at the end of 2018, CNH Industrial has been involving many employees in the implementation of Industry 4.0 concepts and technologies in several manufacturing areas. One of the program's key objectives is to support **digital workplaces** using a very broad approach. In 2021, the Company expanded its focus to the climate and environmental aspects of workplaces, developing several solutions and tools to help operators monitor workplace energy consumption and identify opportunities for reducing it. It also implemented smart solutions to optimize the use of chemicals in certain processes to reduce not only their consumption but also their handling by operators, so increasing workplace safety. For example, the Valladolid plant (Spain) developed an IoT solution to monitor and optimize air intake and distribution to reduce paintshop energy consumption (see page 91). The plant in Sankt Valentin (Austria) installed automated smart dispensers to optimize chemical dosing in the painting process, thus reducing consumption, eliminating the need to handle the chemicals, and increasing worker safety (see page 89). The Noida plant (India) developed an energy management solution to measure electricity consumption at individual machine level, and set target KPIs in order to monitor and optimize energy consumption and reduce costs (see page 180).
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 2021 to improve digital collaboration across the Company. The most important was the adoption of the Microsoft Office 365 platform, containing numerous applications to assist communication and collaboration, supported by delivering complementary tailor-made courses to all employees. From a user productivity standpoint, the adoption of Robotic Process Automation (RPA) and Business Process Management (BPM) solutions continued, with several initiatives underway at both process and individual levels. Departments with more experience of these platforms reorganized their activities based on the knowledge gained, while also sharing their experience with other departments.
The integration of business analytics tools continued to deliver more user-friendly self-service dashboards, thus reducing paper use and consolidating the culture of online sharing and analysis.

During the year, the Company continued to expand its schemes giving employees the flexibility to work from different locations. Moreover, both the *Work from Home* scheme, implemented in many countries under the *Smart Working* project, and the *Building a Better Workplace* campaign, implemented in North America, offer a hybrid remote working model for eligible employees who can do their jobs from home. Indeed, in 2021, approximately 100% of employees were involved in flexible work location schemes (excluding hourlies), as per local COVID-19 regulations.

## DIGITAL TOOLS TO REDUCE PAINTSHOP ENERGY CONSUMPTION

The paintshop is one of the highest energy-consuming areas at the Company's production facilities. In its continuous search for new ways to optimize energy use, the Valladolid plant (Spain) realized that data analytics could improve understanding of the process and provide useful insights into how to further optimize the entire painting process and reduce energy consumption.
Initially, the plant collected data from painting area sensors, stored the data on an IoT platform, and built dashboards to conduct further data analysis. Plant personnel spotted that optimizing air flow management and the use of associated equipment in the paintshop reduced thermal losses and the frequency of filter replacement, most importantly cutting electricity consumption. The investment payback is estimated at less than 18 months.

# 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 to assist all Human Resources (HR) functions and managers worldwide in supporting and promoting employee development and engagement.

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

- CNH Industrial employees are the best guarantee for future success. Driven by a goal-oriented mindset, the Company leverages on a culture of excellence and sustainability to achieve outstanding and consistent results
- talent management and succession planning are key levers in achieving the Company's talent development goals and releasing the potential of its people. Attracting, retaining, and developing talents capable of tackling future challenges, while prioritizing the development of internal resources, is crucial to effective succession planning. A consistent global approach that encourages cross-functional and cross-segment mobility worldwide enables the capitalization of the talent management process across the Company, and constitutes an essential competitive advantage. This process ensures that the leadership pipeline is continuously fed at all levels of the organization
- skills are an asset to be developed and shared. CNH Industrial is committed to helping people adapt in real time to change in an increasingly complex world. As employee development and the continuous improvement of corporate performance are closely interrelated, the Company's main objective is to increase the value of human resources through targeted programs.

### PERFORMANCE MANAGEMENT PROCESS

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

## VALUES

**ENTREPRENEURSHIP**

WE CHALLENGE THE STATUS QUO, ARE INNOVATIVE, AND SEEK SIMPLICITY

**PASSION**

WE ARE HIGHLY COMMITTED TO DELIVERING AMBITIOUS GOALS

**TEAM SPIRIT**

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

**EXCELLENCE**

WE EXCEED EXPECTATIONS AND ACT RESPONSIBLY IN EVERYTHING WE DO

## BEHAVIORS

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

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

### PERFORMANCE MANAGEMENT SYSTEM

As part of the PMP, managers and employees sit down at the beginning of each year to discuss individual targets for that year. Individuals are then evaluated on their performance at the end of the year, focusing on two aspects – goal achievement and adherence to Company-endorsed behaviors. Based on their evaluation, both aspects are plotted on a 9-square grid, providing a visual snapshot of overall performance. This performance-oriented model ensures that employees are evaluated not only on what they did, but also on how they did it.
The last phase of the process entails giving feedback to employees, a means not only to motivate them but also to facilitate open and positive relationships. The outcomes and the areas identified for improvement are openly discussed between manager and employee, paving the way for employee performance improvement. Upon completion, employees can access their evaluation online. Furthermore, at any moment in the process, they can enter details on their professional aspirations and request specific training (such as coaching, exposure to senior management, etc.) to address the areas identified for improvement. This unique skills mapping and appraisal process is supported by IT systems that give managers full access to up-to-date information on the people within their organizational unit, and on those indirectly in their reporting line. Individual employee evaluations are therefore also accessible to and can be examined by senior management within the organizational structure.
The process therefore provides a concerted management framework for employee development, one that is transparent and focused on the individual.
In 2021, more than 22,500 employees (salaried and above) were assessed via the PMP. The percentage of women engaged in the PMP was the same as the percentage of women employed by the Company. Furthermore, specific training on the new PMP was delivered to managers and employees worldwide.
Each employee is assessed through the PMP according to eligibility guidelines (for example, the employee must have worked at the Company for more than 6 months). Apart from a few exceptions for which the PMP is not required (for example, joint ventures in China), all salaried-and-above employees worldwide take part in the process.

**100%[a]**

OF SALARIED EMPLOYEES AND ABOVE **ASSESSED VIA PMP**

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

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 2021, CNH Industrial set key sustainability targets related to the Company's social, environmental, and climate change efforts. These targets (the achievement of which affects variable compensation) were incorporated into the performance management system, and duly assessed for relevant employees at different levels of the organization, including Sustainability project leaders, Energy managers, Environment, Health and Safety managers, and other staff at plant level.

## TALENT MANAGEMENT AND SUCCESSION PLANNING

CNH Industrial operates in dynamic, highly competitive industries where success is achieved by having talented individuals within the organization, and by appointing the right people to key positions. These objectives are at the core of the talent management process, which identifies the most talented employees and fast-tracks their development.
The selected individuals are offered professional opportunities that allow them to gain experience in other geographic areas or segments, enabling CNH Industrial to develop effective succession plans while giving priority to candidates from within the Company.
The process is conducted uniformly across functions, segments, and levels of the organization. Key individuals, selected based on their professional performance, skill set, and potential for growth in positions of greater responsibility, are evaluated through a process that directly involves management, from their immediate supervisor to senior management.
In 2021, emphasis was given to developing employees identified as of High Potential (HIPO) within the organization. The *HIPO Development* program ensures the Company is investing in and supporting the growth of key talents as leaders for the future. These employees were assessed during the year, so as to identify their development needs and define an action plan to fill any skills gaps, offering specific feedback and suggestions to help them build their own individual growth plans.

### 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.
The Company also deems it important to develop its **internal human resources**. To this end, 47% of new manager-level appointments in 2021 were internal candidates, the remaining 53% being external hires.

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

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| North America | **90** | 86 | 86 |
| Europe | **83** | 81 | 82 |
| South America | **95** | 93 | 93 |
| Rest of World | **73** | 68 | 59 |

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

### TALENT ATTRACTION

Around the world, CNH Industrial continues to adopt recruiting methods focusing on universities, social media platforms, and career events or job fairs.
The Company's sponsorship of several universities affords it privileged relationships, a strong presence on campus, and regular student internships. In some cases, CNH Industrial directly sponsors individual postgraduate students to carry out research projects on Company premises. In others, it awards university scholarships to students studying in areas where the Company intends to recruit.
During the year, CNH Industrial participated in 97 career events with its own specially designed booths.
The year's new hires included more than 780 recent graduates, of which 31% were women. More than 33% of these graduates had previously worked at the Company as trainees or interns.

### TALENT ATTRACTION

CNH INDUSTRIAL WORLDWIDE (no.)

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| New graduates[a] recruited | **782** | 547 | 534 |
| Traineeships | **3,286** | 1,934 | 2,124 |

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

## TRAINING AND DEVELOPMENT

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

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

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

The Training Management Model is business-oriented and 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 an Internet-based global learning management system, known as the CNHI Learn platform. 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. To this end, in 2021, the platform was used to perform a global assessment among employees (on a voluntary basis) to evaluate a number of skills, resulting in the automatic creation of individual professional development plans based on the gaps identified.

Employees are given the opportunity to indicate development and training needs as part of the Performance Management Process (PMP, see page 91), 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:

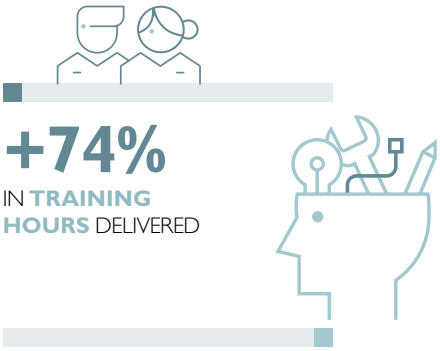
- numbers of participants involved in training initiatives
- hours of training
- cost of corporate training.

### TRAINING IN NUMBERS

In 2021, CNH Industrial invested approximately $1.9 million in training, delivering a total of 1,041,982 training hours (74% more than 2020) to 43,036 individuals (20% more than 2020), of whom 80% were men and 20% were women.

The significant increase in training hours compared to previous years was due to a broader use of the training platform, the standardization of processes, and the increasing trend in remote work, which required the Company to address employee training needs accordingly.

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

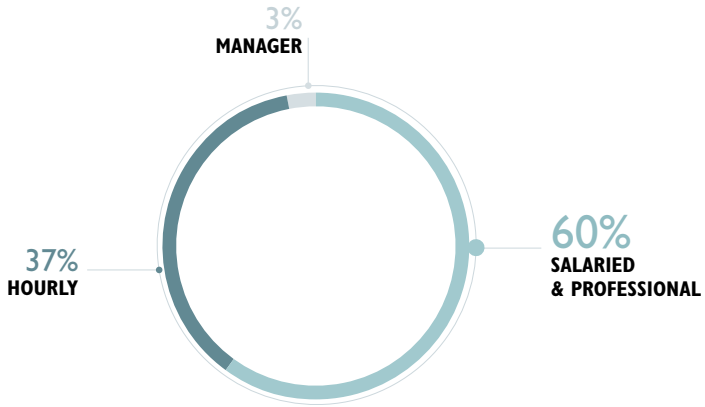


### TRAINING IN NUMBERS
CNH INDUSTRIAL WORLDWIDE

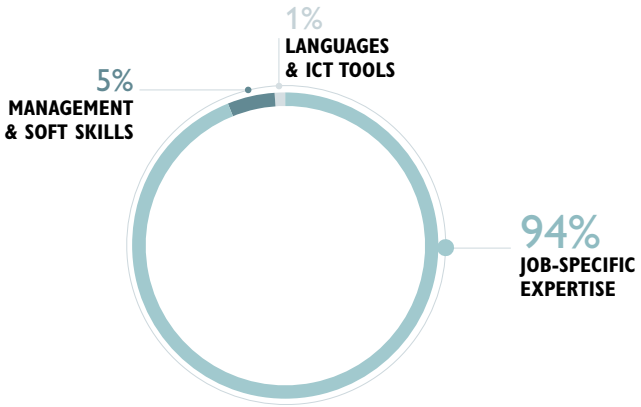
| | 2021 |
|---|---|
| Training hours (no.) | 1,041,982 |
| Employees involved in training (no.) | 43,036 |
| Average hours of training per employee (no.) | 14.5 |
| Average amount spent per employee ($) | 26.6 |

Most corporate learning campaigns are delivered online, which allows individuals to pursue training when most convenient and minimizes work disruption by allowing them to remain in their place of work. In 2021, 475,965 hours of online training were provided to 35,971 employees.
For details on specific training activities, see pages 49, 53, 55, 82, 170, and 208.
More details and data on training are available in the Appendix (see page 256).

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




### TYPE OF TRAINING
CNH INDUSTRIAL WORLDWIDE




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

## EMPLOYEE DEVELOPMENT PROGRAMS AND TALENT RETENTION

CNH Industrial firmly believes that a more skilled and knowledgeable workforce enhances the value of human capital and contributes to employee satisfaction, which correlates strongly with improved performance. Key to individual development is the relationship with the manager, who regularly guides and coaches employees. In addition, and to complement and further support development, the Human Resources (HR) Department collaborates with the business units on the development of specific programs, for the most part customized according to individual needs.
To this end, many *Action Learning* programs were rolled out in 2021, involving more than 190 employees from different functions.
All of these programs were created to accomplish several key objectives:

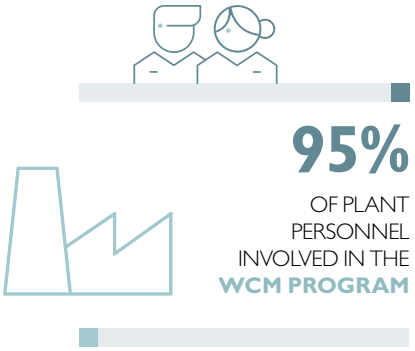
- help employees grow in their understanding of the business beyond their normal day-to-day experience, working on projects that offer real solutions to business problems
- provide participants with opportunities to collaborate and build relationships with talented peers from across the organization
- 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 300 people to support and encourage their personal learning, maximize their potential, develop their skills, and improve their performance.

In addition to the employee development programs, in 2021, CNH Industrial engaged in a series of initiatives to increase the retention of talented employees.
For example, selected employees participated in a program to develop leaders in key positions, focused on maximizing performance in line with business needs and strategic thinking. Other programs were rolled out to develop employees' business skills and competencies. 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 2021, 71 employees joined the Master/Postgraduate program alone.

CNH Industrial offers **long-term incentives** designed to engage and retain key leaders across the Company. The long-term incentive program, launched at the end of 2020, covers the 3-year performance period 2021-2023. Involving approximately 400 managers worldwide, its aim is to strengthen key leaders' alignment with and commitment to achieving the Company's long-term goals. For more information, see the 2021 EU Annual Report on pages 123-124.

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 165). As at December 31, 2021, 51 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.



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

### THE 3 PHASES OF THE PEOPLE DEVELOPMENT PILLAR

| | REACTIVE | PREVENTIVE | PROACTIVE |
|---|---|---|---|
| | TRAINING FOCUSES ON – AND IS PRIORITIZED ACCORDING TO – THE **ANALYSIS** OF:<br>• SAFETY ISSUES<br>• WASTE AND LOSSES<br>• MACHINE BREAKDOWNS<br>• MINOR STOPPAGES<br>• HUMAN ERRORS CAUSING INJURIES, QUALITY ISSUES, ETC. | TRAINING FOCUSES ON COUNTERMEASURES TO **PREVENT** THE RECURRENCE OF **KNOWN PROBLEMS** AND OF THE CIRCUMSTANCES THAT CAUSED THEM | TRAINING FOCUSES ON **THEORETICAL RISK ANALYSIS** AND ON COUNTERMEASURES TO PREVENT SERIOUS EVENTS |
| **THE AIM IS** | to fill **any gaps**, whether a loss identified by Cost Deployment, or a specific problem at the plant caused by a knowledge gap | to fill **gaps** in **required competencies**, using WCM methods and tools and role-specific technical training | to develop the **competencies** required for the continuous development of the plant in terms of **technologies**, **methods**, **and tools** to implement in the future |

(1) *The percentage is calculated on 61 plants; for the complete list of these plants, see pages 237-240.*

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 that gap, 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.

INNOVATION-TO-ZERO

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

## GROWTH THROUGH EMPLOYEE ENGAGEMENT

Employee engagement management is a component of a leadership approach whereby each employee's wellbeing and input is valued, driven by the understanding that passionate, engaged people are more productive. The more their suggestions are taken into account, the more they feel valued by the organization, and the more they become involved.
At CNH Industrial, the World Class Manufacturing (WCM) system provides a framework for employees to share their contributions and suggest improvement projects (known as *kaizen*) to optimize processes, which boosts their engagement while contributing to the organization's growth. The Company also organizes dedicated WCM Best Kaizen Awards & Oscars in recognition of employee contributions; these events are also a means to help retain top talent, increase engagement, and improve performance.

### 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 26 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 2021, the program advertised over 4,500 positions, receiving almost 6,000 internal candidacies from all over the world. In all, 28% of open positions were filled by internal candidates[2].

[(2)] *Calculated by dividing the number of positions filled by internal candidates in 2021 by the total number of positions filled in the same year.*

## 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 strategic sustainability target (see page 27) within the Strategic Business Plan: to involve 100% of employees in engagement surveys by year-end 2024.
CNH Industrial collects the information provided by departing employees worldwide in exit surveys/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 and shares specific business unit feedback with the relevant managers, in order to address specific areas of concern within each area.
Similarly, CNH Industrial also requires new hires to fill out questionnaires, after 30 and 210 days of employment, so as to gather feedback on their first months at the Company.
Following the Company's first *Great Place to Work®* employment engagement survey in 2019, the survey was again conducted in 2021, in Brazil, Argentina, India, Russia, China, Australia, and South East Asia, with CNH Industrial achieving certification as a Great Place to Work® in Brazil, Argentina, India, China, and Australia.

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

Great Place to Work®, a global authority on workplace culture assessment and recognition, has once again certified CNH Industrial in its 2021 company ranking in India. Certification is determined via an assessment, based two-thirds on an employee survey and one-third on a questionnaire submitted by the Company's Human Resources Department outlining current practices and policies. In keeping with the positive trend in Trust Index© Scores achieved in recent years[a], 2021's survey findings reconfirmed the positive perceptions at CNH Industrial, where people feel safe and valued, have a strong sense of belonging, celebrate Company achievements, and take pride in being part of the organization. The most important aspects praised by the employees in India included the Company's commitment to creating a safe and inclusive environment, its efforts to sustain local communities during challenging times, and the overall positive Company culture.

[a] *The Trust Index© Score was 66/100 in 2018, 71/100 in 2019, 77/100 in 2020, and 78/100 in 2021.*

# EMPLOYEE WELFARE AND WELLBEING

Employee welfare and wellbeing initiatives are an important part of the Company's **employee engagement**, which is one of the material topics included in the Materiality Matrix. CNH Industrial offers wellbeing initiatives in addition to traditional benefits (such as health care), going beyond its legal obligations in the countries where it operates. The aim is to help employees balance their personal commitments through time and money saving initiatives and flexible working arrangements, while cultivating motivation, pride, and a sense of belonging at work through family activities, engagement with the community, and involvement in Company life. With these objectives in mind, CNH Industrial has set specific targets for year-end 2022 to promote employee health and wellbeing and increase volunteerism (see page 32).

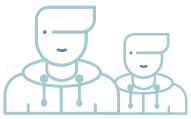


## WORK-LIFE BALANCE

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

### CHILDCARE INITIATIVES

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



**CHILDCARE INITIATIVES**

- Employees in 3 countries helped through agreements with daycare centers (either third-party or set up by CNH Industrial)
- Employees in 4 countries financially supported by the Company to help cover daycare or school expenses for over 2,800 children
- School kits donated to the children of 3,002 employees
- 161 safety kits provided for employees' newborns
- 508 employees supported through paid sick leave policies to care for their children

### FLEXIBLE BENEFITS

The use of flexible benefits packages for employees continued in 2021. 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, 442 employees were eligible for direct funds for childcare or fitness purposes, such as gym memberships or bicycle purchases. In India, the *i-Flex* benefits program offered employees a host of discounts on food, travel, fitness, and medicine.

### ON-SITE SERVICES

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

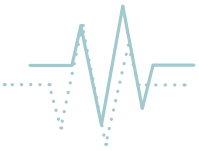
**ON-SITE SERVICES**

- On-site cafeterias, snack shops, or other meal services available at 68 locations
- Laundry and dry-cleaning services or discounts available at certain locations in the USA, Switzerland, Italy, and Argentina
- On-site banking and other financial services, including virtual workshops, offered to over 28,000 employees across 45 locations
- On-site fitness equipment available at 7 locations

### HEALTH AND WELLBEING INITIATIVES

CNH Industrial continued to engage its employees in awareness initiatives on health risks, preventive measures, and global health issues such as HIV and cancer, as well as in health programs, in line with its target of involving 100% of employees worldwide by year-end 2022 in wellbeing initiatives promoting healthy lifestyles.

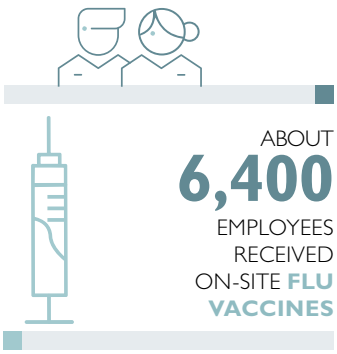
**76%**
OF **EMPLOYEES** INVOLVED IN **HEALTH AND WELLBEING** INITIATIVES



## MAIN HEALTH AND WELLBEING INITIATIVES

| INITIATIVES | COUNTRIES (no. of locations) | EMPLOYEES INVOLVED (no.) |
|---|---|---|
| *Pink October* campaign on breast cancer awareness and *Blue November* campaign on prostate cancer prevention | Argentina (all); Brazil (5) | (made available to) at least 6,200 |
| *Yellow September* mental health campaign | Brazil (all) | (made available to) at least 2,200 |
| Dengue fever awareness and prevention initiatives | Brazil (2) | (made available to) about 5,000 |
| Special programs for pregnant employees and/or new parents | Brazil (5) | 107 |
| Annual medical screenings, health checks, and/or other lab analyses | Argentina, China, India, and Brazil (all); France (1) | (made available to) about 2,100 |
| Cancer screenings (breast, prostate, colorectal, cervix) | Brazil (6); Spain and France (1 each) | (made available to) about 9,600 |
| Free eye examinations and prescription glasses | UK and Italy (1 each) | (made available to) 1,552 |
| On-site oral health care | Brazil (5) | (made available to) about 5,100 |
| *THRIVE* wellness program | Canada and USA (all) | (made available to) about 9,500 |
| Smoking cessation program | USA (all); Brazil (1) | 148 |
| Virtual physical activity sessions | France (1) | (made available to) 435 |
| Yoga programs | Australia and Thailand (all); France (1) | (made available to) about 200 |
| Programs on ergonomics | Argentina (all); Brazil (3); Belgium (1) | about 800 |
| Physiotherapy programs and on-site massage services | Denmark (all); Spain (1) | 235 |
| First-aid training | Germany (3) | about 300 |
| Access to free/discounted therapy/psychological support services | Brazil and France (4 each) | about 3,900 |
| Vitamins, fresh fruit, or milk programs | Argentina (all); Austria (3); Czech Republic (2); USA (1) | 4,271 |
| Access to a nutritionist | Spain (1) | (made available to) 3,135 |
| Workshops, presentations, programs, campaigns, or newsletters on topics such as: women's health, family planning, cancer prevention and early detection, nutrition and weight management, alcohol abuse prevention, first aid, respiratory health, and seasonal health | Argentina (all); Brazil and France (3 each); Spain and Poland (2 each); Italy and Belgium (1 each) | (made available to) about 13,700 |
| Self and family care webinars (mental, emotional, physical, and financial health, and/or work-life balance) | USA, Canada, India, and Brazil (all); Australia (2) | (made available to) about 26,200 |

In support of new mothers, designated lactation/breastfeeding spaces ensuring hygiene and privacy were made available at sites in Argentina, Brazil, Czech Republic, China, Switzerland, and the USA.
With regard to vaccination campaigns, as COVID-19 vaccines became available, 29 locations globally helped facilitate their administration among employees and local community members.
Moreover, in line with previous years, seasonal flu prevention initiatives were organized at locations worldwide offering workers voluntary vaccinations, accompanied by an advertising campaign via posters and the corporate Intranet, leading to the administration of approximately 6,400 flu shots.



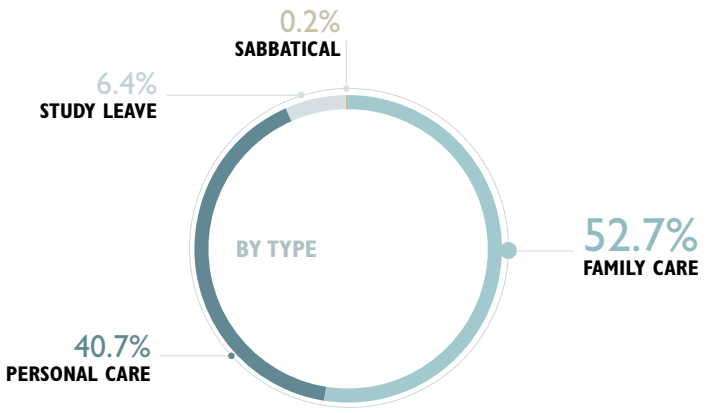

### COMMUNICATION CAMPAIGNS

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

### FLEXIBLE WORKING

Flexibility in working hours, including part-time employment (see page 77), 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 2021, the Company carried out a survey on the flexible working arrangements offered to its employees, focusing on flexible working hours, parental leave, and other forms of leave. The results provided a wide range of information and helped to identify appropriate action for improving employee work-life balance. Flexible arrangements, along with tools to reconcile work needs with the responsibilities of family life, allow establishing and maintaining a positive working environment for all employees within the Company.
The survey revealed that approximately 88.7% of the employees surveyed[1] took advantage of flextime, and that this system was utilized most in North and South America, both at 100%; in Europe the percentage was 86.4%, and in the Rest of the World 76.7%. The marked growth in flextime in the Rest of the World from the 53.5% recorded in 2020 was mainly due to its increased adoption in India as a measure to cope with the pandemic. Another survey[2] showed that, between November 2020 and October 2021, 15,326 employees (22% of CNH Industrial's total workforce) took leave to care for family members, for personal treatment and care (excluding all forms of compulsory leave for illness), or for study and sabbatical leave.
Overall, 45.4% of the above leaves (defined by Company policy or agreements with trade unions or employee representatives) exceeded the provisions set by law, and 19% of them were granted to female employees. The type of leave most taken by employees was family-related (52.7% of the total), with 16.3% of this taken by female workers. Leave taken for personal treatment and care amounted to about 40.7% of the total, with about 24.6% of this taken by female workers. Education leave comprised 6.4% of the total, 88.8% of which was taken by male workers. Sabbatical leave in 2021 was 0.2%, a decrease compared to the 0.4% recorded in 2020. 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.

**LEAVES**
CNH INDUSTRIAL WORLDWIDE




(1) *Survey of all Company employees, excluding hourlies, carried out on October 31, 2021.*
(2) *Survey of all Company employees carried out on October 31, 2021.*

In 2021, the Company continued to offer a number of flexible working arrangements. Over 10,000 employees at sites in Italy, Spain, Argentina, France, Thailand, Australia, and Brazil benefitted from flexible shift scheduling. Eligible employees in the USA and Canada continued to benefit from the Birthday Time-Off vacation policy, which allows them to take an extra day off each year on or within 30 days of their birthdays. In Czech Republic and China, female employees receive an extra day off each year on Mother's Day and International Women's Day, respectively. In Brazil and Spain, an estimated 2,800 employees joined an hour bank plan, through which they can convert their overtime hours into time-off, for use at a later date. At 2 locations in France, the Company implemented flexible working arrangements to ensure proper distancing in the workplace in light of the pandemic, and to support employees who needed time to attend their COVID-19 vaccination.

### 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 2021, 2,989 employees[3], approximately 4.3% of Company personnel, took maternity, paternity, adoption or breastfeeding leave. Overall, 77.2% of total leave was in Europe, 11.2% in South America, 6.4% in the Rest of the World, and the remainder in North America. In terms of gender, 68.4% of overall leave was taken by male workers. Paternity leave accounted for 63.9% of the total, maternity leave for 24.9%, while breastfeeding leave accounted for 11.2%. No leave for adoption was taken in 2021. Over the total workforce, parental leave was most frequent in Europe (5.4%) and in South America (3%).
In some cases, the conditions of parental leave granted by the Company are more favorable than those required by law. In the USA, for example, the law requires companies to provide 12 weeks of maternity leave, but does not require any of it to be paid. CNH Industrial, however, pays its employees for 4 of the 12 weeks. In India, where no minimum legal requirement exists for length of paternity leave (paid or unpaid), the company grants 7 days of paid leave.

**2021 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] | 10,820 | - | 10,820 | 55,969 | 55,969 | - | 57,684 | 47,658 | 10,026 | 26,659 | 17,632 | 9,027 |

| | 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] | 743 | - | 743 | 1,910 | 1,910 | - | - | - | - | 336 | 135 | 201 |

*[a] Number of employees entitled to parental leave as at October 31, 2021, as per applicable laws, collective labor agreements, and/or Company policies.*
*[b] From November 2020 to October 2021.*
*[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 2021, 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 40% of all CNH Industrial personnel are employed), and showed a return to work rate of 95.7% (78.8% for women and 99.2% for men) and a retention rate of 96.2% (89.9% for women and 97.3% for men). The retention rate was negatively skewed by the presence, among the employees who took parental leave, of temporary workers whose assignment came to an end in the 12 months following their return to work. Excluding the exits of temporary employees in the 12 months following their return, the retention rate would be 96.8% (90.9% for women and 97.8% for men). The results of the survey are reported in the following table.

*[3] Survey covering the period from November 1, 2020 to October 31, 2021.*

### 2021 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 | **764** | 656 | 108 |
| Employees who returned to work[c] after parental leave ended and who were still employed 12 months after their return to work | **664** | 575 | 89 |

[a] *Survey carried out in Italy, Belgium, Spain, and Poland.*
[b] *November 2020 - October 2021.*
[c] *In the period November 2019 - October 2020.*

## SUPPORTING LOCAL COVID-19 VACCINATION CAMPAIGNS

CNH Industrial's employees are committed to making a difference in and around the local communities in which the Company operates. As COVID-19 vaccinations became more accessible, employees in the USA were given the opportunity to take extra Volunteer Time Off (VTO) and participate in targeted *Impact Day* events to volunteer with Team Rubicon, supporting the charitable organization's many vaccine distribution operations. Team Rubicon is a long-standing partner of CASE Construction Equipment and the CNH Industrial Foundation, and founding member of the Veterans Coalition for Vaccination.

## SENSE OF BELONGING AND PRIDE

Despite the pandemic somewhat hindering volunteerism opportunities, many employees still found safe ways to volunteer, support their communities, and give back.

In Bangkok (Thailand), for example, 100 employees participated in fundraising and donated food to benefit the Thammarak Foundation's *Wat Phra Phat Namphu* Temple, which supports HIV patients, orphans from parents who had HIV, the homeless, and differently abled people.

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

In the USA and Canada, 353 employees took part in volunteering activities during working hours, donating 1,995 hours for initiatives linked to food banks, shelters, disaster relief, and other charitable causes, specifically through *Impact Days*, a volunteering and team-building initiative, and Volunteer Time Off (VTO), which allows them to devote up to 8 working hours for volunteerism (both were launched in 2016). In Mexico, nearly 60 employees took part in volunteering activities, donating almost 230 working hours to charitable causes, mostly related to health, wellbeing, and food availability.

**1,938**
**EMPLOYEES VOLUNTEERING** DURING WORKING HOURS

In Europe, 498 employees volunteered for various programs during paid Company time, for a total of 1,183 hours. For example, employees in Spain volunteered by helping deliver an online basic-skills training course, organized by the Adecco Foundation, to people with disabilities.

In Argentina and Brazil, 581 employees volunteered 978 hours for local community initiatives during working hours. The *Winter Clothes Campaign* took place in Argentina and at 6 sites in Brazil, involving 504 employees. In Brazil, the annual *June Benefit Party* was held in Sorocaba, Sete Lagoas, and Piracicaba, and adapted in a similar fashion to the previous year. Indeed, instead of employees, their families, and community members coming together to enjoy food and games and raise funds for a local community organization, vacuum-sealed kits of seasonal foods were sold to 262 employees to be enjoyed at home with their families, with proceeds benefitting local charitable organizations.

In the Rest of the World, 448 employees donated 5,100 working hours for volunteering activities.

**Blood drives** continued to take place across the Company, involving approximately 200 employees in Poland and the USA.

Besides encouraging employees to interact with local communities, CNH Industrial also seeks to involve **employee families** in Company life – through its *Open Days*, when everyone is invited to take part in tours and recreational activities involving carnival games, music, and food, or through its *Bring Your Child to Work* initiative.
While some activities remained suspended in 2021 due to the pandemic, the Company found other opportunities to keep employees and families connected, and made adjustments so that a number of existing programs could still be offered, such as the *Open Days* event held at the site in Bourbon-Lancy (France).
Globally, many activities were planned specifically for employees' children, such as the drawing competition launched at the sites in Brazil, which involved the children of 2,810 employees and awarded prizes to the 12 winners. At sites in South America (Brazil) and Europe (Belgium, Netherlands, Poland, and Germany), Christmas gifts were distributed to the employees' children. At locations in Piracicaba and Sorocaba (Brazil) and across Argentina, the employees' children were able to participate in Children's Day celebrations, with a focus on art, while an online celebration was held in Mexico featuring a virtual magician and a trivia quiz with prizes and gifts. In the USA, at the New Holland Agriculture site, Easter bags were handed out to employees and their families, while the sites in Goodfield, New Holland, and Nevada treated their employees to an outing at a local sporting event. In the USA and Canada, virtual cooking classes were held for employees and their children alike.
Through its long-standing **grants and scholarship** program, known as the *Sergio Marchionne Student Achievement Awards*, the Company continued to offer the children of employees a chance to qualify for grants based on their level of academic excellence. The program is open to students with a high school or university diploma, or a university degree, and covers the 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. CNH Industrial also continued to sponsor scholarships in China for the employees' children who passed their senior high school or national college admission exams. In 2021, 21 scholarships were awarded under this program. Similarly, in Burlington (USA), the Company granted a total of 10 scholarships to employees' children, as well as to other local children in need, for places at Summer Kid-Tech at the local community college.
**Sports and recreational activities** are opportunities for employees to network with one another, while benefiting their health. Some of the activities organized throughout the year are described below.

## SPORTS AND RECREATIONAL ACTIVITIES

- 113 employees across the USA and Canada involved in the J.P. Morgan Corporate Challenge Virtual Run
- In Burlington (USA), 36 employees involved in an annual Get Fit contest
- Golf outings and cornhole tournaments organized for employees in New Holland (USA)
- In New Holland (USA), 74 employees involved in the Walk 40 Miles in May challenge, promoting wellness and support for Relay for Life, a fundraising initiative for the American Cancer Society
- In St. Marys (Australia), 45 employees involved in a half-day team building bowling event
- In Kassel (Germany), approximately 20 employees involved in a running event
- In Copenhagen (Denmark), 20 employees involved in the DHL Relay Race

To engage its diverse and global workforce, and foster a sense of belonging and pride, CNH Industrial carried out several Company-wide **internal communication initiatives**. Among other things, it circulated 10 local newsletters highlighting activities and events of regional interest and serving as an important means of recognizing employees' achievements.
As in previous years, CNH Industrial also continued to develop internal motivational communications to involve and engage employees worldwide in its priorities.
A major focus was on the Company's response to COVID-19, with communications tailored to the specific circumstances in each country of operation. Reminders about continuing safe behaviors were disseminated via the corporate Intranet and posters in common areas, while Company leaders regularly emphasized the importance of such behaviors and the

relevant protocols in place during live streams and through Company-wide communications. As the situation around the world evolved, office-based employees were kept regularly up to date with regard to remote working guidance and the possibility of returning to the workplace, under the umbrella of the Company's *#MovingForwardTogether* and *Smarter Future* motivational campaigns. The former was deployed both internally and externally, so as to promote safe behaviors even beyond the workplace, particularly around the holiday seasons.

Throughout the year, by leveraging video conferencing tools, the Company was able to involve an ever increasing number of people in its virtual Town Halls. Thanks to the new digital format, live-streaming meetings were held not only globally, but also by geographic area, business unit, and function, enabling leaders to come together with new audiences across multiple geographic locations and segments. Regular update letters from the CEO, as well as videos on specific topics such as safety, helped keep employees connected with the leadership and informed on key Company matters throughout the year.

Some major communication topics included CNH Industrial's spin-off, with information shared with employees via the *Twice as Strong* campaign, and the celebration of key strategic acquisitions and partnerships.

In 2021, in North America, the Company continued its virtual *Let's Talk* series, featuring 8 one-hour sessions for employees focusing on different topics. Moreover, thanks to the ongoing partnership with The Family Institute at Northwestern University, some talks were delivered with the assistance of a licensed mental health clinician to better support employees dealing with professional and personal challenges caused by the pandemic. Similar initiatives related to mental health and remote work issues took place in Brazil and Australia. Other *Let's Talk* events focused on themes such as creating an inclusive mindset in the workplace (see page 79), inspirational stories, adversity, and leadership.

Meanwhile, 6 virtual *Know Your Product* live sessions were hosted to offer equipment training to employees worldwide.

Although both events – *Let's Talk* and *Know Your Product* – originated in North America, all relevant materials were posted on the CNHI Learn platform (i.e., the Company's global learning management system), enabling employees across the globe to access and take advantage of the information well after the events were originally held.

### TEACHING THE IMPORTANCE OF HEALTH AND SAFETY


The Company has always valued the importance of educating and engaging young people. Employees at the site in Plock (Poland) developed an innovative, educational, and entertaining activity for their children, engaging them through creativity. Indeed, 64 children were involved in the creation of drawings featuring their parent at work wearing safety clothes and using personal protection equipment. The drawings were then displayed at the plant to promote safe behaviors.

# EMPLOYEE ENVIRONMENTAL FOOTPRINT

## COMMUTING



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

The Company collaborates on initiatives for sustainable mobility, exploiting all available synergies with its neighboring plants. These projects are designed in collaboration with both local authorities and public transport companies.

Mobility plans for selected sites in Italy (13) and France (6) were revised, which provided an opportunity to conduct an analysis and assessment of employee commuting to/from these sites in terms of existing transport services, methods, and infrastructure, as well as of the $CO_2$ emissions generated, in order to identify further improvement measures and initiatives.

Still in Italy, the Company subsidized the purchase of **public transport** transit passes for employees in Modena and San Matteo.
In Switzerland, it subsidized public transportation costs for employees in Lugano, as well as travel costs for 155 employees commuting to its Arbon site. In France, it partially reimbursed employees commuting to work by private car, bike, or on public transportation.
Employees at the Vysoké Mýto plant (Czech Republic) were able to use the newly launched *JOBka* mobile app to offer or request a car share for travel to/from the site.
Many other sustainable mobility initiatives continued at various plants and offices worldwide. In Piracicaba (Brazil), Chongqing and Harbin (China), Annonay, Bourbon-Lancy and Croix (France), Greater Noida, Pithampur, and Pune (India), Madrid and Valladolid (Spain), San Matteo and Turin (Italy), and Zedelgem (Belgium), the Company continued to provide **shuttle services** for employees commuting between their workplaces and nearby strategic points, benefitting approximately 15,400 people.
In Turin and San Matteo (Italy), the Company launched *MyShuttle!*, an innovative shuttle service that uses IVECO natural gas-powered minibuses. Via the specially designed propriety app, developed with VIA Technologies, employees can book a ride – either in advance or last minute – meeting their evolving needs for workplace flexibility.


Many **bike events** continued at several locations throughout the year. In Italy, during September's European Mobility Week, CNH Industrial was, for the seventh year running, the main sponsor of the annual *Giretto d'Italia* cycling event, organized by Legambiente[1] to encourage people to travel to work by bike or other alternative means (such as electric scooters or public transport). All Company sites in the country took part in the event, involving around 900 employees.
Remaining in Italy, CNH Industrial's *Bike Race* initiative was held between May and October, in which participating employees could register and certify their commutes by bike via a special app. Over 5,000 such journeys were recorded, totaling more than 33,000 kilometers and preventing 4.3 tons of $CO_2$ emissions.
Employees in Antwerp and Zedelgem (Belgium) benefitted from bike leasing programs, with over 100 bikes hired. At the Antwerp plant, a course was held on road safety for cyclists.

Employees in Arbon (Switzerland) were offered financial incentives to purchase bicycles, e-bikes or scooters for travel to work, while free charging stations for electric bikes were installed in the parking area at the Bourbon-Lancy plant (France).
The Company financed city hall's building of a cycle lane in Jesi (Italy) to encourage employees to commute to the plant by bike or other low-carbon transport.
Employees and their families in Burr Ridge (USA) joined the ninth annual *Pedal the Parks* event, a weekend community biking event sponsored by the Company.

## 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 2021, employee air travel managed directly through Company headquarters[2], 72% of which was medium haul[3], generated 1,613 tons of $CO_2$ emissions for 4,462 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.
Because $CO_2$ is an inevitable by-product of fuel combustion in aircraft[4], emissions are undoubtedly the most significant environmental impact of air travel. In many cases, however, travelling by air is unavoidable, in part because of the broad geographic dislocation of CNH Industrial sites.
The Company is able to rationalize its business travel and contain its environmental impact by using computer technology (online and electronic communication) to enable employees across the globe to interact effectively. Additionally, it leverages advanced online audio/video conferencing and other virtual tools, which allow employees to work remotely from their offices rather than travel long distances, thus contributing to reducing emissions and costs.

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

In this regard, CNH Industrial has been investing in the phase-in of video conferencing facilities since 2011. In 2021, it further enhanced its high-quality telepresence systems by integrating Microsoft Teams, as well as its audio conferencing and instant messaging services, averaging 717,370 online sessions per month (434,400 in 2020).

### 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 2021, approximately 8,200 personal computers and 1,083 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 1,100 computer monitors with new units that comply with environmental requirements regarding product energy consumption and efficiency, the use of hazardous substances, recyclability, packaging materials, and low-impact manufacturing methods. Furthermore, the monitors are also EnergyStar and EPEAT Silver/Gold rated. CNH Industrial rents its PCs, technical workstations, and computer monitors; when no longer usable, they are returned to the rental company, which handles their subsequent life cycle stages.
In forthcoming tenders for ICT supply contracts, the assessment of suppliers will include sustainability requirements.
As regards the Data Center, which houses the computer systems hosting the IT applications and services, the ICT Department continues to implement two complementary strategies to optimize energy consumption: the virtualization of servers and their allocation to second/third generation data centers. In 2021, 14 outdated physical servers were eliminated, and 5 new servers were transferred to a virtual environment. 45 backup appliances and 35 ESX physical servers were also replaced with new low-carbon footprint hardware. The microchip shortage during the year greatly impacted the delivery of new servers, so the replacement of many machines was consequently postponed to 2022.

## INDUSTRIAL RELATIONS

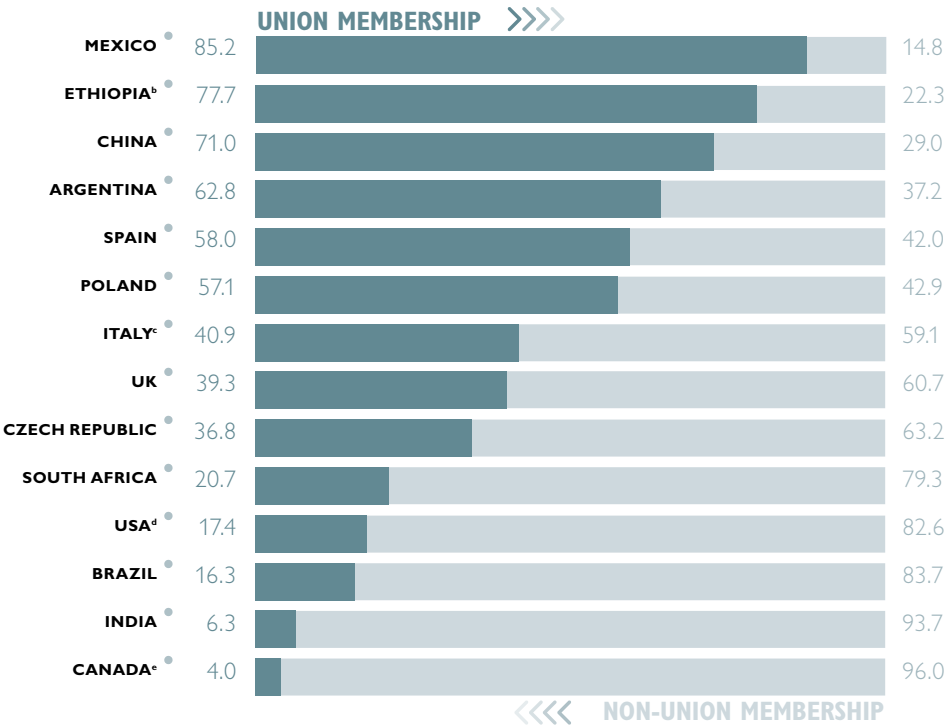

CNH Industrial qualifies as a European Community-scale group of undertakings, and is therefore subject to regulations designed to improve employees' rights to information and consultation through the establishment of a **European Works Council** (EWC). The Council was established in July 2015, pursuant to the subsidiary provisions set forth by the law of the Netherlands, transposing the Directive 2009/38/EC; it comprises 20 members representing CNH Industrial employees in 17 countries of the European Union.
In 2021, 2 EWC plenary meetings and 6 meetings with the EWC Select Committee took place to discuss cross-country Company initiatives. The plenary meeting held at the beginning of September 2021 was devoted to the consultation on the planned demerger of the on-highway business from CNH Industrial. During the same meeting, the EWC gave a mandate to its EWC Select Committee to negotiate, on behalf of CNH Industrial and with the assistance of an expert, an agreement with Company representatives. An agreement between the EWC and CNH Industrial was reached on November 23, 2021 and ratified by the EWC during the plenary meeting held on December 17, 2021.
Due to the ongoing pandemic in Europe, all EWC meetings took place remotely using an IT platform that enabled their simultaneous translation in all 9 required languages.

### 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 2021 (figures as at October 31, 2021), a survey on unionization was carried out in most of the countries where CNH Industrial operates. Freedom of association is regulated by country-specific legislation. In certain countries, surveys on the level of trade union representation cannot be conducted because union membership is considered an employee's personal and private choice and, as such, is not communicated to the employer. At the time of the survey, 14 countries were excluded due to data privacy protection (accounting for 22.1% of CNH Industrial's employees), whilst 17 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 around 180 CNH Industrial employees (representing 16% of the workforce of the 17 countries with no employee affiliations to trade unions) elected a representative body with information, consultation, and negotiation rights.

## 2021 UNION MEMBERSHIP[a]

CNH INDUSTRIAL WORLDWIDE (%)



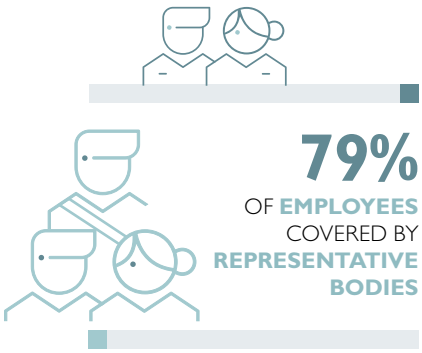

*(a) Survey carried out on October 31, 2021 in countries where 99.6% of CNH Industrial's global workforce is employed.*
*(b) 99% of the workforce mapped.*
*(c) Figures for Italy updated as at December 31, 2021.*
*(d) 99% of the workforce mapped.*
*(e) 79% of the workforce mapped.*

### 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, 2021 in the countries where 99.6% of CNH Industrial's workforce is employed revealed the absence of any employee representative bodies in 19 of those countries (comprising only 1.3% of the workforce surveyed).

Worldwide, approximately 79% of CNH Industrial employees are covered by representative bodies.



### JOINT COMMITTEES

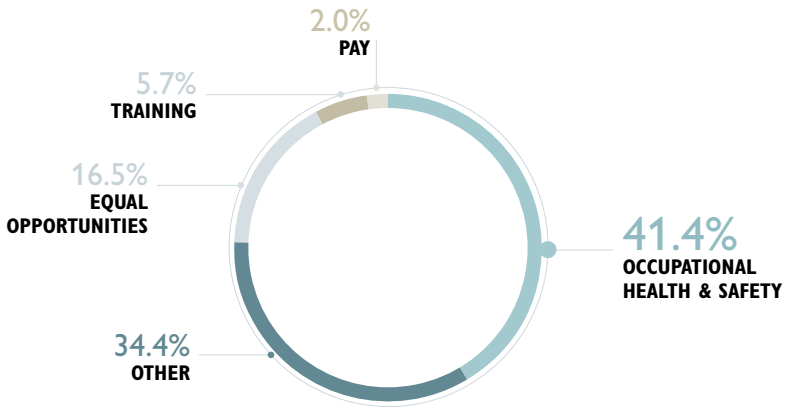
In October 2021, a survey[1] showed that 88.4% of employees were represented by occupational health and safety joint committees (i.e., committees made up of Company and worker representatives).
In Italy, for example, the health and safety joint committees at plant/site level comprise, on the workers' side, individuals selected from the employee health and safety representatives; on the Company's side, the employer or representative, the Human Resources (HR) Manager or representative, and the Head of the Prevention and Protection Service. These health and safety joint committees meet at least monthly, and carry out the information and consultation duties required by Italian law. In addition, they have specific rights to prior consultation and power of proposal regarding, among other things:

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

Other joint committees addressing equal opportunities, training, and pay were found to represent 43.7%, 35.5%, and 4.9%, respectively, of the employees surveyed. Moreover, more than 50% of those surveyed were represented by joint committees dealing with other issues, including:

- several joint committees established in Italy under the CLA, such as the National Joint Committee, the National Joint Committee on Welfare, joint committees on organization and production systems at plant and/or production department level, and joint committees on WCM and plant efficiency established at plant level
- peer review committees for suspension and termination, in place at several locations in the USA and Canada
- joint committees for the management of apprenticeships and for social issues relating to individual workers, in place in various countries
- joint committees on housing, employee transportation, childcare, and cafeterias, in place in various countries.

**DISTRIBUTION OF JOINT COMMITTEES**
CNH INDUSTRIAL WORLDWIDE




(1) *Data based on a survey of 99.6% of CNH Industrial's global headcount.*
(2) *Joint Health and Safety Body.*

## COLLECTIVE BARGAINING AGREEMENTS

As at December 31, 2021, collective bargaining agreements covered more than 80% of Company employees[3]. This is an average figure based on local practices and regulations, as shown in the table below. It should be noted that 66.7% of the agreements reached in 2021 were signed with unions or employee representatives representing more than 50% of Company employees.

**2021 COLLECTIVE BARGAINING AGREEMENTS COVERAGE**
CNH INDUSTRIAL WORLDWIDE (%)

| | Employees surveyed | Employees surveyed covered by collective bargaining agreements |
|---|---|---|
| North America | 88.3 | 18.4 |
| Europe | 99.8 | 98.3 |
| South America | 98.6 | 96.0 |
| Rest of World | 83.0 | 9.8 |
| **Total** | **96.4** | **80.3** |

## COLLECTIVE LABOR AGREEMENTS IN DETAIL

In 2021, CNH Industrial signed a total of 174 agreements at either Company or plant level, 23 of which included provisions on health and safety matters, and 27 on measures to contain the spread of COVID-19 in the workplace. The main wage and regulatory agreements signed in 2021 with Company legal entities include:

- the agreements reached during the annual negotiations in France, providing for wage increases based on inflation
- the agreement reached at the Kutno plant (Poland), covering the October 2021-December 2022 period, providing for wage increases slightly above inflation owing to country-specific circumstances and for variable monthly pay based on work attendance and compliance with safety regulations
- the agreement reached in September 2021 at the plant in Basildon (UK) between CNH Industrial and Unite, a trade union representing more than 50% of the plant's workforce, covering the whole of 2021 and providing for wage increases linked to inflation
- the renewal of the collective labor agreement (CLA) at the IVECO plants in Madrid and Valladolid (Spain), which covers the 2021-2023 period and includes new provisions on the flexibility schemes to be applied at both plants
- the agreement reached at the plant in Antwerp (Belgium), providing for additional flexibility levers to cope with production volume increases
- 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 (%)

| | 2021 |
|---|---|
| Operating issues | 26.3 |
| Wages/pay issues | 25.7 |
| Initiatives related to COVID-19 | 9.0 |
| Health & safety | 7.7 |
| Restructuring | 6.7 |
| Training | 6.3 |
| Other | 5.3 |
| Equal opportunities | 4.7 |
| Employability & lifelong learning | 3.0 |
| Stress management | 3.0 |
| Career development | 2.3 |

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

*[3] Survey conducted on 96.4% of CNH Industrial's global headcount.*

## GRIEVANCES ON LABOR PRACTICES

In 2021, 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.

### 2021 GRIEVANCES FILED AND RESOLVED

CNH INDUSTRIAL WORLDWIDE (no.)

| | Grievances filed | Grievances resolved |
|---|---|---|
| North America | 179 | 133 |
| Europe | 2 | 1 |
| South America | - | - |
| Rest of World | 1 | 1 |
| **Total** | **182** | **135** |

## MINIMUM NOTICE PERIOD FOR OPERATIONAL CHANGES

In **Canada**, the collective bargaining agreement between CNH Industrial Canada Ltd. and United Steelworkers Local Union No. 5917, which covers the Parts Depot located in Regina, provides for the Company's written notice to the union no later than 90 days prior to the scheduled depot closure date. At non-unionized sites and unionized locations with no specific requirements under the collective bargaining agreement (CBA), it is common practice to inform all employees of organizational changes related to outsourcing through a company-wide announcement, with appropriate advance notice. In the **USA**, the federal Worker Adjustment and Retraining Notification Act (WARN), which applies to both unionized and non-unionized sites, requires employers to give a minimum of 60-days' notice for any action that will cause at least 50 employees, or 33% of the workforce, to lose their jobs. The CBA between CNH Industrial America LLC and International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW), which covers the plants located in Burlington and Racine, contains a letter of understanding stating that the Company will refrain from permanently shutting down either plant during the stated agreement term, which expires on April 30, 2022. A separate letter of understanding under the same CBA requires the Company to provide 6-months' advance notice to the local unions in the event of a full plant closure. Should this 6-month notice period impair the Company's need for speed, flexibility, and confidentiality, the Company may provide such notice no less than 60 days prior to full plant closure.
In the **European Union (EU)**, the Council Directive 2001/23/EC stipulates that, should a contractual sale or merger result in the transfer of a business, plant, or parts thereof, an information and consultation procedure must be conducted with employee representatives. The procedure must be initiated a reasonable period of time prior to the transfer. Moreover, the Council Directive 98/59/EC on the approximation of the laws of the EU member states relating to collective redundancies requires employers to hold consultations with workers' representatives whenever collective redundancies are being contemplated. Accordingly, CNH Industrial subsidiaries comply with the regulatory provisions resulting from the adoption of the above directives in each individual EU member state.
In **Brazil**, bargaining is not mandatory in the event of the transfer of a business, plant, or parts thereof, resulting from a contractual sale or merger, but it is customary for CNH Industrial to implement a direct and formal communication process with both employees and unions. Talks generally focus on minimizing social impacts, if any. Operational changes in South America, such as the deployment of new technologies to improve work efficiency, quality, competitiveness, or employee health and safety, are preceded by formal negotiations with labor unions, according to the specific terms and conditions provided for under the CBA. The procedure must be initiated a reasonable period of time prior to the change; when necessary, such changes are made gradually in order to prepare employees for the new scenarios.
In **Australia**, the CBAs applicable to CNH Industrial and IVECO include a clause that requires both to notify unions, delegates, and officials within 28 days in the event of changes that may significantly affect employees. In **China**, the National Labor Union stipulates that all operational changes such as reorganizations, restructurings, or actions causing 20 or more employees, or 10% of company employees, to lose their jobs must be notified to the union itself. Such operational changes must be filed and approved by the Labor Bureau 30 days prior to any further notifications or actions, or the changes are deemed illegal. In **Russia**, the minimum notice period required in the event of operational changes

is 2 months. The Company must also notify the local employment center in advance if mass redundancies are planned.
In **Thailand**, if operational changes are planned, the minimum notice period required is 1 month. In **South Africa**, a 60-days' consultation period is required, followed by 30-days' notice. In **Uzbekistan**, the minimum notice period required in the event of operational changes is 2 months.

## MANAGEMENT OF PRODUCTION LEVELS

In 2021, CNH Industrial worked with trade unions and employee representatives to reach consensus-based solutions for managing market conditions, with varying approaches across its different businesses and locations.
Due to exceptional increases in production volumes, the total headcount across all facilities in North America has increased by approximately 30% since December 2020, and is expected to further increase given the production schedule planned for 2022.
In Europe, 2021 was a challenging year, partly due to the continuing pandemic, which required the COVID-19 Health and Safety Protocol, implemented the previous year, to remain in force to ensure the highest level of safety in the workplace.
Production volumes increased notably in most segments compared to 2020. In the **Agriculture** segment, all product lines recorded significantly higher market demand than in both the previous year and 2019, leading to higher production volumes at the plants in Basildon (UK), Jesi (Italy), and Sankt Valentin (Austria), which manufacture tractors, and at the plants in Zedelgem (Belgium) and Plock (Poland), which manufacture combines. Only the Kutno plant (Poland), which manufactures agricultural machinery, suffered a decrease in production volumes; this was partly due to the discontinuation of certain products, not yet mitigated by the plan to reallocate component manufacture from other plants. Production schedules at the plants in Modena (Italy), Antwerp (Belgium), and Croix (France), which produce agricultural components, mostly mirrored those at customers' plants.
The **Construction** segment recorded remarkable growth at its Lecce (Italy) plant in comparison to 2019 and 2020.
At the plants that manufacture off-highway vehicles, all flexibility mechanisms were employed to satisfy the growth in demand, including overtime and hiring, mainly of temporary and agency workers due to the uncertain economic climate. At many plants, a number of these workers were eventually hired as permanent employees.
The **Commercial and Specialty Vehicles** segment also experienced a significant upward trend in production volumes, especially at the Madrid plant (Spain) where heavy-duty truck volumes grew notably compared to 2019 and 2020, requiring a major increase in the number of temporary and agency workers. The situation was similar at the plants in Valladolid (Spain) and Suzzara (Italy). At the former, the production volume increase required overtime, mainly in the first half of the year. At the latter plant, it required overtime on Saturdays in the first half of the year, and the introduction of a third shift from October, with the hiring of additional agency workers and the conversion of a number of them into permanent personnel. At the Brescia plant (Italy), which manufactures medium-duty trucks, the increase in production enabled reducing the stoppages planned under the solidarity contract in place since January 2021.
Bus production slowed down in 2021, mainly affecting the Annonay plant (France), which had to resort to temporary layoffs later in the year. At the plants in Rorthais (France) and Vysoké Mýto (Czech Republic), on the other hand, production volumes were substantially in line with previous years; at the latter plant, however, irregular production volumes and disruptions to the supply chain meant an agreement had to be reached with the unions to modify the flexibility mechanisms in the second half of the year. Regarding firefighting vehicles, production volumes returned to 2019 levels, leading to an increased utilization of the existing workforce, whilst the major upward trend compared to previous years for defense vehicles required the hiring of more agency workers and the conversion of a number of them into permanent personnel at the Bolzano plant (Italy).
At the **Powertrain** plants, production volume trends were directly linked to those at the CNH Industrial plants that manufacture the final products, as well as to changing demand from external customers. In July, the FPT Industrial plant in Garchizy (France) was devastated by fire: the unserviceability of the site led to temporary layoffs and to workers being offered temporary relocation to the Bourbon-Lancy plant about 70 kilometers away. Production resumed in Garchizy in November, but, as the site remained partly unserviceable, some testing and packaging activities were moved to the Bourbon-Lancy plant and the parts management was assigned to an external provider.
Despite the economic upswing during 2021 that favorably impacted production volumes, most segments were faced, especially in the second half of the year, with slow and intermittent deliveries of raw materials and core components from suppliers, especially, but not limited to, electronic control units. In some months, production at various plants had to be suspended for several days as no alternative supplies could be sourced. The situation was closely linked to the widely reported shortage of microchips, semiconductors, and raw materials (including, for instance, steel), also caused by the COVID-19 pandemic, which had significant repercussions on the automotive supply chain globally. CNH Industrial

was able to manage the situation by constantly adapting its production schedules to the highly dynamic situation, and by optimizing its manufacturing operations so as to meet the continued market demand and best serve its dealers and customers.

In Brazil and Argentina, where containing the pandemic proved difficult, some of the measures implemented the previous year had to continue, such as furlough schemes for limited periods for potentially vulnerable employees and the COVID-19 Health and Safety Protocol to prevent infections spreading within the Company. Despite the pandemic, 2021 saw a rapid economic upturn compared to the previous year, with all Brazilian plants in all segments experiencing a major increase in production volumes compared to 2020: about 60% for **Agriculture** and for **Construction**, about 130% for **Commercial and Specialty Vehicles**, and about 80% for **Powertrain**. However, all sites in Brazil also suffered from raw material and component shortages due to logistical issues related to the lack of containers and ships. This required plants to stop production for a couple of days per month, and to negotiate a Plant Shutdown Agreement to minimize difficulties, implementing workforce flexibility measures to meet production needs, including hour banks, vacations, and work suspensions. All agreements were made in accordance with the law and with the focus on preserving jobs and employees' quality of life. The growth in demand required a considerable workforce increase in all segments; this was met through temporary and agency contracts due to the continued economic uncertainties, mostly caused by the pandemic.

In the Rest of the World, the **Agriculture** plant in Harbin (China) was impacted by a huge demand from the internal Chinese market. High production volumes at the plant were managed by hiring temporary workers and through overtime. In India, the Noida and Pune plants dealt with volume fluctuations by reducing the use of temporary workers and using collective vacation days during low production periods. In Uzbekistan, the impact of COVID-19 was negligible, and therefore operations at the plant in Tashkent continued as normal. Furthermore, a new assembly line was launched for the production of cotton-harvesting drums for 2-row and 4-row cotton-picker machines, intended for the domestic market as well as for export. The **Construction** plant in Pithampur (India) adopted measures similar to those implemented at the country's **Agriculture** plants.

The **Commercial and Specialty Vehicles** plant in Dandenong (Australia) focused on increasing work volumes and capacity. This required the recruitment of hourly employees and apprentices, and a second shift was introduced to deal with the increased production levels. In South Africa, the Rosslyn plant was severely affected by restrictions on the number of employees allowed in the workplace, which limited interaction between departments and required staggered shifts starting half an hour apart. However, there was minimal loss of production.

## RESTRUCTURING AND REORGANIZATION

In Italy, within the scope of a tripartite dialogue, the Company continued its actions, started in 2020, to manage the repercussions of its Strategic Business Plan (SBP) on the Italian plants. These actions were outlined in the framework agreement, entered into on March 10, 2020 in the presence of the Ministry of Economic Development, between CNH Industrial and national trade unions FIM, FIOM, UILM, FISMIC, UGLM, and AQCFR.

The FPT Industrial site in Pregnana Milanese (**Powertrain**) ceased production at the end of April 2021. As planned, production was transferred to the FPT Industrial Torino Motori plant, whilst the workers, following an agreement reached in April 2021 with the trade unions that have territorial jurisdiction and the workers council, and in the presence of the Ministry of Labor and Region of Lombardy, began to benefit from the Extraordinary Wages Guarantee Fund (CIGS) due to the plant's shutdown, covering the period from May 1, 2021 until April 30, 2022. All 240 or so salaried and hourly workers employed at the site at the end of 2020 were offered re-employment at another Italian site, and approximately 80 were relocated following their acceptance of the relocation package specified in the agreement of November 24, 2020. Moreover, approximately 80 employees left the Company, accepting a redundancy package more favorable than required by law. This took place as per the aforementioned agreement and on the basis of agreements with the unions that have territorial jurisdiction and the workers council on the implementation of an incentive plan for the termination by mutual consent of the employment contract, given the ban on dismissals in force in Italy. Due to all the measures put in place, the number of employees made redundant at the Pregnana Milanese site at the end of December 2021 fell to 80.

To deal with the surplus labor at the FPT Industrial plant in Foggia (**Powertrain**), on July 27, 2021, a solidarity agreement was reached, as envisaged by the March 10, 2020 framework agreement, with the local trade unions and workers council, which is expected to last 24 months starting from August 23, 2021. The surplus was caused by the decision by former Fiat Chrysler Automobiles (FCA, now Stellantis) to start manufacturing its own engines, previously supplied by the Foggia plant. In order to relaunch the plant and manage the approximately 650 redundancies, the agreement provides for a detailed plan and related investments, encompassing: the transfer of engine production from the Torino Motori plant;

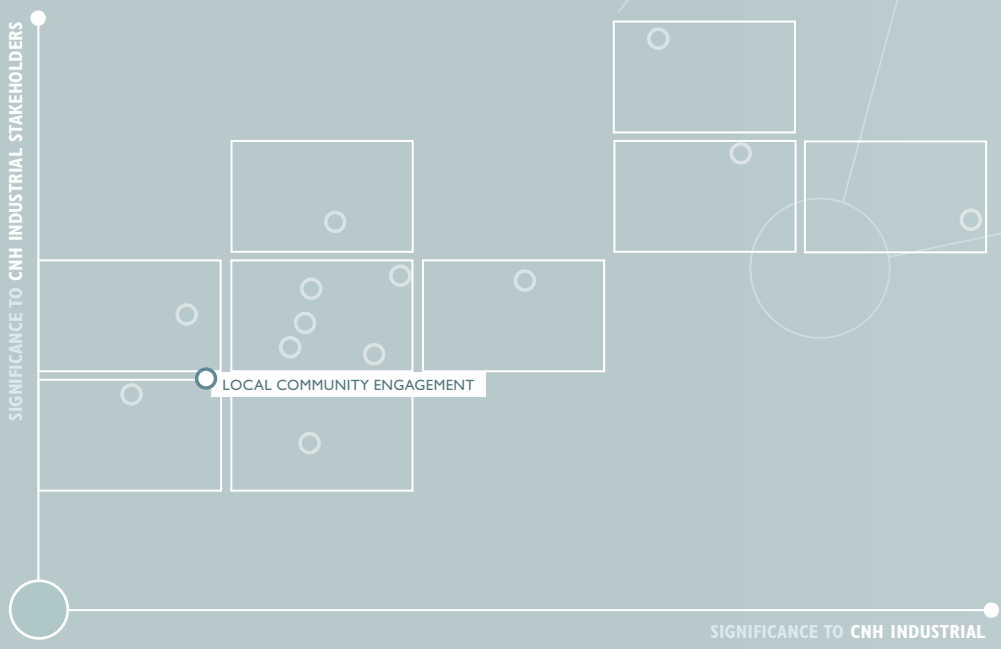
the launch of a new generation engine for off-highway customers, originally to have been produced in India; and the in-house transfer of various operations, including the processing of crankcases, currently carried out in China by an external supplier. These measures have thus seen some operations moved from low-cost countries to Italy (reshoring), in contrast to the practices observed in various sectors over the last few years. As a result of the above plan, the change in the plant's mission assumes particular importance, as it will no longer only produce light engines for on-highway vehicles, but it will also manufacture light engines (up to 4,000 cc) for off-highway vehicles. This entails a significant customer-base expansion both within CNH Industrial (due to the addition of the Agriculture and Construction segments to IVECO), and externally, referring to numerous manufacturing companies around the world. Under the same agreement of July 27, the parties identified an additional measure to deal with redundancies through the collective dismissal of up to 70 employees among those eligible to retire during the period covered by unemployment benefit.
At the IVECO plant in Brescia (**Commercial and Specialty Vehicles**), the solidarity contract, in place since January 11, 2021 with an expected duration of 24 months, was terminated on December 31, 2021, i.e., 12 months earlier than originally planned due to the combined effect of increased production volumes and a reduction in the workforce. This reduction was partly the result of a collective dismissal agreement entered into with the local trade unions and the workers council. More than 120 employees, eligible to retire during the period covered by unemployment benefit, have left the Company on the basis of these agreements, with redundancy packages more favorable than required by law.
The conversion of the San Mauro Torinese site into a logistics hub was completed in October 2021. Reorganization started in 2020, leading to the **Construction** segment shutting down production in June 2020, with the support of the Extraordinary Wages Guarantee Fund (CIGS). As the hub deals with the receipt, packaging, and handling of spare parts for IVECO and FPT Industrial, as well as the storage and shipping of spare parts for FPT Industrial, the logistics hub was sold by CNH Industrial Italia to IVECO effective as of December 1, 2020, while the hub's approximately 250 employees were transferred to IVECO as per the trade union procedure for transferring part of an undertaking.
CNH Industrial has been working since 2019 on the strategic reorganization of the **Construction** segment (which has experienced a steady, continuous decline over the past 10 years), including reorganizing the production network to make products more competitive, and expanding both product portfolio and customer services. In France, at the end of January 2021, within the framework of the consultation procedure with its Central Social and Economic Committee (CSEC) on the corporate strategic direction, CNH Industrial, having analyzed several scenarios, raised the possibility of closing the Tracy-le-Mont site in the third or fourth quarter of 2022. This was aimed at continuing to strengthen the Construction segment and at providing ever-more efficient products and services to its end customers, in France as well as globally. Consultations then began on the closure of the plant, which employs around 70 workers, and were completed in September with the signing of a social plan by the Company and all trade unions. The plan includes the option of re-employing workers at other French sites in need of personnel, and provides for redundancy packages and economic measures, more favorable than required by law, for those leaving the Company. The plant will cease production in September 2022, although it has been agreed that, from October 2021, employees who have found employment in-house or externally can leave the site/company prior to the date of closure.
One of the projects discussed with the European Works Council, and with the works councils of the plants affected in 2021, relates to a reorganization of the **Agriculture** production network and involves the plants in Modena (Italy) and Antwerp (Belgium). The project is aimed, on the one hand, at increasing flexibility in tractor component production in Europe, so as to quickly scale production in case of need; on the other, the aim is to better cope with supply disruptions to the final assembly plants. The project was implemented during the year, and provides for extending APH SPS driveline testing and assembly, previously only carried out in Antwerp, to the Modena plant. Consequently, two plants now supply tractors with APH SPS drivelines, gaining the required flexibility in both production volumes and mix, with an expected 50-50 volume split between the two plants. The Modena plant is limited by its production line's current technical capacity. The project potentially provides for a workforce increase in Modena, whilst the surplus workers on the assembly line in Antwerp can be managed by moving some of them to other areas of the plant or by not extending temporary workers' contracts.

## LABOR UNREST

In **Belgium**, 3 national strikes affecting CNH Industrial sites took place related to the negotiations on interprofessional agreements, and to calls for increased wages and improved rights.
In **France**, the level of labor unrest was in line with the previous year. Apart from a few cases at various sites associated with Government social policy and the national collective bargaining negotiations, most of the strikes were related to annual wage negotiations or specific operational issues. At the Tracy-le-Mont plant, there was a week-long strike following the announcement of the site's closure in 2022.
In **Italy**, the overall level of labor unrest in 2021 was low, despite a slight increase compared to the previous year in hours lost due to strikes (of which more than 70% was due to reasons external to the Company).
In other countries, the overall levels of labor unrest in 2021 were either zero or negligible.

# ENGAGING LOCAL COMMUNITIES






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

# MANAGEMENT FRAMEWORK

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

As stated in the Code of Conduct, CNH Industrial is aware of the potential direct and indirect impact of its decisions on the communities in which it operates. For this reason, the Company promotes an open dialogue to ensure that the legitimate expectations of local communities are duly taken into consideration, and voluntarily endorses projects and activities that encourage their economic, social, and cultural development. Moreover, it acts in a socially responsible manner by respecting each country's culture and traditions, particularly those of indigenous people, and by operating with integrity and in good faith to earn the trust of the community.
The Community Investment Policy, available on the Company's website, ensures that activities are managed consistently, identifying methods and defining areas of application at global level. Specific guidelines are then implemented by geographic area to best adapt the process to local needs.
The Compliance Helpline is an operational grievance mechanism available to CNH Industrial's local communities to report potential violations of corporate policies, the Code of Conduct, or applicable laws (see page 48).

The Global Social Initiatives Team (see page 46) is responsible for the operational aspects of local community projects, and for implementing them in accordance with country-specific requirements. The team meets regularly to identify the projects to be implemented at global level, ensuring consistency across geographic areas while considering individual local needs as well the Company-wide strategy.
In North America, requests for funding or donations are reviewed by the CNH Industrial Foundation. Grant applications that meet the initial criteria are reviewed on a quarterly basis by the Foundation's Board of Directors, made up of employee representatives.

In 2019, in line with its sustainability priority *people engagement,* the Company included a strategic sustainability target (see page 27) in the Strategic Business Plan: a 100% increase in the number of people who benefit from CNH Industrial's local community initiatives by year-end 2024 (compared to 2017). This strategic target was incorporated into the Sustainability Plan to ensure the continuous improvement and monitoring of the projects involved (see page 33). Furthermore, the expected outcomes of each project falling under this target were also included as individual objectives in the Performance Management Process (see page 91). Projects and their results are included in the Sustainability Report.

In 2021, the resources allocated by CNH Industrial to local communities totaled **$8.74 million**, including almost $416,000 for total cost of management.

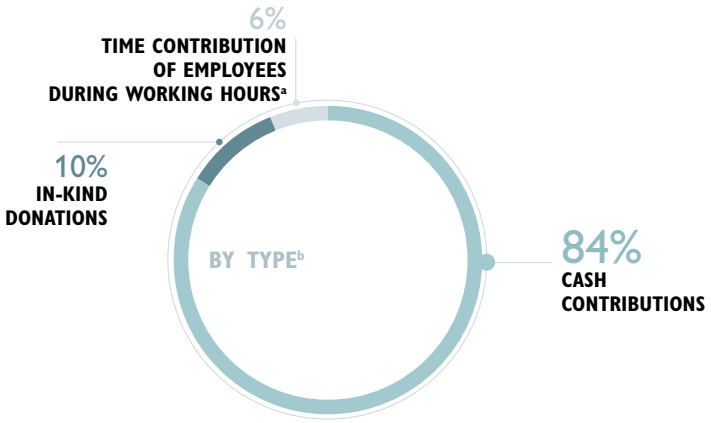

### PHILANTHROPIC CONTRIBUTIONS

CNH INDUSTRIAL WORLDWIDE ($)

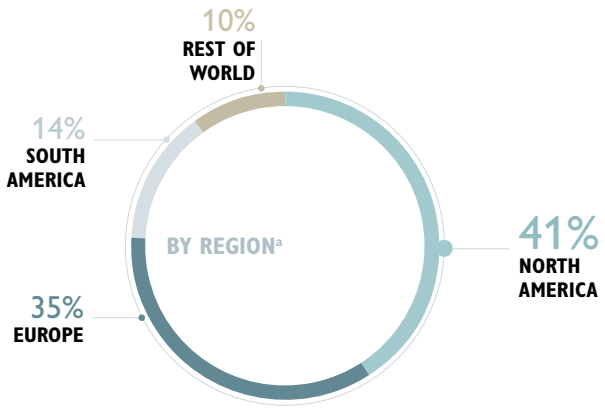
| Type of contribution | 2021 |
|---|---|
| Cash contributions | 7,104,243 |
| Time contribution (employee volunteering during paid working hours) | 368,883 |
| In-kind donations (products/services, projects/partnerships or similar) | 850,677 |
| Management overheads | 415,731 |
| **Total** | **8,739,534** |

(1) *See the Materiality Matrix on page 23.*

### CONTRIBUTION TO LOCAL COMMUNITIES
CNH INDUSTRIAL WORLDWIDE

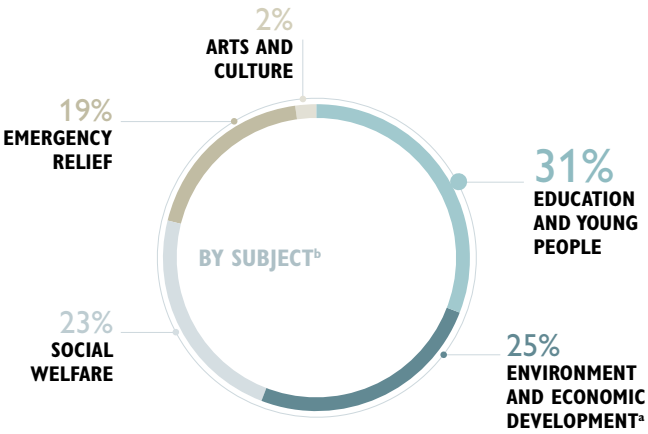



[a] *Represents the monetary value of hours of volunteer work carried out by employees during working hours (also includes initiatives where legal entities are fully or partially reimbursed through public funds).*
[b] *Including the total cost of management.*




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


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




[a] *Also includes health and other items.*
[b] *Including the total cost of management.*

The investment data for local communities includes the total cost of management and is categorized as per the principles set out in the Business for Societal Impact (B4SI) Guidance Manual. Figures are based on accounting data and calculations, and include estimates. For details on the methodology, see page 242.

# IMPACT MEASUREMENT AND VALUATION

CNH Industrial is fully aware of the potential impact of its operations on the environment and on local communities, and therefore carefully monitors the aspects that could significantly affect them.
The Company addresses social needs through a specific business tool, managed at country level to better meet local communities' actual needs: the Business for Societal Impact (B4SI) Framework, which measures the effectiveness of an initiative and its ability to address needs. This tool helps CNH Industrial select projects that specifically generate social and business value while addressing local community needs.

## BUSINESS FOR SOCIETAL IMPACT

In 2021, CNH Industrial joined the Business for Societal Impact network, formerly known as LBG. The Business for Societal Impact (B4SI) Framework is a globally recognized methodology used by companies to articulate and measure the positive social impact of their contributions and investments.

The application of the B4SI Framework helps a company measure its social impact in a clear, consistent, and robust way, enabling it to quantify its inputs (what it contributes to society) as well as understand the extent of its impact (the changes its contributions make to business and to society). When used to measure social impact initiatives, the information acquired through the B4SI Framework leads to better decision making on company activities. Businesses use B4SI metrics to perform strategic reviews, optimize their programs, and monitor the performance and delivery of objectives. Moreover, the B4SI network provides a forum through which companies can connect and learn from their peers, sharing information and best practices within their respective organizations. It also gives access to the combined knowledge and experience of over 160 responsible business practitioners across the globe.

The B4SI Framework currently underpins the 'Community & Philanthropy' question in the Dow Jones Sustainability Index (DJSI) questionnaire, is reflected in the GRI Sustainability Reporting Standards (GRI Standards), and is recognized by the UN Global Compact as evidence of a company's social impact narrative to stakeholders.

## POTENTIAL IMPACT OF OPERATIONS ON LOCAL COMMUNITIES

When monitoring the impact of its operations on the environment and on local communities, CNH Industrial also considers the suppliers it relies on and has partnered with, to whom it transfers its best practices, such as the World Class Manufacturing (WCM) program (see page 165). 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 152). 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 82; 100)
- improvements in the welfare of workers and their families (see page 98)
- the impact of atmospheric emissions (see page 185)
- air quality protection (see page 170)
- water management (see page 171)
- waste management, soil and subsoil protection (see page 174)
- biodiversity protection (see page 177)
- removal of hazardous substances (see page 200)
- adoption of logistics solutions with lower environmental impact (see page 190).

All of the above are monitored, among other aspects, under the Risk Management system (see page 66). 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.

## CORPORATE COMMUNITY INVESTMENT EVALUATION

The effectiveness of an initiative and its ability to address needs is measured through the Corporate Community Investment (CCI) tool. Developed in line with the Business for Societal Impact (B4SI) Framework, it is an internal tool used to evaluate the types of benefits gained in the 4 major areas potentially affected by any project: people, organization, environment, and business. In 2019, the Company integrated a strategic sustainability target (see page 27) within the Strategic Business Plan: a 100% increase in the number of people who benefit from CNH Industrial's local community initiatives by year-end 2024 (compared to 2017). All projects implemented in line with this target were assessed using the CCI methodology (see table on the following page).

### CORPORATE COMMUNITY INVESTMENT (CCI) EVALUATION[a] OF MAIN 2021 PROJECTS

| Association | Project (Country) | Evaluation of impact on[b]: People | Organization | Environment | Employee participants (volunteers) | Business | Outputs[c] See page |
|---|---|---|---|---|---|---|---|
| **PROJECTS TO COMBAT CLIMATE CHANGE AND REDUCE ENVIRONMENTAL IMPACT** | | | | | | | |
| 4elements | **Beach Care (Italy and France)** | 4.7 | 4.2 | 5.0 | 3.5 | 4.2 | 121 |
| We World | **WeWorld (Mozambique)** | 4.5 | 4.2 | 4.5 | 3.6 | 3.2 | 122 |
| **PROJECTS TO IMPROVE FOOD AVAILABILITY** | | | | | | | |
| Great Plains Food Bank | **Feeding America - Fargo Corn Event (USA)** | 3.2 | 3.2 | 2.0 | 4.0 | 2.8 | 124 |
| Rise Against Hunger | **It Starts with a Meal (Europe)** | 4.7 | 4.2 | 3.6 | 4.5 | 4.1 | 124 |
| SpesaSospesa.org | **Spesa Sospesa (Italy)** | 4.5 | 4.6 | 4.4 | 4.4 | 4.0 | 121 |
| Local food banks | **Food baskets (Brazil)** | 3.8 | 2.8 | 1.0 | 2.3 | 3.0 | 124 |
| Fundación Banco de Alimentos | **Food baskets (Argentina)** | 4.5 | 2.8 | 1.0 | 1.9 | 3.0 | 124 |
| **YOUTH TRAINING** | | | | | | | |
| Lideres de Andenuza Foundation | **Professional development (Argentina)** | 4.5 | 3.2 | 1.5 | 2.6 | 3.2 | 126 |
| Taqweem-e-Pakistan Welfare Organization | **Empowerment training (Pakistan)** | 4.8 | 3.8 | 1.0 | 3.6 | 3.4 | 128 |
| **PROJECTS TO REDUCE INEQUALITIES** | | | | | | | |
| Habitat for Humanity | **Fighting homelessness (USA)** | 4.3 | 2.8 | 1.0 | 4.0 | 2.8 | 128 |

*(a) Evaluated according to the B4SI Framework.*
*(b) Impacts are rated on a scale from 1 (no impact) to 5 (very high impact). For details on the methodology, see page 244.*
*(c) Outcomes are highlighted in the respective project descriptions.*

# PROJECTS TO COMBAT CLIMATE CHANGE AND REDUCE ENVIRONMENTAL IMPACT

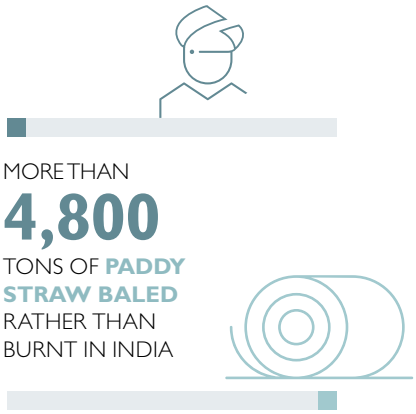
A key priority at CNH Industrial is to combat climate change, whose negative impact on ecosystems affects the quality of life for people in local communities, as well as consumer choices. The Company has initiated several projects to tackle this global issue, which are also aligned with SDG 13 'Climate Action'. These 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

Following in the footsteps of Suzzara (Italy), Valladolid (Spain), and Annonay (France), the plants in Zedelgem (**Belgium**) and Lecce (**Italy**) installed a Smartflower[1] for the purpose of recharging employees' electric bicycles as well as illuminating the plants' entrances and adjacent bus stops to enhance employee safety.

*(1) Sculptural solar flower with advanced, self-cleaning photovoltaic solar panels that follow the sun's path and open and close automatically for maximum efficiency.*

**India** generates 750 million tons of crop residue per year, of which 230 million tons is burnt or spoilt. In Punjab and Haryana (Northern India), approximately 40 million tons of paddy straw and stubble are burnt every year, causing severe air pollution while depleting the land of precious soil nutrients required for crop growth. Stubble burning generates between 17.9% and 39.5% of particulate matter in the Northern plains, and releases large amounts of toxic pollutants into the environment. Being the quickest and cheapest way to dispose of crop residue in the fields, this practice adopted by most farmers leads to soil health deterioration, impacts soil productivity, and has become a major environmental threat. The *Straw Management Solution* project was devised to prevent crop burning and offer farmers an alternative means for crop residue management. It was launched in 2017 in a single village, with New Holland Agriculture contributing its entire range of equipment (baler, rake, mulcher, and tractor); it has since been extended to a total of 11 villages.
In 2021, a total of 4,836 tons of paddy straw was baled rather than burnt, cutting $CO_2$ emissions by 7,326 tons.




### MITIGATING WATER SCARCITY

CNH Industrial is committed to improving water conservation in the communities near its New Holland Agriculture plant in Greater Noida (**India**). To this end, in 2019, it launched the 4-year *Jal Sanchay* (Water Conservation) project, which affects four 1-hectare lakes nearby. The project relies on CNH Industrial manpower and machinery: employees are encouraged to volunteer as part of the Company's engagement activities, while Company brands provide the necessary equipment, such as tractors from New Holland Agriculture and backhoe loaders from CASE Construction Equipment.
With the help of the local communities, the project entails clearing the areas surrounding the lakes, deepening the lakes, removing weeds and sludge, bunding, and planting vegetation, so as to purify, replenish, and conserve groundwater. Additionally, training programs are organized to create awareness and teach the locals how to contribute to saving water and maintaining water bodies.

The project consists of 2 phases: the first phase, completed in 2020, entailed the cleaning and removal of silt from the ponds, the construction of earthen bunds around them with adequate inlets and outlets for the safe entry and exit of surplus water, and the construction of recharge pits to enhance ground water recharge by increasing the rate of percolation. It also involved soil excavation to increase the ponds' storage capacity (with the excavated soil used to build the embankments), and fence building around the perimeters to protect the plants and prevent animals and children from entering the ponds. Additionally, solar lighting was installed in the surrounding areas, enhancing visibility at night while encouraging the local community to use solar energy.
The second and current phase of the project involves the maintenance of the ponds.
The project has already benefitted more than 10,000 people. Plantation and site maintenance work is in progress and will continue until 2022.

### PROTECTING THE ENVIRONMENT

In 2020, New Holland Agriculture partnered with the Alliance for the Chesapeake Bay to create a riparian buffer[2] to improve water quality and soil health alongside a stream in the grounds of the brand's site in New Holland (**USA**). The objective is to plant over 2,000 trees and shrubs across 8.5 acres of company land to help significantly reduce local pollution and contribute to the county's goal of planting 6,000 acres of new forest buffer by 2025. In 2021, 33 dedicated company volunteers worked to maintain the buffer and plant 60 additional trees on campus, converting excess lawn space into a forested area.
Meanwhile, the brand's AG Information Center in Nevada (USA) joined forces with a local elementary school to plant 33 trees within its community, made possible by a grant received for the purchase of the trees and the volunteer work of the Company's employees. The project was particularly impactful because it helped repair damage in the area caused by the August 2020 derecho storm.
FPT Industrial teamed up once again with Slow Food to support the *Comunità del Cambiamento* initiative, rolled out both in Italy and France and aimed at the adoption of more sustainable and inclusive everyday practices.
The initiative supports 2 cooperatives in Sicily (**Italy**) – *Valdibella* and *No Emarginazione* (No Marginalization). The former produces organic food from ancient varieties of local crops, adopting a sustainable approach to agriculture. The latter encourages the social inclusion of disabled people. The two cooperatives received support to create a 'food forest' (recreating the natural eco-system and diversifying food production while preserving the landscape) and to develop an autonomous supply chain model to deliver high quality organic food at an affordable price.

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

In **France**, the *La Seyne-sur-Mer Prud'homie* is one of 33 fishing collectives present along the French Mediterranean coast. These collective organizations, which have managed French marine resources for over 10 centuries, play an essential control role in everyday port life, and a conservation role by preserving historic cultural models. About 20 fishermen, some of whom work with FPT Industrial-powered boats, are committed to sustainable fishing and to passing on these commendable traditions to younger generations while strengthening the local supply chain. With the support of FPT Industrial and Slow Food, the community will be able to upgrade its infrastructure as well as create additional local jobs. In 2021, FPT Industrial also became an official partner of Slow Food's *Slow Fish 2021* initiative, a further sign of its strong commitment to sustainability and of its all-embracing vision focused on 3 macro-areas: its products, increasingly environment-friendly and at the heart of the brand's solutions for the future of mobility; its production processes, which must constantly strive to reduce environmental impacts without compromising efficiency; and its support to the communities working to safeguard ecosystems by adopting and preserving fair and sustainable farming, fishing, and processing methods.

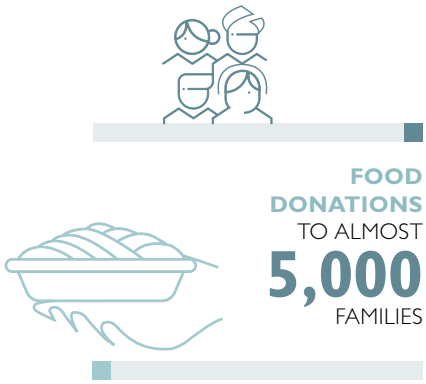
In **Brazil**, since mid-2020, there have been widespread wildfire outbreaks in the Pantanal region, one of the largest biomes in the world (mostly located in Brazil, it extends into Bolivia and Paraguay). FPT Industrial released a documentary called *Pantanal, the Voice of Women* to give visibility to the critical situation in the region as experienced through the eyes of women, and to counteract bias against sustainability matters by raising environmental awareness among its followers worldwide.

### LIFE-CYCLE THINKING

In 2021, CASE Construction Equipment partnered with media content platform 4elements to launch the *Beach Care Project*, a pioneering 3-year environmental program featuring research, beach cleaning, scholarships and education, giving back to communities, and the recycling of waste into new products.
The project was rolled out in **Italy** and **France**, where a CASE 621G Evolution wheel loader equipped with a special 3-cubic-meter skeleton bucket is being used to collect plastic waste from local sandy beaches, preventing it from being washed out into the Mediterranean Sea. With the help of local primary school children, the waste collected will be recycled into plastic wheel loader toys, in the spirit of creating a circular economy. Cleaning is only one aspect of the project, which is underpinned by research from leading European institutions. Other outcomes include the creation of student scholarships at specialist research institutes that may lead to research careers focused on the future transformation of beach ecosystems. The *Beach Care Project* is expected to be extended to the UK and Spain.
The project was assessed using the B4SI methodology (see page 244), leading to the following measurable outcomes: it directly benefitted 6,500 students (mainly children up to age 11) and reached 4 customers, 1 distributor, and 30 influential stakeholders.

In **Italy**, CNH Industrial supported the *SpesaSospesa.org* project, an ongoing solidarity initiative by the non-profit organization Lab00 for the collection and distribution of food and basic necessities to people in need, particularly in light of the recent pandemic. Donations are made by citizens and companies alike, entailing complex logistics that are handled using a donation management platform called *Regusto*. On the other hand, the vehicles required to collect and distribute the goods were provided by CNH Industrial through its IVECO brand, with 5 Daily light commercial vehicles delivered directly to the organization (3 vans and 2 chassis cabs, one of which was fitted with a refrigerator). The vehicles were loaned free of charge to 4 associations for local distribution. The activity will continue in 2022.
Based on the main data collected via the *Regusto* platform for 2021 (from June to November), the project's main achievements were:

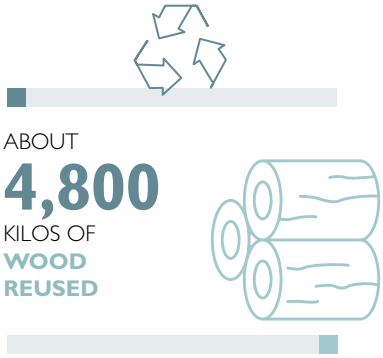
- 18,260 recipients of food donations (for a total of 4,950 families)
- 314,322 kilos of goods transported
- 596,644 equivalent meals distributed
- 4,112 kilos of $CO_2$ emissions eliminated
- 38,717 cubic meters of water consumption eliminated.



The project was assessed using the B4SI methodology (see page 244), leading to the following measurable outcomes: it directly benefitted 18,260 people (mainly people on low incomes) and reached 1 distributor and 5 influential stakeholders.

Within the scope of Brands4Sustainability[3], CNH Industrial supported a project called *Capri Circolare - A Sustainable Tourism Model*, an in-depth analysis of potential areas of intervention to position the island of Capri at the forefront of environmental sustainability. The goal is to turn Capri into a green destination by developing a model that promotes a circular economy and the implementation of good practices to protect the local region, resources, and biodiversity. With themes, actions, and objectives developed in alignment with the directives of the United Nations, the project aims at positioning the 'Capri Model' as an example to be exported to smaller islands.

In Córdoba (**Argentina**), IVECO created an *Ecological Island* where carpenters use recycled materials to make parts that are then used in various plant production and logistics processes. In broad terms, the company applied the 5Rs of waste management (refuse, reduce, reuse, recycle, recover) to enable the reuse of approximately 4,800 kilos of reclaimed wood and around 3,600 kilos of corrugated plastic per year. These initiatives have a dual purpose: to reduce the plant's environmental impact and to significantly cut the costs associated with both processes and final product. In 2021, the wood packaged at the Ecological Island was donated to the non-profit organization Natura International, to be reused to create banks, trails, and infrastructure for animal watching at *Ansenuza* National Park (located about 230 kilometers from the IVECO plant).




### PARTICIPATING IN EMERGENCY RELIEF EFFORTS

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

In the **USA**, CNH Industrial continued to support relief efforts during several natural disasters, mostly through the partnerships that CASE Construction Equipment and the CNH Industrial Foundation have with Team Rubicon, a veteran-led non-profit organization that deploys emergency response teams to global disaster zones, supporting communities impacted by these events. CASE Construction Equipment partnered with Team Rubicon in 2015, and has since provided volunteers to support the organization's relief efforts. In 2021, the CNH Industrial Foundation announced a $250,000 grant in support of the organization's unrestricted Ready Reserve Fund, which is essential to prepare for and implement critical disaster response operations. It also approved a $150,000 grant in support of Team Rubicon's Heavy Equipment Training Program and donated $100,000 in support of its disaster response efforts following the December 2021 tornadoes that devasted parts of the Midwest and South.
In addition to the above, the CNH Industrial Foundation donated $20,000 to a local food security organization near the CNH Industrial Dallas Depot in Texas, supporting over 57 families impacted by damaging winter storms.

In Italy, CNH Industrial and FPT Industrial partnered with the organization We World to support people affected by natural disasters in **Mozambique**. The aim is to build resilient and inclusive communities and schools by improving risk management in highly vulnerable rural areas exposed to hydro-meteorological risk, and by mitigating the effects of climate change by strengthening capacity, both locally and nationally, to respond promptly to natural disasters. The initiative entails:

- the supply of an FPT Industrial N45 generator to be used at the headquarters of the Mozambican Civil Protection Unit at the National Institute for Disaster Management (INGD) in Maputo, from where all emergencies are managed. The power generator is key in ensuring the continuity of emergency management operations
- strengthening emergency management capacity at 6 schools in the Mossurize District through student training and the implementation of School Disaster Risk Management (SDRM) guidelines
- restoring and rebuilding 19 classrooms damaged by adverse weather events at schools in the Mossurize District.

These interventions aim at creating safe and inclusive learning spaces for students and teachers, also accessible to those with disabilities; ensuring the continuity of learning after an emergency or natural disaster; and improving the condition of school buildings to make them less vulnerable to the effects of climate change.
The project was assessed using the B4SI methodology (see page 244), leading to the following measurable outcomes: it directly benefitted 7,000 people (in developing rural communities) and reached 1 distributor and 1 influential stakeholder.

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

# PROJECTS TO IMPROVE FOOD AVAILABILITY

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


## FOOD EDUCATION

In the **USA**, CNH Industrial supports the FFA (formerly known as Future Farmers of America), an association active in farming education since 1928. In 2018, to further its commitment, the Company chartered its own FFA Alumni and Supporters Chapter[1], through which employees can engage with students pursuing agriculture degrees and with members of other FFA Chapters nationwide. In 2021, the Company continued to be heavily involved with the FFA. Case IH, New Holland Agriculture, and CNH Industrial Capital continued their *Silver Sponsorship* of the National FFA Foundation, including its national convention with over 60,000 attendees. Furthermore, employees continued to engage with FFA students at professional development events, and again raised funds towards the purchase of approximately 70 FFA uniforms for students in need.

IIn **Italy**, the *Evoluzione Terra* project, started in 2020 and supported by CNH Industrial and New Holland Agriculture, morphed into a prime-time national television broadcast, with 8 episodes spotlighting the agricultural innovations and technologies used by farming enterprises to ensure the quality of their produce. Each episode tells the story of a different New Holland Agriculture client company, all led exclusively by women, thus highlighting their key role in agriculture as well as the Company's commitment to diversity and inclusion.

In **Brazil**, seeking to give voice to the innovative ideas of young people, New Holland Construction launched the *Gera Mais* program, which aims to bring industrial knowledge to universities, schools, and communities through lectures, courses, and workshops, in addition to plant visits and activities. Under this initiative, the plants in Contagem and Sorocaba opened their doors to a number of interns, working under the supervision of employees at different levels. The program allows expanding corporate volunteering initiatives while offering young people an opportunity to understand their role in society. The interns' first goal was to promote an internal campaign at both plants to collect non-perishable foods from employees, later donated to CNH Industrial partner institutions.

In **Thailand**, CNH Industrial continued its partnership with the *King Mongkut's Institute of Technology Ladkrabang* (KMITL), providing training to 30 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 – including an in-depth look into 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.

CNH Industrial also continued its *We Care We Share* outreach program, holding an educational event at the Thai *Sa Kaeo* College of Agriculture and Technology aimed at raising agricultural technology standards in the country while creating a new generation of agricultural experts. The *We Care We Share* educational project provides for:

- a Memorandum of Understanding signed between CNH Industrial and the college
- a tractor donated by New Holland Agriculture to support education in agricultural technology
- a New Holland Agriculture Service Workshop, equipped with basic standard tools for hands-on learning
- a technical training curriculum for teachers and students (involving high horsepower engines, hydraulic engines, etc.)
- scholarships for students of the Department of Agricultural Technology.

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

### FOOD AVAILABILITY

In 2021, given the ongoing pandemic, CNH Industrial continued to provide support to the more vulnerable sections of society, including through the provision of food where necessary.
Located near the Company's sites in Racine (**USA**), the Hunger Task Force Farm yields over 226,000 kilos of fresh produce each harvest season to feed the hungry and create a reliable source of healthy food for its network of food banks. In 2017, the farm added a New Holland Agriculture tractor (donated by CNH Industrial Capital) to its operation. In 2021, the Company made a cash donation to the organization to purchase Thanksgiving turkeys for community members in need, while employees provided additional support by volunteering on the farm.

The CNH Industrial Foundation continued its partnership with Feeding America, the largest hunger relief organization in the USA. In 2020, funds were donated in support of the organization's food rescue and recovery program and COVID-19 Response Fund. In 2021, an employee fundraising campaign was organized during the Company's *Food Security Month* in September, in conjunction with Feeding America's Hunger Action Month. Also, as in previous years, the plant in Fargo (USA) held a corn picking event for Feeding America's affiliated Great Plains Food Bank. During the event, 22 employees volunteered their time to harvest 1,581 kilos of corn for donation, equating to approximately 3,170 meals for community members.

In **Europe**, the Company supported the project *It Starts with a Meal*, managed by the Rise Against Hunger organization and aimed at reducing and mitigating food insecurity by distributing food kits to families facing economic hardship in Belgium, Czech Republic, Germany, and Poland. Thanks to the support of CNH Industrial, 4,800 kits of food and basic necessities were distributed.
The project was assessed using the B4SI methodology (see page 244), leading to the following measurable outcome: it directly benefitted 14,400 people (mainly within families facing economic hardship).


In **Spain**, IVECO donated a Daily van to its partner *Banco de Alimentos de Valladolid*, a non-profit food bank providing door-to-door food distribution. The van was customized with a lifting platform and side door to meet the needs of food logistics. While further consolidating the partnership, this gift also gave IVECO the opportunity to increase its visibility, create new business, and enhance its integrity among stakeholders.

In **Brazil**, New Holland Agriculture's fight against hunger and food waste came in the form of a campaign during which a percentage of the brand's sales was allocated to food donations. The money was gifted to food banks across the country so as to contribute to the cost of thousands of meals for socially vulnerable families. In 2021, the brand's donations helped deliver more than 40,000 meals.

In **Argentina**, to help counteract the social inequalities exacerbated by the pandemic, CNH Industrial allocated resources to support the Argentine Food Bank in the distribution of baskets of food and basic necessities to families registered with local welfare institutions.
The project was assessed using the B4SI methodology (see page 244), leading to the following measurable outcome: it directly benefitted approximately 550 institutions, ensuring access to food and food security while reducing child mortality and malnutrition.

In **Thailand**, CNH Industrial's *Buy Your Rice* event led to 1,200 bags of Thai jasmine rice being packed by employees and distributed to 4 charitable organizations across the country, to support communities in the aftermath of COVID-19. Moreover, a dedicated team of employees visited 4 different locations to donate rice, canned food, and instant noodles directly to hundreds of people. 630 bags of rice were also donated to the *Poh Teck Tung* Foundation in Bangkok, known for its work in road accident rescues.

In **Pakistan**, the Company sponsored the donation of 500 food hampers to families particularly in need due to the COVID-19 emergency, distributed through the local non-profit Peace & Development Organization. Each food hamper provides one month's food supply.

In **Angola**, Case IH donated a new JX75T tractor to the rural communities in Canda and Dala Dungue, so as to help the residents of these villages grow food more efficiently and be more sustainable in future farming practices. Meanwhile, the brand's local dealer Multiauto Angola LDA provided 3 tractor implements, as well training on machine operation and daily maintenance; it will also supply parts and scheduled maintenance coverage for the next 3 years.

The new tractor will increase current productivity while helping to diversify the local cassava-based diet through the production of other vegetables and fruits, which will improve health and wellbeing across the community. In the medium to long term, the goal is to increase crop yield in order to sell the surplus and generate additional revenue for the villages. The tractor and implements are being shared by the two villages, covering a total area of approximately 200 hectares.

# PROJECTS TO SUPPORT YOUTH TRAINING

At CNH Industrial, a key priority is to engage local communities. To this end, and in line with stakeholders' expectations, the Company prioritizes initiatives that support local community development, especially youth training. In addition to the awards and scholarships given to employees' children (see page 104), 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', as they promote training in Emerging Markets 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, thus offering young people greater employment opportunities – especially within the Company's sales and service network. Training includes theory and hands-on learning at Salesian centers, followed by targeted internships in the field. The goal of *TechPro²* is two-fold: on the one hand, to ensure students have a future vocation; on the other, to enhance the quality of specialized technical assistance for the brands' products while meeting the demand for qualified technicians at authorized dealers and workshops. The Company provides expertise by training the teachers, who in turn pass on the knowledge to the students in the classroom. It also offers financial aid as well as tools and essential parts (such as complementary vehicles, engines, drives, and diagnostic tools) for classroom training and practice.
In 2021, a new 2-year *TechPro²* course was launched in Harbin (China) in collaboration with New Holland Agriculture.
In all, in 2021, 634 students received classroom and on-the-job training through the *TechPro²* project, for a total of 8,308 training hours.

### 2021 TECHPRO² PROJECT

| Country | | Start Year | Students (no.) | Training Hours[a] (no.) | Segments |
|---|---|---|---|---|---|
| **ITALY** | | | | | |
| | Fossano | 2011 | **77** | **710** | C&SV |
| | Fossano (LNG) | 2020 | **77** | **600** | C&SV |
| | Rome | 2015 | **44** | **1,330** | AG |
| | Verona | 2019 | **60** | **495** | C&SV - PT |
| **ETHIOPIA** | | | | | |
| | Addis Ababa | 2013 | **51** | **400** | AG - C&SV |
| **SOUTH AFRICA** | | | | | |
| | Johannesburg | 2016 | **10** | **455** | C&SV - PT |
| **CHINA** | | | | | |
| | Changshan (Zhejiang) | 2014 | **129** | **1,889** | C&SV |
| | Yanji | 2016 | **34** | **1,344** | AG |
| | Urumqi (Xinjiang) | 2018 | **131** | **796** | AG - C&SV - PT |
| | Harbin | 2021 | **21** | **289** | AG |
| **Total** | | | **634** | **8,308** | |

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

## SUPPORTING EDUCATION

In **North America**, the Company continued to support education through CNH Industrial Foundation's *Educational Grants Program*, which was established in 2018 for local schools. In 2021, several high school programs related to STEM[1] academic disciplines were supported, and 1,846 students are expected to directly benefit from the program in the 2021-2022 academic year. Furthermore, CNH Industrial America LLC donated funds for scholarships benefitting a number of universities.
In **Germany**, Magirus supported several organizations operating in the city of Hamburg, enhancing its brand reputation and visibility. The company assisted with the distribution of food donations under the *Hamburger Tafel* project by covering the cost of the vehicle fleet and respective maintenance, fuel, and insurance. It contributed to the *Freundeskreis Die Arche Hamburg* e.V. initiative, funding a summer camp or day trip for children during their vacations. In addition, it supported the *Mosaikschule Ludwigshafen* school (specialized in the development of motor skills in children with physical disabilities) by financing the purchase of a MotionComposer, a device designed for people with neurological impairments that converts movement – even the blink of an eye – into notes and music. The project uses this technological innovation to engage young people with disabilities.

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 by applying rigorous quantitative methods.

The Company also supported the Don Bosco Salesian Society with the launch of an Automotive Mechatronics course for currently unemployed individuals, offering an in-depth look at agricultural vehicles. So far, training has been delivered in classrooms while waiting for the completion of a dedicated space currently being built in Chiavasso (Italy), where students will receive 60 hours of hands-on training on a New Holland Agriculture tractor. The Society's training offering is expected to continue in 2022 through the *Istituti Tecnici Superiori (ITS)* project, which will be launched to meet the Company's growing demand for skilled personnel while delivering technological expertise and opportunities to interact with business entrepreneurs and professionals.

In **Brazil**, the *Gente de Bem* organization helps socially vulnerable teenagers, both personally and professionally. The organization offers monthly extra-curricular activities in 3 phases: qualification for the job market, personal development, and citizenship and sustainability. Throughout the year, it also offers vocational guidance activities, marketing classes, and computer courses, and tackles other matters such as life projects, family planning, overcoming obstacles, self-esteem, and the Brazilian voting system.
In 2021, about 150 teenagers in Curitiba benefitted from the organization's *Crê-Ser* project, which offers online classes with the support of CNH Industrial.


Still in Brazil, the Company supported the Solidarity Fund for Latin America, which offers virtual training to shape tomorrow's entrepreneurs. In 2021, the organization launched the *Aliança Empreendedora* project across the communities near CNH Industrial's sites in Contagem, Curitiba, Piracicaba, Sete Lagoas, and Sorocaba, to help adolescents prepare for the labor market and adults create successful businesses. The project offered 8 courses: 3 for established entrepreneurs, 2 for people interested in becoming business owners, and 3 aimed at teenagers aged 16-17, benefitting a total of 502 people.

In **Argentina**, where there is great potential to boost social development by improving education, diversity, and employability, the Company supported an initiative by the *Lideres de Andenuza* foundation, which excels for the quality of its educational projects for young people focused on professional development.
The initiative was assessed using the B4SI methodology (see page 244), leading to the following measurable outcomes: it directly benefitted 30 students (aged 16 and above) and reached 2 influential stakeholders.

In **India**, CNH Industrial continued to support initiatives aimed at improving education for underprivileged children. In 2021, for the seventh year running, it supported the OPEN[2] Mission Education program, helping 260 children aged 5-15 at a local school near its plant in Greater Noida. The aim is to integrate the children into mainstream society by empowering them to thrive within the formal education system.

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

## WOMEN IN THE FOREGROUND

In Brazil, free vocational courses were offered exclusively to unemployed low-income women in the city of Sorocaba: 200 hours of professional training for logistics operators, mechanical adjusters, production line feeders, and quality inspectors. The initiative was carried out through Emprega+, a Brazilian federal program that aims to promote training and professional placement to meet the demands of the manufacturing sector. The courses, selected by CNH Industrial, are tailored to the most demanding roles at its local plant. To ensure attendance and course completion, the Company gifted students a monthly basket of basic necessities, transportation, food, and uniforms, as well as the personal protective equipment required during the course. Partnering with Emprega+ and focusing on women was a further reflection of the Company's sense of social responsibility, and of its commitment to education and to contributing to the post-pandemic social and economic recovery of socially vulnerable families.

# 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 the **USA** and **Canada**, 2021 marked the fifth year of *CNH Industrial Gives Back*, a dedicated online portal for employee giving and volunteering initiatives. In addition, the Company continued to offer a year-round matching gift program for employees, matching their donations to their charitable organizations of choice for up to $1,000 annually per employee, and several employee giving campaigns were conducted in support of specific initiatives and philanthropic causes. Through these and other initiatives, employees in North America were able to support a wide range of organizations throughout the year. Donations from employees, the Company, and the CNH Industrial Foundation pledged via the *Giving Portal* totaled over $450,000.

In **Brazil**, CNH Industrial has been a partner of the *Pastoral do Menor* center for approximately 8 years, contributing to socio-educational programs in 11 neighborhoods in Sorocaba. Initiatives are organized to promote human development through classes on culture, tutoring, sports, and psychosocial activities, providing tools to tackle social vulnerability and violence, raise awareness, and develop a culture of peace. In 2021, in spite of the pandemic, in-person classes resumed by adapting to COVID-19 safety requirements. The Company also donated food baskets to about 1,000 families in need.


Since 2013, CNH Industrial has also supported the *Casa do Bom Menino* in Piracicaba, a shelter for children and teenagers temporarily separated from their families. In 2021, the Company continued to sponsor the *Nós no Mundo* project, enabling about 100 children from the shelter aged 4-17 to participate in art workshops, environmental education, and sports programs in order 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 2021, 150 people (105 elderly and 45 teenagers) benefitted directly from the project.

Still in Brazil, CNH Industrial gave support to *São Miguel*, a children's home committed to education and training on values that promote coexistence based on principles of dignity and respect for all and on a culture of peace. The Company also provided support to the *São Vicente de Paulo Care Home* in Curitiba and to the *Sao José Care Home* in Belo Horizonte. Both non-profit institutions are benchmark centers with regard to the care, wellbeing, dignity, and quality of life of the elderly. Together they can accommodate up to 250 people.

In **Pakistan**, the Company supported a number of men and women left unemployed by the pandemic or otherwise facing hardship, by offering a 1-year diploma in ICU and Anesthesia to 20 men, and a 4-month course on sewing and stitching to 25 women.
The initiative was assessed using the B4SI methodology (see page 244), leading to the following measurable outcome: it directly benefitted 45 people (all unemployed individuals).

## SOLIDARITY CARGO

2021 marked the sixth year of IVECO's *Solidarity Cargo* initiative. In the aftermath of the pandemic, the goal was to help a local community in the state of Maranhão (Northeast Brazil) by boosting cultural, educational, and health initiatives impacted by COVID-19. The Solidarity Cargo project was launched in Brazil in 2015 to help the socially vulnerable in the states of Bahia, Minas Gerais, and Pará. Towns and cities were selected for assistance because of their low Human Development Index (HDI), a tool developed by the United Nations to measure levels of social and economic development.

### FIGHTING HOMELESSNESS

In 2021, in the **USA**, CNH Industrial continued to support the non-profit organization Habitat for Humanity, dedicated to building affordable homes for low-income families, with which it has partnered since 2007. During the year, the CNH Industrial Foundation donated $47,500 to several Habitat for Humanity affiliates to build homes in communities near Company US sites, which was especially important in 2021 considering the increase in cost of raw materials (such as lumber). The CNH Industrial Foundation was also the Presenting Sponsor at the first-ever Women Build event organized by the Habitat for Humanity affiliate in Racine, as part of its commitment to diversity and inclusion and as per its Civic & Community Empowerment pillar. In 2021, 107 people benefitted directly from the CNH Industrial Foundation's and the Company's support, including employee volunteerism.

**$47,500**
DONATED TO
**HABITAT FOR HUMANITY**

### PROMOTING CULTURE

In **Italy**, FPT Industrial continued its collaboration with *Artissima*, the country's main contemporary art exhibition, with its *FPT for Sustainable Art Award*, now in its second year. Created to highlight the need for environmental awareness in contemporary art, the award is presented to the artist, selected by an international jury, whose work is the result of a conceptual and sustainable virtuous creative process. 2021's winner was Lennhart Lahuis for his artwork *When is it that We Feel Change in the Air?*

In **Brazil**, CNH Industrial supports *Pintura Solidária* (Solidarity Painting), a traveling exhibition visiting cities across the country each year. The event, sponsored by the Company since 2011, aims at promoting human development and self-esteem through art. In addition to showcasing paintings created using acrylic techniques and no canvas, it encompasses traditional dance, folk legends, beliefs, cuisine, and celebrations. In 2021, since all public activities were canceled and schools were closed due to the pandemic, the exhibition was presented online, and remote workshops were held from nursing homes and hospitals.

In its 17-year history, the *New Holland Award for Photojournalism* has received about 26,000 registered images, and held 74 workshops and 205 exhibitions in 225 cities across 5 countries in South America, for a total audience of 600,000 people. The Award is organized by *Mano a Mano Produções Artísticas*, supported by the Federal Law for Cultural Incentive[1] of the Special Secretariat for Culture, and sponsored by New Holland Agriculture and CNH Industrial Capital.

The Company also sponsored the *Metso Cultural - Sorocaba's Brazilian Instrumental Music Season*, an initiative created to emphasize the depth of Brazilian culture through musical performances by traditional musicians and young talents alike. The event is free and plays an important educational role. In 2021, all performances were redesigned and offered online in a virtual format.

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

During the traditional Curitiba Festival, the *Guritiba* project, sponsored by the Company, presented shows and musical performances, and offered recreational activities for children, with free performances in public schools (in highly vulnerable neighborhoods), shopping malls, and other spaces. Due to the pandemic, all events were redesigned and offered online (including live performances).

# PROJECTS TO PROMOTE HEALTH AND WELLBEING

In light of its commitment to promoting health and wellbeing, CNH Industrial has regularly implemented several local community initiatives over the years. In 2021, it also continued to contribute to the purchase of medical supplies in a number of communities affected by the ongoing pandemic.


## 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 2021, the ambulance treated about 16,004 people in 15 villages.

**16,000**
**PATIENTS HELPED**
ACROSS
15 VILLAGES
IN INDIA

In **Thailand**, the staggering number of people infected with COVID-19 led to a severe shortage of medical supplies across the country's hospitals. It also resulted in large communities (as many as 85,000 low-income people) being quarantined and cordoned off from the rest of the world. In addition to the basic necessities and food donated by both the private and public sectors, CNH Industrial supported 2 local hospitals by gifting them a total of 400 items of personal protection equipment (PPE), about 38 liters of disinfectant solution, and 20 boxes of medical-grade gloves.

## SUPPORTING RESEARCH ON RARE GENETIC DISEASES

In **Italy**, the Company supported the Telethon Foundation's NEMO (NEuroMuscular Omnicenter) Clinical Centers, specialized in improving the quality of life of patients suffering from neuromuscular diseases, by donating a vehicle equipped for patient transport. This initiative was also an opportunity for CNH Industrial to increase its visibility, create new business, and enhance its reputation among stakeholders. In 2021, the Company also supported Telethon's *Andare Lontano* campaign by making a donation in the name of each of its employees' children attending first grade.

## FIGHTING CANCER

In **North America**, CNH Industrial organized its third annual *Month of Hope* to support the American Cancer Society's Hope Lodge program (in the USA). These Hope Lodges are located near cancer treatment centers and hospitals, and offer accommodation free of charge to cancer patients and their caregivers who need to travel for treatment. Most lodge operations had to be suspended after the pandemic outbreak, as a precaution to safeguard the health and safety of cancer patients, volunteers, and staff alike. Nevertheless, throughout the year, employees across the country continued to volunteer their time to create over 500 encouragement cards for cancer patients across 10 lodges. When operations resumed in 2021, these cards were delivered along with the other 700 cards or so created in 2020 (but never delivered), which could finally be shared with patients.

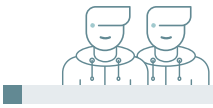
In Canada, for the fourth time, the Saskatoon plant supported the Jim Pattison Children's Hospital Foundation through a local fundraising event. 2021's donations supported a Mobile Mental Health & Dentistry Bus, with medical staff, retrofitted with equipment, and in operation 5 days a week. The bus provides care across 7 Saskatchewan indigenous communities, giving 1,400 community members access to mental health and dental services they may not otherwise be able to find or afford.

### SUPPORTING SPORTS AND WELLBEING

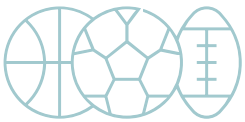
In **Italy**, Case IH partnered with the Tigers Academy (for artistic gymnastics) and SERMIG[1] to launch *United We Can for Africa*, a social development project focusing on sports as a way to sustain the emancipation of young girls of African descent living in various districts of Turin. The project was devised as a bidirectional tool for inclusion and integration between different cultures. Through this initiative, Case IH gave 15 girls aged 8-13 the opportunity to attend a beginners course in artistic gymnastics until year end as well as a summer camp.

In **Brazil**, the *Instituto Futebol de Rua* (Street Soccer Institute) in Curitiba assists students aged 7-12 from the Alvaro Borges Municipal School, providing access to sports, leisure, and cultural and educational activities for their social development and wellbeing. A variety of themes are discussed throughout the year, such as emotional development, financial literacy, and principles of peace, human rights, ecological awareness, safe driving, non-violent communication, and confronting racism. In all its activities, analogies are always made with soccer. CNH Industrial has partnered with this initiative since 2018.
During the 2021 pandemic, the project was adapted to assist children remotely. This entailed the production of an eBook featuring recreational activities while in isolation, as well as weekly activities organized on WhatsApp to stay in touch with and support families. Furthermore, basic food baskets were distributed to 87% of the school's students.

The Company supported the charitable association *De Peito Aberto*, which seeks to improve the quality of life of socially vulnerable children through sports, education, health, and culture. *Esporte na Cidade* (Sports in the City), sponsored by CNH Industrial since 2014, offers school students aged 7-17 free introductory sports classes (including twice-weekly judo classes), held before or after regular school hours; outcomes include improved school attendance, body image, sociability, and discipline. In 2021, the initiative was delivered via online classes due to the pandemic, benefitting 80 children and teenagers in Contagem and Sete Lagoas.



**80**
**YOUNG PEOPLE**
INVOLVED IN
SPORTS
IN BRAZIL



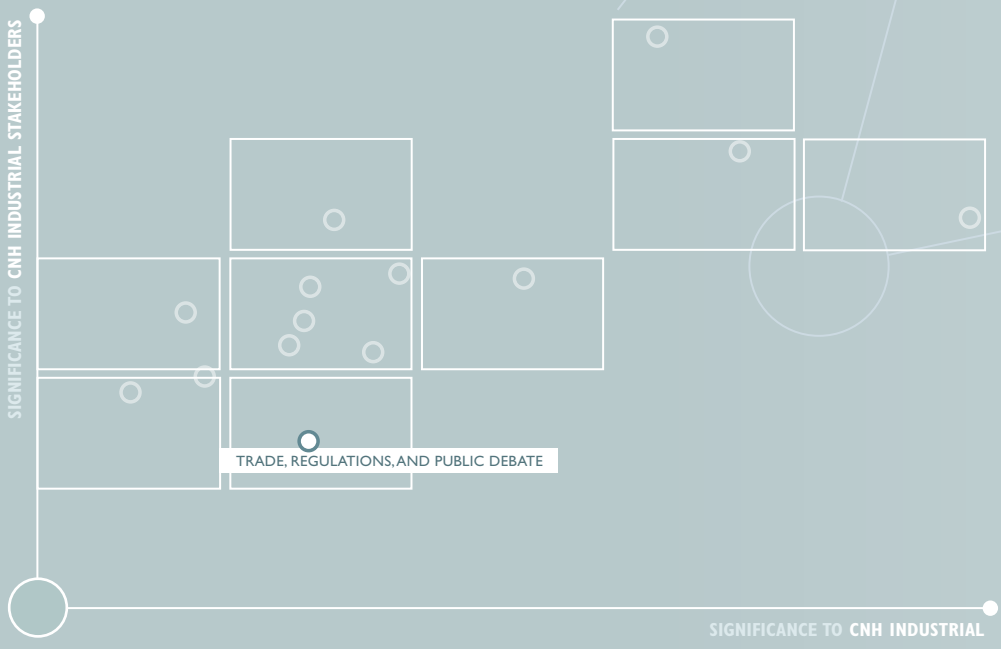
For the third year running, CNH Industrial supported the *Gaia+ Valores* project, aimed at transforming lives and building a better future for children through the science of happiness. The project addresses public school children using emotional intelligence, mindfulness, non-violent communication, positive psychology, and positive discipline. In 2021, the initiative led to the production of a web series called *Felicidade na Prática* (Happiness in Practice). Created for all public schools in Brazil, the series also includes themes related to the science of wellbeing to help teachers' relationships with students during the pandemic.

The Company also supports the *Festival da Felicidade*, a yearly event organized in Curitiba to promote culture, the arts, and peace through happiness and wellbeing. The event hosts many activities, from lectures to workshops, shows, theater plays, musical performances, meditation, yoga, and sports. In 2021, due to pandemic, the event took place live and online, completely free of charge.

[1] *Servizio Missionario Giovani: a young missionary service group founded in Turin in 1964 by Ernesto Olivero.*

# RELATIONSHIPS WITH PUBLIC AND PRIVATE ORGANIZATIONS






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

# MANAGEMENT FRAMEWORK

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

CNH Industrial aims at making a positive contribution to the future development of policies, regulations, and standards on issues that affect its business and the communities in which it operates. Specifically, the Company contributes its expertise and knowledge in its dialogue with governments, international organizations, local authorities, sector associations, and other stakeholders on policies concerning the capital goods sector, including sustainable agriculture, construction equipment, the automotive industry, and other sectors related to the transport of people and goods, with a focus on sustainable products, processes, mobility, and innovation. CNH Industrial is committed to contributing to society's technological advancement, and to cooperating with public institutions, universities, and other organizations on research and development into innovative solutions in the fields in which it operates. The Company's proactive approach to institutional relations contributes to identifying new product development and business opportunities early on, and to creating business conditions that are competitive as well as sustainable over the long term. Interest representation is conducted only where permitted by and in strict compliance with applicable laws, including anti-corruption and antitrust laws, and in full compliance with the Company's Code of Conduct and related policies and procedures (see page 48). CNH Industrial is registered with the European Transparency Register, which is operated jointly by the European Parliament and the European Commission. The Register provides information about the interest representatives that seek to contribute to the decision-making processes of the European Union, and a code of conduct serving as a framework to regulate their activities.
In Italy, CNH Industrial is also registered with the Italian Transparency Register, set up by the Italian Ministry of Economic Development and adopted drawing upon the same model applied across other European institutions, and with the Register of Interest Representatives of the Italian Chamber of Deputies. IVECO is registered in France with the High Authority for Transparency in Public Life, and in Spain with the Transparency Register of the Community of Madrid.

The highest responsibility for CNH Industrial's Institutional Relations lies with the Senior Leadership Team (SLT, see page 45). The functions in charge of relations with the institutions of each geographic area are responsible for:

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

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 interacting daily with the departments and functions of both the Company and its brands.

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 21). The objectives set and actions taken in this regard are also aimed at continuously improving the transparency of the Company's relations with public institutions, as disclosed in this Report.

(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.*

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; they shall, furthermore, be conducted in full compliance with the Code of Conduct and all 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 also fall under the purview of CNH Industrial's Environmental Policy since the organizations the Company deals with are stakeholders, and the Company's commitment to combating climate change requires their engagement.
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 concerning relations with public institutions (see page 51).

CNH Industrial is a member of many industry and other associations, and of national and international advocacy organizations. The complete list of Company memberships is available on page 266.

In 2021, CNH Industrial's membership fees for trade associations, lobbying, etc. totaled about $5.4 million globally.

### CONTRIBUTIONS AND OTHER EXPENDITURES

CNH INDUSTRIAL WORLDWIDE ($million)

| | 2021 | 2020[a] | 2019[a] | 2018[a] |
|---|---|---|---|---|
| Trade associations or tax-exempt groups[b] | **5.36** | 4.96 | 5.34 | 5.55 |
| Lobbying, interest representation[c] | **0** | 0 | 0 | 0 |
| Political parties (campaigns/candidates) | **0** | 0 | 0 | 0 |
| Other spending | **0.06** | 0.06 | 0.05 | 0.04 |
| **Total** | **5.42** | 5.02 | 5.39 | 5.59 |

*[a] 2018, 2019, and 2020 data restated with respect to the 2020 Sustainability Report, following changes in the reporting scope.*
*[b] Different trade associations participate in public affairs activities such as lobbying, in compliance with local legislation and context.*
*[c] Excluding management overheads related to lobbying activities.*

The three largest fees were paid to the European Automobile Manufacturers' Association (**ACEA**), for almost $0.4 million, the German Mechanical Engineering Industry Association (**VDMA**), for almost $0.3 million, and the American National Association of Manufacturers (**NAM**), for almost $0.2 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, decarbonization of transport, and reduction of emissions from vehicles and production, as well as digitalization, safety, autonomous driving, precision farming, and the sustainable development and modernization of agriculture
- 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.


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

In 2021, the Company actively organized and participated in institutional webinars, conferences, working groups, roundtables, initiatives, and virtual and in-person meetings to encourage and foster public debate and policy making on the most relevant matters for sustainability: climate change, food scarcity and food security, and the innovative and digital world – the latter considered an aid to tackling the first two. The following are some examples of the activities carried out by CNH Industrial during the year, through its relations with institutions and key stakeholders, to combat climate change and improve food availability.

## INITIATIVES LINKED TO COMBATING CLIMATE CHANGE

CNH Industrial contributes to combating climate change mainly by promoting the use of alternative powertrain solutions and innovative vehicles, while participating in the institutional and public debate around climate change, air quality, and other important issues.

In **North America**, CNH Industrial is a member of the National Association of Manufacturers (**NAM**), the largest manufacturing association in the USA, representing small and large manufacturers from every industrial sector across all 50 states. The NAM supports a diverse energy strategy that promotes the responsible development and use of all forms of domestic energy sources (including fossil fuels and nuclear and renewable energy) and technologies, while further enhancing energy conservation and efficiency in anticipation of future energy demands. The association's manufacturers are leading the way in advancing energy efficiency and sustainability efforts to promote environmental protection, with a particular focus on emissions reduction, chemical risk management, recycling, biodiversity protection, and water discharges.
The Company is also a 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.
Lastly, CNH Industrial is a member of the US-based Association of Equipment Manufacturers (**AEM**), whose goal is to enable equipment manufacturers to be successful in the global marketplace. The AEM has adopted a comprehensive energy policy statement that addresses domestic energy production by focusing on both conventional and renewable energy sources, and by implementing the US Renewable Fuel Standard (RFS). The association focuses on educating the US administration and leaders in Congress about the importance of the RFS for manufacturers, and on advancing efforts to expand fueling infrastructure. In February 2021, the AEM released a study quantifying how widely available precision agriculture technology improves environmental stewardship while providing economic return for farmers. The association is also a steering committee member of the Food and Agriculture Climate Alliance (FACA), which boasts over 40 member organizations from various sectors and industries and is focused on developing and promoting shared climate goals and solutions.

## SUSTAINABILITY AT THE ASSOCIATION OF EQUIPMENT MANUFACTURERS

CNH Industrial has participated in the sustainability initiatives of the Association of Equipment Manufacturers (AEM) ever since the latter started introducing them in 2019. In October 2020, the AEM established a Sustainability Council comprising the executives of its member companies. The council's objective is to define a cohesive industry strategy on sustainability and steer its implementation, promoting the positive global impacts made by member organizations. In 2021, CNH Industrial actively participated in the council's works, supporting its priorities to: develop a Maturity Curve model for industry benchmarking; align responsible sourcing compliance across the supply chain; focus on the intersection between regulations and sustainability, delivering best practice guidance on the journey towards sustainability; develop a sustainability measurement system for the industry; align sustainability definitions and expectations across the supply chain; and develop a Supply Chain Sustainability Summit.

In **Europe**, CNH Industrial and all its brands actively participated in many events and projects in 2021, including in collaboration with the sector associations of which the Company's brands are members, within the framework of the European Union's (EU) policies on the environment and sustainable mobility. Specifically, the Company contributed to the public debate and policy making of the EU and its member states aimed at discussing the way forward to achieve zero emissions in transport. The Company also took part in the general development of policies and debate, both at EU and national level, in support of: autonomous driving; alternative fuels and propulsions such as natural gas, biomethane, hydrogen, and electric and hybrid vehicles; and local public transport systems, supporting their enhancement and the shift towards sustainable bus fleets to help improve air quality and mitigate climate change.

The Company also contributed to creating policies in support of alternative fuels – and a circular economy – in the agriculture sector, particularly promoting the use of biomethane and Agriculture 4.0 programs through specific initiatives in many countries.

By participating in policy debates, CNH Industrial actively collaborates with policy makers, think tanks, and NGOs. This has led to joint advocacy actions and public events organized with trade associations and key stakeholders across Europe, to share and discuss opportunities particularly relating to the development of alternative fuels.

As a long-standing member of the European Automobile Manufacturers' Association (**ACEA**), while also holding a seat on its board, the Company has actively contributed to the debate on EU policies to lower $CO_2$ emissions and achieve net-zero emissions in the future. The automotive sector is currently playing a leading role in combating climate change, taking responsibility for reducing emissions from vehicles and manufacturing. In this regard, CNH Industrial has been participating in ACEA's working groups to share its technical expertise and vision for a sustainable future for the transport sector, supporting alternative carbon-neutral fuels while also focusing on safety requirements, materials, the circular economy, and future trends such as automated driving and connectivity. Moreover, with a seat on the association's Commercial Vehicles Board, IVECO actively contributed to the discussions on how manufacturers can help achieve the EU's 2050 Greenhouse Gas Emissions (GHG) goal, highlighting the role that both liquid and gas renewable fuels can play in the transition towards net-zero $CO_2$ emissions in transport. As regards light-duty vehicles, IVECO is actively involved in the ongoing discussions and advocacy activities regarding the revision of the post-2020 $CO_2$ emission standard for cars and vans.

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

CNH Industrial is also a member of the Committee for European Construction Equipment (**CECE**) and of the European Agricultural Machinery Association (**CEMA**), trade associations for construction equipment and agricultural machinery manufacturers, respectively. Throughout 2021, the Company collaborated with the associations' committees and project teams to bring forward EU legislation on the safety and environmental aspects of off-road machinery. In particular, following the European Green Deal plan presented by the European Commission, CNH Industrial contributed to further discussions within CECE's and CEMA's High-Level Groups on $CO_2$ concerning ways to reduce GHG emissions and decarbonize both the agriculture and construction sectors in Europe.

CNH Industrial is also a board member of the European Association of Internal Combustion Engine Manufacturers (**EUROMOT**). In 2021, particularly through its brand FPT Industrial, the Company contributed to the association's activities centered on Non-Road Mobile Machinery (NRMM) exhaust emissions, proposing the creation of a new working group within the association focused on alternative powertrains and advanced energy resources. The aim was to further promote alternative and more sustainable powertrain solutions within non-road sectors as well (such as marine applications or mobile equipment) in light of the EU's most recent sustainability and climate goals.

The Company holds a seat on the board of the Natural & bio Gas Vehicle Association (**NGVA Europe**), which advocates and fosters the use of natural gas and biomethane for transport in Europe. In 2021, in collaboration with several other national associations for natural gas, IVECO and FPT Industrial promoted debate in Europe on natural gas strategy (in light of the EU's targets for 2030 and beyond) and its advancement in Europe, in line with EU legislation on the development of natural gas infrastructures. Moreover, in May, together with more than 200 other signatories from industry and academia, IVECO, New Holland Agriculture, and FPT Industrial submitted an official letter to the European Commission calling for the recognition of the benefits that renewable fuels, and in particular biomethane, can bring to the decarbonization objectives of the EU.

Lastly, CNH Industrial is member of the board of **Hydrogen Europe**, representing the hydrogen and fuel cell industry, national associations, and research centers in Europe, and of the **Hydrogen Council**, a global initiative among leading energy, transport, and industry enterprises that focuses on the contribution and potential of hydrogen in the transport sector while contributing to policy-making and the ongoing debate, working towards the future commercialization of fuel cell vehicles.
In this regard, the Company also participates in the **European Clean Hydrogen Alliance**, an initiative by the European Commission and Hydrogen Europe that brings investors together with governmental, institutional, and industrial partners, aimed at steering and coordinating the ambitious plan to deploy hydrogen technologies by 2030, and at rapidly upscaling clean hydrogen production and use in Europe. CNH Industrial is one of the co-chairs of the Alliance's Mobility Round Table – a significant opportunity to help lay the foundation to create a sustainable and competitive industrial hydrogen economy and to transform the transport sector.

In **South America**, specifically in Brazil and Argentina, CNH Industrial has relations with institutions and associations that play a fundamental role in achieving government consensus on the 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 2021, through its representatives, the Company actively participated in forums, technical committees, and advisory councils on specific themes such as: alternative fuels, automotive safety, vehicle emission levels, new technologies for urban and rural transportation, mobility, and enhanced machinery and commercial vehicle productivity. Other themes included the regulatory and legal requirements of the automotive sector, other institutions and countries, and labor aspects.
As regards its local affiliations in Brazil, CNH Industrial is a member of the National Association of Automobile Manufacturers (**ANFAVEA**), responsible for filing legislative and regulatory claims within the automotive sector with the Brazilian government and other institutions, including labor unions. The Company works with the association's branches for heavy vehicles (trucks and buses) and agricultural and construction equipment. The ANFAVEA leads discussions on important milestones for emissions, alternative fuels, automotive safety, ergonomics, labor legislation, material recycling, vehicle inspections, and more.
The Company is also a member of the Society of Automobile Engineers (**SAE Brasil**), which brings together engineers working in the production of automobiles, trucks, buses, and self-propelled machines. CNH Industrial engineers and executives participate directly in the SAE's technical commissions, debates, and forums. The Company has also sponsored events related to urban mobility, transportation, logistics, better use of fossil and alternative fuels, vehicle emission levels, new technologies for urban and rural transport, and the enhancement of machinery and commercial vehicle performance and productivity.
Furthermore, CNH Industrial is a member of the Brazilian Association of Automotive Engineering (**AEA**), which works with the government on automobile legislation for commercial vehicles and machinery with regard to the homologation of parts, components, and complete vehicles. In addition, it focuses on other topics such as: motorization, emissions, safety and dimensional specifications, weight, dimensions, and parts and other components involved in vehicle assembly. CNH Industrial participates in the AEA's consultative council, focusing on upgrades and improvements to the materials used in vehicles, engines, and machines.
In Argentina, CNH Industrial is a member of and actively participates in the national Association of Automotive Manufacturers (**ADEFA**). In 2021, the Company worked extensively with the association and the government on IVECO's new project for compressed natural gas (CNG) heavy vehicles, a further effort to promote new sustainable and environmentally friendly ideas among the associations with which it collaborates.

Since logistics have an indirect impact on tackling climate change, CNH Industrial manages its relevant processes so as to optimize the efficiency of flows and reduce their environmental impact. The importance of sustainable logistics to the Company lies not only in time and cost efficiencies, but also in mitigated environmental and social impacts in terms of emissions, resources, packaging, human health, and traffic congestion. Below is a description of some of the Company's memberships of South American institutions concerned with logistics.
CNH Industrial is a member of the National Association of Cargo Transportation and Logistics (**NTC & Logística**), the main body for freight forwarders in Brazil. Through IVECO, the Company supports the association's technical and commercial events, such as Fenatran, the largest trade show for trucks and transportation materials in South America.

The association defends the interests of carriers, with a focus on the best logistics flows between production sites and consumers in Brazil and neighboring countries. It also intervenes in critical matters regarding sector legislation, public safety, labor relations, and logistics infrastructure development and improvement.
CNH Industrial is also a member of the Brazilian Machinery Builders' Association (**ABIMAQ**), which brings together and represents the capital goods industry in Brazil while promoting its development. ABIMAQ leads important discussions related to legislation on the use and application of machines in agribusiness and in public infrastructure works. It also promotes forums on tax and legal issues to enhance Brazil's industrial competitiveness. The Company 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 continued to chair the ABIMAQ Road Machinery Chamber, as appointed for the 2020-2022 period (a rotating position among the association's member companies).

In the **Rest of the World**, in 2021, 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. Natural gas, in fact, provides a solution to many current issues in terms of air quality, $CO_2$ emissions, energy efficiency, and noise emissions (a key factor in urban and night missions).
As regards tackling climate change, CNH Industrial continued to actively participate in several institutional debates and forums on China's on-road and off-road vehicle emission standards, including: at the European Automobile Manufacturers' Association (**ACEA**) in Beijing, where the Company met key Chinese stakeholders and institutions to present success stories from the European market, as well as policies on the reduction of emissions and pollutants; at the local branch of the US Association of Equipment Manufacturers (**AEM China**); at local trade associations, such as the China Association of Agricultural Machinery Manufacturers (**CAAMM**) and the China Construction Machinery Association (**CCMA**); and at the China Internal Combustion Engine Industry Association (**CICEIA**). The aim was to offer Chinese legislators examples of best practices around the world, while promoting and fostering a constructive dialogue on the enforcement of regulations, on the main regulatory issues, and on the development of policies on transport sector decarbonization and air quality improvement. Regulations at the center of discussions included the China GB Phase IV Fuel Consumption Limitation Standard for heavy-duty trucks and the China NR IV Standard for non-road engines (agricultural and construction equipment) – two critical milestones in China's fight against air pollution and $CO_2$ emissions, expected to be implemented by 2021 and by December 2022, respectively.
CNH Industrial has a long-standing presence in India, particularly in the agriculture and construction sectors, and is a member of both the Tractor and Mechanization Association (**TMA**) and the Indian Construction Equipment Manufacturers' Association (**ICEMA**). As such, the Company has contributed to the local debate on climate policies that will see the implementation, on the one hand, of more stringent emission standards for tractors and other agricultural and construction machinery (TREM Stage IV in 2021 and TREM Stage V in 2024); on the other, of improved operator safety standards.
In Russia, CNH Industrial is a member of the Association of European Businesses (**AEB**) and the Russian National Gas Vehicle Association (**NGVRUS**).
In Australia, IVECO is a member of Gas Energy Australia (**GEA**), which promotes the use of natural gas in the transport sector. The brand participated in the association's joint CNG and LNG Task Force, while also acting as a member of the Australian Hydrogen Council (**AHC**) and the Electric Vehicle Council (**EVC**), promoting dialogue with local institutions to develop policies supporting sustainable mobility and the relevant infrastructure. Furthermore, in 2020, IVECO completed the roll-out of the latest Euro VI emissions standard to all its product ranges, ahead of the regulation's official start date as mandated by local government, while complying with more stringent emission standards regarding some of its construction machinery engines.

## ADVOCATING FOR CLIMATE CHANGE MITIGATION

In 2021, the Company actively engaged in several initiatives to combat climate change, with a focus on raising awareness of alternative fuels and sustainable mobility.
In Italy, within the framework of the Italian Presidency of the G20 (the forum comprising the world's largest economies) and Co-Presidency of the UN Climate Change Conference (COP26), CNH Industrial participated in and contributed to several leading events and initiatives addressing the challenges of the energy transition and the decarbonization of the transport sector.

Throughout the year, CNH Industrial was particularly involved in the works of the Business Twenty (B20), the official G20 forum for dialogue with the global business community. As a member of the B20's *Task Force for Energy & Resource Efficiency* and *Action Council on Sustainability & Global Emergencies*, the Company delivered impactful and actionable recommendations to G20 leaders to empower and accelerate the decarbonization of the transport sector while committing to a sustainable transition.
On the sidelines of the *G20 Ministerial Meeting on Environment, Climate, and Energy* held in Naples (Italy) in July, CNH Industrial was invited to participate in the event *People, Prosperity, and Planet at the Heart of Ecological Transition* organized by the World Energy Council (WEC), where it presented the role of new technologies in the ecological transition and promotion of a circular economy.
During the *Pre-COP*, the COP26's preparatory events held in Milan (Italy), the Company was invited by the Italian Hydrogen and Fuel Cell Association (H2IT) to attend a public event to present IVECO and FPT Industrial's technological roadmaps and contribution towards developing a hydrogen mobility ecosystem for the road transport sector.
Still within the framework of the COP26, CNH Industrial participated in the *National Geographic Fest 2021*, organized by National Geographic Italia and also held in Milan, where it described its determination to play a leading role in the decarbonization of the economy and in the energy transition, contributing to a sustainable future.
CNH Industrial also participated in the second edition of *Giornate del Mare* (Days of the Sea), a forum on the geopolitical role of the Mediterranean Sea organized by Italian geopolitical magazine Limes. In particular, the Company highlighted the importance of the Mediterranean Sea's role in the ongoing energy transition, and as an energy corridor on the technology roadmaps of FPT Industrial, IVECO, and New Holland Agriculture towards the implementation of low and zero emission solutions.

Still in Italy, in September, IVECO and New Holland Agriculture were among the main promoters of the *Biogas Italy Summit*, the country's leading conference for agricultural biomethane, focusing on the prospects and recent developments for renewable gases in the transition toward sustainable mobility and agriculture.
In December, IVECO and 27 other European companies and organizations within the biomethane value chain presented the *Biomethane Declaration* to the European Commissioner for Energy, highlighting the significant opportunities offered by this renewable natural gas – the most effective, affordable, scalable, and sustainable gas available today.
As regards the decarbonization of the transport sector in Europe, IVECO was one of the key speakers at the event *Green Compact: Can Commercial Road Transport Decarbonize by 2050?*, organized by the International Road Transport Union (IRU) to discuss the tremendous opportunities offered by new vehicle technologies and alternative fuels, such as natural gas and hydrogen, to drive steep change within the transport sector over the coming decade.
Alternative fuels were also discussed during *Hydrogen Week*, organized between November and December by the Fuel Cells and Hydrogen Joint Undertaking (FCH JU) and the European Commission. CNH Industrial joined stakeholders from government, industry, and academia to discuss the main issues shaping clean hydrogen technologies in Europe and beyond, while illustrating IVECO and FPT Industrial's efforts and commitment to accelerate the market uptake of hydrogen for road transport.
In Paris (France), hydrogen was at the center of *Hyvolution*, an event held in October for the main French and European hydrogen stakeholders, during which IVECO was invited by the Embassy of Italy to present its strong commitment to hydrogen-based mobility. Meanwhile, in November, IVECO BUS attended the *Zero-Emission Bus Conference*, discussing the role of alternative fuels in the decarbonization of the public transport sector along with manufacturers, operators, policy makers, and industry representatives.

In Madrid (Spain), at the *Green Gas Mobility Summit* held in September in the presence of key national and European institutions, CNH Industrial gave a keynote speech on how natural gas, biogas, and hydrogen fuels can play an essential role in achieving climate objectives and the decarbonization of transport.
Since its agriculture and construction products also contribute to combating climate change, CNH Industrial was invited by European sector associations CECE[1] and CEMA[2] to speak at the virtual *European Forum for Manufacturing*, a cross-party and pan-European platform organized in Brussels (Belgium) for industry representatives and other stakeholders. In a presentation before the European Parliament, the Company spoke about the sustainable future of agriculture and construction, and the crucial role of digitalization and advanced manufacturing as key enablers for industry transformation.
In the UK, the Chair of CNH Industrial's Board of Directors was the special guest at a live talk organized by the international think tank Chatham House, as part of its *Corporate Leaders Series*. The discussion focused on how the Company responded to the unprecedented challenges arising from the pandemic, becoming more resilient and competitive as a result, while continuing to prioritize the industry's sustainable development.

## COOPERATING WITH THE INNOVATION SECTOR ON SUSTAINABLE MOBILITY

In 2021, CNH Industrial further underpinned its commitment to innovation in the development of a sustainable future by signing a Memorandum of Understanding with the Israel Innovation Authority, an independent and impartial public entity responsible for the country's innovation policy. The memorandum lays the foundation for future industrial collaboration between the Company and Israel's startup ecosystem, to support technological innovations in the transport, agriculture, and construction sectors that aim towards a net-zero emissions economy.

## INITIATIVES LINKED TO IMPROVING FOOD AVAILABILITY

In 2021, 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 modernization, 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 advanced 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 that the productivity and efficiency of diesel-powered equipment continues to improve to meet the growing global demand for food.

(1) *Committee for European Construction Equipment.*
(2) *European Agricultural Machinery Association.*

In **Europe**, as a member of both the board and strategic committee of the European Agricultural Machinery Association (**CEMA**), CNH Industrial proactively contributed to many activities during the year, strengthening relationships with stakeholders within the agri-food chain while promoting precision farming (i.e., digital farming and Agriculture 4.0). To this end, as a member of CEMA working groups, the Company promotes its policies on sustainable agriculture, alternative fuels, and autonomous driving, believing these topics are gaining in importance and fueling the political debate regarding the future EU Common Agricultural Policy (CAP).
At national level, the Company contributes to the development of sustainable agriculture policies through trade associations such as: the Federation for the Technology Industry (**AGORIA**) and the Association of Agricultural Equipment Manufacturers and Importers (**FEDAGRIM**) in Belgium; the Association of French and Foreign Agricultural Equipment Manufacturers (**AXEMA**) in France; the Agricultural Engineers Association (**AEA**) in the UK; the Mechanical Engineering Industry Association (**VDMA**) in Germany; the National Association for Agricultural, Forestry, and Landscape Machinery (**ANSEMAT**) in Spain; the Agricultural Machinery Manufacturers Federation (**FEDERUNACOMA**) in Italy; and the Association of Austrian Machinery and Metalware Industries (**FMMI**) in Austria.

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

In the **Rest of the World**, the Company actively participates in the debate on the future of agriculture, including through its membership of many sector associations, in order to support local policies and strategies. For example, it participates in the Agricultural Machinery Working Group China, organized by **VDMA China** (branch of the German Mechanical Engineering Industry Association), and plays an active role in: the China Association of Agricultural Machinery Manufacturers (**CAAMM**); the Tractor and Machinery Association of Australia (**TMA**); the Tractor and Mechanization Association (**TMA**) in India; the Russian Association of Specialized Machinery and Equipment Manufacturers (**ROSSPETSMASH**); and the Agricultural Machinery network of the Mechanical Engineering Industry Association (**VDMA Russia**).
In Australia, through its brand Case IH, the Company is also a member of the Australian Cane Farmers Association (**ACFA**), which promotes innovative and sustainable agricultural practices across the country's sugarcane sector, and it supports the Society of Precision Agriculture Australia (**SPAA**), which focuses on the development and adoption of precision agriculture technologies.

## ADVOCATING TO IMPROVE FOOD AVAILABILITY

The benefits of digital farming technologies for agricultural sustainability and productivity, and the Company's vision for precision farming and sustainable agricultural modernization to improve food security, were presented at various public events.
In 2021, CNH Industrial supported and/or participated in many international initiatives for sustainable agricultural development, particularly in Europe, Africa, and Asia.
In October, New Holland Agriculture attended the *EIMA Agricultural Trade Show* in Bologna (Italy), where it received the *Sustainable Tractor of the Year 2022* award for its T6 Methane Power, the world's first methane-powered tractor that will enable farmers to produce fuel from waste products and create a circular energy system (see page 208). Concurrently, the brand participated in a public event organized by *Confagricoltura* (General Confederation of Italian Agriculture) to discuss the innovation and sustainability of agricultural practices before key institutional stakeholders.
In June, CNH Industrial was invited to participate in the *Italy-Uzbekistan Business Forum*, promoted by the Italian Ministry of Foreign Affairs and International Cooperation and the Uzbek Ministry of Investment and Foreign Trade. This high-level institutional forum aims at fostering bilateral economic cooperation between the two countries. The Company discussed its contribution to the sustainable development of Uzbekistan's national agricultural sector, particularly the transfer of the technology required for its modernization.
Within the framework of the Italian Presidency of the G20, CNH Industrial took part in the third edition of the Italy-Africa Ministerial Conference, *Encounters with Africa*, held in Rome (Italy) in October: a forum for exchange and dialogue between Italy and the African continent organized by the Italian Ministry of Foreign Affairs and International Cooperation, during which the Company discussed the potential of its products in facing the challenges of food security and sustainable development in Africa.

Still in October, New Holland Agriculture was one of the main stakeholders at the event *Seeding the Future of Sustainable Farming: Advanced Farm Machines & Solutions to Deliver on the European Green Deal*, a summit organized by the European Agricultural Machinery Association (CEMA) in Brussels (Belgium). The focus was on how digital farming tools, modern farm machines, and farm data management systems will drive the European agriculture sector in taking on the double challenge of producing sufficient quality food and safeguarding biodiversity.

In China, CNH Industrial actively participated in an initiative promoted by the Ministry of Agriculture and Rural Affairs (MARA) on reducing post-harvest grain loss, so as to support nationwide sustainable food security. The Company demonstrated the potential for cutting grain loss in China's Northeastern region by using advanced combine harvesters and proper agricultural practices.

# POLITICAL PARTIES

Any and all relationships between CNH Industrial and political parties, as well as their representatives or candidates (collectively referred to as Political Parties), are conducted according to the highest standards of transparency and integrity. Financial contributions to Political Parties are only allowed where permitted by law, and must be authorized at the appropriate level within each company.
In 2021, **no contributions** were made to Political Parties. Any political affiliation or financial contribution made by an employee is considered a personal matter, and completely voluntary. This includes contributions made through a Political Action Committee (PAC). In the USA, in accordance with applicable laws, CNH Industrial provides administrative support to the CNH Industrial Excellence in Government Fund (a PAC), which collects voluntary personal contributions from Company employees for donation to candidates and/or other PACs. Information relating to these contributions is available on the US Federal Election Commission website[1].

(1) *www.fec.gov.*

# RELATIONS WITH PUBLIC ORGANIZATIONS ON SOCIAL ISSUES

In some countries, such as the **USA**, interest representation on social issues is managed separately by the individual CNH Industrial legal entities, which deal directly with governments, institutions, and trade unions. The Company has well established processes in place to ensure that its interest representation with US government bodies is in accordance with applicable laws and government ethics and disclosure rules.

In **Europe**, these activities are carried out by the industrial and employers' associations representing each legal entity, such as the *Bundesvereinigung der Deutschen Arbeitgeberverbände* (BDA) in Germany, and the *Mouvement des Entreprises de France* (MEDEF) in France. These associations are designed to protect the interests of their members, and to represent them in social dialogue with key political and administrative institutions, trade unions, and other groups, both locally and nationally.

In **South America**, CNH Industrial is committed to collaborating and maintaining an open dialogue with numerous organizations. It is an active member of the principal trade associations within the sector, and regularly participates in national roundtables, in the firm belief that contributing to public policy development is an essential requirement for a responsible company.

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

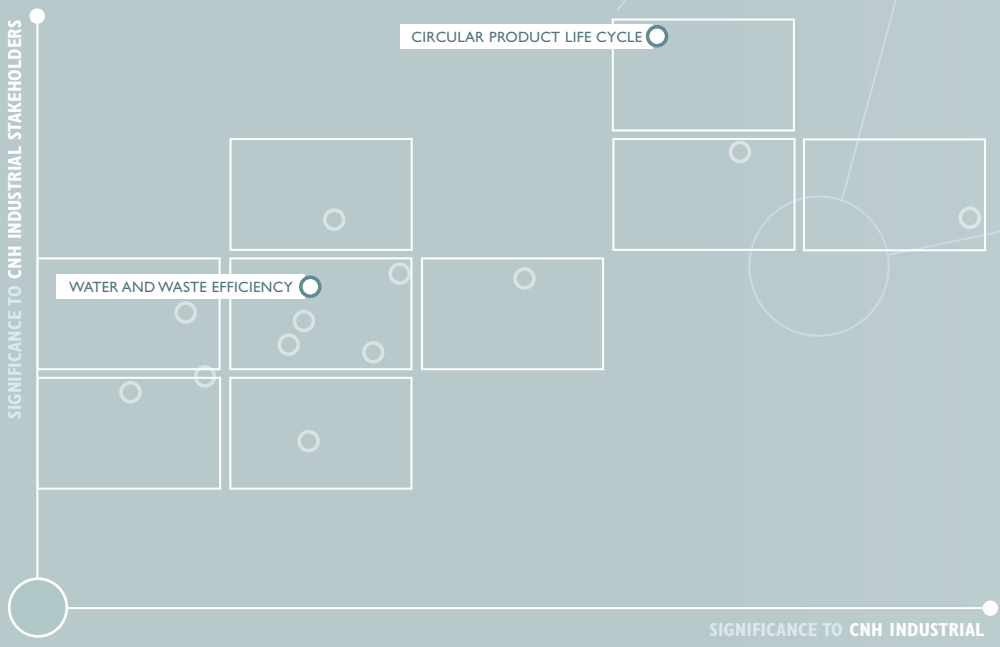
# 03

# HOW WE ACT SUSTAINABLY ACROSS OUR VALUE CHAIN

PAGES 144-233

# OUR CIRCULAR THINKING






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

# MANAGEMENT FRAMEWORK

One of CNH Industrial's sustainability priorities is *life-cycle thinking*, which entails using resources fully and for as long as possible through the application of a circular product *life-cycle* approach. This priority is further driven by the aspirational goal to become totally recoverable.

The materiality analysis identified 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. Since managing environmental aspects efficiently is one way CNH Industrial is delivering on its *life-cycle thinking* sustainability priority, in 2019, it incorporated a strategic sustainability target (see page 27) in its Strategic Business Plan: to recover 95% of waste at Company plants worldwide by year-end 2024.
Both CNH Industrial and its stakeholders recognize the real importance of promoting a **circular product life cycle**, in which 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 (see page 207), and is committed to adopting sustainability criteria from the design stage in order to develop more environment-friendly products (see page 198).
To maximize the life span of its products, the Company also offers its customers dedicated assistance (see page 230) and a range of remanufactured spare parts (see page 147).

CNH Industrial monitors and optimizes the recoverability and recyclability levels of its products. Through product life cycle assessments (LCAs), it collects data on exact material composition and percentage breakdown, and estimates the recyclability rates for each material (see page 198).
To better understand and improve its circular economy performance, the Company sought out a standardized method able to quantify outcomes, compare collected data against other businesses, and assess not just the results but also the actions taken to advance its environmental transition. A choice was made to trial *Circulytics*, a methodology that enables companies to measure their results in their transition towards the circular economy, and the extent to which they have achieved circularity across all their operations. Among other things, the methodology requires adopting so-called SMART targets, which are:

- **S**pecific – well defined, clear, and unambiguous
- **M**easurable – based on specific indicators to measure progress toward goals
- **A**chievable – realistic, attainable, and within reach
- **R**elevant – fit for the purpose at hand
- **T**ime-bound – with a clearly defined timeline from start to completion.

SMART targets, which are set out in the Sustainability Plan (see pages 28-38), were included as individual goals in the Performance Management Process (see page 91).

## THE CIRCULYTICS METHODOLOGY

The *Circulytics* methodology was developed by the Ellen MacArthur Foundation in collaboration with 13 strategic partners and member organizations; it was made available in 2020 after trials by more than 30 companies.
The methodology measures the circular economy performance of a company's entire operations using a comprehensive set of indicators. This assessment is done via a questionnaire that analyzes not only the results in terms of production and use of resources, but also the strategic and planning aspects involved in transitioning towards the circular economy. The questionnaire also supports decision making and strategy development as it enhances the understanding of a company's strengths and weaknesses.
The methodology was developed leveraging the 3 principles of the circular economy:

- eliminate waste and pollution
- keep products and materials in use
- regenerate natural systems.

The survey questions, as well as the scores assigned to each answer, are meant to ensure alignment with the aforementioned principles.

The Circulytics methodology is structured into 2 categories:

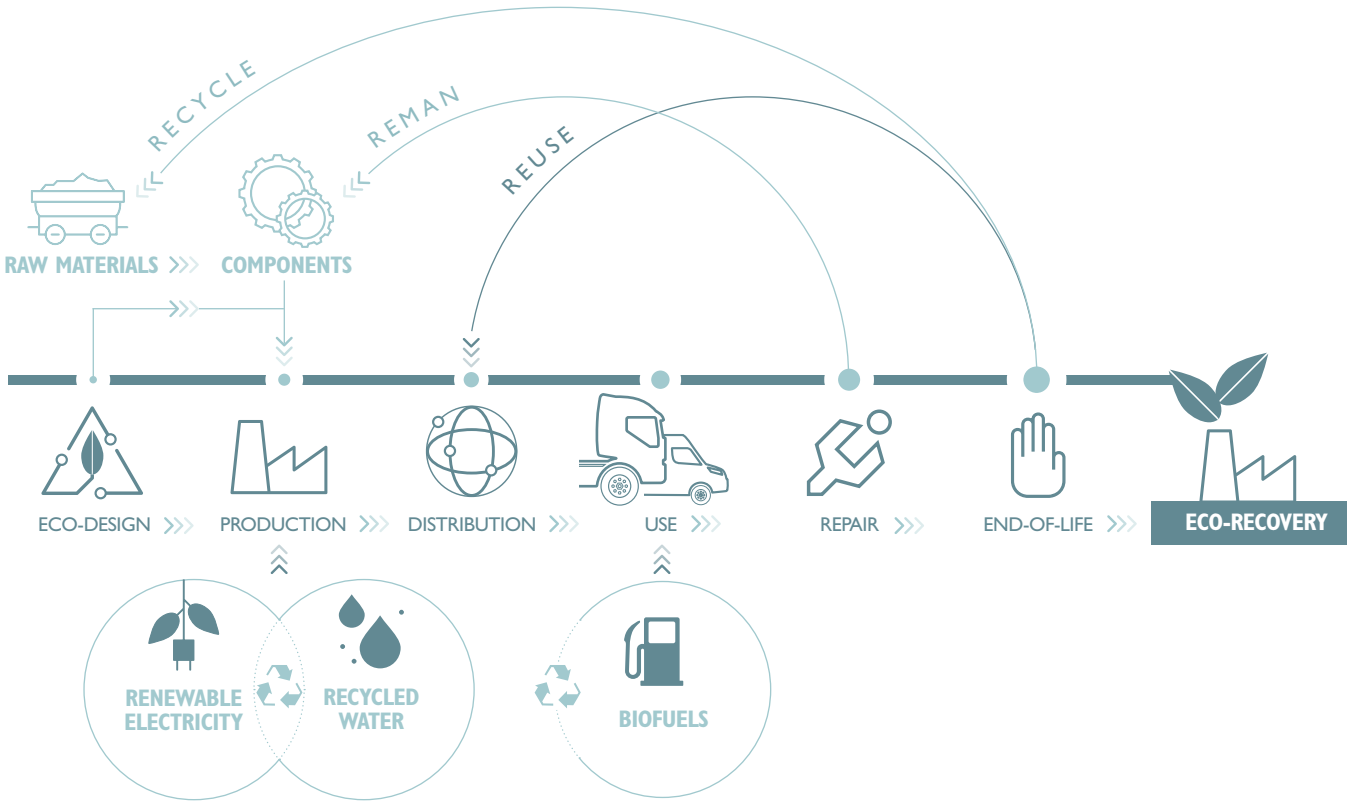
- the **Enablers** category, which includes indicators of aspects that facilitate a company-wide transformation, from strategic prioritization of the circular economy to the development of systems and assets to support circular operations. This category captures a company's potential to become circular in the future
- the **Outcomes** category, which measures actual circular economy results at company level, such as those related to material flows, water flows, energy use, service and product design, or procurement and decommissioning of plant, property, and equipment assets.

Within these 2 categories, indicators are grouped into 11 **themes**:

- 5 in the Enablers category
- 6 in the Outcomes category, but only a subset of these will be relevant to any given organization, depending on the type of company being assessed.

Within each category, the weighted average of all indicator scores for each theme provides that theme's score; the weighted average of all relevant themes within each category provides the category's score. The two category scores are then combined to give an overall final score, with each category having equal weight. It should be noted that, if a company scores higher in the Outcomes category than in the Enablers category, its Outcomes score will be used as the overall score, to avoid penalizing it for achieving tangible circular economy outcomes without meeting all of the enabling criteria. CNH Industrial adopted the Circulytics methodology in 2021, beginning the process of assessing the recommended indicators and best practices, to get a clear picture of the quality of its circular economy performance and to identify new targets and improvement areas. The next steps are to sign up for a Circulytics account, collect and submit the relevant data, and wait for a Circulytics scorecard.

**CIRCULAR APPROACH**



## THE 5R PROJECT

Every year, IVECO and FPT Industrial supply about 45 million spare parts through their dealerships and workshops. Currently, only some of the replaced worn components (cores) are recovered and used within the remanufacturing process.

The goal of the *5R Project* is to maximize the adoption of a circular economy approach to generate new business through the centralized management of components over their entire service life. This approach allows the Company to offer customers spare parts of the highest quality, and to manage component end-of-life in an environment-friendly manner.

The 5R Project provides for every possible activity once cores are returned to the parent company:

- Remanufacture: cores undergo a regeneration process
- Repair: cores are repaired
- Reuse: cores are still functional and are therefore refurbished and sold to customers as used
- Recycle: cores are disassembled and the raw materials are either recovered by certified suppliers or reintegrated directly into the Company's production cycle
- Recover: cores are disposed of in an eco-friendly manner by certified companies.

The 5R Project started with remanufacturing, while the feasibility of the other 4 processes is currently under assessment. It should be noted that noble metals are already being extracted from cores and recycled. Meanwhile, the Company is in the process of identifying partners for the recycling and recovery activities. The next step will be the creation of dedicated logistics hubs for core collection and allocation to one of the 5R processes, which will enable monitoring the entire life cycle of each component.

# REMANUFACTURING

During the design phase, CNH Industrial promotes the development of products using materials and components that are recoverable or recyclable – selecting components that can be remanufactured, whether produced internally or together with its suppliers.

CNH Industrial Reman is a joint venture between CNH Industrial and Springfield Remanufacturing Corp. (SRC) that has been operational in the USA since 2009, providing remanufactured components to CNH Industrial dealers and customers globally. It combines CNH Industrial's aftermarket solutions, product expertise, and access to equipment and dedicated dealer networks with SRC's remanufacturing operations, capabilities, and expertise. By 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, according to internal data, by remanufacturing and reusing components, the Company was able to lessen its environmental impact by reducing its use of raw materials by about 4,200 tons per year, with a corresponding reduction in $CO_2$ emissions.

**-4,200**
TONS IN **RAW MATERIAL** CONSUMPTION

Remanufacturing cores is an industrial process that ensures the same standards of operational performance as new, original equipment components, triggering a virtuous cycle of savings in raw materials and reductions in materials going to landfill. This process ensures reliability and reduced vehicle downtime for customers at competitive prices; furthermore, remanufactured components come with a 24-month warranty, which is twice the original parts' warranty period.

There are various stakeholders involved in the remanufacturing process:

- customers
- dealerships, which propose remanufacturing solutions, salvage cores, and fit remanufactured parts to machines
- CNH Industrial Reman, which remanufactures cores ensuring the same standards of operational performance as new products; it also manages product portfolios, commercial offers and communications, training for dealers, and logistics and reverse logistics processes.

CNH Industrial Reman manages the overall remanufacturing 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 many of its products, alongside a broad selection of remanufactured parts. Brands can thus offer more environment-friendly products, like-new quality, extended warranties, and good value, since remanufactured parts save the customer an average 30% on the purchase price.

## REMANUFACTURED COMPONENTS

CNH INDUSTRIAL NORTH AMERICA

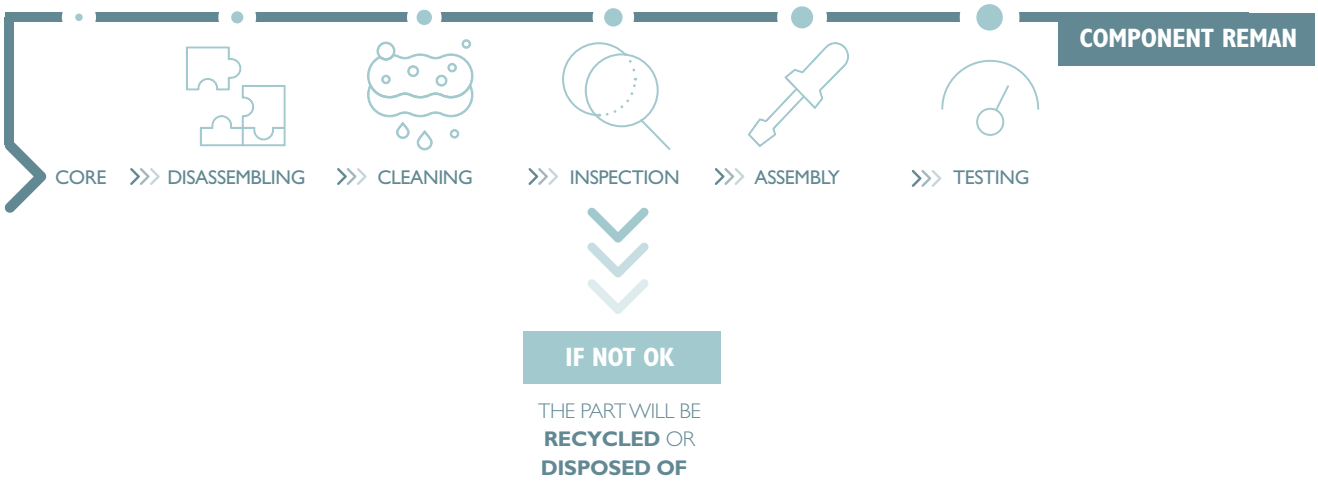
| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Spare parts' net sales from remanufactured components (%) | **8.8** | 8.5 | 8.3 |
| Spare parts' net sales[a] from remanufactured components ($million) | **127** | 118 | 109 |

[a] *Includes cores.*

### REMANUFACTURING PROCESS

CNH Industrial Reman collects cores from dealerships and transfers them to the remanufacturing plant in Springfield (USA), or to one of its certified and approved suppliers. CNH Industrial Reman and the suppliers' knowledge of components and their design guarantee the efficiency and quality of the remanufacturing processes, and all remanufactured products feature the same technological upgrades currently available on the market, or better.

## THE REMANUFACTURING PROCESS




Once delivered, cores are disassembled, cleaned, and inspected. After inspection, all unrecoverable parts are recycled or disposed of. Strict adherence to current laws is guaranteed throughout the process with regard to the proper disposal of products or parts 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 technical core 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 testing, so that customers have the certainty of purchasing spare parts that offer the same quality, performance standards, life expectancy, and emission levels as the equivalent new components.

As further proof of their high quality and reliability, the spare parts remanufactured by CNH Industrial are subject to exactly the same maintenance intervals as new parts; moreover, they come with a 24-month parts and labor warranty (when installed by an authorized dealer), which is twice the warranty period of the equivalent new original parts.

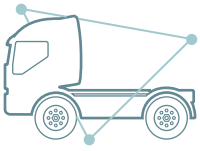
In the USA, products are remanufactured for the brands Case IH, CASE Construction Equipment, New Holland Agriculture, and New Holland Construction. They comprise a wide range of parts, such as engine components for a variety of configurations, cylinder heads, turbo chargers, transmissions, axles, gearboxes, starter motors, alternators, fuel injection systems, electronics, wiring harnesses, clutches, compressors, and hydraulic components.

### ADDITIVE MANUFACTURING

In recent years, in order to improve manufacturing process efficiency, CNH Industrial began to produce its first 3D printed spare parts, a significant step towards additive manufacturing. This technology optimizes the spare parts supply chain by increasing availability and reactivity, especially in the event of urgent orders or when parts are sold out. Most suppliers tend to establish a minimum order quantity that often exceeds actual needs, resulting in inventory obsolescence and higher costs. Thanks to 3D printing, CNH Industrial can produce its own small batches of spare parts within 48 hours, with each part duly tested 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, limits the number of spare parts to be kept in stock, and minimizes the emissions associated with logistics.
To date, CNH Industrial has printed over 300 different parts to meet customer needs, mostly plastic parts as well as some metal ones, a process that has undergone acceleration in the last two years. In 2021, to further advance additive manufacturing, the Company analyzed over 70,000 parts from its product portfolio (7 times more than in 2020), identifying 15% of these as printable. It subsequently started designing parts so that more of them will be compatible with 3D printing in the future.

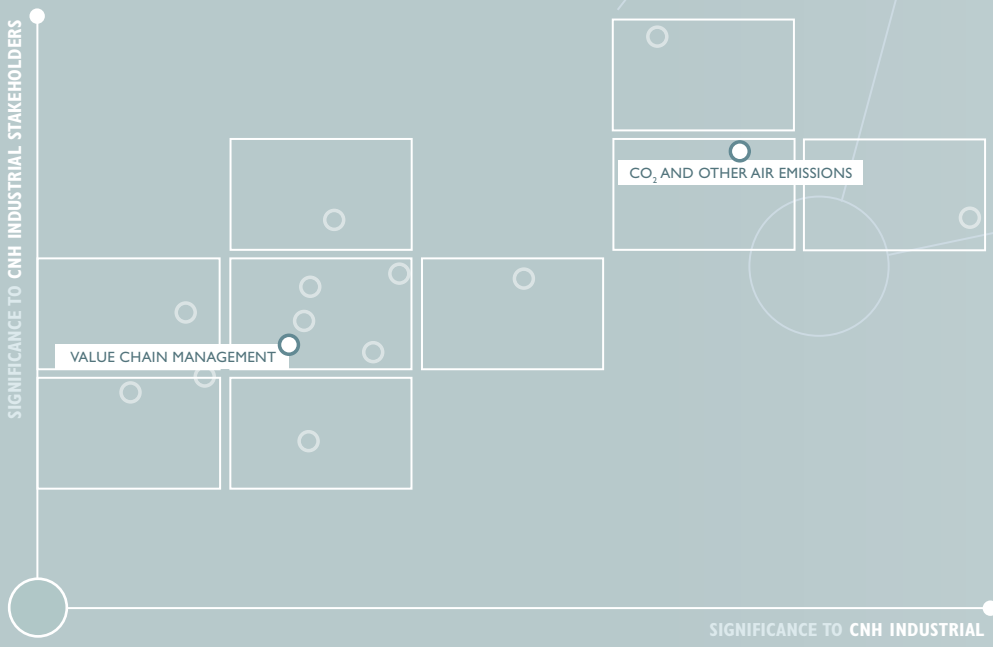
## GIVING VEHICLES A SECOND LIFE


OK TRUCKS is a brand that sells and markets pre-owned vehicles certified by IVECO. The used vehicles, obtained through the company's *Buy Back* and *Trade In* programs, undergo thorough reconditioning before being put back on the market.
After collection by IVECO, the used vehicles are carefully assessed by independent partners, with about 120 checks and inspections performed to guarantee the operational reliability of the following components: interiors, on-board electrical and electronic systems, cabs, bodywork, chassis, braking systems, engines, fuel systems, gearbox and distributors, clutches, cooling systems, heating and air conditioning systems, equipment, and hydraulic systems. All checks and interventions are carried out following set procedures and using only original IVECO spare parts and components. Once a vehicle is duly reconditioned and passes every internal certification step, it is offered to customers as a second-hand vehicle that is both reliable and in perfect condition.
OK TRUCKS also offers a wide range of services, such as warranties valid across Europe, mobility services, a 24-hour toll-free service number, as well as leasing and financing solutions (which can be tailored). A professional team assists customers in selecting the most suitable second-hand vehicles for their businesses, so as to get the best value for money and best total cost of ownership (TCO).
OK TRUCKS is present in more than 20 European countries, and is affiliated with the entire network of IVECO workshops. This means that customers have access to the same level of service and assistance as if they had purchased a brand new vehicle.



# PURCHASING PROCESSES






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

# MANAGEMENT FRAMEWORK

CNH Industrial continued to adopt a responsible approach to the management of its entire supply chain despite 2021's many challenges – the COVID-19 pandemic per se and the subsequent supply chain constraints, as well as the Company's spin-off transaction and internal reorganization. From small local companies to large multinational organizations, the focus remained on establishing relationships that go beyond commercial transactions, and on 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 suppliers, is **$CO_2$ and other air emissions**. Indeed, in order to help protect the planet from climate change and mitigate the depletion of natural resources, reduction efforts must go beyond Company activities, thus including the supply chain.

Commitments to continuous improvement are realized through specific targets and actions, which also give an indication of how efficiently the supply chain is being managed. Targets are set annually on a voluntary basis and included in the Sustainability Plan. The suppliers' progress towards achieving them is regularly monitored by the Purchasing Leadership Team. As regards the coverage of supplier sustainability assessments (i.e., the number of suppliers invited to fill out the self-assessment questionnaire), in 2019, in line with its sustainability priority *people engagement*, the Company included a strategic sustainability target (see page 27) in its Strategic Business Plan: to involve 100% of Tier 1 suppliers in the sustainability self-assessment by year-end 2024. The targets and results achieved are made available to stakeholders via the Sustainability Report and the Company's website.

Management effectiveness is measured through periodic benchmarking against the main competitors and leading sustainability companies, and through rating agency assessments on sustainability issues. The results of these assessments are the starting point for improvement measures.

CNH Industrial purchases are managed by the Purchasing function, which operates globally through dedicated structures, by product line and commodity group. Purchasing defines strategies and guidelines to build and strengthen partnerships with suppliers, offering them stability and development opportunities thanks to the broad product portfolio that the Company has in the industry. The highest responsibility for CNH Industrial's supply chain management initiatives lies with the Senior Leadership Team (SLT). Moreover, the Purchasing Leadership Team is responsible for monitoring suppliers' compliance with the Supplier Code of Conduct and their sustainability assessment process. In 2021, supply chain management improvement targets were included in the Performance Management Process (see page 91) for most managers of projects included in the Sustainability Plan.

The Company implements its Supplier Code of Conduct to provide, together with the CNH Industrial Code of Conduct, a framework for responsible supply chain management. It is available in 8 languages on the corporate website and via CNH Industrial's Supplier Portal (see page 160). Besides compliance with local legislation, the Supplier Code of Conduct stipulates respect for:

- labor and human rights
  - rejecting any form of forced or child labor
  - guaranteeing fair working conditions, working hours, and wages
  - recognizing the right to freedom of association in line with applicable laws
  - safeguarding employee health and safety
  - guaranteeing equal opportunities and that no policies exist that could lead to any form of discrimination
- environmental protection
  - optimizing the use of resources (including energy and water) and minimizing polluting and greenhouse gas emissions
  - developing products while considering their impact on the environment and the potential to reuse or recycle them
  - responsibly managing waste treatment and disposal
  - eliminating the use of potentially hazardous substances
  - adopting logistics procedures while considering their environmental impact
- trade restrictions/export controls
  - sourcing minerals responsibly
- business ethics
  - complying with regulations against improper payments
  - ensuring accurate and complete bookkeeping
  - respecting intellectual property rights
  - disclosing conflicts of interest
  - respecting principles of fair competition and antitrust regulations
  - respecting anti-money laundering legislation.

As highlighted in the Supplier Code of Conduct, which applies to the entire supply chain, suppliers are required to work with CNH Industrial to enforce the Code itself, and to pass on its principles to their respective employees, subsidiaries, affiliates, and subcontractors. In 2021, training for suppliers on CNH Industrial's Supplier Code of Conduct was made available on the Supplier Portal (see page 160).

CNH Industrial is committed to fostering long-term partnerships with its suppliers while integrating the respective business cultures and processes, in order to work jointly toward meeting market expectations. The Company is also committed to supporting small and local suppliers and minority-owned businesses (see page 155).
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 51). Details on the Compliance Helpline are available in the Supplier Code of Conduct.

# SUPPLIER PROFILE

CNH Industrial manages purchases worth approximately $19.2 billion, with a total network of 4,142 direct material suppliers. In 2021, 30 new eligible suppliers were added to the network, while there were no significant changes to supply chain structure and no additional outsourcing of activities. The Company's top 150 suppliers are considered strategic suppliers, not only because they generate 62% of the total value of purchases, but also because of the length of the relationships involved, along with the extent of their production capacity and handling of spare parts.

## SUPPLIERS IN NUMBERS

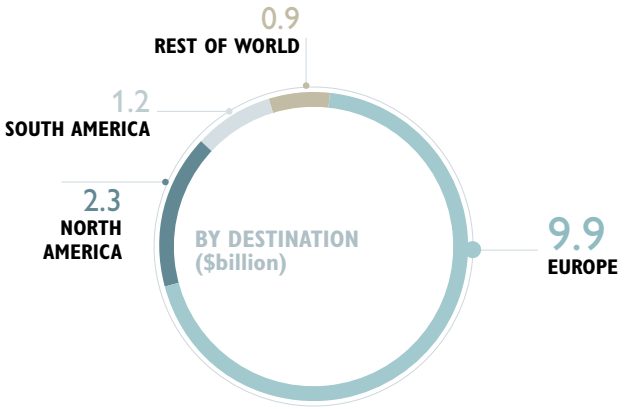
CNH INDUSTRIAL WORLDWIDE

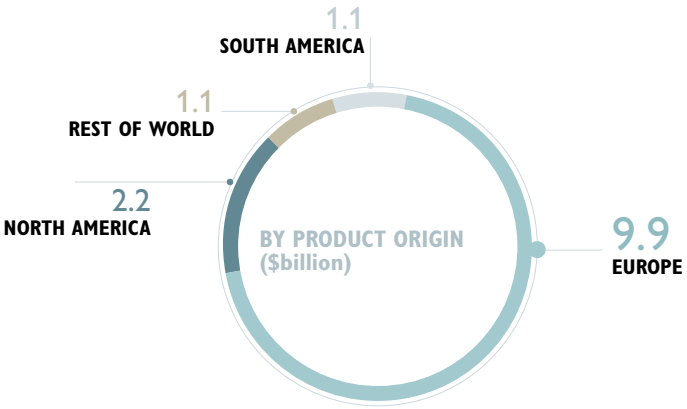
| | 2021 |
|---|---|
| Direct and indirect material purchases[a] (% of the total volume of CNH Industrial purchases) | 85 |
| Direct material suppliers (no.) | 4,142 |
| Value of purchases from direct material suppliers[b] ($billion) | 14.3 |
| Value of purchases from indirect material suppliers[c] ($billion) | 2.1 |
| Local suppliers (%) | 96 |

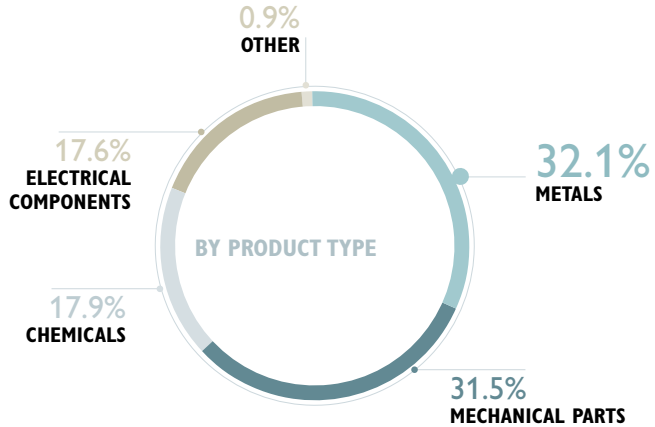
[a] *Refers to the value of purchases.*
[b] *Direct materials are preassembled components and systems used in assembly. The value of raw material purchases is considered marginal.*
[c] *Indirect materials are services, machinery, equipment, etc.*

## PURCHASES[a]

CNH INDUSTRIAL WORLDWIDE




[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 to reduce risks associated with business operations and to optimize costs.
Significant amounts are spent on local suppliers[1]: in 2021, contracts signed by CNH Industrial with local suppliers accounted for 96% of procurement costs. Specifically, 98% in Europe and 91% in North America, which are CNH Industrial's major locations of operation[2].
Additionally, the Company continued to promote the World Class Manufacturing program (see page 165) at local supplier plants, to share best practices and methodologies.

**96%**
OF PROCUREMENT SPENDING **ON LOCAL SUPPLIERS**

Although CNH Industrial does not always purchase raw materials directly (one exception being steel used for direct processing), their overall consumption and general price trends are constantly monitored. In 2021, the main raw materials used in semi-finished goods purchased by the Company were steel and cast iron (including scrap), plastics and resins, rubber, and other miscellaneous materials.

### RAW MATERIALS USED IN SEMI-FINISHED GOODS PURCHASED BY THE COMPANY

CNH INDUSTRIAL WORLDWIDE (thousand tons)

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Steel and cast iron[a] | **2,462** | 1,570 | 2,050 |
| Plastics and resins | **110** | 70 | 100 |
| Rubber | **114** | 62 | 103 |
| Other miscellaneous materials | **70** | 43 | 70 |

*(a) Including scrap.*

Furthermore, the Company continued to monitor paper, cardboard, and wood consumption at its offices and in packaging at its plants, so as to assess impact and devise improvement measures, if needed.

### PAPER, CARDBOARD, AND WOOD CONSUMPTION

CNH INDUSTRIAL WORLDWIDE (tons)

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Paper (office use) | **816** | 557 | 746 |
| Cardboard (packaging used at plants) | **5,399** | 10,517 | 3,440 |
| Wood (packaging used at plants) | **32,803** | 24,025 | 21,948 |
| Related procurement spend (%) | **0.12** | 0.16 | 0.10 |

A detailed spend analysis is regularly carried out to improve business performance and maximize operational efficiency. The analysis performed in 2021 involved 3,469 suppliers (accounting for approximately 88.3% of direct material purchases) in the following categories:

- metals: 32%
- electrical components: 18%
- chemicals: 18%
- mechanical parts: 31%
- other: 1%.

As regards the suppliers analyzed, 50% were in Europe, 20% in North America, 14% in South America, and 16% in the Rest of the World. Using a software tool known as the Financial Suppliers Sensitivity System (FS3), supply chain managers have access to suppliers' financial assessments. This tool is continually updated with confidential information provided by the suppliers themselves and contained in any financial reports. The resulting evaluation, generated automatically and checked by an analyst, allows suppliers to be identified according to their category of financial risk. Suppliers in particular difficulty are monitored weekly to prevent and minimize the risk of any interruptions to the supply chain. The continuous monitoring of economic factors is essential to good supply chain management.

*(1) Local suppliers are those operating in the same country as the CNH Industrial plant in question.*
*(2) The significant locations of operation are defined by total direct material purchases, which are 70% of the total value of purchases in Europe and 16% in North America.*

## SUPPLIER DIVERSITY

In the procurement of its products and services, CNH Industrial's policy in North America is to promote, encourage, and increase the participation of diversity-owned enterprises. These may include businesses that are small, disadvantaged, or owned by women, ethnic minorities or veterans (including service-disabled), or that are part of the US Small Business Administration program for small companies that operate and employ people in Historically Underutilized Business Zones. CNH Industrial actively seeks, identifies, and assists these companies to qualify as competitive suppliers, affording them the opportunity to increase their sales and expand their markets. It provides potential diversity-owned suppliers with appropriate 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.

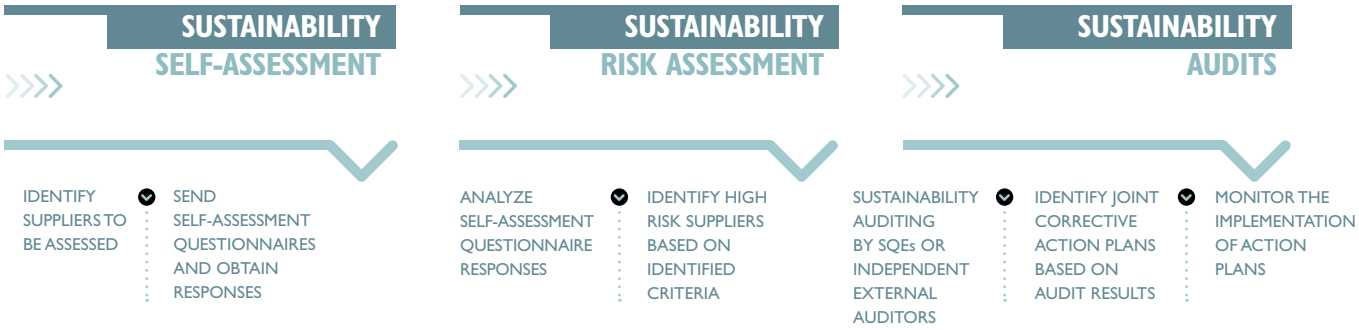
The Potential Suppliers Assessment (PSA) evaluates a company's potential to become a CNH Industrial supplier by identifying its strengths and weaknesses and its ability to manufacture according to the highest quality standards. The PSA tool is used to assess companies that do not currently provide direct materials to CNH Industrial, as well as suppliers that have undergone reorganization, or whose plants were relocated. The PSA is carried out prior to the procurement phase to allow potential new suppliers to participate in tenders. The tool is a way to evaluate a potential supplier's ability to manufacture quality products using best practices, and to assess systems and processes directly at supplier plants.
PSA criteria involve key sustainability aspects, with explicit reference to both environmental and occupational health and safety management; indeed, one of the requirements is the presence of environmental and health and safety systems in the working area, preferably certified by a third party. A dedicated section of the PSA also allows carefully monitoring suppliers' compliance with the restrictions on the use of hazardous substances. The presence of management systems reflects suppliers' efforts to monitor and manage environmental aspects, labor practices, human rights, and impacts on society.
In 2021, 26 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 156).
In addition, through the Commitment Declaration stipulated for new suppliers, the latter are requested to comply with the CNH Industrial Code of Conduct and Supplier Code of Conduct. Specific contractual clauses require them to provide references and demonstrate abilities in relation to: fighting corruption, safeguarding the environment, promoting health and safety at work, ensuring non-discrimination, prohibiting forced and/or child labor, and recognizing freedom of association.
The best practices and contractual clauses to be incorporated into supplier agreements, including the General Purchasing Conditions, are shared at CNH Industrial level. If a supplier fails to adhere to these principles, the Company reserves the right to terminate the business relationship or instruct the supplier to implement a corrective action plan.

## SUPPLIER ASSESSMENT

Suppliers play a crucial role in supply continuity and can influence the way public opinion perceives CNH Industrial's social and environmental responsibility. To prevent or minimize any environmental or social impact, the Company has developed a process to assess suppliers on sustainability issues. This process is also a way to engage suppliers while promoting high sustainability standards, and thus continuous improvement. The supplier assessment process is managed yearly by the Purchasing functions and is overseen by the Purchasing Leadership Team.

The assessment process involves 3 consecutive steps over a 1-year period.

**ASSESSMENT PROCESS**




During the first step of the evaluation, suppliers are asked to fill out a **sustainability self-assessment** questionnaire. Since 2014, CNH Industrial has used the questionnaire drawn up by the Automotive Industry Action Group (AIAG). Suppliers are requested to provide information on: human rights, the environment, compliance and ethics, diversity, and health and safety. The process is carried out via a dedicated IT platform.
The questionnaires are then analyzed and used to perform a **sustainability risk assessment**, which allows identifying critical suppliers whose compliance with sustainability criteria needs to be addressed. The key drivers used to create the risk map are:

- supplier turnover
- risk associated with the supplier's country of operation (focusing on countries with poor human rights records[1])
- supplier financial risk
- participation in the assessment process
- risk associated with the purchasing category (i.e., the commodity group).

Based on risk assessment results, suppliers are classified according to 3 levels of risk (high, medium, and low) and selected for audit accordingly. **Sustainability audits** are performed at suppliers' plants by either CNH Industrial Supplier Quality Engineers (SQEs) or independent third-party auditors. Audits, which are organized in agreement with the suppliers, aim at checking the information submitted via the self-assessment questionnaires and at defining possible improvement plans where necessary. It should be noted that, due to the ongoing COVID-19 pandemic, most of the sustainability audits in 2021 were performed remotely, and only by Company SQEs[2].
To further strengthen the assessment process, the Company also identifies suppliers based on the time elapsed since their last audit (5 years or more), planning new sustainability audits accordingly for their reassessment and to verify compliance with the actions plans previously agreed upon.

Each supplier selects representatives within its organization (usually from Human Resources, Safety, Environment, and Quality) to take part in the audits, as well as a representative manager. Should audits reveal critical issues to be addressed, joint action plans are drawn up with the suppliers to define:

- improvement areas (e.g., implementation of internal procedures in line with sustainability principles)
- responsibilities (which could entail organizational changes)
- corrective measures (e.g., targeted training programs)
- timeframes for action plans.

*(1) For countries with poor human rights records, refer to the list published by the US Department of State.*
*(2) With the exception of 1 new supplier (and its sub-supplier) that was audited by an external provider.*

**Action plans** are monitored via follow-ups between supplier and auditor, through a structured process supported by an IT system. At the end of the follow-up period, action plan results are collected and analyzed for compliance according to a dedicated operational procedure. In case of defaulting suppliers, further corrective actions are defined and implemented in agreement with the competent internal departments. Every month, the Supply Quality Performance (SQP) system draws up a Supplier Scorecard, containing qualitative information and the scores from sustainability assessments. This information, along with each supplier's financial, technical, and logistics data, makes up the Summary by Plan document used to assign new orders.

## ASSESSMENT CRITERIA

| | | Categories of reference[a] | Self-assessment | Audit |
|---|---|---|---|---|
| HUMAN RIGHTS | Company code of conduct | HR | ○ | ○ |
| | Supplier code of conduct | SO | ○ | ○ |
| | Supplier facilities | HR | ○ | ○ |
| | Supplier working conditions and practices | LA | ○ | ○ |
| | Supplier contract | HR | ○ | ○ |
| ENVIRONMENT | Environmental management system | EN | ○ | ○ |
| | Waste | EN | ○ | |
| | Metrics | EN | ○ | ○ |
| | Greenhouse gases (GHG) | EN | ○ | ○ |
| | Prevention | EN | ○ | |
| | Emergency planning | EN | ○ | ○ |
| | Regulatory tracking | EN | ○ | |
| | Training | EN | ○ | ○ |
| | Supplier training | LA | ○ | |
| | Environmental policy | EN | ○ | |
| | Environmental strategy | EN | ○ | |
| | Audits | EN | ○ | ○ |
| | Land and water conservation | EN | ○ | |
| | Verification | EN | ○ | |
| | Water policy | EN | ○ | |
| | Water targets | EN | ○ | |
| | Wetlands | EN | ○ | |
| | Water-stressed areas | EN | ○ | |
| | Logistics processes | EN | ○ | |
| | Logistics targets | EN | ○ | |
| | Disposable packaging | EN | ○ | |
| COMPLIANCE AND ETHICS | Corruption | SO | ○ | ○ |
| | Training | LA | ○ | ○ |
| | Supplier training | LA | ○ | ○ |
| | Conflict of interest | SO | ○ | |
| | Supplier ethics | SO | ○ | |
| | Risk assessment | SO | ○ | |
| | Intellectual property protection program | SO | ○ | |
| | Intellectual property violations | SO | ○ | ○ |
| | Contractual requirements | SO | ○ | |

[a] *EN: Environment*
*LA: Labor practices*
*HR: Human rights*
*SO: Impacts on society.*

| | | Categories of reference[a] | Self-assessment | Audit |
|---|---|---|---|---|
| DIVERSITY | Organization | LA | ○ | ○ |
| | Employee policy | LA | ○ | ○ |
| | Supplier policy | LA | ○ | ○ |
| | Training | LA | ○ | ○ |
| | Supplier training | LA | ○ | ○ |
| | Corporate diversity strategy | LA | ○ | ○ |
| | Supplier diversity metrics | LA | ○ | ○ |
| HEALTH AND SAFETY | System | LA | ○ | ○ |
| | Substances of concern (SoC) | LA | ○ | ○ |
| | Audits | LA | ○ | ○ |
| | Employee involvement | LA | ○ | ○ |
| | Training | LA | ○ | ○ |
| | Supply chain | LA | ○ | ○ |
| | Emergency response | LA | ○ | ○ |
| | Emergency planning | LA | ○ | ○ |
| GENERAL | Industry associations | SO | ○ | |
| | Industry training | LA | ○ | |
| | Stakeholders | SO | ○ | |
| | Sustainable purchasing | SO | ○ | |
| | Recognition | SO | ○ | |
| | Conflict minerals | HR | ○ | |
| | Community development | SO | ○ | ○ |

(a) *EN: Environment*
*LA: Labor practices*
*HR: Human rights*
*SO: Impacts on society.*

In 2021, 90% of the supplier base (accounting for approximately 99% of direct material purchases) was invited to access the online sustainability self-assessment questionnaire available via the Supplier Portal (see page 160). 1,389 questionnaires were completed (accounting for approximately 73% of direct material purchases). The average score achieved (76/100) confirmed that social and environmental issues were being properly addressed. Results were essentially in line with the previous year's findings, confirming the widespread implementation of sustainability initiatives, with a significant number of suppliers adopting their own social and environmental systems, setting specific targets, and drafting periodic reports.
No critical issues involving collective bargaining, child labor, or forced/compulsory labor were reported in 2021.


## SUPPLIER SUSTAINABILITY SELF-ASSESSMENT QUESTIONNAIRES

CNH INDUSTRIAL WORLDWIDE

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Suppliers involved in the assessment process (%) | **90** | 90 | 76 |
| Suppliers involved as a percentage of direct material purchases (%) | **99** | 99 | 97 |
| Completed questionnaires (no.) | **1,389** | 1,170 | 790 |
| Responding suppliers as a percentage of direct material purchases (%) | **73** | 73 | 60 |
| Average assessment score | **76/100** | 76/100 | 74/100 |

## 2021 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) | 54 | ■ climate strategy<br>■ environmental strategy (focus on water and biodiversity)<br>■ measures to reduce the environmental impact of logistics processes |
| Labor practices (LA) | 9 | ■ ethics and compliance training<br>■ supplier's environmental training<br>■ audits of supplier's health and safety practices |
| Human rights (HR) | 9 | ■ code of conduct<br>■ contractual requirements for suppliers, including labor and human rights<br>■ laws and regulations |
| Impacts on society (SO) | 51 | ■ contractual requirements for suppliers including compliance and ethics |

In 2021, sustainability audits were conducted on 95 supplier plants, involving 95 suppliers worldwide; all audits were carried out remotely by Company SQEs (with the exception of 1 new supplier and its sub-supplier, which underwent 3 audits by an external provider).

## AUDITS BY GEOGRAPHIC AREA

CNH INDUSTRIAL WORLDWIDE (no.)

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| North America | **11** | 10 | 20 |
| Europe | **37** | 24 | 20 |
| South America | **14** | 18 | 20 |
| Rest of World | **33** | 38 | 25 |
| **Total** | **95** | 90 | 85 |

The total number of audits worldwide covered approximately 5% of the total purchase value. In 2021, 9 suppliers were involved in the formulation of 49 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 2021 also highlighted an improvement in sustainability scores for 100% of the suppliers that responded to the self-assessment questionnaire and had an action plan in place in 2020, thanks to the increased awareness deriving from both the corrective measures implemented and the audit process itself.

## 2021 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) | 4.2 | 13 | ■ improvement in environmental management system<br>■ definition of targets (for energy, GHG, water, and waste) |
| Labor practices (LA) | 7.4 | 25 | ■ training initiatives<br>■ expansion of relevant documentation<br>■ supply chain engagement |
| Human rights (HR) | 4.2 | 7 | ■ training initiatives<br>■ expansion of relevant documentation<br>■ improvement in overtime practices |
| Impacts on society (SO) | 2.1 | 4 | ■ definition of a supplier code of conduct |

*[a] The percentage is calculated based on the number of suppliers audited (95 in 2021). No suppliers were considered at risk in terms of child labor, forced/compulsory labor, or violations of either freedom of association or collective bargaining.*

## ONGOING DIALOGUE WITH SUPPLIERS

Firmly convinced that suppliers are key partners for its growth, CNH Industrial is committed to keeping them engaged and informed at all times. Promoting continuous dialogue and exchange with them builds stronger supplier relationships, in which goals and strategies can be shared, and collaborations and joint projects can thrive – as evidenced by the Company's many long-standing and mutually beneficial alliances.

CNH Industrial's **Supplier Portal** continued to be the primary collaboration and communication platform for the supply chain. It contains modules and tools used in the management of operations involving suppliers, as well as documents and communications for the exchange of information. Moreover, dedicated email addresses are available for suppliers as additional communication channels for sustainability matters and for reporting any non-compliance within the supply chain.

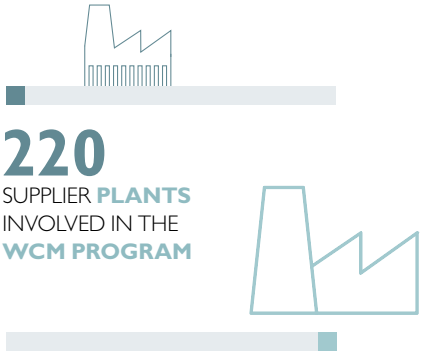
In 2021, while many communication initiatives involving suppliers were suspended due to the pandemic, a number of them were delivered virtually.

In South America, more than 2,700 suppliers were invited to participate in the Company's fourth annual *Supplier Excellence Awards* (SEA), held online in May. Each year, the event involves all of CNH Industrial's suppliers in the region, regardless of their strategic or economic importance, and acknowledges those that excel in areas including, but not limited to, quality, delivery, commercial relationships, after-marketing, technology, innovation, logistics, services, and World Class Manufacturing (WCM). It also awards the best sustainability initiatives implemented by suppliers focusing on the areas of social responsibility, diversity and inclusion, and environment. During 2021's SEA ceremony, 25 suppliers received awards in various categories, and the one that stood out above all the others was recognized as Supplier of the Year.
Still in South America, the Supplier Advisory Council (SAC) event, which in July 2021 was held virtually due to the pandemic, was attended online by about 150 people representing both CNH Industrial and the region's 50 most strategic and important suppliers. It was a meeting of minds to discuss topics such as the pandemic's impacts on the supply chain, alternatives to best serve customers, business challenges, and the development of common strategies and goals.

In North America, Company Engineering and Purchasing representatives continued to meet periodically with strategic indirect suppliers, through virtual meetings specifically set up to maintain a healthy dialogue, exchange mutual feedback, and discuss ongoing and recurrent business topics.

Another initiative, known as **Technology Days**, gives suppliers a chance to showcase their cutting-edge products in terms of innovation, technology, and quality, while addressing specific topics and sharing information on recent technological developments. In 2021, the event was as always attended by CNH Industrial employees but held virtually.

As at December 31, 2021, a total of 220 supplier plants had adopted the **World Class Manufacturing** (WCM) program, with no increase compared to 2020 due to pandemic-related restrictions and strategy changes to the WCM supplier program itself. The WCM adoption process entails a number of activities that take place in two distinct yet equally important phases, and that are meant to provide 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 are delivered to suppliers. Secondly, supplier WCM teams are given the opportunity to visit selected CNH Industrial plants to learn about the Company's best practices.
In 2021, these training sessions took place remotely due to the pandemic, while on-site visits to Company plants took place only where possible and as per COVID-19 safety measures. In addition, 111 follow-ups and 23 audits were carried out (for the most part remotely) to verify the proper implementation of the WCM methodology. This auditing system enables the inclusion of suppliers in the Company's WCM awarding system.




Thanks to the dual approach, a greater number of suppliers achieved 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.)

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Supplier plants involved in the WCM program | **220** | 220 | 215 |
| Audits performed (on site and remotely) at supplier plants involved in the WCM program | **23** | 29 | 55 |

CNH Industrial also continued to monitor a number of sustainability indicators (KPIs) at supplier plants in Europe, 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 5% compared to the previous year. Within the scope of the Environment pillar, suppliers were required to include the measurement of energy consumption in their standard practices. The plants monitoring energy consumption for at least a year recorded an average 5% reduction compared to 2020, 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 involves acting on supplier suggestions. Indeed, through the Suppliers' Proposals section accessible via the Supplier Portal (see page 160), suppliers can submit both cost reduction and quality improvement ideas, which are then assessed by a dedicated cross-functional team. In 2021, more than 140 suppliers were involved in the program in Europe and in South America, proposing more than 400 ideas whose potential benefits are estimated to be worth around $7 million.

As regards supplier **training activities**, the 125 suppliers selected to participate in the CDP Supply Chain initiative (see page 162) were offered 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 2021, CNH Industrial participated in several meetings organized by suppliers, discussing its approach to sustainability as well as its best practices to engage suppliers and assess their social and environmental performance.

## PROMOTING THE CONTINUOUS IMPROVEMENT OF ENVIRONMENTAL ASPECTS

CNH Industrial's commitment to curtail the environmental impact of its activities and to tackle climate change cannot exclude the involvement of its suppliers. In fact, to limit the impact of manufacturing processes and products on the environment, suppliers are, on the one hand, requested to optimize their use of resources and minimize polluting emissions and greenhouse gases (GHG); on the other, they are encouraged to effectively manage waste treatment and disposal and adopt logistics management processes that minimize environmental impact. For these reasons, an environmental management system certified according to international standards is always strongly advised.

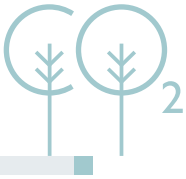
Within the supplier assessment process (see page 160), the self-assessment questionnaire monitors the **environmental management** approach implemented by suppliers by focusing on the following aspects:
- presence of an environmental policy and environmental management system (preferably certified)
- reduction targets for GHG emissions, energy and water consumption, and waste generation
- monitoring of environmental aspects
- monitoring of sources of potential releases to air, water, and land, and subsequent identification of improvement areas
- delivery of internal environmental training, while encouraging their own suppliers to do the same
- execution of regular audits to verify policies, non-compliances, and corrective actions
- presence of a biodiversity protection strategy.

The questionnaire also includes a dedicated **water management** section focusing on:
- policies, strategies, and/or strategic plans regarding water management and improvements to wastewater management
- specific improvement targets
- bodies of water, wetlands or natural habitats affected by the water withdrawals or discharges of plants
- operations located in water-stressed areas.

The assessment, for which 1,389 completed questionnaires were received in 2021, confirmed that environmental issues were being properly addressed, especially with regard to the adoption of environmental management systems, emergency plans, and regulatory controls.
CNH Industrial deems the protection of water sources increasingly important as it believes their scarcity could affect production continuity. For this reason, suppliers are explicitly requested to optimize their use of water resources, particularly freshwater, given their potential impact on the Company's continuity of supply.

Another important supplier engagement activity centered on the mitigation of environmental impacts is the **CDP Supply Chain** initiative. In keeping with previous years, 125 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 2021, the companies involved in the CDP Supply Chain initiative generated over 359 million tons[4] of $CO_2$, cutting emissions by approximately 6 million tons and generating $160 million in cost savings.

**73%**
OF **KEY SUPPLIERS** MONITORED FOR **$CO_2$ EMISSIONS**



**CDP SUPPLY CHAIN RESULTS**
CNH INDUSTRIAL WORLDWIDE

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Key suppliers that participated in the CDP survey (%) | **73** | 56 | 50 |
| Responding suppliers that integrated climate-related issues into long-term business objectives (%) | **82** | 85 | 78 |
| $CO_2$ emissions cut (million tons) | **6** | 2 | 6.7 |

## 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, the Company's Supplier Quality Engineers (SQEs) take part in training activities every year to explore some of the key issues of environmental and social responsibility. In 2021, 2 training sessions on the supplier assessment process were organized for 15 participants.

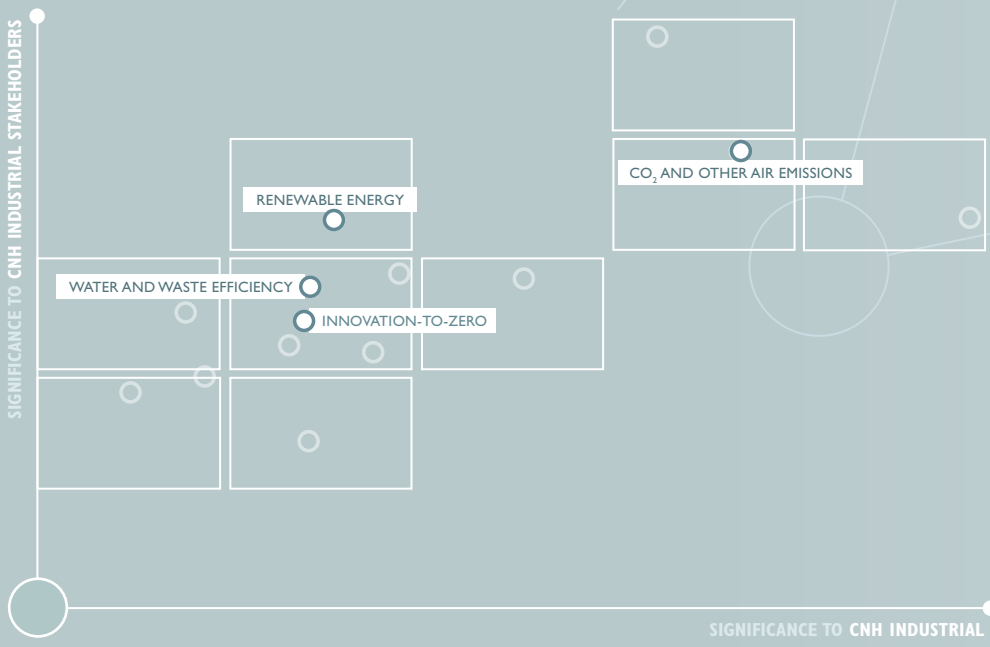
## SUPPORTING SUPPLIERS IN DIFFICULTY

The global COVID-19 pandemic, the widespread financial crisis, and the overall difficult socio-political context have demanded even closer monitoring and management of critical situations arising along the supply chain. To this end, CNH Industrial has further strengthened its structures and mechanisms for managing suppliers in financial difficulty, focusing on promptly identifying high-risk situations and on stabilizing them through appropriate measures to ensure supply continuity, including through a recently implemented supplier monitoring tool (see page 71).
In 2021, weekly monitoring and updates involved all Purchasing functions worldwide. In an effort to tackle the difficult year as collaboratively and effectively as possible, Purchasing held frequent meetings and webinars with suppliers to demonstrate the Company's understanding and support. Assistance provided included advances on raw material purchases, the advance payment of invoices (with no impact on the Company's income statement), and assistance with logistical problems and government/bank support packages.

*(3) CDP is an international non-profit organization providing the only global system for companies and cities to measure, disclose, manage, and share vital environmental information.*
*(4) Including emissions under scope 1, scope 2 (as per market-based methodology), and scope 3 (purchased goods and services).*

# MANUFACTURING PROCESSES






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

# MANAGEMENT FRAMEWORK

CNH Industrial makes its product manufacturing processes more effective, efficient, economical, and environment-friendly through the application of streamlined systems and technologies, improvements to existing materials and processes, and the development of new materials, systems, processes, and/or techniques. All manufacturing processes, systems, and techniques are required to be technologically appropriate, technically feasible, economically viable, and eco-friendly.
The Company's Central Manufacturing function manages cross-segment manufacturing processes and supports segment organizations in ensuring that objectives are met and in line with business targets.
The Central Manufacturing function also:

- drives the development, standardization, convergence, implementation, and improvement of relevant manufacturing processes
- drives the optimization of technology investments and synergies
- drives transport, production planning, and industrial logistics processes in all segments
- enforces worker health and safety (see page 82) and addresses issues concerning environmental and energy management (see page 167)
- supports the development and implementation of new product manufacturing processes and improvements to existing ones, in line with the product segments (see page 198).

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 165). Given the customers' demand for ever-higher quality and the level of excellence required by the WCM, the focus is on the quality of every aspect of the manufacturing process, which has led plants to also adopt a quality management system compliant with ISO 9001.
As at December 31, 2021, 57 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 151) to ensure the procurement of quality components, which are essential for the production of vehicles that meet the high standards demanded by customers.

## THE DIGITAL REVOLUTION IN TRAINING


Guided by World Class Manufacturing (WCM) principles, CNH Industrial implements a knowledge management process to collect, organize, store, and share knowledge in a way that is easily accessible to employees and that enables autonomous, self-regulated learning.
Within the scope of this process, and to meet the demands of both the new normal and digitalization, the Company launched a pilot project in Madrid (Spain) to trial WCMFlix, a digital video library for remote training. It leverages social media technologies, which make the platform easy to navigate, flexible, and user-friendly. The online library gathers and links the individual knowledge, skill sets, and expertise of each plant within the organization's entire manufacturing network, and makes this information available to everyone to assist with learning and with addressing respective challenge areas. It also allows newly hired employees to share previous work experiences and best practices learned.
The WCMFlix platform contains training videos and tutorials on WCM methods and tools, and on specific plant-related matters. In 2021, it covered 61 different topics, delivering about 17,000 online training sessions and closing over 11,000 knowledge gaps.
The Company also started to adopt virtual reality to make safety training more dynamic, which proved effective at closing knowledge and skills gaps (particularly regarding the timelier tracking of projects and ensuring a safe and healthy work environment).
To further increase the interest in and effectiveness of safety training, the plant in Foggia (Italy) adopted a learning model based on Edgar Dale's Cone of Experience, which argues that students retain more from experiential learning than from traditional classroom/textbook-based learning. By implementing the model, the plant was able to assess new training techniques and implement a Virtual Safety Lab where people 'learn by doing', resulting in a 90% increase in training effectiveness compared to traditional teaching methods.

(1) *The percentage is calculated on 61 plants; for the complete list of these plants, see pages 237-240.*

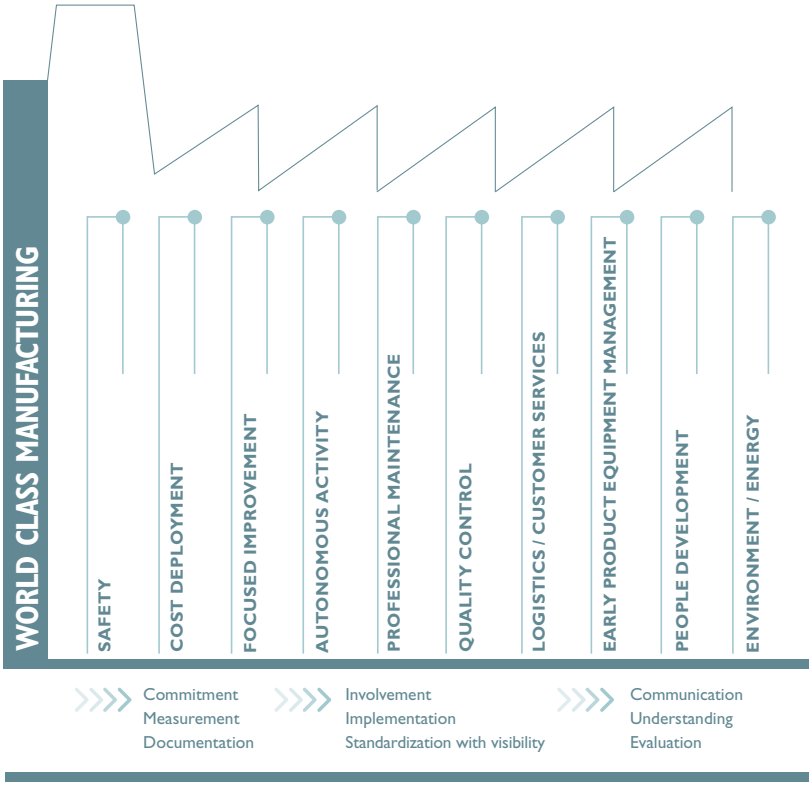
# WORLD CLASS MANUFACTURING

In striving to consolidate and maintain high standards of manufacturing excellence, CNH Industrial applies the principles of World Class Manufacturing (WCM), an innovative program for continuous improvement originating from Japan.
WCM is an integrated model for managing all the elements of an organization, focused on improving the efficiency of all its technical and organizational components to maximize market competitiveness. WCM is a structured system encompassing the most effective manufacturing methodologies, which include Total Quality Control (TQC), Total Productive Maintenance (TPM), Total Industrial Engineering (TIE), and Just-In-Time (JIT). Through precise methods and standards, the WCM system seeks to eliminate all types of waste and loss by identifying objectives such as: zero injuries, zero defects, zero breakdowns, zero waste, inventory reduction, and suppliers' punctual delivery of parts to plants (and subsequently to dealers and end-users). This approach is related to the **innovation-to-zero** vision for manufacturing processes.
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).

8 DECENT WORK AND ECONOMIC GROWTH
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

MA

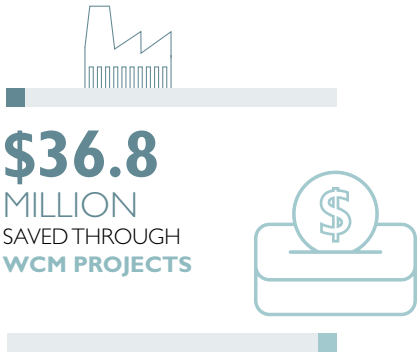
### WCM PILLARS




One of the main features of the WCM program is the direct relationship between an activity or project and its cost benefits. Continuous improvement initiatives are driven by the Cost Deployment pillar, which accurately identifies all plant waste and losses, guides the functions tasked with containing and eliminating the sources of waste, evaluates project feasibility, and assesses and certifies the results achieved by carefully monitoring specific key performance indicators (KPIs).

0
INNOVATION-TO-ZERO

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 160), it allows the Company to ensure high product quality and process efficiency. WCM seeks to instill and reinforce the idea that everyone who is part of an organization must know their customers and strive to satisfy their needs, as well as those of all other stakeholders, in terms of products, order processing, delivery, quick response services, and after-sales assistance.
After all, the aim of continuous improvement is to increase customer satisfaction and loyalty while also ensuring long-term profitability, by developing processes and adding value to products and services.
One of the WCM system's strengths is its ability to motivate people – who are an intrinsic part of the model – to engage and take responsibility by contributing directly to process optimization via a well-established suggestion system. People are an integral part of target achievement and are involved throughout the entirety of improvement projects (universally known as *kaizen*), from definition to realization. This allows them to acquire and develop skills and good practices that are then shared across plants, forming a network of expertise and knowledge at the service of the Company. WCM plays a role in creating an organization that is engaged and free of barriers, where ideas, knowledge, and talent are shared between working groups, both within and across different plants.




In 2021, CNH Industrial organized a number of plant-level *Kaizen Conventions* to recognize employee commitment and encourage the continuous search for new areas of improvement. The best *kaizen* projects were announced at local events and online meetings. The main objective was to drive motivation by recognizing teams' hard work in striving for excellence in manufacturing processes. After all, no one knows the Company better than the people who work for it: the employees serve as drivers and contribute the most toward continuous improvement, by making suggestions and playing a direct role in projects.
At CNH Industrial, the use of tools for sharing information and collecting suggestions is well established. In 2021, about 464,000 employee suggestions were collected across the plants where WCM principles are applied, with an average of 12.2 per employee. Furthermore, 11,181 WCM projects were implemented throughout the year (of which 10.9% on Safety and Environment pillars), generating $36.8 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, 2021, 51 plants were participating in the program, accounting for 84% 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 and 1 a silver award.
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.


(1) *The percentage is calculated on 61 plants; for the complete list of these plants, see pages 237-240.*

## THE WCM HUB – BOOSTING EFFICENCIES DIGITALLY

Management systems are a necessity when it comes to tracking business performance and associated KPIs, identifying issues and their causes, monitoring best practices, adjusting and sustaining process standards, and coaching teams. Sometimes, however, such systems are viewed negatively due, among other things, to the admin, paperwork, emails, manual updates, and meeting minutes involved.

To remedy this, the Company developed the WCM Hub, a digitalized project management platform within its knowledge and data management system. The Hub stores all project details along with competencies, statistics, data, and status information, all updated in real-time and always available and remotely accessible to the plants involved.

The WCM Hub enables a just-in-case, timely, and flexible approach to the management of projects shared by different plants around the world, while creating a sense of collaboration, inclusion, and accountability – a 'one team' culture across the Company. It allows monitoring critical projects more effectively when the workforce is distributed across multiple locations, and accelerating the integration of best practices based on insights gained, benefitting future projects. It also helps leaders better coach current and newly formed teams.

In total, 59 plants and over 30,000 employees worldwide are connected via the WCM Hub, digitally sharing 11 different processes. The time required each month to complete the admin work regarding the central team and corporate pillar activities was cut by 94% at plant level, and overall admin fell by more than 80%.

# ENVIRONMENTAL MANAGEMENT

CNH Industrial is committed to continuously improving the environmental performance of its production processes, by adopting both conventional and enhanced technologies and by acting responsibly to mitigate their environmental impact. Safeguarding the environment at CNH Industrial is based on principles of prevention, protection, information sharing, and people engagement to ensure effective long-term management.

The materiality analysis identified air emissions (covered by the material topic **$CO_2$ and other air emissions**), the use of water, and the management of waste and effluents (both covered by the material topic **water and waste efficiency**) as the most significant environmental aspects for the Company and stakeholders alike.

Furthermore, CNH Industrial's efforts to manage environmental aspects efficiently is one way it is delivering on its *life-cycle thinking* sustainability priority; to this end, in 2019, it incorporated a strategic sustainability target (see page 27) in its Strategic Business Plan: to recover 95% of waste at Company plants worldwide by year-end 2024.

CNH Industrial's Environmental Policy (see page 48), available on the corporate website, describes the Company's short, medium, and long-term commitments to responsibly managing the environmental aspects of manufacturing (particularly energy, natural resources, raw materials, hazardous substances, polluting emissions, waste, natural habitats, and biodiversity).

These aspects are included in both CNH Industrial's environmental management system and the Environment pillar of the World Class Manufacturing (WCM) system; both require compliance with guidelines, procedures, and operating instructions, and regular internal audits and reviews by management. This dual approach enables the effective management of environmental aspects and the evaluation of results (including against stated targets), which are duly reported in the Sustainability Report and on the Company's website.

Significant environmental aspects are monitored, measured, and quantified to set improvement targets at both corporate and plant levels. As further evidence of the Company's commitment to protecting the environment, the indicators for 2021 improved as in previous years, and the improvement targets set (as indicated in the Sustainability Plan) were met in line with expectations (see pages 36-37).

In 2021, 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 a top scorer in the Dow Jones Sustainability Europe and World Indexes (see page 16). Furthermore, CNH Industrial ranked among the A-listers in the CDP Water Security Program 2021, 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.

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 51).
The Company's environmental footprint encompasses various aspects affecting the environment, from the selection and use of raw materials and natural resources to product end-of-life and disposal. Throughout the year, the efforts made to reduce its footprint continued to require a significant commitment, both financially and in terms of measures to improve technical and management performance.
In 2021, CNH Industrial's overall expenditure on environmental protection was approximately $48 million, broken down as follows: about $35 million on waste disposal and emissions treatment, and almost $13 million on prevention and environmental management. A total of $4.1 million was invested in initiatives to reduce the Company's environmental impact, while improvement projects and measures generated $3 million in cost savings.

**$48**
MILLION
SPENT ON
**ENVIRONMENTAL PROTECTION**

## RESPONSIBILITY AND ORGANIZATION

The highest responsibility for initiatives focusing on environmental protection at CNH Industrial lies with the Senior Leadership Team (SLT). The specific projects to reduce the environmental impact of manufacturing processes are the responsibility of plant managers.
The central Environment, Health and Safety (EHS) function (which serves as a reference point for sustainability) coordinates and manages environmental issues as per CNH Industrial's Environmental Policy; it implements improvement actions at local level, periodically verifies performance against targets, proposes new initiatives, and defines environmental policies. An important role is also played by plant employees from other functions/bodies (production lines, logistics, manufacturing engineering, etc.) involved with environmental issues in various capacities.
In 2021, individual environmental impact reduction targets were included in the Performance Management Process (PMP, see page 91) 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 that pose 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, 2021, approximately 5,900 people from CNH Industrial worldwide had access to the platform.

### NANOTECHNOLOGY IN MANUFACTURING

CNH Industrial uses nanotechnologies in the process of painting some of its products, specifically during the washing (pretreatment) of surfaces preceding the actual painting phase. Indeed, a number of Company plants adopt thin layer technology, through which nanotechnology products/nanoparticles are dosed in process tanks to react with the surfaces of metal substrates previously treated with a degreasing solution; the chemical-physical reaction triggered forms a layer of zirconium oxide that coats the metal surface. This treatment confers excellent resistance to corrosion and outstanding paint adhesion, while also reducing environmental impact and enhancing process quality and operational performance. The process usually takes place at room temperature, in which case, because no heat is applied, there is no vapor generation. Chemical concentrations are very low, and product applications (spraying or dipping) are automated and performed in enclosed areas.
Thin layer technology produces less sludge for disposal than traditional technology, and does not require hazardous acid cleaning of paint system equipment. It also cuts energy and water consumption, reduces wastewater, and requires less maintenance. This technology is in use at 34 paintshops across 20 plants (5 in North America, 10 in Europe, 2 in South America, and 3 in the Rest of the World).

(1) *Sustainability, Performance, Analysis, Reporting & Compliance.*

## PROCESS CERTIFICATION

In 2021, the Company 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 237-240)[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. Additionally, plants are required to perform an internal audit every year to verify the performance of their environmental management system; this is the case, for example, in North America and Europe, where such systems are regularly audited by teams of Environment, Health and Safety (EHS) representatives from the operational units, coordinated by specialists from the central EHS function.

### THE LC-EMS TOOL


Building on the experience gained from the life cycle assessments (LCA) performed (see page 198) and the information collected and processed, FPT Industrial joined forces with an external company to develop a software tool known as the Life Cycle - Environment Management System (LC-EMS). This tool estimates the $CO_2$ impact of production plants from a life cycle perspective, as required by the ISO 14001:2015 standard.

The LC-EMS tool is currently implemented at the Bourbon-Lancy plant (France) and at the Torino Motori and Torino Driveline plants (Italy).

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 environmental aspects, which include the World Class Manufacturing system (WCM, see page 165), the environmental management system (see page 167), and the energy management system (see page 179).

## ENGAGEMENT AND AWARENESS ACTIVITIES

CNH Industrial is committed to promoting and disseminating the principles of continuous improvement and environmental management both within and outside the Company. It does so by addressing employees and business partners via specific communication and training tools, as well as by organizing events engaging employee family members and local communities.

A reliable and effective means of engaging people and sharing information is the World Class Manufacturing (WCM) program (see page 165), which promotes good practices and improvement projects, including those suggested by the employees themselves.

*(2) 4 additional plants outside the reporting scope are ISO 14001-certified (see pages 237-240).*

In 2021, CNH Industrial provided 53,842 hours of environmental training, of which 51,816 hours was on-the-job training to 32,652 employees, 91% of whom were hourly.
Throughout the year, various plants implemented a series of initiatives to increase engagement and awareness among employees, both at and outside manufacturing sites, some involving local communities and schools.
The **Lecce** plant (Italy) promoted *Precious Plastic Salento*, a non-profit initiative for the artistic recycling of plastic, in collaboration with the Mobius Circle APS association. The plant donated an injector to the initiative; it allows blending and merging plastic scraps, which are thus recycled to create new objects that are both attractive and useful. Through the association's demos and workshops, several held at local schools, the project's aim is to raise awareness of the unsustainability of plastic consumption and to spread a zero-waste culture. In addition to the plastic injector donation, the plant held a dedicated workshop to raise environmental awareness among the employees' children.
The Lecce plant also 'adopted' 30 olive trees in its surrounding area under an initiative called *Adotta un Ulivo*, aimed at enhancing the relationship between people and the environment by caring for this symbolic tree. The initiative was particularly significant due to the widespread and deadly Xylella pathogen plaguing so many olive trees all across the Apulia region.
On World Environment Day, the plant in **Harbin** (China) launched an online quiz aimed at raising employees' environmental and safety awareness. Several interesting everyday environmental tips emerged during the quiz, which involved a total of 135 employees.
CNH Industrial is also committed to raising awareness of environmental issues among its suppliers (see page 161) and dealers (see page 223).

# ENVIRONMENTAL PERFORMANCE

Consolidated monitoring and reporting systems, such as SPARC[1], are used to track environmental performance, measure the effectiveness of actions taken to achieve targets, and plan new improvement initiatives, through the management of appropriate key performance indicators (KPIs). These indicators can be analyzed at different levels (plant, segment, geographic area, or Company), thus enabling the simultaneous and parallel engagement of different corporate functions at various levels to meet targets.
Periodic benchmarking activities help drive the continuous improvement of plants' environmental performance.


## SAFEGUARDING AIR QUALITY

Reducing air emissions is one of CNH Industrial's major goals, consistent with the results of the materiality analysis. The application of advanced technologies in the manufacturing process is critical to meet the improvement targets set by the Company. The main air emissions are monitored, and results systematically recorded, through specific programs and systems to verify compliance with existing regulations.
As of 2016, CNH Industrial removed all ozone-depleting substances[2] (only found in certain equipment used for cooling, air conditioning, and climate control) from all of its plants falling within the scope of application.

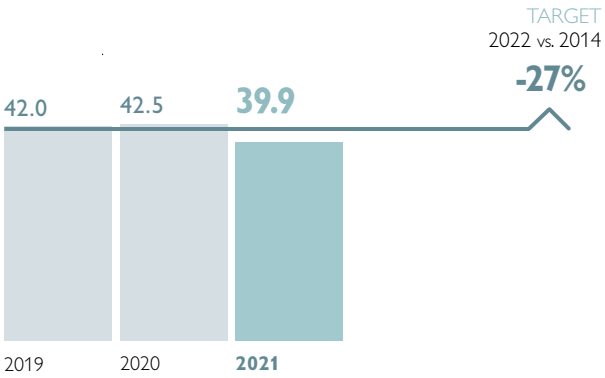

### VOLATILE ORGANIC COMPOUNDS

In terms of volatile organic compounds (VOC)[3] emissions, painting has the greatest environmental impact of all manufacturing processes at CNH Industrial. For this reason, and in line with the material topic **$CO_2$ and other air emissions**, the Company is committed to monitoring and reducing VOC emissions per square meter painted, and has set a target for year-end 2022 to reduce VOC emissions per square meter painted by 27% compared to 2014.
In 2021, the average VOC emissions per square meter painted decreased by over 6% thanks to the continuous management and control improvements to manufacturing processes, paired with a number of changes and upgrades at plant level.

(1) *Sustainability, Performance, Analysis, Reporting & Compliance.*
(2) *Ozone Depleting Substances are potentially harmful substances that contribute to the depletion of the ozone layer. The most significant and harmful are chlorofluorocarbons (CFCs), generally used as refrigerants, solvents, and propellants, and hydrochlorofluorocarbons (HCFCs), used to replace CFCs.*
(3) *Volatile Organic Compounds (VOC) are compounds such as hydrocarbons, containing only carbon and hydrogen, as well as compounds also containing oxygen, chlorine or other elements.*

### VOLATILE ORGANIC COMPOUNDS (VOC) EMISSIONS[a]

CNH INDUSTRIAL WORLDWIDE (g/m²)




[a] *The base year (2014) VOC emissions are equal to 57.6 g/m². For information on the rationale for choosing 2014 as the base year, see page 242.*

The plants in **St. Nazianz** (USA) and **Jesi** (Italy) reduced their cleaning solvent consumption by optimizing their respective paint processes. These improvements cut total VOC emissions by approximately 9.4 tons while reducing the amount of hazardous waste generated.
The plant in **Valladolid** (Spain) replaced its afterburners with 3 new, more efficient ones, thus cutting its VOC emissions by 46 tons and annual gas consumption costs by approximately $24,000.

#### $NO_x$, $SO_x$, 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)

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Plants (no.) | **55** | 57 | 57 |
| Nitrogen Oxides ($NO_x$) | **379.3** | 306.4 | 436.2 |
| Sulfur Oxides ($SO_x$) | **57.8** | 38.3 | 40.3 |
| Dust | **4.9** | 3.2 | 3.3 |

## WATER MANAGEMENT

CNH Industrial believes the sustainable management of water is a major commitment in a global context where the growth in population (and therefore in water demand) is met by a marked scarcity of water resources in an increasing number of regions worldwide. From a business perspective, the Company recognizes the economic importance of proper water management due to the potential risks posed by water scarcity and related issues to the continuity of both supply and industrial processes. Indeed, the proper management of water resources can drive improvement and innovation within the manufacturing process.
CNH Industrial draws water mainly for industrial use, specifically for painting, cooling, washing, and machining, and strives to increase water efficiency within all its industrial processes (regional and environmental circumstances permitting).
Furthermore, the Company's plants operate locally to reduce water requirements and wastewater volumes without compromising quality standards.
CNH Industrial believes that increasing the use of recycled water can reduce withdrawals from external sources, improving water independence and the availability of water for local communities.
From a broader perspective, water is a resource shared with other stakeholders; collaboration on water management is therefore important, and joint efforts should aim at improving the community's health and wellbeing, especially in water stressed areas (see page 174).

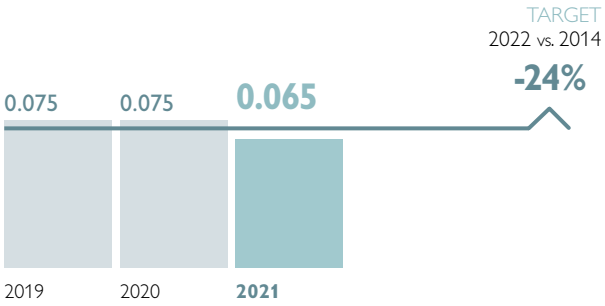
The impact on water resources is an integral part of each plant's environmental assessment, as required by the ISO 14001 standard; for this reason, all 58 ISO 14001-certified plants (see pages 237-240) have a water management plan in place. CNH Industrial's Water Management Guidelines, issued in 2012 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 by 24% by year-end 2022 (compared to 2014). Accordingly, all plants contribute to cutting water consumption by setting specific reduction targets. In terms of water withdrawal per production unit[4], the key performance indicator (KPI) for 2021 dropped by almost 14% compared to 2020.

**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 242.*
*(b) Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 243.*

*(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 243.*

## WATER WITHDRAWAL, DISCHARGE, AND CONSUMPTION

CNH INDUSTRIAL WORLDWIDE (thousands of m³)

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Plants (no.) | *54* | 56 | 56 |
| **Withdrawal** | | | |
| Groundwater | **2,836** | 2,636 | 2,738 |
| Third-party water | **1,776** | 1,498 | 1,616 |
| of which municipal water supply | **1,776** | 1,498 | 1,614 |
| Surface water | **15** | 18 | 23 |
| of which rainwater | **4** | 5 | 2 |
| Seawater | **-** | - | - |
| Produced water | **-** | - | - |
| **Total water withdrawal** | **4,627** | 4,152 | 4,377 |
| **Discharge** | | | |
| Surface water | **501** | 395 | 433 |
| Third-party water | **2,736** | 2,397 | 2,795 |
| Seawater | **-** | - | - |
| Groundwater | **122** | 79 | 38 |
| **Total water discharge** | **3,359** | 2,871 | 3,266 |
| **Total water consumption[a]** | **1,268** | 1,281 | 1,111 |

[a] *Calculated as total water withdrawal minus total water discharge.*

In 2021, several initiatives were carried out to get a detailed picture of water consumption at plant level and reduce plants' water footprint. The **Sete Lagoas** plant (Brazil), for example, installed a number of water meters to monitor its consumption, which dropped by more than 265 cubic meters.

Many other initiatives were implemented to limit the impact of manufacturing processes on water resources and to increase water recycling by improving existing systems and/or by adopting new solutions. For example, the **Grand Island** plant (USA) installed a recirculating system with the capacity to transfer up to 1,100 cubic meters of rinse water from a paint line washer tank to the wet scrubber in the spray paint booth.

The plant in **Racine** (USA) started to collect the water from floor cleaning, leading to the filtering of approximately 190 cubic meters of water and its reuse in the floor scrubber, saving $7,700.

The plant in **Bourbon-Lancy** (France) expanded its reverse osmosis system to include 8 additional washing machines. By reusing water for multiple wash cycles, the plant is able to extend the machines' bath life while reducing the consumption of chemicals (i.e., chloride). The system reduced water consumption by 213 cubic meters, chemical consumption by approximately 5 tons per year, and hazardous waste production by 10 tons; it also led to $35,500 in savings.

The plant in **Madrid** (Spain) installed a new system that recycles the water used for tightness testing. The plant now recycles a total of 29,000 cubic meters of water, while generating more than $33,000 in savings.

The **Suzzara** plant (Italy) installed a water recycling system in its paintshop, which supplies the spray booth with water from the wastewater treatment plant instead of using industrial water. This led to a cut in water consumption of 8,200 cubic meters (equal to a 4% decrease in the plant's industrial water consumption) and in the amount of wastewater discharged, for a total saving of $5,440.

At two of the plants in **Sete Lagoas** (Brazil) – producing engines and defense vehicles, respectively – a system was installed for the collection of rainwater, to be used in cleaning activities. This led to a total reduction in water consumption of 500 cubic meters and to approximately $900 in savings. Meanwhile, the third plant, which manufactures commercial vehicles, adopted a new technology that uses zinc salts to extend the life of baths in its paint pretreatment process; this cut water consumption by more than 7,700 cubic meters while generating $7,900 in savings.

The plant in **Sorocaba** (Brazil) saved approximately 1,000 cubic meters of water and $10,600 in costs by storing water used in cleaning processes and later reusing it in green areas.

In addition to promoting responsible water withdrawal and acting accordingly through ad hoc 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

**51%**
OF **WATER RECYCLED**

Oxygen Demand (BOD)[5], Chemical Oxygen Demand (COD)[6], and Total Suspended Solids (TSS)[7] – showed that performance in 2021 was fully compliant with applicable local limits (see page 257). 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 its associated discharges.
CNH Industrial plants do not use wastewater generated by other organizations, nor do they channel their effluents for reuse by other organizations.

### PLANTS IN WATER-STRESSED AREAS

Out of all the countries in which the Company operates, the plants in **Querétaro** (Mexico) and in **Greater Noida** and **Pithampur** (India) were classified in 2018 as being in areas considered sensitive in terms of availability and use of water resources (so-called water-stressed areas[8]). These areas were identified using the WRI[9] Aqueduct Water Risk Atlas, a mapping tool recognized by the major organizations in the field, through which the list of countries that contain water-stressed areas are monitored annually to identify CNH Industrial plants where specific water conservation and protection measures are needed.
As a consequence, in 2021, 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 259).
The plant in **Querétaro**, for example, was able to avoid significant discharges into the municipal sewage system by treating and reusing more than 4,800 cubic meters of wastewater in its internal production processes and approximately 10,000 cubic meters for the watering of green areas.
In an effort to minimize its impact in all water-stressed areas containing one or more of its plants, CNH Industrial continually engages with its stakeholders to implement shared solutions. In India, for example, the **Greater Noida** plant continued to enlist the help of local communities within its ongoing *Jal Sanchay* project, launched in 2019 to improve water conservation in the surrounding areas (see page 120). The plant in **Pithampur** participated in an initiative to increase the capacity of the Sanjay Jalashay Lake, a reservoir which stores rainwater for the local area. The initiative involved: excavation works using CNH Industrial machines, planting around the reservoir (with help from the local community) to prevent soil erosion, the development of a picnic area where locals can enjoy their green spaces, and the installation of information boards to raise environmental awareness.

## 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 2021, no significant releases of potentially contaminating substances were recorded.

## WASTE MANAGEMENT

The aim of CNH Industrial's efforts to optimize manufacturing processes and activities across its plants is not only to enhance the end product; it is also to improve waste management by reducing its generation and increasing recovery, both key aspects of its Environmental Policy.
The manufacturing process at Company plants normally involves numerous raw materials, such as metal, plastic, chemical products, and components, each with its own packaging. Most manufacturing activities, such as assembly, machining, painting, welding, testing, logistics, etc., can also generate actual and potential waste-related impacts.
When the waste CNH Industrial generates in its activities is managed by third parties, inspections and checks are conducted on the third parties' waste collection and storage operations to ensure they are managing the waste in line with contractual or legislative obligations.

(5) *Biochemical Oxygen Demand (BOD) is the total mass of oxygen used by microorganisms, over a specific time period at 20°C, to decompose (oxidize) the organic material present in a liter of water (normally expressed in mg/l). The standard test period for BOD is 5 days (BOD5).*
(6) *Chemical Oxygen Demand (COD), expressed in milligrams per liter (mg/l), is the quantity of oxygen required for the complete chemical oxidation of organic and inorganic compounds present in a sample of water.*
(7) *Total Suspended Solids (TSS) is the parameter used in water quality management and in water purification to indicate the quantity of solids present in suspension, which can be separated by vigorous mechanical means such as vacuum filtration or centrifugation of the water sample.*
(8) *Areas with a baseline water stress that is high (40-80%) or extremely high (>80%), and with an overall water risk that is high (3-4) or extremely high (4-5), according to the WRI Aqueduct Risk Atlas tool, as at December 5, 2018.*
(9) *World Resources Institute.*

Given the significance of the material topic **water and waste efficiency**, 2 specific targets are in place with regard to both waste and hazardous waste, while a third target for waste recovery is in fact a strategic sustainability target, included in 2019 in the Strategic Business Plan to be achieved by year-end 2024:

- a 25% reduction in waste generated per production unit[10] at Company plants worldwide by year-end 2022 (compared to 2014)
- a 36% reduction in hazardous waste generated per production unit[10] at Company plants worldwide by year-end 2022 (compared to 2014)
- 95% of waste recovered at Company plants worldwide by year-end 2024.

The Company's commitment to optimizing waste management is shared across its plants, which seek solutions that facilitate waste recovery and minimize material sent to landfill. To this end, plants analyze their production chains to identify potential waste management improvements at different stages that will limit the quantities of waste produced and the risks posed – with particular emphasis on improvements that increase waste recovery and reuse. In order of preference, the methods adopted to improve the management of the waste generated are waste recovery, waste-to-energy conversion, and waste treatment.

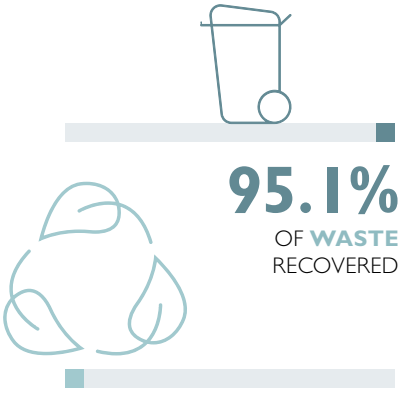
## WASTE GENERATION AND MANAGEMENT

CNH INDUSTRIAL WORLDWIDE (tons)

| | 2021 | 2020[a] | 2019 |
|---|---|---|---|
| Plants (no.) | *54* | 56 | 56 |
| **Waste generated** | | | |
| Hazardous waste | **15,878** | 14,580 | 14,856 |
| Non-hazardous waste | **201,388** | 159,260 | 187,806 |
| **Total waste generated** | **217,266** | 173,840 | 202,662 |
| of which packaging | **71,487** | 54,143 | 64,086 |
| **Waste diverted from disposal** | | | |
| Hazardous waste | **6,818** | 5,725 | 6,329 |
| Non-hazardous waste | **191,689** | 149,260 | 174,805 |
| **Total waste diverted from disposal** | **198,507** | **154,985** | **181,134** |
| **Waste directed to disposal** | | | |
| Hazardous waste | **9,060** | 8,858 | 8,528 |
| Non-hazardous waste | **9,699** | 9,997 | 13,001 |
| **Total waste disposed** | **18,759** | **18,855** | **21,529** |

*[a] 2020 data restated with respect to the 2020 Sustainability Report.*

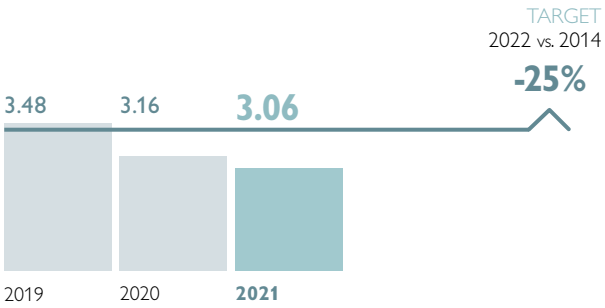
Waste disposal methods are decided by the Company, either directly or in consultation with waste disposal contractors.
The results achieved in 2021 are proof of CNH Industrial's major commitment to managing this important environmental aspect. Indeed, the waste recovered at Company level during the year increased compared to 2020, reaching 95.1% of the total waste generated, while the percentage of waste sent to landfill continued to fall, to approximately 1.2% (an 8% reduction compared to 2020). In terms of waste generated per production unit[10] compared to 2020, the total waste indicator fell by approximately 3% while the hazardous waste indicator fell by approximately 16%. 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 36).




*[10] The production unit corresponds to the hour of production. Total manufacturing hours are used to calculate the normalized production unit indicator. For the definition of total manufacturing hours, see page 243.*

## WASTE GENERATED PER PRODUCTION UNIT[a]

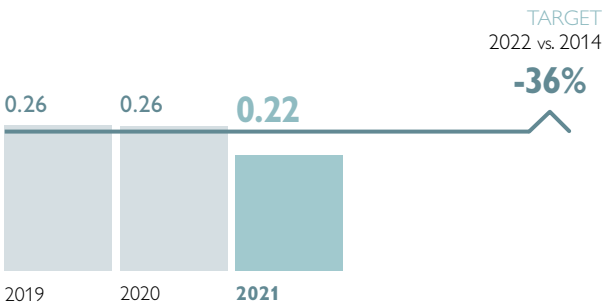
CNH INDUSTRIAL WORLDWIDE (kg/hours of production[b])




*(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 242.*
*(b) Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 243.*

## HAZARDOUS WASTE GENERATED PER PRODUCTION UNIT[a]

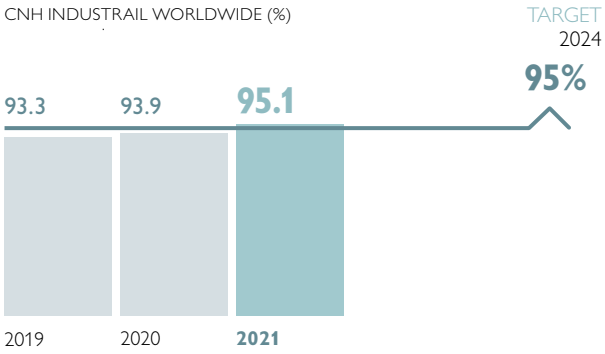
CNH INDUSTRIAL WORLDWIDE (kg/hours of production[b])




*(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 242.*
*(b) Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 243.*

## WASTE RECOVERED[a]

CNH INDUSTRAIL WORLDWIDE (%)




*(a) Waste recovered is determined as the sum of waste diverted from disposal and waste incinerated with energy recovery, calculated as a percentage of total waste generated.*


In 2021, CNH Industrial plants completed several waste-reduction initiatives, including circularity measures, to reduce waste generated by the Company's own activities and to manage the waste's significant impacts.

For example, the plant in **Madrid** (Spain) introduced a new adhesive gel to protect vehicle parts in the paint spray booth, replacing the plastic film protector previously used. The plant thus reduced hazardous waste generated by approximately 1 ton and cleaning and disposal costs by $41,000.

The plant in **Sankt Valentin** (Austria) modified the paint mist extraction method within its driveline painting process, switching its separation system from wet to dry. In addition to reducing hazardous waste by 33 tons and the paintshop's water consumption by 56 cubic meters, the conversion generated a total of approximately $74,500 in savings on separation system maintenance and waste disposal costs.

The **Bourbon-Lancy** plant (France) installed a next generation vacuum evaporator for treating emulsion waste from the machining area, improving the efficiency of the coolant treatment and significantly reducing the quantity of concentrate oil to be disposed of, cutting waste by 75 tons and saving more than $80,000.

The **Torino Motori** plant (Italy) introduced new, more efficient chemical products into the paintshop sludge treatment process, cutting the hazardous waste generated by 9 tons and saving about $3,500.

## PACKAGING WASTE

Several CNH Industrial plants continued to implement initiatives to reduce packaging waste, according to the 5 Rs[11] of waste management (in particular, the *Reuse* principle). Improvement measures involved several plants, including **New Holland** (USA), **Annonay** (France), **Zedelgem** (Belgium), **Córdoba** (Argentina), and **Curitiba**, **Piracicaba**, and **Sorocaba** (Brazil), reducing overall packaging waste by more than 1,000 tons and saving approximately $650,000. Measures included: introducing returnable and reusable pallets (e.g., metal racks) for shipping parts, thus replacing wooden and/or cardboard pallets and disposable packaging; reusing wood packaging waste to make pallets and various other supports for the shipment of parts and vehicles and adopting reusable metal containers for shipping seats and other parts. As per existing guidelines on packaging-waste compactors, aimed at mitigating the environmental impact and management costs associated with waste, CNH Industrial plants continued to reduce the volume of stored waste, thus requiring less frequent collection and disposal services by third-party providers. For example, the plant in **Rorthais** (France) installed a cardboard compactor, saving over $9,200.

## 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 2021, in line with Company policies.
In 2010, the Company adopted the Biodiversity Value Index (BVI) methodology to assess some of its manufacturing sites adjacent to protected areas of particular environmental interest. Through an in-depth study of ecosystems within about a 5-kilometer radius of these manufacturing sites, the methodology has been used to assess the level of biodiversity in such areas and identify possible improvement measures for existing ecosystems.
In 2018, CNH Industrial integrated its approach to biodiversity with a methodology focusing on the activities and impact of its plants, and on the risks they might pose to biodiversity and natural resources, regardless of the plants' contribution to the overall activities and impacts reported in the surrounding areas.
The new methodology, called Biodiversity Risk Evaluation (BRE), involves the assessment of the following 3 main aspects:

- assets – resources available in the region: protected areas, areas with high biodiversity value, protected species
- footprint – the impact of plant activities on biodiversity, in terms of use of resources and polluting emissions
- awareness – the level of environmental awareness among plant employees and stakeholders in the region.

The assessment translates into a map of risks, expressed in terms of potential damage to biodiversity. The results are used to determine improvement measures, which are implemented based on the scores assigned to each risk, and to identify standardized indicators enabling a consistent comparison between different plants' risk maps.
The BRE and BVI methodologies are used to establish a mitigation hierarchy for operations in areas with high biodiversity value. First, a screening assessment identifies which plants are located close to sensitive areas and therefore high priority. The two methods are then applied to measure risk to and impacts on biodiversity through a multi-criteria scoring system. Finally, mitigation and restoration measures are put in place based on the main risks identified and the potential involvement of local stakeholders.
Both BRE and BVI measure the potential environmental impact of plant operations on biodiversity based on their biodiversity footprint, which is quantified using the ReCiPe 2016 life cycle impact assessment method. This translates material and energy inputs and outputs into potential environmental impact scores, which are further aggregated so that the potential damage to biodiversity is expressed in time-integrated species loss (TISL, i.e., potential species loss per year).
The application of BRE and BVI methods often involves external partners and stakeholders; their engagement is important both in the risk assessment phase, to measure their level of awareness of biodiversity conservation, and in the follow-up phase, when specific mitigation measures are implemented. In both cases, partnerships are encouraged with authorities, NGOs, and public or private third parties managing protected areas.
The methods themselves were developed with the support of external partners the *Università degli Studi di Torino* and Studio Fieschi & soci.
The application of the BVI and BRE methodologies at all plants so far assessed revealed that biodiversity and ecosystem services were subject to insignificant levels of risk and impact overall.
Although no specific improvement measures were required following the adoption of these methodologies, CNH Industrial has continued to implement improvement initiatives over the years to protect biodiversity within and around the plants that adopted them.

[11] *Refuse, Reduce, Reuse, Recycle, Recover.*

## ADVANCING ENVIRONMENTAL PROTECTION

In addition to the measures implemented as a consequence of the methodologies applied by CNH Industrial, other activities to protect biodiversity – and the environment in general – have been carried out by the Company's plants.

The plant in **Annonay** (France) continued its beekeeping work, tending to the 3 hives in the plant's green area as well as the annual honey harvest. In 2021, nearly 20 kilos of honey was harvested and given to customers and other stakeholders, raising awareness of sustainable development. Furthermore, employees, their families, and local primary school children were also invited to visit the apiary and learn how it works.

The plant in **Basildon** (UK) sponsored the Essex Wildlife Association's *The Big Wild Seed Sow* initiative, planting wildflowers throughout the year to help the country's declining insect population.

2021 also saw a number of tree planting initiatives at several plants. For example, the facility in **Vysoké Mýto** (Czech Republic) planted 6 field maples on site, while that in **Harbin** (China) planted 162 trees, including 10 maples on World Environment Day, which brought the total number of species on site to 8.

In 2021, the BRE was extended to the **Plock** plant (Poland), where the combined assessment of the 3 aspects mentioned above evidenced a low level of risk, meaning no improvement measures were necessary.

To date, as regards the Company's sites near, bordering, or within protected or high-biodiversity areas, the 2 methodologies have been implemented at about 59% of plants falling within the scope of application; their further extension to potentially suitable plants will be assessed over the coming years.

## OTHER ENVIRONMENTAL INDICATORS

CNH Industrial is also concerned with reducing other environmental indicators, most notably hazardous substances and noise emissions to the external environment generated by Company equipment and manufacturing processes.

As regards PCBs[12] and PCTs[13], CNH Industrial completed the process to eliminate these hazardous substances in 2012.

In 2021, no fines or sanctions for non-compliance related to ecological or environmental issues (including water) were imposed at CNH Industrial's plants.

INNOVATION-TO-ZERO

### SUBSTANCES OF PARTICULAR CONCERN FOR HEALTH AND THE ENVIRONMENT

CNH Industrial is strongly committed to adopting alternatives to certain substances identified as of particular concern for human health and the environment. In recent years, the Company has concentrated its efforts on the study and application of alternative solutions to replace heavy metal-containing products used in painting processes. In addition, CNH Industrial is more broadly committed to the sustainable use and reduction of chemicals, with a view to environmental protection, waste reduction, and cost savings.

The **Torino Motori** (Italy) and **Bourbon-Lancy** (France) plants concluded the multi-year project, launched in 2016, to eliminate cobalt from paints. By gradually introducing new paints with a lower VOC content and free from alkylphenol ethoxylates (APEOs), as per REACH[14] regulation EC/1907/2006, the plants reduced VOC emissions per square meter painted by 35% compared to 2019, with no loss of performance.

### 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).

[12] *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.*

[13] *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.*

[14] *Registration, Evaluation, Authorization, and Restriction of Chemicals.*

# ENERGY MANAGEMENT

CNH Industrial approaches climate change mitigation by reducing energy consumption and by limiting the use of fossil fuels, responsible for air pollution and, above all, $CO_2$ emissions. Managing greenhouse gas emissions (GHG) and optimizing energy consumption are prerequisites for the continuous improvement of the Company's performance and the protection of the environment in which it operates.
As evidenced by the materiality analysis, **renewable energy** and **$CO_2$ and other air emissions** are considered priority material topics by both CNH Industrial and its stakeholders, due to the nature and extent of their environmental and economic impact, and to their association with global warming. The significance of these aspects is further highlighted by their political, technological, and economic implications, in terms of both sustainable procurement and impact mitigation.

As stated in the Energy Policy, which represents the framework of each plant's management system, CNH Industrial is committed to reducing: the use of fossil fuels in favor of renewable energy sources; energy consumption through more efficient products and processes; and GHG emissions by cutting energy consumption while adopting both conventional and innovative technical solutions. Indeed, reducing its carbon footprint is one of the Company's sustainability priorities, included in 2019 in the Strategic Business Plan with the aspirational goal to become carbon neutral. The strategic sustainability targets for 2024 (see page 27) are: to reduce $CO_2$ emissions per hour of production by 50% compared to 2014, and to ensure 80% of electricity consumed is from renewable sources. 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 ensure transparency in its management of climate-related risks and opportunities, the Company continued reporting its climate change mitigation actions as per the framework and recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD)[1].
The improvement process is supported by a robust energy management system and by the application of World Class Manufacturing (WCM) 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 51).
In 2021, over $7.1 million was invested overall in improving energy performance, leading to a reduction in energy consumption of approximately 173 TJ and a reduction in $CO_2$ emissions of about 12,000 tons[2].
CNH Industrial continued to apply the Internal Price of Carbon (IPoC) methodology, considered a strategic business tool in guiding investments to reduce $CO_2$ emissions. The IPoC enables classifying and prioritizing energy saving projects based on their ability to generate the greatest reductions in terms of $CO_2$ emissions in relation to the investment cost sustained by the Company. The methodology also enables the cross-fertilization of the most effective projects in terms of $CO_2$ reductions worldwide based on the specific IPoC of each geographic area and plant. Currently, based on historical-data analysis, CNH Industrial's global carbon price is about $140 per ton of $CO_2$.

**$7.1**
MILLION
INVESTED IN
**ENERGY EFFICIENCY**

The Company also continued to perform the analysis of externalities, used to quantify, in monetary terms, the impact of a company's processes on human health, the ecosystem, and the overall landscape, and hence on the environment.
Externalities are assessed using the ExternE[3] methodology developed by the International Environment Agency, which enables tracing each pollutant and/or climate-altering emission from point of emission to the affected receptors (populations, crops, forests, buildings, etc.) and quantifying their impact in terms of costs. These costs are called externalities because, despite being generally acknowledged as real costs, they are normally overlooked. They do however contribute to quantifying the overall short and long-term economic impact of CNH Industrial's energy saving projects.

*(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 Senior Leadership Team (SLT). As evidence of the Company's ongoing commitment to managing these issues, a number of related targets were included once again in 2021's Performance Management Process (PMP, see page 91) for several energy and plant managers.

CNH Industrial has a specific internal structure overseeing issues related to the conservation of energy resources. Energy management activities are organized both centrally and at plant level.

To ensure the necessary alignment and support from across the Company, activities are coordinated by the Energy function's Sustainability Point of Reference and respective team, made up of the energy managers and specialists from each segment and geographic area, which interact directly with plants and with the Sustainability Unit. Based on the strategies defined by the SLT, the Energy team sets out CNH Industrial's guidelines and objectives, as well as the best strategies to achieve them; it also manages investment budgets for specific projects and oversees the progress of the Energy Action Plan through monitoring. The team also performs internal compliance audits and raises awareness of energy issues among management and employees through meetings and campaigns. An IT platform allows energy managers to share data reports and energy performance results. The Company's overall energy management structure consists of more than 70 professionals, located at both corporate offices and plants.

## ENERGY MANAGEMENT SYSTEM

CNH Industrial aims at reducing the energy impact of manufacturing processes and the risks associated with new legislation and rising energy costs, in part through the development and implementation of an energy management system. By the end of the 2021 certification period, as evidence of its quest to reduce its energy impact, CNH Industrial had maintained the certification of its 54 plants according to the ISO 50001:2018 standard, representing approximately 99.9% of the Company's energy consumption. For the complete list of plants, see the table on pages 237-240.

The main advantage of ISO 50001 certification is the systematic approach it provides to continuous improvement in energy performance: a more efficient and rational use of energy translates into economic benefits and fewer greenhouse gas emissions (GHG). Voluntary compliance with the ISO 50001 standard reflects CNH Industrial's determination to manage its business sustainably, as recognized globally by its inclusion in the Dow Jones Sustainability Index as Industry Leader and by its presence in the A-list of the CDP Climate Change program (see page 17).

In 2021, the reporting and monitoring of GHG emissions and energy consumption continued through voluntary compliance with the Corporate Accounting and Reporting Standard of the WBCSD[4] and WRI[5] (GHG Protocol) and with ISO 14064 standards, covering 100% of CNH Industrial's energy consumption.

**54**
ISO 50001
CERTIFIED
PLANTS

## SMART ENERGY MANAGEMENT SOLUTIONS

8 DECENT WORK AND ECONOMIC GROWTH

At the plant in Noida (India), monitoring energy consumption at individual machine level was not possible due to the lack of data and lack of an energy management solution featuring the required dashboards. All this changed in 2021, when the plant adopted an Internet of Things (IoT) platform for energy management, which collects and analyzes data from sensors fitted on 7 machines. The plant is now able to create warning mechanisms to alert operators of issues, while dedicated dashboards provide information on how the equipment is behaving against predefined key performance indicators. The data collected also helps set energy loss reduction targets.

(4) *World Business Council for Sustainable Development.*
(5) *World Resources Institute.*

## 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 2021, approximately 6,700 hours of training were provided (mainly by internal professionals) to 7,900 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 WCM energy management principles, and included the training of certified internal auditors at various plants.

CNH Industrial launched various initiatives among employees to enhance pro-environmental behavior and to create awareness of a more sustainable lifestyle. Numerous energy workshops were organized during the year, covering a range of topics of great interest to the energy specialists who attended in large numbers from all Company plants worldwide. In particular, two events caught the attention of participants: the lecture held by the Managing Director of the Italian Federation for Energy Efficiency (FIRE) on global warming and the evolution of international agreements, and the study undertaken by the CNH Industrial Central Energy Department to support the Company's path towards carbon neutrality. Again, this demonstrates how sustainability issues have become embedded in CNH Industrial's daily actions and help drive its way of doing business.

### SMART LIGHTING TECHNOLOGY


In 2021, CNH Industrial launched a 2022-2026 multi-year plan to extend the installation of intelligent LED lighting technology to 21 plants. The smart management system will include motion sensors, dimmers, and timers, which will generate additional savings of up to 30% over the LED technology[a] already in place at most CNH Industrial plants.

*[a] Using new generation LED lights only.*

# 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 2021, the Company continued to monitor energy performance and compliance with its Energy Action Plan at all plants via the Energy Monitoring & Targeting (EMT) management and control platform. Furthermore, the Company continued to monitor secondary vectors at all plants via the same EMT platform and, as at December 2021, 100% 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. Despite the pandemic, the initiative led to the setting-up and realization of 178 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 World Class Manufacturing (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 2021, CNH Industrial implemented several short to medium-term initiatives involving the redesign of processes, equipment conversion and retrofitting, operational changes to new installations, and increased employee awareness. The following is a list of the main outcomes achieved.

### COMPRESSED AIR

- efficiency and modulation improvements
- sealing of air leaks
- installation of additional inverters
- lower overall pressure
- increase in machinery shutdowns when idle
- replacements with more efficient systems
- elimination of inappropriate compressed air use

### BUILDINGS

- roof repairs
- insulation of walls
- installation of rapid doors
- office automations

### 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

### LIGHTING

- installation of high-efficiency and intelligent lighting systems (LED) inside and outside plants
- use of presence detectors and dimmers

### METERING

- system expansion

### HEATING/PROCESS HEAT AND COOLING

- replacement of old heating systems
- hot water supply from CHP[b] systems
- 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.*

## 2021 IMPROVEMENT PROJECTS IN DETAIL

CNH INDUSTRIAL WORLDWIDE

| | Projects (no.) | Total energy reduction (GJ/year) | Estimated project cost ($) |
|---|---|---|---|
| Installation of new equipment | 47 | 48,229 | 2,410,962 |
| Conversion and retrofitting of equipment | 79 | 82,422 | 3,888,806 |
| Operational changes | 34 | 28,672 | 404,725 |
| Process redesign | 18 | 13,751 | 422,510 |
| **Total** | **178** | **173,074** | **7,127,003** |

In 2021, the Company invested over $7.1 million in efficiency projects, generating more than $3.4 million in savings. The simple payback period is estimated at 2.08 years, in part due to the approximately $400,000 in savings generated by management initiatives implemented at almost no cost.
Over $2 million (about 29% of the total investment) was spent on the widespread replacement of existing lighting systems with LED technology. The remaining initiatives centered, as in previous years, on the installation of inverters, high-efficiency motors, intelligent stand-by systems on machinery, and set-point regulation adjustments according to operational requirements.
Other significant initiatives involved:

- buildings (about 0.5% of the total investment), with a particular focus on reducing thermal losses
- heat generation and distribution systems, with approximately $3.1 million (about 43% 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 2021. For each source, a distinction was made between renewable and non-renewable energy. $CO_2$ emissions were calculated according to GHG Protocol standards, incorporated into Company Guidelines. At CNH Industrial, the only sources of greenhouse gas (GHG) emissions, besides those deriving from energy consumption, are associated with the use of hydrofluorocarbon (HFC) compounds with global warming potential (GWP) present in the air-conditioning and cooling units of workspaces, 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 0.79%, they fall outside the reporting scope[1].

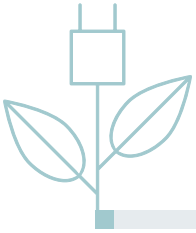
## SOLAR POWER TO REDUCE $CO_2$ EMISSIONS

13 CLIMATE ACTION

CNH Industrial has installed a total of over 7,800 solar panels at its plants in Belo Horizonte (Brazil), Noida (India), Querétaro (Mexico), Saskatoon (Canada), and Zedelgem (Belgium). These photovoltaic systems have an installed power of 3,600 kWp, and produce about 4 GWh of electricity annually, reducing CNH Industrial's carbon footprint by approximately 2,500 tons of $CO_2$ per year. Estimating that an urban tree (subject to greater environmental stress than in natural habitats) in a temperate climate could absorb on average 10-30 kilos of $CO_2$ per year during its growth cycle, the photovoltaic systems installed at CNH Industrial's plants correspond to the planting of about 125,000 trees.

## ENERGY CONSUMPTION

In 2021, CNH Industrial reported a total energy consumption[2] of about 6,784 TJ, an increase of approximately 21.3% 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 2021 year-end results improved, with the key performance indicator (KPI) falling by approximately 8.5% 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, as well as of the energy efficiency projects realized. Despite the ongoing pandemic, and following a strong recovery in manufacturing, the Company continued to adopt the necessary measures to contain energy consumption.



**-8.5%**
IN **ENERGY CONSUMPTION** PER HOUR OF PRODUCTION

(1) *Details on the reporting scope are available in the chapter on Report Parameters (see pages 237-241).*
(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 | 2021 | 2020 | 2019 |
|---|---|---|---|
| Plants (no.) | 55 | 57 | 57 |
| **Direct energy consumption** | | | |
| Natural gas | **2,850,205** | 2,422,117 | 2,724,085 |
| Coal | **-** | - | - |
| Diesel | **407,151** | 269,168 | 283,742 |
| Liquefied petroleum gas (LPG) | **49,825** | 34,908 | 87,082 |
| Other (HS and LS fuel oil) | **-** | 42 | 225 |
| **Total** | **3,307,181** | **2,726,235** | **3,095,134** |
| **Indirect energy consumption** | | | |
| Electricity | **612,164** | 575,963 | 669,649 |
| Thermal energy | **776,624** | 589,867 | 629,153 |
| Other energy sources | **38,908** | 16,643 | 2,162 |
| **Total** | **1,427,696** | **1,182,473** | **1,300,964** |
| **Total energy consumption from non-renewable sources** | **4,734,877** | **3,908,708** | **4,396,098** |

| Renewable sources | 2021 | 2020 | 2019 |
|---|---|---|---|
| Plants (no.) | 55 | 57 | 57 |
| **Direct energy consumption** | | | |
| Biomass | **-** | 2,139 | 14,144 |
| Solar-thermal | **83** | 62 | 46 |
| Photovoltaic | **6,031** | - | - |
| **Total** | **6,114** | **2,201** | **14,190** |
| **Indirect energy consumption** | | | |
| Electricity | **1,818,031** | 1,477,298 | 1,705,478 |
| Thermal energy | **24,111** | 21,422 | 43,851 |
| Other energy sources | **200,693** | 181,376 | 194,080 |
| **Total** | **2,042,835** | **1,680,096** | **1,943,409** |
| **Total energy consumption from renewable sources** | **2,048,949** | **1,682,297** | **1,957,599** |
| **Total energy consumption** | **6,783,826** | **5,591,005** | **6,353,697** |

*[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 242.*

## ENERGY CONSUMPTION BY TYPE

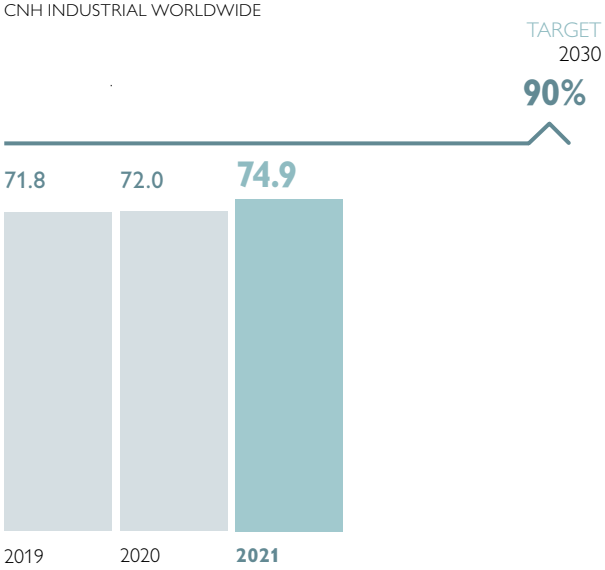
CNH INDUSTRIAL WORLDWIDE (GJ)

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Plants (no.) | 55 | 57 | 57 |
| Electricity[a] | 2,655,810 | 2,238,894 | 2,551,319 |
| Heat | 800,818 | 611,351 | 673,050 |
| Steam[b] | - | - | - |
| Cooling | 20,017 | 12,386 | 20,050 |
| Natural gas | 2,850,205 | 2,422,117 | 2,724,085 |
| Other energy sources | 456,976 | 306,257 | 385,193 |
| **Total energy consumption** | **6,783,826** | **5,591,005** | **6,353,697** |

*[a] Electricity also includes compressed air and the share of electricity generated by the photovoltaic (PV) systems.*
*[b] Steam is included in heat.*

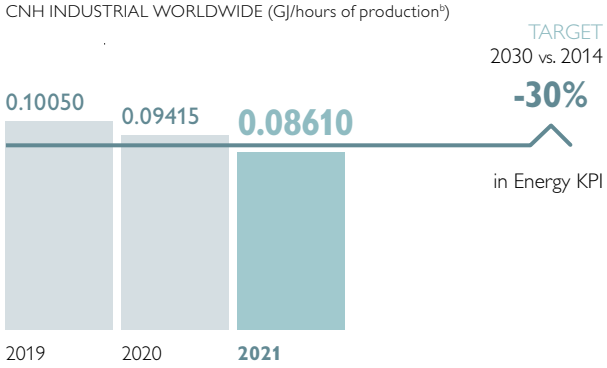
### ELECTRICITY CONSUMPTION FROM RENEWABLE SOURCES

CNH INDUSTRIAL WORLDWIDE




### ENERGY CONSUMPTION PER PRODUCTION UNIT[a]

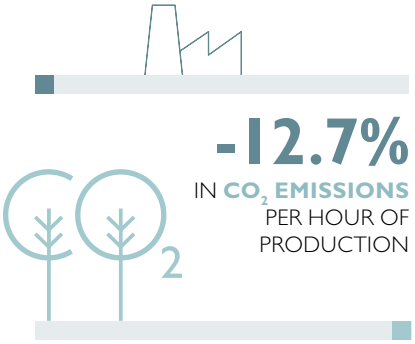
CNH INDUSTRIAL WORLDWIDE (GJ/hours of production[b])




[a] *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 242.*
*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 243.*

## $CO_2$ EMISSIONS

In 2021, CNH Industrial's $CO_2$ emissions (scope 1 and 2) were 332,693 tons[3], a 17.2% increase compared to the previous year. This was due to an increase in energy consumption related to a strong recovery in manufacturing. As regards $CO_2$ emissions performance, measured as the Company's total $CO_2$ emissions divided by hours of production, CNH Industrial's 2021 year-end results improved, with the key performance indicator (KPI) falling by approximately 12.7% compared to the previous year.
The use of electric energy from renewable sources increased to 74.9% of the Company's total electricity consumption, cutting $CO_2$ emissions by approximately 127,750 tons.




### DIRECT AND INDIRECT $CO_2$ EMISSIONS[a]

CNH INDUSTRIAL WORLDWIDE (tons)

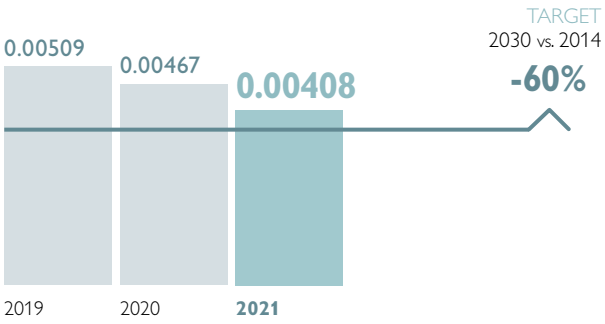
| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Plants (no.) | 55 | 57 | 57 |
| Direct emissions (scope 1) | **185,541** | 151,441 | 171,217 |
| Indirect emissions (scope 2) – market-based | **147,152** | 132,527 | 156,764 |
| Indirect emissions (scope 2) – location-based | **264,463** | 235,757 | 309,465 |
| **Total $CO_2$ emissions[b]** | **332,693** | **283,968** | **327,981** |
| Direct emissions from landfill gases | **-** | 117 | 772 |

[a] *$CO_2$ is the only significant greenhouse gas within CNH Industrial's processes (see page 243).*
*For CNH Industrial, biogenic $CO_2$ emissions are those released by the combustion of landfill gases.*
*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 242.*
*There were no significant changes in emissions requiring the recalculation of base year emissions.*
*GHG emissions were consolidated and reported using an operational control approach.*
*For the methodologies and emission factors used, see pages 243-244.*
[b] *Total $CO_2$ emissions are calculated using the market-based methodology of the GHG Protocol, and do not include emissions from landfill gases.*

[3] *Value stated as per the market-based methodology of the GHG Protocol.*

## DIRECT AND INDIRECT $CO_2$ EMISSIONS PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (GJ/hours of production[b])




(a) *$CO_2$ is the only significant greenhouse gas within CNH Industrial's processes (see page 243).*
*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 242.*
*The indicator includes scope 1 and scope 2 emissions, as per the market-based methodology of the GHG Protocol.*
*KPIs do not include the fuel used to test products.*

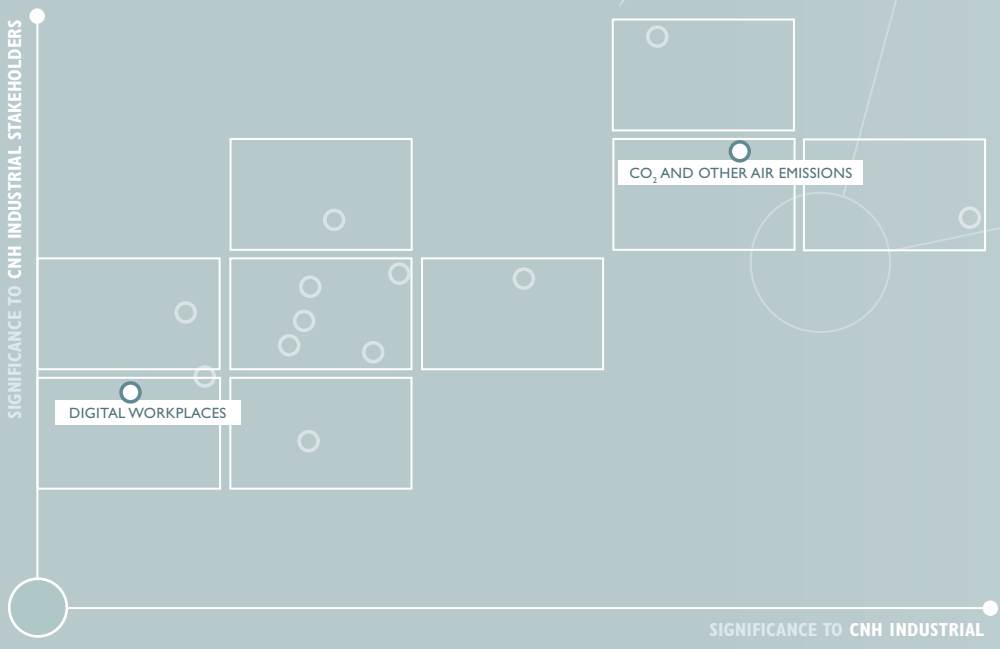
(b) *Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 243.*

## TESTING MOVES TOWARDS ZERO $CO_2$ EMISSIONS

In 2021, FPT Industrial continued to offset the $CO_2$ emissions generated by its Turin Testing Center in Italy, in pursuit of becoming a zero-impact testing facility. About 15,800 tons of $CO_2$ generated by the facility were balanced to zero by supporting specific carbon offsetting initiatives.

# LOGISTICS PROCESSES





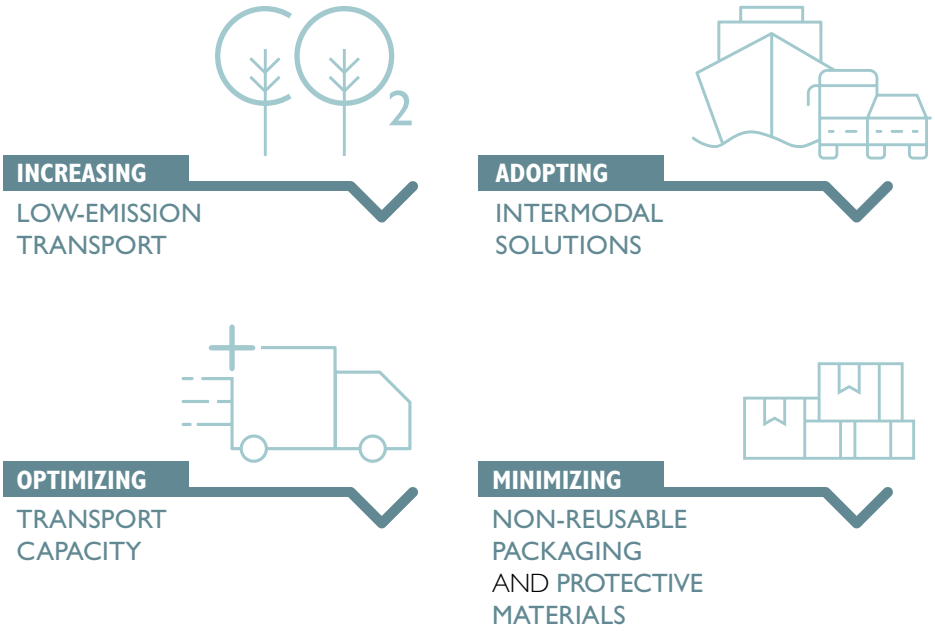

*Material topics described in this chapter (for definitions see page 245).*

# MANAGEMENT FRAMEWORK

In managing its logistics processes, CNH Industrial continually strives to find sustainable solutions to combat climate change, conserve natural resources, and safeguard health. To this end, logistics processes at CNH Industrial are managed both internally within the value chain, specifically within the Manufacturing, Sales, and Purchasing functions, and externally, by interacting with the operational context outside the Company to optimize the efficiency of logistics flows and reduce their environmental impact.
In terms of the material topics identified in the Materiality Matrix, logistics processes have an economic, environmental, and social impact on both **$CO_2$ and other air emissions** and **value chain management**.
The importance of sustainable logistics to the Company lies not only in time and cost efficiencies, but also in emissions reduction, resource use, packaging management, and, not least, in their indirect impact on human health and traffic congestion. To coordinate its efforts effectively towards improvements in this area, CNH Industrial published its Green Logistics Principles, available on the Company's website; intended to coordinate the Company's initiatives on promoting sustainable behaviors, they help both corporate functions and suppliers effectively monitor their performance and meet improvement targets.

In line with these principles, CNH Industrial's approach to logistics focuses on 4 areas.

**LOGISTICS AREAS**




Initiatives and projects developed to reduce the environmental impact of logistics processes are described in the following sections.

The logistics system is structured so as to optimize safety, ergonomics, eco-compatibility, and transport logistics flows. This approach ensures effective management and the evaluation of projects according to defined standards. As an integral part of its approach, CNH Industrial believes that actively engaging its suppliers is key to achieving an effective, sustainable logistics system. To this end, the Company directly involves them in most of its projects and initiatives, promoting and encouraging the development and implementation of the best solutions to meet CNH Industrial's environmental impact reduction targets.

The Company's main sustainable logistics improvement targets, on the other hand, are to reduce $CO_2$ emissions derived from handling components and finished goods, and to minimize the use of non-reusable packaging. In this regard, in line with its sustainability priority *carbon footprint*, in 2019, the Company included a strategic sustainability target (see page 27) in its Strategic Business Plan: a 20% reduction in kilos of $CO_2$ emissions per ton of goods transported (inbound, outbound, and spare parts) by year-end 2024 (compared to 2014). This voluntary target was included in the Sustainability Plan (see page 38).
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 91) for several managers responsible for the main projects involved in reaching the aforementioned sustainability target.

The Senior Leadership Team (SLT) has the highest responsibility for initiatives aimed at reducing the environmental impact of logistics processes at CNH Industrial.

In 2021, the CNH Industrial Transport Logistics Department had to deal with various transport network disruptions. In Europe, rail services were periodically suspended due to irregular freight volumes and a disparity in the utilization of transport capacity in either direction, leading to the temporary switch to road transport.
As regards intercontinental flows, deep-sea services proved unreliable due to port congestion and the worldwide shortage of available containers, further exacerbated by the global supply chain crisis and component shortage; consequently, the use of air transport in place of sea transport increased compared to recent years.

### 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 through CNH Industrial's aftermarket services, and their inbound distribution (to warehouses and distribution centers) is handled either by external providers engaged by CNH Industrial, or directly by suppliers. On the other hand, their outbound distribution (including to dealerships) is handled by specialized transport providers.

## MONITORING OF ENVIRONMENTAL PERFORMANCE


In 2021, 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 2021, new improvement projects implemented during the year reduced $CO_2$ emissions from global inbound and outbound distribution by 1,161 tons, despite the overall increase in $CO_2$ emissions compared to the previous year.

**$CO_2$ EMISSIONS IN LOGISTICS PROCESSES[a]**
CNH INDUSTRIAL WORLDWIDE (tons)

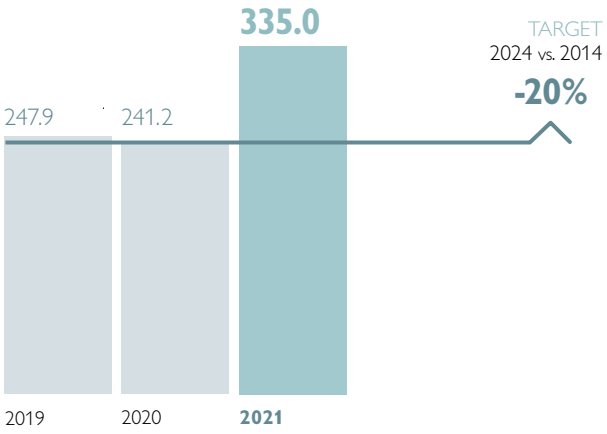
| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Inbound | **343,910** | 167,206 | 195,464 |
| Outbound | **174,972** | 147,089 | 158,487 |
| Parts | **96,677** | 44,972 | 45,238 |
| **Total** | **615,559[b]** | **359,267** | **399,189** |

*[a] $CO_2$ emissions for road transport were quantified as per the GHG Protocol, revised edition, and for sea and rail transport as per the EcoTransIT 2019 (latest update), which reflects the IFEU Heidelberg methodology for environmental calculations.*
*[b] The increase in overall $CO_2$ emissions was due to the increase in air shipments of inbound materials in all geographic areas.*

*[1] The criteria used to measure the significance of the environmental aspects of logistics processes are the size of their impact and the Company's ability to manage and mitigate both the impact and its potential effects on the surrounding environment.*

### $CO_2$ EMISSIONS IN LOGISTICS PROCESSES[a]

CNH INDUSTRIAL WORLDWIDE (kg of $CO_2$ emissions/tons of goods[b] transported)




*(a) The base year (2014) $CO_2$ emissions are equal to 304.6 kg/ton of goods transported. For information on the rationale for choosing 2014 as the base year, see page 242.*
*(b) Refers to whole goods.*

Managing the environmental aspects associated with logistics focuses particularly on reducing non-reusable packaging and protective materials, in line with Company standards and quality requirements. Where this is not possible, CNH Industrial seeks the best solutions to ensure the recovery of materials. Although this aspect is less significant than air emissions, a monitoring process is in place to provide a reliable database for building areas for future improvement.
CNH Industrial plants in Europe recorded an average of 0.30 kilos of cardboard disposed of per total manufacturing hours[2], a 6% reduction compared to 2020.
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])

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Cardboard disposed of per hours of production | **0.30** | 0.32 | 0.34 |

*(a) Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 243.*

# 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.

*(2) Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 243.*

In Europe, CNH Industrial continued to promote the use of liquefied natural gas (LNG) trucks, believing them to be the best technological solution towards sustainable transport. Indeed, they bring significant benefits for the environment in terms of reduced noise pollution and emissions compared to diesel. In 2021, in Europe, 34,178 journeys (equal to 16.6 million kilometers) were made using LNG trucks, reducing $CO_2$ emissions by 599 tons. 1,500 of these journeys (equal to 1.8 million kilometers) were made after introducing LNG trucks on the routes between parts depots, namely from San Matteo (Italy) to Le Plessis (France), to Madrid (Spain), and to Heidelberg (Germany), and from Madrid (Spain) to Trappes (France), which cut $CO_2$ emissions by 49 tons.

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

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 2021, 92% of service providers (rail and road transport) participated in the program.

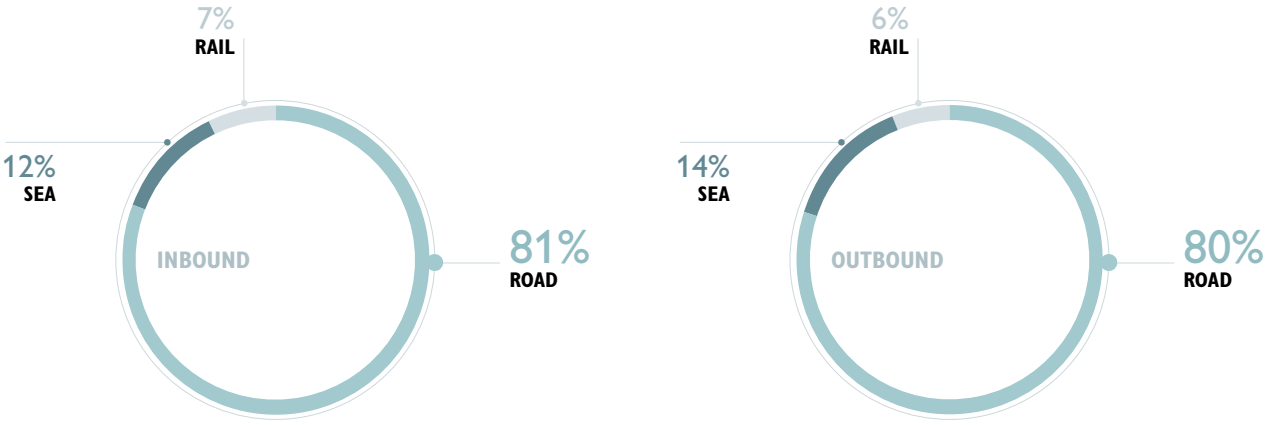
## ADOPTING INTERMODAL SOLUTIONS

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, on the 2,200-kilometer journey from a supplier in the UK to the FPT Industrial plant in Foggia (Italy), goods used to be transported entirely by road; in 2021, however, rail replaced road along the 1,715-kilometer stretch between Zeebrugge (Belgium) and Bari (Italy), reducing $CO_2$ emissions by 76 tons.
In January 2021, rail replaced road for the transport of 3,020 vehicles from the IVECO plant in Suzzara (Italy) to Poland, reducing $CO_2$ emissions by 859 tons.

In India, 3,300 tractors produced at the Greater Noida plant were shipped by train instead of road to various destinations in India and Bangladesh, reducing $CO_2$ emissions by 151 tons.

**BREAKDOWN OF TRANSPORT[a]**
CNH INDUSTRIAL EUROPE




[a] *Percentages refer to the Agriculture, Construction, and Commercial and Specialty Vehicles segments, and are based on the principal mode of transportation used for each vehicle.*

## OPTIMIZING TRANSPORT CAPACITY

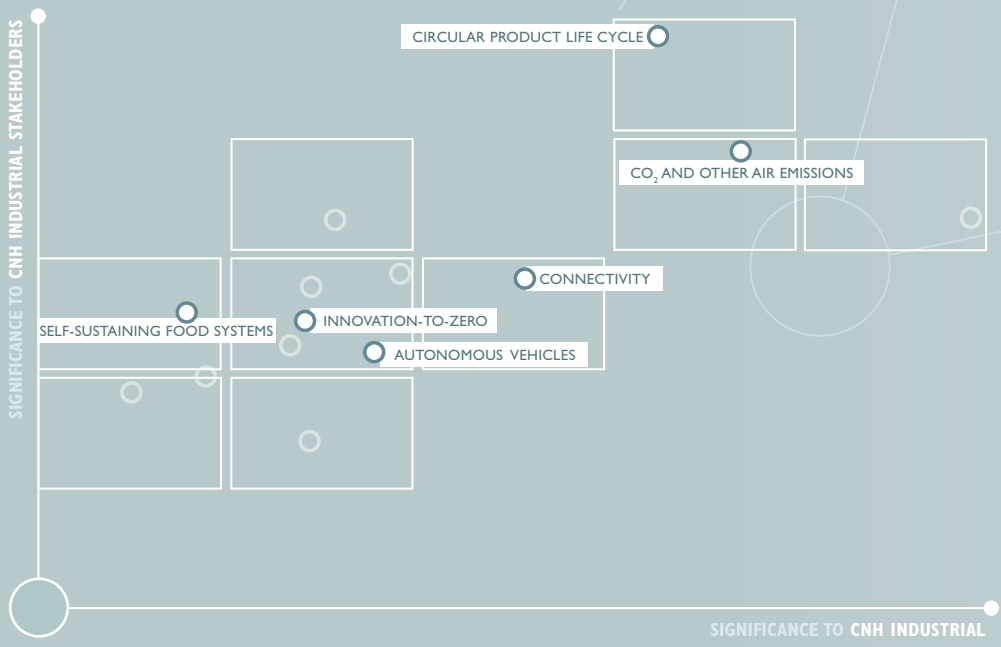
Optimizing transport capacity is one of the methods used by CNH Industrial to reduce the costs and environmental impact of transportation. Technical and organizational changes are made to both routes and volumes to optimize and streamline the entire process, including in environmental terms.
In 2021, in Brazil, IVECO vehicles manufactured at the Sete Lagoas plant and destined for Argentina departed from the port of Rio De Janeiro instead of Santos, reducing the road distance travelled by 230 kilometers. The plant shipped 756 vehicles during the year, reducing $CO_2$ emissions by 26 tons.

## MINIMIZING NON-REUSABLE PACKAGING AND PROTECTIVE MATERIALS

The standardization of packaging design and use – including the adoption of lighter materials and structures, as well as reusable materials – reduces raw material consumption, cuts waste, and optimizes transport capacity, thus reducing $CO_2$ emissions.
In 2021, CNH Industrial invested $13 million globally in new returnable packaging, thus helping to contain the total amount of cardboard and wood material used.

# SUSTAINABLE PRODUCTS






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

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. Thanks to ongoing research into innovative solutions, the Company's brands are able 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.
In 2021, CNH Industrial began a process to respond to the requirements of the EU taxonomy classification system, which establishes a list of environmentally sustainable economic activities in support of the EU Green Deal objectives. For 2021 – the first year of reporting – the key performance indicators (KPIs) to be disclosed by companies were proportion of turnover, capital expenditure (CapEx), and operating expenditure (OpEx) of taxonomy-eligible and non-eligible economic activities related to climate change objectives. The KPIs related to CNH Industrial's activities were included in the 2021 EU Annual Report (see page 21).

### QUANTITY OF PRODUCTS SOLD

CNH INDUSTRIAL WORLDWIDE (thousand units)

| Segment | 2021 |
|---|---|
| Agriculture | 196 |
| Construction | 42.1 |
| Commercial and Specialty Vehicles | 161.2 |
| Powertrain[a] | 798.7 |

*[a] Including 538,300 engines, of which 44.6% sold to external customers.*

# MANAGEMENT FRAMEWORK

Many of the material topics identified by the materiality analysis and being addressed by the Company are closely interrelated with product innovation. For example, 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, zero road traffic collisions, and zero defects.
The need for **circular product life cycles**, which is the most relevant material topic for both CNH Industrial and its stakeholders, has led to promoting the use of fuels from renewable sources as one possible response.
Another challenge being addressed is the reduction of **$CO_2$ and other air emissions**, which has led CNH Industrial to adopt a decarbonization strategy aimed at offering products with lower $CO_2$ emissions, by:

- scouting for cutting-edge combustion technology (see page 207)
- enhancing the use of biofuels (see page 207)
- developing electrification (see page 209)
- exploring hydrogen applications (see page 211).

**Connectivity** can radically change how a customer uses a product, as well as the product's impact on the environment during use (see page 212). 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. **Self-sustaining food systems**, which the Company is strongly committed to promoting, can help optimize crop yields – a topic that significantly affects external stakeholders (customers and the environment), given CNH Industrial's role in the food production and distribution value chain. In this regard, the Company's agricultural brands share a commitment to delivering and supporting enhanced agricultural productivity, rural economic development, local and national food security, and local equipment and machinery production.

As stated in the Company's Code of Conduct and in its Environmental Policy (see page 48), 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. To this end, in line with its sustainability priorities, in 2019 the Company set 2 strategic sustainability targets for year-end 2024 (see page 27) within its Strategic Business Plan:

- 25% of its product portfolio to be available with natural gas powertrains
- 100% of new products to be developed using sustainability and/or recyclability design criteria.

These sustainability targets were also included in the Sustainability Plan (see pages 33-35) and as individual goals in the Performance Management Process (see page 91).

All product conception and design activities are overseen by the Chief Technology & Quality Officer, the Chief Digital Officer, and the Segment Leaders, who are all members of the Senior Leadership Team (SLT). These activities rely on established procedures to assess the effective management and monitoring of key performance indicators (KPIs), and are common to all brands and geographic areas worldwide.
CNH Industrial has a highly integrated global network of product development teams (see page 198). These teams are coordinated by and report to Global Product Platforms (GPPs), which ensure the exchange of knowledge, skills, and processes across the board, particularly with less experienced teams. Regional teams report directly to GPP Leaders, providing constant updates and information on all product-related aspects, from engineering to project management, manufacturing, purchasing, and quality.

**13**
**R&D CENTERS**
IN HIGH GROWTH MARKETS

As regards Emerging Markets (i.e., High Growth Markets), CNH Industrial has set up a total of 13 research and development (R&D) centers in China, India, South Africa, and Brazil, which actively participate in advancing knowledge and disseminating technology within the Company, mainly through web platforms and IT systems. The Company has also appointed specific Product Development (PD) Interface Leaders who intermediate between these regions and the main development centers, and who report directly to the Product Development Leader, who is also responsible for knowledge transfer at global level.
The exchange facilitated by the PD Interface Leaders between emerging and mature markets is unequivocally two-way, and it would be erroneous to think that experts are only found in the latter. In fact, the Company is fully aware that the professionals in Emerging Markets often hold a wealth of experience, especially in terms of customer behavior and product use in their region. In Brazil, for example, almost 100% of planting is done without tilling. This knowledge puts local engineers one step ahead in terms of application and design development. Brazil is also the world's largest producer of sugarcane; the city of Piracicaba hosts the global Center of Excellence for sugarcane and its applications; and the country's sugarcane innovation system and cultivation practices are a global reference model supporting agricultural evolution in North America, Europe, and Asia Pacific. In India, the Company opened the new India Technology Center near its premises in Gurgaon, offering cutting-edge innovations to meet the changing needs of its global customers. The advanced technologies being developed (by a group of exceptionally talented engineers) include software, embedded electronics, data analytics, and more.
Due to the complex product and application knowledge demanded by the industry, CNH Industrial uses a multifaceted approach when developing its R&D capacity in Emerging Markets. The 3 main tools used are: relocation of experienced R&D staff from developed markets, recruitment of local staff, and acquisition (direct or through joint ventures) of local product designs and knowledge. As the Company's strategy is to leverage global platforms with local adaptations in all markets, its ultimate goal is to have local R&D capacity in each market area. The Company uses relocated, experienced R&D staff and acquisitions to accelerate knowledge transfer within local markets, so as to ensure that local R&D resources are developed and prepared for the management of local capacity as quickly as possible.

## AMONG THE MOST INNOVATIVE COMPANIES IN BRAZIL


In 2021, for the seventh year running, CNH Industrial ranked among the 150 most innovative companies in Brazil in the *Valor Inovação Brasil Award*. It came in eleventh in the overall ranking for the extent of its investments in innovation, and second in the Automotive and Large Vehicles category. The companies participating in the award are surveyed by the *Valor Econômico* financial newspaper in partnership with consultancy firm Strategy&.

# INNOVATION

CNH Industrial has a long tradition of involvement in national and international workgroups and has played an active role in collaborative research projects for some years now. The Company actively collaborates with academic institutions and global working groups to promote the development of new innovations and expand its own wealth of knowledge and skills. Collaborations in Europe include those with the Catholic University of Leuven, the University of Ghent, and the Flanders Make research center (Belgium); and with the CRF and IMAMOTER[1] research centers, the *Consiglio per la Ricerca in Agricoltura e l'Economia Agraria* (CREA)[2], and universities *Politecnico di Torino*, *Università degli Studi di Bologna*, *Università degli Studi di Modena e Reggio Emilia*, and *Università degli Studi di Torino* (Italy). Collaborations in North America include those with Kansas State University, Ohio State University, Pennsylvania State University, and Purdue University (USA), as well as with the University of Saskatchewan (Canada). In South America, they include those with São Paulo State University (Brazil).

In 2021, CNH Industrial's research and development (R&D) expenditure reached $1,236 million, or 3.9% of the Company's net sales of Industrial Activities. R&D activities involved approximately 6,100 employees at 59 centers worldwide, of which approximately 900 were located in 13 sites in Emerging Markets.

## RESEARCH AND DEVELOPMENT HIGHLIGHTS

CNH INDUSTRIAL WORLDWIDE

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| R&D spending ($million) | **1,236** | 932 | 1,030 |
| R&D spending as % of sales[a] | **3.9** | 3.8 | 3.9 |
| Research centers (no.) | **59** | 57 | 56 |
| of which in Emerging Markets | **13** | 13 | 13 |

*[a] Includes only net sales of Industrial Activities ($31,622 million in 2021).*

In line with CNH Industrial's Materiality Matrix (see page 23), sustainable product R&D focuses on 4 main areas:

- a decarbonization strategy (see page 206) 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 212) 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 218) and connectivity (see page 212), 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**
- efficient engines (see page 221).

## INVESTMENTS IN SUSTAINABLE PRODUCTS

CNH INDUSTRIAL WORLDWIDE ($million)

| | 2021 | |
|---|---|---|
| | R&D | Capital expenditure (CapEx) |
| Decarbonization strategy (electrification, hydrogen, natural gas) | 142.1 | 26.4 |
| Digitalization | 134.7 | 99.5 |
| Automation and connectivity | 95.4 | 28.3 |
| Efficient engines | 142.1 | 36.6 |
| **Total** | **514.3** | **190.8** |

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

## INTELLECTUAL PROPERTY

Intellectual property rights are strategic, intangible assets actively protected by CNH Industrial. 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. This secure and user-friendly portal (accessible from any workstation worldwide) provides an ideal channel for capturing these inventions, which may eventually lead to patent ownership. Given the significant value-creating potential of these internally generated ideas, the Company has set up an *Inventor Award Program* to reward those whose inventions are successfully patented.
The Innovation Portal is managed by the Intellectual Property 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, pre-filing patentability search, and patent application drafting.

### INTELLECTUAL PROPERTY HIGHLIGHTS

CNH INDUSTRIAL WORLDWIDE (no.)

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Active patents | **14,647** | 12,780 | 11,984 |
| Patents pending | **3,935** | 4,081 | 4,402 |
| New disclosures on Innovation Portal | **609** | 668 | 1,205 |

## INDUSTRIAL DESIGN

Today's industrial design is driven by technology, which is deeply embedded in the development of all CNH Industrial products. Design translates into physical form – an expression of each brands' values; the more advanced the design, the more it gives machine owners and operators an immediate visual and tactile message about the quality and robustness of the Company's products.
CNH Industrial puts a great deal of care and effort into product design, given the lengthy service life of its equipment (durability) and its use over many consecutive hours (comfort), often by different people (configurability) requiring ease of access and control over commands (ergonomics). Moreover, design is viewed not only as the aesthetic counterpart of engineering, but also as the best approach to developing products so that functional and aesthetical appeal are incorporated right from conception. For the above reasons, the Company has a dedicated Design function that actively collaborates with every product platform and with design style centers in Turin and Modena (Italy), Burr Ridge and Chicago (USA), and Vénissieux (France).
The goal is to develop product components that increasingly integrate 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's designers work alongside engineers to bridge the gap between form and function, productivity and aesthetics, ecology and performance, often working together with the marketing functions of Company brands to support the promotion and launch of new products.
In recent years, CNH Industrial also created a Customer Experience team within the Industrial Design Department, with a focus on user interface and user experience design and ergonomics. Integrating a customer-oriented approach into the design process, and creating a strong bond between the teams, allows the Company to research new technologies more effectively and integrate them into its products with end-users in mind, designing functional, ergonomic, and user-friendly machines that reduce fatigue and improve productivity. Furthermore, collaboration with the Ergonomics Department allows the Company 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.

# 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:

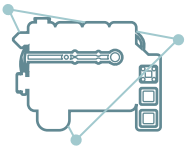
- reducing $CO_2$ and other polluting emissions
- selecting components that:
  - have a lower environmental footprint
  - are easy to dismantle
  - can be remanufactured
- eliminating the presence of regulated substances
- aiming at greater efficiency during use
- aiming at longer intervals between maintenance cycles
- reducing noise emissions.

Given the breadth of CNH Industrial's product portfolio, one of the most challenging aspects of the design phase is the integration of sustainability criteria to help in assessing a product's impact in every phase of its life cycle, from conception to component sourcing, manufacture, use phase, and end of life.
In this regard, a new Eco-Design working group was established in 2020 tasked with developing new design criteria with a view to achieving the strategic sustainability target included in 2019 in the Company's Strategic Business Plan: to ensure that 100% of new products include sustainability and/or recyclability design criteria by year-end 2024. This cross-functional group comprises members from different expertise areas, such as technology, compliance, purchasing, aftermarket services, and sustainability. In 2021, their main focus was on product development, materials, additive manufacturing, and remanufacturing, and on adopting a new life cycle assessment (LCA) process that, rather than providing a static picture of a single product, would serve as an assessment and design tool to be applied to the entire value chain. The new LCA process will be trialed in 2022 at 2 plants before being extended across the Company.

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 154). 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.

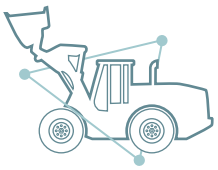
The **water** used throughout the life cycles of CNH Industrial's products, and the potential to reduce customers' water use, are not relevant in the design of new products because a product's total water usage over its lifespan and the impact that product use might have on water quality are minimal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

## LIFE CYCLE ASSESSMENT

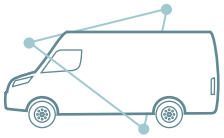


In 2014, FPT Industrial launched a pilot project at the Foggia plant (Italy) for the life cycle assessment (LCA) of the 3-liter F1C **engine** for light commercial vehicles. The goal was to quantify the engine's environmental impact in terms of $CO_2$ emissions along the entire process chain, from raw materials to final engine disposal. In 2019, the brand also decided to pursue the certification of its F1C NG engine, also manufactured at the Foggia plant, deemed strategic in terms of environmental impact.
Subsequently, another LCA was launched in 2020 to study the carbon footprint of the brand's Cursor 13 diesel engine used in combine harvesters. The study revealed that 99.65% of its carbon emissions are from fuel consumption during vehicle use, very similar to previous studies on the F1C engine in commercial vehicles. Based on the above studies, similar outcomes can be expected for all off-road vehicles, which is why innovation and product development efforts are focused on machine efficiency (lower fuel consumption) and optimization and automation (lower power usage).
In 2021, the aforementioned Cursor 13 diesel (heavy range) engine was certified – while the F1C diesel and NG (both light range) engines were re-certified – as per the ISO 14067:2018 standard. An assessment of the NEF (medium range) engine, manufactured in Turin (Italy), will be performed in 2022 to complete the set.

During the year, at the plant in Lecce (Italy), the Design Analysis & Simulation Team joined forces with the Innovation Engineering Department of the University of Salento to conduct a complete LCA of the **compact wheel loader** manufactured on site. The study consists of two phases. The first, completed in 2021, quantified the impacts in terms of carbon footprint, human health, ecosystem quality, and resource availability (measured according to the ReCiPe 2016 methodology) throughout the product's entire life cycle. The second phase, to take place in 2022, entails achieving ISO/TS 14067 certification to then assess the feasibility of requesting an Environmental Product Declaration. Once the LCA study is complete, the plant will draft new design guidelines to be rolled out to all Construction product lines.



Meanwhile, the plant in Suzzara (Italy) performed an LCA of a Daily **light commercial vehicle** according to the requirements of the ISO 14040 series. It focused on the impact categories indicated in the European Commission's International Reference Life Cycle Data System (ILCD), with specific reference to product environmental footprint. The study, which followed a cradle-to-grave approach covering the vehicle's entire life cycle, revealed that the Daily's impact on the environment is highest during its use phase due to the extraction and combustion of diesel, accounting for 80% of total environmental impact and 94% of impact within the ILCD climate change category. The study was verified by an independent third party, confirming the Daily's compliance with the ISO 14040 standard.



## IMPACTS COVERED BY CNH INDUSTRIAL'S ENVIRONMENTAL MANAGEMENT SYSTEMS

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

## REGULATED SUBSTANCES

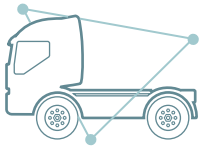
CNH Industrial is committed to reducing or eliminating regulated substances, which pose a potential risk to human health and the environment, from its products and its manufacturing operations.
There are a growing number of laws that regulate or restrict the presence of designated substances in products placed on the market. Under certain of these laws, such as EU REACH Regulation No. 1907/2006 (Registration, Evaluation, Authorization, and Restriction of Chemicals) and EU RoHS Directive No. 2011/65 (Restriction of Hazardous Substances), CNH Industrial collects detailed information from its supply chain with respect to the individual substances contained in its parts and whole goods. As the Company's supply chain may be as many as ten layers deep, the collection of the necessary information requires the cooperation of the whole supply chain.
CNH Industrial has defined engineering standards in the product development process for its design engineers and suppliers to ensure real-time information on prohibited substances and regulations that address hazardous substances potentially harmful to human health and the environment. The manufacturing process has been set up to require suppliers to submit substance information for approval before parts can be accepted as per the Engineering Standard and Production Part Approval Process (PPAP), both of which provide guidance on requirements for regulated substances. Any restricted substances would be automatically rejected using the Company's data management and analysis system. This is the primary method used to design out restricted substances and reduce the use of substances of high concern.

CNH Industrial is also actively registering and reporting product sales according to local country recycling regulations in order to provide its customers proper channels to recycle electrical equipment, batteries, and packaging materials. It has been actively involved with trade associations that have coordinated meetings with industry participants to promote 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, among other things, to educate the suppliers on these legal requirements, share with such suppliers the approach being taken by CNH Industrial, and encourage suppliers to use environment-friendly substances and report accurate compliance data. The Company has also modified its supplier terms and conditions to require suppliers to provide CNH Industrial with the information necessary to comply with such laws on regulated substances.
Regarding critical materials, as defined by the US National Research Council, CNH Industrial has started to collect data on materials that are considered critical and that may be found in its products. In the future, to manage its risks, the Company will continue to collect substance information from its suppliers and work with its Purchasing and Engineering functions to consider strategic initiatives to develop multiple sourcing, as well as work with its supply chain to choose alternative materials to the minerals that are considered critical in the USA and Europe.

## TOTAL COST OF OWNERSHIP

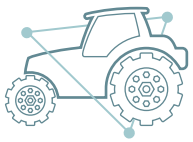
When purchasing a product from any CNH Industrial brand portfolio, customers need to evaluate not only purchase prices, but also maintenance, depreciation, insurance, and operating costs. To this end, the Company has adopted a total cost of ownership (TCO) approach, supported by CNH Industrial connected services, to assist customers seeking:

- lower fuel consumption and $CO_2$ emissions
- longer scheduled maintenance intervals, fewer breakdowns, and improved efficiency
- easier access to components for timelier interventions.

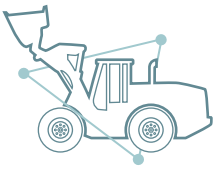


The TCO approach was initially adopted in the **Commercial and Specialty Vehicles** segment and provides customers with an extremely valuable, easy-to-use online calculation tool aiding in the selection of vehicles best suited to specific business needs. Leveraging its advanced connected services, IVECO has since developed an even more comprehensive TCO model, which includes aspects such as driver satisfaction and safety, with specific key performance indicators (KPIs) in place to monitor driver behavior, productivity, social responsibility, and economic and environmental sustainability. Reflecting the brand's customer-centric approach, all factors within this new TCO model revolve around the driver, and are integrated to continuously interact with and influence each other.

In the **Agriculture** segment, Case IH first applied the TCO approach to sugarcane harvesters, in anticipation of its gradual extension enabling the use of TCO targets to measure and compare machine efficiency. An online tool for customers is under development. Meanwhile, New Holland Agriculture has been applying the TCO approach to forage harvesters, with plans to extend it to the T7 and T8 tractors. In addition, both brands' flagship agricultural products were fitted with telemetry devices to provide the Company, customers, and dealers with valuable data on any machine issues to help improve productivity and increase uptime. The implementation of such Industry 4.0 technologies will be further developed in the future.



In the **Construction** segment, an online TCO calculator is available to CASE Construction Equipment customers in North America and its dealers in Europe and Australia. It helps determine the TCO for the brand's full product line, including the updated G-Series wheel loaders, based on real-life cost factors such as fuel, labor, parts, and maintenance. Furthermore, the roll-out of scheduled maintenance programs combined with various extended warranty solutions help users manage cost of ownership over the entire life span of any of the brand's products.



## 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 product 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.

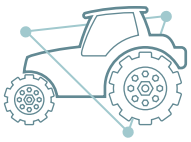
The Company believes it is the product manufacturer's responsibility to ensure **high safety standards**. CNH Industrial products are designed according to applicable government and/or industry standards on road safety, functional safety, occupational safety, and environmental safety (noise and engine 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 203)
- applicable regulations and/or standards
- limits of intended use
- operator experience
- operator training
- working conditions
- physical properties of the vehicle.

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

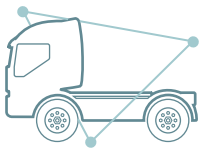
In 2019, CNH Industrial adopted the new Product Safety and Compliance (PS&C) Policy that summarizes the Company's commitment to designing, validating, manufacturing, selling, and supporting safe products that comply with or exceed all applicable legal requirements, and to providing protection against risks related to cyber incidents. CNH Industrial

considers this a requirement for conducting responsible and sustainable business, and crucial to building and maintaining public trust in its products and in the Company itself. This approach is meant to create, maintain, and continuously support a consistent corporate PS&C culture that goes beyond merely fulfilling requirements.
In 2020 and 2021, all product safety procedures were reviewed, enhanced, and aligned with the PS&C Policy, and a cybersecurity governing framework was formalized within the Chief Information Security Officer's (CISO) Department. CNH Industrial also finalized the Incident Response Plan for its products, defining immediate actions in the event of a cyber attack.



As regards **agricultural equipment**, safety is vital not only when working in the fields, but also when traveling by road from one field to another. To this end, all CNH Industrial brands' tractors are fitted with a Falling Object Protection System (FOPS) to shield both cab and operator against objects falling from above, and with Roll Over Protection Systems (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 need for the operator to turn around to check maneuvers. All Operator's Manuals include an entire chapter on the safe use of each machine (see page 203).

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 203). Additionally, all potentially dangerous machine components are listed on a decal on the side of the machine itself, while maintenance activities are performed from the ground to minimize the risk of accidents.



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

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

Currently, the Advanced Driver Assistance Systems (ADAS) offered by CNH Industrial commercial vehicles include Adaptive Cruise Control (ACC), Advanced Emergency Braking System (AEBS), and Lane Departure Warning System (LDWS). Furthermore, following several studies on passive safety and biomechanics, light and medium commercial vehicles can optionally be fitted with Advanced Occupant Restraint Systems (AORS) for enhanced protection in case of frontal impact, with the additional option of installing window airbags in light vehicles to protect occupants in the event of a side impact.

### SAFE DRIVING

The IVECO ON portfolio of digital services includes the unique *Safe Driving* suite of features designed to help customers become safer drivers. The on-board system measures a set of key performance indicators (KPIs) and generates regular reports to help drivers to acquire a safe driving style and fleet managers to foster a safe driving culture across their fleets. Safe Driving addresses the issue of human error, the major contributor to road accidents. It enhances the driver's risk awareness, thus improving road safety by reducing the risk of accidents and consequently the incidence of injuries to people and damage to transported goods and vehicles. Safe Driving Reports summarize the KPIs measured for the fleet in 3 categories:

- Dynamics – which focuses on harsh steering or acceleration maneuvers, stability control, and handbrake use while driving
- Collision Risk – which looks at behaviors potentially contributing to accidents, such as harsh braking or an insufficient safety distance between vehicles
- Compliance – with regulations on speed, driving hours, and maximum legal weight limits for vehicles.

Fleet managers can thus analyze trends at fleet level and identify areas for improvement for drivers to enhance their driving style and safety on the road. The Safe Driving features, available on the IVECO S-WAY and on current Daily models with a Connectivity Box, are easily accessible through the IVECO ON portal.
In 2021, IVECO, GLS Italy, and Dedo Driving School launched a safe-driving training course to maximize safety when operating the new IVECO S-WAY trucks powered by liquefied natural gas (LNG) and Bio-LNG, with 4 theory and 4 practical lessons. The theory explored driving techniques, the 'neuroscience' of driving, IVECO S-WAY truck operation and maintenance, and included a display vehicle walkaround. In the practical sessions, drivers tried their hand at driving simulators, emergency braking, object avoidance, weight transfer on wide bends, and skid systems. The courses will continue in 2022.

### TERTIARY SAFETY

Drivers are the main cause of around 60% of road accidents, a figure that rises to 90%[a] if accidents caused by driver behavior combined with other factors are included. Manufacturers tend to focus mainly on primary and secondary safety to help drivers avoid accidents, limit their consequences, and reduce the effects of impacts (kinetic energy dissipation). However, as underlined by Euro NCAP[b], road safety is not only about protecting occupants and promoting driver assistance systems; it also concerns better post-crash safety management, known as tertiary safety. It is crucial that first responders know what they should and should not do at the scene of an accident. Intervention within the so-called 'golden hour' is essential, and rescuers need quickly available and straightforward information on a vehicle's construction to help remove persons safely from a crash site.
For this reason, IVECO made rescue sheets and emergency response guides available in the Rescue Material section of its website. Compliant with the ISO 17840 standard (defining information for first and second responders) and available in multiple languages, rescue sheets are standardized summary documents containing all the crucial information rescuers need to carry out occupant extrication quickly and safely. Rescue guides, on the other hand, provide more detailed information that is used to train first responders, with a particular focus on alternative fuel vehicles.
IVECO is an associate member of the International Association of Fire and Rescue Services (CTIF), through which the brand dialogues with first responders globally to improve rescue operations and/or responses to fire incidents. It does so by providing technical seminars on the alternative propulsions (CNG, LNG, and electric) of its trucks and buses, and through the donation of LNG tanks for training purposes. Through the CTIF Commission for Extrication & New Technology, IVECO also backs the EU-funded *HyResponder* project, the aim of which is to develop and implement a Train the Trainer Program for Responders on hydrogen safety throughout Europe, thus providing support for the commercialization of hydrogen and fuel cell propulsion technologies.

*[a] World Health Organization: "The Global status report on road safety 2018", December 2018. https://www.who.int/publications/i item/9789241565684.*
*[b] The European New Car Assessment Programme, which provides European consumers information on the safety of passenger vehicles.*

## 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 biofuel 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 Dealer Portal (see page 224). 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 help navigate through the contents of the Operator's Manuals, featuring live updates and links to multimedia material. For the Agriculture and Construction segments, digital versions of the Operator's Manuals are available on the customer-facing My Brand Portals. The goal is to become completely paper-free as soon as regulations will officially allow it, replacing all hardcopies of Operator's Manuals with digital versions.

# 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 237-240) 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.
Quality control is also one of the 10 technical pillars of World Class Manufacturing (see page 165), 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, during which product performance is assessed as quickly as possible so that improvements can be implemented, if needed.
After this initial period, the product is treated as current, and its quality control and performance monitoring continues under Current Product Management (CPM). At CNH Industrial, CPM is a systematic business process designed to maintain and improve the product throughout its entire production life. The CPM team includes representatives from Quality, Engineering, Parts, Purchasing, Manufacturing, and Brand Service, who provide resources and expertise. The team is responsible for reviewing all product information channeled to CPM from various sources, such as customer visits, dealer reports transmitted via product support tools, warranty claims, and quality reports from manufacturing units and suppliers. Any product issue reported is analyzed and managed systematically so that speedy technical resolutions can be provided to the production platforms to improve product design or fine-tune assembly methods, in order to meet customer needs and prevent recurring issues.

## RECALL CAMPAIGNS

The decision to launch a remedial action (including voluntary recall campaigns), also known as a Product Improvement Program (PIP), is made by the Current Product Management (CPM) team. This decision takes account of both technical factors and the impact on customers. The CPM team evaluates the safety aspects of every PIP by using tools such as the Safety Risk Assessment and, based on the index obtained, determines whether to launch a specific safety recall campaign. Once a voluntary recall campaign has been approved and prepared for launch, it is released to the network, ensuring its rapid completion to minimize customer impact and maximize customer vehicle availability.
The implementation of a recall campaign falls within the product quality control process, and involves all of the functions that interact directly with customers, including brand organizations and dealers. During recall campaigns that require vehicle repair, CNH Industrial utilizes different programs and channels to inform customers about work to be performed on their vehicles. The *Best Service Program*, for example, is a tool for managing campaigns that are particularly sensitive due to the geographic area or product type. The program offers centralized support to dealers and other commercial entities, and fosters customer loyalty by reducing vehicle downtime at repair shops. A call center coordinates activities and keeps both customers and dealers informed, while ensuring spare parts are supplied as promptly as possible. Ensuring CNH Industrial customers safe and reliable products is a key aspect for the Company. In this respect, the Quality Control process includes a Reporting Procedure for Product Safety Problems that enables both the service network and employees to report any product safety issue found. In a dedicated section on the corporate Intranet, employees can report events involving any of the Company's products. The reports received are analyzed and duly processed by the CPM team. In addition, to speed up the reporting of potential quality problems, the service network is provided with appropriate Incident Reporting Guidelines.

### NUMBER OF RECALL CAMPAIGNS (PIPs)

CNH INDUSTRIAL WORLDWIDE (no.)

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Mandatory campaigns | **157** | 137 | 132 |
| Safety campaigns | **35** | 22 | 21 |
| **Total** | **192** | 159 | 153 |

# DECARBONIZATION STRATEGY

In its commitment to mitigate climate change, CNH Industrial aims to reduce **$CO_2$ and other air emissions** through the proper management of climate-related risks and opportunities, as per the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
The identification of such risks and opportunities and the analysis of global challenges led to the definition of a decarbonization strategy, in light of which the Company regularly reviews its business priorities and adapts its financial programming over the short, medium, and long-term, in line with its Strategic Business Plan horizon. To tackle climate change issues, CNH Industrial integrated a number of carbon-reduction initiatives and specific climate-related topics into its Sustainability Plan, defining long-term strategic targets that will drive its business strategy.
The Company's decarbonization strategy guides the development of its product portfolio and R&D efforts regarding new technologies (e.g., biofuels, electric drives, hydrogen fuel, digitalization, connectivity, and automation), often in collaboration with business partners, startups, and third-party experts.


## ROADMAP OF NON-FOSSIL ENERGY SOURCES

| Non-fossil energy sources | Currently available on the market | FPT Industrial engine compatibility | Fossil fuel replaced | Engine type | Timeframe |
|---|---|---|---|---|---|
| Biodiesel: Fatty acid methyl esters (FAMEs) | Yes, blended with diesel | Not recommended | Diesel (partially) | Diesel | Already adopted |
| Green diesel: Hydrogenated vegetable oil (HVO) | Yes | F1 series<br>F5 series<br>NEF series<br>Cursor series | Diesel | Diesel | Already adopted |
| Biomethane | Yes | F1C NG<br>NEF 6 NG<br>Cursor 9 NG<br>Cursor 13 NG | Methane | Spark-ignition | Already adopted |
| Electricity[a] | Yes | Under development | All | Electric | Short-medium term |
| Hydrogen[a] | Limited | Under development | All | Fuel cell system & internal combustion engine | Medium-term |

*(a) When generated from renewable sources.*

Within the Powertrain segment, internal combustion engines will continue to predominate in most industrial applications in the short term, and so the challenge is to further reduce their emissions. On a broader scale, CNH Industrial believes that an increasingly important role will be played by natural gas (NG): 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.
In the field of decarbonization, other fuels such as hydrogenated vegetable oil (HVO) are showing potential, while modifying engines to offer the best solutions for a given area or application is likely to broaden the offering and integration of compressed natural gas (CNG) technology. Furthermore, more than 30 global cities are implementing zero-emission zones/low carbon districts[1] for transport and access, setting an example for other cities to follow. All of these factors are driving the shift towards alternative fuels and powertrain electrification.
In the medium term, the focus will be on electric drive technologies – not as an alternative to internal combustion solutions (at least, not yet), but as a way to further improve their performance, efficiency, and sustainability – developing different configurations depending on vehicle missions. In the short to medium term, hydrogen fuel cells represent the most promising electric drive technology for industrial, heavy-duty applications such as long-haul transport.
FPT Industrial foresees a future built on mixed-energy use: energy sources have different characteristics and meet different needs, and so a variety of solutions will co-exist in the market. For this reason, the Company believes in remaining very open and pragmatic – adopting a multi-power approach.

*(1) www.c40.org.*

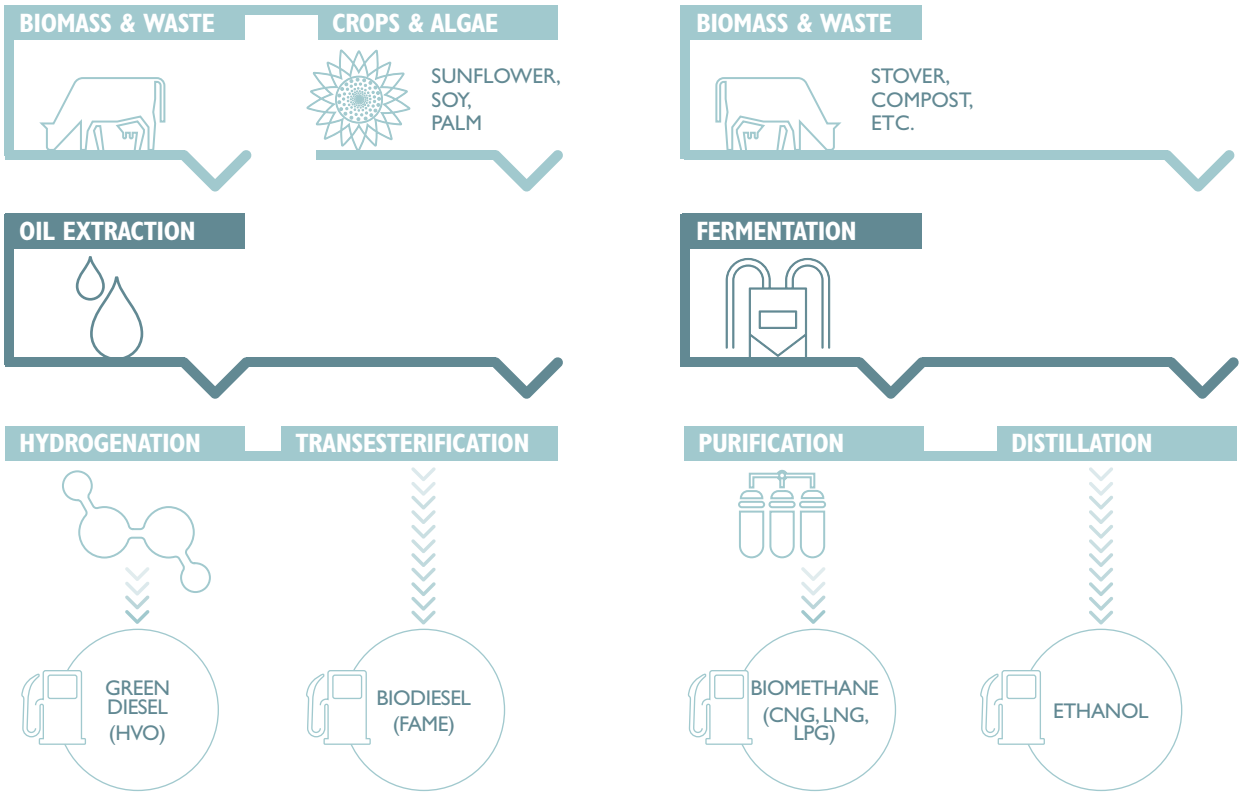
## CUTTING-EDGE POWERTRAIN TECHNOLOGY

As part of its decarbonization strategy, CNH Industrial is also looking into alternative solutions never explored before. For this reason, FPT Industrial acquired 100% of Dolphin N2, a spin-off from British company Ricardo, specialized in innovative internal combustion engine technology. The brand aims to leverage the expertise acquired to substantially increase fuel efficiency while reducing operating costs and $CO_2$ emissions, starting with long-haul trucks and other heavy-duty applications. The technology developed will then be extended to other industrial segments delivering a complete power range, and made suitable for all fuels, including liquid and gas fuel applications through ad hoc configurations.
In 2021, technology development continued with a focus on diesel, natural gas, and hydrogen as prospective energy carriers.

## BIOFUELS

As evidenced by the materiality analysis, CNH Industrial fully recognizes the importance of promoting a **circular product life cycle** to minimize environmental impact and reduce **$CO_2$ and other air emissions**. One possible response to this is to promote the use of fuels from renewable sources or from processes generating negative $CO_2$ emissions. Biofuel is defined as any fuel whose energy is obtained through a process of biological carbon fixation. Any hydrocarbon fuel produced from organic matter over a short period of time (days, weeks, or months) is considered a biofuel. This contrasts with fossil fuels, which take millions of years to form, and also with other types of non-hydrocarbon-based fuel (e.g., nuclear fission).
Biofuels can also be made in a laboratory or industrial setting by chemically transforming organic matter (biomass) into fuel. The starting materials for biofuels contain $CO_2$ that was fixed by a living organism, and the final fuel is produced quickly rather than over millions of years[2].

**BIOFUELS**




(2) *www.biofuel.org.uk.*

### 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, as they do not originate from waste, the crops used to produce them take land away from food production. FPT Industrial's research is currently focusing on second-generation renewable biofuels, according to EN 15940 fuel specifications, specifically on hydrogenated vegetable oil (HVO), also known as green diesel (or XTL). Since 2020, all engine families are type-approved in this regard, and a number of buses and coaches have already been adapted to run on HVO for reduced $CO_2$ emissions, such as those sold to operators and transport authorities in Scandinavia, where HVO is produced and distributed for captive fleets.
In addition to extensive testing and development, FPT Industrial is also involved in several research projects in collaboration with external R&D suppliers and universities, focused on continuously monitoring the rapid evolution of biofuel technology, and on potential breakthroughs from the early stages of development.
During the year, for example, the brand partnered with the US National Biodiesel Board (NBB) and the US National Renewable Energy Lab (NREL) to study the effects of different biodiesel blends on its NEF Tier 4 Final engine. This NBB-funded research project involved a series of engine endurance tests, all of which were performed at the NREL lab in Colorado (USA). The final results were presented in Kansas City (USA) at NBB's Biodiesel Technical Workshop, where FPT Industrial was honored with the *2021 Researcher of the Year Award* for its technical efforts and outstanding impact on biodiesel research.

### 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 naturally occurring gas derived from renewable sources that is chemically identical to fossil natural gas (NG). This fuel can play a significant role in achieving a circular economy, given that it comes from organic waste materials, such as agricultural biomass (crops, agricultural or animal waste, waste from the food processing chain), and from the organic fraction of municipal solid waste (OFMSW), all of which is transformed into an energy resource. Moreover, if sourced from manure, it can remove more carbon during its production than it generates during use.
Biomethane is considered a strategic fuel owing to the main benefits that derive from its use, namely:

- 95% fewer well-to-wheel $CO_2$ emissions compared to diesel, and up to 120% fewer $CO_2$ emissions if sourced from manure
- 90% fewer $NO_2$ emissions compared to diesel
- 50% fewer aldehyde emissions compared to diesel
- 80% fewer ozone-generating agents compared to conventional fuels
- 85% fewer particulate matter (PM) emissions compared to diesel
- can be used with current production technologies.

For NG vehicles (running on either biomethane or fossil NG), savings in total cost of ownership (TCO) can be as much as 10% compared to a diesel-powered Euro VI vehicle. NG is also markedly less expensive than diesel and can reduce fuel costs by up to 30-40%. NG-powered vehicles are ideal for distribution, short, medium, and long-haul logistics, and municipal services such as waste collection and transport. Moreover, they reduce noise pollution by 3dBA[3] compared to diesel engines. From a well-to-wheel standpoint, a bio-LNG-powered IVECO S-WAY generates far fewer $CO_2$ emissions than a diesel-powered Euro VI vehicle, a reduction equivalent to that of 72 electric city cars charged using renewable electricity.

CNH Industrial offers a wide range of NG vehicles through its brands, such as: the complete light-to-heavy range offered by NG market leader IVECO; the Crossway Natural Power coach, Urbanway city bus, Crealis rapid transit bus, and Daily minibus offered by IVECO BUS; and the Compact class (H)LF 10 marketed by Magirus, the world's first CNG-powered firefighting vehicle.

New Holland Agriculture joined the offering in 2021, with the production launch of its T6 Methane Power tractor series at the plant in Basildon (UK). The tractor is the result of years of pioneering work on the use of alternative fuels, as per the brand's Clean Energy Leader strategy, and it marks a significant milestone in the journey towards decarbonizing agriculture. The T6 Methane Power also won the prestigious *Sustainable Tractor of the Year 2022* award at the EIMA International[4] trade show held in Bologna (Italy), assigned by a jury panel of top European journalists specializing in farm equipment.

(3) *Decibels adjusted to human hearing.*
(4) *International Exposition of Machinery for Agriculture and Gardening.*

## ZERO-EMISSIONS WINE

In 2021, FPT Industrial and wine producer Fontanafredda entered a 3-year partnership to realize a highly prestigious viticulture project with zero carbon footprint, aimed at achieving the world's first zero-emissions harvest in 2021 and the first 100% sustainable production of Barolo in 2025.

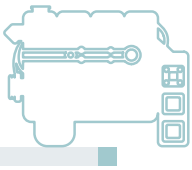
Today's energy transition challenge requires large-scale global solutions as well as targeted actions in specialist sectors. In order to deliver in terms of results and people engagement, projects must have high intrinsic value and involve partners who share a long-standing commitment to environmental accountability. This sentiment is shared by both FPT Industrial, the world's largest producer of low environmental impact engines, and Fontanafredda, a historic wine-making brand founded in 1858 by the first king of Italy. It currently has 120 hectares of certified organic vineyards and is a promoter of the larger Green Renaissance project, launched to promote best-practice, zero-impact grape cultivation.

The viticulture project revolves around two New Holland Agriculture TK Methane Power vineyard crawler tractors. Both biomethane-powered, they feature FPT Industrial's F28 NG engine (recognized as the *2020 Engine of the Year*), which is hybrid-ready and can operate on either diesel or natural gas. Each tractor can provide a power output of 75 horsepower with a peak torque of 330 Nm, delivering the same performance and safety levels as the diesel equivalent (even when working on the vineyards' steep slopes and slippery terrain). Moreover, each has a zero-carbon footprint, as the biomethane used to power the engine is not a fossil fuel, but derived from the anaerobic digestion of agricultural waste.

With over 70,000 units sold to date and a more than 70% market share in Europe, FPT Industrial has the largest NG engine portfolio on the market. Among the currently available technologies suitable for NG engine development, the brand 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 service life.

**+30%**
IN NATURAL GAS **ENGINES SOLD**



### NATURAL GAS ENGINES SOLD[a]

FPT INDUSTRIAL WORLDWIDE (no.)

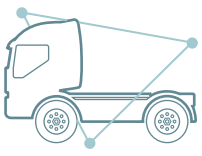
| | 2021 | 2020 | 2019 |
|---|---|---|---|
| NG engines sold | **13,000** | 10,000 | 9,200 |

*(a) Figures include engines sold to IVECO brands.*

## ELECTRIFICATION

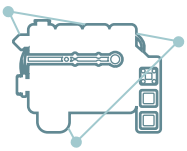
CNH Industrial has a long tradition in the electric vehicle sector, with the first IVECO Daily Electric, in fact, dating back to 1986. Electrified vehicle technologies represent the next step in the Company's decarbonization strategy, not as an alternative but rather as a means to further improve the performance, efficiency, and sustainability of internal combustion solutions. The technology is being developed so as to offer different features for different vehicle missions.

In 2021, IVECO and Nikola Corporation inaugurated their joint-venture facility in Ulm (Germany), dedicated to the manufacture of Nikola Tre electric heavy-duty trucks and scheduled to start production by the end of the year. The Nikola Tre is a battery electric vehicle (BEV), based on the IVECO S-WAY truck platform with an electric axle co-designed and produced by FPT Industrial. It features Nikola's advanced electric and fuel cell technology, along with key components by Bosch. It also features a modular platform capable of battery as well as fuel cell propulsion technology. The battery technology will be launched first, driving the underlying platform before integrating fuel cell technology and extending the range to include hybrid fuel cell electric vehicles (FCEV). The first Nikola Tre (BEV) models produced at the plant will be delivered to select customers in the USA in 2022, while the subsequent (FCEV) model is expected to enter production by the end of 2023.



HEULIEZ, a leading brand in e-mobility buses, offers a full product range for all urban applications, featuring a 12-meter overnight charge e-bus and an opportunity-charge articulated electric bus available across Europe.

FPT Industrial has an e-Powertrain team within its Powertrain Product Engineering Department working exclusively on the development of electrified vehicle technologies. The brand's goal is to meet customer needs with a wide range of tailor-made alternative propulsion solutions for every type of mission, thus strengthening its positioning in the market as a multi-power solutions provider. FPT Industrial's electric strategy comprises 2 categories: electric propulsion and electric assist.



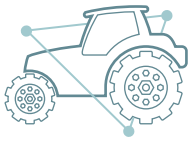
As regards **electric propulsion**, the brand offers 2 solutions: the e-axle and the transfer box, with electric power playing a direct role in vehicle propulsion in both. The e-axle is a compact and flexible solution that transfers power and torque to the wheels through the gear unit, resulting in a modular concept that can be easily adapted to various vehicle layouts and weight capacities and, above all, to different customer needs. The e-axle can support 3 vehicle layouts – front, rear, and all-wheel drive – offering different suspension systems (independent or rigid) simply by changes to its external shape, without impacting its core components. It can be used for different vehicle categories, including sport cars, and for light and heavy commercial vehicles; it can 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 where space is very limited.
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.
The transfer box is the ideal solution for vehicles with different functional requirements, such as intercity missions requiring an electric last mile, long-haul full-hybrid applications, and construction equipment to be used on 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, so as to improve efficiency, reduce $CO_2$ emissions, and enhance machine operation. In this regard, FPT Industrial presented its F28 Hybrid, a diesel engine paired with an e-flywheel resulting in a versatile, efficient, compact, and sustainable solution for both construction and agriculture applications. The F28 Hybrid's modular architecture enables it to run on diesel or natural gas, and it is also suitable for hybrid applications, delivering excellent performance under all working conditions and ensuring maximum installation flexibility. The F28 features a 2.8-liter hybrid engine (developed for compact machinery) delivering a maximum power of 74 hp (55kW), coupled with a highly integrated electric motor installed on the flywheel that adds 27 hp (20 kW) of continuous power and 40 hp (29.8 kW) of peak power. Its compact dimensions make it easy to incorporate the F28 into existing machine layouts and to combine it with electrified implements, thus improving productivity – especially in agriculture applications, where it can cut $CO_2$ emissions by up to 20% in specific operations.
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. Its many features mean the brand's mild hybrid powertrain can be applied to a wide range of applications – from low to high energy-demanding operations, from small to large vehicles, as well as in on-road, off-road, and marine applications.

FPT Industrial has entered into specific partnerships to expand its capabilities in electrification. For example, through a collaboration with Microvast, a US-based company specialized in battery power systems for electric vehicles, the brand will design and assemble high-voltage battery packs in-house for CNH Industrial vehicles and third-party customers. In addition, it will launch a new e-platform for the development and manufacture of complete electrified powertrain systems. The brand is also an active partner in VISION-xEV, a project for the future advancement of electrified powertrain systems, funded under the EU's Horizon 2020 program for research and innovation.

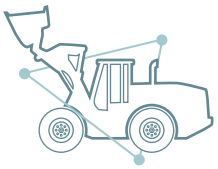
FPT Industrial has set specific targets to reflect and further advance its efforts in electrification: to start the production of an e-driveline and battery pack assembly for light commercial vehicles by year-end 2022; and to start the production of e-axles for heavy commercial battery electric vehicles (BEV) and battery pack assembly for buses by year-end 2023.
In 2020, as a further step towards electrification, the brand acquired 100% of Potenza Technology, a company specialized in the design and development of electric and hybrid powertrain systems. Potenza Technology has been at the forefront of electric powertrain technology since 1999, with expertise in functional safety engineering, battery management systems for traction battery packs, and electric and electronic systems design and development.

In the off-road segments (Agriculture and Construction), the main drivers for electrification developments are productivity, performance, and sustainability. Electrification technologies unlock the full potential of sustainable precision agriculture and construction equipment, supporting autonomous operations, providing better control, and delivering environmental benefits.



In the **Agriculture** segment, 3 levels of electrification are currently being considered:
- electric power and electric implements (light electrification)
- electric and hybrid power transmission (e-drivelines, medium electrification)
- battery electric vehicles for zero emissions (full electrification).

Key customer needs are higher speed of operation and reduced operating, fuel, and maintenance costs. In particular, customers seek precision applications of fertilizers and chemicals, optimized planting and seeding, and minimal soil damage. CNH Industrial is a minority investor in the Monarch Tractor, the first fully electric autonomous tractor on the market, which will contribute to accelerating agriculture's transition towards autonomy and electrification. This strategic partnership is an important step towards further enhancing long-term sustainability, enabling the world's farmers and agribusinesses to realize profitable zero-emission farming. It also underscores the Company's commitment to rapidly improving its alternative propulsion and precision farming portfolio, while extending its world-leading sustainability credentials.



In the **Construction** segment, key customer needs are lower annual operating costs and reduced maintenance and fuel costs. Customers seek the performance improvements delivered by high torque, as well as zero emissions and low noise for indoor operations.
An electrified backhoe loader from CASE Construction Equipment (developed under the *Project Zeus*) was presented in 2020 at the Con Expo trade show. Winner of the *2020 Innovative Iron Award* from Compact Equipment magazine, this CASE 580 EV delivers the same power and performance as other diesel-powered backhoes in the brand's product line. It also has considerably lower daily operating costs while producing zero emissions – motivating factors for utility and government contractors incentivized to work with equipment that leverages alternative fuels and lowers emissions.

## HYDROGEN


As a multi-power solutions provider, FPT Industrial's mission is to analyze, test, and overcome obstacles to make hydrogen a viable and effective solution, delivering performance, range, and reliability. To this end, the brand presented its Hydrogen Fuel Cell Powertrain Concept, a technology with the potential to deliver a zero-emission powertrain for high energy demanding applications.
Additionally, FPT Industrial, IVECO, and 12 other companies are currently participating in the H2Haul project, to design and build 16 zero-emission fuel cell trucks to be tested in real-world operations at 4 demonstration sites in Belgium, France, Germany, and Switzerland, respectively. The project was funded by the EU's Horizon 2020 research and innovation program, Hydrogen Europe, and Hydrogen Europe Research. Launched in 2019, it will run for 5 years, with a minimum of 2 years in production for all 16 trucks. Among the vehicles is the fuel cell electric version of the Nikola Tre truck – the result of a joint-venture between IVECO and Nikola Motor Company.
As part of its efforts in hydrogen technologies, FPT Industrial plans to make electrified powertrains for fuel cell heavy-duty trucks available by the end of 2023.
In addition to fuel cells, FPT Industrial is exploring another application for hydrogen technology (under the H2-ICE project), assessing its use as fuel in internal combustion engines. This solution, which requires specific engine modifications, is currently undergoing preliminary testing and development. Carbon-free hydrogen combustion would enable achieving zero $CO_2$ emissions while preserving traditional vehicle architecture. The feasibility of hydrogen as a fuel to maximize efficiency and improve $CO_2$ emissions is also being explored using the split cycle technologies developed by Dolphin N2.

# 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 analyses are needed more than ever to plan farming operations and manage crop cycles in the context of more severe weather conditions and unseasonal events. Developing **connectivity** and digitalization, and creating data-driven value, translates into tools that enable CNH Industrial's brands to offer customers ever-more efficient, sustainable, and smart products to support their businesses. The Internet of Things (IoT), for instance, has opened up a new world of connectivity that enables streamlining the integration of new technologies and optimizing their implementation, thus developing a range of services more relevant to customers.

An example of this is the CNH Industrial Service Delivery Platform – the Company's own 'cloud' – that provides access to specific services and stores operational data for all connected machines, delivering the following benefits:

- in agriculture, through precision farming and digital agriculture, real-time data can be collected and analyzed for better informed decision-making
- in construction, the idle-time monitoring feature enables fleet managers to detect inefficiencies caused by excessive idling and to redeploy machines, enhancing productivity and reducing emissions
- in commercial vehicles, IVECO customers have access to innovative algorithms that cut fuel consumption by up to 15%, and that also reduce carbon footprints and total cost of ownership
- in engines, customers can depend on ever-more personalized services that improve efficiency and extend engine life.

## CONECTARAGRO

Brazil is a world-leading grain producer, currently set to reach a new national grain production record. The country produced about 268.7 million tons of soybeans and corn during the 2019-2020 harvest, which accounted for 12.15% of the world's grain production. It is also the largest producer of sugar cane, with 665.1 million tons produced during the 2020-2021 harvest (a 3.5% increase compared to the previous harvest), accounting for approximately 40% of the total world production.

In the near future, the country is expecting a significant improvement in rural productivity thanks to increased connectivity, key to ensuring the continuity of Brazil's agricultural evolution. In this regard, CNH Industrial is one of the founders and leaders of ConectarAGRO, a non-profit association that aims to guarantee in-field internet access to farmers all over the country – as more than 70% of rural and remote properties in Brazil currently do not have access to the network. By 2020, the association had been able to expand connectivity (using 4G LTE 700 MHz broadband) to more than 5.1 million hectares in rural areas (representing around 8% of the country's grain and sugarcane plantations), covering a total area larger than Belgium, the Netherlands, and Switzerland combined and benefitting more than 575,000 people, 50,000 farms, and 218 towns across 8 states.

In 2021, in spite of the pandemic, ConectarAGRO was able to further expand connectivity in rural areas (again using 4G 700 MHz broadband), achieving a total coverage of more than 10 million hectares and benefitting over 700,000 people. More importantly, 20 new companies – all different in terms of size and markets, and involved in agriculture as well as in other industries such as electricity distribution and advanced technologies – joined the association, sharing its vision and goal to connect all areas in Brazil and improve the quality of life of its people. One of the initiatives implemented by ConectarAGRO, in collaboration with its partners and customers investing in rural connectivity, was a virtual technical-education pilot project focused on remote learning, considered the most valuable benefit of connectivity (especially during the pandemic). As a result, the project's first group of participants was able to acquire new agricultural technical skills and thus improve their farm productivity and sustainability.

At the Brazilian 5G radio frequency spectrum auction held during the year, auction winners were inspired by the association and committed to covering more than 19,000 miles of roads with 4G, while bringing high-capacity backhaul solutions to small towns in remote areas and high-quality connectivity to remote schools. ConectarAGRO is currently realizing rural connectivity projects across 4 Brazilian states, leveraging local partnerships and collaborations. It is also inspiring similar actions across the globe, as is the case in Bolivia, where the *Cámara Agropecuaria del Oriente* (Agricultural Chamber of the East) launched a connectivity project based on the association's journey and experience.

## PRECISION FARMING AND DIGITAL AGRICULTURE

Precision farming (Agriculture 3.0) and digital agriculture (Agriculture 4.0) deliver advanced technologies and digital solutions to help farming operations. They include GPS-enabled solutions such as automatic guidance systems, and artificial intelligence and big data solutions such as the Internet of Things (IoT), smart devices, cellular data connectivity, deep learning, drones, low-power sensors, hyperspectral sensors, improved satellite imaging, and cloud computing, all delivering a wealth of information organized within geospatial datasets.

Precision farming and digital agriculture are all about optimizing crop production cycles and producing more food while creating the perfect balance between soil, water, nutrients, and chemicals, using just the right amount of seed, and tending the land no more than is necessary, without waste. All this translates into better yields and optimized costs with less environmental impact. Indeed, CNH Industrial's solutions help agribusinesses significantly enhance their sustainability by: reducing their emissions; ensuring the targeted application of seeds, fertilizers, and crop protection products; and enabling carbon sequestration farming practices.

The Company currently offers a strong end-to-end precision farming portfolio covering every aspect of the crop cycle, featuring factory-fit track technology, aftermarket offerings, and digital solutions for fleets – both Company-branded and mixed. CNH Industrial's precision and digital farming strategy and offering center on 3 main areas:

- **Field** – focusing on precision farming technologies that enable:
  - machine guidance and control
  - agronomic sensing and monitoring
  - machine and implement automation (depending on soil conditions, crop, and operator, automation technology can improve field productivity by up to 20%)
- **Fleet** – focusing on asset (machine/fleet) productivity by improving asset uptime (through proactive and predictive error resolution) and machine utilization (through the optimization of logistics and maintenance). Using actual data, the downtime of connected machines can be reduced by up to 30% (outside of the critical windows of operation such as planting and harvesting, when machines must stay up and running)
- **Farm** – focusing on improving operational and agronomic productivity through farm management software, by delivering structured critical operations information in real time, pre and post season data, and applications supporting agronomic decisions.

CNH Industrial offers a range of aftermarket precision farming technology solutions through AGXTEND™, its own incubator for tech startups. AGXTEND™ provides agricultural equipment users with exclusive productivity-enhancing technologies able to deliver benefits throughout the entire cropping cycle. The initial offering includes 5 solutions:

- zero-chemical weed control using electro-herbicide technology, an effective and more sustainable alternative to agrochemicals
- real-time soil sensing systems that automatically adjust implement working parameters to deliver uniform tillage performance
- highly accurate near-infrared and sensing systems providing real-time crop quality data, yield maps, and harvest information
- a biomass sensing package that analyzes actual plant conditions to then calibrate fertilizer applications
- the use of Internet-of-Things (IoT) logic combining a range of real-time weather sensor data for informed agronomic decision making. This solution enables customers to plan their spraying schedule around honeybee activity to protect the bees from pesticides.

The AGXTEND™ product range is designed to fully integrate into the Company's existing precision farming platforms – Advanced Farming Systems (AFS®) from Case IH, S-TECH from STEYR, and Precision Land Management (PLM®) from New Holland Agriculture. It is also compatible with a vast range of competitor tractors, harvesting equipment, and farming machinery.

AGXTEND™ expands CNH Industrial's offering of precision farming solutions with data-driven products that enhance the efficiency of a machine's main technology features, further improving the sustainability footprint of farms.

The essence of digital farming consists in aggregating and creating value from data, which is no longer sourced merely from farm equipment but is also generated using new services and algorithms and transformed into actionable intelligence. The wealth of data delivered by digital farming enables growers to select and use the right product at the right rate, in the right place, at the right time, driving and optimizing agronomic output with minimal environmental impact. Digital farming requires:

- smart machines – able to receive, send, generate (via sensors), and process data, using inputs only as needed, for greater efficiency and reduced environmental impact

- connected machines – with communication and interface standards enabling the seamless exchange of data between machines, with business partners, and among data portals
- connected in-field (micro) and remote (macro) sensors – able to collect environmental data for cloud-computing and for building predictive models.

Data management is crucial in digital farming: data volumes must be manageable and, above all, controllable. Managing data through a data portal makes it easier to control information processing and flow. The farmer retains data ownership at all times, choosing how to allocate access rights, which data to share, and which partners to share it with.
The Company's farming solutions are machine and implement-centric, designed to optimize equipment use within any farming system, which is estimated to improve customers' economic yield by up to 5%.

The use of digital and precision solutions, whether applied to farm, field or fleet, increases farm profits by cutting costs and improving yields, all while reducing the environmental pressure – which can be significantly affected by baselines and the correct use of these technologies. It is estimated that farm, field, and fleet digital and precision solutions can deliver an average 33 percentage point increase in margins per acre for corn production in North America compared to conventional operations, while reducing emissions, improving carbon sequestration, and minimizing chemical and nitrogen runoff in the soil and groundwater.
A description of how digital agriculture solutions can improve environmental aspects such as climate change, acidification and eutrophication, biodiversity, water resources, and soil degradation is provided below.

## CLIMATE CHANGE

Agriculture impacts climate change principally due to the greenhouse gas (GHG) emissions generated during operations and the conversion of forests into farmland. In 2020, the European Union's Scientific Advice Mechanism estimated that the global food production system is responsible for 37% of total GHG emissions worldwide. It is projected that the use of digital agriculture could potentially reduce GHG emissions by 30% by 2030 owing to precision solutions such as:

- guidance systems, which help optimize rows and thus minimize machine fuel consumption
- predictive models such as change detection, predictive maintenance, and track and trace, which improve logistics and minimize fuel consumption
- digital agricultural data that, among other things, is used in carbon credit programs that support regenerative farming practices; the latter can increase soil carbon sequestration by more than 3%, equal to 90-120 million tons of $CO_2$.

## ACIDIFICATION AND EUTROPHICATION

Excess fertilizers can cause acidification of the soil, which is detrimental to its ecosystem. Moreover, when it rains, excess fertilizer can also run off into lakes, streams, or coastal waters, causing eutrophication. Studies have shown that:

- the use of variable rate technology allows optimal fertilizer application based on the field's actual needs, cutting fertilizer consumption by more than 30%
- automatic section control technology prevents application overlaps and/or applications outside field boundaries, thus optimizing fertilizer management and consumption.

## BIODIVERSITY

Over 95% of pesticides land on targets other than the intended species. To counter this:

- selective spraying technology enables the targeted application of pesticides (i.e., only where weed/pest issues are detected), with the potential to cut pesticide consumption by 90%. CNH Industrial is investing in its development so as to launch it as soon as possible
- predictive analysis uses remote sensing/change detection and weather forecast data to allow farmers to schedule pesticide applications more effectively and detect pest and weed issues proactively.

## WATER RESOURCES

Agricultural irrigation is responsible for the greatest share (70%) of global water consumption. In this regard:

- according to the US Department of Agriculture, water management practices can reduce water flow volumes by 20-40% and nitrate loads by 40% annually, and can increase yields by 10% in dry years
- predictive analysis using weather forecast data helps farmers optimize irrigation schedules.

## SOIL DEGRADATION

There are many causes of soil degradation, the main one being extensive agriculture – especially in terms of overwatering, pesticide use, over-cultivation, and not tending to the field after harvest. To counter this:

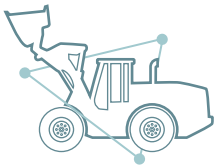
- guidance systems help avoid soil compaction by minimizing tracked areas while maximizing those for crop growth
- predictive analysis helps farmers optimize soil management operations and schedule irrigation and chemical applications more effectively, for more sustainable soil management practices
- digital agriculture also helps plan crop rotations, which contributes to preserving soil biochemistry.

## INNOVATION 4 CHANGE

Innovation 4 Change (I4C) is a European impact innovation program for interdisciplinary teams of young talent, aimed at developing scalable business ideas and innovative solutions to respond to global challenges affecting the planet. Each year the program sets 8 challenges aligned with a number of UN Sustainable Development Goals (SDGs[a]) and proposed by companies and institutions that join the I4C initiative as 'SDG partners'. CNH Industrial joined the program in 2020.
The Company's 2021 challenge proposal was "to improve the mental and physical wellbeing of farmers, drivers, and employees", which is linked to SDG 3 'Good Health and Well-Being' and SDG 8 'Decent Work and Economic Growth'. Currently, one of the main stresses farmers experience throughout their lives is the high level of uncertainty over their harvests, along with isolation and loneliness.
During the 5-month initiative, a dedicated team of young talented people responded to this challenge by developing *Kultivo*, a digital space to connect farmers and grow a community; through an ad hoc app, users can access features such as private voice chat rooms, podcasts, courses, and a CNH Industrial section for contacting machine technicians. The team also developed a solution that makes use of satellite data and AI processing to verify crop damage and so obtain timelier insurance payouts in the event of lost harvests.

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

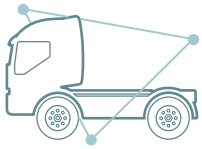
## PRECISION CONSTRUCTION



Precision construction technologies, sold under Site Solutions (CASE Construction Equipment) and Fleet Systems (New Holland Construction), enhance precision when using machines on site, improve safety, and enable optimization of the entire fleet. The Company's construction telematics software, namely CASE's SiteWatch™ and New Holland's FleetForce™, provides measurable and actionable data (including on fleet location, performance, and fuel consumption) for better fleet management. The information is sent to the Cloud in real time, which gives fleet managers full control wherever they are via their internet connection. 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 reduce costs and the environmental impact caused by machine idling. The pre-programmed reports on machine use help plan working schedules and track operations to increase total productivity.

CNH Industrial has shifted the focus of its digital strategy towards analytics and uptime, with huge amounts of data being collected and analyzed to predict and prevent potential anomalies and inefficiencies before they occur. To this end, CASE Construction Equipment and New Holland Construction enhanced their software by developing a new architecture and business model enabling them to proactively help dealers and customers. Their new connectivity-enabled services often reduce the need for multiple servicing of machines, which translates into increased uptime and reduced environmental impact by limiting unnecessary travel.
Additionally, both brands continued to expand their offerings of machine control solutions within their respective product ranges. These solutions can significantly increase machine productivity by automating repetitive operator tasks with the utmost precision, preventing over digging and undercutting while reducing overall fuel consumption and general wear and tear.

## CONNECTED VEHICLES

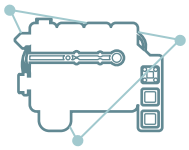


In 2021, to increase uptime and improve driver safety and comfort as well as logistics productivity, IVECO launched a number of innovative digital services and products, including:

- over-the-air software updates and teleservices in unattended mode, which run automatically with no driver or dealer intervention required
- a further set of predictive diagnosis algorithms, mainly focusing on air-handling and injection systems, as well as after-treatment sensors, integrated into the Control Room dashboard. The latter helps reduce unplanned heavy-truck and van stoppages, significantly increasing uptime thanks to the geofencing feature implemented by workshops
- logistics productivity improvements thanks to an end-to-end GPS solution developed in partnership with sennder, which accurately tracks spot loads in transit, giving shippers greater visibility of the transportation process and giving carriers a streamlined digital onboarding process; the solution makes missions more efficient while reducing their $CO_2$ footprint
- a voice-activated driving assistant, Driver Pal, based on Amazon Alexa technology and with IVECO features such as route and driving style optimization, cabin function activation, vehicle status info and diagnostics (including automatic service booking), and information exchange with the IVECO drivers community – including real-time translations
- a new freight exchange platform, launched in partnership with Alpega, enabling more efficient fleet management, leading to fewer journeys with underutilized capacity and, therefore, lower carbon footprints
- new features and widgets for the IVECO ON portal and respective vehicle app, allowing customers to check the main fleet parameters and key performance indicators (KPIs) to improve fuel consumption and the safety index.

In 2022, IVECO will continue to develop digital services and features, focused as always on driver-centricity and total cost of ownership reduction.

## CONNECTED ENGINES



Groups of experts at FPT Industrial analyze and use the diagnostic data collected by both the Commercial and Specialty Vehicles segment and customers as the foundation of macro-projects focused on:

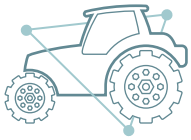
- product development: aiming at integrating the actual product use data supplied by customers into the design process of the product itself, so as to avoid improper use. In time, this will lead to the offering of products that optimize fuel consumption while preventing excessive component wear
- tailored maintenance: to develop, with the Commercial and Specialty Vehicles segment, flexible maintenance plans (maintenance per use) based on available information as well as on actual product use data, so as to reduce the number of vehicle trips to workshops and to monitor and prevent the replacement (and therefore disposal) of serviceable components
- predictive analysis: since 2019, the data acquired by the Commercial and Specialty Vehicles segment has led to the development of predictive algorithms for the early prevention of vehicle breakdowns, resulting in fewer vehicles towed to workshops (hence fewer $CO_2$ emissions). Furthermore, predicting single component breakdowns makes it possible to replace just one component and prevent the breakdown and replacement of the entire engine
- remote assistance: for the remote assessment and resolution of issues, requiring fewer trips by Service Points to perform on-site interventions and saving about 5 hours per intervention. Remote assistance is also limiting the number of interventions, often long-distance, required from Flying Doctors – FPT Industrial experts sent on site in the event of product anomalies. In time, this will increasingly cut the trips required and associated $CO_2$ emissions
- 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 the value chain, customers, and the environment alike. Indeed, autonomous vehicles could radically change product use by the customer, and the product's impact on the environment during use. For CNH Industrial, this topic is an area for current and future business development, and the Company therefore considers it strategic to monitor and invest in the relevant technologies.
The sale and diffusion of autonomous vehicles can potentially reduce $CO_2$ emissions, prevent driving accidents due to human error, and enhance productivity in agriculture and construction.
Autonomous driving systems are developed using technologies that enable communication between vehicles and on/off-highway infrastructures, as well as accurate geolocation.

## HIGHLY AUTOMATED AND AUTONOMOUS FARMING

CNH Industrial's R&D efforts have been consistently progressing towards the development and commercialization of fully autonomous vehicles. The focus is primarily on technologies to assist operators with automation and precision machine application control, moving closer to full vehicle autonomy so as to completely automate the repetitive field operations performed by agricultural machinery, including: vehicle end-of-row turning, soil management optimization, nutrient distribution, accurate seed placement, crop protection, and grain threshing and cleaning for enhanced harvest quality.
CNH Industrial's Innovation Group approaches autonomous concept technology proactively, so as to help farmers and agribusinesses sustainably boost production and productivity by maximizing the timeliness of field operations based on soil and weather conditions, while optimizing labor.



In 2021, CNH Industrial acquired Raven Industries, a leader in precision agriculture technology, building upon a long-standing partnership and marking an important milestone in the Company's digital transformation. The Raven Autonomy technology leverages the best of precision technology, machine learning, and artificial intelligence (AI) to create autonomous agriculture solutions that enable famers to do more, get more, and give more. It enhances efficiency and accuracy, minimizes human inconsistencies, and maximizes customers' bottom line, while also eliminating wasteful processes and increasing efficient resource production.
Specifically, Raven Autonomy:

- reduces the idle and transit times of agricultural equipment
- reduces operator error – including eliminating the need for repeat passes in the field
- drastically reduces crop damage and misapplication of chemicals
- provides machine performance information, enabling the further optimization of farming operations.

The above features will ultimately lead to more sustainable farming operations and a positive impact on the environment. The first in-house products featuring fully integrated Raven precision agriculture systems will become available in 2022.

The Company boasts two concept tractor models: the cabless Magnum by Case IH, and the T8 NH$^{DriveTM}$ by New Holland Agriculture, whose cab offers ultimate operational flexibility and easily transferable autonomous technology. New Holland Agriculture is also responsible for a new CR Revelation combine range that takes automation to a whole new level thanks to its award-winning IntelliSense™ solution. This revolutionary system features a host of improvements in terms of farming productivity, from increased daily output and improved grain quality to less waste and grain damage. It also delivers significant benefits for the operator, from requiring fewer decisions to enhanced comfort and safety, less fatigue, and a simple, user-friendly interface. Customers find the system intuitive, easy to use, and reliable, and their feedback suggests it would be of benefit to new and less-experienced operators and that it significantly increases performance and grain quality. The brand's flagship rotary combines feature fully automated core harvester functions and deliver a more than 10% increase in productivity. In 2020, the IntelliSense™ system was further enhanced by adding barley to the range of compatible crops and by integrating Grain Cam™ technology, which enables the combine to detect the percentage of impurities in a grain sample. Deep learning and artificial intelligence accelerated the development of the system's new algorithms for barley compared to other crops (such as wheat and corn). Case IH has its own version of this technology, called Harvest Command™.

In 2020, New Holland Agriculture expanded CR Revelation's precision land management (PLM™) solutions by adding new features that further enhance the combine's efficiency and productivity, such as IntelliTurn™, which automatically plots and executes the most efficient turn path at the end of a row to minimize unproductive time during the turn. These technologies and features focus on ease of use while mitigating human error and maximizing productivity.
Since the unveiling of its autonomous concept vehicle, Case IH has further developed the technology behind it. Different farming operations around the world require different levels of automation. Through extensive Customer-Driven Product Design research, the brand found that current and future command and control solutions can be grouped together based on the degree of automation required by different applications, and according to which it defined 5 categories of automation and autonomy for agriculture:

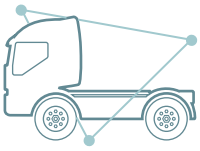
- guidance
- coordination and optimization
- operator-assisted automation
- supervised autonomy
- full autonomy.

Case IH carried out an autonomous tractor pilot program to study the ways new autonomous technologies can be used to meet real on-farm requirements. The program focused on deep tillage for improved water infiltration and on seedbed preparation, using a small fleet of autonomous Steiger® Quadtrac® tractors pulling True-Tandem™ disk harrows or Ecolo-Tiger® disk rippers. These system combinations helped evaluate autonomous machine control in a variety of tillage applications, considering different soil types, meteorological conditions, and sensing and perception solutions for field anomalies.
Leveraging the findings of the pilot project, the brand expanded its advanced farming systems (AFS™) offering by introducing the AFS Soil Command™ seedbed sensing and agronomic control technology, which helps control soil management equipment settings regardless of field conditions, ensuring consistent and optimal soil tilth, crop residue management, and seedbed conditioning when preparing the soil for the next planting season.
Indeed, all depth controls are automatically pre-set and monitored from within the cab on the vehicle display (eliminating the need to check the tillage process from the ground), prioritizing yield-enhancing information and feedback received in real time from below the seedbed surface. This solution saves fuel while enhancing labor and planting efficiency, machine productivity, and product yield. Building on the existing pre-set controls, a new feature was incorporated in 2020 whereby field agronomists can use the AFS Connect™ portal to remotely send tillage instructions to the AFS Soil Command™, enabling optimal machine settings and self-adjustments based on field conditions. This level of tillage precision is a tremendous advance in soil management, as it helps preserve soil carbon, reduces fuel consumption, and enhances long-term soil conservation.
In 2020, Case IH also launched its new AFS Connect™ Magnum tractor, further extending its range of tractors featuring ISOBUS Class 3 technology. The fully integrated AFS Connect™ technology enables the automatic control of tractor functions such as steering, speed, and hydraulics, meaning less operator fatigue and increased efficiency. The standardized control settings reduce downtime and minimize installation and interface issues. Furthermore, data can be easily accessed and exchanged via the display, facilitating accurate and timely decision making. The system is compatible with a range of CNH Industrial and third-party implements alike.

## TRUCK 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 the value chain, customers, and the environment alike. Indeed, autonomous vehicles will radically change product use by the customer, and the product's impact on the environment during use with particular focus on efficiency and safety. For CNH Industrial, this topic is an area for current and future business development, and the Company therefore considers it strategic to monitor all related technologies.
The sale and diffusion of autonomous vehicles can potentially reduce $CO_2$ emissions, prevent driving accidents due to human error, and enhance productivity.
Autonomous driving systems are developed using a holistic system of sensors, cameras, radars, and lidars, which help to map the external environment and guide vehicle responses, in combination with accurate geolocation.
In 2021, IVECO partnered with Plus on the launch of a pilot project aiming at testing Plus's autonomous trucking technology integrated into IVECO's latest-generation S-WAY heavy-duty truck.

## 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.
In 2021, IVECO completed its contribution to 2 funded programs aimed at developing this technology. The first was the ENSEMBLE[2] project, co-funded by the European Union (EU) under the Horizon 2020 program and launched to address compatibility between different truck brands in terms of wireless connectivity and safe operation. The project provided for 6 trucks of different brands to be driven in 1 or more platoons under real-world traffic conditions and across national borders.
The other initiative, also co-funded by the EU, was the C-Roads Italy[3] project, which concluded at the end of 2020. This was set up to implement and test, under real-life traffic conditions, platooning systems based on V2X technology and to demonstrate their impact on: reducing safety risks by using cooperative/automated technology in individual or combined truck and passenger car scenarios; traffic fluidity, by showing the potential for efficient infrastructure use through platooning and Highway Chauffeur[4] technologies; and energy efficiency, by measuring the potential for reductions in fuel consumption and related emissions under real-life conditions.

### AUTONOMOUS CITY BUS

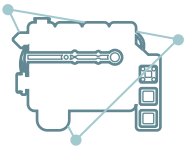
In 2017, IVECO BUS and EasyMile joined forces with Sector, Transpolis, ISAE-SUPAERO, Université Gustave Eiffel, Inria, and Michelin to develop an autonomous bus as part of the Rapid Autonomous Transport System project, known as STAR. The aim was to develop a prototype by 2021 of the first fully autonomous and driverless standard bus, capable of operating under real-world conditions. The extensive development and testing activities took place at the test sites of Transpolis, IVECO BUS, and EasyMile, and their completion in 2021 marked a crucial milestone for autonomous transport in Europe.
Measuring 12 meters long, the bus can carry up to 100 passengers comfortably and safely, and features safety controls, navigation software, and EasyMile's advanced fleet management solution. The latter is one of the first to be specially designed for autonomous vehicles, and incorporates an autonomous driving system (ADS) consistently able to ensure the bus pulls up alongside the platform leaving a gap of less than 10 centimeters, thus improving accessibility, especially for wheelchair users. The bus performs well in autonomous mode at 35 km/h, while further tests indicated that the software provider's multimodal localization technology is also effective at autonomous speeds over 70km/h. Vehicle-to-infrastructure capabilities allow the bus to anticipate traffic light sequences, meaning smooth stopping and starting and thus lower fuel consumption.
At the end of 2021, the bus was deployed in a segregated bus lane in Paris (France) and operated in real-life conditions for 2 weeks.

(1) *www.acea.be/publications/article/infographic-eu-roadmap-for-truck-platooning.*
(2) *Enabling Safe Multi-Brand Platooning for Europe.*
(3) *https://www.c-roads.eu/pilots/core-members/italy/Partner/project/show/c-roads-italy.html.*
(4) *Advanced vehicle automation technology.*

# EFFICIENT 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). 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.

## HIGHLY EFFICIENT AFTER-TREATMENT SYSTEMS

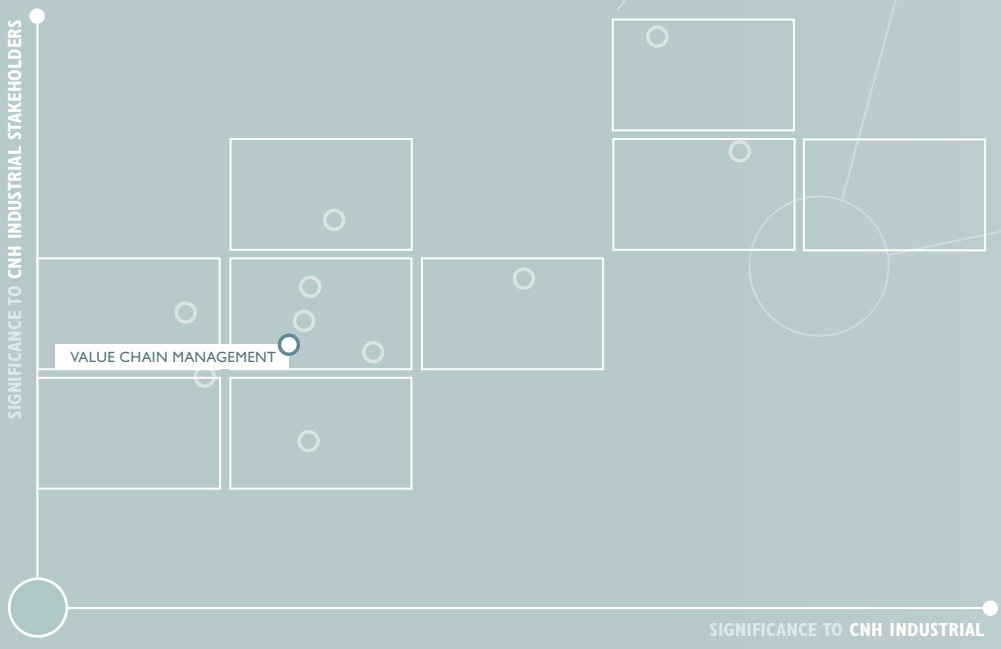


As evidenced by the materiality analysis, the reduction of **$CO_2$ and other air emissions** is an issue of relevance to CNH Industrial's stakeholders. Diesel engine combustion produces a series of pollutants including nitrogen oxides ($NO_X$) and particulate matter (PM); their levels in exhaust gases 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 two systems.
The first is Exhaust Gas Recirculation (EGR), which recirculates exhaust gases in the combustion chamber to lower its temperature, reducing $NO_X$ levels but penalizing engine efficiency and increasing PM production, thus requiring frequent DPF regeneration. The second system is Selective Catalytic Reduction (SCR), which maintains optimized combustion and reduces $NO_X$ emissions through the addition of a reductant, such as ammonia obtained from Diesel Exhaust Fluid (DEF). This produces little PM and requires less frequent DPF regeneration.

FPT Industrial's SCR technology dates back to 2005, and the brand has since further advanced the technology by launching 2 additional systems. The first is the HI-eSCR, which maintains optimized combustion and fuel consumption, produces little PM, requires less frequent DPF regeneration, and uses DEF for $NO_X$ reduction like its predecessor. An additional advantage is the enhanced safety it delivers for construction equipment: since it works below 200°C, the equipment can be used near flammable materials, which is particularly valuable, for example, in wood recycling centers. The second is the HI-eSCR2 technology, launched for agriculture and construction applications to meet the European Union's non-road Stage V emissions standard, introduced in Europe from 2019. To comply with stricter limits on PM while preserving machine layout and maneuverability, a particulate filtration device has been integrated into HI-eSCR2 systems.
In 2021, in China, FPT Industrial introduced its 6$^{th}$ generation HI-eSCR system to comply with the GBVI emissions standard in force in the country from July. It uses Ti-V (titanium-vanadium), an important solution for the Chinese market thanks to its high sulfur resistance coupled with a thermal management system that reduces the need for post injection, benefiting both manufacturers and end-users. FPT Industrial's SCR systems are currently used in on-road, off-road, and power generation applications, and were present in more than 70% of the diesel engines mounted in CNH Industrial products as at year-end 2021.

# CUSTOMERS, SALES, AND AFTER-SALES






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

# DEALER MANAGEMENT AND PARTNERSHIPS

The dealer network is part of CNH Industrial's value chain, and fostering dealer partnerships through positive **value chain management** is one of the key material topics that emerged from the materiality analysis (see page 21).
CNH Industrial understands that the dealer and service network provides a gateway for communication between the Company and its customers. Dealerships interact every day with the customers who use CNH Industrial's products in their work, and who need advice on the best purchasing options and assurance that they are investing the right amount of capital, time, and resources in a product that best meets their business needs. This relationship must therefore be one of mutual trust, whereby customers can depend on timely assistance and minimum downtime.
The dealer network is managed by geographic area and by brand, applying global standards and sharing best practices. Each brand is responsible for managing dealership relations and for defining its main guidelines, with suitable structures in place to meet the needs of local markets. The dealer and service network is required to meet CNH Industrial's qualitative standards, which are verified periodically, and to implement the Company's specific dealership development programs. The main goal of these programs is to enable dealerships to offer customers the best service possible, thus contributing to the dealers' growth while creating a stronger and more competitive dealer network. In addition, the brands' websites offer customers specific tools to assess the environmental impact of products, by calculating, for example, the lifetime total cost of ownership (TCO) of on- and off-road vehicles, or the carbon footprint of a fleet.
An operational grievance mechanism, the Compliance Helpline, is available to CNH Industrial dealers to report potential violations of corporate policies, the Code of Conduct, or applicable laws (see page 51).

Detailed qualitative standards are set for each brand and specified in the guidelines accompanying the contract that each dealership signs when admitted into the Company's dealer network. These standards mainly concern:
- dealer facilities and visual identity guidelines
- sales
- after-sales
- sustainability.

The guidelines' visual identity and facilities section provides guidance on managing the physical appearance of the dealership, including exterior and interior layouts, furnishings, posters, and staff uniforms. For all other aspects (sales, service, and spare parts), there are detailed indications to help dealers define suitable outlet size, optimize internal flows, and promote the right brand experience, as well as regarding required equipment (IT and special workshop tools) and appropriate headcount. The guidelines also specify the equipment and key performance indicators (KPIs) to be monitored for each line of business (response time in the event of downtime and management procedures for Product Improvement Programs). They additionally cover the best practices identified worldwide as well as the training requirements for dealership personnel, indicating the number of hours and types of courses that CNH Industrial will provide for each professional role (see page 225).
In order to be admitted into the dealer and service network of a CNH Industrial brand, potential dealers and their respective processes are rigorously assessed for approval by the Dealer Network manager, regional Sales VP, Service, Parts, Financial Services, and legal representatives, and the process is managed through an Electronic Network Action Approval Form (eNAAF). For new dealers, the recommended standards to be met and a business plan are part of their start-up process.
Various CNH Industrial personnel provide induction training and support to the new dealerships entering the Company's network, giving guidance according to their areas of expertise:
- network development
- sales
- after-sales
- financial services.

In addition, dealers may request the specific support of the Training function responsible for each respective market, and access many online training courses, made available by the Company, tailored to different dealership positions.
CNH Industrial representatives, who visit dealerships regularly, are responsible for communicating any changes in quality standards based on their area of competence, and for establishing a schedule for dealership compliance. Updates on qualitative standards are also provided during regular events held specifically to engage the dealer network's sales force.
For any non-compliance identified during audits, an action plan is established and monitored through follow-ups. Some CNH Industrial brands strongly encourage dealers to pursue international quality standards, such as ISO 9001 for quality management systems and ISO 14001 for environmental management systems.
Through the Dealer Satisfaction Survey (DSS), the Company measures dealer satisfaction with certain CNH Industrial brands in Europe and North America, focusing on aspects such as: marketing and sales activities; products; vehicle ordering and delivery; support and relationships with local teams/managers; spare parts; warranty terms; after-sales teams; training; and support from manufacturers.
Dealers are fully engaged in these ongoing surveys and their comments and suggestions are used by CNH Industrial to improve performance and partnerships.

## DEALER PORTAL

Once the contract is signed, the dealer's admission to the dealer and service network is coded, which entails the creation of a username and credentials to access the Dealer Portal. This web portal connects the global dealer network to CNH Industrial, and provides the tools to manage sales and after-sales. The Dealer Portal allows dealers to:

- configure a vehicle and draw up a quote for the customer
- enter purchase orders
- download Operator's Manuals
- register new vehicle warranties
- order spare parts
- obtain technical information and specialist assistance for repairs
- receive authorizations to perform warranty repairs
- receive information on Product Improvement Programs (PIPs, or recall campaigns)
- order documentation
- receive promotional and marketing communications about spare parts
- follow up on progress towards achieving spare parts sales targets.

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 Product Improvement Programs (PIPs), and a repair history for each vehicle or machine. The service network can therefore access specific technical information on repairs and receive authorizations to perform warranty repairs in real time.
Should more specific technical assistance be required, ASiST enables interactive, online contact with teams of product specialists. ASiST also provides valuable data on the frequency of defects evidenced during repairs. This allows CNH Industrial's Quality and Current Product Management (CPM) teams to identify and solve global product issues in a timely manner, thus reducing warranty costs, facilitating the rapid launch of PIPs (see page 205), and improving customer satisfaction.

## AUDITS AND INCENTIVES

The dealer network is audited yearly on qualitative standards, 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.
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 two dedicated systems known as: the Network Assessment Tool (NAT), for New Holland Agriculture, Case IH, and CASE Construction Equipment; and the Iveco Dealer Assessment Network (IDNA) for IVECO. Both manage information on all CNH Industrial brands' dealers and sub-dealers, allowing them to continually monitor their compliance with required qualitative standards, while overseeing the measures in place to meet them. Both systems also collect 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.
In North America, in 2021, 90% of New Holland Agriculture dealers were assessed on a number of programs for service excellence and compliance. The primary focus areas were service, sales compliance, and marketing programs.
In Europe, 91% of New Holland Agriculture and Case IH dealerships were audited by internal brand auditors and 9% by third parties, while 4% of IVECO dealerships were audited by internal brand auditors and 96% by third parties, with all audits focusing on the ISO 9000 series of quality standards.
In South America, 60% of New Holland Agriculture dealers were assessed by internal brand auditors and 24% by third parties, with 12% of audits focusing on the ISO 9000 series of quality standards.
In Russia and Belorussia, 100% of New Holland Agriculture dealers and outlets were assessed by internal brand auditors.

The quality audit results determine dealership access to the **incentive programs** established by each respective brand to reward dealer compliance. Indeed, incentive programs are meant to assess dealers and reward best-in-class performance across a wide range of operational and performance criteria. They are developed in line with global market strategies, and their main objective is to drive business growth and outstanding customer service among dealerships. Incentive programs include New Holland Agriculture's *Top Partner Program*, New Holland Construction's *Dealer Standards Program,* Case IH's *Red Excellence Program* and *Pinnacle Program*, and CASE Construction Equipment's *North American Partnership Program*.
In North America, in 2021, 91% of Case IH dealerships were assessed under the Pinnacle Program, with a focus on sales, marketing, operations, parts and service, and the brand's Advanced Farming Systems (AFS). Meanwhile, 100% of CASE Construction Equipment dealers were assessed by the CASE field team as part of the North American Partnership Program.
In South America, 51% of New Holland Construction dealerships were assessed under the Dealer Standards Program, which covers sales, services, parts, corporate, and KPIs. As regards CASE Construction Equipment, not all dealerships in South America fall under the Dealer Standards Program. Those that do were assessed with regard to sales, services, parts, finance, sustainability, facilities, and corporate areas, and according to standard procedures and KPIs.

## DEALERSHIP TRAINING

Believing it is very important to build the skills and know-how of all dealership personnel, CNH Industrial created a training department to meet dealer network training needs and enhance staff knowledge and expertise. Every year, the Company designs and runs special training programs for approximately 140,000 dealership personnel (technicians, salespeople, and after-sales staff), tailored to the strategies and needs of each segment, brand, and geographic area.
Training courses are designed to develop and build on dealership staff's product knowledge, managerial skills, and technical competencies, and to raise awareness of a corporate identity built on standards of excellence. Furthermore, all the technical training courses delivered also feature specific sessions on safe product operation and on environmental and climate change issues.
The training approach aims at improving the dealer network's expertise and ability to meet customer requirements, from offering products that meet their needs, to performing repairs in a timely fashion to minimize product downtime. Training is designed to offer customized solutions consistent with current market conditions, with a wide range of activities often delivered in the native languages of dealers and customers.

Training courses are provided in many forms, from traditional face-to-face Instructor Led Training (ILT), featuring both classroom and hands-on workshop sessions, to remote training courses delivered online via the Web Academy platform, using web-based learning, virtual classrooms, and blended learning.

Delivery methods are chosen by course 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.

**2021 WEB ACADEMY**
CNH INDUSTRIAL WORLDWIDE (no.)

| Area | Training centers | Dealership staff[b] | Sessions completed by dealership staff[b] | Dealership staff participations in completed sessions[a] | Total session days attended by dealership staff[a] |
|---|---|---|---|---|---|
| North America | 5 | 31,000 | 2,000 | 277,000 | 76,000 |
| Europe | 19 | 65,000 | 5,400 | 88,000 | 50,000 |
| South America | 6 | 28,000 | 4,000 | 157,000 | 82,000 |
| Rest of World | 13 | 18,500 | 1,200 | 32,000 | 14,000 |
| **Total** | **43** | **142,500** | **12,600** | **554,000** | **222,000** |

*[a] Numbers rounded to the nearest 500.*
*[b] Numbers rounded to the nearest 100.*

# FINANCIAL SERVICES

Financial Services, primarily under the brand CNH Industrial Capital, offers a range of financial products to dealers and customers in various geographic areas. Financial Services' goal is to facilitate dealer and customer access to the Company's products and services by providing 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 2021, Financial Services' managed portfolio, including the portfolio held by non-consolidated joint ventures, reached approximately $27 billion globally. The primary products offered are wholesale financing for dealers, retail financing for the purchase or lease by end users of new and used equipment and vehicles, and financing programs for industrial suppliers.
Financial Services supports the Company with all aspects of the management of receivables and related risks, consistently with its goal to drive best-in-class performance, leveraging core competencies and ensuring skills enhancement within the Company. It also entails progressive process standardization and system integration, as well as the implementation of common policies, all of which drive efficiencies in terms of operation and governance.
The selection and monitoring of business counterparts is a key element in securing the performance of the managed receivables. Business relationships are assessed according to sound know-your-customer practices, anti-money laundering laws, and Company policies and procedures, so as to ensure that third parties' business counterparts are reputable, qualified, and involved in legitimate businesses. The reference framework is regularly updated according to the evolution of regulations and to reflect experience gained in operations and business practices.

# 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, the Company boasts 2.4 million items in stock: a complete range of new and remanufactured parts, accessories, attachments, and telematics solutions ensuring the value and performance over the long term of every brand's current and past models. Through a global network of 43 parts depots, the Company offers dynamic logistics and assistance teams committed to guaranteeing the best quality standards and technology, the timely availability and delivery of parts, and solutions to issues that arise.
Assistance is guaranteed 24/7, and spare parts under the special assistance program are shipped within 2 hours. CNH Industrial works in partnership with selected suppliers to provide the right services, products, and solutions that best support the dealer network in defining new business opportunities and increasing customer satisfaction and loyalty.
To improve both customer service and quality and reduce operational costs in parts distribution, CNH Industrial implements the World Class Logistics (WCL) approach at its parts distribution centers worldwide. WCL is based on the World Class Manufacturing methodology already successfully implemented in Company manufacturing operations, and leverages the expertise and experience gained there. The WCL approach improves warehouse processing as well

as parts distribution through different modes of transportation. The implementation of a set of best practices enables the optimization of spare parts supply and distribution, improving quality and delivery standards. WCL also focuses on improving operator safety and ergonomics to achieve 'zero safety incidents'. The Company launched the WCL program in 2015 at 7 distribution centers – in Le Plessis (France), Modena and Turin (Italy), Sorocaba (Brazil), Lebanon and Cameron (USA), and St. Marys (Australia) – involving and training around 1,500 personnel to date. The program delivers structured and sustainable operational cost reductions by optimizing packaging, e.g., by using packaging materials sourced from sustainable forestry, and by streamlining transport management. In 2021, the distribution center in Sorocaba (Brazil) was awarded bronze status in the WCL program.

### GREEN DEPOT

The CNH Industrial and IVECO parts distribution center in Sorocaba (Brazil) has a LEED Gold certification, an international recognition awarded to eco-friendly buildings by the U.S. Green Building Council (USGBC). The center was designed to rationalize energy consumption and water usage, and to maximize the use of sustainable materials and the quality of the working environment.
The building's energy consumption was reduced by installing large glass windows and a special roof covering. The windows let in more sunlight, thus reducing electricity consumption by 40%. Special translucent tiles that filter light and repel heat comprise 4% of the roof covering, while the rest consists of white metal tiles with rockwool filling that reflect sunlight and improve cold/heat regulation. The consumption of water was rationalized through a rainwater collection system, which reuses the water to irrigate the surrounding green areas, cutting water consumption by around 30% compared to traditional buildings. Furthermore, almost 53% of the construction materials are either recycled or certified as sustainably sourced. In addition to these structural measures, the project also aims at developing and sustaining a green culture among employees, encouraging them to respect the environment and to use low emission vehicles.

# CUSTOMER MANAGEMENT

Customers are part of CNH Industrial's **value chain**, which is an important material topic for both the Company and its stakeholders. Customers use CNH Industrial products in their daily work and therefore, in order to enhance productivity, they need practical advice on the best purchasing options, the right amount to invest, and which products meet their business needs. The Company's product distribution network is structured so as to suit the priorities of its customer base, while the brands' websites help customers identify the best purchasing options.
A key factor in managing expectations is the ability to handle customer relations across the board, ensuring accessibility in the event of information requests and problem reporting, as well as clear and timely responses. This aspect is also crucial in laying the foundations for future success because it helps understand the degree of customer satisfaction; furthermore, customer feedback and suggestions help identify changes to be made to existing product ranges, and new product lines to be developed to meet future market needs. The Company considers this aspect important for building trust, while stakeholders view it as an opportunity to cultivate efficient equipment use and thus limit disruptions in the event of problems.
CNH Industrial's commitment to its customers is a cornerstone of its Code of Conduct, which states that the Company and all its executives, managers, and employees shall strive to meet and exceed customer expectations, while continually improving the quality of the Company's products and services. Moreover, as stated in the corporate 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.
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 51).

## PLATINUM-LEVEL SUSTAINABILITY RATING

CNH Industrial is a long-standing participant in the EcoVadis Corporate Social Responsibility (CSR) assessment, which rates companies' sustainability impacts based on documented evidence. Founded in 2007, EcoVadis provides a collaborative platform where trading partners share sustainability performance information and ratings (and where CNH Industrial created a single corporate account in 2017, unifying and replacing its former legal entities' individual accounts). The EcoVadis rating methodology aims to assess companies' policies, tangible actions, and their reporting on performance indicators with regard to key sustainability and CSR issues. It assesses how effectively and proactively a company integrates the principles of sustainability into business and management systems. In particular, the assessment focuses on 4 main themes – environment, labor and human rights, ethics, and sustainable procurement – and covers 21 sustainability indicators.
In 2021, CNH Industrial achieved an overall score of 73/100 and was awarded the Platinum Level medal, ranking among the top 1% 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 touchpoints 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 touchpoints, aiming to meet or exceed customer expectations, gain customer loyalty, create true advocates among customers, and monitor satisfaction levels to improve the quality of the services offered. Entering the customer mindset and mapping the customer journey are key elements in documenting and fully understanding the complete customer experience, so as to transition new customers from awareness to engagement and purchase.

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

## CUSTOMER FEEDBACK PROCESS

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

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

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

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

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

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

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

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

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

## TRANSPARENT COMMUNICATION

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CNH Industrial recognizes that advertising must be truthful and transparent, and advocates positive and responsible values and conduct across all forms of communication.

In 2021, no significant final rulings[a] (see page 65) were issued against the Company for non-compliance with regulations or voluntary codes concerning:

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

*[a] Significant final rulings are defined as having, individually, an adverse material effect on the Company.*

# CUSTOMER RELATIONS

From the initial contact onwards, CNH Industrial interacts with and assists its customers to give them an experience that meets their expectations. The Company's Customer Care departments specialize in developing, managing, and promoting customer service solutions, fostering long-lasting relationships, and satisfying customer needs and expectations. Customers may request information or report an issue via the brands' websites, toll-free numbers, smartphone applications, or via email – 24 hours a day, 7 days a week. Customer Care staff manage the entire process, from initial customer contact to final feedback to the customer, ensuring resolutions in the timeliest manner.
Each and every CNH Industrial brand, department, and geographic area has a contact person for each type of information request or complaint, ensuring issues are dealt with as quickly and comprehensively as possible.
CNH Industrial's Customer Service centers work closely with brands, dealers, Technical Services, Quality, and other functions, providing services in the following areas:

- Customer Relations (pre and post-sales) – aimed at managing the overall customer experience by ensuring a direct and effective communication channel to assist customers by means of accurate and timely inquiry feedback and complaint management
- Uptime Support and Assistance Non-Stop (after-sales) – services designed to intervene by any means to ensure minimum downtime in the event of a breakdown.

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 implementing 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.

## 2021 CUSTOMER RELATIONS

CNH INDUSTRIAL

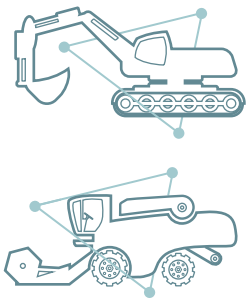
| | REGION | Segment | | |
|---|---|---|---|---|
| | | Agriculture | Construction | Commercial & Specialty Vehicles |
| Contacts processed (no.) | North America[a] | 18,575 | 7,348 | (b) |
| Average call center response time to dealers[a] (seconds) | | 88.1 | 90.2 | (b) |
| Contacts processed (no.) | Europe | 49,500 | 7,130 | 35,394 |
| Average call center response time (seconds) | | 64 | 71 | 62 |
| Contacts processed (no.) | South America | 5,488 | 9,631 | n.a. |
| Average call center response time (seconds) | | 86 | 90 | n.a. |
| **CUSTOMER SATISFACTION** | | | | |
| Customer participation in satisfaction surveys (%) | North America | 3.38 | 1.95 | (b) |
| Customer satisfaction index (scale 1-10) | | 3.35 | 5.25 | (b) |
| Complaint resolution quality | | 4.10 | 3.25 | (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 | 6 | 6 | n.a. |
| Customer satisfaction index (scale 1-10) | | 8.8 | 8.7 | n.a. |

*[a] Contacts processed by email, calls in MSD, and inbound calls in BT.*
*[b] Commercial and Specialty Vehicles are not marketed in North America.*
*[c] Data not available in Europe as the customer satisfaction process is currently under revision.*

## CUSTOMER ASSISTANCE

A company's long-term success is closely linked to the trust it builds among its customers by ensuring their satisfaction and winning their loyalty, making them brand advocates in the marketplace. That is why CNH Industrial puts customers and their needs at the center of its after-sales service and support strategies, leveraging a number of dedicated tools, processes, and programs to assist them, given that they use CNH Industrial products in their business and vehicle downtime results in profit loss.

### UPTIME SUPPORT



Uptime Support (also known as BDA) intervenes in the event of vehicle breakdowns within the Agriculture and Construction segments, to ensure that all necessary steps are taken to minimize downtime. A dedicated Parts Shipment and Delivery team oversees the location and delivery of parts, including overseas shipments. Through a carefully monitored process, the Uptime Support service tracks repairs through the dealers or with the customers until all issues are resolved, allowing customers to get back to work as soon as possible.

In North America, the Uptime Support call center interacts with the dealers rather than the customers. Once an issue has been resolved, the dealers receive a satisfaction survey to evaluate the service provided, measured in hours of total vehicle downtime.

In South America, the satisfaction survey is sent to the customers (with whom the Uptime Support call center interacts directly).

In 2021, 100% of the Agriculture segment's customers who used the Uptime Support service were invited to take part in the survey.



**2021 UPTIME SUPPORT**

CNH INDUSTRIAL

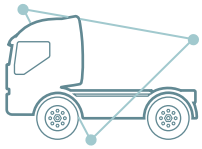
| | REGION | Segment | |
|---|---|---|---|
| | | Agriculture | Commercial & Specialty Vehicles |
| Contacts processed (no.) | North America | 45,870 | 14,798 |
| Average call center response time to dealers[a] (seconds) | | 2,160 | 631 |
| Contacts processed (no.) | Europe | 91,000 | 3,000 |
| Average call center response time (seconds) | | 14 | 14 |
| Contacts processed (no.) | South America | 11,661 | 514 |
| Average call center response time (seconds) | | 2 | 2 |
| **CUSTOMER UPTIME** | | | |
| Vehicles repaired within 48 hours (%) | North America | 35.1 | 34 |
| Vehicles repaired within 48 hours (%) | Europe | 88 | 73 |
| Vehicles repaired within 48 hours (%) | South America | 53 | 32 |
| **CUSTOMER SATISFACTION INDEX** | | | |
| Customers invited to participate in the survey (%) | North America | 100 | (b) |
| Customer participation in satisfaction surveys (%) | | 7 | (b) |
| Customer satisfaction index (scale of 1-10) | | 8.6 | (b) |
| Customers invited to participate in the survey (%) | Europe | 100 | (b) |
| Customer participation in satisfaction surveys (%) | | 25 | (b) |
| Customer satisfaction index (scale of 1-10) | | 8.6 | (b) |
| Customers invited to participate in the survey (%) | South America | 100[c] | (b) |
| Customer participation in satisfaction surveys (%) | | 55 | (b) |
| Customer satisfaction index (scale of 1-10) | | 9.1 | (b) |

[a] *In North America, the average call center response time refers to the time required to respond to the dealer, with either a resolution or next steps, following the dealer's (not the customer's) first contact.*

[b] *In the Construction segment, Uptime Support surveys are not available in Europe or South America, while in North America they are not available to customers.*

[c] *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 immediate technical support for vehicle problems, the service is operational across 48 countries and is available in 34 languages. All ANS employees receive specific training and regular refresher courses.
As soon as the customer and vehicle are identified and located, the assistance request is handled by an operator who pre-diagnoses the problem, and may directly involve technicians in cases flagged as most critical in the Customer Center database. When a fault has been verified, the operator contacts the nearest mechanic, who is directed to the breakdown location. The operator continues to monitor the process until the repair is complete, assisting the mechanic, if needed, and keeping the customer updated until the vehicle is released. The Customer Center shares its database with relevant departments, listing faults by number and type, and matching them with faulty models and the duration of breakdowns.

The ANS service can be contacted via a universal toll-free number or through the IVECONNECT onboard system. In the event of a breakdown, the IVECONNECT system allows the driver to contact the Customer Center directly from the vehicle by sending an automatic breakdown assistance request. In turn, the Customer Center sends the driver regular updates on the status of the request and the estimated assistance arrival time, all directly through the onboard telematics system. The Customer Center can contact the nearest mechanic through ANS Mobile, an application available on Android devices, which can locate the nearest mobile repair van and track its movements using GPS. Customers can also request and initiate assistance directly from their smartphones through the IVECO Non-Stop app, which works in the same way as IVECONNECT.

72 hours after service delivery, Commercial and Specialty Vehicles brands assess the satisfaction of customers using the ANS service. The general level of satisfaction with the service is assessed based on 3 elements: the telephone service or call center, on-site assistance, and the dealer service (winch or tow). Assessment results are translated into a plan of action to be implemented by field services.

**2021 ASSISTANCE NON-STOP**
CNH INDUSTRIAL

| | Europe |
|---|---|
| Contacts logged (no.) | 2,465,681 |
| Average call center response time (seconds) | 62 |
| **VEHICLE DOWNTIME** | |
| Vehicles repaired within 3 hours (%) | 51 |
| Vehicles repaired within 6 hours (%) | 71 |
| Vehicles repaired within 24 hours (%) | 81 |
| **CUSTOMER SATISFACTION INDEX** | |
| Customers in the representative sample invited to participate in the survey (%) | 100 |
| Customer participation in satisfaction surveys (%) | 7 |
| Customer satisfaction index (scale of 1-10) | 7.9 |
| Satisfied or very satisfied customers (%) | 78 |

## CUSTOMER EXPERIENCE MANAGEMENT

One of IVECO's challenges is to further enhance its focus on its customers, finding ways to make their feedback more incisive. For this reason, in 2021, it extended its implementation of the Net Promoter Score (NPS) metric to customer evaluations of the IVECO brand as a whole.

Developed in 2003 by Fred Reichheld, from Bain & Company, in collaboration with Satmetrix, the NPS methodology can be applied to any industry and centers on a single question: how likely is a customer to recommend a given brand or product to a friend or relative (on a scale of 0 to 10). The NPS is the main indicator within IVECO's *Customer eXperience Management* program.

The customer experience is broken down into individual moments of interaction (touchpoints) between customer and IVECO (or its dealers or workshops) during the two main stages of the customer journey: sales and service. Customer satisfaction is measured at each touchpoint via survey questionnaires, asking customers to evaluate their experience of the touchpoint in question. Anyone purchasing an IVECO truck or visiting an authorized workshop is contacted and invited to partake in the survey; anyone giving a rating non-anonymously of less than 7 is contacted again to better understand the cause of any dissatisfaction.

Customer feedback is collected and circulated within the company as quickly, effectively, and widely as possible, along with the status of KPIs, so as to have a clear picture of customer satisfaction at all times. The reporting of KPIs is standardized so as to simplify their interpretation at meetings, which are held, with different frequencies, at market, function, and senior management levels alike. Another benefit of the *Customer eXperience Management* program is that it enhances customer inclusion and engagement. Indeed, the single NPS question elicits an emotion-based customer assessment, which can be assumed to stem from their perceived sense of belonging and fidelity to the brand. Moreover, the feedback collected through the NPS survey and conveyed across the company is used to improve products and services, which indirectly involves the customers in the company's decisional processes.

## 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.

The new IVECO S-WAY, which delivers a 3% increase in fuel efficiency compared to the previous model, is offered in combination with new connected services that can cut fuel consumption by a further 2%. These services include Fleet Management, which allows monitoring fleet fuel consumption, and Professional Fuel Advising, which monitors fuel consumption and provides relative quarterly reports to help drivers reduce it through improved driving style. IVECO also introduced the Safe Professional Driving Report, which gives drivers the tools to improve their driving style to enhance their own safety and that of others.

The new IVECO S-WAY offering comes complete with a number of targeted driving courses on how to use the above tools and on how to improve driving style and reduce fuel consumption. Depending on the market, courses can be provided either directly by IVECO or in partnership with local driving schools.

In addition to the driving courses, a **Driving Style Evaluation** system provides real-time assistance to commercial vehicle drivers to optimize fuel consumption. Based on algorithms that analyze the signals and data transmitted by the traction, vehicle, and GPS, the system provides the driver with 2 indicators via the on-board display: an overall assessment of driving-style impact on fuel consumption and the main tips to reduce it. The Driving Style Evaluation system also allows fleet managers to remotely assess the fuel consumption associated with the driving style of each fleet driver. Efficiency levels can be monitored via an advanced and user-friendly telematics interface. The interaction between the driver, vehicle, and operating center allows all vehicles to be monitored, providing a real-time assessment of driving hours, fuel consumption, GPS position, and expected travel time. Customers can therefore benefit from lower total management costs while maintaining the same process efficiency.

An additional driving monitoring service called **Safe Driving** was launched in 2020, focusing on safe driving styles and on the prevention of dangerous driving behaviors (see page 202).

# 04:

# APPENDIX

PAGES 235-282

# 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 ninth annual CNH Industrial Sustainability Report.

This Report was prepared in accordance with the GRI[1] Standards: Core option. The topics covered in the Report originate from the materiality analysis (see page 21). As per the GRI Standards (Core option), one or more disclosures specified in the GRI Standards were monitored for each material topic (see page 24). The contents were integrated with the information requirements of ESG[2] investors and financial and non-financial analysts who periodically review the Company's sustainability performance.

Starting from the 2021 Sustainability Report, the Company adopted and reported according to the new GRI 306: Waste 2020, which supersedes the respective 2016 version previously used.

CNH Industrial's strategic approach is set out in the chapter Our Commitment to the Future, on page 19, which also includes the Sustainability Model summarizing the Company's approach to sustainability, and explains how the materiality analysis evolved from a context analysis tool into a business tool used by senior management to identify strategic targets consistent with, and integrated into, the Company's business strategy.

# SCOPE

Unless otherwise stated, the scope (reporting period) of the Sustainability Report covers information and data for the year 2021 – which coincides with the calendar year – for all CNH Industrial segments worldwide consolidated[3] in the 2021 EU Annual Report as at December 31, 2021.

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 247.

It should be noted that the definition of plant used in the Sustainability Report is in line with that in the 2021 EU Annual Report. The exclusion of any geographic area, legal entity, plant or specific site from the scope of the Report is attributable to the inability to obtain data of satisfactory quality or to the immateriality of its activities (as is often the case for newly acquired legal entities, joint ventures, or manufacturing activities not yet fully operational). In some cases, subsidiaries or plants not consolidated in the financial statements were included within the scope of the Report because of their significant environmental and social impact.

Any significant **variations** in the scope of the Report or in the data are expressly indicated in the text or tables in the Appendix.

*(1) The Global Reporting Initiative (GRI) is a multi-stakeholder association for the development and disclosure of standards for reporting on an organization's economic, environmental, and/or social impacts.*
*(2) Environmental, social, and governance.*
*(3) The differences with respect to the scope of the 2021 EU Annual Report are: the scope of the 2021 Sustainability Report excludes the Fecamp and Fourchambault-Garchizy plants (France), removed from the manufacturing reporting scope, and the Graz plant (Austria), no longer operational; the 2021 EU Annual Report includes 2 plants acquired in 2019, 4 plants acquired in 2020, and 2 new plants opened in 2020 (not yet included in the scope of the 2021 Sustainability Report); the plant in Pregnana (Italy) was closed during the year and so is not included in the 2021 EU Annual Report, but is within the scope of the 2021 Sustainability Report due to its impact in the months prior to closure.*

KEY

ISO · WCM Bronze · WCM Silver · WCM Gold

## 2021 PLANTS OVERVIEW

CNH INDUSTRIAL WORLDWIDE

### OFF-HIGHWAY

| COUNTRY | PLANT | SEGMENT[a] | PRIMARY FUNCTIONS | WCM | | QUALITY | SAFETY | | ENVIRONMENT | | ENERGY | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Award | Scope | ISO 9001 | ISO 45001 | Scope | ISO 14001 | Scope | ISO 50001 | Scope |
| **NORTH AMERICA** | | | | | | | | | | | | |
| Canada | Saskatoon | AG | Seeding equipment | Silver | ○ | ✓ | ✓ | ○ | ✓ | ○ | ✓ | ○ |
| Mexico | Querétaro | AG & CE | Components | Bronze | ○ | ✓ | ✓ | ○ | ✓ | ○ | ✓ | ○ |
| USA | Benson | AG | Sprayers, cotton pickers | Bronze | ○ | | ✓ | ○ | ✓ | ○ | ✓ | ○ |
| USA | Burlington | CE | Backhoe loaders, forklifts | Bronze | ○ | ✓ | ✓ | ○ | ✓ | ○ | ✓ | ○ |
| USA | Fargo | AG & CE | Tractors, wheel loaders | Bronze | ○ | ✓ | ✓ | ○ | ✓ | ○ | ✓ | ○ |
| USA | Goodfield | AG | Soil management equipment | Bronze | ○ | ✓ | ✓ | ○ | ✓ | ○ | ✓ | ○ |
| USA | Grand Island | AG | Tractors, combines | Silver | ○ | ✓ | ✓ | ○ | ✓ | ○ | ✓ | ○ |
| USA | New Holland | AG | Hay, forage | Bronze | ○ | ✓ | ✓ | ○ | ✓ | ○ | ✓ | ○ |
| USA | Racine | AG | Tractors, transmissions | Bronze | ○ | ✓ | ✓ | ○ | ✓ | ○ | ✓ | ○ |
| USA | St. Nazianz | AG | Self-propelled sprayers | | ○ | | ✓ | ○ | ✓ | ○ | ✓ | ○ |
| USA | Wichita | CE | Skid steer loaders | Bronze | ○ | ✓ | ✓ | ○ | ✓ | ○ | ✓ | ○ |
| **EUROPE** | | | | | | | | | | | | |
| Austria | Sankt Valentin | AG | Tractors | Silver | ○ | ✓ | ✓ | ○ | ✓ | ○ | ✓ | ○ |
| Belgium | Antwerp | AG | Components (transmissions, rear axles, drivelines) | | ○ | ✓ | ✓ | ○ | ✓ | ○ | ✓ | ○ |
| Belgium | Zedelgem | AG | Combines, forage harvesters, balers | Bronze | ○ | ✓ | ✓ | ○ | ✓ | ○ | ✓ | ○ |
| France | Coëx | AG | Grape harvesters | | ○ | ✓ | ✓ | ○ | ✓ | ○ | ✓ | ○ |
| France | Croix | AG | Cabins | Bronze | ○ | ✓ | ✓ | ○ | ✓ | ○ | ✓ | ○ |
| France | Tracy-le-Mont | CE | Hydraulic cylinders | | | ✓ | ✓ | ○ | ✓ | ○ | ✓ | ○ |
| Italy | Jesi | AG | Tractors | Silver | ○ | ✓ | ✓ | ○ | ✓ | ○ | ✓ | ○ |
| Italy | Lecce | CE | Wheel loaders, compact track loaders, telehandlers, graders | Bronze | ○ | ✓ | ✓ | ○ | ✓ | ○ | ✓ | ○ |

[a] *AG = Agriculture (Case IH, STEYR, New Holland Agriculture)*
*CE = Construction (CASE Construction Equipment, New Holland Construction)*

KEY

ISO · WCM Bronze · WCM Silver · WCM Gold

## OFF-HIGHWAY

| COUNTRY | PLANT | SEGMENT[a] | PRIMARY FUNCTIONS | WCM | | QUALITY | SAFETY | | ENVIRONMENT | | ENERGY | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Award | Scope | ISO 9001 | ISO 45001 | Scope | ISO 14001 | Scope | ISO 50001 | Scope |
| **EUROPE** | | | | | | | | | | | | |
| Italy | Modena | AG | Components (hydraulic groups, drivelines, axles, cabs) | Silver | ○ | ISO | ISO | ○ | ISO | ○ | ISO | ○ |
| Poland | Kutno | AG | Row crop, cultivators, harvesters | | | ISO | ISO | ○ | ISO | | | |
| Poland | Plock | AG | Combines, balers, headers | Bronze | ○ | ISO | ISO | ○ | ISO | ○ | ISO | ○ |
| Sweden | Överum | AG | Ploughs | | | | | ○ | | | | |
| UK | Basildon | AG | Tractors | Bronze | ○ | ISO | ISO | ○ | ISO | ○ | ISO | ○ |
| **SOUTH AMERICA** | | | | | | | | | | | | |
| Argentina | Córdoba | AG | Tractors, combines | Bronze | ○ | ISO | ISO | ○ | ISO | ○ | ISO | ○ |
| Brazil | Contagem - Belo Horizonte | CE | Backhoe loaders, crawler excavators, crawler dozers, wheel loaders, graders, dozers | Silver | ○ | ISO | ISO | ○ | ISO | ○ | ISO | ○ |
| Brazil | Curitiba | AG | Combines, tractors | Silver | ○ | ISO | ISO | ○ | ISO | ○ | ISO | ○ |
| Brazil | Piracicaba | AG | Sugarcane harvesters, sprayers | Bronze | ○ | ISO | ISO | ○ | ISO | ○ | ISO | ○ |
| Brazil | Sorocaba | AG | Combines, components | Silver | ○ | ISO | ISO | ○ | ISO | ○ | ISO | ○ |
| **REST OF WORLD** | | | | | | | | | | | | |
| China | Harbin | AG | Combines, tractors, balers | Bronze | ○ | ISO | ISO | ○ | ISO | ○ | ISO | ○ |
| China | Ürümqi | AG | Cotton pickers | | | ISO | ISO | ○ | ISO | | | |
| India | Greater Noida | AG | Tractors | Silver | ○ | ISO | ISO | ○ | ISO | ○ | ISO | ○ |
| India | Pithampur | CE | Backhoe loaders, earth compactors | Bronze | ○ | ISO | ISO | ○ | ISO | ○ | ISO | ○ |
| India | Pune | AG | Sugarcane harvesters, combines | | ○ | ISO | ISO | ○ | ISO | | | |
| Russia | Naberežhnye Čelny | AG | Tractors, combines | | | ISO | ISO | ○ | ISO | | | |
| Uzbekistan | Tashkent | AG | Tractors | | | ISO | | ○ | | | | |

[a] *AG = Agriculture (Case IH, STEYR, New Holland Agriculture)*
*CE = Construction (CASE Construction Equipment, New Holland Construction)*

KEY

ISO · WCM Bronze · WCM Silver · WCM Gold

## ON-HIGHWAY

| COUNTRY | PLANT | SEGMENT[a] | PRIMARY FUNCTIONS | WCM | | QUALITY | SAFETY | | ENVIRONMENT | | ENERGY | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Award | Scope | ISO 9001 | ISO 45001 | Scope | ISO 14001 | Scope | ISO 50001 | Scope |
| **EUROPE** | | | | | | | | | | | | |
| Czech Republic | Vysoké Mýto | C&SV | Buses (city, intercity) | Bronze | ○ | ● | ● | ○ | ● | ○ | ● | ○ |
| France | Annonay | C&SV | Buses (coaches, city) | Bronze | ○ | ● | ● | ○ | ● | ○ | ● | ○ |
| France | Bourbon-Lancy | PT | Engines (heavy) | Gold | ○ | ● | ● | ○ | ● | ○ | ● | ○ |
| France | Rorthais | C&SV | Buses (city) | | ○ | ● | ● | ○ | ● | ○ | ● | ○ |
| Germany | Ulm | C&SV | Firefighting vehicles | Bronze | ○ | ● | ● | ○ | ● | ○ | ● | ○ |
| Italy | Bolzano | C&SV | Defense vehicles | Bronze | ○ | ● | ● | ○ | ● | ○ | ● | ○ |
| Italy | Brescia | C&SV | Medium vehicles, cabs, chassis | Silver | ○ | ● | ● | ○ | ● | ○ | ● | ○ |
| Italy | Brescia | C&SV | Firefighting vehicles | Bronze | ○ | ● | ● | ○ | ● | ○ | ● | ○ |
| Italy | Foggia | PT | Engines (light), drive shafts | Silver | ○ | ● | ● | ○ | ● | ○ | ● | ○ |
| Italy | Piacenza | C&SV | Quarry and construction vehicles | Bronze | ○ | ● | ● | ○ | ● | ○ | ● | ○ |
| Italy | Pregnana M.se | PT | Engines (marine and power generation units) | | | ● | ● | ○ | ● | ○ | ● | ○ |
| Italy | Suzzara | C&SV | Light vehicles | Silver | ○ | ● | ● | ○ | ● | ○ | ● | ○ |
| Italy | Torino Driveline | PT | Transmissions, axles | Silver | ○ | ● | ● | ○ | ● | ○ | ● | ○ |
| Italy | Torino Motori | PT | Engines (heavy) | Silver | ○ | ● | ● | ○ | ● | ○ | ● | ○ |
| Italy | Vittorio Veneto | C&SV | Components | | | ● | ● | ○ | ● | ○ | ● | ○ |
| Spain | Madrid | C&SV | Heavy vehicles | Gold | ○ | ● | ● | ○ | ● | ○ | ● | ○ |
| Spain | Valladolid | C&SV | Light vehicles, heavy cabs components | Gold | ○ | ● | ● | ○ | ● | ○ | ● | ○ |

[a] *C&SV = Commercial and Specialty Vehicles (IVECO, IVECO ASTRA, IVECO BUS, HEULIEZ, Magirus, Iveco Defence Vehicles)*
*PT = Powertrain (FPT Industrial).*

KEY

ISO · WCM Bronze · WCM Silver · WCM Gold

## ON-HIGHWAY

| COUNTRY | PLANT | SEGMENT[a] | PRIMARY FUNCTIONS | WCM | | QUALITY | SAFETY | | ENVIRONMENT | | ENERGY | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Award | Scope | ISO 9001 | ISO 45001 | Scope | ISO 14001 | Scope | ISO 50001 | Scope |
| **SOUTH AMERICA** | | | | | | | | | | | | |
| Argentina | **Córdoba** | C&SV | Medium and heavy vehicles | (b) | ○ | ISO | ISO | ○ | ISO | ○ | ISO | ○ |
| Argentina | **Córdoba** | PT | Engines (heavy) | (b) | ○ | ISO | ISO | ○ | ISO | ○ | ISO | ○ |
| Brazil | **Sete Lagoas** | C&SV | Light, medium, and heavy vehicles | WCM Silver | ○ | ISO | ISO | ○ | ISO | ○ | ISO | ○ |
| Brazil | **Sete Lagoas** | C&SV | Defense vehicles | WCM Bronze | ○ | ISO | ISO | ○ | ISO | ○ | ISO | ○ |
| Brazil | **Sete Lagoas** | PT | Engines (light, medium, and heavy) | WCM Silver | ○ | ISO | ISO | ○ | ISO | ○ | ISO | ○ |
| **REST OF WORLD** | | | | | | | | | | | | |
| Australia | **Dandenong** | C&SV | Heavy vehicles | | | ISO | ISO | ○ | ISO | ○ | ISO | ○ |
| China | **Chongqing** | PT | Engines (light, medium, and heavy) | WCM Bronze | ○ | ISO | ISO | ○ | ISO | ○ | ISO | ○ |
| South Africa | **Rosslyn** | C&SV | Buses (intercity), medium and heavy vehicles assembly | | | | | ○ | | | | ○ |

[a] *C&SV = Commercial and Specialty Vehicles (IVECO, IVECO ASTRA, IVECO BUS, HEULIEZ, Magirus, Iveco Defence Vehicles)*
*PT = Powertrain (FPT Industrial).*

[b] *As regards the WCM methodology, for the purpose of receiving the award, the 3 plants in Córdoba (Argentina) are treated as a single site. Refer to the award under the Agriculture plant (see page 238).*

## 2021 DATA COVERAGE

**World Class Manufacturing** (WCM) data (see page 165) relates to 51 plants, representing 99% of revenues from sales of products manufactured at CNH Industrial plants[4].

**Occupational health and safety** data (see page 82) relates to 66,129 employees, or about 98% of the workforce within the reporting scope. There are 58 ISO 45001 certified plants, accounting for 95% of Company plants and representing approximately 100% of revenues from sales of products manufactured at CNH Industrial plants[4].

Information on **environmental performance** (including VOC[5], water, and waste) and management systems (see pages 167; 170) relates to 54 fully consolidated plants, accounting for 89% of Company plants and representing 99.5% of revenues from sales of products manufactured at CNH Industrial plants[4]. There are 58 ISO 14001 certified plants, accounting for 95% of Company plants, representing approximately 100% of revenues from sales of products manufactured at CNH Industrial plants[4], and relating to 44,682 employees (or about 97% of the workforce at the plants within the reporting scope[4]).

Information on **energy performance** (including $CO_2$, $NO_X$, $SO_X$, and dust emissions) and management systems (see pages 171; 179; 181) relates to 55 fully consolidated plants, accounting for 90% of Company plants and representing 99.7% of revenues from sales of products manufactured at CNH Industrial plants[4]. There are 54 ISO 50001 certified plants, accounting for 89% of Company plants, representing 99.5% of revenues from sales of products manufactured at CNH Industrial plants[4], and relating to 44,146 employees (or about 95.5% of the workforce at the plants within the reporting scope[4]).

Moreover, there are 57 ISO 9001 certified plants, accounting for 93% of Company plants, representing 98% of revenues from sales of products manufactured at CNH Industrial plants[4], and relating to 44,256 employees (or about 96% of the workforce at the plants within the reporting scope[4]).

## DEFINING SUSTAINABILITY REPORT CONTENTS

Sustainability Report contents are selected through a process of exchange and comparison across CNH Industrial's internal structures, through a network of representatives within the different organizational areas that oversee the implementation of initiatives and the reporting of sustainability performance.

**Defining the contents** of the Report is a process based on principles of materiality, stakeholder inclusiveness, sustainability context, and completeness. This complex and systematic process, which takes place during the Report's planning phase, in part through the materiality analysis (see page 21), 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 47) was contingent on a systematic information and data retrieval process, crucial to ensure the accuracy of sustainability performance reporting. Approximately 200 key performance indicators (KPIs) were reported in this document. Where available, computerized management and control systems (e.g., the SAP HR platform for employee data, and the Energy platform for financial data on communities) were used to ensure the reliability of information flows and data accuracy. Other indicators were monitored using electronic databases (e.g., the SPARC[6] reporting system for environmental and occupational health and safety data related to manufacturing sites) or spreadsheets, populated directly by the representatives of each thematic area worldwide and verified by their supervisors.

*(4) The percentage is calculated on 61 plants; for the complete list of these plants, see pages 237-240.*
*(5) Volatile organic compounds.*
*(6) Sustainability, Performance, Analysis, Reporting & Compliance.*

# METHODOLOGIES

## APPROACH TO DATA CALCULATION

- To enable comparability over time, the data presented refers to the 3-year period from 2019 to 2021.
- Figures in currencies other than US dollars were converted at the average exchange rate at December 31, 2021.
- Target achievement dates are always year-end, i.e., they refer to December 31 of the year indicated.
- **Financial data** was collected directly, rather than extrapolated, from the Annual Report on Form 20-F as at December 31, 2021. The 2021 Annual Report on Form 20-F and the 2021 EU Annual Report are available on the Company's website. CNH Industrial's financial communications focus mainly on U.S. GAAP guidelines; as a consequence, starting with the 2016 Sustainability Report, all financial data is taken from the Annual Report on Form 20-F, prepared in accordance with U.S. GAAP.
- The **value added**, representing the value generated by corporate business activities, was calculated via an internal method as the difference between production value and the associated intermediate costs, net of depreciation. The global net value added was then divided among beneficiaries as follows: employees (direct remuneration comprising salaries, wages, and severance pay; and indirect remuneration consisting of welfare benefits); government and public institutions (income taxes); financial providers (interest paid on borrowed capital); shareholders (dividends paid); Company (share of reinvested profits); and local communities.
- 2014 was chosen as the **base year** for 2014-2018 global planning, in line with the Strategic Business Plan. In extending the deadline of existing targets, 2014 was maintained as the base year, in continuity with the previous planning period, to clearly present the cumulative improvement.

- **Human resources data** refers to the entire corporate scope as at December 31, 2021 (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.
- **Contractors** are defined as external companies or freelance/self-employed workers who have a contract with a CNH Industrial company and who provide services within the data reporting scope and within the Company perimeter (resident).
- **Agency personnel** are defined as working for, rather than employed by, CNH Industrial, and are contracted and paid through a third-party company. They are coordinated and overseen by CNH Industrial internal supervisors, and are usually temporary and conduct the same type of activities within the same business scope as CNH Industrial employees.

- **Occupational health and safety** data refers to both manufacturing and non-manufacturing sites and includes employees, contractors, and agency workers. Data on managers is not included.
- Given the variability during the year of reference in the use of contractors and agency workers at CNH Industrial sites worldwide, their total numbers in the Occupational Health and Safety section are based on basic mathematical calculations: figures are full-time equivalent (FTE) and calculated based on respective total hours worked.
- **Injury rates** were calculated excluding commuting accidents, i.e., those involving employees during normal commutes between place of residence and work. When calculating injury rates for contractors, hours worked may have been estimated.
- In calculating **days of absence**, days refer to calendar days.

- Investment data for **local communities** is categorized as per the principles set out in the Business for Societal Impact (B4SI) framework. Data is based on accounting data and methods, and also includes estimates. With regard to local community projects, the Company monitors both initiative costs and management costs. The initiative cost may be a cash contribution, in-kind donation or volunteer work (the latter is estimated based on the number of hours employees spend volunteering for the initiative during paid working hours[7]. Management costs can be internal (i.e., the cost of employee time[7] to manage and organize humanitarian initiatives promoted by the Company) or external. Figures do not include brand promotion initiatives.

[7] *The hourly rate is calculated by dividing the total cost of personnel by the number of employees. The result is then divided by the number of working days per year (240), and again by the standard number of working hours per day (8).*

- Regarding both **environmental** and **energy performance**, normalized production unit indexes were defined to evidence the respective medium and long-term performance trends. This approach highlights enhanced performance due to process improvements, and not simply linked to variations in production volumes. Performance indicators are calculated on the total number of manufacturing hours, defined as the hours of presence of hourly employees within the manufacturing scope required to manufacture a product.
- Values expressed in **tons** refer to metric tons (1,000 kilos).
- With regard to **environmental data**, SPARC[8] or similar systems were individually compiled for each production department based on respective qualitative and quantitative data. Individual Standard Aggregation Databases only include data for the activities of the production department in question. Depending on data, the detection criterion was either measured, calculated or estimated[9].
- **$NO_X$**, **$SO_X$**, and **dust emissions** were calculated based on historical average values. Dusts are those deriving from the combustion of fossil fuels (methane, diesel, and LPG).
- The Sustainability Report accounts for **industrial waste**, i.e., any waste directly or indirectly related to production department activities. Industrial waste includes:
  - waste generated in production departments during normal working cycles
  - waste that, while not directly associated with manufacturing activities, is generated as a result of auxiliary or production support activities within the production department (e.g., maintenance, logistics, clerical, catering, medical room, sanitation, etc.).
- The reporting scope does not include waste that is not associated with manufacturing, auxiliary, or production support activities within the production department, nor waste generated as a result of activities outside the normal production cycle.
- CNH Industrial's **wastewater quality indicators** – Biochemical Oxygen Demand (BOD), Chemical Oxygen Demand (COD), and Total Suspended Solids (TSS) – correspond to the average concentrations measured at each plant's effluent discharge point and weighted according to the respective volumes discharged. For each plant, calculations were based on the highest BOD, COD, and TSS concentrations measured during the year under normal operating conditions.

- **Energy consumption** was measured via specific measurement systems and converted into joules through specific equivalences depending on the energy vector. For example, when monitored as a secondary vector, compressed air is indicated in $Nm^3$ and, through conversion formulas, translated into kWh and then GJ. Direct energy refers to the forms of energy that fall within the scope of the organization's operations; it can either be consumed by the organization within its boundaries, or exported to other users. Indirect energy refers to the energy produced outside the scope of the organization's operations, supplied to meet the organization's needs (e.g., electricity, heating, and cooling). The amount of fuel used for the following purposes is reported separately: to move unsold, newly manufactured vehicles to the designated parking lots; to fuel forklifts and internal utility cars; to perform engine tests; and to power generators, motor pumps, pressure washers, and other devices. The key performance indicators (KPIs) to assess energy consumption per production unit and $CO_2$ emissions per production unit do not take into account diesel or LPG consumption related to logistics or product testing.
- At CNH Industrial, the sources of **greenhouse gas emissions**, besides the $CO_2$ emissions from energy consumption, are associated with the use of hydrofluorocarbon (HFC) compounds with global warming potential (GWP) present in air-conditioning, cooling, fire suppression, aerosols (e.g., propellants), and manufacturing equipment. The potential emissions from these substances ($CO_2$ eq) are negligible compared with emissions from energy production; in fact, with an incidence of 0.79%, they fall outside the reporting scope.
- **$CO_2$ emissions** were calculated according to GHG Protocol standards implemented through Company guidelines. Furthermore, calculations were made using the lower heat of combustion reference value and the emission factors specific to the energy industry's power generation stations, available in the second volume of the IPCC 2006 Guidelines. In terms of emission factors, only $CO_2$ was taken into account, as $CH_4$ and $N_2O$ components were considered negligible and therefore *de minimis*.

[8] *Sustainability, Performance, Analysis, Reporting & Compliance.*
[9] *A value is considered as measured if detected using a certified measurement tool. This criterion remains valid even if a formula is applied to convert the detected value's unit of measurement. A value is considered as calculated if derived from 2 or more measured data items using a formula or algorithm. A value is considered as estimated if based on at least 1 uncertain data item in addition to other measured quantities.*

- For **scope 2 emissions** accounting, CNH Industrial applied the dual reporting system of the GHG Protocol Scope 2 Guidance, using both of its allocation methods across all Company plants:
  - the location-based method, which reflects the average emissions intensity of the grids on which energy consumption occurs (using mostly grid-average emission factor data)
  - the market-based method, which reflects emissions from electricity that companies have actively chosen to purchase (or reflects their lack of choice).

In the case of energy produced and purchased outside a plant (mainly electricity and heat), when reporting according to the location-based method, the $CO_2$ emissions associated with energy consumption were calculated, worldwide, using the emission coefficients (expressed in $gCO_2/kWh$) provided by either the International Energy Agency or DEFRA (UK). When reporting according to the market-based method, on the other hand, they were calculated using the latest emission coefficients (expressed in $gCO_2/kWh$) provided by the following sources:

- Re-DISS for $CO_2$ emissions accounting in Europe
- International Energy Agency for $CO_2$ emissions accounting in South America and Rest of World
- primary energy suppliers for $CO_2$ emissions accounting in North America.

The key performance indicator (KPI) to assess $CO_2$ emissions per production unit refers to the scope 2 emissions calculated according to the market-based method.

### CORPORATE COMMUNITY INVESTMENT

The Corporate Community Investment (CCI) tool, developed in line with the Business for Societal Impact (B4SI) 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 (job-related skills, personal impact, behavior change); improvement in stakeholder relations/perceptions; business generated; brand awareness.

# 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 economies worldwide, 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 definitions of the 14 material topics as submitted to stakeholders for the purpose of assessing their priority within the Materiality Matrix (see page 23), listed in alphabetic order:

- **autonomous vehicles**: innovative products and solutions for autonomous or self-driving vehicles that use connectivity and big data to reduce human input for hazardous and strenuous tasks. This technology offers potentially significant social welfare benefits, including the potential to reduce fatalities, accidents, fuel consumption, and pollution. Its main applications are in agriculture (e.g., precision farming, agribotics, and soil protection) and in the transportation of goods and people (e.g., truck platooning and autonomous buses)
- **circular product life cycle**: alternative solutions (such as alternative fuels/tractions and remanufacturing) that minimize the impact of a product's life cycle by promoting a circular economy, in which resources are used fully and for as long as possible, and products and materials are recovered and regenerated at the end of their service life
- **$CO_2$ and other air emissions**: activities to further improve energy efficiency and reduce $CO_2$ and other polluting emissions in: manufacturing processes, building management and maintenance, logistics processes, product development, event organization, and employee commuting
- **connectivity**: developing connectivity, digitalization, and big data to offer customers efficient, sustainable, and smart products that support real-time decision making, help identify inefficiencies, enhance productivity, and reduce fuel consumption, pollution, and emissions. Its main applications are in agriculture (e.g., precision agriculture and digital farming) and in construction (e.g., precision construction, machine control solutions, connected vehicles)
- **digital workplaces**: using new technologies to improve quality and efficiency at work, employee work-life balance (remote work), and the exchange of information, in part to foster innovation; activities that make it easier for employees to adopt the latest technologies and new ways of working in all areas of business (both office and manufacturing); and implementation of measures aimed at improving the management and security of Company and personal data
- **employee engagement**: activities that increase employee awareness of sustainability topics, with a specific focus on environmental protection, health and proper nutrition, food security, and food waste
- **innovation-to-zero**: the vision of a zero-concept world, i.e., zero emissions, zero accidents, zero fatalities, zero defects, and zero security breaches
- **local community engagement**: activities that support local community development, with a specific focus on zero food waste, emergency relief, drought risk mitigation, biodiversity protection, and education on alternative farming techniques
- **occupational health and safety**: promoting a consistent and proactive approach to prevent injuries and increase risk awareness across the Company, by adopting the highest standards and best practices
- **renewable energy**: promoting the use of energy from renewable sources in manufacturing processes, generated mainly from water, waste, sun, and wind, to limit fossil fuel use and $CO_2$ emissions
- **self-sustaining food systems**: products and solutions for agriculture – including agricultural production, food production, logistics, and distribution – that promote an economic system with zero impact on resources
- **trade, regulations, and public debate**: participating in the debate on shaping public policies and defining regulations; helping to identify innovative solutions for standards and guidelines; favoring free trade agreements; advocating action through national and international regulatory bodies; making use of scientific expertise; and investing in innovation
- **value chain management**: initiatives to actively engage Company stakeholders (especially suppliers, dealers, and customers) in achieving common improvement targets for the creation of long-term value
- **water and waste efficiency**: aspects to be managed in all manufacturing processes, namely water efficiency, water discharge, water availability, waste recovery, and hazardous/non-hazardous waste.

### SKILLS DEFINITIONS

Industry sector classifications used for compiling the Skills Matrix on page 42 are based on MSCI and Standard & Poor's Global Industry Classification Standard (GICS):

- **Academic Positions**: academic or board positions at leading educational institutions
- **Charitable and Environmental Engagement**: board position or significant personal engagement with, or formal recognition by, charitable/environmental organizations
- **Consumer Discretionary**: current or previous leadership or board position at companies operating in this industry sector (which contains: Automobiles & Components; Consumer Durables & Apparel: Household Durables, Leisure Products, and Textiles, Apparel & Luxury Goods; Consumer Services: Hotels, Restaurants & Leisure, Diversified Consumer Services, and Retailing)
- **Consumer Staples**: current or previous leadership or board position at companies operating in this industry sector (which contains: Food & Staples Retailing; Food, Beverage & Tobacco; Household & Personal Products)
- **Financial and Accounting**: accounting and financial knowledge
- **Governance, Legal, and Board Expertise**: understanding of corporate governance practices and norms; understanding of legal systems; and board, risk management, and regulatory expertise
- **Health Care**: current or previous leadership or board position at companies operating in this industry sector (which contains: Health Care Equipment & Services; Pharmaceuticals, Biotechnology & Life Sciences)
- **Industrials & Materials**: current or previous leadership or board position at companies operating in this industry sector (which contains: Energy Equipment & Services; Oil, Gas & Consumable Fuels; Chemicals; Construction Materials; Containers & Packaging; Metals & Mining; Paper & Forest Products; Aerospace & Defense; Building Products; Construction & Engineering; Electrical Equipment; Industrial Conglomerates; Machinery; Trading Companies & Distributors; Commercial & Professional Services; Transportation)
- **Telecommunications & Information Technology**: current or previous leadership or board position at companies operating in this industry sector (which contains: Telecommunication Services; Software & Services; Technology Hardware & Equipment; Semiconductors & Semiconductor Equipment).

### OTHER DEFINITIONS

The term **segment** refers to Agriculture (AG), Construction (CE), Commercial and Specialty Vehicles (C&SV), Powertrain (PT), or Financial Services.

Any reference to **CNH Industrial's products, vehicles, and/or equipment** implicitly regards the products, vehicles, and/or equipment offered by the Company's brands.

**Adjusted EBIT of Industrial Activities** under U.S. GAAP is defined as net income (loss) before income taxes, Financial Services results, Industrial Activities' interest expenses (net), foreign exchange gains/losses, finance and non-service component of pension and other post-employment benefit costs, restructuring expenses, and certain non-recurring items. In particular, non-recurring items are specifically disclosed items that management considers rare or discrete events that are infrequent in nature and not reflective of ongoing operational activities.

**Adjusted Diluted EPS** is computed by dividing Adjusted Net Income (loss) attributable to CNH Industrial N.V. by a weighted-average number of common shares outstanding during the period that takes into consideration potential common shares outstanding deriving from the CNH Industrial share-based payment awards, when inclusion is not anti-dilutive. When the Company provides guidance for adjusted diluted EPS, it does not provide guidance on an earnings per share basis because the U.S. GAAP measure will include potentially significant items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end.

As of the first quarter of 2019, CNH Industrial's 4 **geographic areas** include the following:

- **North America**: United States, Canada, and Mexico
- **Europe**: member countries of the European Union and European Free Trade Association, the United Kingdom, Ukraine, and the Balkans
- **South America**: Central and South America and the Caribbean Islands
- **Rest of World**: Continental Asia (including Turkey and Russia), Oceania, member countries of the Commonwealth of Independent States (excluding Ukraine), the African continent, and the Middle East.

**Emerging Markets** are defined as low, lower-middle, or upper-middle income countries as per the World Bank list of economies as at June 2020.

### OTHER INFORMATION

**GRI Sustainability Reporting Standards (GRI Standards) disclosures** are referenced at the bottom of the pages on which they are disclosed. If a disclosure is explained over a number of consecutive pages, it is indicated only on the first page.

**Performance changes** compared to previous years were calculated to all decimal places available at the time of calculation.

As regards the **infographics** included in the Report, the indicated percentage variations are calculated against 2020, unless otherwise specified.


This icon indicates the sections explaining the **management approach** to a specific material topic.


INNOVATION-TO-ZERO

This icon indicates a link with the material topic **innovation-to-zero**.

This icon indicates a link with the material topic **employee engagement**.

# PERFORMANCE INDICATORS

# HUMAN RESOURCES

## EMPLOYEES IN NUMBERS

### EMPLOYEES BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| North America | **11,244** | 8,048 | 8,447 |
| Europe | **43,262** | 41,671 | 41,499 |
| South America | **11,542** | 8,900 | 7,997 |
| Rest of World | **5,847** | 5,397 | 5,556 |
| **Total** | **71,895** | **64,016** | **63,499** |

### EMPLOYEES BY REGION AND CATEGORY[a]

CNH INDUSTRIAL WORLDWIDE (no.)

| | 2021 | | | | 2020 | | | | 2019 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Hourly** | **Salaried** | **Professional** | **Manager** | Hourly | Salaried | Professional | Manager | Hourly | Salaried | Professional | Manager |
| North America | **6,603** | **679** | **3,688** | **274** | 4,217 | 102 | 3,490 | 239 | 4,438 | 137 | 3,632 | 240 |
| Europe | **28,094** | **5,628** | **8,864** | **676** | 26,836 | 5,732 | 8,438 | 665 | 26,559 | 5,828 | 8,459 | 653 |
| South America | **8,760** | **1,315** | **1,373** | **94** | 6,298 | 1,301 | 1,218 | 83 | 5,368 | 1,352 | 1,193 | 84 |
| Rest of World | **2,246** | **1,832** | **1,698** | **71** | 2,134 | 1,569 | 1,622 | 72 | 2,198 | 1,657 | 1,625 | 76 |
| **Total** | **45,703** | **9,454** | **15,623** | **1,115** | **39,485** | **8,704** | **14,768** | **1,059** | **38,563** | **8,974** | **14,909** | **1,053** |

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

### EMPLOYEES BY SEGMENT

CNH INDUSTRIAL WORLDWIDE (no.)

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Agriculture | **31,103** | 25,162 | 25,163 |
| Construction | **5,770** | 5,173 | 5,318 |
| Commercial and Specialty Vehicles | **25,332** | 24,230 | 23,692 |
| Powertrain | **8,213** | 8,197 | 8,064 |
| Financial Services | **1,341** | 1,118 | 1,128 |
| Other Activities[a] | **136** | 136 | 134 |
| **Total** | **71,895** | **64,016** | **63,499** |

[a] *Other Activities include corporate functions.*

## EMPLOYEE TURNOVER

CNH INDUSTRIAL WORLDWIDE (no.)

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Employees at January 1 | **64,016** | 63,499 | 64,625 |
| New hires | **13,011** | 4,897 | 5,277 |
| Departures | **(7,297)** | (4,529) | (6,360) |
| Δ scope of operation | **2,165** | 149 | (43) |
| **Employees at December 31** | **71,895** | **64,016** | **63,499** |
| Turnover (%) | **10.1** | 7.1 | 10.0 |
| New hires (%) | **18.1** | 7.6 | 8.3 |

## EMPLOYEE TURNOVER BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

| North America | 2021 | 2020 | 2019 |
|---|---|---|---|
| Employees at January 1 | **8,048** | 8,447 | 8,856 |
| New hires | **3,691** | 690 | 859 |
| Departures | **(1,806)** | (1,089) | (1,295) |
| Δ scope of operation | **1,311** | - | 27 |
| **Employees at December 31** | **11,244** | **8,048** | **8,447** |
| Turnover (%) | **16.1** | 13.5 | 15.3 |
| New hires (%) | **32.8** | 8.6 | 10.2 |

| Europe | 2021 | 2020 | 2019 |
|---|---|---|---|
| Employees at January 1 | **41,671** | 41,499 | 41,982 |
| New hires | **4,704** | 2,469 | 2,806 |
| Departures | **(3,330)** | (2,397) | (3,293) |
| Δ scope of operation | **217** | 100 | 4 |
| **Employees at December 31** | **43,262** | 41,671 | 41,499 |
| Turnover (%) | **7.7** | 5.8 | 7.9 |
| New hires (%) | **10.9** | 5.9 | 6.8 |

| South America | 2021 | 2020 | 2019 |
|---|---|---|---|
| Employees at January 1 | **8,900** | 7,997 | 8,001 |
| New hires | **3,944** | 1,476 | 988 |
| Departures | **(1,323)** | (622) | (1,027) |
| Δ scope of operation | **21** | 49 | 35 |
| **Employees at December 31** | **11,542** | **8,900** | **7,997** |
| Turnover (%) | **11.5** | 7.0 | 12.8 |
| New hires (%) | **34.2** | 16.6 | 12.4 |

| Rest of World | 2021 | 2020 | 2019 |
|---|---|---|---|
| Employees at January 1 | **5,397** | 5,556 | 5,786 |
| New hires | **672** | 262 | 624 |
| Departures | **(838)** | (421) | (745) |
| Δ scope of operation | **616** | - | (109) |
| **Employees at December 31** | **5,847** | **5,397** | **5,556** |
| Turnover (%) | **14.3** | 7.8 | 13.4 |
| New hires (%) | **11.5** | 4.9 | 11.2 |

## EMPLOYEE TURNOVER BY CATEGORY[a]

CNH INDUSTRIAL WORLDWIDE (no.)

| Hourly | 2021 | 2020 | 2019 |
|---|---|---|---|
| Employees at January 1 | **39,485** | 38,563 | 39,042 |
| New hires | **10,570** | 3,927 | 3,408 |
| Departures | **(5,121)** | (2,990) | (3,746) |
| Δ change in category | **(262)** | (89) | (82) |
| Δ scope of operation | **1,031** | 74 | (59) |
| **Employees at December 31** | **45,703** | **39,485** | **38,563** |
| Turnover (%) | **11.2** | 7.6 | 9.7 |
| New hires (%) | **23.1** | 9.9 | 8.8 |

| Salaried | 2021 | 2020 | 2019 |
|---|---|---|---|
| Employees at January 1 | **8,704** | 8,974 | 9,535 |
| New hires | **969** | 461 | 861 |
| Departures | **(863)** | (577) | (1,013) |
| Δ change in category | **(424)** | (187) | (389) |
| Δ scope of operation | **1,068** | 33 | (20) |
| **Employees at December 31** | **9,454** | **8,704** | **8,974** |
| Turnover (%) | **9.1** | 6.6 | 11.3 |
| New hires (%) | **10.2** | 5.3 | 9.6 |

| Professional | 2021 | 2020 | 2019 |
|---|---|---|---|
| Employees at January 1 | **14,768** | 14,909 | 15,097 |
| New hires | **1,414** | 476 | 960 |
| Departures | **(1,228)** | (891) | (1,507) |
| Δ change in category | **614** | 235 | 323 |
| Δ scope of operation | **55** | 39 | 36 |
| **Employees at December 31** | **15,623** | **14,768** | **14,909** |
| Turnover (%) | **7.9** | 6.0 | 10.1 |
| New hires (%) | **9.1** | 3.2 | 6.4 |

| Manager | 2021 | 2020 | 2019 |
|---|---|---|---|
| Employees at January 1 | **1,059** | 1,053 | 951 |
| New hires | **58** | 33 | 48 |
| Departures | **(85)** | (71) | (94) |
| Δ change in category | **72** | 41 | 148 |
| Δ scope of operation | **11** | 3 | - |
| **Employees at December 31** | **1,115** | **1,059** | **1,053** |
| Turnover (%) | **7.6** | 6.7 | 8.9 |
| New hires (%) | **5.2** | 3.1 | 4.6 |

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

## EMPLOYEE TURNOVER BY AGE GROUP

CNH INDUSTRIAL WORLDWIDE (no.)

| Under 30 years | 2021 | 2020 | 2019 |
|---|---|---|---|
| Employees at January 1 | **6,764** | 6,900 | 7,464 |
| New hires | **5,436** | 2,057 | 2,207 |
| Departures | **(1,864)** | (952) | (1,388) |
| Δ age range | **(1,372)** | (1,262) | (1,396) |
| Δ scope of operation | **517** | 21 | 13 |
| **Employees at December 31** | **9,481** | **6,764** | **6,900** |
| Turnover (%) | **19.7** | 14.1 | 20.1 |
| New hires (%) | **57.3** | 30.4 | 32.0 |

| 30 to 50 years | 2021 | 2020 | 2019 |
|---|---|---|---|
| Employees at January 1 | **40,188** | 39,959 | 40,512 |
| New hires | **6,700** | 2,522 | 2,689 |
| Departures | **(3,543)** | (2,062) | (2,905) |
| Δ age range | **(300)** | (334) | (313) |
| Δ scope of operation | **1,176** | 103 | (24) |
| **Employees at December 31** | **44,221** | **40,188** | **39,959** |
| Turnover (%) | **8.0** | 5.1 | 7.3 |
| New hires (%) | **15.2** | 6.3 | 6.7 |

| Over 50 years | 2021 | 2020 | 2019 |
|---|---|---|---|
| Employees at January 1 | **17,064** | 16,640 | 16,649 |
| New hires | **875** | 318 | 381 |
| Departures | **(1,890)** | (1,515) | (2,067) |
| Δ age range | **1,672** | 1,596 | 1,709 |
| Δ scope of operation | **472** | 25 | (32) |
| **Employees at December 31** | **18,193** | **17,064** | **16,640** |
| Turnover (%) | **10.4** | 8.9 | 12.4 |
| New hires (%) | **4.8** | 1.9 | 2.3 |

## EMPLOYEE TURNOVER BY GENDER

CNH INDUSTRIAL WORLDWIDE (no.)

| Men | 2021 | 2020 | 2019 |
|---|---|---|---|
| Employees at January 1 | **53,810** | 53,479 | 54,576 |
| New hires | **10,499** | 4,005 | 4,193 |
| Departures | **(6,057)** | (3,806) | (5,245) |
| Δ scope of operation | **1,628** | 132 | (45) |
| **Employees at December 31** | **59,880** | **53,810** | **53,479** |
| Turnover (%) | **10.1** | 7.1 | 9.8 |
| New hires (%) | **17.5** | 7.4 | 7.8 |

| Women | 2021 | 2020 | 2019 |
|---|---|---|---|
| Employees at January 1 | **10,206** | 10,020 | 10,049 |
| New hires | **2,512** | 892 | 1,084 |
| Departures | **(1,240)** | (723) | (1,115) |
| Δ scope of operation | **537** | 17 | 2 |
| **Employees at December 31** | **12,015** | **10,206** | **10,020** |
| Turnover (%) | **10.3** | 7.1 | 11.1 |
| New hires (%) | **20.9** | 8.7 | 10.8 |

## PROMOTIONS

CNH INDUSTRIAL WORLDWIDE (no.)

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Hourly | **256** | 97 | 112 |
| Salaried | **719** | 282 | 485 |
| Professional | **404** | 223 | 513 |
| Manager | **43** | 41 | 123 |
| **Total** | **1,422** | **643** | **1,233** |

## WORKFORCE GENDER DISTRIBUTION BY CATEGORY[a]

CNH INDUSTRIAL WORLDWIDE

| | 2021 | | | | 2020 | | | | 2019 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Men | | Women | | Men | | Women | | Men | | Women | |
| | (no.) | (%) | (no.) | (%) | (no.) | (%) | (no.) | (%) | (no.) | (%) | (no.) | (%) |
| Hourly | 39,975 | 87.5 | 5,728 | 12.5 | 35,052 | 88.8 | 4,433 | 11.2 | 34,389 | 89.2 | 4,174 | 10.8 |
| Salaried | 6,684 | 70.7 | 2,770 | 29.3 | 6,142 | 70.6 | 2,562 | 29.4 | 6,327 | 70.5 | 2,647 | 29.5 |
| Professional | 12,256 | 78.4 | 3,367 | 21.6 | 11,686 | 79.1 | 3,082 | 20.9 | 11,843 | 79.4 | 3,066 | 20.6 |
| Manager | 965 | 86.5 | 150 | 13.5 | 930 | 87.8 | 129 | 12.2 | 920 | 87.4 | 133 | 12.6 |
| **Total** | **59,880** | **83.3** | **12,015** | **16.7** | **53,810** | **84.1** | **10,206** | **15.9** | **53,479** | **84.2** | **10,020** | **15.8** |

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

## EMPLOYEES BY CATEGORY BY AGE[a]

CNH INDUSTRIAL WORLDWIDE (no.)

| | 2021 | | | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|---|---|---|
| | 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 | 7,291 | 27,106 | 11,306 | 4,931 | 23,869 | 10,685 | 4,712 | 23,405 | 10,446 |
| Salaried | 1,392 | 6,109 | 1,953 | 1,164 | 5,763 | 1,777 | 1,364 | 5,869 | 1,741 |
| Professional | 797 | 10,319 | 4,507 | 669 | 9,886 | 4,213 | 824 | 9,999 | 4,086 |
| Manager | 1 | 687 | 427 | - | 670 | 389 | - | 686 | 367 |
| **Total** | **9,481** | **44,221** | **18,193** | **6,764** | **40,188** | **17,064** | **6,900** | **39,959** | **16,640** |

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

## EMPLOYEES BY CATEGORY BY AGE[a]

CNH INDUSTRIAL WORLDWIDE (%)

| | 2021 | | | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|---|---|---|
| | 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 | 16.0 | 59.3 | 24.7 | 12.5 | 60.5 | 27.0 | 12.2 | 60.7 | 27.1 |
| Salaried | 14.7 | 64.6 | 20.7 | 13.4 | 66.2 | 20.4 | 15.2 | 65.4 | 19.4 |
| Professional | 5.1 | 66.1 | 28.8 | 4.6 | 66.9 | 28.5 | 5.5 | 67.1 | 27.4 |
| Manager | 0.1 | 61.6 | 38.3 | - | 63.3 | 36.7 | - | 65.1 | 34.9 |
| **Global** | **13.2** | **61.5** | **25.3** | **10.6** | **62.8** | **26.6** | **10.9** | **62.9** | **26.2** |

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

## WORKFORCE GENDER DISTRIBUTION BY LENGTH OF SERVICE

CNH INDUSTRIAL WORLDWIDE

| | 2021 | | 2020 | | 2019 | |
|---|---|---|---|---|---|---|
| | **Total (no.)** | **of which women (%)** | Total (no.) | of which women (%) | Total (no.) | of which women (%) |
| Up to 5 years | **27,477** | **20.4** | 18,873 | 20.3 | 18,401 | 20.1 |
| 6 to 10 years | **11,506** | **17.1** | 12,593 | 16.3 | 12,119 | 16.3 |
| 11 to 20 years | **17,522** | **16.6** | 17,391 | 16.6 | 18,251 | 16.6 |
| 21 to 30 years | **9,724** | **10.8** | 9,398 | 10.2 | 9,763 | 9.4 |
| Over 30 years | **5,666** | **8.8** | 5,761 | 8.5 | 4,965 | 8.2 |

## WORKFORCE GENDER DISTRIBUTION BY LEVEL OF EDUCATION[a]

CNH INDUSTRIAL WORLDWIDE

| | 2021[b] | | 2020[c] | | 2019[d] | |
|---|---|---|---|---|---|---|
| | **Total (no.)** | **of which women (%)** | Total (no.) | of which women (%) | Total (no.) | of which women (%) |
| University degree or equivalent | **15,511** | **24.5** | 14,581 | 24.0 | 14,636 | 23.7 |
| High school | **26,409** | **13.4** | 23,783 | 12.5 | 23,447 | 12.2 |
| Elementary/middle school | **17,001** | **11.2** | 16,762 | 11.0 | 17,069 | 11.0 |

*[a] Data as at October 31 of each year.*
*[b] 10,466 employees not mapped for 2021.*
*[c] 8,442 employees not mapped for 2020.*
*[d] 8,953 employees not mapped for 2019.*

## WORKFORCE GENDER DISTRIBUTION BY EMPLOYMENT TYPE

CNH INDUSTRIAL WORLDWIDE (no.)

| | 2021 | | | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Total** | **Men** | **Women** | Total | Men | Women | Total | Men | Women |
| Full-time | **70,408** | **59,096** | **11,312** | 62,520 | 53,064 | 9,456 | 62,002 | 52,738 | 9,264 |
| Part-time | **1,487** | **784** | **703** | 1,496 | 746 | 750 | 1,497 | 741 | 756 |

## WORKFORCE GENDER DISTRIBUTION BY EMPLOYMENT CONTRACT

CNH INDUSTRIAL WORLDWIDE (no.)

| | 2021 | | 2020 | | 2019 | |
|---|---|---|---|---|---|---|
| | **No-term** | **Fixed-term** | No-term | Fixed-term | No-term | Fixed-term |
| Men | **55,551** | **4,329** | 51,314 | 2,496 | 51,805 | 1,674 |
| Women | **11,048** | **967** | 9,623 | 583 | 9,600 | 420 |
| **Total** | **66,599** | **5,296** | **60,937** | **3,079** | **61,405** | **2,094** |

## WORKFORCE DISTRIBUTION BY EMPLOYMENT CONTRACT BY REGION

CNH INDUSTRIAL WORLDWIDE (no.)

| | 2021 | | 2020 | | 2019 | |
|---|---|---|---|---|---|---|
| | **No-term** | **Fixed-term** | No-term | Fixed-term | No-term | Fixed-term |
| North America | **11,128** | **116** | 8,037 | 11 | 8,438 | 9 |
| Europe | **40,547** | **2,715** | 39,725 | 1,946 | 39,809 | 1,690 |
| South America | **9,132** | **2,410** | 7,795 | 1,105 | 7,657 | 340 |
| Rest of World | **5,792** | **55** | 5,380 | 17 | 5,501 | 55 |
| **Total** | **66,599** | **5,296** | **60,937** | **3,079** | **61,405** | **2,094** |

# OCCUPATIONAL HEALTH AND SAFETY

## OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE – EMPLOYEES

CNH INDUSTRIAL WORLDWIDE

| | Target 2024 vs. 2014 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Number of fatalities as a result of work-related injury[a] (no.) | | **-** | 1 | 1 |
| Number of fatalities as a result of work-related ill health[a] (no.) | | **-** | - | - |
| Number of high-consequence work-related injuries[b], excluding fatalities (no.) | | **-** | - | 1 |
| Number of recordable work-related injuries[c] (no.) | | **179** | 151 | 163 |
| Number of cases of recordable work-related ill health[c] (no.) | | **30** | 12 | 13 |
| Injury frequency rate[d] (injuries per 1,000,000 hours worked) | **-50%** | **1.725** | 1.945 | 2.047 |
| Injury severity rate[e] (days of absence per 1,000 hours worked) | | **0.053** | 0.069 | 0.095 |
| Rate of high-consequence work-related injuries[f] (high-consequence work-related injuries per 1,000,000 hours worked, excluding fatalities) | | **-** | - | 0.011 |
| Rate of recordable work-related injuries[g] (recordable work-related injuries per 1,000,000 hours worked) | | **1.660** | 1.707 | 1.720 |
| Occupational illness frequency rate (OIFR) (cases of recordable work-related ill health per 1,000,000 hours worked) | | **0.278** | 0.136 | 0.137 |
| Number of hours worked (no.) | | **107,800,178** | 88,440,179 | 94,768,492 |

[a] *Work-related injuries and ill health are those that arise from exposure to hazards at work, as defined by GRI Standards (GRI 403).*
[b] *A high-consequence work-related injury is one that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months, as defined by GRI Standards (GRI 403).*
[c] *A recordable work-related injury or ill health is that which results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness, as defined by GRI Standards (GRI 403).*
[d] *The injury frequency rate is the number of injuries (work-related and non-work related, resulting in more than 3 days of absence) divided by the number of hours worked, multiplied by 1,000,000. The base year (2014) employee injury frequency rate is equal to 2.498 injuries per 1,000,000 hours worked. For information on the rationale for choosing 2014 as the base year, see page 242.*
[e] *The injury severity rate is the number of days of absence (of more than 3 days, due to work-related and non-work related injuries) divided by the number of hours worked, multiplied by 1,000.*
[f] *The rate of high-consequence work-related injuries is the number of such injuries reported divided by the number of hours worked, multiplied by 1,000,000.*
[g] *The rate of recordable work-related injuries is the number of such injuries reported divided by the number of hours worked, multiplied by 1,000,000.*

## OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE – CONTRACTORS

CNH INDUSTRIAL WORLDWIDE

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Number of fatalities as a result of work-related injury[a] (no.) | **-** | - | - |
| Number of fatalities as a result of work-related ill health[a] (no.) | **-** | - | - |
| Number of high-consequence work-related injuries[b], excluding fatalities (no.) | **-** | - | - |
| Number of recordable work-related injuries[c] (no.) | **37** | 20 | 21 |
| Number of cases of recordable work-related ill health[c] (no.) | **-** | - | - |
| Injury frequency rate[d] (injuries per 1,000,000 hours worked) | **3.064** | 1.605 | 1.559 |
| Injury severity rate[e] (days of absence per 1,000 hours worked) | **0.116** | 0.052 | 0.025 |
| Rate of high-consequence work-related injuries[f] (high-consequence work-related injuries per 1,000,000 hours worked, excluding fatalities) | **-** | - | - |
| Rate of recordable work-related injuries[g] (recordable work-related injuries per 1,000,000 hours worked) | **3.778** | 2.140 | 2.182 |
| Occupational illness frequency rate (OIFR) (cases of recordable work-related ill health per 1,000,000 hours worked) | **-** | - | - |
| Number of hours worked (no.) | **9,792,281** | 9,345,135 | 9,623,646 |

[a] *Work-related injuries and ill health are those that arise from exposure to hazards at work, as defined by GRI Standards (GRI 403).*
[b] *A high-consequence work-related injury is one that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months, as defined by GRI Standards (GRI 403).*
[c] *A recordable work-related injury or ill health is that which results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness, as defined by GRI Standards (GRI 403).*
[d] *The injury frequency rate is the number of injuries (work-related and non-work related, resulting in more than 3 days of absence) divided by the number of hours worked, multiplied by 1,000,000.*
[e] *The injury severity rate is the number of days of absence (of more than 3 days, due to work-related and non-work related injuries) divided by the number of hours worked, multiplied by 1,000.*
[f] *The rate of high-consequence work-related injuries is the number of such injuries reported divided by the number of hours worked, multiplied by 1,000,000.*
[g] *The rate of recordable work-related injuries is the number of such injuries reported divided by the number of hours worked, multiplied by 1,000,000.*

### OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE – AGENCY WORKERS

CNH INDUSTRIAL WORLDWIDE

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Number of fatalities as a result of work-related injury[a] (no.) | **-** | - | 1 |
| Number of fatalities as a result of work-related ill health[a] (no.) | **-** | - | - |
| Number of high-consequence work-related injuries[b], excluding fatalities (no.) | **-** | - | 1 |
| Number of recordable work-related injuries[c] (no.) | **18** | 13 | 29 |
| Number of cases of recordable work-related ill health[c] (no.) | **-** | - | - |
| Injury frequency rate[d] (injuries per 1,000,000 hours worked) | **1.583** | 1.114 | 3.229 |
| Injury severity rate[e] (days of absence per 1,000 hours worked) | **0.030** | 0.025 | 0.098 |
| Rate of high-consequence work-related injuries[f] (high-consequence work-related injuries per 1,000,000 hours worked, excluding fatalities) | **-** | - | 0.095 |
| Rate of recordable work-related injuries[g] (recordable work-related injuries per 1,000,000 hours worked) | **1.295** | 1.316 | 2.754 |
| Occupational illness frequency rate (OIFR) (cases of recordable work-related ill health per 1,000,000 hours worked) | **-** | - | - |
| Number of hours worked (no.) | **13,896,252** | 9,875,239 | 10,530,922 |

*(a) Work-related injuries and ill health are those that arise from exposure to hazards at work, as defined by GRI Standards (GRI 403).*
*(b) A high-consequence work-related injury is one that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months, as defined by GRI Standards (GRI 403).*
*(c) A recordable work-related injury or ill health is that which results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness, as defined by GRI Standards (GRI 403).*
*(d) The injury frequency rate is the number of injuries (work-related and non-work related, resulting in more than 3 days of absence) divided by the number of hours worked, multiplied by 1,000,000.*
*(e) The injury severity rate is the number of days of absence (of more than 3 days, due to work-related and non-work related injuries) divided by the number of hours worked, multiplied by 1,000.*
*(f) The rate of high-consequence work-related injuries is the number of such injuries reported divided by the number of hours worked, multiplied by 1,000,000.*
*(g) The rate of recordable work-related injuries is the number of such injuries reported divided by the number of hours worked, multiplied by 1,000,000.*

## HUMAN CAPITAL DEVELOPMENT

### MANAGERS OF LOCAL NATIONALITY BY REGION[a]

CNH INDUSTRIAL WORLDWIDE (%)

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| North America | **90** | 86 | 86 |
| Europe | **83** | 81 | 82 |
| South America | **95** | 93 | 93 |
| Rest of World | **73** | 68 | 59 |

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

### TALENT ATTRACTION

CNH INDUSTRIAL WORLDWIDE (no.)

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| New graduates[a] recruited | **782** | 547 | 534 |
| Traineeships | **3,286** | 1,934 | 2,124 |

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

### INTERNAL HIRES

CNH INDUSTRIAL WORLDWIDE (%)

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| Open positions filled by internal candidates[a] | **28** | 20 | 19 | 27 |

*(a) Calculated by dividing the number of positions filled by internal candidates in 2021 by the total number of positions filled in the same year.*

## TRAINING IN NUMBERS

CNH INDUSTRIAL WORLDWIDE

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Training hours (no.) | **1,041,982** | 598,426 | 653,196 |
| Employees involved in training (no.) | **43,036** | 35,858 | 50,220 |
| Average hours of training per employee (no.) | **14.5** | 9.3 | 10.3 |
| Average amount spent per employee ($) | **26.6** | 26.1 | 60.8 |

## HOURS OF TRAINING BY TYPE OF TRAINING

CNH INDUSTRIAL WORLDWIDE (no.)

| | 2021 | | | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Job-specific expertise** | **Management & soft skills** | **Language & ICT tools** | Job-specific expertise | Management & soft skills | Language & ICT tools | Job-specific expertise | Management & soft skills | Language & ICT tools |
| Training hours | **984,302** | **49,980** | **7,700** | 511,436 | 73,463 | 13,527 | 515,508 | 54,076 | 83,612 |
| Average hours of training per employee | **13.7** | **0.7** | **0.1** | 8.0 | 1.1 | 0.2 | 8.1 | 0.9 | 1.3 |

## DETAILS OF TRAINING PER EMPLOYEE BY GENDER

CNH INDUSTRIAL WORLDWIDE (no.)

| | 2021 | | 2020 | | 2019 | |
|---|---|---|---|---|---|---|
| | **Men** | **Women** | Men | Women | Men | Women |
| Training hours | **891,254** | **150,728** | 488,039 | 110,386 | 536,934 | 116,262 |
| Employees involved in training | **34,437** | **8,599** | 28,492 | 7,366 | 41,004 | 9,216 |
| Average hours of training per employee | **14.9** | **12.5** | 9.1 | 10.8 | 10.0 | 11.6 |

## DETAILS OF TRAINING PER EMPLOYEE BY CATEGORY[a]

CNH INDUSTRIAL WORLDWIDE (no.)

| | 2021 | | | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Hourly** | **Salaried & Professional** | **Manager** | Hourly | Salaried & Professional | Manager | Hourly | Salaried & Professional | Manager |
| Training hours | **643,379** | **379,719** | **18,884** | 271,760 | 314,747 | 11,919 | 294,432 | 349,177 | 9,586 |
| Employees involved in training | **15,879** | **25,920** | **1,237** | 9,762 | 24,941 | 1,155 | 20,098 | 28,912 | 1,210 |
| Average hours of training per employee | **14.1** | **15.1** | **16.9** | 6.9 | 13.4 | 11.3 | 7.6 | 14.6 | 9.1 |

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

## 2021 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] | 10,820 | - | 10,820 | 55,969 | 55,969 | - | 57,684 | 47,658 | 10,026 | 26,659 | 17,632 | 9,027 |

| | 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] | 743 | - | 743 | 1,910 | 1,910 | - | - | - | - | 336 | 135 | 201 |

[a] *Number of employees entitled to parental leave as at October 31, 2021, as per applicable laws, collective labor agreements, and/or Company policies.*
[b] *From November 2020 to October 2021.*
[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)

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| Plants (no.) | 54 | 56 | 56 | 56 |
| Expenditure | **48** | 41 | 44 | 42 |
| of which on waste disposal and emissions treatment | **35** | 29 | 33 | 31 |
| of which on prevention and environmental management | **13** | 12 | 11 | 11 |
| Investments | **4.1** | 3.4 | 3.8 | 3.6 |
| Cost savings | **3.0** | 2.9 | 4.6 | 3.3 |

## AIR EMISSIONS

### VOLATILE ORGANIC COMPOUNDS (VOC)[a]

CNH INDUSTRIAL WORLDWIDE

| | Target 2022 vs. 2014 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Plants (no.) | | 54 | 56 | 56 |
| Average VOC emissions ($g/m^2$) | **-27%** | **39.9** | 42.5 | 42.0 |
| Total VOC emissions (kg) | | **1,808,412** | 1,311,182 | 1,473,239 |

*[a] The base year (2014) VOC emissions are equal to 57.6 $g/m^2$. For information on the rationale for choosing 2014 as the base year, see page 242.*

### $NO_X$, $SO_X$, AND DUST EMISSIONS

CNH INDUSTRIAL WORLDWIDE (tons)

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Plants (no.) | 55 | 57 | 57 |
| Nitrogen Oxides ($NO_X$) | **379.3** | 306.4 | 436.2 |
| Sulfur Oxides ($SO_X$) | **57.8** | 38.3 | 40.3 |
| Dust | **4.9** | 3.2 | 3.3 |

## WATER MANAGEMENT

### QUALITY OF WATER DISCHARGES

CNH INDUSTRIAL WORLDWIDE (milligram/liter)

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Plants (no.) | 54 | 56 | 56 |
| Biochemical Oxygen Demand (BOD) | **45.6** | 29.5 | 36.3 |
| Chemical Oxygen Demand (COD) | **105.4** | 130.1 | 169.8 |
| Total Suspended Solids (TSS) | **48.0** | 72.4 | 55.5 |

### WATER WITHDRAWAL PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE ($m^3$/hours of production[b])

| | Target 2022 vs. 2014 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Plants (no.) | | 54 | 56 | 56 |
| Water withdrawal | **-24%** | **0.065** | 0.075 | 0.075 |

*[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 242.*
*[b] Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 243.*

## WATER WITHDRAWAL, DISCHARGE, AND CONSUMPTION

CNH INDUSTRIAL WORLDWIDE (thousands of m³)

| | 2021 | | 2020 | | 2019 | |
|---|---|---|---|---|---|---|
| Plants (no.) | 54 | | 56 | | 56 | |
| | **All areas** | **of which in water-stressed areas** | All areas | of which in water-stressed areas | All areas | of which in water-stressed areas |
| **Withdrawal** | | | | | | |
| Groundwater | | | | | | |
| Freshwater[a] | **2,836** | **171** | 2,636 | 160 | 2,738 | 232 |
| Other water[b] | **-** | **-** | - | - | - | - |
| Total groundwater | **2,836** | **171** | 2,636 | 160 | 2,738 | 232 |
| Third-party water | | | | | | |
| Freshwater[a] | **1,776** | **53** | 1,498 | 31 | 1,616 | 42 |
| Other water[b] | **-** | **-** | - | - | - | - |
| Total third-party water | **1,776** | **53** | 1,498 | 31 | 1,616 | 42 |
| of which municipal water supply | **1,776** | **53** | 1,498 | 31 | 1,614 | 42 |
| Surface water | | | | | | |
| Freshwater[a] | **15** | **-** | 18 | 2 | 23 | 1 |
| Other water[b] | **-** | **-** | - | - | - | - |
| Total surface water | **15** | **-** | 18 | 2 | 23 | 1 |
| of which rainwater | **4** | **-** | 5 | 2 | 2 | 1 |
| Seawater | | | | | | |
| Total seawater | **-** | **-** | - | - | - | - |
| Produced water | | | | | | |
| Total produced water | **-** | **-** | - | - | - | - |
| **Total water withdrawal** | **4,627** | **224** | 4,152 | 193 | 4,377 | 275 |
| **Discharge** | | | | | | |
| Surface water | **501** | **-** | 395 | - | 433 | - |
| of which freshwater[a] | **484** | **-** | 339 | - | 373 | - |
| Third-party water | **2,736** | **-** | 2,397 | - | 2,795 | 118 |
| of which sent for use to other organizations | **-** | **-** | - | - | - | - |
| Seawater | **-** | **-** | - | - | - | - |
| Groundwater | **122** | **97** | 79 | 66 | 38 | 32 |
| of which freshwater[a] | **115** | **90** | 75 | 61 | 32 | 26 |
| **Total water discharge** | **3,359** | **97** | 2,871 | 66 | 3,266 | 150 |
| of which freshwater[a] | **2,623** | **90** | 1,946 | 62 | 2,290 | 144 |
| of which other water[b] | **736** | **7** | 925 | 4 | 976 | 6 |
| **Consumption** | | | | | | |
| **Total water consumption[c]** | **1,268** | **127** | 1,281 | 127 | 1,111 | 125 |
| **Total net fresh water consumption[d]** | **4,024** | **134** | 3,733 | 130 | 3,970 | 248 |

*(a) Water with a concentration of total dissolved solids equal to or below 1,000 mg/l, as defined by GRI Standards (GRI 303).*
*(b) Water with a concentration of total dissolved solids over 1,000 mg/l, as defined by GRI Standards (GRI 303).*
*(c) Calculated as total water withdrawal minus total water discharge.*
*(d) Calculated as the sum of the total municipal water supply, fresh surface water withdrawal (excluding rainwater), and fresh groundwater withdrawal minus the discharge to both fresh surface water and fresh groundwater.*

## WATER RECYCLING INDEX

CNH INDUSTRIAL WORLDWIDE (thousands of m³)

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Plants (no.) | 54 | 56 | 56 |
| Total water requirement | **9,414** | 8,256 | 6,336 |
| of which covered by recycling | **4,787** | 4,104 | 1,959 |
| of which water withdrawal | **4,627** | 4,152 | 4,377 |
| **Recycling index[a] (%)** | **51** | **50** | **31** |

*(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 | 2021 discharge water quality (mg/l) | 2014 water withdrawal per production unit (m³/hours of production[b]) | 2021 water withdrawal per production unit (m³/hours of production[b]) | Reduction target[c] (2022 vs. 2014[d]) |
|---|---|---|---|---|
| Agriculture and Construction<br>■ Querétaro (Mexico) | BOD: 21<br>COD: 28<br>TSS: 9 | 0.021 | 0.017 | -4% |
| Agriculture<br>■ Greater Noida (India) | BOD: 15<br>COD: 62<br>TSS: 57 | 0.105 | 0.046 | -47% |
| Construction<br>■ Pithampur (India) | BOD: 22<br>COD: 144<br>TSS: 78 | 0.057[e] | 0.047 | -19% |

*(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 243.*
*(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 243.*
*(d) For information on the rationale for choosing 2014 as the base year, see page 242.*
*(e) Data was estimated based on the plant's performance in successive years.*

## 2021 WATER WITHDRAWAL, DISCHARGE, AND CONSUMPTION IN WATER-STRESSED AREAS[a]

CNH INDUSTRIAL WORLDWIDE (thousands of m³)

| | Total | Querétaro (Mexico) | Greater Noida (India) | Pithampur (India) |
|---|---|---|---|---|
| **Withdrawal** | | | | |
| Groundwater | **171** | 15 | 156 | - |
| Third-party water | **53** | - | - | 53 |
| of which surface water | **53** | - | - | 53 |
| of which groundwater | **-** | - | - | - |
| of which seawater | **-** | - | - | - |
| of which produced water | **-** | - | - | - |
| Surface water | **-** | - | - | - |
| Seawater | **-** | - | - | - |
| Produced water | **-** | - | - | - |
| **Total water withdrawal[b]** | **224** | **15** | **156** | **53** |
| **Discharge** | | | | |
| **Total water discharge** | **97** | **10** | **54** | **33** |
| **Consumption** | | | | |
| **Total water consumption[c]** | **127** | **5** | **102** | **20** |
| Water consumption per production unit (m³/hours of production[d]) | 0.03 | 0.01 | 0.03 | 0.02 |

*(a) Areas with a baseline water stress that is high (40-80%) or extremely high (>80%) and an overall water risk that is high (3-4) or extremely high (4-5), according to the WRI Aqueduct Risk Atlas tool, as at December 5, 2018.*
*(b) The total water withdrawal in water-stressed areas corresponds to 4.8% 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 243.*

# WASTE MANAGEMENT

## WASTE GENERATED, DIVERTED FROM DISPOSAL, AND DISPOSED OF

CNH INDUSTRIAL WORLDWIDE (tons)

| | 2021 | 2020[a] | 2019 |
|---|---|---|---|
| Plants (no.) | 54 | 56 | 56 |
| **Waste generated, by composition** | | | |
| Hazardous waste | **15,878** | 14,580 | 14,856 |
| Non-hazardous waste | **201,388** | 159,260 | 187,806 |
| **Total waste generated** | **217,266** | **173,840** | **202,662** |
| of which packaging | **71,487** | 54,143 | 64,086 |
| WASTE DIVERTED FROM DISPOSAL, BY RECOVERY OPERATION[b] | | | |
| **Hazardous waste** | | | |
| Preparation for reuse | **-** | - | - |
| Recycling | **6,818** | 5,725 | 6,329 |
| of which recycled on site | **7** | 9 | 11 |
| Other recovery operations | **-** | - | - |
| **Total hazardous waste diverted from disposal** | **6,818** | **5,725** | **6,329** |
| **Non-hazardous waste** | | | |
| Preparation for reuse | **-** | - | - |
| Recycling | **191,689** | 149,260 | 174,805 |
| Other recovery operations | **-** | - | - |
| **Total non-hazardous waste diverted from disposal** | **191,689** | **149,260** | **174,805** |
| **Total waste diverted from disposal** | **198,507** | **154,985** | **181,134** |
| WASTE DISPOSED, BY DISPOSAL OPERATION[b] | | | |
| **Hazardous waste** | | | |
| Incineration (with energy recovery) | **3,261** | 2,795 | 3,158 |
| Incineration (without energy recovery) | **129** | 152 | 229 |
| Landfill | **13** | 21 | 87 |
| Other disposal operations (treatment) | **5,657** | 5,890 | 5,054 |
| **Total hazardous waste disposed** | **9,060** | **8,858** | **8,528** |
| **Non-hazardous waste** | | | |
| Incineration (with energy recovery) | **4,854** | 5,441 | 4,821 |
| Incineration (without energy recovery) | **61** | 46 | 697 |
| Landfill | **2,652** | 2,258 | 3,500 |
| Other disposal operations (treatment) | **2,132** | 2,252 | 3,983 |
| **Total non-hazardous waste disposed** | **9,699** | **9,997** | **13,001** |
| **Total waste disposed** | **18,759** | **18,855** | **21,529** |

*[a] 2020 data restated with respect to the 2020 Sustainability Report.*
*[b] Operation carried out off site, unless otherwise specified.*

## WASTE AND HAZARDOUS WASTE GENERATED PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (kg/hours of production[b])

| | Target 2022 vs. 2014 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Plants (no.) | | 54 | 56 | 56 |
| Waste generated | **-25%** | **3.06** | 3.16 | 3.48 |
| Hazardous waste generated | **-36%** | **0.22** | 0.26 | 0.26 |

*[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 242.*
*[b] Total manufacturing hours are used to calculate the indicator per hour of production.*
*For the definition of total manufacturing hours, see page 243.*

## WASTE RECOVERED[a] AND SENT TO LANDFILL

CNH INDUSTRIAL WORLDWIDE

| | Target 2024 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Plants (no.) | | 54 | 56 | 56 |
| Waste recovered[b] (%) | **95%** | **95.1** | 93.9 | 93.3 |
| Waste recovered (tons) | | **206,622** | 163,222 | 189,112 |
| Waste sent to landfill (%) | | **1.2** | 1.3 | 1.8 |

*[a] Calculated as the sum of waste diverted from disposal and waste incinerated with energy recovery.*
*[b] As a percentage of waste generated.*

# 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:<br>■ 0 critically endangered<br>■ 6 endangered<br>■ 17 vulnerable<br>■ 27 near threatened<br>■ 337 of least concern |
| BOURBON-LANCY (FRANCE)[c] | Engines (heavy) | 210,000 | Adjacent to the protected area (500 m) | 193 species listed, of which:<br>■ 0 critically endangered<br>■ 2 endangered<br>■ 1 vulnerable<br>■ 1 near threatened<br>■ 189 of least concern |
| CURITIBA (BRAZIL)[c] | Combines, tractors | 792,824 | Adjacent to/contains part of the protected area | 101 species listed, of which:<br>■ 0 critically endangered<br>■ 0 endangered<br>■ 0 vulnerable<br>■ 4 near threatened<br>■ 97 of least concern |
| FOGGIA (ITALY)[c] | Engines (light), drive shafts | 601,680 | Adjacent to the protected area (3,500 m) | 168 species listed, of which:<br>■ 0 critically endangered<br>■ 0 endangered<br>■ 2 vulnerable<br>■ 6 near threatened<br>■ 160 of least concern |
| MADRID (SPAIN)[c] | Heavy vehicles | 347,200 | Adjacent to the protected area (1,500 m) | 64 species listed, of which:<br>■ 0 critically endangered<br>■ 0 endangered<br>■ 0 vulnerable<br>■ 1 near threatened<br>■ 63 of least concern |
| PIACENZA (ITALY)[b] | Heavy vehicles | 175,000 | Adjacent to the protected area (5,000 m) | 241 species listed, of which:<br>■ 2 critically endangered<br>■ 6 endangered<br>■ 11 vulnerable<br>■ 13 near threatened<br>■ 209 of least concern |
| PLOCK (POLAND)[b] | Combines, balers, headers | 420,900 | Adjacent to the protected area (2,500 m) | 392 species listed, of which:<br>■ 2 critically endangered<br>■ 1 endangered<br>■ 9 vulnerable<br>■ 10 near threatened<br>■ 370 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:<br>■ 0 critically endangered<br>■ 0 endangered<br>■ 0 vulnerable<br>■ 0 near threatened<br>■ 79 of least concern |
| SUZZARA (ITALY)[c] | Light vehicles | 520,000 | Adjacent to the protected area (4,000 m) | 110 species listed, of which:<br>■ 0 critically endangered<br>■ 2 endangered<br>■ 0 vulnerable<br>■ 0 near threatened<br>■ 108 of least concern |
| ULM (GERMANY)[c] | Firefighting vehicles | 679,000 | Adjacent to the protected area (2,000 m) | 153 species listed, of which:<br>■ 0 critically endangered<br>■ 2 endangered<br>■ 1 vulnerable<br>■ 3 near threatened<br>■ 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:<br>■ 8 critically endangered<br>■ 11 endangered<br>■ 22 vulnerable<br>■ 19 near threatened<br>■ 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 177) that is located near, bordering or within protected or high-biodiversity areas.*
*[c] Plant implementing the BVI methodology (see page 177) 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

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| Expenditure ($million) | **176** | 149 | 168 | 182 |
| Investments ($million) | **7.1** | 8.3 | 12.8 | 7.9 |
| Cost savings ($million) | **3.4** | 4.8 | 7.5 | 3.3 |
| Energy savings (GJ) | **173,075** | 248,529 | 253,803 | 160,009 |
| $CO_2$ emissions reduction (tons) | **11,912** | 19,800 | 18,000 | 11,809 |

### TOTAL ENERGY CONSUMPTION[a]

CNH INDUSTRIAL WORLDWIDE (GJ)

| **Non-renewable sources** | 2021 | 2020 | 2019 |
|---|---|---|---|
| Plants (no.) | 55 | 57 | 57 |
| **Direct energy consumption** | | | |
| Natural gas | **2,850,205** | 2,422,117 | 2,724,085 |
| Coal | **-** | - | - |
| Diesel | **407,151** | 269,168 | 283,742 |
| Liquefied petroleum gas (LPG) | **49,825** | 34,908 | 87,082 |
| Other (HS and LS fuel oil) | **-** | 42 | 225 |
| **Total** | **3,307,181** | **2,726,235** | **3,095,134** |
| **Indirect energy consumption** | | | |
| Electricity | **612,164** | 575,963 | 669,649 |
| Thermal energy | **776,624** | 589,867 | 629,153 |
| Other energy sources | **38,908** | 16,643 | 2,162 |
| **Total** | **1,427,696** | **1,182,473** | **1,300,964** |
| **Total energy consumption from non-renewable sources** | **4,734,877** | **3,908,708** | **4,396,098** |

| **Renewable sources** | 2021 | 2020 | 2019 |
|---|---|---|---|
| Plants (no.) | 55 | 57 | 57 |
| **Direct energy consumption** | | | |
| Biomass | **-** | 2,139 | 14,144 |
| Solar-thermal | **83** | 62 | 46 |
| Photovoltaic | **6,031** | - | - |
| **Total** | **6,114** | **2,201** | **14,190** |
| **Indirect energy consumption** | | | |
| Electricity | **1,818,031** | 1,477,298 | 1,705,478 |
| Thermal energy | **24,111** | 21,422 | 43,851 |
| Other energy sources | **200,693** | 181,376 | 194,080 |
| **Total** | **2,042,835** | **1,680,096** | **1,943,409** |
| **Total energy consumption from renewable sources** | **2,048,949** | **1,682,297** | **1,957,599** |
| **Total energy consumption** | **6,783,826** | **5,591,005** | **6,353,697** |

*[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 242.*

### ENERGY CONSUMPTION BY TYPE

CNH INDUSTRIAL WORLDWIDE (GJ)

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Plants (no.) | 55 | 57 | 57 |
| Electricity[a] | 2,655,810 | 2,238,894 | 2,551,319 |
| Heat | 800,818 | 611,351 | 673,050 |
| Steam[b] | - | - | - |
| Cooling | 20,017 | 12,386 | 20,050 |
| Natural gas | 2,850,205 | 2,422,117 | 2,724,085 |
| Other energy sources | 456,976 | 306,257 | 385,193 |
| **Total energy consumption** | **6,783,826** | **5,591,005** | **6,353,697** |

*[a] Electricity also includes compressed air and the share of electricity generated by the photovoltaic (PV) systems.*
*[b] Steam is included in heat.*

## ENERGY CONSUMPTION PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (GJ/hours of production[b])

| | Target 2030 vs. 2014 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Plants (no.) | | 55 | 57 | 57 |
| Energy consumption per production unit | **-30%** | **0.08610** | 0.09415 | 0.10050 |

*[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 242. 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 243.*

## ELECTRICITY CONSUMPTION FROM RENEWABLE SOURCES

CNH INDUSTRIAL WORLDWIDE (%)

| | Target 2030 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Plants (no.) | | 55 | 57 | 57 |
| Electricity consumption from renewable sources | **90%** | **74.9** | 72.0 | 71.8 |

## DIRECT AND INDIRECT $CO_2$ EMISSIONS[a]

CNH INDUSTRIAL WORLDWIDE (tons)

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Plants (no.) | 55 | 57 | 57 |
| Direct emissions (scope 1) | **185,541** | 151,441 | 171,217 |
| Indirect emissions (scope 2) – market-based | **147,152** | 132,527 | 156,764 |
| Indirect emissions (scope 2) – location-based | **264,463** | 235,757 | 309,465 |
| **Total $CO_2$ emissions[b]** | **332,693** | **283,968** | **327,981** |
| Direct emissions from landfill gases | **-** | 117 | 772 |

*[a] $CO_2$ is the only significant greenhouse gas within CNH Industrial's processes (see page 243).*
*For CNH Industrial, biogenic $CO_2$ emissions are those released by the combustion of landfill gases.*
*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 242.*
*There were no significant changes in emissions requiring the recalculation of base year emissions.*
*GHG emissions were consolidated and reported using an operational control approach.*
*For the methodologies and emission factors used, see pages 243-244.*
*[b] Total $CO_2$ emissions are calculated using the market-based methodology of the GHG Protocol, and do not include emissions from landfill gases.*

## DIRECT AND INDIRECT $CO_2$ EMISSIONS PER PRODUCTION UNIT[a]

CNH INDUSTRIAL WORLDWIDE (tons of $CO_2$/hours of production[b])

| | Target 2030 vs. 2014 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Plants (no.) | | 55 | 57 | 57 |
| Direct and indirect $CO_2$ emissions per production unit | **-60%** | **0.00408** | 0.00467 | 0.00509 |

*[a] $CO_2$ is the only significant greenhouse gas within CNH Industrial's processes (see page 243).*
*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 242.*
*The indicator includes scope 1 and scope 2 emissions, as per the market-based methodology of the GHG Protocol.*
*KPIs do not include the fuel used to test products.*
*[b] Total manufacturing hours are used to calculate the indicator per hour of production. For the definition of total manufacturing hours, see page 243.*

# OTHER GRI DISCLOSURES

## CONSTANT DIALOGUE WITH STAKEHOLDERS

Stakeholders present a wide range of differing interests, so establishing and maintaining stable and lasting relationships is crucial for creating shared value over the long term.

Along with the engagement process during the materiality analysis (see page 21), CNH Industrial promotes ongoing communication and active engagement with its stakeholders worldwide. It interacts with them continually and proactively during the year, through dedicated functions, promoting ongoing dialogue.

The Company believes that such exchanges are opportunities for mutual growth and improvement, and that cooperation and trust are built on receptiveness and engagement.

CNH Industrial identified and selected key stakeholders through an internal assessment performed by the corporate functions managing stakeholder relations on a daily basis.

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

### DIALOGUE WITH STAKEHOLDERS IN DETAIL

| STAKEHOLDERS | Corporate functions[a] | Tools and interaction channels | Key topics and concerns[b] |
|---|---|---|---|
| CUSTOMERS | Marketing<br>Customer Care<br>Product Development | ■ direct engagement in materiality analysis<br>■ market research<br>■ focus groups<br>■ customer satisfaction surveys<br>■ above-the-line and below-the-line communication channels<br>■ two-way communication through: web, direct mailing, dealerships, toll-free numbers, etc.<br>■ events (e.g., product launches) and participation in exhibitions, trade fairs, and conventions<br>■ Customer-Driven Product Development (CPD)<br>■ Compliance Helpline | ■ quality, reliability, and safety of products<br>■ competitive prices and financial services<br>■ speed and efficiency of assistance<br>■ professionalism and courteousness in direct contacts and through dealers<br>■ increase in products and services offered to customers (including financial services) |
| DEALER AND SERVICE NETWORK | Sales<br>Training | ■ direct engagement in materiality analysis<br>■ daily contacts and periodic meetings with the network<br>■ two-way communication through the web Dealer Portal and dedicated phone lines<br>■ individuals responsible for monitoring the network and ensuring fulfillment of contractual standards<br>■ dealer development programs<br>■ programs to support dealers, including training, definition of standards, financing, and promotional campaigns<br>■ Compliance Helpline | ■ complete and easily accessible product information<br>■ business profitability<br>■ development of sense of belonging<br>■ quality and availability of products/parts/services<br>■ competitive prices<br>■ expansion of product lines<br>■ expansion of services offered to customers, including financial services<br>■ support services for dealers and rapid response to breakdowns |
| EMPLOYEES | Human Resources<br>Environment, Health and Safety | ■ direct engagement in materiality analysis<br>■ daily dialogue<br>■ Intranet portal<br>■ meetings to discuss expected and actual performance levels and professional development paths<br>■ Compliance Helpline | ■ well-defined procedures and protection in periods of market uncertainty<br>■ clear objectives and reward system<br>■ information on strategies and results<br>■ training and professional development<br>■ stimulating, inclusive, and safe work environment |
| PROFESSIONAL ORGANIZATIONS AND ASSOCIATIONS | | ■ direct engagement in materiality analysis<br>■ town hall meetings to share and align with corporate objectives and decisions | ■ indirect participation in the decision-making process<br>■ development of sense of belonging<br>■ access to information |
| EMPLOYEES' FAMILIES | | ■ participation initiatives (e.g., Children's Christmas, Family Day)<br>■ internal publications | ■ indirect participation in corporate life<br>■ targeted initiatives (nursery schools, academic scholarships, supplemental health programs) |

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

*[b] The way the Company has responded to those key topics and concerns falls within the scope of its day-by-day activities and is described in the Report.*

| STAKEHOLDERS | Corporate functions[a] | Tools and interaction channels | Key topics and concerns[b] |
|---|---|---|---|
| FINANCIAL COMMUNITY: TRADITIONAL AND ESG INVESTORS | Investor Relations<br>Corporate Affairs<br>Sustainability Unit | ■ direct engagement in materiality analysis<br>■ Annual General Meeting<br>■ price-sensitive disclosures and information<br>■ quarterly conference calls<br>■ seminars, industry conferences, roadshows, and meetings<br>■ daily dialogue (meetings, telephone, emails)<br>■ Investor Relations section of the Company website<br>■ EU Annual Report<br>■ Sustainability Report | ■ enhancement of knowledge of the Company and its businesses<br>■ value creation (return on investment, sustainability of the business)<br>■ transparent and responsible management |
| JOURNALISTS, MEDIA, AND OPINION LEADERS | Communications | ■ direct engagement in materiality analysis<br>■ daily dialogue<br>■ presentations and press conferences<br>■ meetings<br>■ 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<br>■ meetings with representatives of associations, organizations or local communities<br>■ actions or projects, managed directly or in partnership<br>■ cultural exchange programs<br>■ employee volunteering activities<br>■ Compliance Helpline | ■ responsiveness to project proposals and individual requests for assistance<br>■ contributions and support for medium to long-term initiatives<br>■ access to information |
| PUBLIC INSTITUTIONS: GOVERNMENT, LOCAL AUTHORITIES, PUBLIC AGENCIES, REGULATORY BODIES, INTERNATIONAL INSTITUTIONS, TRADE ASSOCIATIONS, AND NON-GOVERNMENTAL ORGANIZATIONS | Institutional Relations<br>Environment, Health and Safety | ■ direct engagement in materiality analysis<br>■ periodic ad hoc meetings on corporate objectives and position<br>■ participation in working groups, development of joint projects and alliances<br>■ collaboration on R&D projects<br>■ initiatives to highlight regulatory issues<br>■ dialogue with institutions and environmental associations | ■ responsiveness and proactiveness towards projects presented<br>■ collaboration and access to information<br>■ satisfaction of tender requirements for R&D projects<br>■ technical support on specific industry-related issues<br>■ 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<br>■ open-source tools<br>■ periodic meetings | ■ satisfaction of tender requirements for R&D projects<br>■ collaborative R&D projects |
| SUPPLIERS AND COMMERCIAL PARTNERS | Purchasing | ■ direct engagement in materiality analysis<br>■ daily relationship through buyers<br>■ web Supplier Portal<br>■ *Come to Our Plant* initiative<br>■ WCM suppliers<br>■ Supplier Advisory Council (SAC)<br>■ conventions<br>■ *Technology Days*<br>■ *Suppliers' Proposals Program*<br>■ Compliance Helpline<br>■ dedicated email addresses | ■ continuity of supply<br>■ fulfillment of contractual conditions<br>■ partnerships |
| TRADE UNIONS AND EMPLOYEE REPRESENTATIVES | Industrial Relations | ■ direct engagement in materiality analysis<br>■ institutional meetings and other exchanges pursuant to legal or contractual provisions at plant, legal entity, regional or national level<br>■ trilateral meetings (Company, trade unions, and government bodies) on matters of particular importance<br>■ 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 | Diesel Technology Forum (DTF) | Association | | ○ | | |
| USA | Equipment Leasing and Financing Association (ELFA) | Association | | ○ | | |
| USA | Future Farmers of America (FFA) | 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 | Global Business Alliance (GBA) (formerly OFII) | Association | | ○ | | |
| USA | Truck and Engine Manufacturers Association (EMA) | Association | | ○ | ○ | |
| USA | U.S. Custom Harvesters, Inc. | Association | | ○ | | |
| USA | US-China Business Council (USCBC) | Association | | ○ | | |
| USA | US-Russia Business Council (USRBC) | Association | | ○ | | |
| USA | US-Turkmenistan Business Council (USTBC) | Association | | ○ | ○ | |
| USA | US-Ukraine Business Council (USUBC) | Association | | ○ | ○ | |
| **EUROPE** | | | | | | |
| Austria | Association of Austrian Machinery and Metalware Industries (FMMI) | Association | | ○ | | |
| Austria | Austrian Agricultural Cluster (AAC) | Association | | ○ | | |
| Austria | Fahrzeugindustrie (Austrian Association of the Vehicle Industry) | Association | | ○ | | |
| Belgium | American Chamber of Commerce to the European Union (AmCham EU) | Association | | ○ | | |
| Belgium | Committee for European Construction Equipment (CECE) | Association | | ○ | ○ | |
| Belgium | European Agricultural Machinery Association (CEMA) | Association | | ○ | ○ | |
| Belgium | European Association of Internal Combustion Engine Manufacturers (EUROMOT) | Association | | ○ | ○ | |
| Belgium | European Automobile Manufacturers' Association (ACEA) | Association | | ○ | ○ | |
| Belgium | European Biogas Association (EBA) | Association | ○ | ○ | | |
| Belgium | European Council for Automotive R&D (EUCAR) | Association | | ○ | | |
| Belgium | European Green Vehicles Initiative Association (EGVIA) | Association | | ○ | | |
| Belgium | European Land Defence Industry Group (ELDIG) | Association | | ○ | | |
| Belgium | Fédération Belge de l'Automobile & du Cycle (FEBIAC) | Association | | ○ | | |
| 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.*

| COUNTRY | NAME | TYPE OF INSTITUTION | COMMITMENT FROM CNH INDUSTRIAL | | | |
|---|---|---|---|---|---|---|
| | | | PROJECTS | MEMBERSHIP | POSITION ON GOVERNANCE BODY | FUNDING |
| **EUROPE** | | | | | | |
| Belgium | Fédération des représentants généraux de matériel pour les travaux publics et privés, le bâtiment et la manutention (SIGMA) | Association | | ○ | | |
| Belgium | Federation for the Technology Industry (AGORIA) | Association | | ○ | | |
| Belgium | Gruppo di Iniziativa Italiana (GII) | Association | | ○ | | |
| Belgium | Hydrogen Council (Europe) | Association | | ○ | | |
| Belgium | Hydrogen Europe | Association | | ○ | ○ | |
| Belgium | Natural & bio Gas Vehicle Association (NGVA Europe) | Association | | ○ | ○ | |
| Belgium | Union Internationale des Transports Publics (UITP) | Association | | ○ | ○ | |
| Bulgaria | Association of Car Manufacturers and their Authorised Representatives for Bulgaria (ACM) | Association | | ○ | | |
| Czech Rep. | Automotive Industry Association (AIA) | Association | | ○ | | |
| Czech Rep. | Czech Association of Importers of Agricultural Technology | Association | | ○ | | |
| Denmark | Dansk Agroindustri (Danish Agro Industry) | Association | | ○ | | |
| Denmark | Dansk Maskinhandlerforening (Agricultural Machinery Dealers) | Association | | ○ | | |
| Denmark | De Danske Bilimportører (Danish Car Importers Association ) | Association | | ○ | | |
| Denmark | Maskinleverandørerne (Trade association for construction machinery) | Association | | ○ | | |
| Finland | Autotuojat Ry (Association of Automotive Industry in Finland) | Association | | ○ | | |
| Finland | Suomen Kuljetus ja Logistiikka SKAL Ry (Finnish Transports and Logistics SKAL) | Association | | ○ | | |
| Finland | Traktorimyyjien yhdistys (Tractor Trade Association of Finland) | Association | | ○ | | |
| France | The European Association for Electromobility (AVERE France) | Association | | ○ | | |
| France | Association for School Transport (ANATEEP) | Association | | ○ | | |
| France | Association Française du Gaz Naturel pour Véhicules (AFGNV) | Association | | ○ | | |
| France | Le Cercle Lyonnais (DZA) (Forum supporting foreign investments in France and Europe) | Association | | ○ | | |
| France | Groupement des Autorités Responsables de Transport (GART) | Association | | ○ | | |
| France | Chambre Syndicale Internationale de l'Automobile et du Motocycle (CSIAM) | Association | | ○ | | |
| France | Cooperation for Urban Mobility in the Developing World (CODATU) | Association | | ○ | | ○ |
| France | European Cluster for Mobility Solutions (CARA ex-LUTB) | Association | ○ | ○ | ○ | |
| France | Fédération Nationale des Transports de Voyageurs (FNTV) | Association | | ○ | | |
| France | Mobilité Hydrogène France | Association | | ○ | | |
| France | Mouvement des Entreprises de France International (MEDEF International) | Association | | ○ | | |
| France | Pro France (Association for the promotion of French-made products) | Association | | ○ | ○ | |
| France | Union des Industriels de l'Agroéquipement (AXEMA) | Association | | ○ | | |
| France | Union des Transports Publics et Ferroviaires (UTP) | Association | | ○ | | |
| Germany | Association of German Engineers (VDI) | Association | | ○ | | |
| Germany | Deutscher Wesserstoff- und Brennstoffzellen-Verband (DWV) | Association | | ○ | | |
| Germany | German Energy Agency (DENA) | Association | | ○ | ○ | |

| COUNTRY | NAME | TYPE OF INSTITUTION | COMMITMENT FROM CNH INDUSTRIAL | | | |
|---|---|---|---|---|---|---|
| | | | PROJECTS | MEMBERSHIP | POSITION ON GOVERNANCE BODY | FUNDING |
| **EUROPE** | | | | | | |
| Germany | Gesellschaft für Konservierende Bodenbearbeitung e.V. (GKB) | Association | | ○ | | |
| Germany | eFuel Alliance | Association | | ○ | | |
| Germany | Forschungsvereinigung Verbrennungskraftmaschinen (FVV) | Association | | ○ | | |
| Germany | Verband Deutscher Maschinen und Anlagenbau (VDMA) | Association | | ○ | | |
| Germany | Verband der Automobilindustrie (VDA) | Association | | ○ | ○ | |
| Germany | Zukunft ERDGAS (Natural gas association) | Association | | ○ | | |
| Greece | Hellenic Association of Motor Vehicle Importers-Representatives (AMVIR) | Association | | ○ | | |
| Hungary | Hungarian Vehicle Importers Association (MGE) | Association | | ○ | | |
| Ireland | Farm Tractor and Machinery Trade Association (FTMTA) | Association | | ○ | | |
| Israel | Israel Vehicle Importers Association (I-VIA) | Association | | ○ | | |
| Italy | Camera di Commercio Italo-Libica | Association | | ○ | | |
| Italy | Commissione Italiana Veicoli Elettrici Stradali (CIVES) | Association | | ○ | | |
| Italy | Consorzio Italiano Biogas (CIB) | Association | | ○ | | |
| Italy | Federazione Nazionale Costruttori Macchine per l'Agricoltura (FEDERUNACOMA) | Association | | ○ | | |
| Italy | H2IT (Italian Hydrogen and Fuel Cell Association) | Association | | ○ | | |
| Italy | MOTUS-E (Electric mobility association) | Association | | ○ | | |
| Italy | National Association for Telematics for Transport and Safety (TTS Italia) | Association | | ○ | | |
| Italy | Natural Gas Vehicle Italy (NGV Italy) | Association | | ○ | ○ | |
| Italy | Unione Nazionale Aziende Construction Equipment & Attachments (UNACEA) | Association | | ○ | ○ | |
| Italy | World Energy Council Italy (WEC Italy) | Association | | ○ | | |
| Luxembourg | Camera di Commercio Italo-Lussemburghese | Association | | ○ | | |
| Netherlands | Dutch agricultural mechanisation industry (Fedecom) | Association | | ○ | | |
| Netherlands | Dutch LNG Platform | Association | | ○ | | |
| Netherlands | Rijwiel en Automobiel Industrie (RAI) | Association | | ○ | | |
| Norway | Bilimportørens Landsforening (BIL) | Association | | ○ | | |
| Norway | Norges Bilbransjeforbund / Norwegian Motor Trade Association (NBF) | Association | | ○ | | |
| Norway | Norges Bondelag (Norwegian Agrarian Association) | Association | | ○ | | |
| Norway | Traktor- og Landbruksmaskinimportørenes Forening / Tractor and Agricultural Machinery Importers' Association (TLIF) | Association | | ○ | | |
| Poland | Polish Chamber of Commerce of Agricultural Machines and Facilities (PIGMiUR) | Association | | ○ | | |
| Poland | Polish Confederation Lewiatan | Association | | ○ | | |
| Poland | Polish LNG Platform | Association | | ○ | ○ | |
| Poland | Polski Związek Przemysłu Motoryzacyjnego (PZPM) | Association | | ○ | | |
| Poland | Transport Logistyka Polska (TLP) | Association | | ○ | | |
| Portugal | Asociação do Comércio Automóvel de Portugal (ACAP) | Association | | ○ | | |
| Portugal | Câmara de Comércio Italiana | Association | | ○ | | |
| Romania | Automotive Manufacturers and Importers Association (APIA) | Association | | ○ | | |
| Slovenia | International Association of Fire and Rescue Services (CTIF) | Association | | ○ | | |

| COUNTRY | NAME | TYPE OF INSTITUTION | COMMITMENT FROM CNH INDUSTRIAL | | | |
|---|---|---|---|---|---|---|
| | | | PROJECTS | MEMBERSHIP | POSITION ON GOVERNANCE BODY | FUNDING |
| **EUROPE** | | | | | | |
| Spain | Asociación Española de Fabricantes de Automóviles y Camiones (ANFAC) | Association | | ○ | ○ | |
| Spain | Asociación Española de Profesionales de Automoción (ASEPA) | Association | | ○ | | |
| Spain | Asociación Ibérica de Gás Natural para la Movilidad (GASNAM) | Association | | ○ | ○ | |
| Spain | Asociación Nacional de Distribuidores e Importadores de Maquinaria de Obras Públicas, Minería y Construcción (ANDICOP) | Association | | ○ | | |
| Spain | Asociación Nacional de Maquinaria Agropecuaria, Forestal y de Espacios Verdes (ANSEMAT) | Association | | ○ | ○ | |
| Spain | Camara de Comercio e Industria Italiana para España | Association | | ○ | ○ | |
| Spain | Circulo de Confianza (Nueva Economia Forum) | Association | | ○ | | |
| Spain | Asociación de Empresas del Metal de Madrid (AAECIM) | Association | | ○ | | |
| Sweden | MaskinLeverantörerna (Association for agricultural and construction material) | Association | | ○ | | |
| Sweden | Stregi (Swedish registration statistics on tractors) | Association | | ○ | | |
| Sweden | Swedish Association of Automobile Manufacturers and Importers (BIL Sweden) | Association | | ○ | | |
| Switzerland | Auto-Schweiz (car importer) | Association | | ○ | | |
| Switzerland | International Road Transport Union (IRU) | Association | | ○ | | |
| UK | Agricultural Engineers Association (AEA) | Association | | ○ | | |
| UK | Agricultural Machinery Dealers (FARMING UK) | Association | | ○ | | |
| UK | British Vehicle Rental and Leasing Association (BVRLA) | Association | | ○ | | |
| UK | Confederation of British Industry (CBI) | Association | | ○ | ○ | |
| UK | Construction Equipment Association (CEA) | Association | | ○ | | |
| UK | Freight Transport Association (FTA) | Association | | ○ | | |
| UK | Italian Chamber of Commerce and Industry for the UK | Association | | ○ | ○ | |
| UK | Natural Gas Vehicle Network (NGVN) | Association | | ○ | | |
| UK | Road Haulage Association (RHA) | Association | | ○ | | |
| UK | Society of Motor Manufacturers and Traders (SMMT) | Association | | ○ | | |
| Ukraine | Ukrainian Agribusiness Club (UCAB) | Association | | ○ | | |
| **SOUTH AMERICA** | | | | | | |
| Argentina | American Chamber of Commerce in Argentina (AmCham Argentina) | Association | | ○ | | |
| Argentina | Asociación de Fábricas y Distribuidores Argentinos de Tractores (AFAT) | Association | | ○ | | |
| Argentina | Association of Automotive Manufacturers (ADEFA) | Association | | ○ | | |
| Argentina | Cámara Argentina de Empresas Proveedoras de Equipamiento y Motores (CAEPEM) | Association | | ○ | | |
| Brazil | American Chamber of Commerce for Brazil (AmCham Brasil) | Association | | ○ | | |
| Brazil | Brazilian Agribusiness Association (ABAG) | Association | | ○ | | |
| Brazil | Brazilian Association of Automotive Engineering (AEA) | Association | | ○ | | |
| Brazil | Brazilian Association of Technology for Construction and Mining (SOBRATEMA) | Association | | ○ | | |
| Brazil | Brazilian Federation of Banks (FEBRABAN) | Association | | ○ | | |
| Brazil | Brazilian Machinery Builders' Association (ABIMAQ) | Association | | ○ | | |
| Brazil | Empresa Brasileira de Pesquisa Agropecuária (EMBRAPA) | Government | ○ | ○ | | |
| Brazil | Italian-Brazilian Chamber of Commerce | Association | | ○ | | |

| COUNTRY | NAME | TYPE OF INSTITUTION | COMMITMENT FROM CNH INDUSTRIAL | | | |
|---|---|---|---|---|---|---|
| | | | PROJECTS | MEMBERSHIP | POSITION ON GOVERNANCE BODY | FUNDING |
| **SOUTH AMERICA** | | | | | | |
| 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 | | ○ | | |
| **REST OF WORLD** | | | | | | |
| Australia | Australian Cane Farmers Association (ACFA) | Association | | ○ | | |
| Australia | Australian Fodder Industry Association (AFIA) | Association | | ○ | | |
| Australia | Australian Renewable Energy Agency (ARENA) | Government | ○ | | | ○ |
| Australia | Australian Trucking Association (ATA) | Association | | ○ | | |
| Australia | Bus Industry Confederation (BIC) | Association | | ○ | ○ | |
| Australia | Civil Contractors Federation (CCF) | Association | | ○ | | |
| Australia | Construction & Mining Equipment Industry Group (CMEIG) | Association | | ○ | | |
| Australia | Gas Energy Australia (GEA) | Association | | ○ | | |
| Australia | Heavy Vehicle Industry Australia (HVIA) | Association | | ○ | | |
| Australia | Institute of Quarrying Australia (IQA) | Association | | ○ | | |
| Australia | Italian Chamber of Commerce and Industry (Australia) | Association | | ○ | | |
| Australia | Italian Chamber of Commerce and Industry (Victoria) | Association | | ○ | | |
| Australia | Society of Precision Agriculture Australia (SPAA) | Association | | ○ | | ○ |
| Australia | Swinburne University of Technology | University | ○ | | | ○ |
| Australia | Tractor and Machinery Association of Australia (TMA) | Association | | ○ | ○ | |
| Australia | Truck Industry Council (TIC) | Association | | ○ | ○ | |
| Australia | Waste Contractors and Recyclers Association (WCRA) | Association | | ○ | | |
| Australia | Waste Management and Resource Recovery Association of Australia (WMRR) | Association | | ○ | | |
| China | American Chamber of Commerce in China (AmCham China) | Association | | ○ | | ○ |
| China | China Agricultural Machinery Distribution Association (CAMDA) | Association | | ○ | | ○ |
| China | China Association of Agricultural Machinery Manufacturers (CAAMM) | Association | | ○ | | |
| China | China Association of Automobile Manufacturers (CAAM) | Association | | ○ | | |
| China | China Construction Machinery Association (CCMA) | Association | | ○ | | ○ |
| China | China Internal Combustion Engine Industry Association (CICEIA) | Association | | ○ | | |
| China | European Union Chamber of Commerce in China (EUCCC) | Association | | ○ | | |
| China | Shanghai Facilities and Agricultural Equipment Association (SFAEA) | Association | | ○ | ○ | ○ |
| China | Verband Deutscher Maschinen und Anlagenbau (VDMA China) | Association | | ○ | ○ | |
| Egypt | Italian Chamber of Commerce - Egypt (CCI-Egypt) | Association | | ○ | | |
| India | Confederation of Indian Industry (CII) | Association | | ○ | | |
| India | Euclid Infotech Pvt Ltd | Association | | ○ | | |
| India | Federation of Indian Chambers of Commerce & Industry (FICCI) | Association | | ○ | | |
| India | Indian Construction Equipment Manufacturers' Association (ICEMA) | Association | | ○ | | |

| COUNTRY | NAME | TYPE OF INSTITUTION | COMMITMENT FROM CNH INDUSTRIAL | | | |
|---|---|---|---|---|---|---|
| | | | PROJECTS | MEMBERSHIP | POSITION ON GOVERNANCE BODY | FUNDING |
| **REST OF WORLD** | | | | | | |
| India | Indian Society of Agribusiness Professionals (ISAP) | Association | | ○ | | |
| India | Indo-Italian Chamber of Commerce and Industry (IICCI) | Association | | ○ | | |
| India | Indore Management Association (IMA) | Association | | ○ | | |
| India | InfodriveIndia Pvt Ltd | Association | | ○ | | |
| India | Pithampur Audhyogik Sangathan | Association | | ○ | | |
| India | Tractor and Mechanization Association (TMA) | Association | | ○ | ○ | |
| Morocco | Association Marocaine des Importateurs de Matériel Agricole (AMIMA) | Association | | ○ | | |
| Myanmar | Italy-Myanmar Business Council | Association | | ○ | | |
| New Zealand | Energy Efficiency and Conservation Authority (EECA) | Government | ○ | | | ○ |
| New Zeland | Motor Industry Association of New Zealand Inc. (MIA) | Association | | ○ | | |
| Russia | Association of European Businesses (AEB) | Association | | ○ | | |
| Russia | Russian Association of Specialized Machinery and Equipment Manufacturers (ROSSPETSMASH) | Association | | ○ | | |
| Russia | Russian Natural Gas Vehicle Association (NGVRUS) | Association | | ○ | | |
| Russia | Verband Deutscher Maschinen und Anlagenbau (VDMA Russia) | Association | | ○ | | |
| South Africa | Italian-South African Chamber of Trade and Industries | Association | | ○ | | |
| South Africa | National Association of Automobile Manufacturers of South Africa (NAAMSA) | Association | | ○ | | |
| South Africa | South African Agricultural Machinery Association (SAAMA) | Association | | ○ | | |
| Thailand | European Association for Business and Commerce (EABC) | Association | | ○ | | |
| Thailand | Federation of Thai Industries (FTI) | Association | | ○ | | |
| Thailand | Thai-Italian Chamber of Commerce (TICC) | Association | | ○ | ○ | |
| Turkey | Ankara Chamber of Commerce (ATO) | Association | | ○ | | |
| Turkey | Ankara Chamber of Industry (ASO) | Association | | ○ | | |
| Turkey | Automotive Distributors' Association (ODD) | Association | | ○ | | |
| Turkey | Automotive Industrialists' Association (OSD) | Association | ○ | ○ | ○ | ○ |
| Turkey | Heavy Commercial Vehicles Association (TAİD ) | Association | | ○ | ○ | |
| Turkey | Italian Chamber of Commerce and Industry | Association | | ○ | ○ | |
| Turkey | İzmir Chamber of Commerce (IZTO) | Association | | ○ | | |
| Turkey | Sakarya Chamber of Commerce and Industry (SATSO) | Association | | ○ | | |
| Turkey | Turkey Construction Equipment Distributors and Manufacturers Association (IMDER) | Association | | ○ | | |
| Turkey | Turkish Exporters' Assembly (TIM) | Association | | ○ | | |
| Turkey | Turkish Industry & Business Association (TUSİAD) | Association | | ○ | | |
| Turkey | Turkish Investor Relations Society (TÜYID) | Association | | ○ | | |
| Turkey | Turkish Metal Industrialists Union (MESS) | Association | | ○ | | |
| Turkey | Turkish Society for Quality (KALDER) | Association | | ○ | | |
| Turkmenistan | US-Turkmenistan Business Council | Association | | ○ | | |
| Uzbekistan | Chamber of Commerce and Industry of Uzbekistan | Association | | ○ | | |
| Zimbabwe | Agricultural Dealers and Manufacturers Association (ADMA) | Association | | ○ | | |

# ASSURANCE STATEMENT

## ASSURANCE STATEMENT

### SGS Nederland's report on sustainability activities in the CNH Industrial N.V. 2021 Sustainability Report

**NATURE OF THE ASSURANCE/VERIFICATION**
SGS Nederland B.V. was commissioned to conduct an independent assurance of the CNH Industrial N.V. (henceforth referred to as "CNH Industrial", or "Company", or "Organization") 2021 Sustainability Report.

**INTENDED USERS OF THIS ASSURANCE STATEMENT**
This Assurance Statement is provided with the intention of informing all CNH Industrial Stakeholders.

**RESPONSIBILITIES**
SGS Nederland B.V. is responsible for expressing its opinion on information, graphs, tables, and statements in the Sustainability Report, within the assurance scope described below, for the purpose of informing all interested parties.

SGS Nederland B.V. expressly disclaims any liability or co-responsibility for the preparation of any of the material included in this document or for the process of collection and treatment of the data therein.

The information in the Sustainability Report is the exclusive responsibility of CNH Industrial.

The information in the Report and its presentation are the responsibility of the governing body and the management of CNH Industrial. The Company is responsible for the identification of stakeholders and of material issues, for defining objectives with respect to sustainability performance, and for establishing and maintaining appropriate performance management and internal control systems.

**ASSURANCE STANDARDS AND TYPE AND LEVEL OF ASSURANCE**
The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognised assurance guidance and standards including the Principles contained within the GRI Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and ISAE3000.

The assurance of this Report has been conducted according to the following Assurance Standards: AA1000 Assurance Standard v3 Type 2 evaluation of report content and supporting management systems against the AA1000 Accountability Principles (2018).

Assurance has been conducted at a moderate level of scrutiny.

**SCOPE OF ASSURANCE AND REPORTING CRITERIA**
The scope of the assurance included evaluation of quality, accuracy, and reliability of specified performance information as detailed below.

SGS Nederland B.V. was asked to express an opinion in relation to the assurance scope, which includes the following aspects:

- the evaluation of the Report against the GRI Standards, Core option;
- the review of the Company's approach to the materiality analysis and stakeholder engagement processes and initiatives;
- the assessment of the robustness of the data management systems, information flow and controls, and the verification of qualitative and/or quantitative information to confirm the accuracy and the process of data elaboration and synthesis;
- the performance of a type 2 evaluation of the application of the AA1000 AP (2018) and of the reliability of the information reported;
- the confirmation of the adherence of the sustainability model adopted by CNH Industrial to the requirements of ISO 26000 guidance.

**ASSURANCE METHODOLOGY LIMITATIONS AND MITIGATION**

The verification process is based on SGS Product Procedure for Sustainability Report Assurance and incorporates the AA1000 Assurance Standard as audit criteria. The assurance comprised a combination of pre-assurance research, validation of materiality analysis and stakeholder engagement methodology, the examination of records, procedures and documents, and interviews with personnel and management.

The texts, graphs, and tables included in the Report were verified by selecting, on a significant sample, qualitative and/or quantitative information to confirm the accuracy of the data collection and consolidation process.

Auditing activities were carried out in February 2022 involving the Company's central functions in Turin (Italy) and its plants in Saskatoon (Canada), St. Nazianz (USA), Bourbon Lancy (France) and Brescia (Italy) to assess the reliability of the data reporting process. Concerning the audit at the headquarters in Turin, the audit activities were conducted remotely due to COVID-19 restrictions. The audits at the plants were conducted on site.

Financial data is taken directly from the independently audited CNH Industrial Annual Report as at December 31, 2021, prepared in accordance with accounting standards generally accepted in the United States (US GAAP) for US Securities and Exchange Commission (SEC) reporting purposes. The US GAAP financial results are included in the Annual Report on Form 20-F.

**STATEMENT OF INDEPENDENCE AND COMPETENCE**

The SGS Group of companies is the world leader in inspection, testing, and verification, operating in more than 140 countries and providing services including: management systems and service certification; quality, environmental, social, and ethical auditing and training; environmental, social, and sustainability report assurance.

SGS Nederland B.V. affirms its independence from CNH Industrial, being free from bias and conflict of interests with the Company, its subsidiaries, and stakeholders.

The assurance team was assembled based on the knowledge, experience, and qualifications of the team members, and comprised auditors that are experts in social, governance, and environmental fields and that are registered with ISO9001, ISO 14001, SA8000, ISO 37001, and ISO 50001 standards.

**ASSURANCE OPINION**

On the basis of the verification work performed, we are satisfied, with a reasonable level of assurance, that the information contained in the CNH Industrial 2021 Sustainability Report is accurate, balanced, and reliable, representing a relevant summary of the activities carried out by CNH Industrial in 2021 and an essential tool in communicating with stakeholders.

SGS Nederland B.V. confirms that the information included in the 2021 Sustainability Report provides a material and complete representation of the Company's sustainability performance.

We believe that the Organization has chosen an appropriate level of assurance for this stage in its reporting.

**ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES STANDARD (2018):**

With regards to the level of adherence to the AA1000 Principles (Inclusivity, Materiality, Responsiveness, and Impact), and to the approach of the Company to the materiality analysis and stakeholder engagement processes and initiatives, the audit team provides the following opinion:

**INCLUSIVITY**

The Organization has established a multi-stakeholder participation process that is integrated with the materiality analysis. The stakeholder engagement is continuous and effective and includes employees, customers, dealers, opinion leaders, public institutions, NGOs, investors, and journalists. Further extension of the external stakeholder engagement took place in 2021, by conducting online questionnaires for Opinion Leaders during dedicated training sessions focused on sustainability issues. In light of all that, SGS Nederland B.V. confirmed through the verification that the Organization supports the principle of Inclusivity.

**MATERIALITY**

Fourteen (14) material topics have been identified and prioritized in consideration of the requirements of international guidelines and stakeholder feedback. Based on the interpretation of stakeholders' expectations, the Organization has also defined four (4) sustainability priorities, these being Carbon Footprint, Occupational Safety, Life Cycle Thinking, and People Engagement. The sustainability priorities are further driven by aspirational goals, seen as objectives to strive for over the long term. The Company's senior management has set strategic sustainability targets aligned with the material topics included in the Materiality Matrix, and consistent with its sustainability priorities as well as the UN Sustainable Development Goals (SDGs). The Environmental, Social, and Governance Committee regularly reviews the process for identifying key material issues. In light of all that, SGS Nederland B.V. confirmed through the verification that the Organization has identified key material issues and thus supports the principle of Materiality.

**RESPONSIVENESS**

The Sustainability Report discloses to stakeholders the strategies, programs, projects, and initiatives that address the material topics identified by the Organization. The material issues have also been linked to the SDGs most relevant for the Organization's business activities. The targets and the results for the identified material topics are also disclosed in the Report. In light of all that, SGS Nederland B.V. confirmed through the verification that the Organization supports the principle of Responsiveness.

**IMPACT**

The Organization has provided evidence that the data collection process is effective and robust. Through the Sustainability Report, the Organization fully discloses its impacts with respect to the key material topics and sustainability priorities identified. The disclosure includes a detailed update on the progress made concerning the sustainability targets set by the Organization. In light of all that, SGS Nederland B.V. confirmed through the verification that the Organization supports the principle of Impact.

**ADHERENCE TO GRI STANDARDS**

With reference to the GRI Sustainability Reporting Standards (GRI Standards), the Organization satisfies the principles for defining report content and the principles for ensuring the quality of reported information.

We confirm that the Report is aligned with the requirements of the GRI Standards: **Core option**.

Furthermore, we confirm that the Sustainability Model – integrated into the Company's business model – is in line with the requirements of ISO 26000 guidance.

**For and on behalf of SGS Nederland B.V.**
Andre Siraa
Business Manager
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DocuSigned by:
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Spijkenisse, March 21, 2022

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# GRI CONTENT INDEX

The GRI Content Index is made up of two parts.

1. The first contains references to the disclosures reported in accordance with the Core option, based on the materiality analysis (see page 21).

2. 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 2021 Sustainability Report; however, where specifically stated, the reference is to the 2021 EU Annual Report as at December 31, 2021, 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 | 7 | - | | |
| | 102-2 Activities, brands, products, and services | 7; Annual Report 41 | - | | |
| | 102-3 Location of headquarters | 8; 282; Annual Report 104 | - | | |
| | 102-4 Location of operations | 7 | - | | |
| | 102-5 Ownership and legal form | 8; Annual Report 10; 103; 133 | - | | |
| | 102-6 Markets served | 7; Annual Report 51 | - | | |
| | 102-7 Scale of the organization | 7; 75; 249 | - | | |
| | 102-8 Information on employees and other workers | 77; 242; 253 | - | | |
| | 102-9 Supply chain | 153 | - | | |
| | 102-10 Significant changes to the organization and its supply chain | 153 | - | | |
| | 102-11 Precautionary Principle or approach | 72 | - | | |
| | 102-12 External initiatives | 48 | - | | |
| | 102-13 Membership of associations | 133; 266 | - | | |
| | **Strategy** | | | | |
| | 102-14 Statement from senior decision-maker | 4 | - | | |
| | 102-15 Key impacts, risks, and opportunities | Annual Report 28 | - | | |
| | **Ethics and integrity** | | | | |
| | 102-16 Values, principles, standards, and norms of behavior | 48; 152 | - | | |
| | 102-17 Mechanisms for advice and concerns about ethics | 49; 51 | - | | |
| | **Governance** | | | | |
| | 102-18 Governance structure | 40; Annual Report 91 | - | | |
| | 102-19 Delegating authority | 45 | - | | |
| | 102-20 Executive-level responsibility for economic, environmental, and social topics | 41 | - | | |
| | 102-21 Consulting stakeholders on economic, environmental, and social topics | 21 | - | | |
| | 102-22 Composition of the highest governance body and its committees | 42; Annual Report 97-99 | - | | |

| GRI STANDARDS | DISCLOSURE | PAGE NUMBER(s) AND/OR URL(s) | OMISSION | | |
|---|---|---|---|---|---|
| | | | PART OMITTED | REASON | EXPLANATION |
| | 102-23 Chair of the highest governance body | 41; Annual Report 276 | - | | |
| | 102-24 Nominating and selecting the highest governance body | 41 | - | | |
| | 102-25 Conflicts of interest | 43; Annual Report 99 | - | | |
| | 102-26 Role of highest governance body in setting purpose, values, and strategy | 41; Annual Report 91 | - | | |
| | 102-27 Collective knowledge of highest governance body | 44 | - | | |
| | 102-28 Evaluating the highest governance body's performance | 43 | - | | |
| | 102-29 Identifying and managing economic, environmental, and social impacts | 21 | - | | |
| | 102-30 Effectiveness of risk management processes | 66; Annual Report 87-90 | - | | |
| | 102-31 Review of economic, environmental, and social topics | 21 | - | | |
| | 102-32 Highest governance body's role in sustainability reporting | 21; 47 | - | | |
| | 102-33 Communicating critical concerns | 51 | - | | |
| | 102-34 Nature and total number of critical concerns | 51 | - | | |
| | 102-35 Remuneration policies | Annual Report 111-128 | - | | |
| | 102-36 Process for determining remuneration | 43 | - | | |
| | 102-37 Stakeholders' involvement in remuneration | (a) | - | | |
| **GRI 102: General Disclosures 2016** | **Stakeholder engagement** | | | | |
| | 102-40 List of stakeholder groups | 264 | - | | |
| | 102-41 Collective bargaining agreements | 110 | - | | |
| | 102-42 Identifying and selecting stakeholders | 264 | - | | |
| | 102-43 Approach to stakeholder engagement | 21; 241; 264 | - | | |
| | 102-44 Key topics and concerns raised | 22; 264 | - | | |
| | **Reporting practice** | | | | |
| | 102-45 Entities included in the consolidated financial statements | 237; Annual Report 56-58 | - | | |
| | 102-46 Defining report content and topic Boundaries | 21; 24; 241 | - | | |
| | 102-47 List of material topics | 24 | - | | |
| | 102-48 Restatements of information | 236 | - | | |
| | 102-49 Changes in reporting | 236 | - | | |
| | 102-50 Reporting period | 236 | - | | |
| | 102-51 Date of most recent report | 236 | - | | |
| | 102-52 Reporting cycle | 236 | - | | |
| | 102-53 Contact point for questions regarding the report | 282 | - | | |
| | 102-54 Claims of reporting in accordance with the GRI Standards | 236 | - | | |
| | 102-55 GRI content index | 275 | - | | |
| | 102-56 External assurance | 47; 272 | - | | |
| **Material Topics** | | | | | |
| **GRI 200 Economic Standards Series** | | | | | |
| **Procurement Practices** | | | | | |
| **GRI 103: Management Approach 2016** | 103-1 Explanation of the material topic and its Boundary | 24; 151 | - | | |
| | 103-2 The management approach and its components | 151 | - | | |
| | 103-3 Evaluation of the management approach | 151 | - | | |
| **GRI 204: Procurement Practices 2016** | 204-1 Proportion of spending on local suppliers | 153 | - | | |
| **GRI 300 Environmental Standards Series** | | | | | |
| **Energy** | | | | | |
| **GRI 103: Management Approach 2016** | 103-1 Explanation of the material topic and its Boundary | 24; 179 | - | | |
| | 103-2 The management approach and its components | 179 | - | | |
| | 103-3 Evaluation of the management approach | 179 | - | | |
| **GRI 302: Energy 2016** | 302-1 Energy consumption within the organization | 181; 184; 243; 262 | - | | |
| | 302-3 Energy intensity | 185; 243; 263 | - | | |
| | 302-4 Reduction of energy consumption | 183; 262 | - | | |

(a) *Available on the corporate website after the General Meeting.*

| GRI STANDARDS | DISCLOSURE | PAGE NUMBER(s) AND/OR URL(s) | OMISSION | | |
|---|---|---|---|---|---|
| | | | PART OMITTED | REASON | EXPLANATION |
| **Water** | | | | | |
| **GRI 103: Management Approach 2016** | 103-1 Explanation of the material topic and its Boundary | 24; 167 | - | | |
| | 103-2 The management approach and its components | 167 | - | | |
| | 103-3 Evaluation of the management approach | 167 | - | | |
| **GRI 303: Water and Effluents 2018** | 303-1 Interactions with water as a shared resource | 161; 171; 174; 198 | - | | |
| | 303-2 Management of water discharge-related impacts | 171 | - | | |
| | 303-3 Water withdrawal | 173; 258-259 | - | | |
| | 303-4 Water discharge | 171; 178; 258 | - | | |
| | 303-5 Water consumption | 173; 258-259 | - | | |
| **Emissions** | | | | | |
| **GRI 103: Management Approach 2016**[b] | 103-1 Explanation of the material topic and its Boundary | 24; 151; 167; 179; 188; 194; 206-207 | - | | |
| | 103-2 The management approach and its components | 151; 167; 179; 188; 194; 207 | - | | |
| | 103-3 Evaluation of the management approach | 151; 167; 179; 188; 194 | - | | |
| **GRI 305: Emissions 2016** | 305-1 Direct (Scope 1) GHG emissions | 183; 185; 243; 263 | - | | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 183; 185; 244; 263 | - | | |
| | 305-4 GHG emissions intensity | 186; 244; 263 | - | | |
| | 305-5 Reduction of GHG emissions | 185; 263 | - | | |
| | 305-6 Emissions of ozone-depleting substances (ODS) | 170 | - | | |
| | 305-7 Nitrogen oxides ($NO_x$), sulfur oxides ($SO_x$), and other significant air emissions | 170; 243; 257 | (c) | (c) | (c) |
| **Effluents and Waste** | | | | | |
| **GRI 103: Management Approach 2016** | 103-1 Explanation of the material topic and its Boundary | 24; 167 | - | | |
| | 103-2 The management approach and its components | 167 | - | | |
| | 103-3 Evaluation of the management approach | 167 | - | | |
| **GRI 306: Waste 2020** | 306-1 Waste generation and significant waste-related impacts | 145; 174; 198 | - | | |
| | 306-2 Management of significant waste-related impacts | 168; 174; 243 | - | | |
| | 306-3 Waste generated | 175; 243; 260 | - | | |
| | 306-4 Waste directed to disposal | 175; 243; 260 | - | | |
| | 306-5 Waste diverted from disposal | 175; 243; 260 | - | | |
| **Supplier Environmental Assessment** | | | | | |
| **GRI 103: Management Approach 2016** | 103-1 Explanation of the material topic and its Boundary | 24; 151 | - | | |
| | 103-2 The management approach and its components | 151 | - | | |
| | 103-3 Evaluation of the management approach | 151 | - | | |
| **GRI 308: Supplier Environmental Assessment 2016** | 308-1 New suppliers that were screened using environmental criteria | 155 | - | | |
| | 308-2 Negative environmental impacts in the supply chain and actions taken | 158 | - | | |
| **GRI 400 Social Standards Series** | | | | | |
| **Occupational Health and Safety** | | | | | |
| **GRI 103: Management Approach 2016** | 103-1 Explanation of the material topic and its Boundary | 24; 82 | - | | |
| | 103-2 The management approach and its components | 82 | - | | |
| | 103-3 Evaluation of the management approach | 82 | - | | |
| **GRI 403: Occupational Health and Safety 2018** | 403-1 Occupational health and safety management system | 84 | - | | |
| | 403-2 Hazard identification, risk assessment, and incident investigation | 82; 86 | - | | |
| | 403-3 Occupational health services | 83 | - | | |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | 82; 109 | - | | |
| | 403-5 Worker training on occupational health and safety | 82 | - | | |
| | 403-6 Promotion of worker health | 100 | - | | |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 82 | - | | |
| | 403-8 Workers covered by an occupational health and safety management system | 84; 242 | - | | |
| | 403-9 Work-related injuries | 82; 86; 242; 254-255 | - | | |
| | 403-10 Work-related ill health | 87; 242; 254-255 | - | | |

[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 21).*
[c] *The part omitted is the disclosure of Persistent Organic Pollutants (POP) and Hazardous Air Pollutants (HAP). These are not applicable and not monitored as they are considered insignificant for CNH Industrial's manufacturing processes.*

| GRI STANDARDS | DISCLOSURE | PAGE NUMBER(s) AND/OR URL(s) | OMISSION | | |
|---|---|---|---|---|---|
| | | | PART OMITTED | REASON | EXPLANATION |
| **Training and Education** | | | | | |
| **GRI 103: Management Approach 2016** | 103-1 Explanation of the material topic and its Boundary | 24; 74 | - | | |
| | 103-2 The management approach and its components | 74 | - | | |
| | 103-3 Evaluation of the management approach | 74 | - | | |
| **GRI 404: Training and Education 2016** | 404-1 Average hours of training per year per employee | 256 | - | | |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | 95 | - | | |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | 92 | - | | |
| **Local Communities** | | | | | |
| **GRI 103: Management Approach 2016** | 103-1 Explanation of the material topic and its Boundary | 24; 116 | - | | |
| | 103-2 The management approach and its components | 116; 119 | - | | |
| | 103-3 Evaluation of the management approach | 116 | - | | |
| **GRI 413: Local Communities 2016** | 413-1 Operations with local community engagement, impact assessments, and development programs | 117 | - | | |
| | 413-2 Operations with significant actual and potential negative impacts on local communities | 118 | - | | |
| **Supplier Social Assessment** | | | | | |
| **GRI 103: Management Approach 2016** | 103-1 Explanation of the material topic and its Boundary | 24; 151 | - | | |
| | 103-2 The management approach and its components | 151 | - | | |
| | 103-3 Evaluation of the management approach | 151 | - | | |
| **GRI 414: Supplier Social Assessment 2016** | 414-1 New suppliers that were screened using social criteria | 155 | - | | |
| | 414-2 Negative social impacts in the supply chain and actions taken | 158 | - | | |
| **Public Policy** | | | | | |
| **GRI 103: Management Approach 2016** | 103-1 Explanation of the material topic and its Boundary | 24; 132 | - | | |
| | 103-2 The management approach and its components | 132 | - | | |
| | 103-3 Evaluation of the management approach | 132 | - | | |
| **GRI 415: Public Policy 2016** | 415-1 Political contributions | 141 | - | | |
| **Customer Health and Safety** | | | | | |
| **GRI 103: Management Approach 2016** | 103-1 Explanation of the material topic and its Boundary | 24; 194; 201 | - | | |
| | 103-2 The management approach and its components | 194 | - | | |
| | 103-3 Evaluation of the management approach | 194 | - | | |
| **GRI 416: Customer Health and Safety 2016** | 416-1 Assessment of the health and safety impacts of product and service categories | 203 | - | | |
| | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | 65; 205 | - | | |
| **Marketing and Labeling** | | | | | |
| **GRI 103: Management Approach 2016** | 103-1 Explanation of the material topic and its Boundary | 24; 227 | - | | |
| | 103-2 The management approach and its components | 227 | - | | |
| | 103-3 Evaluation of the management approach | 227 | - | | |
| **GRI 417: Marketing and Labeling 2016** | 417-1 Requirements for product and service information and labeling | 203 | - | | |
| | 417-2 Incidents of non-compliance concerning product and service information and labeling | 65; 205; 229 | - | | |
| | 417-3 Incidents of non-compliance concerning marketing communications | 65; 229 | - | | |
| **Customer Privacy** | | | | | |
| **GRI 103: Management Approach 2016** | 103-1 Explanation of the material topic and its Boundary | 24; 227 | - | | |
| | 103-2 The management approach and its components | 227 | - | | |
| | 103-3 Evaluation of the management approach | 227 | - | | |
| **GRI 418: Customer Privacy 2016** | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | 55; 57; 65; 229 | - | | |

| GRI STANDARDS | DISCLOSURE | PAGE NUMBER(s) AND/OR URL(s) | OMISSION | | |
|---|---|---|---|---|---|
| | | | PART OMITTED | REASON | EXPLANATION |
| **Material Topics not covered by the topic-specific Standards** | | | | | |
| **Circular Product Life Cycle** | | | | | |
| **GRI 103: Management Approach 2016** | 103-1 Explanation of the material topic and its Boundary | 24; 145; 207 | - | | |
| | 103-2 The management approach and its components | 145; 194; 207 | - | | |
| | 103-3 Evaluation of the management approach | 145; 147; 194 | - | | |
| **Autonomous Vehicles and Connectivity** | | | | | |
| **GRI 103: Management Approach 2016** | 103-1 Explanation of the material topic and its Boundary | 24; 194; 218 | - | | |
| | 103-2 The management approach and its components | 194; 218 | - | | |
| | 103-3 Evaluation of the management approach | 194 | - | | |
| **Self-Sustaining Food Systems** | | | | | |
| **GRI 103: Management Approach 2016** | 103-1 Explanation of the material topic and its Boundary | 24; 194; 212 | - | | |
| | 103-2 The management approach and its components | 194; 212 | - | | |
| | 103-3 Evaluation of the management approach | 194 | - | | |
| **Value Chain Management (dealer management)** | | | | | |
| **GRI 103: Management Approach 2016** | 103-1 Explanation of the material topic and its Boundary | 24; 223 | - | | |
| | 103-2 The management approach and its components | 223 | - | | |
| | 103-3 Evaluation of the management approach | 223 | - | | |
| **Digital Workplaces** | | | | | |
| **GRI 103: Management Approach 2016** | 103-1 Explanation of the material topic and its Boundary | 24; 74; 90 | - | | |
| | 103-2 The management approach and its components | 74; 90 | - | | |
| | 103-3 Evaluation of the management approach | 74; 90 | - | | |
| **Innovation-to-Zero** | | | | | |
| **GRI 103: Management Approach 2016** | 103-1 Explanation of the material topic and its Boundary | 24; 165 | - | | |
| | 103-2 The management approach and its components | 165 | - | | |
| | 103-3 Evaluation of the management approach | 165 | - | | |

# ADDITIONAL GRI DISCLOSURES[a]

| GRI STANDARDS | DISCLOSURE | PAGE NUMBER(s) AND/OR URL(s) |
|---|---|---|
| **GRI 200 Economic Standards Series** | | |
| **Economic Performance** | | |
| **GRI 201: Economic Performance 2016** | 201-1 Direct economic value generated and distributed | 15 |
| | 201-2 Financial implications and other risks and opportunities due to climate change | 69 |
| | 201-3 Defined benefit plan obligations and other retirement plans | 79; Annual Report 154; 198 |
| | 201-4 Financial assistance received from government | 15 |
| **Market Presence** | | |
| **GRI 202: Market Presence 2016** | 202-1 Ratios of standard entry-level wage by gender compared to local minimum wage[b] | 78 |
| | 202-2 Proportion of senior management hired from the local community | 93; 242; 255 |
| **Anti-Corruption** | | |
| **GRI 205: Anti-Corruption 2016** | 205-1 Operations assessed for risks related to corruption | 50; 52 |
| | 205-2 Communication and training about anti-corruption policies and procedures | 53 |
| | 205-3 Confirmed incidents of corruption and actions taken | 52; 65 |
| **Anti-Competitive Behavior** | | |
| **GRI 206: Anti-Competitive Behavior 2016** | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | 65; Annual Report 55; 205 |

[a] *Not linked to the material topics.*
[b] *This GRI Standards Disclosure is partially reported.*

| GRI STANDARDS | DISCLOSURE | PAGE NUMBER(s) AND/OR URL(s) |
|---|---|---|
| **GRI 300 Environmental Standards Series** | | |
| **Materials** | | |
| **GRI 301: Materials 2016** | 301-1 Materials used by weight or volume | 154 |
| **Biodiversity** | | |
| **GRI 304: Biodiversity 2016** | 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | 261 |
| | 304-2 Significant impacts of activities, products, and services on biodiversity | 177 |
| | 304-3 Habitats protected or restored | 177 |
| | 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations | 261 |
| **Environmental Compliance** | | |
| **GRI 307: Environmental Compliance 2016** | 307-1 Non-compliance with environmental laws and regulations | 65; 178 |
| **GRI 400 Social Standards Series** | | |
| **Employment** | | |
| **GRI 401: Employment 2016** | 401-1 New employee hires and employee turnover | 75; 250-251 |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees[c] | 78; 102 |
| | 401-3 Parental leave | 102; 256 |
| **Labor/Management Relations** | | |
| **GRI 402: Labor/Management Relations 2016** | 402-1 Minimum notice periods regarding operational changes | 111 |
| **Diversity and Equal Opportunity** | | |
| **GRI 405: Diversity and Equal Opportunity 2016** | 405-1 Diversity of governance bodies and employees | 41; 81; 252 |
| **Non-Discrimination** | | |
| **GRI 406: Non-Discrimination 2016** | 406-1 Incidents of discrimination and corrective actions taken | 52 |
| **Freedom of Association and Collective Bargaining** | | |
| **GRI 407: Freedom of Association and Collective Bargaining 2016** | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | 61; 107; 158 |
| **Child Labor** | | |
| **GRI 408: Child Labor 2016** | 408-1 Operations and suppliers at significant risk for incidents of child labor | 59; 158 |
| **Forced or Compulsory Labor** | | |
| **GRI 409: Forced or Compulsory Labor 2016** | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | 62; 158 |
| **Human Rights Assessment** | | |
| **GRI 412: Human Rights Assessment 2016** | 412-1 Operations that have been subject to human rights reviews or impact assessments | 61 |
| | 412-2 Employee training on human rights policies or procedures | 58 |
| | 412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | 155 |
| **Socioeconomic Compliance** | | |
| **GRI 419: Socioeconomic Compliance 2016** | 419-1 Non-compliance with laws and regulations in the social and economic area | 65 |

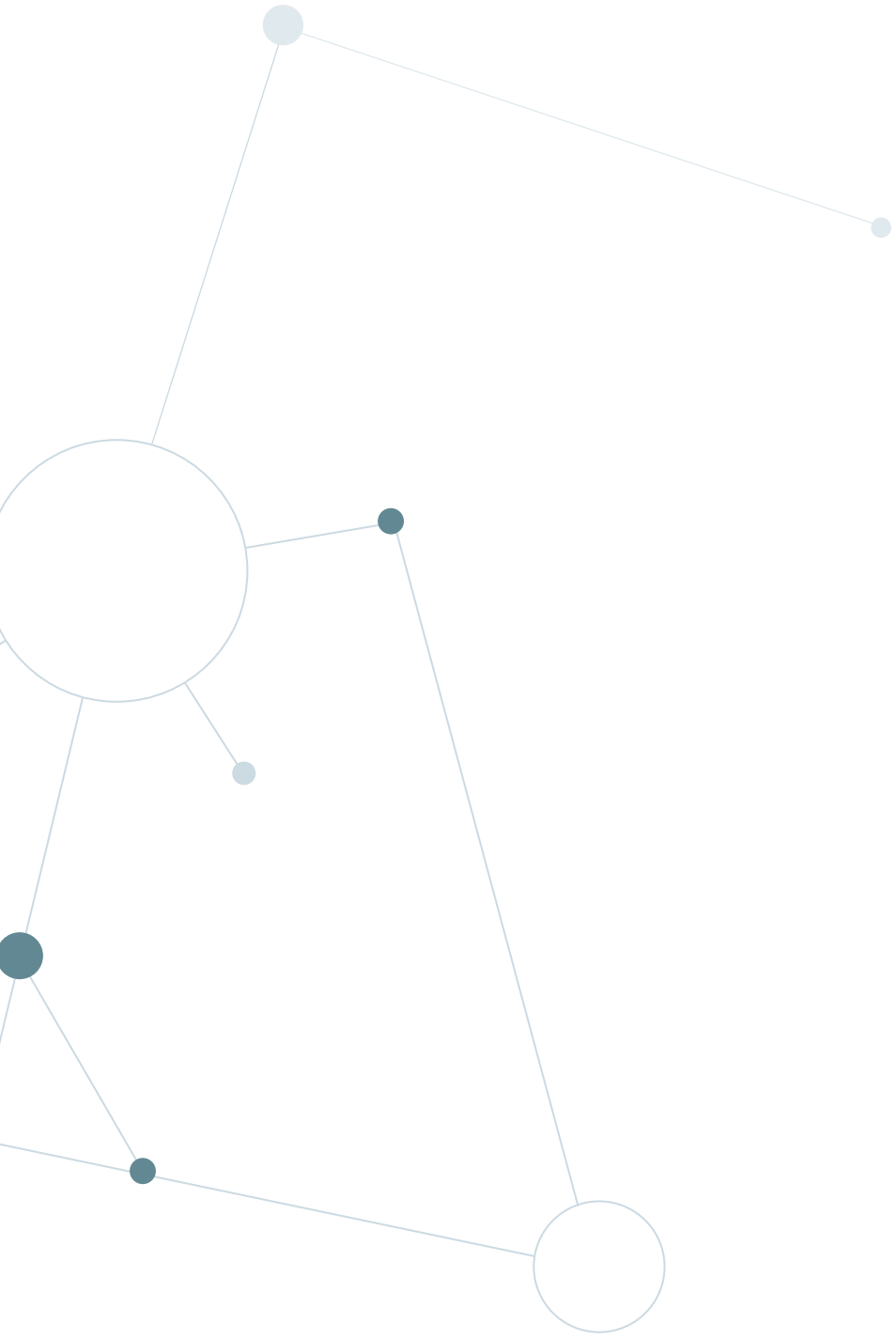
[c] *This GRI Standards Disclosure is partially reported.*

# SASB INDEX

| TOPIC | SASB CODE | METRIC | UNIT OF MEASURE | RESPONSE/ COMMENT | SEE PAGE |
|---|---|---|---|---|---|
| **Activity** | RT-IG-000.A | Number of units produced by product category | Number | Agriculture: 196,000<br>Construction: 42,000<br>Commercial & Specialty Vehicles: 161,178<br>Powertrain: 798,700 | 194 |
| | RT-IG-000.B | Number of employees | Number | 71,895 | 7 |
| **Energy Management** | RT-IG-130a.1 | (1) total energy consumed | Gigajoules (GJ) | 6,783,826 | 262 |
| | | (2) percentage grid electricity | % | 39.1 | - |
| | | (3) percentage renewable | % | 30.2 | 262 |
| **Employee Health and Safety** | RT-IG-320a.1 | (1) total recordable incident rate (TRIR)[a] | Rate | 0.388 | 254 |
| | | (2) fatality rate[b] | Rate | - | 254 |
| | | (3) near miss frequency rate (NMFR)[c] | Rate | 6.208 | 254 |
| **Fuel Economy & Emissions in Use-Phase** | RT-IG-410a.1 | Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles | Gallons per 1,000 ton-miles | (d) | - |
| | RT-IG-410a.2 | Sales-weighted fuel efficiency for non-road equipment | Gallons per hour | (d) | - |
| | RT-IG-410a.3 | Sales-weighted fuel efficiency for stationary generators | Watts per gallon | (d) | - |
| | RT-IG-410a.4 | Sales-weighted emissions of:<br>(1) nitrogen oxides (NOx) and<br>(2) particulate matter (PM) for:<br>(I) marine diesel engines,<br>(II) locomotive diesel engines,<br>(III) on-road medium- and heavy-duty engines, and<br>(IV) other non-road diesel engines | Grams per kilowatt-hour | (d) | - |
| **Materials Sourcing** | RT-IG-440a.1 | Description of the management of risks associated with the use of critical materials | n.a. | CNH Industrial's products are highly complex, typically containing thousands of parts that come from many different direct suppliers within the Company's vast global supply network. This means that the Company must rely on its direct suppliers to work with their upstream supply chain to detect the presence and evaluate the origin of any critical substances contained in components or materials it purchases. The Company has adopted policies, programs, and procedures to manage risks related to material sourcing and to promote responsible sourcing, particularly with regard to tin, tantalum, tungsten, and gold (referred to as conflict minerals or 3TG), as well as cobalt (see Suppliers section). | 63 |
| **Remanufacturing Design & Services** | RT-IG-440b.1 | Revenue from remanufactured products and remanufacturing services | $million | 127 | 148 |

*(a) The total recordable incident rate is the number of recordable work-related injuries and illnesses divided by the number of hours worked, multiplied by 200,000.*
*(b) The fatality rate is the number of work-related fatalities divided by the number of hours worked, multiplied by 200,000.*
*(c) The near miss frequency rate is the number of work-related near misses divided by the number of hours worked, multiplied by 200,000.*
*(d) Given the diversity of its products, the Company is currently identifying a methodology for the calculation of sales-weighted fuel efficiency and emissions data.*

# CONTACTS



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