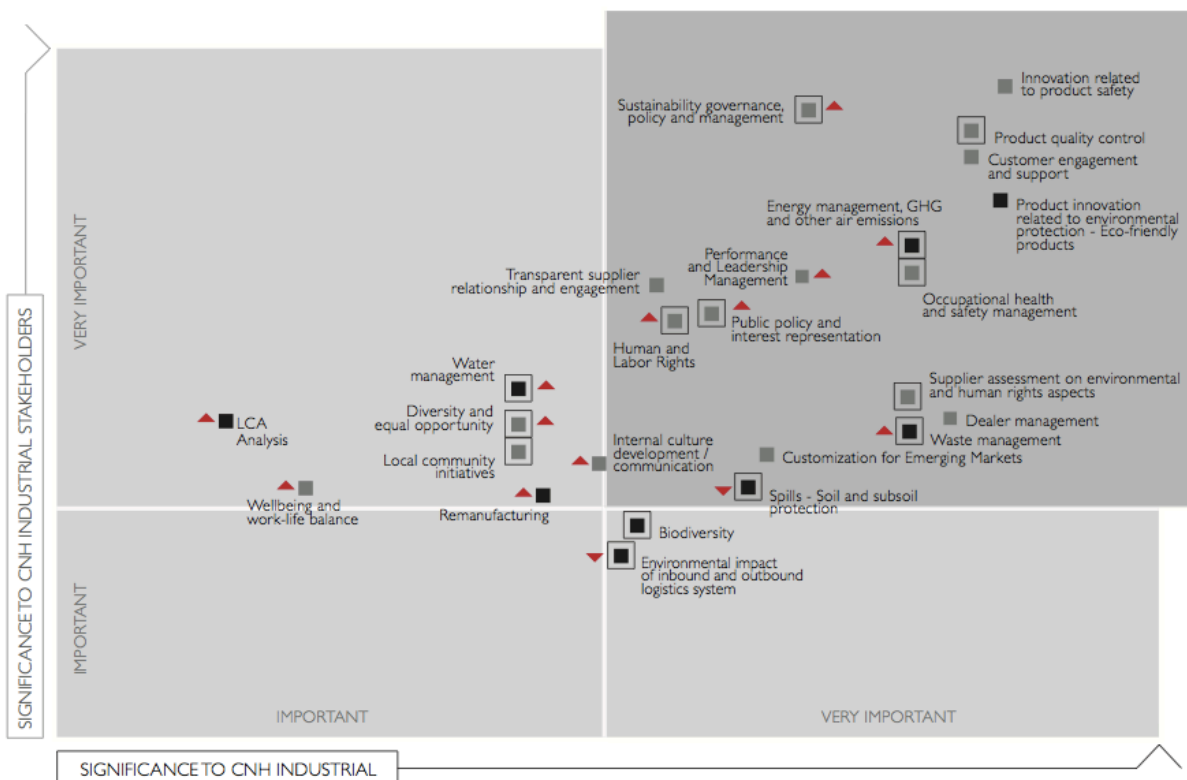
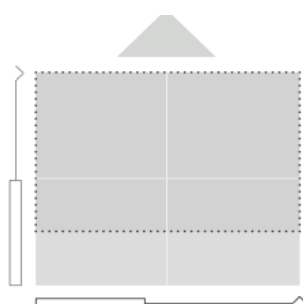


Company:	CNH Industrial NV
Sector:	Machinery, vehicles and construction equipment
Report Year:	2014
Headquarters:	London, UK
Standard Application:	GRI G4, AA1000
Format:	Matrix

**MATERIALITY MATRIX**  
CNH INDUSTRIAL



SIGNIFICANCE TO CNH INDUSTRIAL



Key<sup>a</sup>

- Environmental dimension
- Social dimension
- Significance to the supply chain
- ◆ Change with respect to 2013 matrix

**GLOSSARY**  
Biodiversity; LCA; Material aspect; Stakeholders

**GRI**  
G4-19

<sup>(a)</sup> Because all the issues have an economic impact, only the social and environmental dimensions are represented.



For CNH Industrial, the materiality analysis is an important tool to identify and prioritize economic, environmental, and social measures consistent with its business strategy, and to set out the Sustainability Report contents according to GRI-G4 international reporting guidelines.

In terms of sustainability reporting, CNH Industrial defines material aspects as those that significantly impact business performance and that are perceived as most relevant by stakeholders.

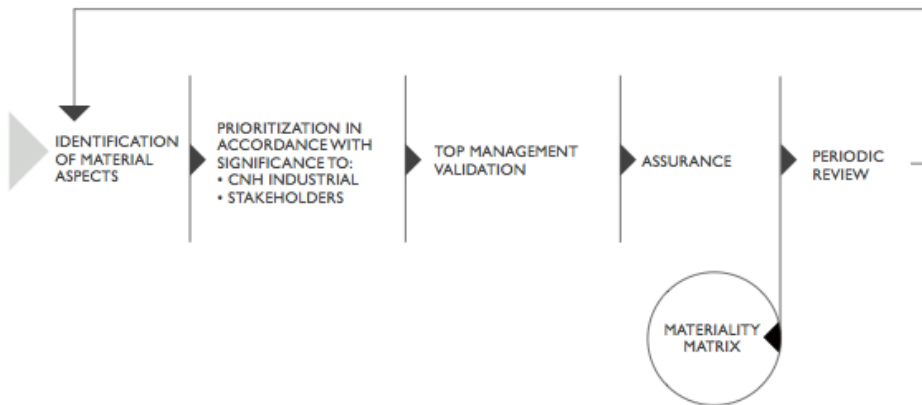
CNH Industrial's materiality analysis complies with AA1000 criteria and employs a multi-year approach. The first year focused on defining and prioritizing material aspects with top management. In 2014, the second year, the analysis was broadened to include the perceptions of some stakeholder categories and the suggestions collected for revising the material aspects.

2014 STAKEHOLDER INTERVIEWS

Stakeholder engagement is an important mechanism for understanding and monitoring the importance of, and response to, programs that have been implemented

E. Pira, Full Professor of Occupational Medicine, University of Turin, Italy

### MATERIALITY PROCESS



Since the materiality analysis is used by CNH Industrial as an integrated business tool, the process is never static. Rather, it is updated every year in line with developments within the Company and the context in which it operates.

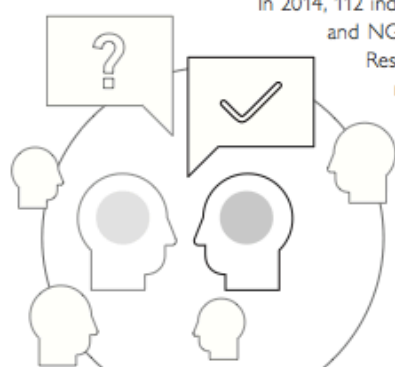
## IDENTIFYING AND PRIORITIZING MATERIAL ASPECTS

The materiality analysis was performed within the organization on the same scope as that consolidated in the Annual Report, which encompasses every CNH Industrial segment worldwide (see also page 22). The scope outside the organization was identified case by case and included in the tables on page 22.

The material aspects were first identified in 2013, by analyzing different sources (Corporate documents, initiatives focusing on stakeholder perceptions, sustainability assessments by rating agencies, sector studies, GRI-G4 guidelines, international standards, competitor benchmarking, and through media search). The analysis identified two hundred potential material aspects, which were verified, analyzed, rationalized, and assigned a priority by the organization's sustainability team (about thirty people), according to different criteria: alignment with business strategy, economic and environmental impact, reputational risk and consistency with internal policies and the Code of Conduct.

After analyzing interview results and assessing the priorities assigned to each issue, the thirty most relevant aspects were identified and assigned a position in the first materiality matrix draft. The matrix was reviewed and approved by the members of the Group Executive Council (GEC), who further reduced the selection to 25 material aspects. The final matrix was approved by the Chief Executive Officer (CEO) and published in the 2013 Sustainability Report.

Those 25 material aspects were the starting point of the analysis carried out in 2014. During the year, CNH Industrial engaged a number of stakeholder categories to update the analysis and, consequently, the matrix. Given the multi-year approach taken to enable a more detailed analysis, additional stakeholder categories will also be engaged over the coming years.



112  
stakeholders  
engaged

In 2014, 112 individual stakeholders were engaged worldwide, comprising: dealers, suppliers, local communities and NGOs, journalists and opinion leaders, public institutions, environmental experts, and investors.

Results were analyzed giving all stakeholders equal importance. The choice of who to engage was made by the internal representatives interacting with stakeholders on a daily basis, and endorsed by the Regional Chief Operating Officers (COOs), the Chief Purchasing Officer, and the Chief Executive Officer (CEO).

Engagement occurred mainly through direct interviews (face-to-face or via conference call); suppliers, however, received an online questionnaire preceded by a business presentation during regional meetings previously scheduled by the relevant department (see also page 162). Stakeholders were asked to evaluate the importance of the 25 aspects, from their point of view, for a company such as CNH Industrial, with specific reference to their needs and expectations in relation to the Company.

The engagement process also provided an opportunity to identify any additional issues for consideration in the future review of the materiality analysis, along with other suggestions on improving the management of stakeholder relations.

The stakeholder engagement results were thus reported on the materiality matrix by repositioning the 25 material aspects along the vertical axis (significance to stakeholders), while the significance within CNH Industrial of the individual aspects identified during the previous year remained unchanged. The results were presented to the members of the GEC and reviewed by the CEO. The final phase involved the assurance of compliance by third parties: the matrix development process was audited by SGS, an independent company, and verified by the GRI.

The stakeholder engagement results were also analyzed at regional level to provide COOs with a management tool highlighting the characteristics of each Region and the action priorities according to local stakeholders.

To highlight the link between matrix and Sustainability Report contents, a reference to the materiality matrix was included at the beginning of every chapter, indicating the specific material aspect discussed in the chapter itself. Furthermore, some of the results that emerged from the 2014 stakeholder engagement activities were highlighted in the Disclosures on Management Approach (DMA) contained in each chapter. Some of the key phrases collected during the interviews are quoted in the 2014 stakeholder interviews text boxes.

## MATERIALITY MATRIX

CNH Industrial developed the matrix to simplify the reading of the results of the materiality analysis. The matrix can be read in four different ways:

- the horizontal axis illustrates the degree of significance to CNH Industrial, in ascending order
- the vertical axis illustrates the significance to stakeholders, in ascending order
- the thickness of the outline indicates the degree of significance to the supply chain<sup>1</sup>
- the graphics differentiate social aspects (in gray) from environmental aspects (in black). The economic aspect was not illustrated since all aspects have economic implications.

Within the scope of the analysis, aspects related to Corporate Governance, regulatory compliance, and economic value creation were considered as prerequisites, and therefore were not examined individually within the process. The matrix also allows verifying the degree of alignment between external expectations and the relevance of issues within the organization.

The analysis confirms the greater relevance of business-related aspects. All 25 aspects are considered material; however, the most relevant from a social point of view, in terms of priority, involve the capacity for innovation related to product safety, product quality, and customer engagement; the most relevant from an environmental point of view involve product innovation related to environmental protection and the management of atmospheric emissions (especially greenhouse gases) and waste.

In the matrix shown, the main changes compared to 2013 are highlighted. The changes occurred on the vertical axis only, with the arrows in the figure indicating those material aspects whose evaluation increased or decreased by more than 0.5 points. Of particular note is the increase for *Sustainability governance, policy and management*, reflecting the need expressed by stakeholders to oversee sustainability issues in a systematic and comprehensive way, with clearly-defined responsibilities and concrete improvement targets. According to stakeholders' evaluations, *Diversity and equal opportunity* is also of increasing relevance because, operating within a global context, the management of this aspect helps to build a solid reputation and attracts talent from the market. Stakeholders also put greater emphasis on how the Company manages the entire product life cycle (*LCA Analysis*), considering it a global best practice. One aspect that declined in relevance compared to 2013 was *Spills - Soil and subsoil protection*, as stakeholders considered that the high standards of the equipment used and of the processes put in place by large multinationals, such as CNH Industrial, considerably lessened the risk of potential accidents.