



MANUFACTURING PROCESSES

INCREASING SUPPLY CHAIN SUSTAINABILITY

Commitment: Promote social and environmental responsibility among suppliers

	ACTIONS	2014 RESULTS	TARGETS
CNH Industrial	▶ Continual dissemination of Sustainability Guidelines for Suppliers	■ Sustainability Guidelines for Suppliers incorporated in new CNH Industrial standard purchase agreements ➔ 155	▶ 2015: ongoing introduction of contractual clauses on adherence to Sustainability Guidelines in new CNH Industrial purchase agreements
	▶ Distribution of self-assessment questionnaires on environmental and social performance to select suppliers	■ New self-assessment questionnaire (as per AIAG standards) managed via a dedicated IT platform and distributed to 1,100 suppliers ➔ 159	▶ 2015: ongoing distribution and analysis of questionnaires
	▶ Development of a supply chain risk map to identify suppliers for audits	■ Second-level risk map criteria identified ➔ 156	
	▶ Execution of environmental and social audits at suppliers worldwide	■ 62 audits of suppliers worldwide conducted by SQEs and third parties ➔ 159	▶ 2015: execution of 65 audits (56 by internal SQEs and 9 by third parties)



Key

- ▲ Target exceeded
- Target achieved or in line with plan
- ▣ Target partially achieved
- ▼ Target postponed
- ➡ See page

ACTIONS	2014 RESULTS	TARGETS
CNH Industrial ▶ Enhancement of sustainability awareness among suppliers	EMEA ■ Sustainability course provided to SMEs ➡ 163	
	EMEA ■ Sustainability Supplier of the Year award assigned to a supplier ➡ 162	▶ 2015: extension of Sustainability Supplier of the Year initiative to other Regions ▶ 2015: definition of Sustainability Supplier of the Year guidelines
	■ 100 suppliers involved in the CDP Supply Chain ➡ 160	▶ 2015: development of a dedicated sustainability section on the new supplier portal ▶ 2015: involvement of approx. 150 selected suppliers in the CDP Supply Chain
	▶ Promotion of supplier involvement in World Class Manufacturing (WCM) program	■ 130 supplier plants involved in WCM program ➡ 162
	■ Two KPIs identified and relevant monitoring activities started ➡ 163	▶ 2015: monitoring of the two identified KPIs at 10 selected supplier plants

FOSTERING CONTINUOUS IMPROVEMENT IN MANUFACTURING PROCESSES

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

ACTIONS	2014 RESULTS	TARGETS
CNH Industrial ▶ Adoption of World Class Manufacturing (WCM)	■ WCM system adopted at 53 plants, collectively accounting for 98% of revenues from sales of products manufactured in Company plants. 19 plants achieved bronze level, 6 silver level ➡ 167	▶ 2015: further increase of WCM plants achieving bronze level (24), silver level (11), and gold level (1)

BOOSTING ENVIRONMENTAL AWARENESS

Commitment: Promote environmental awareness within the Company

ACTIONS	2014 RESULTS	TARGETS
CNH Industrial ▶ Preparation and distribution of a training kit for personnel working with the Environmental Management System	■ Training initiatives on environmental issues developed and implemented ➡ 170	

REDUCING ENVIRONMENTAL IMPACT AND OPTIMIZING ENERGY PERFORMANCE

Commitment: Optimize the Company's Environmental Management System

ACTIONS	2014 RESULTS	TARGETS
CNH Industrial ▶ Extension of ISO 14001 certification	■ ISO 14001 certification achieved by Research & Development and Logistics Center in Modena San Matteo (Italy) ➡ 170	

Commitment: Optimize the Company's environmental performance

ACTIONS	2014 RESULTS	TARGETS
CNH Industrial ▶ Optimization of water withdrawal and discharge management system based on the specific characteristics of the country in which each plant is located, and dissemination of specific guidelines	▲ -57% vs. 2009 in water withdrawal per production unit ⁽¹⁾ , specifically: ▶ -25% in Agricultural Equipment and Construction Equipment ▶ -72% in Commercial Vehicles ▶ -61% in Powertrain ➡ 174	▶ 2018: -3% vs. 2014 in water withdrawal per production unit at Company plants worldwide

⁽¹⁾ The production unit is the main parameter for production volumes for each segment: hour of production for Agricultural Equipment, Construction Equipment, and Commercial Vehicles; unit produced for Powertrain (see also page 240).

ACTIONS	2014 RESULTS	TARGETS	
CNH Industrial	▶ Optimization of water withdrawal and discharge management system based on the specific characteristics of the country in which each plant is located, and dissemination of specific guidelines	▲ Levels of BOD (Biochemical Oxygen Demand) maintained under applicable regulations (max. = 100) ² : ▶ 11.3 in Agricultural Equipment and Construction Equipment ▶ 25.4 in Commercial Vehicles ▶ 12.7 in Powertrain	
		⇒ 174	
		▲ Levels of COD (Chemical Oxygen Demand) maintained under applicable regulations (max. = 100) ² : ▶ 14.8 in Agricultural Equipment and Construction Equipment ▶ 32.2 in Commercial Vehicles ▶ 17.8 in Powertrain	
		⇒ 174	
		▲ Levels of TSS (Total Suspended Solids) maintained under applicable regulations (max. = 100) ² : ▶ 8.6 in Agricultural Equipment and Construction Equipment ▶ 34.3 in Commercial Vehicles ▶ 13.8 in Powertrain	
		⇒ 174	
		■ Collaboration with a supplier to develop a water stewardship strategy started at Noida plant (India)	▶ 2015: ongoing collaboration with suppliers to develop water stewardship strategies
		⇒ 175	
		■ Water Management Guidelines tested at Modena San Matteo and San Mauro Torinese plants (Italy) in the scope of Environmental Management System operating procedures	
		⇒ 173	
▶ Protection of soil and subsoil	EMEA ■ Guidelines for the monitoring surveys of reservoirs, tanks, and underground pipes adopted by plants	▶ 2015: testing of guidelines on the management of existing underground equipment (tanks) at pilot plants	
	⇒ 175		
	EMEA ■ Guidelines for the monitoring surveys of canals and pipes adopted by plants	▶ 2015: testing of guidelines on the management of existing underground equipment (canals and pipes) at pilot plants	
	⇒ 175		
▶ Optimization of waste management based on the specific characteristics of the countries in which each plant is located	■ 83% of waste recovered, specifically: ▶ 84% in Agricultural Equipment and Construction Equipment ▶ 78% in Commercial Vehicles ▶ 84% in Powertrain	▶ 2018: 87% of waste recovered at Company plants worldwide	
	⇒ 176		
	■ -16% vs. 2009 in waste generated per production unit ³ , specifically: ▶ +3% in Agricultural Equipment and Construction Equipment ▶ -40% in Commercial Vehicles ▶ -26% in Powertrain	▶ 2018: -3% vs. 2014 in waste generated per production unit at Company plants worldwide	
	⇒ 176		
	▲ -54% vs. 2009 in hazardous waste generated per production unit ³ , specifically: ▶ -47% in Agricultural Equipment and Construction Equipment ▶ -55% in Commercial Vehicles ▶ -60% in Powertrain	▶ 2018: -5% vs. 2014 in hazardous waste generated per production unit at Company plants worldwide	
	⇒ 176		

⁽²⁾ Figures take into account worst levels registered across all plants in each segment. Data refers to plants situated in regions where binding regulations define limits for the three parameters monitored.
⁽³⁾ The production unit is the main parameter for production volumes for each segment: hour of production for Agricultural Equipment, Construction Equipment, and Commercial Vehicles; unit produced for Powertrain (see also page 240).



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ACTIONS	2014 RESULTS	TARGETS
CNH Industrial	<p>▶ Application of best available techniques for the reduction of Volatile Organic Compounds (VOC) in paint processes</p> <p>▲ -35% vs. 2009 in VOC emissions released per square meter, specifically:</p> <ul style="list-style-type: none"> ▶ -38% in Agricultural Equipment and Construction Equipment ▶ -19% in Commercial Vehicles ▶ -50% in Powertrain <p style="text-align: right;">⇒ 171</p>	<p>▶ 2018: -2% vs. 2014 in VOC emissions per square meter at Company plants worldwide</p>
	<p>▶ Formulation of guidelines on the identification and safeguard of protected species and biodiversity</p> <p>■ Improvement measures carried out at Bourbon Lancy plant (France)</p> <p style="text-align: right;">⇒ 178</p> <p>■ Biodiversity Value Index (BVI) calculated for plants in Sete Lagoas (Brazil) and Madrid (Spain)</p> <p style="text-align: right;">⇒ 178</p> <p>■ Project started at plant in Foggia (Italy)</p> <p style="text-align: right;">⇒ 179</p>	<p>▶ 2018: implementation of improvement measures (if required) identified by BVI assessments at plants where such activity has been carried out</p> <p>▶ 2015: conclusion of BVI assessment at Foggia plant (Italy)</p>
	<p>▶ Reduction in the use of Ozone Depleting Substances (ODS) and other Substances of Significant Impact (SSI) on health and environment at Company plants worldwide</p> <p>■ Specific actions to reduce use of SSI implemented</p> <p style="text-align: right;">⇒ 180</p> <p>■ 60% of ODS present in 2013 removed</p> <p style="text-align: right;">⇒ 172</p>	<p>▶ 2015: elimination of equipment containing ODS at Company plants worldwide</p>

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

ACTIONS	2014 RESULTS	TARGETS
CNH Industrial	<p>■ ISO 50001 certification achieved by 39 plants (representing about 94% of total energy consumption)</p> <p style="text-align: right;">⇒ 182</p> <p>■ Energy Management System adopted at all plants (representing 100% of total energy consumption)</p> <p style="text-align: right;">⇒ 184</p> <p>■ GHG emissions representing more than 20% of total energy consumption verified according to ISO 14064-3 standard, with reference to GHG Protocol requirements</p> <p style="text-align: right;">⇒ 183</p>	<p>▶ 2020: extension of ISO 50001 certification to all CNH Industrial plants worldwide⁴</p> <p>▶ 2020: roll-out of Energy Management System to all plants, monitoring secondary energy vectors (representing 100% of total energy consumption)⁴</p> <p>▶ 2015: verification (according to ISO 14064-3 standard) of GHG emissions representing more than 20% of total energy consumption, with reference to GHG Protocol requirements</p>
	<p>▶ Identification of measures and technologies to reduce energy consumption and CO₂ emissions per production unit</p> <p>▲ Energy consumption per production unit⁵ vs. 2009:</p> <ul style="list-style-type: none"> ▶ -21% in Agricultural Equipment and Construction Equipment ▶ -56% in Commercial Vehicles ▶ -38% in Powertrain for small engines and transmissions ▶ -25% in Powertrain for large engines <p style="text-align: right;">⇒ 185</p> <p>▲ CO₂ emissions per production unit⁵ vs. 2009:</p> <ul style="list-style-type: none"> ▶ -30% in Agricultural Equipment and Construction Equipment ▶ -66% in Commercial Vehicles ▶ -56% in Powertrain for small engines and transmissions ▶ -48% in Powertrain for large engines <p style="text-align: right;">⇒ 188</p>	<p>▶ 2018: -6.5% vs. 2014 in energy consumption per production unit⁶ at Company level (with specific targets for each segment for internal use)</p> <p>▶ 2018: -7.5% vs. 2014 in CO₂ emissions per production unit⁶ at Company level (with specific targets for each segment for internal use)</p>

⁽⁴⁾ The scope of reference is 2014.

⁽⁵⁾ The production unit is the main parameter for production volumes for each segment: hour of production for Agricultural Equipment, Construction Equipment, and Commercial Vehicles; units produced for Powertrain (see also page 240).

⁽⁶⁾ In the scope of the new Energy Action Plan, a single global indicator was defined to calculate CNH Industrial's overall energy performance: total manufacturing hours (see also page 240).

ACTIONS	2014 RESULTS	TARGETS
CNH Industrial	<ul style="list-style-type: none"> ▶ Identification of measures and technologies to reduce energy consumption and CO₂ emissions per production unit 	<ul style="list-style-type: none"> ■ Awareness campaign on energy saving projects disseminated to energy specialists at Commercial Vehicles plants
	➡ 183	
	<ul style="list-style-type: none"> ■ Energy workshops organized at several plants to raise awareness of WCM and ISO 50001 	<ul style="list-style-type: none"> ▶ 2018: organization of energy events to raise employee awareness and engagement
	<ul style="list-style-type: none"> ■ Phase 1 implementation of technical interventions completed according to schedule at the green plant in Rorthais (France) 	<ul style="list-style-type: none"> ▶ 2016: phase 2 implementation of technical interventions at the green plant in Rorthais (France)
	➡ 185	
	<ul style="list-style-type: none"> ▶ Promotion of renewable energy generation and use 	<ul style="list-style-type: none"> ▲ 20% of total (direct and indirect) energy consumption derived from renewable sources
	➡ 187	<ul style="list-style-type: none"> ▶ 2020: 21% of total (direct and indirect) energy consumption derived from renewable sources
	<ul style="list-style-type: none"> ▶ Proactive management of regulatory risks and opportunities, through the ongoing monitoring of current and future emission trading regulations in the countries of operation (e.g., EU-ETS, CRC Energy Efficiency Scheme)⁷ 	<ul style="list-style-type: none"> ■ One plant in Europe (Vysoke Myto) continued to participate in the EU-ETS scheme, accounting for approx. 77,650 GJ per year of total energy generation
	<ul style="list-style-type: none"> ■ One plant in the UK (Basildon) continued to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme 	➡ 189

⁽⁷⁾ Monitoring of current and future emission trading regulations in the countries of operation are ongoing activities, without associated targets.
⁽⁸⁾ Unless otherwise specified, the results and targets refer to inbound and outbound flows.

