ANNUAL REPORT

At December 31, 2022

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CNH Industrial N.V.
Corporate Seat: Amsterdam, the Netherlands
Principal Office: 25 St. James's Street, London, SW1A 1HA, United Kingdom
Share Capital: €17,608,744.72 (as of December 31, 2022)
Amsterdam Chamber of Commerce: reg. no. 56532474

This copy of the Annual Report of CNH Industrial N.V. for the year ended 31 December 2022 is not presented in the ESEF-format as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815). The ESEF single reporting package is available at: https://www.afm.nl/en/sector/registers/meldingenregisters/financiele-verslaggeving?KeyWords=cnh%20industrial

BOARD OF DIRECTORS AND AUDITOR

BOARD OF DIRECTORS

Chair

Suzanne Heywood

Chief Executive Officer

Scott W. Wine

Directors

Léo W. Houle(2)(3)(*)

Catia Bastioli (2)(3)(**)

Howard W. Buffett(2)(3)(**)

Karen Linehan(1)(**)(a)

Alessandro Nasi(2)(3)

Vagn Sørensen(1)(**)

Åsa Tamsons(1)(**)

INDEPENDENT AUDITOR

Ernst & Young Accountants LLP

(1) Member of the Audit Committee
(2) Member of the Environmental, Social and Governance Committee
(3) Member of the Human Capital and Compensation Committee
(*) Independent Director and Senior Non-Executive Director
(**) Independent Director
(a) Ms. Karen Linehan was appointed as Chair of the Audit Committee following the retirement of John B. Lanaway on September 1, 2022.

Disclaimer

All statements other than statements of historical fact contained in this filing, including competitive strengths; business strategy; future financial position or operating results; budgets; projections with respect to revenue, income, earnings (or loss) per share, capital expenditures, dividends, liquidity, capital structure or other financial items; costs; and plans and objectives of management regarding operations and products, are forward-looking statements. Forward looking statements also include statements regarding the future performance of CNH Industrial and its subsidiaries on a standalone basis. These statements may include terminology such as "may", "will", "expect", "could", "should", "intend", "estimate", "anticipate", "believe", "outlook", "continue", "remain", "on track", "design", "target", "objective", "goal", "forecast", "projection", "prospects", "plan", or similar terminology. Forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside our control and are difficult to predict. If any of these risks and uncertainties materialize (or they occur with a degree of severity that the Company is unable to predict) or other assumptions underlying any of the forward-looking statements prove to be incorrect, including any assumptions regarding strategic plans, the actual results or developments may differ materially from any future results or developments expressed or implied by the forward-looking statements.
Factors, risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements include, among others: economic conditions in each of our markets, including the significant uncertainty caused by the war in the Ukraine; the duration and economic, operational and financial impacts of the global COVID-19 pandemic; production and supply chain disruptions, including industry capacity constraints, material availability, and global logistics delays and constraints; the many interrelated factors that affect consumer confidence and worldwide demand for capital goods and capital goods-related products; changes in government policies regarding banking, monetary and fiscal policy; legislation, particularly pertaining to capital goods-related issues such as agriculture, the environment, debt relief and subsidy program policies, trade and commerce and infrastructure development; government policies on international trade and investment, including sanctions, import quotas, capital controls and tariffs; volatility in international trade caused by the imposition of tariffs, sanctions, embargoes, and trade wars; actions of competitors in the various industries in which we compete; development and use of new technologies and technological difficulties; the interpretation of, or adoption of new, compliance requirements with respect to engine emissions, safety or other aspects of our products; labor relations; interest rates and currency exchange rates; inflation and deflation; energy prices; prices for agricultural commodities and material price increases; housing starts and other construction activity; our ability to obtain financing or to refinance existing debt; price pressure on new and used equipment; the resolution of pending litigation and investigations on a wide range of topics, including dealer and supplier litigation, intellectual property rights disputes, product warranty and defective product claims, and emissions and/or fuel economy regulatory and contractual issues; security breaches, cybersecurity attacks, technology failures, and other disruptions to the information technology infrastructure of CNH Industrial and its suppliers and dealers; security breaches with respect to our products; our pension plans and other post-employment obligations; political and civil unrest; volatility and deterioration of capital and financial markets, including pandemics, terrorist attacks in Europe and elsewhere; our ability to realize the anticipated benefits from our business initiatives as part of our strategic plan; our failure to realize, or a delay in realizing, all of the anticipated benefits of our acquisitions, joint ventures, strategic alliances or divestitures and other similar risks and uncertainties, and our success in managing the risks involved in the foregoing.
Forward-looking statements are based upon assumptions relating to the factors described in this Annual Report, which are sometimes based upon estimates and data received from third parties. Such estimates and data are often revised. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside CNH Industrial's control. CNH Industrial expressly disclaims any intention or obligation to provide, update or revise any forward-looking statements to reflect any change in expectations or any change in events, conditions or circumstances on which these forward-looking statements are based. Further information concerning CNH Industrial, including factors that potentially could materially affect CNH Industrial's financial results, is included in CNH Industrial's reports and filings with the U.S. Securities and Exchange Commission (SEC), the *Autoriteit Financiële Markten* ("AFM") and *Commissione Nazionale per le Società e la Borsa* ("CONSOB").
All future written and oral forward-looking statements by CNH Industrial or persons acting on the behalf of CNH Industrial are expressly qualified in their entirety by the cautionary statements contained herein or referred to above.

A MESSAGE FROM THE CHAIR & CHIEF EXECUTIVE OFFICER

DELIVERING ON OUR CUSTOMER-INSPIRED STRATEGY AND INNOVATIONS IN 2022

CNH Industrial finished its first year as a focused agriculture and construction business with an impressive set of results and accomplishments. Our dedicated team of over 38,000 employees redoubled their focus on customers and worked tirelessly to deliver for them in spite of challenging supply chains, significant geopolitical risks and persistent inflation. We face the future with energy and optimism, centered on our purpose of *Breaking New Ground* through *Innovation, Sustainability,* and *Productivity.*

We unveiled this purpose, together with our new strategic priorities and 2024 financial objectives, at our Capital Markets Day in February. Our targets and detailed product roadmaps for both the agriculture and construction segments were welcomed by the financial community and other stakeholders. Given market uncertainties we were deliberately cautious in our forecasting and, at least to some extent, this was validated by the adverse conditions that arose during 2022.

The agriculture and construction industries that support our business are cyclical, so we were pleased that demand in both remained robust throughout the year, particularly in the Americas. Inflation was high throughout most of the world, but our businesses were diligent about maintaining price over cost. We believe planning conservatively is the most prudent way to manage the business for our stakeholders, but as we demonstrated in 2022, this does not prevent us from capturing upside if markets outperform our expectations.

Our global team will always work with integrity and purpose to meet or exceed any standard we set. We wish to thank them for embracing our priorities and making them their own. Alongside their daily work, they have been integral to our Culture Transformation. This asks every person, in every part of the business, to adopt our cultural beliefs and take an accountable and collaborative approach to achieve our common goals.

OUTSTANDING RESULTS AND A BRIGHT FUTURE FOR OUR AGRICULTURE BUSINESS(*)

With the support of his leadership team, Derek Neilson is implementing an ambitious plan to advance our agriculture business. Case IH, New Holland Agriculture, and Steyr are globally recognized brands that have served farmers for generations and are supported by a comprehensive network of knowledgeable and dedicated dealers.

The acquisition and subsequent integration of Raven Industries has been foundational to enhancing CNH Industrial's precision farming offerings and accelerating our intent of marrying our great iron with great tech, which we introduced at our Capital Markets Day. Throughout 2022, by combining Raven's significant expertise in digital agriculture, precision technology and autonomous farming systems with our in-house capabilities, we reduced product development time and cost while improving our equipment's efficiency and productivity. One example of this was our introduction of the industry's first autonomous spreader, the Case IH Trident. We also launched driver-assisted products that are available either as retrofits or integrated into our proprietary products. We know that precision farming is fundamental to our customers and therefore we also substantially expanded our technical talent base – building on the significant talent that Raven brings – increasing the size of this group by 50%. Overall R&D spending in agriculture increased by 40%, also reflecting our intent to further accelerate the pace of our innovation.

We are proud of the new technology that we have been able to deliver for our customers this year, but will never stop working to be better. By continuing to integrate sensor-driven data analysis, automation and autonomy, and more sustainable powertrain solutions into our equipment, we will enhance farmers' efficiency and productivity while helping them protect the environment.

These technological developments, underpinned by strong operational execution, positively impacted product quality, delivery, and dealer support and resulted in substantial Net Promoter Score gains. This strong execution, which was particularly illustrated by our outstanding performance in the Americas, drove the segment's record financial results for the year: Net Sales of $18 billion, +22% vs. 2021; Adjusted EBIT of $2.5 billion +$646 million vs. 2021; and Adjusted EBIT margin of 13.7% +140 bps vs. 2021.

IMPROVING RESULTS AND STRATEGIC OUTLOOK FOR CONSTRUCTION EQUIPMENT(*)

Our construction business also had a strong year in 2022, one that demonstrated both the successful turnaround achieved by Stefano Pampalone and his team, and the future potential of this business. The team has continued to improve the competitiveness of our offering and to position the business better to serve our dealers and customers. They are taking full advantage of synergies between our agriculture and construction businesses such as supply chain, real world applications, and component compatibility.

Our construction business is also beginning to see the results of our long-term investment in this segment. The first full year with our newly-acquired Sampierana business – a European brand with specific expertise in mini excavators – saw their products drive notable growth, particularly in Europe. We are investing in specific product lines, such as heavy excavators, and are working hard to serve our customers in that high growth segment. Further investment is foreseen in electrification and in selected markets where there are the biggest opportunities for growth, such as India.

Looking to the future we are conscious that the construction industry faces challenges with rising interest rates impacting housing in many markets. However, having discontinued our sub-scale construction business in China last year, we no longer have exposure to that difficult market. Infrastructure spending is also expected to be strong in North America, and our lean organization is well positioned to respond to dynamic global construction market conditions.

All of these efforts saw the construction segment deliver record financials in 2022 including Net Sales of $3.6 billion, +16% vs. 2021; Adjusted EBIT of $124 million +$34 million vs. 2021; and Adjusted EBIT margin of 3.5% +60 bps vs. 2021. While there is still much work to do to achieve our 2024 construction EBIT margin target of 5.5% to 6.5%, we are confident that we can achieve this interim goal and additional profitable growth beyond it.

Our Full Year Financials(*) reflect the success of the company's efforts across both our segments. Consolidated revenues were $23.6 billion - up 21% from the previous year. Net income - $2 billion - and earnings per share - $1.49 - were the highest in our company's history. This solid growth is reflective of strong end markets and the sharp execution of our strategy.

	2022	2021	Change
Consolidated revenues ($ billion)	23.6	19.5	+21%
Net income ($ billion)	2.0	1.8	+238 million
Diluted earnings per share ($)	1.49	1.32	0.17

In March, we launched a share buyback program which involved the intermittent repurchase of up to 100 million euros' worth of the Company's common shares, which was concluded in September 2022. In July, we announced a further $300 million share buyback program, $50 million of which we allocated in the year.

TECH MILESTONES

As part of our strategy to enhance our technology offering, in 2022 we expanded our R&D footprint, unveiled the agriculture industry's first dynamic simulator for virtual testing, and invested to speed up the development of our technology stack. We released competitive new products, and accelerated future initiatives, in both the agricultural and construction businesses.

In particular, for precision technology related sales, we delivered more than 30% growth in 2022, and forecast a 10 - 15% annual growth rate across the next two to three years. In 2023 we expect these technologies to deliver an estimated $1 billion in net sales contribution from precision technology components (these include technology contained in wholegoods, retrofit components, and Raven third-party sales). The pace of our precision-enabled product launches will accelerate in 2024 and beyond.

We inaugurated three R&D centers to further our global work in customer-inspired innovation. The India Technology Center located in New Delhi, India, is focused on product development and digital solutions. The Advanced Engineering Center in Scottsdale, Arizona, USA, develops digital, automation and autonomous technologies while our newly opened facility in Detroit, Michigan, USA, is working on electrification projects.

In December, we showcased our precision technology and alternative fuels programs and products at our **Tech Day**. Investors, analysts and journalists witnessed the real-world readiness of this ag-tech to boost efficiency, yields, and ultimately profitability for farmers everywhere. Autonomous tillage, advanced combine automation and precision spraying technology were just three of the productivity-enhancing technologies on display.

We also reaffirmed our leadership in alternative fuels in 2022 - both in electrification and natural gas. We unveiled further electrified construction equipment models - focusing on the mini-excavator segment - which provide zero emission and quiet operation, ideal when working in urban areas or inside buildings. We also introduced the world's first liquefied natural gas pre-production prototype tractor, the New Holland T7 Methane Power LNG (T7 LNG). This follows our commercial release of the world’s first compressed natural gas tractor which provides farmers with a profitable, sustainable, and energy-independent means to work their land. The T7 LNG can be fueled by biomethane produced from a farm's crop and livestock waste, providing significant fuel cost savings and substantial environmental benefits. Biomethane can also be used to generate electricity, and its production creates organic fertilizer as a byproduct, further reducing a farmer's input costs.

The T7 LNG is also an example of our ongoing work with partners that are applying new technologies to make farming more efficient, sustainable and cost-effective. In this specific case we are working with Bennamann, an UK-based expert in capturing and repurposing fugitive methane emissions for energy use.

Our collaboration with Bennamann is one example of the work of CNH Industrial Ventures, which was formed in early 2022 to manage our strategic partnerships with innovative enterprises. Its focus is to spearhead breakthrough change in agriculture and construction through strategic investments. CNH Industrial Ventures is also managing a set of other partnerships, including:

- **Monarch Tractor**, a dynamic newcomer in the electrified agriculture vehicles space, with unique capabilities in automation. We displayed our first joint result at Tech Day – the New Holland T4 Electric Power, the world's first electric utility tractor with autonomous features.
- **Augmenta**, a machine vision solutions company founded by farmers in Greece, that provides a cost-effective means of enabling see and act technology.
- **Stout Industrial Technology**, a US-based startup focused on AI-powered smart agricultural implements, expands our mechanical weeding product offering and will accelerate our development of further cultivation solutions.

FURTHER CONSOLIDATION FOR FINANCIAL SERVICES

Our financing division worked diligently to continue integrating our commercial lending solutions and enhance our receivables portfolio in 2022. Our North American entities – CNH Industrial Capital America and CNH Industrial Capital Canada – successfully completed the purchase of our commercial revolving account receivables, previously held by Citibank under a white label agreement. This brought 163,000 customer accounts in-house for a portfolio totaling $238 million. It has given us the ability to directly support more of our customers and further enhances our flexibility and product offering for the aftermarket needs of our dealers and customers.

OPERATIONAL EXCELLENCE

Our Purchasing, Logistics and Manufacturing teams worked steadfastly to mitigate supply chain pressures in 2022. Their stalwart efforts allowed us, in conjunction with an overloaded supply base, to complete and ship units on time for our dealers and customers.

Building better supplier relationships is the focus of our multi-year Strategic Sourcing Program (SSP). Its aim is to ensure that we partner with the best suppliers in the world for each product category, working closely with them to capture what we call 'Best Total Value'. This approach considers a whole host of parameters - including quality, delivery, service, working capital, and, of course, price - to deliver the optimal solution for the product or service being sourced. We expect this program to drive significant margin expansion and long-term pricing stability in 2023 and beyond. To launch the SSP, we held our first global supplier conventions in the fall of 2022, hosting over 800 existing and prospective component suppliers for the initial phase.

Our plants and depots were the first areas of our company to implement the continuous improvement practices introduced through our new CNH Industrial Business System (CBS). Building on our strong foundation of World Class Manufacturing, CBS renews our emphasis on Lean and strategic breakthrough results to drive improvements in quality, delivery and innovation, yielding better products and margins. This proven model adopts a simple and focused approach to create value for customers and eliminate waste from every business process.

A YEAR OF ACHIEVEMENTS

We were pleased to receive continued recognition from leading financial, institutional and industry bodies in 2022. This included both Fitch Ratings and Moody's Investors Service upgrading our ratings in the first quarter of 2022 - setting a positive tone for the year with our shareholders; and our Brands receiving Innovation, Technology and Design awards from leading international authorities.

SUSTAINABILITY STEWARDSHIP

We began a new chapter in our long-term commitment to sustainability by signing up to the Science-Based Targets Initiative (SBTi) at the start of the year. It furthers our pledge to reducing our carbon footprint, ensuring the sustainable lifecycle of our products and increasing the eco-efficiency of our operating sites, among other goals. We were again recognized by inclusion in the CDP's A-List for global climate change stewardship, our 12th consecutive year being named as the Industry top scorer by the Dow Jones Sustainability World and Europe Indices, and our 9th consecutive MSCI ESG AAA rating.

We also continued to work on creating more equal opportunities through a series of projects at local level, such as the upskilling of women for the construction sector. Our employee-enabling approach has helped us achieve certifications as a Great Place to Work ® in seven of our major markets.

We also believe in supporting our local communities, with our focus this year of course being on Ukraine. At the start of the war, we donated $500,000 to support humanitarian relief. Following this, we ran an employee fundraiser to collect donations for the Red Cross and UNICEF, which we matched dollar for dollar.

These are just some of our numerous ESG initiatives and programs. You can find out more about these in our 2022 Sustainability Report, which will be issued on the day of our Annual General Meeting on April 14, 2023.

SOLID GOVERNANCE FOR SOLID GROWTH

Our Board of Directors remains instrumental in providing the oversight and wisdom required to ensure we are embarking upon, and achieving, judicious plans and strategic priorities. They challenge the executive team on a wide range of topics from precision technology to culture change, and they actively guide us to become a more focused, efficient, and effective company. In September we mourned the loss of John Lanaway, our longstanding and incredibly dedicated and effective Audit Chair and a greatly respected friend. He has been ably succeeded by Karen Linehan, who is actively building on his legacy.

THE YEAR AHEAD

Building upon the solid foundations laid in 2022, we see continuing strength in most end markets, better performing supply chains, and moderating inflation.

As such, we are providing the following 2023 outlook for our Industrial Activities:

- Net sales(**) up between 6% and 10% year on year;
- SG&A up, no more than 5% vs 2022;
- Free Cash Flow of Industrial Activities(***) between $1.3 bn and $1.5 bn;
- R&D expenses and capital expenditures at around $1.6 bn.

We have confidence in the demand for agricultural equipment and continued profitable growth from our construction business.

2022 was a year of tremendous progress - financial, sustainable and technological - and we are excited to continue Breaking New Ground and delivering products and services that advance the noble work of farmers and builders. In closing, we would like to thank you for your ongoing support and partnership.

Sincerely,

Suzanne Heywood

CHAIR, CNH INDUSTRIAL

Scott W. Wine

CHIEF EXECUTIVE OFFICER, CNH INDUSTRIAL

(*) Numbers presented under US-GAAP
(**) Net sales reflecting the exchange rate of 1.05 EUR/USD
(***) This items is a non-GAAP financial measure. Refer to the "Board Report - Operating and Financial Review and Prospects" section of this Annual Report for information regarding non-GAAP financial measures.

BOARD REPORT

PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

CNH Industrial N.V. (or “the Company”) is incorporated in, and under the laws of the Netherlands. CNH Industrial has its corporate seat in Amsterdam, the Netherlands, and its principal office in London, England, United Kingdom. CNH Industrial N.V. is the company initially formed by the business combination transaction, completed on September 29, 2013, between Fiat Industrial S.p.A. ("Fiat Industrial") and its majority owned subsidiary CNH Global N.V. ("CNH Global"). Unless otherwise indicated or the context otherwise requires, the terms "we", “us”, “our”, “CNH Industrial” and "the Group" refer to CNH Industrial and its subsidiaries.

CNH Industrial reports quarterly and annual consolidated financial results in accordance with accounting standards generally accepted in the United States (“U.S. GAAP”) for U.S. Securities and Exchange Commission ("SEC") reporting purposes, and in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”) and adopted by the European Union ("EU-IFRS") for European listing purposes and for Dutch law requirements. The reconciliation from EU-IFRS figures to U.S. GAAP is presented, on a voluntary basis, in the Notes to the Consolidated Financial Statements.

Financial statements under both sets of accounting principles use the U.S. dollar as the presentation currency.

We have prepared our annual Consolidated Financial Statements presented in this Annual Report in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code. Our Consolidated Financial Statements are prepared with the U.S. dollar as the presentation currency and, unless otherwise indicated, all financial data set forth in this Annual Report are expressed in U.S. dollars.

Certain financial information in this report has been presented by geographic region. Our geographic regions are: (1) North America; (2) Europe, Middle East and Africa; (3) South America and (4) Asia Pacific. The geographic designations have the following meanings:

- *North America*: United States, Canada and Mexico;
- *Europe, Middle East, and Africa*: member countries of the European Union, European Free Trade Association, the United Kingdom, Ukraine and Balkans, Russia, Turkey, Uzbekistan, Pakistan, the African continent and the Middle East;
- *South America*: Central and South America, and the Caribbean Islands; and
- *Asia Pacific*: Continental Asia (including the India subcontinent), Indonesia, and Oceania.

Certain industry and market share information in this Annual Report has been presented on a worldwide basis which includes all countries. In this Annual Report, management estimates of market share information are generally based on retail unit sales data in North America, on registrations of equipment in most of Europe, Brazil, and various other markets, and on retail and shipment unit data collected by a central information bureau appointed by equipment manufacturers associations, including the Association of Equipment Manufacturers in North America, the Committee for European Construction Equipment in Europe, the Associação Nacional dos Fabricantes de Veículos Automotores in Brazil, the Japan Construction Equipment Manufacturers Association, and the Korea Construction Equipment Manufacturers Association, as well as on other shipment data collected by independent service bureaus. Not all agricultural or construction equipment is registered, and registration data may thus underestimate, perhaps substantially, actual retail industry unit sales demand, particularly for local manufacturers in China, Southeast Asia, Eastern Europe, Russia, Turkey, Brazil, and any country where local shipments are not reported.

Iveco Group N.V. Demerger

During 2021, CNH Industrial completed a strategic project to separate the Commercial and Specialty Vehicles business, the Powertrain business, and the related Financial Services business (together the “Iveco Group Business”) from the Agriculture business, the Construction business, and the related Financial Services business.

The Iveco Group Business was separated from CNH Industrial N.V. in accordance with Section 2:334a (3) of the Dutch Civil Code (Burgerlijk Wetboek) by way of a legal statutory demerger (juridische afsplitsing) to Iveco Group N.V. (the “Demerger”), effective January 1, 2022.

On January 3, 2022, Iveco Group N.V. common shares began trading on the Euronext Milan, under the ticker symbol ‘IVG’. As a result of the Demerger, each holder of CNH Industrial N.V. common shares (and special voting shares as the case may be) received one Iveco Group N.V. share for every five CNH Industrial N.V. common shares (or special voting share as the case may be) held at close of business on the record date for allocation (January 4, 2022). Since January

3, 2022, CNH Industrial N.V. and Iveco Group N.V. have been quoted separately on the regulated markets and operate as independent listed companies, each with its own management and Board of Directors.

As the transaction took effect on January 1, 2022, the Consolidated Financial Statements at December 31, 2022, relate to CNH Industrial remaining business. Moreover, in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations* for the corresponding information of earlier periods, the Iveco Group Business is classified and presented as Discontinued Operations in these Consolidated Financial Statements.

For additional details of items presented under Discontinued Operations in the Consolidated Statements of Income, Financial Position and Cash Flows, refer to the section "Significant accounting policies - Iveco Group Business Spin-off and Discontinued Operations".

Additionally, as the Demerger is a "business combination involving entities or businesses under common control", it is outside the scope of application of IFRS 3 – *Business Combinations* and IFRIC 17- *Distributions of Non-cash Assets to Owners*. Accordingly, in the 2022 consolidated financial statements for CNH Industrial Post-Demerger the opening position for items in the statement of financial position will be equivalent to the carrying amounts reported in the consolidated financial statements of CNH Industrial Pre-Demerger.

Until December 31, 2021, CNH Industrial N.V. owned and controlled the Commercial and Specialty Vehicles business, the Powertrain business, and the related Financial Services business (together the "Iveco Group Business" or the "On-Highway Business"), which are classified as Discontinued Operations, as well as the Agriculture business, the Construction business, and the related Financial Services business (collectively, the "Off-Highway Business") which are classified as Continuing Operations, as following:

Continuing Operations – Industrial Activities Segments

- ***Agriculture*** designs, manufactures and distributes a full line of farm machinery and implements, including two-wheel and four-wheel drive tractors, crawler tractors, combines, grape and sugar cane harvesters, hay and forage equipment, planting and seeding equipment, soil preparation and cultivation implements, and material handling equipment. Agricultural equipment is sold under the New Holland Agriculture and Case IH brands. Regionally focused brands include: STEYR, for agricultural tractors; Flexi-Coil specializing in tillage and seeding systems; Miller manufacturing application equipment; Kongskilde providing tillage, seeding and hay & forage implements. Further, starting in December 2021, Raven was included in the Agriculture segment bringing a leader in digital agriculture, precision technology and the development of autonomous systems to CNH Industrial.
- ***Construction*** designs, manufactures and distributes a full line of construction equipment including excavators, crawler dozers, graders, wheel loaders, backhoe loaders, skid steer loaders, and compact track loaders. Construction equipment is sold under the CASE Construction Equipment, New Holland Construction and Eurocomach brands.

Discontinued Operations – Industrial Activities Segments

- ***Commercial and Specialty Vehicles*** designs, manufactures and distributes a full range of light, medium, and heavy vehicles for the transportation and distribution of goods under the IVECO brand; city-buses, commuter buses under the IVECO BUS (previously Iveco Irisbus) and HEULIEZ BUS brands; quarry and mining equipment under the IVECO ASTRA brand; firefighting vehicles under the Magirus brand; and vehicles for civil defense and peace-keeping missions under the Iveco Defence Vehicles brand.
- ***Powertrain*** designs, manufactures and distributes, under the FPT Industrial brand, a range of engines, transmission systems and axles for on- and off-road applications, as well as for marine and power generation.

Financial Services

- ***Financial Services*** offers retail note and lease financing to end-use customers for the purchase of new and used agricultural and construction equipment and components sold through CNH Industrial brands' dealer network, as well as revolving charge account financing and other financial services. Financial Services also provides wholesale financing to CNH Industrial brand dealers and distributors. Further, Financial Services provides trade receivables factoring to CNH Industrial companies. The European operations of CNH Industrial Financial Services are supported by the Iveco Group's Financial Services segment. CNH Industrial Financial Services provides financial services to Iveco Group companies in the North America, South America and Asia Pacific regions.

OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT AND LONG-TERM VALUE CREATION

CNH Industrial is committed to building a better future, by integrating sustainability in its day-to-day activities and engaging all employees. The full integration of environmental and social considerations with economic objectives enables the Group to identify potential risks and seize additional development opportunities, resulting in a process of continuous, and sustainable, improvement that creates value over the long-term.

As evidence of this, CNH Industrial includes strategic sustainability targets in its Strategic Business Plan that are in line with its priorities; these in turn are based on internal assessment and stakeholder engagement.

The priorities and targets are aligned with the six UN Sustainable Development Goals ("SDGs") most relevant to CNH Industrial:

- SDG 2: Zero hunger - end hunger, achieve food security and improved nutrition, and promote sustainable agriculture;
- SDG 3: Good health and well-being - ensure healthy lives and promote wellbeing for all at all ages;
- SDG 8: Decent work and economic growth - promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all;
- SDG 10: Reduced inequalities - reduce inequality within and among countries;
- SDG 12: Responsible consumption and production - ensure sustainable consumption and production patterns;
- SDG 13: Climate action - take urgent action to combat climate change and its impacts.

These SDGs inspire CNH Industrial's future endeavors in terms of sustainability targets, practices, and projects.

STRATEGIC SUSTAINABILITY TARGETS

CNH Industrial worldwide (%)

SUSTAINABILITY PRIORITIES	ASPIRATIONAL GOALS	STRATEGIC SUSTAINABILITY TARGETS
CARBON FOOTPRINT	CARBON NEUTRAL	50% reduction in CO_2/hour of production vs. 2018 by 2030 90% share of renewable electricity by 2030
CIRCULARITY AND ECO-EFFICIENCY	FULLY RECOVERABLE	100% new products developed with sustainability design criteria by 2024 90% recyclability for new products by 2030 95% waste recovered at Company plants by 2024 33% reduction of water withdrawal/hour of production vs. 2018 by 2024
INCLUSION, EQUITY AND ENGAGEMENT	FULLY ENGAGED	35% reduction of injury frequency rate vs. 2018 by 2024 20% of women in leadership roles by 2024 100% employees trained in unconscious bias and "speak up" by 2024 100% increase in people benefitting from CNH Industrial's local community initiatives vs. 2018 by 2024
GOVERNANCE AND COMMITMENT	FULLY ACCOUNTABLE	Quarterly Executive Sustainability Committee chaired by CEO, and ESG Board Committee 20% leadership variable compensation linked to Sustainability Rollout of CNH Industrial Business System to increase agility and focus on customers

The targets were incorporated into the Sustainability Plan, which expresses CNH Industrial's commitment to contributing to a better future. The Sustainability Plan, which also includes short-term targets, is updated annually to report the progress of existing projects and establish new targets to ensure continuous improvement, essential for long-term growth and value creation.

Sustainability is a core element of CNH Industrial's Corporate Governance, with senior management playing a direct and active role. The Environmental, Social, and Governance Committee (the "Environmental, Social, and Governance Committee") of the Board of Directors ("Board") is responsible for, among other things, assisting the Board in: monitoring and evaluating reports on CNH Industrial's sustainable development policies and practices, management standards, strategy, global performance and governance; reviewing, assessing, and making recommendations on strategic sustainability guidelines, including occupational health and safety and climate-related issues; and reviewing the CNH Industrial's annual Sustainability Report(1).

CNH Industrial has established an organizational structure made up of global and regional sustainability committees and the Sustainability Team in order to optimize the management of sustainability aspects within the Group.

The Sustainability Steering Committee ("SSC") is a committee of the Senior Leadership Team ("SLT"), and is responsible for identifying sustainability strategies, integrating them with business needs, adopting a medium-to-long term vision, and providing a forum for communication and benchmarking among the geographic areas.

The SSC is chaired by the Chief Diversity & Inclusion, Sustainability and Transformation Officer, and is coordinated by the Sustainability Unit. The permanent members of the committee are the SLT members.

The Sustainability Team is a network of experts responsible for incorporating sustainability criteria more effectively into the Group strategy and for ensuring the necessary support for sustainability planning and reporting. The Sustainability Team is overseen by the Chief Diversity & Inclusion, Sustainability and Transformation Officer and comprises personnel with global expertise, as well as the Global Social Initiatives team, composed of the representatives for local community initiatives.

CNH Industrial's sustainability management system consists of the following tools:

- the Code of Conduct, approved by the Board of Directors, and related policies that set out the Group's approach to key topics;
- a set of policies to manage specific issues, as well as the Human Capital Management Guidelines, Green Logistics Principles, and the Supplier Code of Conduct;
- the materiality analysis, which defines social and environmental priorities;
- stakeholder engagement on material topics;
- a set of comprehensive sustainability-related Key Performance Indicators, designed to provide comprehensive coverage of all the key environmental, social, and governance aspects, in line with the GRI Sustainability Reporting Standards ("GRI Standards") and the Sustainability Accounting Standards ("SASB Standards") and those of the major sustainability rating agencies;
- the Sustainability Plan, also including the strategic sustainability targets, which identifies priorities and tracks commitments undertaken; and
- the annual Sustainability Report, which discloses the Group's sustainability performance.

The Sustainability Report, prepared on a voluntary basis and in line with GRI Standards and SASB Standards, integrates the economic aspects described herein with a comprehensive view of the environmental and social performance of CNH Industrial's operations.

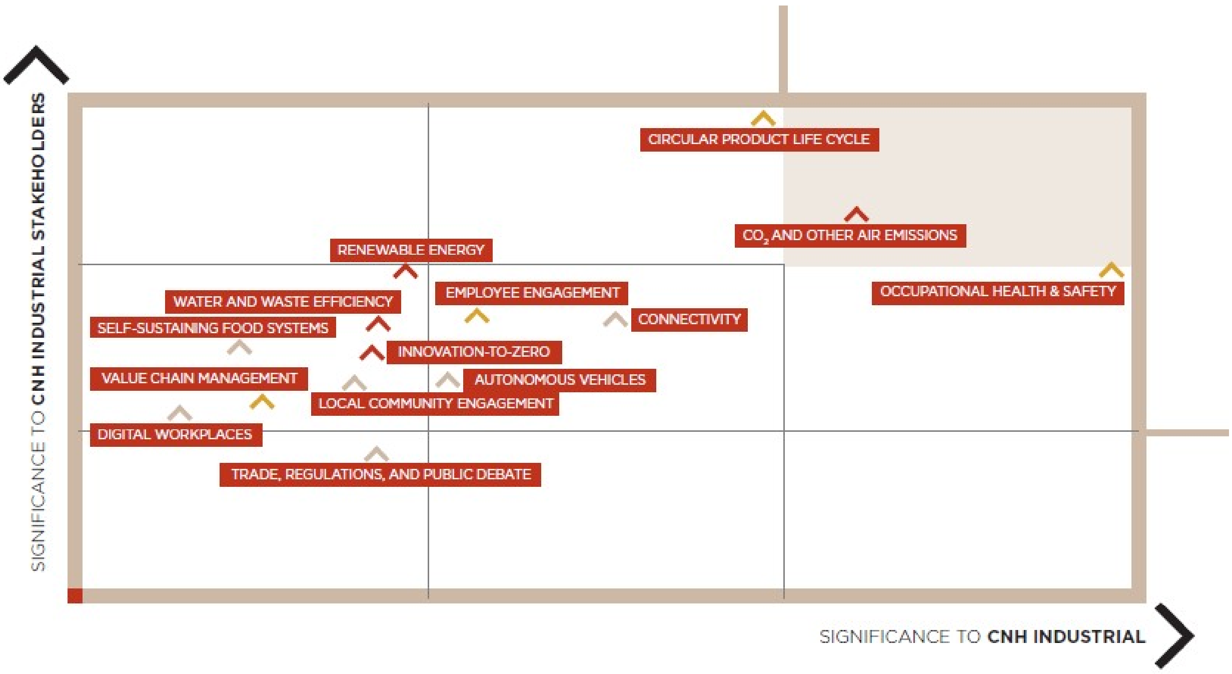
Materiality analysis

The materiality analysis is a tool that CNH Industrial uses to ensure close alignment between the material topics identified and its business decisions, increasingly integrating sustainability principles into its daily activities. According to this approach, topics are considered material if they reflect CNH Industrial's economic, environmental, and social impact, or influence the decisions of stakeholders.

CNH Industrial's Materiality Matrix reflects how frequently each material topic was selected. It was shared with the SLT members, reviewed by the SSC, and reviewed and approved by the Chief Executive Officer ("CEO"). The final phase involved third party assurance of compliance, in which the Matrix development process was audited by an independent company.

CNH Industrial also performed a specific analysis in order to identify the link between the SDGs most relevant to the business (the 6 SDGs aligned with the commitments stated in the Sustainability Plan) and the 14 material topics.

(1) The 2022 Sustainability Report will be made available on the Company's website as of April 14, 2023, the day of the 2022 Annual General Meeting of Shareholders.



The Materiality Matrix confirms the greater significance of business-related aspects, in line with the sustainability priorities defined within CNH Industrial's Strategic Business Plan. Specifically, from a circular economy perspective, the material topic Circular Product Life Cycle was considered, both within and outside the Group, as one of the most relevant to CNH Industrial, highlighting the importance of adopting alternative solutions that minimize the impact of a product's life cycle. CO_2 and Other Air Emissions was also one of the most relevant topics, considering not only the impact of manufacturing processes, but also of the entire value chain (logistics, supply chain, and product use). The topic Occupational Health and Safety ranked among the most relevant to both the Company and its stakeholders, highlighting the importance of an approach based on effective preventive and protective measures that involves all employees.

Topic	Reference
PRODUCT & INNOVATION	
Circular Product Life Cycle	Business Overview/Industry Overview
Autonomous Vehicles	Business Overview/Industry Overview
Connectivity	Business Overview/Industry Overview
Self-sustaining Food Systems	Business Overview/Industry Overview
Trade, Regulations, and Public Debate	Business Overview/Industry Overview
BEHAVIORS & ENGAGEMENT	
Occupational Health and Safety	Human Resources/Employees
Local Community Engagement	Corporate Governance/Community Relations
Value Chain Management	Business Overview/Suppliers
Employee Engagement	Human Resources/Employees
Digital Workplaces	N.A.
PROCESSES & APPLICATIONS	
CO_2 and Other Air Emissions	Business Overview/Plants and Manufacturing Processes
Renewable Energy	Business Overview/Plants and Manufacturing Processes
Water and Waste Efficiency	Business Overview/Plants and Manufacturing Processes
Innovation-to-zero	Business Overview/Plants and Manufacturing Processes; Human Resources/Employees

Taskforce on Climate-related Financial Disclosures

CNH Industrial is committed to climate change mitigation and aims for full transparency in its management of climate-related risks and opportunities through the disclosures provided in this section, in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). The following section contains four thematic areas showing how the Group is addressing climate-change risks and opportunities: Governance, Strategy, Risk Management, and Metrics and Targets. For further details, please see the TCFD correspondence table at the end of this section.

Governance

The highest responsibility for defining and implementing the strategy of CNH Industrial is assigned to the Board of Directors. The Environmental, Social, and Governance Committee of the Board of Directors is responsible, among other things, for assisting the Board in reviewing and guiding the strategy and risk management policies related to climate change. Moreover, the Committee is responsible for monitoring the implementation of the measures to meet climate change targets, such as CO_2 emissions and energy efficiency. The Committee meets quarterly and, at least twice per year, the Chief Diversity & Inclusion, Sustainability and Transformation Officer updates the Environmental, Social, and Governance Committee on the progress of CO_2 emissions reduction and energy efficiency in manufacturing.

At the management level, the highest responsibility for initiatives focusing on energy efficiency and on the management of CO_2 emissions at CNH Industrial lies with the Senior Leadership Team ("SLT").

SLT members are also members of the Sustainability Steering Committee ("SSC"). The SSC is responsible for defining sustainability strategy and for integrating sustainability aspects into operating processes, and is chaired by the Chief Diversity & Inclusion, Sustainability and Transformation Officer.

The operating segments of CNH Industrial are fully responsible for the global growth and performance of their respective businesses, thereby increasing focus and accountability. For this reason, the different segments have nominated specific committees responsible for the implementation and monitoring of the Group's strategy. Climate-change issues are regularly discussed by these committees to ensure responsible management of climate risks and to identify trends and opportunities, including potential impacts of new product development and new market considerations.

Additionally, the Risk Management Center of Competence addresses all stages of pure risk(2) management, including risk identification, analysis, and treatment (including loss prevention).

To further align the management commitment to climate-change mitigation, part of the CEO's and other SLT members' remuneration is linked to sustainability targets, such as the reduction of CO_2 emissions per production unit. The remuneration of the management is reviewed and approved by the Compensation Committee of the Board of Directors.

Targets are defined for business unit and energy managers and are related to energy consumption reduction and greenhouse gas (GHG) emissions reduction. Targets are included in the Performance Management Process.

Strategy

CNH Industrial's sustainability strategy is framed within the Company's purpose, *Breaking New Ground,* which incorporates a set of values that lie at the core of the Company's day-to-day activities and are intrinsically linked to its future business success. Specific to climate change, and as described further below, CNH Industrial has an established risk management process that includes the assessment and monitoring of climate-related risk. These assessments are used by the CNH Industrial to identify not only risk exposure, but also opportunities, on which the Group's climate change strategy is based. The identification of these climate-related risks and opportunities, along with the analysis of sustainability macrotrends, led to the definition of a decarbonization strategy, which in turn has been incorporated within, and regularly influences, the Group's Strategic Business Plan. To further address the potential impacts of climate change, CNH Industrial has implemented relevant projects and a number of other specific climate-related topics and has defined long-term strategic targets.

Climate-related risks and opportunities are embedded within CNH Industrial's strategy to ensure resiliency of its business model in light of shifting global challenges. CNH Industrial has established specific functions and structures within its respective operating segments to monitor the relevant emerging policies and regulatory developments at local and global level. Resulting analyses are incorporated within the Group strategy to ensure full compliance with applicable laws. CNH Industrial develops its product portfolio to steer the focus of research and development toward sustainable technologies (e.g. "green" fuels, electric and hydrogen propulsion technologies, digitalization and related intelligent capabilities that include precision farming and smart water management, etc.). CNH Industrial also takes advantage of the collaboration with strategic business partners, startups, and external expertise in the emerging technology sector.

To ensure the timely delivery of its strategy, CNH Industrial has established specific targets linked to the environmental performance of its manufacturing processes, logistics, and product portfolio, as outlined in the section Metrics and Targets below.

CNH Industrial developed a scenario analysis which led to the identification of the Internal Price of Carbon ("IPoC"), an indicator that enables it to prioritize energy-saving projects based on their ability to generate the greatest reduction in CO_2 emissions.

(2) Pure risks are risks resulting from natural causes or accidental or malicious acts (fires, explosions, floods, etc.) that may result not only in damage to goods or facilities, but also in the short or long-term interruption of operations.

Risk Management

Enterprise Risk Management

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

CNH Industrial's ERM processes are aligned with the Group's Sustainability Program and its strategic sustainability targets and aspirational goals, including those related to climate change, which are articulated in the Group's Strategic Business Plan.

The effects of climate change represent a key emerging risk to CNH Industrial and, as referenced above, examples of its related mitigation actions include investments in technology as part of its decarbonization strategy, and efforts to reduce energy consumption in manufacturing processes.

More details on CNH Industrial's enterprise risk management framework, including its risk appetite for individual risk categories, can be found in the Risk Management and Control System section of this Report.

Pure Risk Management

In order to strengthen sustainability and resilience within CNH Industrial, the Group also works to develop and launch forward-looking solutions to better understand the impacts of natural hazards and to respond accordingly. The ability to assess the losses and costs associated with natural hazards is essential for better decision making on hazard-mitigation investments and planning.

CNH Industrial's Risk Management function has developed an innovative risk management methodology in collaboration with the Group's EHS (Environment Health & Safety) departments, a major international consultancy and certification firm, and an insurance partner. This methodology has enabled CNH Industrial to: (i) obtain objective, quantified knowledge of insurable environmental exposures; (ii) improve risk profiles according to the segments' EHS strategies; (iii) identify and clearly communicate priorities and benefits; (iv) effectively inform the insurance market about the loss prevention activities in place to prevent or mitigate potential environmental losses; (v) obtain adequate environmental insurance coverage, commensurate with risk exposures and current loss prevention activities; (vi) carry out prevention activities in line with Group strategies'. These activities provided the basis for the development of the Group's first environmental maps, which quantify the overall level of risk using a scientific, certified self-assessment tool. The results were presented to the insurance market as evidence that CNH Industrial's environmental risks are known, well-quantified, and properly managed. The results also led to comprehensive global insurance coverage. A similar approach is being followed for earthquake and flood risks.

Metrics and targets

CNH Industrial has developed various indicators and tools to assess its contribution, exposure, and resilience to climate change. CO_2 emissions are calculated according to the Greenhouse Gas Protocol (GHG Protocol), incorporated into CNH Industrial Guidelines.

METRICS	2022	2021	2020
Plants in scope	**30**	**30**	**31**
Direct energy consumption from renewable sources (GJ/000)	16	6	2
Direct energy consumption from non-renewable sources (GJ/000)	2,354	2,170	1,758
Total direct energy consumption (GJ/000)	**2,370**	**2,176**	**1,760**
Total indirect energy consumption from renewable sources (GJ/000)	784	661	551
Total indirect energy consumption from non-renewable sources (GJ/000)	618	697	546
Total indirect energy consumption (GJ/000)	**1,402**	**1,358**	**1,097**
Direct CO_2 emissions (Scope 1) (Mtons/000)	127	120	95
Indirect CO_2 emissions (Scope 2 – market-based) (Mtons/000)	105	100	84
Indirect CO_2 emissions (Scope 2 – location-based) (Mtons/000)	125	119	102
Total CO_2 emissions (Scope 1 and Scope 2 – market-based) (Mtons/000)	**232**	**220**	**179**

Based on the climate-related risks and opportunities identified, CNH Industrial sets targets to reduce emissions and increase energy efficiency:

TARGETS	REFERENCE PERIOD	2022 RESULTS
50% reduction vs. 2018 in CO_2 /h of production by 2030	2030	-30.0%
90% of total electricity consumption derived from renewable sources	2030	59.5%

TCFD correspondence table

Thematic area	Recommended TCFD disclosures	Reference
Governance Disclose the organization's governance around climate-related risks and opportunities.	a) Describe the board's oversight of climate-related risks and opportunities.	▪ Annual Report: Our commitment to sustainable development and Long-term Value Creation; Corporate Governance/Board of Directors; the Environmental, Social, and Governance Committee ▪ CDP Climate Change Questionnaire: C1 - Governance ▪ Sustainability Report: Our Governance Model/Governance Structure; Manufacturing Processes/Energy management
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	▪ Annual Report: Our commitment to sustainable development and Long-term Value Creation ▪ CDP Climate Change Questionnaire: C1 - Governance ▪ Sustainability Report: Our Governance Model/Governance Structure; Manufacturing Processes/Energy management
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	▪ Annual Report: Business Overview/Industry Overview; Risk Management and Control System ▪ CDP Climate Change Questionnaire: C2 - Risks and Opportunities; C3 - Business strategy ▪ Sustainability Report: Our commitment to the future/ Materiality Analysis; Manufacturing Processes/Energy Management; Purchasing Processes; Sustainable Products
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	▪ Annual Report: Business Overview/Industry Overview; Risk Management and Control System ▪ CDP Climate Change Questionnaire: C2 - Risks and Opportunities; C3 - Business strategy ▪ Sustainability Report: Our commitment to the future/ Materiality Analysis; Manufacturing Processes/Energy Management; Purchasing Processes; Sustainable Products
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	▪ Annual Report: Business Overview/Industry Overview; Risk Management and Control System ▪ CDP Climate Change Questionnaire: C2 - Risks and Opportunities; C3 - Business strategy ▪ Sustainability Report: Our commitment to the future/ Materiality Analysis; Manufacturing Processes/Energy/ Management; Purchasing Processes; Sustainable Products
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks.	a) Describe the organization's processes for identifying and assessing climate-related risks.	▪ Annual Report: Risk Management and Control System ▪ CDP Climate Change Questionnaire: C2 - Risks and Opportunities ▪ Sustainability Report: Our Governance Model/Risk Management
	b) Describe the organization's processes for managing climate-related risks.	▪ Annual Report: Risk Management and Control System; Business Overview/Plants and Manufacturing Processes ▪ CDP Climate Change Questionnaire: C2 - Risks and Opportunities ▪ Sustainability Report: Our Governance Model/Risk management; Manufacturing Processes/Energy Management; Purchasing Processes; Sustainable Products
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	▪ Annual Report: Risk Management and Control System ▪ CDP Climate Change Questionnaire: C2 - Risks and Opportunities ▪ Sustainability Report: Our Governance Model/Risk Management
Metrics & targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	▪ Annual Report: Business Overview/Plants and Manufacturing Processes ▪ CDP Climate Change Questionnaire: C4 - Targets and performance; C6 - Emissions data; C8 - Energy ▪ Sustainability Report: Manufacturing Processes/Energy Management; Energy Performance
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	▪ Annual Report: Business Overview/Plants and Manufacturing Processes ▪ CDP Climate Change Questionnaire: C4 - Targets and Performance; C6 - Emissions data; C8 - Energy ▪ Sustainability Report: Manufacturing Processes/Energy Management; Energy Performance
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	▪ Annual Report: Business Overview/Plants and Manufacturing Processes ▪ CDP Climate Change Questionnaire: C4 - Targets and Performance; C6 - Emissions data; C8 - Energy ▪ Sustainability Report: Manufacturing Processes/Energy Management; Energy performance

EU Taxonomy on sustainable activities

The EU Taxonomy classification system introduced by the Regulation 2020/852 establishes a list of environmentally sustainable economic activities, supporting the EU Green Deal objectives. The Regulation provides for common definitions that identify when an economic activity can be considered as environmentally sustainable.

There are currently six environmental[1] objectives in the EU Taxonomy, two of which are now regulated: Climate Change Mitigation and Climate Change Adaptation, while the remaining four will be regulated during 2023.

For each objective, the EU Taxonomy defines the list of economic activities that can substantially contribute to it, provided that it meets the related technical screening criteria (TSC)[2].

Starting from 2022, companies are required to disclose the proportion of turnover, capital expenditure (CapEx), and operating expenditure (OpEx) of Taxonomy eligible and non-eligible activities: i.e. those activities included within Annexes 1 and 2 of Delegated Act 2139/2021 irrespective of whether they meet any or all of the technical screening criteria. From this reporting year on, companies are required to disclose their aligned KPI as well: for each eligible activity, company shall then assess if the activity:

- meets the substantial contribution criteria;
- meets the do no significant harm (DNSH) criteria; and
- complies with minimum safeguards referred to in Art. 18 of the Regulation 852.

Eligibility assessment of CNH Industrial economic activities'

CNH Industrial conducted an eligibility assessment of its core business activities and operations, comparing the latter against the subsections of Annexes I and II of the Commission Delegated Regulation (EU) 2021/2139.

In this context, CNH Industrial identified as eligible the production of electric traction technologies, which falls within the definition of the activity 3.6 – "Manufacture of other low carbon technologies".

Moreover, the Group identified a list of additional activities, related to expenses incurred during 2022 that can be considered individually as Taxonomy-eligible investments, as contributing to the aim to reduce Group's greenhouse emissions[3]:

- 4.15 - District heating/cooling distribution;
- 4.16 - Installation and operation of electric heat pumps;
- 4.25 - Production of heat/cool using waste heat;
- 6.5 - Transport by motorbikes, passenger cars and light commercial vehicles;
- 7.2 - Renovation of existing buildings;
- 7.3 - Installation, maintenance and repair of energy efficiency equipment;
- 7.5 - Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings;
- 7.6 - Installation, maintenance and repair of renewable energy technologies.

Alignment Assessment

The activities carried out by the group were considered eligible, but not aligned, as it was not possible to assess their compliance with all the technical screening criteria laid down in the Appendix A: Generic Criteria for DNSH to Climate Change Adaptation. For all the expenses considered as eligible, as the Group did not assess the full compliance of the suppliers to the TSC and MSS, a precautionary approach was preferred.

For eligible activity 3.6, the Group assessed whether or not the technical screening criteria was met. For activity 3.6, an LCA verified by an independent third party for each solution is required, and it has to be compared to the best performing alternative technology/product/solution available on the market.

The assessment led us to determine activity 3.6 as not aligned because LCA verification has not been completed and does not satisfy requirements at this time.

For activities 4.15, 4.16, 4.25, 6.5, 7.2, 7.3, 7.5, 7.6 related to OpEX activity, the group assessed whether or not the technical screening criteria were met. Using a conservative approach, we cannot confirm that all technical screening criteria were met.

(1) *Individual measures as identified in Delegated Act – Annex I Art. 8, § 1.1.2.2, point c, related to the purchase of output from Taxonomy-aligned economic activities.*

(2) *1 - climate change mitigation; 2 - climate change adaptation; 3 - sustainable use and protection of water and marine resources; 4 - transition to a circular economy; 5 - pollution prevention and control; and 6 - protection and restoration of biodiversity and ecosystems.*

(3) *The list of economic activities and the related technical screening criteria are laid down in Annex 1 and Annex 2 of the Commission Delegated Act 2021/2139 supplementing Regulation (EU) 2020/852.*

Minimum Social Safeguard Assessment

Article 3 of the EU Taxonomy Regulation set a further requirement for the economic activities to be considered sustainable. Not only the activities shall meet the TSC, but they shall also be socially sustainable by meeting the minimum safeguards.

The Taxonomy Regulation requires that the entity conducting an eligible activity shall also implement measures to ensure the alignment with the OECD (Organization for Economic Cooperation and Development) Guidelines for Multinational Enterprises and with the UN Guiding Principles on Business and Human Rights. Those procedures include the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation (ILO) on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

In order to verify compliance with minimum safeguards on its activities, CNH Industrial conducted a specific assessment activity.

As referenced in our Corporate Governance Chapter, CNH Industrial respects and promotes human rights in line with national laws, the fundamental Conventions of the International Labour Organization (ILO), the UN's Universal Declaration of Human Rights, and the OECD Guidelines for Multinational Enterprises.

CNH Industrial is committed to ensuring respect for fundamental human rights wherever it operates and seeks to promote respect for these principles by others where it has an influence, particularly among contractors, suppliers, and other entities and individuals with whom it has a business relationship.

CNH Industrial monitors respect for human rights both internally, through the Internal Audit function, and for suppliers, through an annual assessment process. CNH Industrial also seeks to implement a variety of measures (e.g., training activities) to help employees understand and address human rights issues in the course of their work.

Accounting Policy (1.2.1)

For the determination of the KPIs, the Group's Sustainability department, and the Accounting and Finance Department were involved, which, based on the indications given in Annex 1 to Delegated Act 2178/2021, identified the values to be included in the KPIs from the balance sheet items, as described in the next paragraph.

As for the calculation of the numerator, only the balance sheet items related to the identified activities (3.6, 4.15, 4.16, 4.25, 6.5, 7.2, 7.3, 7.5, and 7.6) were considered. As for the calculation of the denominator, all the items provided for by the regulations at a consolidated CNH Industrial N.V. level were included, as specified within the contextual information paragraph.

Assessment of compliance with Regulation (EU) 2020/852 (1.2.2)

CNH Industrial identified nine taxonomy eligible activities[EY2] , which do not meet all the relevant technical screening criteria.

To avoid any double counting in the calculation of the KPIs, the values were determined directly from the items included in the financial statement of CNH Industrial N.V.

Contextual information (1.2.3)

Turnover KPI:

a. The denominator was identified based on Group's consolidated net turnover from industrial activities.
b. The numerator was identified including net sales from sales of electrical construction vehicles (activity 3.6 "Manufacture of other low carbon technologies").

CapEx KPI:

a. The denominator consists of additions to tangible and intangible fixed assets during the financial year, before depreciation, amortization, and any re-measurements, including those resulting from revaluations and impairments, as well as excluding changes in fair value.
b. The numerator equals capital expenditures, that are part of the denominator, referred to the eligible activities and in particular capital expenditures on fixed assets and R&D costs capitalized of the industrial activities.

The main investments within the eligible costs are referred to renovation of plants with the aim to make them more energy sustainable and efficient on production; all the investments involve mainly the production plan and product development test labs. It also includes investments in relation to alternative propulsion (low carbon technologies) R&D and Capital investments.

OpEx KPI:

a. The denominator includes all direct non-capitalized costs related to maintenance, building renovation measures, research and development, short-term lease, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant, and equipment.

b. The numerator equals the direct non-capitalized costs that are part of the denominator referred to eligible activities and in particular innovation and advanced engineer development for Products Electrification and alternative propulsion solutions and R&D not capitalized of industrial activities.

There are no amounts in the reported values related to economic activities included in the taxonomy conducted for the internal consumption of the Group.

Within the CapEx and OpEx items, there are no items related to a plan to expand the economic activities aligned to the taxonomy.

After investigating and consulting on EU Taxonomy's list of activities, the KPIs related are included in the tables below.

Proportion of turnover from products associated with Taxonomy-aligned economic activities – disclosure covering year 2022:

				Substantial contribution criteria						DNSH criteria ("Does not Significantly Harm")										
Economic activities	Code(s)	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resource	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resource	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx, year 2022	Taxonomy-aligned proportion of CapEx, year 2021	Category (enabling activity)	Category (transitional activity)
		$M	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES			**%**																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	—														—	—	—	—
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of other low carbon technologies	3.6	1	—																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		21,539	100 %																	
Total (A + B)		21,540	100 %																	

Proportion of CapEx from products associated with Taxonomy-aligned economic activities – disclosure covering year 2022:

				Substantial contribution criteria						DNSH criteria (“Does not Significantly Harm”)										
Economic activities	Code(s)	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resource	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resource	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx, year 2022	Taxonomy-aligned proportion of CapEx, year 2021	Category (enabling activity)	Category (transitional activity)
		$M	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			**%**																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**—**														—	—	—	—
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of other low carbon technologies	3.6	6,9	1%																	
District heating/cooling distribution	4.15	0,1	—																	
Installation and operation of electric heat pumps	4.16	0	—																	
Production of heat/cool using waste heat	4.25	0,1	—																	
Renovation of existing buildings	7.2	11,3	2%																	
Installation, maintenance and repair of energy efficiency equipment	7.3	7,8	1%																	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	0,5	—																	
Installation, maintenance and repair of renewable energy technologies	7.6	0,3	—																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**27,0**	**4%**																	
Total (A.1 + A.2)		**27,0**	**4%**																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		603,0	96 %																	
Total (A + B)		630,0	100 %																	

Proportion of OpEx from products associated with Taxonomy-aligned economic activities – disclosure covering year 2022:

				Substantial contribution criteria						DNSH criteria ("Does not Significantly Harm")										
Economic activities	Code(s)	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resource	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resource	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx, year 2022	Taxonomy-aligned proportion of CapEx, year 2021	Category (enabling activity)	Category (transitional activity)
		M$	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			**%**																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0 %**														**0**	—	—	—
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of other low carbon technologies	3.6	60,4	8 %																	
District heating/ cooling distribution	4.15	0	—																	
Installation and operation of electric heat pumps	4.16	0	—																	
Production of heat/ cool using waste heat	4.25	0	—																	
Renovation of existing buildings	7.2	1,0	—																	
Installation, maintenance and repair of energy efficiency equipment	7.3	0,8	—																	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	0	—																	
Installation, maintenance and repair of renewable energy technologies	7.6	0	—																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**62,2**	**8 %**																	
Total (A.1 + A.2)		**62,2**	**8 %**																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		732,3	92 %																	
Total (A + B)		794,5	100 %																	

Methodologies

This Non-Financial Statement addresses the requirements of the Dutch Decree dated March 14, 2017 on Non-Financial Information, that implemented the Directive 2014/95/EU into Dutch law. This Non-Financial Statement is based on the GRI Sustainability Reporting Standards ("GRI Standards") and the Sustainability Accounting Standards ("SASB Standards").

Defining the contents of this Non-Financial Statement is a process based on principles of materiality, stakeholder inclusiveness, sustainability context, and completeness. Ensuring the quality of information concerns principles of balance, comparability, accuracy, timeliness, clarity, and reliability.

Environmental and social issues included in the Annual Report were selected on the basis of the materiality analysis and focus on key phases in the product life cycle. For further information on CNH Industrial's commitment to sustainable development, see the 2022 Sustainability Report.

The contents related to the different requirements stated in the Dutch Decree are included in this Annual Report in different sections. The table below shows the internal references where to find the information for each requirement.

EU Directive Non-Financial Information and Diversity information reference table

Topic	Subtopic	Included (yes/no)	Reference
Business model		Yes	Business Overview; Our Commitment to Sustainable Development and Long-term Value Creation; Corporate Governance/Code of Conduct
Relevant social and personnel matters (e.g. HR, safety etc.)	A description of the policies pursued, including due diligence.	Yes	Corporate Governance/Code of Conduct; Human Resources/Employees; Business Overview/Suppliers
	The outcome of those policies.	Yes	Corporate Governance/Code of Conduct; Human Resources/Employees; Business Overview/Suppliers
	Principle risks in own operations and within value chain.	Yes	Risk Management and Control System; Human Resources/Employees; Business Overview/Suppliers
	How risks are managed.	Yes	Risk Management and Control System; Human Resources/Employees; Business Overview/Suppliers
	Non-financial key performance indicators.	Yes	Human Resources/Employees; Business Overview/ Suppliers
Relevant Environmental matters (e.g. climate-related impacts)	A description of the policies pursued, including due diligence.	Yes	Corporate Governance/Code of Conduct; Business Overview/Plants and Manufacturing Processes
	The outcome of those policies.	Yes	Corporate Governance/Code of Conduct; Business Overview/Plants and Manufacturing Processes
	Principle risks in own operations and within value chain.	Yes	Risk Management and Control System; Business Overview/Plants and Manufacturing Processes
	How risks are managed.	Yes	Risk Management and Control System; Business Overview/Plants and Manufacturing Processes
	Non-financial key performance indicators.	Yes	Business Overview/Plants and Manufacturing Processes
Relevant matters with respect for human rights (e.g. labor protection)	A description of the policies pursued, including due diligence.	Yes	Corporate Governance/Code of Conduct; Corporate Governance/Respect for Human Rights
	The outcome of those policies.	Yes	Corporate Governance/Code of Conduct; Corporate Governance/Respect for Human Rights
	Principle risks in own operations and within value chain.	Yes	Risk Management and Control System; Corporate Governance/Respect for Human Rights
	How risks are managed.	Yes	Risk Management and Control System; Corporate Governance/Respect for Human Rights
	Non-financial key performance indicators.	Yes	Corporate Governance/Respect for Human Rights
Relevant matters with respect to anti-corruption and bribery	A description of the policies pursued, including due diligence.	Yes	Corporate Governance/Code of Conduct; Corporate Governance/Anti-Corruption and Bribery
	The outcome of those policies.	Yes	Corporate Governance/Code of Conduct; Corporate Governance/Anti-Corruption and Bribery
	Principle risks in own operations and within value chain.	Yes	Risk Management and Control System; Corporate Governance/Anti-Corruption and Bribery
	How risks are managed.	Yes	Risk Management and Control System; Corporate Governance/Anti-Corruption and Bribery
	Non-financial key performance indicators.	Yes	Corporate Governance/Anti-Corruption and Bribery
Insight into the diversity (executive board and the supervisory board)	A description of the policies pursued.	Yes	Corporate Governance/Board of Directors
	Diversity targets.	No	Human Resources/Corporate Governance/Board of Directors
	Description of how the policy is implemented.	Yes	Human Resources/Corporate Governance/Board of Directors
	Results of the diversity policy.	Yes	Human Resources/Corporate Governance/Board of Directors

SASB INDEX

TOPIC	SASB CODE	METRIC	UNIT OF MEASURE	RESPONSE COMMENT
Activity	RT-IG-000.A	Number of units produced by product category	Number	Agriculture 219,900 Construction 45,800
	RT-IG-000.B	Number of Employees	Number	40,070
Energy Management	RT-IG-130a.1	(1) total energy consumed	Gigajoules (GJ)	3,771,226
		(2) percentage grid electricity	%	35.6
		(3) percentage renewable	%	21.2
Employee Health and Safety	RT-IG-320a.1	(1) total recordable incident rate (TRIR)[1]	Rate	0.300
		(2) fatality rate[2]	Rate	—
		(3) near miss frequency rate (NMFR)[3]	Rate	15.683
Fuel Economy & Emissions in Use-Phase	RT-IG-410a.1	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	Gallons per 1,000 ton-miles	Not applicable to CNH Industrial
	RT-IG-410a.2	Sales-weighted fuel efficiency for non-road equipment	Gallons per hour	[4]
	RT-IG-410a.3	Sales-weighted fuel efficiency for stationary generators	Watts per hour	Not applicable to CNH Industrial
	RT-IG-410a.4	Sales-weighted emissions of:	Grams per kilowatt-hour	[4]
		(1) nitrogen oxides (NOx) and		
		(2) particulate matter (PM) for:		
		(a) marine diesel engines,		
		(b) locomotive diesel engines,		
		(c) on-road medium- and heavy-duty engines, and		
		(d) other non-road diesel engines		
Materials Sourcing	RT-IG-440a.1	Description of the management of risks associated with the use of critical materials	n/a	CNH Industrial's products are highly complex, typically containing thousands of parts that come from many different direct suppliers within the Company's vast global supply network. This means that the Company must rely on its direct suppliers to work with their upstream supply chain to detect the presence and evaluate the origin of any critical substances contained in components or materials it purchases. The Company has adopted policies, programs, and procedures to manage risks related to material sourcing and to promote responsible sourcing, particularly with regard to tin, tantalum, tungsten, and gold (referred to as conflict minerals or 3TG), as well as cobalt (see Suppliers section).
Remanufacturing Design & Services	RT-IG-440b.1	Revenue from remanufactured products and remanufacturing services	$ million	159

(1) The total recordable incident rate is the number of recordable work-related injuries and illnesses divided by the number of hours worked, multiplied by 200,000.

(2) The fatality rate is the number of work-related fatalities divided by the number of hours worked, multiplied by 200,000.

(3) The near miss frequency rate is the number of work-related near misses divided by the number of hours worked, multiplied by 200,000.

(4) Given the diversity of its products, the Company is currently identifying a methodology for the calculation of sales-weighted fuel efficiency and emissions data.

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 commitment to sustainability. In 2022, the Company was included for the 12th consecutive year in the Dow Jones Sustainability Indices (DJSI) World and Europe, achieving the highest score (87/100) within the Machinery and Electrical Equipment Industry. Furthermore, CNH Industrial was included in the A List of the CDP *Climate Change* program, in recognition of its actions to tackle climate change. Moreover, in 2022, CNH Industrial received an MSCI ESG Rating of AAA, was awarded *ISS ESG Prime Status*, and was a responder to the 2022 Workforce Disclosure Initiative (WDI).

REPORT ON OPERATIONS
SELECTED FINANCIAL DATA

($ million)	2022	2021(1)	2020(1)	2019(*)	2018(**)
Net revenues	23,473	19,474	14,696	28,024	29,736
Profit/(loss) before taxes	2,635	1,922	(192)	1,208	1,914
Profit/(loss)	1,877	1,686	(270)	906	1,399
Attributable to:					
Owners of the parent	1,867	1,677	(284)	874	1,368
Non-controlling interests	10	9	14	32	31
Basic earnings/(loss) per common share ($)	1.38	1.24	(0.21)	0.65	1.01
Diluted earnings/(loss) per common share ($)	1.37	1.23	(0.21)	0.65	1.01
Investments in tangible and intangible assets	635	521	390	1,063	1,033
of which: capitalized R&D costs	175	154	162	426	455
R&D expenditure(2)	873	646	502	1,050	1,080
Total Assets	40,075	51,122	50,556	49,182	48,650
Total Equity	7,559	8,426	6,735	7,863	7,472
Equity attributable to owners of the parent	7,559	8,393	6,651	7,819	7,443

(1) The data for the years ended December 31, 2021 and 2020 have been restated to exclude Iveco Group Business, consistent with Iveco Group's classification as a Discontinued Operation for the year ended December 31, 2021. The spin-off of Iveco Group took effect on January 1, 2022 (refer to the Section - "Iveco Group Business Spin-off and Discontinued Operations" in the Notes to the Consolidated Financial Statements).

(2) Includes capitalized development costs and research and development ("R&D") costs charged directly to the income statement.

(*) Effective January 1, 2019, CNH Industrial has adopted the IFRS 16 – *Leases* using the modified retrospective approach, without recasting prior periods.

(**) Effective January 1, 2018, CNH Industrial adopted IFRS 15 – *Revenue from Contracts with Customers* using the full retrospective approach. On the same date, CNH Industrial adopted IFRS 9 – *Financial Instruments* retrospectively, except for hedge accounting which was applied prospectively, without recasting prior periods.

RISK FACTORS

This Annual Report contains forward-looking statements that are subject to risks and uncertainties. All statements other than statements of historical fact included in this Annual Report are forward-looking statements. Forward-looking statements provide our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance, and business. You can identify forward-looking statements as they do not relate to historical or current facts and by words such as “believe,” “expect,” “estimate,” “anticipate,” “will,” “should,” “plan,” “forecast,” “target,” “guide,” “project,” “intend,” “could,” and similar words or expressions.

All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expected. Important factors that could cause actual results to differ materially from our expectations, or cautionary statements, and other important information about forward-looking statements are disclosed under the section “Risk Factors,” and “Operating and Financial Review and Prospects,” in this Annual Report.

The following risks should be considered in conjunction with the other risks described in the Disclaimer, Risk Management and Control System section and Notes to the Consolidated Financial Statements. The following is a cautionary discussion of risks, uncertainties and assumptions that we believe are material to our business. These risks may affect our trading results and, individually or in the aggregate, could cause our actual results to differ materially from past and projected future results. Some of these risks and uncertainties could affect particular lines of business, while others could affect all of our businesses. Although risks are organized by headings, and each risk is discussed separately, many are interrelated. We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events, or otherwise. You should, however, consult any subsequent disclosures we make from time to time in materials filed with the SEC.

STRATEGIC RISKS

Global economic conditions impact our businesses

Our results of operations and financial position are and will continue to be influenced by macroeconomic factors – including changes in gross domestic product, the level of consumer and business confidence, changes in interest rates, the availability of credit, inflation and deflation, energy prices, and the cost of commodities or other raw materials – which exist in the countries and regions in which we operate. Such macroeconomic factors vary from time to time and their effect on our results of operations and financial position cannot be specifically and singularly assessed and/or isolated.

Economic conditions vary across regions and countries, and demand for our products and services generally increases in those regions and countries experiencing economic growth and investment. Slower economic growth or a change in global mix of regions and countries experiencing economic growth and investment could have an adverse impact on our business, results of operations and financial condition. In a weaker economic environment, dealers and customers may delay or cancel plans to purchase our products and services and may not be able to fulfill their obligations to us in a timely fashion. Our suppliers may also be impacted by economic pressures, which may adversely affect their ability to fulfill their obligations to us or the price or availability of supplies we require. These factors could result in product delays, increased accounts receivable, defaults and inventory challenges. The persistent disparity with respect to the widely varying economic conditions amongst the individual countries of the European Union, and their implications for the Euro, as well as market perceptions concerning these and related issues, have led to further pressure on economic growth and may lead to new periods of economic volatility and recession in the European Union. Similarly, in Brazil and Argentina, macroeconomic conditions remain volatile.

The COVID pandemic, geopolitical instability, including the conflict between Russia and Ukraine, and other global events have significantly increased economic and demand uncertainty. Some of the results of these events include supply chain challenges, inflation, high interest rates, foreign currency exchange volatility, and volatility in global capital markets. Supply chain challenges, including delays caused by shortages of raw materials, shipping containers and labor availability, have increased production costs and impacted our profit margins. Additionally, the cost of raw materials used in our products and the cost of freight have increased due to heightened inflation. These adverse economic events have and may continue to adversely affect the Company’s operations.

We are exposed to political, economic, trade and other risks beyond our control as a result of operating a global business

We manufacture and sell products and offer services in several continents and numerous countries around the world including those experiencing varying degrees of political and economic instability. Given the global nature of our activities, we are exposed to risks associated with international business activities that may increase our costs, impact our ability to manufacture and sell our products and require significant management attention. These risks include:

- changes in laws, regulations and policies that affect, among other things:
  - import and export duties and quotas;
  - currency restrictions;
  - the design, manufacture and sale of our products
  - interest rates and the availability of credit to our dealers and customers;
  - where, to whom, and what type of products may be sold, including new or additional trade or economic sanctions imposed by the United States, European Union, the United Kingdom or other governmental authorities and supranational organizations (e.g., the United Nations); and
  - taxes;
- regulations from changing world organization initiatives and agreements;
- changes in the dynamics of the industries and markets in which we operate;
- labor disruptions;
- disruption in the supply of raw materials and components (e.g. as a result of pandemics or sanctions), including rare materials (they might be easily subjected to sudden cost increases due to a variety of factors, including speculative measures or unforeseen political changes);
- changes in governmental debt relief and subsidy program policies in certain significant markets, including the Brazilian government discontinuing programs subsidizing interest rates on equipment loans;
- withdrawal from or changes to trade agreements or trade terms, negotiation of new trade agreements and the imposition of new (and retaliatory) tariffs on certain countries or covering certain products and raw materials or embargoes, including developments in U.S.-China trade relations; and
- war, civil unrest and acts of terrorism.

In recent years, acts of terrorism have occurred around the world, leading to personal safety anxieties and political instability in many countries and, ultimately, an impact on consumers' confidence. More recently, growing populist and nationalist political movements in several major developed countries, changes in or uncertainty surrounding global trade policies and other unanticipated changes to the previous geopolitical order may have negative effects on the global economy.

Further, the war in Ukraine has given rise to regional instability and resulted in heightened sanctions and counter-sanctions. Our business in Ukraine and Russia has been impacted by the war and the Company has suspended all shipments to Russia. We have experienced, and may continue to experience, risks related to the impact of the war in Ukraine, including restrictions on our ability or willingness to do business with certain vendors or suppliers, the ability to repatriate funds from the region, increases in the cost of raw materials and commodities, supply chain and logistics challenges, access to natural gas, higher energy prices and foreign currency volatility. The extent of the impact of the war in Ukraine on the global economy cannot be predicted, including the extent to which the conflict may heighten other risks disclosed herein, any of which could have an adverse impact on our business, results of operation, cash flows or financial condition.

There can be no guarantee that we will be able to quickly and completely adapt our business model to changes that could result from the foregoing, and any such changes may have an adverse effect on our business, results of operations and financial condition.

Reduced demand for equipment would reduce our sales and profitability

The agricultural equipment market is influenced by factors such as:

- the general economic conditions and outlook, such as market volatility and rising interest rates;
- the price of agricultural commodities and the ability to competitively export agricultural commodities;
- the cost of farm inputs including the value of land, fertilizers, fuel, labor and other inputs
- the profitability of agricultural enterprises, farmers' income and their capitalization;
- the demand for food products;
- the availability of stocks from previous harvests; and

- agricultural policies, including aid and subsidies to agricultural enterprises provided by governments and/or supranational organizations, policies impacting commodity prices or limiting the export or import of commodities, and alternative fuel mandates.

In addition, droughts, floods and other unfavorable climatic conditions, especially during the spring, a particularly important period for generating sales orders, could have a negative impact on decisions to buy agricultural equipment and, consequently, on our revenues.

The construction equipment market is influenced by factors such as:

- public infrastructure spending;
- new residential and non-residential construction; and
- capital spending in oil and gas and, to a lesser extent, in mining.

The above factors can significantly influence the demand for agricultural and construction equipment and consequently, our financial results. If demand for our products is less than we expect, we may experience excess inventories and be forced to incur additional charges and our profitability will suffer, including lower fixed costs absorption associated with lower production levels at our plants. Our business may be negatively impacted if we experience excess inventories or if we are unable to adjust on a timely basis our production schedules or our purchases from suppliers to reflect changes in customer demand and market fluctuations.

Competitive activity, or failure by us to respond to actions by our competitors, could adversely affect our results of operations

We operate in highly competitive global and regional markets. Depending on the particular country and product, we compete with other international, regional and local manufacturers and distributors of agricultural and construction equipment. Certain of our global competitors have substantial resources and may be able to provide products and services at little or no profit, or even at a loss, to compete with certain of our product and service offerings. We compete primarily on the basis of product performance, innovation, quality, distribution, customer service, and price. Aggressive pricing or other strategies pursued by competitors, unanticipated product or manufacturing delays, quality issues, or our failure to price our products competitively could adversely affect our business, results of operations and financial position. Additionally, there has been a trend toward consolidation in the construction equipment industries that has resulted in larger and potentially stronger competitors in those industries. The markets in which we compete are highly competitive in terms of product quality, innovation, pricing, fuel economy, reliability, safety, customer service and financial services offered. Competition, particularly on pricing, has increased significantly in the markets in which we compete. Should we be unable to adapt effectively to market conditions, this could have an adverse effect on our business, results of operations and financial condition.

Changes in government monetary or fiscal policies may negatively impact our results

Most countries where our products and services are sold have established central banks to regulate monetary systems and influence economic activities, generally by adjusting interest rates. Some governments have implemented measures designed to slow inflationary pressure in their countries (e.g. higher interest rates, reduced financial assets purchases). Rising interest rates could have a dampening effect on the overall economic activity and/or the financial condition of our customers, either or both of which could negatively affect demand for our products and our customers' ability to repay obligations to us. Central banks and other policy arms of many countries may take further actions to vary the amount of liquidity and credit available in an economy. The impact from a change in liquidity and credit policies could negatively affect the customers and markets we serve or our suppliers, which could adversely impact our business, results of operations and financial condition. Government initiatives that are intended to stimulate demand for products sold by us, such as changes in tax treatment or purchase incentives for new equipment, can significantly influence the timing and level of our revenues. The terms, size and duration of such government actions are unpredictable and outside of our control. Any adverse change in government policy relating to those initiatives could have a material adverse effect on our business, results of operations and financial condition.

Our future performance depends on our ability to innovate and on market acceptance of new or existing products

Our success depends on our ability to maintain or increase our market share in existing markets and to expand into new markets through the development of innovative, high-quality products that provide adequate profitability. We have a strategic plan covering investments in innovation designed to further develop existing, and create new, product and service offerings responsive to customer needs, including developing and delivering connected and digital solutions, automation, electrification and autonomy. Achievement of these objectives is dependent on a number of factors, including our ability to maintain key dealer relationships, our ability to design and produce products that meet our customers' quality, performance and price expectations, our ability to develop connected and digital solutions that improve the profitability and sustainability of customers through their production systems, our ability to develop effective sales, dealer training and marketing programs, and the ability of our dealers to support and service connected and digital solutions and emerging power solutions. Failure to develop and offer innovative products that compare favorably to those of our principal competitors in terms of price, quality, functionality, features, mobility and connected services, equipment electrification, fuel cell technology and autonomy, or delays in bringing strategic new products to market, or the inability to adequately protect our intellectual property rights or supply products that meet regulatory requirements, including engine emissions requirements, could result in reduced revenue and market share, which could have a material adverse effect on our business, results of operations and financial condition.

We may face challenges to our intellectual property rights which could adversely affect our reputation, business and competitive position

We own important intellectual property, including patents, trademarks, copyrights and trade secrets. Our intellectual property plays an important role in maintaining our competitive position in the markets that we serve. Our competitors may develop technologies that are similar or superior to our proprietary technologies or design around the intellectual property that we own or license. Despite our controls and safeguards, our technology may be misappropriated by employees, competitors or third parties. The pursuit of remedies for any misappropriation of intellectual property is expensive and the ultimate remedies may be insufficient. Further, in jurisdictions where the enforcement of intellectual property rights is less robust, the risk of misappropriation of our intellectual property is higher notwithstanding the efforts we undertake to protect it. Developments or assertions by or against us relating to intellectual property rights, and any inability to protect or enforce our rights sufficiently, could adversely affect our business, competitive position and results of operations.

We may not realize all of the anticipated benefits from our business initiatives and cost management initiatives

As part of our strategic plan, we are actively engaged in a number of initiatives to strengthen our business and increase our productivity, market positioning, efficiency and cash flow, all of which we expect will have a positive long-term effect on our business, results of operations and financial condition. These initiatives include our enhanced focus on digital, precision farming and alternative propulsion, as well as other initiatives aimed at improving our product portfolio and customer focus. There can be no assurance that these initiatives or others will be beneficial to the extent anticipated, or that the estimated efficiency or cash flow improvements will be realized as anticipated or at all. If these initiatives are not implemented successfully, they could have an adverse effect on our operations. We also expect to take targeted restructuring actions as we continue to optimize our cost structure and improve the efficiency of our operations. In order to complete these actions, we will incur charges. Failure to realize anticipated savings or benefits from our cost reduction actions could have a material adverse effect on our business, prospects, financial condition, liquidity, results of operations and cash flows.

We may not be able to realize anticipated benefits from any acquisitions and, further, challenges associated with strategic alliances may have an adverse impact on our results of operations

We have engaged in the past, and may engage in the future, in investments or mergers and acquisitions or enter into, expand or exit from strategic alliances and joint ventures that could involve risks that could prevent us from realizing the expected benefits of the transactions or the achievement of strategic objectives or could divert management's time and attention. Such risks, many of which are outside our control, include:

- technological and product synergies, economies of scale and cost reductions not occurring as expected;
- unexpected liabilities;
- incompatibility of operating, information or other systems;
- inability to retain key employees;
- significant costs associated with terminating or modifying alliances; and
- problems in retaining customers and integrating operations, services, personnel, and customer bases.

If issues were to arise with respect to an acquisition or the parties to one or more of our joint venture or strategic alliances or other relationships for managerial, financial, or other reasons, or if such strategic alliances or other relationships were terminated, our product lines, businesses, results of operations and financial condition could be adversely affected.

Our business may be affected by climate change, unfavorable weather conditions or other calamities

Poor, severe or unusual weather conditions caused by climate change or other factors, particularly during the planting and early growing season, can significantly affect the purchasing decisions of our agricultural equipment customers. The timing and quantity of rainfall are two of the most important factors in agricultural production. Insufficient levels of rain prevent farmers from planting crops or may cause growing crops to die, resulting in lower yields. Excessive rain or flooding can also prevent planting or harvesting from occurring at optimal times and may cause crop loss through increased disease or mold growth. Temperature affects the rate of growth, crop maturity, crop quality and yield.

Temperatures outside normal ranges can cause crop failure or decreased yields and may also affect disease incidence. Natural disasters such as floods, hurricanes, storms, droughts, diseases and pests can have a negative impact on agricultural production. The resulting negative impact on farm income can strongly affect demand for our agricultural equipment in any given period.

In addition, natural disasters, pandemic illness, acts of terrorism or violence, acts of war, equipment failures, power outages, disruptions to our information technology systems and networks or other unexpected events could result in physical damage to, and complete or partial closure of, one or more of our manufacturing facilities or distribution centers, temporary or long-term disruption in the supply of parts or component products and disruption and delay in the transport of our products to dealers and customers. If such events occur, our financial results might be negatively impacted. Our existing insurance and risk management arrangements may not protect against all costs that may arise from such events.

Furthermore, the potentially long-term physical impacts of climate change on our facilities, suppliers and customers and therefore on our operations are highly uncertain and will be driven by the circumstances developing in various geographical regions. These may include long-term changes in temperature and water availability. These potential physical effects may adversely impact the demand for our products and the cost, production, sales and financial performance of our operations.

Regulators in Europe and the U.S. have also focused efforts on increased disclosure related to climate change and mitigation efforts.

Changes in demand for food and alternative energy sources could impact our revenues

Changing worldwide demand for farm outputs to meet the world's growing food and alternative energy demands, driven by a growing world population and government policies, including those related to climate change, are likely to result in fluctuating agricultural commodity prices, which affect sales of agricultural equipment. While higher commodity prices will benefit our crop producing agricultural equipment customers, higher commodity prices also result in greater feed costs for livestock and poultry producers, which in turn may result in lower levels of equipment purchased by these customers. Lower commodity prices directly affect farm income, which could negatively affect sales of agricultural equipment. Moreover, changing alternative energy demands may cause farmers to change the types or quantities of the crops they grow, with corresponding changes in equipment demands. Finally, changes in governmental policies regulating bio-fuel utilization could affect demand for our equipment and result in higher research and development costs related to equipment fuel standards.

International trade policies may impact demand for our products and our competitive position

Government policies on international trade and investment such as sanctions, import quotas, capital controls or tariffs, whether adopted by non-governmental bodies, individual governments or addressed by regional trade blocks, may affect the demand for our products, technology and services, impact the competitive position of our products or prevent us from being able to sell products to certain customers or in certain countries. The implementation of more protectionist trade policies, such as more detailed inspections, higher tariffs, or new barriers to entry, in countries where we sell products and provide services could negatively impact our business, results of operations and financial position. For example, a government's adoption of trade sanctions or "buy national" policies or retaliation by another government against such policies could have a negative impact on our results of operations.

OPERATIONAL RISKS

We depend on suppliers for raw materials, parts and components

We rely upon many suppliers for raw materials, parts and components that we require to manufacture our products. We cannot guarantee that we will be able to maintain access to raw materials, parts and components, and in some cases, this access may be affected by factors outside of our control and the control of our suppliers. Certain components and parts used in our products are available from a single supplier and cannot be quickly sourced from other suppliers. Significant disruptions to the supply chain resulting from shortages of raw materials, components, and whole-goods can adversely affect our ability to meet customer demand. For example, during 2022, increases in demand have exacerbated significant disruptions to the global supply chain stemming from the COVID-19 pandemic, which have affected our ability to receive certain materials and components on a timely basis and at anticipated costs. These supply chain disruptions have been caused and compounded by many factors, including changes in supply and demand, industry capacity constraints and labor shortages. Global logistics network challenges include ocean freight capacity constraints, international port delays, trucking and chassis shortages, railway and air freight capacity, and labor availability constraints, which have resulted in delays, shortages of key manufacturing components, increased order backlogs, and increased transportation costs. While we diligently monitor our supply chain risk and seek to respond promptly to address supply chain and logistics bottlenecks, there can be no assurance that our mitigation plans will be effective to prevent disruptions that may arise from shortages of materials that we use in the production of our products.

Uncertainties related to the magnitude and duration of global supply chain disruptions have adversely affected, and may continue to adversely affect, our business and outlook.

We use a variety of raw materials in our businesses, including steel, aluminum, lead, resin and copper, and precious metals such as platinum, palladium and rhodium. The availability and price of these raw materials fluctuate, particularly during times of economic volatility or regulatory and geopolitical instability or in response to changes in tariffs, and while we seek to manage this exposure, we may not be successful in mitigating these risks. Further, increases in the prices for raw materials have resulted in and could continue to result in significant increases to our costs of production, which could have a material adverse effect on our business, results of operations and financial condition, particularly if we are unable to offset the increased costs through an increase in product pricing.

Our existing operations and expansion plans in emerging markets could entail significant risks

Our ability to grow our businesses depends to an increasing degree on our ability to increase market share and operate profitably worldwide and, in particular, in emerging market countries, such as Brazil, India, China, Argentina and Turkey. In addition, we could increase our use of suppliers located in such countries. Our implementation of these strategies will involve a significant investment of capital and other resources and exposes us to multiple and potentially conflicting cultural practices, business practices and legal requirements that are subject to change, including those related to tariffs, trade barriers, investments, property ownership rights, taxation, and sanction and export control requirements. For example, we may encounter difficulties in obtaining necessary governmental approvals in a timely manner. In addition, we may experience delays and incur significant costs in constructing facilities, establishing supply channels, and commencing manufacturing operations. Further, customers in these markets may not readily accept our products as compared with products manufactured and commercialized by our competitors. The emerging market countries may also be subject to a greater degree of economic and political volatility that could adversely affect our financial position, results of operations and cash flows. Many emerging market economies have experienced slower growth, volatility, and other economic challenges in recent periods and may be subject to a further slowdown in gross domestic product expansion and/or be impacted by domestic political or currency volatility, potential hyperinflationary conditions, and/or increase of public debt.

Dealer equipment sourcing and inventory management decisions could adversely affect our sales

We sell our products primarily through independent dealers and are subject to risks relating to their inventory management decisions and operating and sourcing practices. Our dealers carry inventories of finished products and parts as part of ongoing operations and adjust those inventories based on their assessment of future sales opportunities and market conditions, including the level of used equipment inventory. If our dealers' inventory levels are higher than they desire, they may postpone product purchases from us, which could cause our sales to be lower than the end-user demand for our products and negatively impact our results. Similarly, our sales could be negatively impacted through the loss of time-sensitive sales if our dealers do not maintain inventory sufficient to meet customer demand. Further, dealers who carry other products that compete with our products may focus their inventory purchases and sales efforts on goods provided by other suppliers due to industry demand or profitability. Such inventory adjustments and sourcing decisions can adversely impact our sales, results of operations and financial condition.

Our results of operations may be adversely impacted by various types of claims, lawsuits, and other contingent obligations

In the ordinary course of business, we are involved in litigation and investigations on a wide range of topics, including securities law in the Netherlands and U.S., dealer and supplier litigation, intellectual property rights disputes, product warranty and defective product claims, product performance, asbestos, personal injury, regulatory and contract issues, indirect tax issues, and environmental claims. The industries in which we operate are also periodically reviewed or investigated by regulators, which could lead to enforcement actions, fines and penalties or the assertion of private litigation claims. We are subject to regulation and oversight by securities regulatory authorities in a number of jurisdictions including the Netherlands, Italy and the United States. In the United States, we recently adopted on a voluntary basis the financial reporting standards and practices applicable to U.S. domestic issuers, which include certain incremental filing and reporting requirements. These additional obligations may increase the cost for ensuring compliance with the applicable reporting requirements and may subject us to an enhanced risk of regulatory investigations and private litigation. The ultimate outcome of these legal matters pending against us is uncertain, and although such legal matters are not expected individually to have a material adverse effect on our financial position or profitability, such legal matters could, in the aggregate, in the event of unfavorable resolutions thereof, have a material adverse effect on our results of operations and financial condition. Furthermore, we could in the future be subject to judgments or enter into settlements of lawsuits and claims that could have a material adverse effect on our results of operations in any particular period. In addition, while we maintain insurance coverage with respect to certain risks, we may not be able to obtain such insurance on acceptable terms in the future, if at all, and any such insurance may not provide adequate coverage against claims under such policies. We establish reserves based on our assessment of contingencies, including contingencies related to legal claims asserted against us. Subsequent developments in legal proceedings may affect our assessment and estimates of the loss contingency recorded as a reserve and require us to make payments that exceed our reserves, which could have a material adverse effect on our results of operations and/or financial position. For further information see Note 27 “Commitments and contingencies” to the Consolidated Financial Statements at December 31, 2022.

A cybersecurity breach could interfere with our operations, compromise confidential information, negatively impact our corporate reputation and expose us to liability

We rely upon information technology systems and networks, some of which are managed by third parties, in connection with a variety of our business activities. These systems include supply chain, manufacturing, distribution, invoicing and collection of payments from dealers or other purchasers of our products and from customers of our financial services business, and connectivity services with and among equipment. We use information technology systems to record, process and summarize financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting, legal and tax requirements. Additionally, we collect and store sensitive data, including intellectual property, proprietary business information and the proprietary information of our customers, suppliers and dealers, as well as personally identifiable information of our dealers, customers and employees, in data centers and on information technology networks. Operating these information technology systems and networks, and processing and maintaining this data, in a secure manner, are critical to our business operations and strategy. Increased information technology security threats (e.g. worms, viruses, malware, phishing attacks, ransomware, and other malicious threats) and more sophisticated computer crime pose a significant risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. Cybersecurity attacks could also include attacks targeting customer data or the security, integrity and/or reliability of the hardware and software installed in our products.

While we actively manage information technology security risks within our control through security measures, business continuity plans and employee training around phishing and other cyber risks, our information technology networks and infrastructure have been and may be vulnerable to intrusion, attacks or disruptions or shutdowns due to attacks by cyber criminals, employee, supplier or dealer error or malfeasance or supply chain compromise.

A failure or breach in security, whether of our systems and networks or those of third parties on which we rely, could expose us and our customers, dealers and suppliers to risks of misuse of information or systems, the compromising of confidential information, loss of financial resources, manipulation and destruction of data, defective products, production downtimes and operations disruptions, which in turn could adversely affect our reputation, competitive position, businesses and results of operations. Security breaches could also result in litigation, regulatory action, unauthorized release of confidential or otherwise protected information and corruption of data, as well as remediation costs and higher operational and other costs of implementing further data protection measures. In addition, as security threats continue to evolve, we may need to invest additional resources to protect the security of our systems and data. The amount or scope of insurance coverage we maintain may be inadequate to cover claims or liabilities relating to a cybersecurity attack.

Security breaches with respect to our products could interfere with our business and our dealers, and/or customers, exposing us to liability that would cause our business and reputation to suffer

Some of our products include connectivity hardware typically used for telematics services and remote system updates. While we have implemented security measures intended to prevent unauthorized access to these products, malicious actors have reportedly attempted, and may attempt in the future, to gain unauthorized access to such products including through such connectivity hardware in order to gain control of the products, change the products’ functionality, user interface, or performance characteristics, or gain access to data stored in or generated by the products. Any unauthorized access to or control of our products or systems or any loss of data could result in legal claims against us or government investigations. In addition, reports of unauthorized access to our products, systems, and data, regardless of their veracity, may result in the perception that the products, systems, or data are capable of being hacked, which could harm our brands, prospects, and operating results.

We face risks associated with our employment relationships

In many countries where we operate, our employees are protected by laws and/or collective labor agreements that guarantee them, through local and national representatives, the right of consultation on specific matters, including repurposing, downsizing or closure of production facilities and reductions in personnel. Laws and/or collective labor agreements applicable to us could impair our flexibility in reshaping and/or strategically repositioning our business activities. Therefore, our ability to efficiently deploy personnel or implement permanent or temporary redundancy measures is subject to government approvals and/or the agreement of labor unions where such laws and agreements are applicable. Furthermore, the failure of the Company to successfully renegotiate labor agreements as they expire from time to time led, and could in the future lead, to work interruption or stoppage. Any strike, work stoppage, or other dispute with labor unions distracts management from operating the business, may affect the Company's reputation, could significantly impact the volume of products we manufacture and sell, which could have a material adverse effect on our business, results of operations and financial condition. In addition, the COVID-19 pandemic has resulted in material changes in how and where employees work.

Our ability to execute our strategy is dependent upon our ability to attract, develop and retain qualified personnel

Our ability to compete successfully, to manage our business effectively, to expand our business and to execute our strategic direction, depends, in part, on our ability to attract, motivate and retain qualified personnel in key functions and markets. In particular, we are dependent on our ability to attract, motivate and retain qualified personnel with the requisite education, skills, background, talents and industry experience. Failure to attract and retain qualified personnel, whether as a result of an insufficient number of qualified applicants, difficulty in recruiting new personnel, or the inability to integrate and retain qualified personnel, could impair our ability to execute our business strategy and meet our business objectives. These may be affected by the loss of employees, particularly when departures involve larger numbers of employees. Higher rates of employee separations may adversely affect us through decreased employee morale, the loss of knowledge of departing employees, and the devotion of resources to recruiting and onboarding new employees.

COMPLIANCE RISKS

We are subject to increasingly stringent and evolving laws that impose significant compliance costs.

We are subject to comprehensive and constantly evolving laws, regulations and policies in numerous jurisdictions around the world. We expect the extent of legal requirements affecting our businesses and our costs of compliance to continue to increase in the future. Such laws govern, among other things, products – with requirements on emissions of polluting gases and particulate matter, increased fuel efficiency and safety becoming increasingly strict – and industrial plants – with requirements for reduced air emissions, treatment of waste and water, and prohibitions on soil contamination also becoming increasingly strict. To comply with such laws, we make significant investments in research and development and capital expenditures and expect to continue to incur substantial costs in the future. Failure to comply with such laws could limit or prohibit our ability to sell our products in a particular jurisdiction, expose us to penalties or clean-up costs, civil or criminal liability and sanctions on certain of our activities, as well as damage to property or natural resources. Liabilities, sanctions, damages and remediation efforts related to any non-compliance with such laws, including those that may be adopted or imposed in the future, could negatively impact our ability to conduct our operations and our results of operations and financial condition. In addition, there can be no assurance that we will not be adversely affected by costs, liabilities or claims with respect to any subsequently acquired operations.

Further, environmental, health and safety regulations change from time to time, as may related interpretations and other guidance. For example, changes in environmental and climate change laws, including laws relating to engine and equipment emissions, safety regulations, fuel requirements, restricted substances, or greenhouse gas emissions, could lead to new or additional investments in product designs to comply with these regulations. Our internal combustion engines are mainly supplied by FPT S.p.A., a company controlled by Iveco N.V., and compliance with emissions regulations is contractually allocated to our suppliers. Failure of our suppliers to ensure compliance with the applicable regulations may result in our Company be subject to administrative and legal proceedings and other material consequences. Further, we may experience production delays if our suppliers are unable design and manufacture components for our products that comply with environmental standards. For instance, as we are required to meet more stringent engine emission reduction standards that are applicable to engines we incorporate into our products, we expect to meet these requirements through the introduction of new technology to our products, engines and exhaust after-treatment systems, as necessary. Failure to meet applicable requirements could materially affect our performance.

Changes to existing laws and regulations or changes to how they are interpreted or the implementation of new, more stringent laws or regulations could adversely affect our business by increasing compliance costs, limiting our ability to offer a product or service, requiring changes to our business practices, or otherwise making our products and services less attractive to customers. For example, so-called “right to repair” legislation proposals in certain states and at the federal level in the U.S. could require us to provide access to the software code embedded in our products, which, among other harmful consequences, could create product safety issues, compromise engine emissions and performance controls, adversely affect the protection of our intellectual property, and limit our ability to recoup necessary investments in innovation and research and development.

We are subject to extensive laws and regulations, the violation of which could expose CNH Industrial to potential liabilities, increased costs and other adverse effects.

Due to the global scope of our operations, we are subject to many laws and regulations that apply to our operations around the world, including the U.S. Foreign Corrupt Practices Act, and the U.K. Bribery Act, as well as a range of national anti-corruption and antitrust or competition laws that apply to conduct in a particular jurisdiction. These anti-corruption laws prohibit improper payments in cash or anything of value to improperly influence third parties to obtain or retain business or gain a business advantage. These laws tend to apply regardless of whether those practices are legal or culturally acceptable in a particular jurisdiction. Over the past several years there has been an increase in the enforcement of anti-corruption and antitrust or competition laws both globally and in particular jurisdictions and we have from time to time been subject to investigations and charges claiming violations of anti-corruption or antitrust or competition laws. We are committed to operating in compliance with all applicable laws, in particular, anti-corruption and antitrust or competition laws. We have implemented a program to promote compliance with these laws and to reduce the likelihood of potential violations. Our compliance program, however, may not in every instance protect us from acts committed by our employees, agents, contractors, or collaborators that may violate the applicable laws or regulations of the jurisdictions in which we operate. Such improper actions could subject us to civil or criminal investigations and monetary, injunctive and other penalties as well as damage claims. Investigations of alleged violations of these laws tend to be expensive and require significant management time and attention, and these investigations of purported violations, as well as any publicity regarding potential violations, could harm our reputation and have a material adverse effect on our business, results of operations and financial position. For further information see Note 27 “Commitments and contingencies” to the Consolidated Financial Statements at December 31, 2022.

Changes in privacy laws could disrupt our business

The regulatory framework for privacy and data security issues worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. We collect personal information and other data as part of our business operations. This data is subject to a variety of U.S. and foreign laws and regulations. For example, the European Union's General Data Protection Regulation imposes more stringent data protection requirements and provides for significant penalties for noncompliance. New privacy laws will continue to come into effect around the world. We may be required to incur significant costs to comply with these and other privacy and data security laws, rules and regulations. Any inability to adequately address privacy and security concerns or comply with applicable privacy and data security laws, rules and regulations could have an adverse effect on our business prospects, results of operations and/or financial position.

New regulations or changes in financial services regulations could adversely impact us

Our Financial Services’ operations are highly regulated by governmental and banking authorities in the locations where we operate, which can impose significant additional costs and/or restrictions on our business. In the U.S., for example, the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”), including its regulations, as well as other efforts at regulatory reform in financial services may substantially affect the origination, servicing, and securitization programs of our Financial Services segment as well as limit the ability of our customers to enter into hedging transaction or finance purchases of our equipment. The Dodd-Frank Act also strengthens the regulatory oversight of these securities and related capital market activities by the SEC and increases the regulation of the ABS markets through, among other things, a mandated risk retention requirement for securitizers and a direction to regulate credit rating agencies. Future regulations may affect our ability to engage in these capital market activities or increase the effective cost of such transactions, which could adversely affect our financial position, results of operations and cash flows.

FINANCIAL AND TAXATION RISKS

Difficulty in obtaining financing or refinancing existing debt could impact our financial performance

Our performance will depend on, among other things, our ability to finance debt repayment obligations and planned investments from operating cash flow, available liquidity, the renewal or refinancing of existing bank loans and/or facilities and access to capital markets or other sources of financing. A decline in revenues could have a negative impact on the cash-generating capacity of our operations. Consequently, we could find ourselves in the position of having to seek additional financing and/or having to refinance existing debt, including in unfavorable market conditions with limited availability of funding and a general increase in funding costs. Instability in global capital markets, including market disruptions, limited liquidity and interest rate and exchange rate volatility, could reduce our access to capital markets or increase the cost of our short and long-term financing. Any difficulty in obtaining financing could have a material adverse effect on our business, results of operations and financial position.

Our ability to access the capital markets or other forms of financing and related costs are highly dependent on, among other things, the credit ratings of CNH Industrial N.V., its subsidiaries, ABS and other debt instruments. Rating agencies may review and revise their ratings from time to time, and any downgrade or other negative action with respect to our credit ratings by one or more rating agencies may increase our cost of capital, potentially limit our access to sources of financing, and have a material adverse effect on our business, results of operations and financial condition.

We are subject to exchange rate fluctuations, interest rate changes and other market risks

We operate in numerous markets worldwide and are exposed to market risks stemming from fluctuations in currency and interest rates, including as a result of changes in monetary or fiscal policies of governmental authorities from time to time. We are subject to currency exchange risk to the extent that our costs are denominated in currencies other than those in which we earn revenues. In addition, the reporting currency for our Consolidated Financial Statements is the U.S. dollar. Certain of our assets, liabilities, expenses and revenues are denominated in other currencies. Those assets, liabilities, expenses and revenues are translated into the U.S. dollar at the applicable exchange rates to prepare our Consolidated Financial Statements. Therefore, increases or decreases in exchange rates between the U.S. dollar and those other currencies affect the value of those items reflected in our Consolidated Financial Statements, even if their value remains unchanged in their original currency. Changes in currency exchange rates between the U.S. dollar and other currencies have had, and will continue to have, an impact on our results of operations and financial condition.

We use various forms of financing to cover the funding requirements of our Industrial Activities and for financing offered to customers and dealers by Financial Services. Financial Services normally implements a matching policy to offset the impact of differences in interest rates on the financed portfolio and related liabilities. Nevertheless, any future changes in interest rates can result in increases or decreases in revenues, finance costs and margins.

Although we seek to manage our currency risk and interest rate risk, including through hedging activities, there can be no assurance that we will be able to do so successfully, and our business, results of operations and financial position could be adversely affected. In addition, by utilizing these instruments, we potentially forego the benefits that may result from favorable fluctuations in currency exchange and interest rates. For additional information, see Note 30 “Information on financial risks” to the Consolidated Financial Statements at December 31, 2022.

We also face risks from currency devaluations. Currency devaluations result in a diminished value of funds denominated in the currency of the country suffering the devaluation.

Because Financial Services provides financing for a significant portion of our sales worldwide, our operations and financial results could be impacted materially should negative economic conditions affect the financial services industry

Negative economic conditions can have an adverse effect on the financial services industry in which Financial Services operates. Financial Services, through wholly-owned financial services companies and joint ventures, provides financing for a significant portion of our sales worldwide. Financial Services may experience credit losses that exceed its expectations and adversely affect its financial condition and results of operations. Financial Services’ inability to access funds at cost-effective rates to support its financing activities could have a material adverse effect on our business. Financial Services’ liquidity and ongoing profitability depend largely on timely access to capital in order to meet future cash flow requirements and to fund operations and costs associated with engaging in diversified funding activities. Additionally, negative market conditions could reduce customer confidence levels, resulting in declines in credit applications and increases in delinquencies and default rates, which could materially impact Financial Services’ write-offs and provision for credit losses. Financial Services may also experience residual value losses that exceed its expectations caused by lower pricing for used equipment and higher than expected equipment returns at lease maturity.

We are subject to interest rate risks and changes in interest rates can reduce demand for equipment, adversely affect the interest margins in our Financial Services segment, and limit access to capital markets while increasing borrowing costs

Rising interest rates could have a dampening effect on overall economic activity as well as on the financial health of our customers, either of which could negatively affect customer demand for our products and services as well as customers’ ability to service any financing provided by our Financial Services segment. In addition, credit market dislocations could have an impact on funding costs, which in turn may make it more difficult for our Financial Services Segment to offer customers competitive financing rates. While we aim to limit the exposure of our net financial assets to changes in prevailing interest rates, interest rates volatility could have an adverse effect on our net interest rate margin - i.e., the difference between the yield we earn on assets and the interest rates we pay. Actions by credit rating agencies, such as downgrades or negative changes to ratings outlooks, can affect the availability and cost of funding for the Group and can increase the Group’s cost of capital and hurt its competitive position.

An increase in delinquencies or repossessions could adversely affect the results of Financial Services

Fundamental in the operation of Financial Services is the credit risk associated with its customers/borrowers. The creditworthiness of each customer, rates of delinquency and default, repossessions and net losses on loans to customers are impacted by many factors, including: relevant industry and general economic conditions; the availability of capital; the terms and conditions applicable to extensions of credit; the experience and skills of the customer’s management team; commodity prices; political events, including government mandated moratoria on payments; weather; and the value of the collateral securing the extension of credit. An increase in delinquencies or defaults, or a reduction in repossessions could have an adverse impact on the performance of Financial Services and our earnings and cash flows. In addition, although Financial Services evaluates and adjusts its allowance for credit losses related to past due or non-performing receivables on a regular basis, adverse economic conditions or other factors that might cause deterioration of the customers' financial health could change the timing and level of payments received and thus necessitate an increase in Financial Services’ reserves for estimated losses, which could have a material adverse effect on Financial Services’ and our results of operations and cash flows.

We may be exposed to shortfalls in our pension plans

At December 31, 2022, the funded status for our defined benefit pension, healthcare and other post-employment benefits was a deficit of $379 million. The funded status is the balance between the present value of the defined benefit obligation and the fair value of related assets, in case of funded plans (plans managed by a separate fund, "trust"). Consequently, the funded status is subject to many factors, as discussed in the Consolidated Financial Statements at December 31, 2022, section "Significant Accounting Policies" paragraph "Use of Estimates", as well as Note 22 "Provisions for employee benefits" to the Consolidated Financial Statements at December 31, 2022 .

To the extent that our obligations under a plan are unfunded or underfunded, we will have to use cash flows from operations and other sources to pay our obligations as they become due. In addition, since the assets that currently fund these obligations are primarily invested in debt instruments and equity securities, the value of these assets is subject to changes due to market fluctuations.

We have significant outstanding indebtedness, which may limit our ability to obtain additional funding and may limit our financial and operating flexibility

As of December 31, 2022, we had an aggregate of $23,652 million (including $19,385 million relating to Financial Services' activities) of consolidated gross indebtedness, and our equity was $7,559 million, including non-controlling interests. The extent of our indebtedness could have important consequences on our operations and financial results, including:

- we may not be able to secure additional funds for working capital, capital expenditures, debt service requirements or general corporate purposes;
- we may need to use a portion of our projected future cash flow from operations to pay principal and interest on our indebtedness, which may reduce the amount of funds available to us for other purposes;
- we may be more financially leveraged than some of our competitors, which could put us at a competitive disadvantage;
- we may not be able to invest in the development or introduction of new products or new business opportunities;
- our future cash flow may be exposed to the risk of interest rate volatility (see above);
- we may not be able to adjust rapidly to changing market conditions, which may make us more vulnerable to a downturn in general economic conditions; and
- we may not be able to access the capital markets on favorable terms, which may adversely affect our ability to provide competitive retail and wholesale financing programs.

These risks are exacerbated by the ongoing volatility in the financial markets, in part resulting from perceived strains on the finances and creditworthiness of several governments and financial institutions, particularly in the European Union and South America, and from continued concerns about global economic growth, particularly in emerging markets.

Further, due to the cessation of the London Interbank Offered Rate ("LIBOR"), the Group has entered into financial transactions such as credit agreements and certain derivative transactions that use the relevant new benchmark rates. These new benchmark rates are calculated differently from LIBOR and have inherent differences, which could give rise to uncertainties, including the limited historical data and volatility in the benchmark rates. The full effects of the transition to these new benchmark rates remain uncertain.

Restrictive covenants in our debt agreements could limit our financial and operating flexibility

The agreements governing our outstanding debt securities and other credit agreements to which we are a party from time to time contain, or may contain, covenants that restrict our ability to, among other things:

- incur additional indebtedness by certain subsidiaries;
- make certain investments;
- enter into certain types of transactions with affiliates;
- sell or acquire certain assets or merge with or into other companies; and/or
- use assets as security in other transactions.

Although we do not believe any of these covenants materially restrict our operations currently, a breach of one or more of the covenants could result in adverse consequences that could negatively impact our businesses, results of operations, and financial position. These consequences may include the acceleration of amounts outstanding under certain of our credit facilities, triggering an obligation to redeem certain debt securities, termination of existing unused commitments by our lenders, refusal by our lenders to extend further credit under one or more of the facilities or to enter into new facilities or the lowering or modification of CNH Industrial's credit ratings or those of one or more of its subsidiaries. For further information, see Note 24 "Debt" to the Consolidated Financial Statements at December 31, 2022.

CNH Industrial N.V. operates and will continue to operate, as a company that is resident in the U.K. for tax purposes; other tax authorities may treat CNH Industrial N.V. as being tax resident elsewhere

CNH Industrial N.V. is not incorporated in the U.K.; therefore, in order to be resident in the U.K. for tax purposes, CNH Industrial N.V.'s central management and control must be located (in whole or in part) in the U.K. The test of central management and control is largely a question of fact based on all the circumstances. The decisions of the U.K. courts and the published practice of His Majesty's Revenue & Customs, or HMRC, suggest that CNH Industrial N.V. should be regarded as being U.K.-resident on this basis. The competent authority ruling referred to below supports this analysis. Although CNH Industrial N.V.'s "central management and control" is in the U.K., it would not be treated as U.K.-resident if (a) CNH Industrial N.V. were concurrently resident in another jurisdiction (applying the tax residence rules of that jurisdiction) which has a double tax treaty with the U.K.; and (b) that tax treaty allocates exclusive residence to that other jurisdiction.

Although CNH Industrial N.V.'s central management and control is in the U.K., CNH Industrial N.V. is considered to be resident in the Netherlands for Dutch corporate income tax and Dutch dividend withholding tax purposes because CNH Industrial N.V. is incorporated in the Netherlands. The U.K. and Dutch competent authorities have agreed, following a mutual agreement procedure (as contemplated by the Netherlands-U.K. tax treaty), that CNH Industrial will be regarded as solely resident in the U.K. for purposes of the application of the Netherlands-U.K. tax treaty provided that CNH Industrial operates as planned and provides appropriate required evidence to the U.K. and Dutch competent tax authorities. If the facts upon which the competent authorities issued this ruling change over time, this ruling may be withdrawn or cease to apply and in that case the Netherlands may levy corporate income tax on CNH Industrial N.V. and impose withholding taxes on dividends distributed by CNH Industrial N.V.,which could have a material adverse effect on our results of operations and financial condition.

CNH Industrial N.V.'s residence for Italian tax purposes is also largely a question of fact based on all the circumstances. CNH Industrial N.V. has a management and organizational structure such that CNH Industrial N.V. should not be deemed resident in Italy under Italian domestic law except to the extent of CNH Industrial N.V.'s Italian branch, and should be deemed resident exclusively in the U.K. from the date of its incorporation for purposes of the Italy-U.K. tax treaty. Because this analysis is highly factual and may depend on future changes in CNH Industrial's management and organizational structure, there can be no assurance regarding the final determination of its tax residence. Should CNH Industrial N.V. be treated as an Italian tax resident, CNH Industrial would be subject to corporate income tax in Italy on its worldwide income and may be required to comply with withholding tax on dividends and other distributions and/or reporting obligations under Italian law, which could result in additional costs and expenses, which may have a material adverse effect on our results of operations and financial condition.

Tax may be required to be withheld from dividend payments

The U.K. does not require U.K. tax-resident companies to withhold tax from dividend payments (except in circumstances that are not relevant to CNH Industrial). Although the U.K. and Dutch competent authorities have ruled that we should be treated as solely resident in the U.K. for the purposes of the Netherlands-U.K. double tax treaty, dividend payments made by us to Dutch residents are still subject to Dutch dividend withholding tax under Dutch domestic law and we have no obligation to gross-up or pay additional amounts in respect of such dividend payments. This position with respect to dividend withholding is contingent upon CNH Industrial's maintenance of its exclusive U.K. tax residency and is subject to any future change of law.

In the case that withholding taxes are imposed on future dividends or distributions with respect to our common shares due to a change in law or for any other reason, whether such withholding taxes are creditable against a tax liability to which a shareholder is otherwise subject depends on the laws of such shareholder's jurisdiction and such shareholder's particular circumstances. Shareholders are urged to consult their tax advisors in respect of the consequences of the potential imposition of withholding taxes.

The Company could be characterized as a passive foreign investment company (PFIC) for U.S. federal income tax purposes

The U.S. federal income tax rules provide specific tax rules applicable to shareholders in companies that meet the definition of a passive foreign investment company ("PFIC") for U.S. federal income tax purposes. We believe that the Company is not a passive foreign investment company, but this conclusion is a factual determination made annually and may be subject to change. U.S. Holders of our ordinary shares may suffer adverse tax consequences if we are characterized as a passive foreign investment company.

We may incur additional tax expense or become subject to additional tax exposure

We are subject to income taxes, as well as non-income-based taxes, in various jurisdictions in which we operate around the world. Our tax liabilities are dependent upon the mix of earnings among these different jurisdictions. Our future results of operations could be adversely affected by changes in the consolidated effective tax rate as a result of a change in the mix of earnings in countries with differing statutory tax rates, changes in our overall profitability, changes to our transfer pricing approach, changes in tax legislation and rates, changes in generally accepted accounting principles and changes in the valuation of deferred tax assets and liabilities. If our effective tax rates were to increase, or if the ultimate determination of our taxes owed is for an amount in excess of amounts previously accrued or paid, our operating results, cash flows, and financial position could be adversely affected. We are also subject to ongoing tax audits in the various jurisdictions in which we operate. Tax authorities may disagree with certain positions we have taken and assess additional taxes. We regularly assess the likely outcomes of these audits in order to determine the appropriateness of our tax provision. However, there can be no assurance that we will accurately predict the outcomes of these audits, and the actual outcomes of these audits could have a material impact on our business, results of operations, financial condition, and cash flows, see Note 9 “Income tax (expense) benefit” to the Consolidated Financial Statements at December 31, 2022.

RISKS RELATED TO OUR COMMON SHARES

Our maintenance of two exchange listings may adversely affect liquidity in the market for our common shares and could result in pricing differentials of our common shares between the two exchanges

The dual listing of our common shares on the New York Stock Exchange (NYSE) and the Euronext Milan (previously named MTA) may split trading between the two markets and adversely affect the liquidity of the shares in one or both markets and the development of an active trading market for our common shares on the NYSE and may result in price differentials between the exchanges. Differences in the trading schedules, trading volume and investor bases, as well as volatility in the exchange rate between the two trading currencies, among other factors, may result in different trading prices for our common shares on the two exchanges or otherwise adversely affect liquidity and trading prices of our shares. On February 1, 2023, the Company announced that it believes that its shareholders will be best served by a single stock listing on the NYSE and that we are monitoring the ongoing initiatives of harmonization and simplification of the legal and regulatory framework of the Italian financial system that could allow for a smooth transition to a single listing on the NYSE. There can be no assurance that these initiatives will be completed or as beneficial as anticipated, in which case the company will have to pursue other avenues to achieve the single listing on the NYSE. There can be also no assurance or that the estimated efficiency will be realized as anticipated or at all. As a result, our stock price might be more volatile than it would be if it was listed on a single stock exchange.

The loyalty voting program may affect the liquidity of our common shares and reduce our share price

CNH Industrial’s loyalty voting program was established to reward shareholders for maintaining long-term share ownership by granting at inception initial shareholders and subsequently any other person holding shares continuously for at least three years, the option to elect to receive special voting shares. Issuance of special voting shares is subject to various conditions set forth in the Company's constituting documents, including the registration of the common shares held by each shareholder requesting the issuance of special voting shares in the CNH Industrial Loyalty Register. Special voting shares have minimal economic entitlements and cannot be traded. In the event any shareholder holding such special voting shares intends to transfer its common shares from the CNH Industrial Loyalty Register, immediately prior to such transfer, any corresponding special voting shares shall be transferred to CNH Industrial for no consideration *(om niet)*. This loyalty voting program is designed to encourage a stable shareholder base and, conversely, it may deter trading by those shareholders who are interested in gaining or retaining special voting shares. Therefore, the loyalty voting structure may reduce liquidity in our common shares and adversely affect their trading price.

The loyalty voting program may prevent or frustrate attempts by our shareholders to change our management and hinder efforts to acquire a controlling interest in us, and the market price of our common shares may be lower as a result

The provisions of our Articles of Association establishing the loyalty voting program may make it more difficult for a third party to acquire, or attempt to acquire, control of us, even if a change of control is considered favorably by shareholders holding a majority of our common shares. As a result of the loyalty voting program, a relatively large proportion of the voting power of our common shares could be concentrated in a relatively small number of shareholders who would have significant influence over us. As of December 31, 2022, EXOR N.V. had a voting interest in CNH Industrial of approximately 42.8%. For further information, see section “Major Shareholders” and Note 32 "Related party transactions" to the Consolidated Financial Statements at December 31, 2022. Such shareholders participating in the loyalty voting program could effectively prevent change of control transactions that may otherwise benefit our shareholders.

The loyalty voting program may also prevent or discourage shareholders’ initiatives aimed at changes in our management.

BUSINESS OVERVIEW

INTRODUCTION

During 2021, CNH Industrial completed a strategic project to separate the Commercial and Specialty Vehicles business, the Powertrain business, and the related Financial Services business (together the "Iveco Group Business") from the Agriculture business, the Construction business, and the related Financial Services business.

The Iveco Group Business was separated from CNH Industrial N.V. in accordance with Section 2:334a (3) of the Dutch Civil Code (Burgerlijk Wetboek) by way of a legal statutory demerger (jurisdiche afsplitsing) to Iveco Group N.V. (the "Demerger"), effective January 1, 2022.

A description of the principal phases leading up to completion of the Demerger is provided in the Notes to the Consolidated Financial Statements.

As the transaction took effect on January 1, 2022, the Consolidated Financial Statements for the year ended December 31, 2022 relate to the remaining CNH Industrial business. Moreover, in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, for the corresponding information of earlier periods, the Iveco Group business is classified and presented as Discontinued Operations in these Consolidated Financial Statements.

For additional detail of items presented under Discontinued Operations in the Consolidated Statements of Income, Financial Position and Cash Flows, refer to the section "Scope of Consolidation - Discontinued Operations - Iveco Group Business".

Additionally, as the Demerger is a "business combination involving entities or businesses under common control", it is outside the scope of application of IFRS 3 – *Business Combinations* and IFRIC 17- *Distributions of Non-cash Assets to Owners*. Accordingly, in the 2022 Consolidated Financial Statements for CNH Industrial Post-Demerger the opening position for items in the statement of financial position will be equivalent to the carrying amounts reported in the Consolidated Financial Statements of CNH Industrial Pre-Demerger.

GENERAL

Until December 31, 2021, CNH Industrial was a leading global capital goods company engaged in the design, production, marketing, sale, and financing of agricultural and construction equipment, trucks, commercial vehicles, buses and specialty vehicles for firefighting, defense and other uses, as well as engines, transmissions and axles for those vehicles and engines for marine and power generation applications. At the same date, CNH Industrial had industrial and financial services companies located in 44 countries and a commercial presence in approximately 180 countries.

Following the Demerger, effective January 1, 2022, CNH Industrial is a leading equipment and services company engaged in the design, production, marketing, sale, and financing of agricultural and construction equipment. We have industrial and financial services company located in 32 countries and a commercial presence in approximately 170 countries.

Until December 31, 2021, CNH Industrial had the following five operating segments:

Continuing Operations – Industrial Activities Segments

- ***Agriculture*** designs, manufactures and distributes a full line of farm machinery and implements, including two-wheel and four-wheel drive tractors, crawler tractors, combines, grape and sugar cane harvesters, hay and forage equipment, planting and seeding equipment, soil preparation and cultivation implements, and material handling equipment. Agricultural equipment is sold under the New Holland Agriculture and Case IH brands. Regionally focused brands include: STEYR, for agricultural tractors; Flexi-Coil specializing in tillage and seeding systems; Miller manufacturing application equipment; Kongskilde providing tillage, seeding and hay & forage implements. Further, starting in December 2021, Raven was included in the Agriculture segment bringing a leader in digital agriculture, precision technology and the development of autonomous systems to CNH Industrial.
- ***Construction*** designs, manufactures and distributes a full line of construction equipment including excavators, crawler dozers, graders, wheel loaders, backhoe loaders, skid steer loaders, and compact track loaders. Construction equipment is sold under the CASE Construction Equipment, New Holland Construction and Eurocomach brands.

Discontinued Operations – Industrial Activities Segments

- ***Commercial and Specialty Vehicles*** designs, manufactures and distributes a full range of light, medium, and heavy vehicles for the transportation and distribution of goods under the IVECO brand; city-buses, commuter buses under the IVECO BUS (previously Iveco Irisbus) and HEULIEZ BUS brands; quarry and mining equipment under the IVECO ASTRA brand; firefighting vehicles under the Magirus brand; and vehicles for civil defense and peace-keeping missions under the Iveco Defence Vehicles brand.
- ***Powertrain*** designs, manufactures and distributes, under the FPT Industrial brand, a range of engines, transmission systems and axles for on- and off-road applications, as well as for marine and power generation.

- **Financial Services**

  Financial Services offers retail note and lease financing to end-use customers for the purchase of new and used agricultural and construction equipment and components sold through CNH Industrial brands' dealer network, as well as revolving charge account financing and other financial services. Financial Services also provides wholesale financing to CNH Industrial brand dealers and distributors. Further, Financial Services provides trade receivables factoring to CNH Industrial companies. The European operations of CNH Industrial Financial Services are supported by the Iveco Group's Financial Services segment. CNH Industrial Financial Services provides financial services to Iveco Group companies in the North America, South America and Asia Pacific regions.

Net Revenues by Segment and by Region:

Net revenues by segment in the years ended December 31, 2022 and 2021 were as follows:

($ million)	2022	2021
Agriculture	17,969	14,754
Construction	3,572	3,081
Eliminations and Other	—	—
Total of Industrial Activities	**21,541**	**17,835**
Financial Services	1,982	1,664
Eliminations and Other	(50)	(25)
Total	**23,473**	**19,474**

Net revenues by region in the years ended December 31, 2022 and 2021 were as follows:

($ million)	2022	2021
Europe, Middle East, Africa	6,736	6,589
North America	9,824	7,813
South America	4,833	3,125
Asia Pacific	2,080	1,947
Total	**23,473**	**19,474**

Net revenues for the fiscal year 2022 were $23,473 million, up 20.5% from FY 2021, mainly due to favorable price realization and higher sales volumes within the Agriculture and Construction segments. 2022 consolidated net profit was $1,877 million, with diluted earnings per share from continuing operations of $1.37 (net profit of $1,686 million in 2021, with diluted earnings per share of $1.23).

INDUSTRY OVERVIEW

Agriculture

The operators of dairy, livestock and row crop producing farms, as well as independent contractors that provide services to such farms, purchase most agricultural equipment. Row crop farmers typically purchase tractors at the mid-to-upper end of the horsepower ("hp") range, combines and harvesting equipment and crop production equipment. Dairy and livestock farmers typically utilize tractors in the mid-to-lower hp range and crop preparation and crop packaging implements. The key factors influencing sales of agricultural equipment are the level of net farm income and, to a lesser extent, general economic conditions, interest rates and the availability of financing and related subsidy programs, farmland prices and farm debt levels. Net farm income is primarily impacted by the volume of acreage planted, commodity and/or livestock prices and stock levels, crop yields, farm operating expenses (including fuel and fertilizer costs), fluctuations in currency exchange rates, government subsidies, tax incentives and trade policies. The availability, quality, and cost of used equipment for sale affects the level of new equipment sales. Weather conditions are a major determinant of crop yields and crop prices and therefore affect equipment-buying decisions. Global organization initiatives, such as those of the World Trade Organization, also can affect the market acceptance of genetically modified organisms such as seed, feed and animals and climate change and sustainability initiatives.

Demand for agricultural equipment also varies seasonally by region and product, primarily due to differing climates and farming calendars. Peak retail deliveries for tractors and planting, seeding, and application equipment typically occurs in March through June in the Northern hemisphere and in September through December in the Southern hemisphere. Dealers order equipment year-round but harvesting equipment orders in the Northern hemisphere generally increase in the late fall and winter so that the dealers can receive inventory prior to the peak retail selling season, which generally extends from March through June. In the Southern hemisphere, dealers generally order between August and October so they can receive inventory prior to the peak retail-selling season, which extends from November through February. Agriculture's production levels are based upon estimated retail demand, which takes into account, among other things, the timing of dealer shipments, dealer and Company inventory levels, the need to retool manufacturing facilities to produce new or different models, and the efficient use of labor and facilities. However, because production and wholesale shipments adjust throughout the year to take into account the factors described above, sales of agricultural equipment in any given period may not reflect the timing of dealer orders and retail demand for that period. This situation has been emphasized during the recent pandemic and current post-pandemic environment where global supply chains have been disrupted for a series of reasons linked with production not able to match demand and transportation becoming congested with increases in lead times and expenses.

Customer preferences regarding farming practices, and thus product types and features, vary by region. In North America, Australia, Brazil, Argentina and other areas where soil conditions, climate, economic factors and population density allow for intensive mechanized agriculture, farmers generally demand high capacity, sophisticated machines equipped with the most advanced technology. In Europe, where farms are generally smaller in size than those in North America and Australia, there is greater demand for somewhat smaller, yet equally sophisticated, machines. In the developing regions of the world where labor is more abundant and infrastructure, soil conditions and/or climate are not conducive to intensive agriculture, customers generally prefer simpler and easy to use machines with relatively lower acquisition and operating costs. In many developing countries, tractors are the primary type of agricultural equipment used, and much of the agricultural work in such countries that cannot be performed by tractors is carried out by hand. A growing number of part-time farmers, hobby farmers and customers engaged in landscaping, municipality and park maintenance, golf course and roadside mowing in Western Europe and North America prefer relatively simple, low-cost agricultural equipment. Our position as a geographically diversified manufacturer of agricultural equipment and our broad geographic network of dealers allows us to provide customers in each significant market with equipment that meets their specific requirements.

One trend in North American and Western European agricultural industries include a reduction in number but growth in size of farms, supporting increased demand for higher capacity agricultural equipment. In addition, we believe that the use of technology and other precision farming solutions (including the development of autonomously operated equipment) to enhance productivity, profitability and environmental impact are becoming more important in the buyers' purchasing decision. In South America, India and in other emerging markets, the number of farms is growing, and mechanization is replacing manual labor. In other markets, long-term demographic trends, increasing urbanization, and low level of farm mechanization represent the key drivers of demand for agricultural equipment.

Government farm programs, including the amount and timing of government payments, are a key income driver for farmers raising certain commodity crops in the United States (the "U.S.") and the European Union. The existence of comprehensive subsidies in these agricultural/farm markets reduces the effects of cyclicality in the agricultural equipment business. The existence and extent of subsidies depends largely on the U.S. Farm Bill and programs administered by the United States Department of Agriculture, the Common Agricultural Policy of the European Union and World Trade Organization negotiations. Additionally, the Brazilian government subsidizes the purchase of agricultural equipment through low-rate financing programs administered by the Banco Nacional de Desenvolvimento Economico e Social ("BNDES"). These programs have had over the years a significant influence on sales.

Global demand for renewable fuels increased considerably in recent years driven by consumer preference, government renewable fuel mandates, renewable fuel tax and production incentives. Biofuels, which include fuels such as ethanol and biodiesel, have become one of the most prevalent types of renewable fuels. The primary type of biofuel supported by government mandates and incentives varies by region. North America and Brazil are promoting ethanol first and then biodiesel, while Europe is primarily focused on biodiesel and biomethane.

The demand for biofuels has created an associated demand for agriculturally based feedstocks, which are used to produce biofuels. Currently, most of the ethanol in the U.S. and Europe is extracted from corn, while in Brazil it is extracted from sugar cane. Biodiesel is typically extracted from soybeans and rapeseed oil in the U.S. and Brazil, and from rapeseed and other oil seeds as well as food waste by-products in Europe. The use of corn and soybeans for biofuel has been one of the main factors affecting the supply and demand relationships, as well as the price for these crops. The economic feasibility of biofuels is significantly impacted by the price of oil. As the price of oil falls, biofuels become a less attractive alternative energy source. This relationship will, however, be impacted by government policy and mandates as governments around the world consider ways to combat global warming and avoid potential energy resource issues in the future.

Sustainability has been a focus of CNH Industrial since 2013. During the 2022 United Nations Climate Change Conference, COP27 event in Egypt, there was a continued emphasis on carbon reduction with significant attention on the establishment of a Loss and Damage Fund, which aims to provide financial assistance to nations most vulnerable and impacted by the effects of climate change. With the use of a bio-digester, animal waste and food waste can be processed to produce bio-methane. New Holland developed a Methane Powered Tractor that runs on methane produced on the farm from animal and food waste. Moreover, in 2021 CNH Industrial has invested with a minority equity share participation into the U.K. based technology start-up, Bennamann, which has developed an on-site kit for small-medium size livestock farms to capture and repurpose fugitive methane from their waste and generate bio-methane which could potentially allow a successful implementation of the circular economy.

This approach also improves the sustainability of farmland management practices through minimizing artificial inputs such as manufactured fertilizer, lowering operational costs and reducing pollutants. This concept is intended to contribute to a dairy farm's decarbonization.

The developments in precision agriculture technology are designed to allow farmers to increase yield with reduced input costs in the areas of labor, fertilizer, chemicals and water. Further, with shorter planting and harvesting cycles experienced in recent years, we believe that precision agriculture technology will help drive replacement demand for new farm equipment as this technology is designed to improve farm efficiency.

Construction

The construction equipment market consists of two principal segments: heavy construction equipment (excluding the mining and the specialized forestry equipment markets in which we do not participate), with equipment generally weighing more than 12 metric tons, and light construction equipment, with equipment generally weighing less than 12 metric tons.

In developed markets, customers tend to prefer more sophisticated machines equipped with the latest technology and features to improve operator productivity. In developing markets, customers tend to prefer equipment that is relatively less costly and has greater perceived durability. In North America and Europe, where the hourly cost of machine operators is higher relative to fuel costs and machine depreciation, customers typically emphasize productivity, performance and reliability. In other markets, where the relative cost for machine operators is lower, customers often continue to use equipment after its relative performance and efficiency have begun to diminish.

Customer demand for power and operating capacity does not vary significantly from market to market. However, in many countries, restrictions on equipment weight or dimensions, as well as road regulations or job site constraints can limit demand for larger machines.

Although the demand for new construction equipment tends to decrease during periods of economic stagnation or recession, the aftersales market is historically less volatile than the new equipment market and, therefore, helps limit the impact of declines in new equipment sales on the operating results of full-line manufacturers, such as Construction.

Heavy Construction

Heavy construction equipment typically includes general construction equipment such as large wheel loaders and excavators, and road building and site preparation equipment such as graders, compactors and dozers. Purchasers of heavy construction equipment include construction companies, municipalities, local governments, rental fleet owners, quarrying and mining companies, waste management companies and forestry-related concerns.

Sales of heavy construction equipment depend on the expected volume of major infrastructure construction and repair projects such as highway, tunnel, dam and harbor projects, which depend on government spending and economic growth. Demand for aggregate mining and quarrying equipment is more closely linked to the general economy and commodity prices, while growing demand for environmental equipment is becoming less sensitive to the economic cycle. In North America, a portion of heavy equipment demand has historically been linked to the development of new housing subdivisions, where the entire infrastructure needs to be created, thus linking demand for both heavy and light construction equipment. The heavy equipment industry generally follows macroeconomic cyclicality, linked to growth in gross domestic product.

Light Construction

Light construction equipment is also known as compact and service equipment, and it includes skid-steer loaders, compact track loaders, tractor loaders, rough terrain forklifts, backhoe loaders, small wheel loaders and excavators. Purchasers of light construction equipment include contractors, residential builders, utilities, road construction companies, rental fleet owners, landscapers, logistics companies, and farmers. The principal factor influencing sales of light construction equipment is the level of residential and commercial construction, remodeling and renovation, which is influenced by interest rates and the availability of financing. Other major factors include the construction of light infrastructure, such as utilities, cabling and piping and maintenance expenditures. The principal use of light construction equipment is to replace relatively high-cost, slower manual work. Product demand in the United States and Europe has generally tended to mirror housing starts, with lags of six to twelve months. In areas where labor is abundant, and the cost of labor is inexpensive relative to other inputs, such as in India, Africa and South America, the light construction equipment market is generally smaller. These regions represent potential areas of growth for light construction equipment in the medium to long-term as labor costs rise relative to the cost of equipment or the supply of labor contracts leading to increased mechanization.

Equipment rental is a significant element of the construction equipment market. Compared to the U.K. and Japan, where there is an established market for long-term equipment rentals as a result of favorable tax treatment, the rental market in North America and Western Europe (except for the U.K.) consists mainly of short-term rentals of light construction equipment to individuals or small contractors for which the purchase of equipment is not cost effective or that need specialized equipment for specific jobs. In North America, the main rental product has traditionally been the backhoe loader and, in Western Europe, it has been the mini-excavator. As the market has evolved, a greater variety of light and heavy equipment products have become available to rent. In addition, rental companies have allowed contractors to rent machines for longer periods instead of purchasing the equipment, enabling contractors to complete specific job requirements with greater flexibility and cost control. Large, national rental companies can significantly impact the construction equipment market, with purchase volumes being driven by their decisions to increase or decrease the size of their rental fleets based on rental utilization rates.

Seasonal demand for construction equipment fluctuates somewhat less than for agricultural equipment. Nevertheless, in North America and Western Europe, housing construction generally slows during the winter months. North American and European industry retail demand for construction equipment is generally strongest in the second and fourth quarters.

Agricultural and landscaping customers also contribute to a significant portion of the North America light equipment market. In this segment the main applications are related to material handling.

In markets outside of North America, Western Europe and Japan, equipment demand may also be partially satisfied by importing used equipment. Used heavy construction equipment from North America may fulfill demand in the South American market and equipment from Western Europe may be sold to Central and Eastern European, North African and Middle Eastern markets. Used heavy and light equipment from Japan is mostly sold to other Southeast Asian markets, while used excavators from Japan are sold to almost every other market in the world. This flow of used equipment is highly influenced by exchange rates, the weight and dimensions of the equipment and the different local regulations in terms of safety and/or engine emissions.

The construction equipment industry has seen an increase in the use of hydraulic excavators and wheel loaders in earth-moving and material handling applications. In addition, the light equipment sector has grown as more manual labor is being replaced on construction sites by machines with a variety of attachments for specialized applications, such as skid steer loaders, compact track loaders and mini-crawler excavators.

COMPETITION

The Agriculture and Construction equipment industries are highly competitive. We believe that we have many competitive strengths that will enable us to improve our position in markets where we are already well established while we direct additional resources to markets and products with high growth potential.

We compete with: (i) large global full-line equipment manufacturers with a presence in every market and a broad range of products that cover most customer needs, (ii) manufacturers who are product specialists focused on particular industry segments on either a global or regional basis, (iii) regional full-line manufacturers, some of which are expanding worldwide to build a global presence, and (iv) local, low-cost manufacturers in individual markets, particularly in emerging markets such as Eastern Europe, India and China.

Our competitive strengths include well-recognized brands, a full range of competitive products and features, including software, a strong presence, distribution and customer service network. There are multiple factors that influence a buyer's choice of industrial equipment. These factors include the strength and quality of the distribution network, brand loyalty, product features, quality and performance, availability of a full product range, pricing, technological innovations, product availability, financing terms, parts and warranty programs, resale value and customer service and satisfaction. The ability to meet or exceed applicable engine emissions standards as they take effect is also a key competitive factor, particularly in those markets where such standards are the subject of frequent legislative or regulatory scrutiny and change, such as Europe and North America. Emission regulations are becoming a significant competitive factor at global level with new legislation in India and China. We continually seek to improve in each of these areas but focus primarily on providing high-quality and high-value products and on supporting those products through our dealer networks. Customers' perceptions of product value in terms of productivity, reliability, digital content, resale value and dealer support are formed over many years. Buyers tend to favor brands based on experience with the product and the dealer.

The efficiency of our manufacturing, logistics and scheduling systems are dependent on forecasts of industry volumes and our anticipated share of industry sales, which is predicated on our ability to compete successfully with others in the marketplace. We compete based on product performance, customer service, quality, innovation and price. The environment is by nature competitive from a pricing standpoint, but we have been able to counter inflationary cost increases with positive price realization. There is no guarantee that we can maintain positive price realization in the future. The ability of our supply chain and manufacturing system to timely deliver finished goods is also critical to meeting customer expectations. Failure to do so might imply losses of market share and competitiveness.

Our main competitors in the agricultural equipment market are Deere & Company, AGCO Corporation, Claas Group, Kubota Tractor Corporation, Argo Tractors S.p.A., and the Same Deutz Fahr Group.

Our principal competitors in the construction equipment market are Caterpillar Inc., Komatsu Ltd., J C Bamford Excavators Ltd., Hitachi Construction Machinery Co, Ltd., Volvo Group, Liebherr Group, Doosan Group, Kubota Tractor Corporation, and Deere & Company.

PRODUCTS AND MARKETS

Agriculture

To capitalize on customer loyalty to its dealers and its brands, Agriculture's product lines are sold primarily under the Case IH and New Holland Agriculture brands as well as the STEYR and Kongskilde brands in Europe and the Miller and Flexi-Coil brands, primarily in North America and Australia. Raven primarily operates in North America, Australia, South America and Europe. Certain agricultural equipment products are also sold under Överum (a sub-brand of Kongskilde), K-Line and JF brands. We believe that these brands enjoy high levels of brand identification and loyalty among both customers and dealers.

Although newer generation tractors have a high percentage of common mechanical components, each brand and product remains differentiated by features, color, interior and exterior styling, warranty terms, technology offering, and model designation. Flagship products such as row crop tractors and large combine harvesters may have significantly greater differentiation.

Distinctive features that are specific to a particular brand such as the Supersteer® tractor axle or Twin Rotor combine threshing technology for New Holland, the Case IH tracked four-wheel drive tractor, Quadtrac®, and the front axle mounted hitch for STEYR tractors are examples of certain distinctive features that remain an important part of each brand's unique identity.

Agriculture's product lines include tractors, combine harvesters, hay and forage equipment, seeding and planting equipment, and self-propelled sprayers. Our agricultural equipment is sold with a limited warranty that typically runs from one to three years.

Case IH and New Holland Agriculture brands enable their customers to visualize and share in-depth real-time machine and farm operation data within the respective AFS-PLM Farm solution and offer data sharing to a vast number of third party providers at full control of the customer. Agriculture launched AGXTEND™, focused exclusively on aftermarket precision farming technology solutions. AGXTEND™ is designed to provide our dealers and customers access to innovative and more sustainable productivity enhancing precision farming technologies.

CNH Industrial acquired AgDNA an industry leading Farm Management Information System (FMIS) that automatically collects and analyzes data from equipment manufactured by CNH Industrial and third-party manufacturers. The cloud-based platform analyzes equipment, agronomic and environmental data to deliver actionable insights directly to customers' smartphones and tablets to help them maximize the agronomic performance of their CNH Industrial and other equipment to increase farm profitability.

Raven Industries, Inc., ("Raven") formerly a long-term strategic supplier, was acquired in order to expand our portfolio of precision agriculture technology offerings and to accelerate the development of advanced machine automation and autonomous agriculture technology.

With Raven as part of the Agriculture product portfolio, we now design, manufacture, sell, and service innovative precision agriculture products, autonomous solutions, and information management tools, which are collectively referred to as precision agriculture equipment. Our Precision Agriculture suite of solutions encompass connected platforms, automation solutions and autonomous capabilities. Our technology stack includes satellite guided positioning, telemetric connectivity, automation software, ruggedized sensors and cross validation/machine learning aided by edge and cloud computing. Our connected platforms link farmers to their equipment, dealers, input providers, partners and other advisors enabling real time monitoring of their operations and logistics management capabilities. Our Raven brand offers retrofit solutions to upgrade farmer's existing equipment, resulting in increased productivity and reduced cost across the full fleet of equipment.

Construction

Construction's product lines are sold primarily under the CASE Construction Equipment and New Holland Construction brands. CASE provides a wide range of products on a global scale, including crawler excavators and mini-excavators. The New Holland Construction brand family also markets a full product line of construction equipment in South America and focuses on light equipment distributed by the Agriculture network in the other regions. In 2021, we completed the acquisition of Sampierana S.p.A., which provides Construction direct control over technology and manufacturing of Mini and Midi Excavators.

Construction's products often share common components to achieve economies of scale in manufacturing, purchasing, and development. Construction differentiates these products based on the relative product value, technology, design concept, productivity, product serviceability, color, and styling to preserve the unique identity of each brand.

Heavy construction equipment product lines include general construction equipment such as large excavators and wheel loaders, and road building and site preparation equipment such as compactors, graders and dozers. Light construction equipment is also known as compact and service equipment, and its product lines include backhoe loaders, skid steer and tracked loaders, mini- and midi- excavators, and compact wheel loaders. The brands each offer parts and support services for all of their product lines. Our construction equipment is generally sold with a limited warranty that typically runs from one to two years.

We continue to evaluate our Construction business with a view toward increasing efficiencies and profitability as well as evaluating its strategic alliances to improve its position in key markets.

SALES AND DISTRIBUTION

Agriculture and Construction

Agriculture sells and distributes products through dealers that sell either Case IH products, New Holland products or both brands. Case IH has 898 dealers worldwide with more than 2,500 point of sale locations and New Holland has more than 1,800 dealers worldwide and more than 3,700 point of sale locations. Construction sells and distributes products through approximately 420 full-line dealers and distributors with over 1,580 points of sale. Agriculture's and Construction's dealers are almost all independently owned and operated. Some Agriculture dealers also sell construction equipment. In the United States, Canada, Mexico, most of Western Europe, Brazil, Argentina, India, China, Thailand, Australia, and South Africa products are generally distributed directly through the independent dealer network. In the rest of the world, products are either sold to independent distributors who then resell to dealers, or to importers who have their own branches to sell product to retail customers.

Consistent with our brand promotion program, we generally seek to have dealers sell a full range of our products. Typically, a dealer is appointed to sell one brand in a specific territory, but depending on market potential, history, capabilities and commitment of the dealer operator, a multi-brand approach is also pursued in some territories. In each region, we seek to optimize our distribution strategy to maximize customer satisfaction and sales while reducing structural costs. This results in two far-reaching networks representing two strong brands with unique identities and strengths to compete against all non-CNH Industrial brands in any given territory.

In larger markets, a trade-in of used equipment typically accompanies the sale of new equipment to end-users. We often provide marketing assistance to our dealers to support the sale of used, trade-in equipment through subsidized financing incentives, inventory carrying cost defrayment, or other methods.

Exclusive, dedicated dealers generally provide a higher level of market penetration. Some dealers may sell complementary products manufactured by other suppliers to complete their product offerings or to satisfy local demand for a particular specialty application or segment.

A strong dealer network with wide geographic coverage is a critical element in the success of Agriculture and Construction. We work to enhance our dealer network through the expansion of our product lines and customer services, including enhanced financial services offerings, and an increased focus on dealer support. To assist dealers in building rewarding relationships with their customers, focused customer satisfaction programs have been introduced and they are expected to incorporate customer input into the relevant product development and service delivery processes.

As the equipment rental business becomes a more significant factor in both the agricultural and construction equipment markets, Agriculture and Construction are facilitating sales of equipment to the local, regional and national rental companies through their dealers as well as by encouraging dealers to develop their own rental activities. A strong dealer service network is required to maintain the rental equipment, and to help ensure that the equipment remains at peak performance levels both during its life as rental equipment and afterward when resold into the used equipment market. Agriculture and Construction have launched several programs to support their dealer service and rental operations, including training, improved dealer standards, financing, and advertising. As the rental market is a capital-intensive sector and sensitive to cyclical variations, we expand such activities gradually, with special attention to managing the resale of rental units into the used equipment market by our dealers, who can utilize this opportunity to improve their customer base and generate additional parts and service business.

We believe that it is generally more cost-effective to distribute our agricultural and construction equipment products through independent dealers, although as of December 31, 2022, we operated two Agriculture and Construction dealerships in North America and six company-owned Agriculture and Construction dealerships in Europe. We also operate with a network of owned dealers for Case IH and the Construction segment in South Africa. We promote a selective dealer development program, in territories with growth potential but underdeveloped representation by our agricultural and construction equipment brands, the program typically involves a transfer of ownership to a qualified operator through a buy-out or private investment after a few years.

Precision Agriculture technology is offered factory fit with our new equipment as well as offered as parts and service for retrofit solutions through our dealer network. The Raven brand is leveraging and expanding their sales through the CNH Industrial dealer network in all the regions but is also distributing through independent dealers and directly to other OEM as factory fit solutions or their parts and service offering.

PRICING AND PROMOTION

The retail price of any piece of equipment is determined by the individual dealer or distributor and generally depends on market conditions, features, options and, potentially, regulatory requirements. Retail transaction prices may differ from the manufacturer-suggested list prices, as a result of different factors (markets' demand, customers' specific requirements, local market conditions, general economic conditions, access to financing, etc.). We sell most of our products and parts to our dealers and distributors at wholesale prices that reflect a discount from the manufacturer-suggested list prices. In the ordinary course of business, we engage in promotional campaigns that may include price incentives or preferential financing terms when a product is sold by a dealer to a final customer.

We regularly advertise our products to the community of farmers, builders, and agricultural and construction contractors, as well as to distributors and dealers in each of our major markets. To reach our target audience, we use a combination of general media, specialized design and trade magazines, the Internet and direct mail. We also regularly participate in major international and national trade shows and engage in co-operative advertising programs with distributors and dealers. The promotion strategy for each brand varies according to the target customers for that brand.

PARTS AND SERVICES

The quality and timely availability of parts and services are important competitive factors for each of our businesses, as they are significant elements in overall customer satisfaction and important considerations in a customer's original equipment purchase decision. We supply parts, many of which are proprietary, to support items in the current product line as well as for products we have sold in the past. We also offer personalized aftersales customer assistance programs that provide a wide range of modular and flexible maintenance and repair contracts, as well as warranty extension services, to meet a variety of customers' needs and to support the equipment's value over time. Many of our products can have economically productive lives of up to 20 years when properly maintained, and each unit has the potential to produce a long-term parts and services revenue stream for us and our dealers. The technology has allowed us to connect machines with our cloud-based Control Rooms and our dealer service shops get results of analytics blended with the professional knowledge of our products experts. We are increasing the number of connected units supported proactively by Dealer Control Room that leverage service alarms, operators' insights, predictive repairs and maintenance that enrich a suite of machine and farm data's.

As of December 31, 2022, we operated and administered 34 parts depots worldwide which support both Agriculture and Construction, either directly, through a joint venture, or through arrangements with warehouse service providers. This network includes 10 parts depots in North America, 7 in Europe, 3 in South America, and 14 in other regions. The network includes 33 parts depots that support Agriculture and 30 that support Construction. These depots supply parts to dealers and distributors, which are responsible for sales to retail customers. Our parts depots and parts delivery systems provide customers with access to substantially all the parts required to support our products.

JOINT VENTURES

As part of a strategy to enter and expand in new markets, we are also involved in several commercial and/or manufacturing joint ventures. At December 31, 2022, they included the following:

- in Japan, we own 50.0% of New Holland HFT Japan Inc. ("HFT"), which distributes our products in Japan. HFT imports and sells the full range of New Holland agricultural equipment;
- in Pakistan, we own 43.2% of Al Ghazi Tractors Ltd., which manufactures and distributes New Holland tractors;
- in Turkey, we own 37.5% of TürkTraktör ve Ziraat Makineleri A.S., which manufactures and distributes various models of both New Holland and Case IH tractors;
- in Mexico, we own 50.0% of CNH de Mexico S.A. de C.V., which manufactures New Holland agricultural equipment and distributes our agricultural equipment through one or more of its wholly-owned subsidiaries.

FINANCIAL SERVICES

Financial Services offers a range of financial products and services to dealers and customers in the various regions in which it operates. Retail financing products primarily include retail notes, finance leases and operating leases to end use customers and revolving charge account financing to purchase parts, service, rentals, implements and attachments from CNH Industrial brand dealers. Wholesale financing consists primarily of dealer floorplan financing as well as the management and purchase of trade receivables from CNH Industrial companies. Dealer floorplan financing gives dealers the ability to maintain a representative inventory of products. In addition, Financial Services provides financing to dealers for used equipment and machines taken in trade, equipment utilized in dealer-owned rental yards, parts inventory, working capital and other financing needs. As a captive finance business, Financial Services is reliant on and supports the operations of Agriculture, Construction, their dealers, and customers.

Financial Services supports the growth of Industrial Activities by developing and structuring financial products with the objective of supporting equipment and parts sales as well as customer loyalty. Financial Services' strategy is to grow a core financing business to support the sale of our equipment and parts while at the same time maintaining its portfolio credit quality, service levels, operational effectiveness and customer satisfaction. Financial Services also offers products to finance third party equipment and machines sold through our dealer network or within our core businesses. Financed third party equipment include used equipment taken in trade by our dealers or equipment used in conjunction with or attached to our products.

In North America, retail customer and dealer financing activities, which support the sales of Agriculture and Construction, are managed through our wholly-owned financial services companies.

In Europe, the Middle East and Africa, CNH Industrial Capital Europe S.a.S., which is 24.95% owned by CNH Industrial N.V. and accounted for under the equity method, provides retail financing to customers of Agriculture and Construction. Additionally, there are vendor programs with banking partners that provide customer financing to our industrial segments in certain countries. In Europe, IC Financial Services S.A., a French specialized credit institution, wholly-owned by Iveco Group, manages CNH Industrial dealer financing through a dedicated securitization. CNH Industrial Capital Solutions S.p.A. retains the securitization program's junior notes, and therefore retains substantially all the risks and the benefits of the underlying wholesale receivables.

For South America, retail customer and dealer financing activities are managed through our wholly-owned financial services company, which support the sales of Agriculture and Construction. For retail customer financing in Brazil, Banco CNH Industrial Capital S.A. serves as a lender for funding provided by BNDES, a federally-owned financial institution linked to the Brazilian Ministry of Development, Industry and Foreign Trade. In Argentina, vendor programs with banking partners are also utilized. CNH Industrial Financial Services serves as a lender for Iveco Group and services the sales of Iveco Group.

In Asia Pacific, CNH Industrial Financial Services supports the sales of Agriculture and Construction by providing retail customer and dealer financing activities in Australia, New Zealand and India, managed through wholly-owned financial services companies. In China, Agriculture dealer financing activities are provided by and managed through a wholly-owned financial services company. CNH Industrial Financial Services serves as a lender for Iveco Group and services the sale of Iveco Group in Australia and New Zealand.

Customer Financing

Financial Services has certain retail underwriting and portfolio management policies and procedures that are specific to Agriculture or Construction. This distinction allows Financial Services to reduce risk by deploying industry-specific expertise in each of these businesses. We provide retail financial products primarily through our dealers, who are trained in the use of the various financial products. Dedicated credit analysis teams perform retail credit underwriting. The terms for financing equipment retail sales typically provide for retention of a security interest in the equipment financed.

Financial Services' guidelines for minimum down payments for equipment generally range from 5% to 30% of the actual sales price, depending on equipment types, repayment terms, and customer credit quality. Finance charges are sometimes waived for specified periods or reduced on certain equipment sold or leased in advance of the season of use or in connection with other sales promotions. For periods during which finance charges are waived or reduced on the retail notes or leases, Financial Services generally receives compensation from the applicable Industrial Activities segment based on Financial Services' estimated costs and a targeted return on equity. The cost is recognized as a reduction in net revenues for the applicable Industrial Activities segment.

Dealer Financing

Financial Services provides dealer floorplan financing, and to a lesser extent, the financing of dealer operations. Under the standard terms of the wholesale receivable agreements, these receivables typically have a fixed period of "interest-free" financing to dealers. During the "interest-free" period, the applicable Industrial Activities segment compensates Financial Services based on Financial Services' estimated costs and a targeted return on equity. The cost is recognized as a reduction in net revenues for the applicable Industrial Activities segment. After the expiration of any "interest-free" period, interest is charged to dealers on outstanding balances until Financial Services receives payment in full.

A wholesale underwriting group reviews dealer financial information and payment performance to establish credit lines for each dealer. In setting these credit lines, Financial Services seeks to meet the reasonable requirements of each dealer while managing its exposure to any one dealer. All risk is underwritten and supported by Financial Services. The credit lines are secured by the equipment financed. Dealer credit agreements generally include a requirement to repay individual receivables at the time of the retail sale of the related unit. Financial Services leverages employees, third-party contractors, and digital technologies like "geo-fencing" to conduct periodic stock audits at individual dealerships to confirm that the financed equipment is maintained in inventory. These audits are unannounced, and their frequency varies by dealer and depends on the dealer's financial strength, payment history, and prior performance.

Factoring

Financial Services also provides intragroup factoring of trade and other receivables. This activity involves the purchase, without recourse, of receivables of CNH Industrial companies, originating from the Industrial Activities segments, and due from third or related parties.

Sources of Funding

The long-term profitability of Financial Services' activities largely depends on the cyclical nature of the industries in which we operate, interest rate volatility, and the ability to access funding on competitive terms. Financial Services funds its operations and lending activity through a combination of term receivable securitizations, committed secured and unsecured facilities, uncommitted lines of credit, unsecured bonds, unsecured commercial paper, affiliated financing, and retained earnings. Financial Services' current funding strategy is to maintain sufficient liquidity and flexible access to a wide variety of financial instruments and funding options.

Financial Services has periodically accessed the asset-backed securities ("ABS") markets in the United States, Canada, and Australia, as part of its retail note and wholesale financing programs when those markets offer funding opportunities on competitive terms. Financial Services has also accessed the unsecured bond market in the United States, Canada, Brazil, Argentina and Australia and commercial paper markets in the United States to diversify its funding sources. Financial Services' ability to access these markets will depend, in part, upon general economic conditions and Financial Services' financial condition and portfolio performance. These factors can be negatively affected by cyclical swings in the industries in which we operate.

Competition

The financial services industry is highly competitive. Financial Services competes primarily with banks, equipment finance and leasing companies and other financial institutions. Typically, this competition is based upon the financial products and services offered, customer service, financial terms, and interest rates charged. Financial Services' ability to compete successfully depends upon, among other things, the availability and competitiveness of funding resources, the development of competitive financial products and services, and licensing or other governmental regulations.

LEGAL PROCEEDINGS

As a global company with a diverse business portfolio, CNH Industrial in the ordinary course of business is exposed to numerous legal risks, including, without limitation, dealer and supplier litigation, intellectual property right disputes, product warranty and defective product claims, product performance, asbestos, personal injury, emissions and/or fuel economy regulatory and contractual issues, competition law and other investigations and environmental claims. The most significant of these matters are described in Note 27 "Commitments and contingencies" to the Consolidated Financial Statements for the year ended December 31, 2022.

The outcome of any current or future proceedings, claims, or investigations cannot be predicted with certainty. Adverse decisions in one or more of these proceedings, claims or investigations could require CNH Industrial to pay substantial damages or fines or undertake service actions, recall campaigns or other costly actions. It is therefore possible that legal judgments could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could affect CNH Industrial's financial position and results. When it is probable that an outflow of resources embodying economic benefits will be required to settle obligations and this amount can be reliably estimated, CNH Industrial recognizes specific provisions for this purpose.

Although the ultimate outcome of legal matters pending against CNH Industrial and its subsidiaries cannot be predicted, management believes the reasonable possible range of losses for these unresolved legal matters in addition to the amounts accrued would not have a material effect on our Consolidated Financial Statements.

Follow-up on Damages Claims: in 2011 Iveco S.p.A. ("Iveco"), which, following the Demerger, is now part of Iveco Group N.V., and its competitors in the European Union were subject to an investigation by the European Commission (the "Commission") into certain business practices in the European Union (in the period 1997-2011) in relation to Medium & Heavy trucks. On July 19, 2016, the Commission announced a settlement with Iveco ("the Decision"). Following the Decision, the Company, Iveco and Iveco Magirus AG ("IMAG") have been named as defendants in proceedings across Europe. The consummation of the Demerger will not allow CNH Industrial to be excluded from current and future follow on proceedings originating from the Decision because under EU competition law a company cannot use corporate reorganizations to avoid liability for private damage claims. In the event one or more of these judicial proceedings would result in a decision against CNH Industrial ordering it to compensate such claimants as a result of the conduct that was the subject matter of the Decision, and Iveco and IMAG do not comply with such decisions, as a result of various intercompany arrangements, then CNH Industrial will ultimately have recourse against Iveco and IMAG for the reimbursement of the damages effectively paid to such claimants. The extent and outcome of these claims cannot be predicted at this time. The Company believes that the risk of either Iveco or IMAG or Iveco Group defaulting on potential payment obligations arising from such follow-up on damage claims is remote.

FPT Emissions Investigation: on July 22, 2020, a number of FPT Industrial S.p.A.'s offices in Europe were visited by investigators in the context of a request for assistance by the public prosecutors of Frankfurt am Main, Germany and Turin, Italy in relation to alleged noncompliance of two engine models produced by FPT Industrial S.p.A., which is a wholly-controlled subsidiary Iveco Group N.V., installed in certain Ducato (a vehicle distributed by Stellantis N.V.) and Iveco Daily vehicles. In certain instances CNH Industrial and other third parties have also received various requests for compensation by German and Austrian customers on various contractual and tort grounds, including requests for damages resulting from the termination of the purchase contracts, or in the form of requests for an alleged lower residual value of their vehicles as a consequence of the alleged non-compliance with other approval regulations regarding emissions. In certain instances, other customers have brought judicial claims on the same legal and factual bases. While the Company had no role in the design and sale of such engine models and vehicles, the Company cannot predict at this time the extent and outcome of these requests and directly or indirectly related legal proceedings, including customer claims or potential class actions alleging emissions non-compliance. The Company believes that the risk of either FPT Industrial or Iveco Group N.V. defaulting on potential payment obligations arising from such proceedings is remote.

INSURANCE

We maintain insurance with third party insurers to cover various risks arising from our business activities including, but not limited to, risk of loss or damage to our assets or facilities, business interruption losses, general liability, automobile liability, product liability and directors' and officers' liability insurance. We believe that we maintain insurance coverage that is customary in our industry. Until 2022, we used a broker that is a subsidiary of Stellantis N.V. ("Stellantis", formerly Fiat Chrysler Automobiles N.V. which, effective January 16, 2021, merged with Peugeot S.A. by means of a cross-border legal merger) to place a portion of our insurance coverage. Starting with the placement of the 2023 insurance coverage, we have moved to a third-party broker.

PLANTS AND MANUFACTURING PROCESSES

As of December 31, 2022, we owned 43 manufacturing facilities. We also own other significant properties including spare parts depots, research laboratories, test tracks, warehouses, and office buildings. We consider each of our facilities to be in good condition and adequate for its present use. We believe that we have sufficient capacity to meet our current and anticipated manufacturing requirements.

We make capital expenditures in the regions in which we operate principally related to initiatives to introduce new products, enhance manufacturing efficiency and increase capacity, and for maintenance and engineering. In 2022, our total capital expenditures in long-lived assets, excluding equipment on operating leases, were $635 million of which 41% was spent in EMEA, 43% in North America, 11% in South America and 5% in Asia Pacific. These capital expenditures were funded through a combination of cash generated from operating activities and borrowings. In 2021, our total capital expenditures were $521 million.

The following table provides information about our manufacturing and engineering facilities as of December 31, 2022:

Location	Primary Functions	Approximate Covered Area (Sqm/000)
Italy		
San Piero in Bagno	Earthmoving machines	14
Jesi	Tractors	77
Lecce	Wheel loaders, compact track loaders, telehandlers; graders; R&D center	130
Modena	Components	102
S. Matteo	R&D center	51
Cesena	Earthmoving machines	8
United States		
Benson	Sprayers, cotton harvesting; R&D center	41
Burlington	Backhoe loaders, forklift trucks; R&D center	91
Burr Ridge	R&D center	44
Fargo	Tractors, wheeled loaders; R&D center	88
Goodfield	Soil management equipment; R&D center	39
Grand Island	Tractors and combines	128
Mt. Joy	R&D center	11
Mt. Vernon	Tracks; R&D center	7
New Holland	Hay & Forage; R&D center	104
Racine	Tractors, transmissions	105
Sioux Falls	Ag Assembly Mfg, Repair Shop, Training and R&D center	23
St. Nazianz	Self-propelled sprayers	24
Wichita	Skid steer loaders; R&D center	46
Wautoma	Components	2
Sioux Falls	Precision Agriculture	16
Scottsdale (Phoenix)	R&D Digital	1
Ames	R&D	1
Wakarusa	R&D Service	1
Rapid City	R&D	1
Brookings	R&D	1
France		
Coex	Grape Harvesters; R&D center	26
Croix	Cabins	12
Brazil		
Belo Horizonte (Contagem)	Crawler excavators, crawler dozers, wheel loaders, graders, backhoe loaders; R&D center	58
Curitiba	Combines and tractors; R&D center	117
Piracicaba	Sugar cane harvesters, coffee harvesters, sprayers; R&D center	23
Sorocaba	Combines and other Agriculture; R&D center	188
China		
Harbin	Combines, tractors, balers; R&D center	121
Urumqi	Cotton pickers	10
Kunshan	Manufacturing	8
Belgium		
Antwerp	Components	77
Zedelgem	Combines, forage harvesters and balers; R&D center	154
India		
Noida	Tractors; R&D center	95
Pithampur	Backhoe loaders, earth compactors, crawler excavator; R&D center	45
Pune	Sugar cane harvesters and combines; R&D center	80
Poland		
Kutno	Row crop, cultivators, harvesters; R&D center	33
Plock	Combines, balers and headers; R&D center	129
Others		
Cordoba (Argentina)	Tractors and combines	35
St. Valentin (Austria)	Tractors; R&D center	53
Cowra (Australia)	Tillage; R&D center	6
Mannum (Australia)	Seeding & Tillage	17
Saskatoon (Canada)	Sprayers, seeders; R&D center	61

Location	Primary Functions	Approximate Covered Area (Sqm/000)
Queretaro (Mexico)	Components	15
Wieringerwerf (Netherlands)	Ag Assembly Mfg	2
Överum (Sweden)	Ploughs; R&D center	49
Basildon (United Kingdom)	Tractors; R&D center	129

CNH Industrial Business System

In striving to consolidate and maintain high standards of manufacturing excellence, CNH Industrial adopted a new approach to continuous improvement through the CNH Industrial Business System (CBS).

CNH Industrial Business System is a proven model that adopts a simple and focused approach that is centered around our customers and key results to unlock transformative value creation. It drives performance improvement through the elimination of waste from every business process to drive greater accountability, agility, efficiency and safety for all.

CNH Industrial's Focused Five priorities (Customer, Safety, Quality, Delivery, Profit) are the Business System's key performance indicators to measure results, ensuring the Company achieves the core metrics that matter most. These objectives require a strong commitment from plant management and all relevant departments, reinforced by continuous interaction across all organizational levels.

Benefits of CBS implementation include greater competitiveness, the development of new and improved technology and innovation, increased flexibility, increased communication between management and production personnel, enhanced quality of work, and increased workforce empowerment.

The structure of our CNH Industrial Business System is focused on two main approaches: Strategy Deployment – a rigorous senior management process to drive transformational change in our business; and Daily Management System – a simple, visual Daily Management process that brings CNH Industrial's Cultural Beliefs to life and ensures we are giving our people the tools, resources and support needed to deliver on what our customers need.

Both approaches drive performance improvement through the use of Lean Toolsets, Kaizen events, and Root Cause Problem Solving at the point of impact that enable greater accountability, agility, efficiency and safety.

The Lean Toolsets drive process improvement by building capability across the entire organization. These toolsets continuously work to pursue the elimination of waste from every business process by understanding customer value with the goal of providing best-in-class quality, delivery, and service to our customers at the lowest possible cost.

Kaizens are focused 3–5 day process improvement events during which the majority of the process change occurs. They are fast, hands-on events and with a 'do it now' mentality to create a better culture. The goal is to solve problems "for the last time" and sustain the gains through on-going measurement utilizing the Daily Management System and leadership follow-up.

The widespread use of CBS at CNH Industrial plants and functions allows the Company to share a common culture based on efficient processes and on a language universally recognized across all parts of the organization and countries in which CNH Industrial operates.

At CNH Industrial, the Company implemented Phase 1 of the Daily Management System at major plants and depots and trained over 100 people in Lean Toolsets and Root Cause Problem Solving. In 2022, the Company executed over 250 Kaizen events that included a significant number of projects and quick improvements which involved more than 1,000 employees that have never used this new approach.

Environmental impacts of manufacturing processes

The Group's manufacturing facilities are subject to a variety of laws designed to protect the environment, particularly with respect to solid and liquid wastes, air emissions, energy usage and water consumption. CNH Industrial is committed to continuously improving the environmental performance of its manufacturing processes, beyond the requirements of legislation, adopting the best technologies available and acting responsibly to preserve natural resources and to fight climate change. These are important priorities due to the nature and extent of their environmental and economic impact, and highlighted by their political, technological, and economic implications, in terms of both sustainable procurement and impact mitigation. Environmental protection at CNH Industrial is focused on prevention, conservation, information, and people engagement, thus facilitating long-term management. CNH Industrial has adopted an Environmental Policy that describes the short, medium, and long-term commitments toward responsible management of environmental aspects, such as: energy, natural resources, raw materials, hazardous substances, polluting emissions, waste, natural habitats, and biodiversity.

These aspects are included in CNH Industrial's environmental management system and energy management system. This approach enables the effective management of all environmental aspects deriving from manufacturing processes, the adequate evaluation of outcomes and the achievement of challenging targets set within the Sustainability Plan.

The materiality analysis identified air emissions (covered by the material topic CO_2 and Other Air Emissions), the use of renewable energy, the consumption of water, and the management of waste as the most significant environmental aspects for both the Company and its stakeholders.

The highest responsibility for initiatives focusing on energy efficiency, management of CO_2 emissions and environmental protection lies with the SLT.

Receipt of a certification for environmental or energy management confirms that an organization has a system capable of keeping the impacts of its operations under control, and that it systematically seeks to improve this system in a way that is coherent, effective and, above all, sustainable. The participation in the ISO 14001 and ISO 50001 certification process is on a voluntary basis. As of December 31, 2022, 30 plants were ISO 14001 certified, while ISO 50001 energy management systems were implemented in 30 plants, representing about 99% of energy consumption.

Consolidated monitoring and reporting systems are used to keep track of environmental performance, measure the effectiveness of actions taken to achieve targets, and plan new initiatives for continuous improvement, through the management of appropriate Key Performance Indicators (KPIs). These indicators can be analyzed at different aggregate levels (plant, segment, geographic region, or Group), which allows for the simultaneous and parallel engagement of different corporate functions at various levels to meet targets.

In 2022, the main environmental KPIs maintained the positive trend recorded in recent years, in line with the targets set in the Sustainability Plan, reconfirming CNH Industrial's significant commitment to environmental protection.

Environmental and energy targets	Target year	Target
CO_2 emissions (tons per hour of production)	2024	-35% vs 2018
	2030	-50% vs 2018
Electric energy consumption from renewable sources (%)	2030	90 %
VOC emissions (g/m^2)	2024	-18% vs 2018
Water withdrawals (m^3 per hour of production)	2024	-33% vs 2018
Water withdrawals (m^3 per hour of production)	2030	-50% vs 2018
Waste recovered (%)	2024	95 %

Environmental and energy performance[1]	2022/2021	2022	2021
CO_2 emissions (tons per hour of production)	-4.8 %	0.00590	0.00620
Electric energy consumption from renewable sources (%)	15.1 %	59.5	51.7
VOC emissions (g/m^2)	-3.6 %	39.8	41.3
Water withdrawals (m^3 per hour of production)	-19.6 %	0.041	0.051
Waste recovered (%)		96.6	95.1

(1) Environmental performance relates to 54 fully consolidated plants, representing 99.5% of revenues from sales of products manufactured in Group's plants. Energy performance relates to 55 fully consolidated plants, representing 99.7% of revenues from sales of products manufactured in Group's plants.

CO_2 emissions were calculated according to GHG Protocol standards, implemented through CNH Industrial guidelines. The indicator includes scope 1 and scope 2 emissions, as per the market-based methodology of the GHG Protocol.

The hours of production refer to the number of manufacturing hours, defined as hours of presence of hourly employees within the manufacturing scope required to manufacture a product.

The performance of the indicators is in line with the targets set.

CNH Industrial's expenditure on environmental protection measures totaled approximately $28 million in 2022 and included: approximately $20 million on waste disposal and emissions treatment and almost $8 million on prevention and environmental management. In 2022, about $4.2 million was invested in improving energy performance, leading to a reduction in energy consumption of approximately 54 TJ and a corresponding reduction in CO_2 emissions of over 4,300 tons.

SUPPLIERS

CNH Industrial adopts a responsible approach to the management of its supply chain, establishing relationships that go beyond commercial transactions, fostering long-lasting and mutually satisfying collaborations with qualified partners that share the Group's principles. CNH Industrial has adopted the Supplier Code of Conduct that provides the framework for responsible supply chain management. In addition to compliance with local legislation, the Supplier Code of Conduct calls for observance of human rights and working conditions, respect for the environment, and business ethics. All suppliers carrying on business with CNH Industrial are deemed to agree and accept the contents of the Supplier Code of Conduct and such agreement and acceptance is evidenced by the supplier continuing to do business with CNH Industrial.

CNH Industrial's standards of environmental and social responsibility have been fully integrated into its supply chain management. Supplier selection is an operational phase of the procurement process and is regulated by specific procedures. Supplier selection is based not only on cost, product innovation, production flexibility, and the quality and competitiveness of their products and services, but also on their compliance with CNH Industrial's social, ethical and environmental principles. The assessment process is built on objective criteria and tools aimed at ensuring fairness and equal opportunities for all parties involved.

Furthermore, to assess whether suppliers meet the sustainability standards set by CNH Industrial and, where necessary, take steps towards improvement and realignment, a monitoring process has been designed and implemented. During the first step of the process, suppliers are requested to self-assess their policies and practices on sustainability through a questionnaire, mainly focused on the following issues: human rights, environment, compliance and ethics, diversity, and health and safety. The questionnaires are analyzed and used to perform a risk assessment, which allows the Company to identify critical suppliers whose compliance with sustainability criteria requires assessment, through follow-up, on-site audits. The audits are performed at suppliers' plants by either CNH Industrial Supplier Quality Engineers (SQEs) or independent external auditors. In 2022, 1,347 suppliers completed the questionnaire and 65 audits were performed remotely. The analysis of the results highlighted the widespread implementation of sustainability initiatives, with a significant number of suppliers adopting their own social and environmental systems, setting specific targets and drafting periodic reports. In some cases, corrective action plans for areas in need of improvement were formulated in collaboration with suppliers; they are monitored through follow-up discussions and meetings between supplier and auditor. The monitoring process is considered also as a way to promote continuous improvement along the supply chain.

Another important supplier engagement activity carried out in 2022, the CDP Supply Chain initiative, concerns the mitigation of environmental impacts. In keeping with the previous year, 137 suppliers were selected to fill out the CDP questionnaire, to get a clear picture of their strategies to tackle climate change and of their current, or still to be implemented, initiatives to reduce CO_2 emissions.

Moreover, CNH Industrial has implemented a compliance program and policy intended to promote responsible sourcing of tin, tantalum, tungsten, and gold ("3TG") from the Democratic Republic of Congo (DRC) and surrounding region (conflict minerals), where revenues from the extraction of natural resources have historically funded armed conflict and human rights abuses. CNH Industrial's Conflict Minerals Policy was adopted in 2013 and is available on the Company website. The Policy is intended to promote sourcing 3TG from responsible sources in the Democratic Republic of Congo and surrounding region. The Company annually performs its supply chain due diligence consistent with OECD guidelines. CNH Industrial is committed to making reasonable efforts to establish, and to require each supplier to disclose, whether 3TG are used or contained in products purchased by the Company and the source of that 3TG.

RESEARCH AND DEVELOPMENT

In a continuously and rapidly changing competitive environment, CNH Industrial's research activities are a vital component in our strategic development. Each year the the Group makes substantial investments in research and development. Such continuous investment and development activities are critically important to the continuing success of the Group.

Research and development times are reduced, where possible, to accelerate time-to-market, while taking advantage of specialization and experience in different markets. Technical and operational synergies and rapid technical communication form the basis of our research and development process. CNH Industrial's innovation process consists of a series of clear-cut steps, from the evaluation of innovative concepts up to the final step before production. CNH Industrial believes innovation is essential to offering customers highly technological, eco-friendly, safe, and ergonomic products with a low Total Cost of Ownership ("TCO").

In this spirit, research activities focus primarily on the development of products that can: reduce polluting and CO_2 emissions; use biofuels; adopt electric and hydrogen traction systems; incorporate advanced precision farming functionality and autonomous driving. For this reason, the Company's research and development activities focus mainly on: efficient diesel engines, decarbonization, digitalization, and automation.

In 2022, our expenditure on research and development (including capitalized development costs and costs charged directly to operations during the year) totaled $866 million(*), or 4% of net revenues from Industrial Activities.

The following table shows our total research and development expenditures, including capitalized development costs and costs charged directly to operations during the year, by segment for the years ended December 31, 2022 and 2021:

($ million)	2022(*)	2021(*)
Agriculture	778	556
Construction	88	86
Total of Industrial Activities	**866**	**642**
Financial Services	—	—
Eliminations	—	—
Total	**866**	**642**

(*) Numbers presented under US-GAAP.

We own a significant number of patents, trade secrets, and trademarks related to our products and services, and that number is expected to grow as our research and development activities continue. We file patent applications in Europe, the United States and in other jurisdictions around the world to protect technology and improvements considered important to our businesses. Certain trademarks contribute to our identity and the recognition of our products and services are an integral part of our business, and their loss could have a material adverse effect on our financial results.

HUMAN RESOURCES

EMPLOYEES

The ability to attract, retain, and further develop qualified employees is crucial to the success of CNH Industrial's businesses and its ability to create value over the long-term. CNH Industrial's business is, by its nature, labor intensive and this is reflected in the high number of Group hourly employees.

The following table show the breakdown of the number of employees by segment at December 31, 2022 and 2021:

(number)	**2022**	**2021**(*)
Agriculture	33,115	31,103
Construction	6,052	5,770
Other Activities	80	70
Total of Industrial Activities	**39,247**	**36,943**
Financial Services(1)	823	820
Total	**40,070**	**37,763**

(1) Starting from 2021, Financial Services includes CNH Industrial Capital staffs.

The following table show the breakdown of the number of employees by continent at December 31, 2022 and 2021:

(number)	**2022**(*)	**2021**(*)(**)
Europe	15,052	14,111
North America	11,769	11,181
South America	8,420	7,936
Rest of World	4,829	4,535
Total	**40,070**	**37,763**

(*) The continent view is based on the geographical division, which differs from the regional division adopted by CNH Industrial on its financial statements.

(**) 2021 Employees post Spin-off.

As of December 31, 2022, CNH Industrial had 40,070 employees, an increase of 2,307 from the 37,763 employees at year-end 2021 post spin-off (2021 closure was 71,895 employees out of which 37,763 for Continuing Operations and 34,134 for Discontinued Operations). The change was mainly attributable to the balance between new hires (approximately 8,800) and departures (approximately 5,800) during the year. A further decrease of approximately 650 employees was due to changes in the scope of the operations, mainly related to the divestiture of two Raven's divisions and STEYR Center Nord. Excluding the changes in the scope of operations, the increase compared to year-end 2021 post spin-off is mainly attributable to the hiring of fixed-term and open-term workers in manufacturing due to the production volumes increase driven by strong demand in the market, primarily in the Agriculture segment in North America, Europe and South America, and in the Construction segment in North America and in South America. Significant increase also in Precision Technology and research and development personnel, to strengthen the pool of skills and competencies in view of technology transitions, particularly electrification, autonomous driving, alternative propulsion solutions, digitalization, and cloud web-based software technologies. New partnerships with innovation-oriented universities enabled the hiring of new graduates with permanent contracts.

As stated in CNH Industrial's Code of Conduct, occupational health and safety is an employee's fundamental right and a key part of Group's sustainability model and included in the Materiality Matrix as one of the most material topics for CNH Industrial and its stakeholders. Safety management engages all employees in creating a culture of accident prevention and risk awareness, sharing common occupational health and safety ethical principles to achieve improvement targets. One of the initiatives developed by CNH Industrial is an effective health and safety management system that conforms to ISO 45001 international standard. As demonstration of the Group's commitment in this area, 58 plants are ISO 45001 certified. In 2021, approximately $131.3 million was spent on improving health and safety protection. The investments in health and safety allowed, as an additional benefit, savings on the insurance premiums paid to the Italian National Institute for Insurance against Accidents at Work (INAIL) for a total of approximately $1.8 million in 2021. To achieve the challenging targets that the Group has set, all employees are involved in informational activities and in classrooms and hands-on training consistent with their roles and responsibilities. In 2022, CNH Industrial delivered 281,891 hours of occupational health and safety training (of which 173,531 on the job). Approximately 23,800 employees were engaged in training on the job activities on occupational health and safety, 86.1% of whom were hourly. Owing to the Group's many initiatives, the overall employee injury frequency rate in 2021 was 1.725 injuries per 1,000,000 hours worked, a 11.3% decrease compared to the previous year. The target set for 2024 is to reduce by 50% the employee injury frequency rate compared to 2014 data.

The Group realizes that the nature of today's socio-economic context calls for leaders with the ability to evolve and develop. A solid people management process is the key to success, as it includes employees in the formulation of the

Group's business goals, takes advantage of employee talent and fuels workforce motivation. CNH Industrial is committed to supporting its employees with development opportunities and recognizing and rewarding their achievements and contribution to business results. In 2022, CNH Industrial delivered a total of 899,173 training hours to 40,511 individuals, of whom 82% were men and 18% were women. We achieved the goal with 100% of employees having engaged in training activities in 2022.

As evidenced by the materiality analysis, both employee engagement in sustainability matters and digital workplaces are key contributors to being a more sustainable Company. These material topics affect, both directly and indirectly, how employees adapt their approach to the changing workplace environment. Employee engagement, leveraged to increase employee awareness of sustainability topics (especially in terms of environmental protection, health and proper nutrition, and food security and waste), plays an important role in reaching the Company's goals, as reflected in the targets set in terms of training, employee volunteering, and wellbeing initiatives promoting healthy lifestyles. As regards digital workplaces, the Company promotes the use of new technologies to improve work quality and efficiency, employee work-life balance (remote work), and the exchange of information, in part to foster innovation.

DIVERSITY AND INCLUSION

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

The responsibility for diversity and inclusion ("D&I") lies primarily with the Senior Leadership Team ("SLT"), committed to creating a truly diverse and inclusive workplace where everyone benefits from equal opportunities based on their abilities and skills. Offering career and advancement opportunities free from discrimination while encouraging and respecting diversity are among the commitments emphasized in CNH Industrial's Human Capital Management Guidelines and Human Rights Policy, available on the Company's website and Intranet portal.

The Human Resources (HR) head of each segment/function collaborates with Business Management to ensure that, in every aspect of the employment relationship - be it recruitment, training, compensation, promotion, or relocation - employees are treated on the basis of their ability to meet the requirements of the job.

The Senior Leadership Team proved its full engagement and determination to champion the issue by signing the D&I Commitment Statements, rejecting any form of discrimination, and pledging to create an environment where everyone benefits from equal opportunities based on their abilities and skills.

CNH Industrial's commitment to people engagement is reflected in the strategic sustainability targets it incorporated into the Strategic Business Plan in 2022: to have women holding 20% of leadership roles by year-end 2024. In 2022, individual targets related to the material topics described above were included in the Performance Management Process for several managers responsible for the projects indicated in the Sustainability Plan, including the people engagement targets. As of December 31, 2022, 50% of CNH Industrial's executive directors are women, 43% of its non-executive directors are women, and 17% of its senior leadership team are women.

COLLECTIVE BARGAINING

Approximately 1,000 hourly production employees in the United States were covered by a collective bargaining agreement with the United Automobile, Aerospace, and Agricultural Implement Workers of America with an expiration date of May 2, 2026. Additionally, approximately 750 U.S. production employees are covered by a collective bargaining agreement with International Association of Machinists with an expiration date of April 28, 2024. In Canada, a small number of employees are covered by a collective bargaining agreement between with the United Steelworkers Local Union No. 5917, that expires on April 15, 2023. In Europe, most employees are covered by collective labor agreements ("CLAs") stipulated either by a CNH Industrial subsidiary or by the employer association for the specific industry to which the CNH Industrial subsidiary belongs. Outside North America and Europe, CNH Industrial enters into employment contracts and agreements in those countries in which such relationships are mandatory or customary.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

INTRODUCTION

The results presented in this Annual Report are prepared in accordance with EU-IFRS and use the U.S. dollar as the presentation currency.

CNH Industrial is a leading equipment and services company engaged in the design, production, marketing, sale, and financing of agricultural and construction equipment.

Until December 31, 2021, CNH Industrial N.V. owned and controlled the Commercial and Specialty Vehicles business, the Powertrain business, and the related Financial Services business (together the “Iveco Group Business” or the “On-Highway Business”), which are classified as Discontinued operations, as well as the Agriculture business, the Construction business, and the related Financial Services business (collectively, the “Off-Highway Business”). Effective January 1, 2022, the Iveco Group Business was separated from CNH Industrial N.V. by way of a Demerger under Dutch law (the "Demerger") to Iveco Group N.V. (the "Iveco Group"), and the Iveco Group became a public listed company independent from CNH Industrial.

As the transaction took effect on January 1, 2022, the Consolidated Financial Statements for the year ended December 31, 2022 relate to the remaining CNH Industrial business. Moreover, in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, for the corresponding information of earlier periods, the Iveco Group business is classified and presented as Discontinued Operations in these Consolidated Financial Statements.

We generate revenues and cash flows principally from the sale of equipment to dealers and distributors. Financial Services provides a range of financial products focused on financing the sale and lease of equipment to our dealers and their customers.

Revenues of Industrial Activities are presented net of discounts, allowances, settlement discounts and rebates, as well as costs for sales incentive programs, determined on the basis of historical costs, country by country, and charged against profit for the period in which the corresponding sales are recognized. Our sales incentive programs may include the granting by Financial Services of retail financing at discounts to market interest rates. The corresponding cost to Industrial Activities is recognized at the time of the initial sale and the revenues of Financial Services are recognized on a pro rata basis in order to match the cost of funding.

PRINCIPAL FACTORS AFFECTING RESULTS

Our operating performance is highly correlated to sales volumes, which are influenced by several different factors that vary across our segments.

For Agriculture, the key factors influencing sales are the level of net farm income, which is influenced by commodity prices, and, to a lesser extent, general economic conditions, interest rates and the availability of financing and related subsidy programs. Variations by region and product are also attributable to differences in typical climate and farming calendars, as well as extraordinary weather conditions.

For Construction, segmentation varies by regional market: in developed markets, demand is oriented toward more sophisticated machines that increase operator productivity, while in developing markets, demand is oriented toward more utilitarian models with greater perceived durability. Sales levels for heavy construction equipment are particularly dependent on the expected level of major infrastructure construction and repair projects, which is a function of expected economic growth and government spending. For light construction equipment, the principal factor influencing demand is the level of residential and commercial construction, remodeling and renovation, which is influenced in turn by interest rates and availability of financing, as well as, in the residential sector, levels of disposable income and, in the commercial sector, the broader economic cycle.

Demand for services and service-related products, including parts, is a function of the nature and extent of the use of the related agricultural and construction equipment. The after-sales market is historically less volatile than the wholegoods market and, therefore, helps reduce the impact on operating results of fluctuations in new sales.

Our cost base principally comprises the cost of raw materials and personnel costs.

Raw material costs are closely linked to commodity markets and largely outside of our control, although we are making a targeted effort to increase procurement and production efficiencies. Historically, we have been able to pass on to our customers most of the increase in the cost of raw materials through increases in product pricing. Nevertheless, even when we are able to do so, there is usually a time lag between an increase in materials cost and a realized increase in product prices and, accordingly, our results are typically adversely affected at least in the short-term until price increases are accepted in the market.

Personnel costs change over time and are impacted by the terms of collective bargaining agreements, inflation and average number of employees. A significant proportion of our employees are based in countries where labor laws impose significant protection of employers' rights and, accordingly, we have limited ability to downsize our personnel in response to a decrease in production during periods of market downturn.

Our results are also affected by changes in foreign exchange rates from period to period, mainly due to the difference in geographic distribution between our manufacturing activities and our commercial activities, resulting in cash flows from exports denominated in currencies that differ from those associated with production costs. In addition, our Consolidated Financial Statements are expressed in U.S. dollars and are therefore subject to movements in exchange rates upon translation of the financial statements of subsidiaries whose functional currency is not the U.S. dollar.

Finally, our results may be materially affected, directly or indirectly, by governmental policies, including monetary and fiscal policies and policies on international trade and investment.

Global Business Conditions

Significant uncertainties, including rising inflation, geopolitical instability, and the war in the Ukraine, continue to create volatility in the global economy. These factors lead to inefficiencies in our manufacturing operations and impact costs. We continue to work to mitigate the impact of these issues in order to meet end-market demand. We will continue to monitor the situation as conditions remain fluid and evolve.

During the first quarter of 2022, CNH Industrial announced it was suspending non-domestic operations in Russia. The Company has since been supporting its operations in this market through the continuation of employee salaries and payment of other administrative expenses. As a result of the suspension, the Company evaluated the carrying value of assets held within the Company's Russia operations. Upon completion of the evaluation, during the quarter ended March 31, 2022, the Company recorded charges of $71 million related to asset write downs, financial receivable allowances and a valuation allowance against deferred tax assets. The Russia-Ukraine conflict and the ensuing sanctions to Russia and Belarus and Russian counter-sanctions have created additional tensions in the commodity markets. The Company has no critical supplier in the affected countries, but prices for certain commodities, including natural gas, have created and might create further volatility.

ALTERNATIVE PERFORMANCE MEASURES (OR "NON-GAAP FINANCIAL MEASURES")

CNH Industrial monitors its operations through the use of several non-GAAP financial measures. CNH Industrial's management believes that these non-GAAP financial measures provide useful and relevant information regarding its operating results and enhance the readers' ability to assess CNH Industrial's financial performance and financial position. Management uses these non-GAAP measures to identify operational trends, as well as to make decisions regarding future spending, resource allocations and other operational decisions as they provide additional transparency with respect to our core operations. These non-GAAP financial measures have no standardized meaning under EU-IFRS or U.S. GAAP and are unlikely to be comparable to other similarly titled measures used by other companies and are not intended to be substitutes for measures of financial performance and financial position as prepared in accordance with EU-IFRS or U.S. GAAP.

As of December 31, 2022, CNH Industrial's non-GAAP financial measures are defined as follows:

- *Adjusted EBIT of Industrial Activities under EU-IFRS:* is defined as profit/(loss) before: taxes, Financial Services' results, Industrial Activities' financial expenses, restructuring costs, and certain non-recurring items. Such non-recurring items are specifically disclosed items that management considers rare or discrete events that are infrequent in nature and not reflective of on-going operational activities.
- *Adjusted EBIT of Industrial Activities under U.S. GAAP:* is derived from financial information prepared in accordance with U.S. GAAP and is defined as net income (loss) before income taxes, Financial Services' results, Industrial Activities' interest expenses, net, foreign exchange gains/losses, finance and non-service component of pension and other post-employment benefit costs, restructuring expenses, and certain non-recurring items.
- *Net Cash/(Debt) and Net Cash/(Debt) of Industrial Activities under EU-IFRS:* Net Cash/(Debt) is defined as total debt plus Derivative liabilities, net of Cash and cash equivalents, Current securities, Derivative assets and other current financial assets (primarily current securities, short-term deposits and investments towards high-credit rating counterparties). We provide the reconciliation of Net Cash (Debt) to Total (Debt), which is the most directly comparable GAAP financial measure included in our consolidated statement of financial position. Due to different sources of cash flows used for the repayment of the debt between Industrial Activities and Financial Services (by cash from operations for Industrial Activities and by collection of financing receivables for Financial Services), management separately evaluates the cash flow performance of Industrial Activities using Net Cash (Debt) of Industrial Activities.
- *Net Cash/(Debt) and Net Cash/(Debt) of Industrial Activities under U.S. GAAP:* are derived from financial information prepared in accordance with U.S. GAAP. Net Cash (Debt) under U.S. GAAP is defined as total debt less intersegment notes receivable, cash and cash equivalents, restricted cash, other current financial assets (primarily

current securities, short-term deposits and investments towards high-credit rating counterparties) and derivative hedging debt.

- *Free Cash Flow of Industrial Activities (or Industrial Free Cash Flow) under EU-IFRS:* refers to Industrial Activities, only, and is computed as consolidated cash flow from operating activities less: cash flow from operating activities of Financial Services; investments of Industrial Activities in property, plant and equipment and intangible assets; as well as other changes and intersegment eliminations.
- *Free Cash Flow of Industrial Activities (or Industrial Free Cash Flow) under U.S. GAAP*: refers to Industrial Activities, only, and is computed as consolidated cash flow from operating activities less: cash flow from operating activities of Financial Services; investments of Industrial Activities in assets sold under operating leases, property, plant and equipment and intangible assets; change in derivatives hedging debt of Industrial Activities; as well as other changes and intersegment eliminations.
- *Available Liquidity under IFRS*: is defined as cash and cash equivalents (including restricted cash), undrawn committed facilities and other current financial assets (primarily current securities, short-term deposits and investments towards high-credit rating counterparties).
- *Change excl. FX or Constant Currency:* we discuss the fluctuations in revenues on a constant currency basis by applying the prior year average exchange rates to current year's revenues expressed in local currency in order to eliminate the impact of foreign exchange rate fluctuations.

OPERATING RESULTS

The operations and key financial measures and financial analysis, differ significantly for manufacturing and distribution businesses and financial services businesses; therefore, for a better understanding of our operations and financial results, we present the following commentary split by Industrial Activities and Financial Services. Industrial Activities represent the activities carried out by the two industrial segments Agriculture and Construction, as well as Corporate functions. The parent company, CNH Industrial N.V., is included under Industrial Activities as well as subsidiaries that provide centralized treasury services (i.e., raising funding in the market and financing Group subsidiaries). The activities of the treasury subsidiaries do not include the offer of financing to third parties. Transactions between Industrial Activities and Financial Services have been eliminated to arrive at the consolidated data.

Consolidated Results of Operations

The following table presents the consolidated income statement of CNH Industrial for the year ended December 31, 2022, compared to the year ended December 31, 2021, split by Industrial Activities and Financial Services:

	2022					2021[1]				
($ million)	Industrial Activities[2]	Financial Services	Eliminations		Consolidated	Industrial Activities[2]	Financial Services	Eliminations		Consolidated
Net revenues	21,541	1,982	(50)	(3)	23,473	17,835	1,664	(25)	(3)	19,474
Cost of sales	16,789	1,428	(50)	(4)	18,167	14,134	1,122	(25)	(4)	15,231
Selling, general and administrative costs	1,548	130	—		1,678	1,333	92	—		1,425
Research and development costs	881	—	—		881	677	—	—		677
Result from investments	93	15	—		108	77	15	—		92
Restructuring costs	34	—	—		34	36	—	—		36
Other income/ (expenses)	(5)	(4)	—		(9)	(121)	(3)	—		(124)
Financial income/ (expenses)	(177)	—	—		(177)	(151)	—	—		(151)
PROFIT/(LOSS) BEFORE TAXES	**2,200**	**435**	**—**		**2,635**	**1,460**	**462**	**—**		**1,922**
Income tax benefit (expense)	(642)	(116)	—		(758)	(131)	(105)	—		(236)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**1,558**	**319**	**—**		**1,877**	**1,329**	**357**	**—**		**1,686**
PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX	**—**	**—**	**—**		**—**	**20**	**71**	**—**		**91**
PROFIT/(LOSS) FOR THE PERIOD	**1,558**	**319**	**—**	**—**	**1,877**	**1,349**	**428**	**—**	**—**	**1,777**

(1) The data for the year ended December 31, 2021, have been restated to exclude Iveco Group Business, consistent with Iveco Group's classification as a Discontinued Operations for the year ended December 31, 2021. Iveco Group's results are presented as a single line item within the Consolidated Income Statements for the year ended December 31, 2021. The spin-off of Iveco Group took effect on January 1, 2022 (refer to the Section - "Iveco Group Business Spin-off and Discontinued Operations" in the Notes to the Consolidated Financial Statements).

(2) Industrial Activities represents the enterprise without Financial Services. Industrial Activities includes the Group's Agriculture and Construction segments, and other corporate assets, liabilities, revenues and expenses not reflected within Financial Services.

(3) Elimination of Financial Services' interest income earned from Industrial Activities.

(4) Elimination of Industrial Activities' interest expense to Financial Services.

Net revenues

We recorded net revenues of $23,473 million in 2022, an increase of 20.5% (up 23.9% on a constant currency basis) compared to 2021. This increase is primarily due to increases in all segments as a result of strong industry demand and price realization.

Cost of sales

Cost of sales were $18,167 million in 2022 compared to $15,231 million in 2021. As a percentage of net revenues, cost of sales of Industrial Activities was 77.9% in 2022 (79.2% in 2021), as a result of favorable fixed cost absorption partially offset by cost escalation. In 2022, cost of sales includes $49 million of asset write-downs and financial receivable allowances as a result of the suspension of operations in Russia.

Selling, general and administrative costs

Selling, general and administrative ("SG&A") costs amounted to $1,678 million in 2022 (7.1% of net revenues) compared to $1,425 million in 2021 (7.3% of net revenues), SG&A costs increased by $253 million compared to 2021 as activity levels grew and inflation affected expenses. In 2022, SG&A includes $11 million in write-downs due to the suspension of operations in Russia.

Research and development costs

In 2022, research and development ("R&D") costs were $881 million (compared to $677 million in 2021) and included all R&D costs not recognized as assets in the year amounting to $698 million ($492 million in 2021) and the amortization of capitalized development cost of $183 million ($185 million in 2021). During 2022, CNH Industrial capitalized new expenditures for development costs for $175 million ($154 million in 2021). The costs in both periods were primarily attributable to continued investment in new products, technologies and digital solutions.

Result from investments

Result from investments was a net gain of $108 million in 2022 and $92 million in 2021.

Restructuring costs

Restructuring costs were $34 million and $36 million in 2022 and in 2021, respectively.

Other income/(expenses)

Other expenses were $9 million in 2022 compared to $124 million in 2021. In both periods, this item primarily included legal costs, indirect taxes and the benefit cost for former employees. In 2022, this item also includes $22 million ($54 million after-tax) of loss on the sale of the Raven Engineered Films and Aerostar divisions, net of income from the Raven businesses held for sale during the period, separation costs in connection with the spin-off of the On-Highway business of $25 million and a $65 million gain from the sale of a facility in Canada.

In 2021, this item also included a pre-tax gain of $95 million related to a healthcare plan amendment in the U.S., $133 million separation costs in connection with the spin-off of the On-Highway business, $57 million for the transaction costs related to the acquisition of Raven Industries, Inc. and a gain of $12 million ($9 million after-tax) for a fair value adjustment of Monarch Tractor investment.

Financial income/(expenses)

Net financial expenses were $177 million in 2022 compared to $151 million in 2021, which included a charge of $8 million related to the repurchase by CNH Industrial Finance Europe S.A of €316 million (equivalent to $371 million) of outstanding notes due May 23, 2022. Excluding this charge, the increase was primarily attributable to higher negative foreign exchange partially offset by currency translation impact.

Income tax benefit (expense)

($ million)	**2022**	**2021**
Profit before taxes	2,635	1,922
Income tax (expense)	(758)	(236)
Effective tax rate	**28.8 %**	**12.3 %**

In 2022, CNH Industrial income taxes were an expense of $758 million, based on CNH Industrial's profit before taxes of $2,635 million, compared to an income tax expense of $236 million in 2021. The effective tax rates for 2022 and 2021 were 28.8% and 12.3%, respectively.

The 2022 tax rate was negatively impacted by increased profitability in high-tax jurisdictions, tax expenses associated with the disposition of Raven’s Engineered Films Division and Raven’s Aerostar Division, additional reserves for uncertain tax positions and an increase in unrecognized deferred tax assets in jurisdictions with highly inflationary economies. These negative impacts were partially offset by $5 million in benefits associated with previously unrecognized deferred tax assets in Italy.

In 2021, income taxes were an expense of $236 million with an effective tax rate of 12.3%. The Company’s 2021 tax rate was positively impacted by $142 million related to recognizing deferred tax assets associated with the Company’s operations in Brazil. The 2021 rate was also reduced by a reduction in reserves for uncertain tax positions, and the utilization of unrecognized deferred tax assets.

Profit/(loss)

Net profit from Continuing Operations was $1,877 million in 2022 (net profit of $1,686 million in 2021). In 2022, net profit also includes $22 million ($54 million after-tax) of loss on the sale of the Raven Engineered Films and Aerostar divisions, net of income from the Raven businesses held for sale during the period, a charge of $72 million related to asset write-downs, financial receivable allowances and valuation allowances on deferred tax assets as a result of the suspension of operations in Russia, separation costs in connection with the spin-off of the On-Highway business of $25 million ($24 million after-tax), restructuring costs of $34 million and a gain of $65 million from the sale of our Canada parts depot.

In 2021, net profit from Continuing Operations also included separation costs in connection with the spin-off of the On-Highway business of $133 million, a $100 million gain ($76 million after-tax) from a healthcare plan amendment in the U.S., $57 million ($47 million after-tax) for the transaction costs related to the acquisition of Raven Industries, Inc., a gain of $12 million ($9 million after-tax) for a fair value adjustment of the Monarch Tractor investment, restructuring costs of $36 million as well as the pre- and after-tax charge of $8 million for the repurchase and early redemption of all CNH Industrial Finance Europe S.A. outstanding notes due May 23, 2022. In 2021 net profit from Discontinued Operations was $91 million, resulting in a total net profit of $1,777 million.

Industrial Activities Performance

The following tables show total Net Revenues and Adjusted EBIT of Industrial Activities by segment. We have also included a discussion of our results by Industrial Activities and each business segments.

Net revenues by segment

($ million)	2022	2021	% change	% change excl. FX
Agriculture	17,969	14,754	21.8	25.5
Construction	3,572	3,081	15.9	18.4
Eliminations and Other	—	—	—	—
Total Net revenues of Industrial Activities	**21,541**	**17,835**	**20.8**	**24.3**
Financial Services	1,982	1,664	19.1	21.4
Eliminations and Other	**(50)**	(25)	—	—
Total Net revenues	**23,473**	**19,474**	**20.5**	**23.9**

Adjusted EBIT of Industrial Activities by segment

($ million)	2022	2021	Change	2022 Adjusted EBIT margin	2021 Adjusted EBIT margin
Agriculture	2,460	1,794	666	13.7 %	12.2 %
Construction	119	83	36	3.3 %	2.7 %
Unallocated items, eliminations and other	(143)	(148)	5	—	—
Adjusted EBIT of Industrial Activities	**2,436**	**1,729**	707	**11.3 %**	9.7 %

Net revenues of Industrial Activities were $21,541 million in 2022, up 20.8% compared to the prior year (up 24.3% on a constant currency basis), due to favorable price realization and increased sales volume.

Adjusted EBIT of Industrial Activities was $2,436 million ($1,729 million in 2021), with an adjusted EBIT margin of 11.3% (9.7% in 2021). The increase in adjusted EBIT was primarily attributable to year over year increases in both the Agriculture and Construction segments.

The following tables summarize the reconciliation of Adjusted EBIT of Industrial Activities, a non-GAAP financial measures, to consolidated Profit/(loss), the most comparable EU-IFRS financial measure, for 2022 and 2021.

				2022
($ million)	**Agriculture**	**Construction**	**Unallocated items, elimination and other**	**Total**
Consolidated Profit/(loss)				1,877
Less: Consolidated Income tax benefit (expense)				(758)
Consolidated Profit (loss) before taxes				2,635
Less: Financial Services				
Financial Services Net Profit				319
Financial Services Income taxes				116
Add back of the following Industrial Activities items:				
Financial expenses				177
Adjustments for the following Industrial Activities items:				
Restructuring costs	21	13	—	34
Other discrete items(1)	—	—	25	25
Adjusted EBIT of Industrial Activities	**2,460**	**119**	**(143)**	**2,436**

(1) This item includes $43 million of asset write-downs, $25 million of separation costs in connection with our spin-off of the Iveco Group Business, $22 million costs from the activity of the two Raven businesses held for sale, including the loss on the sale of the Raven Engineered Films and Aerostar Divisions, partially offset by a $65 million gain on the sale of our Canada parts depot.

($ million)	Agriculture	Construction	Unallocated items, elimination and other	2021 Total
Consolidated Profit/(loss)				1,686
Less: Consolidated Income tax benefit (expense)				(236)
Consolidated Profit (loss) before taxes				1,922
Less: Financial Services				
Financial Services Net Profit				357
Financial Services Income taxes				105
Add back of the following Industrial Activities items:				
Financial expenses				151
Adjustments for the following Industrial Activities items:				
Restructuring costs	20	16	—	36
Other discrete items(1)			82	82
Adjusted EBIT of Industrial Activities	**1,794**	**83**	**(148)**	**1,729**

(1) This item mainly included $133 million separation costs in connection with the spin-off of the Iveco Group Business and a charge of $57 million for transaction costs related to the acquisition of Raven Industries, Inc., partially offset by a pre-tax gain of $97 million related to a healthcare plan amendment in the U.S. and by a gain of $12 million for a fair value adjustment of Monarch Tractor investments.

Agriculture

Net revenues

The following table shows Agriculture net revenues by geographic region in 2022 compared to 2021:

Agriculture Net revenues – by geographic region:

($ million)	2022	2021	% Change
North America	6,769	5,127	32.0
Europe, Middle East, Africa	5,776	5,771	0.1
South America	3,738	2,379	57.1
Asia Pacific	1,686	1,477	14.2
Total	**17,969**	**14,754**	**21.8**

Net revenues for Agriculture were $17,969 million in 2022, up 21.8% compared to 2021 (up 25.5% on a constant currency basis), mainly due to favorable price realization and better mix, mostly driven by the North America and South America regions.

In North America, industry volume was up 4% year over year in 2022 for tractors over 140 HP and was down 14% for tractors under 140 HP; combines were up 15%. In Europe, Middle East and Africa (EMEA), tractor and combine demand was down 7% and 16%, respectively, of which Europe tractor and combine demand was down 7% and up 5%, respectively. South America tractor demand was up 3% and combine demand was down 1%. Asia Pacific tractor demand was up 5% and combine demand was up 50%.

Adjusted EBIT

Adjusted EBIT was $2,460 million in 2022, compared to 1,794 million in 2021. The $666 million increase was driven by favorable net pricing and sales volume/mix, more than offsetting higher production costs. Adjusted EBIT margin was 13.7%.

Construction

Net revenues

The following table shows Construction net revenues by geographic region in 2022 compared to 2021:

Construction Net revenues – by geographic region:

($ million)	2022	2021	% change
North America	1,721	1,443	19.3
Europe, Middle East, Africa	907	781	16.1
South America	665	497	33.8
Asia Pacific	279	360	-22.5
Total	**3,572**	**3,081**	**15.9**

Net revenues for Construction were $3,572 million in 2022, a 15.9% increase compared to 2021 (up 18.4% on a constant currency basis), as a result of positive price realization and contribution from the Sampierana business, partially offset by the negative impact of foreign exchange rates.

Global industry volume for construction equipment decreased in both Heavy and Light sub-segments year over year in 2022, down 11% and 9%, respectively. Aggregated demand increased 2% in EMEA, decreased 2% in North America, increased 18% in South America and decreased 23% for Asia Pacific, particularly in China.

Adjusted EBIT

Adjusted EBIT was $119 million in 2022 (up $36 million compared to 2021). The improvement was due to positive price realization and favorable volume and mix, partially offset by higher product costs related to raw material and freight costs. Adjusted EBIT margin was 3.3%.

Financial Services Performance

($ million)	2022	2021	Change
Net revenues	1,982	1,664	19.1%
Net profit	319	357	-38

Net revenues

Financial Services reported net revenues of $1,982 million in 2022, up 19.1% compared to 2021 (up 21.4% on a constant currency basis), primarily due to favorable volumes in all regions, higher base rates across all regions, mainly in South America, and higher used equipment sales.

Net profit

For the year ended December 31, 2022, net profit was $319 million, a $38 million decrease compared to 2021, primarily due to margin compression in North America and increased labor costs, partially offset by favorable volumes in all regions, higher recoveries on used equipment sales and higher base rates in South America.

In 2022, retail originations (including unconsolidated joint ventures) were $10.0 billion, up $0.2 billion compared to 2021. The managed portfolio (including unconsolidated joint ventures) was $23.8 billion as of December 31, 2021 (of which retail was 67% and wholesale 33%), up $3.6 billion compared to December 31, 2021.

At December 31, 2022, the receivable balance greater than 30 days past-due as a percentage of receivables was 1.3% (1.2% as of December 31, 2021).

STATEMENT OF FINANCIAL POSITION BY ACTIVITY

The operations, and key financial measures and financial analysis, differ significantly for manufacturing and distribution businesses and Financial Services businesses; therefore, for a better understanding of the financial position of CNH Industrial, and in particular of the Net cash/(Debt) position, we present the following table providing the statement of financial position of the Group, split between Industrial Activities and Financial Services.

Specific comments on the Net cash/(Debt) position of CNH Industrial split by Industrial Activities and Financial Services are included in the subsequent section Liquidity and Capital Resources.

	At December 31, 2022				At December 31, 2021			
($ million)	Industrial Activities(1)	Financial Services	Eliminations	Consolidated	Industrial Activities(1)	Financial Services	Eliminations	Consolidated
ASSETS								
Intangible assets:	5,033	139	—	5,172	5,021	138	—	5,159
Goodwill	3,225	115	—	3,340	3,111	118	—	3,229
Other intangible assets	1,808	24	—	1,832	1,910	20	—	1,930
Property, plant and equipment	1,778	2	—	1,780	1,695	2	—	1,697
Investments and other non-current financial assets	289	119	—	408	243	112	—	355
Leased assets	28	1,473	—	1,501	30	1,708	—	1,738
Defined benefit plan assets	12	—	—	12	19	—	—	19
Deferred tax assets	315	99	(71) *(4)*	343	368	72	(73) *(4)*	367
Total Non-current assets	**7,455**	**1,832**	**(71)**	**9,216**	**7,376**	**2,032**	**(73)**	**9,335**
Inventories	4,835	13	—	4,848	4,199	29	—	4,228
Trade receivables	171	2	(5) *(2)*	168	197	1	(6) *(2)*	192
Receivables from financing activities	1,166	19,430	(985) *(3)*	19,611	1,012	15,578	(1,147) *(3)*	15,443
Current tax receivables	92	7	(45) *(6)*	54	83	5	(25) *(6)*	63
Other current receivables and financial assets	638	109	—	747	677	70	—	747
Prepaid expenses and other assets	107	6	—	113	113	5	—	118
Derivative assets	83	128	(22) *(5)*	189	120	77	(13) *(5)*	184
Cash and cash equivalents	3,802	574	—	4,376	4,386	658	—	5,044
Restricted cash	158	595	—	753	128	673	—	801
Total Current assets	**11,052**	**20,864**	**(1,057)**	**30,859**	**10,915**	**17,096**	**(1,191)**	**26,820**
Assets held for sale	—	—	—	—	490	—	—	490
Assets held for distribution(*)	—	—	—	—	10,735	4,554	(812) *(*)*	14,477
TOTAL ASSETS	**18,507**	**22,696**	**(1,128)**	**40,075**	**29,516**	**23,682**	**(2,076)**	**51,122**
EQUITY AND LIABILITIES								
Total Equity	**5,253**	**2,306**	**—**	**7,559**	**5,427**	**2,999**	**—**	**8,426**
Provisions:	3,024	22	—	3,046	3,028	24	—	3,052
Employee benefits	678	16	—	694	921	18	—	939
Other provisions	2,346	6	—	2,352	2,107	6	—	2,113
Debt:	5,252	19,385	(985) *(3)*	23,652	6,849	15,987	(1,147) *(3)*	21,689
Asset-backed financing	—	9,753	—	9,753	—	8,875	—	8,875
Other debt	5,252	9,632	(985) *(3)*	13,899	6,849	7,112	(1,147) *(3)*	12,814
Derivative liabilities	133	93	(22) *(5)*	204	153	42	(13) *(5)*	182
Trade payables	3,479	216	(5) *(2)*	3,690	3,353	207	(29) *(2)*	3,531
Tax liabilities	379	84	(45) *(6)*	418	283	42	—	325
Deferred tax liabilities	22	204	(71) *(4)*	155	25	260	(73) *(4)*	212
Other current liabilities	965	386	—	1,351	1,319	404	(2) *(2)*	1,721
Liabilities held for sale	—	—	—	—	125	—	—	125
Liabilities held for distribution(*)	—	—	—	—	8,954	3,717	(812) *(*)*	11,859
Total Liabilities	**13,254**	**20,390**	**(1,128)**	**32,516**	**24,089**	**20,683**	**(2,076)**	**42,696**
TOTAL EQUITY AND LIABILITIES	**18,507**	**22,696**	**(1,128)**	**40,075**	**29,516**	**23,682**	**(2,076)**	**51,122**

(1) Industrial Activities represents the enterprise without Financial Services. Industrial Activities includes CNH Industrial's Agriculture and Construction segments, and other corporate assets, liabilities, revenues and expenses not reflected within Financial Services.
(2) Eliminations of primarily receivables/payables between Industrial Activities and Financial Services.
(3) Eliminations of financing receivables/payables between Industrial Activities and Financial Services.
(4) Reclassification of deferred tax assets/liabilities in the same jurisdiction and reclassification needed for appropriate consolidated presentation.
(5) Eliminations of derivative assets/liabilities between Industrial Activities and Financial Services.
(6) Eliminations of tax receivables/payables between Industrial Activities and Financial Services and reclassification needed for appropriate consolidated presentation.
(*) The assets and liabilities of Iveco Group Business have been classified as Assets held for distribution and Liabilities held for distribution within the Consolidated Statement of Financial Position at December 31, 2021, as required by the IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

LIQUIDITY AND CAPITAL RESOURCES

Our operations are capital intensive and subject to seasonal variations in financing requirements for dealer receivables and dealer and company inventories. Whenever necessary, funds from operating activities are supplemented from external sources. CNH Industrial, focuses on cash preservation and leveraging its good access to funding in order to maintain solid financial strength and liquidity. See section “Risk Factors” for additional information concerning risks related to our business, strategy and operations.

Cash Flow Analysis

The following table presents the cash flows from operating, investing and financing activities by activity for the years ended December 31, 2022 and 2021:

					2022				2021(*)
($ million)		Industrial Activities(1)	Financial Services	Eliminations	Consolidated	Industrial Activities(1)	Financial Services	Eliminations	Consolidated
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**4,514**	**1,331**	**—**	**5,845**	8,116	1,513	—	9,629
B) CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES:									
Profit/(loss)		1,558	319	—	1,877	1,329	357	—	1,686
Depreciation (net of depreciation and amortization of assets under operating leases)		571	3	—	574	536	3	—	539
Other non-cash items		17	72	—	89	1	18	—	19
(Gains)/losses on disposal of non-current assets		(42)	—	—	(42)	—	—	—	—
Loss on repurchase /early redemption of notes		—	—	—	—	8	—	—	8
Dividends received		223	—	(188) (2)	35	373	—	(312) (2)	61
Change in provisions		215	(2)	—	213	287	(2)	—	285
Change in deferred income taxes		40	(99)	—	(59)	(255)	(26)	—	(281)
Change in operating lease items	(a)	—	223	—	223	(3)	162	—	159
Change in working capital		(409)	3	—	(406)	185	14	—	199
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES FROM CONTINUING OPERATIONS:		2,173	519	(188)	2,504	2,461	526	(312)	2,675
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES FROM DISCONTINUED OPERATIONS:		—	—	—	—	564	76	(2)	638
TOTAL		**2,173**	**519**	**(188)**	**2,504**	3,025	602	(314)	3,313
C) CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES:									
Investments in:									
Property, plant and equipment and intangible assets (net of assets sold under operating leases)		(630)	(5)	—	(635)	(515)	(6)	—	(521)
Consolidated subsidiaries and other equity investments		(82)	—	38	(44)	(2,208)	—	10	(2,198)
Proceeds from the sale of non-current assets		463	—	—	463	11	—	—	11
Net change in receivables from financing activities		21	(4,245)	—	(4,224)	34	(876)	—	(842)
Change in other current financial assets		(295)	—	—	(295)	8	—	—	8
Other changes		(1,289)	769	—	(520)	(780)	321	—	(459)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES FROM CONTINUING OPERATIONS:		(1,812)	(3,481)	38	(5,255)	(3,450)	(561)	10	(4,001)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES FROM DISCONTINUED OPERATIONS:		—	—	—	—	(172)	46	5	(121)
TOTAL		**(1,812)**	**(3,481)**	**38**	**(5,255)**	(3,622)	(515)	15	(4,122)
D) CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES:									
Net change in debt and derivative assets/liabilities		(124)	2,968	—	2,844	(1,547)	288	—	(1,259)
Capital increase		—	38	(38) (3)	—	—	15	(15) (3)	—
Dividends paid		(423)	(188)	188 (2)	(423)	(188)	(314)	314 (2)	(188)
Purchase of treasury shares		(153)	—	—	(153)	—	—	—	—
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES FROM CONTINUING OPERATIONS:		(700)	2,818	150	2,268	(1,735)	(11)	299	(1,447)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES FROM DISCONTINUED OPERATIONS:		—	—	—	—	(72)	(32)	—	(104)
TOTAL		**(700)**	**2,818**	**150**	**2,268**	(1,807)	(43)	299	(1,551)
Translation exchange differences		(215)	(18)	—	(233)	(376)	(31)	—	(407)
E) TOTAL CHANGE IN CASH AND CASH EQUIVALENTS		**(554)**	**(162)**	**—**	**(716)**	(2,780)	13	—	(2,767)
Less: Cash and cash equivalent at the end of year - included within Assets held for distribution at the end of the period		—	—	—	—	(822)	(195)	—	(1,017)
F) CASH AND CASH EQUIVALENTS AT END OF YEAR		**3,960**	**1,169**	**—**	**5,129**	4,514	1,331	—	5,845

(*) The 2021 data have been restated to exclude Iveco Group Business, consistent with Iveco Group's classification as a Discontinued Operations as requested by the IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations. Iveco Group's results are presented as a single line item within the Consolidated Financial Statement of Cash Flows for 2021. The spin-off of Iveco Group took effect on January 1, 2022 (refer to the Section - "Scope of Consolidation - Iveco Group Business Spin-off").

(a) Cash from operating lease is recognized under operating activities in a single line item, which includes capital expenditure, depreciation, write-downs and changes in inventory.

(1) Industrial Activities represents the enterprise without Financial Services. Industrial Activities includes CNH Industrial's Agriculture and Construction and other corporate assets, liabilities, revenues and expenses not reflected within Financial Services.

(2) This item includes the elimination of dividends from Financial Services to Industrial Activities, which are included in Industrial Activities net cash from/(used in) operating activities net of the elimination of paid in capital from Industrial Activities to Financial Services.

(3) This item includes the elimination of paid in capital from Industrial Activities to Financial Services.

Cash Flow Analysis

For the year ended December 31, 2022, Cash and cash equivalents and Restricted cash combined were $5,129 million, a decrease of $716 million from December 31, 2021, primarily due to increase of receivables portfolio of Financial Services by $4,245 million, payment of a dividend of $412 million to our shareholders, acquisition of treasury shares buy-back of $153 million and payment to Iveco Group of $503 million mainly related to the net debt outstanding at December 31, 2021, partially offset by operating cash generation of Industrial Activities, proceeds from the sale of Raven Engineered Films Division for $350 million, and new funding transactions.

At December 31, 2022, Cash and cash equivalents were $4,376 million ($5,044 million at December 31, 2021) and Restricted cash was $753 million ($801 million at December 31, 2021) respectively. At December 31, 2022, undrawn medium-term unsecured committed facilities were $5,061 million ($5,177 million at December 31, 2021) and Other current financial assets were $300 million ($2 million at December 31, 2021). At December 31, 2022, the aggregate of Cash and cash equivalents, Restricted cash, undrawn medium-term unsecured committed facilities and Other current financial assets, which we consider to constitute our principal liquid assets (or "Available liquidity"[(1)]), totaled $10,632 million ($10,521 million at December 31, 2021).

At December 31, 2022 this amount also included $142 million of net financial receivables from Iveco Group ($503 million of net financial payables at December 31, 2021) consisting of net financial receivables mainly towards Financial Services of Iveco Group due to certain day to day transactions linked to purchase of receivables by our financial services organization which avails itself of the services of Iveco Capital Financial Services in Europe. At December 31, 2021, the net financial payables amount was mainly due to cash balances deposited by Iveco Group legal entities to CNH Industrial's central treasury, including cash management and/or cash pooling arrangements.

Net Cash from Operating Activities

Cash provided by operating activities in 2022 totaled $2,504 million and primarily comprised the following elements:

- $1,877 million profit;
- plus $574 million in non-cash charges for depreciation and amortization (net of assets under operating leases);
- plus $246 million primarily attributable to changes in assets under operating leases for $223 million;
- plus change in provisions of $213 million;
- less $406 million of change in working capital.

In 2021, cash provided by operating activities of Continuing Operations was $2,675 million primarily as a result of cash generated from positive operating performance for a total amount of $2,476 million and increase in cash resulting from change in working capital of $199 million.

Net Cash from Investing Activities

In 2022, Net cash used in investing activities was $5,255 million primarily due to investments in property, plant and equipment and intangible assets of $635 (including $175 million in capitalized development costs), receivables portfolio's absorption of $4,245 million, payment to Iveco Group of $503 million debt outstanding at December 31, 2021, and other investing activities of $295 million, partially offset by proceeds of non-current assets for $463 million, of which $350 million related to the sale of Raven Engineered Films Division.

In 2021, cash used in investing activities totaled $4,001 million, primarily due to expenditures for consolidated subsidiaries and other equity investments of $2,198 million primarily related to the acquisition of the 100% interest in Raven Industries, Inc. and to the acquisition of 90% interest in Sampierana, property, plant and equipment and intangible assets of $521 million, other investing activities of $459 million, and net change in receivables from financing activities of $842 million.

(1) a non-GAAP financial measure as defined in section "Alternative performance measures (or “Non-GAAP financial measures”)" above.

The following table summarizes our investments in tangible assets (excluding assets leased on operating leases) by segment and investments in intangible assets for the years ended December 31, 2022 and 2021:

($ million)	2022	2021
Agriculture	282	209
Construction	48	36
Total Industrial Activities investments in tangible assets	**330**	**245**
Industrial Activities investments in intangible assets	300	270
Total Industrial Activities capital expenditures	**630**	**515**
Financial Services investments in tangible assets	—	—
Financial Services investments in intangible assets	5	6
Total Financial Services capital expenditures	**5**	**6**
Total Capital expenditures - Continuing Operations	635	521
Total Capital expenditures - Discontinued Operations	—	668
Total Capital expenditures	**635**	**1,189**

We incurred these capital expenditures principally related to initiatives to introduce new products, enhance manufacturing efficiency and increase capacity, and for maintenance and engineering. Capital expenditures, related to Continuing Operations, were higher than 2021 due to higher investments in new product introductions and technology.

Net Cash from Financing Activities

In 2022, cash provided by financing activities totaled $2,268 million, compared to $1,447 million used in financing activities of Continuing Operations, in 2021. Net cash provided by financing activities in 2022 was primarily due to increase in debt, mainly due to increase in receivables portfolio of Financial Services, dividends paid and Treasury shares buy-back acquisition.
In 2021, cash used in financing activities was primarily due to decrease in debt, mainly in Industrial Activities and the reinstatement of dividends paid after suspension in 2020.

Capital Resources

The cash flows, funding requirements and liquidity of CNH Industrial are managed on a standard and centralized basis. This centralized system is designed to optimize the efficiency and effectiveness of our management of capital resources.

Our subsidiaries participate in a company-wide cash management system, which we operate in a number of jurisdictions. Under this system, the cash balances of our subsidiaries are aggregated at the end of each business day to central pooling accounts. The centralized treasury management offers financial and systems expertise in managing these accounts, as well as providing related services and consulting to our business segments.

Our policy is to keep a high degree of flexibility with our funding and investment options in order to maintain our desired level of liquidity to achieve our rating targets while improving the Group capital structure over time. In managing our liquidity requirements, we are pursuing a financing strategy that aims at extending over time our Industrial Activities debt profile by issuing long-term bonds and retiring short-term debt through opportunistic transactions, deleveraging our Industrial Activities balance sheet by reducing gross debt, and diversifying funding sources.

A summary of our strategy is set forth below:

- Industrial Activities sells certain of its receivables to Financial Services and relies on internal cash flows including managing working capital to fund its near-term financing requirements. We will also supplement our short-term financing by drawing on existing or new facilities with banks.
- To the extent funding needs of Industrial Activities are determined to be of a longer-term nature, we will access public debt markets as well as private investors and banks, as appropriate, to refinance borrowings and replenish our liquidity.
- Financial Services' funding strategy is to maintain a sufficient level of liquidity and flexible access to a wide variety of financial instruments. While we expect securitizations and sale of receivables (factoring) to continue to represent a material portion of our capital structure and intersegment borrowings to remain a marginal source of funding, we will continue to diversify our funding sources and expand our investor base within Financial Services to support our investment grade credit ratings. These diversified funding sources include committed asset-backed facilities, unsecured notes, bank facilities and, in an effort to further diversify funding sources and reduce the average cost of funding, Financial Services has implemented commercial paper programs in the U.S..

On a global level, we will continue to evaluate alternatives to ensure that Financial Services has access to capital on favorable terms to support its business, including agreements with global or regional partners, new funding arrangements or a combination of the foregoing. Our access to external sources of financing, as well as the cost of financing, is dependent on various factors, including our credit ratings.

On January 4, 2022 Fitch Ratings raised its Long-Term Issuer Default Rating ("IDR") on CNH Industrial N.V. to ‘BBB+’ from ‘BBB-’. Fitch also upgraded CNH Industrial Finance Europe S.A.’s senior unsecured rating to ‘BBB+’ from ‘BBB-’. The Outlook is stable. On January 7, 2022, Fitch upgraded the Long-Term IDR and senior long-term debt ratings of CNH Industrial Capital LLC and CNH Industrial Capital Canada Ltd. to 'BBB+' from 'BBB-'. The outlook is stable. Fitch has also upgraded CNH Industrial Capital LLC's short-term IDR and commercial paper ratings to 'F2' from 'F3'.

On February 25, 2022, Moody's upgraded the senior unsecured ratings of CNH Industrial N.V. and its supported subsidiaries including CNH Industrial Capital LLC, CNH Industrial Finance Europe S.A., CNH Industrial Capital Australia Pty. Ltd. and CNH Industrial Capital Canada Ltd. to Baa2 from Baa3. At the same time, Moody's withdrew CNH Industrial Finance Europe S.A. short term rating of (P)P-3. The rating outlook is stable. Our long-term credit ratings remained unchanged at "BBB" from Standard & Poor's Global Ratings with stable outlook.

Current ratings for the Group are as follows:

	CNH Industrial N.V.			CNH Industrial Capital LLC		
	Long-Term	**Short-Term**	**Outlook**	**Senior Long-Term**	**Short-Term**	**Outlook**
S&P Global Ratings	BBB	A-2	Stable	BBB	A-2	Stable
Fitch Ratings	BBB+	-	Stable	BBB+	F2	Stable
Moody’s Investors Service	Baa2	-	Stable	Baa2	-	Stable

(1) Includes treasury subsidiary, CNH Industrial Finance Europe S.A.

The Group’s debt is investment grade, which the Group believes will allow it to access funding at better rates.

A credit rating is not a recommendation to buy, sell or hold securities. Ratings may be subject to revision or withdrawal at any time by the assigning rating organization, and each rating should be evaluated independently of any other rating. A deterioration in our ratings could impair our ability to obtain debt financing and would increase the cost of such financing. Ratings are influenced by a number of factors, including, among others: financial leverage on an absolute basis or relative to peers, the composition of the balance sheet and/or capital structure, material changes in earnings trends and volatility, ability to dividend monies from subsidiaries and our competitive position. Material deterioration in any one, or a combination, of these factors could result in a downgrade of our ratings, thus increasing the cost, and limiting the availability, of financing.

Debt

As of December 31, 2022 and 2021, our consolidated Debt was as detailed in the following table:

($ million)	Consolidated		Industrial Activities		Financial Services	
	December 31, 2022	December 31, 2021	**December 31, 2022**	December 31, 2021	**December 31, 2022**	December 31, 2021
Debt	**(23,652)**	(21,689)	**(5,252)**	(6,849)	**(19,385)**	(15,987)

We believe that Net Cash/(Debt), a non-GAAP financial measure as defined in the section "Alternative performance measures (or “Non-GAAP financial measures”)", of section "General" above, is a useful analytical metric for measuring our effective borrowing requirements. We provide a separate analysis of Net Cash/(Debt) of Industrial Activities and Net (Cash)/Debt of Financial Services to reflect the different cash flow management practices in the two activities. Industrial Activities reflects the consolidation of all majority-owned subsidiaries, including those performing centralized treasury activities, except for Financial Services subsidiaries. Financial Services reflects the consolidation of the Financial Services’ businesses.

The calculation of Net Cash/(Debt) at December 31, 2022 and 2021, and the reconciliation of Debt, the EU-IFRS financial measure that we believe to be most directly comparable, to Net Cash/(Debt), are shown below:

	Consolidated		Industrial Activities		Financial Services	
($ million)	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Third party debt	(23,496)	(21,186)	(5,184)	(5,581)	(18,312)	(15,605)
Intersegment notes payable	—	—	(63)	(150)	(922)	(209)
Payables vs. Iveco Group N.V.(1)	(156)	(503)	(5)	(1,118)	(151)	(173)
Debt(3)	**(23,652)**	**(21,689)**	**(5,252)**	**(6,849)**	**(19,385)**	**(15,987)**
Receivables from Iveco Group N.V.(2)	298	—	234	783	64	5
Cash and cash equivalents	4,376	5,044	3,802	4,386	574	658
Restricted cash	753	801	158	128	595	673
Intersegment notes receivable	—	—	922	209	63	150
Other current financial assets(4)	300	2	300	2	—	—
Derivatives hedging debt(5)	(15)	2	(50)	(33)	35	35
Net Cash/(Debt)(6)	**(17,940)**	**(15,840)**	**114**	**(1,374)**	**(18,054)**	**(14,466)**

(1) At December 31, 2022, this item includes payables related to purchases of receivables or collections with settlement in the following days.

(2) At December 31, 2022, this item includes receivables related to sales of receivables or collections with settlement in the following days.

(3) The Debt at December 31, 2021, presented in the Annual Report at December 31, 2021 and in the Consolidated Statement of Financial Positions, has been re-presented to show, in a clearer view, the amounts of financial payables and receivables vs. Iveco Group after the Demerger.
As a result of the role played by the central treasury, debt for Industrial Activities also includes funding raised by the central treasury on behalf of Financial Services (included under Intersegment financial receivables). Intersegment notes receivable for Financial Services, on the other hand, represent loans or advances to Industrial Activities – for receivables sold to Financial Services that do not meet the derecognition requirements – as well as cash deposited temporarily with the central treasury. Total Debt of Industrial Activities includes Intersegment notes payable to Financial Services of $63 million and $150 million as of December 31, 2022 and 2021, respectively. Debt of Financial Services includes Intersegment notes payable to Industrial Activities of $922 million and $209 million as of December 31, 2022 and 2021,, respectively.

(4) This item includes short-term deposits and investments towards high-credit rating counterparties.

(5) Derivatives hedging debt include the positive and negative fair values of derivative financial instruments.

(6) The net intersegment notes receivable/(payable) balance recorded by Financial Services relating to Industrial Activities was negative of $859 and of $59 million as of December 31, 2022 and 2021, respectively.

Excluding positive exchange rate differences of $433 million, Net Debt at December 31, 2022 increased by $2,533 million compared to December 31, 2021, mainly due to the increase in portfolio receivables of Financial Services for $4,245 million, dividend cash-out of $412 million, Treasury shares buy-back acquisition of $153 million, partially offset by Free Cash Flow generation from Industrial Activities of $1,591 million, proceeds from the sale of Raven Engineered Films Division for $350 million, and Financial Services operating cash generation (net of portfolio growth).

The following table shows the change in Net Cash/(Debt) of Industrial Activities for 2022 and 2021:

($ million)	December 31, 2022	December 31, 2021
Net Cash/(Debt) of Industrial Activities at beginning of period from Continuing Operations	**(1,374)**	**(1,132)**
Net Cash/(Debt) of Industrial Activities at beginning of period from Discontinued Operations	**—**	**1,429**
Net Cash/(Debt) of Industrial Activities at beginning of period	**(1,374)**	**297**
Adjusted EBIT of Industrial Activities	2,436	1,729
Depreciation and amortization	571	536
Depreciation of assets under operating leases	6	3
Cash interest and taxes	(646)	(376)
Changes in provisions and similar(1)	273	490
Change in working capital	(409)	185
Operating cash flow of Industrial Activities from Continuing Operations	**2,231**	**2,567**
Operating cash flow of Industrial Activities from Discontinued Operations	**—**	**564**
Operating cash flow of Industrial Activities	**2,231**	**3,131**
Investments in property, plant and equipment, and intangible assets	(630)	(515)
Other changes	(10)	(134)
Free Cash Flow of Industrial Activities from Continuing Operations	**1,591**	**1,918**
Investments in property, plant and equipment, and intangible assets and other changes from Discontinued Operations	—	(712)
Free Cash Flow of Industrial Activities from Discontinued Operations	**—**	**(148)**
Free Cash Flow of Industrial Activities	**1,591**	**1,770**
Capital increases and dividends(2)	(576)	(188)
Currency translation differences and other(3)	473	(1,972)
Change in Net Cash/(Debt) of Industrial Activities from Continuing Operations	**1,488**	**(242)**
Currency translation differences and other from Discontinued Operations	—	(77)
Change in Net Cash/(Debt) of Industrial Activities from Discontinued Operations	**—**	**(225)**
Change in Net Cash/(Debt) of Industrial Activities	**1,488**	**(467)**
Net Cash/(Debt) of Industrial Activities at end of year from Continuing Operations	**1,488**	**(1,374)**
Net Cash/(Debt) of Industrial Activities at end of year from Discontinued Operations	**—**	**1,204**
Net Cash/(Debt) of Industrial Activities at end of year	**114**	**(170)**

(1) Including other cash flow items related to operating leases activities.

(2) In the year ended December 31, 2022, this item also includes share buy-back transactions.

(3) In the year ended December 31, 2022, this item also includes the proceed of Raven Engineered Films Division for $350 million. In year ended December 31, 2021, this item also includes the cash out of $2,246 million for the acquisition of the 100% interest in Raven Industries, Inc., and $86 million for the acquisition of the 90% interest in Sampierana S.p.A., as well as the charge of $8 million related to the repurchase of notes.

We believe that Free Cash Flow of Industrial Activities (a non-GAAP financial measure as defined in the section "Alternative performance measures", or “Non-GAAP financial measures", above) is a useful analytical metric for measuring the cash generation ability of our Industrial Activities.

For the year ended December 31, 2022, the Free Cash Flow of Industrial Activities was positive of $1,591 million (positive of $1,918 million for Continuing Operations for the year ended December 31, 2021), primarily due to the strong performance of the segments, partially offset by an increase in working capital exacerbated by supply chain disruptions in the latter part of the year.

The reconciliation of Free Cash Flow of Industrial Activities to Net cash provided by/(used in) Operating Activities, the EU-IFRS financial measure that we believe to be most directly comparable, for the years ended December 31, 2022 and 2021 is shown below:

($ million)	December 31, 2022	December 31, 2021
Net cash provided by/(used in) Operating Activities	**2,504**	**3,313**
Less: Cash flows from Operating Activities of Financial Services net of eliminations and other	(273)	(182)
Operating cash flow of Industrial Activities	**2,231**	**3,131**
Investments in property, plant and equipment, and intangible assets of Industrial Activities	(630)	(515)
Other changes	(10)	(134)
Investments in property, plant and equipment, and intangible assets and other changes from Discontinued Operations	—	(712)
Free Cash Flow of Industrial Activities	**1,591**	**1,770**

The non-GAAP financial measures (Available liquidity, Net Cash/(Debt) and Free Cash Flow of Industrial Activities), used in this section, should neither be considered as a substitute for, nor superior to, measures of financial performance prepared in accordance with EU-IFRS. In addition, these non-GAAP financial measures may not be computed in the same manner as similarly titled measures used by other companies.

Industrial Activities

Capital Markets

At December 31, 2022, we had an aggregate amount of $9.0 billion in bonds outstanding, of which $4.9 billion was issued by Industrial Activities.

The capital markets debt of Industrial Activities mainly related to notes issued under the Euro Medium Term Note Programme (and the notes issued under its predecessor, the Global Medium Term Notes Programme), and senior unsecured debt securities issued by CNH Industrial N.V. described below.

Euro Medium Term Note ("EMTN") Programme. We have a medium-term note programme allowing for the placement of debt securities up to a total authorized amount of €10 billion ($11 billion). At December 31, 2022, €3,569 million ($3,806 million) was outstanding under the programme, all such debt having been issued by CNH Industrial Finance Europe S.A. and guaranteed by CNH Industrial N.V.

CNH Industrial N.V. Senior Notes. In the United States, CNH Industrial N.V has issued notes from time to time. In 2016, CNH Industrial N.V. issued $600 million of notes at an interest rate of 4.50% due August 2023 (the “2023 Notes”) at an issue price of 100 percent of their principal amount, and, in 2017, CNH Industrial N.V. issued $500 million of notes at an interest rate of 3.850% due November 2027 (the “2027 Notes”) at an issue price of 99.384% of their principal amount. The 2023 Notes and the 2027 Notes are collectively referred to as the “CNH Industrial N.V. Senior Notes”.

The notes issued under the EMTN (and its predecessor the Global Medium Term Notes Programme) as well as the CNH Industrial N.V. Senior Notes impose covenants and other obligations on CNH Industrial N.V. as issuer and, in certain cases, as guarantor and CNH Industrial Finance Europe S.A. as issuer, including: (i) a negative pledge provision which requires that, if any security interest over assets of the issuer or the guarantor is granted in connection with debt that is, or is capable of being, listed or any guarantee is granted in connection with such debt, such security or guarantee must be equally and ratably extended to the outstanding notes; (ii) a status (or *pari passu*) covenant, under which the notes rank and will rank *pari passu* with all other present and future outstanding unsubordinated and unsecured obligations of the issuer and/or the guarantor (subject to mandatorily preferred obligations under applicable laws); (iii) an events of default provision setting out certain customary events (such as cross defaults, insolvency related events, etc.) the occurrence of which entitles the holders of the outstanding notes to accelerate the repayment of the notes; (iv) change of control provisions which, when combined with a rating downgrade of CNH Industrial N.V., grant the note holders the right to require immediate repayment of the notes; and (v) other clauses that are generally applicable to securities of a similar type. A breach of these obligations may require the early repayment of the notes. At December 31, 2022, CNH Industrial was in compliance with the covenants of the notes issued under the EMTN (and its predecessor the Global Medium Term Notes Programme) and the CNH Industrial N.V. Senior Notes.

CNH Industrial intends to repay the issued bonds in cash at the due date by utilizing available liquid resources. In addition, CNH Industrial may from time to time buy-back or enforce the available call options of issued bonds. Such buy-backs, if made, depend upon market conditions, the financial situation of CNH Industrial and other factors which could affect such decisions.

Bank Debt

At December 31, 2022, Industrial Activities available committed unsecured facilities expiring after twelve months amounted to $4.5 billion ($4.5 billion at December 31, 2021).

Euro 4 billion Revolving Credit Facility. In March 2019, the Company signed a five-year committed revolving credit facility for €4 billion ($4.5 billion at March 31, 2019 exchange rate) due to mature in 2024 with two extension options of 1-year each, exercisable on the first and second anniversary of the signing date. CNH Industrial exercised the first of the two extension options as of February 28, 2020 and the second extension option as of February 26, 2021. The facility is now due to mature in March 2026 for €3,950.5 million; €49.5 million within the facility will mature in March 2025. The credit facility replaced a five-year €1.75 billion credit facility scheduled to mature in 2021 and includes:

- customary covenants (including a negative pledge, a status (or *pari passu*) covenant and restrictions on the incurrence of indebtedness by certain subsidiaries);
- customary events of default (some of which are subject to minimum thresholds and customary mitigants), including cross-default provisions, failure to pay amounts due or to comply with certain provisions under the loan agreement and the occurrence of certain bankruptcy-related events; and:
- mandatory prepayment obligations upon a change in control of CNH Industrial or the borrower;

- a financial covenant (Net debt/EBITDA ratio relating to Industrial Activities) (this covenant is not applicable given the current ratings levels).

CNH Industrial N.V. has guaranteed any borrowings under the revolving credit facility with cross-guarantees from each of the borrowers (*i.e.*, CNH Industrial Finance S.p.A., CNH Industrial Finance Europe S.A. and CNH Industrial Finance North America Inc.). At December 31, 2022, CNH Industrial was in compliance with the covenants of the Revolving Credit Facility.

Financial Services

Total debt of Financial Services was $19.4 billion at December 31, 2022, compared to $16.0 billion at December 31, 2021.

Bank Debt

At December 31, 2022, Financial Services' available committed, unsecured facilities expiring after twelve months amounted to $0.6 billion ($0.7 billion at December 31, 2021).

Asset-Backed Financing

At December 31, 2022, Financial Services' committed asset-backed facilities expiring after twelve months amounted to $2.9 billion ($3.0 billion at December 31, 2021), of which $2.1 billion was utilized at December 31, 2022, ($2.0 billion at December 31, 2021).

We sell certain of our financial receivables to third parties in order to improve liquidity, to take advantage of market opportunities and, in certain circumstances, to reduce credit and concentration risk in accordance with our risk management objectives.

The sale of financial receivables is executed primarily through ABS transactions and involves retail notes and wholesale receivables originated to our Financial Services subsidiaries from end-use customers and dealers, respectively.

At December 31, 2022, our receivables from financing activities included receivables sold and financed through both ABS and factoring transactions of $12.6 billion ($10.3 billion at December 31, 2021), which do not meet derecognition requirements and therefore are recorded on our consolidated statement of financial position. These receivables are recognized as such in our financial statements even though they have been legally sold; a corresponding financial liability is recorded in the consolidated statement of financial position as debt (see Note 17 “Current receivables and Other current financial assets” to our Consolidated Financial Statements).

Capital Markets

In May 2021, CNH Industrial Capital LLC issued $600 million of 1.45% notes due in 2026 at an issue price of 99.208% of their principal amount.

In July 2021, CNH Industrial Capital Australia Pty. Limited issued AUD 200 million of 1.75% notes due in 2024 at an issue price of 99.863% of their principal amount.

In September 2021, CNH Industrial Capital Australia Pty. Limited issued AUD 50 million of 1.750% notes due in 2024 at an issue price of 101.069% of their principal amount. This issue is a private placement.

In September 2021, CNH Industrial Capital Canada Ltd issued CAD 300 million of 1.500% notes due in 2024 at an issue price of 99.936% of their principal amount.

In April 2022, Banco CNH Industrial Capital S.A. issued BRL 600 million of notes in two tranches: BRL 177 million at CDI + 0.90%, due in 2024 and BRL 423 million at CDI +1.10%, due in 2025.

In May 2022, Banco CNH Industrial Capital S.A. issued BRL 350 million of notes at CDI +1.10%, due in 2025, through a private placement.

In May 2022, CNH Industrial Capital LLC issued $500 million of 3.95% notes due in 2025 at an issue price of 99.469% of their principal amount.

In September 2022, Banco CNH Industrial Capital S.A. issued BRL 700 million of notes in three tranches: BRL 268 million at CDI + 0.90%, due in 2024; BRL 193 million at CDI +1.05%, due in 2025; and BRL 239 million at CDI +1.30%, due in 2026.

In October 2022, CNH Industrial Capital LLC issued $400 million of 5.45% notes due in 2025 at an issue price of 99.349% of their principal amount.

In October 2022, CNH Industrial Capital Argentina issued USD 23 million of 0% notes due in 2025. This was a voluntary exchange offer for the outstanding USD-linked Series 1 notes issued in 2020 due August 2023.

In November 2022, Banco CNH Industrial Capital S.A. issued BRL 22 million of notes at CDI + 1.05%, due in 2025, through a private placement.

In December 2022, Banco CNH Industrial Capital S.A. issued BRL 190 million of notes at CDI + 0.85%, due in 2024, through a private placement.

Commercial Paper Programs

With the purpose of further diversifying its funding structure, CNH Industrial has established various commercial paper programs. CNH Industrial Capital LLC outstanding commercial paper totaled $299 million as of December 31, 2022 (no outstanding at December 31, 2021).
Banco CNH Industrial S.A. outstanding commercial paper totaled $230 million as of December 31, 2022 ($90 million outstanding at December 31, 2021).

Support Agreement in the Interest of CNH Industrial Capital LLC

CNH Industrial Capital LLC benefits from a support agreement issued by CNH Industrial N.V., pursuant to which CNH Industrial N.V. agrees to, among other things, (a) make cash capital contributions to CNH Industrial Capital LLC, to the extent necessary to cause its ratio of net earnings available for fixed charges to fixed charges to be not less than 1.05:1.0 for each fiscal quarter (with such ratio determined, on a consolidated basis and in accordance with U.S. GAAP, for such fiscal quarter and the immediately preceding three fiscal quarters taken as a whole), (b) generally maintain an ownership of at least 51% of the voting equity interests in CNH Industrial Capital LLC and (c) cause CNH Industrial Capital LLC to have, as of the end of any fiscal quarter, a consolidated tangible net worth of at least $50 million. The support agreement is not intended to be, and is not, a guarantee by CNH Industrial N.V. of the indebtedness or other obligations of CNH Industrial Capital LLC. The obligations of CNH Industrial N.V. to CNH Industrial Capital LLC pursuant to this support agreement are to the company only and do not run to, and are not enforceable directly by, any creditor of CNH Industrial Capital LLC, including holders of the CNH Industrial Capital LLC's notes or the trustee under the indenture governing the notes. The support agreement may be modified, amended or terminated, at CNH Industrial N.V.'s election, upon thirty days' prior written notice to CNH Industrial Capital LLC and the rating agencies of CNH Industrial Capital LLC, if (a) the modification, amendment or termination would not result in a downgrade of CNH Industrial Capital LLC rated indebtedness; (b) the modification, amendment or notice of termination provides that the support agreement will continue in effect with respect to the company's rated indebtedness then outstanding; or (c) CNH Industrial Capital LLC has no long-term rated indebtedness outstanding.

For more information on our outstanding indebtedness, see Note 24 "Debt" to our Consolidated Financial Statements.

Future Liquidity

We have adopted formal policies and decision-making processes designed to optimize the allocation of funds, cash management processes and financial risk management. Our liquidity needs could increase in the event of an extended economic slowdown or recession that would reduce our cash flow from operations and impair the ability of our dealers and retail customers to meet their payment obligations. Any reduction of our credit ratings would increase our cost of funding and potentially limit our access to the capital markets and other sources of financing.

We believe that funds available under our current liquidity facilities, those realized under existing and planned asset-backed securitization programs and issuances of debt securities and those expected from ordinary course refinancing of existing credit facilities, together with cash provided by operating activities, will allow us to satisfy our debt service requirements for the coming year. At December 31, 2022, the Group had available committed, unsecured facilities expiring after twelve months of $5.1 billion ($5.2 billion at December 31, 2021).

Financial Services securitized debt is repaid with the cash generated by the underlying amortizing receivables. Accordingly, additional liquidity is not normally necessary for the repayment of such debt. Financial Services has traditionally relied upon the term ABS market and committed asset-backed facilities as a primary source of funding and liquidity. At December 31, 2022, Financial Services' committed asset-backed facilities expiring after twelve months amounted to $2.9 billion ($3.0 billion at December 31, 2021), of which $2.1 billion at December 31, 2022 ($2.0 billion at December 31, 2021) were utilized.

If Financial Services were unable to obtain ABS funding at competitive rates and at the same time were unable to access other sources of finding at similar conditions, its ability to conduct its financial services activities would be limited.

Off-Balance Sheet Arrangements

We use certain off-balance sheet arrangements with unconsolidated third parties in the ordinary course of business, including financial guarantees. Our arrangements are described in more detail below. For additional information, see Note 27 "Commitments and contingencies" to the CNH Industrial Consolidated Financial Statements.

Financial Guarantees

Our financial guarantees require us to make contingent payments upon the occurrence of certain events or changes in an underlying instrument that is related to an asset, a liability or the equity of the guaranteed party. These guarantees include arrangements that are direct obligations, giving the party receiving the guarantee a direct claim against us, as well as indirect obligations, under which we have agreed to provide the funds necessary for another party to satisfy an obligation. CNH Industrial provided guarantees on the debt or commitments of third parties and performance guarantees on non-consolidated affiliates, totaling $19 million as of December 31, 2022.

Tabular Disclosure of Contractual Obligations

The following table sets forth our contractual obligations and commercial commitments with definitive payment terms that will require significant cash outlays in the future, as of December 31, 2022:

	At December 31, 2022				
($ million)	within one year	between one and three years	between three and five years	beyond five years	Total
Contractual obligations(1)					
Debt obligations:(2)					
Bonds	1,723	3,853	2,781	669	**9,026**
Borrowings from banks	1,458	803	447	454	**3,162**
Asset-backed financing	5,699	2,953	1,077	24	**9,753**
Other debt(3)	1,094	248	138	3	**1,483**
Total Debt obligations	**9,974**	**7,857**	**4,443**	**1,150**	**23,424**
Undiscounted lease payments	63	83	54	59	**259**
Purchase obligations	77	—	—	—	**77**
Total Contractual obligations	**10,114**	**7,940**	**4,497**	**1,209**	**23,760**

(1) Reserves for uncertain tax positions are not included within this table as the timing and ultimate uncertainty of settlement with the relevant taxing authorities is not known.

(2) Amounts presented exclude the related interest expense that will be paid when due. The table above does not include obligations for pension plans, health care plans, other post-employment benefits and other employee benefits. Our best estimate of expected contributions in 2023 to pension plans is $36 million. Potential outflows in the years after 2023 are subject to a number of uncertainties, including future asset performance and changes in assumptions, and therefore we are unable to make sufficiently reliable estimates of future contributions beyond 2023.

(3) Other debt includes $1,180 million of payables represented by securities, $147 million of other debt and $156 million of payables to Iveco Group.

Debt Obligations

For information on our debt obligations, see "Capital Resources" above and Note 24 "Debt" to the CNH Industrial Consolidated Financial Statements.

The amount reported as Total Debt obligations in the table above consists of our bonds, borrowings from banks, asset-backed financing and other debt, which can be reconciled to the amount in the December 31, 2022 consolidated statement of financial position as follows:

($ million)	Note	At December 31, 2022
Debt reflected in the consolidated statement of financial position	(24)	**23,652**
Less: Lease liabilities	(24)	(228)
Total Debt obligations		**23,424**

Undiscounted Lease Payments

Our assets under lease agreements consist mainly of industrial buildings and plant, machinery and equipment used in our businesses. The amounts reported above include the minimum future lease payments and payment commitments due under such leases.

Purchase Obligations

Our purchase obligations at December 31, 2022, included commitments to purchase tangible fixed assets, largely in connection with planned capital expenditures, in an aggregate amount of approximately $77 million.

RISK MANAGEMENT AND CONTROL SYSTEM

CNH INDUSTRIAL RISK MANAGEMENT

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

CNH Industrial's ERM processes are aligned with the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) published framework, as well as the principles of the Dutch Corporate Governance Code, further adapted for specific business requirements by incorporating Company management knowledge and best practices identified by third-party risk consulting firms.

CNH Industrial's ERM framework has identified 43 primary enterprise risks, further broken down into 123 specific risk drivers. Primary risk drivers include a number of significant topics, such as business strategies and operations, competitive factors, social responsibility and environmental issues, and regulatory compliance. The process follows a bottom-up analysis starting at the business unit level, with risk survey completion by business and function leaders worldwide, followed by cross-functional reviews, one-on-one interviews with Senior Leadership Team ("SLT") members, presentations and risk assessment discussions with the Audit Committee of the Board of Directors, and review and discussion with the Board of Directors. Direct feedback received from each of these layers up to and including the Board of Directors is then used to identify and develop risk mitigation activities as necessary within the business or functional area, which are deployed by management.

Inherently, CNH Industrial's ERM framework is not meant to provide a guarantee of the accuracy or completeness of the risk assessments performed or on the full achievement of CNH Industrial’s objectives. CNH Industrial’s potential overall risk exposure is described in the Risk Factors section.

RISK MITIGATION ACTIVITIES

The risk mitigation activities initiated by management are designed to mitigate adverse impacts to CNH Industrial’s business plan, including financial and operational performance, during 2022 and beyond. The ERM framework is linked with our sustainability program and its strategic sustainability targets, our aspirational goals articulated in the strategic business plan and our employee and customer safety goals. These targets and goals, which are incorporated into the individual segment business plans, provide a framework to address the long-term challenges to increasing stakeholder value and proactively mitigate associated risks.

For example, as the Company faces protracted supply chain constraints, our ERM processes help to ensure we remain resilient amid such economic uncertainty. Associated risks have been integrated into our ERM framework to help the business stay ahead of preventable disruptions and seize opportunities when identified. Mitigating actions that the Company has taken include, for example, sensitivity analyses of our European natural gas dependencies, associated risks by country and alternative sourcing opportunities, as well as similar sourcing assessments concerning China and the semiconductor industry.

Our ERM process also monitors emerging risks, which we define as new risks or risks for which the impacts are unknown or evolving and thus may be incorporated into risk assessment and mitigation activities when deemed necessary. For example, the post-pandemic and evolving working models and increasing talent leverage in the market represent emerging risks that require close monitoring to ensure we are readily able to adapt and adopt new, highly productive working strategies. Mitigation actions already underway include implementation of culture management initiatives intended to provide measured assessments of shared behaviors, giving our employees an ongoing voice and empowering our business leaders to help adopt and support the desired Company culture. Further, various hybrid working models are being piloted across our multiple regions of operation to identify optimal work environments given local needs and expectations.

RISK APPETITE

CNH Industrial's risk appetite is set within risk taking and risk acceptance parameters driven by our business plan, Code of Conduct, core principles and values, policies, and applicable laws. Our ERM framework includes a structured risk management process to address key risks, with a delineated risk appetite applied to each of the risk categories and enterprise risks as described below:

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

ENHANCEMENTS TO THE RISK MANAGEMENT PROCESS

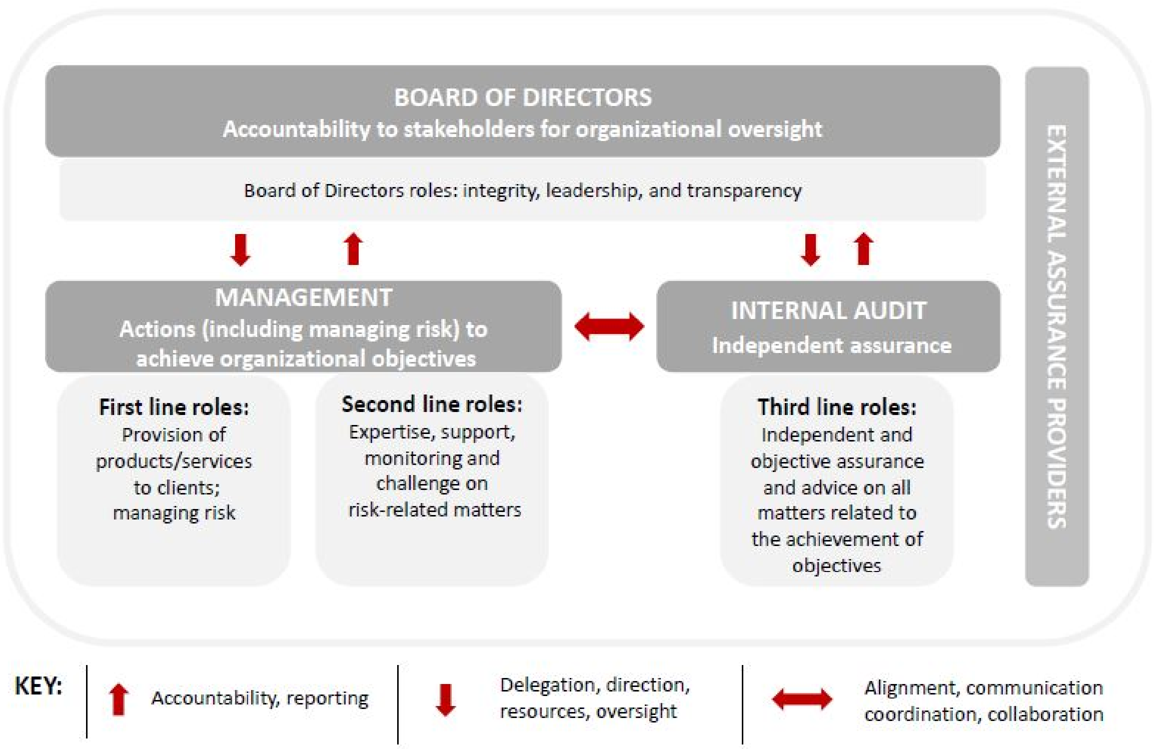
The development and implementation of an effective and robust ERM framework requires continuous evaluation and improvement. As part of these efforts, CNH Industrial continues to enhance its risk management process, including the ongoing rollout of targeted risk assessments conducted by subject matter experts within the business. These assessments, which now cover more than half of our full risk register, help identify important risk exposures outside of predetermined risk tolerance levels and trigger the execution of new or previously identified risk mitigation activities that are intended to reduce or, in certain cases, eliminate the risk exposures altogether. We have also better aligned our oversight functions to improve the internal transparency of our risk profile and increase efficiencies across ERM, Finance, Internal Audit, IT Security, Internal Controls (including Sarbanes-Oxley functions) and Legal & Compliance. Quarterly risk reports are delivered to our ERM Supervising Committee as well as the Senior Leadership Team, giving business transparency to our risk management processes and latest risk profiles. Finally, we continue to expand our GRC software platform to provide more intuitive and automated coverage of common high-risk areas such as information technology and cybersecurity, business continuity management and environment, social and governance ("ESG") monitoring and reporting.

INTERNAL CONTROL SYSTEM

The Company has in place an internal control system, based on the model provided by COSO and the principles of the Dutch Corporate Governance Code, which consists of a set of policies, procedures and organizational structures aimed at identifying, measuring, managing, and monitoring the principal risks to which CNH Industrial is exposed. The system is integrated within the organizational and corporate governance framework adopted by CNH Industrial and contributes to the protection of corporate assets, as well as to ensuring the efficiency and effectiveness of business processes, reliability of financial information, and compliance with laws, regulations, the Company's Code of Conduct, policies, and internal procedures.

The system, which has been developed on the basis of international best practices, consists of the following three lines:

- Management:
  1. operating areas, which identify and assess risk and establish specific actions for management of such risk;
  2. central functions responsible for risk control, which define methodologies and instruments for managing and monitoring such risk.
- Internal Audit:
  3. conducts independent evaluations of the system in its entirety.



Principal Characteristics of the Internal Control System and Internal Control over Financial Reporting

CNH Industrial has in place a system of risk management and internal control over financial reporting based on the model provided by COSO, according to which the internal control system is defined as a set of rules, procedures and tools designed to provide reasonable assurance of the achievement of corporate objectives. In relation to the financial reporting process, reliability, accuracy, completeness and timeliness of the information contribute to the achievement of such corporate objectives. Risk management is an integral part of the internal control system. A periodic evaluation of the system of internal control over financial reporting is designed to ensure the overall effectiveness of the components of the COSO Framework (Governance & Culture; Strategy & Objective-Setting; Performance; Review & Revision; and Information, Communication, & Reporting) in achieving those objectives.

CNH Industrial – which is listed on the NYSE and, consequently, is subject to Section 404 of the U.S. Sarbanes-Oxley Act since 2014 – has a system of administrative and accounting procedures in place that seeks to ensure a highly reliable system of internal control over financial reporting.

The approach adopted by CNH Industrial for the evaluation, monitoring and continuous updating of the system of internal control over financial reporting, is based on a 'top-down, risk-based' process consistent with the COSO Framework. This enables focus on areas of higher risk and/or materiality, where there is risk of significant errors, including those attributable to fraud, in the elements of the financial statements and related documents. The key components of the process are:

- identification and evaluation of the source and probability of significant errors in elements of financial reporting;
- assessment of the adequacy of key controls in enabling ex-ante or ex-post identification of potential misstatements in elements of financial reporting; and
- verification of the operating effectiveness of controls based on the assessment of the risk of misstatement in financial reporting, with testing focused on areas of higher risk.

Identification and evaluation of the risk of misstatements which could have material effects on financial reporting is carried out through a risk assessment process that uses a top-down approach to identify the organizational entities, processes and the related accounts, in addition to specific activities, which could potentially generate significant errors. Under the methodology adopted by CNH Industrial, risks and related controls are associated with the accounting and business processes upon which accounting information is based.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2022, using the criteria set forth in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that assessment, management believes that, as of December 31, 2022, the Company's internal control over financial reporting was effective.

CORPORATE GOVERNANCE

INTRODUCTION

CNH Industrial is a company, organized under the laws of the Netherlands, initially formed from a business combination of Fiat Industrial S.p.A. and CNH Global N.V. consummated on September 29, 2013. On January 1, 2022, the On-Highway businesses, now known as Iveco Group was separated from the Company and became a public listed company independent from the Company through a demerger under Dutch law. CNH Industrial qualifies as a foreign private issuer under the applicable rules of the SEC and its common shares are listed on the NYSE and on the Euronext Milan.

We are subject to, among other things, the laws of the Netherlands and the laws and regulations applicable to foreign private issuers in the U.S., the Dutch Corporate Governance Code (the "DCGC"), the Sarbanes Oxley Act of 2002, the Dodd-Frank Act and the NYSE listing standards, which are of particular significance to our corporate governance. In accordance with the NYSE Listed Company Manual, we are permitted to follow home country practice with regard to certain corporate governance standards. We describe the significant differences between our corporate governance practices and those required (i) under the DCGC and (ii) for domestic U.S. listed companies by the NYSE listing standards on our website.

The Company has adopted a one-tier governance structure. This choice of a one-tier governance structure necessitated the implementation of certain governance solutions that are not typical of two-tier board frameworks.

In this Annual Report CNH Industrial discusses its overall corporate governance structure. The Company discloses in this Annual Report, and intends to disclose in its future annual reports, any material departure from the best practice provisions of the DCGC.

BOARD OF DIRECTORS

The Company has adopted a one-tier governance structure. The Board has collective responsibility for the strategy of the Company. During 2022, the Board reviewed and discussed with management, among other things, the Company's strategy, and the long-term value creation strategies of all the Company's individual business segments and their deployment in the regions.

The Non-Executive Directors believe that in consideration of the size of the Company, the complexity and specific characteristics of the segments in which it operates and the worldwide presence of its business, an adequate and diversified mix of skills, experience and cultures, both general and specific, acquired in an international environment, in relation to the capital goods industry and with respect to general macroeconomics and market globalization issues, as well as the industrial and financial sectors, and other diversity factors (such as gender, race, ethnicity, and country of origin or nationality) are necessary prerequisites to achieve a Board having the appropriate diversification and collegial capabilities, also assured by an appropriate balance between the number of Executive Directors and Non-Executive Directors. Independent Directors – identified as such both pursuant to NYSE and DGCG provisions – have an essential role in protecting the interests of all stakeholders and in the proper composition and functioning of the Board Committees, further described below. It is generally recognized that more diverse boards are more effective in performing their monitoring and advisory activities, due to the variety of professional experience, perspectives, insights, skills and connections to the outside world that diversity can add. Accordingly, the Board will continue to actively seek diverse candidates for possible appointment to the Board; though no formal diversity policy was adopted, the Board has in the past and expects to continue to utilize the services of executive search firms to assist in the identification of qualified and diverse candidates for nomination for appointment to the Board.

Below are the names, year of birth and position of each person currently serving as a director of the Company.

	Tenure	Gender	Year of Birth	Position	Nationality	Independent
Suzanne Heywood	2016	F	1969	Chair and Executive Director	British	No
Scott W. Wine	2021	M	1967	Chief Executive Officer and Executive Director	U.S.	No
Catia Bastioli	2021	F	1957	Non-Executive Director	Italian	Yes
Howard W. Buffett	2020	M	1983	Non-Executive Director	U.S.	Yes
Leo W. Houle	2013	M	1947	Non-Executive Director	Canadian	Yes
Karen Linehan	2022	F	1959	Non-Executive Director	U.S - Irish	Yes
Alessandro Nasi	2019	M	1974	Non-Executive Director	Italian	No
Vagn Sørensen,	2020	M	1959	Non-Executive Director	Danish	Yes
Åsa Tamsons	2021	F	1981	Non-Executive Director	Swedish	Yes

None of the members of the Board of Directors has a familial relationship with any other Director. The Environmental, Social, and Governance Committee periodically assesses the skills, experience and other attributes of the individual

Directors with a view toward ensuring an appropriate level of diversity and ensuring the Directors have the necessary expertise to fulfill their respective duties. In 2022, the Environmental, Social, and Governance Committee conducted such an assessment in connection with its evaluation of candidates to be recommended to the Board for nomination of (re)appointment as a Director.

More information about the Composition of the Board of Directors is available on the Company's website, www.cnhindustrial.com.

The positions of Chief Executive Officer and Chair of the Board of Directors are held by two different individuals (Scott W. Wine and Suzanne Heywood, respectively). This structure allows our Chief Executive Officer to focus on our day-to-day business while our Chair is engaged in important strategic matters affecting the Company and provides advice to and oversight of management. The Board of Directors appointed Mr. Léo Houle as Senior Non-Executive Director for purposes of best practice provision 5.1.3, and in compliance with best practice provision 2.1.9, of the Dutch Code. The Senior Non-Executive Director, who is responsible for the proper functioning of the Board of Directors and its Committees. Six Directors (67%) qualified as independent under the NYSE Listing Standards and of the DCGC. The composition of the Non-Executive Directors is such that they can operate independently and critically with respect to one another, the Executive Directors, and any other particular interest involved; and in accordance with the DCGC.

The Board of Directors of the Company has appointed: (i) an Audit Committee, (ii) a Human Capital and Compensation Committee, and (iii) an Environmental, Social, and Governance Committee. Members serve on these committees until their resignation or until otherwise determined by our Board of Directors.

On certain key industrial matters, the Board of Directors is advised by the Company's executive officers and Senior Leadership Team ("SLT"). The SLT is an operational decision-making body of CNH Industrial, which is responsible for reviewing the operating performance of the segments and making decisions on certain operational matters. Additional information is available on the Company's website, www.cnhindustrial.com

All Board members are expected to attend not less than 75% of all Board and Committee meetings. In addition, Non-Executive Directors are limited to being on not more than four (4) boards of other public companies.

The Board met five times during 2022. The following chart shows the current Board members and their attendance at Board meetings.

Board Member	Heywood	Houle	Buffett	Bastioli	Linehan	Nasi	Tamsons	Sørensen	Wine
Attendance %	100%	100%	100%	100%	100%	100%	100%	100%	100%

Each year, under the oversight of the Environmental, Social and Governance Committee and with the assistance of the Chief Legal and Compliance Officer, the Board undertakes an annual evaluation of its own effectiveness and performance, and that of the Committees and individual Directors. For 2022, the evaluation of the Board and its Committees consists of a self-assessment by each of the directors facilitated by a written questionnaire covering key functions such as composition of the Board, collegiality, information, oversight and involvement, and effectiveness of the Committees, and designed to promote a robust and comprehensive performance assessment discussion. The Chair meets with each of the Directors to discuss the performance of the Board, the Committees, and individual directors. The Board of Directors discusses the results of such performance assessment, in executive session, and agrees upon actions to take advantage of identified opportunities for improvement. On the recommendation of the Environmental, Social, and Governance Committee, the Board periodically engages a third party to facilitate the annual performance assessment.

The current composition of the Board of Directors is the following:

- **Suzanne Heywood,** Chair (Executive-Director)

  Suzanne Heywood is the Chief Operating Officer of Exor. She first joined Exor as a Managing Director in 2016. Prior to that she worked at McKinsey & Company which she joined as an associate in 1997 and left as a Senior Partner (Director) in 2016. Suzanne co-led McKinsey's global service line on organization design for several years and also worked extensively on strategic issues with clients across different sectors. She has published a book, "Reorg," and multiple articles on these topics. Suzanne started her career in the U.K. Government as a Civil Servant in the U.K. Treasury. At the Treasury she worked as Private Secretary to the Financial Secretary (who is responsible for all direct taxation issues) as well as leading thinking on the Government's privatization policy and supporting the Chancellor in his negotiations at ECOFIN (the meeting of European Finance Ministers) in Brussels. Prior to that she studied science at Oxford University (BA) and then at Cambridge University (PhD). Lady Heywood is Chair of Iveco Group N.V., and of Shang Xia. She is also a non-executive director of Louboutin and The Economist. She grew up sailing around the world with her family recreating Captain James Cook's third voyage. Born in 1969, British citizenship.

- **Scott W. Wine,** Chief Executive Officer (Executive-Director)

  Scott W. Wine is the Chief Executive Officer of CNH Industrial and an executive director on the Company's Board of Directors. Leading a workforce of over 38,000 across the globe, Mr. Wine assumes complete accountability for the Company's results, whilst ensuring it delivers them in accordance with the highest ethical standards. His focus is on best supporting CNH Industrial's dealers and customers through a diverse and inclusive workforce, industry leading technology, exceptional safety and quality, and unmatched innovation. Mr. Wine has an exceptional track record as a proven leader, with both considerable international experience across a variety of industries, and extensive mergers and acquisitions expertise in the U.S., Europe and Asia. Prior to joining CNH Industrial in 2021, he was Chairman and CEO of Polaris Inc., a manufacturer of off-road vehicles, electric cars, motorcycles, snowmobiles and boats. He joined Polaris in 2008 as Chief Executive Officer and was named Chairman in 2013. In 2007, Mr. Wine joined UTC Fire and Security, a subsidiary of United Technologies Corporation, as President of Fire Safety America. From 2003 to 2007 he held positions of increasing importance across a range of Danaher Corporation companies, serving as President of Jacobs Vehicle Systems, a commercial truck braking systems manufacturer, from 2003 until 2006, when he became President of The VeederRoot Co., a manufacturer of fuel-tank measuring equipment. In 1996 Mr. Wine joined Allied Signal Corp, a US aerospace, automotive and engineering company. Following its 1999 acquisition of Honeywell, in 2001 Wine assumed the role of Managing Director of Honeywell Aerospace GmBh, based in Germany, before being appointed Vice President of the European Engine Services Division. From 1989 to 1996 he served as a supply officer in the United States Navy. Mr. Wine holds an MBA from the University of Maryland and a bachelor's degree from the United States Naval Academy. He serves on the Boards of US Bancorp and the U.S. Naval Academy Foundation. Born in 1967, he holds American citizenship. Date of first appointment: April 15, 2021.

- **Catia Bastioli,** Director (Non-Executive Director—independent), Member of the Environmental, Social, and Governance Committee, Member of the Human Capital and Compensation Committee

  Catia Bastioli is the CEO of Novamont, an international leader in the bioplastics sector and in the development of biochemicals. Ms. Bastioli joined Novamont in 1991, initially as its technical director, before being appointed general manager and subsequently CEO. During her tenure as CEO she has transformed Novamont from a research center into a reference company in the field of Circular Bioeconomy. Ms. Bastioli started her career at Montedison, Italy's largest chemical group, helping found the Fertec Research Center for renewable raw materials, with Fertec merging with Novamont in 1991. Ms. Bastioli has been a member of European Union High Level Groups on climate change, the environment and renewable raw materials – such as the High-Level Panel on Decarbonization Pathways Initiative and the Mission Board on Soil Health and Food. She is the first inventor of about 80 patent families in the sector of biopolymers and transformation processes of renewable raw materials, and was named European Inventor of the Year in 2007 for her inventions related to starch-based bioplastics between 1991-2001. Ms. Bastioli served as the President of Terna S.p.A., the first grid operator for electricity transmission in Europe, from 2014 – 2020, is a former Board Member of the charitable Fondazione Cariplo, is the CEO of the Italian Cluster of Circular Bioeconomy SPRING and is the President of the Kyoto Club Association – a non-profit organization which raises awareness about the importance of the green and circular economy in order to reach the goals of the Paris Agreement. Ms. Bastioli attended the University of Perugia in Italy and obtained a Master's degree in Chemistry and a Master from the Business Management School Luigi Bocconi University in Milan, Italy. She was also granted an Honorary Doctoral Degree in Civil, Chemical, Environmental and Materials Engineering by “Alma Mater Studiorum” University of Bologna, Italy (2019), a Honoris Causa Degree in Business Economics by University of Foggia, Italy (2018), a Honoris Causa Degree in Materials Engineering by University of Palermo, Italy (2016) and a Honoris Causa Degree in Industrial Chemistry by the University of Genoa, Italy (2008). In 2017 she was given the honorary title of Knighthood “Cavaliere del Lavoro” by the President of the Italian Republic Sergio Mattarella. Born in 1957, Italian citizenship. Date of first appointment: December 23, 2021.

- **Howard W. Buffett,** Director (Non-Executive Director—independent), Member of the Environmental, Social, and Governance Committee, Member of the Human Capital and Compensation Committee

  Howard W. Buffett was appointed Director of CNH Industrial in April 2020. He is a Professor at Columbia University's School of International and Public Affairs in New York, U.S.A., with research focused on ESG, sustainability, and impact measurement and management. He also serves on the Advisory Committee on Socially Responsible Investing, which advises the University's $15 billion endowment on social and environmental investment policies. Earlier in his career, Howard W. Buffett was the Executive Director of the Howard G. Buffett Foundation. He also held a variety of roles in the U.S. government, including in the U.S. Department of Defense, where he oversaw economic stabilization and redevelopment programs in Iraq and Afghanistan. For his work in Afghanistan, he received the Joint Civilian Service Commendation Award. Howard W. Buffett also served as Policy Advisor for the White House Domestic Policy Council and in the Office of the Secretary at the U.S. Department of Agriculture. Howard W. Buffett serves on several Corporate Boards and Advisory Boards including Toyota Motor North America, Inari Agriculture, REEF Technology, and StateBook International. He chairs the Advisory Council for Harvard University's International Negotiation Program and serves on several nonprofit Advisory Boards, including the Daugherty Water for Food Global Institute, the Learning by Giving Foundation, and the Chicago Council on Global Affair's Center on Global Food and Agriculture Panel of Advisors. Howard W. Buffett is also a former Term Member of the Council on Foreign Relations. A New York Times bestselling author, Howard W. Buffett holds a Bachelor of Science in Communications Science and Political Science from Northwestern University, U.S.A., a

Master's in Public Policy and Administration in Advanced Management and Finance from Columbia University, U.S.A., and executive education certificates from Harvard Business School, U.S.A. Born in 1983, U.S. citizenship. Date of first appointment: April 16, 2020.

- **Léo W. Houle**, Director (Senior Non-Executive Director—independent), Chairperson of the Human Capital and Compensation Committee, Member of the Environmental, Social, and Governance Committee

  Mr. Houle was a Director of CNH Global N.V. from April 7, 2006, until the merger of the company into CNH Industrial. On September 6, 2011, Mr. Houle was appointed to the Board of Directors of Chrysler Group LLC now known as FCA US LLC until June 2016 when all public debt of the company was repaid, and its public listing ceased. Mr. Houle was Chief Talent Officer of BCE Inc. and Bell Canada, Canada's largest communications company, from June 2001 until his retirement in July 2008. Prior to joining BCE and Bell Canada, Mr. Houle was Senior Vice-President, Corporate Human Resources of Algroup Ltd., a Swiss-based diversified industrial company. From 1966 to 1987, Mr. Houle held various managerial positions with the Bank of Montreal, the last of which was Senior Manager, Human Resources, Administration Centers. In 1987, Mr. Houle joined the Lawson Mardon Group Limited and served as Group Vice-President, Human Resources until 1994 when Algroup Ltd. acquired Lawson Mardon Group at which time he was appointed Head of Human Resources for the packaging division of Algroup and in 1997 Head of Corporate Human Resources of Algroup, Ltd. Mr. Houle completed his studies at the College Saint Jean in Edmonton, attended the Executive Development Program in Human Resources at the University of Western Ontario in 1987 and holds the designation of Certified Human Resources Professional (CHRP) from the Province of Ontario. Born in 1947, Canadian citizenship. Date of first appointment: September 29, 2013.

- **Karen Linehan**, Director (Non-Executive Director—independent), Chairperson of the Audit Committee

  Karen Linehan is a former Executive Vice President and General Counsel of Sanofi, a French global healthcare company, a role she held from 2007 – 2021. During this time Ms. Linehan supported multiple acquisitions and divestitures, complex litigations and government investigations as well as being a founding member of Sanofi's Gender Balance Board. She joined Sanofi in 1991 and held roles of increasing importance including Assistant General Counsel from 1991 – 1996, International Counsel from 1996 – 2000 and Deputy Head of Legal Operations from 2000 – 2007. Prior to joining Sanofi, Karen Linehan was a Corporate Attorney at the New York-based legal firm Townley & Updike. She started her career in the Congressional Office of the Speaker of the US House of Representatives, the Honorable Thomas P. O'Neill, Jr. Ms. Linehan is currently a board member of Aelis Farma (France), a company which specializes in developing drugs targeting diseases of the brain, where she chairs the Audit Committee and serves as a member of the Remuneration Committee. She also sits on the board of Veon Ltd. (The Netherlands), a multinational telecommunication services company, where she serves as a member of the Audit Committee and the Nomination and Governance Committee. Ms. Linehan is a Non-Executive Director of The Global Antibiotic Research and Development Partnership (GARDP) (North America), a Non-Profit Organization which is focused on pursuing the development of treatments for drug resistant infections.
  Ms. Linehan holds a Bachelor of American Studies and a Juris Doctor (J.D.) degree in Law, both from Georgetown University in the U.S.A. Born in 1959, American and Irish citizenship. Date of first appointment: April 13, 2022.

- **Alessandro Nasi,** Director (Non-Executive Director), Chairperson of the Environmental, Social, and Governance Committee, Member of the Human Capital and Compensation Committee

  Alessandro Nasi started his career as a financial analyst in several banks, gaining experience at a division of UniCredit in Dublin, PricewaterhouseCoopers in Turin, Merrill Lynch and JP Morgan in New York, U.S.. He also worked as an Associate in the Private Equity Division of JP Morgan Partners in New York, U.S.. Mr. Nasi joined the Fiat Group in 2005 as manager of Corporate and Business Development, heading the APAC division and supporting Fiat Group sectors in Asia Pacific. In 2007, Mr. Nasi was appointed Vice President of Business Development and a member of the Steering Committee of Fiat Powertrain Technologies. In 2008, he joined CNH in the role of Senior Vice President of Business Development and from 2009 to 2011 he also served as Senior Vice President of Network Development. In January 2011, he was also appointed Secretary of the Industrial Executive Council of Fiat Industrial, continuing in the role of Executive Coordinator to the successor Group Executive Council of CNH Industrial until January 2019. In 2013 he was appointed President Specialty Vehicles, a role he held until January 2019. Mr. Nasi is a Director of Giovanni Agnelli B.V., a Director of EXOR N.V., Chairman of Comau, Director of Iveco Groupand Chair of its Environmental, Social, and Governance Committee and member of its Human Capital & Compensation Committee. He is Chairman of Iveco Defense Vehicles (an affiliate of Iveco Group) and Chairman of Astra Veicoli Industriali (an affiliate of Iveco Group). Since 2019 he is a member of the Advisory Board of the Lego Brand Group and since 2020 he is a Non-Executive, Independent Director of GVS S.p.A. and member of its Compensation & Nominating Committee. In October 2022, he was appointed member of the Board of Istituto Italiano di Tecnologia and member of the Strategic Advisory Board of 3 Boomerang Capital LLC. Mr. Nasi obtained a degree in Economics from the University of Turin. Born in 1974, Italian citizenship. Date of first appointment: April 12, 2019.

- **Vagn Sørensen,** Director (Non-Executive Director—independent), Member of the Audit Committee

  Vagn Sørensen was appointed Director of CNH Industrial in April 2020. He has spent the majority of his executive career in the aviation industry. After a 17-year career with Scandinavian Airlines, where he held the position of deputy CEO, from 2001 to 2006 he served as the CEO of Austrian Airlines. Following this, he has pursued a career as an Independent Director, primarily in the leisure, hotel and aviation sectors. His appointments, however, also encompass additional sectors including software development, telecommunications and heavy machinery. Mr. Sørensen can draw on over 20 years' experience in private equity, primarily gained with EQT. Mr. Sørensen is currently Chairman of Vakantie Discounter, Big Bus Tours, Air Canada and Scandlines. He serves as an Independent Director on the Board of Royal Caribbean Cruises. He also sits on the Boards of Parques Reunidos and is a member of the Board of Trustees of the Rock'n Roll Forever Foundation. Mr. Sørensen has previously been the Chairman of F L Smidth A/S, SSP Group Plc, British Midland Airways, Scandic Hotels Group, Automic Software, Bureau van Dijk, KMD and Flying Tiger Copenhagen. He was a Member of the Supervisory Board of Lufthansa Cargo, Deputy Chairman of DFDS, Chairman of the Association of European Airlines, a Member of the Board of the International Air Transport Association (IATA) and was Chairman of TDC A/S, the Danish incumbent telecommunications operator. Mr. Sørensen attended the Aarhus Business School in Denmark, and obtained a Master of Science degree in Economics and Business Administration. Born in 1959, Danish citizenship. Date of first appointment: April 16, 2020.

- **Åsa Tamsons,** Director (Non-Executive Director—independent), Member of the Audit Committee

  Åsa Tamsons is a Senior Vice President and Head of Business Area Technologies and New Businesses at Ericsson, where she is also a member of the Company's Executive Team. Ms. Tamsons primary focus is on driving growth in new business areas targeting the enterprise market and creating new revenue streams for Ericsson, with emphasis on SaaS and software centric connectivity offerings. The objective is to help the Company's customers, and the broader enterprise market, realize the full potential of 5G, IoT and future technologies. Ms. Tamsons drives a business portfolio encompassing commercialization and licensing of Ericsson's 60,000+ patents, Cradlepoint – the US-based market leader in Wireless WAN Edge solutions for the enterprise market, Ericsson's global IoT platform business, its Private Network business with products used by industry companies and the public safety sector, its fintech platform serving 80+ million customers in Middle East and Africa, as well as, Security Solutions for Telecom Customers worldwide, and a number of other emerging businesses in incubation stage through the innovation hub Ericsson ONE. The business portfolio also includes the global number portability leader, iconectiv, as well as the fully owned subsidiary RedBee Media, where Ms. Tamsons serves as Chairperson. Previously, between 2018-2020, Ms. Tamsons was also responsible for Ericsson's Group Strategy, M&A and Corporate Venture Capital investments. Ms. Tamsons joined Ericsson as a Partner from McKinsey where between 2006-2017 she served tech, telecom and industrial companies around the world. She has worked across the world and during her career has been based in Stockholm, Paris, Singapore, San Francisco and Sao Paulo. Ms. Tamsons holds a Master of Science in Business Administration from the Stockholm School of Economics in Sweden. Born in 1981, Swedish citizenship. Date of first appointment: December 23, 2021.

BOARD REGULATIONS

The regulations governing the operations of the Board of Directors and its Committees contain provisions concerning the manner in which meetings of the Board of Directors are called and held, including the decision-making process. Pursuant to the regulations, meetings may be held by telephone conference or video-conference, provided that all attending Directors can follow the proceedings and participate in real-time discussion of the items on the agenda.

The Board of Directors can only transact business, including the adoption of resolutions, if a majority of the Directors in office shall be present at the Board meeting or be represented at such meeting.

A member of the Board of Directors may only be represented by a co-member of the Board of Directors authorized in writing.

The expression in writing shall include any message transmitted by current means of communication.

A member of the Board of Directors may not act as proxy for more than one co-member.

All resolutions shall be adopted by the favorable vote of the majority of the Directors present or represented at the meeting, provided that the regulations may contain specific provisions in this respect. Each Director shall have one vote.

The Board of Directors shall be authorized to adopt resolutions without convening a meeting if all Directors shall have expressed their opinions in writing, unless one or more Directors shall object to a resolution being adopted in this way.

The regulations are available on the Company's website, www.cnhindustrial.com.

THE AUDIT COMMITTEE

The Audit Committee is responsible for, among other things, assisting the Board of Directors' oversight of: (i) the integrity of the Company's financial statements, (ii) the Company's policy on tax planning, (iii) the Company's financing, (iv) the Company's application of information and communication technology, (v) the systems of internal controls that management and the Board of Directors have established, (vi) the Company's compliance with legal and regulatory requirements, (vii) the Company's compliance with recommendations and observations of internal and external auditors, (viii) the Company's policies and procedures for addressing certain actual or perceived conflicts of interest, (ix) the independent auditors' qualifications, independence, remuneration and any non-audit services for the Company, (x) the performance of the Company's internal audit function and of the independent auditors, (xi) risk management guidelines and policies, and (xii) the implementation and effectiveness of the Company's ethics and compliance program. The Company has established a separate department for the internal audit function and the head of the internal audit function reports to the Audit Committee, which reviews and approves the annual internal audit plan.

Our Audit Committee currently consists of Ms. Linehan (Chairperson), Mr. Sørensen and Ms. Tamsons, all of whom are independent, non-executive directors. Under the Audit Committee Charter, the Audit Committee is elected by the Board of Directors and is comprised of at least three members who may be appointed for terms of up to two years, each of whom must be a non-executive director. Member of the Audit committee may be reappointed. Audit Committee members are also required (i) not to have any material relationship with the Company or to serve as auditors or accountants for the Company, (ii) to be "independent", under the NYSE rules, Rule 10A-3 under the Exchange Act and the DCGC, and (iii) to be "financially literate" and have "accounting or selected financial management expertise" (as determined by the Board of Directors). At least one member of the Audit Committee shall be a "financial expert" as defined in the rules of the SEC and best practice provisions of the DCGC. Our Board of Directors has determined that Vagn Sørensen and Åsa Tamsons are audit committee financial experts. No Audit Committee member may serve on more than four audit committees for other public companies, absent a waiver from the Board of Directors. Unless decided otherwise by the Audit Committee, the independent auditors of the Company, as well as the Chief Financial Officer of the Company, attend its meetings.

During 2022, the Audit Committee, reviewed and discussed the annual and quarterly financial statements (and the independent auditors' review or audit thereof), the key risks and controls relating to the Company's information systems, the appropriateness and completeness of the Company's system of internal control, the performance of the Company's internal audit function, the performance of the Company's independent public auditors, legal matters facing the Company, and the implementation and effectiveness of the Company's ethics and compliance program.

The Audit Committee met ten times during 2022. The following chart shows the 2022 Audit Committee members and their attendance at Committee meetings.

Audit Committee Member	Linehan	Tamsons	Sørensen
Attendance %:	100%	100%	100%

THE HUMAN CAPITAL AND COMPENSATION COMMITTEE

The Human Capital and Compensation Committee is responsible for, among other things, assisting the Board of Directors in: (i) determining executive compensation consistent with the Company's Remuneration Policy, (ii) reviewing and recommending for approval the compensation of Executive Directors, (iii) administering equity incentive plans and deferred compensation benefit plans, (iv) discussing with management the Company's policies and practices related to compensation and issuing recommendations thereon, (v) talent development/talent management and succession plans for the Senior Leadership Team, (vi) the Company's policies and initiatives related to equal employment opportunity, as well as diversity, equity and inclusion, and (vii) the Company's programs designed to measure and improve overall employee engagement.

Our Human Capital and Compensation Committee currently consists of Mr. Houle (Chairperson), Mr. Buffett, Mr. Nasi and Ms. Bastioli. All the members of the Human Capital and Compensation Committee are non-executive directors and all, other than Mr. Nasi, meet the requirements of independence in the current NYSE and SEC rules and regulations and the DCGC.

The Human Capital and Compensation Committee is appointed by the Board of Directors and is comprised of at least three Directors. No more than one member may be non-independent under the DCGC. The members of the Human Capital and Compensation Committee are appointed for terms of up to two years. Members of the Human Capital and Compensation Committee may be reappointed. Unless decided otherwise by the Human Capital and Compensation Committee, the Company's Chief Human Resources Officer attends its meetings.

The Charter for the Human Capital and Compensation Committee is available on our website (www.cnhindustrial.com). The information contained on our website is not included in, or incorporated by reference into, this Annual Report.

The Human Capital and Compensation Committee met six times during 2022. The following chart shows the current Human Capital and Compensation Committee members and their attendance at Committee meetings.

Human Capital and Compensation Committee Member	Houle	Buffett	Bastioli	Nasi
Attendance %:	100%	100%	100%	100%

THE ENVIRONMENTAL, SOCIAL, AND GOVERNANCE COMMITTEE

The Environmental, Social, and Governance Committee is responsible for, among other things, assisting the Board of Directors with: (i) the identification of the criteria, professional and personal qualifications for candidates to serve as directors of the Company, (ii) periodic assessment of the size and composition of the Board of Directors, (iii) periodic assessment of the functioning of individual Board members and reporting on this to the Board of Directors, (iv) proposals for appointment of Executive and Non-Executive Directors, (v) supervision of the selection criteria and appointment procedure for senior management, (vi) overseeing and evaluating the policies, procedures, and practices related to the environment health and safety of Company employees, (vii) monitoring and evaluating reports on the Company's sustainable development policies and practices, management standards, strategy, performance and governance globally, and (vii) reviewing, assessing and making recommendations as to strategic guidelines for sustainability-related issues, and reviewing the Company's annual Sustainability Report.

Our Environmental, Social, and Governance Committee currently consists of Mr. Nasi (Chairperson), Mr. Buffett, Mr. Houle, and Ms. Bastioli. All members of the Environmental, Social, and Governance are non-executive directors and all, other than Mr. Nasi, meet the independence in the current NYSE and SEC rules and regulations and the Dutch Code.

The Environmental, Social, and Governance Committee is appointed by the Board of Directors and is comprised of at least three Directors. No more than two members may be non-independent under the NYSE Listing Standards and the DCGC, and none of the members may be Executive Directors. The members of the Environmental, Social, and Governance Committee are appointed for terms of up to two years. Members of the Environmental, Social, and Governance Committee may be reappointed.

The Charter for the Environmental, Social and Governance Committee is available on our web site (www.cnhindustrial.com). The information contained on our web site is not included in, or incorporated by reference into, this Annual Report.

The Environmental, Social, and Governance Committee met five times during 2022. The following chart shows the 2022 Environmental, Social, and Governance Committee members and their attendance at Committee meetings.

Environmental, Social, and Governance Committee Member	Nasi	Buffett	Bastioli	Houle
Attendance %:	100%	100%	100%	100%

THE SENIOR LEADERSHIP TEAM

CNH Industrial established the SLT to strengthen the quality of the Company's decision-making and the implementation of its strategy.

The SLT is an operational decision-making body of CNH Industrial, which is responsible for reviewing the operating performance of the segments and making decisions on certain operational matters. The Board of Directors remains accountable for the decisions of the SLT and has ultimate responsibility for the Company's management and external reporting. The SLT is comprised of CNH Industrial's Chief Executive Officer, and key senior managers.

The SLT is effectively supervised by the Non-Executive Directors of the Board of Directors. For this purpose, the SLT, either directly or through the Executive Directors, provides the Non-Executive Directors with all information the Non-Executive Directors require to fulfill their responsibilities. During 2022, the leaders of various Segments and business units (all SLT members) presented to the Board their operating results, updated strategic business plans, and long-term value creation strategies as well as their top short-term and mid-term operational and strategic risks. The presentations allowed management to articulate their strategies for achievement of their business objectives and mitigation of risks and permitted the Board of Directors to give feedback on management's plans.

AMOUNT AND COMPOSITION OF THE REMUNERATION OF THE BOARD OF DIRECTORS

Details of the remuneration of the Board of Directors and its Committees are set forth under the section Remuneration of Directors. Non-Executive Directors are not awarded remuneration in the form of shares and/or rights to shares (they are paid only in cash) and their compensation is not affected by Company results.

INDEMNIFICATION OF MEMBERS OF THE BOARD OF DIRECTORS

Pursuant to Article 17 of the Articles of Association, the Company has committed to indemnify any and all of its Directors, officers, former Directors, former officers and any person who may have served at its request as a Director or officer of another company in which it owns shares or of which it is a creditor, against any and all expenses actually and necessarily incurred by any of them in connection with the defense of any action, suit or proceeding in which they, or any of them, are made parties, or a party, by reason of being or having been Director or officer of the Company, or of such other company, except in relation to matters as to which any such person shall be adjudged in an action, suit or proceeding to be liable for negligence or misconduct in the performance of duty. Such indemnification shall not be deemed exclusive of any other rights to which those indemnified persons may be entitled otherwise.

DIRECTOR'S INDEPENDENCE AND CONFLICTS OF INTEREST

Each year the Board reviews the Non-Executive Directors', and their related persons' relevant relationships as required by the applicable regulations. The Board currently considers all our Non-Executive Directors to be independent for the purposes of DCGC and NYSE listing standards. Further, the Executive Directors are requested to annually assess whether they are independent as set out in the DCGC and NYSE Listing Standards.

The Board has designed procedures to avoid conflicts of interest by Board members. A Director must without delay report any conflict of interest or potential conflict of interest to the Chair and to the other Directors, or, in case any conflict of interest or potential conflict of interest of the Chair, to the Senior Non-Executive Director and to the other Directors. The Director in question must provide all relevant information to the Board, so that the Board can decide whether a reported (potential) conflict of interest of a Director qualifies as a conflict of interest within the meaning of the relevant laws. A Director may not take part in the decision-taking process of the Board in respect of any situation in which he or she has a conflict of interest.

The Conflict-of-Interest Policy is available on the Company's website, www.cnhindustrial.com.

LOYALTY VOTING PROGRAM

Our authorized share capital is €40,000,000 consisting of two billion (2,000,000,000) common shares and two billion (2,000,000,000) special voting shares to be held with associated common shares, each having a par value of one euro cent (€0.01). Our common shares are registered shares represented by an entry in the share register of CNH Industrial. Beneficial interests in our common shares traded on the NYSE are held through the book-entry system provided by DTC and are registered in the register of shareholders in the name of Cede & Co., as DTC's nominee. Beneficial interests in the common shares traded on the Euronext Milan are held through Monte Titoli S.p.A., the Italian central clearing and settlement system, as a participant in DTC.

In connection with the Merger, CNH Industrial implemented a loyalty voting program, pursuant to which the former shareholders of each of Fiat Industrial and CNH Global were able to elect to receive one CNH Industrial special voting share to be held only with each CNH Industrial common share they were entitled to receive in the Merger, provided that they fulfilled the requirements described in the terms and conditions of the loyalty voting program. The CNH Industrial common shares held by shareholders that elected to participate in the loyalty voting program had their common shares registered in the Company's Loyalty Register. Following this registration, a corresponding number of special voting shares were allocated to such shareholders, and the additional voting rights could be exercised at the first CNH Industrial shareholders' meeting that followed the registration. By signing an election form, whose execution was necessary to elect to participate in the loyalty voting program, shareholders also agreed to be bound by the terms and conditions thereof, including the transfer restrictions described below. The terms and conditions applicable to special voting shares are available on the Company's website (www.cnhindustrial.com).

Following the completion of the Merger, CNH Industrial shareholders may at any time elect to participate in the loyalty voting program by requesting that CNH Industrial registers all or some of their CNH Industrial common shares in the Loyalty Register. If these CNH Industrial common shares have been registered in the Loyalty Register (and thus blocked from trading in the regular trading system) for an uninterrupted period of three years in the name of the same shareholder, such shares become eligible to receive special voting shares to be held with associated common shares (the "Qualifying Common Shares") and the relevant shareholder will be entitled to hold one special voting share for each such Qualifying Common Share the shareholder continues to hold. If at any time such CNH Industrial common shares are de-registered from the Loyalty Register for whatever reason, the relevant shareholder shall lose his, her or its entitlement to hold a corresponding number of special voting shares.

A holder of Qualifying Common Shares may at any time request the de-registration of some or all such shares from the Loyalty Register, which will allow such shareholder to freely trade its CNH Industrial common shares. From the moment of such request, the holder of Qualifying Common Shares shall be considered to have waived his/her/its rights to cast any votes associated with the loyalty voting shares corresponding to its previously Qualifying Common Shares. Upon the de-registration from the Loyalty Register, the relevant common shares will therefore cease to be Qualifying Common Shares. Any de-registration request would automatically trigger a mandatory transfer requirement pursuant to which the special voting shares will be surrendered to CNH Industrial for no consideration.

CNH Industrial's common shares are freely transferable. Special voting shares are not admitted to listing and are transferable only in very limited circumstances and only along with the common shares to which they are associated. Any transfer of common shares that are registered on the Loyalty Register will trigger the de-registration of such common shares from that register and any associated special voting shares will automatically be surrendered to CNH Industrial for no consideration.

The purpose of the loyalty voting program is to grant long-term CNH Industrial shareholders an extra voting right as qualifying shareholders are entitled to exercise an additional vote through the common share and the associated special voting share held. However, under Dutch law, the special voting shares cannot be excluded from economic entitlements. As a result, in accordance with the Articles of Association, holders of special voting shares are entitled to a minimum dividend, which is allocated to a separate special dividend reserve (the "Special Dividend Reserve"). The distribution of dividends from the Special Dividend Reserve can only be approved by the general meeting of the holders of special voting shares upon proposal of the Board of Directors. The power to vote upon the distribution from the Special Dividend Reserve is the only power that is granted to that meeting, which can only be convened by the Board of Directors as it deems necessary. No distribution has been made from this reserve. The special voting shares do not have any other economic entitlement.

Section 10 of the special voting share terms and conditions includes liquidated damages provisions intended to discourage any attempt by participants in the loyalty voting program to violate the terms thereof. These liquidated damages provisions may be enforced by CNH Industrial by means of a legal action brought by the Company in the courts of the Netherlands. A violation of the provisions of the above-mentioned terms and conditions concerning the transfer of special voting shares may lead to the imposition of liquidated damages.

Pursuant to Section 12 of the special voting share terms and conditions, any amendment to the terms and conditions (other than merely technical, non-material amendments) may only be made with the approval of the general meeting of shareholders of CNH Industrial.

A shareholder must promptly notify CNH Industrial upon the occurrence of a change of control, which is defined in Article 4(1)(n) of the Articles of Association as including any direct or indirect transfer, carried out through one or a series of related transactions, by a CNH Industrial shareholder that is not an individual of (i) the ownership or control of 50% or more of the voting rights of such shareholder, (ii) the *de facto* ability to direct the casting of 50% or more of the votes which may be expressed at the general meetings of such shareholder, or (iii) the ability to appoint or remove half or more of the Directors, Executive Directors or Board members or executive officers of such shareholder or to direct the casting of 50% or more of the voting rights at meetings of the Board, governing body or executive committee of such shareholder. In accordance with Article 4(1)(n) of the Articles of Association, no change of control shall be deemed to have occurred if (i) the transfer of ownership and/or control is the result of the succession or the liquidation of assets between spouses or the inheritance, *inter vivos* donation or other transfer to a spouse or a relative up to and including the fourth degree or (ii) the fair market value of the Qualifying Common Shares held by the relevant CNH Industrial shareholder represents less than 20% of the total assets of the Transferred Group at the time of the transfer and the Qualifying Common Shares, in the sole judgment of CNH Industrial, are not otherwise material to the Transferred Group or the change of control transaction. Article 4(1)(n) of the Articles of Association defines "Transferred Group" as comprising the relevant shareholder together with its affiliates, if any, over which control was transferred as part of the same change of control transaction, as such term in defined in Article 4(1)(n) of the Articles of Association. A change of control will trigger the de-registration of the applicable Qualifying Common Shares from the Loyalty Register and the suspension of the special voting rights attached to such Qualifying Common Shares.

DISCLOSURES PURSUANT TO DECREE IMPLEMENTING ARTICLE 10 EU-DIRECTIVE ON TAKEOVERS

In accordance with the Dutch Besluit artikel 10 overnamerichtlijn (the Decree), the Company makes the following disclosures:

a) For information on the capital structure of the Company, the composition of the issued share capital and the existence of the two classes of shares, please refer to Note 21 "Equity" to the Consolidated Financial Statements in this Annual Report. For information on the rights attached to the common shares, please refer to the Articles of Association which can be found on the Company's website. To summarize, the rights attached to common shares comprise pre-emptive rights upon issue of common shares, the entitlement to attend the general meeting of shareholders and to speak and vote at that meeting and the entitlement to distributions of such amount of the Company's profit as remains after allocation to reserves. For information on the rights attached to the special voting shares, please refer to the Articles of Association and the Terms and Conditions for the Special Voting Shares which can both be found on the Company's website and more in particular to the paragraph "Loyalty Voting Program" of this Annual Report. As at December 31, 2022, the issued share capital of the Company consisted of 1,364,400,196 common shares, representing 77% of the aggregate issued share capital and 396,474,276 special voting shares, representing 23% of the aggregate issued share capital.

b) The Company has imposed no limitations on the transfer of common shares. The Articles of Association provide in Article 12 for transfer restrictions for special voting shares. The Company is not aware of any depository receipts having been issued for shares in its capital.

c) For information on participations in the Company's capital in respect of which pursuant to Sections 5:34, 5:35 and 5:43 of the Dutch Financial Supervision Acts (*Wet op het financieel toezicht*) notification requirements apply, please refer to the chapter "Major Shareholders" of this Annual Report. There you will find a list of shareholders who are known to the Company to have holdings of 3% or more.

d) No special control rights or other rights accrue to shares in the capital of the Company.

e) Current equity incentive plans adopted by the Company are administered by the Human Capital and Compensation Committee.

f) No restrictions apply to voting rights attached to shares in the capital of the Company, nor are there any deadlines for exercising voting rights. The Articles of Association do not allow the Company to cooperate with the issue of depository receipts for shares.

g) The Company is not aware of the existence of any agreements with shareholders which may result in restrictions on the transfer of shares or limitation of voting rights.

h) The rules governing the appointment and dismissal of members of the board of directors of the Company are stated in the Articles of Association of the Company. All members of the Board of Directors are appointed by the general meeting of shareholders. The term of office of all members of the Board of Directors is for a period of approximately one year after appointment, such period expiring on the day the first Annual General Meeting of Shareholders is held in the following calendar year. The general meeting of shareholders has the power to dismiss any member of the Board of Directors at any time.

i) The rules governing an amendment of the Articles of Association are stated in the Articles of Association and require a resolution of the general meeting of shareholders which can only be passed pursuant to a prior proposal of the Board of Directors of the Company.

j) The general powers of the Board of Directors are stated in the Articles of Association of the Company. For a period of five years from September 28, 2018, up to and including September 27, 2023, the Board of Directors has been irrevocably authorized by the shareholders at the AGM held on April 13, 2018 to issue special voting shares up to the maximum aggregate amount of special voting shares as provided for in the Company's authorized share capital as set forth in Article 3, paragraph 1 of the Articles of Association. For a period of five years from April 13, 2018 up to and including April 12, 2023, the Board of Directors has been authorized by the shareholders at the AGM held on April 13, 2018 as authorized body to issue common shares and to grant rights to acquire common shares in the capital of the Company, which authorization is limited to: (i) the issuance of 15% of the total number of common shares issued in the capital of the Company as of April 14, 2018; (ii) an additional 15% of the issued share capital of the Company as per the same date in relation to mergers or acquisitions; and (iii) without application of the 15% limitation, issuance of common shares and grant of rights or options (and the ability to cancel such rights where necessary or appropriate) to subscribe for common shares in the capital of the Company in so far as this would be done to meet obligations resulting from and on the terms of the equity incentive plans of the Company. At the AGM held on April 13, 2018 for a period of five years starting from such date and therefore up to and including April 12, 2023, the Board of Directors has been also authorized by the shareholders as authorized body to limit or exclude the statutory preemptive rights of shareholders in connection with the issuance of common shares or rights to acquire shares in the capital of the Company, pursuant the share issuance authorization described above.

k) The Board of Directors is authorized to acquire special voting shares in the capital of the Company for no consideration. Further rules governing the acquisition of shares by the Company in its own share capital are set out in article 5 of the Articles of Association of the Company.

l) The Company is not a party to any significant agreements which will take effect, will be altered or will be terminated upon a change of control of the Company as a result of a public offer within the meaning of Section 5:70 of the Dutch Financial Supervision Act (Wet op het financieel toezicht), provided that some of the loan agreements guaranteed by the Company and certain bonds guaranteed by the Company contain clauses that, as it is customary for such financial transactions, may require early repayment or termination in the event of a change of control of the guarantor or the borrower. In certain cases, that requirement may only be triggered if the change of control event coincides with other conditions, such as a credit rating downgrade.

m) Under the terms of the CNH Industrial EIP and the terms of engagement entered into with certain executive officers, executives may be entitled to receive severance payments of up to one (1) times their annual cash compensation and accelerated vesting of awards under plans issued under the CNH Industrial EIP if, within twenty-four (24) months of a Change of Control (as defined therein), the executive's employment is involuntarily terminated (other than for Cause -as defined therein-) by the relevant entity of the CNH Industrial group or is terminated by the participant for Good Reason (as defined therein).

POWERS OF THE SHAREHOLDERS MEETING AND RIGHTS OF THE SHAREHOLDERS

All convocations of meetings of shareholders and all announcements, notifications and communications to Company shareholders shall be made by means of an announcement on the Company's website and such announcement shall remain accessible until the relevant general meeting of shareholders. Any communication to be addressed to the general meeting of shareholders by virtue of law or the Articles of Association, may be either included in the notice (referred to in the preceding sentence) or, to the extent provided for in such notice, on the Company's website and/or in a document made available for inspection at the office of the Company and such other place(s) as the Board of Directors shall determine. Convocations of meetings of shareholders may be sent to shareholders through an electronic means of communication to the address provided by such shareholders to the Company for this purpose. The notice shall state the place, date and hour of the meeting and the agenda of the meeting as well as the other information required by law.

An item proposed in writing by such number of shareholders who, by law, are entitled to make such proposal, shall be included in the notice or shall be announced in a manner similar to the announcement of the notice, provided that the Company has received the relevant shareholder's request, including the reasons for putting the relevant item on the agenda, no later than the sixtieth (60th) day before the day of the meeting.

Shareholders solely or jointly representing at least ten percent (10%) of the Company's issued share capital may request the Board of Directors, in writing, to call a general meeting of shareholders, stating the matters to be dealt with. If the Board of Directors fails to call a meeting, then such shareholders may, on their application, be authorized by the interim provisions judge of the court *(voorzieningenrechter van de rechtbank*); such judicial application shall be rejected in case the applicants have not previously requested the Board of Directors in writing, stating the exact subjects to be discussed, to convene a general meeting of shareholders.

General meetings of shareholders shall be held in Amsterdam or Haarlemmermeer (Schiphol Airport), and shall be called by the Board of Directors, the Chairperson, the Senior Non-Executive Director or the Chief Executive Officer, in such manner as is required to comply with the law and the applicable stock exchange regulations, not later than on the forty-second (42nd) day prior to the meeting.

The agenda of the Annual General Meeting shall contain, *inter alia*, the following items:

a) adoption of the Company's annual accounts;
b) granting of discharge to the members of the Board of Directors in respect of the performance of their duties in the relevant financial year;
c) the policy of the Company on additions to reserves and on dividends, if any;
d) as required by Dutch law, the Company's Remuneration Policy;
e) if applicable, the proposal to pay a dividend;
f) if applicable, discussion of any substantial change in the corporate governance structure of the Company;
g) the appointment of Directors; and
h) any matters decided upon by the person(s) convening the meeting and any matters placed on the agenda with due observance of applicable Dutch laws.

The Board of Directors shall provide the general meeting of shareholders with all requested information unless this would be contrary to an overriding interest of the Company. If the Board of Directors invokes an overriding interest, it must provide shareholders with details of the overriding interest.

When convening a general meeting of shareholders, the Board of Directors shall determine that, for the purpose of Article 18 and Article 19 of the Articles of Association, persons with the right to vote or attend meetings shall be considered those persons who have these rights at the twenty-eighth (28th) day prior to the day of the meeting (the "Record Date") and are registered as such in a register to be designated by the Board of Directors for such purpose, irrespective of whether they will have these rights at the date of the meeting. In addition to the Record Date, the notice of the meeting shall further state the way Company shareholders and other parties with meeting rights may have themselves registered and the way those rights can be exercised.

The general meeting of shareholders shall be presided over by the Senior Non-Executive Director or, in his/her absence, by the person chosen by the Board of Directors to act as chairperson for such meeting.

One of the persons present designated for that purpose by the chairperson of the meeting shall act as secretary and take minutes of the business transacted. The minutes shall be confirmed by the chairperson of the meeting and the secretary and signed by them in witness thereof.

The minutes of the general meeting of shareholders shall be made available, on request, to the shareholders no later than three months after the end of the meeting, after which the shareholders shall have the opportunity to react to the minutes in the following three months. The minutes shall then be adopted in the manner as described in the preceding paragraph.

If an official notarial record is made of the business transacted at the shareholders' meeting, then minutes need not be drawn up and it shall suffice that the official notarial record be signed by the notary. Each Director shall always have power to give instructions for having an official notarial record made at the Company's expense.

As a prerequisite to attending the meeting and, to the extent applicable, exercising voting rights, shareholders entitled to attend the meeting shall be obliged to inform the Board of Directors in writing within the time mentioned in the convening notice. At the latest, this notice must be received by the Board of Directors on the day specified in the convening notice.

Shareholders and those permitted by law to attend the shareholders' meeting may cause themselves to be represented at any meeting by a proxy duly authorized in writing, provided they shall notify the Company in writing of their wish to be represented at such time and place as shall be stated in the notice of the meeting. For the avoidance of doubt, such attorney is also authorized in writing if the proxy is documented electronically. The Board of Directors may determine further rules concerning the deposit of the powers of attorney and any such additional rules shall be mentioned in the notice of the meeting.

The Company, as a foreign private issuer, is exempt from the proxy rules under the U.S. Securities Exchange Act of 1934, as amended.

The chairperson of the meeting of shareholders shall decide on the admittance to the meeting of persons other than those who are entitled to attend.

For each general meeting of shareholders, the Board of Directors may decide that shareholders shall be entitled to attend, address and exercise voting rights at such meeting through electronic means of communication, provided that shareholders who participate in the meeting are capable of being identified through the electronic means of communication and have direct cognizance of the discussions at the meeting and the exercising of voting rights (if applicable). The Board of Directors may set requirements for the use of electronic means of communication and state these in the convening notice. Furthermore, the Board of Directors may for each meeting of shareholders decide that votes cast through electronic means of communication prior to the meeting and received by the Board of Directors shall be considered as cast at the meeting. Such votes may not be cast prior to the Record Date. Whether the provision of the foregoing sentence applies and the procedure for exercising the rights referred to in that sentence shall be stated in the notice.

Prior to being allowed admittance to a meeting, a shareholder or its attorney shall sign an attendance list, stating his/her/its name and, to the extent applicable, the number of votes to which he/she/it is entitled. Each shareholder attending a meeting through electronic means of communication and identified in accordance with the above shall be registered on the attendance list by the Board of Directors. Should the above involve an attorney of a shareholder, the name(s) of the person(s) on whose behalf the attorney is acting shall also be stated. The chairperson of the meeting may decide that the attendance list must also be signed by other persons present at the meeting.

The chairperson of the meeting may determine the time for which shareholders and others who are permitted to attend the general meeting of shareholders may speak if he/she considers this desirable with a view to the orderly conduct of the meeting.

Every share (whether common or special voting) shall confer the right to cast one vote.

Shares in respect of which the law determines that no votes may be cast shall be disregarded for the purposes of determining the proportion of shareholders voting, present or represented or the proportion of the share capital provided or represented.

All resolutions shall be passed with an absolute majority of the votes validly cast unless otherwise specified.

Blank votes shall not be counted as votes cast.

All votes shall be cast in writing or electronically. The chairperson of the meeting may, however, determine that voting by raising hands or in another manner shall be permitted.

Voting by acclamation shall be permitted if none of the shareholders present objects.

No voting rights shall be exercised in the general meeting of shareholders for shares owned by the Company or by a subsidiary of the Company. Usufructuaries of shares owned by the Company and its subsidiaries shall however not be excluded from exercising their voting rights, if the usufruct was created before the shares were owned by the Company or a subsidiary.

Without prejudice to the other provisions of the Articles of Association, the Company shall determine for each resolution passed:

a) the number of shares on which valid votes have been cast;
b) the percentage that the number of shares as referred to under a. represents in the issued share capital;
c) the aggregate number of votes validly cast; and
d) the aggregate number of votes cast in favor of and against a resolution, as well as the number of abstentions.

GENERAL MEETING OF SHAREHOLDERS

At least one general meeting of Company shareholders shall be held every year, within six months after the close of the prior financial year, upon calling alternatively by the Board of Directors, the Chairperson, the Senior Non-Executive Director or the Chief Executive Officer. In addition, the Board of Directors, the Chair, the Senior Non-Executive Director or the Chief Executive Officer are entitled to convene a general meeting when deemed necessary.

The agenda of the Annual General Meeting held on April 13, 2022 included:

- the adoption of the 2021 annual financial statements;
- determination and distribution of dividend;

- the remuneration report;
- re-appointment of the executive directors and (re)-appointment of the non-executive directors;
- re-appointment of independent auditor for 2022 and appointment of independent auditor for 2023;
- renewal of the existing authorization to the board to acquire common shares of the company.

ISSUANCE OF SHARES

The general meeting of shareholders or alternatively the Board of Directors, if it has been designated to do so by the general meeting of shareholders, shall have authority, for no longer than five years, to resolve on any issuance of shares and on the conditions thereof. The general meeting of shareholders shall, for as long as any such designation of the Board of Directors for this purpose is in force, no longer have authority to decide on the issuance of shares.

The designation may be extended from time to time for periods not exceeding five years and may not be withdrawn unless otherwise provided in the resolution in which the designation is made.

If the Board of Directors is designated to have authority to decide on the issuance of shares, such designation shall specify the class of shares and the maximum number of shares that can be issued under such designation. When making such designation the duration thereof shall be resolved upon at the same time.

The AGM held on April 13, 2018:

- irrevocably authorized the Board of Directors to issue special voting shares up to the maximum aggregate amount of special voting shares as provided for in the Company's authorized share capital from September 28, 2018, up to and including September 27, 2023;
- authorized the Board of Directors to issue common shares and to grant rights to acquire common shares in the capital of the Company, from April 13, 2018, up to and including April 12, 2023, limited to: (i) the issuance of 15% of the total number of common shares issued in the capital of the Company as of April 14, 2018; (ii) an additional 15% of the issued share capital of the Company as per the same date in relation to mergers or acquisitions; and (iii) without application of the 15% limitation, issuance of common shares and grant of rights or options (and the ability to cancel such rights where necessary or appropriate) to subscribe for common shares in the capital of the Company in so far as this would be done to meet obligations resulting from and on the terms of the equity incentive plans of the Company.

In the event of an issuance of common shares, every holder of common shares shall have a right of pre-emption with regard to the shares to be issued of that class in proportion to the aggregate amount of his shares of that class; provided, however, that no such right of pre-emption shall exist in respect of shares to be issued to Directors or employees of the Company or of a group company pursuant to any Company equity incentive or compensation plan.

The right of pre-emption may be limited or excluded by a resolution of the general meeting of shareholders or a resolution of the Board of Directors if it has been designated to do so by the general meeting of shareholders and provided the Board of Directors has also been authorized to resolve on the issuance of shares of the company.

At the AGM held on April 13, 2018, for a period of five years starting from such date and therefore up to and including April 12, 2023, the Board of Directors has been authorized by the shareholders as authorized body to limit or exclude the statutory preemptive rights of shareholders in connection with the issuance of common shares or rights to acquire shares in the capital of the Company, pursuant to the share issuance authorization described above.

A shareholder shall have no right of pre-emption for shares that are issued against a non-cash contribution.

In the event of an issuance of special voting shares to Qualifying Shareholders, shareholders shall not have any right of pre-emption.

Either the general meeting of shareholders or the Board of Directors, shall decide when passing the resolution to issue shares in which manner and, subject to paragraph 3 of Article 6 of the Articles of Association, within what period the right of pre-emption may be exercised.

PRINCIPAL OFFICE AND HOME MEMBER STATE

The Company is incorporated under the laws of the Netherlands. It has its corporate seat in Amsterdam and the place of effective management of the Company is in the United Kingdom.

The Company's principal office and business address is at 25 St. James's Street, London, SW1A 1HA, United Kingdom.

The Company is registered with the trade register of the Netherlands Chamber of Commerce under file number 56532474 and at the Companies House in the United Kingdom under file number FC031116 BR016181.

The Netherlands is the Company's home member state for the purposes of the EU Transparency Directive (Directive 2004/109/EC, as amended).

CULTURE

The Board is responsible for creating and fostering a culture aimed at long-term value creation for the Group and all its stakeholders, operating in compliance with all applicable laws and consistent with the Company's values and expectations. Accordingly, to clarify and make explicit the Company's values and expectations, in 2014 the Board adopted the Company's code of conduct (which was renewed and updated in 2019, the "Code of Conduct") and the Company issued its Supplier Code of Conduct, both of which are discussed below. In addition, the Company established a compliance and ethics program that is overseen by the Global Compliance and Ethics Committee ("GCEC"), including the: Chief Executive Officer, Chief Financial Officer, head of Internal Audit, Chief Legal and Compliance Officer, Chief Information Officer, President of the Financial Services segment, head of the Human Resources function, and Chief Strategy, Talent, ICT and Digital Officer. The GCEC meets at least quarterly to, among other things, review and discuss compliance and ethics trends and topics, review and discuss compliance risk assessments, discuss compliance-related training to be deployed, consider the need for new or modified compliance-related corporate policies, and review matters submitted to the Company's Compliance Helpline (see below) and related investigations. The extent to which each employee complies with and promotes such culture and values is assessed each year through, among other things, the Company's performance assessment process.

CODE OF CONDUCT

The Company periodically reviews and updates the Code of Conduct to ensure it is consistent with applicable laws and best practices. The Code of Conduct forms an integral part of the internal control system and sets out the principles of business ethics to which CNH Industrial adheres and which Directors, officers, employees, consultants, and business "partners" are required to observe. The Code of Conduct covers topics such as the environment, health and safety, antitrust/competition, anti-corruption, data privacy, management of human resources, communities, and respect of human rights.

In addition, in 2015 the Company issued its Supplier Code of Conduct, which includes the Company's guidelines and expectations for suppliers regarding such areas as labor and human rights, the environment, trade restrictions and export controls, business ethics and anti-corruption, and reporting matters to the Company.

The Code of Conduct is available in 19 languages on the Corporate Governance section of the Company's website, (www.cnhindustrial.com), and on the Company's intranet site.

The Supplier Code of Conduct is available on the Suppliers section of the Company's website and on the Company's intranet site and is available in nine languages.

The Group's Code of Conduct is supplemented by additional corporate policies, guidelines and procedures that provide greater detail than is contained in the Code of Conduct. Corporate policies cover areas of higher risk given the nature and extent of the Company's business such as: conflicts of interest, bribery and corruption, antitrust/competition law, international trade compliance, and data privacy.

RESPECT FOR HUMAN RIGHTS

CNH Industrial respects and promotes human rights in line with national laws, the fundamental Conventions of the International Labour Organization (ILO), the UN's Universal Declaration of Human Rights, and the OECD Guidelines for Multinational Enterprises. In addition to setting out principles of professional conduct, the Company's Code of Conduct also underscores the importance of respect for the individual.

The Company is committed to ensuring respect for fundamental human rights wherever it operates and seeks to promote respect for these principles by others where it has an influence, particularly among contractors, suppliers, and other entities and individuals with whom it has a business relationship. The Company will not establish or continue a relationship with an entity or individual that refuses to respect the principles of its Code of Conduct.

COMMUNITY RELATIONS

As stated in the Code of Conduct, CNH Industrial is aware of the potential direct and indirect impact of its decisions on the communities in which it operates. For this reason, the Company promotes an open dialogue to ensure that the legitimate expectations of local communities are 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 to earn the trust of the community.

The individual Segments or brands, in consultation with local management, decide which projects to support based on actual local needs, maximizing open dialogue with local stakeholders, and collecting their suggestions for improvement. They also decide whether to act directly or through partnerships with local institutions and organizations working in the social sphere.

The CNH Industrial Community Investment Policy, available on the Company's website, ensures that activities are managed consistently, identifying methods, and defining areas of application at a global level.

In 2021, resources allocated by CNH Industrial to communities were valued at approximately $8.74 million.

In addition, CNH Industrial strives to respond rapidly to the needs of people affected by natural disasters. The Company channels resources (vehicles and financial and technical support) to aid impacted communities, and coordinates employees who want to voluntarily assist in relief efforts.

RELATED PARTY TRANSACTIONS POLICY

The Company adopted a Related Party Transactions Policy to ensure that all the transactions with related parties (as defined in compliance with IAS 24 and ASC 850) shall be subject to proper review, approval or ratification, as the case may be, in accordance with certain procedures set forth by the Company to ensure full transparency and substantive and procedural fairness.

INSIDER TRADING POLICY

The Board of Directors adopted an Insider Trading Policy setting forth guidelines and recommendations to all Directors, officers and employees of the CNH Industrial Group with respect to transactions in CNH Industrial's securities or the securities of any third party to the extent that such person acquires material non-public information in relation to that third party, or the financial instruments of that third party, as a result of such person's employment with, or service to, the CNH Industrial Group. This policy, which also applies to immediate family members and members of the households of persons covered by the policy, is designed to prevent insider trading or allegations of insider trading, and to protect CNH Industrial's reputation for integrity and ethical conduct.

The Insider Trading Policy is available on the Corporate Governance section of the Company's website, www.cnhindustrial.com.

MARKET ABUSE REGULATION (MAR)

The regulatory framework on market abuse is laid down in the Market Abuse Directive (2014/57/EU) as implemented in Dutch law and the Market Abuse Regulation (No. 596/2014, the "MAR") which is directly applicable in the Netherlands.

Pursuant to the MAR, no natural or legal person is permitted to: (a) engage or attempt to engage in insider dealing in financial instruments listed on a regulated market or for which a listing has been requested, such as the shares, (b) recommend that another person engages in insider dealing or induce another person to engage in insider dealing or (c) unlawfully disclose inside information relating to the shares or the Company. Furthermore, no person may engage in or attempt to engage in market manipulation.

"Inside Information" is any information of a precise nature relating (directly or indirectly) to the Company, or to the shares in the Company or other financial instruments, which information has not been made public and which, if it were made public, would be likely to have an effect on the price of the shares or the other financial instruments or on the price of related derivative financial instruments (i.e., information a reasonable investor would be likely to use as part of the basis of his or her investment decision). An intermediate step in a protracted process can also be deemed to be inside information.

Furthermore, in the field of prevention of insider dealing, MAR reiterates the notification regime in place for managers' transactions involving issuer's securities. Under the MAR, a person discharging managerial responsibilities ("PDMR") and persons closely associated with them must notify the issuers and the national competent authority of every transaction conducted on their own account relating to the shares or debt instruments of that issuer, or to derivatives or other financial instruments linked to those shares or debt instruments. Such notifications pursuant to the MAR described must be made to the AFM and the Company no later than the third business day following the relevant transaction date.

DISCLOSURE OF INSIDE INFORMATION

Inside Information, as defined under MAR, is crucial for CNH Industrial since EU rules set forth a clear obligation upon the issuers to make any Inside Information public as soon as possible and in a manner that enables fast access and complete, correct and timely assessment of the information.

The above disclosure requirement shall be complied with through the publication of a press release in accordance with the modalities set forth under MAR disclosing to the public the relevant Inside Information.

However, the Company may defer the publication of inside information if it can guarantee the confidentiality of the information. Such deferral is only possible if the publication thereof could damage the Company's legitimate interests and if the deferral does not risk misleading the market. If the Company makes use of this deferral right, it needs to inform the CONSOB thereof as soon as that information is made public. Upon request of the CONSOB, a written explanation needs to be provided setting out why a delay of the publication was considered permitted. The Company is required to post and maintain on its website all inside information for a period of at least five years.

INSIDERS LISTS

Pursuant to Article 18 of the MAR, CNH Industrial as well as persons acting on its behalf or for its account, shall draw up in accordance with a precise electronic format and keep regularly updated, a list of persons who, in the exercise of their employment, profession or duties, have access to Inside Information. CNH Industrial shall transmit the Insider list to the relevant competent authority, upon its request.

PUBLIC TENDER OFFERS AND PRIVATE BIDS

Any offer launched for CNH Industrial's common shares (and/or for financial instruments linked to such common shares) and bonds with respect to both voluntary and mandatory public tender offers shall be managed in compliance with applicable laws and regulations, relevant provisions and with any requirement imposed by/or subject to national relevant authority's supervision, in particular, among other things, the provisions concerning the tender offer price, the content of the offer document and the disclosure of the tender offer.

If and when occurring, CNH Industrial will respond appropriately to any potential future private bid considering the circumstances of such matter at the relevant time.

SUSTAINABILITY PRACTICES

CNH Industrial is committed to operating in an environmentally and socially-responsible manner, creating long-term value for all its stakeholders. For this purpose, the Company has a robust Governance model, to manage all its operations in an ethical and transparent way. Sustainability in CNH Industrial is a way of doing business and it involves every area, function and employee within the organization.

The main tools of the sustainability management system are: the materiality analysis, which defines social and environmental priorities; approximately 200 KPIs, which are used to help monitor sustainability performance; the Sustainability Plan, which tracks commitments; and the annual Sustainability Report.

For further details see the previous section on "Our Commitment to Sustainable Development and Long-term Value Creation".

COMPLIANCE WITH DUTCH CORPORATE GOVERNANCE CODE

While CNH Industrial endorses the principles and best practice provisions of the DCGC, its current corporate governance structure deviates from the following best practice provisions, only with respect to minor aspects as follows:

- Under best practice provision 5.1.3, the chairman of the management board should be an independent Director. CNH Industrial has adopted a one-tier governance structure with two Executive Directors and, in accordance with section 14(2) of the Articles of Association, the Board has granted to them, respectively, the title of 'Chair' and 'Chief Executive Officer'. The Board has entrusted to an independent Director the duties attributed by the DCGC to the chairman of the management board in one-tier companies (or to the chairman of the supervisory board in two-tier companies). The Board has granted to such independent Director the title of 'Senior Non-Executive Director' (so as to distinguish such Director from the Chairperson of the Company, who is an Executive Director). As a consequence, despite the difference in corporate titles, the Company believes it complies with best practice provision 5.1.3, as the current Senior Non-Executive Director satisfies the requirements described in best practice provision 5.1.3 of the DCGC.
- CNH Industrial deviates from best practice provision 2.3.4 in that the Senior Non-Executive Director (who is independent) is the chairman of the Human Capital and Compensation Committee, whereas the DCGC provides that the person who chairs the board meeting should not assume the role of chairman of the remuneration committee. The Company believes that such duplication of role enhances the effectiveness of the Senior Non-Executive Director and is consistent with the intent of best practice provision 2.3.4.
- The Board has not appointed a vice-chairman in the sense of best practice provision 2.3.7 of the DCGC. Since the Company adopted a one-tier governance structure with a single management board comprised of Executive Directors and Non-Executive Directors, the Board has granted the title of 'Chairperson' to one Executive Director and designated as 'Senior Non-Executive Director' one of the Non-Executive Directors. The Senior Non-Executive Director is responsible for the proper functioning of the Board of Directors and its Committees. Furthermore, the Board Regulations provide that in the absence of the Senior Non-Executive Director any other Non-Executive Director chosen by a majority of the Directors present at a meeting shall preside at meetings of the Board of Directors. The Company considers the above sufficient to ensure that the role and function assigned by the DCGC to the vice-chairman is properly discharged.
- Pursuant to best practice provision 4.1.8 of the DCGC, every Executive and Non-Executive Director nominated for appointment should attend the Annual General Meeting at which votes will be cast on his/her nomination. Since, pursuant to the Articles of Association, the term of office of Directors is approximately one year, such period expiring on the day the first Annual General Meeting of Company shareholders is held in the following calendar year, all members of the Board of Directors are nominated for (re)appointment each year. By publishing the

relevant biographical details and curriculum vitae of each nominee for (re)appointment, the Company ensures that the Company's general meeting of shareholders is well informed in respect of the nominees for (re)appointment and in practice only the Executive Directors, and Non-Executive Directors nominated for the first time for appointment to the Board, will therefore attend the Annual General Meeting.

- The Company does not have a retirement schedule as referred to in paragraph 2.2.4 of the DCGC. Pursuant to the Articles of Association, the term of office of Directors is approximately one year, such period expiring on the day the first Annual General Meeting of Company shareholders is held in the following calendar year. This approach is in line with the general practice for companies listed in the U.S.. As the Company is listed on the NYSE, it also relies on certain U.S. governance requirements and practices, one of which is the reappointment of Directors at each Annual General Meeting of Company shareholders.

Statement by the Board of Directors

Based on the assessment performed, the Board of Directors believes that, as of December 31, 2022, the Group's and the Company's Internal Control over Financial Reporting is considered effective and that (i) the Board Report provides sufficient insights into any material weakness in the effectiveness of the internal risk management and control systems. This is discussed in section "Internal Control System"; (ii) the internal risk management and control systems are designed to provide reasonable assurance that the financial reporting does not contain any material inaccuracies. This is discussed in section "Internal Control System"; (iii) based on the current state of affairs, it is justified that the Group's and the Company's financial reporting is prepared on a going concern basis. This is justified by the discussion in the Notes to the Consolidated Financial Statements and in the Notes to the Company Financial Statements; and (iv) the Board Report states those material risks and uncertainties that are, in the Board of Director's judgment, relevant to the expectation of CNH Industrial's continuity for the period of twelve months after the preparation of the Board Report. Refer to section "Risk Factors".

February 28, 2023

Suzanne Heywood
Chair

Scott W. Wine
Chief Executive Officer

Responsibilities in respect of the Annual Report

The Board of Directors is responsible for preparing the Annual Report, inclusive of the Consolidated and Company Financial Statements and Board Report, in accordance with Dutch law and International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union ("EU-IFRS").

In accordance with Section 5:25c, paragraph 2 of the Dutch Financial Supervision Act, the Board of Directors states that, to the best of its knowledge, the Financial Statements prepared in accordance with applicable accounting standards provide a true and fair view of the assets, liabilities, financial position and profit or loss for the year of CNH Industrial N.V. and its subsidiaries and that the Board Report provides a true and a fair view of the performance of the business during the financial year and the position at balance sheet date of CNH Industrial N.V. and its subsidiaries, together with a description of the principal risks and uncertainties that CNH Industrial N.V. and the Group face.

February 28, 2023

The Board of Directors

Suzanne Heywood
Scott W. Wine
Léo W. Houle
Catia Bastioli
Howard W. Buffett
Karen Linehan
Alessandro Nasi
Vagn Sørensen
Åsa Tamsons

REMUNERATION REPORT(*)

Compensation Discussion & Analysis

This Compensation Discussion & Analysis ("CD&A") provides our shareholders and other stakeholders with information about CNH Industrial's performance, compensation framework, compensation decisions and associated governance for our Named Executive Officers ("NEOs") in 2022. Notwithstanding its status as a foreign private issuer, CNH Industrial, as part of a commitment to transparency and shareholder engagements, has voluntarily chosen to include a CD&A that combines the disclosures required under Dutch law and the Dutch Corporate Governance Code ("DCGC") in the remuneration section of our annual report, with the disclosure of information required to U.S. domestic filers (for example, the compensation of certain executive officers who are not members of our Board).

2022 Named Executive Offices (NEOs)

Scott W. Wine	Oddone Incisa	Derek Neilson	Stefano Pampalone	Kevin Barr
Chief Executive Officer ("CEO") (Executive Director on the Board of CNH Industrial)	Chief Financial Officer ("CFO") & President, Financial Services	President, Agriculture	President, Construction	Chief Human Resources Officer ("CHRO")

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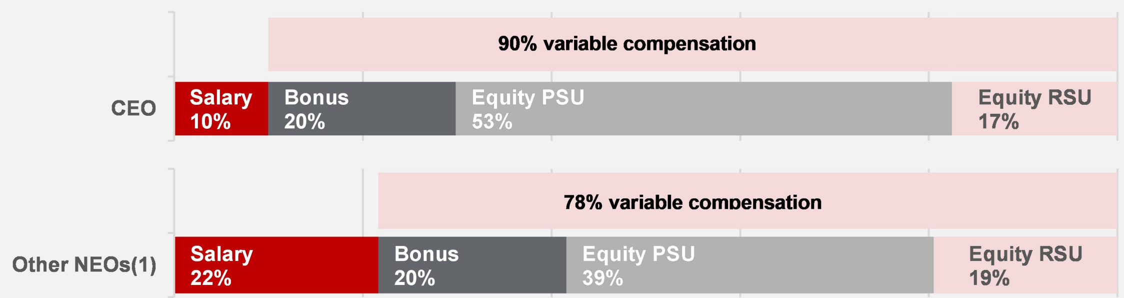
NEO 2022 TARGET DIRECT COMPENSATION AT A GLANCE



Annual Bonus	2022 Equity Awards
• For the CEO, based 100% on corporate performance; for other NEOs a combination of corporate and individual performance	• CEO equity awards delivered 75% in Performance Share Units ("PSUs") and 25% in Restricted Share Units ("RSUs"); other NEOs equity awards are delivered 67% in PSUs and 33% in RSUs
• Corporate performance assessed based on Consolidated Adjusted EBIT Margin, Consolidated Revenue, Cash Conversion Ratio, CO^2 Emission Reduction and Accident Frequency Rate	• Awards vest following a three year performance and/or service period
	• PSUs vest based on Adjusted EPS, Industrial ROIC and relative TSR

(*) Numbers in this section are presented under US-GAAP.

(1) "Other NEOs" row reflects the average for the non-CEO NEOs calculated in local currency.

Year in Review

Performance Highlights

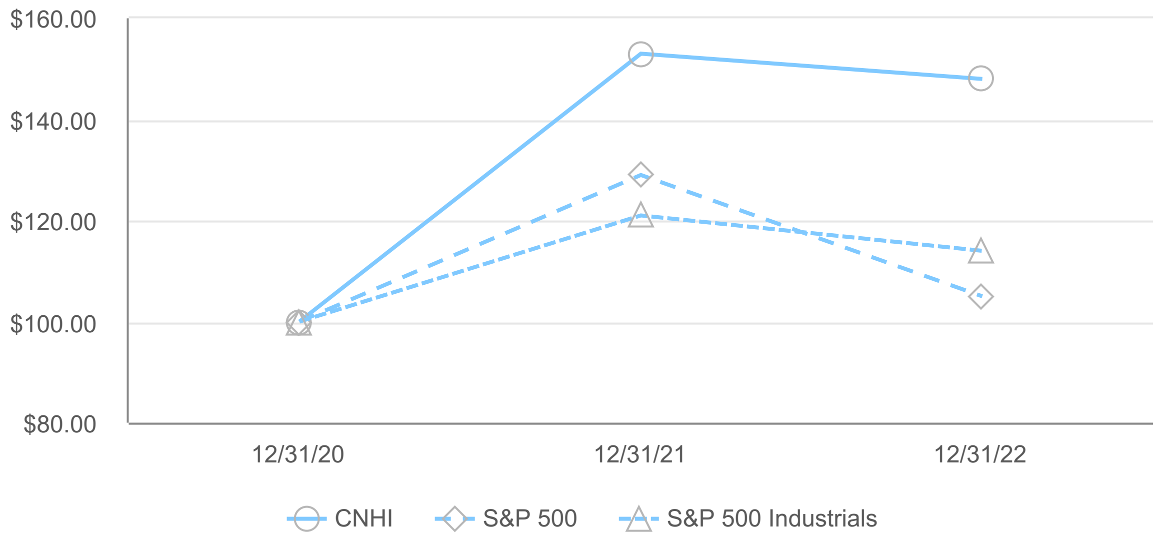
In 2022, CNH Industrial delivered record results, while overcoming supply chain pressures and increased product costs. In its first year as a pure player in Agriculture and Construction, CNH Industrial achieved full year consolidated revenue of $23,551 million (up 20.8% year over year), net income of $2,039 million (up 13.2% year over year), and combined gross profit margins of 22.0% for our Agriculture and Construction businesses.

As importantly, the Company's focused execution on key strategic priorities under the leadership of Mr. Wine has reaped considerable value for its shareholders, such as:

- The simplification of the Company's portfolio transformed CNH Industrial in a pure player in the Agriculture and Construction businesses.
- The absolute total shareholder return ("TSR") for CNH Industrial kept pace with the S&P 500 Industrial index in 2022 and outpaced it over the past three and five years.
- The acquisitions of Raven and Sampierana have broadened our product and services offering, enhancing capabilities in precision agriculture technology for the Agriculture segment and key excavator products for the Construction Equipment segment, respectively.
- CNH Industrial returned nearly $600 million to shareholders in the form of dividends and share repurchases.

Since Mr. Wine joined the company as its CEO in early January 2021, and through December 31, 2022, cumulative TSR reached 48% compared to 5% for the S&P 500 and 14% for the S&P 500 Industrials.

Comparison of Cumulative Three-Year Total Return



Company/Index	Base Period 2020		2021		2022	
CNH Industrial	$	100	$	153	$	148
S&P 500	$	100	$	129	$	105
S&P 500 Industrials	$	100	$	121	$	114

Note: TSR calculated based on dividend-adjusted closing prices as defined by Bloomberg Professional Services from Jan. 1, 2021 to Dec. 31, 2022.

CNH Industrial has also outperformed both the S&P 500 and S&P 500 Industrial companies across a range of other metrics.

When compared to the S&P 500:

- CNH Industrial's two-year adjusted diluted Earnings Per Share ("EPS") compounded annual growth rate ("CAGR") of 86.4% would be ranked 90th percentile.
- CNH Industrial's two-year revenue CAGR of 26.2% would be ranked 80th percentile.

- CNH Industrial’s two-year TSR would be ranked 80th percentile.
- CNH Industrial’s ongoing CEO total target direct compensation would be ranked 70th percentile.

When compared to the S&P 500 Industrial companies:

- CNH Industrial’s two-year adjusted diluted EPS CAGR would be ranked 90th percentile.
- CNH Industrial’s two-year revenue CAGR would be ranked 80th percentile.
- CNH Industrial’s two-year TSR CAGR would be ranked 90th percentile.
- CNH Industrial’s CEO ongoing total direct target compensation would be ranked 80th percentile.

When compared to the Compensation Peer Group:

- CNH Industrial’s two-year EPS CAGR is ranked 90th percentile.
- CNH Industrial’s two-year revenue CAGR is ranked 80th percentile.
- CNH Industrial’s two-year TSR CAGR is ranked 80th percentile.
- CNH Industrial’s CEO ongoing total direct target compensation is ranked 76th percentile.

Note: CAGR calculated based on 2022 fiscal year results or estimates vs. 2020 fiscal year results. Financial information for S&P 500 companies based on information available in Bloomberg Professional Services as of February 14, 2023.

The above results, overseen by Mr. Wine and achieved through contributions across our leadership team and Company as a whole, demonstrate the value of the investments made in our talent over recent years and the effectiveness of our NEOs.

Furthermore, Mr. Wine holds 639,119 shares whose value as of December 31, 2022 exceeds the five-times multiple of base salary under his share ownership guidelines which was required within five years of hire, as he personally invested in the Company’s stock to reach the guideline before his second anniversary. The CEO purchased 200,000 shares of the Company’s common shares in 2021 and a further 150,000 shares in 2022 and held 100% of the 289,119 shares that vested in 2022, electing not to sell any shares to cover tax withholding and paying cash instead. Mr. Wine’s investment of his own money in the Company’s stock constitutes a strong testament of the alignment between Mr. Wine’s and the shareholders’ interests, during his tenure. The Company’s stock ownership policy and executive compensation practices ensure that this alignment with shareholders’ interests will continue over time.

Our executive compensation framework is designed to continue to align and promote the alignment of pay and performance to the benefit of our shareholders.

Aligning Pay and Performance

Our business strategy is focused on enhancing our culture, continuously improving our productivity, and relentlessly innovating to drive profitable growth for our customers, employees, shareholders and all stakeholders. CNH Industrial’s compensation program is designed to motivate our employees to execute this strategy.

Under the leadership of Mr. Wine, CNH Industrial’s financial and operational results, including all of the metrics linked to incentive pay, have not only sequentially increased but have also exceeded the challenging 2022 goals validated by both the HCC Committee and the Board of Directors. Based on the Scorecard summarized below and detailed further in the balance of this CD&A, the Company performance payout factor in respect of 2022 performance was 145.89% of target.

2022 Company Bonus Plan Measure	Weight	Target	Actual	Actual vs. Target	Weighted Payout Factor
Consolidated Adjusted EBIT Margin (%)	40%	11.0%	12.4%	Exceeded Target	60.37%
Consolidated Revenues @ CC(1) ($M)	20%	$22,981	$24,185	Exceeded Target	26.99%
Cash Conversion Ratio	20%	70.0%	79.6%	Exceeded Target	25.49%
CO_2 Emissions	10%	-25.0%	-30.6%	Exceeded Target	20.00%
Accident Frequency Rate(2)	10%	0.153	0.146	Exceeded Target	13.04%
Company Performance Payout Factor		**100%**			**145.89%**

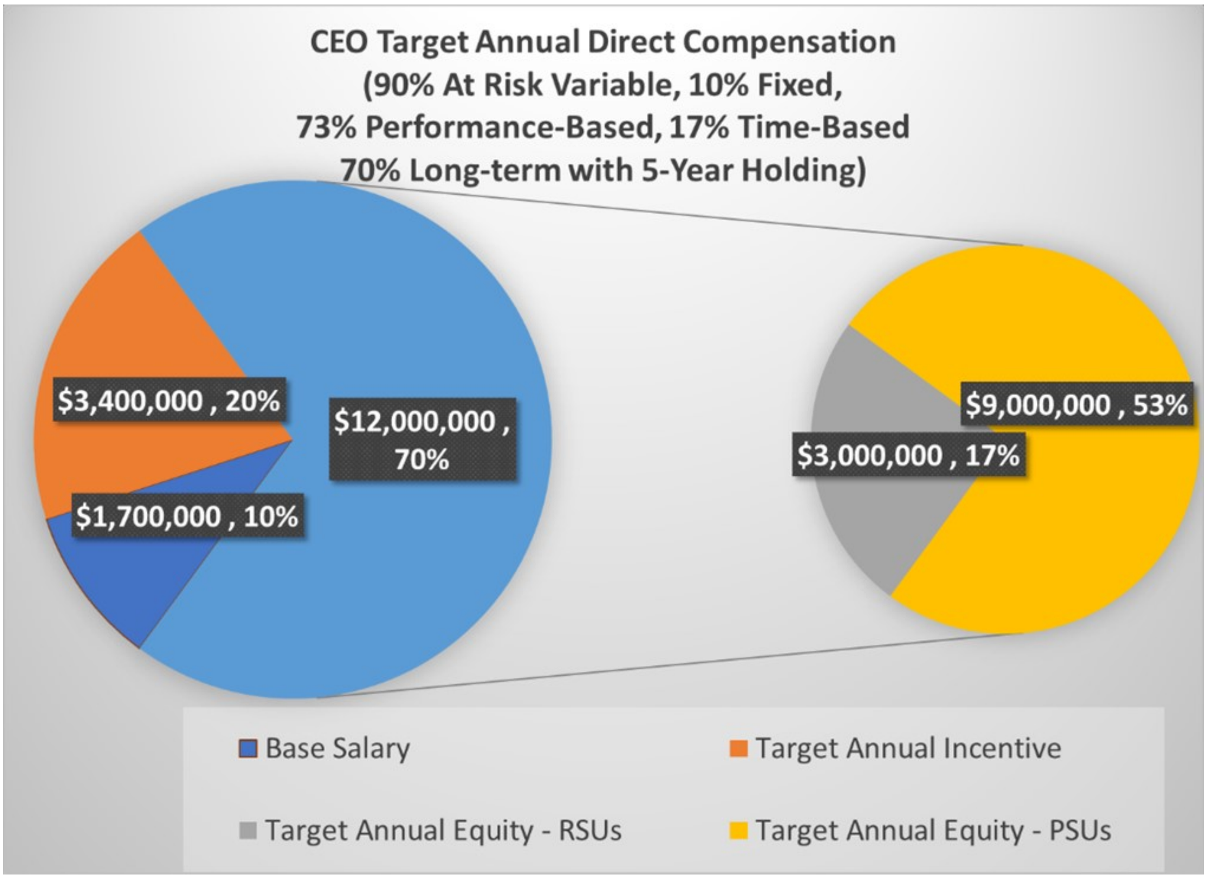
(1) At constant currency
(2) Accident Frequency Rate has a declining goal value for maximum payout, so a value lower than target indicates that the achievement level exceeded target.

While no performance-based equity awards vested during fiscal 2022, fiscal 2022 results contribute favorably to the three-year cumulative adjusted EPS, average Industrial ROIC and relative TSR goals attached to PSUs granted in 2021 and 2022.

The NEOs’ remuneration in 2022 was consistent with the Company’s performance and achievement of its strategic objectives. In the Pay versus Performance (“PvP”) section, we elaborate on performance trends for the key metrics and the trends in the CEO compensation and the average of the other NEO’s compensation.

CEO Compensation

Mr. Wine was appointed as CEO of CNH Industrial in 2021, and under his leadership the Company has achieved results that have improved year-over-year, exceeding goals and expectations in a challenging operating environment. At the time of his appointment, the HCC Committee established a market-informed total target compensation package that would remain locked for five years, meaning that regardless of performance there would be no increase in Mr. Wine's base salary, target annual incentive or target equity incentive grant value. Furthermore, there is no individual performance upside on his bonus payout; in other words, 100% of the bonus payout is exclusively linked to Company performance relative to objective, quantifiable goals. Over 90% of Mr. Wine's target compensation is variable in nature, whereas 70% of his target compensation is in equity grants that must be held for a minimum of five years following the date of grant, further solidifying long-term shareholder alignment.



Mr. Wine's annual incentive payout is based solely on CNH Industrial's company performance payout factor, which itself comprises objective quantitative performance goals. Based on the achievements summarized above and detailed further in the CD&A, Mr. Wine earned an annual incentive equivalent to 145.89% of target for 2022.

At the time of his appointment and as disclosed in previous Remuneration Reports, the HCC Committee also approved the necessary cash and equity-based payments to secure Mr. Wine's appointment. These payments are customary when companies intend to attract high-caliber candidates and are intended to replace the compensation that such candidates would be forfeiting with their prior employers. In the case of Mr. Wine such payments had exactly this rationale and were structured to emphasize performance-based equity. This maximized the immediate alignment of his interests with those of our shareholders, other executives, employees more broadly and all of our stakeholders. To address feedback from our shareholders, we have again included a summary of these payments, with additional detail on the various components. This can be found in the "New Hire" section of the CD&A.

Key HCC Committee Activities

In 2022, the HCC Committee approved adjustments to the 2021-2023 long-term incentive ("LTI") awards due to the impact of the Demerger. As disclosed in the Company's 2021 report, an equitable adjustment to the number of outstanding LTI awards was approved given the change in the Company's capital structure. Additionally, the HCC Committee approved revised performance goals for the outstanding three-year PSUs (2021-2023) to account for the Company's reduced perimeter of operations. The new goals are disclosed in detail in the Equity Incentives section of the CD&A.

Compensation Design

Compensation Philosophy

CNH Industrial's vision to sustainably advance the noble work of global agricultural and construction workers is supported by a culture that drives long-term results for all shareholders and stakeholders, including our customers and employees. To effectively deliver on this vision in our large, global and complex company as evidenced through the geographic dispersion of our customers, employees and operations, we need to attract and retain highly qualified leaders who are aligned with the Company's commitments and are effective operators in intricate multinational matrix organizations. Our compensation philosophy and programs are designed to instill a strong performance culture through pay for performance, rigorous performance management and Company goal-aligned incentives.

Principle	How we achieve this at CNH Industrial
Align pay with strategy	Compensation is linked to achievement of goals that align with our objectives
Pay for performance	Compensation is based on merit, taking into account Company performance, individual performance and promotion of Company values The majority of the NEOs' compensation is delivered through short and long-term at-risk elements
Align pay with long-term shareholder value creation	Performance goals align with the interests of our shareholders and other stakeholders LTIs are delivered in CNH Industrial stock, with PSUs subject to a relative TSR modifier Shareholder ownership guidelines reinforce long-term thinking and a focus on sustainable value creation
Provide competitive compensation opportunities	Compensation levels are set to be competitive relative to a clearly defined, comparable, market-reference peer group, that targets a median revenue broadly aligned with CNH Industrial
Encourage prudent risk-taking	Incentives are designed to discourage unnecessary or excessive risk taking Policies (e.g., Compensation Recoupment Policy) encourage long-term thinking and safeguard against high-risk behaviors through claw-back policy

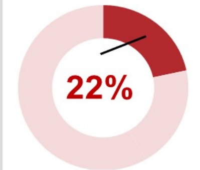
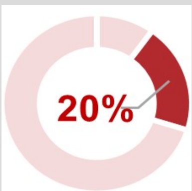
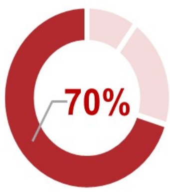
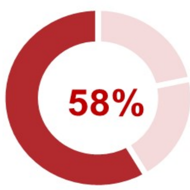
Strategic Alignment

Five priorities underpin CNH Industrial's strategic roadmap and are reflected across our compensation programs. The measures that we use to determine compensation under our compensation programs, in particular with respect to our annual bonus and PSU awards, seek to align our NEO's compensation with our commitment to drive results for all of our stakeholders.

	STRATEGIC PRIORITIES				
	Customer Inspired Innovation	Technology Leadership	Brand & Dealer Strength	Operational Excellence	Sustainability Stewardship
Financial Measures					
Annual Bonus					
Consolidated Adjusted EBIT Margin *Measures our success in optimizing productivity and focuses on profitable product and services sales mix*	x	x	x	x	x
Consolidated Revenues *Measures our success in boosting customer demand for our products*	x	x	x	x	
Cash Conversion Ratio *Measures our success in working capital management and encourages informed capital expenditure decision-making*				x	x
Environmental, Social & Governance ("ESG") Measures					
Annual Bonus					
CO_2 Emissions *Measures our success in promoting energy efficient operations*	x	x		x	x
Accident Frequency Rate *Measures our success in improving workplace safety and encourages accountability for preventative action*				x	x
PSUs					
Adjusted EPS *Measures our success in delivering bottom-line earnings*	x	x	x	x	x
Return on invested capital (industrial activities) *Measures our success in efficiently using capital*	x	x		x	x
Relative TSR *Measures our success in delivering superior market returns*	x	x	x	x	x

Compensation Framework

The following table summarizes the fundamental purpose and features of our core compensation elements for our NEOs in 2022.

Element and Purpose	2022 Target Compensation Mix CEO	 Other NEOs [1]	Key Features and Pay for Performance Rationale
Base Salary Attract and retain well-qualified executives; provide sufficient fixed pay to discourage inappropriate risk-taking			• Fixed cash compensation • Target at median reference for relevant benchmark • Set based on the NEO's role, market data, skills, geographic scope and prior experience
Annual Bonus Focus and drive near-term business priorities; motivate achievement of objectives critical to annual operating and strategic plans, safety and sustainability.			• At-risk variable cash compensation • Earned based on achieving quantifiable performance objectives • For any incentive to be earned, a minimum level of Consolidated Adjusted EBIT Margin must be achieved • No guaranteed minimum • Threshold provides for 30% of the target opportunity • Maximum capped at 200% of the target opportunity • CEO's incentive is based 100% on Company performance; other NEOs' incentive is based on a combination of Company performance and an individual performance modifier range of 0%-125% • Subject to the Compensation Recoupment Policy (clawback)[2]
Annual Bonus Focus and drive near-term business priorities; motivate achievement of objectives critical to annual operating and strategic plans, safety and sustainability.			• At-risk variable cash compensation • Earned based on achieving quantifiable performance objectives • For any incentive to be earned, a minimum level of Consolidated Adjusted EBIT Margin must be achieved • No guaranteed minimum • Threshold provides for 30% of the target opportunity • Maximum capped at 200% of the target opportunity • CEO's incentive is based 100% on Company performance; other NEOs' incentive is based on a combination of Company performance and an individual performance modifier range of 0%-125% • Subject to the Compensation Recoupment Policy (clawback)[2]
Long-term Equity Incentives Encourage achievement of long-term strategic objectives; encourage stock ownership and retention; motivate sustainable value creation; align NEOs' interests with those of shareholders			• Incentive linked to long-term value creation • Target awards combine PSUs (75% CEO; 67% other NEOs) and RSUs (25% CEO; 33% other NEOs) • At-risk variable PSUs earned three years from grant based on achieving quantifiable performance objectives, with the maximum number of shares that can be earned capped at 200% of target • CEO awards subject to a five-year holding period from the date of grant • Subject to the Recoupment Policy (clawback)[2]
Benefits and Contractual Agreements Attract and retain well-qualified leaders by providing post-employment security and other benefits	-	-	• See Benefits Summary table by NEO in the Benefits Section • Alignment with local market norms extended to other employees • Certain provisions and contractual terms for certain Senior Leadership Team members

(1) "Other NEOs" column reflects the average for the non-CEO NEOs calculated in local currency.

(2) No variable remuneration has been clawed-back, and no variable remuneration has been adjusted retroactively from Executive or Non-Executive Directors or Other NEOs as no relevant occurrence was identified.

Compensation Policies and Practices

Our compensation framework is supported by various Company policies and practices that further support our compensation philosophy and reflect our high corporate governance standards. Our policies also reflect the global nature of our executive leadership team and are designed to align with local market norms where relevant.

• Set **challenging performance targets** with pre-determined stretch goals set at the beginning of the performance period • **Pay for performance**, balancing short- and long-term time horizons, conducting scenario analyses to assess alignment • Deliver the **majority** of NEO compensation in the form of **at-risk, performance-based pay** • Maintain **robust stock ownership guidelines** • Apply a **clawback policy** to all incentive pay • **Consider pay ratios** when establishing NEO compensation • Operate a **simple, transparent** structure with goals, values and performance management that cascades through the Company • **Double trigger** equity treatment applies on a change in control	• Apply a **five-year holding period** to CEO equity awards from the date of grant • Encourage **prudent risk taking** and design programs that do not encourage unnecessary or excessive risk • Apply **compensation caps** to incentive outcomes (200% of target) and permit no payout for performance below threshold • **Prohibit guaranteed compensation** and loans for NEOs • **Avoid excessive compensation** practices • **Engage with our shareholders** to inform decision making

Compensation Governance

Role of the HCC Committee

The HCC Committee is comprised of four directors, three of whom are independent, and is responsible for oversight of executive compensation, the Company's remuneration policy, compensation of non-executive directors, and broader human capital management matters, in accordance with Dutch laws and the DCGC.

In undertaking its role, the HCC Committee has continued interaction with the CEO, Executive Chair and other members of the senior leadership team, including the CHRO and Head of Total Rewards. No individual is present when the HCC Committee considers and discusses matters concerning such individual's compensation. The Company also engages a compensation consultant, Willis Towers Watson ("WTW"), who routinely provides support to the HCC Committee upon request, across a broad range of compensation matters, inclusive of peer group development, market benchmarking and incentive compensation design. The HCC Committee invites WTW to attend meetings at their discretion.

Shareholder Engagement

An important input in the HCC Committee's discussions and review of CNH Industrial's compensation practices are the views of our shareholders.

While a majority of our shareholders are supportive of our approach to executive compensation, as evidenced by the fact that 69.8% of shares advised positively in relation to our remuneration report at our 2022 annual general meeting, a minority of shareholders did not support the application of our remuneration policy in 2021.

To better understand shareholders' perspectives on our executive compensation programs, in 2022, we engaged with a sizable number of our largest shareholders in conversations on executive compensation, governance and sustainability, who provided valuable insights. The outreach effort was led by Mr. Houle, Chair of the HCC Committee, and included members of our Executive Compensation, Legal and Compliance and Investor Relations teams. The following is what we heard and provided clarity on:

What We Heard	CNH Industrial Response
Lack of details regarding the CEO's go-forward equity grant opportunity as a result of the transition to annual awards	We have sought to enhance the clarity of our compensation disclosures in this year's CD&A
Request for further information regarding the level of the CEO's compensation and the potential maximum payouts	CNH Industrial prides itself on the fact that the majority of NEO compensation is at-risk variable pay (73% for our CEO and an average of 59% for our other NEOs), delivered through annual bonus and PSUs. The majority of at-risk variable pay is delivered in CNH Industrial equity in the form of PSUs whose value: i) will depend only on achievement of pre-set goals closely aligned with shareholders' interests and ii) will vary based on our performance relative to pre-set goals and CNH Industrial's stock price performance between the grant date and vesting date. With the RSU element of pay, which has the function of retaining very effective leadership, the CEO has 70% of his target compensation tied to equity, which further ties this portion of CEO's compensation to shareholders' interests. As a result of our exceptional performance over the last two years, the equity incentives awarded in 2021 (2020 for NEOs) are currently expected to achieve the maximum predetermined performance goals , and will reflect our stock price appreciation over that period to the extent 2023 performance reflects our current expectations. While this combined with the shares appreciation, may result in potential values that are much higher than the fair values as of the grant date, this possibility reflects our alignment of pay and performance as well as the favorable effects of our leadership's actions on our long-term shareholders, who over the same period have benefited from strong stock price returns and robust return of cash initiatives (buy back and dividends). Mr. Wine's total compensation package was fixed on appointment and will not increase prior to 2026, during which time the overhand/surplus to market median will reduce, and while this compensation package is in the upper percentile relative to our compensation peer group, the HCC Committee and the Board determined this pay package was necessary to secure Mr. Wine's appointment (also to compensate him for the forfeited compensation package at his previous company) and was in the best interests of our shareholders, employees and broader stakeholders

Several shareholders expressed an interest in seeing CNH Industrial adopt ESG performance measures in our long-term incentives, to supplement our market-leading use of CO_2 Emission reduction and Accident Frequency goals in the annual cash incentive plan. Market data from S&P 500 companies and peer group show specific and weighted ESG in LTI metrics in the industrial sector are uncommon. ESG priorities are reflected in sustainability stewardship being a top five strategic initiative while safety is a top five employee area, and we cascade the ESG goals to LTI participants. We believe in embedding the sustainability measures at the individual level to reinforce their priority and impact results across the board. The HCC Committee will reconsider this feedback in future reviews of the incentive framework.

As an international company, with a global shareholder base, we believe that it is important for us to understand and consider the diverse views of our shareholders and other stakeholders, which we seek to balance when reaching decisions on compensation. Through various forms and levels of engagement, we have solicited input from shareholders with ownership combined interests surpassing 40% in aggregate (including Exor excluding special voting rights). CNH Industrial remains committed to maintaining an ongoing dialogue with our major stakeholders and reaching out to shareholders to consider their views on the compensation formulation process.

Use of Market Data

The Company periodically benchmarks its executive and NEO compensation programs utilizing a pre-approved peer group. In 2022, the HCC Committee approved a revised peer group, which reflects CNH Industrial's diverse business and revenues, the completion of the Demerger , and the associated impact on CNH Industrial's size and primary industry classification (the "2022 Compensation Peer Group").

While CNH Industrial is headquartered in Europe, the U.S. market has a prominent impact on our business. This is evident as after the Demerger, although we are listed on the New York Stock Exchange ("NYSE") alongside and the Borsa Italiana (the Italian stock exchange), majority of the trading has shifted to the NYSE. Further evidence is supplied by our strong commercial presence in the U.S., the robust returns generated by such presence, the high concentration of our peer companies and competitors in the U.S., the talent markets in which we operate, and the nationalities represented in our leadership team. Accordingly, our compensation peer group appropriately reflects this reality.

Consistent with prior years, the 2022 Compensation Peer Group is comprised of a combination of companies based in the U.S. and Europe with a view to positioning CNH Industrial around the median of key financial scoping criteria, primarily revenue and market capitalization. At the time the 2022 Compensation Peer Group was approved by the HCC Committee, CNHI ranked at the 46th percentile on projected 2022 revenue, and the 38th percentile on market capitalization amongst its peers.

CNH INDUSTRIAL 2022 COMPENSATION PEER GROUP (the "2022 Compensation Peer Group")

	European-Listed Companies	US-Listed Companies
New peers in 2022	ACS, Actividades de Construcción y Servicios, S.A. Alstom SA KION GROUP AG Sandvik AB	Illinois Tool Works, Inc. Parker-Hannifin Corporation Westinghouse Air Brake Technologies Corporation
Retained peers from 2021	AB Volvo Continental AG	AGCO Corporation Caterpillar Inc. Cummins Inc. Deere & Company General Dynamics, Inc. PACCAR, Inc
Prior peers removed for 2022 given reduced relevance following the Demerger	BAE Systems plc Rolls-Royce Holdings plc Traton SE Valeo SA	Honeywell International, Inc. Magna International

When benchmarking compensation for NEOs other than Mr. Wine, the Company considers a combination of available data for this peer group and survey data provided by its consultant, WTW. Similar principles are used in identifying survey peers based on size and industry applicability. In assessing compensation levels, the Company primarily references median figures, considering various factors, such as location and scope of role, in setting individual NEO pay relative to median.

Compensation and Risk

CNH Industrial is committed to maintaining and enhancing a culture focused on integrity and accountability. The Company has adopted several policies, including those detailed below, that reflect our culture as well as our compensation principles of aligning executives' interests with long-term shareholder value creation and encouraging prudent risk taking.

Stock Ownership Requirements

Our NEOs are subject to robust stock ownership guidelines, which require them to build up an interest in CNH Industrial stock over time as summarized below.

Minimum Requirements	CEO: five-times base salary with an interim milestone of two and a half-times base salary as of December 31, 2022 Other NEOs: three-times base salary
Time Horizon	Within five years of policy implementation (2021) or an NEO's date of appointment as applicable
Counted Equity Interests	Beneficially owned shares or shares in which the executive has a beneficial interest, e.g., owned by a spouse Unvested equity awards do not count towards the requirement
Retention Requirement	The CEO must hold vested shares for five years from grant date Other NEO's must hold 50% of net shares following vesting until the stock ownership requirement is met

At the end of 2022, all NEOs were progressing towards their stock ownership requirement within the permitted five-year time horizon or in compliance with their respective stock ownership requirement.

Compensation Recoupment Policy

Our compensation recoupment policy (the "Compensation Recoupment Policy") authorizes the Company to recover, or "clawback," incentive compensation with the ability to retroactively adjust if any cash or equity incentive award was predicated upon achieving financial results and the financial results are subsequently subject to an accounting restatement.

Covered Employees	All current or former executive officers
Triggering Events	Substantial accounting restatements of financial results that informed incentive outcomes, regardless of fraud or misconduct
Covered Compensation	Awards made under our equity incentive plan, which encompasses all incentive compensation awarded to NEOs including annual cash incentives under the Company Bonus Plan ("CBP") and equity grants of PSUs and RSUs. The Company reserves the right to recoup excess amounts over that which would have been paid under an accounting restatement to the extent practicable.
Time Horizon	Incentive compensation received during the three-year period preceding the date on which the Company is required to prepare an accounting restatement

No recoupment of incentive compensation was warranted under any of the Company's incentive plans during 2022.

2022 Compensation Decisions and Outcomes

The following sections detail NEO compensation and incentive outcomes for 2022 and explain the impact of the Demerger on the 2021-2023LTI awards as approved by the HCC Committee in 2022.

Base Salary

None of our NEO's base salaries were increased in 2022. As previously disclosed, the CEO's target compensation, including his base salary, is fixed for the five-year duration of his employment agreement.

Named Executive Officer	2021 Base Salary (USD)[1]	2022 Base Salary (USD)[1]	Increase
Scott W. Wine	1,700,000	1,700,000	—%
Oddone Incisa	663,421	663,421	—%
Derek Neilson	580,389	580,389	—%
Stefano Pampalone	524,056	524,056	—%
Kevin Barr	500,000	500,000	—%

[1] The non-US base salaries of Messrs. Incisa, Neilson, and Pampalone are converted to U.S. dollars at the 2022 full year average exchange rate for both 2021 and 2022 for a constant currency comparison per the following table:

NEO	Local Currency	2022 Average Exchange Rate
Oddone Incisa	EUR	1.053
Derek Neilson	GBP	1.2348
Stefano Pampalone	CHF	1.0481

Annual Cash incentive

Our NEOs' annual variable compensation, delivered under the CBP, is contingent on the achievement of pre-established, rigorous financial measures and other designated performance objectives, such as ESG KPIs. The goals of our incentive plans align to our five strategic priorities which, in addition to customer service, emphasize safety, quality, delivery and profitability for all stakeholders. Awards under our CBP are subject to our Compensation Recoupment Policy.

TARGET BONUS OPPORTUNITY	X	COMPANY PERFORMANCE	X	INDIVIDUAL PERFORMANCE	=	EARNED BONUS
75% - 200% of year-end salary		0 – 200% of target		CEO: 0-100% of target; Other NEOs: 0 – 125% of target		To earn any bonus, a threshold hurdle rate of Consolidated Adjusted EBIT Margin must be achieved
		Subject to an overall cap of 200% of target				

The HCC Committee approved the 2022 compensation design with reference to CNH Industrial's strategic priorities, communicated goals and market practices. With respect to any annual bonuses, a threshold hurdle rate of Consolidated Adjusted EBIT Margin must be achieved. Company performance is assessed based on three financial performance measures and two ESG measures, with established threshold, target and maximum goals. Achieving threshold performance earns 30% of the target opportunity, and maximum performance earns 200% of the target opportunity.

2022 CBP Measures[(1)]	Weight	Definition
Consolidated Adjusted EBIT Margin %	40%	Consolidated Adjusted EBIT divided by Consolidated Revenues, goal must be achieved for plan to pay out
Consolidated Revenues @CC $	20%	Consolidated Revenues in constant currency
Cash Conversion Ratio %	20%	Free Cash Flow of Industrial Activities divided by Adjusted Net Income
CO_2 Emissions %	10%	Reduction in emissions versus 2018, measured as percentage change in tons of CO_2 emissions per hours of production in the manufacturing processes
Accident Frequency Rate	10%	Number of injuries divided by the number of hours worked multiplied by 100,000

(1) We make adjustments to U.S. GAAP financial measures for purposes of our financial performance measures to ensure the results properly reflect management contributions.

CBP Outcomes

The following goals and achievements applied for 2022, with the HCC Committee approving a Company performance payout factor of 145.89% of target.

Measure[1]	Weight	Threshold	Target	Maximum	Actual	Actual vs. Target	Weighted Payout Factor
Consolidated Adjusted EBIT Margin	Hurdle[2]		7.7%		12.4%	Exceeded	
Consolidated Adjusted EBIT Margin	40%	9.6%	11.0%	13.7%	12.4%	112.7%	60.44%
Consolidated Revenues @ CC ($M)	20%	$20,108	$22,981	$26,428	$24,185	105.2%	26.99%
Cash Conversion Ratio	20%	59.5%	70.0%	105.0%	79.6%	113.7%	25.49%
CO_2 Emissions	10%	-23.8%	-25.0%	-28.8%	-30.6%	122.4%	20.00%
Accident Frequency Rate[3]	10%	0.161	0.153	0.130	0.146	95.4%	13.04%
Company Performance Payout Factor		**30.0%**	**100.0%**	**200.0%**			**145.89%**

(1) We make adjustments to U.S. GAAP financial measures for purposes of our financial performance measures to ensure the results properly reflect management contributions.
(2) If this hurdle level of Consolidated Adjusted EBIT Margin is not achieved, no annual cash incentive will be paid, regardless of the level of performance achievement in respect of the other measures
(3) Accident Frequency Rate has a declining goal value for maximum payout, so a value lower than target is an exceeds target achievement.

While the CEO is only subject to the company performance payout factor and any negative discretion applied by the HCC Committee, other NEOs' awards are also subject to an individual performance factor, which can range from 0% - 125%, based on achievements against previously determined performance goals. Following an assessment of individual performance during 2022, the HCC Committee approved individual performance factors ranging from 90%-125% of target.

The table below summarizes the resulting annual cash incentives in U.S. dollars earned by the NEOs under the CBP in respect of 2022 performance, which were paid in March 2023:

Named Executive Officer	Target Annual Cash Incentive (USD)[1]	2022 Earned Annual Cash Incentive (USD)[1]	% of Target Cash Incentive Earned in 2022
Scott W. Wine[2]	3,400,000	4,960,300	145.89%
Oddone Incisa	663,421	1,064,632	160.48%
Derek Neilson	580,389	1,058,407	182.36%
Stefano Pampalone	524,056	688,086	131.30%
Kevin Barr	375,000	601,800	160.48%

(1) The non-U.S. target and earned annual cash incentives of Messrs. Incisa, Neilson, and Pampalone are converted to U.S. dollars at the 2022 full year average exchange rate as previously disclosed in the Base Salary section above.
(2) See the breakout of Mr. Wine's CBP payment by each KPI in the Dutch disclosures section of the report.

Equity Incentives

Our equity incentives delivered under our LTI plan are a vital component of our NEOs' overall reward packages. Equity incentives support our long-term strategy and recognize our NEOs' leadership and the achievement of our strategic objectives. As of 2022, the Company grants equity awards on an annual basis, whereas awards granted in and prior to 2021 were made on a 'front-loaded' basis, meaning awards were generally made once every three years. This change was made in response to shareholder feedback, to better align our design with competitive market norms, to enhance the retention impact of our awards, and to maximize alignment with our strategic priorities. Equity is delivered in a combination of PSUs and RSUs, both of which are subject to the terms of our Compensation Recoupment Policy. The Company does not pay dividends or dividend equivalents on PSUs and RSUs.

Named Executive Officer	Target Annual LTI Opportunity (USD)[1]	PSU Weight	RSU Weight
Scott W. Wine	12,000,000	75.0%	25.0%
Oddone Incisa	2,487,827	67.7%	33.3%
Derek Neilson	2,176,458	67.7%	33.3%
Stefano Pampalone	1,048,113	67.7%	33.3%
Kevin Barr	1,000,000	67.7%	33.3%

[1]The non-U.S. target LTI of Messrs. Incisa, Neilson, and Pampalone are converted to U.S. dollars at the 2022 full year average exchange rate as previously disclosed in footnote under the Base Salary section.

Mr. Wine is required to hold any shares that vest for a period of up to five years from the date of grant. Other NEOs are required to hold 50% of net shares that vest to the extent that they have not achieved their stock ownership guideline.

2022-2024 Performance Share Unit ("PSU") Awards

The performance measures for the 2022 PSU awards comprise two weighted financial metrics and a modifier based on CNH Industrial's TSR performance relative to a group of our peers. All measures are calculated over the period of 1.1.2022 – 12.31.2024.

50% Adjusted EPS	+	50% Industrial ROIC	x	0.75x – 1.25x Relative TSR Multiplier	=	FINAL PAYOUT

2022-2024 PSU Measures[(1)]	Weight	Definition
Adjusted EPS	50%	Net income (loss) excluding any nonrecurring items (after tax), divided by the weighted average outstanding number of common shares on a fully diluted basis, measured on a cumulative basis
Industrial ROIC	50%	Adjusted EBIT (after-tax) divided by Average Industrial Invested Capital, calculated as a three-year average
Relative TSR	Modifier	Three-year TSR measured relative to peers (see further detail below)

[(1)] We make adjustments to U.S. GAAP financial measures for purposes of our financial performance measures to ensure the results properly reflect management contributions.

The payout ranges for our PSU awards range from a threshold of 50% of target to a maximum of 200% of target for outstanding performance. If the threshold performance goals are not achieved, none of the PSUs will vest.

			Cumulative 2022 – 2024 Adjusted EPS							
			< Threshold	Threshold	Target	Outstanding			Relative TSR Modifier	
			< $3.88	$3.88	$4.56	≥ $5.54				
	Outstanding	≥ 20.2%	100%	125%	150%	**200%**	X	Outstanding	≥ 75th Percentile	1.25
Average 2022 -2024 Industrial ROIC	Target	18.0%	50	75%	**100%**	150%		Target	50th Percentile	1
	Threshold	15.3%	25%	**50%**	75%	125%		Threshold	≤ 25th Percentile	0.75
	< Threshold	< 15.3%	**0%**	25%	50%	100%				

PSU payouts are pro-rated for performance between the threshold, target and outstanding performance goals. The maximum payout is subject to an overall cap of 200% of target.

Relative TSR performance will be assessed against a single peer group of sixteen companies that reflect both the agriculture and construction equipment aspects of our business.

Agriculture Peers		Construction Equipment Peers	Composite Peers (Agriculture and Construction Equipment)
AGCO Corporation	AB Volvo	Komastu Ltd.	Bucher Industries AG
Husqvarna AB	Alstom SA	Sandvik AB	Cummins Inc.
Kubota Corporation	Caterpillar Inc.	Terex Corporation	Deere & Company
The Toro Company	Kion Group AG	Westinghouse Air Brake Technologies Corp	Trimble Inc.

Performance in respect of all measures will be assessed over the three-year period ending December 31, 2024.

2022 RSU Awards

The 2022 RSU awards also vest on a cliff basis, following the conclusion of a three-year period, subject to continued service and satisfactory individual performance.

2021 - 2023 PSU Awards

As a result of the Demerger, in 2022, the performance period of the 2021-2023 PSU awards spans pre- and post-Demerger periods. The HCC Committee realigned the performance conditions for the proportional post-Demerger CNH Industrial scope of business operations only. The HCC Committee sought to ensure that the performance goals remained challenging and reflected the same degree of stretch after the perimeter adjustment.

The 2021 PSU awards were subject to a similar performance matrix used for the 2022 PSUs, assessing cumulative Adjusted EPS, average Industrial ROIC and a relative TSR modifier. To reflect the Demerger, the HCC Committee approved updated Adjusted EPS and Industrial ROIC goals to simply reflect CNH Industrial's contributions pre- and post-Demerger. In addition, the HCC Committee determined that the TSR component would be assessed relative to the original peer group for 2021 performance, and the updated peer group disclosed in respect of the 2022 PSUs for the remaining two years of the performance period. The resulting modifier would be weighted one-third based on 2021 performance and two-thirds based on 2022 – 2023 performance when approving a final outcome.

The adjusted 2021– 2023 performance goals, restated to reflect CNH Industrial's (off-highway) performance contributions contemplated in the original goals are as follows:

			Cumulative 2021 – 2023 Adjusted EPS			
			< Threshold	**Threshold**	**Target**	**Outstanding**
			< $1.67	**$1.67**	**$2.09**	**≥ $2.51**
Average 2021 – 2023 Industrial ROIC	**Outstanding**	**≥ 12.0%**	100%	125%	150%	**200%**
	Target	**10.1%**	50%	75%	**100%**	150%
	Threshold	**8.4%**	25%	**50%**	75%	125%
	< Threshold	**< 8.4%**	**0%**	25%	50%	100%

X

Relative TSR Modifier		
Outstanding	**≥ 75th Percentile**	1.25
Target	**50th Percentile**	1.00
Threshold	**≤ 25th Percentile**	0.75

The relative TSR modifier for 2021 has been assessed relative to the original peer group which comprised AB Volvo, AGCO Corporation, Caterpillar Inc., Cummins Inc., Deere & Company, Komatsu Ltd., Kubota Corporation, PACCAR Inc., and Traton SE. CNH Industrial ranked first relative to these companies for 2021, and so one-third of the final relative TSR modifier will be scored at 1.25. Two-thirds of the modifier will be based on CNH Industrial's performance relative to the peer group disclosed in respect of the 2022 PSUs for the final two years of the performance period.

As with the 2022 PSUs, payouts are pro-rated for performance between the threshold, target and outstanding performance goals, and the maximum payout is subject to an overall cap of 200% of target.

New Hire Awards

When the HCC Committee and/or the Board determine it appropriate, the Board, at the recommendation of the HCC Committee, may approve additional compensation associated with the recruitment of new executives. In relation to the recruitment and appointment of Mr. Wine as CEO, effective January 2021, the HCC Committee recommended, and the Board approved, payments to secure Mr. Wine's appointment. As disclosed in 2021, these payments were made to compensate Mr. Wine for amounts that he was forfeiting with his prior employer upon accepting the role at CNH Industrial.

Replacement For	Vehicle	Key Terms	Value
Forfeited 2020 annual cash incentive	Cash	Intended to replace Mr. Wine's fully earned but unpaid annual cash incentive for 2020 performance Paid to Mr. Wine in April 2021 and included in the bonus column of the Summary Compensation Table for 2021	Total: $1,573,000 2021: $1,573,000
Forfeited 2018–2020 long-term incentive awards	Cash	Intended to replace portions of Mr. Wine's LTI awards granted in 2018, 2019 and 2020 for which he had contributed to the performance achievement of but would not earn and weren't covered by CNH Industrial's 2021-2023 front-loaded target LTI awards described below Replacement value will be paid in three cash installments in 2022, 2023 and 2024 broadly aligned to the timing and values of the original awards that would have vested at his prior employer The agreed amount reflects the estimated performance achievements and value associated with the underlying awards for the time Mr. Wine was employed The first payment was made in 2022 and is included in the bonus column of the Summary Compensation Table for 2022 The payments are payable in the event of a Qualifying Termination but would be forfeited if the CEO voluntarily terminated prior to the payment dates.	Total: $7,578,000 2022: $4,248,000 2023: $2,355,000 2024: $975,000
	Equity	The one-time 3X annual target LTI award served multiple purposes: Using 2X of the RSU awards ($6 M) in addition to the Cash LTI Sign-On ($7.578 million noted above) to compensate Mr. Wine for the total value of his 2018, 2019 and 2020 LTI awards forfeited with his prior employer on joining CNH Industrial, an estimated total value of $13.578 million at the time of the offer Using 1X each of the RSUs and PSUs to cover the annual target LTI award for the 2021 grant cycle for the 2021-2023 performance period, and providing the remaining 2X PSUs as a one-time highly leveraged at risk PSU award to incentivize Mr. Wine to join and be immediately invested in the long-term success of CNH Industrial and aligned with shareholder interests The majority of the award was delivered in PSUs with performance conditions consistent with those applicable to other 2021–2023 NEO PSU awards. The value of these awards is included in the Stock Awards column of the Summary Compensation Table for 2021 The on-going annual LTI awards are $12M at target.	2021 grant date fair value: $36,090,720 75% in PSUs 25% in RSUs

As a result of payments being staggered to align with the LTI awards Mr. Wine forfeited on joining CNH Industrial, amounts will appear in our Summary Compensation Table for 2022, as well as 2021, 2023 and 2024. No other new hire or one-time awards were made to our NEOs during 2022.

Mr. Wine's first two years with CNH Industrial have been impressive, with stellar financial results, reinforcing the HCC Committee's conviction that the right candidate was selected and the use of performance-based equity in his buyout was appropriate. As a result, the value of his outstanding compensation is positively linked to the Company's performance. For further discussion, see the "Pay versus Performance" section of this CD&A.

The HCC Committee considered multiple factors when establishing Mr. Wine's ongoing target compensation, including what was considered appropriate to secure and retain a high-caliber leader with an exceptional track record who previously had a highly competitive compensation arrangement. As previously discussed, Mr. Wine's regular annual target compensation is fixed through 2025 and totals $17.1 million, with 73% tied to the Company's performance and 70% in CNH Industrial equity awards.

Benefits

CNH Industrial seeks to align NEO benefits with local market norms and to provide eligible NEOs with participation in broader employee benefits programs offered in the countries where each NEOs is based. Some provisions are specific to the NEO's Senior Leadership Team role. The following table summarizes the key benefits offered to each of the NEOs:

Benefits Summary		Wine, Scott W.	Incisa, Oddone	Neilson, Derek	Pampalone, Stefano	Barr, Kevin
		CEO	**CFO & President, Financial Services**	**President, Agriculture**	**President, Construction**	**CHRO**
Post-Employment Benefits	**Defined Contribution**(1)	401k & NQ Deferred Compensation Plans	Italy contract DC Plan: FIPDAF	U.K. DC plan: GPP and supplemental benefits	Swiss DC plan: LPP (second pillar)	401k & NQ Deferred Compensation Plans
	Pension(2)	N/A		Closed DB effective Feb 1, 2020; prior service benefits	N/A	
	U.S. Retiree Healthcare(3)	Vests after five years CEO service and minimum age of 55	N/A			Vests after three years SLT service and minimum age of 55
Other Benefits	**Car Benefit**(4)	Per country lease car policy			Reimbursement in lieu of Swiss leased car	Per country lease car policy
	Personal Usage of Corporate Aircraft(5)	Limited to 175 flight hours per year	N/A			
	Benefit Allowances(6)	N/A			Legacy international transfer benefits	N/A
	Tax Equalization(7)	N/A				N/A
Contractual Agreements	**Country of Agreement**	U.S. employment agreement	Italy national contract plus 2019 SLT terms agreement	U.K. employment agreement with union provisions plus 2019 SLT terms agreement	Swiss employment agreement plus 2019 SLT terms agreement	U.S. employment agreement
	Restrictive Covenants(8)	One year Non-Compete and Non-Solicitation	One year Non-Compete and Non-Solicitation	Two year Non-Compete and Non-Solicitation	One year Non-Compete and Non-Solicitation	Two year Non-Compete three year Non-Solicitation
	Severance(9)	12 months	34 months	24 months	17 months	24 months

(1) All of the NEOs participate in the defined contribution plans in their respective countries. In the U.S., CNHI Industrial also has a non-qualified deferred compensation plan that allows contributions over the qualified 401(k) plan limits to continue plus allows additional elective deferrals. There are no supplemental plans offered by the Company in Italy or in Switzerland. For Mr. Neilson, contributions made into the U.K. GPP are over tax limits and as such are taxable which the Company covers. Additional supplemental contributions are paid as he earns them and are his tax responsibility.

(2) Mr. Neilson has a U.K. defined benefit that has been closed to service accruals as of February 1, 2020.

(3) Messrs. Wine and Barr are eligible for post-employment supplemental retiree healthcare if they remain employed until age 55 and have five years as CEO and three years as Senior Leadership Team member service, respectively.

(4) Senior Leadership Team members' benefits follow their respective country's lease car policy with the exception of a larger variety of brands/models are available, if available in their country. Mr. Pampalone receives reimbursement for car leased in Italy in lieu of Swiss leased car. Mr. Barr elects not to use the leased car benefit available per the U.S. policy for Executives.

(5) The CEO's personal use of private aviation for commuting from his residence to Chicago is limited to 100 flight hours per year and additionally for a maximum of 75 hours per year of other personal travel. Any taxes associated with the use of the aircraft will be the sole responsibility of the CEO.

(6) Mr. Pampalone receives an annual housing allowance of CHF 30,000, taxable to him, as part of a legacy agreement when he transferred to Lugano Switzerland from Italy in December 2012.

(7) Mr. Pampalone’s position is based in Lugano, Switzerland but also maintains tax residency in Italy. Per his employment agreement, he is tax equalized to Switzerland taxes, meaning the Company pays any higher Italy taxes, net (grossed up).

(8) There is no additional compensation during the restrictive covenant period(s) as their Senior Leadership Team terms and conditions are deemed full consideration for the restrictions.

(9) See the table for "Potential Payments at Termination" for estimates based on eligibility as of December 31, 2022 and explanation of benefits. The eligible pay for Mr. Incisa’s months of severance is base salary, the average of 3-year bonus and car benefit. The other NEO’s eligible pay is base salary.

Additional Information

HCC Committee Report

The HCC Committee has reviewed and discussed with management the CD&A set forth above. Based on such review and discussions, the HCC Committee recommended to the Board that the CD&A be included in this Form 10-K for filing with the SEC and in the Remuneration section of our Annual Report.

Léo W. Houle (Chair)

Alessandro Nasi

Catia Bastioli

Howard W. Buffett

Executive Compensation Tables

In this section, we provide tabular and narrative information regarding the compensation of our NEOs for fiscal 2022. All values are in US dollars unless otherwise noted.

Fiscal 2022 Summary Compensation Table

NEO & Position	Year	Salary ($) [1][2]	Bonus ($) [3]	Stock Awards ($) [4]	Non-Equity Incentive Compensation ($) [5][6][7]	Change in Pension Value and Nonqualified Deferred Compensation Earnings($) [8][9]	All other Compensation ($) [10]	Total ($)
Scott W. Wine CEO	2022	1,700,000	4,248,000	11,511,892	4,960,300	18,640	476,829	22,915,662
	2021	1,700,000	1,573,133	36,090,720	5,100,000	2,588	337,846	44,804,287
Oddone Incisa CFO & President, Financial Services	2022	663,421		2,470,857	1,064,632		323,954	4,522,864
	2021	679,773		—	1,587,829		156,117	2,423,719
	2020	555,465		8,272,864	508,391		111,563	9,448,283
Derek Neilson President, Agriculture	2022	580,389		2,177,993	1,058,407	—	119,959	3,936,748
	2021	646,679		—	1,527,815	—	173,559	2,348,053
	2020	573,227		8,800,187	579,248	175,279	117,999	10,245,939
Stefano Pampalone President, Construction	2022	524,056		1,010,805	688,086		240,749	2,463,696
	2021	546,984		—	1,148,667		237,386	1,933,037
	2020	506,813		4,069,254	426,781		178,443	5,181,291
Kevin Barr CHRO	2022	500,000		989,480	601,800	4,324	175,410	2,271,014
	2021	386,538		3,381,283	656,300	405	—	4,424,526

(1) For Messrs. Wine and Barr, the amounts include deferrals into the CNH Industrial Deferred Compensation Plan. Salary amounts deferred in fiscal 2022 are shown in the Fiscal 2022 Nonqualified Deferred Compensation Table.

(2) For the non-U.S. based NEOs, their local currency base earnings were converted to USD using the full year average exchange rate for the given year. For each fiscal year, the table below shows the exchange rates (USD per local currency) used for each of the non-U.S. based NEOs:

Name	Local Currency	2022 Average Exchange Rate	2021 Average Exchange Rate	2020 Average Exchange Rate
Oddone Incisa	EUR	1.0530	1.1827	1.1422
Derek Neilson	GBP	1.2348	1.3759	1.2838
Stefano Pampalone	CHF	1.0481	1.0940	1.0670

(3) The amount in 2022 represents the first of three annual installments of a cash award which will total $7.578 million. This award replaces the CEO's forfeited long-term awards which were not covered under the CNH Industrial 2021-2023 LTI awards. The second and third installments will equal $2.355 million and $0.975 million, respectively, and are set to be paid in 2023 and 2024. The 2023 payment was made in fiscal 2023 and will be reported in the Company's executive compensation disclosure for fiscal 2023. The amount in 2021 was a cash sign-on paid upon hiring to compensate for the forfeited 2020 bonus from the prior employer.

(4) Represents the aggregate grant date fair value of PSUs and RSUs computed in accordance with FASB ASC Topic 718. The values in this column exclude the effect of estimated forfeitures. Assumptions made in the calculation of these amounts are included in Note 21, "Equity," of our Consolidated Financial Statements. For PSUs, the value at the grant date is based upon a target payout of the performance metrics over the three-year performance period. For the 2022 PSUs, if the highest level of performance were achieved, the value of the PSU awards as of the grant date would be as follows: $20,189,638 (Wine), $4,128,914 (Incisa), $3,639,516 (Neilson), $1,689,099 (Pampalone), and $1,653,464 (Barr). RSUs will vest three years after the grant date, at which time they may be settled in CNHI common stock. Refer to the Fiscal 2022 Grants of Plan-Based Awards table and Note 21 "Equity" thereto for a detailed description of the grant date fair value of our stock awards.

(5) As discussed in the CD&A under "CBP Outcomes" in the Annual Cash Incentive section, based on actual company performance, the NEOs earned a CBP award equal to 145.89% of the target opportunity. The awards for NEOs other than the CEO were adjusted for individual performance by a factor that ranged from 90% to 125.

(6) Mr. Wine deferred 50% of the earned CBP bonus into the CNH Industrial Deferred Compensation Plan. Bonus amounts deferred in 2022 are shown in the Fiscal 2022 Nonqualified Deferred Compensation Table and relate to the 2021 plan year bonus.

(7) Messrs. Incisa, Neilson and Pampalone's local currency cash bonuses were converted to USD using the full year average year exchange rate for the given year, as shown in the Base Salary section above.

(8) For Messrs. Wine and Barr, these amounts include above market interest earned on deferred compensation for each year.

(9) For Mr. Neilson, these amounts include the change in present value ("PV") of his defined benefit plan accumulated benefits. The U.K. CNH Pension Scheme was discontinued effective January 31, 2020 for additional service, but benefits increase annually for inflation as measured by the U.K. retail price index ("RPI"). The valuation changes for market conditions impacting the assumptions, primarily

the discount rate. The change in the PV of the Accumulated Benefit over 2021 (a reduction of £40,858) and 2022 (a reduction of £914,553) have been set to zero for disclosure purposes.

(10) All Other Compensation incurred in fiscal 2022 is detailed and explained in the following table:

NEO	Car ($)[a]	Personal Usage of Corporate Aircraft ($)[b]	Benefit Allowances ($)[c][d]	Tax Equalization ($)[e]	Retiree Healthcare ($)[f]	Defined Contribution Savings Plan Company Contributions ($)[g][h][i]	Total ($)
Scott W. Wine	16,075	124,947			131,808	204,000	476,830
Oddone Incisa	10,110		51,033			262,812	323,955
Derek Neilson	47,580					72,379	119,959
Stefano Pampalone	18,866		31,443	19,662		170,778	240,749
Kevin Barr					129,256	46,154	175,410

a. The NEOs are eligible for a leased car pursuant to the Company's car policy in each country in connection with the Company's arrangements with Stellantis NV. The values provided above reflect the value of each NEO's selected car, as selected from a list of Fiat Chrysler brands and per the respective NEO's countries' tax code. Mr. Barr does not utilize the lease car benefit that is available under the U.S. car policy.

b. Per Mr. Wine's employment agreement, he is entitled to limited personal usage of the Company's corporate aircraft.

c. Mr. Incisa received a seniority premium of 1/13th annual salary per the Italy Contract terms in recognition of his 25th work anniversary.

d. Mr. Pampalone receives an annual housing allowance of CHF 30,000, taxable to him, as part of a legacy agreement when his role transferred to Lugano, Switzerland from Italy in December 2012.

e. Mr. Pampalone's position is based in Lugano, Switzerland but he is also a resident of Italy for tax purposes. Per Mr. Pampalone's employment agreement, he is tax equalized to Switzerland taxes, meaning the Company pays any amount in respect of Italian taxes that would result in Mr. Pampalone's net taxes exceeding what he otherwise would have paid in Switzerland.

f. Messrs. Wine and Barr are eligible for post-employment supplemental retiree healthcare if they remain employed until age 55 and Mr. Wine has five years as CEO and Mr. Barr has three years as Senior Leadership Team member service, respectively. The amounts provided above represent the annual service costs of future potential benefits per the annual actuarial valuation.

g. All the NEOs participate in their countries' defined contribution plan for salaried employees, and in the case of Mr. Incisa, for Directors as defined in the *Contratto Collettivo di Lavoro per i Dirigenti*, ("Italy Contract"), the collective labor contract for Directors. The amounts provided above include the 2022 contributions the Company made into their respective savings plans.

h. For Messrs. Wine and Barr, company matching amounts above the qualified 401(k) plan limits are also included above and are also disclosed in the non-qualified deferred compensation table.

i. For Mr. Neilson, the amount listed above includes supplemental contributions over the tax qualified limits which are paid directly to Mr. Neilson as they are earned. The supplemental benefits are described in a later section regarding Pension Benefits. Of the total amount provided above, $15,212 covers the tax and gross-up on the portion that is tax-protected by the Company.

Fiscal 2022 Grants of Plan-Based Awards

The following table provides additional information regarding both the short-term and LTI awards and potential payout ranges for awards that were granted in fiscal 2022. The short-term incentive awards were granted under the 2022 CBP and the LTI awarded solely in equity awards consists of RSU and PSU awards under the CNH Industrial 2022-2024 LTI plan. The equity awards will deliver payout in future years subject to meeting the vesting and performance conditions. These awards are further described in the CD&A under "**2022 Compensation Decisions and Outcomes | Annual Cash Incentives | Equity Incentives**."

NEO & Position	Grant Date[1]	Estimated Future Payouts Under Non-Equity Incentive Plan Awards[2]			Estimated Future Payouts Under Equity Incentive Plan Awards[3] Number of Shares of Stock Units			All Other Stock Awards: Number of Shares of Stock or Units[4]	Grant Date Fair Value of Stock Awards[5]
		Threshold	Target	Maximum	Threshold	Target	Maximum		
Scott W. Wine *CEO*	4/28/2022	$1,020,000	$3,400,000	$6,800,000					
	5/20/2022				313,050	626,100	1,252,200	208,700	$11,511,892
Oddone Incisa *CFO & President, Financial Services*	4/28/2022	$199,026	$663,421	$1,326,841					
	5/20/2022				57,934	115,867	231,734	57,933	$2,470,857
Derek Neilson *President, Agriculture*	4/28/2022	$174,117	$580,389	$1,160,778					
	5/20/2022				51,067	102,133	204,266	51,067	$2,177,993
Stefano Pampalone *President, Construction*	4/28/2022	$157,217	$524,056	$1,048,113					
	5/20/2022				23,700	47,400	94,800	23,700	$1,010,805
Kevin Barr, *CHRO*	4/28/2022	$112,500	$375,000	$750,000					
	5/20/2022				23,200	46,400	92,800	23,200	$989,480

(1) For the non-equity incentive plan awards, the grant date is the date on which the Committee approved the range of estimated potential payouts for the 2022 performance year under the CBP. For equity awards, the grant date is the notification date for awards granted to the NEOs after the Committee approved the 2022-2024 LTI plan. For the non-U.S. based NEOs, the range of payout was converted to USD using the 2022 full year average exchange rates (see the related footnote in the Summary Compensation Table for the FX rates).

(2) The threshold, target and maximum columns show the range of potential payouts under the CBP for achievement of the Company's performance metrics. The metrics and range of performance goals for threshold, target and maximum are described in the CD&A in the "**2022 Compensation Decisions and Outcomes | Annual Cash Incentives**" section. If actual performance is between the threshold, target and maximum amounts, the earned CBP award will be prorated. For the NEOs other than the CEO, an individual modifier between 0% and 125% will be applied based on the CEO's assessment of their individual and team goals set in the Company's Performance Management Process ("PMP") for 2022.

(3) Represents the potential payout range of PSUs granted in May 2022. The number of shares that vest is based on the achievement of predetermined performance metrics' goals for the three-year period, January 1, 2022 through December 31, 2024. The metrics and range of performance goals for threshold, target and maximum are described in the CD&A in the "**2022 Compensation Decisions and Outcomes | Equity Incentives"** section. At the end of the three-year performance period, the actual award, delivered as CNH Industrial common stock, can range from 0% to 200% of the original grant. The awards may be forfeited for unfavorable individual performance at the sole discretion of the Committee. No dividend equivalents are earned during the vesting period.

(4) Represents the number of RSUs granted in May 2022. RSUs will vest on April 30, 2025, at which time they will be settled in CNH Industrial common stock. The awards may be forfeited for unfavorable individual performance at the sole discretion of the Committee. No dividend equivalents are earned during the vesting period.

(5) Amounts shown represent the grant date fair value of equity awards granted to the NEOs in fiscal 2022 calculated in accordance with FASB ASC Topic 718. The values in this column exclude the effect of estimated forfeitures. For both the PSUs and RSUs, fair value is the market value of the underlying stock on the grant date, excluding dividends. The valuation of the PSUs assumes a target payout.

For additional information on the valuation assumptions, refer to Note 21. "Equity" to the Consolidated Financial Statements.

Outstanding Equity Awards at Fiscal 2022 Year-End

The following table itemizes outstanding RSUs and PSUs held by the NEOs, for the fiscal year ending December 31, 2022. Valuation depends stock price and PSUs also depend on achievement/overachievement of set goals included in our strategic business plan.

NEO & Position	Grant Date	Stock Awards: Number of Shares or Units of Stock That Have Not Vested[(1)]	Market Value of Shares for Units of Stock That Have Not Vested[(2)]	Equity Incentive Plan Awards Number of Unearned Shares, Units or Other Rights That Have Not Vested[(3)]	Equity Incentive Plan Awards Market or Payout Value Unearned Shares, Units Other Rights That Have Not Vested[(4)]
Scott W. Wine *CEO*	01/04/2021	578,240	9,032,621	5,206,448	82,067,545
	05/20/2022	208,700	3,173,612	1,252,200	19,382,926
	Total	***786,940***	***12,206,233***	***6,458,648***	***101,450,471***
Oddone Incisa *CFO & President, Financial Services*	12/03/2020	155,497	2,429,001	1,038,996	16,377,356
	05/20/2022	57,933	880,963	231,734	3,587,033
	Total	***213,430***	***3,309,964***	***1,270,730***	***19,964,389***
Derek Neilson *President, Agriculture*	12/03/2020	131,557	2,055,037	1,087,182	17,136,896
	05/20/2022	51,067	776,554	204,266	3,161,853
	Total	***182,624***	***2,831,591***	***1,291,448***	***20,298,749***
Stefano Pampalone *President, Construction*	12/03/2020	56,753	886,532	480,260	7,570,182
	05/20/2022	23,700	360,396	94,800	1,467,418
	Total	***80,453***	***1,246,928***	***575,060***	***9,037,600***
Kevin Barr *CHRO*	04/01/2021	50,048	781,794	304,836	4,805,031
	05/20/2022	23,200	352,793	92,800	1,436,460
	Total	***73,248***	***1,134,587***	***397,636***	***6,241,491***

(1) Includes the outstanding RSUs that were granted in 2021 and 2020 that will vest in two remaining equal installments on 4/30/2023 and 4/30/2024. The RSUs granted in 2022 will vest on 4/30/2025. The RSUs will be settled in CNH Industrial common stock.

(2) The amounts shown represent the number of RSUs that have not vested multiplied by the FMV/unit of as of 12/31/2022.

(3) The outstanding PSUs that were granted in 2021 and 2020 vest on 02/28/2024, subject to the final determination of the three-year performance. The number of PSUs for those grants represents the expected performance payout based on achievement through 12/31/2022, which is at maximum, 200% of target. The PSUs granted in 2022 vest on 02/28/2025, subject to the final determination of the three-year performance, and the number of PSUs represents maximum payout as expected payout is over target. The share units will be settled in CNH Industrial common stock.

(4) The amount shown represents the number of PSUs that have not vested multiplied by the FMV/unit of as of 12/31/2022.

Stock Awards Vested at Fiscal 2022 Year-End

The following table shows the equity awards that vested during 2022 for the CEO. No vesting of awards occurred for the other NEOs in 2022.

NEO & Position	Vesting Date	Number of Shares Acquired on Vesting (#)[(1)]	Value Realized on Vesting ($)[(2)]
Scott W. Wine	4/30/2022	289,119	$4,157,531

(1) The amount reflects the vesting of the first of three annual installments of the 2021-2023 LTI RSU award.

(2) FMV at date of vesting was $14.38/share.

Pension Benefits

Mr. Neilson, who is located in the U.K., is the only NEO who participates in a qualified defined benefit pension plan that provides a benefit based on an individual's service and salary. Mr. Neilson participates in the CNH Pension Scheme (the "Scheme") which all salaried U.K. employees hired prior to December 31, 2002 participate in. The Scheme was closed to future service accruals from January 31, 2020.

The following table shows the present value of accumulated benefit using assumptions consistent with the Company's financial disclosure on the Scheme.

NEO & Position	Plan Nam	Number of Years of Credited Service[(1)]	Present Value of Accumulated Benefit[(2)]	Payments During Last Fiscal Year
Derek Neilson President, Agriculture	CNH Pension Scheme	22.8	£883,299	£ 0

(1) The years of credited service ended January 31, 2020 when the plan was discontinued for additional service.

(2) The present value of the accumulated benefit fluctuates year-over year for market conditions impacting the financial assumptions used, primarily the discount rate. The actual benefit is adjusted annually for inflation.

Plan Features of the Scheme	Definition/Description
Form of Benefit	Lifetime benefit begins at retirement based on individual's service and salary. Members have the option to exchange up to 25% of their pension for a tax-free cash lump sum.
Pensionable Service	Mr. Neilson is entitled to senior staff benefits under the Scheme and as such received pensionable service credit based on his actual service ("Pensionable Service").
Pensionable Pay	Final pensionable pay varies by service period, but Mr. Neilson is subject to capped pensionable pay levels.
Accrual Rates	For service up to March 31, 2012, the accrual rate is 1/55th of final pensionable pay for each complete year of service. The accrual rate applied for service from April 1, 2012 is 1/80th
Normal Retirement Date	The earliest date for an unreduced benefit is age 65.
Revaluation Prior to Retirement	Pensions earned in respect of Pensionable Service on or before April 5, 2009 will be revalued each year in line with the Retail Price Index ("RPI"), up to a maximum of 5.0% a year.
	Pensions earned in respect of Pensionable Service on or after April 6, 2009 will be revalued each year in line with the annual increase in the Consumer Prices Index ("CPI"), up to a maximum of 2.5% each year.
Increases in Payment	Pensions earned in respect of Pensionable Service completed before April 6, 1997 are not guaranteed to increase in payment, but they are reviewed annually by the Company and are increased at its discretion when financial resources permit.
	Pensions earned in respect of Pensionable Service completed between April 6, 1997 and April 5, 2005 will be increased automatically each year in line with the CPI, up to a maximum of 5% a year.
	Pensions earned in respect of Pensionable Service on or after April 6, 2005 will be increased automatically each year in line with the annual increase in the Consumer Prices Index ("CPI"), up to a maximum of 2.5% each year.

Defined Contribution Benefits

Each of the NEOs participates in a Company-sponsored defined contribution plan available to salaried employees in their country of employment. All such defined contribution plans are tax-qualified plans. The U.S. based NEOs, Messrs. Wine and Barr also participate in a nonqualified deferred compensation plan for limits over the tax-qualified plans, as described in the "Nonqualified Deferred Compensation" section. Mr. Neilson receives supplemental contributions over the tax-qualified limits which are paid to him directly for his own personal retirement savings.

The following table provides an overview of certain provisions of the defined contribution plans of the NEOs:

NEO & Position	Plan	Employee Contributions	Employer Matching Contributions	Supplemental Contributions
Scott W. Wine *CEO*	CNH Industrial U.S. Retirement Savings / CNH Industrial Deferred Compensation Plan	Up to 10% of base salary to receive maximum Company match In 2022, 20% deferral elected	Maximum 12% of base salary	401(k) elections continue over the qualified plan limits See Deferred Compensation Section
Oddone Incisa *CFO & President, Financial Services*	FIPDAF (Fondo Integrativo Previdenza Dirigenti Aziende Fiat)	3.5%	5.0% on uncapped earnings	None
	Termination Indemnity or TFR (Trattamento di Fine Rapporto) fund accumulates as earned Both per Italy Contract	None	7.41% (1/13.5th of salary) on regular, repetitive nature pay	None
Derek Neilson *President, Agriculture*	CNH Industrial Group Personal Pension Plan (the GPP)	None	£ 19,666 per U.K. fiscal year, tax protected, per 2012 agreement revalued each April for RPI	£ 27,306 per U.K. fiscal year, not tax protected; per 2020 pension subsidy agreement revalued each April based on U.K. Pension Earnings Cap
Stefano Pampalone *President, Construction*	LPP (2nd Pillar) pension	5% of base + bonus (capped beginning 2022);	21.5% combined employer and employee contributions up to max insured salary per Swiss law, 2022: CHF 860'400 (base + bonus)	None
Kevin Barr *CHRO*	CNH Industrial U.S. Retirement Savings / CNH Industrial Deferred Compensation Plan	Up to 10% of base to receive maximum Company match In 2022, 10% deferral elected	Maximum 12% of base salary	401(k) elections continue over the qualified plan limits See Deferred Compensation Section

Nonqualified Deferred Compensation Plan Benefits

In the U.S., CNH Industrial offers the Case New Holland Industrial Inc. 2005 Deferred Compensation Plan (the "CNH Industrial Deferred Compensation Plan") to certain U.S. salaried employees, including U.S. based NEOs, to provide longer-term savings opportunities on a tax-efficient basis for retirement and future income needs. Similar deferred compensation benefits are commonly offered by U.S. companies with which we compete for talent. Messrs. Wine and Barr participate in the CNH Industrial Deferred Compensation Plan.

Key Features of the CNH Industrial Deferred Compensation Plan

Contributions

Eligible participants may elect annually to tax defer up to 90% of their salary and eligible bonus and also elect supplemental contributions over the qualified limits under the CNH Industrial U.S. Retirement Plan (a 401(k) plan).

There are two types of supplemental contributions under the CNH Industrial Deferred Compensation Plan:

- Elective Deferrals, also called Excess 401(k) Contributions (made by employees)
- Employer Matching Contributions (Company matching contributions on Excess 401(k) contributions)

Elective Deferrals: Once the participant has reached the elective deferral limit in the CNH Industrial U.S. Retirement Savings Plan, supplemental tax-deferred contributions (Excess 401(k) Contributions) are credited to their CNH Industrial Deferred Compensation Plan account for the remainder of the year.

Employer Matching Contributions: Supplemental Employer Matching Contributions are made based on Excess 401(k) Contributions. The participant must complete a year of eligibility service to begin receiving matching contributions. The Company matches 200% of the first 2% of eligible pay and then 100% of the next 8% of pay that is contributed to the 401(k) plan and the CNH Industrial Deferred Compensation Plan, for a maximum match of 12% of eligible pay.

The first-year eligibility for Company matching contributions was waived for Mr. Wine, as part of his CEO employment agreement. The amounts were credited to Mr. Wine's CNH Industrial Deferred Compensation Plan account at the end of 2021. No exceptions were made for Mr. Barr or other NEOs in the CNH Industrial Deferred Compensation Plan.

The U.S. based NEO's 2022 deferral elections are noted in the footnotes to the Nonqualified Deferred Compensation table.

Earnings

CNH Industrial Deferred Compensation Plan accounts are credited with a rate of return based on the effective annual yield of 130% of Moody's Corporate Bond Index on all participant and company matching contributions. The earnings are also on a tax-deferred basis, thus maximizing the combined benefit of pre-tax deferrals and tax-deferred growth.

Because this rate of return was above the U.S. applicable federal rate ("AFR") each year, earnings in excess of the AFR are included on the Summary Compensation Table.

Vesting

- Participant deferrals and related earnings are 100% vested.
- Employer Matching Contributions vest after three years of continued service.

Forms of Payment

The CNH Industrial Deferred Compensation Plan provides flexible payment options for participants who remain employed as of a specific date (a "scheduled distribution") and/or after the participant retires or otherwise terminates their employment with the Company.

Retirement Accounts: Can be elected to be paid in a lump sum (after six months of termination for key employees such as the NEOs) or in annual installments over a period of up to 10 years.

- If installments are elected, that election will apply if the participant at the time of termination of employment reaches age 62 or reaches age 55 with 10 years of credited service.
- If the participant is not retirement eligible at the time of termination of employment with the company, accounts will be paid in a lump sum.
- If the participant becomes disabled while employed, accounts are treated as retirement payments, regardless of reaching retirement eligibility.

Scheduled Distributions: Can be paid in a lump sum or annual installments up to five years.

- The payment commencement year must be at least five years after the plan year when the schedule is established.

- All scheduled distribution subaccounts that commence in a year after the participant's termination of employment will be paid according to the participant's retirement election for that plan year.

Fiscal 2022 Nonqualified Deferred Compensation Table

NEO & Position	Plan	Executive Contributions in Last FY (1)	Registrant Contributions in Last FY (2)	Aggregate Earnings in Last FY (3)	Aggregate Withdrawals /Distributions in Last FY (3)	Aggregate Balance at Last FYE (4)
Scott W. Wine *CEO*	CNH Industrial Deferred Compensation Plan	3,713,846	188,308	224,450	—	5,382,469
Kevin Barr *CHRO*	CNH Industrial Deferred Compensation Plan	279,500	35,269	23,661	—	613,208

(1) The amounts in this column represent employee compensation deferrals that are included in the Fiscal 2022 Summary Compensation Table under the "Salary" and "Non- Equity Incentive Plan Compensation" columns. Mr. Wine deferred 20% of his salary in excess of tax-qualified 401(k) plan limits and additional 50% of salary and bonus, while Mr. Barr deferred 10% of his salary in excess of tax-qualified 401(k) plan limits and an additional 70% of his salary to the extent possible after covering FICA taxes and employee benefit contributions.

(2) The amounts in this column represent the Company's matching contributions during the fiscal year and are included in the Fiscal 2022 Summary Compensation Table under the "All Other Compensation" column, which also includes the Company matching contributions on deferrals under the tax-qualified 401(k) plan.

(3) The account balances earn 130% of the Moody's Bond Index. The annual rates of return by quarter in fiscal 2022 are shown in the following table.

2022 Quarters	130% of Moody's Bond Rate
Qtr 1	3.861%
Qtr 2	5.044%
Qtr 3	6.125%
Qtr 4	6.708%

(4)Of the aggregate balance, the amounts that were reported as compensation in the Summary Compensation Table in 2021, the first year of participation for Messrs. Wine and Barr, were $1,233,127 and $ 271,674, respectively.

Fiscal 2022 Potential Payments Upon Termination or Change in Control

Potential Payments upon Change in Control

The CNH Industrial N.V. Equity Incentive Plan (the "EIP") includes change in control provisions that apply to participants' outstanding equity awards and are intended to facilitate continuity of management in the event of a change in control (as defined in the EIP) ("CIC").

The Committee believes the EIP's CIC provisions:

- Encourage executives to act in the best interest of shareholders when evaluating transactions that, without a CIC arrangement, could be personally detrimental;
- Keep executives focused on running the business in the face of definitive, contemplated or rumored transactions;
- Protect CNH Industrial's value by retaining key talent despite potential corporate changes;
- Protect CNH Industrial's value after a CIC by including restrictive covenants (such as non-compete provisions) and a general release of claims in favor of CNH Industrial; and
- Help CNH Industrial remain competitive in its ability to attract and retain skilled executives.

Other Potential Payments Upon Other Qualifying Terminations

In addition, the NEOs and other Senior Leadership Team members have qualifying termination terms and conditions which include other qualifying terminations.

No severance payments were made to Executive or Non-Executive Directors.

Fiscal 2022 Potential Payments upon Termination Table (USD)

Payments in connection with a CIC or other qualifying termination are shown in the following table and described by each NEO below:

NEO & Position	CIC Provision	Salary(1)	Bonus	LTI	Welfare benefits	Total
Scott W. Wine *CEO*	Change in Control with Qualifying Termination	1,700,000	3,330,000	62,931,469	22,209	67,983,678
	Qualifying Termination - Other than Change in Control	1,700,000	3,330,000	62,276,770	22,209	67,328,979
Oddone Incisa *CFO & President, Financial Services*	Change in Control with Qualifying Termination	3,987,356	—	13,292,158	—	17,279,514
	Qualifying Termination - Other than Change in Control	3,987,356	—	—	—	3,987,356
Derek Neilson *President, Agriculture*	Change in Control with Qualifying Termination	1,130,421	—	12,980,966		14,111,387
	Qualifying Termination - Other than Change in Control	1,130,421	—	—	—	1,130,421
Stefano Pampalone *President, Construction*	Change in Control with Qualifying Termination	767,247	—	5,765,728	—	6,532,975
	Qualifying Termination - Other than Change in Control	767,247	—	—	—	767,247
Kevin Barr *CHRO*	Change in Control with Qualifying Termination	1,000,000	—	4,255,332	33,834	5,289,166
	Qualifying Termination - Other than Change in Control	1,000,000	—	—	33,834	1,033,834

(1) For Messrs. Incisa, Neilson, and Pampalone, their local currency potential payments for termination were converted to U.S. dollars using the December 31 year end exchange rate, as shown in the table below:

NEO	Local Currency	2022 year end
Incisa	EUR	1.0666
Neilson	GBP	1.2026
Pampalone	CHF	1.0832

CIC and a Qualifying Termination

In the event of a CIC and a Qualifying Termination within 24 months following the CIC, all terms and conditions of the outstanding equity awards shall be deemed met on RSUs and all performance criteria shall be deemed achieved at target levels and all other terms and conditions met on PSUs; and all RSUs and PSUs shall be paid out as promptly as practicable (but in no event later than 60 days following the termination event). If the awards are not assumed as part of a CIC, awards vest prior to the CIC. All performance criteria shall be deemed achieved at target levels and all other terms and conditions shall be considered met on PSUs.

Termination Provisions by NEO

Scott W. Wine

Per the employment agreement between Mr. Wine and CNH America LLC, effective January 4, 2021, a Qualifying Termination other than a change in control is defined as a termination of Executive's service as an employee of the Company and all CNH Industrial Group entities due to (A) a termination by the Company other than Cause, (B) the Executive's resignation with Good Reason, (C) the Executive's death, or (D) the Executive's Disability. Good Reason is without the Executive's consent a material diminution of salary, target bonus, and/or duties, responsibilities, and authority or a material breach of the employment agreement by the Company occurred, which the Executive gave the Company notice of termination within 90 days of the event constituting Good Reason and the Company did not cure such event within 30 days of the Executive's notice.

Under a Qualifying Termination, Mr. Wine would be entitled to the following:

- Cash severance equal to one (1) times the Executive’s annual base salary (gross), in accordance with DCGC for Executive Directors,
- Any unpaid Sign-On Cash Long-Term Award (shown in the Bonus column in the table),
- A portion of the outstanding equity awards will continue to vest based on the time employed during the vesting period and subject to the performance terms and conditions; provided, however, that with respect to the Initial RSU Award, no less than two-thirds of the Initial RSU Award (taking into account any portion of such award settled prior to the date of the Qualifying Termination) will continue to vest, and
- Company provided health care benefits and life, accidental death and dismemberment, and disability insurances continue for the duration of the severance period unless electing a lump sum payment.

Oddone Incisa

Under the statutory requirements of the Italy Contract, upon an involuntary termination without cause, Mr. Incisa would be entitled to 12 months of eligible pay for the notice period, plus 22 months of additional indemnity based on his service, age and having dependents. Eligible pay is defined based on annual base salary plus the average of last three years' cash bonus plus any taxable car benefit value.

In the case of any other termination, Mr. Incisa would be entitled to the following:

- Termination with cause: no payment
- Resignation: no payment
- Retirement: 22 months of eligible pay
- Death due to illness: 12 months of eligible pay

Derek Neilson

Upon an involuntary termination without cause, Mr. Neilson is entitled to certain benefits, as provided in the employment agreement between Mr. Neilson and CNH Industrial, effective March 22, 2019. Mr. Neilson will be entitled to receive cash severance equal to two times his annual base salary (gross), less any statutory and/or contractual severance payments, garden leave payment and/or pay in lieu of notice payments, except in the event that Mr. Neilson elects the Separation Payment with Early Retirement Pension as defined in the December 14, 2006 Enabling Agreement between CNH UK Limited and the Transport and General Workers' Union (the "TGWU").

A qualifying termination is defined as a termination by the Company of Mr. Neilson's service as an employee of the Company and all of its affiliates during Mr. Neilson's service on the Senior Leadership Team for any reason other than: (i) Mr. Neilson's death; (ii) Mr. Neilson's disability (as defined in the employment agreement); (iii) Mr. Neilson's resignation or retirement (other than with good reason within 24 months after a change of control, in each case as defined in the employment agreement); or (iv) for cause (as defined in the employment agreement).

Stefano Pampalone

Under the Swiss Salaried separation policy, upon an involuntary termination without cause, Mr. Pampalone would be entitled to 12 months of base pay for severance, three months' base pay for the notice period and two months' base pay for a seniority separation indemnity, for a total of 17 months' base pay. In the case of any other termination, Mr. Pampalone would be entitled to the following:

- Termination with cause: no payment
- Resignation: no payment
- Retirement or Death: two months seniority separation
- Disability: the Company may terminate employment after six months' absence and three months' notice period and two months seniority separation is payable.

Kevin Barr

Upon an involuntary termination without cause, Mr. Barr is entitled to certain benefits, as provided in the employment agreement between Mr. Barr and CNH America LLC, effective April 1, 2021. Mr. Barr will be entitled to receive cash severance equal to two times his annual base salary (gross). The Company-provided health care benefits and life, accidental death and dismemberment, and disability insurances continue for the duration of the severance period unless electing a lump sum payment.

A Qualifying Termination is defined as a termination by the Company of Mr. Barr's service as an employee of the Company and all of its affiliates during Mr. Barr's service on the Senior Leadership Team for any reason other than: (i) Mr. Barr's death; (ii) Mr. Barr's disability (as defined in the employment agreement); (iii) Mr. Barr's resignation or retirement (other than with good reason within 24 months after a change of control, in each case as defined in the employment agreement); or (iv) for Cause (as defined in the employment agreement).

Fiscal 2022 Pay Versus Performance ("PvP")

A key principle of the Company's compensation philosophy, incorporated throughout our compensation policies and programs, is pay for performance. CNH Industrial leverages variable pay elements tied to challenging Company goals that are aligned to the business strategy, while ensuring no adverse risk taking by offering appropriate and competitive fixed pay elements. The following tables, supporting footnotes and narrative and graphic disclosure aim to demonstrate the link between compensation actually paid, per the SEC definition, for our NEOs to the Company's performance, both in absolute terms and as compared to the market for the fiscal years 2022, 2021 and 2020.

Specifically, this PvP section discusses the relationship between:

- "Compensation actually paid" ("CAP") by the Company and the total compensation as disclosed in the Summary Compensation Table ("SCT");
- CAP and the Company's financial performance (TSR, GAAP Net Income, Adjusted Diluted EPS and Consolidated Revenues); and

- The Company’s TSR and peer group TSR.

Year	SCT Total for PEO 1 $[(1)]	CAP to PEO 1 $[(1)]	SCT Total for PEO 2 $[(2)]	CAP to PEO 2 $[(2)]	SCT Total for PEO 3 $[(3)]	CAP to PEO 3 $ [(3)]	Average SCT Total for non-PEO NEOs $[(4)]	Average CAP to non-PEO NEOs $[(4)]	Value of Initial Fixed $100 Invest based on:		Net Income $B[(7)]	Company Selected Measure: Adjusted Diluted EPS $[(8)]	Company Selected Measure: Consolidated Revenues $[(9)]
									CNHI TSR [(5)]	Peer Group TSR[(6)]			
2022	n/a	n/a	n/a	n/a	22,915,662	24,697,237	3,298,580	3,502,374	173	121	2,039	1.46	23,511
2021	n/a	n/a	n/a	n/a	44,804,287	108,388,604	2,782,334	11,403,669	178	130	1,801	1.28	19,496
2020	2,031,133	447,010	3,149,194	3,149,194	n/a	n/a	8,291,838	9,092,540	117	109	(198)	0.42	14,799

(1) These columns reflect the SCT and CAP for Hubertus Mühlhäuser, CEO until his departure on March 22, 2020.

(2) These columns reflect the SCT and CAP for Suzanne Heywood’s Acting CEO role in 2020 who assumed the role upon the departure of Hubertus Mühlhäuser.

(3) These columns reflect the SCT and CAP for our CEO, Scott W. Wine, who served as our Principle Executive Officer (PEO) in 2021 and 2022.

(4) These columns reflect the average SCT and CAP for Messrs. Incisa, Neilson, Pampalone and Barr for each respective year of 2022, 2021, and 2020.

(5) CNH Industrial TSR is indexed from 2019, source S&P Capital IQ.

(6) The Peer Group used for TSR comparisons reflects S&P 500 Industrial Index indexed from 2019, source S&P Capital IQ.

(7) Net Income per U.S. GAAP is a required metric for the PvP Table but is not currently used in our variable incentive plans as a performance measure.

(8) Adjusted Diluted EPS, a company selected metric, is a key metric in the LTI Plan and for investor guidance. This measure is a non-GAAP measure, and the reconciliation can be found on page 135.

(9) Consolidated Revenues is a key supplementary Company selected metric used, which is used in the CBP and for investor guidance. It represents the Consolidated Revenues for continuing operations in each year to show a comparable trend.

To calculate CAP for our PEOs and other NEOs the following adjustments were made to SCT total pay:

Adjustments	CEO serving as PEO				Other NEO Average		
	2022	2021	2020 (PEO 1)	2020 (PEO 2)	2022	2021	2020
Summary Compensation Table Total	**22,915,662**	**44,804,287**	**2,031,133**	**3,149,194**	**3,298,580**	**2,782,334**	**8,291,838**
Deduction for amount reported in “Stock Awards” column of the Summary Compensation Table	11,511,892	36,090,720			1,662,284	845,321	7,047,435
Addition of fair value at fiscal year (FY) end, of equity awards granted during the FY that remained outstanding	17,710,807	99,675,037			2,402,570	1,454,332	6,412,380
Addition of fair value at vesting date, of equity awards granted during the FY that vested during the FY							1,615,486
Addition of change in fair value at FY end versus prior FY end for awards granted in prior FY that remained outstanding	(8,574,871)				(536,492)	7,287,773	(123,259)
Addition of change in fair value at vesting date versus prior FY end for awards granted in prior FY that vested during the FY	4,157,531		(375,222)			724,552	
Deduction of the fair value at the prior FY end for awards granted in prior FY that failed to meet their vesting conditions			1,208,900				
Deduction for values reported in the “Change in Pension Value and Nonqualified Deferred Compensation Earnings” column of the Summary Compensation Table							58,426
Addition for the Service Cost attributable to services rendered during the FY							1,957
Compensation Actually Paid	24,697,237	108,388,604	447,010	3,149,194	3,502,374	11,403,669	9,092,540
Memo: Total Equity Value under CAP	13,293,467	99,675,037	(1,584,122)	—	1,866,078	9,466,657	7,904,607

CAP equity valuations are calculated on a basis consistent with grant date fair valuations, with assumptions updated to reflect the respective measurement dates.

The following tables summarizes the assumptions used for each fiscal year end valuation:

Performance Stock Units

Measurement Year	2022	2021	2020
Performance Factor	1.5 x for 2022-2024 2.0x for 2021-2023 PSU	2.0x for 2021-2023 PSU	1.0x for 2021-2023 PSU
Dividend Yield	$0.30	$0.13	—
Stock Price	$16.06	$19.43	$12.84
Fair Values			
2021-2023 PSU	$15.76	$18.83	$12.11
2021-2024 PSU	$15.48	N/A	N/A

Restricted Stock Units

Measurement Year	2022	2021	2020
Dividend Yield	$0.30	$0.13	—
Stock Price	$16.06	$19.43	$12.84
Fair Values			
2021-2023 RSU – Tranche 1	N/A	$19.13	$12.71
2021-2023 RSU – Tranche 2	$15.76	$18.83	$12.11
2021-2023 RSU – Tranche 3	$15.48	$18.53	$11.81
2022-2024 RSU – Cliff Vest	$15.21	N/A	N/A

Compensation Actually Paid Versus Company Performance

CNH Industrials' compensation framework emphasizes pay for performance, as evidenced in only 10% of the CEO's target direct compensation being fixed in the form of base salary. Given Mr. Wine's appointment as CEO in 2021, both the Summary Compensation Table pay and Compensation Actually paid figures comprise multiple elements of equity compensation, namely:

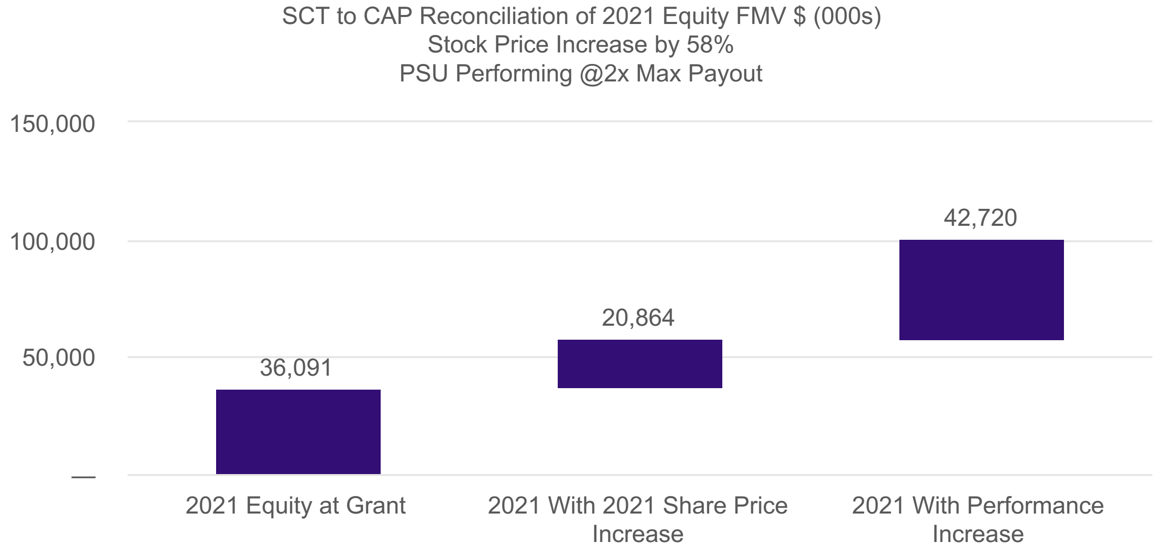
- A 2021 equity grant, comprising PSUs (75%) and RSUs (25%) was awarded at three-times the target annual value. As explained in the "New Hire Awards" section on page 110 these awards served multiple purposes including buying out Mr. Wine's forfeited awards on joining CNH Industrial, providing an initial equity grant as part of the 2021-2023 performance cycle, and lastly a one-time inducement for joining through performance-based PSUs. The three-times multiple was the framework approved by shareholders for Executive Directors and consistent with the awards to other NEOs as part of our transition to an annual equity grant framework in response to feedback from our shareholders.
- A 2022 equity grant with a target grant value of $12M, consistent with the annual target package approved by the HCC Committee on Mr. Wine's appointment and fixed for five years, again delivered in a combination of PSUs (75%) and RSUs (25%).

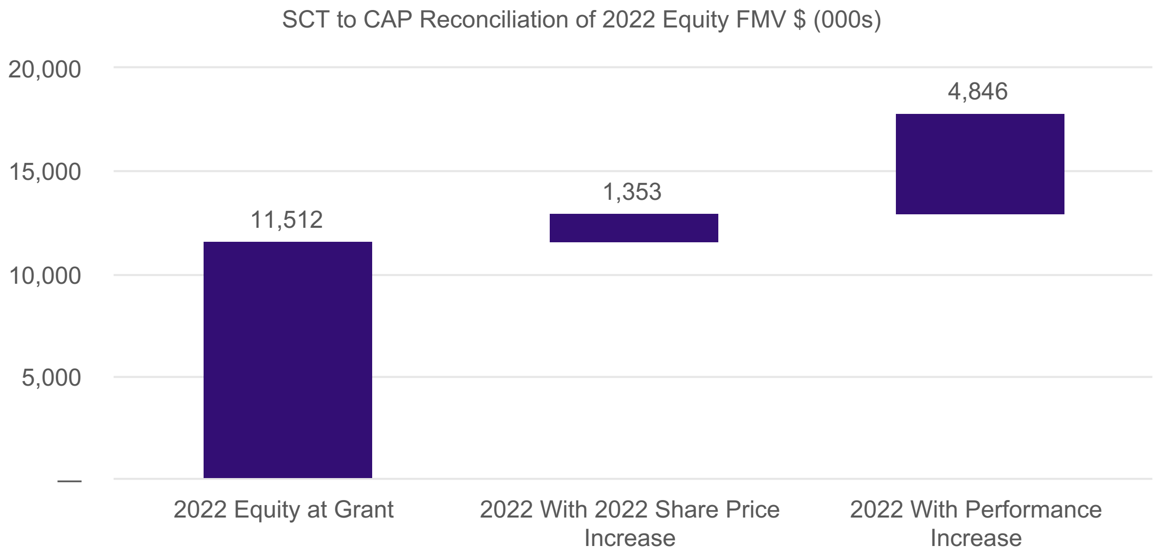
These awards are subject to vesting periods and the only realized value so far from these awards is from the first tranche of the 2021-2023 RSUs that vested in 2022 and must be held by the CEO until January 4, 2026.

- The remaining RSUs granted in 2021 and 2022 will vest in 2024 for the 2021 grant and in 2025 for the 2022 grant and will remain subject to a holding period for a further two years into 2026 and 2027. During this time, they remain subject to stock price exposure, maximizing alignment with shareholder interests.
- The PSUs granted in 2021 and 2022 will not vest until 2024 and 2025 respectively and are subject to quantifiable, objective performance conditions based on cumulative Adjusted EPS, Average Industrial ROIC and relative TSR. Following vesting, these shares will also remain subject to a two-year holding period. During these time horizons, the underlying awards will remain at-risk dependent on our performance, with the potential payout ranging from 0% - 200% of target, as well as being exposed to our stock price performance.

The table above calculates CAP in accordance with the required methodology, meaning that these outstanding awards have been valued prior to vesting based on fair values. The fair values take into account our performance to date, both in terms of stock price appreciation between the date of grant and our fiscal year ends and our projected payout factors relative to the performance measures applicable to the 2021 and 2022 PSUs. As a result of our performance in the first two years of Mr. Wine's tenure as CEO, the values on this basis have increased materially since the date of grant. The equity value included in the CAP calculation reflects our FMV/unit appreciation of 31% and 12% since the date of grant in 2021 and 2022, respectively, the 2021 PSUs projecting a payout factor of 200% of target after two of the three years in the performance period having elapsed, and the 2022 PSUs projecting a payout factor of 150% of target after one of the three years in the performance period having elapsed.

The charts below illustrate the component factors that result in the differences between the grant date fair values, and the measurement date fair values as included in our 2021 and 2022 CAP calculations for our CEO serving as PEO in those years.



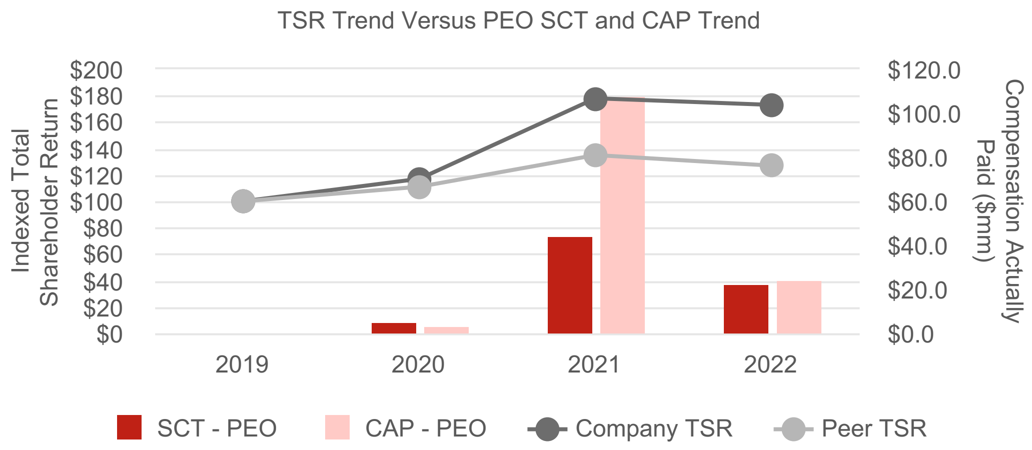


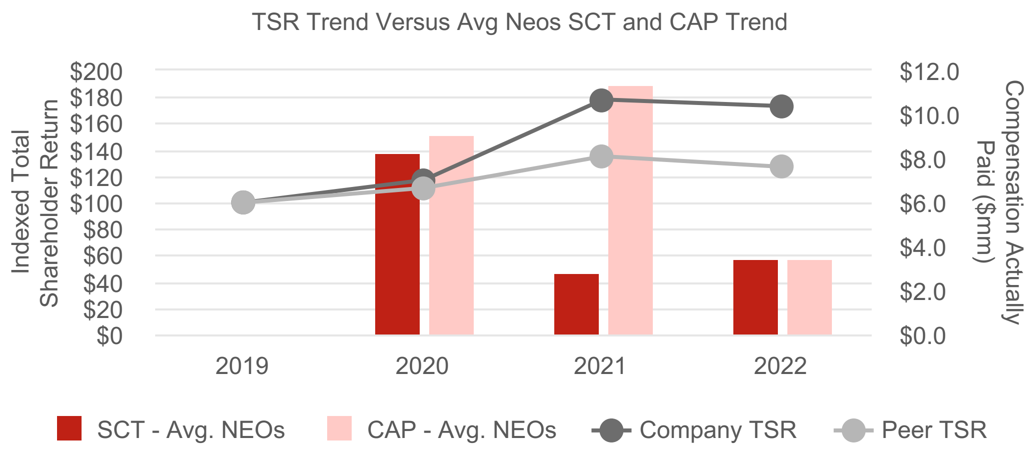
Compensation Actually Paid Versus Company Performance

The charts below illustrate the component factors that result in the differences between the grant date fair values, and the measurement date fair values as included in our CAP calculations.

PEO and Average NEO CAP versus TSR 2020-2022. The Company outperforms the peer in TSR.

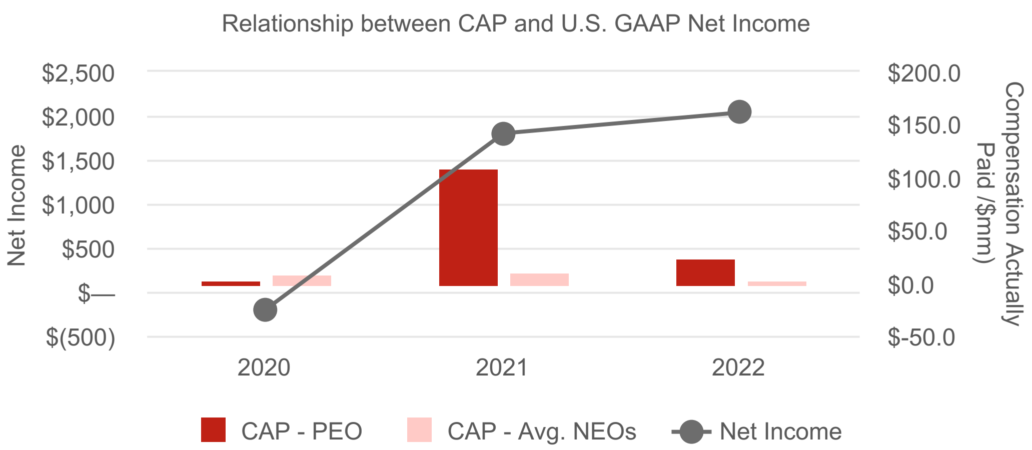
As shown below, CNH Industrial's stock performance has outperformed the peer group. This material increase during 2021 is a contributing factor to the increase in CAP during the same period relative to the grant date fair value included in SCT pay. The following charts show the TSR trend versus the PEO's SCT compensation and CAP and other NEO's SCT compensation and CAP, respectively.





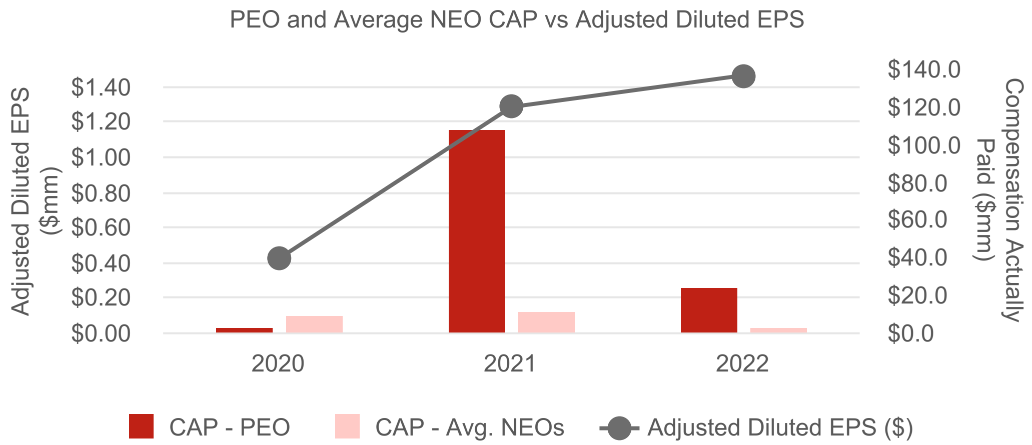
PEO and Average NEO CAP versus U.S. GAAP Net Income

The chart below shows the relationship between CAP and U.S. GAAP Net Income. The Company does not use U.S. GAAP Net Income in our compensation program; however, significant improvement in Net Income from 2020 contributed to stock price, and shareholder value and impacted long term incentive valuation.



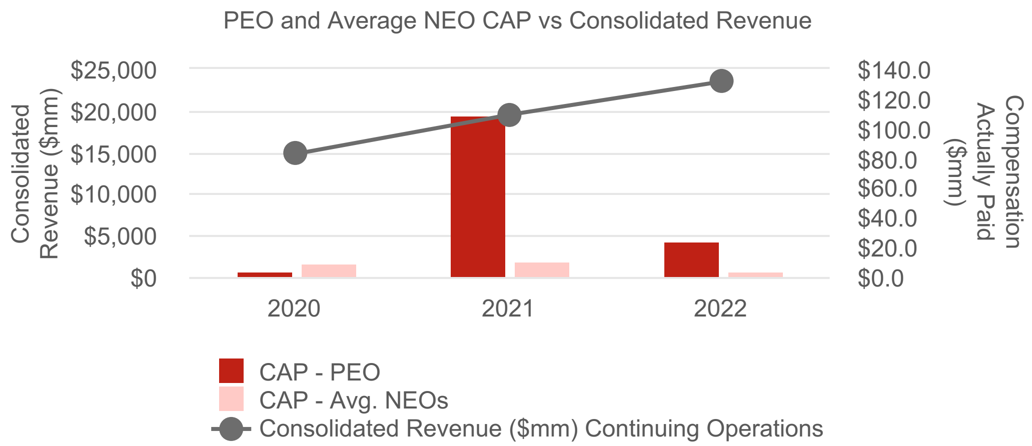
PEO and Average NEO CAP vs Adjusted Diluted EPS 2020-2022

The chart below shows the relationship between CAP and our company selected measure of Adjusted Diluted EPS, which features in our PSU performance measures for 2021 and 2022. There was a significant increase in Adjusted Diluted EPS during 2021, and a further increase in 2022 which contributed to the assessment of mid-cycle PSU payout factors in establishing the fiscal year end fair values for outstanding awards.



PEO and average NEO CAP versus Consolidated Revenues

The chart below shows the relationship between CAP and our supplementary performance measure of Consolidated Revenues. While this is not an explicit performance measure used to determine the vesting of PSUs, we believe it is an important driver of stock price performance and accordingly it will influence the value of outstanding equity awards.



Tabular List of Company Performance Measures

The following table alphabetically lists the measures we believe are most important in linking compensation actually paid to company performance during 2022.

(1) Adjusted Diluted EPS ($)
(2) Cash Conversion
(3) CNH Industrial TSR
(4) Consolidated Adjusted EBIT Margin (%)
(5) Consolidated Revenues ($)
(6) Industrial Return on Invested Capital ("Industrial ROIC %)

All of the identified financial measures are listed. Further details on these measures and how they feature in our compensation plans can be found in our Compensation Discussion & Analysis.

Fiscal 2022 Pay Ratio

As required by and pursuant to SEC 17 C.F.R. § 229.402, the Company's median employee total compensation as compared to Scott W. Wine, CEO, for 2022 has been calculated.

- The annual total compensation for our median employee was $ 47,208.
- The annual total compensation of our CEO as reported in the Summary Compensation Table was $ 22,915,662.
- The ratio of Mr. Wine's total compensation to our median employee's total compensation for fiscal year 2022 was approximately 485 to 1.

Our median employee was identified using the following methodology:

- We chose November 30, 2022 as the date to determine median employee
- We included all full-time, part-time, temporary, and seasonal employees globally (excluding the CEO) for a total of 39,883 employees, 26.2% being located in the USA and 73.8% outside the USA
- The Company did not exclude any employees when determining our employee population.
- We used annualized base pay as our consistently applied compensation measure to identify the median employee.

The CEO pay ratio reported above is a reasonable estimate calculated in a manner consistent with SEC 17 C.F.R. § 229.402 based on the methodologies and assumptions described above.

Compensation of Directors

The Board of Directors consists of a one-tier structure including Executive Directors (the Chair and the CEO roles) with managerial roles and Non-Executive board members with supervisory roles. The Board as a whole has collective responsibility for the strategy of the Company and is currently composed of nine Directors. The Board of Directors of the Company appointed the following internal committees: (i) an Audit Committee, (ii) an Environmental, Social and Governance Committee, and (iii) an HCC Committee. The Board also appointed Mr. Léo W. Houle Senior Non-Executive Director.

The CEO is also the primary NEO in this report whose compensation is disclosed in detail in the CD&A and corresponding compensation tables section. The Chair's compensation is disclosed in this section with the Non-Executive Directors, although her compensation is structured differently, as indicated below.

We have structured the compensation of our Non-Executive Directors with the following objectives in mind:

- Offer competitive compensation to attract and retain highly qualified leaders to guide and govern a large, global, complex organization;
- Recognize the substantial investment of time and expertise necessary for the directors to discharge their duties;
- Ensure that compensation is easy to understand and is regarded positively by our shareholders and employees; and
- Comply with Dutch corporate governance best practices and comply with Dutch and U.S. SEC regulations.

The compensation of our Non-Executive Directors is fixed and not dependent on the Company's financial results, in accordance with DCGC which sets governance practices and expectations for companies incorporated in the Netherlands. Accordingly, they receive their annual retainer fee, committee membership, and committee chair fee payments (collectively, "Fees") entirely in cash. Non-Executive Directors do not receive benefits upon termination of their service as directors, nor any other benefit, perquisites. No meeting fees are paid, but we do reimburse directors for expenses related to meeting attendance. For some countries, Non-Executive Directors and the Company are subject to social contributions on the fees earned.

Compensation is reviewed annually for the Chair and Non-Executive Directors by the HCC Committee.

Compensation for Non-Executive Directors

The compensation of Non-Executive Directors is governed by the CNH Industrial N.V. Directors' Compensation Plan within the scope of the CNH Industrial N.V. Remuneration Policy. The following chart describes amounts we pay to Non-Executive Directors:

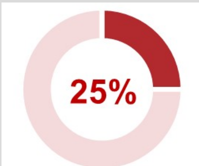
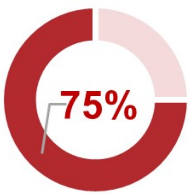
Non-Executive Director Compensation	Total
Annual cash retainer	$125,000
Additional retainer for Audit Committee member	$25,000
Additional retainer for Audit Committee Chair	$35,000
Additional retainer for member of other Board committees	$20,000
Additional retainer for Chair of other Board committees	$25,000

In 2019, upon the recommendation of the HCC Committee, the Board resolved to implement share ownership guidelines for the Non-Executive Directors. Applicable to Non-Executive Directors appointed or reappointed in April 2019 or thereafter, Non-Executive Directors are required to own Company shares in an aggregate amount of not less than 1x their annual retainer fee, which is $125,000, within 24 months of first appointment to the Board. The Non-Executive Directors are expected to hold Company shares as a long-term investment and, as such, are expected to hold their Company shares while on the Board and for an additional three months after their Board service terminates. All of the Non-Executive Directors have currently met the guideline except for the newly appointed Directors, Messes. Bastioli and Ms. Tamsons who have until December 23, 2023 to meet the guideline.

Compensation for the Chair

The Chair role, held by Suzanne Heywood, is an Executive Director managerial board role, whose compensation differs from the Non-Executive supervisory board members. The Chair is not a NEO and therefore her compensation is not included in the CD&A section of this report.

The following table summarizes the fundamental purpose and features of the Chair's compensation elements for 2022:

Element and Purpose	Chair	Key Features
Base Salary Provide competitive salary; provide sufficient fixed pay to discourage inappropriate risk-taking		• Fixed cash compensation • Target at median reference for relevant benchmark for Chair only role • Set taking into account role scope, market data, and an individual's skills and prior experience • Base salary for fiscal 2022 was set at $500,000 (fixed)
Long-term Equity Incentives (LTI) Encourage achievement of long-term strategic objectives; encourage share ownership and retention; motivate sustainable value creation; align Chair's interests with those of shareholders		• At-risk variable equity compensation • Target awards combine PSUs (75%) and RSUs (25%) • PSUs earned based on achieving quantifiable performance objectives, with the maximum number of shares that can be earned capped at 200% of target • Chair awards subject to a five-year holding period from the date of grant • Subject to the Recoupment Policy (clawback) • Prorated equity award vesting in the event of death, disability, or involuntary termination by the Company (not for cause). • The target equity grant value for fiscal 2022 was $1,500,000 • The associated maximum equity value, before share price movements are taken into account is $2,625,000 (assumes 75% of the award is earned at 200% of target and 25% of the award is earned at 100% of target)
Post-employment Benefits Provide future income security		• Retirement savings benefits comparable to UK-based salaried employees • No cash severance benefit
Other Benefits Attract and retain well-qualified executives		• Select U.K. Executive benefits including life, accident, and disability insurance. • Limited personal usage of car service for security
Share ownership guidelines Align Chair's interests with those of shareholders		• Acquisition and holding of CNHI common shares with a value of five-times base salary within five years of appointment to the Board. • Requirement already met

Equity Awards

The Chair participates in the same CNH Industrial LTI programs as the NEOs and select key leaders of the Company which are described in the CD&A section of this report. The following series of tables show the activity of the Chair's LTI awards for the fiscal year 2022.

Grants of Plan Based Awards (for fiscal year ending 12/31/2022)		**Estimated Future Payouts Under Equity Incentive Plan Share Unit Awards**(1)			**All Other Share Unit Awards (#)**(2)	**Grant Date Fair Value of Share Units ($)**(3)
	Grant Date	**Threshold (#)**	**Target (#)**	**Maximum (#)**		
Suzanne Heywood, Chair	5/20/2022	39,150	78,300	156,600	26,100	$1,439,676

(1) The PSUs cover the performance period January 1, 2022 through December 31, 2024 and vest in February 2025 subject to the achievement of predetermined metrics and goals. The metrics and goals are disclosed in the CD&A LTI section.

(2) The RSUs vest in full on 4/30/2025.

(3) The RSUs were granted at a FMV of $13.58/share or $354,438, and the PSUs were granted at a FMV of $13.86/share or $1,085,238

Outstanding Equity Awards at Fiscal Year End *(12/31/2022)*

	Stock award grant date	Number of Shares Units of Stock that Have Not Vested (#)	Market Value of Shares Units of Stock that Have Not Vested ($)[1]	Equity Incentive Plan Awards: Number of Unearned Shares Units that Have Not Vested (#)[2]	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares Units that Have Not Vested ($)[1][2]
Suzanne Heywood, Chair	12/3/2020	78,781	$1,230,629	709,032	$11,176,241
	5/20/2022	26,100	$396,892	156,600	$2,424,027

[1] The December 31, 2022 FMV/unit is the year end share price, $16.06, less the present value of dividends which varies by award. Unvested awards do not receive dividend equivalents.

[2] The performance assumption for the PSUs is maximum payout or 200% of target.

In the event of a qualifying termination, including involuntary termination not for cause, death, or disability, the Chair would be entitled to prorated vesting of the outstanding awards and subject to performance vesting conditions. The value of the potential payout of the outstanding awards as of December 31, 2022 upon the qualifying termination would be $8.5 million.

In the event of a CIC and a qualifying termination, all of the outstanding awards at target would vest. The value of the potential payout as of December 31, 2022 under this scenario would be $8.4 million.

Stock Awards Vested (during fiscal year 12/31/2022)

	Vesting Date	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)[1]
Suzanne Heywood, Chair	4/30/2022	39,391	$566,443

[1] FMV at date of vesting was $14.38/share.

Directors' Compensation Table:

The following table summarizes remuneration paid or awarded (in USD) to CNH Industrial N.V. non-NEO Directors for the years ended December 31, 2022 and 2021:

Name	Position	Year	Fees Earned or Paid in Cash[1]	Stock Awards[2]	All Other Compensation[3]	Total
Suzanne Heywood	Chair	2022	500,000	1,439,676	225,757	2,165,433
		2021	500,000	—	144,142	644,142
Catia Bastioli	Director	2022	128,993	—	—	128,993
Howard W. Buffett	Director	2022	165,000	—	—	165,000
		2021	128,792	—	—	128,792
Léo W. Houle	Senior Non-Executive Director	2022	170,000	—	—	170,000
		2021	132,694	—	—	132,694
John Lanaway	Director	2022	160,000	—	—	160,000
		2021	122,083	—	—	122,083
Karen Linehan	Director	2022	76,083	—	—	76,083
Alessandro Nasi	Director	2022	170,000	—	—	170,000
		2021	132,694	—	—	132,694
Vagn Sørensen	Director	2022	150,000	—	20,309	170,309
		2021	117,083	—	13,835	130,918
Åsa Tamsons	Director	2022	118,820	—	—	118,820

[1] All fees earned in fiscal year 2022 for services as a Director, including committee chairperson and member fees.

[2] Represents the aggregate grant date fair value of PSUs and RSUs computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation – Stock Compensation and does not correspond to the actual value that will be realized by the Chair. For fiscal 2022, the grant date was May 20, 2022, and the grant price was $13.58 for the 26,100 RSUs and $13.86 for the 78,300 PSUs granted.

[3] The amounts in All Other Compensation for the Chair include the following:

Suzanne Heywood	Personal Usage of Car Service	Executive Health Assessment	Defined Contributions	National Insurance	Total
2022	32,215	9,385	19,894	164,263	225,757
2021	6,656	11,007	21,101	105,378	144,142

For the Non-Executive Directors, the amounts include Pension and Similar benefits, specifically, social security and national insurance contributions, as required in their countries.

The following table discloses the 2021 remuneration paid or awarded (in USD) of CNH Industrial Board of Directors who terminated their CNH Industrial board service in 2021:

Name	Position	Year	Fees Earned or Paid in Cash (1)	Stock Awards	Pension & Similar Benefits	Total
Tufan Erginbilgic(1)(2)	Director	2021	128,792	—	15,388	144,180
Lorenzo Simonelli(1)	Director	2021	117,083	—	—	117,083
Jacqueline Tammenoms Bakker(3)	Director	2021	46,292	—	4,003	50,295
Jacques Theurillat(3)(4)	Director	2021	44,889	—	—	44,889

(1) Mr. Erginbilgic and Mr. Simonelli resigned from the CNH Industrial Board of Directors on December 23, 2021. Their final quarterly retainer and committee fees were paid on January 10, 2022 in the amount of $41,250 and $37,500, respectively.

(2) The Company was subject to UK national insurance contributions for Mr. Erginbilgic in 2021, as shown in the table under Pension & Similar Benefits.

(3) Ms. Bakker and Mr. Theurillat were members of the Board until April 15, 2021.

(4) The Company was subject to UK national insurance contributions for Ms. Bakker in 2021, as shown in the table under Pensions & Similar Benefits.

The following table summarizes remuneration paid or awarded (in USD) to Directors of CNH Industrial N.V. for roles held in subsidiaries of CNH Industrial N.V. for the year ended December 31, 2021:

Name	Position	Year(1)	Fees Earned or Paid in Cash	Stock Awards	All Other Compensation(2)	Total
Alessandro Nasi	Chairman Iveco Defence S.p.A.	2021	174,427	—	785	175,212

(1) In 2022, no roles in subsidiaries of CNH Industrial N.V. were held by Directors of CNH Industrial N.V.

(2) All Other includes a car allowance and contributions for healthcare insurance.

Disclosures according to Dutch Civil Code and Dutch Corporate Governance Code

Implementation of Remuneration Policy in 2022

The following table summarizes remuneration paid or awarded (in USD) for the years ended December 31, 2022 and 2021 to CNH Industrial N.V. Executive Directors (the “Summary Remuneration Table”):

Executive Directors	Position	Year(1)	Fixed Remuneration: Base Salary or Fees	Fixed Remuneration: Fringe Benefits(2)	Variable Remuneration: One-year Variable(3)	Variable Remuneration: Multi-year Variable(4)	Extra-ordinary Items(5)	Pension & Similar Benefits(6)	Total Remuneration	Proportion of fixed to variable remuneration(7)
Scott W. Wine	CEO	2022	1,700,000	176,866	4,960,300	23,504,170	4,248,000	586,393	35,175,729	7%
		2021	1,700,000	167,675	5,100,000	21,476,147	1,573,133	265,743	30,282,698	7%
Suzanne Heywood	Chair	2022	500,000	46,344	—	2,765,089	—	184,157	3,495,590	24%
		2021	500,000	20,778	—	2,517,515	—	126,479	3,164,771	40%

Notes:

(1) For the CEO, the amount includes a Company leased vehicle, health care and life insurances, and personal usage of aircraft. For the Chair, the amount includes personal use of a Company-provided car service, healthcare and life insurances and executive health assessment. Typical employee benefits for healthcare and life insurance are not included in the Summary Compensation Table.

(2) The 2022 amount represents the bonus approved for the performance year and paid in 2023. See the Incentives section in the CD&A for details of the payout and in the “***CEO’s 2022 Company Bonus Plan Performance Factor Calculations:”*** shown in the next table.

(3) The Chair does not participate in the annual cash incentive plan.

(4) The amounts represent each fiscal year’s share-based compensation (SBC) expense under applicable accounting standards relating to grants issued with a portion of the vesting period in the fiscal year. For 2022, the amount includes the 2022-2024 and the 2021-2023 LTI plans. The performance factor assumption is1.5 for the 2022-2024 LTI PSUs and 2.0 for the 2021-2023 LTI PSUs. This valuation differs from the equity value in the Summary Compensation Table under the U.S. SEC 10k regulations which applies the FMV at grant date of the awards granted during the fiscal year.

The following shows the SBC expense comparing the range of payout at target, assumed performance, and maximum:

Executive Director	Position	Year	At Target ($)	At Assumed Performance($)	At Maximum($)
Scott W. Wine	CEO	2022	14,018,559	23,504,170	24,452,627
		2021	12,998,327	21,476,147	21,476,147
Suzanne Heywood	Chair	2022	1,652,281	2,765,089	2,883,703
		2021	1,521,504	2,517,515	2,517,515

(5) The amount in 2022 represents the first of three annual installments of a cash award which will total $7.578 million. This award replaces the CEO's forfeited long-term awards which were not covered under the CNH Industrial 2021-2023 LTI awards. The second and third installments will equal $2.355 million and $0.975 million, respectively, and are set to be paid in 2023 and 2024. The 2023 payment was made in fiscal 2023 and will be reported in the Company's executive compensation disclosure for fiscal 2023. The amount in 2021 was a cash sign-on paid upon hiring to compensate for the forfeited 2020 bonus from the prior employer.

(6) For the CEO, the 2022 amount includes expense recorded for accruing retiree healthcare benefits and Company contributions into deferred retirement savings plans and U.S. Social Security and Medicare. For the Chair, the amount includes Company contributions for retirement savings and U.K. National Insurance. U.S. Social Security and Medicare and UK National Insurance contributions are not included in the Summary Compensation Table .

(7) The ratio is the percentage of fixed pay elements over the percentage of variable pay elements. Variable elements include variable incentives and extraordinary items.

CEO's 2022 Company Bonus Plan Performance Factor Calculations:

Measure[1]			Weight	Threshold	Target	Maximum	Actual	Actual vs. Target	Weighted Payout Factor
Consolidated Adjusted EBIT Margin %		a)	40%	9.60%	11.00%	13.70%	12.40%	112.70%	60.37%
		b)		$ 408,000	$1,360,000	$2,720,000	$2,052,600		
Consolidated Revenues $M (@CC)		a)	20%	$20,108	$22,981	$26,428	$24,185	105.20%	26.99%
		b)		$ 204,000	$ 680,000	$1,360,000	$917,670		
Cash Conversion Ratio %		a)	20%	59.50%	70.00%	105.00%	79.60%	113.70%	25.49%
		b)		$ 204,000	$ 680,000	$1,360,000	$867,670		
ESG KPI's	CO2 Emissions %	a)	10%	-23.80%	-25.00%	-28.80%	-30.60%	120.00%	20.00%
		b)		$ 102,000	$ 340,000	$ 680,000	$680,000		
	Accident Frequency Rate[2]	a)	10%	0.161	0.153	0.130	0.146	95.00%	13.04%
		b)		$ 102,000	$ 340,000	$ 680,000	$443,360		
Total		**a)**	**100%**						145.89%
		b)		**$1,020,000**	**$3,400,000**	**$6,800,000**	$4,961,300		
Final CBP Determination							**$4,961,300**		**145.89%**

(1) We make adjustments to U.S. GAAP financial measures for purposes of our financial performance measures to ensure the results properly reflect management contributions.

(2) Accident Frequency Rate has a declining goal value for maximum payout, so a value lower than target indicates that the achievement level exceeded target.

Year-Over-Year Remuneration

For year-over-year reference, as required by the Dutch Civil Code requirements, the following table shows the compensation change over each of the past five years (in US$ 000s):

Table - Remuneration over the last five reported financial years

Board of Directors	Position	2022 vs 2021	2021 vs 2020	2020 vs 2019	2019 vs 2018
Scott W. Wine[1]	CEO	4,893	30,283	—	—
Suzanne Heywood[2]	Acting CEO	—	(3,595)	3,595	—
Hubertus Mühlhäuser[2]	CEO	—	(2,107)	(7,335)	5,911
Richard Tobin[3]	CEO	—	—	—	(508)
Suzanne Heywood[3][4]	Chair	331	2,747	(339)	757
Sergio Marchionne[3]	Chair	—	—	—	(2,840)
Howard W. Buffett[5]	Director	36	129	—	—
Catia Bastioli[6]	Director	129	—	—	—
Nelda Connors[5]	Director	—	—	—	—
Tufan Erginbilgic[5][11]	Director	(144)	144	—	—
Mina Gerowin[7]	Director	—	—	(81)	(81)
Suzanne Heywood[3]	Director	—	—	—	(170)
Léo W.Houle [8]	Senior Non-Executive Director	37	48	(87)	2
Peter Kalantzis[7]	Director	—	—	(85)	(85)
John Lanaway	Director	38	47	(75)	—
Karen Linehan[6]	Director	76	—	—	—
Alessandro Nasi[9]	Director	37	48	—	85
Silke Scheiber[10]	Director	—	(84)	(98)	14
Lorenzo Simonelli[9][11]	Director	(117)	42	—	75
Vagn Sørensen[5]	Director	39	131	—	—
Guido Tabellini[7]	Director	—	—	(73)	(73)
Jacqueline Tammenoms Bakker[11]	Director	(50)	(42)	(95)	25
Åsa Tamsons[6]	Director	119	—	—	—
Jacques Theurillat[11]	Director	(45)	(37)	(97)	—

(1) In 2021, Scott W. Wine joined the Company as CEO, effective January 4, 2021 and was appointed Executive Director of the Board at the April 15, 2021 AGM. The increase in 2022 is primarily the 2022-2024 LTI awards expensed for 2022 and the first of three annual installments of a cash hiring incentive which replaces in part the CEO's forfeited long-term awards of his prior employer.

(2) Effective March 22, 2020, Hubertus Mühlhäuser stepped down from the CEO role and Suzanne Heywood assumed the Acting CEO duties in addition to her Chair duties for the remainder of 2020.

(3) During 2018, the Company's Executive Directors changed. At the end of April, the former CEO, Richard Tobin, left the Company voluntarily. On September 17, 2018, Hubertus Mühlhäuser, assumed the position of CEO. On July 21, 2018, the Board of Directors, having been apprised of the deteriorating health situation of its Chairman Sergio Marchionne, appointed Suzanne Heywood as Chair with immediate effect. Shareholders appointed Suzanne Heywood and Mr. Mühlhäuser as Executive Directors at the November 29, 2018 Extraordinary General Meeting.

(4) The increase in 2022 for the Chair is primarily the valuation of 2022-2024 LTI awards expensed for 2022.

(5) The following Directors were appointed their Board of Directors roles in 2020: Mr. Sørensen, Mr. Buffett, and Mr. Erginbilgic. Ms. Connors stepped down from her Board of Directors roles in 2020.

(6) The following Directors were appointed their Board of Directors roles in 2022: Ms. Bastioli, Ms. Linehan, and Ms. Tamsons.

(7) The following Directors stepped down from their Board of Directors' roles in 2019: Ms.Gerowin, Mr. Kalantzis, and Mr. Tabellini.

(8) Mr. Houle was appointed Senior Non-Executive Director in 2017.

(9) Mr. Nasi and Mr. Simonelli were appointed Board of Directors in 2019.

(10) Ms. Scheiber was appointed to the Board of Directors in 2016 and stepped down in 2020.

(11) The following Directors stepped down from their Board of Directors' roles in 2021: Ms. Tammenoms Bakker, Mr. Theurillat, Mr. Erginbilgic and Mr. Simonelli.

CNH Industrial confirms the following:

- No severance payments were made to Executive or Non-Executive Directors;
- No variable remuneration has been clawed-back, and no variable remuneration has been adjusted retroactively from Executive or Non-Executive Directors; and
- No personal loans have been granted to Executive or Non-Executive Directors and no guarantees have been granted in favor of any Executive or Non-Executive Directors.

Share Awards

The following table summarizes unvested performance share units and restricted share units held by Executive Directors as of December 31, 2022:

Table - Shares awarded or due to the Directors for the reported financial year

						Information regarding the reported financial year							
	The main conditions of share unit plans					Opening Balance	During the Year			Closing Balance			Accounting Expense [1]
						Shares Awarded at the Beginning of the Period	Shares Awarded		Shares Vested				
Name of Director, Position	Award Name	Performance Period	Award Date	Vesting Date	End of Holding Period		FMV at Grant (US$000s)	Shares Forfeited	FMV at Vest (US$000s)	Share Subject to a Performance Condition	Shares Unvested	Shares Subject to a Holding Period	US$000s
Scott W. Wine, CEO	2022-2024 PSU[2]	01/01/22 - 12/31/24	05/20/22	02/28/25	05/20/27	—	626,100	—	—	626,100	626,100	626,100	
							8,678						2,845
	2022-2024 RSU[2]	01/04/22 - 04/30/25	05/20/22	04/30/25	05/20/27	—	208,700	—	—	—	208,700	208,700	
							2,834						584
	2021-2023 PSU[2]	01/01/21 - 12/31/23	01/04/21	02/28/24	01/04/26	2,603,224	—	—	—	2,603,224	2,603,224	2,603,224	17,074
	2021-2023 RSU[2]	01/04/21 - 04/30/24	01/04/21	04/30/22	01/04/26	289,119	—	—	289,119	—	—	289,119	3,000
									4,158				
				04/30/23		289,120	—	—	—	—	289,120	289,120	
				04/30'24		289,120	—	—	—	—	289,120	289,120	
Suzanne Heywood, Chair	2022-2024 PSU[2]	01/01/22 - 12/31/24	05/20/22	02/28/25	01/04/26		78,300	—	—	78,300	78,300	78,300	
							1,085						356
	2022-2024 RSU[2]	01/04/22 - 04/30/25	05/20/22	04/30/25	01/04/26		26,100	—	—	—	26,100	26,100	
							354						73
	2021-2023 PSU[3]	01/01/21 - 12/31/23	12/14/20	2/28/24	12/14/25	354,516	—	—	—	354,516	354,516	354,516	1,988
	2021-2023 RSU[3]	12/14/20 - 4/30/24	12/14/20	4/30/22	12/14/25	39,391	—	—	39,391	—	—	39,391	
									566				
				4/30/23		39,390	—	—	—	—	39,390	39,390	348
				4/30/24		39,391	—	—	—	—	39,391	39,391	
		Total Shares:				**3,943,271**	**939,200**	**—**	**328,510**	**3,662,140**	**4,553,961**	**4,882,471**	
		Total FMV ($000s)					**12,952**		**4,724**				**26,269**

Notes:

[1] The accounting valuation of share-based compensation expense is the value reported for equity awards in the Summary Remuneration table.

[2] The LTI plan includes the legacy 2021-2023 performance cycle awards and the 2022-2024 performance cycle awards which consists of a Company performance component, with potential vesting of PSUs, and an individual performance component, with potential vesting of RSUs. The PSUs for both cycles vest at the end of their respective performance cycle, while the legacy RSUs vest in three equal annual installments over the performance cycle and the 2022-2024 RSUs cliff vest on April 30, 2025.

In accordance with the DCGC, the Committee discussed with the CEO and the Chair their respective 2022 compensation, and each are fully aligned with the compensation awarded.

Internal Pay Ratios

When setting the Executive Directors' compensation, the Committee considers both the appropriate external benchmark as well as the internal pay ratios within the Company. Although the primary consideration is market competitiveness to attract and retain highly qualified senior executives in a large, global, complex organization, a baseline internal comparison is set, and trends are tracked. The trend in executives' compensation is evaluated in relation to the trend in employees' compensation.

In line with the guidance under the DCGC, the CEO Pay ratio and trend is disclosed in the annual executive compensation disclosure of the annual report. The basis of the pay ratio comparison uses the prevalent Dutch methodology of average employee compensation, including all labor costs. Consistent with prior years, CEO compensation and average employee compensation use the accounting value of equity awards. Under this methodology, the value of an equity award is allocated over the period between grant and vesting.

The CEO's pay in 2022 and 2021 reflect the pay of Scott W. Wine, hired on January 4, 2021 with a highly competitive pay package and hiring incentive awards to attract him to join CNH Industrial and leave a highly paid CEO position at this former employer. Additionally, the incentive included one-time highly leveraged performance-based equity awards to align him with CNH Industrial shareholders and provide upside potential reward linked to performance for the risk he assumed changing from a known company and industry to a much larger and globally diverse and complex company in a different industry. His performance-based equity awards have experienced above target performance under Mr. Wine's leadership across each of the metrics, Adjusted Diluted EPS and Industrial ROIC and relative TSR. The 2022 value of the equity awards reflects PSUs achieving the maximum, 2x target, for the 2021-2023 LTI PSUs and 1.5x target for the 2022-2024 LTI PSUs. Additional explanation of the CEO's pay in 2022 and 2021 and the strong link to Company and share price performance can be referenced in the CD&A and the Pay versus Performance section of this report.

The average employee compensation is the total personnel costs reported in the Annual Report, which excludes Executive Director compensation, divided by average year headcount reported in the Annual Report, less the CEO who is included in the total average year headcount. Over the five-year period, the average employee compensation has been impacted, due to changing business conditions, by shifts in the labor market in the different geographies.

The five-year trend of CEO pay versus average employee compensation is shown in the following table:

	2022	2021	2020	2019	2018	5-year trend
CEO compensation ($000s)[1]	35,176[1]	21,805[2]	5,702[3]	6,632[4]	8,738[5]	403%
Average Employee compensation[6] ($000s)	74.3	69.7	60.2	60.5	64.3	116%
CEO Pay Ratio	473	313	95	110	136	348%

Notes

(1) The compensation for the CEO is as reported in the Summary Remuneration table per the DCGC and Dutch Civil Code unless otherwise noted in subsequent footnotes. In 2022, the CEO's compensation includes the value of the CEO's performance-based equity awards with an expected 2x payout for the 2021-2023 LTI PSUs and 1.5x payout for the 2022-2023 LTI PSUs and the extraordinary compensation of $4.2 million related to the first installment of three of the hiring cash incentive which replaces the forfeited equity not covered under the 2021-2023 LTI awards. Mr. Wine's target total direct compensation which is fixed for five years is $17.1 million, which would result in a CEO pay ratio of 230 and maximum payout opportunity of $29.5 million, resulting in a ratio of 397.

(2) The CEO, hired January 4, 2021, received a signing incentive to leave his prior employer before his 2020 bonus payout. The ratio excluding that one-off payment is 290. The equity expense included in the total CEO compensation is assuming target payout for the company performance share units. The actual payout is at the end of the performance period and will be determined in February 2024. The ratio assuming maximum payout for the company performance share units is 434.

(3) For 2020, data incorporates the compensation of the former CEO and the Acting CEO, as was reported in the Summary Remuneration table.

(4) For 2019, CEO compensation is consistent with the Summary Remuneration table include in the 2019 report, excluding the 2019 accounting value of the CEO's one-time "Make Whole" award, which vested in September 2019. Including the 2019 Make Whole accounting value of $2.8 million, the CEO pay ratio would be 156. The 2019 CEO Pay Ratio calculation includes $2.9 million in accounting value related to the 2017-2019 PSUs that did not meet the threshold achievement for any payout and have been forfeited. The CEO Pay Ratio excluding the forfeited PSU award would be 62.

(5) For 2018, a targeted full year compensation is shown for year-over-year comparison.

(6) Average Employee compensation is derived from personnel costs reported under IFRS, which does not include personnel costs for the Executive Directors, divided by the average headcount. Personnel costs as disclosed with the IFRS Annual Report for 2022, 2021, 2020, 2019, and 2018 are $2,976 million, $4,695 million, $3,820 million, $3,909 million and $3,591 million respectively. Average number of employees as disclosed within the IFRS Annual Report for 2022, 2021, 2020, 2019, and 2018 are 38,966, 67,318, 63,482, 64,596 and 64,045 respectively.

For perspective, the Company's key performance metrics for the same past five years are shown below

Selected Performance Data[1][2]	2022	2021	2020	2019	2018	5-year trend
Net Income – US GAAP ($ million)	2,039	1,801	(198)	797	1,099	186%
Adjusted Diluted Earnings/(Loss) per share ($)	1.46	1.28	0.42	0.64	0.8	183%
Absolute Total Shareholder Return - Indexed from 2017[3]	146	150	99	84	69	146%

Notes:

(1) Includes non-GAAP metrics derived from financial information prepared in accordance with U.S. GAAP.

(2) Figures from 2019 to 2022 reflect the continuing operations scope of CNH Industrial, that is excluding the Iveco Group businesses results. The 2018 figures reflect the entire scope of CNH Industrial in 2018.

(3) Using dividend-adjusted closing prices at the ending of each year and indexing from a 2017 year end baseline (i.e., index at 100).

Under the leadership of the current CEO, the 2022 and 2021 operational results on numerous key metrics hit record levels and shareholders earned a high cumulative two-year return as well. In the Pay versus Performance section, additional metrics are shown, including a comparison to the relative TSR of the S&P 500 Industrial index, a group of about industrial peers. As that section illustrates, CNH Industrial's performance trend on many fronts has been stellar.

The linkage of CEO pay to performance is very strong with 73% tied to the CEO's compensation at target and 84% at maximum. The investment in securing Mr. Wine's expertise, vision and leadership has already paid off through the increased value delivered to shareholders and stakeholders.

Non-GAAP Measures Reconciliation

Reconciliation of Adjusted net income and Adjusted income tax (expense) benefit to Net income/(loss) and Income tax (expense) benefit and calculation of Adjusted diluted EPS and Adjusted ETR under US-GAAP

	Years ended December 31,		
($ million)	**2022**	2021	2020
Net income (loss) - Continuing Operations	**$ 2,039**	$ 1,801	$ (198)
Adjustments impacting Income/(loss) before income tax (expense) benefit and equity in income of unconsolidated subsidiaries and affiliates (a)	(41)	97	903
Adjustments impacting income tax (expense) benefit (b)	6	(151)	(118)
Adjusted net income/(loss)	**$ 2,004**	$ 1,747	$ 587
Adjusted net income/(loss) attributable to CNH Industrial N.V.	1,994	1,738	573
Weighted average shares outstanding - diluted (million)	1,362	1,361	1,351
Adjusted diluted EPS ($)	**$ 1.46**	$ 1.28	$ 0.42
Income/(loss) from Continuing Operations before income tax (expense) benefit and equity in income of unconsolidated subsidiaries and affiliates	2,682	1,939	(179)
Adjustments impacting Income/(loss) before income tax (expense) benefit and equity in income of unconsolidated subsidiaries and affiliates (a)	(41)	97	903
Adjusted income/(loss) from Continuing Operations before income tax (expense) benefit and equity in income of unconsolidated subsidiaries and affiliates	**$ 2,641**	$ 2,036	$ 724
Income tax (expense) benefit	(747)	(229)	(85)
Adjustments impacting Income tax (expense) benefit (b)	6	(151)	(118)
Adjusted income tax (expense) benefit (B)	**$ (741)**	$ (380)	$ (203)
a) Adjustments impacting Income/(loss) from Continuing Operations before income tax (expense) benefit and equity in income of unconsolidated subsidiaries and affiliates:			
Restructuring expenses	31	35	49
Loss on repurchase of notes	—	8	—
Pre-tax gain related to the 2018 modification of a healthcare plan in the U.S.	(90)	(119)	(119)
Pre-tax gain related to the 2021 modification of a healthcare plan in the U.S.	(24)	(5)	—
Pre-tax settlement charge related to the purchase of annuity contracts to settle a portion of U.S. pension obligations	—	—	125
Goodwill impairment charge	—	—	585
Other assets impairment charges	—	—	255
Asset write-down: Industrial Activities, Russia Operations	43	—	—
Asset write-down: Financial Services, Russia Operations	17	—	—
Spin related costs	25	133	—
Gain on sale of real estate	(65)	—	—
Monarch Tractor investment fair value adjustment	—	(12)	—
Other discrete items	—	57	8
Activity of the Raven Segments held for sale, including loss on sale of the Aerostar and Engineered Films Division	22	—	—
Total	**$ (41)**	$ 97	$ 903
b) Adjustments impacting Income tax (expense) benefit:			
Tax effect of adjustments impacting Income (loss) before income tax (expense) benefit and equity in income of unconsolidated subsidiaries and affiliates[1]	61	10	(106)
Adjustment to valuation allowances against deferred tax assets	(55)	(161)	(12)
Total	**$ 6**	$ (151)	$ (118)

[1] In 2022, this line includes $12 million of increase to the valuation allowances on historical deferred tax assets as a result of the suspension of operations in Russia.

MAJOR SHAREHOLDERS

The following table shows the number of CNH Industrial common stock beneficially owned as of January 31, 2023, (unless otherwise indicated) by each person who, to our knowledge, beneficially owns more than 3% of our common stock.

Name of Beneficial Owner	Number of Common Shares Beneficially Owned	Percentage owned (d)
EXOR N.V. (a)	366,927,900	27.3 %
Harris Associates L.P. (b)	91,391,645	6.8 %
BlackRock, Inc.(c)	59,893,991	4.5 %

(a) In addition, EXOR N.V. holds 366,927,900 special voting shares; EXOR N.V.'s beneficial ownership in CNH Industrial is 42.8%, calculated as the ratio of (i) the aggregate number of common and special voting shares owned by EXOR N.V. and (ii) the aggregate number of outstanding common shares and special voting shares of CNH Industrial. There were 1,715,313,924 outstanding common shares and special voting shares at January 31, 2023.

(b) Based on a Schedule 13G/A (Amendment No. 3) filed with the SEC on February 14, 2023, Harris Associates L.P.'s reported beneficial ownership in CNH Industrial at December 31, 2022 is 5.3% calculated as the ratio of (i) the number of common shares owned by Harris Associates L.P. and (ii) the aggregate number of outstanding common shares and special voting shares of CNH Industrial. Based on a filing made by Harris Associates L.P., with the public register of substantial holdings and gross short positions held by the AFM on 24 September 2021, Harris Associates reported having indirect (real) voting rights over 87,178,442 common shares.

(c) Based on the filing made by BlackRock, Inc with the public register substantial holdings and gross short positions held by the AFM on January 9, 2023, BlackRock, Inc reported holding (i) indirectly (real) 49,859,946 common shares with 59,844,409 voting rights and (ii) indirectly (potential) 6,566 common shares with 49,582 voting rights. BlackRock, Inc.'s beneficial ownership in CNH Industrial is 3.5%[*] calculated as the ratio of (i) the number of common shares owned by BlackRock, Inc. and (ii) the aggregate number of outstanding common shares and special voting shares of CNH Industrial.

(*) The amount does not include potential holdings where BlackRock, Inc. has a contractual right to indirectly acquire common shares potentially enabling the increase of common share and voting rights.

(d) There were 1,344,240,971 common shares outstanding as of January 31, 2023. All these common shares have the same rights and entitlements. The "Percent of Common Shares" was calculated by using the publicly disclosed number of owned common shares as the numerator, respectively, and the number of the Company's outstanding common shares as the denominator.

As of January 31, 2023, EXOR N.V.'s voting power in CNH Industrial as a result of the loyalty voting program was approximately 42.8%. EXOR N.V., through its voting power, has the ability to significantly influence the decisions submitted to a vote of our shareholders, including approval of annual dividends, the election and removal of directors, mergers or other business combinations, the acquisition or disposition of assets and issuances of equity and the incurrence of indebtedness.

Our common shares are listed and can be traded on either the NYSE in U.S. dollars or the Euronext Milan in euro. The special voting shares are not listed on the NYSE or the Euronext Milan not tradable and transferable only in very limited circumstances and only together with the common shares to which they are associated.

Our shares may be held in the following three ways:

- If a shareholder holds common shares directly in his or her own name in the United States, such shares are held in registered form in an account at Computershare Trust Company, N.A., our transfer agent;
- Interests in our common shares that are traded on the NYSE are held through the book-entry system provided by The Depository Trust Company ("DTC") and are registered in the register of shareholders in the name of Cede & Co., as DTC's nominee. Interests in the common shares traded on the Euronext Milan are held through Monte Titoli S.p.A., the Italian central clearing and settlement system, as a participant in DTC;
- Special voting shares and the associated common shares are registered in the books and records of the Company's transfer agents in the United States and Italy. As noted above, the special voting shares and associated common shares are not tradable. The associated common shares are only tradable after they are de-registered from the loyalty voting program at which time the associated special voting shares are surrendered to the Company. There is no possibility to hold a special voting share without holding an associated common share.

Other Shareholder Matters

Taxation

Nothing within this section should be considered or relied upon as tax advice. Rather, all prospective purchasers and holders of CNH Industrial stock, regardless of their country of residency, should consult their own tax advisors regarding the U.S. federal, state, local and foreign tax consequences of owning and disposing of CNH Industrial stock based upon their particular circumstances.

Taxation of Loyalty Voting Program

The Company maintains a Loyalty Register which provides for special voting shares to reward long-term ownership of the Company's common shares and to promote stability of its shareholder base, as further defined in Note 21 to the Consolidated Financial Statements.

The tax consequences to Shareholders of owning special voting shares are uncertain because no statutory, judicial or administrative authority directly discusses how the receipt, ownership or disposition of special voting shares should be treated for tax purposes.

U.S. Passive Foreign Investment Company (PFIC)

The U.S. federal income tax rules provide specific tax rules applicable to shareholders in companies that meet the definition of a passive foreign investment company ("PFIC") for U.S. federal income tax purposes. CNH Industrial believes that shares of its stock are not stock of a PFIC, but this conclusion is a factual determination made annually and thus may be subject to change. U.S. Holders of our ordinary shares may suffer adverse tax consequences if we are characterized as a passive foreign investment company.

Material U.K. Tax Consequences

This section summarizes the material U.K. tax consequences of the ownership of CNH Industrial common shares for U.S. Shareholders. It is intended only as a general guide and does not purport to be a complete analysis of all potential U.K. tax consequences of holding CNH Industrial common shares. This section is based on current U.K. tax law and what is understood to be the current practice of H.M. Revenue and Customs, as well as applicable tax treaties, as of the date of this form. This law and practice and these treaties are subject to change, possibly on a retroactive basis.

This section applies only to shareholders of CNH Industrial that are U.S. Shareholders, that are not resident or domiciled in the U.K., that hold their shares as an investment, and that are the absolute beneficial owner of both the shares and any dividends paid on the shares. This section does not apply to members of any special class of shareholders subject to special rules, such as:

- a pension fund;
- a charity;
- persons acquiring their shares in connection with an office or employment;
- a dealer in securities;
- an insurance company; or
- a collective investment scheme.

In addition, this section may not apply to:

- any shareholders that, either alone or together, with one or more associated persons, such as personal trusts and connected persons, control directly or indirectly at least 10% of the voting rights or of any class of share capital of CNH Industrial; or
- any person holding shares as a borrower under a stock loan or an interim holder under a repurchase agreement.

Taxation of Dividends

Withholding from dividend payments

Under U.K. domestic law, dividend payments on CNH Industrial common shares may be made without withholding or deduction for or on account of U.K. income tax.

Non-U.K. - Resident Shareholders

A shareholder of CNH Industrial common shares that is not resident in the U.K. for U.K. tax purposes will not be liable to account for income or corporation tax in the U.K. on dividends paid on the shares unless the shareholder carries on a trade (or profession or vocation) in the U.K. and the dividends are either a receipt of that trade (or profession or vocation) or, in the case of U.K. corporation tax, the shares are held by or for a U.K. permanent establishment through which the trade is carried on.

Taxation of Capital Gains

Non-U.K. - Resident Shareholders

As long as CNH Industrial does not maintain any share register in the U.K., the disposal of CNH Industrial common shares by a shareholder that is not resident in the U.K. for tax purposes (other than individuals temporarily non-resident in the U.K. for a period of less than five complete tax years) will not give rise to a chargeable gain or allowable loss.

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

As long as CNH Industrial does not maintain any share register in the U.K., (i) U.K. stamp duty will not normally be payable in connection with a transfer of common shares, provided that the instrument of transfer is executed and retained outside the U.K. and no other action is taken in the U.K. by the transferor or transferee, and (ii) no U.K. SDRT will be payable in respect of any agreement to transfer CNH Industrial common shares.

Tax Consequences of Participating in the Loyalty Voting Program

A non-U.K.-resident shareholder that would not be subject to tax on dividends or capital gains in respect of CNH Industrial common shares will not be subject to U.K. tax in respect of the special voting shares.

As long as CNH Industrial does not maintain any share register in the U.K., no liability to U.K. stamp duty or SDRT will arise to shareholders on the issue or repurchase of special voting shares.

Netherlands Taxation

This section summarizes solely the principal Dutch tax consequences of the acquisition, the ownership and the disposal of CNH Industrial common shares and / or special voting shares, by Non-Resident holders of such shares (as defined below). It does not purport to describe every aspect of Dutch taxation that may be relevant to a particular holder of CNH Industrial common shares and, if applicable, CNH Industrial special voting shares. Tax matters are complex, and the tax consequences to a particular holder of CNH Industrial common shares and, if applicable, CNH Industrial special voting shares, will depend in part on such holder's circumstances. Shareholders and any potential inventor should consult their own tax advisors regarding the Dutch tax consequences of acquiring, owning and disposing of CNH Industrial common shares and, if applicable, CNH Industrial special voting shares in their particular circumstances.

Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. Where in this section the terms "the Netherlands" and "Dutch" are used, these refer solely to the European part of the Kingdom of the Netherlands

This summary also assumes that the board shall control the conduct of the affairs of CNH Industrial and shall procure that CNH Industrial is organized in accordance with the facts, based upon which the competent authorities of the U.K. and the Netherlands have ruled that CNH Industrial should be treated as solely resident of the U.K. for the application of the tax treaty as concluded between the U.K. and the Netherlands. A change in facts and circumstances based upon which the ruling was issued may invalidate the contents of this section, which will not be updated to reflect any such change.

This summary is based on the tax law of the Netherlands (unpublished case law not included) as it stands at the date of this form. The law upon which this summary is based is subject to change, perhaps with retroactive effect. Any such change may invalidate the contents of this summary, which will not be updated to reflect such changes.

Scope of the Summary

The summary of Dutch taxes set out in this section "Material Dutch tax consequences" only applies to a holder of shares who is a Non-Resident holder of shares. For the purpose of this summary, a holder of shares is a Non-Resident holder of shares if such holder is neither a resident nor deemed to be resident in the Netherlands for purposes of Dutch income tax or corporation tax as the case may be.

This Dutch taxation discussion does not address the Dutch tax consequences for a holder of CNH Industrial common shares and, if applicable, special voting shares who:

1. Is a person who may be deemed an owner of CNH Industrial common shares and, if applicable, CNH Industrial special voting shares for Dutch tax purposes pursuant to specific statutory attribution rules in Dutch tax law;

2. Owns CNH Industrial common shares and, if applicable, CNH Industrial special voting shares in connection with a membership of a management board or a supervisory board, an employment relationship, a deemed employment relationship or management role; or
3. Is for Dutch tax purposes taxable as a corporate entity and resident of Aruba, Curaçao, or Sint Maarten.

Dividend Withholding Tax

CNH Industrial is generally required to withhold Dutch dividend withholding tax at a rate of 15 percent from dividends distributed by it. The competent authorities of the U.K. and the Netherlands have ruled that CNH Industrial is resident of the U.K. for the application of the tax treaty as concluded between the Netherlands and the U.K. Consequently, payments made by CNH Industrial on the common shares and / or the special voting shares to Non-Resident shareholders may be made free from Dutch dividend withholding tax.

Taxes on income and capital gains from the ownership and disposition of CNH Industrial common shares and / or special voting shares

Individuals

If a Non-Resident holder of CNH Industrial common shares and, if applicable, CNH Industrial special voting shares is an individual, the holder will not be subject to Dutch income tax in respect of any benefits derived or deemed to be derived from or in connection with CNH Industrial common shares and, if applicable, CNH Industrial special voting shares, except if:

(a) the holder derives profits from an enterprise, whether as an entrepreneur or pursuant to a co-entitlement to the net value of such enterprise, other than as a shareholder, and such enterprise is carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and such holder's CNH Industrial common shares and, if applicable, CNH Industrial special voting shares are attributable to such permanent establishment or permanent representative; or

(b) the holder benefits or is deemed to derive benefits from or in connection with CNH Industrial common shares and, if applicable, CNH Industrial special voting shares that are taxable as benefits from miscellaneous activities performed in the Netherlands; or

(c) the holder derives profits pursuant to the entitlement to a share in the profits of an enterprise, other than as a holder of securities, which is effectively managed in the Netherlands and to which enterprise CNH Industrial common shares and, if applicable, CNH Industrial special voting shares are attributable.

Corporate entities

If a Non-Resident holder of CNH Industrial common shares and, if applicable, CNH Industrial special voting shares is a corporate entity, or an entity including an association, a partnership and a mutual fund, taxable as a corporate entity, it will not be subject to Dutch corporation tax in respect of any benefits derived or deemed to be derived from or in connection with CNH Industrial common shares and, if applicable, CNH Industrial special voting shares, except if:

(a) it derives profits from an enterprise directly which is carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and to which permanent establishment or permanent representative its CNH Industrial common shares and, if applicable, CNH Industrial special voting shares are attributable; or

(b) it derives profits pursuant to a co-entitlement to the net value of an enterprise which is managed in the Netherlands, other than as a holder of securities, and to which enterprise its CNH Industrial common shares and, if applicable, CNH Industrial special voting shares are attributable.

Gift and Inheritance Taxes

No Dutch gift or inheritance taxes will arise with respect to an acquisition or deemed acquisition of CNH Industrial common shares and, if applicable, CNH Industrial special voting shares by way of a gift by, or upon the death of, a holder of CNH Industrial common shares, and, if applicable, special voting shares, who is neither resident nor deemed to be resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax except if, in the event of a gift whilst not being a resident nor being a deemed resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax, a holder of CNH Industrial common shares and, if applicable, a holder of CNH Industrial special voting shares becomes a resident or a deemed resident in the Netherlands and dies within 180 days after the date of the gift.

For purposes of Dutch gift and inheritance taxes, a gift of CNH Industrial common shares and, if applicable, CNH Industrial special voting shares made under a condition precedent is deemed to be made at the time the condition precedent is satisfied.

Registration Taxes and Duties

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, is payable in the Netherlands in respect of or in connection with the execution and/or enforcement (including by legal proceedings and including the enforcement of any foreign judgment in the courts of the Netherlands) of the documents relating to the issue of CNH Industrial common shares and / or special voting shares or the performance by CNH Industrial of its obligations under such documents, or the transfer of CNH Industrial common shares and / or special voting shares.

SUBSEQUENT EVENTS AND OUTLOOK

SUBSEQUENT EVENTS

CNH Industrial has evaluated subsequent events through February 28, 2023, which is the date the financial statements were authorized for issuance, and determined that there were no such events requiring recognition or disclosure in the financial statements.

2023 U.S. GAAP OUTLOOK

CNH Industrial manages its operations, assesses its performance and makes decision about allocation of resources based on financial results prepared only in accordance with U.S. GAAP, and, accordingly, also the full year guidance presented below is prepared under U.S. GAAP.

The Company is providing the following 2023 outlook for its Industrial Activities:

- **Net sales**(*) up between 6% and 10% year on year including currency translation effects
- **SG&A** up, no more than 5% vs 2022
- **Free Cash Flow of Industrial Activities**(**) between $1.3 billion and $1.5 billion
- **R&D expenses** and **Capital expenditures** at around $1.6 billion

February 28, 2023

The Board of Directors

Suzanne Heywood

Scott W. Wine

Léo W. Houle

Catia Bastioli

Howard W. Buffett

Karen Linehan

Alessandro Nasi

Vagn Sørensen

Åsa Tamsons

(*) Net sales reflecting the exchange rate of 1.05 EUR/USD.

(**) This item is a non-GAAP financial measure. Refer to the "Board Report - Operating and Financial Review and Prospects" section of this Annual Report for information regarding non-GAAP financial measures.

CNH INDUSTRIAL CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2022

CONSOLIDATED INCOME STATEMENT

($ million)	Note	2022	2021(*)
Net revenues	(1)	23,473	19,474
Cost of sales	(2)	18,167	15,231
Selling, general and administrative costs	(3)	1,678	1,425
Research and development costs	(4)	881	677
Result from investments:	(5)	108	92
Share of the profit/(loss) of investees accounted for using the equity method		108	92
Restructuring costs	(6)	34	36
Other income/(expenses)	(7)	(9)	(124)
Financial income/(expenses)	(8)	(177)	(151)
PROFIT/(LOSS) BEFORE TAXES		**2,635**	**1,922**
Income tax (expense) benefit	(9)	(758)	(236)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**1,877**	**1,686**
PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX		—	**91**
PROFIT/(LOSS) FOR THE PERIOD		**1,877**	**1,777**
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the parent		1,867	1,740
Non-controlling interests		10	37
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS ATTRIBUTABLE TO:			
Owners of the parent		1,867	1,677
Non-controlling interests		10	9
(in $)			
BASIC EARNINGS/(LOSS) PER COMMON SHARE			
Basic earnings/(loss) per common share from Continuing Operations	(11)	1.38	1.24
Basic earnings/(loss) per common share from Discontinued Operations	(11)	—	0.05
Basic earnings/(loss) per common share attributable to CNH Industrial N.V.	(11)	1.38	1.28
(in $)			
DILUTED EARNINGS/(LOSS) PER COMMON SHARE			
Diluted earnings/(loss) per common share from Continuing Operations	(11)	1.37	1.23
Diluted earnings/(loss) per common share from Discontinued Operations	(11)	—	0.05
Diluted earnings/(loss) per common share attributable to CNH Industrial N.V.	(11)	1.37	1.28
(in millions)			
AVERAGE SHARES OUTSTANDING			
Basic	(11)	1,351	1,354
Diluted	(11)	1,362	1,361

(*) The 2021 data have been restated to exclude Iveco Group Business, consistent with Iveco Group's classification as a Discontinued Operations, as requested by the IFRS 5 - Non-current assets held for sale and Discontinued Operations. Iveco Group's results are presented as a single line item within the Consolidated Income Statements for the year ended December 31, 2021. The spin-off of Iveco Group took effect on January 1, 2022 (refer to the Section - "Scope of Consolidation - Discontinued Operations - Iveco Group Business").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

($ million)	Note	2022	2021(*)
PROFIT/(LOSS) (A)		**1,877**	**1,777**
Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss:			
Gains/(losses) on the remeasurement of defined benefit plans	(21)	128	134
Related tax effect	(21)	(11)	(23)
Items relating to Discontinued Operations, net of tax		—	(90)
Total Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss, net of tax (B1)		**117**	**21**
Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss:			
Gains/(losses) on cash flow hedging instruments	(21)	83	24
Exchange gains/(losses) on translating foreign operations	(21)	132	271
Share of Other comprehensive income/(loss) of entities accounted for using the equity method	(21)	(26)	(51)
Related tax effect	(21)	(16)	(9)
Items relating to Discontinued Operations, net of tax		—	(190)
Total Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss, net of tax (B2)		**173**	**45**
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX (B) = (B1) + (B2)		**290**	**66**
TOTAL COMPREHENSIVE INCOME/(LOSS) (A)+(B)		**2,167**	**1,843**
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Owners of the parent		2,158	1,799
Non-controlling interests		9	44
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT:			
Continuing Operations		2,158	2,024
Discontinued Operations		—	(225)

(*) *The 2021 data have been restated to exclude Iveco Group Business, consistent with Iveco Group's classification as a Discontinued Operations as requested by the IFRS 5 - Non-current Assets held for sale and Discontinued Operations. Iveco Group's results are presented as a single line item within the Consolidated Statement of Comprehensive Income for the year ended December 31, 2021. The spin-off of Iveco Group took effect on January 1, 2022 (refer to the Section - "Scope of Consolidation - Discontinued Operations - Iveco Group Business").*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

($ million)	Note	At December 31, 2022	At December 31, 2021
ASSETS			
Intangible assets	(12)	5,172	5,159
Property, plant and equipment	(13)	1,780	1,697
Investments and other non-current financial assets:	(14)	408	355
Investments accounted for using the equity method		345	298
Other investments and non-current financial assets		63	57
Leased assets	(15)	1,501	1,738
Defined benefit plan assets	(22)	12	19
Deferred tax assets	(9)	343	367
Total Non-current assets		**9,216**	**9,335**
Inventories	(16)	4,848	4,228
Trade receivables	(17)	168	192
Receivables from financing activities	(17)	19,611	15,443
Current tax receivables	(17)	54	63
Other current receivables and financial assets	(17)	747	747
Prepaid expenses and other assets		113	118
Derivative assets	(18)	189	184
Cash and cash equivalents	(19)	5,129	5,845
Total Current assets		**30,859**	**26,820**
Assets held for sale	(20)	—	490
Assets held for distribution (*)		—	14,477
TOTAL ASSETS		**40,075**	**51,122**

(*) The assets and liabilities of Iveco Group Business have been classified as Assets held for distribution and Liabilities held for distribution within the Consolidated Statements of Financial Position at December 31, 2021, as requested by the IFRS 5 - Non-current assets held for sale and discontinued operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(CONTINUED)

($ million)	Note	At December 31, 2022	At December 31, 2021
EQUITY AND LIABILITIES			
Issued capital and reserves attributable to owners of the parent		7,559	8,393
Non-controlling interests		—	33
Total Equity	(21)	**7,559**	**8,426**
Provisions:		3,046	3,052
Employee benefits	(22)	694	939
Other provisions	(23)	2,352	2,113
Debt:	(24)	23,652	21,689
Asset-backed financing	(24)	9,753	8,875
Other debt	(24)	13,899	12,814
Derivative liabilities	(18)	204	182
Trade payables	(25)	3,690	3,531
Tax liabilities	(9)	418	325
Deferred tax liabilities	(9)	155	212
Other current liabilities	(26)	1,351	1,721
Liabilities held for sale	(20)	—	125
Liabilities held for distribution (*)		—	11,859
Total Liabilities		**32,516**	**42,696**
TOTAL EQUITY AND LIABILITIES		**40,075**	**51,122**

(*) The assets and liabilities of Iveco Group Business have been classified as Assets held for distribution and Liabilities held for distribution within the Consolidated Statements of Financial Position at December 31, 2021, as requested by the IFRS 5 - Non-current assets held for sale and discontinued operations.

CONSOLIDATED STATEMENT OF CASH FLOWS

($ million)	Note	2022	2021(*)
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(19)	**5,845**	**9,629**
B) CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES:			
Profit/(loss) for the period		1,877	1,686
Depreciation and amortization (net of depreciation and amortization of assets under operating leases)		574	539
Other non-cash items	(33)	89	19
(Gains)/losses on disposal of non-current assets		(42)	—
Loss on repurchase/early redemption of notes		—	8
Dividends received		35	61
Change in provisions		213	285
Change in deferred income taxes		(59)	(281)
Change in operating lease items(1)		223	159
Change in working capital	(33)	(406)	199
Cash flows from/(used in) operating activities from Continuing Operations		**2,504**	**2,675**
Cash flows from/(used in) operating activities from Discontinued Operations		**—**	**638**
TOTAL CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		**2,504**	**3,313**
C) CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES:			
Investments in:			
Property, plant and equipment and intangible assets (net of assets under operating leases)		(635)	(521)
Consolidated subsidiaries and other equity investments		(34)	(2,177)
Other investments		(10)	(21)
Proceeds from the sale of non-current assets		463	11
Net change in receivables from financing activities	(33)	(4,224)	(842)
Change in other current financial assets		(295)	8
Other changes		(520)	(459)
Cash flows from/(used in) investing activities from Continuing Operations		**(5,255)**	**(4,001)**
Cash flows from/(used in) investing activities from Discontinued Operations		**—**	**(121)**
TOTAL CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**(5,255)**	**(4,122)**
D) CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES:			
Bonds issued		1,260	1,022
Repayment of bonds		(710)	(1,700)
Issuance of other medium-term borrowings (net of repayment)		328	(29)
Net change in debt and other financial assets/liabilities	(33)	1,966	(552)
Dividends paid		(423)	(188)
Purchase of treasury shares		(153)	—
Cash flows from/(used in) financing activities from Continuing Operations		**2,268**	**(1,447)**
Cash flows from/(used in) financing activities from Discontinued Operations		**—**	**(104)**
TOTAL CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**2,268**	**(1,551)**
Translation exchange differences		(233)	(407)
E) TOTAL CHANGE IN CASH AND CASH EQUIVALENTS		**(716)**	**(2,767)**
Less: Cash and cash equivalent at the end of year - included within Assets held for distribution at the end of the period		—	(1,017)
F) CASH AND CASH EQUIVALENTS AT END OF YEAR	(19)	**5,129**	**5,845**

(*) The 2021 data have been restated to exclude Iveco Group Business, consistent with Iveco Group's classification as a Discontinued Operations as requested by the IFRS 5 - Non-current Assets held for sale and Discontinued Operations. Iveco Group's results are presented as a single line item within the Consolidated Statement of Comprehensive Income for the year ended December 31, 2021. The spin-off of Iveco Group took effect on January 1, 2022 (refer to the Section - "Scope of Consolidation - Discontinued Operations - Iveco Group Business").

(1) Cash from operating lease is recognized under operating activities in a single line item, which includes capital expenditure, depreciation, write-downs and changes in inventory.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

($ million)	Share capital	Treasury shares	Capital reserves	Earnings reserves	Cash flow hedge reserve	Cumulative translation adjustment reserve	Defined benefit plans remeasurement reserve	Equity investments at FVTOCI	Cumulative share of OCI of entities consolidated under the equity method	Non-controlling interests	Total
	Attributable to the owners of the parent										
AT DECEMBER 31, 2020	**25**	**(109)**	**3,220**	**6,211**	**(21)**	**(2,126)**	**(527)**	**133**	**(155)**	**84**	**6,735**
Dividends distributed	—	—	—	(180)	—	—	—	—	—	(98)	**(278)**
Common shares issued from treasury stock and capital increase for share-based compensation	—	25	(25)	—	—	—	—	—	—	—	—
Share-based compensation expense	—	—	99	—	—	—	—	—	—	—	**99**
Total comprehensive income/(loss) for the period	—	—	—	1,740	19	119	156	(136)	(99)	44	**1,843**
Other changes(1)	—	—	—	24	—	—	—	—	—	3	**27**
AT DECEMBER 31, 2021	**25**	**(84)**	**3,294**	**7,795**	**(2)**	**(2,007)**	**(371)**	**(3)**	**(254)**	**33**	**8,426**
Demerger impacts(2)	—	—	(3,044)	207	3	33	194	3	11	(25)	**(2,618)**
Dividends distributed	—	—	—	(412)	—	—	—	—	—	(11)	**(423)**
Acquisition of treasury stock		(153)									**(153)**
Common shares issued from treasury stock and capital increase for share-based compensation	—	7	(7)	—	—	—	—	—	—	—	**—**
Share-based compensation expense	—	—	87	—	—	—	—	—	—	—	**87**
Total comprehensive income/(loss) for the period	—	—	—	1,867	67	133	117	—	(26)	9	**2,167**
Other changes(1)	—	—	2	77	—	—	—	—	—	(6)	**73**
AT DECEMBER 31, 2022	**25**	**(230)**	**332**	**9,534**	**68**	**(1,841)**	**(60)**	**—**	**(269)**	**—**	**7,559**

(1) Other changes of Earnings reserves include the impact of IAS 29 - Financial reporting in hyperinflationary economies applied for subsidiaries that prepare their financial statements in a functional currency of a hyperinflationary economy. In particular, from July 1, 2018, Argentina's economy was considered to be hyperinflationary.

(2) The line "Demerger impacts" reflects spin-off of Iveco Group impacts on the equity. The spin-off took effect on January 1, 2022 (refer to the Section - "Scope of Consolidation - Discontinued Operations - Iveco Group Business").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PRINCIPAL ACTIVITIES

CNH Industrial N.V. (or the “Company”) is incorporated in, and under the laws of, the Netherlands. CNH Industrial N.V. has its corporate seat in Amsterdam, the Netherlands, and its principal office in London, England, United Kingdom. The Company was formed on September 29, 2013, as a result of the business combination transaction between Fiat Industrial S.p.A. (“Fiat Industrial”) and its majority owned subsidiary CNH Global N.V. (“CNH Global”). Unless otherwise indicated or the context otherwise requires, the terms "CNH Industrial" and the "Group" refer to CNH Industrial and its subsidiaries.

CNH Industrial is a leading company in the capital goods sector that, through its various businesses, designs, produces, and sells agricultural and construction equipment (see Note 28 “Segment reporting”). In addition, CNH Industrial’s Financial Services segment offers an array of financial products and services, including retail financing for the purchase or lease of new and used CNH Industrial and other manufacturers’ products and other retail financing programs and wholesale financing to dealers.

SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These Consolidated Financial Statements together with the notes thereto of CNH Industrial at December 31, 2022 were authorized for issuance by the Board of Directors on February 28, 2023 and have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU-IFRS”) and with Part 9 of Book 2 of the Dutch Civil Code. The designation “IFRS” also includes International Accounting Standards (“IAS”), as well as all interpretations of the IFRS Interpretations Committee (“IFRIC”).

The financial statements are prepared under the historical cost convention, modified as required for the measurement of certain financial instruments, as well as on a going concern basis. Despite operating in a continuously difficult economic and financial environment, including rising inflation, geopolitical instability and the war in the Ukraine, the Group’s assessment is that no material uncertainties (as defined in paragraph 25 of IAS 1) exist about its ability to continue as a going concern, in view also of the measures already undertaken by the Group to preserve cash and contain costs, and to preserve its industrial and financial flexibility, and its strong liquidity position.

These Consolidated Financial Statements are prepared using the U.S. dollar as the presentation currency. The functional currency of the parent company (CNH Industrial N.V.) is the euro. The U.S. dollar presentation currency was elected to be used in order to improve comparability with main competitors, mainly in the agriculture and construction businesses, and to provide more meaningful information to U.S. investors.

Until December 31, 2021, CNH Industrial N.V. owned and controlled the Commercial and Specialty Vehicles business, the Powertrain business, and the related Financial Services business (together the “Iveco Group Business” or the “On-Highway Business”), which are classified as Discontinued operations, as well as the Agriculture business, the Construction business, and the related Financial Services business (collectively, the “Off-Highway Business”). Effective January 1, 2022, the Iveco Group Business was separated from CNH Industrial N.V. by way of a Demerger under Dutch law (the "Demerger") to Iveco Group N.V. (the "Iveco Group"), and the Iveco Group became a public listed company independent from CNH Industrial. Pursuant to the terms of the deeds of demerger entered into between CNH Industrial N.V. and Iveco Group N.V. on January 1, 2022, assets related to the On-Highway Business were transferred to, and liabilities related to, the On-Highway Business were retained or assumed by Iveco Group N.V.

Iveco Group Business Spin-off and Discontinued Operations

During 2021, CNH Industrial completed a strategic project to separate the Commercial and Specialty Vehicles business, the Powertrain business, and the related Financial Services business (together the “Iveco Group Business”) from the Agriculture business, the Construction business, and the related Financial Services business.

The Iveco Group Business was separated from CNH Industrial N.V. in accordance with Section 2:334a (3) of the Dutch Civil Code (Burgerlijk Wetboek) by way of a legal statutory demerger (jurisdiche afsplitsing) to Iveco Group N.V. (the "Demerger"), effective January 1, 2022.

The principal phases leading up to completion of the Demerger were as follows:

- On September 3, 2019, CNH Industrial announced at its Capital Markets Day event the intended Demerger.
- On December 23, 2021, an Extraordinary General Meeting of CNH Industrial shareholders was held to approve the Demerger of Iveco Group Business.

- On December 27, 2021, Borsa Italiana has admitted Iveco Group N.V. common shares to listing on Euronext Milan.
- Following receipt of the above authorizations, the deed of Demerger was executed on December 31, 2021, with effectiveness of the Demerger on January 1, 2022.
- On January 3, 2022 (the "First Trading Date") Iveco Group common shares began trading on the regulated market Euronext Milan, under the ticker symbol 'IVG'. As a result of the Demerger, each holder of CNH Industrial common shares (and special voting shares as the case may be) received one Iveco Group share for every five CNH Industrial common shares (or special voting share as the case may be) held at close of business on the record date for allocation (January 4, 2022). Since January 3, 2022, CNH Industrial N.V. and Iveco Group N.V. have been quoted separately on the regulated markets and operate as independent listed companies, each with its own management and Board of Directors.

As the transaction took effect on January 1, 2022, the Consolidated Financial Statements for the year ended December 31, 2022 relate to the remaining CNH Industrial business. Moreover, in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, for the corresponding information of earlier periods, the Iveco Group business is classified and presented as Discontinued Operations in these Consolidated Financial Statements.

For additional detail of items presented under Discontinued Operations in the Consolidated Statements of Income, Financial Position and Cash Flows, refer to the section "Scope of Consolidation - Discontinued Operations - Iveco Group Business".

Additionally, as the Demerger is a "business combination involving entities or businesses under common control", it is outside the scope of application of IFRS 3 – *Business Combinations* and IFRIC 17- *Distributions of Non-cash Assets to Owners*. Accordingly, in the 2022 Consolidated Financial Statements for CNH Industrial Post-Demerger the opening position for items in the statement of financial position will be equivalent to the carrying amounts reported in the Consolidated Financial Statements of CNH Industrial Pre-Demerger.

Climate related matters

CNH Industrial has an established risk management process that includes the assessment and monitoring of climate-related risk. These assessments are used by CNH Industrial to identify not only risk exposure, but also opportunities, on which the Group's climate change strategy is based. The identification of these climate-related risks and opportunities, along with the analysis of sustainability macrotrends, led to the definition of a decarbonization strategy, which in turn has been incorporated within, and regularly influences, the Group's Strategic Business Plan. To further address the potential impacts of climate change, CNH Industrial has implemented relevant projects and a number of other specific climate-related topics and has defined long-term strategic targets.

There has been increasing interest in how climate change will impact the Group's business. With reference to the climate related matters, a critical review was undertaken, and a focused analysis performed to identify, and consequently manage, the principal risks and uncertainties to which the Group is exposed. The most significant area of effort will be the management of water scarcity and waste and the reducing energy and GHG emissions in the supply chain area. CNH Industrial recognizes the importance of climate change risk and promotes a responsible use of resources and a reduction of the environmental impact of production to mitigate climate change. In this context, CNH Industrial Group has adopted an environmental policy that applies to all company locations and divisions and has set up a structure dedicated to control environmental pollution, waste, and water disposal as well as emission reduction.

In particular, considering the financial statements information are presented through historical values which, by their nature, do not fully capture future events, all significant assumptions and estimates underlying the preparation of the following items were subject to an analysis in order to identify and address the new uncertainties related to climate changes which could affect the business: going concern, inventory management, property, plant and equipment, goodwill, brands, intangible assets with a finite life, tax reliefs, revenue recognition, provisions and onerous contracts. The analysis conducted were based on the Group strategy outlined in the context of the global supply chain environmental targets and did not highlight any critical situations that cannot be attributable to and addressed in the ordinary course of the business.

Global Business Conditions

Significant uncertainties, including rising inflation, geopolitical instability, and the war in Ukraine, continue to create volatility in the global economy. These factors lead to inefficiencies in our manufacturing operations and impact costs. We continue to work to mitigate the impact of these issues in order to meet end-market demand. We will continue to monitor the situation as conditions remain fluid and evolve.

During the first quarter of 2022, CNH Industrial announced it was suspending non-domestic operations in Russia. CNH Industrial is supporting its businesses in this market through the continuation of employee salaries and payment of other administrative expenses. As a result of the suspension, we evaluated the carrying value of assets held within CNH Industrial's Russia operations. Upon completion of the evaluation, during the quarter ended March 31, 2022, we recorded charges of $72 million related to asset write downs, financial receivable allowances and a valuation allowance against deferred tax assets. A prolonged war in Ukraine could have further adverse effects on us and our operations in Russia. The Russia-Ukraine conflict and the ensuing sanctions to Russia and Belarus and Russian counter-sanctions have created additional tensions in the commodity markets. CNH Industrial has no critical supplier in the affected countries, but prices for certain commodities, including natural gas, might create further volatility.

Format of the financial statements

CNH Industrial presents an income statement using a classification based on the function of expenses (otherwise known as the "cost of sales" method), rather than one based on their nature, as this is believed to provide information that is more relevant.

For the statement of financial position, a mixed format has been selected to present current and non-current assets and liabilities, as permitted by IAS 1 – *Presentation of Financial Statements*. Legal entities carrying out industrial activities and those carrying out financial services are both consolidated in the Group's financial statements. The investment portfolios of Financial Services are included in current assets, as the investments will be realized in their normal operating cycle. Financial Services, though, obtains funds only partially from the market: the remainder is obtained from CNH Industrial N.V. through its treasury legal entities (included in Industrial Activities), which lend funds both to Industrial Activities and to Financial Services legal entities as the need arises. This Financial Services structure within the Group means that any attempt to separate current and non-current liabilities in the consolidated statement of financial position is not meaningful. Disclosure of the due dates of liabilities is however provided in the notes.

The statement of cash flows is presented using the indirect method.

Basis of consolidation

Subsidiaries

Subsidiaries are entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements;
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases. Non-controlling interests in the net assets of consolidated subsidiaries and non-controlling interests in the profit or loss of consolidated subsidiaries are presented separately from the interests of the owners of the parent in the consolidated statement of financial position and income statement respectively. Losses applicable to non-controlling interests which exceed the non-controlling interests in the subsidiary's equity are debited to non-controlling interests.

Changes in the Group's ownership interests in subsidiaries that do not result in the loss of control are accounted for as equity transactions. The carrying amounts of the equity attributable to owners of the parent and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the book value of the non-controlling interests and the fair value of the relevant consideration is recognized directly in the equity attributable to the owners of the parent.

If the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the relevant consideration and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. Any profits or losses recognized in other comprehensive income in respect of the subsidiary are accounted for as if the subsidiary had been sold (i.e., are reclassified to profit or loss or transferred directly to retained earnings depending on the applicable IFRS).

Subsidiaries that are either dormant or generate a negligible volume of business, are not consolidated. Their impact on the Group's assets, liabilities, financial position and profit/(loss) attributable to the owners of the parent is immaterial.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in joint ventures are accounted for using the equity method from the date that joint control commences until the date that joint control ceases.

Associates

Associates are enterprises over which the Group has significant influence. As defined in IAS 28 – *Investments in Associates and Joint Ventures*, significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Investments in associates are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses of an associate, if any, exceeds the carrying amount of the associate in the Group's statement of financial position, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

Investments in other companies

Investments in other companies are measured at fair value. Equity investments for which there is no quoted market price in an active market and there is insufficient financial information in order to determine fair value are measured at cost as an estimate of fair value, as permitted by IFRS 9. The Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income upon the initial recognition of an equity investment that is not held to sell. This election is made on an investment-by-investment basis. Dividends received from these investments are included in Other income/(expenses) from investments.

Transactions eliminated on consolidation

All significant intragroup balances and transactions and any unrealized gains and losses arising from intragroup transactions are eliminated in preparing the Consolidated Financial Statements. Unrealized gains and losses arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in those entities.

Foreign currency transactions

Transactions in foreign currencies are recorded at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate prevailing at that date. Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or in previous financial statements, are recognized in profit or loss.

Consolidation of foreign entities

All assets and liabilities of subsidiaries with a functional currency other than the U.S. dollar are translated using the exchange rates in effect at the balance sheet date. Income and expenses are translated at the average exchange rate for the period. Translation differences resulting from the application of this method are classified as equity until the disposal of the investment. Average rates of exchange are used to translate the cash flows of foreign subsidiaries in preparing the consolidated statement of cash flows.

The goodwill, assets acquired and liabilities assumed arising from the acquisition of entities with a functional currency other than the U.S. dollar are recognized in the functional currency and translated at the exchange rate at the acquisition date. These balances are subsequently retranslated at the exchange rate at the balance sheet date.

The Group applies IAS 29 - *Financial reporting in hyperinflationary economies* for its subsidiaries that prepare their financial statements in a functional currency of a hyperinflationary economy. According to this standard, non-monetary assets and liabilities not yet translated into U.S. dollar at the reporting date are redetermined using a general price index. The financial statements of these subsidiaries are then translated at the closing spot rate.

The principal exchange rates used to translate into U.S. dollars the financial statements prepared in currencies other than the U.S. dollar were as follows:

	Average 2022	At December 31, 2022	Average 2021	At December 31, 2021
Euro	0.950	0.938	0.845	0.883
Pound sterling	0.810	0.832	0.727	0.742
Swiss franc	0.954	0.923	0.914	0.912
Polish zloty	4.451	4.397	3.860	4.059
Brazilian real	5.165	5.220	5.392	5.571
Canadian dollar	1.301	1.354	1.254	1.271
Argentine peso[(1)]	177.110	177.110	102.630	102.630
Turkish lira[(2)]	16.531	18.707	8.888	13.450

(1) From July 1, 2018, Argentina's economy was considered to be hyperinflationary. After the same date, transactions for entities with the Argentine peso as the functional currency were translated using the closing spot rate.From January 1st, 2023 on, the functional currency of the industrial legal entity changed to USD, only the financial services legal entity remains with the Argentinean Pesos as functional currency.

(2) Starting from 2022, Turkey's economy was considered to be hyperinflationary. After the same date, transactions for entities with the Turkish lira as the functional currency were translated using the closing spot rate.

Business combinations

Business combinations are accounted for by applying the acquisition method. Under this method:

- the consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred and liabilities assumed by the Group and the equity interests issued in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred;
- at the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at that date, except for deferred tax assets and liabilities, assets and liabilities relating to employee benefit arrangements, liabilities or equity instruments relating to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquire, assets (or disposal groups) that are classified as held for sale, which are measured in accordance with the relevant standard;
- goodwill is measured as the excess of the aggregate of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a gain from a bargain purchase;
- non-controlling interest is initially measured either at fair value or at the non-controlling interest’s proportionate share of the acquiree's identifiable net assets. The selection of the measurement method is made on a transaction-by-transaction basis;
- any contingent consideration arrangement in the business combination is measured at its acquisition-date fair value and included as part of the consideration transferred in the business combination in order to determine goodwill. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are recognized retrospectively, with corresponding adjustments to goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which may not exceed one year from the acquisition date) about facts and circumstances that existed as of the acquisition date. Any changes in fair value after the measurement period are recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Changes in the equity interest in the acquiree that have been recognized in Other comprehensive income in prior reporting periods are reclassified to profit or loss as if the interest had been disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete in the Consolidated Financial Statements. Those provisional amounts are adjusted during the above-mentioned measurement period to reflect new information obtained about facts and circumstances that existed at the acquisition date which, if known, would have affected the amounts recognized at that date.

Business combinations that took place prior to January 1, 2010 were accounted for in accordance with the version of IFRS 3 effective before the 2008 amendments, as permitted by the revised standard.

Fair value measurement

Some of the Group’s assets and liabilities are measured at fair value at the balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In estimating the fair value of an asset or a liability, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Additional information about fair value, fair value hierarchy, valuation techniques and inputs used in determining the fair value of assets and liabilities is provided in Note 18 "Derivative assets and Derivative liabilities", Note 31 "Fair value measurement" and, where required, in the individual notes relating to the assets and liabilities whose fair value were determined.

In addition, fair value measurements are categorized within the fair value hierarchy, described as follows, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) on the market;
- Level 3 — inputs that are not based on observable market data.

Intangible assets

Goodwill

Goodwill is not amortized, but is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Development costs

Development costs for agricultural and construction equipment project are recognized as an asset if and only if both of the following conditions are met: a) development costs can be measured reliably, and b) the technical feasibility of the product, volumes and pricing support the view that the development expenditure will generate future economic benefits. Capitalized development costs include all direct and indirect costs that may be directly attributed to the development process.

Capitalized development costs for agricultural and construction equipment are amortized on a systematic basis over a period of 5 years.

All other development costs are expensed as incurred.

Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives principally consist of acquired trademarks which have no legal, regulatory, contractual, competitive, economic, or other factor that limits their useful life. Intangible assets with an indefinite useful life are not amortized, but are tested for impairment annually or more frequently whenever there is an indication that the asset may be impaired.

Other intangible assets

Other purchased and internally-generated intangible assets are recognized as assets in accordance with IAS 38 – *Intangible Assets*, where it is probable that the use of the asset will generate future economic benefits and where the costs of the asset can be determined reliably.

Such assets are measured at purchase or manufacturing cost and amortized on a straight-line basis over their estimated useful lives, if these assets have finite useful lives.

Other intangible assets acquired as part of the acquisition of a business are capitalized separately from goodwill if their fair value can be measured reliably.

Property, plant and equipment

Cost

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment.

Subsequent expenditures and the cost of replacing parts of an asset are capitalized only if they increase the future economic benefits embodied in that asset. All other expenditures are expensed as incurred. When such replacement costs are capitalized, the carrying amount of the parts that are replaced is recognized in profit or loss.

Depreciation

Depreciation is recorded on a straight-line basis over the estimated useful lives of the respective assets as follows:

	Depreciation rates
Buildings	2.5% - 10%
Plant, machinery and equipment	4% - 20%
Other assets	10% - 33%

Land is not depreciated.

Lease accounting policy

Lessee accounting

A lease is a contract that conveys the right to control the use of an identified asset (the leased asset) for a period of time in exchange for consideration. The lease term determined by the Group comprises the non-cancellable period of lease contract together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. For real estate leases, this assessment is based on an analysis by management of all relevant facts and circumstances including the leased asset's purpose, the economic and practical potential for replacing and any plans that the Group has in place for the future use of the asset. The Group combines lease and non-lease components.

For leases with terms not exceeding twelve months (short-term leases) and for leases of low-value assets, CNH Industrial recognizes the lease payments associated with those leases on a straight-line basis over the lease term as operating expense in the income statement.

For all other leases, at the commencement date (i.e., the date the underlying asset is available for use), CNH Industrial recognizes a right-of-use asset, classified within Property, plant and equipment, and a lease liability, classified within Other Debt.

At the commencement date, the right-of-use asset includes the amount of lease liability recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. At the same date, the lease liability is measured at the present value of lease payments to be made over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The incremental borrowing rate is determined considering macro-economic factors such as the specific interest rate curve based on the relevant currency and term, as well as specific factors contributing to CNH Industrial's credit spread. The Group primarily uses the incremental borrowing rate as the discount rate for its lease liabilities.

After the commencement date, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated on a straight-line basis. If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, CNH Industrial depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. After the commencement date, the lease liability is increased to reflect the accretion of interest, recognized within Financial income/(expenses) in the income statement, reduced for the lease payments made, and remeasured to reflect any reassessment or lease modifications.

Before the adoption of IFRS 16, where CNH Industrial entered as lessee in a lease contract classified as finance, assuming substantially all the risks and rewards of ownership, assets held under finance lease were recognized as assets of the Group at the lower of fair value or present value of the minimum lease payments and depreciated. The corresponding liability to the lessor was included in the financial statement as a debt. Where CNH Industrial entered as lessee in a lease contract classified as operating, the lessor retained substantially all the risks and rewards of ownership of the asset. Operating lease expenditures were expensed on a straight-line basis over the lease terms.

Lessor accounting

Lease contracts where CNH Industrial acts as a lessor, can be classified as either an operating lease or finance lease. Leases where a significant portion of the risks and rewards are retained by the lessor are classified as operating leases. Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are classified as a finance leases.

Where CNH Industrial is the lessor in a finance lease, the future minimum lease payments from lessees are classified as Receivables from financing activities. Lease payments are recognized as repayment of the principal, and financial income remunerating the initial investment and the services provided.

Where CNH Industrial is the lessor in an operating lease, income from operating leases is recognized over the term of the lease on a straight-line basis. Leased assets include equipment leased to retail customers by the Group's leasing companies. They are stated at cost and depreciated at annual rates of between 20% and 33%.

CNH Industrial evaluates the carrying amount of equipment on operating leases for potential impairment when it determines a triggering event has occurred. When a triggering event occurs, a test for recoverability is performed comparing projected undiscounted future cash flows to the carrying amount of the asset. If the test for recoverability identifies a possible impairment, the asset's fair value is measured in accordance with the fair value measurement framework. An impairment charge would be recognized for the amount by which the carrying amount of the asset exceeds its estimated fair value.

When leased assets are no longer leased and become held for sale, the Group reclassifies their carrying amount to Inventories.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets (as defined under IAS 23 – *Borrowing Costs*), which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized and amortized over the useful life of the class of assets to which they refer.

All other borrowing costs are expensed when incurred.

Impairment of assets

The Group reviews, at least annually, the recoverability of the carrying amount of intangible assets (including capitalized development costs) and property, plant and equipment, in order to determine whether there is any indication that those assets have suffered an impairment loss. Goodwill and Intangible assets with indefinite useful lives are tested for impairment annually or more frequently, if there is an indication that an asset may be impaired.

If indicators of impairment are present, the carrying amount of the assets is reduced to its recoverable amount that is the higher of its fair value less disposal costs and its value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. In assessing its value in use, the pre-tax estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized when the recoverable amount is lower than the carrying amount.

Where a previous impairment loss for assets other than goodwill no longer exists or has decreased, the carrying amount of the asset or cash-generating unit is increased up to the revised estimate of its recoverable amount, but not in excess of the carrying amount that would have been recorded had no impairment loss been recognized. A reversal of an impairment loss is recognized in profit or loss immediately.

Financial instruments

Presentation

Financial instruments held by the Group are presented and measured in the financial statements as described in the following paragraphs.

Investments and other non-current financial assets comprise investments in unconsolidated companies and other non-current financial assets (securities, and other non-current financial receivables).

Current financial assets include trade receivables, receivables from financing activities (retail financing, dealer financing, lease financing and other current loans to third parties), current securities and other current financial assets (which include derivative financial instruments stated at fair value as assets), as well as cash and cash equivalents.

Current securities include short-term or marketable securities which represent temporary investments of available funds and do not satisfy the requirements for being classified as cash equivalents.

Financial liabilities refer to debt, which includes asset-backed financing (“ABS”), and derivative liabilities (which include derivative financial instruments stated at fair value as liabilities), trade payables and other liabilities.

Measurement

Investments in unconsolidated companies classified as non-current financial assets are accounted for as described in the paragraph “Basis of consolidation”.

In accordance with IFRS 9 - *Financial Instruments*, financial assets are classified as measured at either amortized cost ("AC"), fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"), depending on the business model for managing such financial assets and the asset’s contractual cash flow characteristics. Financial liabilities are classified as measured at amortized cost using the effective interest method.

Financial assets and current securities acquired through a regular way purchase are recognized on the basis of the settlement date and, on initial recognition, are measured at fair value, including transaction costs. Subsequent measurement depends on the business model for managing the asset and the cash flow characteristics of the asset.

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost using the effective interest method. Receivables with maturities of over one year which bear no interest or an interest rate significantly lower than market rates are discounted using market rates.

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the asset’s cash flows represents solely payments of principal and interests, are measured at fair value through other comprehensive income. Gains and losses on assets measured at fair value through other comprehensive income are recognized directly in other comprehensive income until the financial asset is disposed of or is determined to be impaired; when the asset is disposed of, the cumulative gains or losses, including those previously recognized in other comprehensive income, are reclassified to profit or loss; when the asset is impaired, impairment losses are recognized to profit or loss. Interest income from these financial assets is included in financial income.

As a result of the Group's business model, trade receivables and receivables from financing activities are subsequently measured at amortized cost.

Assessments are made regularly as to whether there is any objective evidence that a financial asset or group of assets may be impaired. If any such evidence exists, an impairment loss is included in profit or loss for the period. The recognition of an impairment is based on expected credit losses.

Cash and cash equivalents include cash at banks, units in liquidity funds, other money market securities and other cash equivalents. Cash and cash equivalents are subject to an insignificant risk of changes in value. Money market securities consist of investments in high quality, short-term, diversified financial instruments that can generally be liquidated on demand and are measured at FVTPL. Cash at banks and Other cash equivalents are measured at amortized cost.

Derivatives financial assets and liabilities are measured either at fair value through other comprehensive income (when in an hedging relationship) or at fair value through profit or loss.

Financial assets and liabilities hedged by derivative instruments are measured in accordance with hedge accounting principles applicable to fair value hedges: gains and losses arising from remeasurement at fair value, due to changes in the respective hedged risk, are recognized in profit or loss and are offset by the effective portion of the loss or gain arising from remeasurement at fair value of the hedging instrument.

Derivative financial instruments

Derivative financial instruments are used for hedging purposes, in order to reduce currency, interest rate and market price risks. In accordance with IFRS 9, derivative financial instruments qualify for hedge accounting only when, at the inception of the hedge, there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge, there is an economic relationship between the hedging instrument and the hedged item, credit risk does not dominate the value changes that result from the economic relationship, and the hedging ratio in the hedging relationship reflects the actual quantity of the hedging instruments and the hedged item. Further details on qualifying criteria are included in Note 18 “Derivative assets and Derivative liabilities” and Note 30 “Information on financial risks”.

When derivative financial instruments qualify for hedge accounting, the following accounting treatment applies:

- *Fair value hedges* – where a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of a recognized asset or liability that is attributable to a particular risk and could affect profit or loss, the gain or loss from remeasuring the hedging instrument at fair value is recognized in profit or loss. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in profit or loss.
- *Cash flow hedges* – where a derivative financial instrument is designated as a hedge of the exposure to variability in future cash flows of a recognized asset or liability or a highly probable forecasted transaction and could affect profit or loss, the effective portion of any gain or loss on the derivative financial instrument is recognized directly in other comprehensive income in the cash flow hedge reserve. The cumulative gain or loss is removed from other comprehensive income and recognized in profit or loss at the same time as the economic effect arising from the hedged item affects income. The gain or loss associated with a hedge or part of a hedge that has become ineffective is recognized in profit or loss immediately. When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss realized to the point of termination remains in other comprehensive income and is recognized in profit or loss at the same time as the underlying transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealized gain or loss held in other comprehensive income is recognized in profit or loss immediately.

If hedge accounting cannot be applied, the gains or losses from the fair value measurement of derivative financial instruments are recognized immediately in profit or loss.

Transfers of financial assets

The Group derecognizes financial assets when the contractual rights to the cash flows arising from the assets are no longer held or if it transfers the financial activities, as follows:

- if the Group transfers substantially all the risks and rewards of ownership of the financial asset, it derecognizes the financial asset and recognizes separately as assets or liabilities any possible rights and obligations created or retained in the transfer;
- if the Group retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognize the financial asset;
- if the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it determines whether it has retained control of the financial asset. In this case:

- if the Group has not maintained control, it derecognizes the financial asset and recognizes separately as assets and liabilities any possible rights and obligations created or retained in the transfer;
- if the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received or receivable for the transfer of the asset is recognized in profit or loss.

Inventories

Inventories of raw materials, semi-finished products and finished goods (including assets leased out under operating lease) are stated at the lower of cost or market. Cost is determined by the first-in-first-out (FIFO) method. Cost includes the direct costs of materials, labor and indirect costs (variable and fixed). Provision is made for obsolete and slow-moving raw materials, finished goods, spare parts and other supplies based on their expected future use and realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs for sale and distribution.

Assets and liabilities held for sale

Non-current assets are classified as held for sale if their carrying amounts will be principally recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, with the sale expected to be completed within one year from the date of classification, and the non-current asset (or the disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group). When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amounts and fair value less costs to sell.

Employee benefits

Pension plans

The present value of a defined benefit obligation and the related current service cost (and past service cost, where applicable) for defined benefit pension plans are determined on an actuarial basis using the projected unit credit method.

The net defined benefit liability that the Group recognizes in the statement of financial position represents the present value of the defined benefit obligation reduced by the fair value of any plan assets (deficit). In case of a surplus, a net defined benefit asset is recognized at the lower of the surplus and the asset ceiling.

Remeasurements of the net defined benefit liability/asset (that comprise: a) actuarial gains and losses, b) return on plan assets, excluding amounts included in net interest on the net defined benefit liability/asset, and c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability/asset) are recognized directly in other comprehensive income without reclassification to profit or loss in subsequent years.

Past service cost resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction in the number of employees covered by a plan) and gain or loss on settlements (a transaction that eliminates all further legal or constructive obligations for part or all of the benefits) are recognized in profit or loss in the period in which they occur (or, in case of past service costs, when the entity recognizes related restructuring costs or termination benefits, if earlier).

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset and is recognized as Financial income/(expenses) in profit or loss. Current service cost and all other costs and income arising from the measurement of pension plan provisions are allocated to costs by function in profit or loss.

Post-employment plans other than pensions

The Group provides certain post-employment defined benefits, mainly healthcare plans. The method of accounting and the frequency of valuations are similar to those used for defined benefit pension plans.

Defined contribution plans

Costs arising from defined contribution plans are recognized as an expense in profit or loss as incurred.

Share-based compensation plans

The Group provides additional benefits to certain members of senior management and employees through equity compensation plans (stock option plans and stock grants). In accordance with IFRS 2 – *Share-based Payment*, these plans represent a component of recipient remuneration. The compensation expense, corresponding to the fair value of the instruments at the grant date, is recognized in profit or loss on a straight-line basis over the requisite service period for each separately vesting portion of an award, with the offsetting credit recognized directly in equity. Any subsequent changes to fair value do not have any effect on the initial measurement.

Provisions

The Group records provisions when it has an obligation, legal or constructive, to a third party, as a result from a past event, when it is probable that an outflow of Group resources will be required to satisfy the obligation and when a reliable estimate of the amount can be made.

Changes in estimates are reflected in profit or loss in the period in which the change occurs.

Treasury shares

Treasury shares are presented as a deduction from equity. The original cost of treasury shares and the proceeds of any subsequent sale are presented as movements in equity.

Revenue recognition

Revenue is recognized when control of the equipment, services or parts has been transferred and the Group's performance obligations to the customers have been satisfied. Revenue is measured as the amount of consideration the Group expects to receive in exchange for transferring goods or providing services.

The timing of when the Group transfers the goods or services to the customer may differ from the timing of the customer's payment.

Revenues are stated net of discounts, allowances, settlement discounts and rebates, as well as costs for sales incentive programs, which are determined on the basis of historical costs, country by country, and charged against profit for the period in which the corresponding sales are recognized.

The Group also enters into contracts with multiple performance obligations. For these contracts, the Group allocates revenue from the transaction price to the distinct goods and services in the contract on a relative standalone selling price basis. To the extent the Group sells the goods or services separately in the same market, the standalone selling price is the observable price at which the Group sells the goods or services separately. For all other goods or services, the Group estimates the standalone selling price considering all information, reasonably available (including market conditions, entity-specific factors and information about the customer or class of customer).

Sales of goods

The Group has determined that the customers from the sale of equipment and parts are generally dealers, distributors and retail customers.

CNH Industrial recognizes revenue at a point in time when control has transferred to the customer at a sales price that CNH Industrial expects to receive. Transfer of control occurs when title and risk of ownership have transferred to the customer, which occurs based upon the terms specified in the contract. In most of the jurisdictions where CNH Industrial operates, and subject to specific exceptions, transfer of control occurs upon shipment.

For all sales, no significant uncertainty exists surrounding the purchaser's obligation to pay for equipment and parts. The Group records appropriate allowance for credit losses and anticipated returns as required. Fixed payment schedules exist for all sales, but payment terms vary by geographic market and product line.

The cost of incentives, if any, are estimated at the inception of a contract at the amount that is expected to be paid and is recognized as a reduction to revenue at the time of the sale. If an equipment contract transaction has multiple performance obligations, the cost of incentives is allocated entirely to the equipment as the intent of the incentives is to encourage sales of equipment. If the estimate of the incentive changes following the sale to the customer, the change in estimate is recognized as an adjustment to revenue in the period of the change. CNH Industrial grants certain sales incentives to support sales of its products to retail customers. At the later of the time of sale or the time an incentive is announced to dealers, CNH Industrial records the estimated impact of sales allowances in the form of dealer and customer incentives as a reduction of revenue. Subsequent adjustments to sales incentive programs related to products previously sold are recognized as an adjustment to revenues in the period the adjustment is determinable. The determination of sales allowances requires management to make estimates based upon historical data, estimated future market demand for products, field inventory levels, announced incentive programs, competitive pricing and interest rates, among other things.

With reference to the sales to dealers accompanied by “floor plan” agreements under which the Group offers wholesale financing including “interest-free” financing for a specified period of time (which also vary by geographic market and product line), two separate performance obligations exist. The first performance obligation consists of the sale of the equipment from Industrial Activities to the dealer. Concurrent with the sale of the equipment, Industrial Activities offers to the dealer wholesale financing through loans extended by Financial Services. Industrial Activities compensates Financial Services for the cost of the interest-free period. This cost has been determined to represent a cash sale incentive on the initial sale of the good, and therefore it should be recognized upfront as a reduction of net sales of Industrial Activities. The second performance obligation consists of a credit facility extended by Financial Services to the dealer. The remuneration for this performance obligation is represented by the compensation received from Industrial Activities for the period of the interest-free financing and by the interest charged to dealer for the remaining period. This remuneration is recognized by Financial Services over the period of the outstanding exposure.

For parts sales, when the Group provides its customers with a right to return a transferred product, revenue and corresponding cost of sales are recognized for parts that are not expected to be returned. The expected returns are estimated based on an analysis of historical experience. The portion of revenue (and corresponding cost of sales) related to the parts that are expected to be returned is recognized at the end of the return period. The amount received or receivable that is expected to be returned is recognized as a refund liability, representing the obligation to return the customer’s consideration.

Furthermore, at the time of the initial sale, CNH Industrial recognizes a return asset for the right to recover the goods returned by the customer. This asset is initially measured at the former carrying amount of the inventory. At each reporting date, both the refund liability and the return asset are remeasured to record for any revisions to the expected level of returns, as well as any decreases in the value of the returned products.

Rendering of services

Revenues from services provided are primarily comprised of extended warranties and maintenance and repair services and are recognized over the contract period when the costs are incurred, that is when the claims are charged by the dealer. Amounts invoiced to customers for which CNH Industrial receives consideration before the performance is satisfied are recognized as contract liability. These services are either separately-priced or included in the selling price of the equipment. In the second case, revenue for the services is allocated based on the estimated stand-alone selling price. In the event that the costs expected to be incurred to satisfy the remaining performance obligations exceed the transaction price, an estimated contract loss is recognized.

Shipping and other transportation activities performed as an agent are recognized on a net basis, which is netting the related freight cost against the freight revenue.

Finance and interest income

Finance and interest income on retail and other notes receivables and finance leases is recorded using the effective yield method. Deferred costs on the origination of financing receivables are recognized as a reduction in finance revenue over the expected lives of the receivables using the effective yield method. When a financial asset becomes credit-impaired and is, therefore, regarded as “Stage 3”, CNH Industrial calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, CNH Industrial reverts to calculating interest income on a gross basis. Receivables are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Delinquency is reported on receivables greater than 30 days past due. Charge-offs of principal amounts of receivables outstanding are deducted from the allowance at the point when it is determined to be probable that all amounts due will not be collected.

Rents and other income on operating leases

Income from operating leases is recognized over the term of the lease on a straight-line basis.

Cost of sales

Cost of sales comprises the cost of manufacturing products and the acquisition cost of purchased merchandise which has been sold. It includes all directly attributable material and production costs and all production overheads. These include the depreciation of property, plant and equipment and the amortization of intangible assets relating to production and write-downs of inventories. Cost of sales also includes freight and insurance costs relating to deliveries to dealers and agency fees in the case of direct sales.

Cost of sales also includes provisions made to cover the estimated cost of product warranties at the time of sale to dealer networks or to the end customer.

Expenses which are directly attributable to the Financial Services business, including the interest expense related to the financing of Financial Services business as a whole and charges for risk provisions and write-downs, are reported in cost of sales.

Research and development costs

This item includes research costs, development costs not eligible for capitalization and the amortization of development costs recognized as assets in accordance with IAS 38.

Government grants

Government grants are recognized in the financial statements when there is reasonable assurance that the company concerned will comply with the conditions for receiving such grants and that the grants themselves will be received. Government grants are recognized as income over the periods necessary to match them with the related costs which they are intended to offset.

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The benefit of the below-market rate of interest is measured as the difference between the initial carrying amount of the loan (fair value plus transaction costs) and the proceeds received, and is accounted for in accordance with the policies already used for the recognition of government grants.

Income taxes

Income taxes include all taxes based upon the taxable profits of the Group. Taxes on income are recognized in profit or loss except to the extent they relate to items recognized directly in equity or in other comprehensive income, in which case the related tax effects are recognized directly in equity or in other comprehensive income. Provisions for income taxes arising on the distribution of a subsidiary's undistributed profits are only made where there is a current intention to distribute such profits. Deferred taxes are provided using the full liability method. They are calculated on all temporary differences between the tax base of an asset or liability and the carrying amounts in the Consolidated Financial Statements, except for those arising from non-tax-deductible goodwill and for those related to investments in subsidiaries where it is possible to control the reversal of the differences and reversal will not take place in the foreseeable future. Deferred tax assets relating to the carry-forward of unused tax losses and tax credits, as well as those arising from temporary differences, are recognized to the extent it is probable future profits will be available against which they can be utilized. Current and deferred income tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and where there is a legally enforceable right of offset. Deferred tax assets and liabilities are measured at the enacted or substantively enacted tax rates of the relevant tax jurisdictions that are expected to apply to taxable income during the period or periods in which the temporary differences reverse. The Group recognizes tax liabilities for uncertain tax treatments when tax risks arising from positions taken by the Group are considered probable, assuming the tax authorities have full knowledge of all relevant information when making their examination. In doing so, the Group evaluates whether to consider each uncertain tax treatment separately or jointly consider multiple uncertain tax treatments, using the approach that better predicts the resolution of the uncertainty. The liabilities recognized correspond to the amounts expected to be paid. Other taxes not based on taxable profits, such as property taxes and taxes on capital, are included in operating expenses.

Dividends

Dividends payable by the Group are reported as a change in equity in the period in which they are approved by the Company's shareholders at the Annual General Meeting of Shareholders ("AGM").

Earnings per share

Basic earnings per share are calculated by dividing the Profit/(loss) attributable to owners of the parent by the weighted average number of common shares outstanding during the year. Special voting shares are not included in the earnings per share calculation as they are not eligible for dividends and have only limited economic rights. For diluted earnings per share, the weighted average number of common shares outstanding is adjusted assuming conversion of dilutive potential common shares.

Use of estimates

These Consolidated Financial Statements have been prepared in accordance with EU-IFRS which requires CNH Industrial to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and reported amounts of income and expenses. The estimates and related assumptions are based on available information at the date of preparation of the financial statements, historical experience and other relevant factors. Actual results may differ from the estimates.

Particularly in light of the current economic uncertainty, developments may occur which may differ from CNH Industrial's estimates and assumptions, and therefore might require significant adjustments to the carrying amounts of certain items, which as of the date of these Consolidated Financial Statements cannot be accurately estimated or predicted.

The principal items affected by estimates are the allowances for doubtful accounts receivable and inventories, non-current assets (tangible and intangible assets), the residual values of assets leased out under operating lease arrangements, sales allowances, product warranties, pension and other post-employment benefits, deferred tax assets and contingent liabilities.

Estimates and assumptions are reviewed periodically and the effects of any changes are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments and the key assumptions concerning the future that CNH Industrial has made in the process of applying its accounting policies and that may have the most significant effect on the amounts recognized in its Consolidated Financial Statements or that represent a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowance for doubtful accounts

The allowance for doubtful accounts for trade receivables and contract assets reflects CNH Industrial's estimate of expected lifetime credit losses, and it is measured at an amount equal to the present value of the cash shortfalls over the expected life of the financial asset.

The allowance for doubtful accounts for receivables from financing activities reflects management's estimate of forward looking expected credit losses ("ECL") in the retail and wholesale portfolios. This requires considerable judgement about how changes in economic factors affect ECLs, which is determined on a probability-weighted basis. The ECL model applies to financial assets accounted for at amortized cost and at fair value through other comprehensive income, lease receivables, and certain loan commitments and financial guarantee contracts. The loss allowances will be measured on either of the following bases:

- 12 month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Refer to Note 17 "Current receivables and Other current financial assets" for additional details on the calculation of allowance for credit losses.

Allowance for obsolete and slow-moving inventory

The allowance for obsolete and slow-moving inventory reflects management's estimate of the expected loss in value, and has been determined on the basis of past experience and historical and expected future trends in the used vehicle market. A worsening of the economic and financial situation could cause a further deterioration in conditions in the used vehicle market compared to that taken into consideration in calculating the allowances recognized in the financial statements.

Recoverability of non-current assets (including goodwill)

Non-current assets include property, plant and equipment, intangible assets (including goodwill), investments and other non-current financial assets. The Group reviews the carrying value of non-current assets held and used and that of assets to be disposed of when events and circumstances warrant such a review. For goodwill and intangible assets with indefinite useful lives such analysis is carried out at least annually.

The analysis of the recoverable amount of non-current assets other than goodwill is usually performed using estimates of future expected cash flows from the use or disposal of the asset and an appropriate discount rate in order to calculate present value. If the carrying amount is deemed to be impaired, the Group recognizes an impairment loss for the amount by which the carrying amount of the asset exceeds its estimated recoverable amount from use or disposal determined by reference to the cash flows included in its most recent business forecasts.

Goodwill impairment test is performed at the cash generating unit level, the segment level. The recoverable amount of the cash generating units is determined using multiple valuation methodologies, relying largely on an income approach (based on the present value of estimated future cash flows) but also incorporating value indicators from a market approach. The carrying amount of a cash generating unit is then compared to the recoverable amount to determine if there is an impairment loss. Further details on the goodwill impairment test are included in Note 12 "Intangible assets".

In view of the present economic and financial situation, the Group made the following considerations in respect of its future prospects:

- when carrying out impairment testing of tangible and intangible assets, the Group took into account its expected performance in the upcoming years. CNH Industrial extended such projections for subsequent years to appropriately cover the period of analysis;
- should the assumptions underlying the forecast deteriorate further, the following is noted: the Group's tangible and intangible assets with a finite useful life (mostly development costs) relate to models or products with high technological content in line with the latest environmental laws and regulations, which consequently makes them

competitive in the current economic environment, especially in the more mature economies in which particular attention is placed on the eco-sustainability of those types of products. Consequently, despite the fact that the capital goods sector is one of the markets which could be most affected by a potential crisis in the immediate term, management considers that is highly probable that the life cycle of these products can be lengthened to extend over the period of time involved in a slower economic recovery, allowing the Group to achieve sufficient cash flows to cover the investments, although over a longer period of time.

Residual values of assets leased out under operating lease arrangements

CNH Industrial records assets rented to customers or leased to them under operating lease as tangible assets. Income from such operating lease is recognized on a straight-line basis over the term of the lease. Depreciation expense for assets subject to operating lease is recognized on a straight-line basis over the lease term in amounts necessary to reduce the cost of an asset to its estimated residual value at the end of the lease term. The estimated residual value of leased assets is calculated at the lease commencement date on the basis of published industry information and historical experience and are reviewed quarterly.

Realization of the residual values is dependent on CNH Industrial's future ability to market the assets under the then-prevailing market conditions. The Group continually evaluates whether events and circumstances have occurred which impact the estimated residual values of the assets on operating lease. The used equipment market was carefully monitored throughout 2022 to ensure that write-downs if any, were properly determined. However, additional write-downs may be required if market conditions should deteriorate further.

Sales allowances

CNH Industrial provides sales incentives and discounts to dealers. At the time a sale to a dealer is recognized, CNH Industrial records an estimate of future sales incentive costs and discounts as a reduction of revenue. These incentives may be based on a dealer's purchase volume, or on retail sales incentive programs and financing programs that will be due when the dealer sells the equipment to a retail customer. The estimated cost of the these programs is based on historical data, announced and expected incentive programs, field inventory levels. The final cost of these programs is determined at the end of the measurement period for volume-based incentives or when the dealer sells the equipment to the retail customer. Changes in the mix and types of programs affect these estimates, which are reviewed quarterly. Actual cost differences from the original cost estimate are recognized in "Net revenues".

Product warranties

For most equipment and service parts sales, CNH Industrial provides a standard warranty to provide assurance that the equipment will function as intended for a specified period of time. At the time a sale is recognized, CNH Industrial records the estimated future warranty costs. CNH Industrial determines its total warranty liability by applying historical claims rate experience to the estimated amount of equipment that has been sold to end-users and is still under warranty based on dealer inventories and retail sales. Variances in claims experience and the type of warranty programs affect these estimates, which are reviewed quarterly. Estimates used to determine the product warranty accruals are based on historical claims rate leveraging the last rolling 12 months and consideration of current quality developments.

Pension and other post-employment benefits

Group companies sponsor pension and other post-employment benefits in various countries, mainly in the United States, the United Kingdom and Germany.

Employee benefit liabilities, related assets, costs and net interest connected with them are measured on an actuarial basis which requires the use of estimates and assumptions to determine the net defined benefit liability/asset for the Group. The actuarial method takes into consideration parameters of a financial nature such as the discount rate, the rate for expected return on plan assets, the rate of salary increases and the healthcare costs trend rate and takes into consideration the likelihood of potential future events by using certain demographic parameters such as mortality rates and dismissal or retirement rates. The discount rates selected are based on yields or yield curves of high quality corporate bonds in the relevant market. Trends in healthcare costs are developed on the basis of historical experience, the near-term outlook for costs and likely long-term trends. Rates of salary increases reflect the Group's long-term actual expectations in the reference market and inflation trends. Changes in any of these assumptions may have an effect on future contributions to the plans.

The effects resulting from revising the estimates for the above parameters ("re-measurements") are recognized directly in other comprehensive income without reclassification to profit or loss in subsequent years: refer to "Employee benefits" section above for further details.

Significant future changes in the yields of corporate bonds, other actuarial assumptions referred to above and returns on plan assets may significantly impact the net liability/asset.

Recognition of deferred tax assets

At December 31, 2022, CNH Industrial had net deferred tax assets, including tax loss carry forwards, of $534 million, of which $346 million are not recognized in the financial statements. The corresponding totals at December 31, 2021 were $538 million and $383 million.

Management has recognized deferred tax assets it believes are probable to be realized. In determining the amount of deferred tax assets probable to be realized management has considered figures from budgets and plans consistent with those used for other purposes within CNH Industrial, for example impairment testing, as discussed in the paragraph “Recoverability of non-current assets (including goodwill)” above. CNH Industrial believes the amount of recognized deferred tax assets is appropriate, despite the risk of actual future results potentially being less than results included in these forecasts, considering many of the recognized net deferred tax assets relate to temporary differences and tax losses which, to a significant extent, may be recovered over an extended time period, but do not expire based on currently enacted tax law. As in all financial reporting periods, CNH Industrial assessed the realizability of its various deferred tax assets, which related to multiple tax jurisdictions in all regions of the world. It is reasonably possible the Company's recognition of deferred tax assets could change during 2023. Such changes could materially impact the Company's financial results.

During the fourth quarter of 2022, we recognized substantially all the deferred tax assets related to our agricultural and construction equipment operations in Italy, resulting in a $5 million non-cash tax benefit, as those operations had consistently returned to pre-tax profitability, with that trend anticipated to continue for the foreseeable future.

During 2021, CNH Industrial recognized substantially all the deferred tax assets related to the agricultural and construction equipment operations in Brazil, resulting in a $142 million non-cash tax benefit, as those operations had consistently returned to sustained profitability in recent years, with that trend anticipated to continue for the foreseeable future.

Contingent liabilities

CNH Industrial is the subject of legal and indirect tax proceedings covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against CNH Industrial often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business management consults with legal counsel and certain other experts on matters related to litigation, taxes and other similar contingent liabilities. The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

New standards and amendments effective from January 1, 2022

- On May 14, 2020, the IASB issued *Property, Plant and Equipment—Proceeds before Intended Use (Amendments to IAS 16)* to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use and clarifying the meaning of "testing whether an asset is functioning properly". These amendments are effective retrospectively from January 1, 2022. These amendments had no impact on these Consolidated Financial Statements.
- On May 14, 2020, the IASB issued *Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)* specifying that the cost of fulfilling a contract comprises the costs that relate directly to the contract, including both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. These amendments are effective retrospectively from January 1, 2022. These amendments had no impact on these Consolidated Financial Statements.
- On May 14, 2020, the IASB issued the *Annual Improvements to IFRS 2018-2020 Cycle*. The most important topics addressed in these amendments are: (i) on IFRS 9 - *Financial Instruments* clarifying which fees an entity includes when it applies the "10 per cent" test in assessing whether to derecognize a financial liability; and (ii) on IFRS 16 - *Leases* removing the illustration of the reimbursement of leasehold improvements. These improvements are effective from January 1, 2022. These amendments had no impact on these Consolidated Financial Statements.

Accounting standards, amendments and interpretations not yet applicable and not early adopted by the Group

The main accounting standards, amendments and interpretations not yet applicable and not early adopted by the Group are the following:

- On February 12, 2021, the IASB issued the *Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies,* requiring companies to disclose the material accounting policy information rather than the significant accounting policies. Furthermore, the amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. This amendment is effective from January 1, 2023.

- On February 12, 2021, the IASB issued the *Amendments to IAS 8 - Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.* The amendments clarify how to distinguish changes in accounting policies (generally also applied retrospectively to past transactions and other past events) from changes in accounting estimates (applied prospectively only to future transactions and other future events). This amendment is effective from January 1, 2023.
- On May 7, 2021, the IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)*, which specifies how companies should account for deferred tax on transactions such as leases and decommissioning obligations. The amendments clarify that no exemption applies on such transactions and that companies are required to recognize deferred tax when they recognize the related assets or liabilities for the first time. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted.

Furthermore, at the date of these Consolidated Financial Statements, the European Union has not yet completed its endorsement process for the amendments and improvements reported below.

The Group is currently evaluating the impact of the adoption of the following amendment on its Consolidated Financial Statements or disclosures:

- On October 31, 2022, the IASB has published "Non-current Liabilities with Covenants" Amendments to *IAS 1 - Presentation of Financial Statements*, to clarify how conditions with which an entity must comply within twelve months after the reporting periods affect the classification of a liability. The amendments are effective for reporting periods beginning on or after January 1, 2024.
- In January 2020, the IASB issued amendments to *IAS 1 - Presentation of Financial Statements*, to clarify its requirements for classifying a liability as non-current in the statement of financial position. The amendments are effective from annual reporting periods beginning on or after 1 January 2024.
- On September 22, 2022, the IASB issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 1 January 2024.

SCOPE OF CONSOLIDATION

The Consolidated Financial Statements of the Group as of December 31, 2022 include CNH Industrial N.V. and 102 consolidated subsidiaries over which CNH Industrial N.V., directly or indirectly, has control. A total of 111 subsidiaries were consolidated at December 31, 2021.

Excluded from consolidation are 9 subsidiaries that are either dormant or generate a negligible volume of business: their proportion of the Group’s assets, liabilities, financial position and earnings is immaterial. In particular, 9 of such subsidiaries are accounted for using the cost method, and represent in aggregate less than 0.01 percent of Group revenues, equity and total assets.

Discontinued Operations - Iveco Group Business

This section provides details of the contents of the items relating to Discontinued Operations as reported in the Consolidated Income Statement, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows.

From a methodological standpoint, it should be noted that with reference to the presentation required by IFRS 5 - *Non current Assets Held for Sale and Discontinued Operations*, Discontinued Operations are included in the scope of consolidation of CNH Industrial Group at December 31, 2021 and accordingly the total balances relating to the whole Group have been determined by making the appropriate eliminations of transactions and balances between Continuing Operations and Discontinued Operations.

More specifically, the approach was as follows:

- in order to present the financial effects of a Discontinued Operation, revenues and expenses arising from intercompany transactions were eliminated except for those revenues and expenses that are considered to continue after the demerger. Eliminations from transactions between Continuing and Discontinued Operations are allocated in full to Discontinued Operations. However, no profit or loss is recognized for intercompany transactions within the Consolidated Income Statements. The amounts of income statement items included in Discontinued Operations is detailed in the following paragraph.
- intercompany transactions between Continuing and Discontinued Operations have been eliminated in the consolidated statement of financial position. The net balance between Assets held for distribution and Liabilities held for distribution represents the net equity of the Discontinued Operations. This amount corresponds to the reduction in the total equity of CNH Industrial due to the Demerger that occurred on January 1, 2022.

- all cash flows from Discontinued Operations are reported in the appropriate items for operating activities, investing activities and financing activities in the Statement of Cash Flows. The cash flows represent those arising from transactions with third parties.

Assets and Liabilities held for distribution

Assets and Liabilities classified as Discontinued Operations at December 31, 2021 may be analyzed as follows:

($ million)	At December 31, 2021
ASSETS HELD FOR DISTRIBUTION	
Intangible assets	1,488
Property, plant and equipment	3,460
Investments and other non-current financial assets	660
Leased assets	65
Defined benefit plan assets	17
Deferred tax assets	731
Inventories	3,003
Trade receivables	165
Receivables from financing activities	3,296
Other receivables and assets	568
Cash and cash equivalents	1,017
Assets held for sale	7
TOTAL ASSETS HELD FOR DISTRIBUTION	**14,477**
LIABILITIES HELD FOR DISTRIBUTION	
Provisions	2,187
Debt	2,566
Trade payables	3,364
Deferred tax liabilities	12
Other payables and liabilities	3,730
TOTAL LIABILITIES HELD FOR DISTRIBUTION	**11,859**

Profit (Loss) from Discontinued Operations, net of tax

Details of income statement items included in Discontinued Operations, after the eliminations, for the year ended December 31, 2021, are as follows:

($ million)	2021
Net revenues	14,007
Cost of sales	11,914
Selling, general and administrative costs	975
Research and development costs	569
Result from investments:	31
Share of the profit/(loss) of investees accounted for using the equity method	31
Gains/(losses) on the disposal of investments	10
Restructuring costs	42
Other income/(expenses)	(199)
Financial income/(expenses)	(136)
PROFIT/(LOSS) BEFORE TAXES	**213**
Income tax (expense) benefit	(122)
PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX	**91**
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:	
Owners of the parent	63
Non-controlling interests	28

The amounts presented in the table above are not representative of the income statement of Iveco Group on a stand-alone basis, as these amounts are net of intercompany transactions. Revenues and expenses arising from intercompany transactions have been eliminated, except for those revenues and expenses that continue after the spin-off. However, no profit or loss was recognized for intercompany transactions within the Consolidated Financial Statements for the year ended December 31, 2021.

Cash Flows from Discontinued Operations

Details of cash flows from Discontinued Operations are as follows:

($ million)	2021
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES:	
Profit/(loss) from Discontinued Operations	91
Depreciation and Amortization (net of depreciation and amortization of vehicles sold under buy-back commitments and operating leases)	670
(Gains)/losses on disposal of property plant and equipment and intangible assets (net of vehicles sold under buy-back commitments) and other non-cash items	1
Dividends received	20
Change in provisions	149
Change in deferred income taxes	51
Change in items due to buy-back commitments	58
Change in operating lease items	3
Change in working capital	(405)
Total Cash Flow from/(used in) operating activities from Discontinued Operations	**638**
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES:	
Investments in:	
Property, plant and equipment and intangible assets (net of vehicles sold under buy-back commitments and operating leases)	(668)
Consolidated subsidiaries, net of cash acquired	(54)
Proceeds from the sale of non-current assets (net of vehicles sold under buy-back commitments)	23
Net change in receivables from financing activities	(140)
Change in other current financial assets	32
Other changes	686
Total Cash Flow from/(used in) investing activities from Discontinued Operations	**(121)**
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES:	
Net change in other financial payables and derivative assets/liabilities	(104)
Purchase of ownership interests in subsidiaries	—
Total Cash Flow from/(used in) financing activities from Discontinued Operations	**(104)**

BUSINESS COMBINATIONS

On May 16, 2022, CNH Industrial acquired Specialty Enterprises LLC, a manufacturer of agricultural spray booms and sprayer boom accessories. Total consideration was approximately $50 million. The results of Specialty Enterprises have been included in CNH Industrial's Agriculture segment.

On November 30, 2021, CNH Industrial completed its acquisition of Raven Industries, Inc. CNH Industrial acquired 100% of the capital stock of Raven for $58 per share funded with available cash on hand. Cash consideration paid to Raven shareholders and Raven equity award holders totaled $2.1 billion. Raven, based in Sioux Falls, South Dakota, included three business divisions: Applied Technology, Engineered Films and Aerostar. The Applied Technologies division offers precision agricultural technologies in the areas of applications controls, guidance and steering, field computers, boom controls, cloud services and logistics, and injection support. At December 31, 2021, the preliminary estimates for the fair value of assets acquired and liabilities assumed of the Applied Technologies Division as of the acquisition date included $1.3 billion and $0.5 billion in preliminary goodwill and intangible assets, respectively. At December 31, 2021, the Engineered Films and Aerostar businesses were classified as held for sale with preliminary estimates of $0.5 billion in assets held for sale (included in Other Assets) and $0.1 billion in liabilities held for sale (included in Other Liabilities). The Engineered Films and Aerostar businesses were subsequently sold during 2022.

The acquisition of Raven has been accounted for as a business combination using the acquisition method of accounting. The acquisition method requires, among other things, that assets acquired and liabilities assumed in a business combination be recognized at their fair values as of the acquisition date. In the fourth quarter of 2022, the Company finalized the valuation of acquired assets and assumed liabilities. The asset and liability fair values of the remaining Raven business, Applied Technology Division, at the acquisition date are as follows:

($ million)	November 30, 2021
Intangible Assets:	
Customer Relationship	145
In-Process R&D	165
Developed Technology	50
Trade Names	74
Goodwill	**1,404**
Deferred Tax Liability and Other	**(137)**

COMPOSITION AND PRINCIPAL CHANGES

1. Net revenues

The following table summarizes Net revenues for the years ended December 31, 2022 and 2021:

($ million)	2022	2021
Agriculture	17,969	14,754
Construction	3,572	3,081
Eliminations and Other	—	—
Total Industrial Activities	**21,541**	**17,835**
Financial Services	**1,982**	**1,664**
Eliminations and Other	(50)	(25)
Total Net revenues	**23,473**	**19,474**

The following table disaggregates Net revenues by major source for the years ended December 31, 2022 and 2021:

($ million)	2022	2021
Revenues from:		
Sales of goods	21,506	17,816
Rendering of services	35	19
Revenues from sales of goods and services	**21,541**	**17,835**
Finance and interest income	1,091	856
Rents and other income on operating lease	841	783
Total Net revenues	**23,473**	**19,474**

During the years ended December 31, 2022 and 2021, revenues included $6 million and $1 million, respectively, relating to the reversal of contract liabilities outstanding at the beginning of each period. Refer to Note 26 "Other current liabilities" for additional details on contract liabilities.

As of December 31, 2022, the aggregate amount of the transaction price allocated to remaining performance obligations related to extended warranties/maintenance and repair contracts was approximately $33 million ($15 million as of December 31, 2021). As of December 31, 2022, CNH Industrial expects to recognize revenue on approximately 30% and 91% of the remaining performance obligations over the next 12 and 36 months, respectively (approximately 30% and 89%, respectively, as of December 31, 2021), with the remaining recognized thereafter.

2. Cost of sales

Cost of sales amounted to $18,167 million in 2022 and to $15,231 million in 2021.

3. Selling, general and administrative costs

Selling, general and administrative costs amounted to $1,678 million in 2022, compared to $1,425 million recorded in 2021, as costs returned to more normal levels from the pandemic-affected low levels experienced last year.

4. Research and development costs

In 2022, Research and development costs of $881 million ($677 million in 2021) comprise all the research and development costs not recognized as assets in the year, amounting to $698 million ($492 million in 2021) and the amortization of capitalized development costs of $183 million ($185 million in 2021). During 2022, the Group capitalized new development costs of $175 million ($154 million in 2021).

5. Result from investments

This item mainly includes CNH Industrial’s share in the net profit or loss of the investees accounted for using the equity method, as well as any impairment losses, reversal of impairment losses, accruals to the investment provision, and dividend income. In 2022 and 2021, CNH Industrial’s share in the net profit or loss of the investees accounted for using the equity method was a gain of $108 million and $92 million, respectively.

6. Restructuring costs

CNH Industrial incurred restructuring costs of $34 million and $36 million in 2022 and 2021, respectively.

7. Other income/(expenses)

This item consists of miscellaneous costs which cannot be allocated to specific functional areas, such as accruals for various provisions not attributable to other items of Cost of sales or Selling, general and administrative costs, net of income arising from operations which is not attributable to the sale of goods and services. Other expenses were $9 million in 2022 and $124 million in 2021. In 2022, this item also includes $22 million ($54 million after-tax) of loss on the sale of the Raven Engineered Films and Aerostar divisions, net of income from the Raven businesses held for sale during the period, separation costs in connection with the spin-off of the On-Highway business of $25 million, and a $65 million gain from the sale of our Canada parts depot. In 2021, this item also included a pre-tax gain of $95 million related to a healthcare plan amendment in the U.S., $133 million separation costs in connection with the spin-off of the On-Highway business, $57 million for the transaction costs related to the acquisition of Raven Industries, Inc. and a gain of $12 million ($9 million after-tax) for a fair value adjustment of Monarch Tractor investment.

8. Financial income/(expenses)

The item "Financial income/(expenses)" is detailed as follows:

($ million)	2022	2021
Financial income (a)	**64**	**47**
Interest and other financial expenses (b)	**187**	**180**
Net (income)/expenses from derivative financial instruments at fair value through profit or loss	81	128
Exchange rate differences from derivative financial instruments	(135)	(146)
Total interest and other financial expenses, net (income)/expenses from derivative financial instruments and exchange differences (c)	**(54)**	**(18)**
Net financial income/(expenses) excluding Financial Services (a) - (b) + (c)	**(177)**	**(151)**

Financial income may be analyzed as follows:

($ million)	2022	2021
Interest income from banks	42	14
Interest and financial income from financial assets at amortized cost	8	6
Other interest income and financial income	14	27
Total Financial income	**64**	**47**

Interest and other financial expenses may be analyzed as follows:

($ million)	2022	2021
Interest expenses on bonds	(116)	(145)
Bank interest expenses	(2)	(3)
Interest expenses related to lease liabilities	(8)	(6)
Commission expenses	(5)	(2)
Other interest cost and other financial expenses	(56)	(24)
Total Interest and other financial expenses	**(187)**	**(180)**

In the year ended December 31, 2021, net financial expenses (excluding those of Financial Services) included a charge of $8 million related to the repurchase and early redemption of all CNH Industrial Finance Europe S.A. outstanding notes due May 23, 2022.

Capitalized borrowing costs amounted to $7 million and $5 million in 2022 and 2021, respectively.

Other interest cost and other financial expenses include, amongst other things, interest cost on asset-backed financing and factoring cost.

9. Income tax (expense) benefit

CNH Industrial N.V. and its subsidiaries have substantial worldwide operations and incur tax obligations in the jurisdictions in which they operate. CNH Industrial's provision (benefit) for income taxes as reported in its consolidated statements of operations for the year ended December 31, 2022 of $758 million consists almost entirely of income taxes related to subsidiaries of CNH Industrial N.V..

Income taxes for the years ended December 31, 2022 and 2021 consisted of the following:

($ million)	2022	2021
Current taxes	(847)	(506)
Deferred taxes	80	269
Taxes relating to prior periods	9	1
Total Income tax (expense) benefit	**(758)**	**(236)**

CNH Industrial N.V. is incorporated in the Netherlands but is a tax resident of the United Kingdom ("U.K."). The reconciliation of the differences between the provision for income taxes and the statutory rate is presented based on the weighted average of the U.K. statutory corporation tax rates in force over each of the Company's calendar year reporting periods of 19% in 2022 and 2021. Reconciliations of CNH Industrial's income tax expense for the years ended December 31, 2022 and 2021 is as follows:

($ million)	2022	2021
Theoretical Income tax (expense) benefit at the parent statutory rate	**(501)**	**(365)**
Foreign income taxed at different rates	(241)	(131)
Deferred tax assets not recognized and write-down	(10)	(9)
Taxes relating to prior years	9	1
Recognition or use of previously unrecognized deferred tax assets	30	180
Tax credits and incentives	54	79
Uncertain tax position	(58)	18
Change in tax rate or law	—	5
Other	(41)	(14)
Total Income tax (expense) benefit	**(758)**	**(236)**

CNH Industrial's effective tax rates for 2022 and 2021 were 28.8% and 12.3%, respectively. The increased tax expense in 2022, as compared to 2021, was largely attributable to improved pre-tax results, increased profitability in high-tax jurisdictions, taxes associated with the disposition of Raven's Engineered Films Division and Raven's Aerostar Division, additional reserves for uncertain tax positions, and the addition of unrecognized deferred tax assets in jurisdictions with highly inflationary economies in 2022. Although these negative impacts in 2022 were partially offset by $5 million of benefits from the recognition of deferred tax assets in Italy, this impact was not as large as the $142 million in benefits from the recognition of deferred tax assets in Brazil in 2021. The 2021 rate was also reduced by a reduction in reserves for uncertain tax positions, and the utilization of unrecognized deferred tax assets.

At December 31, 2022, undistributed earnings in certain subsidiaries outside the U.K. totaled approximately $9 billion ($9 billion at December 31, 2021) for which no deferred tax liability has been recorded because the remittance of earnings from those jurisdictions would incur no tax or such earnings are indefinitely reinvested. CNH Industrial has determined the amount of unrecognized deferred tax liability relating to the $9 billion undistributed earnings was approximately $123 million and was attributable to withholding taxes and incremental local country income taxes in certain jurisdictions. Further, CNH Industrial evaluated the undistributed earnings from its joint ventures in which it owned 50% or less and recorded $13 million of deferred tax liabilities as of December 31, 2022. The repatriation of undistributed earnings to the U.K. is generally exempt from U.K. income taxes and as such there is no deferred tax liability associated with undistributed earnings from non-U.K. jurisdictions.

CNH Industrial recognizes in its consolidated statement of financial position within Deferred tax assets, the amount of deferred tax assets less the deferred tax liabilities of the individual consolidated legal entities, where these may be offset.

The components of net deferred tax assets at December 31, 2022 and 2021 are as follows:

($ million)	At December 31, 2021	Recognized in income statement	Charged to equity	Translation differences and other changes	At December 31, 2022
Deferred tax assets arising from:					
Taxed provisions	562	96	—	(5)	**653**
Inventories	30	31	—	1	**62**
Taxed allowances for doubtful accounts	67	26	—	—	**93**
Provision for employee benefits	141	(11)	(11)	(34)	**85**
Write-downs of financial assets	(1)	—	—	1	**—**
Measurement of derivative financial instruments	(11)	—	—	11	**—**
Other	375	(21)	—	22	**376**
Total	1,163	121	(11)	(4)	**1,269**
Deferred tax liabilities arising from:					
Accelerated depreciation	(492)	53	—	(15)	**(454)**
Inventories	(102)	(9)	—	(1)	**(112)**
Intangible assets	(119)	23	—	(28)	**(124)**
Provision from employee benefits	1	(2)	—	—	**(1)**
Capitalization of development costs	(188)	5	—	4	**(179)**
Write-downs of financial assets	—			(1)	**(1)**
Measurement of derivative financial instruments	—	(15)	(16)	(3)	**(34)**
Other	(107)	8	—	3	**(96)**
Total	(1,007)	63	(16)	(41)	**(1,001)**
Theoretical tax benefit arising from tax loss carryforwards and tax credits	382	(146)	—	30	**266**
Adjustments for assets whose recoverability is not probable	(383)	42	—	(5)	**(346)**
Total net deferred tax assets	155	80	(27)	(20)	**188**

($ million)	At December 31, 2022	At December 31, 2021
Deferred tax assets	343	367
Deferred tax liabilities	(155)	(212)
Net deferred tax assets	**188**	155

The increase of $33 million in net deferred tax assets is mainly due to the net increase recognized in the income statement of $80 million, largely driven by the disposition of Raven's Engineered Films Division and Raven's Aerostar Division.

The decision to recognize deferred tax assets is made for each legal entity in the Group by critically assessing whether the conditions exist for the future realization of such assets on the basis of actual results, as well as updated strategic plans and accompanying tax plans. For this reason, the total theoretical future tax benefits arising from deductible temporary differences of $1,269 million at December 31, 2022 and of $1,163 million at December 31, 2021, and tax loss carryforwards and tax credits of $266 million at December 31, 2022 and of $382 million at December 31, 2021, were reduced by $346 million at December 31, 2022 and by $383 million at December 31, 2021.

Net deferred tax assets include $74 million at December 31, 2022 ($149 million at December 31, 2021) of tax benefits arising from tax loss carryforwards and tax credits. At December 31, 2022, a further tax benefit of $203 million ($233 million at December 31, 2021) arising from tax loss carryforwards and tax credits has not been recognized.

Tax liabilities primarily include uncertain income tax amounts of $173 million and other tax payables.

CNH Industrial has gross tax loss carry forwards in several tax jurisdictions. These tax losses expire as follows: $40 million in 2023; $33 million in 2024; $23 million in 2025; $17 million in 2026; $296 million in 2027 and beyond. CNH Industrial also had tax loss carry forwards of approximately $628 million with indefinite lives. CNH Industrial has tax credit carry forwards of $48 million which expire in 2026 and beyond.

CNH Industrial files income tax returns in multiple jurisdictions and is subject to examination by taxing authorities throughout the world. CNH Industrial has open tax years from 2009 through 2022. Due to the global nature of CNH Industrial business, transfer pricing disputes may arise and CNH Industrial may seek correlative relief through competent authority processes. CNH Industrial has considered the possibility of correlative relief when booking contingencies related to transfer pricing.

10. Other information by nature of expense

The income statement includes personnel costs for $2,976 million in 2022 ($2,583 million in 2021).

An analysis of the average number of employees by category is as follows:

	2022	2021
Managers	798	688
White-collar	14,198	12,907
Blue-collar	23,970	20,813
Average number of employees	**38,966**	**34,408**

11. Earnings per share

A reconciliation of basic and diluted earnings/(loss) per share is as follows:

		2022	2021
Net profit/(loss) attributable to CNH Industrial	$ million	**1,867**	**1,740**
Net profit/(loss) attributable to CNH Industrial from Continuing Operations	$ million	1,867	1,677
Net profit/(loss) attributable to CNH Industrial from Discontinued Operations	$ million	—	63
Basic earnings/(loss) per share attributable to common shareholders:			
Weighted average common shares outstanding – basic	million	1,351	1,354
Continuing Operations	$	1.38	1.24
Discontinued Operations	$	—	0.05
Basic earnings/(loss) per share attributable to CNH Industrial N.V.	$	**1.38**	**1.28**
Diluted earnings/(loss) per share attributable to common shareholders:			
Weighted average common shares outstanding – basic	million	1,351	1,354
Effect of dilutive potential shares (when dilutive):			
Stock compensation plans	million	11	7
Weighted average common shares outstanding – diluted	million	1,362	1,361
Continuing Operations	$	1.37	1.23
Discontinued Operations	$	—	0.05
Diluted earnings/(loss) per share attributable to CNH Industrial N.V.	$	**1.37**	**1.28**

Basic earnings/(loss) per common share (“EPS”) is computed by dividing the Profit/(loss) for the period attributable to the owners of the parent by the weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur on the conversion of all dilutive potential common shares into common shares. Stock options, restricted stock units, and performance stock units deriving from the CNH Industrial share-based payment awards are considered dilutive potential common shares.

For the year ended December 31, 2022, no shares were outstanding and not included in the calculation of diluted earnings per share as the impact of these shares would have been anti-dilutive.

For the year ended December 31, 2021, no shares were outstanding and not included in the calculation of diluted earnings per share as the impact of these shares would have been anti-dilutive.

Shares acquired under the buy-back program are included in the issued shares of the Company and treasury stock, but are not included in average shares outstanding when calculating earnings per share. For additional information on the buy-back program, see Note 21 “Equity”.

12. Intangible assets

In 2022 and 2021, changes in the carrying amount of Intangible assets were as follows:

($ million)	Goodwill	Trademarks and other intangible assets with indefinite useful lives	Development costs externally acquired	Development costs internally generated	Patents, concessions and licenses	Other intangible assets externally acquired	Advances and intangible assets in progress externally acquired	Total
Gross carrying amount Balance at December 31, 2020	3,127	293	1,974	5,795	1,028	1,295	51	13,563
Additions	—	—	192	283	17	126	44	662
Divestitures	—	—	—	(1,064)	(1)	(13)	—	(1,078)
Acquisitions(*)	1,376	—	—	—	—	519	—	1,895
Translation differences and other changes	(32)	—	(154)	(349)	(7)	(48)	(52)	(642)
Transfer to Assets held for distribution	(81)	—	(2,006)	(2,361)	(677)	(92)	(41)	(5,258)
Balance at December 31, 2021	4,390	293	6	2,304	360	1,787	2	9,142
Additions	—	—	2	173	1	128	1	305
Divestitures	—	—	—	(290)	—	(37)	—	(327)
Acquisitions(*)	48	—	—	—	—		—	48
Translation differences and other changes	61	—	(1)	(55)	2	(269)	165	(97)
Balance at December 31, 2022	**4,499**	**293**	**7**	**2,132**	**363**	**1,609**	**168**	**9,071**
Accumulated amortization and impairment losses Balance at December 31, 2020	1,183	60	1,740	3,836	968	944	—	8,731
Amortization	—	—	213	240	30	82	—	565
Impairment losses	—	—	19	—	—	8	—	27
Divestitures	—	—	—	(1,062)	(1)	(11)	—	(1,074)
Translation differences and other changes	(21)	—	(139)	(228)	(46)	(62)	—	(496)
Transfer to Assets held for distribution	(1)	—	(1,827)	(1,272)	(593)	(77)	—	(3,770)
Balance at December 31, 2021	1,161	60	6	1,514	358	884	—	3,983
Amortization	—	—	1	182	1	120	—	304
Impairment losses	—	—	—	—	—	—	—	—
Divestitures	—	—	—	(290)	—	(37)	—	(327)
Translation differences and other changes	(2)	—	(1)	(36)	(1)	(21)	—	(61)
Balance at December 31, 2022	**1,159**	**60**	**6**	**1,370**	**358**	**946**	**—**	**3,899**
Carrying amount at December 31, 2021	3,229	233	—	790	2	903	2	5,159
Carrying amount at December 31, 2022	**3,340**	**233**	**1**	**762**	**5**	**663**	**168**	**5,172**

(*) Increases in Goodwill refer to acquisitions discussed in section "Business combinations" above.

Foreign exchange losses were $44 million in 2022 (gains of $170 million in 2021).

Goodwill, trademarks and intangible assets with indefinite useful lives

Goodwill is allocated to the Group's cash-generating units identified as the Group's operating segments. The following table presents the allocation of goodwill across the segments:

($ million)	At December 31, 2022	At December 31, 2021
Agriculture	3,179	3,063
Construction	46	48
Financial Services	115	118
Goodwill net carrying amount	**3,340**	3,229

The acquisition of Specialty Enterprises LLC (Specialty) during the second quarter of 2022 led to the increase in Goodwill for Agriculture of $43 million. Goodwill related to the acquisitions was calculated as the excess of the consideration transferred over the net assets recognized and represents the future economic benefits arising from the other assets acquired that could not be individually identified and separately recognized.

The valuation of assets acquired and liabilities assumed has not yet been finalized as of December 31, 2022. Thus, goodwill associated with the acquisitions is subject to adjustment during the measurement period.

As of December 31, 2021, the acquisitions of Raven and Sampierana during the fourth quarter of 2021 led to an increase in Goodwill for Agriculture and Construction of $1.3 billion and $51 million, respectively. Goodwill related to the acquisitions was calculated as the excess of the consideration transferred over the net assets recognized and represents the future economic benefits arising from the other assets acquired that could not be individually identified and separately recognized. The valuation of assets acquired and liabilities assumed was finalized during the fourth quarter of 2022. Measurement period adjustments were recorded in the current year that increased Goodwill by $77 million for Agriculture, primarily related to updates of certain of the valuations.

During the fourth quarter of 2021, CNH Industrial recorded $0.5 billion in intangible assets based on the preliminary valuation for the Raven Industries, Inc. and Sampierana S.p.A. acquisitions. Measurement period adjustments were recorded in 2022 and decreased the net amount of intangible assets by $72.

Goodwill and Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if a triggering event occurs. At December 31, 2022 and 2021, CNH Industrial completed its annual impairment assessment and concluded there were no impairments to goodwill for any of the reporting units.

CNH Industrial determines the recoverable amount of these cash-generating units using multiple valuation methodologies, relying largely on an income approach but also incorporating value indicators from a market approach, with reference to the cash-generating units with the most significant allocated goodwill.

Under the income approach, CNH Industrial calculates the recoverable amount of a cash-generating unit based on the present value of estimated future cash flows. The income approach is dependent on several critical management assumptions, including estimates of future sales in the discrete future period, the weighted average cost of capital (discount rate) and terminal value growth rates, and also less significant assumptions such as gross margins, operating costs, income tax rates, capital expenditures and changes in working capital requirements. Discount rate assumptions include an assessment of the risk inherent in the future cash flows of the respective cash-generating units.

The following discount rates before taxes were selected:

	2022	2021
Agriculture	14.7 %	14.5 %
Construction	n.a.	n.a.
Financial Services	20.3 %	19.7 %

Expected cash flows used under the income approach are developed in conjunction with CNH Industrial budgeting and forecasting processes. CNH Industrial used nine years of expected cash flows for Agriculture, and five years of expected cash flows for Financial Services, as management believes that these periods generally reflect the underlying market cycles for its businesses. Under the market approach, CNH Industrial estimates the recoverable amount of the Agriculture cash-generating unit, using earnings before interest, tax, depreciation and amortization multiples, and estimates the recoverable amount of the Financial Services cash-generating unit using book value multiples. The multiples are derived from comparable publicly-traded companies with similar operating and investment characteristics as the respective cash-generating units. The guideline company method makes use of market price data of corporations whose stock is actively traded in a public, free and open market, either on an exchange or over-the-counter basis. Although it is clear no two companies are entirely alike, the corporations selected as guideline companies must be engaged in the same, or a similar, line of business or be subject to similar financial and business risks, including the opportunity for growth.

A terminal value is included at the end of the projection period used in the discounted cash flow analysis in order to reflect the remaining value that each cash-generating unit is expected to generate. The terminal value represents the present value in the last year of the projection period of all subsequent cash flows into perpetuity. The terminal value growth rate is a key assumption used in determining the terminal value as it represents the annual growth of all subsequent cash flows into perpetuity. The terminal value growth rate was 1.0% in 2022 and 2021 for the Agriculture cash-generating unit, and 1.5% in 2022 and 2021 for Financial Services.

As of December 31, 2022, the estimated recoverable amounts, (excluding the balance of the 2021 acquisitions) calculated using the above method, of the Agriculture and Financial Services cash-generating units exceeded the carrying values by approximately 294% and 75%, respectively. Thus, CNH Industrial did not recognize an impairment for these cash-generating units.

The results obtained for Commercial and Specialty Vehicles confirmed the absence of an impairment loss with reference to the goodwill amount included in the Discontinued Operations.

The sum of the recoverable amounts of CNH Industrial's cash generating units was in excess of CNH Industrial's market capitalization at December 31, 2022. CNH Industrial believes that the difference between the recoverable amount and market capitalization is reasonable (in the context of assessing whether any asset impairment exists) when market-based control premiums are taken into consideration.

Trademarks and Other intangible assets with indefinite useful lives are mainly attributable to Agriculture and Construction and consist of acquired trademarks and similar rights which have no legal, contractual, competitive or economic factors that limit their useful lives. For the purposes of impairment testing, these assets were attributed to the respective cash-generating units. No impairment loss was recognized.

Finally, the estimates and budget data to which the above-mentioned parameters have been applied are those determined by management based on past performance and expectations of developments in the markets in which CNH Industrial operates. Impairment assessments inherently involve management judgments regarding a number of assumptions such as those described above. Due to the many variables inherent in the estimation of a cash generating unit's recoverable amount, differences in assumptions could have a material effect on the estimated recoverable amount and could result in a goodwill impairment loss in a future period. Circumstances and events, which could potentially cause further impairment losses, are constantly monitored by CNH Industrial.

Development costs and other intangible assets with finite useful lives

The amortization of development costs and impairment losses are reported in the income statement as Research and development costs.

Development costs are tested for impairment at the cash-generating unit level.

Intangible assets with finite useful lives are amortized over their estimated useful lives and tested for impairment if events or changes in circumstances indicate that the asset may be impaired.

13. Property, plant and equipment

In 2022 and 2021, changes in the carrying amount of Property, plant and equipment were as follows:

($ million)	Land	Industrial buildings	Plant, machinery and equipment	Right-of-use assets	Assets sold with a buy-back commitment	Other tangible assets	Advances and tangible assets in progress	Total
Gross carrying amount Balance at December 31, 2020	286	3,175	9,315	716	2,640	822	149	17,103
Additions	—	54	274	122	693	27	171	1,341
Divestitures	(3)	(6)	(87)	(98)	(391)	(32)	—	(617)
Translation differences	(14)	(173)	(580)	(48)	(194)	(52)	(10)	(1,071)
Other changes	(7)	51	123	40	(514)	25	(114)	(396)
Transfer to Assets held for distribution	(132)	(1,329)	(5,813)	(397)	(2,235)	(431)	(68)	(10,405)
Balance at December 31, 2021	130	1,772	3,232	335	(1)	359	128	5,955
Additions	4	22	103	114	—	19	182	**444**
Divestitures	—	(23)	(17)	(62)	—	(10)	(2)	**(114)**
Translation differences	(6)	(55)	(96)	(14)	—	(13)	(4)	**(188)**
Other changes	—	18	75	9	1	11	(114)	**—**
Balance at December 31, 2022	**128**	**1,734**	**3,297**	**382**	**—**	**366**	**190**	**6,097**
Accumulated depreciation and impairment losses balance at December 31, 2020	6	2,096	7,623	270	955	739	—	11,689
Depreciation	—	93	370	145	261	36	—	905
Impairment losses	—	1	1	—	2	3	—	7
Divestitures	—	(6)	(85)	(76)	(181)	—	—	(348)
Translation differences	—	(112)	(480)	(22)	(63)	(45)	—	(722)
Other changes	(2)	(18)	24	—	(297)	(35)	—	(328)
Transfer to Assets held for distribution	(3)	(904)	(4,820)	(173)	(676)	(369)	—	(6,945)
Balance at December 31, 2021	1	1,150	2,633	144	1	329	—	4,258
Depreciation	—	52	133	69	—	16	—	**270**
Impairment losses	—	14	2	—	—	1	—	**17**
Divestitures	—	(10)	(16)	(43)	—	(7)	—	**(76)**
Translation differences	—	(38)	(81)	(7)	—	(11)	—	**(137)**
Other changes	5	(16)	(2)	—	(1)	(1)	—	**(15)**
Balance at December 31, 2022	**6**	**1,152**	**2,669**	**163**	**—**	**327**	**—**	**4,317**
Carrying amount at December 31, 2021	129	622	599	191	(2)	30	128	1,697
Carrying amount at December 31, 2022	**122**	**582**	**628**	**219**	**—**	**39**	**190**	**1,780**

CNH Industrial recognized an impairment loss of commitments of $17 million. The impairment losses were recognized in Cost of sales.

At December 31, 2022, right-of-use assets refer primarily to the following lease contracts: industrial buildings for $162 million ($139 million at December 31, 2021), plant, machinery and equipment for $12 million ($13 million at December 31, 2021), and other assets for $45 million ($39 million at December 31, 2021). For a description of the related lease liabilities, refer to Note 24 "Debt".

Short-term and low-value leases are not recorded in the statement of financial position; CNH Industrial recognizes lease expense ($10 million for both 2022 and 2021) in the income statement for these leases on a straight-line basis over the lease term.

Land and industrial buildings and plant, machinery and equipment pledged as security for debt and other commitments were immaterial at December 31, 2022 and 2021.

CNH Industrial had contractual commitments of $77 million and $95 million for the acquisition of property, plant and equipment at December 31, 2022 and 2021, respectively.

14. Investments and other non-current financial assets

($ million)	At December 31, 2022	At December 31, 2021
Investments accounted for using the equity method	345	298
Other investments	54	47
Total Investments	**399**	**345**
Non-current financial receivables and other non-current securities	9	10
Total Investments and other non-current financial assets	**408**	**355**

At December 31, 2022 and 2021, no Non-current financial receivables had been pledged as security.

Investments

Changes in Investments in 2022 and 2021 are set out below:

($ million)	At December 31, 2021	Revaluations/ (Write-downs)	Acquisitions and capitalizations	Fair value remeasurements	Translation differences	Disposals and other changes	At December 31, 2022
Investments in:							
Unconsolidated subsidiaries and other	47	—	8	—	(1)	—	**54**
Joint ventures	173	102	—	—	(23)	71	**323**
Associates	125	5	—	—	(3)	(105)	**22**
Total Investments	**345**	**107**	**8**	**—**	**(27)**	**(34)**	**399**

($ million)	At December 31, 2020	Revaluations/ (Write-downs)	Acquisitions and capitalizations	Fair value remeasu-rements	Translation differences	Disposals and other changes	Transfer to Assets held for distribution	At December 31, 2021
Investments in:								
Unconsolidated subsidiaries and other	15	—	52	—	(7)	2	(15)	**47**
Joint ventures	287	83	—	—	(45)	54	(206)	**173**
Associates	282	40	3	—	(22)	(33)	(145)	**125**
Equity investments measured at fair value through other comprehensive income	392	—	—	(138)	—	—	(254)	**—**
Total Investments	**976**	**123**	**55**	**(138)**	**(74)**	**23**	**(620)**	**345**

Revaluations and Write-downs include the Group's share of the profit or loss for the year of investments accounted for using the equity method for an amount of $107 million in 2022 and $123 million in 2021.

Investments in joint ventures

A summary of investments in joint ventures at December 31, 2022 and 2021 is as follows:

	At December 31, 2022		At December 31, 2021	
	% of interest	($ million)	% of interest	($ million)
CIFINS S.p.A.	50.0	111	—	—
TürkTraktör Ve Ziraat Makineleri A.S.	37.5	79	37.5	49
Other Joint ventures:				
New Holland HFT Japan Inc.	50.0	84	50.0	83
CNH de Mexico SA de CV	50.0	43	50.0	35
Other		6		6
Total Other Joint ventures		**133**		**124**
Total Investments in Joint ventures		**323**		**173**

Interests in joint ventures consist of 7 companies at December 31, 2022 (6 companies at December 31, 2021) and mainly include TürkTraktör ve Ziraat Makineleri A.S., Turkey, a listed entity (37.5% CNH Industrial and 37.5% Koç Holding) which manufactures and distributes various models of both New Holland and Case IH tractors and CIFINS S.p.A., a company jointly held (50.0%) by CNH Industrial and Iveco Group, which holds 49.9% of CNH Industrial Capital Europe S.p.A., a joint venture with the BNP Paribas Group providing financial solutions to customers of both CNH Industrial and Iveco Group in several European countries. The 24.95% investment in CNH Industrial Capital Europe S.A. held by CNH Industrial through CIFINS S.p.A. at December 31, 2022 was included in the Consolidated Financial Statements as of December 31, 2021 as investment in associates.

Interests in joint ventures are accounted for using the equity method.

Summarized financial information relating to the material joint ventures of the Group, prepared in accordance with EU-IFRS, is as follows:

	At December 31, 2022	At December 31, 2021
($ million)	TürkTraktör Ve Ziraat Makineleri A.S.	TürkTraktör Ve Ziraat Makineleri A.S.
Cash and cash equivalents	312	139
Non-current assets	143	82
Current assets	289	206
Total Assets	**744**	**427**
Debt	215	87
Other liabilities	320	209
Total Liabilities	**535**	**296**
Total Equity	**209**	**131**

	2022	2021
($ million)	TürkTraktör Ve Ziraat Makineleri A.S.	TürkTraktör Ve Ziraat Makineleri A.S.
Net revenues	1,270	1,245
Depreciation and amortization	13	18
Net Financial income/(expenses)	(32)	(11)
Profit/(loss) before taxes	165	171
Income tax (expenses)	9	(33)
Profit/(loss) from Continuing Operations	174	138
Profit/(loss) from Discontinued Operations	—	—
Profit/(loss)	**174**	**138**
Total Other comprehensive income, net of tax	**—**	**—**
Total Comprehensive income	**174**	**138**

	At December 31, 2022
($ million)	CIFINS S.p.A.
Total Assets	**222**
Total Liabilities	**—**
Total Equity	**222**

	2022
($ million)	CIFINS S.p.A.
Net Financial income/(expenses)	28
Profit/(loss) before taxes	28
Income tax (expenses)	—
Profit/(loss) from Continuing Operations	28
Profit/(loss) from Discontinued Operations	—
Profit/(loss)	**28**
Total Other comprehensive income, net of tax	**—**
Total Comprehensive income	**28**

This summarized financial information may be reconciled to the carrying amount of the % interest held in the joint ventures as follows:

	At December 31, 2022	At December 31, 2021
($ million)	TürkTraktör Ve Ziraat Makineleri A.S.	TürkTraktör Ve Ziraat Makineleri A.S.
Total Equity	**209**	**131**
Group's interest (%)	37.5	37.5
Pro-quota equity	**79**	**49**
Adjustments made by using the equity method	—	—
Carrying amount	**79**	**49**

($ million)	At December 31, 2022 CIFINS S.p.A.
Total Equity	**222**
Group's interest (%)	50.0
Pro-quota equity	**111**
Adjustments made by using the equity method	—
Carrying amount	**111**

Summarized financial information relating to CNH Industrial Capital Europe S.a.S., material associate of the Group held by CIFINS S.p.A., is as follows:

($ million)	At December 31, 2022	At December 31, 2021
Non-current assets	—	—
Current assets	6,060	5,900
Total Assets	**6,060**	**5,900**
Debt	5,316	5,216
Other liabilities	301	262
Total Liabilities	**5,617**	**5,478**
Total Equity	**443**	**422**

($ million)	2022	2021
Net revenues	158	134
Profit/(loss) before taxes	85	86
Profit/(loss) from Continuing Operations	59	57
Profit/(loss) from Discontinued Operations	—	—
Profit/(loss)	**59**	**57**
Total Other comprehensive income, net of tax	—	—
Total Comprehensive income	**59**	**57**

This summarized financial information may be reconciled to the carrying amount of the % interest held in the associate as follows:

($ million)	At December 31, 2022	At December 31, 2021
Total Equity	**443**	**422**
Group's interest (%)	24.95	24.95
Pro-quota equity	**111**	**106**
Adjustments made by using the equity method	—	—
Carrying amount	**111**	**106**

Summarized financial information relating to the % interest held in the other joint ventures that are not individually material, is as follows:

($ million)	2022	2021
Profit/(loss) from Continuing Operations	23	18
Profit/(loss) from Discontinued Operations	—	9
Profit/(loss)	**23**	**27**
Total Other comprehensive income, net of tax	**—**	**—**
Total Comprehensive income	**23**	**27**

At December 31, 2022, the fair value of Investments in main listed joint ventures, based on prices quoted on regulated markets, is as follows:

($ million)	Carrying value	Fair value
TürkTraktör Ve Ziraat Makineleri A.S.	79	799

Investments in associates

A summary of investments in associates at December 31, 2022 and 2021 is as follows:

	At December 31, 2022		At December 31, 2021	
	% of interest	($ million)	% of interest	($ million)
Al-Ghazi Tractors Ltd.	43.2	12	43.2	9
Other(1)		10		116
Total Investments in associates		**22**		**125**

(1) The 24.95% investment in CNH Capital Europe S.A. held by CNH Industrial N.V. through CIFINS S.p.A. at December 31, 2022 was included in the combined financial statements at December 31, 2021 as investments in associates.

Summarized financial information relating to the Group's pro-rata interest in associates that are not individually material, accounted for using the equity method, is as follows:

($ million)	2022	2021
Profit/(loss) from Continuing Operations	5	8
Profit/(loss) from Discontinued Operations	—	4
Profit/(loss)	**5**	**12**
Total Other comprehensive income, net of tax	**—**	**—**
Total Comprehensive income	**5**	**12**

15. Leased assets

This item changed as follows in 2022 and 2021:

($ million)	At December 31, 2021	Additions	Depreciation	Foreign exchange effects	Disposals and other changes	At December 31, 2022
Gross carrying amount	2,168	539	—	(35)	(776)	**1,896**
Less: Depreciation and impairment	(430)	—	(207)	6	236	**(395)**
Net carrying amount of Leased assets	**1,738**	**539**	**(207)**	**(29)**	**(540)**	**1,501**

($ million)	At December 31, 2020	Additions	Depreciation	Foreign exchange effects	Disposals and other changes	Transfer to Assets held for distribution	December 31, 2021
Gross carrying amount	2,442	626	—	(13)	(759)	(128)	**2,168**
Less: Depreciation and impairment	(464)	—	(277)	5	243	63	**(430)**
Net carrying amount of Leased assets	**1,978**	**626**	**(277)**	**(8)**	**(516)**	**(65)**	**1,738**

Leased assets include equipment leased to retail customers by the Group's leasing companies.

At December 31, 2022, minimum lease payments receivable for assets under non-cancelable operating leases amount to $438 million ($450 million at December 31, 2021) and fall due as follows:

($ million)	At December 31, 2022	At December 31, 2021
Less than one year	197	212
One to two years	134	134
Two to three years	72	70
Three to four years	27	27
Four to five years	8	7
More than five years	—	—
Total Undiscounted lease payments	**438**	**450**

No leased assets have been pledged as security at December 31, 2022 and 2021.

16. Inventories

At December 31, 2022 and 2021, Inventories consisted of the following:

($ million)	At December 31, 2022	At December 31, 2021
Raw materials	1,974	1,438
Work-in-progress	471	570
Finished goods	2,403	2,220
Total Inventories	**4,848**	**4,228**

At December 31, 2022, the amount of Inventories measured at net realizable value (estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale) is $574 million ($478 million at December 31, 2021).

At December 31, 2022, Inventories included assets which are no longer subject to operating lease arrangements and were held for sale for a total amount of $13 million ($29 million at December 31, 2021).

There were no inventories pledged as security at December 31, 2022 and 2021.

17. Current receivables and Other current financial assets

A summary of Current receivables and Other current financial assets as of December 31, 2022 and 2021 is as follows:

($ million)	At December 31, 2022	At December 31, 2021
Trade receivables	168	192
Receivables from financing activities	19,611	15,443
Current tax receivables	54	63
Other current receivables and financial assets:		
Other current receivables	432	746
Other current financial assets	315	1
Total Other current receivables and financial assets	**747**	**747**
Total Current receivables and Other current financial assets	**20,580**	**16,445**

An analysis of Current receivables by due date is as follows:

	At December 31, 2022				At December 31, 2021			
($ million)	due within one year	due between one and five years	due beyond five years	Total	due within one year	due between one and five years	due beyond five years	Total
Trade receivables	161	7	—	168	192	—	—	192
Receivables from financing activities	11,476	7,674	461	19,611	8,114	6,922	407	15,443
Current tax receivables	30	20	4	54	15	—	48	63
Other current receivables	413	17	2	432	667	78	1	746
Total Current receivables	**12,080**	**7,718**	**467**	**20,265**	**8,988**	**7,000**	**456**	**16,444**

Trade receivables

As of December 31, 2022 and 2021, CNH Industrial had trade receivables of $168 million and $192 million, respectively. Trade receivables are shown net of allowances for doubtful accounts of $23 million for both year ended December 31, 2022 and 2021. The allowances are determined using the simplified approach, as permitted by IFRS 9 for trade receivables, consisting in the use of lifetime expected loss.

Changes in the allowances for doubtful accounts during 2022, and 2021 were as follows:

	Year ended December 31,	
($ million)	2022	2021(*)
Opening balance	**23**	**62**
Provision	3	2
Use and other changes	(3)	(3)
Transfer to liabilities held for distribution	—	(38)
Ending balance	**23**	**23**

(*) The 2021 data have been restated to exclude Iveco Group Business, consistent with Iveco Group's classification as a Discontinued Operations as requested by the IFRS 5 - Non-current Assets held for sale and Discontinued Operations. Iveco Group's results are presented as a single line item within the Consolidated Statement of Comprehensive Income for the year ended December 31, 2021. The spin-off of Iveco Group took effect on January 1, 2022 (refer to the Section - "Scope of Consolidation - Discontinued Operations - Iveco Group Business").

The allowances at December 31, 2022 and 2021, have been determined using the following expected loss rates:

		At December 31, 2022				
		Current	31-60 days past due	61-90 days past due	Greater than 90 days past due	Total
Expected loss rate	%	5	—	—	52	12
Gross carrying amount	$ million	150	8	4	29	191
Allowances for doubtful accounts	$ million	(8)	—	—	(15)	(23)

		At December 31, 2021				
		Current	31-60 days past due	61-90 days past due	Greater than 90 days past due	Total
Expected loss rate	%	4	—	—	79	11
Gross carrying amount	$ million	189	4	3	19	215
Allowances for doubtful accounts	$ million	(8)	—	—	(15)	(23)

Trade accounts have significant concentrations of credit risk in the Agriculture and Construction segments. There is not a disproportionate concentration of credit risk in any geographic region.

The Industrial Activities businesses sell a significant portion of their trade receivables to Financial Services and provide compensation to Financial Services at approximate market interest rates.

As of December 31, 2022 and 2021, write offs for trade receivables were immaterial.

Charge-offs of principal amounts of trade receivables outstanding are deducted from the allowance at the point when it is estimated that amounts due are deemed uncollectible. CNH Industrial continues to engage in collection efforts to attempt to recover the receivables. When recoveries are collected, these are recognized as income.

Receivables from financing activities

A summary of Receivables from financing activities as of December 31, 2022 and 2021 is as follows:

($ million)	At December 31, 2022	At December 31, 2021
Retail:		
Retail financing	11,297	9,805
Finance leases	203	215
Total Retail	**11,500**	**10,020**
Wholesale:		
Dealer financing	7,785	5,373
Total Wholesale	**7,785**	**5,373**
Other	326	50
Total Receivables from financing activities	**19,611**	**15,443**

CNH Industrial provides and administers retail note and lease financing to end use customers for the purchase of new and used equipment sold through its dealer network, as well as revolving charge account financing. The terms of retail notes and finance leases generally range from two to six years, and interest rates vary depending on prevailing market interest rates and certain incentive programs offered on behalf of and sustained by Industrial Activities. Revolving charge accounts are generally accompanied by higher interest rates than CNH Industrial's other retail financing products, require minimum monthly payments, and do not have pre-determined maturity dates.

Wholesale receivables arise primarily from dealer floorplan financing, and to a lesser extent, the financing of dealer operations. Under the standard terms of the wholesale receivable agreements, these receivables typically have “interest-free” periods of up to twelve months and stated original maturities of up to twenty-four months, with repayment accelerated upon the sale of the underlying equipment by the dealer. During the “interest-free” period, Financial Services is compensated by Industrial Activities based on market interest rates. After the expiration of any “interest-free” period, interest is charged to dealers on outstanding balances until CNH Industrial receives payment in full. The “interest-free” periods are determined based on the type of equipment sold and the time of year of the sale. CNH Industrial evaluates and assesses dealers on an ongoing basis as to their credit worthiness. CNH Industrial may be obligated to repurchase the dealer’s equipment upon cancellation or termination of the dealer’s contract for such causes as change in ownership, closeout of the business, or default. There were no significant losses in 2022 and 2021 relating to the termination of dealer contracts.

Finance lease receivables mainly relate to equipment leased out under finance lease arrangements. The interest rate implicit in the lease is determined at the commencement of the lease for the whole lease term. The average interest rate implicit in total finance lease receivables varies depending on prevailing market interest rates.

The item may be analyzed as follows stated gross of an allowance of $34 million at December 31, 2022 ($6 million at December 31, 2021):

($ million)	At December 31, 2022	At December 31, 2021
Less than one year	93	80
One to two years	65	57
Two to three years	59	54
Three to four years	36	42
Four to five years	23	22
More than five years	9	8
Total Undiscounted receivables for future minimum lease payments	**285**	**263**
Unearned finance income	(48)	(42)
Present value of future minimum lease payments	**237**	**221**

Financing receivables have significant concentrations of credit risk in the agriculture and construction business sectors. On a geographic basis, there is not a disproportionate concentration of credit risk in any area. CNH Industrial typically retains, as collateral, a security interest in the equipment associated with retail and wholesale receivables, while revolving charge accounts are generally unsecured.

Transfers of financial receivables

As part of its overall funding strategy, the Group periodically transfers certain receivables into special purpose entities ("SPEs") as part of its asset backed securitization ("ABS") programs or into factoring transactions.

The SPEs finance the purchase of receivables by issuing asset-backed securities (i.e., securities whose repayment and interest flow depend upon the cash flow generated by the portfolio). Asset-backed securities are divided into classes according to their degree of seniority and rating: the most senior classes are placed with investors on the market; the junior class, whose repayment is subordinated to the senior classes, is normally subscribed for by the seller. The residual interest in the receivables retained by the seller is therefore limited to the junior securities it has subscribed for. In accordance with IFRS 10 – *Consolidated Financial Statements*, all securitization vehicles are included in the scope of consolidation because the subscription of the junior asset-backed securities by the seller implies its control in substance over the structured entity.

Factoring transactions may be either with recourse or without recourse; certain without recourse transfers include deferred payment clauses (for example, when the payment by the factor of a minor part of the purchase price is dependent on the total amount collected from the receivables), requiring first loss cover, meaning that the transferor takes priority participation in the losses, or requires a significant exposure to the cash flows arising from the transferred receivables to be retained. These types of transactions do not comply with the requirements of IFRS 9 – *Financial Instruments* for the derecognition of the assets, since the risks and rewards connected with collection are not substantially transferred and, accordingly, the Group continues to recognize the receivables transferred by this means in its consolidated statement of financial position and recognizes a financial liability of the same amount under asset-backed financing (see Note 24 "Debt").

At December 31, 2022 and 2021, the carrying amount of such transferred financial assets not derecognized and the related liability and the respective fair values were as follows:

	At December 31, 2022			At December 31, 2021		
($ million)	Receivables from financing activities transferred	Other financial assets transferred	Total	Receivables from financing activities transferred	Other financial assets transferred	Total
Carrying amount of assets	11,348	674	**12,022**	10,321	1,080	**11,401**
Carrying amount of the related liabilities	(9,060)	(693)	**(9,753)**	(7,779)	(1,097)	**(8,876)**
Liabilities for which the counterparty has the right to obtain relief on the transferred assets:						
Fair value of the assets	11,033	674	**11,707**	10,374	1,080	**11,454**
Fair value of the liabilities	(8,852)	(692)	**(9,544)**	(7,673)	(1,096)	**(8,769)**
Net position	**2,181**	**(18)**	**2,163**	**2,701**	**(16)**	**2,685**

Other financial assets transferred also include the cash with a pre-determined use restricted to the repayment of the securitization debt.

CNH Industrial has discounted receivables and bills without recourse having due dates beyond December 31, 2022 amounting to $17 million which refer to trade receivables and other receivables. At December 31, 2021, the amount of discounted receivables and bills without recourse with due dates beyond that date, was $192 million, of which, $178 million referred to trade receivables and other receivables and $14 million referred to receivables from financing activities.

Allowance for Credit Losses

CNH Industrial's allowance for credit losses is segregated into two portfolio segments: retail and wholesale. A portfolio segment is the level at which CNH Industrial develops a systematic methodology for determining its allowance for credit losses. Further, the class of receivables by which CNH Industrial evaluates its portfolio segments is by geographic region. Typically, CNH Industrial's receivables within a geographic region have similar risk profiles and methods for assessing and monitoring risk. These classes align with management reporting.

CNH Industrial utilizes three categories for receivables from financing activities that reflect their credit risk and how the loss provision is determined.

Internal risk grade	IFRS 9 classification	Definition	Basis for recognition of expected credit loss provision
Performing	Stage 1	Low risk of default; payments are generally less than 30 days past due	12 month expected credit losses
Performing	Stage 2	Significant increase in credit risk; payments generally between 31 and 90 days past due	Lifetime expected credit losses
Non-performing	Stage 3	Accounts are credit impaired and/or a legal action has been initiated; payments generally greater than 90 days past due	Lifetime expected credit losses

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, CNH Industrial considers historical loss rates for each category of customers and adjusts for forward looking macroeconomic data.

In calculating the expected credit losses, CNH Industrial's calculations depend on whether the receivable has been individually identified as being impaired. The first component of the allowance for credit losses covers the receivables specifically reviewed by management for which CNH Industrial has determined it is probable that it will not collect all of the contractual principal and interest. Receivables are individually reviewed for impairment based on, among other items, amounts outstanding, days past due and prior collection history. Expected credit losses are measured by considering: the unbiased and probability-weighted amount; the time value of money; and reasonable and supportable information (available without undue costs or effort) at the reporting date about past events, current conditions and forecasts of future economic conditions. Expected credit losses are measured as the probability-weighted present value of all cash shortfalls over the expected life of each financial asset.

The second component of the allowance for credit losses covers all receivables that have not been individually reviewed for impairment. The allowance for these receivables is based on aggregated portfolio evaluations, generally by financial product. The allowance for wholesale and retail credit losses is based on loss forecast models that consider a variety of factors that include, but are not limited to, historical loss experience, collateral value, portfolio balance and delinquency. The loss forecast models are updated on a quarterly basis. The calculation is adjusted for forward looking macroeconomic factors. In addition, qualitative factors that are not fully captured in the loss forecast models are considered in the evaluation of the adequacy of the allowance for credit losses. These qualitative factors are subjective and require a degree of management judgment.

Charge-offs of principal amounts of receivables outstanding are deducted from the allowance at the point when it is determined to be probable that all amounts due will not be collected.

Allowance for credit losses activity for the years ended December 31, 2022 is as follows:

	Year ended December 31, 2022							
	Retail				Wholesale			
($ million)	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Opening balance	**56**	**24**	**75**	**155**	**21**	**—**	**44**	**65**
Provision (benefit)	27	11	35	73	8	—	(1)	7
Charge-offs, net of recoveries	2	—	(19)	(17)	1	—	(8)	(7)
Transfers	6	(21)	15	—	1	—	(1)	—
Foreign currency translation and other	3	1	2	6	(2)	—	1	(1)
Ending balance	**94**	**15**	**108**	**217**	**29**	**—**	**35**	**64**
Receivables:								
Ending balance	**11,271**	**140**	**89**	**11,500**	**7,669**	**21**	**95**	**7,785**

At December 31, 2022, the allowance for credit losses included an increase in reserves due to growth in the retail portfolio and additionally included $15 million for domestic Russian receivables, $9 million for the addition of revolving charge accounts in North America and $7 million in China related to Construction customers. CNH Industrial will update the macroeconomic factors and qualitative factors in future periods, as warranted.

Allowance for credit losses activity for the year ended December 31, 2021 is as follows:

	Year ended December 31, 2021							
	Retail				Wholesale			
($ million)	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Opening balance	**87**	**26**	**191**	**304**	**26**	**1**	**147**	**174**
Provision (benefit)	(14)	4	32	22	2	—	4	6
Charge-offs, net of recoveries	(4)	—	(19)	(23)	—	—	—	—
Transfers	25	(4)	(21)	—	2	—	(2)	—
Foreign currency translation and other	—	(2)	(9)	(11)	1	—	(4)	(3)
Transfer to assets held for distribution	(38)	—	(99)	(137)	(10)	(1)	(101)	(112)
Ending balance	**56**	**24**	**75**	**155**	**21**	**—**	**44**	**65**
Receivables:								
Ending balance	**9,778**	**191**	**51**	**10,020**	**5,241**	**52**	**80**	**5,373**

At December 31, 2021, the allowance for credit losses included a reduction in retail reserves primarily due to the improved outlook for the agricultural industry and a reduced expected impact on credit conditions from the COVID-19 pandemic.

CNH Industrial assesses and monitors the credit quality of its financing receivables based on whether a receivable is classified as Performing or Non-Performing. Receivables are considered past due if the required principal and interest payments have not yet been received as of the date such payments were due. Delinquency is reported on financing receivables greater than 30 days past due. Non-performing financing receivables represent loans for which CNH Industrial has ceased accruing finance income. These receivables are generally 90 days past due. Finance income for non-performing receivables is recognized on a cash basis. Accrued interest is charged-off to interest income. Interest income charged-off was not material for the year ended December 31, 2022. Interest accrual is resumed if the receivable becomes contractually current and collection becomes probable. Previously suspended income is recognized at that time.

The aging of Receivables from financing activities as of December 31, 2022 and 2021 is as follows:

	At December 31, 2022					
($ million)	Total Current	31-60 Days Past Due	61-90 Days Past Due	Total Performing	Non-Performing	Total
Retail:						
North America	7,332	42	12	**7,386**	**—**	**7,386**
Europe, Middle East, Africa	3	—	—	**3**	**11**	**14**
South America	2,734	12	—	**2,746**	**4**	**2,750**
Asia Pacific	1,332	8	8	**1,348**	**2**	**1,350**
Total Retail	**11,401**	**62**	**20**	**11,483**	**17**	**11,500**
Wholesale:						
North America	3,378	—	—	**3,378**	**—**	**3,378**
Europe, Middle East, Africa	2,488	7	2	**2,497**	**—**	**2,497**
South America	1,416	—	—	**1,416**	**—**	**1,416**
Asia Pacific	494	—	—	**494**	**—**	**494**
Total Wholesale	**7,776**	**7**	**2**	**7,785**	**—**	**7,785**

($ million)	Total Current	31-60 Days Past Due	61-90 Days Past Due	Total Performing	Non-Performing	Total
						At December 31, 2021
Retail:						
North America	6,620	11	—	**6,631**	—	**6,631**
Europe, Middle East, Africa	42	4	—	**46**	—	**46**
South America	2,080	—	—	**2,080**	—	**2,080**
Asia Pacific	1,239	10	8	**1,257**	6	**1,263**
Total Retail	**9,981**	**25**	**8**	**10,014**	**6**	**10,020**
Wholesale:						
North America	2,339	—	—	**2,339**	—	**2,339**
Europe, Middle East, Africa	1,936	—	—	**1,936**	—	**1,936**
South America	626	—	—	**626**	22	**648**
Asia Pacific	448	2	—	**450**	—	**450**
Total Wholesale	**5,349**	**2**	**—**	**5,351**	**22**	**5,373**

Troubled Debt Restructurings

A restructuring of a receivable constitutes a troubled debt restructuring ("TDR") when the lender grants a concession it would not otherwise consider to a borrower that is experiencing financial difficulties. As a collateral-based lender, CNH Industrial typically will repossess collateral in lieu of restructuring receivables. As such, for retail receivables, concessions are typically provided based on bankruptcy court proceedings. For wholesale receivables, concessions granted may include extended contract maturities, inclusion of interest-only periods, modification of a contractual interest rate to a below market interest rate and waiving of interest and principal.

TDRs are reviewed along with other receivables as part of management's ongoing evaluation of the adequacy of the allowance for credit losses. The allowance for credit losses attributable to TDRs is based on the most probable source of repayment, which is normally the liquidation of the collateral. In determining collateral value, CNH Industrial estimates the current fair market value of the equipment collateral and considers credit enhancements such as additional collateral and third-party guarantees.

Before removing a receivable from TDR classification, a review of the borrower is conducted. If concerns exist about the future ability of the borrower to meet its obligations based on a credit review, the TDR classification is not removed from the receivable.

As of December 31, 2022, and 2021, CNH Industrial's TDRs for retail and wholesale receivables were immaterial.

Other current receivables

At December 31, 2022, Other current receivables mainly consisted of other tax receivables for VAT and other indirect taxes of $308 million ($638 million at December 31, 2021), and receivables from employees of $15 million ($11 million at December 31, 2021).

Other current financial assets

At December 31, 2022, and 2021, Other current financial assets primarily consist of current securities and short-term deposits and investments.

Refer to Note 30 "Information on financial risks" for additional information on the credit risk to which CNH Industrial is exposed and the way it is managed by the Group.

18. Derivative assets and Derivative liabilities

These items consist of derivative financial instruments measured at fair value at the balance sheet date.

CNH Industrial utilizes derivative instruments to mitigate its exposure to interest rate and foreign currency exposures. Derivatives used as hedges are effective at reducing the risk associated with the exposure being hedged and are designated as a hedge at the inception of the derivative contract. CNH Industrial does not hold or enter into derivative or other financial instruments for speculative purposes. The credit and market risk related to derivatives is reduced through diversification among various counterparties, utilizing mandatory termination clauses and/or collateral support agreements. Derivative instruments are generally classified as Level 2 in the fair value hierarchy.

In accordance with IFRS 9, derivative financial instruments qualify for hedge accounting only when, at the inception of the hedge, there is formal designation and documentation of the hedging relationship, there is an economic relationship between the hedging instrument and the hedged item, credit risk does not dominate the value changes that result from the economic relationship, and the hedging relationship's hedging ratio reflects the actual quantity of the hedging instrument and the hedged item. Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

Further description of the risk management exposures and strategies for interest rate and currency risk is presented in Note 30 "Information on financial risks", paragraph "Market risk" together with sensitivity analysis assessing the potential impact of changes in interest rates and foreign currencies.

Foreign Exchange Derivatives

CNH Industrial has entered into foreign exchange forward contracts and swaps in order to manage and preserve the economic value of cash flows in a currency different from the functional currency of the relevant legal entity. CNH Industrial conducts its business on a global basis in a wide variety of foreign currencies and hedges foreign currency exposures arising from various receivables, liabilities, and expected inventory purchases and sales. Derivative instruments utilized to hedge the foreign currency risk associated with anticipated inventory purchases and sales in foreign currencies are designated as cash flow hedges. Gains and losses on these instruments are deferred in accumulated other comprehensive income/(loss) and recognized in earnings when the related transaction occurs.

For hedging cash flows in a currency different from the functional currency, the hedge relationship reflects the hedge ratio of 1:1, which means that relationship is characterized by the value of the hedging instrument and the value of the hedged item moving in the opposite direction as a result of the common underlying of hedged risk.

The main sources of hedge ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the foreign exchange derivatives, which is not reflected in the change in the fair value of the hedged cash flow attributable to the change in the exchange rates, and
- changes in timing of the hedged transaction.

Ineffectiveness related to these hedge relationships is recognized in the consolidated income statement in the line "Financial income/(expenses)" and was not significant for all periods presented. The maturity of these instruments does not exceed 24 months and the after-tax gains/(losses) deferred in accumulated other comprehensive income/(loss) that will be recognized in net revenues and cost of sales over the next twelve months, assuming foreign exchange rates remain unchanged, is approximately $-17 million. If a derivative instrument is terminated because the hedge relationship is no longer effective or because the hedged item is a forecasted transaction that is no longer determined to be probable, the cumulative amount recorded in accumulated other comprehensive income/(loss) is recognized immediately in earnings. Such amounts were insignificant in all periods presented.

CNH Industrial also uses forwards and swaps to hedge certain assets and liabilities denominated in foreign currencies. Such derivatives are considered economic hedges and not designated as hedging instruments. The changes in the fair values of these instruments are recognized directly in income in "Financial income/(expenses)" and are expected to offset the foreign exchange gains or losses on the exposures being managed.

All of CNH Industrial's foreign exchange derivatives are considered Level 2 as the fair value is calculated using market data input and can be compared to actively traded derivatives.

Interest Rate Derivatives

CNH Industrial has entered into interest rate derivatives (swaps and caps) in order to manage interest rate exposures arising in the normal course of business. Interest rate derivatives that have been designated as cash flow hedges are being used by CNH Industrial to mitigate the risk of rising interest rates related to existing debt and anticipated issuance of fixed-rate debt in future periods. Gains and losses on these instruments, to the extent that the hedge relationship has been effective, are deferred in other comprehensive income/(loss) and recognized in "Financial income/(expenses)" over the period in which CNH Industrial recognizes interest expense on the related debt. The after-tax gains (losses) deferred in other comprehensive income/(loss) that will be recognized in interest expense over the next twelve months are insignificant.

Interest rate derivatives that have been designated as fair value hedge relationships have been used by CNH Industrial to mitigate the volatility in the fair value of existing fixed rate bonds and medium-term notes due to changes in floating interest rate benchmarks. Gains and losses on these instruments are recorded in "Financial income/(expenses)" in the period in which they occur and an offsetting gain or loss is also reflected in "Financial income/(expenses)" based on changes in the fair value of the debt instrument being hedged due to changes in floating interest rate benchmarks.

For hedging interest rate exposures, the hedge relationship reflects the hedge ratio 1:1, which means that relationship is characterized by the value of the hedging instrument and the value of the hedged item that move in the opposite direction as a result of the common underlying of hedged risk.

The main sources of hedge ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flow attributable to the change in the interest rates, and
- differences in repricing dates between the swaps and the borrowings.

Any ineffectiveness is recorded in “Financial income/(expenses)” in the consolidated income statement and its amount was insignificant for all periods presented.

CNH Industrial also enters into offsetting interest rate derivatives with substantially similar terms that are not designated as hedging instruments, to mitigate interest rate risk related to CNH Industrial’s committed asset-backed facilities. Unrealized and realized gains and losses resulting from fair value changes in these instruments are recognized directly in income. Net gains and losses on these instruments were insignificant for the years ending December 31, 2022 and 2021. All of CNH Industrial’s interest rate derivatives outstanding as of December 31, 2022 and 2021 are considered Level 2. The fair market value of these derivatives is calculated using market data input and can be compared to actively traded derivatives.

Financial statement impact of CNH Industrial derivatives

The following table summarizes the gross impact of changes in the fair value of derivatives had on other comprehensive income and profit or loss during the years ended December 31, 2022 and 2021:

($ million)	2022	2021(*)
Fair value hedges		
Interest rate derivatives – Financial income/(expenses)	(104)	(47)
Gains/(losses) on hedged items – Financial income/(expenses)	104	47
Cash flow hedges		
Recognized in Other comprehensive income (effective portion):		
Foreign exchange derivatives	(162)	(20)
Interest rate derivatives	57	33
Reclassified from other comprehensive income (effective portion):		
Foreign exchange derivatives – Net revenues	(1)	(2)
Foreign exchange derivatives – Cost of sales	(219)	(6)
Foreign exchange derivatives – Financial income/(expenses)	2	(6)
Interest rate derivatives – Cost of sales	30	3
Not designated as hedges		
Foreign exchange derivatives – Financial income/(expenses)	(16)	(10)

(*) The 2021 data have been restated to exclude Iveco Group Business, consistent with Iveco Group's classification as a Discontinued Operations as requested by the IFRS 5 - Non-current Assets held for sale and Discontinued Operations. Iveco Group's results are presented as a single line item within the Consolidated Statement of Comprehensive Income for the year ended December 31, 2021. The spin-off of Iveco Group took effect on January 1, 2022 (refer to the Section - "Scope of Consolidation - Discontinued Operations - Iveco Group Business").

The fair values of CNH Industrial’s derivatives as of December 31, 2022 and 2021 in the consolidated statement of financial position are recorded as follows:

	At December 31, 2022		At December 31, 2021	
($ million)	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Derivatives designated as hedging instruments				
Fair value hedges:				
Interest rate derivatives	—	(43)	33	(6)
Total Fair value hedges	**—**	**(43)**	**33**	**(6)**
Cash flow hedges:				
Foreign exchange derivatives	13	(15)	5	(9)
Interest rate derivatives	77	(20)	32	(18)
Total Cash flow hedges	**90**	**(35)**	**37**	**(27)**
Total Derivatives designated as hedging instruments	**90**	**(78)**	**70**	**(33)**
Derivatives not designated as hedging instruments				
Foreign exchange derivatives	71	(54)	102	(111)
Interest rate derivatives	28	(72)	12	(15)
Total Derivatives not designated as hedging instruments	**99**	**(126)**	**114**	**(126)**
Elimination of net Continuing Operations balances towards Discontinued Operations	—	—	—	(23)
Derivative assets/(liabilities)	**189**	**(204)**	**184**	**(182)**

Derivatives not designated as hedging instruments consist mainly of derivatives (mostly currency-based derivatives) acquired to hedge receivables and payables subject to currency risk and/or interest rate risk which are not formally designated as hedges at Group level.

The following table provides, for derivatives designated as hedging instruments, the detail of notional amounts and of the fair value changes used as a basis to calculate hedge ineffectiveness and for derivative not designated as hedging instruments, the detail of notional amounts:

($ million)	At December 31, 2022 Notional amount	At December 31, 2022 Fair value changes used as a basis to calculate hedge ineffectiveness	At December 31, 2021 Notional amount	At December 31, 2021 Fair value changes used as a basis to calculate hedge ineffectiveness
Derivatives designated as hedging instruments				
Fair value hedges:				
Interest rate derivatives	900	(87)	1,100	23
Total Fair value hedges	**900**	**(87)**	**1,100**	**23**
Cash flow hedges:				
Foreign exchange derivatives	968	(235)	3,066	12
Interest rate derivatives	3,172	25	2,547	13
Total Cash flow hedges	**4,140**	**(210)**	**5,613**	**25**
Total Derivatives designated as hedging instruments	**5,040**	**(297)**	**6,713**	**48**
Total Derivatives not designated as hedging instruments	7,278	n/a	7,930	n/a
Total Derivatives	**12,318**	**n/a**	**14,643**	**n/a**

The following table provides the effect of hedged items designated in fair value hedging relationships:

	At December 31, 2022				
	Carrying amount of the hedged item		Accumulated amount of fair value hedge adjustments included in the carrying amounts		Fair value changes used as a basis to calculate hedge ineffectiveness
($ million)	Assets	Liabilities	Assets	Liabilities	
Fair value hedges:					
Interest rate risk		900		(87)	(87)

	At December 31, 2021				
	Carrying amount of the hedged item		Accumulated amount of fair value hedge adjustments included in the carrying amounts		Fair value changes used as a basis to calculate hedge ineffectiveness
($ million)	Assets	Liabilities	Assets	Liabilities	
Fair value hedges:					
Interest rate risk		1,100		23	23

The following table provides the effects of hedged items designated in cash flow hedging relationships:

($ million)	At December 31, 2022 Cash flow hedge reserve (continuing hedges)	At December 31, 2022 Fair value changes used as a basis to calculate hedge ineffectiveness	At December 31, 2021(*) Cash flow hedge reserve (continuing hedges)	At December 31, 2021(*) Fair value changes used as a basis to calculate hedge ineffectiveness
Cash flow hedges:				
Foreign exchange risk	16	(237)	(31)	(44)
Interest rate risk	72	25	30	16

(*) The 2021 data have been restated to exclude Iveco Group Business, consistent with Iveco Group's classification as a Discontinued Operations as requested by the IFRS 5 - Non-current Assets held for sale and Discontinued Operations. Iveco Group's results are presented as a single line item within the Consolidated Statement of Comprehensive Income for the year ended December 31, 2021. The spin-off of Iveco Group took effect on January 1, 2022 (refer to the Section - "Scope of Consolidation - Discontinued Operations - Iveco Group Business").

The following table provides further information about the effect of cash flow hedges on the consolidated equity of CNH Industrial:

($ million)	Interest rate risk	Foreign exchange risk	Total cash flow hedge reserve
As of December 31, 2020	**(17)**	**(4)**	**(21)**
Gains/(losses) recognized in Other comprehensive income	49	(26)	23
Gains/(losses) reclassified from Other comprehensive income in Profit or loss	(4)	14	10
Income tax effect	(18)	4	(14)
As of December 31, 2021	**10**	**(12)**	**(2)**
Demerger impacts	—	3	3
Gains/(losses) recognized in Other comprehensive income	57	(162)	(105)
Gains/(losses) reclassified from Other comprehensive income in Profit or loss	(30)	218	188
Income tax effect	(5)	(11)	(16)
As of December 31, 2022	**32**	**36**	**68**

The following table provides an analysis by due date of the notional amount of outstanding derivative financial instruments at December 31, 2022 and 2021:

	At December 31, 2022				At December 31, 2021			
($ million)	due within one year	due between one and five years	due beyond five years	Total	due within one year	due between one and five years	due beyond five years	Total
Currency risk	5,473	432	—	5,905	7,763	434	—	**8,197**
Interest rate risk	220	5,361	832	6,413	819	4,617	1,010	**6,446**
Total notional amount	**5,693**	**5,793**	**832**	**12,318**	**8,582**	**5,051**	**1,010**	**14,643**

19. Cash and cash equivalents

Cash and cash equivalents consist of:

($ million)	At December 31, 2022	At December 31, 2021
Cash at banks	3,405	4,581
Restricted cash	753	801
Money market securities and other cash equivalents	971	463
Total Cash and cash equivalents	**5,129**	**5,845**

Amounts shown are readily convertible into cash and are subject to an insignificant risk of changes in value. Restricted cash mainly includes bank deposits that may be used exclusively for the repayment of the debt relating to securitizations classified as Asset-backed financing.

The credit risk associated with Cash and cash equivalents is considered not significant, because it mainly relates to deposits spread across primary national and international financial institutions.

20. Assets and Liabilities held for sale

This item may be analyzed as follows at December 31, 2022 and 2021:

($ million)	At December 31, 2022	At December 31, 2021
Assets held for sale	—	**490**
Liabilities held for sale	—	**125**

Assets and Liabilities held for sale decreased of $490 million and $125 million, respectively, compared to December 31, 2021. The decrease was primarily due to the sale of the Engineered Films and Aerostar Divisions, acquired in the context of Raven acquisition and in a residual way to the sale of a property of CNH Industrial Canada Ltd..

21. Equity

Share capital

The Articles of Association of CNH Industrial N.V. provide for authorized share capital of €40 million, divided into 2 billion common shares and 2 billion special voting shares to be held with associated common shares, each with a per share par value of €0.01. As of December 31, 2022, the Company's share capital was €18 million (equivalent to $25 million), fully paid-in, and consisted of 1,364,400,196 common shares (1,344,240,971 common shares outstanding and 20,159,225 common shares held in treasury by the Company as described in the following section) and 396,474,276 special voting shares (371,072,953 special voting shares outstanding, net of 25,401,323 special voting shares held in treasury by the Company as described in the section below).

Changes in the composition of the share capital of CNH Industrial during 2022 and 2021 are as follows:

(number of shares)	CNH Industrial N.V. common shares issued	Less: Treasury shares	CNH Industrial N.V. common shares outstanding	CNH Industrial N.V. loyalty program special voting shares issued	Less: Treasury shares	CNH Industrial N.V. loyalty program special voting shares outstanding	**Total Shares issued by CNH Industrial N.V.**	**Less: Treasury shares**	**Total CNH Industrial N.V. outstanding shares**
Total CNH Industrial N.V. shares at December 31, 2020	**1,364,400,196**	**(10,489,725)**	**1,353,910,471**	**396,474,276**	**(25,146,122)**	**371,328,154**	**1,760,874,472**	**(35,635,847)**	**1,725,238,625**
Capital increase	—	—	—	—	—	—	—	—	—
(Purchases)/Sales of treasury shares	—	2,166,529	2,166,529	—	(109,904)	(109,904)	—	2,056,625	2,056,625
Total CNH Industrial N.V. shares at December 31, 2021	**1,364,400,196**	**(8,323,196)**	**1,356,077,000**	**396,474,276**	**(25,256,026)**	**371,218,250**	**1,760,874,472**	**(33,579,222)**	**1,727,295,250**
Capital increase	—	—	—	—	—	—	—	—	—
(Purchases)/Sales of treasury shares	—	(11,836,029)	(11,836,029)	—	(145,297)	(145,297)	—	(11,981,326)	(11,981,326)
Total CNH Industrial N.V. shares at December 31, 2022	**1,364,400,196**	**(20,159,225)**	**1,344,240,971**	**396,474,276**	**(25,401,323)**	**371,072,953**	**1,760,874,472**	**(45,560,548)**	**1,715,313,924**

During the year ended December 31, 2022 and 2021, 145,297 and 109,904 special voting shares, respectively, were acquired for no consideration by the Company following the de-registration of the corresponding number of qualifying common shares from the Loyalty Register, net of transfer and allocation of special voting shares in accordance with the Special Voting Shares - Terms and Conditions.

Furthermore, during the years ended December 31, 2022 and 2021, the Company delivered 0.6 million and 2.2 million common shares, respectively, under the Company's stock compensation plan, primarily due to the vesting or exercise of share-based awards. See paragraph below "Share-based compensation" for further discussion.

The Company is required to maintain a special capital reserve to be credited against the share premium exclusively for the purpose of facilitating any issuance or cancellation of special voting shares. The special voting shares do not carry any entitlement to the balance of the special capital reserve. The Board of Directors is authorized to resolve upon (i) any distribution out of the special capital reserve to pay up special voting shares or (ii) re-allocation of amounts to credit or debit the special capital reserve against or in favor of the share premium reserve.

The Company is required to maintain a separate dividend reserve for the special voting shares. The special voting shares shall not carry any entitlement to any other reserve of the Company. Any distribution out of the special voting shares dividend reserve or the partial or full release of such reserve will require a prior proposal from the Board of Directors and a subsequent resolution of the general meeting of holders of special voting shares.

From the profits, shown in the annual accounts, as adopted, such amounts shall be reserved as the Board of Directors may determine.

The profits remaining thereafter shall first be applied to allocate and add to the special voting shares dividend reserve an amount equal to one percent (1%) of the aggregate nominal amount of all outstanding special voting shares. The calculation of the amount to be allocated and added to the special voting shares dividend reserve shall occur on a time-proportionate basis. If special voting shares are issued during the financial year to which the allocation and addition pertains, then the amount to be allocated and added to the special voting shares dividend reserve in respect of these newly issued special voting shares shall be calculated as from the date on which such special voting shares were issued until the last day of the financial year concerned. The special voting shares shall not carry any other entitlement to the profits.

Any profits remaining thereafter shall be at the disposal of the general meeting of shareholders for distribution of dividend on the common shares only subject to the provision that the distribution of profits shall be made after the adoption of the annual accounts, from which it appears that the same is permitted.

Subject to a prior proposal of the Board of Directors, the general meeting of shareholders may declare and pay dividends in U.S. dollars. Furthermore, subject to the approval of the general meeting of shareholders and the Board of Directors having been designated as the body competent to pass a resolution for the issuance of shares in accordance with Article 5 of the Articles of Association, the Board of Directors may decide that a distribution shall be made in the form of shares or that shareholders shall be given the option to receive a distribution either in cash or in the form of shares.

On February 2, 2023, the Company announced that its Board of Directors intends to recommend and propose dividend of €0.36 per common share, totaling approximately €483 million (equivalent to approximately $511 million, translated at the exchange rate reported by the European Central Bank on February 25, 2022), subject to shareholder approval.

On March 3, 2022, the Board of Directors of CNH Industrial N.V. recommended and proposed to the Company's shareholders that the Company declare a dividend of €0.28 per common share, totaling approximately €380 million (equivalent to approximately $412 million, translated at the exchange rate reported by the European Central Bank on

April 20, 2022). The proposal was approved by the Company's shareholders at the AGM that was held on April 13, 2022.

The Company shall only have power to make distributions to shareholders and other persons entitled to distributable profits to the extent the Company's equity exceeds the sum of the paid-up portion of the share capital and the reserves that must be maintained in accordance with provision of law. No distribution of profits may be made to the Company itself for shares that the Company holds in its own share capital.

The Board of Directors has the power to declare one or more interim dividends, provided that the requirements of the Article 22 paragraph 5 of the Articles of Association are duly observed as evidenced by an interim statement of assets and liabilities as referred to in Article 2:105 paragraph 4 of the Dutch Civil Code and provided further that the policy of the Company on additions to reserves and dividends is duly observed. The provisions of the Article 22 paragraphs 2 and 3 of the Articles of Association shall apply mutatis mutandis.

The Board of Directors may determine that dividends or interim dividends, as the case may be, shall be paid, in whole or in part, from the Company's share premium reserve or from any other reserve, provided that payments from reserves may only be made to the shareholders that are entitled to the relevant reserve upon the dissolution of the Company.

Dividends and other distributions of profit shall be made payable in the manner and at such date(s) - within four weeks after declaration thereof - and notice thereof shall be given, as the general meeting of shareholders, or in the case of interim dividends, the Board of Directors shall determine, provided, however, that the Board of Directors shall have the right to determine that each payment of annual dividends in respect of shares be deferred for a period not exceeding five consecutive annual periods. Dividends and other distributions of profit, which have not been collected within five years and one day after the same have become payable, shall become the property of the Company.

In the event of a winding-up, a resolution to dissolve the Company can only be passed by a general meeting of shareholders pursuant to a prior proposal of the Board of Directors. In the event a resolution is passed to dissolve the Company, the Company shall be wound-up by the Board of Directors, unless the general meeting of shareholders would resolve otherwise.

The general meeting of shareholders shall appoint and decide on the remuneration of the liquidators.

Until the winding-up of the Company has been completed, the Articles of Association of the Company shall to the extent possible, remain in full force and effect.

Effects of the Demerger on the share capital of CNH Industrial N.V.

On January 1, 2022, the share capital of CNH Industrial N.V. did not change as result of the Demerger. CNH Industrial N.V. also did not receive any shares in Iveco Group N.V. as a part of the Demerger, as the portion of the shares held in treasury buy CNH Industrial N.V. was not eligible to be part of the Demerger and consequent allotment of Iveco Group N.V. shares.

Policies and processes for managing capital

The objectives identified by the Group for managing capital are to create value for shareholders as a whole, safeguard business continuity and support the growth of the Group. As a result, the Group endeavors to maintain an adequate level of capital that at the same time enables it to obtain a satisfactory economic return for its shareholders and maintain access to external sources of funds, including by means of achieving an adequate rating.

The Group regularly monitors its debt/equity ratio and in particular the level of net debt and the generation of cash from Industrial Activities.

To reach these objectives the Group aims at a continuous improvement in the profitability of the business in which it operates. Further, in general, the Group may sell part of its assets to reduce the level of its debt, while the Board of Directors may make proposals to shareholders in general meeting to reduce or increase share capital or, where permitted by law, to distribute reserves.

The Company shall at all times have the authority to acquire fully paid-up shares in its own share capital, provided that such acquisition is made for no consideration (*om niet*).

The Company shall also have authority to acquire fully paid-up shares in its own share capital for consideration, if:

- the general meeting of shareholders has authorized the Board of Directors to make such acquisition – which authorization shall be valid for no more than eighteen months – and has specified the number of shares which may be acquired, the manner in which they may be acquired and the limits within which the price must be set;
- the Company's equity, after deduction of the acquisition price of the relevant shares, is not less than the sum of the paid-up portion of the share capital and the reserves that have to be maintained by provision of law; and
- the aggregate par value of the shares to be acquired and the shares in its share capital the Company already holds, holds as pledgee or are held by a subsidiary, does not amount to more than one half of the aggregate par value of the issued share capital.

If no annual accounts have been confirmed and adopted when more than six months have expired after the end of any financial year, then the Group is not allowed any acquisition under Dutch law.

No authorization shall be required, if the Company acquires its own shares for the purpose of transferring the same to directors or employees of the Company or a Group company as defined in Article 2:24b of the Dutch Civil Code, under a scheme applicable to such employees. Such own shares must be officially listed on a price list of an exchange.

The preceding provisions shall not apply to shares which the Company acquires under universal title of succession (*algemene titel*).

No voting rights may be exercised in the general meeting of shareholders for any share held by the Company or any of its subsidiaries. Beneficiaries of a life interest on shares that are held by the Company and its subsidiaries are not excluded from exercising the voting rights provided that the life interest was created before the shares were held by the Company or any of its subsidiaries. The Company or any of its subsidiaries may not exercise voting rights for shares in respect of which it holds a usufruct.

Any acquisition by the Company of shares that have not been fully paid up shall be void.

Any disposal of shares held by the Company requires approval of the Board of Directors. Such approval shall also stipulate the conditions of the disposal.

Loyalty voting program

In order to reward long-term ownership of the Company’s common shares and promote stability of its shareholder base, the Articles of Association of CNH Industrial N.V. provide for a loyalty-voting program that grants eligible long-term shareholders the equivalent of two votes for each CNH Industrial N.V. common share that they hold. This has been accomplished through the issuance of special voting shares.

A shareholder may at any time elect to participate in the loyalty voting program by requesting the registration of all or some of the common shares held by such shareholder in a separate register (the “Loyalty Register”) of the Company. If such common shares have been registered in the Loyalty Register for an uninterrupted period of three years in the name of the same shareholder, such shares will become “Qualifying Common Shares” and the relevant shareholder will be entitled to receive one special voting share for each such Qualifying Common Share which can be retained only for so long as the shareholder retains the associated common share and registers it in the Loyalty Register.

Shareholders are not required to pay any amount to the Company in connection with the allocation of the special voting shares.

The common shares are freely transferable, while, special voting shares are transferable exclusively in limited circumstances and they are not listed on the NYSE or the Euronext Milan. In particular, at any time, a holder of common shares that are Qualifying Common Shares who wants to transfer such common shares other than in limited specified circumstances (e.g., transfers to affiliates or relatives through succession, donation or other transfers) must request a de-registration of such Qualifying Common Shares from the Loyalty Register. After de-registration from the Loyalty Register, such common shares no longer qualify as Qualifying Common Shares and, as a result, the holder of such common shares is required to transfer the special voting shares associated with the transferred common shares to the Company for no consideration.

The special voting shares have minimal economic entitlements as the purpose of the special voting shares is to grant long-term shareholders with an extra voting right by means of granting an additional special voting share, without granting such shareholders with any additional economic rights. However, as a matter of Dutch law, such special voting shares cannot be fully excluded from economic entitlements. Therefore, the Articles of Association provide that only a minimal dividend accrues to the special voting shares, which is not distributed, but allocated to a separate special dividend reserve. The impact of this special dividend reserve on the earnings per share of the common shares is not material.

Treasury shares

In order to maintain the necessary operating flexibility over an adequate time period, including the implementation of the program in place, on April 13, 2022, the Annual General Meeting (“AGM”) granted to the Board of Directors the authority to acquire common shares in the capital of the Company through stock exchange trading on the Euronext Milan and the NYSE or otherwise for a period of 18 months (i.e., up to and including October 12, 2023). Under such authorization the Board’s authority is limited to a maximum of up to 10% of the issued common shares as of the date of the AGM and, in compliance with applicable rules and regulations, subject to a maximum price per common share equal to the average of the highest price on each of the five trading days prior to the date of acquisition, as shown in the Official Price List of the Euronext Milan or NYSE (as the case may be) plus 10% (maximum price) and to a minimum price per common share equal to the average of the lowest price on each of the five trading days prior to the date of acquisition, as shown in the Official Price List of the Euronext Milan or NYSE (as the case may be) minus 10% (minimum price).

Neither the renewal of the authorization, nor the launch of any program obliges the Company to buy-back any common shares. The launch of any new program will be subject to a further resolution of the Board of Director. In any event, such programs may be suspended, discontinued or modified at any time for any reason and without previous notice, in accordance with applicable laws and regulations.

During the year ended December 31, 2022, the Company repurchased 12,390,052 shares of its common stock on the Euronext Milan and on multilateral trading facilities ("MTFs") under the buy-back program. As of December 31, 2022, the Company held 20.2 million common shares in treasury, net of transfers of common shares to fulfill its obligations under its stock compensation plans, at an aggregate cost of $227 million. Depending on market and business conditions and other factors, the Company may continue or suspend purchasing its common stock at any time without notice.

At the 2023 Annual General Meeting of Shareholders, the Board of Directors intends to recommend to the Company’s shareholders the renewal of the authorization to repurchase up to a maximum of 10% of the Company’s issued common shares for further 18 months.

During the year ended December 31, 2022, the Company acquired, for no consideration, 145,297 special voting shares following the de-registration of qualifying common shares from the Loyalty Register, net of the transfer and allocation of special voting shares to those shareholders whose qualifying common shares became eligible to receive special voting shares after the uninterrupted three-year registration period in the Loyalty Register. As of December 31, 2022, the Company held 25.4 million special voting shares in treasury.

Effects of the Demerger on the treasury shares held CNH Industrial N.V.

On January 1, 2022, CNH Industrial N.V. did not receive any shares in Iveco Group N.V. as a part of the Demerger as the portion of the shares held in treasury by CNH Industrial N.V. was not eligible to be part of the Demerger and consequent allotment of Iveco Group N.V. shares.

Capital reserves

At December 31, 2022 capital reserves, amounting to $332 million ($3,294 million at December 31, 2021), mainly consisted of the share premium deriving from the merger occurred in 2013 between Fiat Industrial and its majority owned subsidiary CNH Global.

Effects of the Demerger on the capital reserves of CNH Industrial N.V.

As a consequence of the Demerger, on January 1, 2022, capital reserves of CNH Industrial N.V. decreased by $2,593 million (€2,289 million).

Earnings reserves

Earnings reserves, amounting to $9,534 million at December 31, 2022 ($7,795 million at December 31, 2021), mainly consist of retained earnings and profits attributable to the owners of the parent.

Effects of the Demerger on the earnings reserves of CNH Industrial N.V.

On January 1, 2022, there were no impacts on earnings reserves as a results of the Demerger.

Other comprehensive income/(loss)

Other comprehensive income/(loss) consisted of the following:

($ million)	2022	2021
Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss:		
Gains/(losses) on the remeasurement of defined benefit plans	128	134
Items related to Discontinued Operations	—	(89)
Total Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss (A)	**128**	**45**
Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss:		
Gains/(losses) on cash flow hedging instruments arising during the period	(105)	13
(Gains)/losses on cash flow hedging instruments reclassified to profit or loss	188	11
Gains/(losses) on cash flow hedging instruments	**83**	**24**
Exchange gains/(losses) on translating foreign operations arising during the period	132	271
Exchange (gains)/losses on translating foreign operations reclassified to profit or loss	—	—
Exchange gains/(losses) on translating foreign operations	**132**	**271**
Share of Other comprehensive income/(loss) of entities accounted for using the equity method arising during the period	(26)	(51)
Reclassification adjustment for the share of Other comprehensive income/(loss) of entities accounted for using the equity method	—	—
Share of Other comprehensive income/(loss) of entities accounted for using the equity method	(26)	(51)
Items related to Discontinued Operations	—	(185)
Total Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss (B)	**189**	**59**
Tax effect (C)	**(27)**	**(32)**
Tax effect - Discontinued Operations (D)	**—**	**(6)**
Total Other comprehensive income/(loss), net of tax (A) + (B) + (C) + (D)	**290**	**66**

The income tax effect for each component of Other comprehensive income/(loss) consisted of the following:

	2022			2021		
($ million)	**Before tax amount**	**Tax (expense)/ benefit**	**Net-of-tax amount**	Before tax amount	Tax (expense)/ benefit	Net-of-tax amount
Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss:						
Gains/(losses) on the remeasurement of defined benefit plans	128	(11)	117	134	(23)	111
Items related to Discontinued Operations	—	—	—	(89)	(1)	(90)
Total Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss	**128**	**(11)**	**117**	**45**	**(24)**	**21**
Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss:						
Gains/(losses) on cash flow hedging instruments	83	(16)	67	24	(9)	15
Exchange gains/(losses) on translating foreign operations	132	—	132	271	—	271
Share of Other comprehensive income/(loss) of entities accounted for using the equity method	(26)	—	(26)	(51)	—	(51)
Items related to Discontinued Operations	—	—	—	(185)	(5)	(190)
Total Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss	**189**	**(16)**	**173**	**59**	**(14)**	**45**
Total Other comprehensive income/(loss)	**317**	**(27)**	**290**	**104**	**(38)**	**66**

Share-based compensation

For the years ended December 31, 2022 and 2021, CNH Industrial recognized total share-based compensation expense of $87 million and $78 million, respectively. For the years ended December 31, 2022 and 2021, CNH Industrial recognized a total tax benefit relating to share-based compensation expense of $11 million and $6 million, respectively. As of December 31, 2022, CNH Industrial had unrecognized share-based compensation expense related to non-vested awards of approximately $142 million based on current assumptions related to achievement of specified performance objectives, when applicable. Unrecognized share-based compensation costs will be recognized over a weighted-average period of 1.6 years.

CNH Industrial’s equity awards are governed by the CNH Industrial N.V. Equity Incentive Plan (“CNH Industrial EIP”) and CNH Industrial N.V. Directors’ Compensation Plan (“CNH Industrial DCP”).

At the AGM held on April 16, 2014, the Company’s shareholders approved the adoption of the CNH Industrial EIP, an umbrella program defining the terms and conditions for any subsequent long-term incentive program. The EIP allows grants of the following specific types of equity awards to any current or prospective executive director, officer, employee of, or service provider to, CNH Industrial: stock options, stock appreciation rights, restricted share units, restricted stock, performance shares or performance share units and other stock-based awards that are payable in cash, common shares or any combination thereof subject to the terms and conditions established by the Compensation Committee.

In February 2020, the Board of Directors approved the issuance of up to 50 million common shares under the EIP. At the AGM on April 16, 2020, the Company's shareholders approved the issuance of up to 7 million common shares to executive directors under the 2021-2023 Long-Term Incentive Plan (described below) in accordance with and under the EIP.

As part of the Demerger, any awards outstanding under the CNH Industrial EIP, and held by directors, officers and other employees vesting in 2022 were accelerated in December 2021 and the related equity incentives were issued by CNH Industrial in CNH Industrial stock. As a result of the Demerger, remaining outstanding awards vesting in 2023 and 2024 were converted to the entity the participant is employed with post Demerger. As such, for Iveco Group employees, the underlying stock awards under the CNH Industrial EIP vesting in 2023 and 2024 were converted at the effective date of the Demerger, subject to its terms, to Common Shares of Iveco Group N.V.. The conversion of the CNH Industrial EIP includes appropriate adjustment mechanisms to ensure that the value of the unvested awards granted to all the beneficiaries under such plan remain unchanged pre and post demerger for employees in both the Iveco Group N.V. and CNH Industrial N.V..

Performance Share Units

2021-2023 Long-Term Incentive Plan

In February 2020, the Board of Directors approved the 2021-2023 Long-Term Incentive Plan under the EIP. In December 2020, CNH Industrial issued a new grant of PSUs to its key executive officers and select employees with the financial performance goals covering a three-year period culminating with a cliff vest date of February 28, 2024. Two internal financial metrics, Industrial ROIC (the ratio of Industrial Activities Adjusted EBIT (after-tax) over Average Industrial Invested Capital) and Adjusted EPS (the net profit (loss) excluding any nonrecurring items (after-tax), divided by the weighted average outstanding number of common shares on a fully diluted basis), weighted 50% each, and a multiplier-based on CNH Industrial’s percentile ranking of Total Shareholder Return among a comparator group, will determine the total PSUs earned. The internal financial metrics have a payout factor of up to 200% and the market based TSR determinant has a payout factor of 125%. These metrics are considered performance vesting conditions. As such, compensation cost will be accrued based on whether it is considered probable that the performance conditions will be satisfied. The fair value of the PSU awards issued under this plan will be calculated by using the CNH Industrial N.V. stock price on the grant date adjusted for the present value of future dividends that would not be received during the vesting period.

As of December 31, 2020 CNH Industrial issued 5 million PSUs. The total number of shares that will eventually be issued may vary from the original estimate due to forfeiture or the level of achievement of the performance goals. The weighted average fair value of the awards that were issued in 2020 was $10.83 per share. The 2020 PSU awards distributed under this plan were issued on December 4, 2020 to key executive officers and select employees and on December 14, 2020 to the Chair of CNH Industrial. During 2021, CNH Industrial issued an additional 3 million PSUs to key executive officers and select employees. The weighted average fair value of the awards that were issued in 2021 was $13.13 per share.

Effective January 1, 2022, the Iveco Group Business was separated from CNH Industrial N.V. by way of a legal statutory demerger to Iveco Group N.V. (the Demerger) and Iveco Group became a public listed company independent from CNH Industrial. As part of the Demerger, any awards outstanding under the CNH Industrial Equity Incentive Plan (or “CNH Industrial EIP”), and held by directors, officers and other employees vesting in April 2022 were accelerated in December 2021 and the related equity incentives were issued by CNH Industrial in CNH Industrial stock. Further, as a result of the Demerger, remaining outstanding awards vesting in 2023 and 2024 were converted to the entity the participant is employed with post Demerger. The conversion of the CNH Industrial EIP includes appropriate adjustment mechanisms to ensure that the value of the unvested awards granted to all the beneficiaries under such plan remain unchanged pre and post demerger for employees in both the Iveco Group N.V. and CNH Industrial N.V.

2022-2024 Long-Term Incentive Plan

In 2022, the Board of Directors approved the 2022-2024 Long-Term Incentive Plan under the EIP. Just as the previous 2021-2023 EIP, the 2022-2024 EIP features financial performance goals covering a three-year vesting period. Similar to the 2021-2023 EIP, two internal financial metrics, Industrial ROIC (the ratio of Adjusted EBIT (after-tax) over Average Industrial Invested Capital) and Adjusted EPS (the net profit/(loss) excluding any nonrecurring items (after-tax), divided by the weighted average outstanding number of common shares on a fully diluted basis), weighted 50% each, and a multiplier-based on CNH Industrial's percentile ranking of Total Shareholder Return among a comparator group, will determine the total PSUs earned. However the difference between the two EIPs is that the 2022-2024 EIP has a higher performance achievement threshold for both ROIC and EPS but a smaller list of comparator group for its TSR percentile ranking.

In 2022 CNH Industrial issued 2.5 million PSUs. The total number of shares that will eventually be issued may vary from the original estimate due to forfeiture or the level of achievement of the performance goals. The weighted average fair value of the awards that were issued in 2022 was $14.04 per share.

The following table reflects the activity of PSUs under the 2021-2023 Long-Term Incentive Plan for the years ended December 31, 2022 and 2021:

	2022		2021 (*)	
	Performance shares	Weighted average grant date fair value (in $)	Performance shares	Weighted average grant date fair value (in $)
Nonvested at beginning of year	**9,421,225**	**11.55**	**6,931,030**	**10.83**
Less: Awards transferred to Iveco Group	(1,950,170)	10.87	—	—
Plus: Adjustments to awards for continuing employees	1,093,025	n.a.	—	—
Nonvested as of January 5, 2022	**8,564,080**	**7.31**	**6,931,030**	**10.83**
Granted	2,456,659	14.04	3,035,985	13.15
Forfeited/Cancelled	(173,331)	8.89	(545,790)	10.83
Vested	—	—	—	—
Nonvested at end of year	**10,847,408**	**8.81**	**9,421,225**	**11.55**

(*) The 2021 data are presented considering Continuing and Discontinued Operations

Restricted Share Units

In 2020, 2021 and 2022 CNH Industrial issued approximately 5 million, 1 million, and 2 million Restricted Share Units ("RSUs") to key executive officers and select employees with a weighted average fair value of $10.87, $14.39 and $13.90 per share, respectively. The fair value of the award is measured using the CNH Industrial N.V. stock price on the grant date adjusted for the present value of future dividends that employees will not receive during the vesting period. The RSUs vest upon a time-based service requirement.

2021-2023 Long-Term Incentive Plan

On December 4, 2020, CNH Industrial issued two separate RSU grants to key executive officers and select employees. Under the first RSU grant, 1.1 million RSUs were awarded to select employees with a weighted average fair value of $11.43. These awards vested on December 31, 2020. Under the second RSU grant, 3.3 million RSUs were awarded to select employees and are set to vest in three equal installments over a three-year period. The first tranche which consisted of 1.1 million RSUs was set to vest on April 30, 2022. The second and third tranches are set to vest on April 30, 2023 and April 30, 2024, respectively. The weighted average fair value for the December 2020 three tranche award group are $11.23, $11.02, and $10.82, respectively.

On December 14, 2020, CNH Industrial issued 120 thousand RSUs to the Chair of CNH Industrial, of which 17 thousand vested on December 31, 2020. The weighted average fair value for these awards is $10.96. The remaining 103 thousand RSUs vest in three equal installments on April 30, 2022, 2023, and 2024, respectively. The fair value for these awards are $10.76, $10.55 and $10.35, respectively.

During 2021, CNH Industrial issued an additional 1.5 million RSUs to select employees and key executive officers. Of the awards that were issued, 1.2 million are set to vest in three equal installments over a three year period. The first tranche, which consists of 0.4 million RSUs, was set to vest on April 30, 2022. The second and third tranches are set to vest on April 30, 2023 and April 30, 2024, respectively. The weighted average fair value of these awards are $14.04 per share for the first tranche, $13.84 per share for the second tranche, and $13.66 per share for the third tranche. The remaining awards issued in 2021 had a cumulative weighted average fair value of $16.73. In 2021, CNH Industrial, in anticipation of the Demerger, accelerated the vesting of awards with a vest date of April 31, 2022, to December 1, 2021, excluding shares awarded to the CEO and Chairperson. As a result, CNH Industrial recorded $5 million of expense due to the acceleration of these awards. The weighted average fair value of the shares vested during 2021 was $11.75 per share.

2022-2024 Long-Term Incentive Plan

In 2022 CNH Industrial issued 2.3 million PSUs. The total number of shares that will eventually be issued may vary from the original estimate due to forfeiture or the level of achievement of the performance goals. The weighted average fair value of the awards that were issued in 2022 was $13.90 per share.

The following table reflects the activity of RSUs under the 2017-2019 Long-Term Incentive Plan and 2021-2023 Long-Term Incentive Plan for the years ended December 31, 2022 and 2021:

	2022		2021 (*)	
	Restricted shares	Weighted average grant date fair value (in $)	Restricted shares	Weighted average grant date fair value (in $)
Nonvested at beginning of year	**4,370,079**	**11.72**	**5,443,197**	**10.95**
Less: Awards transferred to Iveco Group	(1,039,271)	10.98	—	—
Plus: Adjustments to awards for continuing employees	485,692	n.a.	—	—
Nonvested as of January 5, 2022	**3,816,500**	**6.76**	**5,443,197**	**10.95**
Granted	2,275,329	13.90	1,464,305	14.42
Forfeited	(143,310)	10.96	(396,086)	11.88
Vested	(524,524)	6.62	(2,141,337)	11.59
Nonvested at end of year	**5,423,995**	**9.66**	**4,370,079**	**11.72**

(*) The 2021 data are presented considering Continuing and Discontinued Operations

22. Provisions for employee benefits

CNH Industrial provides pension, healthcare and insurance plans and other post-employment benefits to their employees and retirees, either directly or by contributing to independently administered funds. The way these benefits are provided varies according to the legal, fiscal and economic conditions of each country in which the Group operates, the benefits generally being based on the employees' remuneration and years of service. CNH Industrial provides post-employment benefits under defined contribution and defined benefit plans.

In the case of defined contribution plans, CNH Industrial makes contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Once the contributions have been made, CNH Industrial has no further payment obligations. CNH Industrial recognizes the contribution cost when the employees have rendered their service and includes this cost by function in Cost of sales, Selling, general and administrative costs and Research and development costs. During the years ended December 31, 2022 and 2021, CNH Industrial recorded expenses of $351 million and $315 million, respectively, for its defined contribution plans, inclusive of social security contributions.

Defined benefit plans may be unfunded, or they may be wholly or partly funded by contributions made by an entity, and sometimes by its employees, into an entity, or fund, that is legally separate from the employer from which the employee benefits are paid. Benefits are generally payable under these plans after the completion of employment. Defined benefit plans are classified by CNH Industrial on the basis of the type of benefit provided as follows: Pension plans, Healthcare plans, and Other post-employment benefits.

Pension plans

Pension obligations primarily comprise the obligations of CNH Industrial's pension plans in the U.S., the U.K., and Germany.

Under these plans, contributions are made to a separate fund (trust) that independently administers the plan assets. CNH Industrial's funding policy is to contribute amounts to the plan equal to the amounts required to meet the minimum funding requirements pursuant to the laws of the applicable jurisdictions. The significant pension plans that we are required to fund are in the United States and the U.K.. CNH Industrial may also choose to make discretionary contributions in addition to the funding requirements. To the extent that a fund is overfunded, the Group is not required to make further contribution to the plan in respect of minimum performance requirements so long as the fund is in surplus.

In 2020, CNH Industrial signed group annuity contracts to transfer the outstanding pension benefit obligations related to certain retirees and beneficiaries within the U.S. plans. In connection with these transactions, $551 million of plan obligations were transferred along with $550 million of plan assets; the related non-cash settlement impact recognized in the income statement in the fourth quarter of 2020 was immaterial.

Healthcare plans

Healthcare plan obligations comprise obligations for healthcare and insurance plans granted to CNH Industrial employees working in the U.S. and Canada. These plans generally cover employees retiring on or after reaching the age of 55 who have completed at least 10 years of employment. CNH Industrial U.S. salaried and non-represented hourly employees and Canadian employees hired after January 1, 2001 and January 1, 2002, respectively, are not eligible for postretirement healthcare and life insurance benefits under the CNH Industrial plans. These benefits may be subject to deductibles, co-payment provisions and other limitations, and CNH Industrial has reserved the right to change or terminate these benefits, subject to the provisions of any collective bargaining agreement. These plans are not required to be funded. However, beginning in 2007, CNH Industrial began making contributions on a voluntary basis to a separate and independently managed fund established to finance the North American healthcare plans.

In 2021, CNH Industrial communicated plan changes for the U.S. retiree medical plan. The plan changes resulted in a reduction of the plan liability by $100 million, recognized immediately in profit or loss as a pre-tax plan amendment gain of the same amount.

Effective January 1, 2022, post-retirement medical coverage for certain U.S. employees who retired prior to December 2004 was transitioned to an individual marketplace. In August 2022, CNH Industrial settled the benefits obligation related to RHRA benefits for this group. In connection with this transaction, $27 million of plan obligations and plan assets were transferred.

Other post-employment benefits

Other post-employment benefits consist of obligations for Italian Employee Leaving Entitlements up to December 31, 2006, loyalty bonus in Italy and various other similar plans in France, Germany and Belgium. Until December 31, 2006, Italian companies with more than 50 employees were required to accrue for benefits paid to employees upon them leaving Italian legal entities. The scheme has since changed to a defined contribution plan. The obligation on our consolidated balance sheet represents the residual reserve for years until December 31, 2006. Loyalty bonus is accrued for employees who have reached certain service seniority and are generally settled when employees leave the company. These plans are not required to be funded and, therefore, have no plan assets.

Provisions for employee benefits at December 31, 2022 and 2021 are as follows:

($ million)	**At December 31, 2022**	At December 31, 2021
Post-employment benefits:		
Pension plans	237	405
Healthcare plans	123	150
Other	60	80
Total Post-employment benefits	**420**	**635**
Other provisions for employees	249	276
Other long-term employee benefits	25	28
Total Provision for employee benefits	**694**	**939**
Defined benefit plan assets	12	19
Total Defined benefit plan assets	**12**	**19**

The item Other provisions for employees consists of the best estimate at the balance sheet date of short-term employee benefits payable by the Group within twelve months from the end of the period in which the employees render the related service.

The item Other long-term employee benefits consists of the Group's obligation for those benefits generally payable during employment on reaching a certain level of seniority in the company or when a specified event occurs, and reflects the probability of payment and the length of time over which this will be made.

In 2022 and 2021 changes in Other provisions for employees and in Other long-term employee benefits are as follows:

($ million)	At December 31, 2021	Provision	Utilization	Change in the scope of consolidation and other changes	At December 31, 2022
Other provisions for employees	276	159	(173)	(13)	**249**
Other long-term employee benefits	28	1	(2)	(2)	**25**
Total	**304**	**160**	**(175)**	**(15)**	**274**

($ million)	At December 31, 2020	Provision	Utilization	Change in the scope of consolidation and other changes	Transfer to Liabilities held for distribution	At December 31, 2021
Other provisions for employees	253	309	(129)	(9)	(148)	**276**
Other long-term employee benefits	104	11	(6)	(9)	(72)	**28**
Total	**357**	**320**	**(135)**	**(18)**	**(220)**	**304**

Post-employment benefits

The amounts recognized in the statement of financial position for post-employment benefits at December 31, 2022 and 2021 are as follows:

	Pension plans		Healthcare plans(1)		Other(1)	
	At December 31,		At December 31,		At December 31,	
($ million)	**2022**	2021	**2022**	2021	**2022**	2021
Present value of obligations	1,176	1,840	181	279	60	80
Less: Fair value of plan assets	(980)	(1,475)	(58)	(129)	—	—
Deficit/(surplus)	**196**	**365**	**123**	**150**	**60**	**80**
Effect of the asset ceiling	29	21	—	—	—	—
Net liability/(Net asset)	**225**	**386**	**123**	**150**	**60**	**80**
Amounts at year-end:						
Liabilities	237	405	123	150	60	80
Assets	(12)	(19)	—	—	—	—
Net liability	**225**	**386**	**123**	**150**	**60**	**80**

(1) The healthcare and other post-employment plans are not required to be prefunded.

Changes in the present value of post-employment obligations in 2022 and 2021 are as follows:

	Pension plans		Healthcare plans(1)		Other(1)	
($ million)	**2022**	2021	**2022**	2021	**2022**	2021
Present value of obligation at the beginning of the year	**1,840**	**2,658**	**279**	**418**	**80**	**347**
Current service cost	10	20	4	4	3	9
Interest expense	27	22	6	6	—	—
Other costs (income)	2	4	—	—	—	—
Contribution by plan participants	1	3	4	6	—	—
Remeasurements:						
Actuarial losses/(gains) from changes in demographic assumptions	—	(13)	—	1	(2)	(4)
Actuarial losses/(gains) from changes in financial assumptions	(514)	(64)	(41)	(14)	(14)	1
Other remeasurements	41	(17)	(10)	(7)	3	5
Total remeasurements	**(473)**	**(94)**	**(51)**	**(20)**	**(13)**	**2**
Exchange rate differences	(149)	(70)	(1)	—	(5)	(26)
Benefits paid	(78)	(104)	(27)	(36)	(4)	(26)
Past service cost	—	—	(6)	(100)	—	—
Change in scope of consolidation	—	—	—	10	—	—
Settlements(2)	—	—	(27)	—	—	—
Transfers between subsidiaries	(4)	1	—	(1)	(1)	(1)
Transfer to Liabilities held for distribution	—	(600)	—	(8)	—	(225)
Present value of obligation at the end of the year	**1,176**	**1,840**	**181**	**279**	**60**	**80**

(1) The healthcare and other post-employment plans are not required to be prefunded.
(2) Settlements include in 2022 the impact of the transfer of the outstanding pension benefit obligations related to certain retirees and beneficiaries within the U.S. plans through group annuity contracts purchases in the fourth quarter of 2022.

Other remeasurements mainly include in 2022 and 2021 the amount of experience adjustments.

Changes in the fair value of plan assets for post-employment benefits in 2022 and 2021 are as follows:

	Pension plans		Healthcare plans(1)	
($ million)	2022	2021	2022	2021
Fair value of plan assets at the beginning of the year	**1,475**	**1,809**	**129**	**145**
Interest income	24	18	3	2
Remeasurements:				
Return on plan assets	(380)	70	(23)	7
Total remeasurements	**(380)**	**70**	**(23)**	**7**
Exchange rate differences	(117)	(32)	—	—
Contribution by employer	46	52	(15)	(15)
Contribution by plan participants	1	3	—	—
Benefits paid	(67)	(78)	(9)	(10)
Settlements(2)	—	—	(27)	—
Transfers between subsidiaries	(2)	(1)	—	—
Transfer to Liabilities held for distribution	—	(366)	—	—
Fair value of plan assets at the end of the year	**980**	**1,475**	**58**	**129**

(1) The healthcare plans are not required to be prefunded.

(2) Settlements include in 2020 the impact of the transfer of the outstanding pension benefit obligations related to certain retirees and beneficiaries within the U.S. plans through group annuity contracts purchases in the fourth quarter of 2020.

Net benefit cost/(income) recognized during 2022 and 2021 for post-employment benefits is as follows:

	Pension plans		Healthcare plans		Other	
($ million)	2022	2021	2022	2021	2022	2021
Service cost:						
Current service cost	10	12	4	4	3	4
Past service cost and (gains)/losses from curtailments and settlements(1)	—	—	(7)	(100)	—	—
Total Service cost	**10**	**12**	**(3)**	**(96)**	**3**	**4**
Net interest expense	4	3	3	3	—	—
Other costs (income)	1	3	(1)	1	—	—
Net benefit cost/(income) recognized to profit or loss	**15**	**18**	**(1)**	**(92)**	**3**	**4**
Remeasurements:						
Return on plan assets	380	(51)	23	(7)	—	—
Actuarial losses/(gains) from changes in demographic assumptions	—	(1)	—	1	(2)	(6)
Actuarial losses/(gains) from changes in financial assumptions	(514)	(39)	(40)	(13)	(13)	—
Change in irrecoverable surplus and other	7	9	—	—	(1)	(1)
Other remeasurements	41	(17)	(10)	(8)	3	(1)
Total remeasurements	**(86)**	**(99)**	**(27)**	**(27)**	**(13)**	**(8)**
Exchange rate differences	(33)	(19)	(1)	1	(5)	(7)
Net benefit cost/(income) recognized to other comprehensive income	**(119)**	**(118)**	**(28)**	**(26)**	**(18)**	**(15)**
Total net benefit cost/(income) recognized during the year	**(104)**	**(100)**	**(29)**	**(118)**	**(15)**	**(11)**

(1) In 2022, Past service cost and (gains)/losses from curtailments and settlements included th3e pre-tax gain of $30 million related to a healthcare plan amendment in the U.S..

The following summarizes data from CNH Industrial's defined benefit pension plans by significant geographical area for the years ended December 31, 2022 and 2021:

	U.S.		U.K.		Germany[1]		Other Countries[1]	
($ million)	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Change in benefit obligations:								
Present value of obligation at the beginning of the year	174	177	1,288	1,608	157	449	221	424
Current service cost	3	3	—	—	—	4	7	13
Interest expense	4	4	20	16	1	1	2	1
Other costs	1	1	—	2	—	—	1	1
Contribution by plan participants	—	—	—	—	—	—	1	3
Remeasurements	(50)	(14)	(360)	(27)	(29)	(26)	(34)	(27)
Benefits paid	(4)	3	(48)	(62)	(11)	(25)	(15)	(20)
Exchange rate differences and other	—	—	(129)	(19)	(10)	(31)	(14)	(19)
Transfer to Liabilities held for distribution	—	—	—	(230)	—	(215)	—	(155)
Present value of obligation at the end of the year	**128**	**174**	**771**	**1,288**	**108**	**157**	**169**	**221**
Change in the fair value of plans assets:								
Fair value of plan assets at the beginning of the year	205	204	1,057	1,230	6	7	207	368
Interest income	5	4	16	12	—	—	3	2
Remeasurements	(48)	(7)	(308)	51	(1)	(1)	(23)	27
Contribution by employer	—	—	39	41	—	—	7	11
Contribution by plan participants	—	—	—	—	—	—	1	3
Benefits paid	(4)	4	(48)	(62)	—	—	(15)	(20)
Exchange rate differences and other[2]	—	—	(105)	(16)	—	—	(14)	(17)
Transfer to Liabilities held for distribution	—	—	—	(199)	—	—	—	(167)
Fair value of plan assets at the end of the year	**158**	**205**	**651**	**1,057**	**5**	**6**	**166**	**207**
Funded status	**30**	**31**	**(120)**	**(231)**	**(103)**	**(151)**	**(3)**	**(14)**

(1) Pension benefits in Germany and some other countries are not required to be prefunded.

(2) Includes the impact of the transfer of the outstanding pension benefit obligations related to certain retirees and beneficiaries within the U.S. plans through group annuity contract purchases in the fourth quarter of 2021.

Changes in the effects of the asset ceiling for 2022 and 2021 are as follows:

	Pension plans	
($ million)	**2022**	2021
Effect of the asset ceiling at the beginning of the year	**21**	**13**
Other comprehensive (income)/loss	7	9
Other increase/(decrease)	1	(1)
Effect of the asset ceiling at the end of the year	**29**	**21**

The weighted average durations of post-employment benefits obligations are as follows:

	N° of years
Pension plans	11
Healthcare plans	7
Other	9

Assumptions

The following assumptions were utilized in determining the funded status at December 31, 2022 and 2021, and the expense of CNH Industrial's defined benefit plans for the years ended December 31, 2022 and 2021:

	Assumptions used to determine funded status at year-end					
	At December 31, 2022			At December 31, 2021		
(in %)	Pension plans	Healthcare plans	Other	Pension plans	Healthcare plans	Other
Weighted-average discount rates	4.64	5.28	3.78	1.63	2.54	0.90
Weighted-average rate of compensation increase	3.02	4.00	3.25	2.12	n/a	2.13
Weighted-average, initial healthcare cost trend rate	n/a	5.12	n/a	n/a	4.18	n/a
Weighted-average, ultimate healthcare cost trend rate(*)	n/a	4.00	n/a	n/a	3.58	n/a

	Assumptions used to determine expense at year-end					
	At December 31, 2022			At December 31, 2021		
(in %)	Pension plans	Healthcare plans	Other	Pension plans	Healthcare plans	Other
Weighted-average discount rates – current service cost	1.30	3.15	0.97	0.71	2.46	0.59
Weighted-average discount rates – interest cost	1.07	3.28	0.86	0.85	1.53	0.36
Weighted-average rate of compensation increase	2.41	4.00	2.32	2.07	n/a	1.84
Weighted-average, initial healthcare cost trend rate	n/a	4.33	n/a	n/a	4.39	n/a
Weighted-average, ultimate healthcare cost trend rate(*)	n/a	3.65	n/a	n/a	3.95	n/a

(*) CNH Industrial expects to achieve the ultimate healthcare cost trend rate in 2028 for U.S. plans. A flat trend rate assumption is utilized for the Canada plans.

Assumed discount rates are used in measurements of pension, healthcare and other post-employment benefit obligations and net interest on the net defined benefit liability/asset. CNH Industrial selects its assumed discount rates based on the consideration of equivalent yields on high-quality fixed income investments at the measurement date. The assumed discount rate is used to discount future benefit obligations back to today's dollars. The discount rates for the U.S., European, U.K. and Canadian obligations are based on a benefit cash flow-matching approach and represent the rates at which the benefit obligations could effectively be settled as of the measurement date, December 31. The benefit cash flow-matching approach involves analyzing CNH Industrial's projected cash flows against a high-quality bond yield curve, mainly calculated using a wide population of AA-grade corporate bonds subject to minimum amounts outstanding and meeting other defined selection criteria. The discount rates for the CNH Industrial's remaining obligations are based on benchmark yield data of high-quality fixed income investments for which the timing and amounts of payments approximate the timing and amounts of projected benefit payments.

The assumed healthcare trend rate represents the rate at which healthcare costs are assumed to increase. Rates are determined based on CNH Industrial's specific experience, consultation with actuaries and outside consultants, and various trend factors including general and healthcare sector-specific inflation projections from the United States Department of Health and Human Services Healthcare Financing Administration. The initial trend is a short-term assumption based on recent experience and prevailing market conditions. The ultimate trend is a long-term assumption of healthcare cost inflation based on general inflation, incremental medical inflation, technology, new medicine, government cost-shifting, utilization changes, an aging population, and a changing mix of medical services.

CNH Industrial annually reviews the mortality assumptions and demographic characteristics of its U.S. pension plan and healthcare plan participants.

In 2020, CNH Industrial adopted the no-collar variant of the Pri-2012 base table for the US pension plans subsequent to the settlement of a portion of the outstanding pension obligation through purchase of annuity contracts. Additionally, CNH Industrial adopted the updated mortality improvement scale issued by the SOA ("MP-2020"). The adoption of the new mortality assumptions resulted in a total increase of $7.8 million to CNH Industrial's benefit obligations at December 31, 2020, of which an increase of $8.6 million, and a decrease of $0.8 million were related to pension plans and healthcare plans, respectively.

In 2021, the Company adopted the updated mortality improvement scale issued by the SOA ("MP-2021"). The adoption of the new mortality assumptions resulted in a total increase of $1.3 million to the Company's benefit obligations at December 31, 2021, of which $0.5 million and $0.8 million were related to pension plans and healthcare plans, respectively.

CNH Industrial did not change its mortality assumptions in 2022 because the MP-2021 mortality improvement scale continues to be the most current.

CNH Industrial uses the spot yield curve approach to estimate the service cost and net interest components by applying the specific spot rates along the yield curve used to determine the benefit obligations to relevant projected cash outflows.

Assumed discount rates and healthcare cost trend rates have a significant effect on the amount recognized in the 2022 financial statements. A one percentage point change in the assumed discount rates would have the following effects:

($ million)	One percentage point increase	One percentage point decrease
Effect on pension plans defined benefit obligation at December 31, 2022	(119)	145
Effect on healthcare defined benefit obligation at December 31, 2022	(8)	9

A one percentage point change in the assumed healthcare cost trend rates would have the following effect:

($ million)	One percentage point increase	One percentage point decrease
Effect on healthcare defined benefit obligation at December 31, 2022	8	(7)

Plan assets

The investment strategy for the plan assets depends on the features of the plan and on the maturity of the obligations. Typically, less mature plan benefit obligations are funded by using more equity securities as they are expected to achieve long-term growth exceeding the rate of inflation. More mature plan benefit obligations are funded using more fixed income securities as they are expected to produce current income with limited volatility. Risk management practices include the use of multiple asset classes and investment managers within each asset class for diversification purposes. Specific guidelines for each asset class and investment manager are implemented and monitored. Plan assets do not include treasury shares of CNH Industrial N.V. or properties occupied by Group companies.

The fair value of plan assets at December 31, 2022 may be disaggregated by asset class and level as follows. Fair value levels presented below are described in the "Significant accounting policies – Fair value measurement" section of these Notes.

	Fair value of plan assets at December 31, 2022			
($ million)	Total	Level 1	Level 2	Level 3
Fixed income securities:				
U.S. government bonds	7	6	1	—
U.S. corporate bonds	20	15	5	—
Non-U.S. government bonds	29	7	22	—
Non-U.S. corporate bonds	13	—	13	—
Mortgage backed securities	3	—	3	—
Other fixed income	3	—	3	—
Total Fixed income securities	**75**	**28**	**47**	**—**
Other types of investments:				
Mutual funds(1)	901	—	901	—
Insurance contracts	41	—	—	41
Total Other types of investments	**942**	**—**	**901**	**41**
Cash	21	6	15	—
Total	**1,038**	**34**	**963**	**41**

(1) This category includes mutual funds, which primarily invest in non-U.S. equities and non-U.S. corporate bonds.

The fair value of the plan assets at December 31, 2021 may be disaggregated by asset class and level as follows. Fair value levels presented below are described in the "Significant accounting policies – Fair value measurement" section of these Notes.

	Fair value of plan assets at December 31, 2021			
($ million)	Total	Level 1	Level 2	Level 3
Fixed income securities:				
U.S. government bonds	72	72	—	—
U.S. corporate bonds	7	—	7	—
Non-U.S. government bonds	40	9	31	—
Non-U.S. corporate bonds	18	—	18	—
Total Fixed income securities	**137**	**81**	**56**	**—**
Other types of investments:				
Mutual funds(1)	1,385	—	1,385	—
Insurance contracts	47	—	—	47
Total Other types of investments	**1,432**	**—**	**1,385**	**47**
Cash	35	15	20	—
Total	**1,604**	**96**	**1,461**	**47**

(1) This category includes mutual funds, which primarily invest in non-U.S. equities and non-U.S. corporate bonds.

Contribution

CNH Industrial expects to contribute approximately $36 million to its pension plans in 2023.

The benefit expected to be paid from the benefit plans, which reflect expected future years of service, and the Medicare subsidy expected to be received are as follows:

	Expected benefit payments						
($ million)	2023	2024	2025	2026	2027	2029 to 2032	Total
Post-employment benefits:							
Pension plans	73	70	73	74	84	401	**775**
Healthcare plans	19	18	18	17	17	84	**173**
Other	5	5	5	5	5	28	**53**
Total Post-employment benefits	**97**	**93**	**96**	**96**	**106**	**513**	**1,001**
Other long-term employee benefits	2	2	3	3	2	15	**27**
Total	**99**	**95**	**99**	**99**	**108**	**528**	**1,028**

Potential outflows in the years after 2023 are subject to a number of uncertainties, including future asset performance and changes in assumptions.

23. Other provisions

Changes in Other provisions are as follows:

($ million)	At December 31, 2021	Charge	Utilization	Release to income and other changes	At December 31, 2022
Warranty and technical assistance provision	526	475	(440)	(17)	544
Restructuring provision	32	34	(28)	(3)	35
Investment provision	—	—	—	—	—
Other risks	1,555	2,815	(2,560)	(37)	1,773
Total Other provisions	**2,113**	**3,324**	**(3,028)**	**(57)**	**2,352**

The warranty and technical assistance provision represents management's best estimate of commitments given by the Group for contractual, legal or constructive obligations arising from product warranties given for a specified period of time which begins at the date of delivery to the customer. This estimate has been calculated considering past experience and specific contractual terms. This provision also includes management's best estimate of the costs that are expected to be incurred in connection with product defects that could result in a larger recall of equipment. This provision for risks is developed through an assessment of reported damages or returns on a case-by-case basis.

At December 31, 2022, the restructuring provision includes the estimated amount of benefits payable to employees on termination in connection with restructuring plans amounting to $25 million ($19 million at December 31, 2021), and other costs totaling $10 million ($13 million at December 31, 2021).

The provision for other risks represents the amounts set aside by the individual companies of the Group principally in connection with contractual and commercial risks and disputes. The more significant balances of this provision are as follows:

($ million)	At December 31, 2022	At December 31, 2021
Marketing and sales incentives programs	1,556	1,325
Commercial risks	16	12
Legal proceedings and other disputes	89	93
Environmental risks	26	29
Other reserves for risks and charges	86	96
Total Other risks	**1,773**	**1,555**

A description of these provisions follows:

- *Marketing and sales incentives* program - this provision relate to sales incentives that are offered on a contractual basis to the dealer networks and primarily given if the dealers achieve a specific cumulative level of sales transactions during the calendar year. This provision is estimated based on information available for the sales made by the dealers during the calendar year.
- *Commercial risks* - this provision relates to risks arising in connection with the sale of products and services.
- *Legal proceedings and other disputes* - this provision represents management's best estimate of the liability to be recognized by the Group with regard to:
  - Legal proceedings arising in the ordinary course of business with dealers, customers, suppliers or regulators (such as contractual, patent or antitrust disputes).

- Legal proceedings involving claims with active and former employees.

None of these provisions is individually significant. Each Group company recognizes a provision for legal proceedings when it is deemed probable that the proceedings will result in an outflow of resources. In determining their best estimate of the probable liability, each Group company assesses its legal proceedings on a case-by-case basis to estimate the probable losses that typically arise from events of the type giving rise to the liability. Their estimate takes into account, as applicable, the views of legal counsel and other experts, the experience of the company and others in similar situations and the company's intentions with regard to further action in each proceeding. CNH Industrial's consolidated provision combines the individual provisions established by each of the Group's companies.

- *Environmental risks* – this provision represents management's best estimate of the Group's probable environmental obligations. Amounts included in the estimate comprise direct costs to be incurred in connection with environmental obligations associated with current or formerly owned facilities and sites. This provision also includes costs related to claims on environmental matters.

24. Debt

Credit Facilities

Lenders of committed credit facilities have the obligation to make advances up to the facility amount. Lenders of uncommitted facilities have the right to terminate the agreement with prior notice to CNH Industrial. At December 31, 2022, CNH Industrial had available committed unsecured facilities expiring after twelve months amounting to $5.1 billion ($5.2 billion at December 31, 2021).

In March 2019, CNH Industrial signed a five-year committed revolving credit facility for €4 billion ($4.5 billion at March 31, 2019 exchange rate) due to mature in 2024 with two extension options of 1-year each, exercisable on the first and second anniversary of the signing date. CNH Industrial exercised the first of the two extension options as of February 28, 2020 and the second extension option as of February 26, 2021. The facility is now due to mature in March 2026 for €3,950.5 million; €49.5 million within the facility will mature in March 2025. The credit facility replaced the existing five-year €1.75 billion credit facility due to mature in 2021. The €4 billion facility is guaranteed by the parent company with cross-guarantees from each of the borrowers (i.e., CNH Industrial Finance S.p.A., CNH Industrial Finance Europe S.A. and CNH Industrial Finance North America Inc.), and includes typical provisions for contracts of this type and size, such as: customary covenants mainly relating to Industrial Activities including negative pledge, a status (or *pari passu*) covenant, restrictions on the incurrence of indebtedness by certain subsidiaries, customary events of default (some of which are subject to minimum thresholds and customary mitigants) including cross-default, failure to pay amounts due or to comply with certain provisions under the loan agreement, the occurrence of certain bankruptcy-related events and mandatory obligations upon a change in control of CNH Industrial or the borrower and a financial covenant (Net Debt/ EBITDA ration relating to Industrial Activities) that is not applicable with the current ratings levels. The failure to comply with these provisions, in certain cases if not suitably remedied, can lead to the requirement to make early repayment of the outstanding advances. At December 31, 2022, CNH Industrial was in compliance with all covenants in the revolving credit facility.

Total committed secured facilities expiring after twelve months amounted to approximately $2.9 billion at December 31, 2022 ($3.9 billion at December 31, 2021, $3.0 billion excluding Iveco Group), of which $0.8 billion was available at December 31, 2022 ($1.1 billion at December 31, 2021, $1.0 billion excluding Iveco Group).

With the strong liquidity position at the end of December 2022 and the demonstrated access to the financial markets, CNH Industrial believes that its cash and cash equivalents, access to credit facilities and cash flows from future operations will be adequate to fund its known cash needs.

At December 31, 2022, Financial Services' committed asset-backed facilities expiring after twelve months amounted to $2.9 billion ($3.0 billion at December 31, 2021), of which $2.1 billion at December 31, 2022 ($2.0 billion at December 31, 2021) were utilized.

Debt

An analysis of debt by nature and due date is as follows:

	At December 31, 2022				At December 31, 2021			
($ million)	Due within one year	Due between one and five years	Due beyond five years	Total	Due within one year	Due between one and five years	Due beyond five years	Total
Asset-backed financing	**5,699**	**4,030**	**24**	**9,753**	4,825	4,018	32	8,875
Other debt:								
Bonds	1,723	6,634	669	**9,026**	764	5,932	1,853	**8,549**
Borrowings from banks	1,458	1,250	454	**3,162**	1,170	1,003	80	**2,253**
Payables represented by securities	794	386	—	**1,180**	511	606	24	**1,141**
Lease liabilities	54	120	54	**228**	55	105	36	**196**
Other	144	—	3	**147**	164	5	3	**172**
Payables to Iveco Group	156	—	—	**156**	503	—	—	**503**
Total Other debt	**4,329**	**8,390**	**1,180**	**13,899**	3,167	7,651	1,996	12,814
Debt	**10,028**	**12,420**	**1,204**	**23,652**	7,992	11,669	2,028	21,689

Total Debt was $23,652 million at December 31, 2022, an increase of $1,963 million compared to December 31, 2021.

Excluding the positive impact of exchange translation differences ($525 million of decrease in Debt), Debt increased by $2,488 million due to increase in asset-backed financing and in bank debt, mainly in Financial Services, due to the increase in Portfolio offset by the repayment net of $503 million to Iveco Group related to the net outstanding at year ended December 31, 2021.

During the year ended December 31, 2022, $65 million for the principal portion of Lease liabilities and $8 million for interest expenses related to lease liabilities were paid, respectively ($62 million and $6 million, respectively, were paid during the year ended December 31, 2021).

The following table sets out a maturity analysis of Lease liabilities at December 31, 2022:

($ million)	At December 31, 2022	At December 31, 2021
Less than one year	63	61
One to two years	46	42
Two to three years	37	30
Three to four years	31	25
Four to five years	23	21
More than five years	59	39
Total undiscounted lease payments	**259**	218
Less: Interest	(31)	(22)
Total Lease liabilities	**228**	196

At December 31, 2022, the weighted average remaining lease term (calculated on the basis of the remaining lease term and the lease liability balance for each lease) and the weighted average discount rate for leases were 5.9 years and 3.8%, respectively (5.5 years and 3.6%, respectively, at December 31, 2021).

In May 2021, CNH Industrial Capital LLC issued $600 million of 1.45% notes due in 2026 at an issue price of 99.208% of their principal amount.

In July 2021, CNH Industrial Capital Australia Pty. Limited issued AUD 200 million of 1.75% notes due in 2024 at an issue price of 99.863% of their principal amount.

In September 2021, CNH Industrial Capital Australia Pty. Limited issued AUD 50 million of 1.750% notes due in 2024 at an issue price of 101.069% of their principal amount. This issue is a private placement.

In September 2021, CNH Industrial Capital Canada Ltd issued CAD 300 million of 1.500% notes due in 2024 at an issue price of 99.936% of their principal amount.

In April 2022, Banco CNH Industrial Capital S.A. issued BRL 600 million of notes in two tranches: BRL 177 million at CDI + 0.90%, due in 2024 and BRL 423 million at CDI +1.10%, due in 2025.

In May 2022, Banco CNH Industrial Capital S.A. issued BRL 350 million of notes at CDI +1.10%, due in 2025, through a private placement.

In May 2022, CNH Industrial Capital LLC issued $500 million of 3.95% notes due in 2025 at an issue price of 99.469% of their principal amount.

In September 2022, Banco CNH Industrial Capital S.A. issued BRL 700 million of notes in three tranches: BRL 268 million at CDI + 0.90%, due in 2024; BRL 193 million at CDI +1.05%, due in 2025; and BRL 239 million at CDI +1.30%, due in 2026.

In October 2022, CNH Industrial Capital LLC issued $400 million of 5.45% notes due in 2025 at an issue price of 99.349% of their principal amount.

In October 2022, CNH Industrial Capital Argentina issued USD 23 million of 0% notes due in 2025. This was a voluntary exchange offer for the outstanding USD-linked Series 1 notes issued in 2020 due August 2023.

In November 2022, Banco CNH Industrial Capital S.A. issued BRL 22 million of notes at CDI + 1.05%, due in 2025, through a private placement.

In December 2022, Banco CNH Industrial Capital S.A. issued BRL 190 million of notes at CDI + 0.85%, due in 2024, through a private placement.

With the purpose of further diversifying its funding structure, CNH Industrial has established various commercial paper programs. CNH Industrial Capital LLC outstanding commercial paper totaled $299 million as of December 31, 2022 (no outstanding at December 31, 2021).

Banco CNH Industrial S.A. outstanding commercial paper totaled $230 million as of December 31, 2022 ($90 million outstanding at December 31, 2021).

The following table shows the summary of the Group's issued bonds outstanding at December 31, 2022:

	Currency	Face value of outstanding bonds (in million)	Coupon	Maturity	Outstanding amount ($ million)
Industrial Activities					
Euro Medium Term Notes:					
CNH Industrial Finance Europe S.A.(1)	EUR	369	2.875 %	May 17, 2023	393
CNH Industrial Finance Europe S.A.(1)	EUR	750	—	April 1, 2024	800
CNH Industrial Finance Europe S.A.(1)	EUR	650	1.750 %	September 12, 2025	694
CNH Industrial Finance Europe S.A.(1)	EUR	100	3.500 %	November 12, 2025	107
CNH Industrial Finance Europe S.A.(1)	EUR	500	1.875 %	January 19, 2026	533
CNH Industrial Finance Europe S.A.(1)	EUR	600	1.750 %	March 25, 2027	640
CNH Industrial Finance Europe S.A.(1)	EUR	50	3.875 %	April 21, 2028	53
CNH Industrial Finance Europe S.A.(1)	EUR	500	1.625 %	July 3, 2029	533
CNH Industrial Finance Europe S.A.(1)	EUR	50	2.200 %	July 15, 2039	53
Other Bonds Industrial Activities:					
CNH Industrial N.V.(2)	USD	600	4.500 %	August 15, 2023	600
CNH Industrial N.V.(2)	USD	500	3.850 %	November 15, 2027	500
Hedging effect and amortized cost valuation					(22)
Total Industrial Activities					**4,884**
Financial Services					
CNH Industrial Capital LLC	USD	600	1.950 %	July 2, 2023	600
CNH Industrial Capital LLC	USD	500	4.200 %	January 15, 2024	500
CNH Industrial Capital LLC	USD	500	3.950 %	May 23, 2025	500
CNH Industrial Capital LLC	USD	400	5.450 %	October 14, 2025	400
CNH Industrial Capital LLC	USD	500	1.875 %	January 15, 2026	500
CNH Industrial Capital LLC	USD	600	1.450 %	July 15, 2026	600
CNH Industrial Capital Canada LTD	CAD	300	1.500 %	October 1, 2024	222
CNH Industrial Capital Australia PTY LTD	AUD	250	1.750 %	July 8, 2024	170
CNH Industrial Capital Argentina SA	USD	31	— %	2023/2025	31
Banco CNH Industrial Capital SA	BRL	3,077	8.120% - 15.350%	2023/2028	589
Hedging effect and amortized cost valuation					30
Total Financial Services					**4,142**
Total Bonds					**9,026**

(1) Bond listed on the Irish Stock Exchange.

(2) Bond listed on the New York Stock Exchange.

The bonds issued by the Group may contain commitments of the issuer, and in certain cases commitments of CNH Industrial N.V. in its capacity as guarantor, which are typical of international practice for bond issues of this type such as, in particular, negative pledge (in relation to quoted indebtedness), a status (or *pari passu*) covenant and cross default clauses. A breach of these commitments can lead to the early repayment of the applicable notes. The bonds guaranteed by CNH Industrial N.V. under the Euro Medium Term Note Programme (and its predecessor the Global Medium Term Note Programme), as well as the notes issued by CNH Industrial N.V., contain clauses which could lead to early repayment if there is a change of control of CNH Industrial N.V. leading to a rating downgrading of CNH Industrial N.V.

On January 4, 2022 Fitch Ratings raised its Long-Term Issuer Default Rating ("IDR") on CNH Industrial N.V. to ‘BBB+’ from ‘BBB-’. Fitch also upgraded CNH Industrial Finance Europe S.A.’s senior unsecured rating to ‘BBB+’ from ‘BBB-’. The Outlook is stable. On January 7, 2022, Fitch upgraded the Long-Term IDR and senior long-term debt ratings of CNH Industrial Capital LLC and CNH Industrial Capital Canada Ltd. to 'BBB+' from 'BBB-'. The outlook is stable. Fitch has also upgraded CNH Industrial Capital LLC's short-term IDR and commercial paper ratings to 'F2' from 'F3'.

On February 25, 2022, Moody's upgraded the senior unsecured ratings of CNH Industrial N.V. and its supported subsidiaries including CNH Industrial Capital LLC, CNH Industrial Finance Europe S.A., CNH Industrial Capital Australia Pty. Ltd. and CNH Industrial Capital Canada Ltd. to Baa2 from Baa3. At the same time, Moody's withdrew CNH Industrial Finance Europe S.A. short term rating of (P)P-3. The rating outlook is stable. Our long-term credit ratings remained unchanged at "BBB" from Standard & Poor's Global Ratings with stable outlook.

For further information on the management of interest rate and currency risk reference should be made to Note 30 "Information on financial risks".

At December 31, 2022 and 2021, there was no debt secured with mortgages and other liens on assets of the Group, and the total carrying amount of assets acting as security for loans was not significant at December 31, 2022 and 2021. In addition, the Group’s assets include current receivables and cash with a pre-determined use to settle asset-backed financing of $9,753 million at December 31, 2022 ($8,875 million at December 31, 2021).

25. Trade payables

An analysis by due date of trade payables is as follows:

	At December 31, 2022				At December 31, 2021			
($ million)	Due within one year	Due between one and five years	Due beyond five years	Total	Due within one year	Due between one and five years	Due beyond five years	Total
Trade payables	3,651	34	5	3,690	3,435	94	2	3,531

At December 31, 2022, Trade payables were $3,690 and increased by $3,364 million compared to December 31, 2021.

26. Other current liabilities

An analysis of Other current liabilities is as follows:

($ million)	At December 31, 2022	At December 31, 2021
Contract liabilities	34	20
Indirect tax payables	263	487
Accrued expenses and deferred income	387	460
Payables to personnel	190	161
Social security payables	78	90
Other	399	503
Total Other current liabilities	**1,351**	**1,721**

An analysis of Other current liabilities (excluding Accrued expenses and deferred income) by due date is as follows:

	At December 31, 2022				At December 31, 2021			
($ million)	Due within one year	Due between one and five years	Due beyond five years	Total	Due within one year	Due between one and five years	Due beyond five years	Total
Other current liabilities (excluding Accrued expenses and deferred income)	831	69	64	964	1,130	58	73	1,261

Changes in Contract liabilities for the year ended December 31, 2022, are as follows:

($ million)	At December 31, 2021	Additional amounts arising during the period	Amounts recognized within revenue	Translation differences and other changes	At December 31, 2022
Contract liabilities	20	**27**	**(10)**	**(3)**	**34**

At December 31, 2022, and 2021, Contract liabilities primarily relate to extended warranties/maintenance and repair contracts.

27. Commitments and contingencies

As a global company with a diverse business portfolio, CNH Industrial in the ordinary course of business is exposed to numerous legal risks, including, without limitation, dealer and supplier litigation, intellectual property right disputes, product warranty and defective product claims, product performance, asbestos, personal injury, emissions and/or fuel economy regulatory and contractual issues, competition law and other investigations and environmental claims. The most significant of these matters are described below.

The outcome of any current or future proceedings, claims, or investigations cannot be predicted with certainty. Adverse decisions in one or more of these proceedings, claims or investigations could require CNH Industrial to pay substantial damages or fines or undertake service actions, recall campaigns or other costly actions. It is therefore possible that legal judgments could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could affect CNH Industrial's financial position and results.

When it is probable that an outflow of resources embodying economic benefits will be required to settle obligations and this amount can be reliably estimated, CNH Industrial recognizes specific provisions for this purpose. At December 31, 2022, contingent liabilities estimated by the Group amount to approximately $43 million (approximately $47 million at December 31, 2021), for which no provisions have been recognized since an outflow of resources is not considered probable at the present time.

Although the ultimate outcome of legal matters pending against CNH Industrial and its subsidiaries cannot be predicted, CNH Industrial believes the reasonable possible range of losses for these unresolved legal matters in addition to the amounts accrued would not have a material effect on its Consolidated Financial Statements.

Other litigation and investigation

Follow-up on Damages Claims: in 2011 Iveco S.p.A. ("Iveco"), which, following the Demerger, is now part of Iveco Group N.V., and its competitors in the European Union were subject to an investigation by the European Commission (the "Commission") into certain business practices in the European Union (in the period 1997-2011) in relation to Medium & Heavy trucks. On July 19, 2016, the Commission announced a settlement with Iveco ("the Decision"). Following the Decision, the Company, Iveco and Iveco Magirus AG ("IMAG") have been named as defendants in proceedings across Europe. The consummation of the Demerger will not allow CNH Industrial to be excluded from current and future follow on proceedings originating from the Decision because under EU competition law a company cannot use corporate reorganizations to avoid liability for private damage claims. In the event one or more of these judicial proceedings would result in a decision against CNH Industrial ordering it to compensate such claimants as a result of the conduct that was the subject matter of the Decision, and Iveco and IMAG do not comply with such decisions, as a result of various intercompany arrangements, then CNH Industrial will ultimately have recourse against Iveco and IMAG for the reimbursement of the damages effectively paid to such claimants. The extent and outcome of these claims cannot be predicted at this time. The Company believes that the risk of either Iveco or IMAG or Iveco Group defaulting on potential payment obligations arising from such follow-up on damage claims is remote.

FPT Emissions Investigation: on July 22, 2020, a number of FPT Industrial S.p.A.'s offices in Europe were visited by investigators in the context of a request for assistance by the public prosecutors of Frankfurt am Main, Germany and Turin, Italy in relation to alleged noncompliance of two engine models produced by FPT Industrial S.p.A., which is a wholly-controlled subsidiary Iveco Group N.V., installed in certain Ducato (a vehicle distributed by Stellantis N.V.) and Iveco Daily vehicles. In certain instances CNH Industrial and other third parties have also received various requests for compensation by German and Austrian customers on various contractual and tort grounds, including requests for damages resulting from the termination of the purchase contracts, or in the form of requests for an alleged lower residual value of their vehicles as a consequence of the alleged non-compliance with other approval regulations regarding emissions. In certain instances, other customers have brought judicial claims on the same legal and factual bases. While the Company had no role in the design and sale of such engine models and vehicles, the Company cannot predict at this time the extent and outcome of these requests and directly or indirectly related legal proceedings, including customer claims or potential class actions alleging emissions non-compliance. The Company believes that the risk of either FPT Industrial or Iveco Group N.V. defaulting on potential payment obligations arising from such proceedings is remote.

Commitments

At December 31, 2022, Financial Services has various agreements to extend credit for the following financing arrangements:

	At December 31, 2022		
($ million)	**Total Credit Limit**	**Utilized**	**Not utilized**
Facility			
Wholesale and dealer financing	**6,818**	3,572	3,246
Revolving charge accounts	**2,456**	209	2,247

Guarantees

CNH Industrial provided guarantees on the debt or commitments of third parties and performance guarantees on non-consolidated affiliates as of December 31, 2022 and 2021, totaling $19 million and $15 million, respectively.

28. Segment reporting

The operating segments through which CNH Industrial manages its operations are based on the internal reporting used by the CNH Industrial Chief Operating Decision Maker ("CODM") to assess performance and make decisions about resource allocation.

CNH Industrial has three operating segments:

- ***Agriculture*** designs, manufactures and distributes a full line of farm machinery and implements, including two-wheel and four-wheel drive tractors, crawler tractors, combines, grape and sugar cane harvesters, hay and forage equipment, planting and seeding equipment, soil preparation and cultivation implements, and material handling equipment. Agricultural equipment is sold under the New Holland Agriculture and Case IH brands. Regionally focused brands include: STEYR, for agricultural tractors; Flexi-Coil specializing in tillage and seeding systems; Miller manufacturing application equipment; Kongskilde providing tillage, seeding and hay & forage implements. Further, starting in December 2021, Raven was included in the Agriculture segment bringing a leader in digital agriculture, precision technology and the development of autonomous systems to CNH Industrial.
- ***Construction*** designs, manufactures and distributes a full line of construction equipment including excavators, crawler dozers, graders, wheel loaders, backhoe loaders, skid steer loaders, and compact track loaders. Construction equipment is sold under the CASE Construction Equipment, New Holland Construction and Eurocomach brands.
- ***Financial Services*** offers retail note and lease financing to end-use customers for the purchase of new and used agricultural and construction equipment and components sold through CNH Industrial brands' dealer network, as well as revolving charge account financing and other financial services. Financial Services also provides wholesale financing to CNH Industrial brand dealers and distributors. Further, Financial Services provides trade receivables factoring to CNH Industrial companies. The European operations of CNH Industrial Financial Services are supported by the Iveco Group's Financial Services segment. CNH Industrial Financial Services provides financial services to Iveco Group companies in the North America, South America and Asia Pacific regions.

The activities carried out by the two industrial segments Agriculture and Construction, as well as corporate functions, are collectively referred to as "Industrial Activities".

Revenues for each reported segment are those directly generated by or attributable to the segment as a result of its business activities and include revenues from transactions with third parties as well as those deriving from transactions with other segments, recognized at normal market prices. Segment expenses represent expenses deriving from each segment's business activities both with third parties and other operating segments or which may otherwise be directly attributable to it. Expenses deriving from business activities with other segments are recognized at normal market prices.

With reference to Industrial Activities' segments, the CODM assesses segment performance and makes decisions about resource allocation based upon Adjusted EBIT calculated using U.S. GAAP. CNH Industrial believes Adjusted EBIT more fully reflects Industrial Activities segments' inherent profitability. Adjusted EBIT of Industrial Activities under U.S. GAAP is defined as net income/(loss) before: Income taxes, Financial Services' results, Industrial Activities' interest expenses/(net), foreign exchange gains/losses, finance and non-service component of pension and other post-employment benefit costs, restructuring expenses, and certain non-recurring items. In particular, non-recurring items are specifically disclosed items that management considers to be rare or discrete events that are infrequent in nature and not reflective of on-going operational activities.

With reference to Financial Services, the CODM assesses the performance of the segment and makes decisions about resource allocation on the basis of net income prepared in accordance with U.S. GAAP.

The following table summarizes Adjusted EBIT of Industrial Activities under U.S. GAAP by reportable segment:

($ million)	2022	2021(*)
Agriculture	2,456	1,810
Construction	124	90
Unallocated items, eliminations and other	(147)	(137)
Adjusted EBIT of Industrial Activities under U.S. GAAP	**2,433**	**1,763**

(*) The 2021 data have been restated to exclude Iveco Group Business, consistent with Iveco Group's classification as a Discontinued Operation, as requested by the IFRS 5 - Non-current assets held for sale and Discontinued Operations. Iveco Group's results are presented as a single line item within the Consolidated Income Statements for the year ended December 31, 2021. The spin-off of Iveco Group took effect on January 1, 2022 (refer to the Section - "Scope of Consolidation - Discontinued Operations - Iveco Group Business").

A reconciliation from Adjusted EBIT of Industrial Activities under U.S. GAAP to CNH Industrial's consolidated Profit(loss) before taxes under EU-IFRS for the years ended December 31, 2022 and 2021 is provided below:

($ million)	2022	2021
Adjusted EBIT of Industrial Activities under U.S. GAAP	**2,433**	**1,763**
Adjustments/reclassifications to convert from Adjusted EBIT of Industrial Activities under U.S. GAAP to Profit/(loss) before taxes under EU-IFRS:		
Financial income/(expenses) under EU-IFRS	(177)	(151)
Development costs	(8)	(31)
Other adjustments(1)	387	341
Total adjustments/reclassifications	**202**	**159**
Profit/(loss) from Continuing Operations before taxes under EU-IFRS	**2,635**	**1,922**

(1) This item also includes the different accounting impact from the modification of a healthcare plan in the U.S..

Net income of Financial Services prepared under U.S. GAAP for years ended December 31, 2022 and 2021 is summarized as follows, together with a reconciliation to CNH Industrial's consolidated Profit/(loss) before taxes under EU-IFRS for the same periods:

($ million)	2022	2021
Net income of Financial Services under U.S. GAAP (A)	**338**	**349**
Eliminations and other (B)(*)	1,701	1,452
CNH Industrial's consolidated Net income (loss) under U.S. GAAP (C) = (A) + (B)	**2,039**	**1,801**
Adjustments to conform to EU-IFRS (D)(**)	(162)	(115)
Income tax (expense) benefit under EU-IFRS (E)	(758)	(236)
Profit/(loss) from Continuing Operations before taxes under EU-IFRS (F) = (C) + (D) - (E)	**2,635**	**1,922**

(*) Includes Net income of Industrial Activities under U.S. GAAP.

(**) Details about this item are provided in Note 34 "EU-IFRS to U.S. GAAP reconciliation".

There are no segment assets reported to the CODM for assessing performance and allocating resources. Additional reportable segment information under U.S. GAAP is provided as follows.

Additional reportable segment information under U.S. GAAP

Revenues under U.S. GAAP, together with a reconciliation to the corresponding EU-IFRS consolidated item for the years ended December 31, 2022 and 2021, are provided below:

($ million)	2022	2021
Agriculture	17,969	14,721
Construction	3,572	3,081
Eliminations and other	—	—
Net sales of Industrial Activities	**21,541**	**17,802**
Financial Services	1,996	1,672
Eliminations and other	14	22
Total Revenues under U.S. GAAP	**23,551**	**19,496**
Difference(*)	(78)	(22)
Total Net Revenues under EU-IFRS	**23,473**	**19,474**

(*) Primarily different classification of interest income of Industrial Activities.

Depreciation and amortization under U.S. GAAP by reportable segment, together with a reconciliation to the corresponding EU-IFRS consolidated item for the years ended December 31, 2022 and 2021, are provided below:

($ million)	2022	2021
Agriculture	287	254
Construction	38	38
Eliminations and other	—	1
Total Industrial Activities	**325**	**293**
Financial Services	2	2
Total Depreciation and Amortization(*) under U.S. GAAP	**327**	**295**
Difference(**)	247	244
Total Depreciation and Amortization(*) under EU-IFRS	**574**	**539**

(*) Excluding depreciation of assets on operating lease.

(**) Primarily amortization of development costs capitalized under EU-IFRS and depreciation of right-of-use assets under EU-IFRS.

Expenditures for long-lived assets under U.S. GAAP by operating segment together with a reconciliation to the corresponding EU-IFRS consolidated item for the years ended December 31, 2022 and 2021 are provided below:

($ million)	2022	2021
Agriculture	393	307
Construction	63	53
Total Industrial Activities	**456**	**360**
Financial Services	5	5
Total Expenditures for long-lived assets(*) under U.S. GAAP	**461**	**365**
Difference, principally expenditure for development costs capitalized under EU-IFRS	174	156
Total Expenditures for long-lived assets(*) under EU-IFRS	**635**	**521**

(*) Excluding equipment on operating lease.

29. Information by geographical area

CNH Industrial N.V. has its principal office in London, England, United Kingdom. Revenues earned in the U.K. from external customers were $557 million and $548 million in 2022 and 2021, respectively. Revenues earned in the rest of the world from external customers were $22,916 million and $18,926 million in 2022 and 2021, respectively. The following highlights revenues earned from external customers in the rest of the world by destination:

($ million)	2022	2021
United States	8,180	6,383
Italy	591	547
France	1,123	1,084
Germany	674	564
Brazil	3,878	2,406
Canada	1,530	1,341
Australia	981	856
Spain	263	283
Argentina	546	443
Poland	449	425
Other	4,701	4,594
Total revenues from external customers in the rest of the world	**22,916**	**18,926**

Total non-current Assets located in U.K., excluding financial assets, deferred tax assets, defined benefit assets and rights arising under insurance contracts, were $134 million and $147 million at December 31, 2022 and 2021, respectively, and the total of such assets located in the rest of the world totaled $8,843 million and $8,791 million at December 31, 2022 and 2021, respectively.

The following highlights non-current assets by geographical area in the rest of the world:

($ million)	At December 31, 2022	At December 31, 2021
United States	6,139	6,269
Italy	747	631
Canada	542	563
Belgium	247	237
Brazil	212	167
India	102	100
France	102	191
Japan	84	83
Turkey	79	49
Poland	69	73
Other	520	428
Total non current assets in the rest of the world	**8,843**	**8,791**

In 2022 and 2021, no single external customer of CNH Industrial accounted for 10 per cent or more of consolidated revenues.

30. Information on financial risks

We are exposed to the following financial risks connected with our operations:

- credit risk related to our financing activities;
- market risk (primarily exchange rates and interest rates).

We attempt to actively manage these risks.

The quantitative data reported in the following paragraphs does not have any predictive value. In particular, the sensitivity analysis on market risks does not reflect the complexity of the market or the reaction, which may result from any changes that are assumed to take place.

Credit risk

Our credit concentration risk differs in relation to the activities carried out by the segments and end markets in which we operate; in all cases, the risk is mitigated by the large number of counterparties and customers. Considered from a global point of view, however, there is a concentration of credit risk in trade receivables and receivables from financing activities, in particular dealer financing in the European Union market and in North America, as well as in South America for Agriculture and Construction.

CNH Industrial measures the loss allowance for its trade receivables and contract assets at an amount equal to the lifetime expected credit losses, which are the present value of the cash shortfalls over the expected life of the financial asset.

Financial assets are recognized in the statement of financial position net of write-downs for the risk that counterparties may be unable to fulfill their contractual obligations, determined on the basis of the available information as to the creditworthiness of the customer and historical data.

The maximum credit risk to which we were theoretically exposed at December 31, 2022 is represented by the carrying amounts stated for financial assets in the statement of financial position and the nominal value of the guarantees provided on debt or commitments of third parties as discussed in Note 27 "Commitments and contingencies".

Dealers and final customers are generally subject to specific assessments of their creditworthiness under a detailed scoring system. In addition to carrying out this evaluation process, we may also obtain financial and non-financial guarantees for risks arising from credit granted for the sale of agricultural equipment, construction equipment and related parts. These guarantees are further secured, where possible, by retention of title clauses or specific guarantees on financed equipment sales to the distribution network and on equipment under finance or leasing agreements.

A financial asset has experienced a significant increase in credit risk when the customer shows signs of operational or financial weakness including past dues, which requires significant collection effort and monitoring and generally occurs when the customer becomes past due greater than 30 days. The assessment considers available information regarding the financial stability of the customer and other market/industry data. An account is typically considered in default when they are 90 days past due.

CNH Industrial utilizes three categories for receivables from financing activities that reflect their credit risk and the loan provision is determined.

Internal risk grade	IFRS 9 classification	Definition	Basis for recognition of expected credit loss provision
Performing	Stage 1	Low risk of default; payments are generally less than 30 days past due	12 month expected credit losses
Performing	Stage 2	Significant increase in credit risk; payments generally between 31 and 90 days past due	Lifetime expected credit losses
Non-performing	Stage 3	Accounts are credit impaired and/or a legal action has been initiated; payments generally greater than 90 days past due	Lifetime expected credit losses

Charge-offs of principal amounts of receivables outstanding are deducted from the allowance at the point when it is estimated that amounts due are deemed uncollectible. CNH Industrial continues to engage in collection efforts to attempt to recover the receivables. When recoveries are collected, these are recognized as income.

CNH Industrial’s allowance for credit losses is segregated into three portfolio segments: retail, wholesale and other. A portfolio segment is the level at which CNH Industrial develops a systematic methodology for determining its allowance for credit losses. Further, CNH Industrial evaluates its retail and wholesale portfolio segments by class of receivable: North America, Europe, Middle East and Africa (EMEA), South America and Asia Pacific regions. Typically, CNH Industrial’s receivables within a geographic area have similar risk profiles and methods for assessing and monitoring risk. These classes align with management reporting.

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, CNH Industrial considers historical loss rates for each category of customers, and adjusts for forward looking macroeconomic data.

In calculating the expected credit losses, CNH Industrial’s calculations depend on whether the receivable has been individually identified as being impaired. The first component of the allowance for credit losses covers the receivables specifically reviewed by management for which CNH Industrial has determined it is probable that it will not collect all of the contractual principal and interest. Receivables are individually reviewed for impairment based on, among other items, amounts outstanding, days past due and prior collection history. Expected credit losses are measured by considering: the unbiased and probability-weighted amount; the time value of money; and reasonable and supportable information (available without undue costs or effort) at the reporting date about past events, current conditions and forecasts of future economic conditions. Expected credit losses are measured as the probability-weighted present value of all cash shortfalls over the expected life of each financial asset.

The second component of the allowance for credit losses covers all receivables that have not been individually reviewed for impairment. The allowance for these receivables is based on aggregated portfolio evaluations, generally by financial product. The allowance for wholesale and retail credit losses is based on loss forecast models that consider a variety of factors that include, but are not limited to, historical loss experience, collateral value, portfolio balance and delinquency. The loss forecast models are updated on a quarterly basis. The calculation is adjusted for forward looking macroeconomic factors. In addition, qualitative factors that are not fully captured in the loss forecast models are considered in the evaluation of the adequacy of the allowance for credit losses. These qualitative factors are subjective and require a degree of management judgment.

Liquidity risk

We are exposed to funding risk if there is difficulty in obtaining finance for operations at any given point in time.

The cash flows, funding requirements and liquidity of our subsidiaries are monitored on a centralized basis. The aim of this centralized system is to optimize the efficiency and effectiveness of the management of our capital resources.

Additionally, as part of our activities, we regularly carry out funding operations on the various financial markets which may take on different technical forms and which are aimed at ensuring that it has an adequate level of current and future liquidity.

Measures taken to generate financial resources through operations and to maintain an adequate level of available liquidity are an important factor in ensuring normal operating conditions and addressing strategic challenges. We therefore plan to meet our requirements to settle liabilities as they fall due and to cover expected capital expenditures by using cash flows from operations and available liquidity, renewing or refinancing bank loans and making recourse to the bond market and other forms of funding.

The two main factors that determine our liquidity situation are the funds generated by or used in operating and investing activities and the debt lending period and its renewal features or the liquidity of the funds employed and market terms and conditions.

CNH Industrial has adopted a series of policies and procedures whose purpose is to optimize the management of funds and to reduce the liquidity risk, as follows:

- centralizing the management of receipts and payments, where it may be economical in the context of the local statutory, currency and fiscal regulations of the countries in which we are present;
- maintaining an adequate level of available liquidity;
- diversifying the means by which funds are obtained and maintaining a continuous and active presence on the capital markets;
- obtaining adequate credit lines; and
- monitoring future liquidity on the basis of business planning.

Details as to the repayment structure of the CNH Industrial's financial assets and liabilities are provided in Note 17 "Current Receivables and Other current financial assets" and in Note 24 "Debt". Details of the repayment structure of derivative financial instruments are provided in Note 18 "Derivative assets and Derivative liabilities".

Management believes that the funds currently available, together with the funds that will be generated from operating and financing activities, will enable CNH Industrial to satisfy its requirements resulting from their investing activities and their working capital needs and to fulfill their obligations to repay their debts at their natural due date.

Market risk

We operate in numerous markets worldwide and are exposed to market risks stemming from fluctuations in currency and interest rates.

The exposure to foreign currency risk arises both in connection with the geographical distribution of our industrial activities compared to the markets in which we sell our products, and in relation to the use of external borrowing denominated in foreign currencies.

The exposure to interest rate risk arises from the need to fund industrial and financial operating activities and the necessity to deploy surplus funds. Changes in market interest rates may have the effect of either increasing or decreasing our profit/(loss), thereby indirectly affecting the costs and returns of financing and investing transactions.

We regularly assess our exposure to foreign currency and interest rate risk and manage those risks through the use of derivative financial instruments in accordance with its established risk management policies.

Our policy permits derivatives to be used only for managing the exposure to fluctuations in exchange and interest rates connected with future cash flows and assets and liabilities, and not for speculative purposes.

We utilize derivative financial instruments designated as fair value hedges, mainly to hedge:

- the currency risk on financial instruments denominated in foreign currency;
- the interest rate risk on fixed rate loans and borrowings.

The instruments used for these hedges are mainly currency swaps, forward contracts, interest rate swaps and combined interest rate and currency financial instruments.

We use derivative financial instruments as cash flow hedges for the purpose of pre-determining:

- the exchange rate at which forecasted transactions denominated in foreign currencies will be accounted for;
- the interest paid on borrowings, both to match the fixed interest received on loans (customer financing activity), and to achieve a pre-defined mix of floating versus fixed rate funding structured loans.

The exchange rate exposure on forecasted commercial flows is hedged by currency swaps, forward contracts and currency options. Interest rate exposures are usually hedged by interest rate swaps and, in limited cases, by forward rate agreements.

Counterparties to these agreements are major and diverse financial institutions.

Information on the fair value of derivative financial instruments held at the balance sheet date is provided in Note 18 “Derivative assets and Derivative liabilities”.

Currency risk

We are exposed to risk resulting from changes in exchange rates, which can affect our earnings and equity.

Where one of our subsidiaries incurs costs in a currency different from that of its revenues, any change in exchange rates can affect the profit/(loss) of that company. In 2022, the total net trade flows exposed to currency risk amounted to the equivalent of 19% of CNH Industrial's revenue (19% in 2021).

The principal exchange rates to which we are exposed are the following:

- EUR/USD, in relation to the production/purchases of Agriculture and Construction in the euro area;
- USD/BRL and EUR/BRL, in relation to production in Brazil and the respective import/export flows;
- AUD/USD, mainly in relation to sales made by Agriculture and Construction in Australia;
- EUR/GBP, predominately in relation to sales on the U.K. market.

Trade flows exposed to changes in these exchange rates in 2022 made up approximately 73% of the exposure to currency risk from trade transactions.

It is our policy to use derivative financial instruments to hedge a certain percentage, on average between 55% and 85%, of the forecasted trading transaction exchange risk exposure for the coming 12 months with additional flexibility to reach 0% or 100% (including forecasted risk exposure beyond that timeframe where it is believed to be appropriate) and to hedge completely the exposure resulting from firm commitments.

Certain subsidiaries may hold trade receivables or payables denominated in a currency different from the subsidiary’s functional currency. In addition, in a limited number of cases, subsidiaries may obtain financing or use funds in a currency different from their functional currency. Changes in exchange rates may result in exchange gains or losses arising from these situations. It is our policy to hedge fully, whenever possible, the exposure resulting from receivables, payables, and securities denominated in currencies different from the subsidiary’s functional currency.

Certain of our subsidiaries’ functional currency is different than the U.S. dollar, which is the Group presentation currency. The income statements of those subsidiaries are converted into U.S. dollars using the average exchange rate for the period, and while revenues and margins are unchanged in local currency, changes in exchange rates may lead to effects on the converted balances of revenues, costs and the results reported in U.S. dollars.

The assets and liabilities of consolidated companies whose functional currency is different from the U.S. dollar may acquire converted values in U.S. dollars which differ as a function of the fluctuation in exchange rates. The effects of these changes are recognized directly in the Cumulative Translation Adjustments reserve, included in Other comprehensive income (see Note 21 "Equity").

We monitor our principal exposure to translation exchange risk, although there was no specific hedging in place at December 31, 2022.

There were no substantial changes in 2022 in the nature or structure of exposure to currency risk or in our hedging policies.

Sensitivity analysis

The potential loss in fair value of derivative financial instruments held for currency risk management (currency swaps/forwards, currency options, interest rate and currency swaps) at December 31, 2022 resulting from a hypothetical change of 10% in the exchange rates amounted to approximately $276 million ($344 million at December 31, 2021). The valuation model for currency options assumes that market volatility at year-end remains unchanged.

Receivables, payables, and future trade flows whose hedging transactions have been analyzed were not considered in this analysis. It is reasonable to assume that changes in exchange rates will produce the opposite effect, of an equal or greater amount, on the underlying transactions that have been hedged.

Interest rate risk

Our Industrial Activities make use of external funds obtained in the form of financing and invest in monetary and financial market instruments. In addition, we sell receivables. Changes in market interest rates can affect the cost of financing, including the sale of receivables, or the return on investments of funds, causing an impact on the level of net financial expenses incurred by us.

In addition, Financial Services provides loans (mainly to customers and dealers), financed primarily using various forms of external borrowings or asset-backed financing (e.g., securitization of receivables). Where the characteristics of the variability of the interest rate applied to loans granted differ from those of the variability of the cost of the financing/ funding obtained, changes in the current level of interest rates can affect our profit/(loss).

In order to mitigate these risks, we use interest rate derivative financial instruments, mainly interest rate swaps and forward rate agreements.

Interest rate benchmark reform

Certain existing benchmark InterBank Offered Rates (IBORs) such as USD LIBOR will be reformed by the authority and gradually replaced with alternative benchmark rates. Despite the uncertainty around the timing and precise nature of these changes, the existing benchmark interest rates are still applied as reference rates.

To transition existing contracts and agreements that reference USD LIBOR to an alternative benchmark rate (SOFR), adjustments for term differences and credit differences might need to be applied to the alternative benchmark rate, to enable the two benchmark rates to be economically equivalent on transition.

The Group has issued US dollar-denominated fixed rate debt which it fair value hedges using sterling fixed to US dollar fixed to USD LIBOR interest rate swaps. At December 31, 2022, the notional amount of hedging instruments directly affected by the reform of benchmark interest rates is $1,220 million.

Group Treasury is managing the Group's USD LIBOR transition plan. The greatest change will be amendments to the contractual terms of the USD LIBOR-referenced fixed-rate debt and the corresponding update of the hedge designation.

In calculating the change in fair value attributable to the hedged risk of fixed-rate debt, the Group has made the following assumptions that reflect its current expectations:

- the fixed-rate debt will move to SOFR at the beginning of 2022 (or at July 2023 if the new consultations were confirmed) and the spread will be similar to the spread included in the interest rate swap used as the hedging instrument;
- no other changes to the terms of the fixed-rate debt are anticipated; and
- the Group does not expect any material impact deriving from the replacement of benchmark interest rate.

Sensitivity analysis

In assessing the potential impact of changes in interest rates, we separate fixed rate financial instruments (for which the impact is assessed in terms of fair value) from floating rate financial instruments (for which the impact is assessed in terms of cash flows).

The fixed rate financial instruments used by us consist of retail receivables, debt, ABS securities, and other instruments.

The potential loss in fair value of fixed rate financial instruments (including the effect of interest rate derivative financial instruments) held at December 31, 2022, resulting from a hypothetical, unfavorable and instantaneous change of 10% in market interest rates, would have been approximately $29 million ($20 million at December 31, 2021).

Floating rate financial instruments consist principally of cash and cash equivalents, wholesale receivables, debt, and ABS securities. The effect of the sale of receivables is also considered in the sensitivity analysis as well as the effect of hedging derivative instruments.

A hypothetical change of 10% in short-term interest rates at December 31, 2022, applied to floating rate financial assets and liabilities, operations for the sale of receivables and derivative financial instruments, would have caused increased net expenses before taxes, on an annual basis, of approximately $15 million ($3 million at December 31, 2021).

This analysis is based on the assumption that there is a hypothetical change of 10% in interest rates across homogeneous categories. A homogeneous category is defined on the basis of the currency in which the financial assets and liabilities are denominated.

Other risks on derivative financial instruments

We have entered derivative contracts linked to commodity prices to hedge specific exposures on supply contracts.

Sensitivity analysis

In the event of a hypothetical change of 10% in the underlying raw materials prices, the potential loss in fair value of outstanding derivative financial instruments at December 31, 2022 linked to commodity prices would not have been significant (not significant at December 31, 2021).

31. Fair value measurement

Fair value levels presented below are described in the "Significant accounting policies – Fair value measurement" section of these Notes.

Assets and liabilities measured at fair value on a recurring basis

The following table presents, for each of the fair value hierarchy levels, the assets and liabilities that are measured at fair value on a recurring basis at December 31, 2022 and 2021:

		At December 31, 2022				At December 31, 2021			
($ million)	Note	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Other investments	(14)	—	—	54	**54**	—	—	47	**47**
Derivative assets	(18)	—	189	—	**189**	—	184	—	**184**
Money market securities	(19)	489	—	—	**489**	336	—	—	**336**
Total Assets		**489**	**189**	**54**	**732**	**336**	**184**	**47**	**567**
Derivative liabilities	(18)	—	(204)	—	**(204)**	—	(182)	—	**(182)**
Total Liabilities		**—**	**(204)**	**—**	**(204)**	**—**	**(182)**	**—**	**(182)**

The following table provides a reconciliation from the opening balance to the closing balance for fair value measurements categorized in Level 3 in 2022:

($ million)	2022	2021
At January 1	**47**	**15**
Continuing Operations	47	9
Discontinued Operations	—	6
Acquisitions/(disposals)	8	47
Other changes	(1)	—
Total change related to Continuing Operations	**7**	**47**
Other changes related to Discontinued Operations	—	(15)
Total change	**7**	**32**
At December 31	**54**	**47**
Continuing Operations	54	56
Discontinued Operations	—	(9)

Description of the valuation techniques used to determine the fair value of derivative financial instruments is included in Note 18 "Derivative assets and Derivative liabilities".

Assets and liabilities not measured at fair value

The estimated fair values for financial assets and liabilities that are not measured at fair value in the statement of financial position at December 31, 2022 and 2021 are as follows:

		At December 31, 2022				
($ million)	Note	Level 1	Level 2	Level 3	Total Fair Value	Carrying amount
Retail financing	(17)	—	—	10,857	**10,857**	**11,297**
Dealer financing	(17)	—	—	7,748	**7,748**	**7,785**
Finance leases	(17)	—	—	194	**194**	**203**
Other receivables from financing activities	(17)	—	—	326	**326**	**326**
Total Receivables from financing activities		**—**	**—**	**19,125**	**19,125**	**19,611**
Asset-backed financing	(24)	—	9,544	—	**9,544**	**9,753**
Bonds	(24)	4,666	4,067	—	**8,733**	**9,026**
Borrowings from banks	(24)	—	3,040	—	**3,040**	**3,162**
Payables represented by securities	(24)	—	1,187	—	**1,187**	**1,180**
Lease liabilities	(24)	—	—	228	**228**	**228**
Other debt	(24)	—	147	156	**303**	**303**
Total Debt		**4,666**	**17,985**	**384**	**23,035**	**23,652**

		At December 31, 2021				
($ million)	Note	Level 1	Level 2	Level 3	Total Fair Value	Carrying amount
Retail financing	(17)	—	—	9,970	**9,970**	**9,805**
Dealer financing	(17)	—	—	5,369	**5,369**	**5,373**
Finance leases	(17)	—	—	216	**216**	**215**
Other receivables from financing activities	(17)	—	—	50	**50**	**50**
Total Receivables from financing activities		**—**	**—**	**15,605**	**15,605**	**15,443**
Asset-backed financing	(24)	—	8,769	—	**8,769**	**8,875**
Bonds	(24)	5,515	3,336	—	**8,851**	**8,549**
Borrowings from banks	(24)	—	2,154	—	**2,154**	**2,253**
Payables represented by securities	(24)	—	1,144	—	**1,144**	**1,141**
Lease liabilities	(24)	—	—	196	**196**	**196**
Other debt	(24)	—	172	503	**675**	**675**
Total Debt		**5,515**	**15,575**	**699**	**21,789**	**21,689**

Receivables from financing activities

The fair value of Receivables from financing activities is based on the discounted values of their related cash flows at market discount rates that reflect conditions applied in various reference markets on receivables with similar characteristic, adjusted to take into account the credit risk of the counterparties.

Debt

All Debt is classified as a Level 2 fair value measurement, with the exception of the bonds issued by CNH Industrial Finance Europe S.A. and the bonds issued by CNH Industrial N.V. that are classified as a Level 1 fair value measurement. The fair value of these bonds has been estimated making reference to quoted prices in active markets.

The fair value of Asset-backed financing, Borrowings from banks, Payable represented by securities and Other debt are included in the Level 2 and has been estimated based on discounted cash flows analysis using the current market interest rates at year-end adjusted for the Group non-performance risk over the remaining term of the financial liability.

The fair value of Lease liabilities classified within Level 3 of the fair value hierarchy has been estimated using discounted cash flow models that require significant adjustments using unobservable inputs.

Other financial assets and liabilities

The carrying amount of Cash at banks, Restricted cash, Other cash equivalents, Trade receivables, Other current receivables and financial assets, Trade payables and Other current liabilities included in the statement of financial position approximates their fair value, due to the short maturity of these items.

32. Related party transactions

In accordance with IAS 24 – *Related Party Disclosures*, CNH Industrial's related parties are companies and persons capable of exercising control, joint control or significant influence over the Group.

As of December 31, 2022, CNH Industrial's related parties were primarily EXOR N.V. and the companies that EXOR N.V. controlled or had a significant influence over, including Iveco Group N.V. post-Demerger, Stellantis N.V. (formerly Fiat Chrysler Automobiles N.V. which, effective January 16, 2021, merged with Peugeot S.A. by means of a cross-border legal merger) and its subsidiaries and affiliates ("Stellantis") and Iveco Group N.V. which effective January 1, 2022 separated from CNH Industrial N.V. by way of a demerger under Dutch law and became a public listed company independent from CNH Industrial's unconsolidated subsidiaries, associates or joint ventures. In addition, the members of the Board of Directors and managers of CNH Industrial with strategic responsibility and members of their families were also considered related parties.

As of December 31, 2022, based on public information available and in reference to the Company's files, EXOR N.V. held 42.8% of CNH Industrial's voting power and had the ability to significantly influence the decisions submitted to a vote of CNH Industrial's shareholders, including approval of annual dividends, the election and removal of directors, mergers or other business combinations, the acquisition or disposition of assets, and issuances of equity and the incurrence of indebtedness. The percentage above has been calculated as the ratio of (i) the aggregate number of common shares and special voting shares owned by EXOR N.V. to (ii) the aggregate number of outstanding common shares and special voting shares of CNH Industrial as of December 31, 2022.

In addition, CNH Industrial engages in transactions with its unconsolidated subsidiaries, joint ventures, associates and other related parties on commercial terms that are normal in the respective markets, considering the characteristics of the goods or services involved.

The Company's Audit Committee reviews and evaluates all significant related party transactions.

Transactions with EXOR N.V. and its subsidiaries and affiliates

EXOR N.V. is an investment holding company in Europe. As of December 31, 2022 and December 31, 2021, among other things, EXOR N.V. managed a portfolio that includes investments in Stellantis, Iveco Group and Ferrari. CNH Industrial did not enter into any significant transactions with EXOR N.V. during the years ended December 31, 2022 and 2021.

In connection with the establishment of Fiat Industrial (now CNH Industrial) through the demerger from Fiat (which was subsequently merged into Fiat Chrysler Automobiles N.V. which is now Stellantis), the two companies entered into a Master Services Agreement ("Stellantis MSA") which sets forth the primary terms and conditions pursuant to which the service provider subsidiaries of CNH Industrial and Stellantis provide services to the service receiving subsidiaries. As structured, the applicable service provider and service receiver subsidiaries become parties to the Stellantis MSA through the execution of an Opt-in letter that may contain additional terms and conditions. Pursuant to the Stellantis MSA, service receivers are required to pay to service providers the actual cost of the services plus a negotiated margin. During 2022 and 2021, Stellantis subsidiaries provided CNH Industrial with administrative services such as accounting, cash management, maintenance of plant and equipment, security, information systems and training under the terms and conditions of the Stellantis MSA and the applicable Opt-in letters.

Furthermore, CNH Industrial and Stellantis engage in other minor transactions in the ordinary course of business.

These transactions with Stellantis are reflected in the Consolidated Financial Statements as follows:

($ million)	**2022**	2021
Net revenues	—	—
Cost of sales	17	31
Selling, general and administrative costs	48	59

($ million)	**At December 31, 2022**	At December 31, 2021
Trade receivables	—	—
Trade payables	14	20

Transactions with Iveco Group post-Demerger

CNH Industrial and Iveco Group post-Demerger entered into transactions consisting of the sale of engines from Iveco Group to CNH Industrial. Additionally, concurrent with the Demerger, the Companies entered into services contracts in relation to general administrative and specific technical matters, provided by either CNH Industrial to Iveco Group and vice versa as follows:

Master Service Agreements: CNH Industrial and Iveco Group entered into a two-year Master Services Agreement ("MSA") whereby each Party (and its subsidiaries) may provide services to the other (and its subsidiaries). Services provided under the MSA relate mainly to lease of premises and depots and IT services.

Engine Supply Agreement: in relation to the design and supply of off-road engines from Iveco Group to CNH Industrial post-Demerger, Iveco Group and CNH Industrial entered into a ten-year Engine Supply Agreement ("ESA") whereby Iveco Group will sell to CNH Industrial post-Demerger diesel, CNG and LNG engines and provide post-sale services.

Financial Service Agreement: in relation to certain financial services activities carried out by either CNH Industrial to Iveco Group post-Demerger or vice versa, in connection with the execution of the Demerger Deed, CNH Industrial and Iveco Group entered into a three-year Master Services Agreement ("FS MSA"), whereby each Party (and its subsidiaries) may provide services and/or financial services activities to the other (and its subsidiaries). Services provided under the FS MSA relate mainly to wholesale and retail financing activities to suppliers, distribution network and customers.

The transactions with Iveco Group post-Demerger are reflected in the Consolidated Financial Statements as follows:

($ million)	2022	2021
Net revenues	48	21
Cost of sales	930	948

($ million)	At December 31, 2022	At December 31, 2021
Trade and other receivables	21	87
Financial receivables	298	3,483
Trade and other payables	184	181
Financial payables	156	3,986

Transactions with joint ventures

CNH Industrial sells agricultural and construction equipment, and provides technical services to joint ventures such as CNH de Mexico SA de CV, TürkTraktör ve Ziraat Makineleri A.S. and New Holland HFT Japan Inc.. CNH Industrial also purchases equipment from joint ventures, such as TürkTraktör ve Ziraat Makineleri A.S. These transactions are reflected in the Consolidated Financial Statements at December 31, 2022 as follows:

($ million)	2022	2021
Net revenues	400	402
Cost of sales	554	496

($ million)	At December 31, 2022	At December 31, 2021
Trade receivables	—	—
Trade payables	96	101

Transactions with associates

At December 31, 2022 and 2021, there were no material transactions with associates. At December 31, 2022, CNH Industrial had provided guarantees on commitments of its associates for an amount of $20 million related to CNH Industrial Capital Europe S.a.S. ($15 million at December 31, 2021).

Transactions with unconsolidated subsidiaries

In the years ended December 31, 2022 and 2021, there were no material transactions with unconsolidated subsidiaries.

Compensation to Directors and Key Management

The fees of the Directors of CNH Industrial N.V. for carrying out their respective functions, including those in other consolidated legal entities, and the notional compensation cost arising from stock grants awarded to certain Executive Directors and Officers, amounted to an expense of approximately $40 million in 2022 ($34 million in 2021).

The aggregate expense incurred in 2022 and in 2021 for the compensation of Executives with strategic responsibilities of the Group amounted to approximately $47 million and $42 million, respectively. These amounts included the notional compensation cost for share-based payments.

33. Explanatory notes to the statement of cash flows

The statement of cash flows sets out changes in cash and cash equivalents during the year. As required by IAS 7 - *Cash Flow Statements*, cash flows are separated into operating, investing and financing activities. The effects of changes in exchange rates on cash and cash equivalents are shown separately under the line item Translation exchange differences.

The Group presents supplemental discussion and disclosure regarding the statement of cash flows for the purpose of additional analysis. Certain items discussed below, are reflected within the consolidated statement of cash flows either on an aggregate or net basis, and accordingly have been discussed further as set forth below.

Cash flows for income tax payments net of refunds in 2022 amount to $711 million ($348 million in 2021).

Total interest of $718 million was paid and interest of $446 million was received in 2022 (interest of $539 million was paid in 2021, and interest of $350 million was received in 2021). In 2021, the amount included a charge of $8 million in connection with CNH Industrial's accelerated debt redemption strategy.

Operating activities

Cash flows from/(used in) operating activities derive mainly from the Group's main revenue producing activities.

Cash generated from the sale of assets under operating leases, net of amounts included in Profit/(loss) for the period, is recognized under operating activities in a single line item, which includes changes in working capital, capital expenditure, depreciation and impairment losses.

Cash from operating lease is recognized under operating activities in a single line item, which includes capital expenditure, depreciation, write-downs and changes in inventory.

The adjustment to exclude Other non-cash items of $89 million in 2022 ($19 million in 2021) includes an amount of $2 million ($-60 million in 2021) related to result from investments net of impairment losses on assets recognized during the year.

Changes in working capital for 2022 and 2021 are summarized as follows:

($ million)	**2022**	2021
Change in trade receivables	108	(1)
Change in inventories	(707)	(1,031)
Change in trade payables	116	776
Change in other receivables/payables	77	455
Change in working capital	**(406)**	**199**

Investing activities

Cash flows from/(used in) investing activities represent the extent to which expenditures have been made for resources intended to generate future income and cash flows. Only expenditures resulting in an asset recognized in the balance sheet are classified as investing activities in the statement of cash flows. In particular, Cash flows from/(used in) investing activities include net change in receivables from financing activities that may be analyzed as follows:

($ million)	**2022**	2021
Change in dealer financing	(2,558)	185
Change in retail financing	(1,675)	(1,010)
Change in finance leases	(24)	(39)
Change in other receivables from financing activities	33	22
Net change in receivables from financing activities	**(4,224)**	**(842)**

Liquidity absorbed by the increase in receivables from financing activities in 2022 was primarily a result of increased financing activities.

For consideration for the acquisition and disposal of subsidiaries and of other investments, refer to section "Business Combinations" above and to Note 14 "Investments and other non-current financial assets".

Financing activities

The net change in other financial payables and derivative assets/liabilities mainly reflects changes in borrowings from banks and in asset-backed financing, together with changes in derivative assets and liabilities (consisting of derivative financial instruments measured at fair value at the balance sheet date, as discussed in Note 18 "Derivative assets and Derivative liabilities" above).

Changes in 2022 and 2021 are summarized as follows:

($ million)	**2022**	2021
Change in asset-backed financing	1,076	(392)
Change in borrowings from banks and other financial payables	693	(175)
Net change in other financial payables	**1,769**	**(567)**
Net change in derivative assets and derivative liabilities	114	15
Net change in other financial payables and derivative assets/liabilities	**1,966**	**(552)**

Reconciliation of changes in liabilities arising from financing activities may be analyzed as follows:

($ million)	2022	2021
Total Debt at beginning of year	21,689	26,618
Derivative (assets)/liabilities at beginning of year	(2)	(21)
Total liabilities from financing activities at beginning of year	**21,687**	**26,597**
Cash flows	2,822	(1,363)
Foreign exchange effects	(525)	(1,161)
Fair value changes	105	(23)
Other changes	(75)	195
Transfer to Liabilities held for distribution (*)	—	(2,558)
Net payment to Iveco Group N.V.	(347)	—
Total liabilities from financing activities at end of year	**23,667**	**21,687**
Of which:		
Total Debt at end of year	23,652	21,689
Derivative (assets)/liabilities at end of year	15	(2)

(*) Related to Discontinued Operations

34. EU-IFRS to U.S. GAAP reconciliation

These Consolidated Financial Statements have been prepared in accordance with the EU-IFRS (see section “Significant accounting policies”, paragraph “Basis of preparation”, for additional information).

CNH Industrial reports quarterly and annual consolidated financial results in accordance with EU-IFRS for European listing purposes and for Dutch law requirements and in accordance with U.S. GAAP for SEC reporting purposes.

EU-IFRS differ in certain significant requirements from U.S. GAAP. In order to help readers to understand the difference between the two sets of financial statements of the Group, CNH Industrial has provided, on a voluntary basis, a reconciliation from EU-IFRS to U.S. GAAP as follows:

Reconciliation of Profit

($ million)	Note	2022	2021
Profit/(loss) in accordance with EU-IFRS		**1,877**	**1,686**
Adjustments to conform to U.S. GAAP:			
Development costs	(a)	8	31
Other adjustments(1)	(b)	143	77
Tax impact on adjustments and other income tax differences	(c)	11	7
Total adjustments		**162**	**115**
Net income (loss) in accordance with U.S. GAAP		**2,039**	**1,801**

(1) This item also includes the different accounting impact from the modification of a healthcare plan in the U.S..

Reconciliation of Total Equity

($ million)	Note	At December 31, 2022	At December 31, 2021
Total Equity in accordance with EU-IFRS		**7,559**	**8,426**
Adjustments to conform to U.S. GAAP:			
Development costs	(a)	(763)	(2,058)
Other adjustments	(b)	(39)	(28)
Tax impact on adjustments and other income tax differences	(c)	170	468
Total adjustments		**(632)**	**(1,618)**
Total Equity in accordance with U.S. GAAP		**6,927**	**6,808**

Description of reconciling items

Reconciling items presented in the tables above are described as follows:

(a) *Development costs*

Under EU-IFRS, costs relating to development projects are recognized as intangible assets when costs can be measured reliably and the technical feasibility of the product, volumes and pricing support the view that the development expenditure will generate future economic benefits. Under U.S. GAAP, development costs are expensed as incurred. As a result, costs incurred related to development projects that have been capitalized under EU-IFRS are expensed as incurred under U.S. GAAP. Amortization expenses, net of result on disposal and impairment charges of previously capitalized development costs recorded under EU-IFRS, have been reversed under U.S. GAAP.

(b) Other adjustments

It mainly includes the following items:

- *Goodwill and other intangible assets*: goodwill is not amortized but rather tested for impairment at least annually under both EU-IFRS and U.S. GAAP. The difference in goodwill and other intangible assets between the Group's two sets of financial statements is primarily due to the different times when EU-IFRS and ASC 350 - *Intangibles – Goodwill and Other*, were adopted. CNH Industrial transitioned to EU-IFRS on January 1, 2004. Prior to the adoption of EU-IFRS, goodwill was recorded as an intangible asset and amortized to income on a straight-line basis over its estimated period of recoverability, not exceeding 20 years. CNH Industrial adopted ASC 350 on January 1, 2002. Under U.S. GAAP through December 31, 2001, goodwill was recorded as an intangible asset and amortized to income on a straight-line basis over a period not exceeding 40 years.
- *Defined benefit plans:* the differences related to defined benefit plans are mainly due to the different accounting for actuarial gains and losses and the net interest component of the defined benefit cost between EU-IFRS and U.S. GAAP. Under EU-IFRS, actuarial gains and losses are recognized immediately in other comprehensive income without reclassification to profit or loss in subsequent years; net interest expense or income is recognized by applying the discount rate to the net defined benefit liability or asset (the defined benefit obligation less the fair value of plan assets, allowing for any assets ceiling restriction). Under U.S. GAAP, actuarial gains and losses are deferred through the use of the corridor method; interest cost applicable to the liability is recognized using the discount rate, while an expected return on assets is recognized reflecting management's expectations on long-term average rates of return on funds invested to provide for benefits included in the projected benefit obligations.
- *Restructuring provisions:* the main difference between EU-IFRS and U.S. GAAP with respect to accruing for restructuring costs is that EU-IFRS places emphasis on the recognition of the costs of the exit plan as a whole, whereas U.S. GAAP requires that each type of cost is examined individually to determine when it may be accrued. Under IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*, a provision for restructuring costs is recognized when the Group has a constructive obligation to restructure. Under U.S. GAAP, termination benefits are recognized in the period in which a liability is incurred. The application of U.S. GAAP often results in different timing recognition for the Group's restructuring activities.

(c) Tax impact on adjustments and other income tax differences

This item includes the tax effects of adjustments included in (a) and (b), primarily related to development costs, as well as other differences arising in the accounting for deferred tax assets and liabilities. The Group's policy for accounting for deferred income taxes under EU-IFRS is described in section "Significant accounting policies". This policy is similar to U.S. GAAP, which states that a deferred tax asset or liability is recognized for the estimated future tax effects attributable to temporary differences and tax loss carry forwards. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized based on available evidence. The most significant accounting difference between EU-IFRS and U.S. GAAP relates to development costs, which also has a significant impact on accumulated deferred tax assets or liabilities and on U.S. GAAP pre-tax book income or loss in certain jurisdictions. As a result, the assessment of tax contingencies and recoverability of deferred tax assets in each jurisdiction can vary significantly between EU-IFRS and U.S. GAAP for financial reporting purposes. This adjustment relates primarily to jurisdictions with U.S. GAAP pre-tax book losses higher than those recorded for EU-IFRS purposes.

35. Subsequent events

CNH Industrial has evaluated subsequent events through February 28, 2023, which is the date the financial statements were authorized for issuance, and determined that there were no such events requiring recognition or disclosure in the financial statements.

February 28, 2023

The Board of Directors

Suzanne Heywood

Scott W. Wine

Léo W. Houle

Catia Bastioli

Howard W. Buffett

Karen Linehan

Alessandro Nasi

Vagn Sørensen

Åsa Tamsons

COMPANY FINANCIAL STATEMENTS

At December 31, 2022

INCOME STATEMENT

for the years ended December 31, 2022 and 2021

(€ thousand)	Note	2022	2021
Net revenues	(1)	1,840,831	1,459,770
Cost of sales		1,484,153	1,222,763
GROSS PROFIT		**356,678**	**237,007**
Selling, general and administrative costs	(2)	189,273	163,729
Research and development costs	(3)	81,792	23,234
NET MARGIN		**85,613**	**50,044**
Restructuring expenses	(4)	528	1,031
Other income/(expenses)	(5)	(6,950)	(35,393)
Financial income/(expenses)	(6)	(82,977)	(69,081)
PROFIT/(LOSS) BEFORE TAXES		**(4,842)**	**(55,461)**
Income tax benefit (expense)	(7)	5,929	12,676
Result from Investments in Group companies and other equity interests	(8)	1,771,861	1,513,099
NET PROFIT/(LOSS)		**1,772,948**	**1,470,314**

STATEMENT OF FINANCIAL POSITION

(before allocation of the result)

(€ thousand)	Note	At December 31, 2022	At December 31, 2021
ASSETS			
Intangible assets	(10)	80,985	94,462
Property, plant and equipment	(11)	88,807	86,647
Financial fixed assets	(12)	13,685,871	16,148,723
Investments in Group companies and other equity interests		12,827,801	14,772,772
Other financial assets		857,162	1,374,557
Deferred tax assets	(7)	908	1,394
Total Fixed assets		**13,855,663**	**16,329,832**
Inventories	(13)	173,609	135,787
Trade receivables	(14)	234,862	292,482
Current financial receivables	(15)	1,106,291	278,517
Other current assets	(16)	56,790	85,506
Cash and cash equivalents	(17)	126,513	99,003
Total Current assets		**1,698,065**	**891,295**
TOTAL ASSETS		**15,553,728**	**17,221,127**
EQUITY, PROVISIONS AND LIABILITIES			
Equity	(19)		
Share capital		17,609	17,609
Treasury shares		(216,426)	(71,805)
Capital reserve		266,788	2,476,802
Legal reserve		919,002	1,624,159
Retained profit/(loss)		4,327,085	1,893,304
Profit/(loss) for the year		1,772,948	1,470,314
Total Equity		**7,087,006**	**7,410,383**
Provision for employee benefits	(20)	113,316	204,959
Other provisions	(21)	146,311	125,451
Total Provisions		**259,627**	**330,410**
Non-current debt	(22)	473,302	1,026,978
Total Non-current liabilities		**473,302**	**1,026,978**
Trade payables	(23)	466,092	374,477
Current financial liabilities	(24)	7,170,155	7,910,035
Other debt	(25)	97,546	168,844
Total Current liabilities		**7,733,793**	**8,453,356**
TOTAL EQUITY, PROVISIONS AND LIABILITIES		**15,553,728**	**17,221,127**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

PRINCIPAL ACTIVITIES

CNH Industrial N.V. (the "Company" and collectively with its subsidiaries, "CNH Industrial" or the "CNH Industrial Group" or the "Group") is the company formed by the business combination transaction (the "Merger"), completed on September 29, 2013, between Fiat Industrial S.p.A. ("Fiat Industrial" and, together with its subsidiaries, the "Fiat Industrial Group") and its majority owned subsidiary CNH Global N.V. ("CNH Global"). CNH Industrial N.V. is incorporated under the laws of the Netherlands. CNH Industrial N.V. has its corporate seat in Amsterdam, the Netherlands, and the place of effective management of the Company is in the United Kingdom. The Company's principal office and business address is at 25 St. James's Street, London, SW1A 1HA, United Kingdom. The Company is registered at the Commercial Register kept at the Chamber of Commerce in Amsterdam under file number 56532474 and at the Companies House in the United Kingdom under file number FC031116 BR016181. The Netherlands is the Company's home member state for the purposes of the EU Transparency Directive (Directive 2004/109/EC, as amended). CNH Industrial is a leading company in the capital goods sector that, through its various businesses, designs, produces, and sells agricultural and construction equipment (see Note 28 "Segment reporting"). In addition, CNH Industrial's Financial Services segment offers an array of financial products and services, including retail financing for the purchase or lease of new and used CNH Industrial and other manufacturers' products and other retail financing programs and wholesale financing to dealers.

As parent company, CNH Industrial N.V. has also prepared Consolidated Financial Statements for CNH Industrial Group for the year ended December 31, 2022.

History of CNH Industrial

During 2013, the process of combining the activities of CNH and Fiat Industrial was completed with the following steps:

- the cross-border merger of Fiat Netherlands Holding N.V. ("FNH") with and into Fiat Industrial (the "FNH Merger") which occurred on August 1, 2013;
- the cross-border reverse merger of Fiat Industrial with and into FI CBM Holdings N.V. (CNH Industrial after the Merger) (the "FI Merger"); and
- the Dutch merger of CNH Global with and into FI CBM Holdings N.V. (the "CNH Merger").

A primary objective of the Merger was to simplify the capital structure of Fiat Industrial (CNH Industrial subsequent to the Merger) by creating a single class of liquid stock listed on the NYSE and on the Euronext Milan.

All the companies (i.e., Fiat Industrial, FI CBM Holdings N.V., FNH and CNH Global N.V.) involved in the Merger were part of Fiat Industrial; in particular: (i) FNH was a wholly-owned direct subsidiary of Fiat Industrial; (ii) FI CBM Holdings N.V. was a wholly-owned direct subsidiary of Fiat Industrial; and (iii) CNH Global was an indirect subsidiary of Fiat Industrial (controlled through FNH which owned approximately 87% of CNH Global's capital stock).

The deeds of merger for the merger of Fiat Industrial and CNH Global with and into CNH Industrial N.V. were executed, respectively, on September 27 and 28, 2013. The effective date of the Merger was September 29, 2013.

During 2014, the Company acquired the activities of the plant located in Basildon, United Kingdom. These activities, which were previously held by a subsidiary, were transferred to the Company. The principal activity of the plant is the manufacture and sale of tractors and the sale of agricultural and construction equipment and machinery in the local market acting as distributor of product manufactured in other Group companies. With effect May 1, 2014 and as a consequence of the transfer, CNH Industrial N.V. shows in the Company financial statements the figures related to the operations of the Basildon plant.

Basis of preparation

The 2022 Company financial statements of the parent company, CNH Industrial N.V., together with the notes thereto were authorized for issuance by the Board of Directors on February 28, 2023, and have been prepared in accordance with the legal requirements of Part 9, Book 2 of the Dutch Civil Code.

Section 362 (8), Book 2, Dutch Civil Code, allows companies that apply IFRS as adopted by the European Union in their Consolidated Financial Statements to use the same measurement principles in their company financial statements. The accounting policies are described in a specific section, "Significant accounting policies", of the Consolidated Financial Statements included in this Annual Report. In these Company financial statements, investments in subsidiaries are accounted for using the equity method. The Company financial statements are prepared on a going concern basis in accordance with paragraph 25 of IAS 1.

CNH Industrial N.V. financial statements are presented in euros, the Company's functional currency. The euro functional currency of the Company financial statements differs from the U.S. dollar presentation currency of the Consolidated Financial Statements, which was elected to be used in order to improve comparability with main competitors, mainly in agricultural equipment and construction equipment businesses, and to provide more meaningful information to U.S. investors.

Iveco Group Business Spin-off and Discontinued Operations

During 2021, CNH Industrial completed a strategic project to separate the Commercial and Specialty Vehicles business, the Powertrain business, and the related Financial Services business (together the "Iveco Group Business") from the Agriculture business, the Construction business, and the related Financial Services business.

The Iveco Group Business was separated from CNH Industrial N.V. in accordance with Section 2:334a (3) of the Dutch Civil Code (Burgerlijk Wetboek) by way of a legal statutory demerger (jurisdiche afsplitsing) to Iveco Group N.V. (the "Demerger"), effective January 1, 2022.

The principal phases leading up to completion of the Demerger were as follows:

- On September 3, 2019, CNH Industrial announced at its Capital Markets Day event the intended Demerger.
- On December 23, 2021, an Extraordinary General Meeting of CNH Industrial shareholders was held to approve the Demerger of Iveco Group Business.
- On December 27, 2021, Borsa Italiana has admitted Iveco Group N.V. common shares to listing on Euronext Milan.
- Following receipt of the above authorizations, the deed of Demerger was executed on December 31, 2021, with effectiveness of the Demerger on January 1, 2022.
- On January 3, 2022 (the "First Trading Date") Iveco Group common shares began trading on the regulated market Euronext Milan, under the ticker symbol 'IVG'. As a result of the Demerger, each holder of CNH Industrial common shares (and special voting shares as the case may be) received one Iveco Group share for every five CNH Industrial common shares (or special voting share as the case may be) held at close of business on the record date for allocation (January 4, 2022). Since January 3, 2022, CNH Industrial N.V. and Iveco Group N.V. have been quoted separately on the regulated markets and operate as independent listed companies, each with its own management and Board of Directors.

As the transaction took effect on January 1, 2022, the Consolidated Financial Statements for the year ended December 31, 2022 relate to the remaining CNH Industrial business. Moreover, in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, for the corresponding information of earlier periods, the Iveco Group business is classified and presented as Discontinued Operations in these Consolidated Financial Statements.

For additional detail of items presented under Discontinued Operations in the Consolidated Statements of Income, Financial Position and Cash Flows, refer to the section "Scope of Consolidation - Discontinued Operations - Iveco Group Business". in the Consolidated Financial Statements.

Additionally, as the Demerger is a "business combination involving entities or businesses under common control", it is outside the scope of application of IFRS 3 – *Business Combinations* and IFRIC 17- *Distributions of Non-cash Assets to Owners*. Accordingly, in the 2022 Consolidated Financial Statements for CNH Industrial Post-Demerger the opening position for items in the statement of financial position will be equivalent to the carrying amounts reported in the Consolidated Financial Statements of CNH Industrial Pre-Demerger.

Climate related matters

CNH Industrial has an established risk management process that includes the assessment and monitoring of climate-related risk. These assessments are used by CNH Industrial to identify not only risk exposure, but also opportunities, on which the Group's climate change strategy is based. The identification of these climate-related risks and opportunities, along with the analysis of sustainability macrotrends, led to the definition of a decarbonization strategy, which in turn has been incorporated within, and regularly influences, the Group's Strategic Business Plan. To further address the potential impacts of climate change, CNH Industrial has implemented relevant projects and a number of other specific climate-related topics and has defined long-term strategic targets.

There has been increasing interest in how climate change will impact the Group's business. With reference to the climate related matters, a critical review was undertaken, and a focused analysis performed to identify, and consequently manage, the principal risks and uncertainties to which the Group is exposed. The most significant area of effort will be the management of water scarcity and waste and the reducing energy and GHG emissions in the supply chain area. CNH Industrial recognizes the importance of climate change risk and promotes a responsible use of resources and a reduction of the environmental impact of production to mitigate climate change. In this context, CNH Industrial Group has adopted an environmental policy that applies to all company locations and divisions and has set up a structure dedicated to control environmental pollution, waste, and water disposal as well as emission reduction.

In particular, considering the financial statements information are presented through historical values which, by their nature, do not fully capture future events, all significant assumptions and estimates underlying the preparation of the following items were subject to an analysis in order to identify and address the new uncertainties related to climate changes which could affect the business: going concern, inventory management, property, plant and equipment, goodwill, brands, intangible assets with a finite life, tax reliefs, revenue recognition, provisions and onerous contracts. The analysis conducted were based on the Group strategy outlined in the context of the global supply chain environmental targets and did not highlight any critical situations that cannot be attributable to and addressed in the ordinary course of the business.

Global Business Conditions

Significant uncertainties, including rising inflation, geopolitical instability, and the war in Ukraine, continue to create volatility in the global economy. These factors lead to inefficiencies in our manufacturing operations and impact costs. We continue to work to mitigate the impact of these issues in order to meet end-market demand. We will continue to monitor the situation as conditions remain fluid and evolve.

During the first quarter of 2022, CNH Industrial announced it was suspending non-domestic operations in Russia. CNH Industrial is supporting its businesses in this market through the continuation of employee salaries and payment of other administrative expenses. As a result of the suspension, we evaluated the carrying value of assets held within CNH Industrial's Russia operations. Upon completion of the evaluation, during the quarter ended March 31, 2022, we recorded charges of $72 million related to asset write downs, financial receivable allowances and a valuation allowance against deferred tax assets. A prolonged war in Ukraine could have further adverse effects on us and our operations in Russia. The Russia-Ukraine conflict and the ensuing sanctions to Russia and Belarus and Russian counter-sanctions have created additional tensions in the commodity markets. CNH Industrial has no critical supplier in the affected countries, but prices for certain commodities, including natural gas, might create further volatility.

Format of the financial statements

As a consequence of the acquisition in 2014 of the manufacturing activity carried out in Basildon, CNH Industrial N.V. presents an income statement using a classification based on the function of expenses (otherwise known as the “cost of sales” method), rather than one based on their nature, as this is believed to provide information that is more relevant.

New standards and amendments effective from January 1, 2022

- On May 14, 2020, the IASB issued *Property, Plant and Equipment—Proceeds before Intended Use (Amendments to IAS 16)* to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use and clarifying the meaning of "testing whether an asset is functioning properly". These amendments are effective retrospectively from January 1, 2022. These amendments had no impact on these Company Financial Statements.
- On May 14, 2020, the IASB issued *Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)* specifying that the cost of fulfilling a contract comprises the costs that relate directly to the contract, including both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. These amendments are effective retrospectively from January 1, 2022. These amendments had no impact on these Company Financial Statements.
- On May 14, 2020, the IASB issued the *Annual Improvements to IFRS 2018-2020 Cycle*. The most important topics addressed in these amendments are: (i) on IFRS 9 - *Financial Instruments* clarifying which fees an entity includes when it applies the "10 per cent" test in assessing whether to derecognize a financial liability; and (ii) on IFRS 16 - *Leases* removing the illustration of the reimbursement of leasehold improvements. These improvements are effective from January 1, 2022. These amendments had no impact on these Company Financial Statements.

Accounting standards, amendments and interpretations not yet applicable and not early adopted by the Company

The main accounting standards, amendments and interpretations not yet applicable and not early adopted by the Company are the following:

- On February 12, 2021, the IASB issued the *Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies,* requiring companies to disclose the material accounting policy information rather than the significant accounting policies. Furthermore, the amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. This amendment is effective from January 1, 2023.
- On February 12, 2021, the IASB issued the *Amendments to IAS 8 - Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.* The amendments clarify how to distinguish changes in accounting policies (generally also applied retrospectively to past transactions and other past events) from changes

in accounting estimates (applied prospectively only to future transactions and other future events). This amendment is effective from January 1, 2023.

- On May 7, 2021, the IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)*, which specifies how companies should account for deferred tax on transactions such as leases and decommissioning obligations. The amendments clarify that no exemption applies on such transactions and that companies are required to recognize deferred tax when they recognize the related assets or liabilities for the first time. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted.

Furthermore, at the date of these Company Financial Statements, the European Union has not yet completed its endorsement process for the amendments and improvements reported below.

The Company is currently evaluating the impact of the adoption of these amendments and improvements on its Company Financial Statements or disclosures:

- On October 31, 2022, the IASB has published "Non-current Liabilities with Covenants" Amendments to *IAS 1 - Presentation of Financial Statements*, to clarify how conditions with which an entity must comply within twelve months after the reporting periods affect the classification of a liability. The amendments are effective for reporting periods beginning on or after January 1, 2024.
- In January 2020, the IASB issued amendments to *IAS 1 - Presentation of Financial Statements*, to clarify its requirements for classifying a liability as non-current in the statement of financial position. The amendments are effective from annual reporting periods beginning on or after 1 January 2024.
- On September 22, 2022, the IASB issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 1 January 2024.

COMPOSITION AND PRINCIPAL CHANGES

1. Net revenues

As a result and through the transfer in 2014 of Basildon operations, the Company operates primarily in the agricultural equipment manufacturing industry in the United Kingdom. Net revenues comprise the following:

(€ thousand)	**2022**	2021
Revenues from:		
Third parties	617,616	530,526
Group companies	1,223,215	929,244
Total Net revenues	**1,840,831**	**1,459,770**

Net revenues are made up of agricultural equipment sales for €1,758,819 thousand (€1,377,647 thousand in 2021) and construction equipment sales for €82,012 thousand (€82,123 thousand in 2021).

2. Selling, general and administrative costs

The Selling, general and administrative costs of €189,273 thousand in 2022 (€163,729 thousand in 2021) mainly comprise marketing, advertising, sales personnel costs and other expenses which are not attributable to sales, production and research and development functions, net of any intercompany recharge due to services provided to Group subsidiaries.

3. Research and development costs

In 2022, Research and development costs of €81,792 thousand (€23,234 thousand in 2021) comprise all the research and development costs not recognized as assets in the year, amounting to €60,942 thousand (€12,110 thousand in 2021), and the amortization of capitalized development costs of €20,850 thousand (€11,124 thousand in 2021). During 2022, the Company incurred new expenditure for capitalized development costs of €7,906 thousand (€5,042 thousand in 2021).

4. Restructuring expenses

Restructuring expenses amount to €528 thousand in 2022 (€1,031 thousand in 2021) and represent the total costs associated to the restructuring due to the Company downsizing of the workforce not replaced.

5. Other income/(expenses)

This item consists of miscellaneous costs which cannot be allocated to specific functional areas, such as accruals for various provisions not attributable to other items of Cost of sales or Selling, general and administrative costs, costs arising from the transition terms related to the changes to the current pension arrangement, indirect taxes and duties, net of income arising from operations which is not attributable to the sale of goods and services. The net amount of €6,950 thousand in 2022 (€35,393 thousand in 2021) is made up of €2,089 thousand (€11,338 thousand in 2021) related to Other income, more than offset by €9,039 thousand (€46,731 thousand in 2021) of Other costs. In 2021, Other costs primarily included costs associated with the Demerger for a total amount of €42,638 thousand, mainly for strategic advisors, consulting fees, tax and legal advisors, and finance expenses, as well as for other audit services for €4,175 thousand.

6. Financial income/(expenses)

The breakdown of financial income and expenses was as follows:

(€ thousand)	**2022**	2021
Financial income	74,146	72,761
Financial expenses	(157,123)	(141,842)
Total Financial income/(expenses)	**(82,977)**	**(69,081)**

Financial income consisted of the following:

(€ thousand)	**2022**	2021
Financial income from Group companies	74,146	66,162
Currency exchange gains, net	—	6,599
Total Financial income	**74,146**	**72,761**

Financial income from Group companies includes fees charged to Group subsidiaries on guarantees issued in favor of third parties but in the interest of the subsidiaries mainly for bonds issued from Group companies and for credit facilities granted to Group companies. The amount charged during 2022 is €9,941 thousand (€12,921 thousand in 2021).

The remaining income from Group companies of €64,205 thousand (€53,241 thousand in 2021) relates mainly to Interest income charged to Group companies in relation to loans granted to them.

Financial expenses consisted of the following:

(€ thousand)	**2022**	2021
Financial expenses payable to Group companies	104,607	96,085
Financial expenses payable to third parties	49,764	45,757
Currency exchange expenses, net	2,752	—
Total Financial expenses	**157,123**	**141,842**

Financial expenses payable to Group companies increased versus prior year by €8,522 thousand mainly due to the higher interest rate applied. Despite the lower average outstanding debt, the higher interest rates and the strengthening of the us dollar against the euro have resulted in a net increase of the financial expenses.
Financial expenses payable to third parties increased by €4,007 thousand compared to 2021, and this was essentially due to the strengthening of the us dollar against the euro.

7. Income taxes

A breakdown of taxes recognized in the income statement is provided below:

(€ thousand)	**2022**	2021
Current taxes:		
United Kingdom corporate income taxes	3,301	3,371
Italian corporate income taxes	2,649	7,878
Total current taxes	**5,950**	**11,249**
Deferred taxes for the period:		
United Kingdom deferred taxes	—	—
Italian deferred taxes	(486)	(450)
Total deferred taxes for the period	**(486)**	**(450)**
Taxes relating to prior periods	**465**	**1,877**
Total Income tax benefit (expense)	**5,929**	**12,676**

The Italian current corporate income taxes credit of €2,649 thousand (€7,878 thousand in 2021) relates to tax losses of the CNH Industrial N.V. Italian branch utilized by the Italian fiscal unit.
The U.K. current corporate income taxes credit of €3,301 thousand (€3,371 thousand in 2021) relates to a current tax charge of €322 thousand (€575 thousand in 2021) for withholding taxes, a corporate income tax payable of €5,876 thousand (€4,355 thousand in 2021) and a current tax credit of €9,499 thousand (€8,301 thousand in 2021) for tax losses utilized in the CNH Industrial N.V. U.K. tax group.

The Italian deferred tax credit of €486 thousand (€450 thousand in 2021) relates to timing differences of the Italian branch.

Reconciliation between theoretical income taxes determined on the basis of tax rates applicable in the U.K. and income taxes reported in the financial statements is as follows:

(€ thousand)	2022	2021
(Loss) before taxes	(4,842)	(55,461)
Weighted average U.K. statutory main corporation tax rate	19.00 %	19.00 %
Theoretical income tax (expense)	**920**	**10,538**
Current foreign tax expense	2,327	7,303
Tax effect of permanent differences	(784)	(13,903)
Deferred tax assets not recognized and write-down	3,487	7,311
Deferred taxes recognized in the Italian branch	(486)	(450)
Prior year adjustments	465	1,877
Current and deferred income tax recognized in the financial statements	**5,929**	**12,676**

CNH Industrial N.V. is incorporated in the Netherlands, but the Company is a tax resident of the United Kingdom. The reconciliation of the differences between the theoretical income taxes at the parent statutory rate and the total income taxes is presented on the basis of the weighted average of the United Kingdom statutory main corporation tax rates in force over each of the Company's calendar year reporting periods of 19.00% in both 2022 and 2021.

Deferred tax assets and liabilities are recognized for temporary differences between the carrying amount in the statement of financial position and the tax base. Deferred tax assets are recognized to the extent it is probable that future taxable profits will be available against which the temporary differences can be utilized. Amounts recognized and unrecognized are as follows:

(€ thousand)	2022	2021
Deferred tax assets arising:		
In relation to Tax depreciation	5,447	5,411
In relation to Pension deficit	28,202	53,874
In relation to short timing differences	38,990	24,056
Total	**72,639**	**83,341**
Deferred tax liabilities arising from:		
Capitalization of development costs	(16,026)	(17,250)
Total	**(16,026)**	**(17,250)**
Theoretical tax benefit arising from tax loss carryforwards	**93,222**	**105,311**
Adjustments for assets whose recoverability is not probable	**(148,927)**	**(170,008)**
Total net deferred tax assets	**908**	**1,394**

The losses can be carried forward indefinitely, provided that the Company carries on the same trade and continues the manufacturing activity in the United Kingdom.

The net deferred tax assets of €908 thousand (€1,394 thousand in 2021) relate to the Italian branch.
Adjustments for net deferred tax assets of €148,927 thousand (€170,008 thousand in 2021) have been made, as in the opinion of the management it cannot be regarded as probable that there will be taxable profits against which these net deferred tax assets can be recovered.

8. Result from Investments in Group companies and other equity interests

Result from Investments in Group companies and other equity interests was a profit of €1,771,861 thousand in 2022 (€1,513,099 thousand profit in 2021) and includes the Company's share in the net profit or loss of the investees.

9. Other information by nature of expense

The income statement includes personnel costs of €94,444 thousand in 2022 (€83,021 thousand in 2021), which consist of the following:

(€ thousand)	2022	2021
Wages and salaries	68,232	58,771
Defined benefit plans	2	4
Defined contribution plans and other social security costs	13,017	12,059
Other personnel costs	13,193	12,187
Total personnel costs	**94,444**	**83,021**

An analysis of the average number of employees by category is as follows:

	2022	2021
Managers	41	52
White-collar	324	339
Blue-collar	674	651
Average number of employees	**1,039**	**1,042**

None of these employees are based in The Netherlands, but they are mainly based in the United Kingdom. Some of the Company's managers carried out their activities at the principal subsidiaries of the Group and the associated costs were charged back to the legal entities concerned.

10. Intangible assets

Changes in Intangible assets in 2022 and 2021 are as follows:

(€ thousand)	Goodwill	Development costs	Concessions, licenses and similar rights	Intangible assets in progress and advances	Other intangible assets	Total
Gross carrying amount Balance at December 31, 2020	1,968	208,342	15,439	3,392	74	229,215
Additions	—	5,042	1,629	5,046	4,107	15,824
Divestitures and other changes	—	(45,396)	—	(4,769)	—	(50,165)
Balance at December 31, 2021	1,968	167,988	17,068	3,669	4,181	194,874
Additions	—	7,906	3,295	23	—	11,224
Divestitures and other changes	—	40	—	(3,147)	—	(3,107)
Balance at December 31, 2022	**1,968**	**175,934**	**20,363**	**545**	**4,181**	**202,991**
Accumulated amortization and impairment losses						
Balance at December 31, 2020	(1,593)	(141,808)	(13,589)	—	(74)	(157,064)
Amortization/Impairment	—	(11,124)	(998)	—	—	(12,122)
Divestitures and other changes	—	68,774	—	—	—	68,774
Balance at December 31, 2021	(1,593)	(84,158)	(14,587)	—	(74)	(100,412)
Amortization/Impairment	—	(20,850)	(784)	—	—	(21,634)
Divestitures and other changes	—	40	—	—	—	40
Balance at December 31, 2022	**(1,593)**	**(104,968)**	**(15,371)**	**—**	**(74)**	**(122,006)**
Carrying amount at December 31, 2021	375	83,830	2,481	3,669	4,107	94,462
Carrying amount at December 31, 2022	**375**	**70,966**	**4,992**	**545**	**4,107**	**80,985**

There were no Intangible Assets pledged as security at December 31, 2022 and 2021.

11. Property, plant and equipment

Changes in Property, plant and equipment in 2022 and 2021 are as follows:

(€ thousand)	Land and buildings	Plant and machinery	Special tools	Tangible assets in progress	Other tangible assets	Right-of-use-assets	Total
Gross carrying amount Balance at December 31, 2020	**33,640**	**24,192**	**177,811**	**9,023**	**45,041**	**14,727**	**304,434**
Additions	1,677	1,890	8,870	9,997	16,227	3,212	**41,873**
Divestitures and other changes	—	—	(70)	(12,841)	(11,636)	291	**(24,256)**
Balance at December 31, 2021	**35,317**	**26,082**	**186,611**	**6,179**	**49,632**	**18,230**	**322,051**
Additions	359	1,128	6,554	12,381	20,765	8,585	49,772
Divestitures and other changes	—	—	—	(8,618)	(16,322)	(9,439)	(34,379)
Balance at December 31, 2022	**35,676**	**27,210**	**193,165**	**9,942**	**54,075**	**17,376**	**337,444**
Accumulated depreciation and impairment losses							
Balance at Balance at December 31, 2020	**(25,250)**	**(12,674)**	**(155,565)**	**—**	**(21,387)**	**(6,074)**	**(220,950)**
Depreciation	(1,395)	(1,260)	(7,556)	—	(1,954)	(3,142)	**(15,307)**
Divestitures and other changes	—	—	30	—	—	823	**853**
Balance at December 31, 2021	**(26,645)**	**(13,934)**	**(163,091)**	**—**	**(23,341)**	**(8,393)**	**(235,404)**
Depreciation	(1,250)	(1,359)	(7,301)	—	(3,724)	(2,621)	(16,254)
Divestitures and other changes	—	—	118	—	—	2,903	3,021
Balance at December 31, 2022	**(27,895)**	**(15,293)**	**(170,274)**	**—**	**(27,065)**	**(8,111)**	**(248,637)**
Carrying amount at December 31, 2021	**8,672**	**12,148**	**23,520**	**6,179**	**26,291**	**9,837**	**86,647**
Carrying amount at December 31, 2022	**7,781**	**11,917**	**22,891**	**9,942**	**27,010**	**9,265**	**88,807**

At December 31, 2022, right-of-use assets refer primarily to lease contracts for industrial buildings of €5,674 thousand (€8,248 thousand at December 31, 2021), plant, machinery and equipment of €2,260 thousand (€741 thousand at December 31, 2021), and other assets of €1,331 thousand (€845 thousand at December 31, 2021).

Short-term and low-value leases are not recorded in the statement of financial position; CNH Industrial recognizes lease expense for these leases on a straight-line basis over the lease term (see Note 22 "Non-current debt"). Lease expense recognized in 2022, for short-term and low-value leases were €353 thousand and €30 thousand, respectively (€472 thousand and €124 thousand, respectively, in 2021).

There were no Tangible Assets pledged as security at December 31, 2022 and 2021.

12. Financial fixed assets

At December 31, 2022, Investments and other financial assets totaled €13,685,871 thousand and were as follows:

(€ thousand)	At December 31, 2022	At December 31, 2021	Change
Investments in Group companies and other equity interests	12,827,801	14,772,772	(1,944,971)
Other financial assets	857,162	1,374,557	(517,395)
Deferred tax assets	908	1,394	(486)
Total financial fixed assets	**13,685,871**	**16,148,723**	**(2,462,852)**

Investments in Group companies and other equity interests

At December 31, 2022, Investments in Group companies and other equity interests totaled €12,827,801 thousand and were subject to the following changes during the year:

(€ thousand)	At December 31, 2022	At December 31, 2021
Balance at beginning of year	**14,772,772**	**12,401,414**
Investments demerged to Iveco Group	(3,857,000)	—
Contribution to Investments in Group companies and other equity interests	92,044	1,868,602
Acquisitions	60,824	765,781
Repayment of Capital Reserves	(152,369)	(538,140)
Disposal	—	(1,326,920)
Result from Investments in Group companies and other equity interests	1,771,861	1,513,099
Dividend received	(443,921)	(448,971)
Cumulative translation adjustments and other OCI movements	496,278	515,640
Other	87,312	22,267
Balance at end of year	**12,827,801**	**14,772,772**

The item Other primarily includes the impact of IAS 29 - *Financial reporting in hyperinflationary economies* applied for subsidiaries that prepare their financial statements in a functional currency of a hyperinflationary economy. In particular, from July 1, 2018, Argentina's economy was considered to be hyperinflationary.

In 2021, in view of the Demerger, some subsidiaries were involved in a series of internal transactions in order to optimize the Group structure and facilitate the transfer of the subsidiaries belonging to the On-Highway business, now part of Iveco Group since January 1, 2022.

"Contribution to Investments in Group companies and other equity interests", "Acquisitions", "Repayments of Capital Reserves" and "Disposal" include the impact of the various transfers which were part of the overall project.

A list of Company's investments has been included under Appendix of this Annual Report.

Other financial assets

At December 31, 2022, Other financial assets totaled €857,162 thousand, as represented below:

(€ thousand)	At December 31, 2022	At December 31, 2021	Change
Other financial assets	824,944	1,331,611	(506,667)
Fees receivable for guarantees issued	32,218	42,946	(10,728)
Total Other financial assets	**857,162**	**1,374,557**	**(517,395)**

At December 31, 2022, Other financial assets are represented by a U.S. dollar term loan facility granted to Case New Holland Industrial Inc.. In addition, Case New Holland Industrial Inc. issued a Promissory Note to the Company.

The U.S. dollar term loan was issued on November 14, 2017, with maturity date November 15, 2027, for a principal amount of $500 million or €468,779 thousand ($500 million or €441,462 thousand in 2021). The interest rate is fixed.

The increase of the carrying value of the U.S. dollar term loan of €27,317 thousand is due to foreign exchange movement as the U.S. dollar strengthened against the euro during the current year.

The decrease of €506,667 thousand compared to last year is mainly due to the fact that the other U.S. dollar term loan issued in August 2016 with maturity date August 15, 2023 and in the principal amounts of $450 million and a second tranche of $150 million was reclassified to Current financial receivables.

On August 25, 2017, Case New Holland Industrial Inc. issued a Promissory Note to the Company in the principal amount of €350 million, with a maturity date of August 25, 2024. The Promissory Note carries a floating interest rate.

Moreover, Other financial assets include accrued interest charges related to the term loan facilities for €2,739 thousand (€10,394 thousand in 2021).

On September 15, 2022, a convertible loan was granted to a Group Company for an amount of £2,000 thousand. A second tranche of £1,000 thousand was paid on November 2, 2022. At December 31, 2022 the total outstanding amount included the capitalized interest was £3,038 thousand or €3,426 thousand. The convertible loan carries a fixed interest rate and the maturity date is August 31, 2024.
At December 31, 2022, the remaining amount of €32,218 thousand (€42,946 thousand in 2021) refers to the present value of the fees that the Company will collect in future years based on specific agreements for guarantees issued in favor of third parties in the interest of Group companies, mainly for bonds issued from Group companies and credit facilities granted to Group companies (see also Note 22 "Non-current debt").

The decrease of €10,728 thousand is mainly due to the reduction of the percentage applied for the commissions calculated on the guarantees issued and the amount of the guarantees issued.

Deferred tax assets

For Deferred tax assets comment see Note 7 "Income taxes".

13. Inventories

(€ thousand)	At December 31, 2022	At December 31, 2021	Change
Raw materials	91,714	67,819	23,895
Finished goods	59,367	48,971	10,396
Work in progress	22,528	18,997	3,531
Total Inventories	**173,609**	**135,787**	**37,822**

There were no inventories pledged as security at December 31, 2022 and 2021. At December 31, 2022 and 2021, Inventory amounts are net of the obsolescence reserve of €11,079 thousand and €7,331 thousand, respectively.

14. Trade receivables

At December 31, 2022, trade receivables totaled €234,862 thousand, a net decrease of €57,620 thousand over year-end 2021, and they are essentially attributable to the operations of Basildon plant and almost entirely related to Group companies. These amounts are net of a provision of €4 thousand (€384 thousand for 2021).

The carrying amount of trade receivables is deemed to approximate their fair value.

All trade receivables are due within one year and there are no significant overdue balances.

15. Current financial receivables

At December 31, 2022, current financial receivables amounted to €1,106,291 thousand, a net increase of €827,774 thousand over year-end 2021. The item may be specified as follows:

	At December 31, 2022				At December 31, 2021			
(€ thousand)	due within one year	due between one and five years	due beyond five years	Total	due within one year	due between one and five years	due beyond five years	Total
Assets from derivative financial instruments	4,588	—	—	**4,588**	3,511	—	—	**3,511**
CNH Industrial Finance Europe S.A.	529,920	—	—	**529,920**	274,856	—	—	**274,856**
Other current financial receivables	571,783	—	—	**571,783**	150	—	—	**150**
Total Current financial receivables	**1,106,291**	**—**	**—**	**1,106,291**	**278,517**	**—**	**—**	**278,517**

Current financial receivables are mainly made up of short-term financial receivables from CNH Industrial Finance Europe S.A., the Group Treasury company, for €529,920 thousand at December 31, 2022 (€274,856 thousand at December 31, 2021). Such financial receivables bear floating interest at market rate and their carrying amount is deemed to approximate their fair value.

Other current financial receivables include a term loan issued in August 2016 with maturity date August 15, 2023, consisting of a first tranche having fixed interest rate in the principal amount of $450 million or €421,901 thousand ($450 million or €397,316 thousand in 2021), and a second tranche having floating interest rate in the principal amount of $150 million or €140,634 thousand ($150 million or €132,439 thousand in 2021).

Moreover, Other current financial assets include accrued interest charges related to the term loan facility for €9,248 thousand

This year the U.S. dollar term loan was reclassified to Current financial receivable from Financial fixed assets due to the forthcoming maturity date.

Assets from derivative financial instruments consist of derivative financial instruments measured at fair value at the balance sheet date. Derivative instruments are classified as Level 2 in the fair value hierarchy. CNH Industrial utilizes derivative instruments to mitigate its exposure to interest rate and foreign currency fluctuations. Derivatives used as hedges are effective at reducing the risk associated with the exposure being hedged and are designated as a hedge at the inception of the derivative contract.

16. Other current assets

At December 31, 2022, other current assets amounted to €56,790 thousand, a net decrease of €28,716 thousand compared to December 31, 2021, and consisted of the following:

(€ thousand)	At December 31, 2022	At December 31, 2021	Change
Receivables from Group companies for consolidated Italian corporate tax	22,676	51,654	(28,978)
Receivables from Group companies for consolidated U.K. corporate tax	25,176	19,052	6,124
VAT receivables	312	506	(194)
Other indirect and direct taxes	1,753	5,136	(3,383)
Other receivables from Group companies and other related parties	482	315	167
Other current receivables	6,391	8,843	(2,452)
Total Other current assets	**56,790**	**85,506**	**(28,716)**

Receivables from Group companies for consolidated Italian corporate tax relate to taxes calculated on the taxable income contributed by Italian subsidiaries participating in the domestic tax consolidation program. The reduction of the receivables is mainly a consequence of the Iveco Group Business Spin off transaction, and the related exit from such program of some legal entities (former subsidiaries).
Receivables from Group companies for consolidated U.K. corporate tax relate to taxes calculated on the taxable income contributed by U.K. subsidiaries participating in the domestic tax consolidation program.

Following Brexit, the Italian VAT tax consolidation scheme was discontinued starting from January 1, 2020 and, as a result, the Group's subsidiaries directly manage relations with the Italian Tax Authority, thereby significantly reducing relations with the parent company.

Other current assets are entirely due within one year.

17. Cash and cash equivalents

(€ thousand)	At December 31, 2022	At December 31, 2021	Change
Cash at banks	4	1	3
Restricted cash	126,509	99,002	27,507
Total Cash and cash equivalents	**126,513**	**99,003**	**27,510**

At December 31, 2022, Cash and cash equivalents totaled €126,513 thousand and represented amounts held in euro and other currency denominated current accounts. The carrying amount of cash and cash equivalents is deemed to be in line with their fair value.

Credit risk associated with cash and cash equivalents is considered limited as the counterparties are leading national and international banks.

Restricted cash mainly includes bank deposits that may be used exclusively for the repayment of the net liability relating to Pension plans in the U.K..

18. Iveco Group Business Spin-off

(€ thousand)	% owned	At December 31, 2021
Investments in Group companies and other equity interest		
Iveco Capital Solutions S.p.A.	100.000 %	365,188
FPT Industrial S.p.A.	100.000 %	930,494
OOO Iveco Russia	99.960 %	39,969
Iveco S.p.A.	100.000 %	535,261
Iveco Arac Sanayi VE Ticaret A.S.	100.000 %	33,567
Transolver Finance Establecimiento Financiero De Credito S.A.	49.000 %	34,834
CNH Industrial Capital Ltd	100.000 %	61,966
Iveco Trucks Australia Ltd	100.000 %	49,136
ON Highway Brasil Ltda	99.998 %	168,125
CNH Industrial Financial Service S.A.	100.000 %	199,629
CNH Industrial SA (Pty) Ltd	100.000 %	28,731
Iveco Poland Sp. ZO.O.	100.000 %	22,952
FPT Industrial Brasil Ltda	100.000 %	39,291
Iveco Magirus AG	88.340 %	37,162
Iveco Belgium NV	98.983 %	32,711
New Business Netherlands Holding B.V.	100.000 %	1,152,546
Cifins S.p.A.	50.000 %	93,054
Other minor Investments in Group companies which were demerged		32,384
Total Assets to be demerged		**3,857,000**
Financial payables to CNH Industrial Finance S.p.A.		(1,568,000)
Net Assets to be demerged		**2,289,000**

During 2021, CNH Industrial completed a strategic project to separate the Commercial and Specialty Vehicles business, the Powertrain business, and the related Financial Services business (together the “Iveco Group Business”) from the Agriculture business, the Construction business, and the related Financial Services business.

The Iveco Group Business was separated from CNH Industrial N.V. in accordance with Section 2:334a (3) of the Dutch Civil Code (*Burgerlijk Wetboek*) by way of a legal statutory demerger (*juridische afsplitsing*) to Iveco Group N.V. (the "Demerger"), effective January 1, 2022.

As the transaction took effect on January 1, 2022, the Company financial statements for the year ended December 31, 2021 relate to CNH Industrial Pre-Demerger.

The share of the profit for the financial year 2021 of Iveco Group Business was recognized within the line item “Result from Investments in Group companies and other equity interests” and amounted to €52,000 thousand (excluding non-controlling interests).

The above value of net assets demerged was equivalent to the effect of the Demerger on equity. The amount of €2,289,000 thousand reduced the Capital Reserves of the Company as at January 1, 2022.

As values for the Demerger were based on the reported carrying amounts, and in these Company financial statements the Investments in subsidiaries are accounted for using the equity method, no gains or losses were recognized and, accordingly, the above items were also transferred to Iveco Group N.V at their book value as resulting in the Company Financial Statements at December 31, 2021.

The short term financial payables to CNH Industrial Finance S.p.A. related to an unsecure uncommitted revolving credit facility which was transferred to Iveco Group N.V. for a total amount of €1,568,000 thousand. The amount was fully paid by Iveco Group N.V. in January 2022.

19. Equity

Changes in shareholders' equity during 2021 and 2022 were as follows:

	Share capital	Treasury shares	Capital reserves	Legal reserves: cumulative translation adjustment reserve/OCI	Legal reserves: other	Retained profit/(loss)	Profit/(loss) for the year	Total
At December 31, 2020	**17,609**	**(93,228)**	**2,413,348**	**(1,693,600)**	**2,595,380**	**2,837,217**	**(656,630)**	**5,420,096**
Allocation of prior year result	—	—	—	—	—	(656,630)	656,630	—
Dividend distributed	—	—	—	—	—	(148,967)	—	(148,967)
Acquisition of treasury stock	—	—	—	—	—	—	—	—
Share based compensation: costs accrued in the period and effects of share issuance upon exercise of the grants	—	21,423	62,608	—	—	—	—	84,031
Result for the year	—	—	—	—	—	—	1,470,314	1,470,314
Current period change in OCI, net of taxes	—	—	—	563,771	—	—	—	563,771
Other movements	—	—	846	—	—	20,292	—	21,138
Legal reserve	—	—	—	—	158,608	(158,608)	—	—
At December 31, 2021	**17,609**	**(71,805)**	**2,476,802**	**(1,129,829)**	**2,753,988**	**1,893,304**	**1,470,314**	**7,410,383**
Demerge Impacts			**(2,289,422)**	**364,000**	**(1,312,200)**	**948,200**		**(2,289,422)**
Allocation of prior year result	**—**	**—**	**—**	**—**	**—**	**1,470,314**	**(1,470,314)**	**—**
Dividend distributed	**—**	**—**	**—**	**—**	**—**	**(379,282)**	**—**	**(379,282)**
Acquisition of treasury stock	**—**	**(150,149)**	**—**	**—**	**—**	**—**	**—**	**(150,149)**
Share based compensation: costs accrued in the period and effects of share issuance upon exercise of the grants	**—**	**5,528**	**77,509**	**—**	**—**	**—**	**—**	**83,037**
Result for the year	**—**	**—**	**—**	**—**	**—**	**—**	**1,772,948**	**1,772,948**
Current period change in OCI, net of taxes	**—**	**—**	**—**	**564,471**	**—**	**—**	**—**	**564,471**
Other movements	**—**	**—**	**1,899**	**—**	**—**	**73,121**	**—**	**75,020**
Legal reserve	**—**	**—**	**—**	**—**	**42,572**	**(42,572)**	**—**	**—**
At December 31, 2022	**17,609**	**(216,426)**	**266,788**	**(201,358)**	**1,484,360**	**3,963,085**	**1,772,948**	**7,087,006**

Other movements of Retained profit/(loss) includes the impact of IAS 29 - *Financial reporting in hyperinflationary economies* applied for subsidiaries that prepare their financial statements in a functional currency of a hyperinflationary economy. In particular, from July 1, 2018, Argentina's economy was considered to be hyperinflationary.

As the Company financial statements are prepared using the same measurement principles of the Consolidated Financial Statements, including the investments that are accounted for using the equity method, the total Company equity of €7,087 million as of December 31, 2022 is in line with the Consolidated equity (excluding non-controlling interest) of $7,559 million converted using the exchange rate as of December 31, 2022 of 1.0666. In addition, the Company profit for the year of €1,773 million equals the consolidated profit (excluding non-controlling interest) of $1,867 million converted using the average exchange rate for 2022 of 1,05305.

The net decrease in equity of €323,377 thousand over year-end 2021 is due to the Iveco Group Business Spin-off occurred on January 1, 2022. The net assets demerged was €2,289,422 thousand which had a consequent reduction on the Capital Reserves. The profit for the year of €1,772,948 thousand, the positive changes in Other comprehensive income arising from the positive effect of currency translation differences of €389,740 thousand, from the gains on the remeasurement of defined benefit plans of €111,106 thousand, and from the positive impact of the transactions accounted for under the Cash flow hedge reserves of €63,625 thousand, partly offset by the acquisition of the treasury shares for €150,149 thousand, contributed to significantly mitigate the impact of the demerger.
The positive effect of currency translation differences of €389,740 thousand includes the valuation of the opening balances of Equity converted using the exchange rate as of December 31, 2022 of 1,0666.

Share capital

The Articles of Association of CNH Industrial N.V. provide for authorized share capital of €40 million, divided into 2 billion common shares and 2 billion special voting shares to be held with associated common shares, each with a per share par value of €0.01. As of December 31, 2022, the Company's share capital was €18 million (equivalent to $25 million), fully paid-in, and consisted of 1,364,400,196 common shares (1,344,240,971 common shares outstanding, net of 20,159,225 common shares held in treasury by the Company as described in the following section) and 396,474,276 special voting shares (371,072,953 special voting shares outstanding, net of 25,401,323 special voting shares held in treasury by the Company as described in the section below).

Effects of the Demerger on the share capital of CNH Industrial N.V.

The share capital of CNH Industrial N.V. did not change as result of the Demerger on January 1, 2022. CNH Industrial N.V. also did not receive any shares in Iveco Group N.V. as a part of the Demerger, as the portion of the shares held in treasury by CNH Industrial N.V. was not eligible to be part of the Demerger and allocation of Iveco Group N.V. shares.

Changes in the composition of the share capital of CNH Industrial during 2022 and 2021 are as follows:

(number of shares)	CNH Industrial N.V. common shares issued	Less: Treasury shares	CNH Industrial N.V. common shares outstanding	CNH Industrial N.V. loyalty program special voting shares issued	Less: Treasury shares	CNH Industrial N.V. loyalty program special voting shares outstanding	**Total Shares issued by CNH Industrial N.V.**	**Less: Treasury shares**	**Total CNH Industrial N.V. outstanding shares**
Total CNH Industrial N.V. shares at December 31, 2020	**1,364,400,196**	**(10,489,725)**	**1,353,910,471**	**396,474,276**	**(25,146,122)**	**371,328,154**	**1,760,874,472**	**(35,635,847)**	**1,725,238,625**
Capital increase	—	—	—	—	—	—	—	—	—
(Purchases)/Sales of treasury shares	—	2,166,529	2,166,529	—	(109,904)	(109,904)	—	2,056,625	2,056,625
Total CNH Industrial N.V. shares at December 31, 2021	**1,364,400,196**	**(8,323,196)**	**1,356,077,000**	**396,474,276**	**(25,256,026)**	**371,218,250**	**1,760,874,472**	**(33,579,222)**	**1,727,295,250**
Capital increase	—	—	—	—	—	—	—	—	—
(Purchases)/Sales of treasury shares	—	(11,836,029)	(11,836,029)	—	(145,297)	(145,297)	—	(11,981,326)	(11,981,326)
Total CNH Industrial N.V. shares at December 31, 2022	**1,364,400,196**	**(20,159,225)**	**1,344,240,971**	**396,474,276**	**(25,401,323)**	**371,072,953**	**1,760,874,472**	**(45,560,548)**	**1,715,313,924**

During the year ended December 31, 2022 and 2021, 145,297 and 109,904 special voting shares, respectively, were acquired for no consideration by the Company following the de-registration of the corresponding number of qualifying common shares from the Loyalty Register, net of transfer and allocation of special voting shares in accordance with the Special Voting Shares - Terms and Conditions.

Furthermore, during the years ended December 31, 2022 and 2021, the Company delivered 0.6 million and 2.2 million common shares, respectively, under the Company's stock compensation plan, primarily due to the vesting or exercise of share-based awards. See paragraph below "Share-based compensation" for further discussion.

The Company is required to maintain a special capital reserve to be credited against the share premium exclusively for the purpose of facilitating any issuance or cancellation of special voting shares. The special voting shares do not carry any entitlement to the balance of the special capital reserve. The Board of Directors is authorized to resolve upon (i) any distribution out of the special capital reserve to pay up special voting shares or (ii) re-allocation of amounts to credit or debit the special capital reserve against or in favor of the share premium reserve.

The Company is required to maintain a separate dividend reserve for the special voting shares. The special voting shares shall not carry any entitlement to any other reserve of the Company. Any distribution out of the special voting shares dividend reserve or the partial or full release of such reserve will require a prior proposal from the Board of Directors and a subsequent resolution of the general meeting of holders of special voting shares.

From the profits, shown in the annual accounts, as adopted, such amounts shall be reserved as the Board of Directors may determine.

The profits remaining thereafter shall first be applied to allocate and add to the special voting shares dividend reserve an amount equal to one percent (1%) of the aggregate nominal amount of all outstanding special voting shares. The calculation of the amount to be allocated and added to the special voting shares dividend reserve shall occur on a time-proportionate basis. If special voting shares are issued during the financial year to which the allocation and addition pertains, then the amount to be allocated and added to the special voting shares dividend reserve in respect of these newly issued special voting shares shall be calculated as from the date on which such special voting shares were issued until the last day of the financial year concerned. The special voting shares shall not carry any other entitlement to the profits.

Any profits remaining thereafter shall be at the disposal of the general meeting of shareholders for distribution of dividend on the common shares only subject to the provision that the distribution of profits shall be made after the adoption of the annual accounts, from which it appears that the same is permitted.

Subject to a prior proposal of the Board of Directors, the general meeting of shareholders may declare and pay dividends in U.S. dollars. Furthermore, subject to the approval of the general meeting of shareholders and the Board of Directors having been designated as the body competent to pass a resolution for the issuance of shares in accordance with Article 5 of the Articles of Association, the Board of Directors may decide that a distribution shall be made in the form of shares or that shareholders shall be given the option to receive a distribution either in cash or in the form of shares.

Dividend Proposal and appropriation of the result

On February 2, 2023, CNH Industrial announced that the Board of Directors intends to recommend an annual cash dividend of €0.36 per common share, totaling approximately €483 million (equivalent to approximately $511 million), subject to shareholder approval.

Subject to the adoption of the Annual Financial Statements by the Annual General Meeting of shareholders and after the allocation of the relevant amount to the special voting shares dividend reserve in accordance with article 22, paragraph 4, of the Articles of Association, any profits remaining shall be allocated to the Retained earnings and be at the disposal of the general meeting of shareholders for distribution of dividend on the outstanding common shares only, based on the recommendations and proposal of the Board of Directors and subject to the provision of the Article 22, paragraph 8, of the Articles of Association.

On April 13, 2022, at the AGM, CNH Industrial N.V. shareholders approved a dividend of €0.28 per common share, as recommended on March 1, 2022 by the Board of Directors. The cash dividend was declared in euro and paid on May 4, 2022 for a total amount of $412 million (€379 million).

The Company shall only have power to make distributions to shareholders and other persons entitled to distributable profits to the extent the Company's equity exceeds the sum of the paid-up portion of the share capital and the reserves that must be maintained in accordance with provision of law. No distribution of profits may be made to the Company itself for shares that the Company holds in its own share capital.

The Board of Directors has the power to declare one or more interim dividends, provided that the requirements of the Article 22 paragraph 5 of the Articles of Association are duly observed as evidenced by an interim statement of assets and liabilities as referred to in Article 2:105 paragraph 4 of the Dutch Civil Code and provided further that the policy of the Company on additions to reserves and dividends is duly observed. The provisions of the Article 22 paragraphs 2 and 3 of the Articles of Association shall apply mutatis mutandis.

The Board of Directors may determine that dividends or interim dividends, as the case may be, shall be paid, in whole or in part, from the Company's share premium reserve or from any other reserve, provided that payments from reserves may only be made to the shareholders that are entitled to the relevant reserve upon the dissolution of the Company.

Dividends and other distributions of profit shall be made payable in the manner and at such date(s) - within four weeks after declaration thereof - and notice thereof shall be given, as the general meeting of shareholders, or in the case of interim dividends, the Board of Directors shall determine, provided, however, that the Board of Directors shall have the right to determine that each payment of annual dividends in respect of shares be deferred for a period not exceeding five consecutive annual periods.

Dividends and other distributions of profit, which have not been collected within five years and one day after the same have become payable, shall become the property of the Company.

In the event of a winding-up, a resolution to dissolve the Company can only be passed by a general meeting of shareholders pursuant to a prior proposal of the Board of Directors. In the event a resolution is passed to dissolve the Company, the Company shall be wound-up by the Board of Directors, unless the general meeting of shareholders would resolve otherwise.

The general meeting of shareholders shall appoint and decide on the remuneration of the liquidators.

Until the winding-up of the Company has been completed, the Articles of Association of the Company shall to the extent possible, remain in full force and effect.

Loyalty voting program

In order to reward long-term ownership of the Company’s common shares and promote stability of its shareholder base, the Articles of Association of CNH Industrial N.V. provide for a loyalty-voting program that grants eligible long-term shareholders the equivalent of two votes for each CNH Industrial N.V. common share that they hold. This has been accomplished through the issuance of special voting shares.

A shareholder may at any time elect to participate in the loyalty voting program by requesting the registration of all or some of the common shares held by such shareholder in a separate register (the “Loyalty Register”) of the Company. If such common shares have been registered in the Loyalty Register for an uninterrupted period of three years in the name of the same shareholder, such shares will become “Qualifying Common Shares” and the relevant shareholder will be entitled to receive one special voting share for each such Qualifying Common Share which can be retained only for so long as the shareholder retains the associated common share and registers it in the Loyalty Register.

Shareholders are not required to pay any amount to the Company in connection with the allocation of the special voting shares.

The common shares are freely transferable, while, special voting shares are transferable exclusively in limited circumstances and they are not listed on the NYSE or the Euronext Milan. In particular, at any time, a holder of common shares that are Qualifying Common Shares who wants to transfer such common shares other than in limited specified circumstances (e.g., transfers to affiliates or relatives through succession, donation or other transfers) must request a de-registration of such Qualifying Common Shares from the Loyalty Register. After de-registration from the Loyalty Register, such common shares no longer qualify as Qualifying Common Shares and, as a result, the holder of such common shares is required to transfer the special voting shares associated with the transferred common shares to the Company for no consideration.

The special voting shares have minimal economic entitlements as the purpose of the special voting shares is to grant long-term shareholders with an extra voting right by means of granting an additional special voting share, without granting such shareholders with any additional economic rights. However, as a matter of Dutch law, such special voting shares cannot be fully excluded from economic entitlements. Therefore, the Articles of Association provide that only a minimal dividend accrues to the special voting shares, which is not distributed, but allocated to a separate special dividend reserve. The impact of this special dividend reserve on the earnings per share of the common shares is not material.

Treasury shares

In order to maintain the necessary operating flexibility over an adequate time period, including the implementation of the program in place, on April 13, 2022, the Annual General Meeting ("AGM") granted to the Board of Directors the authority to acquire common shares in the capital of the Company through stock exchange trading on the Euronext Milan and the NYSE or otherwise for a period of 18 months (i.e., up to and including October 12, 2023). Under such authorization the Board's authority is limited to a maximum of up to 10% of the issued common shares as of the date of the AGM and, in compliance with applicable rules and regulations, subject to a maximum price per common share equal to the average of the highest price on each of the five trading days prior to the date of acquisition, as shown in the Official Price List of the Euronext Milan or NYSE (as the case may be) plus 10% (maximum price) and to a minimum price per common share equal to the average of the lowest price on each of the five trading days prior to the date of acquisition, as shown in the Official Price List of the Euronext Milan or NYSE (as the case may be) minus 10% (minimum price).

Neither the renewal of the authorization, nor the launch of any program obliges the Company to buy-back any common shares. The launch of any new program will be subject to a further resolution of the Board of Director. In any event, such programs may be suspended, discontinued or modified at any time for any reason and without previous notice, in accordance with applicable laws and regulations.

During the year ended December 31, 2022, the Company repurchased 12,390,052 shares of its common stock on the Euronext Milan and on multilateral trading facilities ("MTFs") under the buy-back program. As of December 31, 2022, the Company held 20.2 million common shares in treasury, net of transfers of common shares to fulfill its obligations under its stock compensation plans, at an aggregate cost of $227 million. Depending on market and business conditions and other factors, the Company may continue or suspend purchasing its common stock at any time without notice.

At the 2023 Annual General Meeting of Shareholders, the Board of Directors intends to recommend to the Company's shareholders the renewal of the authorization to repurchase up to a maximum of 10% of the Company's issued common shares for further 18 months.

During the year ended December 31, 2022, the Company acquired, for no consideration, 145,297 special voting shares following the de-registration of qualifying common shares from the Loyalty Register, net of the transfer and allocation of special voting shares to those shareholders whose qualifying common shares became eligible to receive special voting shares after the uninterrupted three-year registration period in the Loyalty Register. As of December 31, 2022, the Company held 25.4 million special voting shares in treasury.

Effects of the Demerger on the treasury shares held CNH Industrial N.V.

CNH Industrial N.V. did not receive any shares in Iveco Group as a part of the Demerger, the portion of the shares held in treasury by CNH Industrial N.V. was not eligible to be part of the Demerger and consequent allotment of Iveco Group N.V. shares.

Capital reserves

At December 31, 2022, capital reserves amounting to €267 million (€2,477 million at December 31, 2021) mainly consist of the share premium deriving from the Merger which has been reduced by the net impact of the Iveco Group Business spin-off.

Effects of the Demerger on the Capital reserves of CNH Industrial N.V.

The value of the net assets demerged on January 1, 2022, equaled to €2,289 million and fully reduced the Capital reserves of CNH Industrial N.V. accordingly.

Legal reserves

As of December 31, 2022, legal reserves amounted to €1,283 million (€1,624 million at December 31, 2021) and mainly relate to unrealized currency translation losses and other OCI components for a net negative amount of €201 million, and other reserves for €1,484 million.

Other OCI components includes primarily net unrealized actuarial losses related to the defined benefit plans which as of December 31, 2022, amounted to €45 million (€298 million at December 31, 2021). In addition, the cash flow hedge reserve is also part of OCI and this year the amount is positive for €64 million (€1 million negative at December 31, 2021). As a result, the net amount of OCI is €19 million positive amount at December 31, 2022. This part is considered distributable reserve.
As a consequence, the total amount considered not distributable as of December 31, 2022, equaled to €1,502 million (€2,772 million at December 31, 2021). As a result, the distributable reserves as at December 31, 2022 amounted to €5,585 million.

Other reserves are made up by research and development costs capitalized by the Company for €71 million and by the equity investments for €645 million (€5 million and €1,806 million, respectively, at December 31, 2021), earnings from affiliated companies subject to certain restrictions on the transfer of funds to the parent company in form of dividend or otherwise for €415 million (€511 million at December 31, 2021) and earnings from subsidiaries that due to local law requirements cannot be distributed as dividend, unless the subsidiary is liquidated, for €354 million (€432 million at December 31, 2021).

Pursuant to Dutch law, limitations exist relating to the distribution of shareholders' equity for the entire amount of the legal reserves. By their nature, unrealized losses relating to currency translation differences reduce shareholders' equity and thereby distributable amounts.

Share-based compensation

CNH Industrial's equity awards are governed by several plans: i) CNH Industrial N.V. Equity Incentive Plan ("CNH Industrial EIP"); ii) CNH Industrial N.V. Directors' Compensation Plan ("CNH Industrial DCP"); iii) CNH Global N.V. Equity Incentive Plan ("CNH EIP"); and, iv) CNH Global N.V. Directors' Compensation Plan ("CNH DCP").

For more information on Share-based compensation see Note 21 "Equity" of the Consolidated Financial Statements.

20. Provisions for employee benefits

CNH Industrial N.V. provides pension, healthcare and insurance plans and other post-employment benefits to their employees and retirees, either directly or by contributing to independently administered funds. These benefits are generally based on the employees' remuneration and years of service.

The Company provides post-employment benefits under defined contribution and defined benefit plans.

In the case of defined contribution plans, the Company makes contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Once the contributions have been made, the Company has no further payment obligations. The Company recognizes the contribution cost when the employees have rendered their service and includes this cost by function in Cost of sales, Selling, general and administrative costs and Research and development costs. During the years ended December 31, 2022 and 2021, CNH Industrial N.V. recorded expenses of €13,017 thousand and €12,059 thousand, respectively, for its defined contribution plans, inclusive of social security contributions in the categories as described above.

Defined benefit plans may be unfunded, or they may be wholly or partly funded by contributions made by an entity, and sometimes by its employees, into an entity, or fund, that is legally separate from the employer from which the employee benefits are paid. Benefits are generally payable under these plans after the completion of employment. Defined benefits plans are classified by the Company as Pension plans or Other post-employment benefits on the basis of the type of benefit provided.

Pension plans

The item Pension plans principally comprise the obligations towards certain employees and former employees of the CNH Industrial Group in the United Kingdom.

Under these plans, contributions are made to a separate fund (trust) which independently administers the plan assets. The Company's funding policy is to meet the minimum funding requirements pursuant to the laws and regulations of each individual country. The Company may also choose to make discretionary contributions in addition to the funding requirements. To the extent that a fund is overfunded, the Company is not required to make further contribution to the plan in respect of a minimum performance requirements so long as the fund is in surplus.

Following collective consultation with members of the United Kingdom defined benefit pension plans, these arrangements closed to future accrual on January 31, 2020. Active employees were transferred to the Company's, market competitive, defined contribution arrangement.

The benefits accrued for active members up to January 31, 2020, were not affected by the closure. The closure to future accrual also had no impact on deferred or pensioner members of the plans.

Other post-employment benefits

Other post-employment benefits consist of obligations for Italian Employee Leaving Entitlements up to December 31, 2006. The TFR scheme has since changed to a defined contribution plan. The obligation on our balance sheet represents the residual reserve for years prior to December 31, 2006 relating to the Italian employees of the Italian branch. Loyalty bonuses are accrued for employees who have reached certain service seniority and are generally settled when employees leave the Company. These plans are not required to be funded and, therefore, have no plan assets.

Provisions for employee benefits at December 31, 2022 and 2021 are as follows:

(€ thousand)	**At December 31, 2022**	At December 31, 2021
Post-employment benefits:		
Pension plans	112,808	203,856
Other	326	698
Total Post-employment benefits	113,134	204,554
Other long-term employee benefits	182	405
Total Provision for employee benefits	**113,316**	**204,959**

The item Other long-term employee benefits consists of the Company's obligation for those benefits generally payable during employment on reaching a certain level of seniority in the Company or when a specified event occurs, and reflects the probability of payment and the length of time over which this will be made.

In 2022 and in 2021 changes in Other long-term employee benefits are as follows:

(€ thousand)	At December 31, 2021	Provision	Utilization	Other changes	**At December 31, 2022**
Other long-term employee benefits	405	(1)	(65)	(157)	**182**
Total	**405**	(1)	(65)	(157)	**182**

(€ thousand)	At December 31, 2020	Provision	Utilization	Other changes	**At December 31, 2021**
Other long-term employee benefits	402	72	(78)	9	**405**
Total	**402**	**72**	**(78)**	**9**	**405**

Post-employment benefits

The amounts recognized in the statement of financial position for post-employment benefits at December 31, 2022 and 2021 are as follows:

	Pension plans		Other	
	At December 31,		At December 31,	
(€ thousand)	2022	2021	2022	2021
Present value of funded obligations	723,149	1,137,116	326	698
Less: Fair value of plan assets	(610,341)	(933,260)	—	—
Deficit/(surplus)	112,808	203,856	326	698
Net liability/(Net asset)	**112,808**	**203,856**	**326**	**698**
Amounts at year-end:				
Liabilities	112,808	203,856	326	698
Assets	—	—	—	—
Net liability	**112,808**	**203,856**	**326**	**698**

Changes in the present value of post-employment obligations in 2022 and 2021 are as follows:

	Pension plans		Other	
(€ thousand)	2022	2021	2022	2021
Present value of obligation at the beginning of the year	**1,137,116**	**1,102,264**	**698**	**660**
Current service cost	—	—	2	4
Interest expense	18,552	11,689	(1)	(2)
Other costs	28	974	—	—
Contribution by plan participants	—	—	—	—
Remeasurements:				
Actuarial losses/(gains) from changes in demographic assumptions	28	794	(3)	(2)
Actuarial losses/(gains) from changes in financial assumptions	(378,177)	(10,462)	(93)	15
Other remeasurements	36,414	(392)	50	61
Total remeasurements	(341,735)	(10,060)	(46)	74
Exchange rate differences	(45,618)	76,118	—	—
Benefits paid	(45,194)	(43,869)	(72)	(54)
Past service cost	—	—	—	—
Change in scope of consolidation	—	—	(255)	16
Present value of obligation at the end of the year	**723,149**	**1,137,116**	**326**	**698**

In 2022 and 2021 Other remeasurements mainly include the amount of experience adjustments.In 2022 and 2021 changes in the fair value of plan assets are as follows:

	Pension plans	
(€ thousand)	2022	2021
Fair value of plan assets at the beginning of the year	**933,260**	**838,269**
Interest income	15,501	8,905
Remeasurements:		
Return on plan assets	(292,464)	40,906
Actuarial gains/(losses) from changes in financial assumptions	—	—
Total remeasurements	**(292,464)**	**40,906**
Exchange rate differences	(38,115)	59,427
Contribution by employer	37,353	29,622
Contribution by plan participants	—	—
Benefits paid	(45,194)	(43,869)
Fair value of plan assets at the end of the year	**610,341**	**933,260**

Net benefit cost/(income) recognized during 2022 and 2021 is as follows:

	Pension plans		Other	
(€ thousand)	**2022**	2021	**2022**	2021
Service cost:				
Current service cost	—	0	2	4
Past service cost and (gain)/loss from curtailments and settlements	—	0	—	—
Total Service cost	—	0	2	4
Net interest expense	3,051	2,784	(1)	(2)
Other costs	28	974	—	—
Net benefit cost/(income) recognized to profit or loss	**3,079**	**3,758**	**1**	**2**
Remeasurements:				
Return on plan assets	292,464	(40,906)	—	—
Actuarial losses/(gains) from changes in demographic assumptions	27	794	(4)	(1)
Actuarial losses/(gains) from changes in financial assumptions	(378,176)	(10,462)	(93)	14
Other remeasurements	36,414	(392)	50	61
Total remeasurements	(49,271)	(50,966)	(47)	74
Exchange rate differences	(7,504)	16,691	—	—
Net benefit cost/(income) recognized to other comprehensive income	**(56,775)**	**(34,275)**	**(46)**	**74**
Total net benefit cost/(income) recognized during the year	**(53,696)**	**(30,517)**	**(45)**	**76**

The weighted average durations of post-employment benefits are as follows:

	N° of years
Pension plans	12
Other	6

Assumptions

Post-employment benefits and Other long-term employee benefits are calculated on the basis of the following main assumptions:

	Assumptions used to determine funded status at year-end			
	At December 31, 2022		At December 31, 2021	
(in %)	**Pension plans**	**Other**	Pension plans	Other
Weighted-average discount rates	4.80	3.59	1.85	0.72
Weighted-average rate of compensation increase	N/A	2.16	N/A	1.56

	Assumptions used to determine expense at year-end			
	At December 31, 2022		At December 31, 2021	
(in %)	**Pension plans**	**Other**	Pension plans	Other
Weighted-average discount rates	1.85	0.72	1.30	0.24
Weighted-average rate of compensation increase	N/A	1.56	N/A	1.26

Assumed discount rates are used in measurements of pension and other post-employment benefit obligations and net interest on the net defined benefit liability/asset. CNH Industrial selects its assumed discount rates based on the consideration of equivalent yields on high-quality fixed income investments at the measurement date. The discount rates are based on a benefit cash flow-matching approach and represent the rates at which the benefit obligations could effectively be settled as of the measurement date, December 31. The benefit cash flow-matching approach involves analyzing the CNH Industrial's projected cash flows against a high-quality bond yield curve, mainly calculated using a wide population of AA-yield corporate bonds subject to minimum amounts outstanding and meeting other defined selection criteria. The discount rates for CNH Industrial's remaining obligations are based on benchmark yield data of high-quality fixed income investments for which the timing and amounts of payments approximate the timing and amounts of projected benefit payments.

Assumed discount rates have a significant effect on the amount recognized in the 2022 financial statements. A one percentage point change in assumed discount rates would have the following effects:

(€ thousand)	One percentage point increase	One percentage point decrease
Effect on pension plans defined benefit obligation at December 31, 2022	(78,000)	95,000

Plan assets

The investment strategy varies depending on the circumstances of the underlying plan. Typically, less mature plan benefit obligations are funded by using more equity securities as they are expected to achieve long-term growth while exceeding the rate of inflation. More mature plan benefit obligations are funded using more fixed income securities as they are expected to produce current income with limited volatility. Risk management practices include the use of multiple asset classes and investment managers within each asset class for diversification purposes. Specific guidelines for each asset class and investment manager are implemented and monitored.

Plan assets do not include treasury shares of CNH Industrial N.V. or properties occupied by it. The fair value of the plan assets at December 31, 2022 may be disaggregated by asset class and level as follows. Fair value levels presented below are described in the "Significant accounting policies – Fair value measurement" section of the Notes to the Consolidated Financial Statements.

	At December 31, 2022			
	Pension plans			
(€ thousand)	Level 1	Level 2	Level 3	Total
Other types of investments:				
Mutual funds[(1)]	—	605,000	—	605,000
Total other types of investments	**—**	**605,000**	**—**	**605,000**
Cash and cash equivalents	5,000	—	—	5,000
Total	**5,000**	**605,000**	**—**	**610,000**

(1) This category includes mutual funds which primarily invest in non-U.S. equities and non-U.S. corporate bonds.

The fair value of the plan assets at December 31, 2021 may be disaggregated by asset class and level as follows.

	At December 31, 2021			
	Pension plans			
(€ thousand)	Level 1	Level 2	Level 3	Total
Other types of investments:				
Mutual funds[(1)]	—	922,000	—	922,000
Total other types of investments	—	922,000	—	922,000
Cash and cash equivalents	11,000	—	—	11,000
Total	**11,000**	**922,000**	**—**	**933,000**

(1) This category includes mutual funds which primarily invest in non-U.S. equities and non-U.S. corporate bonds.

Fair value levels presented in the tables above are described in the "Significant accounting policies – Fair value measurement" section of the Notes to the Consolidated Financial Statements.

Contribution

CNH Industrial expects to contribute approximately €24.4 million to its pension plans in 2023.

The best estimate of expected benefit payments in 2023 and in the following ten years is as follows:

	Expected benefit payments						
(€ thousand)	2023	2024	2025	2026	2027	2028 to 2033	Total
Post-employment benefits:							
Pension plans	40,716	41,292	42,470	43,504	45,107	236,072	**449,161**
Other	86	21	14	122	9	62	**314**
Total Post-employment benefits	**40,802**	**41,313**	**42,484**	**43,626**	**45,116**	**236,134**	**449,475**
Other long-term employee benefits	15	16	1	55	43	85	**215**
Total	**40,817**	**41,329**	**42,485**	**43,681**	**45,159**	**236,219**	**449,690**

Potential outflows in the years after 2023 are subject to a number of uncertainties, including future asset performance and changes in assumptions.

21. Other provisions

Changes in Other provisions are as follows:

(€ thousand)	At December 31, 2021	Charged to profit and loss	Utilization	Other movements	At December 31, 2022
Warranty and incentives	81,985	115,470	(108,386)	6	**89,075**
Restructuring provision	—	528	(524)	—	**4**
Modification and campaign	1,906	4,306	(1,383)	(937)	**3,892**
Other provisions	41,560	30,110	(15,498)	(2,832)	**53,340**
Total Other provisions	**125,451**	**150,414**	**(125,791)**	**(3,763)**	**146,311**

The item Other provisions consists of the best estimate at the balance sheet date of short-term employee benefits payable by the Company within twelve months from the end of the period in which the employees render the related service, and in addition it includes the amounts set up by the Company in connection with other risks and other charges.

22. Non-current debt

(€ thousand)	At December 31, 2022	At December 31, 2021	Change
Bonds	431,555	973,639	(542,084)
Financial guarantees	32,218	42,946	(10,728)
Lease liabilities	9,529	10,393	(864)
Total Non-current debt	**473,302**	**1,026,978**	**(553,676)**

At December 31, 2022, Non-current debt totaled €473,302 thousand and consisted mainly of a Bond with the following features:

- $500 million at an interest rate of 3.85%, due on November 15, 2027, issued by the Company in November 2017. The outstanding amount at year end is $500 million. The bond is valued using the amortized cost, for a corresponding amount of €431,555 thousand at December 31, 2022 (€435,008 thousand at December 31, 2021). At December 31, 2022, the fair value of the bond is €441,493 thousand (€441,462 thousand at December 31, 2021).

The reduction of the Bonds in respect of prior year is due to the fact that the Bond of $600 million at an interest rate of 4.50%, due on August 15, 2023 and issued by the Company in August 2016 was reclassified to Current financial liabilities. The outstanding amount at year end was $600 million.
The Bond is classified as a Level 1 fair value measurement. Their fair value has been estimated making reference to quoted prices in active markets.

The bonds issued by the Company contain commitments of the issuer which are typical of international practice for bonds issues of this type such as, in particular, negative pledge (in relation to quoted indebtedness), a status (or pari passu) and cross default clauses. A breach of these commitments can lead to the early repayment of the issued notes. In addition, the bonds contain clauses which could lead to early repayment if there is a change of control of CNH Industrial N.V. leading to a rating downgrading. At December 31, 2022 there were no breaches of such commitments.

The Company intends to repay the issued bonds in cash at the due date by utilizing available liquid resources. In addition, it can buy back its issued bonds. Such buy backs, if made, depend upon market conditions, the financial situation of the Group and other factors which could affect such decisions.

At December 31, 2022, Non-current debt included also the item financial guarantees for €32,218 thousand (€42,946 thousand in 2021) that represent the fair value of liabilities assumed in relation to guarantees issued by the Company. Following an assessment of potential risks requiring recognition of contingent liabilities and given that those liabilities essentially related to guarantees issued in favor of third parties in the interest of Group companies, mainly for bonds issued from Group companies and loans granted to Group companies, the present value of fees receivable (see Note 12 "Other financial assets") is considered the best estimate of the fair value of those guarantees.

At December 31, 2022 liabilities from leases amounted to €9,259 thousand, (€10,393 thousand at December 31, 2021), of which €3,805 thousand (€2,851 thousand at December 31, 2021) due within one year, and the remaining part of €5,724 thousand (€7,542 thousand at December 31, 2020) is due between one and five years.

At December 31, 2022, €4,695 thousand (€3,238 thousand at December 31, 2021) for the principal portion of lease liabilities and €271 thousand (€158 thousand at December 31, 2021) for interest expenses related to lease liabilities were paid.

The following table sets out a maturity analysis of undiscounted lease liabilities at December 31, 2022:

(€ thousand)	At December 31, 2022	At December 31, 2021
Less than one year	4,251	2,965
One to two years	1,997	2,415
Two to three years	1,682	1,883
Three to four years	1,519	1,831
Four to five years	687	1,751
More than five years	628	—
Total undiscounted lease payments	**10,764**	**10,845**
Less: Interest	(1,235)	(452)
Total Lease liabilities	**9,529**	**10,393**

At December 31, 2022, the weighted average remaining lease term (calculated on the basis of the remaining lease term and the lease liability balance for each lease) and the weighted average discount rate for leases were 4 years and 3.3%, respectively (4 years and 2.3%, respectively, at December 31, 2021).

23. Trade payables

At December 31, 2022, trade payables totaled €466,092 thousand, representing a net increase of €91,615 thousand compared to December 31, 2021, and consisted of the following:

(€ thousand)	At December 31, 2022	At December 31, 2021	Change
Trade payables to third parties	245,513	200,109	45,404
Trade payables to other related parties	234	779	(545)
Intercompany trade payables	220,345	173,589	46,756
Total Trade payables	**466,092**	**374,477**	**91,615**

Trade payables include payables for goods and services.

Trade payables are due within one year and their carrying amount at the reporting date is deemed to approximate their fair value.

24. Current financial liabilities

At December 31, 2022, current financial liabilities totaled €7,170,155 thousand, a €739,880 thousand decrease over December 31, 2021, and related to:

(€ thousand)	At December 31, 2022	At December 31, 2021	Change
Current account with CNH Industrial Finance S.p.A.	551,230	2,164,509	(1,613,279)
Current account with CNH Industrial Finance Europe S.A.	5,994,807	5,730,630	264,177
Accrued interest expense	13,564	6,962	6,602
Liability from derivative financial instruments	42,212	7,934	34,278
Bonds	568,342	—	568,342
Total Current financial liabilities	**7,170,155**	**7,910,035**	**(739,880)**

The short term financial payables to CNH Industrial Finance Europe S.A. relate to an unsecured uncommitted revolving credit facility agreement with CNH Industrial Finance Europe S.A., where the latter has made available to CNH Industrial N.V. an uncommitted facility in a maximum aggregate amount of €6.5 billion.

The short term financial payables to CNH Industrial Finance S.p.A. and CNH Industrial Finance Europe S.A. bear floating interest at market rate. Such credit facilities are unsecured.

Pursuant to the Demerger of the Iveco Group Business, carried out on January 1, 2022, the Company transferred €1,568,000 thousand of its current financial liabilities with CNH Industrial Finance S.p.A. to Iveco Group N.V. (see Note 18).
The carrying amount of those liabilities is deemed to be in line with their fair value.

The Bond of $600 million with a fix interest rate of 4.50%, due on August 15, 2023, was issued by the Company in August 2016. The outstanding amount at year end is $600 million. The bond is valued using the amortized cost, for a corresponding amount of €568,342 thousand at December 31, 2022 (€538,630 thousand at December 31, 2021). At December 31, 2022, the fair value of the bond is €559,492 thousand (€556,936 thousand at December 31, 2021).

At December 31, 2021 this Bond was included under Non-current debt whereas this year it has been reclassified due to the forthcoming maturity date.

The Bond is classified as a Level 1 fair value measurement. Their fair value has been estimated making reference to quoted prices in active markets.

The bonds issued by the Company contain commitments of the issuer which are typical of international practice for bonds issues of this type such as, in particular, negative pledge (in relation to quoted indebtedness), a status (or pari passu) and cross default clauses. A breach of these commitments can lead to the early repayment of the issued notes. In addition, the bonds contain clauses which could lead to early repayment if there is a change of control of CNH Industrial N.V. leading to a rating downgrading. At December 31, 2022 there were no breaches of such commitments.

The Company intends to repay the issued bonds in cash at the due date by utilizing available liquid resources. In addition, it can buy back its issued bonds. Such buy backs, if made, depend upon market conditions, the financial situation of the Group and other factors which could affect such decisions.

Liability from derivative financial instruments consist of derivative financial instruments measured at fair value at the balance sheet date.

Derivative instruments are classified as Level 2 in the fair value hierarchy.

CNH Industrial utilizes derivative instruments to mitigate its exposure to interest rate and foreign currency fluctuations. Derivatives used as hedges are effective at reducing the risk associated with the exposure being hedged and are designated as a hedge at the inception of the derivative contract.

25. Other debt

At December 31, 2022, other debt totaled €97,546 thousand, a net decrease of €71,298 thousand over December 31, 2021, and included the following:

(€ thousand)	**At December 31, 2022**	At December 31, 2021	Change
Other debt:			
- Intercompany debt:			
- Consolidated Italian corporate tax	—	43,776	(43,776)
- Consolidated VAT	—	—	—
- Other	—	12	(12)
Total intercompany debt	**—**	**43,788**	(43,788)
Current amounts payable to employees, social security, directors	33,028	12,852	20,176
Taxes payable-indirect tax	26,366	29,501	(3,135)
Accrued expenses	29,665	74,161	(44,496)
Other	8,487	8,542	(55)
Total Other debt	**97,546**	**168,844**	(71,298)

Intercompany debt for consolidated Italian corporate tax was nil as December 31. 2022 (€43,776 thousand at December 31, 2021). It consisted of compensation payable for tax losses and Italian corporate tax credits contributed by Italian subsidiaries participating in the domestic tax consolidation program, in relation to which CNH Industrial N.V. is the consolidating entity. The reduction of the debt is a consequence of the Iveco Group demerger completed on January 1, 2022, that resulted in the exit from the tax consolidation program of a number of legal entities (former subsidiaries), which used to contribute the tax losses.

Following Brexit, the Italian VAT tax consolidation scheme was discontinued starting from January 1, 2020 and, as a result, the Group's subsidiaries directly manage relations with the Italian Tax Authority, thereby significantly reducing relations with the parent company. Hence the reduction in intercompany VAT receivables and payables.

At December 31, 2022, Taxes payable-indirect tax consisted of VAT payable due in the U.K..

Other debt and taxes payable are all due within one year and their carrying amount is deemed to approximate their fair value.

26. Guarantees, commitments and contingent liabilities

Guarantees issued

At December 31, 2022, Guarantees issued totaled €3,845,048 thousand, decreasing by €168,835 thousand over December 31, 2021, considering only the guarantees issued in favour of third parties and in the interest of Group companies that belonged to the CNH Industrial Group after the demerger.

At December 31, 2021, total Guarantees issued, including those issued in the interest of the Companies that were demerged on January 1, 2022, totaled €4,174,336 thousand.

The guarantees were made up as follows:

- €3,568,548 thousand for nine bonds issued from CNH Industrial Finance Europe SA under the Euro Medium Term Notes Programme (and the notes issued under its predecessor, the Global Medium Term Notes Programme) due between 2023 and 2039;
- €106,605 thousand for credit lines granted from different banks primarily to CNH Industrial America LLC and CNH Industrial Italia S.p.A;
- €81,234 thousand for sundry guarantees (including property lease guarantees) primarily in the interest of CNH Industrial America LLC and CNH Industrial Canada Ltd;
- €88,661 thousand for payment obligations related to excess VAT credits of the direct and indirect subsidiaries of CNH Industrial N.V..

At December 31, 2022, there were no guarantees outstanding issued in the interest of entities other than subsidiaries of the Company.

Support Agreement in the interest of CNH Industrial Capital LLC (Financial Services)

CNH Industrial Capital LLC benefits from a support agreement issued by CNH Industrial N.V., pursuant to which CNH Industrial N.V. agrees to, among other things, (a) make cash capital contributions to CNH Industrial Capital LLC, to the extent necessary to cause its ratio of net earnings available for fixed charges to fixed charges to be not less than 1.05:1.0 for each fiscal quarter (with such ratio determined, on a consolidated basis and in accordance with U.S. GAAP, for such fiscal quarter and the immediately preceding three fiscal quarters taken as a whole), (b) generally maintain an ownership of at least 51% of the voting equity interests in CNH Industrial Capital LLC and (c) cause CNH Industrial Capital LLC to have, as of the end of any fiscal quarter, a consolidated tangible net worth of at least $50 million. The support agreement is not intended to be, and is not, a guarantee by CNH Industrial N.V. of the indebtedness or other obligations of CNH Industrial Capital LLC. The obligations of CNH Industrial N.V. to CNH Industrial Capital LLC pursuant to this support agreement are to the company only and do not run to, and are not enforceable directly by, any creditor of CNH Industrial Capital LLC, including holders of the CNH Industrial Capital LLC's notes or the trustee under the indenture governing the notes. The support agreement may be modified, amended or terminated, at CNH Industrial N.V.'s election, upon thirty days' prior written notice to CNH Industrial Capital LLC and the rating agencies of CNH Industrial Capital LLC, if (a) the modification, amendment or termination would not result in a downgrade of CNH Industrial Capital LLC rated indebtedness; (b) the modification, amendment or notice of termination provides that the support agreement will continue in effect with respect to the company's rated indebtedness then outstanding; or (c) CNH Industrial Capital LLC has no long-term rated indebtedness outstanding.

A Support Agreement was issued in 2019 in the interest of CNH Industrial Capital Australia Pty. Limited, the content of which is in line with the support agreement issued in the interest of CNH Industrial Capital LLC.

For more information on our outstanding indebtedness, see Note 24 "Debt" to our Consolidated Financial Statements.

Other contingencies

Other contingencies are described in Note 27 "Commitments and contingencies" of the Consolidated Financial Statements.

27. Audit fees

The following table reports fees paid to the independent auditor Ernst & Young or entities in their network for audit and other services to the Group.

(€ thousand)	2022	2021
Audit fees of the consolidated and company financial statements	7,611	10,495
Other audit services	1,555	5,038
Total Audit fees	**9,166**	**15,533**

Total Audit fees of €9,166 thousand also included audit of Ernst & Young Accountants LLP of €103 thousand (€146 thousand in 2021) for CNH Industrial N.V. During the current year Ernst & Young Accountants LLP did not perform other audit procedures relating to the issuance of comfort letters at bond offerings (€5 thousand in 2021).

The comparative figures of last year included the Audit fees related to the CNH Industrial Group companies before the demerger occurred on January 1, 2022.

Under the laws and regulations of the Netherlands, the Ernst & Young Entities audit tenure will conclude upon the completion of their 2022 financial year audits due to mandatory audit firm rotation rules. At the April 13, 2022 Annual General Meeting of the Shareholders, Deloitte Accountants B.V., was appointed the Company's independent auditor for the 2023 financial year.

28. Board remuneration

Detailed information on Board of Directors compensation, including their shares and share options, is included in the Remuneration Report section as included in the Board Report of this Annual Report.

29. Subsequent events

CNH Industrial has evaluated subsequent events through February 28, 2023, which is the date the financial statements were authorized for issuance, and determined that there were no such events requiring recognition or disclosure in the financial statements.

February 28, 2023

The Board of Directors

Suzanne Heywood

Scott W. Wine

Léo W. Houle

Catia Bastioli

Howard W. Buffett

Karen Linehan

Alessandro Nasi

Vagn Sørensen

Åsa Tamsons

OTHER INFORMATION

Independent Auditor's Report

The report of the Company's independent auditor, Ernst & Young Accountants LLP, The Netherlands is set forth following this Annual Report.

Appropriation of the result of the year

Subject to the adoption of the Annual Financial Statements by the Annual General Meeting of shareholders and after the allocation of the relevant amount to the special voting shares dividend reserve in accordance with article 22, paragraph 4, of the Articles of Association, any profits remaining shall be allocated to the Retained earnings and be at the disposal of the general meeting of shareholders for distribution of dividend on the outstanding common shares only, based on the recommendations and proposal of the Board of Directors and subject to the provision of the Article 22, paragraph 8, of the Articles of Association.

Dividends under Articles of Association provisions

Dividends will be determined in accordance with the articles 22 of the Articles of Association of CNH Industrial N.V. The relevant provisions of the Articles of Association read as follows:

1. The Company shall maintain a special capital reserve to be credited against the share premium exclusively for the purpose of facilitating any issuance or cancellation of special voting shares. The special voting shares shall not carry any entitlement to the balance of the special capital reserve. The Board of Directors shall be authorized to resolve upon (i) any distribution out of the special capital reserve to pay up special voting shares or (ii) re-allocation of amounts to credit or debit the special capital reserve against or in favour of the share premium reserve.
2. The Company shall maintain a separate dividend reserve for the special voting shares. The special voting shares shall not carry any entitlement to any other reserve of the Company. Any distribution out of the special voting shares dividend reserve or the partial or full release of such reserve will require a prior proposal from the Board of Directors and a subsequent resolution of the general meeting of holders of special voting shares.
3. From the profits, shown in the annual accounts, as adopted, such amounts shall be reserved as the Board of Directors may determine.
4. The profits remaining thereafter shall first be applied to allocate and add to the special voting shares dividend reserve an amount equal to one percent (1%) of the aggregate nominal amount of all outstanding special voting shares. The calculation of the amount to be allocated and added to the special voting shares dividend reserve shall occur on a time-proportionate basis. If special voting shares are issued during the financial year to which the allocation and addition pertains, then the amount to be allocated and added to the special voting shares dividend reserve in respect of these newly issued special voting shares shall be calculated as from the date on which such special voting shares were issued until the last day of the financial year concerned. The special voting shares shall not carry any other entitlement to the profits.
5. Any profits remaining thereafter shall be at the disposal of the general meeting of shareholders for distribution of dividend on the common shares only, subject to the provision of paragraph 8 of this article.
6. Subject to a prior proposal of the Board of Directors, the general meeting of shareholders may declare and pay dividends in U.S. dollars. Furthermore, subject to the approval of the general meeting of shareholders and the Board of Directors having been designated as the body competent to pass a resolution for the issuance of shares in accordance with Article 5 of the Articles of Association, the Board of Directors may decide that a distribution shall be made in the form of shares or that shareholders shall be given the option to receive a distribution either in cash or in the form of shares.
7. The Company shall only have power to make distributions to shareholders and other persons entitled to distributable profits to the extent the Company's equity exceeds the sum of the paid-up portion of the share capital and the reserves that must be maintained in accordance with provision of law. No distribution of profits may be made to the Company itself for shares that the Company holds in its own share capital.
8. The distribution of profits shall be made after the adoption of the annual accounts, from which it appears that the same is permitted.
9. The Board of Directors shall have power to declare one or more interim dividends, provided that the requirements of paragraph 5 hereof are duly observed as evidenced by an interim statement of assets and liabilities as referred to in Article 2:105 paragraph 4 of the Dutch Civil Code and provided further that the

policy of the Company on additions to reserves and dividends is duly observed. The provisions of paragraphs 2 and 3 hereof shall apply mutatis mutandis.

10. The Board of Directors may determine that dividends or interim dividends, as the case may be, shall be paid, in whole or in part, from the Company's share premium reserve or from any other reserve, provided that payments from reserves may only be made to the shareholders that are entitled to the relevant reserve upon the dissolution of the Company.
11. Dividends and other distributions of profit shall be made payable in the manner and at such date(s) - within four weeks after declaration thereof - and notice thereof shall be given, as the general meeting of shareholders, or in the case of interim dividends, the Board of Directors shall determine, provided, however, that the Board of Directors shall have the right to determine that each payment of annual dividends in respect of shares be deferred for a period not exceeding five consecutive annual periods.
12. Dividends and other distributions of profit, which have not been collected within five years and one day after the same have become payable, shall become the property of the Company.

APPENDIX - CNH INDUSTRIAL GROUP AT DECEMBER 31, 2022

Name	Registered Office	Country	Share capital	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Controlling company								
Parent Company								
CNH Industrial N.V.	Amsterdam	Netherlands	17,608,745	EUR	—	—	—	—
Subsidiaries consolidated on a line-by-line basis								
AgDNA Pty Ltd.	St. Marys	Australia	2,175,120	AUD	100.00	CNH Industrial N.V.	100.000	
AgDNA Technologies	Carson City	U.S.A.	120	USD	100.00	AgDNA Pty Ltd.	100.000	
AgDNA Technologies Pty Ltd.	St. Marys	Australia	2	AUD	100.00	AgDNA Pty Ltd.	100.000	
ATI, Inc.	Mt. Vernon	U.S.A.	NaN	USD	100.00	CNH Industrial America LLC	100.000	
Banco CNH Industrial Capital S.A.	Curitiba	Brazil	1,339,779,485	BRL	100.00	New Holland Ltd	99.329	
						CNH Industrial Brasil Ltda.	0.671	
BLI Group, Inc.	Wilmington	U.S.A.	1,000	USD	100.00	CNH Industrial America LLC	100.000	
Blue Leaf I.P. Inc.	Wilmington	U.S.A.	1,000	USD	100.00	BLI Group, Inc.	100.000	
Blue Leaf Insurance Company	Colchester	U.S.A.	250,000	USD	100.00	CNH Industrial America LLC	100.000	
Case Baumaschinen AG	Kloten	Switzerland	4,000,000	CHF	100.00	CNH Industrial N.V.	100.000	
Case Canada Receivables, Inc.	Calgary	Canada	1	CAD	100.00	CNH Industrial Capital America LLC	100.000	
Case Credit Holdings Limited	Wilmington	U.S.A.	5	USD	100.00	CNH Industrial Capital America LLC	100.000	
Case Dealer Holding Company LLC	Wilmington	U.S.A.	1	USD	100.00	CNH Industrial America LLC	100.000	
Case Equipment Holdings Limited	Wilmington	U.S.A.	5	USD	100.00	CNH Industrial America LLC	100.000	
Case France NSO	Morigny-Champigny	France	7,622	EUR	100.00	CNH Industrial France	100.000	
Case New Holland Construction Equipment (India) Private Limited	New Delhi	India	240,100,000	INR	100.00	CNH Industrial (India) Private Limited	50.000	
						CNH Industrial America LLC	50.000	
Case New Holland Industrial Inc.	Wilmington	U.S.A.	55	USD	100.00	CNH Industrial U.S. Holdings Inc.	100.000	
Case New Holland Insurance Agency, LLC	Racine	U.S.A	NaN	USD	100.00	CNH Industrial Capital America LLC	100.000	
Case United Kingdom Limited	Basildon	United Kingdom	3,763,618	GBP	100.00	CNH Industrial America LLC	100.000	
CNH (China) Management Co., Ltd.	Shanghai	People's Rep.of China	207,344,542	USD	100.00	CNH Industrial N.V.	100.000	
CNH ARGENTINA S.A.	Buenos Aires	Argentina	8,147,618,291	ARS	100.00	CNH Industrial Brasil Ltda.	94.982	
						CNHI COMERCIO DE PEÇAS LTDA	5.018	
CNH Capital Finance LLC	Wilmington	U.S.A.	5,000	USD	100.00	Case Credit Holdings Limited	100.000	
CNH Capital Operating Lease Equipment Receivables LLC	Wilmington	U.S.A.	1,000	USD	100.00	CNH Industrial Capital America LLC	100.000	
CNH Capital Receivables LLC	Wilmington	U.S.A.	—	USD	100.00	CNH Industrial Capital America LLC	100.000	
CNH Componentes, S.A. de C.V.	Queretaro	Mexico	135,634,842	MXN	100.00	CNH Industrial America LLC	100.000	
CNH Industrial (Harbin) Machinery Co. Ltd.	Harbin	People's Rep.of China	195,000,000	USD	100.00	CNH Industrial Asian Holding Limited N.V.	100.000	
CNH Industrial (India) Private Limited	New Delhi	India	12,416,900,200	INR	100.00	CNH Industrial Asian Holding Limited N.V.	100.000	
CNH Industrial (Thailand) Ltd.	Samut Prakarn	Thailand	354,500,000	THB	100.00	CNH Industrial N.V.	100.000	
CNH Industrial AG and CE (PTY) LTD.	Isando	South Africa	185,455,900	ZAR	100.00	CNH Industrial N.V.	100.000	
CNH Industrial America LLC	Wilmington	U.S.A.	—	USD	100.00	Case New Holland Industrial Inc.	100.000	
CNH Industrial Asian Holding Limited N.V.	Zedelgem	Belgium	167,250,000	EUR	100.00	CNH Industrial N.V.	100.000	
CNH Industrial Australia Pty Limited	St. Marys	Australia	293,408,692	AUD	100.00	CNH Industrial N.V.	100.000	

Name	Registered Office	Country	Share capital	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
CNH Industrial Baumaschinen GmbH	Heilbronn	Germany	61,355,030	EUR	100.00	CNH Industrial N.V.	100.000	
CNH Industrial Belgium	Zedelgem	Belgium	106,081,158	EUR	100.00	CNH Industrial N.V.	100.000	
CNH Industrial Brasil Ltda.	Nova Lima	Brazil	3,512,501,440	BRL	100.00	New Holland Ltd	100.000	
CNH Industrial Canada, Ltd.	Toronto	Canada	28,000,100	CAD	100.00	CNH Industrial N.V.	100.000	
CNH Industrial Capital (India) Private Limited	New Delhi	India	3,972,000,000	INR	100.00	CNH Industrial (India) Private Limited	100.000	
CNH Industrial Capital (Shanghai) Commercial Factoring Co. Ltd.	Shanghai	People's Rep.of China	20,000,000	USD	100.00	CNH Industrial Capital Australia Pty Limited	100.000	
CNH Industrial Capital America LLC	Wilmington	U.S.A.	1,000	USD	100.00	CNH Industrial Capital LLC	100.000	
CNH INDUSTRIAL CAPITAL ARGENTINA S.A.	Buenos Aires	Argentina	1,003,782,818	ARS	100.00	CNH Industrial N.V.	79.790	
						CNH ARGENTINA S.A.	20.210	
CNH Industrial Capital Australia Pty Limited	St. Marys	Australia	70,675,693	AUD	100.00	CNH Industrial Australia Pty Limited	100.000	
CNH Industrial Capital Canada Ltd.	Calgary	Canada	5,435,350	CAD	100.00	Case Credit Holdings Limited	100.000	
CNH Industrial Capital Corretora de Seguros Administração e Serviços Ltda.	Curitiba	Brazil	100,000	BRL	100.00	CNHI COMERCIO DE PEÇAS LTDA	99.990	
						CNH Industrial Brasil Ltda.	0.010	
CNH Industrial Capital LLC	Wilmington	U.S.A.	—	USD	100.00	CNH Industrial America LLC	100.000	
CNH Industrial Capital Russia LLC	Moscow	Russia	640,740,000	RUR	100.00	CNH Industrial N.V.	100.000	
CNH Industrial Capital Solutions S.p.A.	Turin	Italy	53,031,539	EUR	100.00	CNH Industrial N.V.	100.000	
CNH Industrial Capital South America SpA	Las Condes	Chile	5,000,000	USD	100.00	New Holland Ltd	100.000	
CNH Industrial Denmark A/S	Albertslund	Denmark	12,000,000	DKK	100.00	CNH Industrial N.V.	100.000	
CNH Industrial Deutschland GmbH	Heilbronn	Germany	18,457,650	EUR	100.00	CNH Industrial Baumaschinen GmbH	90.000	
						CNH Industrial N.V.	10.000	
CNH Industrial Exports Inc.	Wilmington	U.S.A.	3,000	USD	100.00	CNH Industrial N.V.	100.000	
CNH Industrial Finance Europe S.A.	Luxembourg	Luxembourg	50,000,000	EUR	100.00	CNH Industrial N.V.	60.000	
						CNH Industrial Finance S.p.A.	40.000	
CNH Industrial Finance North America, Inc.	Wilmington	U.S.A.	25,000,000	USD	100.00	CNH Industrial N.V.	100.000	
CNH Industrial Finance S.p.A.	Turin	Italy	100,000,000	EUR	100.00	CNH Industrial N.V.	100.000	
CNH Industrial France	Morigny-Champigny	France	52,965,450	EUR	100.00	CNH Industrial N.V.	100.000	
CNH Industrial Italia s.p.a.	Turin	Italy	56,225,000	EUR	100.00	CNH Industrial N.V.	100.000	
CNH Industrial Kutno sp. z o.o.	Kutno	Poland	5,000	PLN	100.00	CNH Industrial Polska Sp. z o.o.	100.000	
CNH Industrial Maquinaria Spain S.A.	Madrid	Spain	21,000,000	EUR	100.00	CNH Industrial N.V.	100.000	
CNH Industrial New Zealand Limited	Auckland	New Zealand	28,952,002	NZD	100.00	CNH Industrial Australia Pty Limited	100.000	
CNH Industrial OLDCO Capital Limited	Basildon	United Kingdom	2,480	EUR	100.00	CNH Industrial N.V.	100.000	
CNH Industrial Osterreich GmbH	St. Valentin	Austria	2,000,000	EUR	100.00	CNH Industrial N.V.	100.000	
CNH Industrial Polska Sp. z o.o.	Plock	Poland	162,591,660	PLN	100.00	CNH Industrial Belgium	100.000	
CNH Industrial Portugal-Comercio de Tractores e Maquinas Agricolas Ltda	Castanheira do Ribatejo	Portugal	498,798	EUR	100.00	CNH Industrial N.V.	99.980	
						CNH Industrial Italia S.p.A.	0.020	
CNH Industrial Russia LLC	Naberezhnye Chenly	Russia	608,754,200	RUR	100.00	CNH Industrial Osterreich GmbH	99.000	
						CNH Industrial N.V.	1.000	
CNH Industrial Sales and services GmbH	Berlin	Germany	25,000	EUR	100.00	CNH Industrial Baumaschinen GmbH	100.000	
CNH Industrial Services (Thailand) Limited	Bangkok	Thailand	10,000,000	THB	100.00	CNH Industrial Services S.r.l.	99.997	
						CNH Industrial Asian Holding Limited N.V.	0.002	

Name	Registered Office	Country	Share capital	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
CNH Industrial Services S.r.l.	Modena	Italy	10,400	EUR	100.00	CNH Industrial Italia s.p.a.	100.000	
CNH Industrial Sweden AB	Överum	Sweden	11,000,000	SEK	100.00	CNH Industrial N.V.	100.000	
CNH Industrial Technology Services (India) Private Limited	New Delhi	India	70,000,000	INR	100.00	CNH Industrial (India) Private Limited	100.000	
CNH Industrial U.S. Holdings Inc.	Wilmington	U.S.A.	1,000	USD	100.00	CNH Industrial N.V.	100.000	
CNH Industrial UK Limited	London	United Kingdom	200	USD	100.00	CNH Industrial N.V.	100.000	
CNH Reman LLC	Wilmington	U.S.A.	4,000,000	USD	50.00	CNH Industrial America LLC	50.000	
CNH U.K. Limited	Basildon	United Kingdom	25,275	GBP	100.00	New Holland Holding Limited	100.000	
CNH Wholesale Receivables LLC	Wilmington	U.S.A.	1,000	USD	100.00	CNH Industrial Capital America LLC	100.000	
CNHI COMERCIO DE PEÇAS LTDA	Nova Lima	Brazil	1,626,298	BRL	100.00	CNH Industrial Brasil Ltda.	100.000	
CNHI International SA	Paradiso	Switzerland	100,000	CHF	100.00	CNH Industrial N.V.	100.000	
Dot Technology Corp.	Toronto	Canada	12,558,870	CAD	100.00	Raven Industries Canada, Inc.	100.000	
Fiatallis North America LLC	Wilmington	U.S.A.	32	USD	100.00	CNH Industrial America LLC	100.000	
Flagship Dealer Holding Company, LLC	Wilmington	U.S.A.	1	USD	100.00	CNH Industrial America LLC	100.000	
Flexi-Coil (U.K.) Limited	Basildon	United Kingdom	3,291,776	GBP	100.00	CNH Industrial Canada, Ltd.	100.000	
HFI Holdings, Inc.	Wilmington	U.S.A.	1,000	USD	100.00	CNH Industrial America LLC	100.000	
LLC "CNH Industrial Financial Services Russia"	Moscow	Russia	50,000,000	RUR	100.00	CNH Industrial N.V.	100.000	
LLC “CNH Industrial Ukraine”	Kiev	Ukraine	30,000,000	UAH	100.00	CNH Industrial N.V.	100.000	
New Holland Credit Company, LLC	Wilmington	U.S.A.	—	USD	100.00	CNH Industrial Capital LLC	100.000	
New Holland Holding Limited	Basildon	United Kingdom	33,601	GBP	100.00	CNH Industrial N.V.	100.000	
New Holland Ltd	Basildon	United Kingdom	944,341,125	GBP	100.00	CNH Industrial N.V.	100.000	
New Holland Tractor Ltd.	Basildon	United Kingdom	184,100	GBP	100.00	New Holland Holding Limited	100.000	
O & K - Hilfe GmbH	Heilbronn	Germany	25,565	EUR	100.00	CNH Industrial Baumaschinen GmbH	100.000	
Raven Applied Technologies, LLC	Pierre	U.S.A.	1	USD	100.00	Raven Industries, Inc.	100.000	
Raven do Brazil Participacoes E Servicos Technicos LTDA	São Paulo	Brazil	53,360,425	BRL	100.00	Raven Applied Technologies, LLC	100.000	
Raven Europe, B.V.	Middenmeer	Netherlands	808,481	EUR	100.00	Raven International Holding Company B.V.	100.000	
Raven Industries Australia PTY Ltd.	Melbourne	Australia	NaN	AUD	100.00	Raven Applied Technologies, LLC	100.000	
Raven Industries Canada, Inc.	Nova Scotia	Canada	130,000	CAD	100.00	Raven International Holding Company B.V.	100.000	
Raven Industries, Inc.	Racine	U.S.A.	10	USD	100.00	CNH Industrial U.S. Holdings Inc.	100.000	
Raven International Holding Company B.V.	Amsterdam	Netherlands	100	EUR	100.00	Raven Applied Technologies, LLC	100.000	
Receivables Credit II Corporation	Calgary	Canada	1	CAD	100.00	CNH Industrial Capital America LLC	100.000	
SAMPIERANA KUNSHAN ASIA PACIFIC CO LTD	Kunshan	People's Rep.of China	10,000,000	USD	90.00	Sampierana S.p.A	100.000	
Sampierana S.p.A	Bagno di Romagna (FC)	Italy	1,100,000	EUR	90.00	CNH Industrial Italia s.p.a.	90.000	
SHIVA TECHNOLOGIES	Montpellier	France	12,571	EUR	100.00	CNH Industrial France	100.000	
Steyr Center Nord GmbH	St. Valentin	Austria	35,000	EUR	100.00	CNH Industrial Osterreich GmbH	100.000	
Uzcaseagroleasing LLC	Tashkent	Uzbekistan	5,000,000	USD	51.00	Case Credit Holdings Limited	51.000	
UzCaseMash LLC	Tashkent	Uzbekistan	15,000,000	USD	60.00	Case Equipment Holdings Limited	60.000	
UzCaseService LLC	Tashkent	Uzbekistan	224,901,201	UZS	70.35	Case Equipment Holdings Limited	70.348	
UzCaseTractor LLC	Tashkent	Uzbekistan	15,000,000	USD	51.00	Case Equipment Holdings Limited	51.000	

Name	Registered Office	Country	Share capital	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Jointly-controlled entities accounted for using the equity method								
CIFINS S.p.A.	Turin	Italy	40,000,000	EUR	50.00	CNH Industrial N.V.	50.000	
CNH Comercial, SA de C.V.	Queretaro	Mexico	160,050,000	MXN	50.00	CNH de Mexico SA de CV	100.000	
CNH de Mexico SA de CV	Queretaro	Mexico	165,276,000	MXN	50.00	CNH Industrial N.V.	50.000	
CNH Industrial S.A. de C.V.	Queretaro	Mexico	400,050,000	MXN	50.00	CNH de Mexico SA de CV	100.000	
CNH Servicios Comerciales, S.A. de C.V., SOFOM, E.N.R.	Queretaro	Mexico	50,000,000	MXN	50.00	CNH Industrial N.V.	50.000	
New Holland HFT Japan Inc.	Sapporo	Japan	240,000,000	JPY	50.00	CNH Industrial N.V.	50.000	
TürkTraktör ve Ziraat Makineleri A.S.	Ankara	Turkey	53,369,000	TRY	37.50	CNH Industrial Osterreich GmbH	37.500	
Subsidiaries valued at cost								
Case Construction Equipment, Inc.	Wilmington	U.S.A.	1,000	USD	100.00	CNH Industrial America LLC	100.000	
Case IH Agricultural Equipment, Inc.	Wilmington	U.S.A.	1,000	USD	100.00	CNH Industrial America LLC	100.000	
Case International Limited	Basildon	United Kingdom	1	GBP	100.00	New Holland Holding Limited	100.000	
CNH Trustee Limited	Basildon	United Kingdom	2	GBP	100.00	CNH Industrial N.V.	50.000	
						New Holland Ltd	50.000	
Employers' Health Initiatives L.L.C.	Wilmington	U.S.A.	790,000	USD	100.00	CNH Industrial America LLC	100.000	
International Harvester Company	Wilmington	U.S.A.	1,000	USD	100.00	CNH Industrial America LLC	100.000	
J.I. Case Company Limited	Basildon	United Kingdom	2	GBP	100.00	Case United Kingdom Limited	100.000	
J.I. Case Trustee Limited	Basildon	United Kingdom	2	GBP	100.00	CNH Industrial N.V.	50.000	
						New Holland Ltd	50.000	
SERFIT S.R.L.	Turin	Italy	50,000	EUR	100.00	CNH Industrial N.V.	100.000	
Associated companies accounted for using the equity method								
Al-Ghazi Tractors Ltd	Karachi	Pakistan	289,821,005	PKR	43.17	CNH Industrial N.V.	43.169	
Bennamann Energy Limited	Newquay Cornwall	United Kingdom	159	GBP	10.20	CNH Industrial N.V.	10.204	
Bennamann Ltd.	Newquay Cornwall	United Kingdom	15,886	GBP	10.20	CNH Industrial N.V.	10.204	
Bennamann Services Ltd.	Newquay Cornwall	United Kingdom	159	GBP	10.20	CNH Industrial N.V.	10.204	
CNH Industrial Capital Europe S.a.S.	Nanterre	France	88,482,297	EUR	24.95	CIFINS S.p.A.	49.900	
Geoprospectors GmbH	Traiskirchen	Austria	84,250	EUR	25.00	CNH Industrial N.V.	24.999	
Associated companies valued at cost								
Consorzio Nido Industria Vallesina	Ancona	Italy	53,903	EUR	38.73	CNH Industrial Italia s.p.a.	38.728	
Other companies accounted for using the equity method								
Zasso Group AG	Zug	Switzerland	290,599	CHF	10.42	CNH Industrial N.V.	10.418	
Other companies valued at cost								
Augmenta Holding	Paris	France	6,659,159	EUR	10.00	CNH Industrial N.V.	10.002	
Nuova Didactica S.c. a r.l.	Modena	Italy	112,200	EUR	12.27	CNH Industrial Italia s.p.a.	12.273	
STOUT INDUSTRIAL TECHNOLOGY, INC.	Wilmington	U.S.A.	1	USD	10.00	CNH Industrial America LLC	10.000	
Zimeno, Inc.	Wilmington	U.S.A.	1	USD	10.76	CNH Industrial America LLC	10.760	

Independent auditor's report

To: the shareholders and audit committee of CNH Industrial N.V.

Report on the audit of the financial statements 2022 included in the annual report

Our opinion

We have audited the financial statements for the year ended December 31, 2022 of CNH Industrial N.V., based in Amsterdam.

The financial statements comprise the consolidated and company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of CNH Industrial N.V. as at December 31, 2022, and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- The accompanying company financial statements give a true and fair view of the financial position of CNH Industrial N.V. as at December 31, 2022 and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

- The consolidated statement of financial position as at December 31, 2022
- The following statements for 2022: the consolidated income statement, the consolidated statements of comprehensive income, cash flows and changes in equity
- The notes comprising a summary of the significant accounting policies and other explanatory information

The company financial statements comprise:

- The company statement of financial position as at December 31, 2022
- The company income statement for 2022
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the *Our responsibilities for the audit of the financial statements* section of our report.

We are independent of CNH Industrial N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

CNH Industrial is a company in the capital goods sector that, through its various businesses, designs, produces and sells agricultural and construction equipment. CNH Industrial also offers financial products and services. The group is structured in segments and components and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment. Effective January 1, 2022, the Iveco Group business segments (trucks, commercial vehicles, buses, specialty vehicles as well as power train applications) separated from CNH Industrial and Iveco Group N.V. became a public listed company independent from CNH Industrial N.V. which directly impacted our scoping and procedures.

Materiality

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality	$140 million (or €131 million) (2021: $100 million or €88 million)
Benchmark applied	Approximately 5% of adjusted Earnings Before Interest and Taxes (EBIT) (2021: approximately 5% of adjusted EBIT)
Explanation	Materiality is based on adjusted EBIT, as we consider an earnings-based measure to be an appropriate basis for determining our overall materiality. The users of the financial statements of profit-oriented entities tend to focus on EBIT. We believe that EBIT is an important metric for the financial performance of the company. Adjustments are made to EBIT for elements which are not directly related to the operational performance of the company (restructuring costs, goodwill impairment loss and other discrete items as disclosed in the paragraph Industrial Activities performance, as part of the operating and financial review and prospects in the annual report. Whilst we considered alternative benchmarks to adjusted EBIT, we believe that a adjusted EBIT is appropriate benchmark for determining materiality.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with audit committee that misstatements in excess of $7 million (or €6,55 million), which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

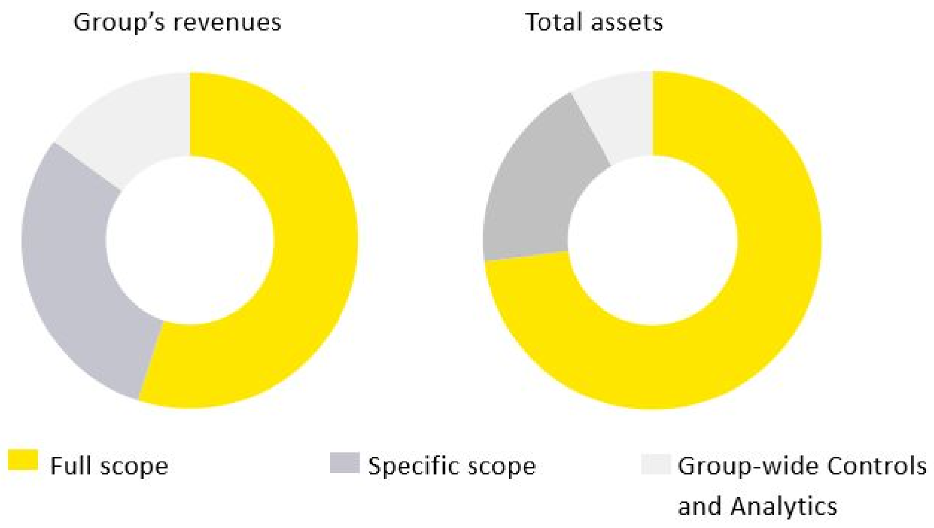
CNH Industrial N.V. is the parent of a group of entities (collectively referred to as ‘the Group’). The consolidated financial statements of the Group as at December 31, 2022, include CNH Industrial N.V. and 128 consolidated subsidiaries. The Group is organized in three reportable segments, being Agriculture, Construction and Financial Services, along with certain other corporate functions which are not included in the reportable segments. The Group organizes its operations into 156 components in the consolidation and reporting system.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Accordingly, we identified 8 of CNH Industrial N.V.’s components, which, in our view, required an audit of their complete financial information. Specific audit procedures on certain balances and transactions were performed on a further 13 components. Group wide control procedures were performed on a further 111 components. The remaining 24 components which are not included in our group scope have been subject to risk based analytic procedures.

In establishing the overall approach to the audit, we determined the type of work that is needed to be done by us, as group auditors, or by component auditors from Ernst & Young Global member firms and operating under our instructions. The group audit team audited the group consolidation, financial statements and disclosures and the audit procedures related to the key audit matter ‘Valuation of the acquired intangible assets of Raven Industries, Inc'. We combined remote working with a site visit approach and as a result were able to visit management and component auditors in Italy. For all entities in scope, we shared detailed instructions to the component auditors and we reviewed their deliverables.

In total full and specific scope procedures covered approximately 85% of the group’s revenues and 92% of total assets.



By performing the procedures mentioned above at components of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Teaming and use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the automotive industry. We included specialists in the areas of IT audit, valuation, pensions and income tax.

Our focus on climate related risks and the energy transition

Climate change and the energy transition are high on the public agenda in the next decades. Issues such as CO2 reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets ('stranded assets') and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO2 footprint.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the effects of the energy transition are taken into account in estimates and significant assumptions as well as in the design of relevant internal control measures by CNH Industrial N.V.

As disclosed in the consolidated financial statements under the significant accounting policies and climate related matters, all significant assumptions and estimates underlying the preparation of the following items were subject to an analysis in order to identify and address the new uncertainties related to climate changes which could affect the business: going concern, inventory management, property, plant and equipment, goodwill, brands, intangible assets with a finite life, tax reliefs, revenue recognition, provisions and onerous contracts. Furthermore, we read the board report and considered whether there is any material inconsistency between the non-financial disclosure and the financial statements.

Based on the audit procedures performed, we do not deem climate-related risks to have a material impact on the financial reporting judgements, estimates or significant assumptions as at December 31, 2022.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility
Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

The risk of non detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks

We identify and assess the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the CNH Industrial N.V. and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how audit committee exercises oversight, as well as the outcomes.

We refer to the paragraph Risk Management and Control System of the board report for management's fraud risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls. For these risks we have performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgement areas and significant accounting estimates, including those related to acquisition of Raven Industries Inc We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

When identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition.

These risks did however not require significant auditor's attention.

We identified the following fraud risk and performed the following specific procedures:

Presumed risks of fraud in revenue recognition:	
Fraud risk	When identifying and assessing fraud risks we presume that there are risks of fraud in revenue recognition. We evaluated the revenues streams coming from the various segments: Agriculture, Construction and Financial Services. Our risk is mainly focusing on revenues which are recognized in the improper period as a result of manual journal entries recorded in corporate and/or consolidating entities at or near period end. These revenues streams are disclosed in Note 1 to the financial statements.
Our audit approach	We designed and performed the following audit procedures to be responsive to this fraud risk: • We have performed risk assessment procedures as part of our audit planning and include the corporate and/or consolidating entities in our audit scope. • We have made inquiries of management and performed tests of control. • We have performed analytical review and performed tests of detail as to revenue recorded in corporate and/or consolidating entities at or near period end. • We have performed tests of journal entries recorded in the corporate and/or consolidating entities and ensure appropriate business rationale, and proper authorization and documentation of approval. Finally, we reviewed the adequacy of the disclosures made in Note 1.

We considered available information and made enquiries of relevant executives, directors (including tax, treasury, internal audit, legal, compliance, human resources and segment/regional management and finance leaders) and the audit committee.

The fraud risk we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations
We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements.
Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the board of directors, reading minutes, inspection of internal audit and compliance reports and performing substantive tests of details of classes of transactions, account balances or disclosures and reference is made to Notes 23 Other provisions and 26 Guarantees, commitments and contingent liabilities to the financial statements.

We also inspected lawyers’ letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally, we obtained written representations from management that all known instances of non-compliance with laws and regulations have been disclosed to us.

The fraud risk we identified, enquires and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to going concern

As disclosed in section 'Basis of preparation' in the Notes to the financial statements, the financial statements have been prepared on a going concern basis.When preparing the financial statements, management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining professional skepticism.

We considered whether management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

Based on our procedures performed, we did not identify material uncertainties about going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause CNH Industrial N.V. to cease to continue as a going concern.

Our key audit matter
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matter to audit committee. The key audit matter is not a comprehensive reflection of all matters discussed.

The key audit matter ‘The impact of the Covid-19 pandemic’ which was included in our last year’s auditor’s report, is not considered a key audit matter for this year as the increased profitability of the Brazilian operations of the company has significantly reduced the recoverability risk of the deferred tax assets. We added this year a key audit matter in relation to the acquisition of Raven Industries, Inc. Although this entity was acquired at the end of 2021, the purchase price allocation was completed in 2022.

Valuation of the acquired intangible assets of Raven Industries, Inc. **Note 12**	
Risk	As described in Note 12, to the consolidated financial statements the Company completed its acquisition of Raven Industries, Inc. ("Raven") on November 30, 2021 for a total purchase consideration of $2,140 million. In 2022, the Company finalized the purchase price allocation of the net identifiable tangible and intangible assets acquired and liabilities assumed based on their fair values .Goodwill ($1.3bn) was calculated as the excess of the consideration transferred over the net assets acquired. Auditing the Company's accounting of the acquired intangible assets of Raven was complex due to the significant estimation uncertainty in determining the fair value of identified intangible assets of approximately $523 million, which primarily consisted of customer relationships, in-process research and development ("IPR&D"), and trade names. The significant estimation uncertainty was primarily due to the sensitivity of the respective fair values to the significant underlying assumptions related to the future performance of the acquired business. The Company used the income approach to measure these intangible assets. The significant assumptions used to estimate the value of the intangible assets included customer attrition rates, royalty rates, discount rates, and certain assumptions that form the basis of the forecasted results (e.g., long-term revenue growth rates and revenue attributable to existing customers). These significant assumptions are forward looking and could be affected by future economic and market conditions. Therefore, we considered the valuation of the acquired intangible assets of Raven Industries a Key Audit matter.
Our audit approach	We obtained an understanding, evaluated the design, and tested the operating effectiveness of the Company's controls over accounting for the acquisition of Raven, including controls over the determination of the fair value of the acquired customer relationships, IPR&D, and trade names intangible assets, and management's evaluation of the underlying assumptions described above. We also tested management's controls over the completeness and accuracy of the data used in the valuation models. To test the fair value of the customer relationships, IPR&D, and trade names intangible assets, we performed audit procedures that included, among others, assessing the appropriateness of the valuation methodologies used and testing the significant assumptions used in the valuation model, including the completeness and accuracy of the underlying data. We compared the significant assumptions to current industry, market and economic trends and to the historical results of the acquired business and involved valuation specialists to assist with our evaluation of the methodologies used by the Company and significant assumptions included in the fair value estimates. The Group's disclosures related to Valuation of the acquired intangible assets of Raven Industries, Inc is included in Note 12 to the consolidated financial statements. We have assessed the adequacy of the disclosures made by the Company in respect of valuation of the acquired intangible assets.
Key observations	We concur with the valuation of the acquired intangible assets of Raven Industries, Inc as recorded in the statement of financial position and deem the disclosures included in the consolidated financial statements appropriate.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management board report
- The remuneration report
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 for the board report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code for the remuneration report.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the board report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. Management and audit committee are responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the general meeting as auditor of CNH Industrial N.V. on September 9, 2013 to perform the audit of the 2013 financial statements and have continued as the statutory auditor since then.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Reporting Format (ESEF)

CNH Industrial N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in the XHTML format, including the partially marked-up consolidated financial statements, as included in the reporting package by CNH Industrial N.V., complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N'Assurance-opdrachten inazke het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:

- obtaining an understanding of the CNH Industrial N.V.'s financial reporting process, including the preparation of the reporting package

- identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
    - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
    - examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of management and the audit committee for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The audit committee is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.
Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CNH Industrial N.V.'s internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, February 28, 2023

Ernst & Young Accountants LLP

Signed by P.W.J. Laan