2017
SUSTAINABILITY REPORT
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In 2017, Harley-Davidson announced plans to build the next generation of riders globally, anchored in five objectives, including the previously established goal to grow our business without growing our environmental impact. Doing this requires that we challenge the status quo and look at ways to reduce our environmental impact through the material we use in our products, the way our factories run, and how our products are designed and operate. Our all-new 2018 Softail® platform, launched in August of 2017, was a great example of this, as we set out to improve fuel economy and reduce the weight of these motorcycles.

The results you see in this 2017 Sustainability Report are the product of everyone rolling up their sleeves and working together to solve tough issues and challenges. Many of the results can be attributed to small teams of employees creatively working together to accomplish new levels of innovation that benefit our customers now and in the future.

We will continue our commitment to the environment and to social responsibility as we focus on building the next generation of riders globally.

Matt Levatich
CEO, Harley-Davidson, Inc.
2017 Key Sustainability Highlights

- **621,367 Trees Planted** (through 2017)
- **$3.6m H-D Foundation H-D Grants**
- **$4.6m Donated by H-D, employees & dealers**
- **4% Reduction in Energy Consumption by Factories 2016 to 2017**
- **7% Fuel Economy Improvement for Softail® Lineup**
- **5,000 H-D Employee Volunteer Hours**
- **3 FACILITIES <2% Waste to Landfill**

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ENVIRONMENTAL SUSTAINABILITY

The focus of our environmental sustainability efforts is to reduce our environmental impact across the entire value chain. This begins with design decisions and material selections, continues across the full spectrum of supplier, manufacturing and distribution activities, and ends after the full life of use for our products.
Product: Fuel Economy

We continue to invest in improving fuel economy through design optimization, weight reduction and innovative technologies. The Milwaukee-Eight® engine debuted in 2016 on our touring motorcycles and was expanded to the all-new Softail® platform in 2017 – delivering more performance with better fuel economy.

2017 Highlights

- Model Year 2018 (MY18) expanded the new Milwaukee-Eight® engine to the entirely new Softail® platform delivering more power, torque, acceleration and improved fuel economy without adding more weight to the powertrain (improvement varies by model).

- The new Softail® lineup is, on average in the aggregate, ~50 pounds per bike lighter than the Softail®/Dyna®/V-Rod® motorcycle platforms it replaced.

- In 2016, we analyzed possible opportunities for improving fuel economy and reducing the environmental impact stemming from the materials in our motorcycles and related products. This work continues to inform our plans to achieve our 2027 goal to grow our business without growing our environmental impact.

- Achieved fleet average fuel economy of 43.7mpg.

* Estimated from fuel economy tests on a sample motorcycle from the corresponding family conducted under ideal laboratory conditions. Not all motorcycle models undergo testing. Fuel economy and mileage may vary among motorcycle models within a platform, and may vary depending on personal riding habits, weather conditions, trip length, vehicle condition and vehicle configuration and other conditions. For MY17, “Softails” includes the Softail, Dyna and V-Rod models.
Operations: Energy

Our facilities seek to reduce energy consumption and associated emissions. In 2017, total energy consumption for the four U.S. manufacturing factories dropped ~4% compared to 2016. Unfortunately, this was not enough to overcome the impact of reduced total units, resulting in an increase in energy intensity from 2016.

2017 Highlights

- Pilgrim Road Powertrain Operations installed variable frequency drives on fan motors within the HVAC system. This allows for greater control of temperature and allows for fans to be slowed when the plant is not active. This project is projected to save >1,800,000 kWh on an annual basis.
- At Tomahawk Operations, upgrades were made to the paint air make up system. Variable speed drives were added to the fan motors, and smart controls were added to make up air units to gain electrical and natural gas energy reductions. In addition, steps were taken to reduce the electricity consumption while paint lines are idle, and LED lights were added to the paint systems. These actions are projected to save >285,000 kWh of electricity annually.
- York Vehicle Operations received the ‘Manufacturing Innovator’ award from the York Manufacturers’ Association for the innovative use of Industrial Internet of Things technology that helps reduce energy consumption by having equipment operate at optimum performance.
- Kansas City Vehicle Operations implemented projects having a combined target kWh reduction of over 2.1 million kWh per year with projected annual savings of >$190K. The projects included adding automation to plant lighting controls, improving efficiency of the regenerative thermal oxidizer and adding LED lighting in the plant.
- The Willie G. Davidson Product Development Center improved control system functionality and optimized scheduling of building lighting systems to conserve at least 10,000 kWh annually.

Operations: Waste

While our factories have made tremendous progress reducing waste to landfill, our waste-to-landfill rate increased in 2017 to 5.9%, primarily due to the loss of a recycling outlet for scrap proprietary plastic from the Tomahawk facility. However, on a brighter note, our York, Kansas City and Pilgrim Road plants now consistently achieve <2% waste to landfill.

2017 Highlights

- York Vehicle Operations achieved 0% waste to landfill for 2017. The plant accomplished this by diligently recycling waste and sending non-recyclable waste to a waste-to-energy facility.
- Pilgrim Road Powertrain Operations and Kansas City Vehicle Operations both achieved <2% waste to landfill in 2017, a significant milestone.
- Pilgrim Road reduced waste by executing many small projects to resell waste packaging materials, sell unneeded equipment, compost cafeteria waste and recycle 94% of waste generated. Pilgrim Road sent 4.3% of its waste to a waste-to-energy facility.
- The Product Development Center expanded its composting program to include cafeteria kitchen waste, coffee grounds, and K-Cups, diverting over 11 tons of material from landfill on an annual basis.
- At York Vehicle Operations, a Team Leader utilized the plant’s Continuous Improvement System to begin returning the red rubber caps used as a plug on the fuel line to the supplier for reuse instead of placing them in the trash. This was started in 2017 on every motorcycle and continues today.
NOTE: Environmental data from our four U.S. manufacturing facilities and the Product Development Center are reported in this section for Scope 1 & 2 greenhouse gas emissions, energy consumption, waste generation and recycling, water consumption and environmental compliance.

While not included at this time in our reported data, Harley-Davidson also operates two lower volume assembly facilities in Brazil and India, and a wheel manufacturing subsidiary plant in Australia. Also not included are the Harley-Davidson, Inc. corporate headquarters in Milwaukee, as well as the Harley-Davidson Financial Services facilities and all sales offices and international subsidiary offices, the majority of which are leased. Indirect value chain emissions from transportation, purchased materials, etc. (Scope 3) are not currently evaluated.

Within these organizational and operational boundaries, Harley-Davidson reports information on emissions of three greenhouse gases (GHGs): carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O), all quantified as CO₂ equivalents (CO₂e). Emissions associated with gasoline combustion for final vehicle testing are included; emissions associated with refrigerants (fugitive) and propane (e.g., forklifts) are not. The majority of our GHG emissions are related to energy use (natural gas and electricity).

Scope 1 emissions factors for CO₂, CH₄, and N₂O from combustion of gasoline, diesel and natural gas are from the default list of values in Table 1 of the WRI GHG Protocol, Version 3.0 (Dec. 2007).


As of the end of 2017, none of these facilities utilized renewable energy sources (direct or indirect). The emissions reported here are not covered by a regulatory or emissions-limiting or reporting program.
Environmental Data (cont’d)

**ENERGY CONSUMPTION** (gigajoules – GJ)

<table>
<thead>
<tr>
<th>Year</th>
<th>Natural Gas</th>
<th>Electricity</th>
<th>Fuels</th>
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<tbody>
<tr>
<td>2010</td>
<td>818,625</td>
<td>738,830</td>
<td>71,903</td>
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<tr>
<td>2011</td>
<td>746,870</td>
<td>702,906</td>
<td>64,064</td>
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<td>2012</td>
<td>642,238</td>
<td>660,528</td>
<td>68,482</td>
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<td>2013</td>
<td>718,702</td>
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</tr>
<tr>
<td>2014</td>
<td>709,280</td>
<td>652,831</td>
<td>56,648</td>
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<tr>
<td>2015</td>
<td>687,795</td>
<td>652,958</td>
<td>54,837</td>
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<tr>
<td>2016</td>
<td>663,106</td>
<td>614,903</td>
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<tr>
<td>2017</td>
<td>702,906</td>
<td>660,528</td>
<td>45,378</td>
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</tbody>
</table>

**WATER CONSUMPTION** (cubic meters – m³)

<table>
<thead>
<tr>
<th>Year</th>
<th>m³</th>
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<tbody>
<tr>
<td>2010</td>
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<tr>
<td>2011</td>
<td>367,610</td>
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<tr>
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<td>2013</td>
<td>387,946</td>
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<td>2014</td>
<td>321,182</td>
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<td>345,010</td>
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<tr>
<td>2016</td>
<td>381,169</td>
</tr>
<tr>
<td>2017</td>
<td>371,188</td>
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</tbody>
</table>

**TOTAL & LANDFILLED WASTE (tons)**

- **2012**: 12,373 total waste, 1,608 landfilled (13%)
- **2013**: 14,043 total waste, 1,320 landfilled (9.4%)
- **2014**: 14,584 total waste, 1,214 landfilled (7.9%)
- **2015**: 16,843 total waste, 1,010 landfilled (6.0%)
- **2016**: 14,193 total waste, 504 landfilled (3.6%)
- **2017**: 13,144 total waste, 771 landfilled (6.8%)

* Increase in waste landfilled is due to loss of recycling outlet for the proprietary plastic used at the Tomahawk facility

No fines were assessed against Harley-Davidson facilities in 2017
SOCIAL RESPONSIBILITY

To improve our social responsibility impact, we are focused on creating positive impacts in the communities that are home to Harley-Davidson operations. We also continue to expand the reach and impact of customers, dealers and the company on social issues and causes focused on health, education and the environment.
Social Responsibility

Through the Harley-Davidson Foundation, the company, our dealers and our customers, Harley-Davidson has a long history of supporting communities and causes. We support charitable organizations to invest in education, health and the environment – to support the communities home to Harley-Davidson operations, improve the lives of our neighbors and encourage social responsibility.

2017 Highlights

- Employees at U.S. Harley-Davidson sites pledged over $1.29M to United Way and the local communities and organizations it serves. $260,000 of that was a match from the Harley-Davidson Foundation.
- Our Renew the Ride™ program seeks to increase the positive impact of trees in critical forests and where we live, ride and work. In 2017, H-D made a grant to The Nature Conservancy that supported the planting of >37,000 trees and developed a model for driving local partnerships to plant trees in urban areas.
- Harley-Davidson Financial Services’ Plano, Texas office recruited volunteers for the Texas Tree Foundation’s “Retree the Park” initiative sponsored by the Harley-Davidson Foundation and HDFS. HDFS volunteers planted 100 trees in Bob Woodruff Park in Plano on April 28.
- H-D (Foundation, dealers and customers) raised almost $160,000 for the Wounded Warrior Project, with over $1.59 million raised since the partnership began in 2014.
- 2017 marked our 37th year of partnering with the Muscular Dystrophy Association (MDA). In 2017, with our dealers and our customers, we raised more than $3 million to support MDA as they lead the fight to free individuals – and the families who love them – from the harm of muscular dystrophy, ALS and related diseases that take away physical strength, independence and life. Over the course of this partnership, the Harley-Davidson Community has raised over $100 million for MDA.
- The Harley-Davidson Foundation and employee volunteers supported the Hunger Task Force – The Farm, in Milwaukee. It is the only farm in the country that grows fruits and vegetables for the express purpose of feeding the hungry.
- H-D donated nearly $175,000 to our Pink Label partners in the U.S. Since inception of the Pink Label program, H-D, its dealers and customers have donated over $5.8 million to U.S. not-for-profit organizations that support and empower those facing breast cancer.
WHAT'S AHEAD

Electric mobility is no longer a concept of the future – it’s here. Technology, regulation and intense competition have accelerated the move towards Electric Vehicles (EV), and H-D plans to be a key player in the EV space. As we strive to build ridership into the future, and attract new and different customers to the brand, we have a plan to lead in the electrification of the sport of motorcycling.

EV represents an exciting new opportunity for Harley-Davidson and its dealers. From a sustainability perspective, an EV motorcycle has roughly 2/3 the environmental impact of a comparable ICE (internal combustion engine) motorcycle. As the world’s electric power generation becomes “cleaner” over time, it will get even better.

In 2019, we will begin the official rollout of LiveWire™ – the FIRST electric Harley-Davidson™ motorcycle. And soon to follow will be a broader range of electric models that are light, nimble and ready to tackle the urban landscape. These incredible products are designed for anyone who wants to experience the thrill of two wheels in a no-clutch “twist and go” way. With incredible EV products and a customer experience to match, this is how we will lead the electrification of two-wheels.