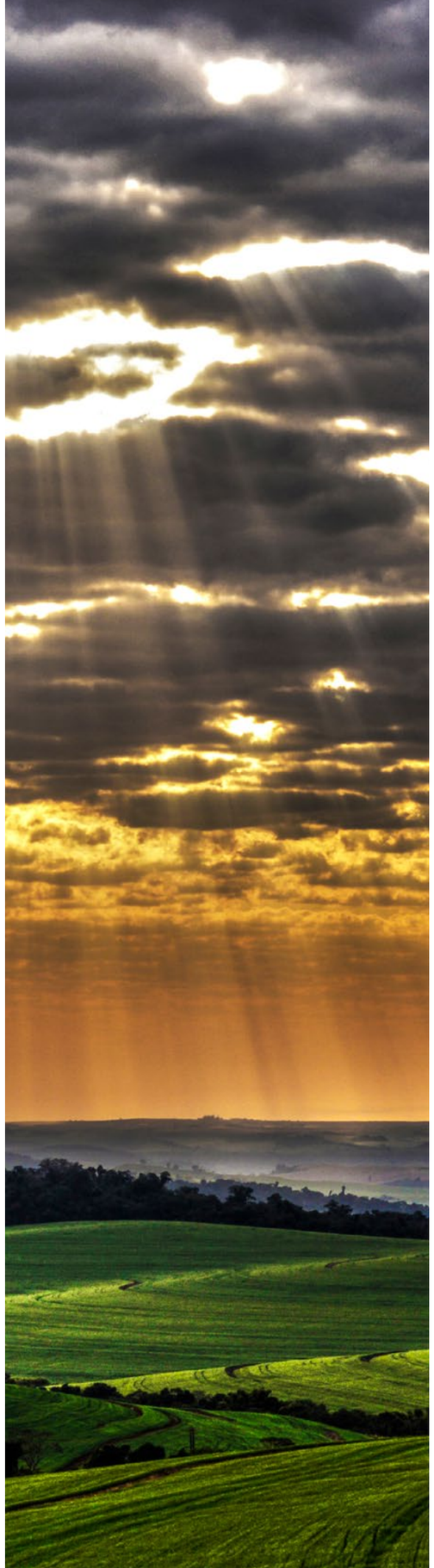
CNH INDUSTRIAL

A SUSTAINABLE YEAR

CONTENTS

RECYCLED
Paper made from recycled material
FSC® C007915



OUR COMMITMENT TO SUSTAINABILITY

CNH Industrial is committed to operating in an environmentally and socially responsible manner, boosting its global growth and profitability while maintaining a high level of sustainability and delivering even greater long-term value for all its stakeholders. Sustainability at CNH Industrial is a way of doing business that involves every area, function, and employee within the Company.

Every year, CNH Industrial continues to develop projects in the effort to improve its sustainability. In 2018, the Company saw major performance improvements, with a 14 percent reduction in the employee accident frequency rate and a 34 percent reduction in CO_2 emissions per hour of production compared to 2014.

During the year, CNH Industrial continued to work towards more ambitious targets for 2030, consistent with the United Nations' Sustainable Development Goals (SDGs) – to cut CO_2 emissions by 60 percent across its plants worldwide, for example, and to obtain 90 percent of its total electricity consumption from renewable sources.

The Company's efforts in 2018 have once again been acknowledged internationally. For the eighth consecutive year, CNH Industrial has been named Industry Leader in the Dow Jones Sustainability Indices (DJSI) World and Europe. Furthermore, the Company scored A- in the CDP Climate Change Program, acknowledging its measures to optimize energy use, cut CO_2 emissions, and mitigate the business risks of climate change. CNH Industrial was also one of only 31 companies to be included in the CDP Water Program's 2018 'A List' for its efforts in water management.

This publication highlights CNH Industrial's ongoing commitment to sustainability and showcases some of its main achievements throughout 2018. It offers a glimpse of the many initiatives carried out during the year by the Company, its people, and its stakeholders, which are also outlined in the Company's 2018 Sustainability Report.

These initiatives are grouped into five sections: Our People and Local Communities, reflecting that people are the core of CNH Industrial's approach to sustainability; Supply Chain and Logistics, highlighting the Company's efforts to reduce its environmental impact by actively involving its suppliers; Manufacturing Processes, describing sustainable initiatives at production plants; and Sustainable Products and Innovation, showcasing the Company's approach to new technologies.

The magazine features interviews with the people directly involved in the projects themselves, because CNH Industrial believes the real key players in sustainability are those who apply it every day.

There's plenty to be proud of.

> "Sustainability at CNH Industrial is a way of doing business that involves every area, function, and employee within the Company

ABOUT CNH INDUSTRIAL

KEY FIGURES

WE ARE A LEADING GLOBAL CAPITAL-GOODS COMPANY ENGAGED IN THE DESIGN, PRODUCTION, MARKETING AND SALE OF EQUIPMENT FOR AGRICULTURE, CONSTRUCTION, COMMERCIAL & SPECIALTY VEHICLES AND ENGINES FOR THIS EQUIPMENT AND FOR MARINE AND POWER-GENERATION APPLICATIONS. WE ALSO PROVIDE COMPREHENSIVE SOLUTIONS FOR FINANCING AND AFTERMARKET SERVICES.

WITH A PRESENCE IN 180 COUNTRIES, WE ARE UNIQUELY DIVERSIFIED ACROSS SEGMENTS AND GEOGRAPHIES.

BRANDS

12

R&D CENTERS

54

EMPLOYEES

64,625

PLANTS

66

REVENUES

$ 29.7bn

NATIONAL MARKETS

180

R&D SPENDING

$ 1.1bn

Note: all figures provided herein are on a US GAAP $ basis unless otherwise indicated and updated at the end of 2018.

COMPANY STRUCTURE: SEGMENTS AND KEY FEATURES

WE OPERATE THROUGH FIVE GLOBAL SEGMENTS: AGRICULTURE, CONSTRUCTION, COMMERCIAL & SPECIALTY VEHICLES, POWERTRAIN AND FINANCIAL SERVICES.

FINANCIAL SERVICES

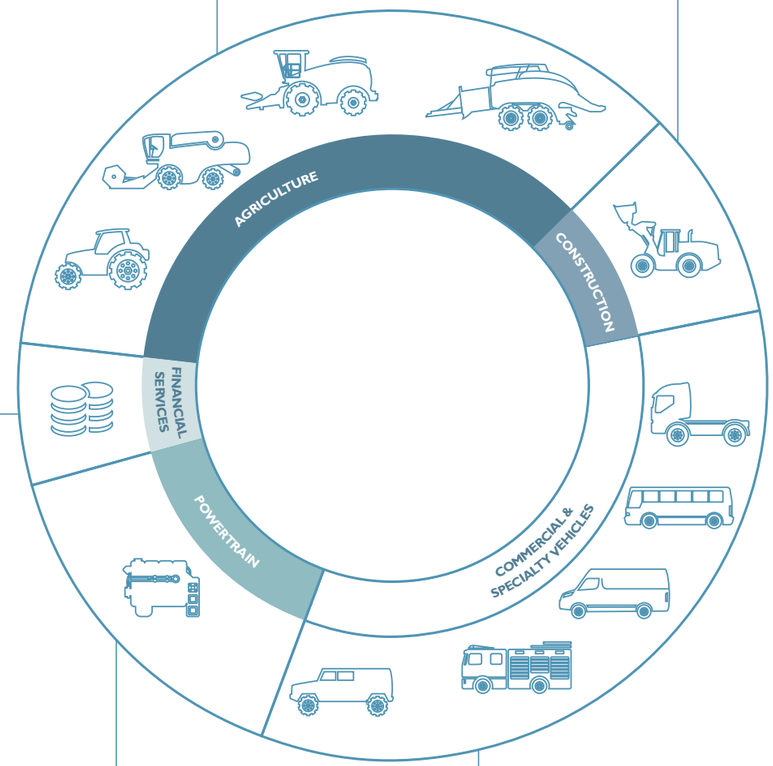
A GLOBAL LEADER IN EQUIPMENT FINANCE, SUPPORTING CUSTOMERS AND DEALERS WITH TAILOR-MADE SOLUTIONS

AGRICULTURE

SECOND-LARGEST MANUFACTURER OF AGRICULTURAL MACHINERY

CONSTRUCTION

A GLOBAL PLAYER IN THE MANUFACTURING OF CONSTRUCTION EQUIPMENT



POWERTRAIN

GLOBAL NUMBER ONE IN HIGHLY REGULATED MARKETS, PRODUCING MORE THAN HALF A MILLION ENGINES A YEAR AND MARKET LEADER IN ALTERNATIVE FUELS POWERTRAINS

COMMERCIAL & SPECIALTY VEHICLES

FIFTH-LARGEST MANUFACTURER OF COMMERCIAL VEHICLES AND THE EUROPEAN MARKET LEADER IN NATURAL-GAS COMMERCIAL VEHICLES AND BUSES

SNAPSHOTS

Staff at CNH Industrial's many plants, research centers and offices around the world have been involved in a range of sustainability initiatives in 2018. This small selection of projects showcases their dedication and ingenuity throughout the year

Lifecycle assessments of F1C engines

FPT Industrial manufactures 3-liter F1C diesel engines used in light commercial vehicles at its plant in Foggia, Italy. In 2014, it launched a pilot project to assess the lifecycle of the engine, measuring its environmental impact in terms of CO_2 emissions from raw materials to final disposal. The carbon footprint and greenhouse gas emissions of the engine were certified by the International Organization for Standardization (ISO/TS 14067) that year, and when FPT Industrial began the three-year certification renewal process in 2018, it decided to pursue a similar certification for its F1C Natural Gas engine, which is also manufactured at the Foggia plant. It aims to get this second F1C engine certified by mid-2019.

Empowering women

CNH Industrial believes that diversity and inclusion are competitive differentiators for innovation. In 2018, 200 female staff were involved in gender-equity initiatives in Europe, Africa, the Middle East and South America, and 300 employees around the world were involved in initiatives to eliminate gender stereotyping and prejudice.

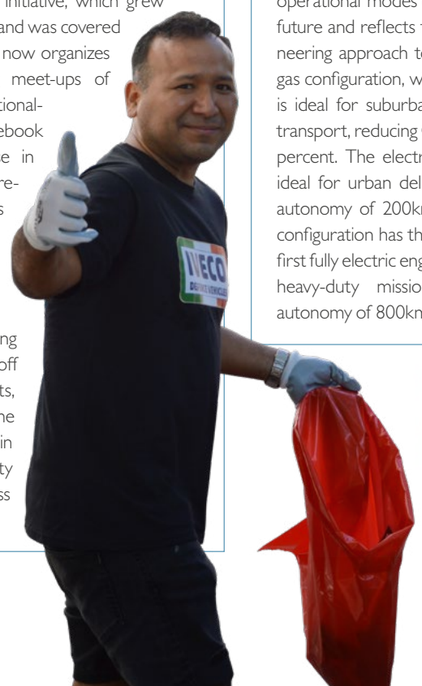
In Europe, some of the Company's most outstanding female employees participated in workshops at schools, sharing their experiences with students and encouraging girls to pursue their ambitions free from limiting stereotypes. Support programs were also organized for mothers returning from maternity leave, and several workshops were held on female leadership, self-awareness, networking, and personal empowerment.

In South America, the Women's Mentoring Project enabled staff in managerial positions to advise emerging talent among the female workforce on topics relevant to Company needs.

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 career potential.

Plogging inspires Captains of Energy

Staff at the Bolzano plant in Italy combined a passion for sport and environmental activism in 2018 when they took up 'plogging', a fitness craze from Sweden that combines jogging with picking up litter. A plant employee and former karate champion from Senegal masterminded this initiative, which grew via word of mouth and was covered by local media. He now organizes weekend plogging meet-ups of employees of all nationalities via a Facebook group. An increase in environmental awareness at the plant has resulted in several employees volunteering as Captains of Energy, who take turns ensuring lights are switched off at the end of shifts, and have become actively involved in the sustainability goals of World Class Manufacturing.



A new engine concept for the future

In 2018, FPT Industrial unveiled the Cursor X – a modular, multi-application power-source concept "designed for Planet Earth" by its Product Development team and CNH Industrial's Design Center. The Cursor X engine will shape the architecture, logic, and operational modes of the power units of the future and reflects the brand's vision and pioneering approach to innovation. The natural-gas configuration, with optional electric mode, is ideal for suburban and regional passenger transport, reducing CO_2 emissions by up to 30 percent. The electric-battery configuration is ideal for urban deliveries, with an estimated autonomy of 200km. The hydrogen fuel-cell configuration has the potential to become the first fully electric engine suitable for long-range, heavy-duty missions, with an estimated autonomy of 800km.

Tree planting

Many CNH Industrial plants were engaged in tree-planting activities during 2018, some of which involved local communities directly.

Employees and family members in Madrid and Valladolid, Spain, planted about 800 trees as part of a reforestation project in two national parks. Meanwhile, staff at the site in Vysoke Myto, Czech Republic, planted almost 700 oak and pine trees in a nearby urban forest, as well as lime trees in the city center.

In North America, more than 700 trees were planted, including 400 in Canada around the Saskatoon plant's perimeter to reduce soil erosion; 100 along driveways and fields in Fargo, USA; and 50 in Querétaro, Mexico, which were planted by 65 employees and their family members.

In South America, a reforestation project in Córdoba, Argentina – begun in 2017 to reduce the carbon footprint around the Company's site – saw 500 trees planted, of which 280 were part of the second phase of the initiative. In Brazil, the Piracicaba plant donated 360 seedlings to its employees to raise awareness of the relationship between tree planting and rainfall, while 800 native seedlings were planted at the site in Sete Lagoas.

In India, New Holland Agriculture planted 45,000 saplings at dealer locations in Pune and Great Noida to bolster community engagement and raise pollution awareness. Similarly, on World Environment Day, the New Holland Construction plant in Pithampur, India, planted 5,000 saplings along a nearby 4.5km road divider.

An environmentally friendly electro-herbicide

AGXTEND is CNH Industrial's aftermarket brand specializing in emerging precision farming and ISOBUS solutions (communication protocols used in mobile machinery) in the agricultural industry. It provides customers with comprehensive access to a range of ground-breaking and dynamic precision technologies.

Among the products offered is XPower, an electro-herbicide that enhances the sustainability of agribusinesses by allowing farmers to replace chemicals with electricity for weeding and the pre-harvest desiccation of crops. Electricity is efficient, effective and environmentally friendly because it can kill weeds down to the roots without spreading potentially harmful chemicals on crops. The commercialization of innovative zero-chemical weed control through the precision use of electric pulses will substantially reduce a farm's environmental impact by providing an effective and more sustainable alternative to agrochemicals.

Karakuri applications

Low Cost Automation is a technology that increases productivity using existing resources and widely available standard components to automate manual operations. Karakuri are good examples – fundamental Low Cost Automation applications used within the World Class Manufacturing (WCM) program.

By exploiting mass, gravity and mechanics via a system of weights, counterweights, springs, and rocker arms, they are designed to deliver tools and components to workers on assembly lines, improving ergonomics and safeguarding against bad posture and unnecessary movements. Karakuri optimize space and cut the time required to perform a task, making the supply, handling, and transport of tools and components much more efficient.

Karakuri applications are developed by the labs at CNH Industrial's plants, with input from all workers: their ideas and suggestions are collected through the WCM system, and they are personally involved in the design and realization of the applications.

Accessibility in Brazil

In Brazil, IVECO BUS launched the Daily Elevittá – a pioneering new bus for the transportation of passengers with reduced mobility. Developed and manufactured in IVECO's industrial complex in Sete Lagoas, it has three seats that can extend outside the vehicle and lift passengers back in. The bus seats 18 people, including three wheelchair users and the driver, and is the first of its kind in Brazil. IVECO BUS also launched SoulClass, a smaller, more affordable version, in executive and school models.

2018 SUSTAINABILITY HIGHLIGHTS

OUR PEOPLE

65% OF **PEOPLE** INVOLVED IN **HEALTH AND WELLBEING** INITIATIVES

+22% VS 2017 IN **TRAINING HOURS** DELIVERED

$83 **MILLION** SPENT ON **HEALTH AND SAFETY**

LOCAL COMMUNITIES

$5.8 MILLION INVESTED IN **LOCAL COMMUNITIES**

PRODUCTS & INNOVATION

+15% VS 2017 IN **ACTIVE PATENTS** OWNED

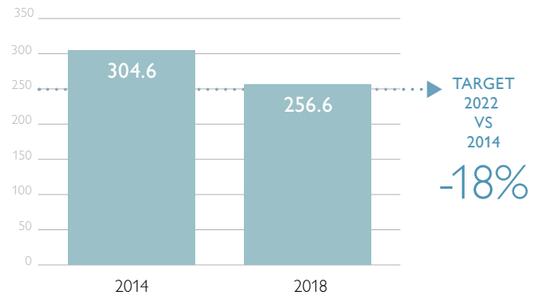
SUPPLY CHAIN AND LOGISTICS

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

46% OF **TIER 1** SUPPLIERS INVOLVED IN THE **SUSTAINABILITY ASSESSMENT**

-15.7% VS 2014 IN KG OF **CO_2 EMISSIONS** PER TON OF GOODS TRANSPORTED (INBOUND, OUTBOUND, AND SPARE PARTS)

CO_2 emissions in logistics processes
(Kg of CO_2 emissions/tons of goods transported)



TARGET 2022 VS 2014 **-18%**

MANUFACTURING PROCESSES

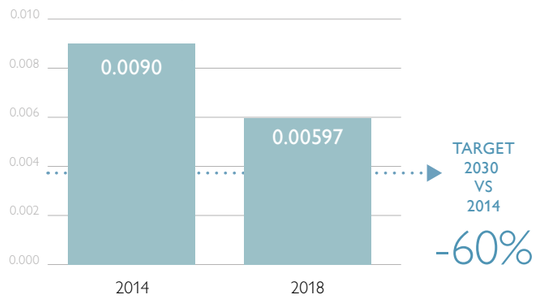
92% OF **WASTE** RECOVERED

70.4% OF ELECTRICITY FROM **RENEWABLE SOURCES**

$127.3 **MILLION** SAVED THROUGH **WCM PROJECTS**

-34% VS 2014 IN **CO_2 EMISSIONS** PER HOUR OF PRODUCTION

Direct and indirect CO_2 emissions per production unit
(tons of CO_2/hour of production)



TARGET 2030 VS 2014 **-60%**

Note: For more info and details, please refer to the Company's 2018 Sustainability Report at www.cnhind.com

CNH Industrial considers its people to be 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. The Company strongly believes that business growth is made possible through personal growth, which is why it invests in the development of its people, creating a virtuous circle.

The Company focuses mainly on:

- promoting employee engagement
- attracting a diverse and qualified workforce
- ensuring an inclusive work environment
- creating a culture of accident prevention and risk awareness
- promoting the development of employees
- supporting training as a key to skill management and development
- promoting welfare and wellbeing
- supporting a dialogue with trade unions and other employee representatives

OUR PEOPLE

GOOD WORK, GREAT REWARDS

Deliveries to a school in Gowke North, Zimbabwe. Far left and below: teams pack food parcels for Race Against Hunger. Top right: insect houses installed in the Czech Republic

CNH Industrial's HR department has stopped sending staff on traditional team-building exercises and is instead using the budget to encourage community action

For the past few years, rather than go to a rugby or football match, go mountain climbing, or spend the evening at a restaurant, teams of CNH Industrial employees have become community volunteers.

Last year, their activities in Europe included: painting classrooms; cleaning up a park in Turin; packing food for African schools; collecting and sorting clothes for the homeless; building insect houses; helping refugees learn a new language and gain work experience; and dressing up as clowns to cheer up sick children in hospital.

Strategic team building

"It's about giving back to the communities in which we work and live, but it's also classical team building," explains Kristof Breyne, who was HR Business Partner EMEA in 2018, and is currently Head of HR Agriculture Segment at CNH Industrial.

As with many large organizations, staff at CNH Industrial are constantly evolving, and the Human Resources department is focused on supporting the cohesion of teams, and reinforcing and developing their skills in line with the Company's targets.

"Two years ago, we decided to align team-building activities with the Company's increased focus on sustainability and supporting local communities. As a result, today we don't invest in social events, but on community exercises that support team-building activities," explains Breyne.

"Cohesion is really important to a team's success, but you have to work at that. Now every team-building activity we carry out not only strengthens our teamwork, but also helps the community," he says.

These activities might have an environmental or a social aspect, but they always have a link to CNH Industrial's focus on six of the United Nation's Sustainable Development Goals – zero hunger, good health and wellbeing, decent work and economic growth, reduced inequality, responsible consumption and production, and climate action.

"We saw that we had an important role to play, but we have to ensure that our efforts have real benefit. That's very important," says Breyne. The activities are also always aligned with the Company's own products and segments – for example, cleaning up a park ties into agriculture, while IVECO vans are used in food distribution.

Increasing internal involvement

According to his colleague Marco Risso, HR Leadership Development Manager, the events are increasingly capturing employees' imaginations. "We've seen more engagement from within the Company this year than last. It's really building, and we expect it to continue to grow," he says.

"People come to us with suggestions – maybe something they are already doing in their own time that they think we could get involved in," he adds.

This is how the Company became involved in clowning about in a hospital in Turin, and with food collections in the city on behalf of charity Colletta Alimentare. But it also supports international and national organizations such as Race Against Hunger, where teams pack food for African schools, and Sermig, which collects clothes for the homeless and less well off in Turin.

Many of the initiatives are organized throughout Europe as well. For example, in the Czech Republic activities have included groups from the finance and ICT departments taking part in a day of problem-solving activities. It culminated in the two winning teams building wooden insect houses that were donated to two local kindergartens, (picture above).

Building a stronger Company

According to Breyne, feedback is unanimously positive. "Participants tell us that doing something together to make a difference makes them all feel proud. They have a shared memory of doing something good and it makes them stronger. I know from my own experience that when I drive past the school I helped paint I have a completely different emotional experience than I do passing a restaurant where I've eaten with colleagues," he adds.

Having said that, Risso admits that it does involve a change of mindset. "It is important to explain what happens. We need people to understand that it's about doing something important that benefits not just the community, but the Company, too, and that they are not two separate worlds," he says. "It's about gaining their trust. Once we have that they are enthusiastic supporters."

Both Risso and Breyne believe that the result is a stronger CNH Industrial that helps improve not only the environment and the conditions of those it works with, but also wider communities. "It's a sustainable win-win, and one that can keep on growing," says Breyne.

> "Today we don't invest in social events, but on community exercises that support team-building activities"
>
> Kristof Breyne
> Head of HR Agriculture Segment

WHAT AN IMPACT A DAY MAKES

As part of a sustainability program, staff across North America focus on personal development through volunteering. For example, they harvest crops, build homes and make snack packs to help their communities

For those used to sweating over spreadsheets, you'd think a day in a field cutting cabbages surrounded by mosquitoes in 80°F (27°C) would make them hot under the collar. But you'd be wrong. When volunteers from CNH Industrial's plant in Racine, Wisconsin, helped out at the Hunger Task Force Farm, one of the state's largest suppliers of fresh, healthy produce for food banks, the talk was of nothing but fulfillment.

Fostering a sense of achievement

"Everyone was surprised at how difficult the work was, but also at how rewarding it was," says Brian French, Head of Human Resources and Industrial Relations North America at CNH Industrial. "This is challenging work. It's backbreaking in tough conditions. But it gave everyone an absolute sense of fulfillment. What they were doing was hard but invaluable – harvesting crops and getting food to the table for those who need it."

The day spent cabbage-cutting was just one of 93 Impact Days held last year in North America during which CNH Industrial staff helped local communities fulfill a local need. As part of the Company's sustainability program, these initiatives help forge links between staff and communities, and also contribute to CNH Industrial's team-building strategy.

Volunteers from CNH Industrial's plant in Racine, Wisconsin, had an Impact Day cutting cabbages for the Hunger Task Force, which supplies fresh produce for food banks

> The nice thing about #ImpactDay is you can work with prearranged activities or create one that suits your team's interests – there is a way for everyone to contribute
>
> Michelle Altilio
> HR Business Manager at CNH Industrial

"The Impact Days we held at the Hunger Task Force Farm are a really nice marriage between what we do as an agricultural-equipment supplier and helping the community. It helps strengthen our teams and creates relationships and bonds with the community," says French.

Building bonds

Another organization that CNH Industrial supports through Impact Days is the charity Habitat for Humanity, which builds homes for people without a permanent place to live. "These people might be living with friends, be in shelters, or be struggling to afford their rent. The future homeowners have to contribute to the build, but over time they can get to own the home they helped construct," explains French.

The Company encourages staff from as many locations as possible to get involved with Habitat for Humanity, and also donates money and sometimes equipment. "But it's more about employee labor and time," stresses French.

Staff are welcome to suggest ideas for other Impact Days, with team managers being the ultimate decision-makers. "It's usually a discussion among those involved, but whatever they want to do must fit within the scope of our sustainability goals," says French.

Get kitting

One highly successful project took place in August last year and involved staff from 12 different locations across North America, including corporate offices in Racine, Burr Ridge, New Holland, eight plants and a training center. The idea was to assemble kits that fulfilled different local communities' needs. Michelle Altilio, HR Business Manager at CNH Industrial, who organized the initiative, was also one of the participants.

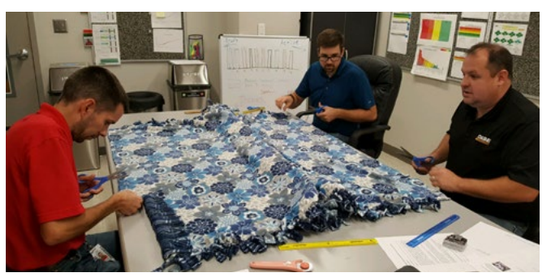
"Over two weeks in August last year, 132 Quality and Product Support employees made more than 910 kits. Some made school kits, collecting supplies from donors and taking them to a central location to be sorted and put together. They also painted inspiration rocks to be installed in an elementary school with slogans such as 'Give it Your All!' and 'Dream Big', she explains. "A group from New Holland made snack packs for the start of the new school term and hygiene kits for local homeless families. Another team in Wichita made comfort kits for the sheriff's department to give out to children in crisis. In Burr Ridge we made 'Welcome Home Hampers' to give to homeless youth living in transitional housing to help them settle in."

Last year, 560 employees took part in an Impact Day, but some, like Altilio, joined more than one. "The nice thing about #ImpactDay is you can work with prearranged activities or create one that suits your team's interests – there is a way for everyone to contribute," she explains.

A common goal

While Impact Days vary hugely, they all have one thing in common. They foster invaluable connections – between the volunteers themselves and between them and those they are helping.

"You've got to remember a couple of things. Everyone can get involved – from a regional leader to a new recruit with only a few weeks under their belt. They all work side by side and get to see each other in a very different environment. And then there's the work they do – helping others. Together, these things have a huge impact," says French.



NAFTA Quality and Product Support employees made more than 910 kits for schools

INDUSTRY 4.0 OPENS UP NEW POTENTIAL

Under the Industry 4.0 program, two VR pilot projects have led to huge reductions in errors – and are making the workplace less stressful, safer and more efficient

As the future hurtles towards us, it's important to evaluate technologies in various stages of maturity that may help us become safer and more effective. CNH Industrial's Industry 4.0 program was launched in September 2018 with the remit to find and apply the best technologies at the right time and right place.

Industry 4.0 includes 30 experimental projects looking at 14 different technologies. All fall into three categories: digitization of manufacturing, which includes Internet of Things and artificial intelligence; automation; and information and communication technologies. Such projects are kept small to ensure speedy training and delivery, and serve as the starting point for broader initiatives in the future.

The Company initially looked at virtual reality in manufacturing and soon realized it has far wider potential. "VR's great for training safely, but beyond that we can see it helping to configure workstations for specific staff needs or making processes more efficient to reduce energy use and waste," says Peter Ommeslag, who has global responsibility for Industry 4.0 at CNH Industrial.

Saving time and improving safety

In February 2018, Josh Perlman, Manufacturing Engineer at New Holland in Pennsylvania, started looking for a VR program that could help train staff driving stand-up reach trucks. "I found an off-the-shelf solution that only needed a little tweaking," he says. Within 12 weeks of signing up with Forklift Simulator, he was putting the first trainees through their paces.

"Thirty training modules cover everything from turning the machine to lifting a heavy load at height. The controls mirror those of the reach truck, and you can see your hands. The whole course takes 32 hours to complete, which is faster than it would take in the warehouse," he says.

But it's not just about saving time; the primary motivation is to improve safety. "The program tracks any errors and areas that need further work. Should a trainee make a mistake, no one gets hurt and nothing gets damaged," he adds.

Five recruits have already completed the VR training and the number of near misses and accidents has fallen to zero. Perlman is now investigating how to extend the VR training to existing employees.

Reducing stress and improving production

In Zedelgem, Belgium, Engineering and Tool Design Manager Dirk Leupe is using a VR environment to train combine harvester production-line staff after the University of Ghent approached him to see if its gaming research had applications in industry.

"In a VR environment, trainees can go at their own speed and get faster as they get more confident," he says. Since going live in August last year, four people have been trained and are now working on the real production line. "They are not making mistakes so are less stressed. But it also means we can deliver on time and don't incur repair costs."

Above: the success of training programs using virtual reality in the US and Belgium is firing up the Industry 4.0 team to build a detailed strategy for the wider implementation of this and other technologies across the Company

CNH Industrial promotes open dialogue to ensure that the legitimate expectations of local communities are duly taken into consideration, and voluntarily endorses projects and activities that encourage their economic, social and cultural development. Moreover, CNH Industrial acts in a socially responsible manner by respecting the culture and traditions of each country, and by operating with integrity and in good faith to earn the trust of each community.

CNH Industrial has adopted a global strategy to provide guidance in:

- supporting relief efforts during natural disasters
- promoting young people's education
- promoting projects to improve food availability
- promoting projects to combat climate change
- assessing the social value generated by the Company's main projects

LOCAL COMMUNITIES

AIMING HIGH

In Brazil, staff from the local New Holland Agriculture plant and CNH Industrial Capital have partnered with Gente de Bem, a philanthropic institution (non-governmental organization) that works with disadvantaged teenagers to raise their self-esteem and professional ambitions

Brazil's education system ranks 68th out of 73 countries in mathematics and 62nd in reading, according to the Organization of Economic Co-operation and Development's Program for International Student Assessment (PISA); fewer than half of adults (49 percent) aged between 25 and 64 are high-school graduates. There are various reasons for this underperformance, according to Luciano Diniz, founder and director of NGO Gente de Bem, including low pay and poor training for teachers.

However, for teenagers from low-income backgrounds, poor academic results are not the only obstacle preventing them from reaching their full potential. A lack of self-esteem, very limited exposure to what professional jobs are out there and little awareness of what the worlds of work or university are really like are also holding them back, says Diniz. He works with sponsors and companies such as CNH Industrial to improve education and social development, and also encourages employees to share their knowledge and experiences with students, to make highly-skilled workplaces accessible to them.

"I really believe education is the only way to change a person's life," says Diniz. "By that, I don't mean simply learning math and Portuguese, and following the same system we've had for 200 years – we need to educate the whole person, to consider their emotional development, too."

Main picture and above: Gente de Bem helps disadvantaged teenagers from low-income backgrounds to consider what they are good at and what needs work. Right: Luciano Diniz, founder and director of the NGO

For disadvantaged students, "often their parents will tell them it's not possible for them to achieve the things they dream about, but our job is to help them to believe in themselves," adds Diniz. He grew up under such circumstances himself, but with the right support was able to get good qualifications and become an engineer, before starting his charity in 2006.

Gente de Bem, which translates as 'good people', has worked with around 20,000 teenagers and teachers over the past 12 years and currently runs projects in 11 schools across Brazil, serving 2,200 students aged between 14 and 17. The organization also works with around 80 teachers to raise their level of skills, including awarding graduate training scholarships in partnership with the Finnish embassy in Brazil (Finland has one of the highest-ranking education systems in the world).

Although Gente de Bem "works with dreams", it does so in a very practical way, says Diniz. Students, often those with the lowest grades, volunteer to attend its sessions, which use drama and art as a way of discussing ideas. They also receive talks from guest speakers and take part in groups where they get advice on how to create a résumé, how to apply for a job and what employers are looking for, as well as how to get scholarships to meet the cost of a university education.

Gente de Bem also works towards overcoming psychological barriers, helping students consider what they are good at and what needs work, and encouraging them to aim high through visits to universities and leading companies.

"We give them positive experiences – we go to the best universities and meet students from similar backgrounds who can say to them 'You can be here in the future if you want to be'," explains Diniz.

Two divisions of CNH Industrial – CNH Industrial Capital and New Holland Agriculture – sponsor Gente de Bem's work at Dirce Celestino do Amaral State School in the industrial city of Curitiba, located in the same neighborhood as one of CNH Industrial's complexes. The teenagers taking part in the program have visited the plant twice, spending time with employees including executive staff, and learning about their career paths and backgrounds.

"We do a lot of visits with students coming to see how we build the machines, but with Gente de Bem we also wanted to share information about our lives and careers, and the expertise of our employees," says Erika Michalick, Sustainability, South America, at CNH Industrial.

"In Curitiba we saw a great opportunity to improve the education of children and young people. The neighborhood has high rates of school dropout and violence from drug trafficking, and we understood that the project's approach could help young people who are looking for new opportunities," adds Michalick

"It was an opportunity to talk to the president of the financial arm of the Company in South America (CNH Industrial Capital) and the plant, and gave the students so much to think about," adds Diniz.

Gente de Bem aims to work in 100 schools across Brazil over the next three to five years, says Diniz. Working in partnership with companies such as CNH Industrial will improve the social landscape. CNH Industrial shares his overarching goal: "We're tackling social problems and we want to do it close to the community," says Diniz.

Employees at the Company's plant in Curitiba shared their experiences and expertise

SUPPORT FOR FOOD SECURITY

Above: FFA students visited the plant in New Holland for Food Security Week. Below: they put together food packages in Racine for local charitable organizations who support those who struggle to afford the basics

Food security is defined by the United Nations' Food and Agriculture Organization as people having "physical and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life."

According to the US Department of Agriculture, 870 million people around the world do not have this kind of security, and pressure on food supplies is growing as the global population expands. Nor is the problem confined to developing nations; in the US, it is estimated to affect 40 million, according to Feeding America, a hunger-relief organization that runs food banks across the country.

A new drive to support food security

CNH Industrial works with farmers every day to improve their yield, and this makes food security a natural priority; the issue is one of CNH Industrial's philanthropic focus areas in North America. To keep it front and center for all employees, this year the Company held its first Food Security Week – a series of events demonstrating its commitment both at a global level, in terms of making farming more productive and sustainable, and locally, in the communities where it works.

On May 1, 2018, young people from FFA (formerly known as Future Farmers of America) groups came to CNH Industrial's headquarters in Burr Ridge, Illinois; to New Holland, Pennsylvania; and to Racine, Wisconsin. They toured the facilities before putting together food and hygiene packages for local charitable organizations supporting people struggling to afford the basics. Together with the FFA students, our employees at Burr Ridge assembled 200 hygiene kits, and in both Racine and New Holland put together 400 'snack packs' of non-perishable food. In the afternoon, college-level FFA officers and Vice Presidents for CNH Industrial's own Alumni and Supporters chapter presented to employees about FFA, its relationship with CNH Industrial, and our shared focus on improving food security.

The National FFA Organization and its local chapters offer training and support to students embarking on careers in agriculture. The Company donated more than $260,000 to FFA organizations in 2018, primarily through the Case IH and New Holland Agriculture brands and CNH Industrial Capital. Close to 300 people participated in FFA Day events.

Regional initiatives

Food Security Week was one of the largest events of its kind that CNH Industrial has held in North America, in terms of the number of locations and employees involved. As well as the events with FFA, Leandro Lecheta, Head of Finance for the Company's Agriculture segment, hosted a town-hall session (questions and answers via video link), with sustainability and support for local communities, including food security, as part of the conversation. This was live-streamed to all salaried employees in North America.

Staff also held food drives and donated around 11,000 pounds (5 tons) for local food banks and charitable groups. Among the depots, Dallas, Texas, came out on top, while Burlington, Iowa, led the manufacturing sites for contributions.

"Before our food drive began, we watched a video clip from a local community action center in which we saw a recent retiree from our plant volunteering to help people stock their shelves. This really struck home with a lot of us and motivated us to do more," says Noah Dellinger, Maintenance Manager at CNH Industrial, who was responsible for managing the food collection in Burlington.

Over and above Food Security Week, facilities across North America have built lasting partnerships with food security organizations such as the Hunger Task Force Farm, which grows fresh produce for food pantries and other programs supporting the hungry, near CNH Industrial's Racine sites. Staff volunteer at the farm throughout the year, and in 2017 a New Holland tractor was donated.

The Company plans to run Food Security Week again in 2019, spurred by its success last year in raising awareness among staff and energizing them to give back to their local communities.

BACKING SUSTAINABLE FARMING IN KENYA

Main picture: FPT Industrial donated an irrigation system to Jomo Kenyatta University of Agriculture and Technology in Nairobi to train staff and students, above

FPT Industrial partnered with one of Kenya's top universities to train students in using irrigation sustainably – a top priority for the country's agriculture sector

Kenya is 10 years into its Vision 2030 program, designed to transform the East African nation into "a newly industrializing, middle-income country providing a high quality of life to all its citizens in a clean and secure environment." One of the pillars of the program is growing the economy by an average of 10 percent a year to 2030, and agriculture is one of six sectors the country is focusing on to achieve this.

Agriculture accounts for 70 percent of the workforce in Kenya and close to 25 percent of gross domestic product (GDP), according to a 2017 report from the US Department of Commerce. One of the biggest challenges for Kenyan farmers as they seek to improve productivity is irrigation: according to the UN's Food and Agriculture Organization, the country has just 947m³ of water per inhabitant, compared with 23,577m³ in the Democratic Republic of Congo.

To aid Kenya's progress in using its scarce water resources efficiently, CNH Industrial – with its brand FPT Industrial – supports training in sustainable, modern farming techniques for students at Jomo Kenyatta University of Agriculture and Technology in Nairobi. It has partnered two non-profit organizations – the Milan Center for Food Law and Policy, which promotes food security and sustainability, and the E4Impact Foundation, which works with universities in Africa to train students in entrepreneurship that combines a positive social impact with financial success. Some 440 final-year engineering students have already completed the course, which covers sustainable development, as well as practical training in using an irrigation system.

As part of the initiative, FPT Industrial donated to the university an irrigation system made by Idrofoglia and powered by FPT's F32 engine, and also trained university staff to use it so they could pass on their knowledge to students.

"For us, this project was not about making a donation, but giving a service and establishing a relationship with the local community," says Federico Gaiazzi, Head of Global Marketing, Powertrain, CNH Industrial.

The irrigation system given to the university contributes to the country's goal of making farming more productive and sustainable because its power system moves it at the right speed around a field to distribute the water in a uniform way. It also works with any crop; corn is Kenya's main staple food, and the country is the world's biggest exporter of black tea and cut flowers. Increasing the irrigated land in Kenya by a million acres was one of the early goals of Vision 2030.

"The areas this project touches on are fully in line with the sustainability strategy of CNH Industrial and FPT – training young people in our local communities about water, food security and environmental impact," says Daniela Ropolo, Head of Sustainable Development Initiatives for CNH Industrial in Europe, Africa, the Middle East and Asia. "We would like the training to become a core part of the course at the university."

Dr Domsan Maleesee, Dean of the Faculty of Engineering, King Mongkut's Institute of Technology Ladkrabang (KMITL), at the handover ceremony for the TT55 tractor donated by CNH Industrial

UNIVERSITY PARTNERSHIP IN THAILAND

Engineering students in Bangkok get hands-on training from CNH Industrial

Thailand is the world's second-largest rice exporter after India, exporting a record 12.7m tons in 2017, according to the UN's Food and Agriculture Organization. It is also the world's second-largest sugar exporter after Brazil, according to the International Sugar Organization. CNH Industrial has been working with Thai farmers since 1952, when the first Fordson tractor was exported to the country; two years ago, the Company decided to further increase its commitment to Thailand.

The regional headquarters for Southeast Asia was already located in Bangkok and in 2017, CNH Industrial opened a second office in the city, dedicated to sales and after-sales for the New Holland Agriculture and Case IH brands, which are key local players in the tractor and sugar-cane harvester segments respectively. To better serve the local community and ensure the Company has the skilled employees it needs in the future, CNH Industrial established an internship and training program for agricultural engineering students from the neighboring King Mongkut's Institute of Technology Ladkrabang (KMITL).

CNH Industrial is serious about its business in the country and is willing to contribute to the education system in Thailand. That's why it chose KMITL, one of the top engineering schools, with graduates of the highest quality.

The Company donated a New Holland TT55 tractor to the university in 2018, to be used as a practical demonstrator in the training of 100 students and engineers each year, as part of the agricultural engineering curriculum. One of CNH Industrial's employees in Thailand gives the lectures.

> "We are committed to being a long-term partner in the development of the country's agricultural mechanization
>
> **Emre Karazli,** SEA Sales & Marketing Head, Agriculture,

CNH Industrial also offers internships to fourth-year students at KMITL, who must carry out a practical placement to complete their degree. Last year, the Company took on three students as interns, two of whom became full-time employees after graduation.

In addition, KMITL alumni working at CNH Industrial went back to the university to give a talk to final-year students about all the Company's activities in the country, which include construction equipment, commercial vehicles and engines, as well as agricultural machinery.

Although CNH Industrial does not currently manufacture in Thailand, engineering skill is very important for the Company and its sales and product functions, and it's key to the health of the organization.

The training and development program with KMITL is part of the Company's commitment to making a positive contribution to the communities in which it operates, as well as improving the productivity and sustainability of farming in Thailand.

"We are committed to being a long-term partner in the development of the country's agricultural mechanization," says Emre Karazli, SEA Sales & Marketing Head, Agriculture, at CNH Industrial.

Emre Karazli from CNH Industrial and fourth-year students at KMITL

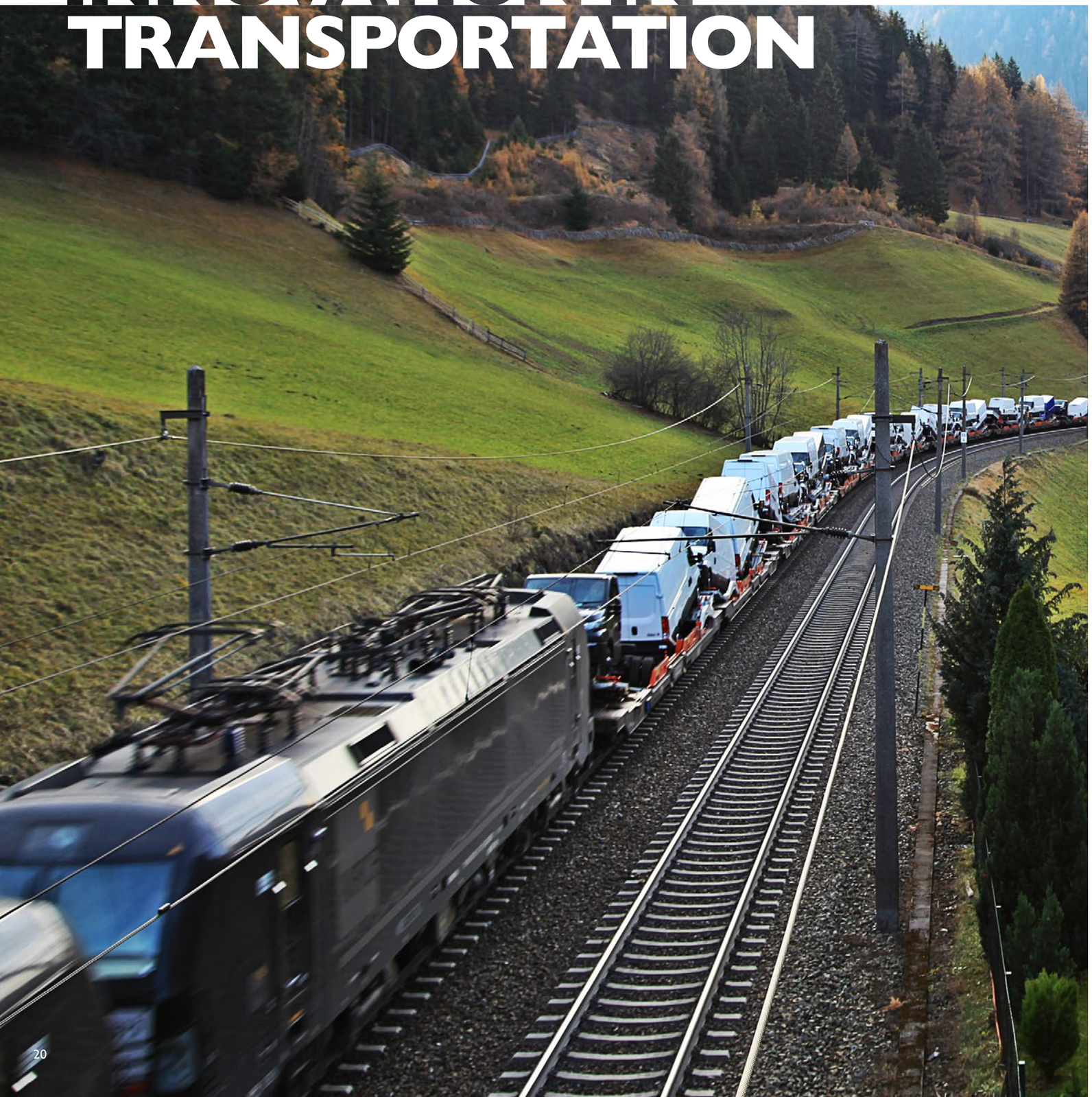
For CNH Industrial, supply-chain sustainability means looking beyond corporate boundaries, and strategically and effectively promoting a sense of shared responsibility. Advocating socially and environmentally responsible behavior across the entire supply chain is one of the Company's primary commitments, along with spreading a culture of sustainability among suppliers and those Company employees who work with suppliers every day.

The Company focuses mainly on:

- applying contractual clauses that support sustainability
- assessing suppliers based on their commitment to sustainability
- promoting ongoing dialogue and the exchange of ideas
- increasing low-emissions transport
- adopting intermodal solutions
- optimizing transport capacity
- minimizing the use of non-reusable packaging and protective materials

SUPPLY CHAIN & LOGISTICS

INNOVATION IN TRANSPORTATION



CNH Industrial's new intermodal system boosts efficiency and sustainability

Transporting IVECO vans from CNH Industrial factories in Italy to northern Europe can be challenging. Roads are congested, driving regulations are increasing, and there is a shortage of transport capacity.

CNH Industrial's Transport Logistics team devised a sustainable business solution – the introduction of an intermodal transport route. Based on a specially adapted train, the new service stretches from the IVECO light vehicle plant in Suzzara, Italy, to a new distribution center in Rheine, Germany.

"The challenge was clear," explains Dror Noach, Head of Transport Logistics, CNH Industrial. "Europe's motorway network is highly regulated and congested, and currently there's a shortage of more than 150,000 truck drivers. We realized we needed to create a new transport model."

A regular, reliable and sustainable service

The first train left the temporary terminal at Sona, 70km from Suzzara, in September 2018, with a full bi-weekly service carrying 71 vans on a 24-hour journey across the continent. A third weekly train will be added to the schedule when extra capacity is needed. The new direct terminal from Suzzara will be ready from June 2019.

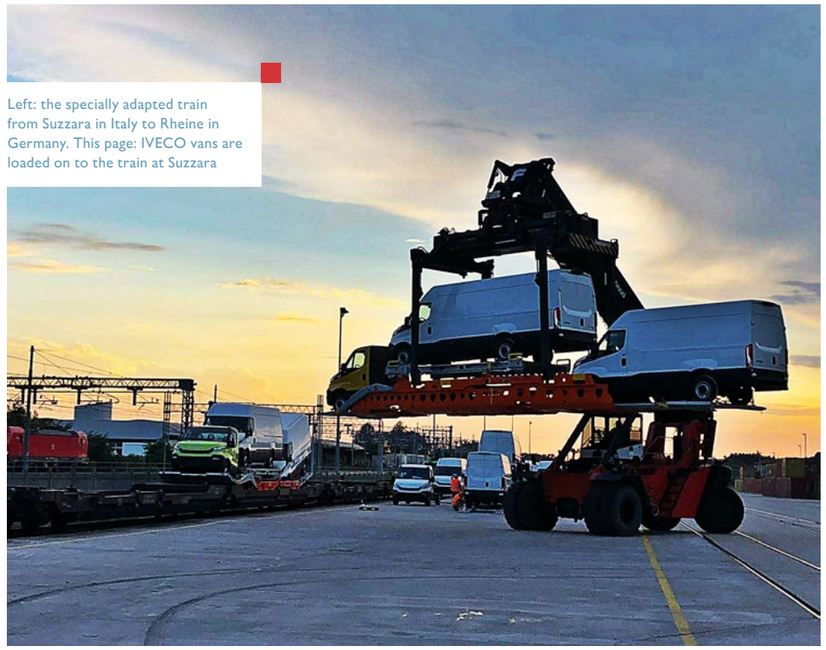
Once the vans reach Rheine, they will be processed and shipped to customers in northern Europe when orders are received. An estimated 10,500 vans will be transported annually.

The new intermodal service will be much quicker compared to transportation by road only, and will realize a more stable push flow of finished goods. It will also have a significant impact on improving the environmental impact by cutting CO_2 emissions by up to 2,100 tons a year.

Positive partnerships

According to Alberto Mela, responsible for Air & Ocean Contract & Carrier Management, Transport Logistics, CNH Industrial, there were three vital steps to implementing the project. The first was to find a partner who would be interested in transporting vehicles in the opposite direction, so that trains would not return to Italy empty. The second was to adapt the train to carry its different loads, and the third was to develop the terminal zones at either end of the route.

The team found two long-term CNH Industrial partners – Vega International Car Transport GmbH (Vegatrans) and YParco srl – which together formed a new company called Roadraillink GmbH. The new entity was the ideal solution as it had a balancing ▶



Left: the specially adapted train from Suzzara in Italy to Rheine in Germany. This page: IVECO vans are loaded on to the train at Suzzara

The train's flatbed wagons have been adapted to transport both vans and trailers. Holes in the flatbed, below, ensure the profile of the load is not too high

flow of truck trailers that it needed to transport in the opposite direction to CNH Industrial.

"Roadraillink GmbH has been a perfect match," says Mela. "We didn't want an empty train returning to Italy, which would be wasteful, but we also had to be sure we got the right partner for the long term. We have a mutual business interest that results in clear logistics synergies."

The second part of the puzzle was for Roadraillink GmbH to design a special jig – a piece of steel that adapts the structure of the train's flatbed wagons so they can transport both vans and trailers. There are holes in the flatbed where the van wheels are located to ensure the profile of the load is not too high.

CNH Industrial's partners have also invested in the infrastructure at the terminals. To create a fully intermodal – or multi-modal – system, it is essential to develop all the touch points where the different forms of transport meet and the vans can be transferred using bespoke equipment.

"Intermodal transport systems – a combination of truck, train and vessel – are highly efficient and sustainable," Noach concludes. "We're confident we can replicate the solution on other CNH Industrial routes and believe it will be increasingly used in the future."

FUELING A GREENER FUTURE

CNH Industrial, which has 34 production plants spread across Europe, from Lecce in southern Italy to Plock in Poland, has introduced an ambitious plan to cut the emissions of the fleet of trucks it uses to distribute its parts and products.

"CNH Industrial Transport Logistics' strategy is to introduce Liquefied Natural Gas (LNG) powered trucks on the main logistics flows in the European perimeter by December 2020," comments Dror Noach, Head of Transport Logistics, CNH Industrial.

The Transport Logistics department is advocating the use of LNG trucks on routes that have suitable filling stations. These trucks generate extremely low levels of particulate matter and NOx (nitrogen oxide) emissions, and run on biomethane, a totally renewable fuel that can reduce CO_2 emissions.

"The presence of a more widespread network of LNG refueling stations in Europe supports our strategy of increasing transportation by LNG-powered vehicles well, and importantly it makes the adoption and use of LNG trucks by carriers and transport companies more viable," explains Fabrizio Sanna, Head of Europe, Middle East and Africa Logistics Contracting, CNH Industrial.

The first routes using LNG trucks for transportation from suppliers to CNH Industrial plants were opened in 2017, and they made an immediate impact. The 22 LNG trucks that completed the 5,600 trips between plants in Valladolid and Madrid, Spain, saved 250 tons of CO_2 per year. Similarly, the 24 LNG trucks that made the journeys from suppliers near Turin to the plants in Brescia and Suzzara, Italy, saved 200 tons of CO_2.

In 2018, 10 new flows were introduced with a total of around 550 tons of CO_2 saved during the year. The logistics team now plans to expand the LNG transport network rapidly. The next phase is to extend the flows into Austria, Germany, Poland and the Czech Republic.

THE SUPPLY-CHAIN TEAM

Building a positive, long-term relationship with suppliers is part of CNH Industrial's responsible approach to supply-chain management

The Supplier Advisory Council (SAC) for Europe, Africa and the Middle East, which was held in June 2018 at the CNH Industrial Village in Turin, Italy, plays a vital role in fostering closer links between the Group and its network of suppliers. By creating an extended family of companies with a culture of teamwork, the Group can confidently aim to reach its challenging business goals, focusing on competitiveness in the market and customer satisfaction.

"The SAC meeting was held in a collaborative atmosphere and is an important opportunity for CNH Industrial to exchange business information and share common objectives and future plans with our network of suppliers," says Francesco Rondinelli, previously Head of Purchasing EMEA, now Head of Purchasing, Agriculture. "We talk in an open way and foster long-lasting and mutually satisfying collaborations with professional partners who share our Company's business and sustainability principles."

The event is also an important opportunity to exchange feedback on current issues. The 400 guests, who included senior management from CNH Industrial and 150 strategic suppliers, discussed improvement opportunities in the most relevant areas of mutual collaboration.

"As a forum for discussions about our strategic issues, such as technology trends and innovation, it makes a fundamental contribution towards achieving our business goals," adds Rondinelli. "It also helps us to understand the status of our relationship, to analyze the current gaps – those areas where we can improve our performance – and then identify the best ways to close them."

An important part of the SAC meeting is to give out awards to suppliers for their efforts to meet CNH Industrial's objectives. These awards cover various areas including Quality; Technology and Innovation; Service Level; Parts and Service; Proactiveness and Collaboration; and Sustainability.

CNH Industrial's determination to establish the best supplier relationships is continuous and extends beyond the annual SAC to include other communication initiatives. These include events such as 'Come to Our Plant', Technology Days, Executive Meetings, and webinars; communication tools such as the Supplier Portal or questionnaires; and collaborations in the field of sustainability, including audits at suppliers' plants and improvement actions where needed. "Suppliers really appreciate the structure we have developed," Rondinelli says. "It brings tangible results."

> "We talk in an open way and foster long-lasting and mutually satisfying collaborations with professional partners who share our Company's business and sustainability principles"
>
> Francesco Rondinelli
> Head of Purchasing, Agriculture

'Come to Our Plant', one of many initiatives to engage suppliers

Rewarding success

Transparency, agreed targets and incentives all contribute to a positive culture of improvement, and excellent performance was recognized by the SAC at the Supplier Awards ceremony.

One of CNH Industrial's primary commitments is to advocate socially and environmentally responsible behavior along the entire supply chain, and its Sustainability Award recognizes excellent results achieved by suppliers in support of sustainability. The winner was selected by a dedicated committee that assessed all applications according to defined environmental and social criteria.

In 2018, the prestigious Sustainability Award was won by Continental for its projects 'We l.o.v.e. Europe – Europe without borders' and 'Sustainability Network in the Mexican Supply Chain'.

The first project offered 30 unemployed 18- to 25-year-olds an internship at one of its facilities in Europe and gave them a chance to develop valuable skills while also getting an insight into new countries and cultures. It was an example of a company helping the community in which it operates and advancing the training of local people. Almost all secured a job. The Sustainability Network project, on the other hand, aims to foster sustainability in the Mexican automotive industry through improved environmental and energy performance, involving suppliers and customers in training sessions and workshops to achieve common improvement goals.

A healthy relationship between CNH Industrial and its suppliers positions the Group well for the future. "Our supplier network is an asset," Rondinelli adds. "We want our suppliers to be innovative leaders who help make us more competitive while also furthering our sustainability goals."

WCM: BOOSTING EFFICIENCY AND SUSTAINABILITY

World Class Manufacturing is a rigorous methodology that supports performance and sustainability, empowers staff and creates positive energy in the workplace

As part of its drive for greater sustainability, CNH Industrial has been applying World Class Manufacturing (WCM) principles in all its plants since 2007, and is encouraging more of its suppliers to join the program. WCM enhances workplace organization, manufacturing processes, maintenance systems and logistics through continuous improvement. By creating new ways of operating, rigorously setting targets and measuring results, a business becomes safer, more efficient and greener.

"Managing and educating all our people about the program is very important," says Luca Paolo Vasario, Supplier Quality Manager at CNH Industrial. "They are all involved throughout the process, from managers and HR to workers on the shop floor. It is about setting ambitious but realistic targets and working together to achieve them."

To assess how well each plant is performing, a team of WCM auditors visits every six months and gives it a score out of 100 – from 20 pillars marked out of five. The pillars include activities such as safety, cost development, logistics, quality control, people development and environment. A Gold Award is earned for 70-84 points, Silver for 60-69 points and Bronze for 50-59 points.

At the end of 2018, CNH Industrial had a total of 54 participating plants – one was given a WCM Gold award, 17 were awarded Silver and 25 received Bronze. Thanks to the success of this initiative, the Company rolled out the program to its extensive network of suppliers, two of which – Comer and Tiberina Suzzara – have already achieved Bronze awards.

Since 2010, CNH Industrial has been expanding WCM through its supplier network. In 2014, once early trials proved successful, it began a four-year program with two main objectives: to support 210 suppliers and achieve two Bronze awards. The success of Comer and Tiberina Suzzara means the Group met that target.

"A big portion of our activities relies on components we receive from our suppliers, so it was natural for us to try and extend the WCM methodology along our supply chain," says Vasario. "At first, we had to test if WCM would work in smaller companies with a few hundred employees, which is many less than the 64,000 at CNH Industrial, and the response was positive.

"We had to explain why a change of culture was needed and show what happens when you rigorously apply the methodology. Today it's a process of helping to set targets and then supporting each supplier on their journey. We give them their own WCM tutor, offer training sessions and hold workshops to show best practice at our plants."

Suppliers achieve Bronze awards

Tiberina Suzzara, which produces parts such as the chassis and cross-members for the IVECO Daily van, has just been given a WCM Bronze award. The company, which has 185 employees, has collaborated with the Group since 2010 and enjoyed consistent improvements in performance.

"Tiberina is a real success story," says Vasario. "It has shown a progressive reduction in production costs at the plant, which reveals how its commitment to the WCM program is paying off. It is evidence of a progressive improvement in safety performance at the plant and shows how its commitment to the WCM program has enhanced the lives of its employees. In 2018, the average accident frequency rate (accidents per 100,000 hours worked) decreased by 95 percent compared to 2014."

In 2017, Comer – which produces gearboxes for the Group's agricultural brands – was the first supplier to receive a WCM Bronze after scoring 55 points. The business has already set a new target of reaching a score of 59 by 2020 – one short of a Silver.

To save energy, the plant's thermal insulation was improved and condenser boilers introduced. Electric motors were equipped with inverters and a power-consumption monitoring system added. Lights were fitted with energy-efficient LEDs and motion sensors installed.

In 2018, CO_2 emissions were cut by 2,842 tons compared to 2013, and energy consumption reduced by 33,440GJ. "When you walk around the shop floor the first impression is that it is incredibly orderly and tidy," Vasario says. "It's clear that everyone knows exactly what they are doing."

Above: WCM auditors visit plants every six months. Tiberna Suzzara, which produces chassis and cross-members for the IVECO Daily van, was one of two CNH Industrial suppliers to win a WCM Bronze award in 2018

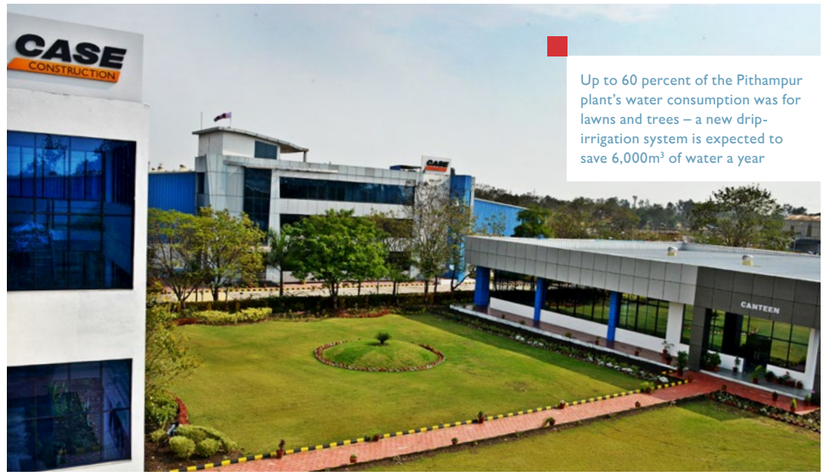
CNH Industrial is committed to continuously improving the environmental and energy performance of its production processes by adopting conventional and enhanced technologies, and by acting responsibly to mitigate their impact on the environment, according to the principles of prevention, protection, information sharing and people engagement. CNH Industrial approaches climate-change mitigation by reducing energy consumption and by limiting the use of fossil fuels responsible for CO_2 emissions.

To make manufacturing processes more eco-friendly, the Company focuses mainly on:

- implementing certification standards and World Class Manufacturing principles
- promoting awareness activities and training
- safeguarding air quality
- sustainably managing waste and water (the latter especially in water-stressed areas)
- protecting biodiversity
- reducing energy consumption
- using renewable energy

MANUFACTURING PROCESSES

MANAGING WATER USE IN MANUFACTURING



Up to 60 percent of the Pithampur plant's water consumption was for lawns and trees – a new drip-irrigation system is expected to save 6,000m³ of water a year

CNH Industrial reduced water withdrawal across the business by 19 percent between 2014 and 2018, by tackling waste across its manufacturing plants. Two initiatives in Poland and India show how

The world's water resources are increasingly under pressure in a number of regions as the population grows. The issue directly impacts the Company's business because an adequate supply of water is a vital part of all food production and is also crucial to its production processes. There is a compelling business case for spending less by using water supplies as effectively as possible.

A commitment to water security

CNH Industrial has a strategic commitment to sustainably manage the water used in its manufacturing processes. This is also a key measurement in World Class Manufacturing, the management model focused on eliminating waste through continuous improvement, which it has used for more than a decade. The Company's work in this area has been recognized by the CDP, an environmental non-profit organization, which named CNH Industrial as one of only 31 companies globally on its water-security "A-list".

Water recycling in Poland

Water management takes on even greater significance at plants located in areas identified as water stressed. One of these plants is in Plock, Poland, which makes combine harvesters for CNH Industrial's New Holland Agriculture brand. The factory has been working for many years to significantly reduce water withdrawal, and last year confirmed it would meet the improvement targets for 2018 set three years earlier.

Last year, employees at the Plock plant put in place a number of initiatives to recycle water used in the painting area and reduce the use of fresh water. The first initiative was the installation of a reverse osmosis system – which purifies water using a semi-permeable membrane – in the pre-treatment area, and the replacement of an ultra-filtration system by new sand and carbon filters. As a result, fewer chemicals were used, too.

In the second initiative, treated wastewater is now used instead of fresh water for the water curtain that acts as a barrier to keep excess paint-spray within the painting booth. Combined, these changes reduced water consumption at the Plock site by 30,000m³ – 37 percent down on the previous year. Wastewater produced fell by 50 percent, and the changes saved the site more than $90,000.

"Water consumption is one of the key costs for our plant. The painting area was using a large amount of water, so that was our biggest focus," says Joanna Fabisiak, Environmental Specialist at the factory in Plock. The team expect to reduce water use even further when they switch to a powder-paint process, which would not require any water to be used in the painting booth.

Above: at the plant in Plock, Poland, treated wastewater is now used instead of fresh water for the water curtain that acts as a barrier to keep excess paint-spray within the painting booth. Right: initiatives at the plant in Pithampur, India, have focused on making it more water efficient

Water efficiency in India

At CNH Industrial's plant in Pithampur, India, which makes compactors and backhoe loaders for the CASE Construction Equipment brand, efforts have focused on making the plant itself more water efficient. An analysis showed that 50 to 60 percent of the plant's water consumption was used to water the lawns and trees surrounding the factory – watering was being done by hand with a hose with no spray attachment, resulting in over-watering and waste.

To eliminate this inefficient process, in late 2018 a drip-irrigation system was introduced that waters the plants underground, close to their roots, at a low speed by electronically controlled valves and meters. It currently covers 70 percent of the site's green area and is expected to reach 100 percent by 2020. The plant expects to save 6,000m³ of water in 2019 as a result.

The Pithampur plant has also taken steps to reduce the volume of water used in its canteen and washrooms. Distributors have been installed at the ends of the taps, sending out water in a smooth spray rather than a constant stream, and partially closed valves have been fitted so the water does not pour out so fast. With around 1,100 members of staff washing their hands an estimated three times a day, the change is saving close to 3,400m³ of water a year at the plant.

The third initiative is to harvest the deluge of rainwater during the monsoon season and use it as a water supply for small construction projects around the site, such as building new sheds or ramps to move supplies. During the rainy season, temporary dams are placed in storm drains close to where the water is needed for a building project and pumped out as it collects.

In 2018, the three projects together saved the equivalent of enough water to ensure the basic needs of some 250 people for a year. With the projects at full capacity in 2019, this value is expected to increase, covering the basic water needs of more than 570 people for a full year, based on World Health Organization estimates.

The importance of using water in a sustainable way cannot be overstated, both for the Company and all its stakeholders. To ensure the supply needed for manufacturing processes and also local communities to thrive, CNH Industrial will continue to improve and innovate in the way it uses this precious resource.

SOLAR SOLUTIONS

Innovation in solar technology is one of the most recent initiatives carried out by CNH Industrial in its drive to make its plants ever more sustainable

In 2018, CNH Industrial's energy department invested around $7.9m in environmentally-friendly technology, and developed more than 190 energy-saving projects.

"CNH Industrial is strongly committed to fighting climate change through the use of renewable energy. We want to improve the environmental and energy performance of all our production processes, while reducing CO_2 emissions. Harnessing the movement of wind and water, and the heat and light of the sun represent an important way to supply energy needs in a sustainable way. That's why recently we launched two new solar energy initiatives," says Giorgina Negro, WW Energy Department Director at CNH Industrial.

The SmartFlower

Compact, easy to use and highly efficient, the SmartFlower is blossoming at three of CNH Industrial's manufacturing facilities. Like a sunflower, its petals track the sun and transform its rays into electricity. Its solar modular fan moves horizontally and vertically at an exact 90-degree angle in response to the sun's position, even when it is cloudy.

With a surface area of just 18 square meters, the SmartFlower is relatively small, yet it can deliver up to 6,200 kWh per year – more than enough to fulfill the entire electricity requirement of an average household in central Europe. And unlike static photovoltaic systems, which receive optimum sunlight only for a few hours a day, this solar innovation produces electricity from sunrise to sunset, resulting in a 40 percent increase in solar energy output. Thanks to smart cooling and self-cleaning functions, the system is completely automatic and easily manageable, and it minimizes energy loss through heat and contamination.

For CNH Industrial, the SmartFlower is testimony to the Company's multifaceted approach to Sustainability. "It looks good and its design ties in with our distinctive approach to sustainability," comments Negro. "We currently use it in our Valladolid, Suzarra and Annonay plants, where in the first nine months of operation, they produced approximately 17GJ of electricity with about 2,160kg of avoided CO_2 each. In light of these positive results, we are considering using them at some of our other plants around the world."

Main picture: the SmartFlower solar fan is currently in use at CNH Industrial's Valladolid and Annonay plants, while the solar wall, above, is being piloted in Madrid. Left: the SmartFlower tracks the sun at a 90-degree angle, even when it is cloudy

The solar wall

Another of the latest initiatives in place at CNH Industrial is the solar wall, which is being piloted at the Company's Madrid site with the aim of being rolled out across other sites globally. Serving as an additional skin on the building, it uses the power of the sun to heat the air entering the plant, minimizing energy consumption, heating costs and greenhouse gas emissions.

In winter, the solar wall dramatically reduces the energy consumption of HVAC (heating, ventilation and air-conditioning) units. "In summer, the solar wall provides free cooling of the air inside the plant," says Negro. "These solar energy projects are examples of how we would like to be more sustainable in everything we do, from the machines we produce, to the manufacturing processes we carry out, to the communities in which we operate."

Meeting targets for sustainability

CNH Industrial has set some long-term targets linked to the United Nations' Sustainable Development Goals. It has already beaten some of those targets, including the aim to use 50 percent of its electricity from renewable sources (it reached over 70 percent in 2018), and to reduce CO_2 emissions by 20 percent between 2014 and 2022. By 2018, the Company had reduced energy consumption at its facilities by more than 35 percent compared to 2009.

"We invest in new technologies that reduce production or energy costs with a positive return for us, and the environment," says Negro. "Like all large corporations, we have a role to play and we are committed to becoming even more sustainable."

Ongoing research into innovative solutions enables CNH Industrial's brands to manufacture products that respect the environment while satisfying customers' demand for high performance, and for reliable, safe and comfortable vehicles with globally competitive operating costs. Moreover, by re-manufacturing worn components, CNH Industrial reduces waste, reuses materials and encourages the recycling of recoverable materials.

To offer customers sustainable and high-performing products, the Company's research and development activities focus mainly on:

- clean diesel
- decarbonization strategy
  - biofuels
  - electrification
- digitalization and connectivity
- automation

SUSTAINABLE PRODUCTS AND INNOVATION

DATA-DRIVEN SUSTAINABLE FARMING

CNH Industrial's agri-tech partnerships are helping farmers become better stewards of their land and supporting global food security

Farmers have always collected data about the weather, the soil, the prevalence of pests and weeds, and all the other forces affecting their crops. For centuries, they relied on little more than a notebook and their experience of local conditions. But in recent years, advances in digital and satellite technology, known as 'agri-tech', have enabled a farmer on a tractor to receive a constant flow of detailed, up-to-the-minute data to tackle age-old challenges and support every task at hand, from seeding to harvesting. Demand for agri-tech is soaring. According to market-data portal Statista, worldwide shipments of global-navigation satellite systems to the agricultural sector are forecast to increase from 188,000 in 2010 to 537,000 by 2020.

"Connectivity means data collection is no longer a 'one-time event', where the farmer uses information he might have gathered several days before," says David Larson, CNH Industrial's Head of Precision Solutions and Telematics, Agriculture. "What's more, connectivity enhances land management. The technology can narrow down a problem like pests to just one area of a field, meaning you don't have to spray the whole field with pesticides."

Technology that supports food security

Larson points out that agri-tech and connectivity reinforce farming sustainability. "The issue for CNH Industrial has always been how to deliver the most output for the least input, whether that is seed, chemical fertilizer, labor, water, fuel or land," he says. "Technology can optimize the use of inputs while maximizing productivity."

By helping farmers grow more crops, the latest developments in digital agriculture are crucial to international efforts to feed the world's growing population, says Kyle Dooley, CNH Industrial's Leader of Global Data Strategy and Analytics. "Connectivity, from satellite to ground level, is promoting food security for everyone," he suggests. "An ever-increasing population is going to need more food," adds Larson. "CNH Industrial aims to bring together machines and the agronomy to optimize the output."

Two ambitious agri-tech partnerships

CNH Industrial's digital agreement with the Canadian agri-tech company Farmers Edge, signed in November 2018, illustrates the point. Under the deal, Farmers Edge's FarmCommand technology platform is now available to all customers. To an untrained eye, a New Holland tractor with the PLM™ (Precision Land Management) system seeding a field looks no different from a conventional tractor. What one does not see is the technology that guides every aspect of the task. The driver is connected to a range of digital tools that analyze everything from the correct seeding rate for a specific area of land to the vehicle's fuel efficiency. Once the crop is planted, the customer has access to daily satellite imagery to monitor growth, as well as local weather data and soil fertility levels.

As Larson makes clear, the technology does not eliminate the human element in farming, a common misconception by critics of agri-tech. For instance, customers of the FarmCommand premium package also receive farm visits from agronomists, who can help them develop and monitor land-management plans that are tailored to the local agronomy. "Field-management automation frees up human capital," says Dooley. "It gives farmers the space to make more difficult strategic decisions."

Last year, CNH Industrial also signed a data-sharing agreement with The Climate Corporation, a subsidiary of Monsanto, which is now part of German life-sciences company Bayer AG. AFS® Connect precision-farming digital tools installed in Case IH agricultural vehicles, as well as PLM™ Connect precision- farming digital tools featured on New Holland machinery, are the starting point for the partnership. AFS®/PLM™ Connect uses satellite technology to pinpoint a vehicle's exact location and digital data analysis to manage such tasks as maintenance, refueling and supply of inputs like seed and fertilizer. Under the agreement, AFS®/PLM™ Connect is now linked to The Climate Corporation's FieldView data capture and visualization technology, creating a much richer and more detailed agronomic database. The data that is collected and processed is available for all the customer's vehicles, even if some are not from Case IH/New Holland. This is also true of CNH Industrial's partnership with Farmers Edge. "True connectivity only comes when you connect to the whole fleet of machines," says Larson.

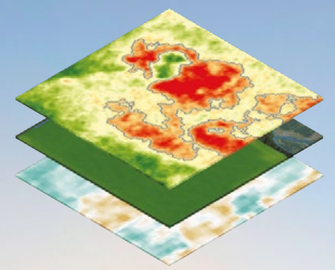
The global rise of agri-tech

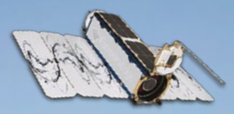
So far, the power of CNH Industrial's agri-tech partnerships to improve sustainability and productivity has been most visible in the United States and Canada, both advanced countries where farms often cover more than 1,000 hectares. "If you're going to optimize every part of your farm, you can easily become overwhelmed by the amount of data you have to gather and process," says Larson. "On large farms, data-driven digital technology makes it possible to perform this task every single day, but it should be noted that smaller farms are also reaping the benefits of digital technology."

According to Larson, Brazil is another market showing early signs of "significant" growth for CNH Industrial's partnership with Farmers Edge, due to the vast size of many farms and the associated management challenges. "Agri-tech goes to the heart of CNH Industrial's sustainability mission," he says. "It is all about doing our utmost to design products and services that allow our customers to be good stewards of the land."

Ergonomically-designed controls

Redesigned SideWinder™ Ultra armrest offers multi-directional, independent motion to provide multiple comfort configurations





Daily satellite imagery

Imagery is processed into easy-to-read field maps for monitoring crop health and any subtle or major variations in vegetation and soil

Fuel rate/level

0.8 gal/ac price for diesel is $1.2/L

Seeding rate

130,000 seeds/ac

Fertilizer rate

Zone 1
Dry fertilizer rates
50 lbs P_2O_5/ac
160 lbs K_2O/ac

On-farm weather stations

Weather stations track important conditions, including temperature, wind speed, wind direction, dew point and rainfall, plus provide enhanced radar and severe weather alerts

Soil moisture probes

Multi-layer soil moisture and soil temperature measurement at six depths

All sources of data are automatically integrated and delivered to the farmer giving them swift, accurate, in-field decision support

Agri-tech has revolutionized the way farmers relate to the land, offering the opportunity to do more with less

Lille's transport network includes 420 buses, the largest fleet of buses powered by compressed natural gas (CNG) in France – and one of the largest in Europe

GAS FOR A GREENER FUTURE

In the French city of Lille, a biomethane plant supplies fuel for IVECO BUS Urbanway buses and compost for local farmers

It all began 25 years ago, when the Lille Public Transport Authority introduced the first gas-powered Urbanway bus, which was provided by the engineering team of the IVECO BUS manufacturing facility located in Lyon. Today Lille's fleet has grown to more than 420 city buses – all supplied by the brand, and all powered by compressed natural gas (CNG). It is the largest fleet of CNG buses in France and one of the largest in Europe.

"The main advantage of using CNG engines for buses, trucks and delivery vans in urban areas is that they emit fewer particulates than diesel engines," says Jean-Marc Boucheret, Head of Sustainable Mobility at IVECO BUS. "Furthermore, CNG engines are much less noisy than diesel buses."

In parallel, Lille Métropole investigated the benefits of the methanization of household waste. A purpose-built waste-processing plant was constructed near the city's principal bus depot to provide biomethane as fuel for the buses. Developed 10 years ago, it was the largest biomethane production plant of its kind in France.

As they board one of the Urbanway buses, Lille's citizens may not be aware of some of the other green dividends that biomethane-powered public transportation delivers. Using biomethane fuel typically cuts CO_2 emissions by 80 percent (an average of 40 tons per year) compared to conventional diesel- powered buses, and therefore helps Lille's efforts to limit the city's greenhouse gas emissions.

At ground level, the buses also form part of a sustainable 'virtuous cycle' created by Lille's innovative approach to waste management. The biomethane is produced by the production facility, which has a capacity to treat up to 108,000 tons of household and public waste each year. At the end of the process, up to 48,000 tons of compost are also produced, sold by the municipality, mostly to market gardens and vegetable farmers. "From a policy-making perspective, the municipality of Lille can show citizens that the biomethane plant is generating local energy and local jobs," Boucheret says.

Top: IVECO BUS has models of CNG-powered buses for every market and need, from city to inter-city to long-distance routes. Above: in Lille, 180,000 tons of household and public waste produce compost for the municipality and biomethane gas, which is used as bus fuel, creating a 'virtuous circle'

> In many countries these days, there are more and more natural-gas filling stations that are accessible to heavy-duty vehicles, which means that the gas infrastructure is available
>
> Jean-Marc Boucheret
> Head of Sustainable Mobility at IVECO BUS

A burgeoning global market

Lille is only one city in an expanding national and international market for IVECO BUS's industry-leading natural gas-powered buses. In 2018, nearly 6,500 CNG IVECO BUS buses were operating across Europe, from Palermo and Bari in southern Italy to numerous Czech cities and cities in France, including Montpellier and Nantes.

In Paris, the state-owned public transportation operator RATP has just renewed its long-standing relationship with IVECO BUS by ordering up to 150 CNG-powered Urbanway buses. The vehicles are due for delivery between 2019 and 2024.

In developing regions of the world, gas is also becoming a simple and accessible clean energy source for public transportation. A recent example is Abidjan, capital of Ivory Coast, which is introducing 50 CNG articulated Crealis buses this year.

Boucheret is confident that IVECO BUS has a CNG model for every market and need from city to inter-city and long-distance routes. The Crossway model, the undisputed leader in the intercity segment, won the Sustainable Bus of the Year award at the 2017 Busworld exhibition for its Low Entry Natural Power model. The vehicle's smart and patented design has the same height as the diesel version and compressed gas tanks that are integrated into the roof. It also features FPT Industrial's new engine, the Cursor 9, which has diesel-like performance that has already been tested successfully on the multi award-winning IVECO Stralis NP trucks. Most recently, IVECO BUS retained the prestigious title for Sustainable Bus of the Year 2019 with another model – its electric city bus Crealis 18m In-Motion-Charging.

The brand's next generation of CNG buses are not just environmentally friendly. An advanced telematics system provides real-time information from each bus in service to the fleet manager. This data helps limit the time a vehicle is out of service for essential maintenance by providing early warnings about technical problems, which also ensures a safer journey for passengers and drivers alike. ▶

The road ahead

As Boucheret observes, international demand for IVECO BUS's CNG buses is being driven by a growing international consensus that all public transportation has to be environmentally sustainable.

In Boucheret's view, gas has a critical competitive advantage. "In many countries these days, there are more and more natural-gas filling stations that are accessible to heavy-duty vehicles, which means that the gas infrastructure is available, while for electric mobility, nothing exists for heavy-duty vehicles."

For Boucheret, this is the next phase of the journey, as IVECO BUS's CNG coaches become common sights in small rural towns and the surrounding countryside. "When you are considering a real alternative to trains in rural areas, electric-powered buses are not a viable option at present because they will be covering a lot of kilometers per day," he says. "Gas-powered freight traffic is paving the way for natural-gas buses, by extending the network of filling stations. CNH Industrial's efforts to develop a wide portfolio of alternative powertrains for use as public transport bring great benefits to transport stakeholders and the environment alike."

NEW EU LEGISLATION

Gas-powered vehicles are getting more and more attention from regulatory bodies. The recent revision to the European Union's Clean Vehicle Directive will soon enforce targets for the procurement of clean vehicles. This will affect all urban buses across Europe from 2025, and CNG and BioCNG are fully eligible for this positive contribution.

In addition, European countries are actively encouraging the development of the virtuous circular economy. France has set purchase prices for biomethane that is re-introduced into the grid, and has introduced specific tax advantages for private operators willing to acquire vehicles run on natural gas. Italy recently released both its National Plan for Sustainable Mobility, in which regional public transport gets subsidized when using natural gas, and the Biomethane Decree, which subsidizes the production of biomethane.

RECOGNITION AS A SOCIALLY RESPONSIBLE COMPANY

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

Presence in sustainability indices

Inclusion in sustainability indices, and the ratings received from specialized sector-specific agencies, further reflect the robustness of CNH Industrial's sustainable system.

In 2018, CNH Industrial was reconfirmed as Industry Leader in the Dow Jones Sustainability Indices (DJSI) World and Europe for the eighth consecutive year. It received a score of 88/100.

Still in 2018, CNH Industrial ranked among the 31 A-listers in the CDP Water Security program, and scored A- in the CDP Climate Change program, among other acknowledgements.

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

CDP DISCLOSURE INSIGHT ACTION A LIST 2018 WATER SECURITY

TOP 100 COMPANY 2018 Thomson Reuters Diversity & Inclusion Index

FTSE4Good

Member 2018/2019 STOXX ESG LEADERS INDICES

MSCI 2018 Constituent MSCI ESG Leaders Indexes

EURONEXT vigeo eiris INDICES EUROZONE 120

EURONEXT vigeo eiris INDICES EUROPE 120

EURONEXT vigeo eiris INDICES WORLD 120

Corporate Responsibility Prime rated by ISS-oekom

ECPI Sense in sustainability

SAM Sustainability Award Gold Class 2019

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

KEY TARGETS

CNH Industrial is constantly striving to improve its sustainability performance, setting measurable targets and monitoring them regularly. Headline improvement targets are set out below, corresponding to the Company's key areas of activity and to sections of this magazine

Our people

By 2022, CNH Industrial plans to reduce the employee accident frequency rate by 33 percent compared to 2014, and to increase the number of employees involved in volunteering activities during paid working hours by 10 percent compared to 2018.

It has also set targets for 2022 to involve 40 percent of eligible employees in the flexible work location scheme, and 100 percent of them in both training activities and wellbeing initiatives promoting healthy lifestyles.

Local communities

By 2022, the Company aims to increase the number of people involved in and benefiting from community initiatives by 50 percent compared to 2017.

Supply chain and logistics

The Company intends, by 2022, to involve 100 percent of Tier 1 suppliers in sustainability self-evaluation, and to monitor the CO_2 emissions of 100 percent of key suppliers.

As regards logistics, the aim is to achieve, by 2022, an 18 percent reduction in kilos of CO_2 emissions per ton of goods transported compared to 2014.

Manufacturing processes

By 2030, CNH Industrial aims to obtain 90 percent of its total electricity consumption from renewable sources. It also plans to reduce energy consumption per production unit by 30 percent and CO_2 emissions per production unit by 60 percent, compared to 2014.

By 2022, it aims to reduce volatile organic compounds emissions per square meter painted by 20 percent, water withdrawal per production unit by 23 percent, waste generated per production unit by 23 percent, and hazardous waste generated per production unit by 35 percent compared to 2014. The Company also intends to recover 93 percent of waste generated.

CNH INDUSTRIAL
SUSTAINABILITY LEADER

Sustainable products and innovation

By 2022, as regards powertrain, the Company intends to develop next-generation alternative-fuel engines running on CNG, LNG and LPG, compatible with biomethane and H_2 blends, to further reduce CO_2 emissions and total cost of ownership. Moreover, it will focus on natural-gas engine technologies to achieve ultra-low NOx emissions in urban applications.

Also with regard to alternative fuels, the Company plans to distribute new methane and propane-powered tractors by 2022 and new methane-powered wheel loaders by 2024 (generating -80 percent in polluting emissions and -10 percent in CO_2 emissions compared to diesel models).

By 2022, for agricultural equipment, it aims to increase field productivity by up to 25 percent compared to 2015 by expanding data-management and control systems for harvesting, tractors and crop production. It will also continue to develop autonomous technology on self-propelled vehicles.

By 2022, the Company plans to achieve 10 percent of Parts & Service's net sales from remanufactured components.

> By 2030, the Company intends to obtain 90% of its total electricity consumption from renewable sources

Note: for more details, please refer to the Company's 2018 Sustainability Report

A SUCCESS STORY

CNH Industrial worked in partnership with the Food and Agriculture Organization of the United Nations, the Tunisian government and the local community in Kébili, Tunisia, to improve water collection and storage, and use the area's arid land more productively.

One of the main elements of the project was repairing the old walls of traditional dams used to channel excess water and store it in order to irrigate the land over time. In addition, new dams were built to expand the water-collection network.

New Holland Agriculture also provided some 1,400 olive trees, more than 100 sheep, and about 100kg of seeds to create better grazing land, plus training for local young people in raising sheep and goats, and fertilization techniques.

The project has involved more than 240 people and continues to benefit local education, social and community services as well as improving the water-supply infrastructure and agricultural practices.

1,400 olive trees

100kg of seeds

100+ sheep

240+ people involved

CNH Industrial N.V.
Global Corporate Communications Publications
25 St. James's Street, London, SW1A 1HA, United Kingdom
E-mail: mediarelations@cnhind.com
Website: www.cnhindustrial.com