2011 Sustainability Report

Economic, Environmental and Social Responsibility

FIAT
SOCIETÀ PER AZIONI

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For an appropriate interpretation of the information contained in this Sustainability Report, please refer to the Guide to the Report on pages 230-231.

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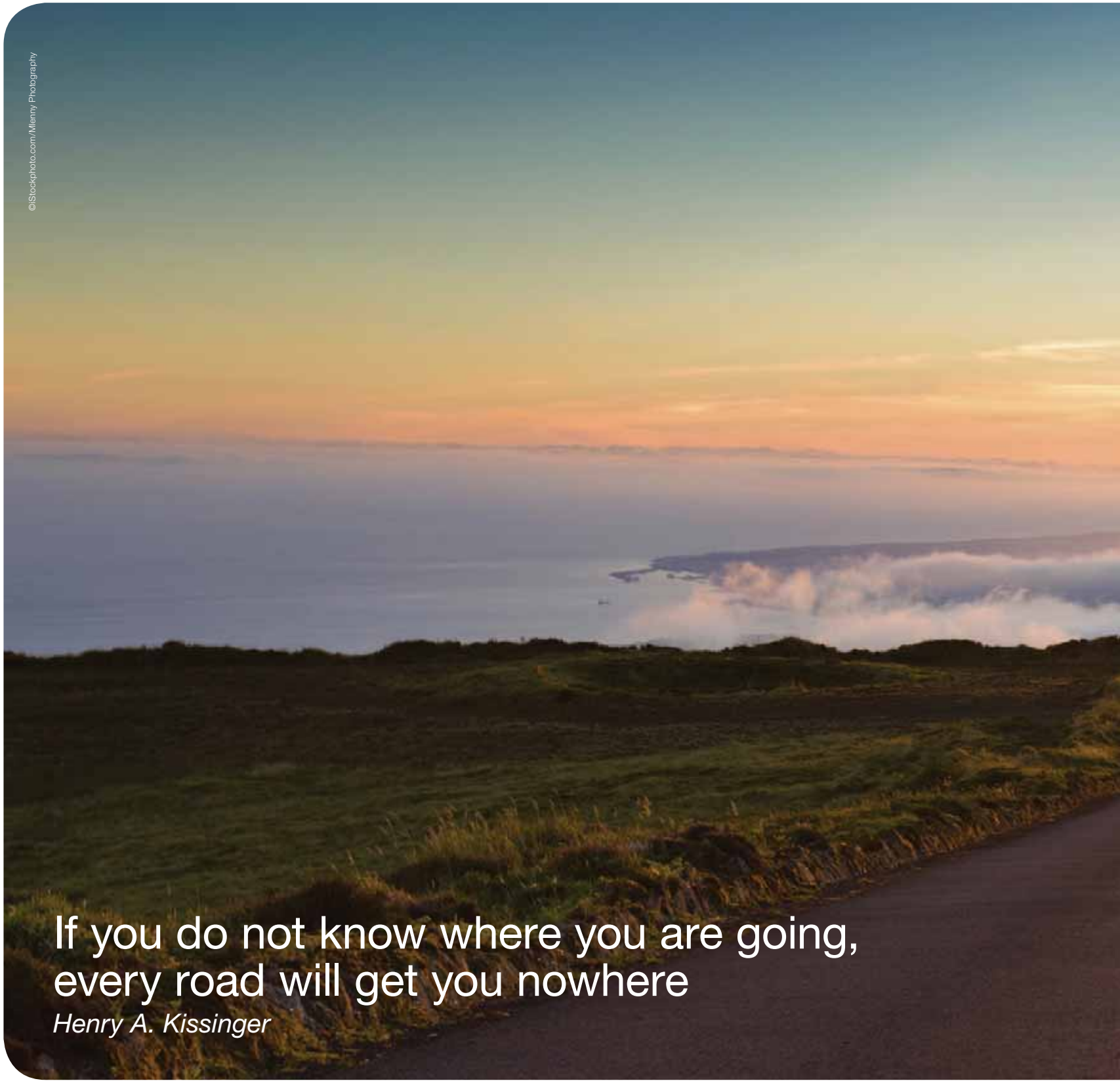
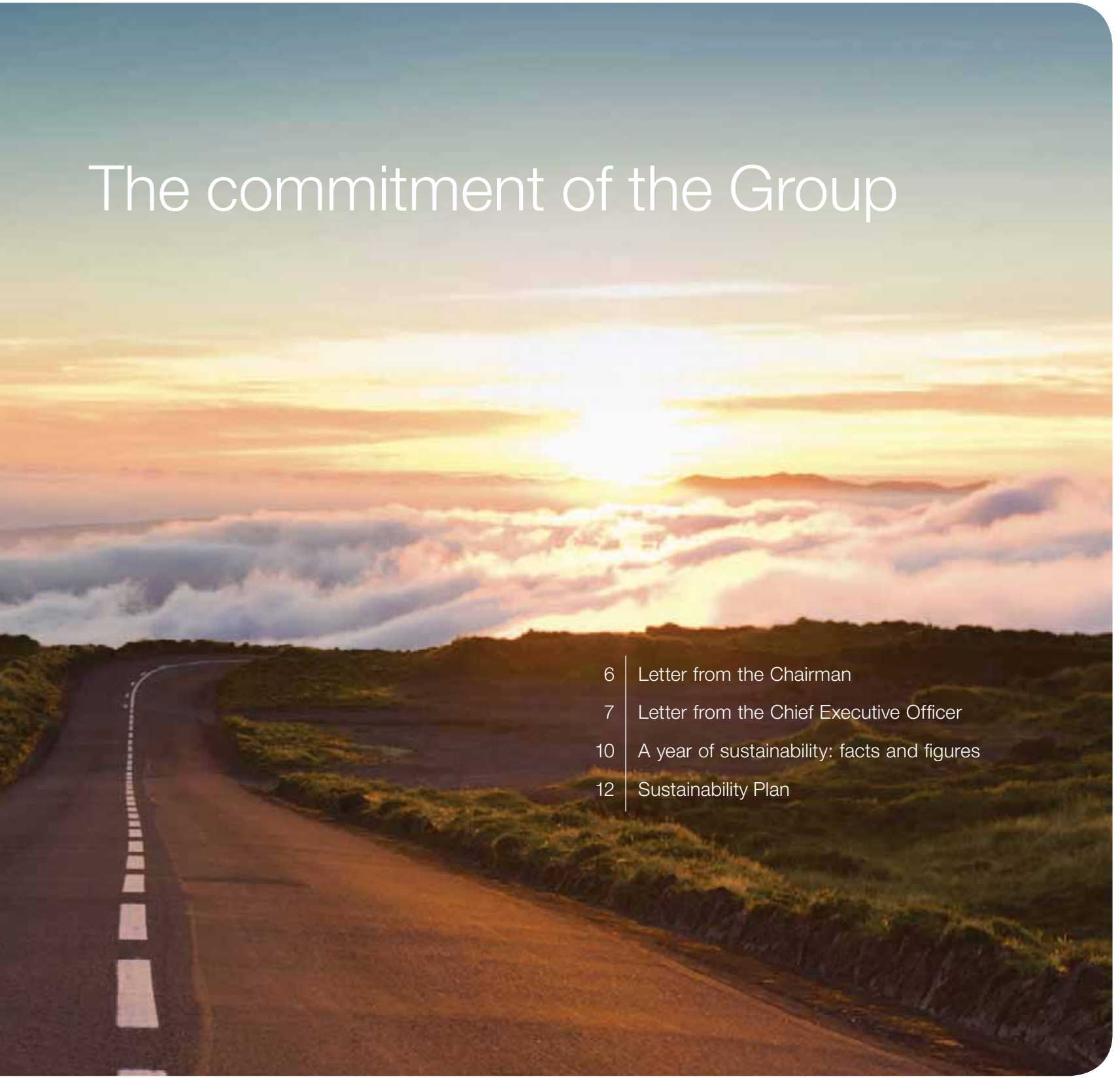


If you do not know where you are going,
every road will get you nowhere

Henry A. Kissinger

The commitment of the Group



Letter from the Chairman

Dear Stakeholders,

2011 was a very positive year for our Group not only in terms of financial results, but also in relation to environmental and social responsibility.

This year for the first time – following separation of the tractor, truck and construction equipment activities – the Report is focused on the automobile sector. The facts and figures on the following pages demonstrate improvements we have made during the year, such as the significant reductions in CO_2 emissions and water consumption at Fiat and Chrysler plants. We also invested more in training and safety and strengthened ties with local communities by increasing our participation in numerous social projects.

No less important was the recognition from others, which confirms our continued commitment. For the third consecutive year, Fiat S.p.A. was included in the prestigious Dow Jones Sustainability World and Europe Indexes. In addition, Fiat brand cars have been recognized for the fifth year in a row for the lowest average CO_2 emissions among the best-selling brands in Europe. We also remained leader in the natural gas vehicle segment, where Fiat is by far the largest European producer.

The Sustainability Plan presented in the pages that follow provides all the details. It reports results achieved and, more importantly, in the right-hand column it shows our targets for the next few years. For us, this is the essence of the Report because it is a statement of our commitment – a commitment that applies to all of our activities around the world – to pursue development that is sustainable over time and brings benefits both to our people and the environment.

/s/ John Elkann

John Elkann
CHAIRMAN

Letter from the Chief Executive Officer

Dear Stakeholders,

This is the first year that we are reporting on the results of the integration between Fiat and Chrysler, and our shared commitment to sustainable development.
The integration process actually began from the moment we initiated our partnership and it has been a very natural process given our shared values and determination to grow responsibly and in harmony with the environment and local communities. Sustainability is an integral part of how both organizations do business.
Expanding the scope of analysis and reporting to include Chrysler Group and, at the same time, adopting the updated reporting standards published by GRI in March 2011 required a great deal of effort by the entire organization. We took on this challenge because we firmly believe that continuing to set the bar even higher – not just in our daily activities, but also in the quality and quantity of the information we report – is part of the responsibility we have towards you, our stakeholders.
The “open road” theme chosen for the 2011 Sustainability Report is a suiting metaphor for the journey of discovery, challenge and continuous improvement that Fiat and Chrysler have embarked on together.

Far from making us complacent, the excellent results we have delivered so far have actually spurred us to set even more ambitious targets.
Analysts and investors have also recognized the level of our commitment and performance.
For the third consecutive year, Fiat S.p.A. was included in the prestigious Dow Jones Sustainability World and Europe Indexes, which only admit companies that are best-in-class in terms of economic, environmental and social performance.
Fiat was also included in the Global 500 Carbon Disclosure Leadership Index (CDLI) and Carbon Performance Leadership Index (CPLI), in recognition of our efforts toward combating climate change, and was the only Italian company among just 23 companies to be included in both indexes.
In addition, in December Fiat became one of a select number of companies included in the ASPI Eurozone® Index on the basis of research conducted by Vigeo, European leader in assessing organizations on environmental, social and governance issues.
As further evidence of stakeholder confidence in our approach, the level of our free float shares held by Socially Responsible Investors has increased to 8.7%.

A culture of responsibility is integral to Fiat-Chrysler's business model, because we believe that the true value of a multi-national organization such as ours is also determined by its level of environmental awareness, respect for people, fair and transparent conduct in commercial relationships and positive contribution to local communities. Financial success can only be sustainable if it is achieved ethically.
Together with the Group's top management, more than 197,000 people around the world put those values into practice every day through their commitment and dedication to making Fiat-Chrysler a strong and competitive group, while never losing sight of our moral obligation to contribute to the well-being of society as a whole and to the construction of a better future.
That side of our organization is a rather private side seldom reported on in the press, but it involves people at every level, working away without fanfare, who understand the responsibilities associated with our activities, who give this organization its good name and carry its values with them out into the community.
I want to thank all the men and women in our Group for their professional and personal contribution, for the dedication and passion that they contribute every day to the achievement of a higher goal.

2011 was a year of significant achievement in a number of areas.
On the environmental front, the Group continued to develop and apply concrete and affordable solutions for reducing fuel consumption and vehicle emissions, while maintaining high safety standards.
The union between Fiat and Chrysler has enabled us to strengthen our focus on sustainable mobility by leveraging each partner's strengths. Fiat is a recognized leader in high-efficiency engine technologies, while Chrysler Group, with the significant know-how developed in recent years, has been designated as the center of expertise for hybrid and electric technologies.
In Europe, Fiat has been confirmed for the fifth consecutive year as the leader among the best-selling brands for cars with the lowest average CO_2 emissions levels and Fiat Group Automobiles continued its leadership in the natural gas market.
In the United States, Chrysler Group will begin production in 2012 of a fully-electric version of the Fiat 500 for the North American market.
Fiat Powertrain has continued development of solutions to lower the environmental footprint of vehicles. Application of second generation MultiJet diesel and TwinAir gasoline technologies can reduce CO_2 emissions levels on cars to as low as 90 g/km.
Efforts to meet the highest international safety standards have also been widely recognized. Eleven Chrysler Group vehicles were named "Top Safety Pick for 2012" by the US Insurance Institute for Highway Safety, while with the new Lancia Thema and Fiat Freemont, Fiat Group Automobiles now has nine models that have achieved the maximum Euro NCAP rating.
Centro Ricerche Fiat continued its research on innovative solutions for reducing fuel consumption and improving vehicle comfort and safety, with about 140 new patents granted or applications filed during 2011.

Magneti Marelli continued its significant contribution to development of automotive systems and components that optimize vehicle energy demand and improve traffic management.
Significant advances were also made once again this year in reducing the environmental impact of production processes. Total CO_2 emissions for Fiat and Chrysler plants were 10% below the 2010 level and water consumption was down 18.5%.

Health and safety in the workplace were also central to our efforts, which included investment of €270 million in prevention and safety in the workplace aimed at the overall well-being of our employees.
In addition, we devoted significant resources to development of our employees, including personalized training programs and career development initiatives. The total amount invested in employee training in 2011 was 23% higher than the prior year.
Looking to the future, the integration with Chrysler will offer extraordinary opportunities in terms of professional growth, new perspectives and cultural enrichment, such as our Group has never seen.
The continuing impacts of the global economic crisis – and the current difficulties in the Eurozone, in particular – have been managed with a sense of responsibility and the constant objective of mitigating the social impacts on our employees.
At the end of 2011, a new company-specific collective labor agreement was signed for Fiat Group employees in Italy, which provides significant benefits for everyone. For the Group, it represents a modern instrument that offers the flexibility and governability of plants necessary to compete in the global marketplace. For employees, it preserves all existing rights and offers clear economic advantages associated with increased productivity and greater flexibility in the use of overtime.
In the US, the Chrysler labor contract was also renewed for another four years and the terms of that agreement ensure the company can remain competitive, while at the same time providing for recognition of the contribution of employees to Chrysler's turnaround and long-term success.

As you read on, you will find more information on these and other initiatives, together with the ambitious targets that we have set for future years.
Our vision for the future comes from the courage and determination to put ourselves to the test each and every day and change together for the better, constantly guided by our sense of responsibility toward those who have placed their trust in us.

/s/ Sergio Marchionne

Sergio Marchionne
CHIEF EXECUTIVE OFFICER

A year of sustainability: facts and figures

For the third year, Fiat S.p.A. confirmed in Dow Jones Sustainability World and Europe Indexes

Dow Jones Sustainability Indexes
Member 2011/12

8.7%
of Fiat S.p.A. free float shares held by Socially Responsible Investors

Sustainability management system aligned with ISO 26000
Guidance on social responsibility

For the fifth year running, Fiat is the leader for the lowest CO_2 emissions in Europe at 118.2 g/km

€2.2 billion spent on Research and Development

TwinAir named International Engine of the Year 2011

Fiat Group Automobiles leader in Europe for natural gas vehicles, with 65% market share

Fiat S.p.A. enters the 500 Global Carbon Disclosure Leadership Index and Carbon Performance Leadership Index

Chrysler Pentastar V-6 one of the 10 Best Engines cited for exceptional fuel economy, emissions and power by Ward's Automotive

€36.5 million committed by the Group to local communities

-10% over 2010 in CO_2 emissions per vehicle produced at Fiat Group Automobiles and Chrysler plants worldwide

103 plants OHSAS 18001 certified

€80.3 million spent on employee training (+23% over 2010)

Over 1.4 million hours of training to dealer and service network on safety and environment

-18.5% over 2010 in water consumption per vehicle produced at Fiat Group Automobiles and Chrysler plants worldwide

139 plants ISO 14001 certified

18% of Group employees are women

Fiat Freemont and Lancia Thema receive Euro NCAP 5 stars for safety and 11 Chrysler Group vehicles named Top Safety Pick for 2012

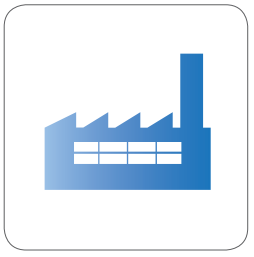
€270 million spent on Occupational Health and Safety (+44% over 2010)

Sustainability Plan

Fiat Group believes that sustainability is not an objective in and of itself, but rather a journey of continuous improvement essential for long-term growth.
Over the years, the Group's sustainability strategy has resulted in a variety of projects designed to promote increasingly sustainable mobility, help protect the environment and natural resources, ensure the health and safety of employees, invest in their professional development, and build a constructive relationship with local communities and commercial partners.
The desire to continue growing in harmony with people and the environment is embodied in the Sustainability Plan. Each year, the Sustainability Plan reports the company's targets for the future and provides details on results achieved and approaches used.

▸ Maintain leadership in Europe for cars with the lowest CO_2 emissions

page 16



pages 25-28

▸ Continue reducing CO_2 emissions and environmental impact of plants

▸ Enhance work-life balance and support employee well-being

page 31

pages 39-40

▸ Promote sustainability within the supply chain

Corporate governance and sustainability

pages 14-15

- Maintain a system of governance and risk management aligned with international best practice

Product

pages 16-25

- Continue to reduce CO_2 and polluting emissions, and improve fuel economy
- Increase recoverability, recyclability and reusability of vehicles
- Further improve product safety

Plants

pages 25-28

- Promote environmental awareness within the Group
- Continue to reduce environmental impact and optimize energy performance

Logistics

page 29

- Reduce environmental impact of logistics

Non-manufacturing processes

page 30

- Reduce the environmental impact of employee commuting, business travel, offices and Information Technology operations

Human resources

pages 30-37

- Offer equal opportunity
- Develop human capital
- Attract and retain the best talent
- Continue to promote and safeguard health and safety
- Promote work-life balance and employee well-being

Dealer and service network

pages 37-38

- Provide training to the network on specific environmental and safety issues

Customers

pages 38-39

- Enhance the customer experience

Suppliers

pages 39-40

- Promote social and environmental responsibility within the supply chain

Community

pages 41-42

- Support local communities
- Support the professional development of young people

- Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- Target postponed

Corporate governance and sustainability

Best-in-class system of governance

Commitment: Develop and spread a culture of sustainability throughout the Group

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Increase in the number of Key Performance Indicators (KPIs) monitored	Additional KPIs monitored and reported in 2011 Sustainability Report following the publication of the GRI-G3.1 standard Maximum Application Level (A+) of GRI-G3.1 standard obtained, and confirmed in check conducted by GRI *(see page 255)*	▸ 2012: further increase in KPIs monitored
	▸ Continuous improvement in sustainability performance	Fiat S.p.A. recognized as a sustainability leader and included in the indexes: Dow Jones Sustainability World and Dow Jones Sustainability Europe, Global 500 Carbon Disclosure Leadership, Carbon Performance Leadership, ASPI Eurozone, STOXX Global ESG Leaders, STOXX Global ESG Environmental Leaders, STOXX Global ESG Social Leaders, STOXX Global ESG Governance Leaders, ECPI Ethical Euro, ECPI Ethical EMU, FTSE ECPI Italia SRI Benchmark, FTSE ECPI Italia SRI Leaders Ethibel Excellence Europe and Ethibel Excellence Euro 8.7% of Fiat S.p.A. free float shares held by Socially Responsible Investors *(see pages 76-77)*	▸ 2012: maintenance of the Group's leadership in sustainability
	▸ Introduction of women on the Fiat S.p.A. Board of Directors		▸ 2012: inclusion of women for 20% of the Fiat S.p.A. Board of Directors
	▸ Assessment of Board of Directors performance		▸ 2013: independent assessment of Board performance
	▸ Setting of minimum attendance requirement for Board of Directors meetings	Average attendance of members to Board of Directors meetings: 93%	▸ 2012: introduction of a minimum attendance (2/3 of meetings) requirement for Board meetings
Fiat Group (excluding Chrysler Group)	▸ Integration of audit model	All standard audits extended to include assessment of ethical issues with particular reference to human rights, business ethics, conflict of interest, corruption and discrimination issues *(see page 65)*	▸ 2012: further extension of all standard audits to include assessment of sponsorships, donations and entertainment expenses, when consistent with the specific audit risk assessment ▸ 2012: analysis of Code of Conduct violations and remedial actions taken in order to assess their effectiveness

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Continuous update of compliance system to keep it aligned with international best practice		▸ 2012: integration of Chrysler Group and Fiat S.p.A. compliance systems (Finance, Internal Audit, ERM) ▸ 2012: update of risk audit map according to international legal framework developments (i.e., UK Bribery Act, Spanish Ley Organica, etc.)

Commitment: Continuously update the risk management system to remain aligned with best practice

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Continuous updating of the Enterprise Risk Management (ERM) system	✔ Training courses on updated ERM system for all sectors (excluding Chrysler Group) delivered	▸ 2012: integration of ERM risk drivers for water-related risks ▸ 2012: integration of Chrysler Group in Fiat Group ERM
Fiat Group (excluding Chrysler Group)	▸ Enhancement of capabilities and tools available to the Group for identifying, measuring, analyzing and managing pure risks with a focus on risks related to climate change, earthquakes, other environmental events	✔ Climate change: brainstorming workshop with representatives of main Group functions held to identify, analyze and evaluate new potential industrial risks and mitigation actions associated with climate change ✔ Earthquakes: new methodology developed to identify sites potentially vulnerable to earthquakes and priority actions defined; pilot project conducted at 22 Italian Magneti Marelli sites ✔ Environment: new methodology developed to identify, analyze and quantify insurable environmental risks; pilot project conducted at 3 sites	▸ 2012: development of a new quantitative methodology for identifying the main sites potentially exposed to meteorological risks in collaboration with an Italian specialized meteorological organization and a loss prevention consulting company ▸ 2012: implementation of 2 pilot projects outside Italy ▸ 2014: extension of methodology to significant Italian sites
	▸ Use of innovative software to provide real-time information within the Group on all pure risks (fire, explosion, natural disasters) affecting corporate assets and business continuity	✔ VISIO@RISK software extended to all Group sites (excluding Chrysler Group) ✔ Extension of pure risks monitored through VISIO@RISK to include hailstorms and hurricanes *(see pages 71-73)*	▸ 2012: consolidation of the use of VISIO@RISK through specialized training and activation of a dedicated help desk
Chrysler Group	▸ Enhancement of capabilities and tools for identifying, measuring, analyzing and managing cyber or political risks		▸ 2012: analysis and assessment of cyber and political risks to evaluate the company exposure and management strategy

- Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- Target postponed

Product

CO_2 emissions and fuel economy

Commitment: Reduce CO_2 emissions and improve fuel economy using a 360 degree approach

Scope	Actions	2011 Results	Targets
Fiat Group Automobiles (FGA)	▸ Introduction and development of a diversified portfolio of technology solutions for: ENGINES ‣ extension of second-generation MultiJet to diesel engines ‣ introduction of eco-Turbo ‣ evolution of Start&Stop ‣ extension of two-cylinder turbo engine (TwinAir turbo) to small cars ‣ introduction of TwinAir Naturally Aspirated on mini cars ‣ evolution of MultiAir technology TRANSMISSIONS ‣ extension of highly-efficient Dual Dry Clutch Transmission (DDCT) to small, compact and midsize cars ‣ introduction of a new generation of automatic transmissions with high efficiency hydraulic coupling ‣ introduction of a high efficiency All-Wheel Drive (AWD) system VEHICLES ‣ extension of use of High-Strength Steels (HSS) and Ultra High-Strength Steels (UHSS) to reduce weight while maintaining top level safety and structural performance ‣ aerodynamic efficiency improvement and tire rolling resistance reduction to optimize vehicle energy demand ‣ increase in overall efficiency of auxiliary systems (e.g., climate control, alternators, oil pumps) ‣ introduction of second-generation Gear Shift Indicator (GSI) on all new models	For the fifth year, Fiat brand had the lowest weighted average emissions (118.2 g CO_2/km) among the top selling brands in Europe (source: JATO Dynamics) 65% of FGA cars sold in Europe recorded emissions at or below 120 g CO_2/km and 79% at or below 130 g CO_2/km 6% of car versions (model/engine) offered with emissions at or below 100 g CO_2/km MultiAir technology extended to new Fiat Panda and new Lancia Ypsilon (accounting for 14% of gasoline passenger car sales) TwinAir turbo extended to new Fiat Panda and new Lancia Ypsilon Eco-Turbo introduced on Fiat Punto, Alfa Romeo Giulietta and MiTo Start&Stop extended to new Fiat Panda and new Lancia Ypsilon DDCT extended to compact segment and diesel engines (Alfa Romeo Giulietta gasoline and diesel) Smart alternator introduced on new Fiat Panda and new Lancia Ypsilon New Fiat Panda: ‣ extensive use of HSS (more than 70% of body weight), aerodynamic efficiency improved (-3% Cx coefficient) and tire rolling resistance reduced (-30%) vs previous generation *(see pages 93-98, 101-104)*	▸ 2012: maintenance of leadership among principal carmakers in Europe for cars with lowest weighted average CO_2 emissions ▸ 2015: doubling of FGA car versions (model/engine) offered with emissions at or below 100 g CO_2/km, vs 2011 (from 6% to 12%)

Scope	Actions	2011 Results	Targets
Chrysler Group	▸ Introduction and development of a diversified portfolio of technology solutions for: ENGINES ‣ adaptation of MultiAir technology to new engine applications ‣ introduction of new 1.4-liter MultiAir Intercooled Turbo engine ‣ development and launch of new Tigershark 16 valve 2.0-liter and 2.4-liter engines ‣ further applications of the efficient Pentastar V-6 engine ‣ extension of use of Start&Stop to North American market TRANSMISSIONS ‣ introduction of 9-speed transmission ‣ expansion of 8-speed transmission applications ‣ introduction of Dual Dry Clutch Transmission VEHICLES ‣ launch of a 40-mile per gallon vehicle ‣ extension of use of High-Strength Steels (HSS) to reduce weight while maintaing top level safety and structural performance ‣ introduction of electric power steering ‣ introduction of active grille shutters to improve vehicle aerodynamics	✔ +6.4% in average fuel economy for passenger cars in the US vs previous year ✔ MultiAir introduced on Chrysler Ypsilon ✔ Pentastar V-6 engine extended to Jeep Wrangler ✔ Fuel Saver Technology (cylinder deactivation) incorporated in 80% of V-8 engines sold ✔ 8-speed transmission introduced in Chrysler 300 and Dodge Charger ✔ 6-speed automatic transmission introduced in Ram truck ✔ 5-speed automatic transmission with Pentastar V-6 introduced for Jeep Wrangler ✔ Start&Stop introduced on 2011 Jeep Wrangler in Europe ✔ Applications of high efficiency and lightweight truck and SUV axles extended to the Ram 1500, in addition to Jeep Grand Cherokee and Dodge Durango ✔ Extensive use of HSS (approx. 60% of body weight) on Chrysler 300 *(see pages 93-98, 101-104)*	▸ 2014: +25% in fuel economy vs 2010 across product range
Maserati	▸ Introduction and development of a diversified portfolio of technology solutions for: ENGINES ‣ new family of engines (research in downsizing and/or turbo) ‣ Start&Stop TRANSMISSIONS ‣ increase in gearbox efficiency VEHICLES ‣ low rolling resistance tires ‣ lighter and ultra-light materials (e.g., aluminum doors) ‣ improvement of aerodynamic efficiency ‣ improvement of cooling and thermal management systems ‣ optimization of friction/lubrication ‣ introduction of smart accessories (Pulse Width Modulation Controller, Smart Alternator)	✔ -6% in CO_2 emissions on all vehicles with new 4.7-liter engine (Quattroporte S, Quattroporte GTS, Granturismo S, Granturismo S Automatica, GranCabrio, GranCabrio Sport) vs previous models ✔ Development of new Quattroporte continued	▸ 2012: -30% in CO_2 emissions on new Quattroporte vs 2008 version

- Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- Target postponed

Scope	Actions	2011 Results	Targets
Ferrari	▸ Introduction and development of a diversified portfolio of technology solutions for: ENGINES ▸ optimization of combustion ▸ reduction of friction and pumping losses ▸ research on turbo engines ▸ deactivation of cylinders TRANSMISSIONS ▸ increase of efficiency (lubrication pump, pressure control system, overdrive performance) VEHICLES ▸ introduction of Smart Alternator ▸ new technologies for weight reduction (use of new high strength aluminum alloys, innovative joint technologies, thin wall thickness aluminum casting, etc.) ▸ brake optimization to minimize energy loss and increase efficiency ▸ active aerodynamics	-30% in CO_2 emissions on vehicles sold in Europe vs 2007 -22% in CO_2 emissions on FF vs 612 Scaglietti through the introduction of overdrive, Dual Clutch Transmission (DCT) system pressure control, second generation Carbon Ceramic Material (CCM) brakes with organic material pads (-10% disc dimensions), and High Emotion Low Emissions (HELE) kit, consisting of Start&Stop, continuous radiator fan control, continuous fuel pump control and electronic control of compressor for climate control system -20% in CO_2 emissions on 458 Spider with HELE kit vs F430 Spider -30 kg in weight on 2012 Ferrari California vs 2008 model Active aerodynamics concept applied to the 599XX (evolution package) *(see page 97)*	▸ 2012: -40% in CO_2 emissions vs 2007 product range

Commitment: Promote use of alternative and renewable energy sources

Scope	Actions	2011 Results	Targets
Fiat Group Automobiles (FGA)	▸ Promotion of at least one alternative energy model in each major market, in line with local socio-economic and energy conditions: ▸ natural gas (Natural Power brand) and LPG in Europe ▸ Flexfuel and TetraFuel in Latin America	Market leadership maintained for natural gas vehicles in Europe: 65% market share with a total of approx. 42,000 natural gas vehicles sold Largest natural gas range in Europe with a total of 8 models Over 736,000 Fiat Flexfuel and TetraFuel vehicles sold in Brazil (representing 98% of total sales) *(see pages 99-100)*	▸ 2012: maintenance of leadership position for natural gas vehicles in Europe ▸ 2012: introduction of natural gas two-cylinder (TwinAir) turbo on new Fiat Panda ▸ 2013: extension of the application of natural gas technology on further models
Fiat Group Automobiles (FGA)	▸ Evaluation and testing of other sustainable solutions for the future: ▸ electric/hybrid solutions for urban mobility ▸ hydrogen/natural gas blends ▸ biomethane	Study for small hybrid city car started Study of benefits from the use of biomethane in vehicles started, including analysis of technologies for biomethane production and benchmarking of best practice at European level *(see pages 88, 100)* Road testing of 20 hydrogen/natural gas Fiat Pandas delivered to the Region of Lombardy (Italy) started	▸ 2012: feasibility study for small hybrid city car ▸ 2012: continuation of road testing of 20 hydrogen/natural gas Fiat Pandas delivered to the Region of Lombardy and assessment of results
Fiat Group Automobiles (FGA) and Chrysler Group		105 Ram pickup Plug-In Hybrid Electric Vehicles launched as part of demonstration fleet (140 vehicles) in cooperation with US Department of Energy *(see page 89)*	▸ 2012: launch of Fiat 500 Electric Vehicle in US market

Scope	Actions	2011 Results	Targets
Chrysler Group	▸ Extension of flexible fuel capability in the product portfolio	✔ 46% of US vehicles sold with flexible fuel capability *(see page 100)*	▸ 2012: approx. 50% of US sales and 70% of product portfolio with flexible fuel capability
Ferrari	▸ Testing of hybrid propulsion on high-performance vehicles for the first time	✔ Hybrid car development in progress	▸ 2014: start of production

Commitment: Promote use of low environmental impact technologies and encourage eco-friendly behavior by customers

Scope	Actions	2011 Results	Targets
Fiat Group Automobiles (FGA)	▸ Provision of information to customers on eco-compatible maintenance of vehicles	✔ *Green CHECK-UP* maintenance program extended to further markets (Austria, Portugal, Greece, Czech Republic, Slovakia, Spain, Germany and UK) and educational campaign on responsible driving continued ✔ Website www.genuineparts.fiatgroup.com launched in several markets, focusing on the role of maintenance in reducing the environmental impact of the vehicle	▸ 2012-2013: continuation of the program
	▸ Provision of information to customers on eco-compatible use of vehicles ▸ Extension of the use of eco:Drive software through: ‣ its introduction in new models/markets ‣ its evolution to make eco-driving more fun and exciting (e.g., social network functions)	✔ Distribution of eco:Drive software continued, including versions for natural gas vehicles and light commercial vehicles (approx. over 82,000 users registered since launch in 2008 with 4,600 ton reduction in CO_2 emissions) ✔ Eco:Drive available on the new Fiat Panda ✔ Eco:Drive extended to US, Canada and Brazil ✔ First version of eco:Drive Mobile, which makes data available on smartphones, presented	▸ 2012: launch of eco:Drive Live, making real-time data on eco-driving available on the car dashboard ▸ 2012: eco:Drive available on entire Fiat range equipped with Blue&Me
	▸ Promotion of projects to educate young student drivers toward more eco-responsible driving	✔ Fiat and Magneti Marelli continued their participation in *EcoPatente*, the project promoted by the Italian NGO Legambiente to educate young people attending Italian driving schools toward a more eco-responsible use of cars ✔ *EcoPatente* project extended to Spain *(see pages 105-106)*	▸ 2012: continuation of participation in *EcoPatente* project in Italy

Target exceeded
Target achieved or in line with plan
Target partially achieved
Target postponed

Polluting and noise emissions

Commitment: Minimize polluting emissions

Scope	Actions	2011 Results	Targets
Fiat Group Automobiles (FGA) and Chrysler Group		All FGA light commercial vehicles available with Euro 5 engines, in addition to all cars already available since 2010 *(see page 105)*	▸ 2014: compliance with Euro 6 standard for all new gasoline cars registered in Europe *Note: compliance deadlines for implementation of Euro 6 regulation are 1 September 2014 for new type-approvals; 1 September 2015 for all new vehicle registrations*
Fiat Group Automobiles (FGA)	▸ Early implementation of regulations for the reduction of polluting emissions (e.g., NOx, particulates) through the development and introduction of new technology solutions		▸ 2013: early compliance with the Euro 6 standard for 40% of FGA car versions (model/engine)
Chrysler Group		Approx. 40% of US Chrysler Group Heavy Light Duty Truck fleet compliant with Environmental Protection Agency (EPA) Mobile Source Air Toxics requirements (vs 25% minimum needed according to the phase-in requirements) *(see page 105)*	▸ 2012: surpassing of US Mobile Source Air Toxics compliance requirements by complying early to Heavy Light Duty Truck vehicle phase-in percentages *Note: compliance deadline for implementation of the regulation for 100% of vehicles sold is end of 2014*

Commitment: Reduce noise emissions

Scope	Actions	2011 Results	Targets
Fiat Group Automobiles (FGA)	▸ Improvement of noise emissions from powertrain (engine noise, transmission and auxiliary systems) and tires while maintaining dynamic performance	-2.5 dBA average in engine noise of new Fiat Panda 1.3-liter Multijet during the acceleration phase vs previous Panda 1.3-liter Multijet	▸ 2013: -4% average in internal noise from diesel engines in new models vs 2010 models (equal to -3 dBA) ▸ 2013: -3% average in internal noise from gasoline engines in new models vs 2010 models (equal to -2 dBA)
		-3 dBA average in rolling noise at mid-high frequencies for new Lancia Ypsilon 1.3-liter Multijet vs previous Ypsilon 1.3-liter Multijet	▸ 2013: -3% average in rolling noise at mid-high frequencies for new models vs 2010 models (equal to -2 dBA)

Commitment: Contribute to improving traffic management

Scope	Actions	2011 Results	Targets
Fiat Group Automobiles (FGA)	▸ Improvement in access to and quality of traffic information system for customers	Real-time traffic information service (based on Blue&Me TomTom2 devices) introduced on new Fiat Panda, Fiat 500, Punto, Qubo, Doblò, Alfa Romeo MiTo, Giulietta, new Lancia Ypsilon and Fiat Professional Ducato	
		Blue&Me available on entire range in Europe, excluding Fiat Freemont, Lancia Thema and Voyager	▸ 2012: entire range in Europe equipped with infotainment devices (Blue&Me, Uconnect)
		2 million Blue&Me equipped vehicles sold since launch	
		Uconnect available on Fiat Freemont, Lancia Thema and Voyager *(see page 103)*	▸ 2012: introduction of a next generation Uconnect infotainment unit, integrated with eco:Drive
Chrysler Group		SiriusXM Traffic service available on about 40% of 2011 model year US vehicles with navigation system *(see page 103)*	

Recovery Recycling Reuse

Commitment: Extend use of Life Cycle Assessment (LCA) methodology

Scope	Actions	2011 Results	Targets
Fiat Group Automobiles (FGA)	▸ Analysis of environmental impacts of components and/or manufacturing processes	✔ LCA analysis of natural materials (biopolymers and natural fibers) used in automotive interiors conducted	▸ 2013: LCA analysis of natural materials (biopolymers and natural fibers) used in other automotive applications (i.e., car seat frame using recycled polypropylene and wood fibers)
		✔ LCA analysis of body pre-paint process continued, with toxicological analysis of normal production chemical substances involved in this process compared with best-in-class	▸ 2012: completion of LCA analysis of body pre-paint process, comparing normal production chemical substances with innovative ones involved in this process
		✔ Results of survey on the application of LCA by major suppliers analyzed	▸ 2015: involvement of selected suppliers in common research and development projects based on LCA analysis and aimed at evaluating the environmental impacts of the strategic components of the vehicle
		✔ Questionnaire developed for select Tier 1 suppliers in order to evaluate their sensitivity to LCA issues and their availability to collaborate on specific projects *(see page 111)*	

Commitment: Comply with REACH regulation (Registration, Evaluation, Authorisation and Restriction of Chemicals) with focus on Substances of Very High Concern (SVHC)

Scope	Actions	2011 Results	Targets
Fiat Group Automobiles (FGA)	▸ Establishment of operational procedures for the management of REACH regulation and identification of critical issues	✔ Dedicated intranet website for internal communication of REACH regulation contents created	▸ 2012: development of software for the integrated management of all REACH requirements (SVHC reporting, registration, safety cards, etc.)
Fiat Group Automobiles (FGA) Chrysler Group	▸ Maintenance of system of control for reducing or eliminating SVHC	✔ Screening of SVHC in car components conducted *(see page 109)*	▸ 2014: involvement of suppliers in setting strategies to eliminate the use of SVHC ▸ 2015: evaluation of SVHC phase-out alternatives and development of substitutes

Commitment: Increase use of recycled and natural/renewable materials and remanufactured components

Scope	Actions	2011 Results	Targets
Fiat Group Automobiles (FGA)	▸ Identification of components that can be made from recycled materials ▸ Monitoring of use of recycled materials in components ▸ Increase in the use of natural/renewable materials	✔ 41st SPE Innovation Award for automotive plastics (Environmental) won by FGA for new car application of a bio-based PA 10/10 on diesel engine pipes *(see page 108)*	
Chrysler Group	▸ Extension of the use of recycled materials in plastic parts ▸ Extension of the use of recycled foam in seat cushions	✔ Recycled nylon used in manifold covers ✔ Recycled foam used in Jeep Grand Cherokee and Dodge Durango seat cushions *(see page 107)*	▸ 2012: use of post-consumer recycled materials in wheel liners ▸ 2012: use of at least 5% recycled and renewable resources in seat cushions in new compact segment programs, beginning with Dodge Dart

- Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- Target postponed

Scope	Actions	2011 Results	Targets
Fiat Group Automobiles (FGA)	▸ Development of eco-design systems to support designers in choosing recycled, natural and renewable materials	Questionnaire for Tier 1 suppliers developed, in order to raise awareness of the use of recycled products and to involve suppliers in the implementation of a sector-specific eco-design tool for the automotive industry *(see page 111)*	▸ 2013: development of eco-design tool tailored to the automotive sector ▸ 2015: integration of eco-design tool tailored to the automotive sector with LCA analysis

Commitment: Increase recovery rate of vehicles in circulation

Scope	Actions	2011 Results	Targets
Fiat Group Automobiles (FGA)	▸ Creation of a network of qualified, authorized vehicle dismantling agents	Assessment of the qualitative performance of FGA network dismantling agents in Italy started	▸ 2014: completion of the qualitative performance assessment of FGA network dismantling agents in Italy to ensure 85% recyclability by 2015
		+7% vs 2010 of dismantling agents accepted into the Italian FGA network (290), managing both FGA and Chrysler Group vehicles	▸ 2012: expansion to 300 Italian FGA network dismantling agents, managing both FGA and Chrysler Group vehicles
		Geographical coverage of the network improved	▸ 2012: achievement of 25% of Italian FGA network dismantling agents with quality or environmental certification
		Dedicated network of dismantling agents developed in Turkey (81 agents)	▸ 2012: reinforcement of the end-of-life vehicle activities in at least one major market (France), increasing the number of collection points (+15% vs 2011)
	▸ Improvement of energy recovery management at end of vehicle life cycle	Pilot industrial installation created to recover residual energy from vehicles following shredding at end of life cycle (fluff) *(see pages 108-110)*	▸ 2013: development of a second pilot project dedicated to energy recovery from end-of-life vehicles

Ethical sourcing of raw materials

Commitment: Develop a conflict mineral-free policy to improve mineral traceability and promote ethical sourcing

Scope	Actions	2011 Results	Targets
Fiat Group Automobiles (FGA)	▸ Development of a method for reporting the use of certain minerals that may originate in regions of conflict, such as the Democratic Republic of Congo		▸ 2012: reporting of components and suppliers that use certain minerals that may originate in regions of conflict, such as the Democratic Republic of Congo

Commitment: Define a substitution strategy for critical raw materials

Scope	Actions	2011 Results	Targets
Fiat Group Automobiles (FGA)	▸ Implementation of plans to limit the use of critical raw materials (as defined by the EU, e.g., rare earths) in automotive components		▸ 2013: evaluation of recycling and/or substitution opportunities for critical raw materials used in automotive components

Product safety

Commitment: Continue to improve preventive, active and passive safety of vehicles

Scope	Actions	2011 Results	Targets
Fiat Group Automobiles (FGA)	▸ Utilization of on-board equipment using new Human Machine Interface (HMI) with expansion to vehicle safety communications	✔ Hands-free phone communications and Voice Control phone number selection available on all new models (Fiat Freemont, new Panda, Lancia Voyager, Thema, new Ypsilon) *(see page 199)*	▸ 2012: introduction of Voice Control on all new models
Chrysler Group		✔ Hands-free communications available on all models *(see page 199)*	▸ 2013: introduction of a range of new connectivity features
Fiat Group Automobiles (FGA)	▸ Provision of information to customers on safety-related maintenance	✔ Safety inspections integrated in Summer Check-Up program including special offer on the purchase of parts influencing vehicle safety	▸ 2012–2013: continuation of the program
		✔ Specific safety-related features in the user and maintenance handbook of Fiat Punto Evo, new Panda, Freemont, Alfa Romeo MiTo, new Lancia Ypsilon introduced *(see pages 198-199)*	▸ 2012–2013: continuation of the program
		✔ Website www.genuineparts.fiatgroup.com launched in several markets, providing customers with information on the role of maintenance for vehicle safety	
	▸ Offering of a range of driver-assist systems: ‣ Collision mitigation ‣ Adaptive Cruise Control (ACC) ‣ Lane Departure Warning (LDW) ‣ Blind-spot Monitoring (BSM) ‣ Rear Cross Path Detection ‣ Rear camera ‣ Adaptive Front light System (AFS)	✔ Euro NCAP 5 stars achieved by Lancia Thema and Fiat Freemont (in addition to the Fiat 500, Bravo, Grande Punto, Alfa Romeo Giulietta, MiTo, 159 and Lancia Delta)	▸ 2012: achievement of Euro NCAP 5-star rating for new models in medium and large segments
		✔ Low-speed collision mitigation under development	▸ 2012: introduction of low-speed collision mitigation on mini and small cars and ACC on compact and large cars
		✔ ACC, BSM, Rear Cross Path Detection and AFS introduced on Lancia Thema	
		✔ BSM and Rear Cross Path Detection introduced on Lancia Voyager	
		✔ Rear camera available on Fiat Freemont, Lancia Thema and Voyager	
	▸ Improvement of safety standards for children and pedestrians	✔ Innovative child restraint available on new Fiat Panda and new Lancia Ypsilon	▸ 2012: innovative child restraint available on all new models
		✔ Energy-absorbing front-end introduced on new Fiat Panda and new Lancia Ypsilon	▸ 2012: introduction of energy-absorbing front-end on all new models
		✔ Alfa Romeo Giulietta's hood architecture applied on new Fiat Panda	▸ 2012: application of Alfa Romeo Giulietta's hood architecture on all new models
		✔ Active Pedestrian Protection system available on Fiat Freemont, Lancia Thema and Voyager	
	▸ Accident simulation to optimize vehicle safety using real data	✔ Product Safety & Innovation unit created, aimed at modeling real accidents to optimize the design of safety systems *(see pages 193-197)*	▸ 2012: modeling and analysis of at least 20 real accidents

- Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- Target postponed

Scope	Actions	2011 Results	Targets
Chrysler Group	▸ Extension of active, passive and preventive safety features to additional models and introduction of new features	Parkview rear camera offered on Ram Trucks, Dodge Grand Caravan, Journey, Charger, Durango, Jeep Grand Cherokee, Chrysler Town & Country and ParkSense rear assist offered on the same models plus Jeep Liberty ParkSense front assist offered on Jeep Grand Cherokee and Chrysler 300 in certain markets SafetyTec standard safety package, Parkview rear camera and Adaptive Cruise Control extended to Chrysler 300 Blind-spot Monitoring with Rear Cross Path Detection offered on Dodge Grand Caravan and Durango, Chrysler 300 and Town & Country, Jeep Grand Cherokee Rollover Crash Sensing extended to Dodge Durango, Jeep Grand Cherokee Forward Collision Warning offered on Dodge Charger, Chrysler 300, Jeep Grand Cherokee, Dodge Durango Smart brake incorporated into 100% of vehicles *(see pages 195-196)*	▸ 2012: extension of ACC, Blind-spot Monitoring, Rear Cross Path Detection and Adaptive Seat Belt features to further models ▸ 2013: introduction of a range of new active safety features
	▸ Development of safety systems for electric vehicles		▸ 2012: design of safety systems specifically for electric vehicles
Maserati	▸ Offering of a range of driver-assist systems: ‣ latest generation Vehicle Dynamic Control ‣ Skyhook dynamic damping control for suspension systems ‣ Adaptive Front light systems and Xenon headlights (AFX) ‣ Brake Prefill ‣ Active Roll Bar	Hydraulic Brake Assistant introduced on all models Skyhook dynamic damping control available on all models Active Roll Bar available on all GranCabrio versions	▸ 2012: introduction of AFX and Brake Prefill systems on New Maserati Quattroporte
Ferrari	▸ Technology transfer from Formula 1 experience to on-road vehicles, in terms of both vehicle systems and dynamics controls	Introduced on FF: ‣ 4WD (Four-Wheel Drive) system ‣ second-generation Carbon Ceramic Material (CCM) brakes with organic material pads ‣ third-generation Magnetorheological Suspension Control (SCM3) *(see page 197)*	▸ 2012: continuing
	▸ Research projects with soon-to-be/recent graduates for the development of upgraded Human Machine Interface	Test on correlation between technical vehicle data and driver's biometric signals performed	▸ 2013: reporting of driver's biometric data in real time

Commitment: Continue to improve air quality inside passenger compartment

Scope	Actions	2011 Results	Targets
Fiat Group Automobiles (FGA)	▸ Minimization of emissions of Volatile Organic Compounds (VOC) inside passenger compartment	New methodologies to measure pollution level in vehicle interior analyzed	▸ 2013: analysis and testing of new technologies to measure VOC in components

Commitment: Promote innovation to integrate active/passive safety with infomobility technology

Scope	Actions	2011 Results	Targets
Centro Ricerche Fiat	▸ Development of wireless Vehicle-to-Vehicle (V2V) and Vehicle-to-Infrastructure (V2I) communication technologies that improve road safety	3 vehicles prepared for road testing, equipped with V2V and V2I technologies Methodology for extensive road testing developed *(see page 86)* Prototype of a telematic system, alerting drivers when they are approaching accident blackspots, developed within the *Easy Rider* project	▸ 2013: road testing of a range of vehicles, as part of the European *DRIVE C2X* project, to assess the reliability of V2V and V2I technologies following initial results of *SAFESPOT* project ▸ 2013: assessment of application of further V2V and V2I functions in accident blackspots
Magneti Marelli	▸ Improvement of road safety performance through use of telematic technologies and infomobility services: ‣ warning when vehicle is approaching accident blackspots or roadworks ‣ visualization of road signs via on-board systems	On-board architecture for Vehicle-to-Infrastructure (V2I) communication developed in collaboration with Centro Ricerche Fiat, as part of *EcoMove* funded project Software modules developed for the recognition of the accident messages coming from a simulator	▸ 2013: development in Turin, as part of the *Easy Rider* project, of the first demo installations based on V2I communication for on-board display of road signs and accident blackspots *Note: deadline moved due to rescheduling of project, affecting all the partners*

Plants[1]

Environmental awareness

Commitment: Promote environmental awareness within the Group

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Formulation and dissemination of updated Environmental Guidelines		▸ 2012: update of Environmental Guidelines to stress the importance of water management and to integrate existing Chrysler Group Environmental Policy
	▸ Preparation and distribution of a training kit for personnel working within the Environmental Management System	Training kit distributed in all plants in Italy	▸ 2012: distribution of the training kit to all plants worldwide
	▸ Update of the group-wide intranet platform to enhance best practice sharing with Chrysler Group	Development of updating requirements started	▸ 2013: extension of the platform to include Chrysler Group scope as well

Commitment: Expand and consolidate management system for environmental Key Performance Indicators (KPI)

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Implementation of a new IT application to collect and manage Environment, Health and Safety data	Technical/functional specifications formulated for the new application	▸ 2013: new information system available
		Number of monitored and reported performance indicators extended, with reference to water and waste (Chemical Oxygen Demand, Biochemical Oxygen Demand, Total Suspended Solids concentration and hazardous waste per unit value)	▸ 2013: extension of the number of performace indicators monitored

[1] *In the plants section when "Chrysler" is indicated, the scope includes Chrysler Group assembly and stamping plants in order to be consistent with Fiat Group Automobiles scope of operations.*

- Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- Target postponed

Commitment: Optimize the Group's Environmental Management System

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Extension of ISO 14001 certification	139 plants ISO 14001 certified (of which all plants operating in Europe in 2010), together accounting for 97.3% of total Group industrial revenues[1]	▸ 2012: ISO 14001 certification for all plants operating in 2011 worldwide
	▸ Adoption of World Class Manufacturing (WCM) system, considered one of the highest standards globally	WCM system adopted at plants accounting for 97% of total manufacturing cost base: 14 plants achieved bronze level, 7 silver level *(see pages 114-116)*	

Commitment: Optimize the Group's environmental performance

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Optimization of the management system for withdrawal and discharge of **water**, based on the specific characteristics of the country in which each plant is located, including through the dissemination of specific guidelines	Water Management Guidelines formulated and disseminated at Fiat Group Automobiles, Maserati, Fiat Powertrain, Magneti Marelli, Comau, Teksid	▸ 2012: dissemination of Water Management Guidelines at Chrysler Group
		-22.8% vs 2009 in water consumption per vehicle produced at Fiat Group Automobiles (FGA) plants worldwide (from 5.84 to 4.51 m^3/vehicle) and -15.9% vs 2010 (from 5.36 to 4.51 m^3/vehicle); -20% vs 2010 in water consumption per vehicle produced at Chrysler plants worldwide (from 4.53 to 3.62 m^3/vehicle)	▸ 2014: up to -40% vs 2009[2] in water consumed per unit value at Group plants worldwide (with specific targets for each sector) *Note: details for each sector are available in the sustainability section of the Group website*
		Implementation of measures to improve reuse and recycling of water continued at all 13 plants located in areas with scarce water resources	▸ 2012: continuation of water-related risk assessment for all plants located in sensitive areas and implementation of appropriate measures to reuse and recycle water
			▸ 2012: setting of specific targets for heavy metals levels in water discharge
		97.4% recycling index at Fiat Group Automobiles plants worldwide	▸ 2012: maintenance of water recycling index of Fiat Group Automobiles over 95% and setting of water recycling index target for Chrysler
		Water quality target set for Fiat Powertrain, Comau and Teksid in addition to Fiat Group Automobiles and Magneti Marelli *(see pages 119-121)*	▸ 2014: maintenance levels of Biochemical Oxygen Demand (BOD), Chemical Oxygen Demand (COD) and Total Suspended Solids (TSS) present in water discharge from Fiat Group plants worldwide below local regulatory levels, including after reductions in water consumption *Note: details for each sector are available in the sustainability section of the Group website*

[1] Industrial revenues are those attributable to the activity of plants directly controlled by the Group.
[2] As Chrysler Group LLC was formed in mid-year 2009, Chrysler Group-specific targets utilize a 2010 baseline.

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Optimization of **waste** management based on the specific characteristics of the country in which each plant is located		▸ 2012: formulation and dissemination of Waste Management Guidelines
		✔ 67.2% of waste recovered at Fiat Group plants worldwide, with performance varying by sector (e.g., 95.3% for Fiat Group Automobiles, 95.9% Chrysler)	▸ 2014: up to 95% of waste recovered at Group plants worldwide (with specific targets for each sector) *Note: details for each sector are available in the sustainability section of the Group website*
		✔ -1.4% vs 2009 in waste generated per vehicle produced at Fiat Group Automobiles plants worldwide (from 199.1 to 196.3 kg/vehicle) and -6% vs 2010; +0.6% vs 2010 in waste generated per vehicle produced at Chrysler plants worldwide (from 218.5 to 219.9 kg/vehicle)	▸ 2014: up to -20% vs 2009[1] in waste generated per unit value at Group plants worldwide (with specific targets for each sector) *Note: details for each sector are available in the sustainability section of the Group website*
		✔ -9.2% vs 2009 in hazardous waste generated per vehicle produced at Fiat Group Automobiles plants worldwide (from 7.6 to 6.9 kg/vehicle) and -32.4% vs 2010; -39.3% vs 2010 in hazardous waste generated per vehicle produced at Chrysler plants worldwide (from 2.8 to 1.7 kg/vehicle) *(see pages 122-124)*	▸ 2014: up to -30% vs 2009[1] in hazardous waste generated per unit value at Group plants worldwide (with specific targets for each sector) *Note: details for each sector are available in the sustainability section of the Group website*
	▸ Application of the best available techniques for reduction of **Volatile Organic Compounds** (VOC) in paint shops	✔ -2.9% vs 2009 in VOC emission levels from the car body paint process at FGA plants worldwide (from 44.3 to 43 g/m²) and -0.9% vs 2010; -3.1% vs 2010 in VOC emission levels from the car body paint process at Chrysler plants worldwide (from 19.5 to 18.9 g/m²) *(see page 118)*	▸ 2014: up to -50% vs 2009[1] in VOC emissions per square meter at Group plants worldwide (with specific targets for each sector) *Note: details for each sector are available in the sustainability section of the Group website*
	▸ Limitation of external **noise** produced by plants	✔ Guidelines for the design and purchase of new equipment formulated and disseminated to limit external noise *(see page 124)*	▸ 2012: dissemination of Noise Management Guidelines at Chrysler Group
	▸ Formulation of guidelines for the identification and safeguarding of protected species and **biodiversity**	✔ Pre-assessment analysis integrated into the Fiat Biodiversity Index methodology ✔ Assessment of initiatives implemented based on Fiat Biodiversity Value Index and new action plan designed for the Fiat Powertrain plant in Verrone (Italy) and the Magneti Marelli plant in Venaria Reale (Italy) ✔ Application of Biodiversity Guidelines extended to main sites adjacent to or within protected areas (national, regional, sites of Community interest, special protection zones, oases, etc.) or areas of high biodiversity value *(see pages 125-127)*	▸ 2012: application of pre-assessment analysis in all plants in order to detect possible sites of interest to apply Fiat Biodiversity Index methodology
	▸ Reduction in the use of **Ozone Depleting Substances** (ODS) and other Substances of Significant Impact (SSI) for health and the environment at Group plants worldwide	✔ Set of SSI identified ✔ -3.2% vs 2010 of ODS in equipment at Group worldwide (excluding Chrysler Group) *(see page 119)*	▸ 2012: definition of specific actions to reduce use of SSI ▸ 2014: elimination of ODS from equipment at Group plants worldwide excluding Chrysler Group, committed instead to eliminating ODS as equipment is replaced
	▸ Alignment with international regulations (e.g., REACH, TRA) on the use of potentially dangerous substances in manufacturing processes	✔ Compliance with REACH and TRA maintained in each of the countries of application	▸ 2012: ongoing compliance with REACH and TRA
	▸ Elimination of **Polychlorinated Biphenyls** (PCB) from equipment at Group plants worldwide	✔ PCB eliminated at Magneti Marelli plants in addition to Fiat Group Automobiles, Chrysler Group, Maserati, Fiat Powertrain, Comau and Teksid plants *(see page 124)*	

[1] As Chrysler Group LLC was formed in mid-year 2009, Chrysler Group-specific targets utilize a 2010 baseline.

- Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- Target postponed

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

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Implementation of an Energy Management System and certification of plants under ISO 50001 international standard	6 Group plants adopted the Energy Management System developed by Fiat Group Automobiles in addition to 34 plants that had adopted it in 2010 (together representing 70% of total energy consumption of Fiat Group excluding Chrysler Group and 35% including Chrysler Group) 6 Group plants obtained ISO 50001 certification in addition to 11 that had already achieved the EN 16001 certification in 2010 (together representing approx. 11% of total energy consumption of Fiat Group excluding Chrysler Group and 5.5% including Chrysler Group)	▸ 2014: roll out of Fiat Energy Management System to main Fiat Group plants (representing approx. 92% of total energy consumption) and ISO 50001 certification of those plants *Note: deadline moved to include Chrysler Group in the scope*
	▸ Definition of measures and technologies to reduce **energy consumption** and **CO_2 emissions** per unit value	-6.9% vs 2009, on comparable scope of activities, in energy consumed per vehicle produced at Fiat Group Automobiles plants worldwide (from 5.35 to 4.98 GJ/vehicle); -3.3% vs 2010 (from 5.15 to 4.98 GJ/vehicle); -16.8% vs 2010, on comparable scope of activities, in energy consumed per vehicle produced at Chrysler plants worldwide (from 10.60 to 8.82 GJ/vehicle)	▸ 2014: up to -26% vs 2009[1] in energy consumed per unit value at Group plants worldwide (with specific targets for each sector) *Note: details for each sector are available in the sustainability section of the Group website*
		-20.2% vs 2009, on comparable scope of activities, in CO_2 emissions at Fiat Group Automobiles plants worldwide (from 0.470 to 0.375 tons CO_2/vehicle); -10.3% vs 2010 (from 0.418 to 0.375 tons CO_2/vehicle); -16.7% vs 2010, on comparable scope of activities, in CO_2 emissions at Chrysler plants worldwide (from 0.878 to 0.731 tons CO_2/vehicle)	▸ 2014: up to -30% vs 2009[1] in CO_2 emissions per unit value at Group plants worldwide (with specific targets for each sector) *Note: details for each sector are available in the sustainability section of the Group website*
		Green Factories laboratory (reduction in energy consumption and CO_2 emissions) continued with a focus on: global analysis of energy consumption reductions, development of customized high-efficiency lighting solutions, energy recovery solutions for industrial applications	▸ 2012: continuation of laboratory
	▸ Promotion of generation and use of energy from renewable sources	19.3% of total (direct and indirect) energy consumed by the Group (excluding Chrysler Group) from renewable sources (11.8% in 2009); 9.8% including Chrysler Group	▸ 2012: maintenance of level achieved at all Fiat Group plants excluding Chrysler Group that will evaluate the use of energy from renewable sources
	▸ Proactive management of regulatory risks and opportunities, through continuous monitoring of current and future emissions trading regulations in countries where the Group operates (e.g., EU-ETS, CRC Energy Efficiency Scheme)	Group compliance with emissions trading regulations ensured where Group is present 2 Group plants in Europe (accounting for total energy generation of about 412,000 GJ per year) participated in EU-ETS Evidence Pack under the UK CRC Energy Efficiency Scheme completed	▸ 2012: ensure Group compliance with emissions trading regulations in countries where present
	▸ Application of Best Available Technologies (BAT) to reduce energy consumption and environmental footprint of new and restructured plants	Application of BAT at the Teksid Italian plant of Carmagnola continued ensuring energy consumption savings of 50% compared with old technologies (annual savings of more than 20,000 GJ) *(see pages 128-131)*	▸ 2012: continued application of BAT in Teksid Polish plant of Skoczow ▸ 2012: completion of new Fiat Group Automobiles (FGA) plants in China and Serbia that will adopt innovative technologies and solutions to reduce energy consumption (approx. -20%) compared with levels at existing FGA plants worldwide

[1] As Chrysler Group LLC was formed in mid-year 2009, Chrysler Group-specific targets utilize a 2010 baseline.

Logistics

Environmental impact

Commitment: Reduce environmental impact of logistics

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Formulation and dissemination of Green Logistics principles		▸ 2012: extension of Fiat Group Green Logistics principles, possibly adapted, to Chrysler Group
	▸ Definition of a standard set of environmental KPIs	✔ Standard set of environmental KPIs extended and adopted for all Group sectors (excluding Chrysler Group)	▸ 2012: further extension of environmental KPIs and adoption of this common framework across the Group
		✔ Monitoring process completed for all Group sectors in Europe *(see page 134)*	▸ 2012: setting of targets for all Group sectors in Europe ▸ 2014: extension of monitoring process to all Group sectors worldwide (scope 2011)
	▸ Increase in low-emissions transport (INBOUND)	✔ Monitoring of vehicle emissions standards started for transport not managed directly by the sectors (excluding Chrysler Group) in preparation for introduction of emission standards already applicable for directly managed transport	▸ 2012: continuation of monitoring of vehicle emissions standards for transport not managed directly by the sectors and start of monitoring by Chrysler Group
		✔ Clauses introduced in Group contracts for transport directly managed by sectors (excluding Chrysler Group) permitting use of low-emissions vehicles only (at least 50% of fleet compliant with Euro IV or stricter standards). Authorized access for Euro III-V vehicles only already activated for all Group plants (for directly managed transport) *(see pages 134-135)*	▸ 2012: continuation of phase-in of restricted access clauses in contracts with transport suppliers managed directly by sectors (excluding Chrysler Group)
Fiat Group Automobiles (FGA)	▸ Use of intermodal solutions (INBOUND/OUTBOUND)	✔ Feasibility study conducted for activation of bi-directional Northern Europe–Southern Italy rail routes and establishment of CO_2 emissions reduction targets for 2012-2014 *(see page 135)*	▸ 2012: -58,000 tons of CO_2 vs 2008 (compared with equivalent volumes transported by road) through the further extension of rail transport
Fiat Group	▸ Optimization of transport capacity (INBOUND)	✔ -12,100 tons in CO_2 emissions vs previous delivery mode through an increase in the use of solutions to optimize transport capacity (e.g., Streamlined Delivery Project, etc.) at Fiat Group Automobiles and Fiat Powertrain in Europe *(see pages 136-137)*	▸ 2012: further reduction in CO_2 emissions through an increased solutions to optimize transport capacity
Fiat Group Automobiles (FGA)	▸ Reduction in the use of packaging and protective materials (INBOUND)	✔ -2% vs 2010 in disposable cardboard packaging for vehicle components (from 6.0 to 5.9 kg/vehicle) at European plants	▸ 2012: -7% vs 2010 in disposable cardboard packaging for vehicle components (from 6.0 to 5.6 kg/vehicle) at European plants
		✔ -78% and -21% vs 2010 in disposable wood packaging respectively for shipments from Italy to Serbia and from Italy to Brazil managed under the World Material Flow (WMF) program	▸ 2012: -31% vs 2010 in disposable wood packaging (from 15.6 to 10.7 kg/m^3) for shipments from Italy to Brazil FIASA plant managed under the WMF program
		✔ Monitoring started of the disposal of packaging and protective materials shipped by Italian Parts & Services warehouses: 14% of total amount of parts shipped *(see page 137)*	▸ 2012: -8% (600 tons) vs 2011 in disposal of packaging and protective materials shipped by Italian Parts & Services warehouses (from 14% to 13% of total amount of parts shipped)

- Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- Target postponed

Non-manufacturing processes

Environmental impact[1]

Commitment: Reduce Information Communication Technology-related energy consumption

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Introduction of new low environmental impact hardware	-400 MWh vs 2009 (approx. 250 tons of CO_2) through introduction of high-efficiency power supply units	▸ 2012: -590 cumulative MWh vs 2009 (approx. 380 tons of CO_2) through the introduction of additional high-efficiency power supply units
		9,950 video monitors replaced with eco-efficient devices (EnergyStar and EPEAT Silver/Gold)	▸ 2012: replacement of a further 11,000 video monitors with eco-efficient devices
	▸ Consolidation of servers, introduction of new, more efficient servers or implementation of initiatives to reduce server footprint	-13,900 MWh in energy consumed vs 2010 (approx. 7,200 tons of CO_2) through the elimination and/or replacement of physical servers and creation of virtual servers *(see page 139)*	▸ 2012: further replacement and/or virtualization of servers ▸ 2014: completion of server replacement
Chrysler Group	▸ Reduction in PC power consumption by automatically powering down PCs not in use in the evening	-2,288 MWh in energy consumed vs 2010 (approx. 1,622 tons of CO_2) by powering down PCs not in use in the evening *(see page 139)*	▸ 2012: continuation of the program

Human Resources[2]

Equal opportunity and diversity

Commitment: Promote internal professional development

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Development of internal job posting program for salaried and professional positions	326 open positions managed and a total of 3,201 internal applications received under Chrysler Group's internal job posting program (for US and Canada salaried employees) *(see page 146)*	▸ 2012: implementation of the job posting program by region, in accordance with local requirements and constraints

Commitment: Promote diversity and non-discriminatory practices

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Design of course to promote a work environment based on the highest principles and that guarantees fundamental rights in the workplace	Non-discrimination online course launched for all professionals in Italy, in additional to managers worldwide that attended it in 2010 R.E.S.P.E.C.T. online course launched to 10,300 US salaried (18.5% of Chrysler Group's total workforce) *(see page 154)*	▸ 2012: revision in accordance with local context and extension of the course to all professionals worldwide
	▸ Promotion of job opportunities for workforce diversity	Number of disabled employees monitored and corrective measures implemented to promote job opportunities and further increase the number of disabled people employed *(see pages 164-166)*	▸ 2012: increase in the number of diversity candidates employed by region, in accordance with local requirements and constraints ▸ 2012: design and implementation of a pilot project to support newly-hired disabled individuals in the initial phase of employment (e.g., tutorship, on-the-job training, etc.) in EMEA region

[1] The World Class Administration project has been interrupted.
[2] As of September 2011, four Regional Operations Groups have been established to manage car manufacturing and sales activities within the entire Fiat Group: NAFTA (Canada, Mexico and the US), EMEA (Europe, Africa and Middle East), LATAM (Latin America) and ASIA.

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Monitoring of global implementation of equal opportunity principles in relation to: compensation levels, annual salary review plan, performance and leadership appraisals and promotions	✔ Results of monitoring process analyzed and corrective actions implemented, as necessary *(see pages 163-164)* ✔ External recruitment agencies engaged by Group companies informed of the company's role as Equal Opportunity Employer (EOE), where not already required by law ✔ Regional/country-based recruitment processes monitored to ensure EOE performance (e.g., at Fiat Group Automobiles, where feasible, the same percentage of male and female candidates was considered in each recruitment process) *(see pages 160-161)*	▸ 2012: continuation of analysis of worldwide monitoring process outcomes for professionals and managers and implementation of corrective actions, as necessary ▸ 2012: definition of target partner universities by region to provide diverse candidates for intern and entry-level positions ▸ 2012: continuation of monitoring of regional/country-based recruitment processes to ensure EOE performance

Work-life balance

Commitment: Promote work-life balance

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Promotion of initiatives that enhance work-life balance	✔ Pilot project to design and implement work-life balance programs launched for Italian employees. Initiatives implemented: ‣ *Reti Amiche on the Job*: public administration and company services accessible on site for both hourly employees (only Fiat Group Automobiles – FGA – Mirafiori site) and salaried employees ‣ Welfare worker service improved and increased (only FGA Mirafiori) ‣ Driver's license renewal service opened on-site (only FGA Mirafiori) ‣ Skin Cancer Prevention Day (only FGA Mirafiori) ‣ Internal Technology and Innovation Meetings and communication events increased ‣ Summer camp registration fees discounted to aid families with more than one child ‣ New summer camp for employees' children organized in association with Juventus Football Club ‣ MIO service in response to employees' questions on labor matters inaugurated ‣ VALYou initiative launched to offer goods and services at competitive prices *(see pages 158-159, 168, 171, 181)*	▸ 2012: implementation of work-life balance initiatives by region, in accordance with local requirements and constraints ▸ 2012: implementation of a flexible working program (work from home and other flexible solutions to facilitate eldercare and family management) by region, in accordance with local requirements and constraints
	▸ Support for volunteer work during paid work hours	✔ Pilot project launched in Brazil allowing employees to do volunteer work for qualifying nonprofit organizations during work hours: ‣ over 4,700 employees volunteered at 10 qualifying nonprofit organizations ‣ approx. 18,200 volunteer hours donated *(see page 224)*	▸ 2012: continuation and further extension of the volunteer work program in LATAM region with new initiatives ▸ 2012: implementation of corporate volunteer programs by region, in accordance with local requirements and constraints

- Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- Target postponed

Human capital development

Commitment: Enhance skills within the Group

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Assessment of employees through performance and leadership mapping	Approx. 39,500 employees evaluated (100% of managers and professionals and 36% of salaried employees) *(see pages 147-148)*	▸ 2012: continuation of evaluation of all managers and professionals and an increasing percentage of salaried employees *Note: gradual extension to all salaried employees contingent on market recovery*

Commitment: Manage succession plans and intragroup personnel transfers

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Implementation of *Talent Review* program	Following an evaluation of managers and professionals, global *Talent Reviews* conducted across a wide range of experience levels for 25 professional families/sectors/functions to identify those having the necessary characteristics to cover key positions over the next 10 years *(see page 149)*	▸ 2012: continuation of *Talent Review* program

Raise awareness on sustainability issues

Commitment: Maintain sustainability as a key corporate objective

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Incorporation of environmental and social targets in variable compensation system	Environmental and social targets incorporated in variable compensation for individuals with responsibility for projects included in the 2010 Fiat S.p.A. Sustainability Plan, for Group Executive Council members and a majority of second level reports to sector CEOs	▸ 2012: continuation of the process

Commitment: Improve commuting for employees

Scope	Actions	2011 Results	Targets
Fiat Group (excluding Chrysler Group)	▸ Development of mobility plans to improve commuting to and from select sites in Italy through increased use of public transport, car pooling, alternative mobility (cycling), improvements to entrances, loading and parking areas	Improvement of initiatives to enhance commuting to and from the Mirafiori site (Italy) continued impacting approx. 18,000 employees. Major actions concerned the creation of new public transport routes in collaboration with local authorities, the design of a specific web tool for increasing the use of car pooling, improvements to entrances/drop-off areas and the promotion of communication activities	▸ 2012: continuation of specific initiatives and evaluation of plan effectiveness
		Mobility plan implemented to improve employee commuting to and from the Italian Maserati site in Modena impacting approx. 600 employees: car pooling project launched, improvements to entrances/drop-off areas completed, communication activities implemented *(see page 138)*	▸ 2012: continuation of specific initiatives

Attraction, retention and involvement of employees

Commitment: Attract and retain the best talent

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Performance of a people satisfaction survey to monitor the satisfaction levels, needs and requests of employees	✔ Results of the 2010 people satisfaction survey analyzed and action plan implemented at Fiat Group Automobiles and Magneti Marelli (see pilot project to implement work-life balance programs) *(see pages 158-159)*	▸ 2012: performance of a people satisfaction survey
	▸ Implementation of long-term performance-related incentive plans		▸ 2012: definition and implementation of long-term performance-related incentive plans for key talent

Commitment: Promote continuous improvement through the direct participation and contribution of workers

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Encouragement of proposals from employees	✔ 1.6 million improvement proposals collected. Average of 12 suggestions per person received *(see page 115)*	▸ 2012: 15 improvement proposals per person

Training and knowledge management

Commitment: Develop a group-wide culture of continuous change

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Redefinition of the training model and management process to enable a more effective and flexible response to strategic and tactical training needs according to changes in the economic environment	✔ Governance model for managerial training extended in Europe, focusing on: ‣ selection and certification of internal and external trainers ‣ monitoring of course results and effectiveness	▸ 2012: development and implementation of the new learning management system platform to ensure delivery of online training worldwide ▸ 2012: establishment of the new Fiat Training Center to ensure a dedicated training location for EMEA region ▸ 2012: feasibility study for Training Centers in other regions ▸ 2013: extension of access for hourly employees to the corporate repository for training catalogues and special projects through the implementation of the new Fiat extranet Virtual Training Center
		✔ Programs aimed at development of managerial skills for employees assigned new responsibilities implemented in Europe	▸ 2012: implementation of managerial skills training programs by region, in accordance with local requirements and constraints
	▸ Design of a training program to enhance cultural diversity awareness and to promote cooperation among employees of different cultures	✔ Pilot training initiatives on cultural diversity delivered to Fiat Group Automobiles professionals operating mainly in joint ventures: ‣ Managing change across cultures ‣ American/Italian cultural awareness ‣ Chinese cultural awareness ✔ Cross-cultural training delivered to Chrysler Group expatriates and their eligible family members *(see pages 152-155)*	▸ 2012: continuation of training initiatives aimed at enhancing cultural diversity awareness

- Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- Target postponed

Commitment: Promote a culture of sustainability and increase awareness among employees

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Provision of online training on sustainability		▸ 2012: delivery of the revised course on sustainability to all Group professionals worldwide
	▸ Provision of courses on the ecological, safety and technological features of Group products	62 online training modules offered via intranet on an unrestricted basis *(see page 155)*	▸ 2012: continuation of provision of training modules on the ecological, safety and technological features of Group products

Occupational Health and Safety

Commitment: Formulate and disseminate Health and Safety Guidelines

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Amendment of current Health and Safety Guidelines	Possible further amendments analyzed based on stakeholder feedback	▸ 2012: amendment of current Health and Safety Guidelines to emphasize the importance of stress management and security of staff

Commitment: Continue internal and external certification process for the Occupational Health and Safety Management System

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Extension of OHSAS 18001 certification	103 plants OHSAS 18001 certified, with approx. 121,000 employees (97.7% of Group employees in scope for 2010, excluding Chrysler Group)	▸ 2014: OHSAS 18001 certification of all Group plants operating worldwide in 2012, including those operated as a joint venture *Note: deadline moved to include Chrysler Group in the scope*
	▸ Audit of safety management procedures at plants	Approx. 2,000 internal audits (+300% vs 2010) and 158 external audits conducted, covering a total of approx. 121,000 employees *(see page 173)*	▸ 2012: +10% internal audits vs 2011

Commitment: Minimize the impact of nanotechnology in the workplace

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Participation in working groups to support the definition of technical regulations on nanotechnology and the identification of the impact of nanotechnology on health and safety	UNI (Italian national standards institute) Technical Committee on nanotechnology led by Fiat Group *(see page 177)*	▸ 2012: identification of the impact of nanotechnology on health and safety

Commitment: Minimize ergonomic risk in the workplace taking into account factors such as age and gender

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Implementation of Ergo-Uas methodology in ergonomic workstation design ▸ Implementation of European Assembly Work-Sheet (EAWS) methodology in the assessment of the ergonomic risks of workstations	Ergo-Uas methodology implemented at 6 Italian plants (approx. 21,000 employees involved) *(see pages 177-178)*	▸ 2012: implementation of Ergo-Uas methodology in all assembly plants in Italy ▸ 2012: extension of EAWS methodology to all assembly plants in Europe

Commitment: Continue to promote a culture of health and safety in the workplace

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Development and implementation of a management information system for the collection, analysis, classification and management of preventive and corrective measures for accidents, near misses and unsafe acts	New management information system for safety data implemented at 6 pilot plants	▸ 2013: extension of the management information system to cover all Group plants worldwide *Note: deadline moved to include Chrysler Group in the scope*
	▸ Implementation of a new IT application to collect and manage Environmental, Health and Safety data (including near misses, unsafe acts and occupational illnesses)	Technical/functional specifications formulated for the new application *(see page 173)*	▸ 2013: new information system available
	▸ Development and implementation of a group-wide health and safety training platform	*Health and Safety First* project revised and rolled out at 6 plants (about 6,000 employees involved in addition to over 16,000 already involved in 2010)	
		New health and safety training platform developed for Fiat Group in Italy	▸ 2013: implementation of the new health and safety training platform in Italy
	▸ Definition and progressive implementation of training standards and information tools for health and safety specialists within the Group	Training standards and information tools extended to Italian health and safety specialists	▸ 2012: extension of training standards and information tools to health and safety specialists worldwide
	▸ Development and implementation of the *Top Ten Safety* project: 10 key health and safety initiatives	*Top Ten Safety* project extended to all operating plants in Europe as of 2010 (involving approx. 59,000 employees)	▸ 2012: progressive extension of the *Top Ten Safety* project to all Group plants operating worldwide in 2011
	▸ Provision of the online course *Health and Safety in the Office* for office workers on workstation ergonomics, emergency response, electric hazards, risks of overexertion and correct use of video monitors	Feedback from 18,000 course participants in Italy analyzed *(see page 176)*	▸ 2013: customization and extension of the online course to all office workers worldwide

Employee health and well-being

Commitment: Promote the health of employees

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Monitoring of work-related stress levels and definition of prevention plans	Standard methodology for monitoring work-related stress adapted to local circumstances	
		Sites where risk is considered most likely identified (22 sites employing approx. 19,000 people) *(see pages 178-179)*	▸ 2012: monitoring and implementation of action plan at sites where risk is assessed as most likely

- Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- Target postponed

Scope	Actions	2011 Results	Targets
Fiat Group		Information on prevention against the seasonal flu virus distributed and flu vaccinations provided to employees worldwide HIV/AIDS awareness campaign continued at Comau, Fiat Group Automobiles, Fiat Powertrain, Magneti Marelli and Teksid plants in Brazil (approx. 26,000 employees involved) Drug and alcohol awareness campaigns launched for about 39,000 employees at Italian sites	▸ 2012: continuation of awareness campaigns and ad hoc targeted prevention measures
Chrysler Group	▸ Distribution of information and provision of medical support to employees to prevent the spread of infectious diseases, promote personal hygiene and increase employee knowledge of their personal health risks	*Tips on Health* section launched on the Group intranet in Italy *(see pages 180-181)*	▸ 2012: extension of the *Tips on Health* section to Group intranet sites worldwide
		Biometric screening checks for cholesterol, blood pressure and glucose provided to approx. 11,500 Chrysler Group employees (5.8% of the total Group workforce and 21% of the Chrysler Group workforce)	▸ 2012: increase in participation for biometric screening checks to 35% of the Chrysler Group workforce
		Health Risk Assessment program completed for approx. 9,000 Chrysler Group employees (4.6% of the total Group workforce and 16% of the Chrysler Group workforce) *(see pages 180-181)*	▸ 2013: increase in participation in the Health Risk Assessment program to 31% of the Chrysler Group workforce (2012) and to 68% of the Chrysler Group workforce
Fiat Group	▸ Design of health promotion program focused on smoking cessation, correct nutrition, diabetes control, drug and alcohol awareness, stress management	Health promotion program designed according to World Health Organization (WHO), US Occupational Safety and Health Administration (OSHA), European Agency for Safety and Health at Work (EU-OSHA) and International Labour Organization (ILO) principles, including smoking cessation, nutrition, control of diabetes and drug and alcohol campaigns, stress management program, etc. *Smoking Cessation* and *Good Control of Diabetes* programs continued at 4 sites (about 12,000 employees involved) *(see pages 180-181)*	▸ 2012: start of implementation of the health promotion program *Note: the target includes all the programs details stated in the 2010 Fiat S.p.A. Sustainability Plan* ▸ 2014: extension of the health promotion program worldwide

Commitment: Promote the well-being of employees

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Promotion of the well-being of employees through programs aimed at: ▸ spreading a health-focused culture ▸ encouraging individuals to adopt a healthy lifestyle (also through economic incentives) ▸ reducing medium and high health risks to low risk levels ▸ encouraging a work environment that promotes healthy behavior and workforce engagement ▸ monitoring the cost of health neglect	*Vivere* program continued in Brazil with specific initiatives such as Run and Walk, Nutrition and Health, Smoking Cessation (60% quitting smoking index) Chrysler Group *Wellness Program* continued, offered to 100% of North American employees *(see pages 179-181)*	▸ 2012: continuation of the programs ▸ 2012: implementation of well-being programs by region, in accordance with local requirements and constraints
	▸ Formulation and dissemination of dedicated guidelines addressing the Group's commitment to its employees' well-being		▸ 2012: formulation and dissemination of guidelines

Commitment: Facilitate access to the best health care services

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Establishment of a supplementary health care plan (FASIFIAT) for the Group's hourly and salaried employees in Italy, as per agreements between Fiat S.p.A. and trade unions	✔ 22,000 employees and their families in Italy joined the plan (of which over 16,000 hourly and 5,500 salaried) *(see pages 181-182)*	▸ 2012: continuation of FASIFIAT plan

Dealer and service network

Training

Commitment: Improve knowledge base of the sales force and promote customer awareness of the environmental and safety-related features of products

Scope	Actions	2011 Results	Targets
Fiat Group Automobiles (FGA) and Chrysler Group	▸ Design and offer of targeted training courses	✔ Approx. 239,000 hours of training provided in EMEA[1] region to Fiat Group Automobiles sales force ✔ Approx. 588,600 hours of training on safety features provided worldwide (+80% vs 2010) to Chrysler Group sales force *(see page 203)*	▸ 2012: maintenance of the number of training hours provided in 2011 and setting of a FGA worldwide target

Commitment: Improve skill level of network technicians in diagnosis, repair and maintenance of fuel-efficient engines

Scope	Actions	2011 Results	Targets
Fiat Group Automobiles (FGA) and Chrysler Group	▸ Design and offer of targeted training courses	✔ Approx. 155,000 training hours provided in EMEA region to Fiat Group Automobiles technicians ✔ Approx. 438,700 training hours provided worldwide to Chrysler Group technicians (+12% vs 2010) *(see page 203)*	▸ 2012: maintenance of the number of training hours provided in 2011 and setting of a FGA worldwide target

Commitment: Support dealer network in developing skills to manage challenging market conditions

Scope	Actions	2011 Results	Targets
Fiat Group Automobiles (FGA)	▸ Launch of *Effect*, the master's program in dealership management targeted at owners and managers of dealerships	✔ *Effect* master's program continued with: ▸ 2 modules for Italian dealers ▸ 3 modules for international dealers *(see page 202)*	▸ 2012: continuation of the *Effect* master's program with 3 additional modules

Commitment: Promote responsible selling practices

Scope	Actions	2011 Results	Targets
Fiat Group Automobiles (FGA)	▸ Design and provision of training courses to support the sales force in enhancing their professional approach and transparency through the entire selling process	✔ Approx. 2,000 training days provided to all Fiat Group Automobiles dealers (approx. 400) in Italy and to approx. 200 dealers in Europe ✔ *Customer First: Shoulder to Shoulder* program launched *(see page 201)*	▸ 2012: continuation of the *Customer First: Shoulder to Shoulder* program

[1] As of September 2011, four Regional Operations Groups have been established to manage car manufacturing and sales activities within the entire Fiat Group: NAFTA (Canada, Mexico and the US), EMEA (Europe, Africa and Middle East), LATAM (Latin America) and ASIA.

- Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- Target postponed

Commitment: Promote decentralized training solutions to facilitate course participation, reducing time, costs and environmental impact of travel

Scope	Actions	2011 Results	Targets
Fiat Group Automobiles (FGA)	▸ Offer of online training solutions for after-sales personnel	Approx. 272,000 online training hours delivered to sales people and 42,000 hours delivered only to after-sales personnel in EMEA region (+16% vs 2010) *(see page 203)*	▸ 2012: provision of +30% online training hours to EMEA region after-sales personnel vs 2011 and setting of a worldwide target

Environmental impact

Commitment: Promote environmental responsibility throughout the dealer and authorized service network

Scope	Actions	2011 Results	Targets
Fiat Group Automobiles (FGA)	▸ Formulation and dissemination of Environmental Guidelines relating to materials, equipment and management processes to promote a reduction in the environmental impacts of the dealer network	Environmental Guidelines adopted for the construction of new FGA-owned dealerships *(see page 204)*	▸ 2012: encouragement of environmental awareness within the private dealer network through dissemination of the Environmental Guidelines

Customers

Customer experience

Commitment: Enhance customer relationship and satisfaction

Scope	Actions	2011 Results	Targets
Fiat Group Automobiles (FGA) and Chrysler Group	▸ Implementation of stakeholder engagement activities by encouraging customer feedback and responding, as appropriate	Stakeholder engagement activities extended to FGA customers in major European markets (Italy, France, Spain and Germany). Customers given feedback on improvements made in areas identified and/or engaged in defining dealership experience	▸ 2012: extension of stakeholder engagement activities to FGA and Chrysler Group customers in a further 10 European markets
		Mobile Customer Service project implemented on target population of approx. 151,000 users in Italy and other major European markets (UK, France, Germany and Spain)	▸ 2012: extension of Mobile Customer Service project to Android platform
	▸ Enhancement of customer service experience	Saturday service hours offered by 77% of total US dealers (1,900): +9% vs 2010	▸ 2014: increase in the number of North America dealers offering extended service hours (weeknight and weekend hours)
		Express service offered by 31% of total US dealers (750): +26% vs 2010	▸ 2014: increase in the number of North America dealerships offering express service
	▸ Development of skill base of Customer Contact Center operators to achieve excellence in customer service	20,000 training hours provided (+10% vs 2010) to phone agents of Arese Customer Contact Center serving European countries	▸ 2012: 40 hours training per person (excluding new hire training) to phone agents of Arese Customer Contact Center serving European countries: +10% vs 2011
		9,000 training hours provided to phone agents at North America Customer Contact Centers *(see pages 205-209)*	▸ 2012: 20 hours training per person (excluding new hire training) to phone agents at North America Customer Contact Centers

Commitment: Ensure responsible selling and communication practices

Scope	Actions	2011 Results	Targets
Fiat Group Automobiles (FGA) and Chrysler Group	▸ Provision of training and formulation and dissemination of guidelines on responsible selling of financial services	✔ Guidelines on responsible selling formulated and disseminated to FGA Capital S.p.A. (FGAC) sales force and credit managers throughout Europe *(see page 208)* ✔ Introduction of specific questions on the clarity and completeness of sales force explanation of financial offers in European Customer Satisfaction Index survey	▸ 2012: introduction of specific tools in FGAC websites to help customers calculate their payment installments in relation to their monthly budget ▸ 2012: extension of FGAC training programs on responsible credit to dealer sales force
Fiat Group Automobiles (FGA)	▸ Formulation of a new guide to ethics in communication to promote responsible communication worldwide	✔ Guide to ethics in communication formulated and circulated *(see page 208)*	

Suppliers

Sustainability in the supply chain

Commitment: Promote a culture of sustainability among employees managing supplier relationships

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Provision of online training on corporate governance and sustainability	✔ Course provided to Chrysler Group Supplier Quality Engineers (SQE) and buyers in US, Canada and Mexico (more than 200 employees) *(see page 215)*	▸ 2012: provision of course to all SQE and buyers in Poland, Turkey, Brazil, China and India and to Chrysler Group SQE's and buyers in Europe, China, India and South Korea
	▸ Incorporation of environmental and social targets in system of variable compensation	✔ Environmental and social targets (sustainability audits and management of self-assessment questionnaires for select suppliers) included in system of variable compensation for Fiat SQE managers and their team members *(see page 215)*	▸ 2012: continuation of application of environmental and social targets to variable compensation system of Fiat SQE managers and their team members and introduction of the system to Chrysler Group SQE managers and their team members

Commitment: Promote social and environmental responsibility among suppliers

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Formulation and dissemination of Sustainability Guidelines for Suppliers		▸ 2012: adoption of shared Sustainability Guidelines for Suppliers across Fiat Group
		✔ Contractual clauses on adherence to Sustainability Guidelines continued to be introduced in new Fiat purchase agreements	▸ 2012: continuation of introduction of contractual clauses on adherence to Sustainability Guidelines in new Fiat Group purchase agreements
		✔ Sustainability elements introduced in Chrysler Group standard Purchasing Terms and Conditions and in Supplier Code of Conduct *(see page 212)*	

- Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- Target postponed

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Introduction of environmental and social performance indicators in supplier assessments	Additional environmental and social performance indicators in evaluation of Fiat potential suppliers introduced	▸ 2012: introduction of additional environmental and social performance indicators in evaluation of potential Chrysler Group suppliers
		Sustainability rating incorporated in Chrysler Group supplier scorecard overall performance *(see page 213)*	▸ 2012: continued application of supplier sustainability rating impacting awarding of Chrysler Group supplier new business and start of application of the process at all Fiat suppliers
	▸ Distribution of self-assessment questionnaire on environmental and social performance to select suppliers	Self-assessment questionnaire answered by a further approx. 1,235 suppliers (representing approx. 37% of purchases by value) with an average questionnaires score of 87/100 *(see pages 213-215)*	▸ 2012: improvement and standardization of sustainability self-assessment questionnaires based on the Fiat template
		Analysis of questionnaire results completed *(see page 214)*	▸ 2012: continued distribution and analysis of questionnaires
	▸ Preparation of a supply chain risk map to identify suppliers for audit	Risk map for supply chain defined and used for definition of Fiat audit/questionnaire plans *(see page 214)*	▸ 2012: improvement and adoption of a common risk map within Fiat Group
	▸ Performance of environmental and social audits at suppliers worldwide	51 audits of most significant Fiat suppliers performed by internal Suppliers Quality Engineers (37 audits) and third parties (14 audits) in Europe, India and China *(see pages 214-215)*	▸ 2012: performance of additional audits of most significant suppliers by internal SQEs (40) and third party (30)
			▸ 2012: development of a standard action plan template for audit follow-up activities
	▸ Work towards a conflict mineral-free supply chain	Participation of Chrysler Group in AIAG (Automotive Industry Action Group) working group on conflict minerals pending reporting requirements *(see page 211)*	▸ 2012[1]: development of a template for suppliers to report their source(s) for certain minerals that may originate in a conflict region
	▸ Support of supplier sustainability awareness	2,190 suppliers trained on responsible working conditions via in-person and computer-based learning	▸ 2012: provision of course to all Chrysler Group buyers, SQEs and continued deployment to suppliers worldwide
			▸ 2012: provision of online course to Fiat suppliers based on AIAG course
	▸ Promotion of supplier involvement in World Class Manufacturing (WCM) program	Total of 174 supplier plants involved in WCM program during the period 2009–2011 *(see page 216)*	▸ 2012: involvement of a total of 270 supplier plants in WCM program

[1] Deadline pending release of disclosure guidelines by the US Securities and Exchange Commission.

Community

Local community

Commitment: Promote social and economic development of local communities

Scope	Actions	2011 Results	Targets
Fiat Group Automobiles (FGA)	▸ Continuation of *Árvore da Vida* project aimed at improving quality of life in the community of Jardim Teresópolis (Brazil) through: ‣ social, cultural and educational activities ‣ training courses ‣ the Cooperárvore cooperative ‣ support and counseling center for community families ‣ strengthening of local community engagement through dedicated networks	✔ Approx. 14,000 people benefited from the project during the period 2004–2011 ✔ Approx. €9 million invested in 2011 considering projects *Árvore da Vida Jardim Teresópolis, Árvore da Vida Capacitação Profissional* and *Árvore da Vida* social and cultural partnerships ✔ Approx. 500 graduate students benefited from the project *Árvore da Vida Capacitação Profissional* during the period 2006–2011 ✔ *Cidadãos do Mundo* 2011 Award for Corporate Social Responsibility from the newspaper Hoje em Dia won by the *Árvore da Vida* project ✔ *Nossa Betim* sustainable city initiative launched (www.nossabetim.com.br) *(see pages 223-224)*	▸ 2012: continuation of support for the project
Chrysler Group	▸ Support for *United Way* initiative for the improvement of health care, education and income in disadvantaged communities	✔ Approx. €3.3 million donated by company employees *(see page 222)*	▸ 2012: continuation of support for the initiative

Commitment: Aid populations affected by natural disasters

Scope	Actions	2011 Results	Targets
Fiat Group	▸ Provision of technical, financial and humanitarian support to populations affected by natural disasters	✔ Construction of the nursery school *La scatola delle esperienze* in the Abruzzo area (Italy) struck by 2009 earthquake completed ✔ Construction of the rehabilitation center in Petionville (Haiti) completed ✔ Approx. €245,000 in cash donated to victims of the earthquake in Japan ✔ Special vehicle offers and discounts granted to residents in Liguria (Italy) affected by flood ✔ Approx. €54,000 donated through The Chrysler Foundation to US disaster relief organizations for victims of floods and tornadoes in the midwest and southeast United States *(see pages 226-227)*	▸ 2012: continuation of financial support to charitable organizations serving populations affected by natural disasters

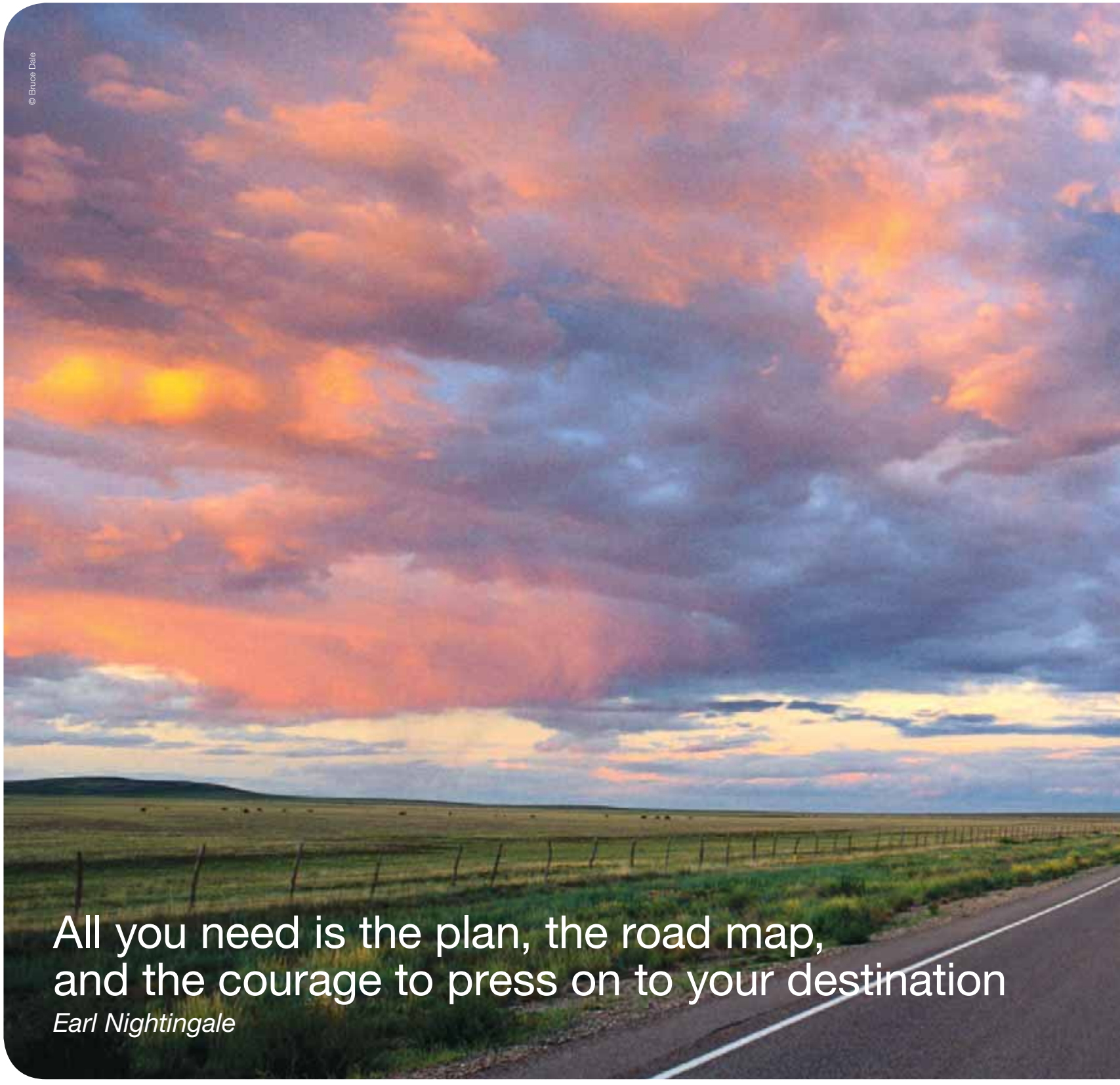
- Target exceeded
- Target achieved or in line with plan
- Target partially achieved
- Target postponed

Training for young people

Commitment: Support the professional development of young people

Scope	Actions	2011 Results	Targets
Fiat Group Automobiles (FGA)	▸ Continuation of *TechPro²* technical training project, developed in cooperation with Salesian Technical Institutes	Results and opportunities provided by the project measured and assessed: ▸ approx. 2,600 students trained ▸ approx. 1.6 million hours of training provided ▸ 5,200 square meters of laboratories dedicated to the program Specific guidelines elaborated and disseminated to standardize the approach and training services offered by *TechPro²* worldwide Project extended to new underprivileged areas with a strong demand for manpower (4 new locations in Argentina, 1 in Uruguay, 3 in India) in addition to the locations already in operation (18 in Italy, 19 in Spain, 2 in Argentina, 1 in Poland, 3 in Brazil) At 2 new locations in Italy, a program focused on body welding activated *(see pages 224-226)*	▸ 2012: continuation of the project ▸ 2012: intensification of communication activities between *TechPro²* locations and authorized after-sales network in order to promote the offering of apprenticeship opportunities
Chrysler Group	▸ Continuation of support for *FIRST* Robotics program	Continued support of *FIRST* Robotics program for high school students: ▸ approx. €90,000 donated ▸ more than 500 students involved ▸ 28 employees involved as mentors ▸ 900 hours of mentor-time provided *(see pages 224-226)*	▸ 2012: continuation and expansion of *FIRST* Robotics program and sponsorship of Lego League teams for middle school students

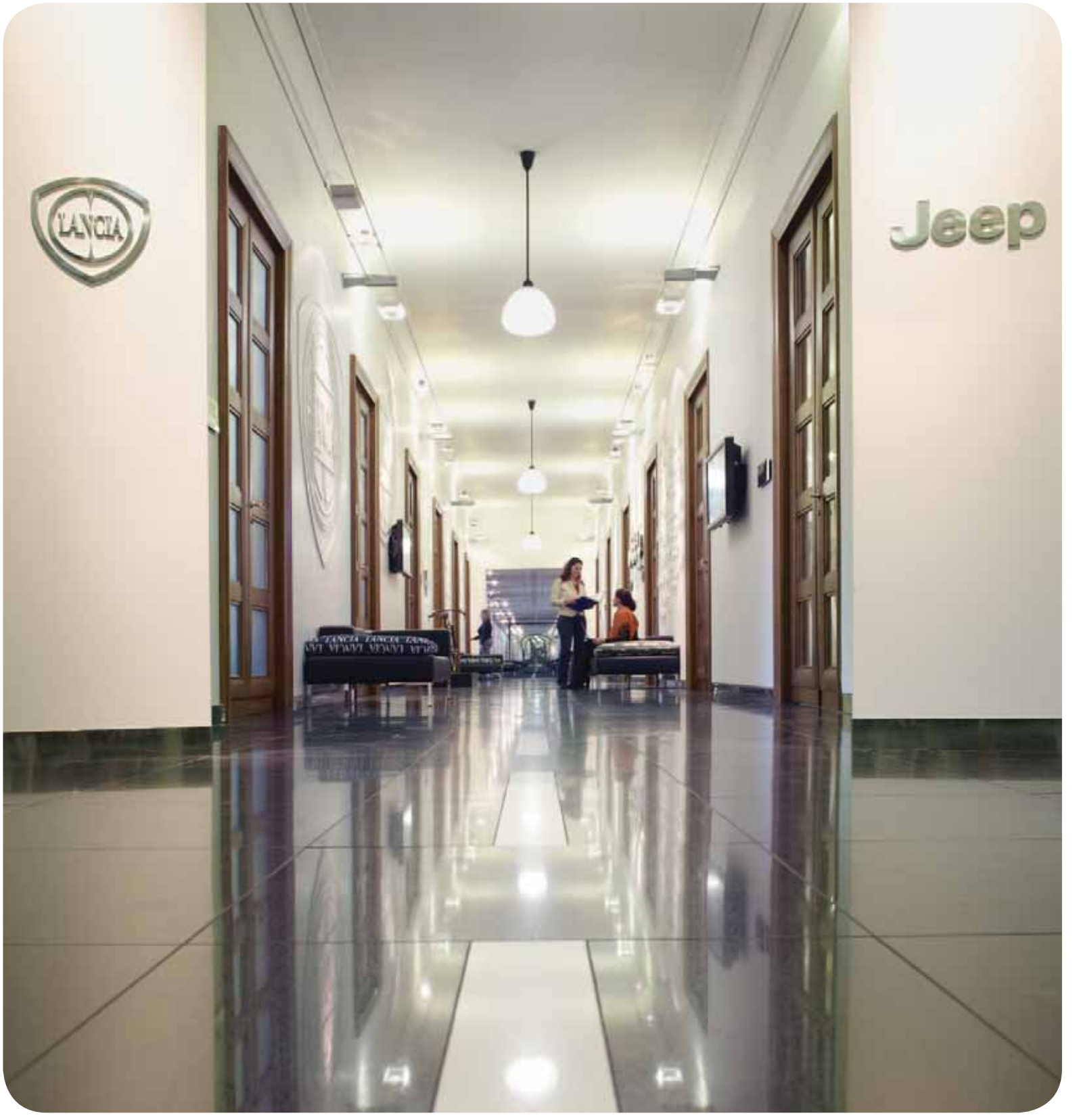

FIAT



All you need is the plan, the road map,
and the courage to press on to your destination

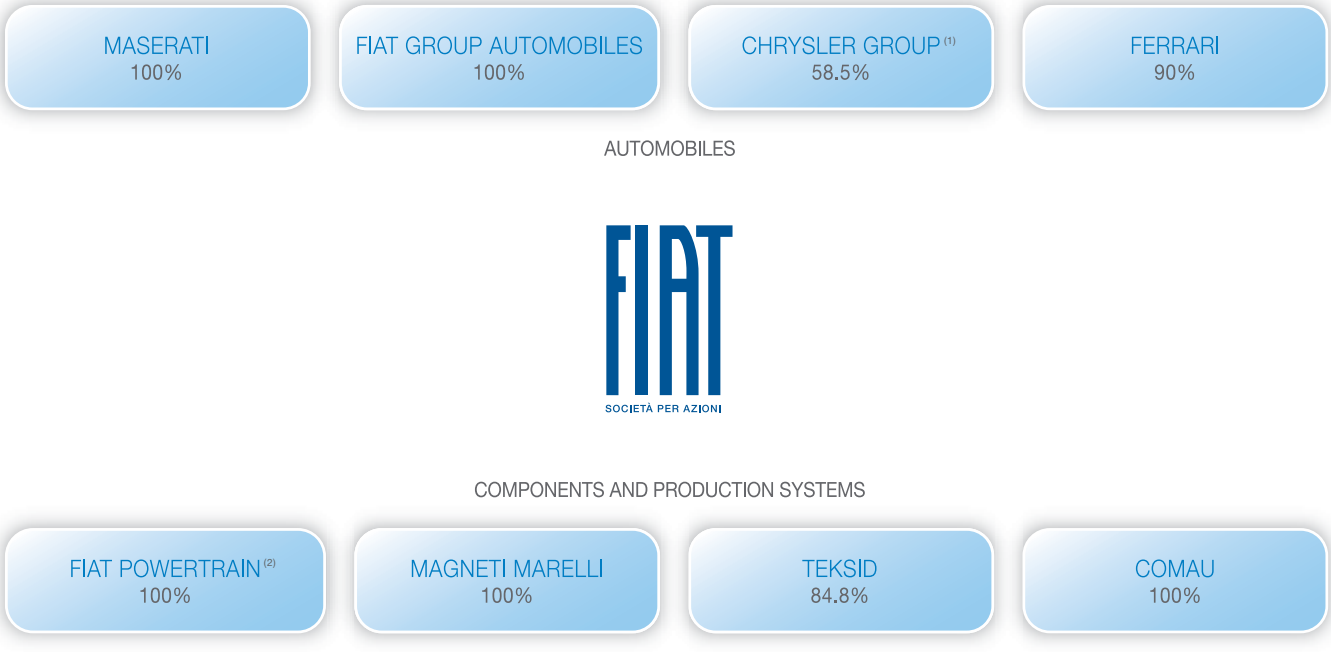
Earl Nightingale

Economic dimension


LANCIA
Jeep

Group profile

Fiat Group is an international automotive group that designs, produces and sells vehicles for the volume market under the Fiat, Alfa Romeo, Lancia, Abarth and Fiat Professional brands, as well as luxury and performance cars under the Ferrari and Maserati brands. The Group has increased its global reach through its alliance with Chrysler Group, whose product portfolio includes Chrysler, Jeep, Dodge, Ram and SRT vehicles. Fiat Group also operates in the components sector, through Magneti Marelli, Teksid and Fiat Powertrain, and the production systems sector, through Comau.



(1) *As of 5 January 2012, Fiat S.p.A.'s interest in Chrysler Group increased to 58.5%.*
(2) *As of January 2012, the activities of Fiat Powertrain were transferred to Fiat Group Automobiles.*

Presence in the world

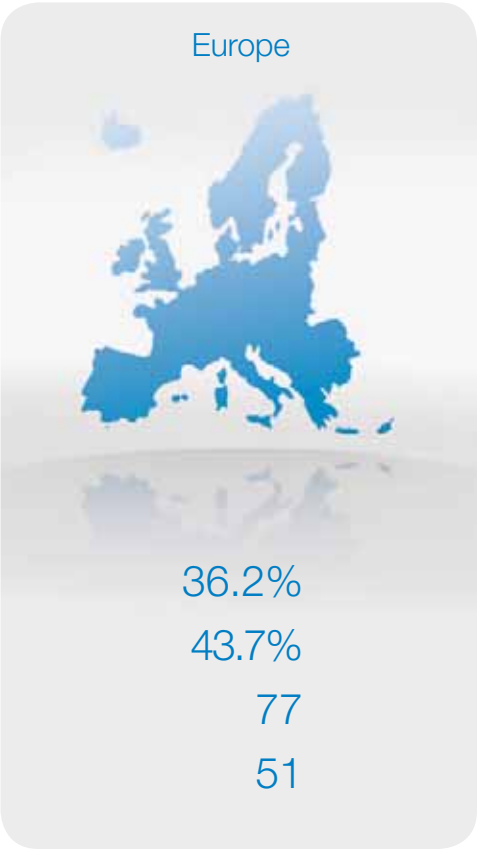
The Group carries out industrial and financial services activities in the automotive sector through companies located in around 44 countries and has commercial relationships with customers in approximately 140 countries.

Highlights

Fiat Group worldwide (€ million)

	2011		2010[2]	2009[2]
	including Chrysler Group[1]	excluding Chrysler Group		
Net revenues	59,559	37,382	35,880	32,684
Trading profit/(loss)	2,392	1,047	1,112	736
Profit/(loss) for the year	1,651	1,006	222	(345)
Investments in tangible and intangible assets	5,528	3,592	2,864	2,684
R&D expenditure[3]	2,175	1,411	1,284	1,154
Net industrial (debt)/cash	(5,529)	(2,449)	(542)	(3,103)
Employees at year-end (no.)	197,021	141,334	137,801	128,771

Highlights by sector are provided at pages 236-237.



Revenues by destination[1]	36.2%
Employees[4]	43.7%
Plants[4]	77
R&D centers[4]	51

[1] Data includes Chrysler Group from June 2011.
[2] Data relates to Continuing Operations.
[3] Data includes capitalized R&D and R&D charged directly to the income statement.
[4] Data includes Chrysler Group.

Worldwide	197,000	155	77
	Employees	Plants	R&D centers

NAFTA[1]

36.0%
30.6%
47
16

Mercosur[2]

19.0%
22.7%
19
5

Rest of world

8.8%
3.0%
12
5

[1] *Includes US, Canada and Mexico.*
[2] *Includes Argentina, Brazil, Uruguay, Paraguay and Venezuela.*

Automobiles

Fiat Group Automobiles

Fiat Group Automobiles designs, produces and sells automobiles under the Fiat, Alfa Romeo, Lancia and Abarth brands, and light commercial vehicles under the Fiat Professional brand. In Europe, it also distributes Jeep brand vehicles.

Fiat

The world over, Fiat brand cars are synonymous with a fresh, upbeat style. Simplicity, quality and a constant striving for innovation are core to the DNA behind the popularity and success of the entire range of this quintessential symbol of Italian motoring. The 500 – which led the brand's return to the North American market in 2011 – symbolizes the new Fiat. Highlights for the year included launch of the TwinAir version of the 500 and the exclusive special series "by Gucci," produced in collaboration with the iconic Italian design house. Other new products included the Freemont – the first vehicle to come out of the alliance with Chrysler Group – which was awarded the prestigious Euro NCAP 5 stars and, in December, the third generation Panda, the latest evolution of a model with more than 31 years of success. Completing the year was the release of the 2012 model year Punto, the latest refresh in an extensive lineup that includes the Bravo, Qubo, Doblò, Sedici, Idea and Linea.

And for the fifth consecutive year, Fiat has been confirmed eco-leader with the lowest weighted average CO_2 emissions among the top selling brands in Europe (source: JATO Dynamics), reflecting a long-standing commitment to the environment that this year led to creation of the new "Air Technologies" brand for Fiat's exclusive eco-technologies, which have been applied across the entire range.

Alfa Romeo

The advanced technology, Italian styling, outstanding performance and pure driving pleasure of the new 4C Concept (presented at the Geneva Motor Show in March 2011) embody the new Alfa Romeo. This compact supercar is a bridge between the Alfa of today and the Alfa of tomorrow, combining a sporting heritage that has impassioned generations of enthusiasts with efficiencies of the present and technologies of the future. It boasts innovative technologies and materials typical of supercars (carbon, aluminum, rear-wheel drive) together with technologies already available on Alfa Romeo's other models – such as the 1750 cc direct injection turbo gasoline engine, the Dual Dry Clutch Alfa TCT automatic transmission and the Alfa DNA selector for dynamic vehicle control – which provide high performance and a sporty feel combined with best-in-class fuel efficiency. Also of note are the Quadrifoglio Verde versions of the Giulietta and MiTo, symbols of an increasingly versatile brand whose models are designed for everyday driving, ensuring practicality, functionality, comfort and safety. The Giulietta Quadrifoglio Verde is also available with an impressive 235 hp 1750 TBi engine.

Lancia

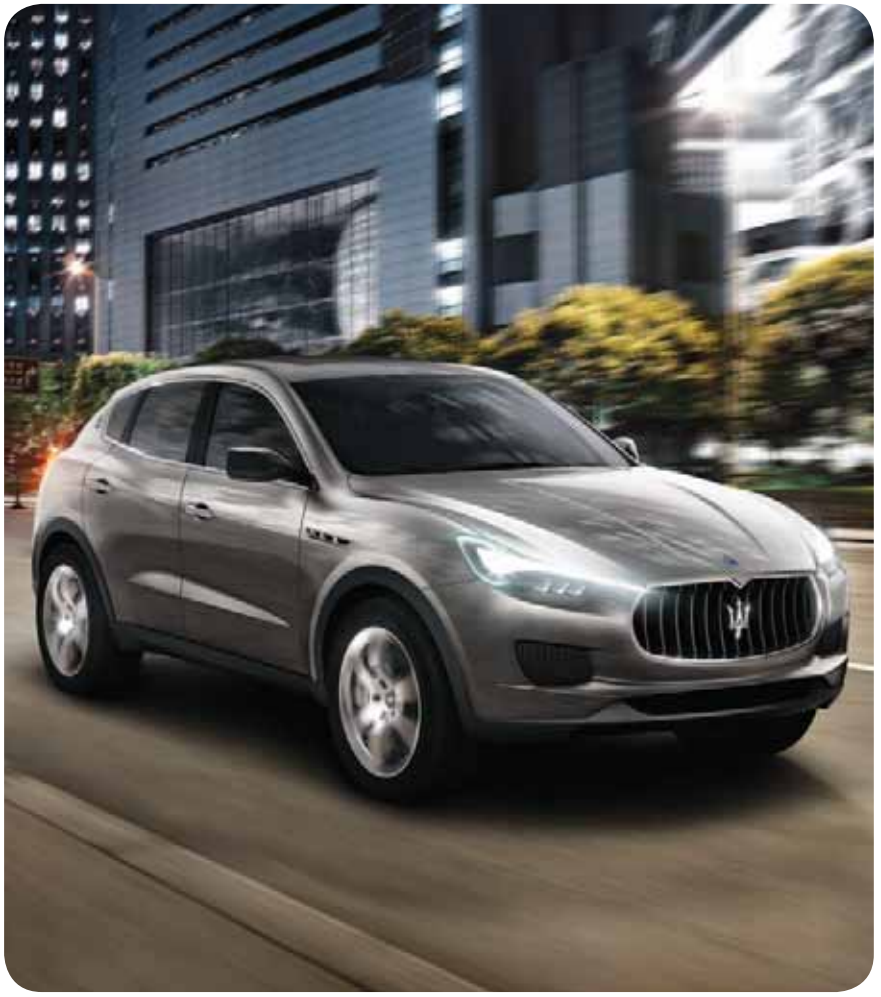
The visionary Vincenzo Lancia united the seemingly distant worlds of elegance and technology to create a brand that has become an icon of Italian excellence. The combination of Lancia's passion and style with the American vitality and substance of Chrysler has resulted in a rebirth of the brand. The defining attributes of style, substance and attitude are exemplified in the new range of models resulting from the fusion of two cultures that are unique, but have a common objective: to create cars with a truly distinctive character and design. Cars like the new Ypsilon launched in May 2011, the 5-door gem that is small in size but big in comfort and content, exclusive yet affordable; or the new Thema and Voyager unveiled in October – concrete examples of the fusion between two worlds that are far apart geographically yet very close in their essence. The Thema, based on the new Chrysler 300, is the brand's first global flagship and an able competitor in the most challenging and prestigious car segment. In November it was awarded the Euro NCAP 5 star safety rating. With the Voyager, Lancia has added an Italian accent to the most successful North American Multi Purpose Vehicle (MPV) of all time to create an exclusive top-of-the range MPV for the European market. These new models join the Musa city limousine and the compact Delta saloon, which offers the spaciousness and comfort of a luxury car.

Abarth

Synonymous with power, speed, innovation and Italian design, Abarth has been producing and selling on-road sports vehicles since 2007. Over the years, the brand – founded by Karl Abarth in 1949 – has become an icon in the world of motorsports through numerous victories on the track, a line of legendary models developed in partnership with the Fiat brand and the enormous success of its conversion kits. In addition to the "small but wicked" Abarth 500 – the landmark model that relaunched the brand – the range also includes the Abarth 500C, the Abarth Punto and a series of special edition models such as the Abarth 695 Tributo Ferrari and other models released in 2011 including the Abarth 500 Cabrio Italia, the Abarth 695 Competizione, the Abarth Punto Super Sport and the Abarth Punto Scorpione. Also in 2011, the brand expanded the 500 range with the launch of the Abarth 595 Turismo and Competizione. The brand also produces several competition models that feature in their own mono-brand championships, including the Abarth 500 Assetto Corse and Abarth 500 Rally, soon to be joined for the 2012 season by the new Abarth 695 Assetto Corse.

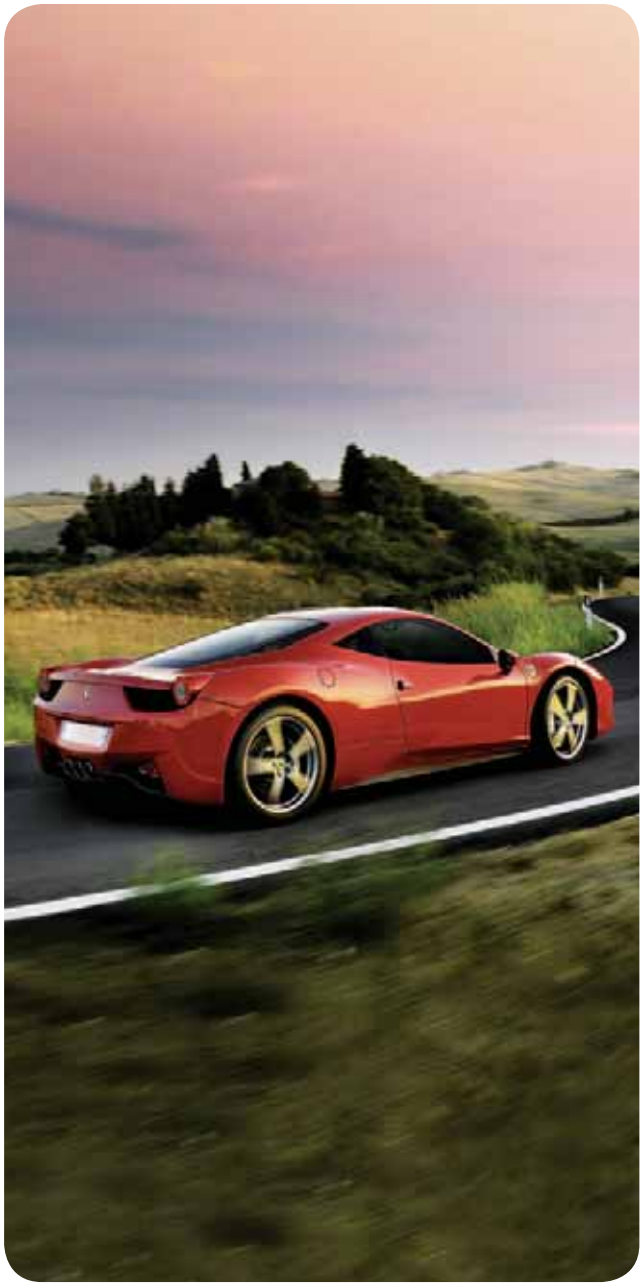
Fiat Professional

Taking care of customers also means designing and building the right vehicles to meet their professional ambitions.
Fiat Professional – the Fiat Group Automobiles brand dedicated to commercial vehicles – was created to partner businesses, both large and small, with a range of vehicles adapted to their needs. Unveiled in May 2011, the new Ducato is the latest evolution of a model that has enjoyed over 30 years of success and offers the best in terms of payload and volume, as well as potential configurations.
Easy to handle and responsive, the Scudo has a comfortable, spacious interior capable of seating up to nine people. The Doblò Cargo (named "Van of the Year 2011") is top in its class in terms of payload, economy, comfort and safety. The range was also expanded during the year to include the new Work Up version.
The new Strada pickup is the perfect solution for transporting even the bulkiest items in city traffic. And the compact, efficient Fiorino is the most easy-to-handle vehicle in its class.
These models are accompanied by the Fiat brand range of vans based on car models, such as the Bravo, Punto and Panda. Lastly, Fiat Professional's commitment to the environment and sustainable mobility includes the most extensive range of natural gas/gasoline vehicles in the market, which are offered under the Natural Power brand.



Maserati

For nearly a century, this legendary brand has produced unique cars recognized throughout the world for their unmistakable allure, elegance and technological excellence. The Maserati brand offers cars such as the Quattroporte – the ideal balance between luxury and sportiness, Italian style and engineering excellence; or the GranTurismo – the modern 2-door, 4-seat coupé, which combines power with elegance and a futuristic design with surprising practicality. The prestigious range also includes the GranCabrio, the brand's first ever four-seat cabriolet.
The excellence found in Maserati's on-road vehicles is often derived from its experience on the racetrack, where it has a long and glorious heritage that continues today with the GranTurismo MC Trofeo mono-brand trophy and the victory of the Quattroporte Evo in the 2011 International Superstars Series. During the year, Maserati presented the new GranCabrio Sport at the Geneva Motor Show, expanding its offering of 4-seat cabriolets to appeal to customers looking for something extra in sporting style and dynamic performance, without compromising the GranCabrio's intrinsic elegance.
At the Frankfurt Motor Show in September, Maserati presented its new SUV concept vehicle, an all-time first that continues the brand's tradition of uniting sportiness with luxury.



Ferrari

The ultimate symbol of sporting excellence, Ferrari needs no introduction. Its reputation has been built through numerous Formula 1 titles (16 times winner of the Constructors' championship and 15 times winner of the Drivers' championship) and, of course, an impressive series of legendary GT models – cars unique for their design, performance and pure driving pleasure that represent the best of Made in Italy the world over.

The brand continued that prestigious tradition with the new models introduced in 2011.

The Geneva Motor Show in March was the venue for the world debut of the FF, a revolutionary mid-front mounted V-12 with four seats and four-wheel drive – the most versatile, high-performance on-road model in the brand's history. Also in Geneva, Ferrari unveiled the 458 Italia with the High Emotion Low Emissions (HELE) system offering CO_2 emissions as low as 275 g/km (a 15% reduction over the basic model), making it the best in its class. At the Frankfurt Motor Show in September, the brand debuted the new 458 Spider, a mid-rear engined 8-cylinder with folding hardtop, a world first incorporating an innovative solution patented by Ferrari. Also in Frankfurt, the company showcased its new Tailor-Made program designed for customers seeking even more exclusive customization for their Ferrari.

Chrysler Group

Chrysler Group, formed in 2009 to establish a global strategic alliance with Fiat[1], produces Chrysler, Jeep, Dodge, Ram, Mopar, SRT and Fiat brand vehicles and products. With the resources, technology and worldwide distribution network required to compete on a global scale, the alliance builds on Chrysler Group's culture of innovation, first established by Walter P. Chrysler in 1925, and Fiat's complementary technology that dates back to its founding in 1899. Fiat contributes world-class technology, platforms and powertrains for small- and medium-size cars, allowing Chrysler Group to offer an expanded product line including environmentally friendly vehicles.

Headquartered in Auburn Hills, Michigan, Chrysler Group's product lineup features some of the world's most recognizable vehicles, including the Chrysler 300 and Town & Country, Jeep Wrangler, Dodge Durango, Ram 1500, Jeep Grand Cherokee SRT8 and Fiat 500. Chrysler Group vehicles are sold in more than 120 countries around the world.

Chrysler

The Chrysler brand has delighted customers with distinctive designs, groundbreaking technology, craftsmanship and intuitive innovation – all at an extraordinary value – since the company was founded in 1925.

The Chrysler brand continued that tradition in 2011 with a rejuvenated, stylish, well-crafted product lineup. Every 2011 model vehicle the brand sold was all-new or significantly refreshed.

This succession of innovative product introductions propels the brand's standing as the leader in design, engineering and value. "Design with purpose" puts the premium for the Chrysler brand in the product, not the price.

The Chrysler brand portfolio includes the new Chrysler 300 flagship sedan, the Chrysler Town & Country minivan and the Chrysler 200 sedan and 200 Convertible.

[1] Refers to Fiat Group excluding Chrysler Group.

Jeep

Built on more than 70 years of legendary heritage, Jeep is the authentic SUV brand with class-leading capability, craftsmanship and versatility for people who seek extraordinary journeys. The Jeep brand delivers an open invitation to live life to the fullest by offering a full line of vehicles that continue to provide owners with a sense of security to handle any journey with confidence.

The Jeep vehicle lineup consists of the Compass, Grand Cherokee, Liberty, Patriot, Wrangler and Wrangler Unlimited. To meet consumer demand around the world, all Jeep models are also sold outside North America – and all are available in right-hand drive versions and with gasoline and diesel powertrain options.

Dodge

For nearly 100 years, Dodge has defined passionate and innovative vehicles that stand apart in performance and in style. Building upon its rich heritage of muscle cars, racing technology and ingenious engineering, Dodge offers a full line of cars, crossovers, minivans and SUVs built for top performance – from power off the line and handling in the corners, to high-quality vehicles that deliver unmatched versatility and excellent fuel efficiency. Dodge offers innovative functionality combined with class-leading performance, exceptional value and distinctive design.

In 2011, Dodge built on the momentum of introducing six all-new or significantly refreshed products. With the new Dodge Durango and Dodge Charger and significantly revamped Grand Caravan, Journey, Avenger and Challenger, Dodge has one of the youngest dealer showrooms in the US with more new product coming.

Ram Truck

Ram Truck continues to establish its own identity and clearly define its customer since its launch as a standalone vehicle brand. Creating a distinct brand for Ram trucks has allowed the brand to concentrate on how core customers use their trucks and what new features they would like to see. Whether focusing on a family that uses its half-ton truck day in and day out, a hard-working Ram Heavy Duty owner or a business that depends on its commercial vehicles every day, Ram has the truck market covered.

The Ram Truck brand has the most innovative lineup of full-size trucks on the US market. Ram Truck has emerged as a full-size truck leader by investing substantially in new products, infusing them with great looks, refined interiors, durable engines and features that further enhance their capabilities.

SRT

In 2011, Chrysler Group officially elevated its in-house performance division – the Street and Racing Technology (SRT) team – to a separate company brand. The brand uses a successful product development formula to design, engineer and build benchmark American high-performance vehicles for Chrysler, Jeep and Dodge. Five proven hallmarks are used to achieve this goal: awe-inspiring powertrains; outstanding ride, handling and capability; benchmark braking; aggressive and functional exteriors and race-inspired and high-performance interiors.

The SRT lineup includes the Dodge Challenger SRT8 392, Dodge Charger SRT8, Chrysler 300 SRT8 and Jeep Grand Cherokee SRT8. All four vehicles share a common powerplant – the new 6.4-liter (392 cubic-inch) HEMI V-8 engine that features more horsepower and more torque than ever, while intake and exhaust technologies lead to improved fuel efficiency.

Mopar

Mopar is Chrysler Group's service, parts and customer care brand. With the creation of the Chrysler Group and Fiat S.p.A. partnership, Mopar is extending its global reach, integrating service, parts and customer care operations in order to enhance dealer and customer support worldwide. Mopar's global portfolio includes more than 500,000 parts and accessories which are distributed in more than 120 countries. Its reputation with racing and other vehicle enthusiasts dates back to 1937. Mopar (a simple contraction of the words MOtor and PARts) is the source for all genuine parts and accessories for Chrysler Group and Fiat Group Automobiles brands.

Mopar parts are unique in that they are engineered with the same teams that create factory-authorized vehicle specifications – a direct connection that no other aftermarket parts company can provide.

Components and production systems

Fiat Powertrain

Specializing in research, development, production and sale of engines and transmissions, Fiat Powertrain has ten manufacturing sites and five R&D centers and is a major player in the global powertrain sector. Part of Fiat Group Automobiles as of 1 January 2012, the company produces and sells engines ranging in power output from 65 hp to 235 hp and transmissions with torque up to 400 Nm for application on passenger cars and light commercial vehicles. In 2011, Fiat Powertrain launched the MultiJet II 2.0-liter turbo-diesel engines produced at the Pratola Serra plant (Italy), with the fixed-geometry turbocharger version (115 hp) debuting on the Fiat Ducato and the variable-geometry turbocharger version (140-170 hp) launched on the Fiat Freemont. Another addition to the turbo-diesel range was the new "downspeeding" version of the 1.3-liter MultiJet with variable-geometry turbocharger (85 hp). This version, which offers a perfect balance between performance and consumption, is also equipped with a Smart Alternator and variable-displacement oil pump. First offered in 2010 on the 500 and 500C, during 2011 the two-cylinder TwinAir turbo (85 hp) was also made available on the new Lancia Ypsilon, new Fiat Panda and presented on the Alfa Romeo MiTo and Fiat Punto. Testing also continued on three new versions: 65 hp aspirated, 105 hp turbo and 80 hp bi-fuel natural gas/gasoline turbo. The TwinAir was awarded the prestigious International Engine of the Year 2011 and also took top place in the under 1.0-liter category. It was also winner of Green Engine of the Year and Best New Engine of the Year for 2011. For transmissions, development included application of the new automatic Dual Dry Clutch C635 TCT on the Alfa Romeo Giulietta TCT.

Magneti Marelli

The company is an international leader in the design and production of advanced automotive systems and components: from lighting to engine control systems, from electronic systems to suspensions and shock absorbers, from exhaust systems to components for the aftermarket and motorsport.

Through a process of continuous innovation, Magneti Marelli

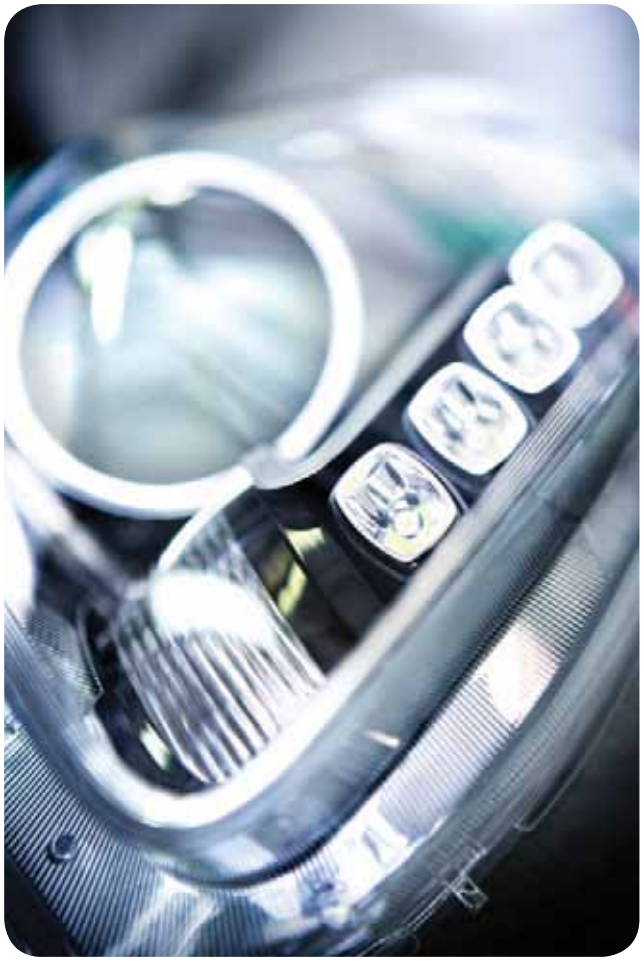
seeks to leverage its know-how and the Group's expertise in electronics to develop intelligent systems and solutions that contribute to the evolution of safe and environmentally-sustainable mobility, as well as enhancing the passenger experience. The company has been a major contributor to the enormous technological advances in the automotive sector in recent years. This is demonstrated by the innovative components developed for the Group's major new models (e.g., Alfa Romeo Giulietta, Fiat Ducato, Fiat Panda and Lancia Ypsilon), as well as for other major automakers, based on over 90 years of know-how and proven excellence in research and innovation.

Comau

With 23 sites in 13 countries and 40 years of experience in industrial automation, Comau provides its customers worldwide body welding and assembly systems, and machining and assembly for mechanical systems, in addition to a wide range of industrial robots, offering maximum quality, reliability and flexibility. Comau supports customers "from idea to implementation" providing automated production systems that integrate products, processes and services, and delivering turnkey solutions, which include design, construction, installation, production startup and, subsequently, maintenance. The company is a leader in the search for innovative technologies to continuously improve processes. Constant investment in research & development has enabled Comau to position itself as an international full-service provider of engineering solutions to the automotive industry, as well as the aerospace, petrochemical, steel and foundry industries. In addition, through eComau solutions, it works with customers to introduce energy-saving technologies through plant and equipment upgrades and new installations.

Teksid

With over 80 years of experience and production of around 600 tons per year of engine blocks, cylinder heads, engine components, parts for transmissions, gearboxes and suspensions, Teksid is the world's largest producer of gray and nodular iron castings. Through Teksid Aluminum, it is also a world leader in production technologies for aluminum cylinder heads and engine components. The company continually focuses on the technical features of its products to meet the specific and increasingly demanding needs of the automotive industry. Teksid's competitive advantages include: a high level of automation; upgrading technology to continuously improve quality standards; and close integration with the product development of its customers, which include the major global producers of cars, trucks, tractors and engines.



Map of principal international agreements

ITALY AND FRANCE

Fiat Group Automobiles (FGA) and **PSA Peugeot Citroën Group**

Two JVs (50%) for the production of the following vehicle families:

- high-end MPVs for Peugeot and Citroën
- compact commercial vans for Fiat, Peugeot and Citroën
- light commercial vehicles for Fiat, Peugeot and Citroën

ITALY

Fiat Powertrain and **General Motors**

50% stake in VM Motori S.p.A. (VM); VM is a long-established company specialized in the design and manufacturing of diesel engines

EUROPE

Fiat Group Automobiles (FGA) and **Crédit Agricole**

JV (50%) for the financial services activities of FGA, Chrysler Group, Jaguar and Land Rover in Europe

CHINA

Fiat Group Automobiles (FGA), Fiat Powertrain and **Guangzhou Automobile Group Co Ltd (GAC Group)**

JV (50%) for:

- production of engines and passenger cars for the Chinese market
- exclusive distribution of FGA cars in the Chinese market

Magneti Marelli and **SAIC (Shanghai Automotive Industry Corporation)**

Agreement for the establishment of a JV (50%) for the production of hydraulic components for the Automated Manual Transmission (AMT) of Magneti Marelli

Magneti Marelli and **Wanxiang Qianchao Company Limited**

Agreement for the establishment of a JV (50%) for the production and sale of shock absorbers and related products for the Chinese market

Teksid, SAIC (Shanghai Automotive Industry Corporation) and **YMC (Yuejin Motor Corporation)**

JV (50% Teksid, 25% SAIC, 25% YMC) for the production of cylinder blocks for cars in gray and nodular iron

JAPAN

Fiat Powertrain and **Suzuki Motor Corporation**

Licensing agreement for the production of MultiJet diesel engines

Current as of 20 March 2012.

INDIA

Fiat Group Automobiles (FGA), Fiat Powertrain and **TATA**

Alliance including JV (50%) for:

- production of B and C-segment cars, engines and transmissions
- exclusive distribution of FGA cars in the Chinese market

Magneti Marelli, Suzuki and **Maruti Suzuki**

JV (51%) for the production of electronic control units for diesel engines

Magneti Marelli and **Sumi Motherson**

JV (50%) for the production of lighting and engine control systems

Magneti Marelli and **Krishna**

Two JVs (50%) for the production of exhaust systems

Magneti Marelli and **Endurance Technologies**

JV (50%) for the production of shock absorbers

Magneti Marelli and **Unitech Machines**

JV (51%) for the production of electronic automotive systems

POLAND

Fiat Group Automobiles and **Ford**

Collaboration for the development and production of A-segment cars (Fiat 500 and Ford KA)

SERBIA

Fiat Group Automobiles (FGA) and **the Serbian government**

JV (66.7% FGA and 33.3% Serbian government) for the production of FGA passenger cars at the plant in Kragujevac

Magneti Marelli and **Johnson Controls Automotive S.r.l.**

JV (50%) for manufacturing and sale of instrument panels, door panels, floor consoles and rear quarters to Fiat Group Automobiles Serbia

UNITED STATES

Fiat[1] and **Chrysler Group**

Global strategic alliance in the automotive sector

TURKEY

Fiat Group Automobiles (FGA) and **Koç Group**

Listed JV (37.86% FGA and 37.86% Koç Group) for the development and production of passenger cars and light commercial vehicles, including a compact commercial van and a passenger car for Fiat, Peugeot and Citroën

Fiat Group Automobiles and **Opel**

Agreement with Opel to supply vehicles based on the Fiat Doblò platform. These vehicles will be manufactured at the Tofas plant in Bursa

[1] Refers to Fiat Group excluding Chrysler Group.

Corporate governance

By managing its business in an ethical, transparent and responsible way, Fiat Group's system of corporate governance creates value for all stakeholders. For many years, Fiat S.p.A. has had a system of corporate governance which is aligned with international best practice and the principles endorsed by the Italian Corporate Governance Code for listed companies (issued in December 2011) with amendments adopted to address the specific characteristics of the Group. Over time, Fiat S.p.A.'s corporate governance system has been expanded to incorporate a set of values, rules and procedures which reflect regulatory changes and improvements in corporate governance practice.

Corporate governance timeline

1992

- Publication of Fiat S.p.A. first Environmental Report

1993

- Publication of Fiat S.p.A. first Code of Ethics, replaced in 2003 by the Code of Conduct

1997

- Adoption of a system of Values and Policies

1999

- Establishment of the Internal Control Committee and the Nominating and Compensation Committee. In 2007, the Nominating and Compensation Committee was separated into the Nominating and Corporate Governance Committee and the Compensation Committee

2002

- Institution and adoption of Internal Dealing Regulations that establish disclosure and conduct requirements for Relevant Persons. These Regulations remained in place until March 2006, when the European Market Abuse Directive, which governs such matters, took effect

2003

- Approval of the first Compliance Program (Italian Legislative Decree 231/2001) which was updated in subsequent years to reflect developments in legislation and interpretation that expanded the scope of Italian Legislative Decree 231/2001 to include new categories of crimes
- Approval of Guidelines for the Internal Control System
- Issuance of Guidelines for Significant Transactions and Transactions with Related Parties

2004

- Publication of first Annual Report on Corporate Governance, prepared in accordance with guidelines issued by Assonime and Emittenti Titoli S.p.A. and endorsed by Borsa Italiana S.p.A.
- Implementation of an Enterprise Risk Management process based on the 2004 Enterprise Risk Management – Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO)
- Publication of the first Fiat S.p.A. Sustainability Report

2005

- Issuance of Whistleblowing Procedures for reporting alleged violations of the Code of Conduct
- Approval by Fiat S.p.A. shareholders of requirements for the annual assessment of the independence of members of the Board of Directors
- Approval of the Group Procedure for the Engagement of Audit Firms aimed at ensuring the independence of the external auditors

2006

- Certification of the System of Internal Control over Financial Reporting (ICFR) established pursuant to Section 404 of the US Sarbanes-Oxley Act. Although the company is no longer listed on the New York Stock Exchange (NYSE), management and Internal Audit have continued their activities relative to the evaluation and monitoring of the ICFR System. Those activities also provide support for the attestations of the Chief Executive Officer and the executive officers responsible for the preparation of the company's financial statements, required under Italian Law 262/2005 since 2007

2008

- Creation of the Sustainability Unit and publication of the first Sustainability Plan

2009

- Assignment of responsibility for sustainability issues to the Nominating and Corporate Governance Committee, which thus became the Nominating, Corporate Governance and Sustainability Committee
- Revision of the Code of Conduct to incorporate additional principles of sustainability
- Formulation of Group Guidelines on the Environment, Health and Safety, Business Ethics and Anti-Corruption, Sustainability for Suppliers, Human Capital Management, Human Rights and Investments in Local Communities
- Update of the Enterprise Risk Management model to include additional risk factors related to climate change

2010

- Formulation of Group Guidelines on Conflicts of Interest, Data Privacy, ICT Assets and of the Green Logistics Principles
- Dissemination of Fiat S.p.A. Code of Conduct updated to include references to all Group guidelines
- Approval of Procedures for Transactions with Related Parties
- Review of the internal Business Ethics Audit system to include additional sustainability-related elements in line with the Code of Conduct
- Update of the Enterprise Risk Management model and revision of risk map

2011

- Formation of a new Group Executive Council[1] following acquisition of majority ownership of Chrysler Group, consistent with the objective of enhancing operational integration between Fiat[2] and Chrysler Group. The GEC, headed by Fiat S.p.A.'s CEO, consists of members from both organizations and is the highest executive decision-making body, supporting the CEO in operational decisions
- Integration of all Fiat standard audits with ethical issue assessments regarding human rights, business ethics, conflict of interest, corruption, and discrimination issues
- Fiat Compliance Program pursuant to Italian Legislative Decree 231/2001 updated to include the sensitive processes for the prevention of environmental crimes
- Publication and distribution of updated Chrysler Group Standards of Conduct, including references to environmental stewardship, health and safety
- Publication of Chrysler Group's first Sustainability Report

[1] In September 2011, Fiat S.p.A. formed a management committee, known as the Group Executive Council, or GEC, to oversee and enhance the operational integration of all Fiat affiliates, including Chrysler Group. Nevertheless, the two companies remain distinct legal entities with separate governance. The GEC cannot contractually bind Chrysler Group, and recommendations made by the GEC to Chrysler Group, including transactions with Fiat companies, are subject to Chrysler Group's governance procedures.
[2] Refers to Fiat Group excluding Chrysler Group.

Code of Conduct

The Fiat S.p.A. Code of Conduct represents a set of values recognized, adhered to and promoted by the Group, which believes that conduct based on the principles of transparency, integrity and fairness is an important driver of social and economic development. The Code of Conduct is a pillar of the governance system which regulates the decision-making processes and operating approach of the Group and its employees in the interest of stakeholders.
The latest version of the Fiat S.p.A. **Code of Conduct**, which took effect in February 2010, is a revision of the 2003 version that replaced the Code of Ethics published in 1993. The Code of Conduct expands on aspects of conduct related to the economic, social and environmental dimensions, underscoring the importance of dialogue with stakeholders.
Explicit reference is made to the **United Nations' Universal Declaration of Human Rights**, the principal **Conventions of the International Labour Organization** (ILO), the **OECD Guidelines for Multinational Enterprises** and the **US Foreign Corrupt Practices Act** (FCPA). Specific **guidelines**, which are an integral part of the Code of Conduct, were created concerning the following aspects: Environment, Health and Safety, Business Ethics and Anti-Corruption, Sustainability for Suppliers, Human Capital Management, Human Rights, Conflict of Interest, Community Investment, Data Privacy and ICT Assets.
Employees are informed of the content of the Code in the manner most appropriate to local practices. The document, available in Italian and eight other languages (English, French, German, Spanish, Polish, Dutch, Portuguese and Chinese), may be consulted and downloaded from the Group's internet and intranet sites. Copies can also be obtained from Human Resources, the Legal department or the Compliance Officer. The Code applies to the members of the Fiat S.p.A. Board of Directors, to all employees of Group companies and to all other individuals or companies that act in the name and on behalf of one or more Group companies. The Group disseminates the principles established in the Code of Conduct and the values of good governance to all employees (including security personnel), whatever their level or role, through periodic training and other information channels (see also pages 153-154). Fiat S.p.A. promotes the adoption of the Code as a best

practice standard for the business conduct of partners, suppliers, consultants, dealers and others with whom it has a long-term relationship. In fact, Group contracts worldwide include specific clauses relating to the recognition of and adherence to the principles underlying the Code of Conduct and related guidelines, as well as compliance with local regulations, particularly those related to corruption, money laundering, terrorism and other crimes constituting liability for legal persons.

In 2003, Fiat S.p.A. adopted a Compliance Program in Italy (pursuant to Italian Legislative Decree 231/2001), which incorporates Article 2 of the OECD Convention of 1997 on bribery of foreign officials in international business transactions and is constantly updated to reflect legislative changes. Potential bribery and corruption are monitored continuously by the Compliance Program Supervisory Bodies (pursuant to Italian Legislative Decree 231/2001) at Group companies in Italy and, more generally, by sector Compliance Officers for Group companies worldwide.

In 2011, Italy formally implemented EU Directives 2008/99/EC and 2009/123/EC, which determine criminal liability for companies in the event of harm to the environment. Moreover, environmental crimes became part of Italian Legislative Decree 231/2001. The Fiat S.p.A. Audit & Compliance department performed a risk assessment of the sensitive processes possibly affecting the environment. As a result, the Compliance Program pursuant to Italian Legislative Decree 231/2001 has been updated to include these processes.

Finally, when starting up, operating or closing a business activity, it is standard practice for the Group to evaluate the economic, social and environmental impacts through the relevant corporate functions and established procedures.

Chrysler Group has an **Integrity Code** available in several languages and **Standards of Conduct** that are applicable to all employees. Together with the Chrysler **Corporate Policies and Procedures**, these documents represent the company's firm commitment to high business and ethical standards and contribute to creating a corporate culture that is characterized by integrity, transparency and accountability. The Integrity Code details rules of conduct for employees, including dealing with third parties such as suppliers, customers, government officials and business partners,

as well as conflict of interest and internal control issues. The Corporate Policies are a collection of approximately 50 company statements that support the Integrity Code and cover topics such as Discrimination and Harassment Prevention; Workplace Violence Prevention; Employee Health and Safety; and Environmental Protection; among others. The Standards of Conduct describe actions or behavior which violate Chrysler Group's standards and which may result in disciplinary actions. The Integrity Code, Corporate Policies and Standards of Conduct can be found on the online employee portal. Each year all salaried Chrysler Group employees complete the Ethics and Integrity Code web-based awareness training and acknowledge they have read and understood the Code, and that they know whom to contact for questions or concerns. Completion of the training is documented and reported to senior leadership team members. This training includes instruction on the Foreign Corrupt Practices Act and, where pertinent, management is required to participate in training focused on this legislation.

Fighting corruption

Fiat Group actively participates in the fight against all forms of corruption, fully complying with national and international laws and the principles of fairness, transparency and integrity. To ensure the highest standards are met, these principles have also been included in detail in the relevant guidelines (Business Ethics and Anti-Corruption Guidelines and Conflict of Interest Guidelines) and, together with the requirements of local law, they are to be adhered to by all employees, agents, suppliers and other individuals and entities that have a business relationship with the Group.

The Fiat S.p.A. guidelines specifically address:

- the prohibition of cash gifts to public officials, politicians or military personnel aimed at obtaining economic advantages for Group companies
- the need to include clauses in outsourcing and joint venture agreements that specify the consequences of violating anti-corruption laws
- the prohibition of gifts and benefits-in-kind for the purpose of gaining preferential treatment
- the possibility of donations for charitable purposes only and the requirement that contributions to political parties must be approved by top management
- full compliance with laws applicable to the export of goods and services

Compliance with business ethics standards, including in relation to corruption, is checked through regular audits, based on the annual risk assessment, conducted by the Fiat S.p.A. Audit & Compliance department. Over a five-year period the audit cycle will cover all consolidated Group entities (excluding Chrysler Group).

All Chrysler Group functional areas are subject to analysis on an ongoing basis to detect risks related to corruption both through audits of the area itself and the management process governing each area. In addition, the Legal Compliance Questionnaire (LCQ) is distributed annually to the operating areas as required by Chrysler Group's Legal Compliance and Ethics Program, managed by the Office of the General Counsel (OGC). It contains 39 general questions and up to 150 area-specific questions to ensure full awareness and compliance with Chrysler Group's anti-corruption policies and procedures. In the event an issue is identified, the OGC will work with the Business Practices Office to investigate and resolve the issue.

In order to avoid conflicts of interest, the company's Operating Agreement provides that Chrysler Group cannot enter into any new agreement with company members or any of their affiliates that involves aggregate payments in excess of $25 million without board approval. Additionally, Chrysler Group has a written Conflict of Interest policy prohibiting officers, employees and their family members from personally participating in transactions that conflict with business interests or that might influence employees' business judgment. The Chrysler Group Business Practices Office interprets the policy, issues advisories, oversees investigations and reports non-compliance to the Chrysler Group Board of Directors' Audit Committee.

Monitoring violations of the Code of Conduct

Violations of the Fiat S.p.A. Code of Conduct and Chrysler Group Integrity Code are essentially identified through:

- periodic activities carried out by Audit & Compliance
- reports received in accordance with the Whistleblowing Procedures
- reviews of standard operating procedures

In 2011, Fiat S.p.A. Audit & Compliance systematically verified the level of knowledge and the respect of the Code of Conduct throughout Fiat Group companies (excluding Chrysler Group) and expanded all operational audits to include assessment of ethical issues with particular reference to human rights, business ethics, conflict of interest, corruption and discrimination issues.

During 2011, 169 cases of actual violations of the Fiat S.p.A. Code were reported. As a consequence of Code violations, 169 employees were subject to disciplinary actions, while five reports received through the Whistleblowing Procedure led to the introduction of improvements to the Internal Control System.

Violations of Fiat S.p.A. Code of Conduct

Fiat Group worldwide[1]

	2011	2010[2]	2009[2]
Actual violations revealed during periodic activities carried out by Fiat S.p.A. Audit & Compliance and the Compliance Officers for each Group sector and checks forming part of standard operating procedures	**167**	135	181
Alleged violations received under Whistleblowing Procedures	**36**	35	64
of which verified as actual violations	**2**	6	3
Total actual violations	**169**	**141**	**184**

For all Code violations, the **disciplinary measures taken were commensurate with the seriousness of the case and complied with local legislation**. The relevant corporate departments were notified of the violations, irrespective of whether criminal charges were made by the authorities.

The principal types of violation verified in 2011 included inappropriate conduct by employees such as absenteeism, falsification of medical documents, violent and disorderly conduct, inadequate behavior and use of drugs or alcohol. No cases were revealed involving discrimination or corruption in any form.

In addition, in order to understand the level of **adherence by suppliers to the sustainability standards required by the Group**, as of 2008 Fiat Group Purchasing initiated a monitoring process based on two principal elements: supplier self-assessment questionnaires and field audits conducted by Group personnel or external organizations.

To the Group's knowledge, there is no use of child or forced labor at the plants of its suppliers (see also page 212).

Under the Fiat S.p.A. Code of Conduct, Fiat Group "does not employ any form of forced, mandatory or child labour, namely it does not employ people younger than the permissible age for working established in the legislation of the place in which the work is carried out and, in any case, younger than 15, unless an exception is expressly provided by international conventions and by local legislation." According to a 2011 study conducted across 33 countries, **no Fiat Group plant makes use of child labor or mandatory labor**. Conducted every two years, the 2011 study covered 99% of the total workforce and showed that no company exposes minors to hazardous work or employs individuals under the minimum working age set by local legislation, apprentices under the statutory minimum age, or minors under 15 years of age in countries where the minimum age is lower.

(1) Chrysler Group not included in scope.
(2) Data restated to exclude companies demerged into Fiat Industrial S.p.A.

Relationships with organizations, associations and political parties

Fiat Group believes that responsible corporate citizenship is also reflected through participation in public policy development and advocacy in the communities and countries where the company does business.

The Group embraces **dialogue and engagement with numerous organizations**. It regularly collaborates and participates in round table discussions and working groups at both the national and international levels to represent the interests of both the company and its many stakeholders.

Relationships with organizations and associations are subject to the Code of Conduct and to the Fiat S.p.A. Business Ethics and Anti-Corruption Guidelines and Conflict of Interest Guidelines as well Chrysler Group's Integrity Code, Policy and Procedures. Any lobbying activities are conducted in **strict observance of applicable laws** and regulations and fully respect the **Group's core values and principles of fairness, transparency and integrity**. Lobbying activities must be authorized at the appropriate level within each Group company.

The **integrity of lobbying practices** and other ethical issues within the Group (excluding Chrysler Group that has a different monitoring system) is monitored through audits performed by the Fiat S.p.A. Audit & Compliance department. Standard audits seek to verify compliance with the Code of Conduct, including aspects and resources that could possibly be linked to lobbying activities. The results of these activities are reported to the Compliance Officer, Chief Executive Officer and Board of Directors.

Registered in the previous EU Commission Transparency Register since its establishment in 2008, Fiat S.p.A. confirmed its registration in 2011 in the new **EU Commission and European Parliament Joint Transparency Register for organizations** and self-employed individuals **engaged in EU policy-making and policy implementation**. The purpose of the register is to ensure that lobbying practices are transparent and legally compliant as well as consistent with ethical principles, so as to prevent undue pressure and illegitimate or privileged access to information or to decision makers.

Dialogue with associations focuses on issues of an economic nature, such as those related to growth, development and company performance; environmental issues linked to sustainable mobility; labor policies (flexibility, training, pension systems); and specific needs associated with Fiat Group products, manufacturing and commercial activities (technical, trade and tax regulation).

In particular, consistent with the Fiat S.p.A. Code of Conduct and Chrysler Group Integrity Code, the Group aims to **contribute positively to the future development of regulations** and standards in the automotive industry and in all other sectors **related to the mobility of people and goods**.

In Europe, the Group belongs to trade associations such as the **European Automobile Manufacturers' Association** (ACEA) for passenger cars and commercial vehicles, as well as working groups such as the **European Round Table** (ERT) for industrial leaders. Through ACEA, which interfaces on a regular basis with the major European institutions, Fiat S.p.A. has contributed to the definition of regulations and directives on CO_2 emissions, technical car standards and international transport and trade policies, in an effort to ensure that regulations are balanced and sustainable for automakers and EU member states.

In North America, the Group works with several industry organizations. As a founding member, Chrysler Group has a long history of working with the **Automotive Industry Action Group** (AIAG) and supporting critical projects. This cooperative forum for the auto industry is focused on improving business processes and practices involving trading partners and peers throughout the supply chain. Projects in corporate responsibility, supply chain management and quality allow both Chrysler Group and the industry to improve the quality and efficiency of daily work.

The **Alliance of Automobile Manufacturers** is the leading advocacy group for the US auto industry. The Alliance focuses on developing and implementing constructive solutions to public policy challenges that promote sustainable mobility and benefit society in the areas of environment, energy and motor vehicle safety. The organization provides Chrysler Group and the auto industry with a united voice on US federal and state regulatory and legislative matters.

In Brazil, Fiat has long been an active member of the **Associação Nacional dos Fabricantes de Veículos Automotores** (ANFAVEA). This nationwide association

brings together the country's automakers with the purpose of addressing industry and market issues affecting the automotive sector and coordinating and protecting the collective interests of the association's members.
Automotive associations, however, are not the only organizations with which the Group collaborates. Fiat Group also has strong relationships with **public entities, universities and other organizations** through which it contributes to experimental activities or laboratory testing aimed at defining the content of specific legislation or regulations for promoting sustainable mobility (see also pages 82-83).
Lobbying activities on **social issues** in some countries, such as the US, are managed separately by Group companies which deal directly with institutions, government and trade unions. Chrysler Group has robust processes to ensure that the company conducts lobbying activities with respect to governmental authorities in the US in accordance with laws and applicable government ethics and disclosure rules.

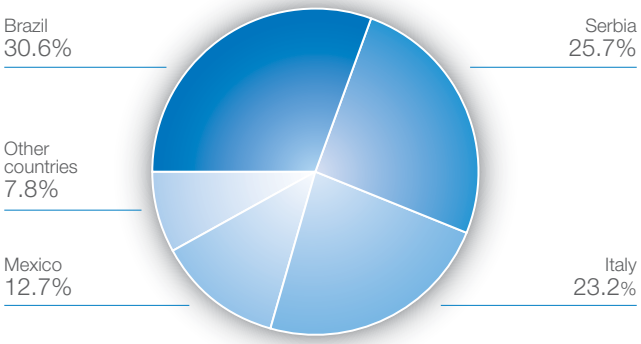
In other countries, such dealings are carried out through the industrial and employers' associations to which Group companies belong, such as the **Bundesvereinigung der Deutschen Arbeitgeberverbände** (BDA) in Germany and the **Mouvement des Entreprises de France** (MEDEF) in France. These associations act to protect the interests of their members and represent them in social dialogue, both at the national and local levels, with the key political and administrative institutions, trade unions and other social parties.
In Italy, Fiat S.p.A. has decided to withdraw its membership from Confindustria as of 2012 and negotiate its own labor contract. Through agreements forged directly with its social partners, Fiat Group will compete internationally on a more level footing with its competitors at a time of such particular difficulty for the world economy.
In addition, **Business Europe** – the confederation of European businesses which, through its 41 member federations from 35 countries, represents more than 20 million companies of

all sizes – is a recognized partner that participates in social dialogue at the European Union level.
Finally, any **relationship between Fiat Group and political parties** and their representatives or candidates is conducted according to the highest standards of transparency and integrity. Financial contributions by the Group are only allowed where permitted by law and must be authorized at the appropriate level within each Group company. In 2011, **no contributions were made by Fiat Group to political parties**.
Fiat Group does not have a Political Action Committee (PAC), but employees are free to make personal contributions to political candidates or parties, to the extent that these contributions do not violate corporate policy.
Any political association or financial contribution made by Group employees is considered personal and completely voluntary.

Public funding
Fiat Group worldwide (€ million)

	2011[1]	2010[2]
Grants	**93**	37
Loans	**1,229**	525
of which subsidized loans	**669**	525
of which EIB[3] loans	**560**	-

Public funding by country[1]
Fiat Group worldwide (€ million)



[1] Data includes Chrysler Group for the full year.
[2] Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.
[3] European Investment Bank.

Risk Management

Enterprise Risk Management model

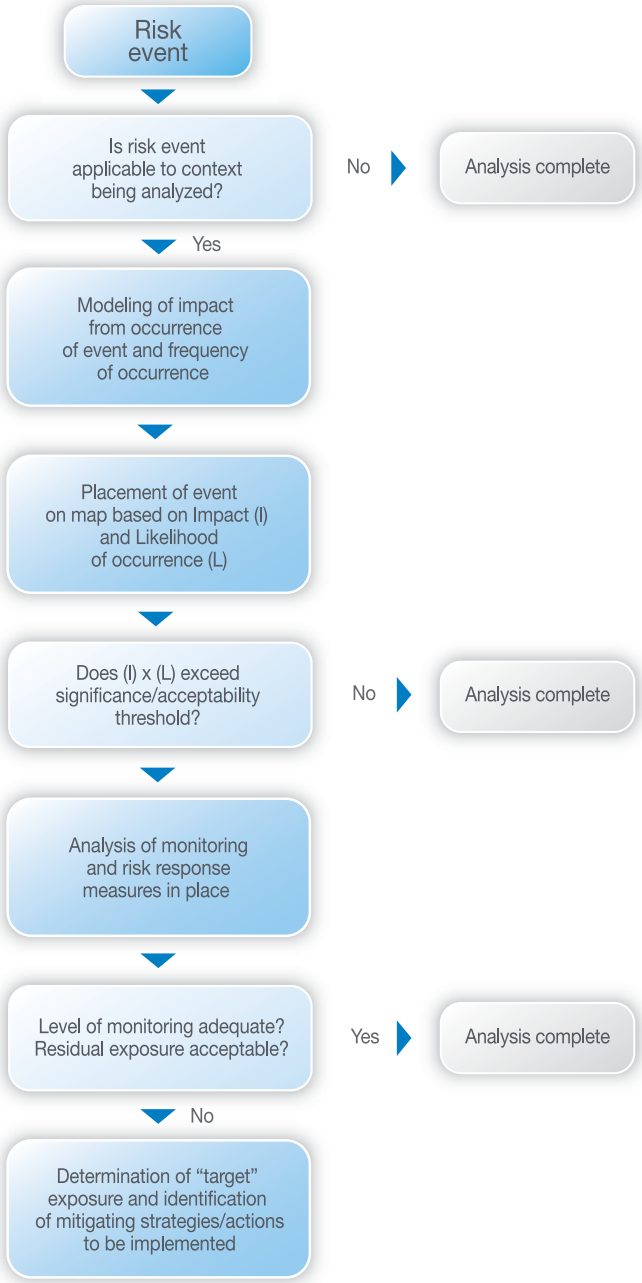
Fiat Group defines a risk as any event that could negatively or positively impact its ability to achieve its objectives. In 2004, the Group developed an internal Enterprise Risk Management (ERM) model in order to identify and assess the significance of risks in a timely manner, subsequently **mitigate** those risks, and **insure** them where possible or **eliminate** them where necessary. Adapted from the framework established by The Committee of Sponsoring Organizations of the Treadway Commission (COSO) to the specific needs of the Group, in 2010 that model was revised to reflect the experience acquired over the years and indications of best practice that emerged from a comparison with other industrial groups. In particular, **risk drivers were remapped** into new, refined, or reformulated groups to better respond to new requirements or emphasize significant issues (climate change, macro-economic developments, joint ventures, etc.). Some 50 risk drivers have been identified, which are further broken down into approximately 85 potential events. This update was managed and coordinated by group central functions and, applying a top-down approach, was extended to all operating sectors and companies. In 2012, ERM risk drivers will be integrated with **water-related risks** (quantity and quality of water withdrawal, regulatory changes and conflicts with stakeholders).

The classification of likelihood of occurrence and the potential impact on profitability, business continuity and reputation (or a combination of these elements) – which, analyzed jointly, determine the significance of the risk – remained unchanged. For events that exceed a predetermined significance threshold, existing measures are analyzed and future containment measures, action plans and individuals responsible determined. This process, which is aided by a dedicated information system, is based on a bottom-up approach that, beginning with individual business units, enables generation of a summary report for each sector, including any containment measures to be implemented. Sector CEOs and CFOs are required to approve these reports, while the Group Controller is responsible for their coordination and consolidation into the **Group Risk Report**. This document is submitted annually to the Internal Control Committee, which assists the Board of Directors in verifying the adequacy

and effective functioning of the Internal Control System. Chrysler Group, consolidated for accounting purposes in Fiat S.p.A., will be integrated in the ERM methodology in 2012.
The 2011 assessment revealed various types of **risk related to climate change**, which include risks concerning regulations, consumer preferences for eco-sustainable products, reputational impact on the community where the Group operates and increase in energy costs. As in the past, the Group has demonstrated continuous appropriate management of these risks through the most effective tools, gearing research and investments towards products with an ever decreasing environmental impact, promoting low-emission vehicles, improving sales force skills to convey the benefits of the ecological features of the Group's vehicles to customers, adopting efficiency projects for reducing plant energy consumption and using renewable energy sources. Certain specific risks[1] are monitored by the appropriate organizational entities. For example, risks associated with the potential impact of the Group's industrial activities on the environment and climate are monitored and proactively managed by the Environment, Health and Safety (EHS) unit for each sector in accordance with the Environment pillar of World Class Manufacturing. Plant managers are responsible for the operational aspects, and their activity is coordinated centrally by the Group EHS structures (see also page 115).
In addition, Risk Management S.p.A., the Fiat Group company responsible for control of pure risks (e.g., fires, explosions, natural disasters) and insurance coverage for those risks, plays a central role in the management of events that could potentially impact the **continuity of operations** or the integrity of physical assets (in particular, the Group's plants).

Management of pure risks

Pure risks[2] are managed by Risk Management S.p.A., a Group company that covers every phase of the management of pure risks, from **identification** to **quantification**, **analysis** and **treatment**. At Chrysler Group, this function is assured by the Risk & Insurance Management organization that is responsible for asset and balance sheet protection and involved in loss prevention and continuity of operations.



[1] *For additional information on the management of financial risks, please refer to the Consolidated Financial Statements.*
[2] *Pure risks are risks resulting from natural causes or accidental or malicious acts (fire, explosion, floods, etc.) that may result not only in damage to goods or facilities but also lead to a short- or long-term interruption of operations.*

On the basis of Risk Management analysis, strategies and actions for the **prevention**, **elimination**, **mitigation** or **transfer** of those risks are designed and implemented in collaboration with sector risk managers.

All activities designed by Risk Management to manage pure risks, and implemented in 2011, are detailed in a public document whose objective is to communicate to stakeholders the Fiat approach and methods. Results achieved show that **prevention is the foundation of risk management**. The risk management process, methods and tools are designed to minimize the likelihood of occurrence and the potential impact of risks.

Field audits are performed with the support of an external risk consulting agency that is a member of a leading insurance group. Subsequently, risk profiles are created in order to **identify the appropriate measures for prevention or mitigation** based on international standards and best practice. The audits of Fiat Group sites (excluding Chrysler Group) are based on a three-year cycle, together covering approximately 92%[1] of the insured value.[2] In 2011, 57 sites were audited covering approximately 53% of activities within the scope of analysis. The objective is to analyze substantially all sites within the scope of analysis (more than 98%) at least once each cycle and all principal sites (over 50%), based on specific risk sensitivity, at least annually. At Chrysler Group, audits are conducted at all main sites each year. In 2011, 41 locations were audited, representing 91% of insured value of all Chrysler Group sites.

Prevention and mitigation measures put in place at Fiat Group sites (excluding Chrysler Group) in 2011 resulted in targeted investment of around **€17.3 million that enabled a reduction of approximately €2.3 billion**[3] in the potential value of losses expected, with a global efficiency index in excess of 100/1.[4]

Further evidence of the efficiency of Fiat's methodology is the percentage of sites that attained **Highly Protected Risk (HPR) certification** from the international insurance market. In terms of insured value, these sites account for approximately 67% of activities (not including Chrysler Group).

In 2011, the Risk Management Lab continued its research activities to develop innovative prevention methodologies to guarantee the ability to identify, analyze and manage pure risks. Many activities and initiatives were undertaken during the year.

VISIO@RISK software was extended to include hurricanes and hailstorms and was rolled out to all Group plants (excluding Chrysler Group), enabling real-time sharing of individual risk profiles.

In addition, a dedicated climate change brainstorming workshop was held with representatives of the main Group functions to identify, analyze and evaluate new potential risks and mitigation actions associated with climate change. As a consequence, dedicated guidelines related to **climate change** have been issued and distributed throughout the Group in order to raise awareness and promote implementation of the most appropriate actions.

Also, a new methodology was developed to identify sites that are potentially vulnerable to **earthquakes**. This new methodology and the related instruments have been tested with a pilot program at 22 Italian sites. Moreover, a new methodology was developed to identify, analyze and quantify insurable **environmental risks** with a pilot project conducted at three Italian sites.

(1) Scope of analysis.
(2) Calculation based on replacement value of property insured and cost associated with interruption of activity.
(3) Figures relate to the period from 1 September 2010 to 31 August 2011 (Insurance Year).
(4) Efficiency index for mitigation measures (KPI = reduction of expected damage/cost of protection) indicated as best practice for industrial risk management.

The contribution of risk management in the fight against climate change

While the role played by risk prevention in safeguarding assets and ensuring uninterrupted production has always been acknowledged, only in recent years have its benefits to the environment been brought to light by authoritative international research.

Recent studies[1] in fact demonstrate that at industrial sites that have not been planned and managed according to modern and rigorous prevention and protection standards, the environmental benefits from energy saving initiatives can be drastically reduced or even eliminated following the occurrence of just a single technological (fire, explosion, etc.) or natural (flood, earthquake, etc.) event. Due to the higher risk factor at such sites, they experience an increase in carbon emissions estimated at 14%.

In contrast, at sites that have prevention programs and protection systems aligned with international standards, such as the Highly Protected Risk certification, it is estimated that the likelihood of occurrence of a risk event decreases, becoming practically insignificant.

Furthermore, should such an event occur, the actions planned would considerably limit environmental consequences. For example, at sites where automatic sprinkler systems are used for fire protection, the CO_2 emissions given off from burnt materials are considerably lower. The quantity of these materials in fact decreases from a percentage varying in the 62-95% range when a fire is extinguished manually to 3% when the operation is performed by a sprinkler installation.

The expert's opinion

Prof. Luca Mercalli

President of the Italian Meteorological Society

The global climate has been evolving due to natural causes over thousands of years, but at such a slight and gradual rate that the human race and society have been able to adequately adapt. Although the industrial era began more than a hundred years ago, the effects of the use of fossil fuels on the accumulation of greenhouse gases in the atmosphere have just begun to manifest themselves in roughly the past 30 years. It is estimated that by around the year 2100 the earth's average temperature could increase by approximately 3-5 degrees Celsius.

For the near future, climate change is expected to induce more frequent and powerful extreme weather phenomena such as heat waves, rain downpours, floods, tornadoes, hurricanes, hail, strong winds, droughts and fires. All of these events may increase the risk of damage to facilities, such as plants or other company sites.

In the long run, it will become necessary to take into account rising sea levels as well, which may affect coastal areas and cause human migration due to changing climatic and agricultural conditions that will put pressure on society and the global economy.

For this reason, it is essential to have reliable climate simulation models to create adaptation strategies in order to be prepared. It is therefore becoming more and more important to train and inform engineers on the effects of climate change, regardless of how improbable it now seems, so that industrial facilities will be properly designed for an altered global scenario.

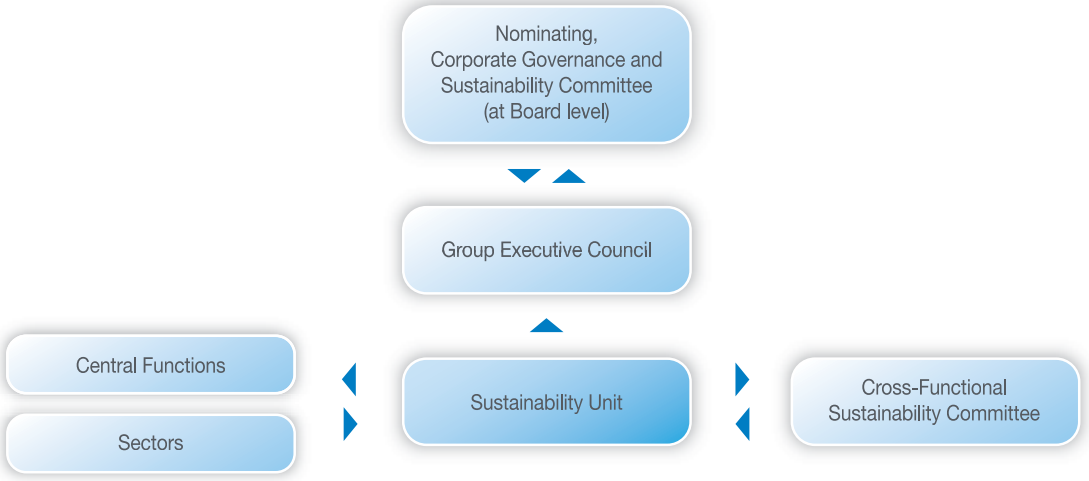
[1] The influence of risk factor on sustainable development – Gritzo, Doerr, Bill, Ali, Nong, Krasner – 2009; Environmental impact of automatic fire sprinkler – Wieczorek, Ditch, Bill – 2010.

Sustainability governance

A company is judged not only by financial results but also by how this success is achieved. The long-term health of an organization is highly correlated to its ability to respond to the needs and expectations of all stakeholders.
Sustainable growth is, in fact, built on responsibility. Trust in the Group is generated through its respect for the environment and future generations, the satisfaction of customers and shareholders, the sense of belonging among collaborators, profitable relationships with partners, and mutually beneficial interaction with local communities.

Sustainability-focused entities

Even if a company's primary commitment is to be financially sound and ensure economic viability to all stakeholders, at Fiat Group, **integration of economic decisions with those of a social and environmental nature constitutes a commitment** that is fundamental to the creation of long-term value. This awareness is rooted in the Group's history and corporate culture and has evolved and strengthened over the years, becoming an integral part of the strategic approach that guides the business. Fiat's approach to business is, in fact, shaped by a culture of acting responsibly and the conviction that industrial development only has value if it is also sustainable.
Chrysler Group, part of Fiat Group since June 2011, is equally committed to the principles of sustainability and has a formal organizational structure and processes dedicated to promoting sustainable development and values. Consistent with the operational integration of Chrysler Group, Chrysler's sustainability activities and commitments for the future are



aligned with those of Fiat Group.
Sustainability management involves several entities within the organization.
The **Sustainability Unit** (SU), plays a key role in promoting a culture of sustainability within the Group, facilitates the process of continuous improvement, and contributes to risk management, cost optimization and enhancement of the company reputation with stakeholders. The Sustainability Unit interacts with the individuals responsible for operational management of key issues (e.g., environment, energy, innovation, human resources, etc.) within each sector and central function, supporting them in identifying principal areas for action. The SU also manages relationships with sustainability rating agencies, analysts and international organizations.
The **Cross-Functional Sustainability Committee** (CSC), consisting of representatives of the principal functions at the central and sector level (Business Development, Corporate Communications, Engineering & Design, Finance, GEC Coordinator, Human Resources, Industrial Relations, Institutional Relations, Internal Audit, Manufacturing, Purchasing, Senior Counsel, Treasurer) promotes and evaluates operational decisions and plays an advisory role for proposals submitted to the Group Executive Council (GEC) by the SU.
The **Group Executive Council** (GEC), the decision-making body headed by Fiat S.p.A.'s CEO and composed of the CEOs of the operating sectors, the heads of each of the Group's operating regions and various functional heads, defines the strategic approach, approves the guidelines and evaluates the alignment of the Sustainability Plan with business objectives. The GEC is periodically updated on the status of projects and the Group's overall performance on sustainability issues.
The **Nominating, Corporate Governance and Sustainability Committee** (a sub-committee of the Board of Directors) evaluates proposals related to strategic guidelines on sustainability-related issues, presenting opinions to the Board of Directors as necessary, and reviews the annual Sustainability Report.

Process for the Sustainability Plan

The commitments, actions and targets in the Sustainability Plan are initially defined on the basis of the areas for improvement identified by the Sustainability Unit (SU) in collaboration with the sectors and central functions (planning phase).
In support of that activity, throughout the year the SU monitors the performance of best-in-class competitors and the assessments by the principal sustainability rating agencies, international organizations and Socially Responsible Investors with whom the Group has a relationship.
The draft Sustainability Plan is submitted for the approval of the Group Executive Council (GEC), which evaluates its consistency with Group strategy and makes appropriate recommendations. The Plan approved by the GEC is then evaluated by the Nominating, Corporate Governance and Sustainability Committee that grants the formal approval.
Responsibility for individual projects and achievement of the targets in the Sustainability Plan rests with the various sectors or corporate functions which have the resources, tools and knowledge necessary for their implementation (management phase).
As a further guarantee of adherence to the commitments made, the Sustainability Unit is periodically updated on the status of projects and, in turn, updates the GEC (control phase).

Sustainability indexes and ratings

During 2011, the Group maintained its position as a sustainability leader. Fiat Group's commitment to sustainability has raised the confidence of stakeholders and has been recognized by leading sustainability rating agencies and international organizations.

Dow Jones Sustainability Indexes Member 2011/12

For the third consecutive year, Fiat S.p.A. has been confirmed in the **Dow Jones Sustainability World and Dow Jones Sustainability Europe indexes**. The prestigious DJSI World and DJSI Europe equity indexes only admit those companies judged best-in-class in the sustainable management of their businesses, from an economic as well as social and environmental perspective. Fiat received the highest score (94/100), together with BMW, compared with an average of 72/100 for companies in the Automobiles sector evaluated by SAM, the investment group specialized in sustainability investing. More specifically, Fiat S.p.A. obtained the maximum score in almost every area analyzed in the environmental dimension (combating climate change, product performance, logistics processes) and, in the social dimension, for human capital development, stakeholder engagement, responsible supply-chain management, and initiatives for local communities. The maximum recognition was also given for risk management and the innovation process.

CARBON DISCLOSURE PROJECT

Fiat S.p.A. has also entered the **Global 500 Carbon Disclosure Leadership Index** (CDLI) and **Carbon Performance Leadership Index** (CPLI) according to the report published by the Carbon Disclosure Project (CDP). Fiat received a score of 93/100 for transparency in disclosure and the maximum score ("A") for the commitment shown in reducing carbon emissions. Both scores represented a major improvement over the previous year and confirm the central role of reducing environmental impacts in Fiat's overall business strategy.
More than 400 companies worldwide were analyzed and Fiat was the only Italian company among the 23 companies admitted to both indexes.

The CDLI only includes those companies in the FTSE Global Equity Index Series (Global 500) that demonstrate the greatest transparency in disclosure to stakeholders of the strategies and actions taken to combat climate change. The CPLI, on the other hand, includes companies that have demonstrated the greatest commitment in reducing carbon emissions.

ASPI

Following the research conducted by Vigeo, a European leader assessing companies with regard to social, environmental and governance issues, in December 2011 Fiat S.p.A. became one of an elite group of companies included in the **Advanced Sustainability Performance Eurozone Index** ("ASPI Eurozone®").
The ASPI Eurozone® is recognized as one of the leading sustainability indexes and is used by the growing community of Socially Responsible Investors to define sustainable investment universes, to benchmark their investment performance or to create index-linked products.

STOXX

ETHIBEL SUSTAINABILITY INDEX EXCELLENCE

ECPI Sense in sustainability

FTSE ECPI ITALIA SRI INDEX SERIES

Fiat S.p.A. is also a member of other important sustainability indexes, including STOXX Global ESG Leaders, STOXX Global ESG Environmental Leaders, STOXX Global ESG Social Leaders, STOXX Global ESG Governance Leaders, ECPI Ethical Euro, ECPI Ethical EMU, FTSE ECPI Italia SRI Benchmark, FTSE ECPI Italia SRI Leaders, Ethibel Excellence Europe and Ethibel Excellence Euro.

CSR ONLINE AWARDS 2011 ITALY 2 Lundquist CSR ONLINE AWARDS 2011

Fiat Group took second place in the **CSR Online Awards 2011 Italy** (established by the strategic communications consultancy, Lundquist) for online communication in the area of corporate social responsibility.

Current as of 20 March 2012.

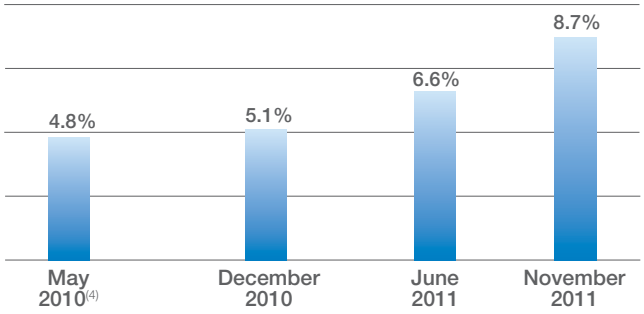
Socially Responsible Investors

Fiat Group's commitment towards sustainable development and the results achieved are reflected in the composition of the Fiat S.p.A. shareholders.

In recent years, Socially Responsible Investors (SRI) implementing a financial investment strategy that includes both financial objectives as well as social and environmental impacts have increasingly appreciated Fiat S.p.A.'s performance on sustainability issues. As a consequence, they have progressively increased their stake in Fiat S.p.A.

Fiat S.p.A. tracked a positive, constant trend over the last several months. According to the latest Shareholder Identification registered in November 2011,[1] 8.7% of Fiat S.p.A. free float is held by SRI investors for a total of 29 asset owners[2] and 41 mutual funds.[3]

Fiat S.p.A. free float shares held by Socially Responsible Investors



Source: Vigeo and Morningstar

(1) The Vigeo analysis covers the largest global asset owners, mainly pension funds (national, occupational, company-specific, local governments), but also foundations and other institutional owners. Among them, an asset owner is identified as a SRI if at least one of these conditions is met: it adopts SRI principles in its investment policy (voting, engagement, activism, screening), it has dedicated SRI mandates, it uses SRI benchmark.
The analysis also covers green, social and ethical mutual funds operating worldwide. A fund has to meet all the following conditions in order to be eligible for the analysis: it uses ethical, social or environmental screening for stock and bond issuers selection (negative screens and/or best-in-class), it is marketed as SRI and it is available to the public (retail funds).
(2) Large financial organizations investing their own assets, pension funds, foundations, public funds and insurances, endowments or sovereign funds. They do not include assets managed by management firms on behalf of their clients.
(3) The term is used in the same sense as for the European Fund and Asset Management Association (EFAMA) Statistical Releases: publicly offered open-end funds investing in transferable securities and money market funds. However, the data is not completely comparable, as this report includes some life insurances and pension funds complying with Vigeo definitions (See Green, Social and Ethical Funds in Europe – 2011 Review).
(4) Refers to Fiat S.p.A. pre-demerger.


sustainable mobility

Sustainable innovation

The transport of people and goods is a fundamental driver for economic growth and development throughout the world.
Fiat Group has long been committed to providing an increasing number of people with sustainable and economically accessible mobility solutions.
Through research and continuous innovation, the Group strives to develop products that satisfy the demands of mobility while still respecting environmental and social needs.

To support new product development, Fiat Group places a great emphasis on research and innovation.
As of 31 December 2011, the Group had **77 Research and Development centers** and **about 17,000 people**, all working to make mobility increasingly sustainable by developing innovative products and services designed to anticipate market needs.
To facilitate achievement of this objective, worldwide innovation and product development activities are coordinated at a central level by the **Chief Technology Officer** (CTO). The CTO is a member of the Group Executive Council and leads Fiat Group's Research & Development department, fostering opportunities for synergies and technology transfer within the Group. To this end, he also chairs regular Innovation Committees, composed of the heads of Innovation and Engineering from each Group regional area.

Centro Ricerche Fiat

The Centro Ricerche Fiat (CRF) was established in 1978 as the Group's center of expertise for innovation and development. Recognized internationally for its achievements, the CRF's mission is to leverage innovation into a strategic advantage.
Headquartered in Orbassano, Italy, with approximately 1,000 employees, the CRF draws on a broad array of technical skills and state-of-the-art laboratories, covering all automotive engineering disciplines.
The CRF has achieved significant results over the years, with 2,398 patents granted and 462 patent applications filed. Of those numbers, the CRF was granted about 100 new patents and filed 40 new patent applications in 2011 alone.
In addition, the CRF has developed a global network of more than 1,700 industrial, university and research partners. This network further strengthens the center's innovation strategies, facilitating local implementation of projects and enabling development of specific competencies.
With a particular focus on the field of sustainable mobility, the CRF studies innovative mobility solutions through a 360 degree approach that includes vehicles, components, energy management, safety, telematics, mechatronics, innovative materials and related technologies, as well as innovative concepts in engine technology, alternative propulsion systems and transmissions.

In 2011, **Fiat Group spent approximately €2.2 billion on research and development**. Despite the continuing global economic crisis, investment continued and a number of major innovation projects were completed during the year.
The Group's research is concentrated in the following principal areas:

- **environment** – with a focus on reducing environmental impacts throughout the entire vehicle life cycle, from the raw materials used to vehicle scrapping (by means of reduced CO_2, other emissions and noise levels, improved energy efficiency and use of new materials)
- **society** – with a focus on all aspects of safety (active, passive and preventive), on measures for promoting mobility for all people and on the development of efficient infomobility systems
- **competitiveness** – with a focus on vehicle architectures, performance, comfort and perceived quality, and on the use of innovative technology in production processes

The Group carefully assesses in advance the impact of its research activities on the environment and on the health of the users of its products. In accordance with a precautionary principle, innovations are thoroughly tested before being introduced in the market to verify their safety for the environment and society as a whole.

Public funding for research and development
Fiat Group worldwide (€ million)

	2011[1]	2010[2]
Grants	**53**	32
Loans	**272**	11
of which subsidized loans	**22**	11
of which EIB[3] loans	**250**	-

Open innovation

Fiat Group's innovation process is based on the **generation and exchange of ideas** that are **stimulated continuously** through a variety of initiatives and tools. Its goal is to involve the various levels of the company in the process and to promote collaboration and opportunities for exchange with external parties.
Key challenge areas for Group research include low-environmental impact transport, vehicle safety, information and communication technologies, materials and efficient manufacturing processes.

Promoting creativity within the Group

Creativity is encouraged at every level and in every area of the organization, even those not specifically dedicated to innovation.
One example is the collection of **suggestions from employees** for improvements in manufacturing processes, an important element of the **World Class Manufacturing** program. In 2011, over 1.6 million suggestions were received from across Fiat Group: an average of 12 improvement proposals per person (see also page 115). The best suggestions have been adopted and implemented, and the idea owners recognized for their efforts.
The **Innovation Database** at Chrysler Group is another way that the company encourages creativity. Launched in August 2010, the database provides a submission portal for all employees to propose new ideas and innovations.

(1) Data includes Chrysler Group for the full year.
(2) Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.
(3) European Investment Bank.

These may include new and innovative features, improvements to business processes, new venture ideas and vehicle opportunities, among others. Regular reviews are conducted to sort, categorize and process the ideas to the appropriate organization within the company. In 2011, over 180 ideas were submitted from all levels and areas.
Another innovation stimulator is Chrysler Group's **Innovation Space**, completed in November 2011. This space, equipped with tools and materials for idea development, provides an incubation area for employees to bring in any new feature or innovation. The process is coordinated by the Innovation Space Facilitator, who is the coach to help employees nurture their ideas into reality.
In addition to proposals submitted by employees, **research and development personnel are engaged in a formal process** involving tools and procedures for sharing ideas and for the approval of innovative projects by innovation and product development departments. The CRF, for example, adopted a **Strategic Research Agenda** (SRA) in 2011. The SRA provides steering guidelines for worldwide research activities developed to meet the innovation needs of Fiat Group Automobiles (FGA). It also takes into consideration the technology roadmaps and priorities identified by European and national technology platforms in which industry, institutions and universities participate. The same objective was pursued in 2011 with a special FGA Innovation Committee. Formed by the various corporate engineering and product departments, the committee's focus is on the discussion of technical and innovative solutions intended to steer them towards models for future development.

Distributed creativity

Creativity is also stimulated through a variety of external channels, such as **customer interaction and open innovation networks**.
Along with other methods, Chrysler Group guides and supports open innovation through participation and leadership on the Autoharvest Innovation Advisory Council. Autoharvest is an industry-inspired open innovation collective and online space that spurs advancement through collaboration, partnership and knowledge sharing among **academic, automotive and other associated technical markets**. Chrysler Group plays a key role in shaping this initiative into a leveraged asset for sustained growth and innovation. Chrysler Group currently leads several engineering challenges through the Autoharvest Network in areas of waste

heat recovery, human comfort and controllable window tinting. **Customers** are also involved in an ongoing way in the process for generating ideas. Here the objective is to understand emerging expectations, constantly improve products on the market and, in general, draw out new ideas to steer future product development. To this end, a variety of communication channels are in place between the company and customers, such as the **Giulietta Top Care program** run by Fiat Group Automobiles. Designed for the launch of the Alfa Romeo Giulietta, the project involved about 2,000 customers in Austria, Germany, Switzerland and the UK and ran from January 2011 to January 2012. Customers participating in the initiative were contacted at three different stages over the first year of vehicle use to collect their comments and assessments. The feedback is being studied jointly by the Customer Care, Quality and Product departments in order to identify potential improvements, measure the effectiveness of on-board instruments and take a proactive approach to managing any customer complaints received. The goal is to enhance the current model and steer new product development.

R&D collaborations with external business partners

The Group's innovation process also welcomes contributions from suppliers, public and private institutions, research centers and universities.

Suppliers

Supplier innovation is encouraged through various initiatives such as:

- **Technology Days**, where leading suppliers share some of the latest technological developments in innovation, technology and quality
- **Fiat Supplier Performance program**, aimed at encouraging a proactive approach from suppliers, by sharing economic benefits generated through the introduction of innovative methods and technologies that they propose
- Chrysler Group **Supplier Innovation Gateway**, which offers a streamlined process to review, investigate and approve supplier innovations (see also pages 215-216)

Universities and research centers

Long-standing collaboration is also pursued through research groups and joint projects with universities and research centers at the national and international levels. Fiat Group maintains close ties with the academic world with the objective of encouraging creative thinking and rewarding talent in young people.

Collaboration is promoted in many different ways by Group companies.

The **Centro Ricerche Fiat** (CRF) works with a global network of **1,760 universities**, **research centers and industrial partners**, with which it has participated in **133 research and development projects in Europe**.

Fiat Group supports the Italian **Association for Automobile Technology** (ATA), which is committed to promoting

technical culture and training among young engineers. The goal of the organization is to provide undergraduates in engineering with hands-on project experience, while also developing innovative solutions from research on alternative propulsion systems.

Chrysler Group utilizes several collaboration approaches to advance its objectives of innovation in mobility. Twenty-nine projects funded by Chrysler Group involve the participation of universities, consortia and research centers.

Chrysler Group's collaboration with **university co-op education programs** is designed to capture and encourage fresh insight and unbridled enthusiasm about the real-life technical challenges of tomorrow from the participating students. Students gain real-world experience through internship projects embedded within the engineering organization as Chrysler Group develops the professional talent of the future.

One example of this collaboration is the unique partnership of Chrysler Group's **Automotive Research and Development Centre** with the **University of Windsor** in Canada which continues to play an important role in establishing and developing student-industry relationships.

Similarly, the **Fiat Group Automobiles (FGA) relationship with the Politecnico di Torino** is further evidence of how the Group partners with universities. FGA promotes undergraduate education in automotive engineering by directly sponsoring courses as well as proposing research and thesis topics. In 2011, a new agreement was reached which places even greater emphasis on new methodologies, technologies and processes of interest to the Group within the curriculum coursework, and also encourages a broader range of master-level courses. Additionally, with Chrysler Group's support, in order to internationalize the degree programs, a cooperative project has been launched between the Politecnico di Torino and the University of Windsor. Through this partnership, during the academic year 2011–2012, ten students will take courses at both universities and receive a joint master's degree valid in both Italy and Canada. The selected students will also have the opportunity to complete an internship at the Research and Development centers of Fiat and Chrysler Group, under the supervision of a company mentor.

Magneti Marelli also collaborates actively with the academic world, through initiatives such as the **Joint Research Area University Marelli** (J-RAUM) program. This program supports projects that are managed jointly with universities for the training of new technicians and promotes the sharing of scientific knowledge between academic institutions and industry. The idea is based on the concept of a shared space dedicated to the promotion and management of innovation projects. In 2011, Magneti Marelli's Automotive Lighting division, in close partnership with the Centro Ricerche Plast-Optica (CRP) and the University of Trieste and Udine, opened the new J-RAUM laboratory in Tolmezzo, Italy. As a research and innovation hub for the automotive industry, the new center adds to those already operating in Bologna and Venaria Reale, Italy.

Ferrari has continued its work with leading science and research institutions, particularly with respect to its collaboration with the Faculty of Engineering of the **University of Modena** (Italy), with which it has developed the MilleChili Laboratory. With the support of lecturers and Ferrari engineers, undergraduates conduct vehicle weight reduction research in the laboratory, which is equipped with vehicle chassis and simulation software for testing. In 2011, a second lab called Laboratoriorosso was established for new engine research. Other partnerships pursued by Ferrari with the international academic community include projects with the **Massachusetts Institute of Technology, RWTH Aachen University and Munich's Technische Universität**, for sharing and developing specialized knowledge of new construction materials and techniques.

Institutions

In Europe, the Group has been playing an active role for a number of years in the **European Commission's Framework Programmes**, which set priorities for research and funding. As a result, individual Group sectors and the Centro Ricerche Fiat (CRF) have always been actively involved in the most important **research projects and round table discussions**. Since 1980, the CRF in particular has taken part as a coordinator or partner in pre-competitive research projects developed with other players from the worlds of industry, research, academia and government. During 2011, the CRF obtained approval for 19 European projects, bringing the total number approved since the commencement of the Seventh Framework Programme (2007-2013) to 133.

The CRF continued to take part in a number of research projects promoted by the European Commission, involving other key public and private-sector players with the aim of steering research on topics of European-wide public interest towards applications in industry. One example is given by the **European Technology Platforms**: ERTRAC, for road transport; EPoSS for smart systems integration; EuMaT for advanced engineering materials and technologies; and MANU*FUTURE* for production processes. **Public-Private Partnerships** (PPP), such as the Green Cars Initiative and Factories of the Future, are other examples. In 2011, the EMC^2-Factory research project, coordinated by the CRF, was launched under the Factories of the Future PPP. It aims to improve manufacturing processes in terms of economic and environmental sustainability, by developing new process technologies, design and planning methods.

Through the CRF, the Group is also an active member of leading research and development organizations at the European level, such as EUCAR, the European Council for Automotive R&D. This organization focuses on the areas of fuels and powertrain, integrated safety, telematics, transport of goods and people, materials and manufacturing, and ERTICO-ITS Europe, a network of European and international partners for the development and deployment of intelligent transport systems and services. In the specific field of road transport telematics, the CRF is involved in the iMobility Forum's working groups.

In **North America**, Chrysler Group also collaborates on research projects with key institutions. In Canada, through the Automotive Research & Development Centre, Chrysler Group works with leading Canadian engineering institutions in areas of materials and virtual engineering and validation.
Chrysler Group is also a member of the United States Council for Automotive Research (USCAR), the collaborative technology organization of Chrysler Group, Ford Motor Company and General Motors Company, aimed at strengthening the technology base of the US auto industry through cooperative research and development.
Through participation in USCAR, Chrysler Group has access to nearly 600 projects with national laboratories, research centers, industry and universities in conjunction with USDRIVE, a consortium of the US Department of Energy and transportation, energy and utility companies. USCAR is also involved with seven projects with battery industry partners in collaboration with the United States Advanced Battery Consortium (USABC).

Emergency call

In the near future, the emergency call service (eCall) to 112, the common European emergency number, will become a European-wide standard. This will require all vehicles to be equipped with a wireless communication device for automatic emergency calling, allowing the position of all vehicles on the road network to be known in real time. The system will enable the integrated management of traffic and the provision of advanced mobility services.
The Centro Ricerche Fiat and Magneti Marelli are actively involved in the European **HeERO** project, co-funded by the European Commission, whose objective is to carry out the start-up of an interoperable and harmonized 112-based in-vehicle emergency call system.
Chrysler Group is also evaluating similar systems for its products and will introduce a range of new connectivity features in 2013.

With a focus on cooperative safety, the Group is at the forefront of one of the main challenges for mobility today: extending the use of wireless communication technologies to enable Vehicle-to-Vehicle (V2V) and Vehicle-to-Infrastructure (V2I) communication. The objective is to **improve recognition of dangerous situations, reduce distraction and assist the driver in critical circumstances**.

The European Commission gives significant support to a number of major research projects for the development of the wireless communication technologies and architectures necessary to create a system of information exchange.

Reflecting its recognized expertise in telematics, the Centro Ricerche Fiat (CRF) has long been a key contributor to European research in the field, participating in a great number of research projects. As part of the **DRIVE C2X** project, which aims to assess the benefits of cooperative systems in terms of traffic safety and efficiency, the CRF, in partnership with Autostrada del Brennero S.p.A. (operator of the A22 motorway in Italy), is developing a site on a section of the A22 to test a series of potential V2V and V2I communication applications with a fleet of prototype vehicles. The test results will lay the foundations for further, more extensive testing under the project, which will continue in the coming years.

Magneti Marelli also participates in a variety of projects aimed at developing technological solutions for the creation of interoperable communication networks, i.e., networks enabling the reliable exchange of data between vehicles and with infrastructure. Magneti Marelli is an active partner in **Viajeo**, a leading project co-funded by the European Commission under the Seventh Framework Programme, and coordinated by ERTICO-ITS Europe. The objective of Viajeo is to design, demonstrate and test an open platform with interfaces to a wide range of data sources, in order to provide data processing and management to support a variety of infomobility services.

Mergers, acquisitions and joint ventures

By pursuing mergers, acquisitions and joint ventures, the Group aims to build synergies to foster innovation.

When new acquisitions are made, Fiat Group outlines and implements processes to ensure full integration in all areas, including innovation.

In 2011, Fiat S.p.A. acquired majority ownership of Chrysler Group. One of the expected benefits of the alliance lies in **merging the respective capabilities, experiences and know-how** of the organizations, each focusing on its core strengths. Chrysler Group is the center of competence for electric and hybrid vehicles for the entire company, while Fiat Group Automobiles (FGA) leads the design and development of highly fuel-efficient, low-emission powertrains.

In 2011, an agreement was reached between Chrysler Group and the Centro Ricerche Fiat (CRF) to evaluate and develop technologies for future vehicles. In addition, a Fiat Group Automobiles-Chrysler Group Innovation & Methodologies Synergies group was established within the CRF, tasked with coordinating research and innovation activities.

Examples of **joint innovation activities** relate to the following areas:

- integrated use of personal devices in vehicles through embedded voice recognition for the Short Messaging System (SMS) and integration of smartphone screen and functionality on the radio screen
- development of preventive safety systems based on cameras and radar to recognize and react in the event of a potential collision
- security functions on key fobs to easily access the vehicle using the latest technology for short range communication (e.g., Near Field Communication technology)
- passive seat venting and adaptive seats for thermal and postural comfort, with advanced conditioning system integrated with central heating, ventilation and air conditioning
- exhaust heat recovery to convert wasted heat into electrical energy

Corporate venture capital

In certain areas of innovation, the Group invests in external firms to complement institutional knowledge with specific expertise not present in the organization. Through Ferrari, for instance, Fiat S.p.A. is one of the shareholders of CRIT Research™, a private company acting as a technology broker specialized in the strategic management of innovation processes. The aim of CRIT is to support its members with innovation and technology development and transfer, acting as a common ground for collaborative industrial research. Its main areas of interest are mechanics, electronics, materials, engineering, environmental sciences and Information Technology.

Innovation for clean technology

Fiat Group pursues its commitment to minimize the environmental footprint of its vehicles through continuous research into a broad array of innovative solutions, with a focus ranging from conventional engines, fuels and alternative propulsion systems to devices on board the vehicle for optimizing energy use.

With respect to **powertrain systems**, the Group technology roadmap includes the identification of solutions that can be deployed in the near term and experimental work on technologies for the future (see also page 98).

In the medium- to long-term, research on gasoline engines will continue to focus on optimizing **MultiAir** technology even further and building effective synergies with other technologies. In particular, the **integration of direct injection** and advanced **turbocharging** technologies will ensure synergies delivering a reduction in fuel consumption and better dynamic performance and drivability, while containing costs and yielding high performance levels.

Innovation in diesel engines focuses on exploiting further potential for **optimizing the combustion system** so as to improve emission levels, fuel consumption, performance and Noise, Vibration, Harshness (NVH). Work will also continue on the development and optimization of more efficient and cost-effective solutions than those currently available for the **after-treatment** of exhaust gases, especially with a view to reducing NOx (nitrogen oxides) emissions.

For both gasoline and diesel engines, efforts will also explore ways of optimizing powertrain efficiency even further, for example through **energy recovery from exhaust heat**, a field of great promise, but which today is restricted by cost and technological barriers that are still too high.

In the case of natural gas engines, research is targeted at exploiting the full potential of innovative technologies applied to gasoline engines to reap the benefits of **natural gas**, especially with a view to significantly reducing CO_2 emissions. With a specific emphasis on promoting the use of **biomethane** as a transport fuel, the Group is fostering the development of a biomethane supply chain in Italy. In fact, in 2011 the Centro Ricerche Fiat (CRF) ran a feasibility study in collaboration with local stakeholders in the Province of Trento, Italy, for the establishment of biomethane production plants fed by various types of biomass.

Turning finally to **transmissions**, research is being focused on cost-effective solutions for Dual Clutch Transmission architectures, introducing further enhanced functionalities to provide consumers with higher performance and comfort while meeting fuel economy and emissions targets.

In the field of powertrain electrification, as the Group center of expertise for **hybrid and electric engine technologies**, Chrysler Group spearheads research into innovative solutions to overcome the technological hurdles and cost barriers which continue to make electric vehicles accessible only to a limited number of users. Technical experts from the CRF provide Chrysler Group with specific support on activities related to electrification systems and components, including functional safety, electric drives and battery system management.

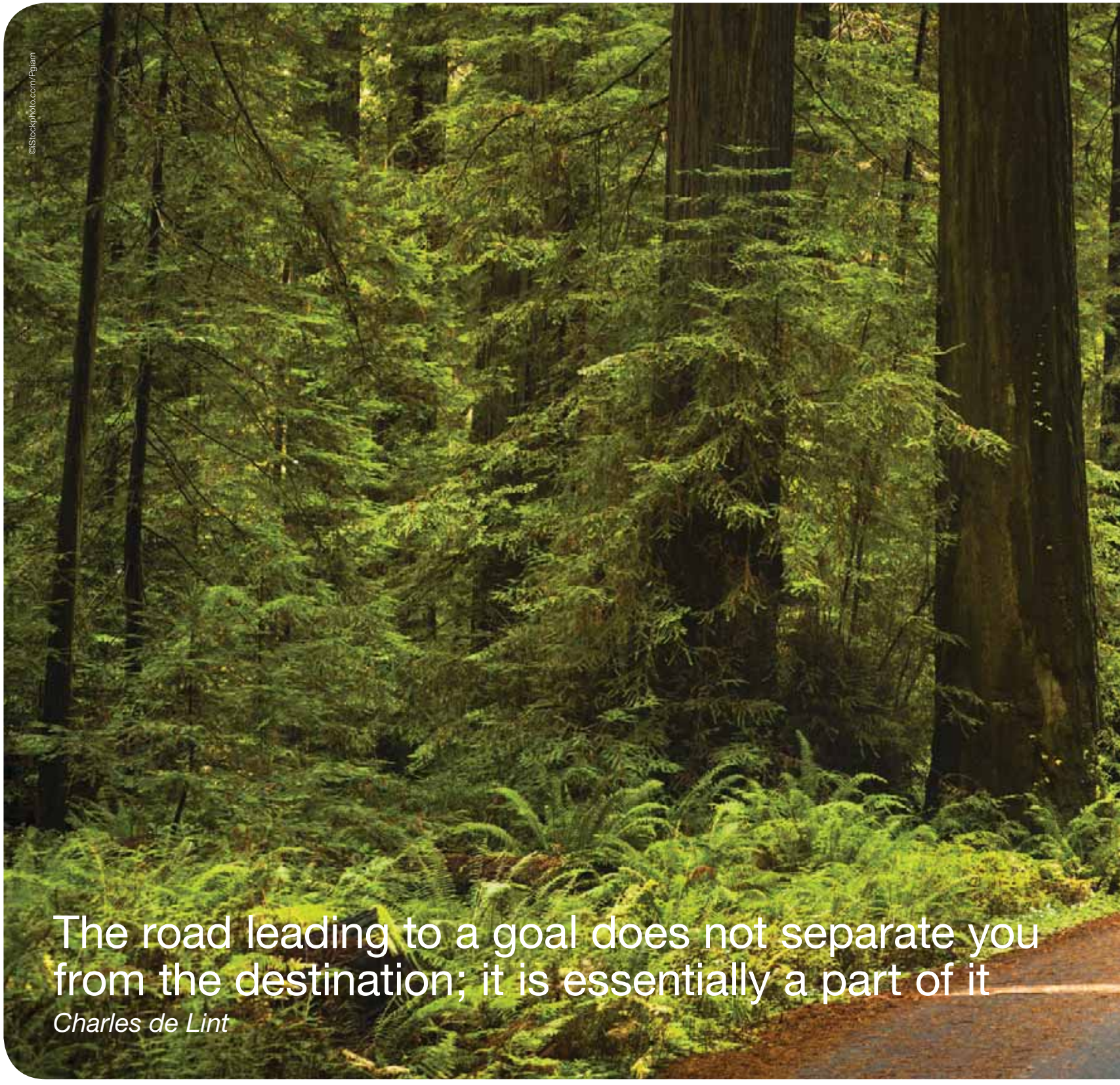
In 2011, Chrysler Group deployed 105 Ram Plug-In Hybrid Electric Vehicle (PHEV) demonstration trucks to 15 partners across the United States. These vehicles will accumulate real-world mileage as part of Chrysler Group's 140 PHEV truck demonstration program funded by the US Department of Energy. The remaining 35 trucks will be deployed in the first quarter of 2012. The purpose of the program is to demonstrate the technology under real-world conditions and assess customer acceptance.

Chrysler Group is also developing PHEV technology on minivans with flexible fuel (E85) capability, for which a 25-strong vehicle demonstration fleet will be deployed in 2012.

Another example of collaboration in this field is Chrysler Group's partnership with the US Environmental Protection Agency which began in 2010. The aim is to determine the possibility of adapting an hydraulic hybrid system for large passenger cars and light-duty vehicles. In industrial applications, including large delivery and refuse trucks, the technology has shown substantial increases in fuel economy when compared with traditional powertrains in the same type of vehicles.

As for the optimization of **vehicle energy demand**, the Group continues to research vehicle applications for thermal management that will not only help reduce fuel consumption, but will also be a critical factor in extending vehicle range for hybrid vehicle models in the future. Chrysler Group research currently includes strategies to warm engines and transmissions faster, having vehicles run at an ideal temperature set point and recapturing waste heat. In fact engines and transmissions run most efficiently when they are warm – wasted heat is lost energy, so recapturing and using it saves energy.

Furthermore, at the Centro Ricerche Fiat, **Smart Cooling** systems for integrated thermal management are being developed, which will help boost the energy efficiency improvement of next generation vehicles through two levels of heat rejection: high temperature heat dissipation (e.g., engine heat) and low temperature heat dissipation for the local cooling of the vehicle's auxiliary systems (e.g., charge air cooler, air conditioning condenser). The benefit estimated on real use fuel consumption is up to 5%.


©iStockphoto.com/Pgiam
The road leading to a goal does not separate you from the destination; it is essentially a part of it
Charles de Lint

Environmental dimension

Ecological mobility

Fiat Group's commitment to sustainable mobility is an essential part of its business strategy. Reducing the environmental impact of vehicles throughout their life cycle is the objective that steers the development of innovative solutions aimed at minimizing fuel consumption, emissions and noise while reducing traffic congestion and improving product recyclability.
Technological solutions can bring significant benefits for the environment only if they are embraced by a large number of consumers. For this reason, the Group strives to deliver affordable solutions to the wider public.

Contribution to combating climate change

Mobility has traditionally been synonymous with freedom and progress and is closely tied to the economic development of every country and continent. Over the past 50 years, there has been constant growth in the movement of people and goods worldwide. Today however, climate change and the energy crisis require a new approach to mobility. The automotive industry is being called upon to help stabilize the level of greenhouse gases in the atmosphere and to take an active role in the research and development of solutions for more sustainable mobility. Fiat Group believes that **effective, long-lasting results can only be achieved through an integrated approach**, in harmony with energy producers, consumers and government. Accordingly, in its product development activities, the Group is committed to further reducing CO_2 emissions and fuel consumption, as well as to promoting the use of alternative and renewable energy.

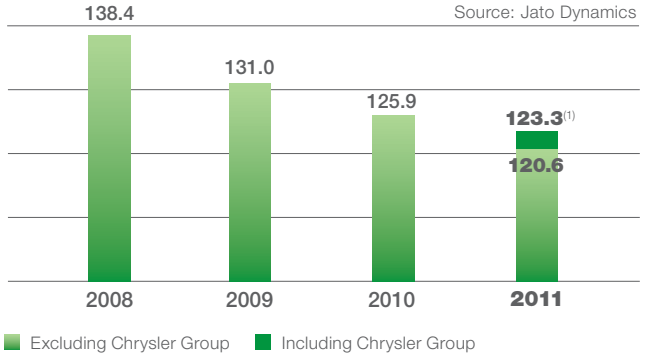
360 degree sustainable mobility

Fiat Group is among the automakers most strongly committed to reducing the environmental impacts of transportation.
A **comprehensive approach to sustainable mobility** is what drives the Group's product strategy. **A single solution does not exist for sustainable mobility**. Instead, the company employs a combination of conventional and alternative technologies that take into consideration the different economic, geographic and fuel requirements of each market. Accordingly, Fiat Group targets its efforts at:

- optimizing the ecological performance of conventional engines
- increasing the use of alternative fuels
- developing non-conventional propulsion systems
- designing systems to cut emissions
- reducing vehicle energy demand
- engaging with and raising customer awareness

These strategic choices have delivered major results on the emissions and fuel economy front, particularly in Europe and the US, which represent approximately 60% of the Group's 2011 vehicle sales (which total more than four million shipments worldwide).
In **Europe**, in 2011 Fiat Group maintained its leading position with average CO_2 car emissions of 123.3[1] g/km. Not including Chrysler Group, the average totaled 120.6 g/km, representing a 4% reduction compared with 2010.

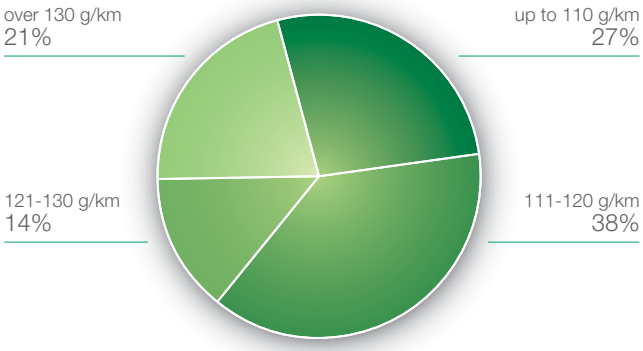
Average CO_2 emissions for new registrations
Fiat Group Europe (g/km)



[1] *Data includes Chrysler Group for the full year.*

In particular, Fiat Group Automobiles reduced the average CO_2 emissions of cars sold in Europe by 22% in the last ten years. The **Fiat** brand has been confirmed, **for the fifth consecutive year**, as having **the lowest average CO_2 emissions** among the best-selling automotive brands in Europe with **118.2 g/km** (source: JATO Dynamics, the world's leading provider of automotive intelligence).
In 2011, **approximately 65% of newly-registered Fiat Group Automobiles cars in Europe had CO_2 emissions at or below 120 g/km** and 79% at or below 130 g/km.

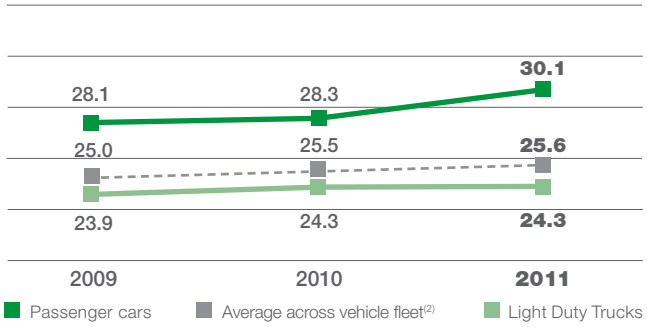
New registrations by CO_2 emission level
Fiat Group Automobiles Europe



The best-selling model was the Fiat Panda 1.2 69 hp, with CO_2 emissions of 113 g/km. The Group's most efficient models were the Fiat 500 TwinAir Turbo 85 hp, featuring Automated Manual Transmission (AMT), the Fiat Punto 1.3 Multijet 85 hp Start&Stop and the Alfa Romeo MiTo 1.3 Multijet 85 hp Start&Stop, all with CO_2 emissions of 90 g/km. **In 2012, the zero emission Fiat 500 electric will be launched in the US market.**
In **the US**, fuel economy expressed in miles per gallon is the parameter used to measure vehicle efficiency. In 2011, **sales-weighted average fuel economy for Chrysler Group**

passenger cars improved by 6.4% over the previous year, while fuel economy for the entire fleet, which includes light duty trucks, remained flat. CO_2 data will be available for the US starting with the 2012 model year as specified by the US Environmental Protection Agency.

Fuel economy of vehicles sold in the US
according to Corporate Average Fuel Economy – CAFE[1]
Chrysler Group US (mpg)



In countries where specific legislation governing CO_2 emissions or fuel economy does not yet exist, Fiat Group vehicles nonetheless feature **leading-edge technology for reducing fuel consumption and emissions**. In Brazil, for example, where approximately 20% of Group vehicles are sold, the Fiat 500 1.4 16V MultiAir was launched in 2011. This vehicle won the CAR Award 2012 and was named best Environmental Car by CAR Magazine Brazil, one of the most respected publications in the industry. Fiat Brazil is also participating on a voluntary basis in the government's INMETRO program for monitoring vehicle fuel consumption.
The Group achieved these key milestones by offering **solutions** that are **concrete**, **affordable** and **immediately deployable**, while still keeping an eye on the future. Even the most effective technologies cannot have a significant impact on the environment if they are too expensive to reach a sufficiently great number of people. Delivering affordable technologies to consumers is the foundation of Fiat Group's product strategy.

An alliance to further sustainable mobility

The global strategic alliance between Fiat[3] and Chrysler Group reinforces the focus on sustainable mobility by leveraging the strengths of the two companies. Because of their respective characteristics, capabilities and even their unique traditions, **Fiat and Chrysler Group are perfect partners for integration. Fiat** is recognized for its technological know-how and commitment to sustainable mobility, as well as its ability to introduce **fuel-efficient powertrain technologies**, including diesel and compressed natural gas. For its part, **Chrysler Group** is the **global center of expertise for hybrid and electric engine technologies** and also brings to the partnership a wealth of experience in larger displacement engines, such as the new Pentastar V-6.
Development of new models using **common architectures** will also give the Group greater flexibility in allocating production, optimizing the utilization of manufacturing capacity for both partners, and significantly improving overall efficiency.
At the end of 2011, the third performance event outlined in the Chrysler Group LLC Operating Agreement was achieved. The ecological event was triggered when a pre-production version of the Dodge Dart, based upon Fiat Group Automobiles architecture technology, met the fuel economy requirement with an unadjusted combined rating of 40 miles per gallon. 2011 also saw the North American commercial launch of the Fiat 500, equipped with the fuel-efficient 1.4-liter four-cylinder Fully Integrated Robotized Engine (FIRE). The introduction of this engine satisfied the first performance event required by the Operating Agreement.
These achievements are important steps towards **creating an improved long-term product strategy focused on greater fuel efficiency and reduced emissions**. Future developments include the launch of the Group's first electric car, scheduled for 2012, and the upcoming introduction of MultiAir technology in additional engines for the US market.

[1] Data is reported to the National Highway Traffic Safety Administration (NHTSA) and provided by model year, meaning the year used to designate a discrete vehicle model, irrespective of the calendar year in which the vehicle was actually produced, provided that the production period does not exceed 24 months.
[2] CAFE standards from NHTSA are set independently for passenger cars and light duty trucks. The vehicle fleet average and related trend are presented here only for informational purposes.
[3] As used in this paragraph, the term Fiat refers to Fiat Group excluding Chrysler Group.

Conventional engines

The Group strives to develop and produce engines that apply innovative technological solutions to cut fuel consumption and vehicle emissions.

With respect to **gasoline** engines, in 2011 the two-cylinder **TwinAir** family, ranging between 65 and 105 hp, continued to be rolled out to further models, including the new Fiat Panda and the new Lancia Ypsilon (and consequently the Chrysler Ypsilon sold in the UK). The only two-cylinder turbocharged gasoline engine of its kind in the world, the TwinAir represents the latest frontier in engine downsizing, achieving **30% less CO_2 emissions** compared with engines of similar performance (16V 1.4-liter gasoline version).

The TwinAir Turbo 85 hp **has the lowest CO_2 emission levels of any gasoline engine in Europe** (90 g/km on Fiat 500 with AMT transmission). In recognition of its technological excellence, it was named **International Engine of the Year 2011** by an international panel of 76 journalists.

MultiAir technology was also extended to the new Fiat Panda and new Lancia Ypsilon, as part of the TwinAir engine. The heart of MultiAir is an electro-hydraulic valve management system that reduces fuel consumption by controlling air directly via the intake valves without using the throttle. Thanks to improved combustion control, MultiAir reduces polluting emissions while simultaneously enhancing performance by improving drivability. Compared with a traditional gasoline engine of equal displacement, MultiAir engines provide an **increase in power of up to 10% and in torque of up to 15% in addition to a significant reduction in CO_2 emissions of up to 10%**. Fiat Powertrain Research and Technology has already gone a step further and developed the new and improved **MultiAir II**, featuring next generation intake valve management and combustion control, thus enabling a further reduction in CO_2 emissions without compromising performance, drivability or customer perception. MultiAir II will soon be available on Fiat Group Automobiles models equipped with TwinAir and FIRE engine families.

In 2011, Chrysler Group introduced the highly efficient **Pentastar V-6 engine** on the Jeep Wrangler. The engine, originally launched on the Jeep Grand Cherokee in 2010, is **currently standard or available on 12 vehicles** representing 39% of Chrysler Group's vehicle sales. The Pentastar V-6 engine **improves fuel efficiency by an average of 7%** over its predecessors. It was designed with a flexible architecture, so it can be used together with a variety of advanced technologies, such as Fiat's MultiAir technology, direct injection or turbocharging. It will contribute substantially to Chrysler Group's goal of increasing its product portfolio's fuel economy by at least 25% by 2014. In December 2011, Ward's Automotive honored the Pentastar engine as **one of the 10 Best Engines for the second consecutive year** for its exceptional fuel economy, emissions and power.

Finally, Chrysler Group's **Fuel Saver Technology** on the HEMI eight-cylinder engine family is another innovative solution that improves fuel economy. By means of cylinder deactivation, it seamlessly alternates between high fuel economy four-cylinder mode when less power is needed and V-8 mode when more power is required. In 2011, 80% of V-8 engines sold incorporated this technology. An innovative cylinder deactivation system based on MultiAir technology is also under development at Fiat Group Automobiles.

With respect to **diesel engines**, the new 1.3-liter MultiJet II diesel 85 hp, launched in 2011, was made available on the Fiat Punto and Alfa Romeo MiTo and Giulietta. This engine incorporates the **eco-Turbo** strategy that leverages turbocharger-engine matching and gearset optimization to improve low-end torque, driving comfort and fuel performance. **MultiJet II** technology guarantees eco-efficiency and performance through the use of advanced combustion technologies, such as Injection Rate Shaping (IRS). With IRS, the main injection typical of the MultiJet is replaced by two consecutive injections without a hydraulic interval, generating significant improvements in terms of fuel consumption (up to 3% lower) and **harmful emissions** (potential **20% reduction** in NOx). The 1.3-liter MultiJet II 85hp includes all-new Smart Alternator and Intelligent Flow technologies, which enable the diesel Punto and MiTo to achieve 90 g/km of CO_2 emissions, among the lowest in its segment. Specifically for the North American market, Chrysler Group will soon introduce an advanced, low-emission **diesel engine for light duty vehicles** which will significantly reduce CO_2 while still meeting strict US NOx and particulate matter emission requirements.

With the aim of further reducing emissions from conventional engines, short-term development plans for the Group include the introduction of I-Efficiency on both gasoline and diesel engines in Fiat Group Automobiles (FGA) vehicles. **I-Efficiency** consists of a series of actions designed to reduce engine friction, improve the warm-up phase and electronically manage engine power.

Ferrari: the challenge of minimizing emissions while maximizing performance

Ferrari engineers are committed to improving fuel efficiency and CO_2 emissions while continuing to deliver best-in-class performance.

Launched in 2011, the new Ferrari FF represents another breakthrough in the battle to cut emissions. The new four-seat four-wheel drive vehicle has reduced its fuel consumption and CO_2 emissions by 22% compared with the previous V-12 engine, while taking performance to a whole new level. This was achieved thanks to the adoption of the new Direct Fuel Injection engine combined with the new seven-speed Dual Clutch Transmission. The HELE system also brings significant benefits through the use of Start&Stop, a continuous radiator fan and fuel pump control in addition to electronic compressor control for the climate system. A similar result was achieved on the new 458 Spider, also launched in 2011, which delivers a 20% reduction in fuel consumption and emissions compared with the F430 Spider.

Overall, Ferrari reduced its average carbon emissions in 2011 by 30% over 2007. To achieve this, the brand focused on reducing vehicle weight. Ferrari has adopted a combination of advanced aluminum alloys integrated with casting and joining technologies as the structural backbone of its road cars, which reduces weight while delivering outstanding performance and safety. On the 2012 Ferrari California, these technologies have decreased total vehicle weight by as much as 30 kg compared with the 2008 model.

Development of propulsion systems

Diesel

Already available		In the pipeline		Innovation
Fiat Group Automobiles brands	Chrysler Group brands	Fiat Group Automobiles brands	Chrysler Group brands	Fiat Group Automobiles and Chrysler Group brands
START&STOP			START&STOP *(North America)*	START&STOP II
MULTIJET II		I-EFFICIENCY	LIGHT DUTY DIESEL *(North America)*	MULTIAIR
TWIN STAGE TURBO				ADVANCED COMBUSTION SYSTEMS
ECO-TURBO	SELECTIVE CATALYTIC REDUCTION			ADVANCED EXHAUST AFTER-TREATMENT
				ENERGY RECOVERY - EXHAUST HEAT

Gasoline

Already available		In the pipeline		Innovation
Fiat Group Automobiles brands	Chrysler Group brands	Fiat Group Automobiles brands	Chrysler Group brands	Fiat Group Automobiles and Chrysler Group brands
MULTIAIR		MULTIAIR II		MULTIAIR INTEGRATED WITH DIRECT INJECTION
START&STOP	CYLINDER DEACTIVATION	CYLINDER DEACTIVATION	DISPLACEMENT DOWNSIZING	START&STOP II
V-6 PENTASTAR		I-EFFICIENCY	START&STOP	ADVANCED COMBUSTION/BOOSTING SYSTEMS
TWINAIR				ENERGY RECOVERY - EXHAUST HEAT
T-JET				
DIRECT INJECTION				

Alternative Fuels and Propulsion Systems

Already available		In the pipeline		Innovation
Fiat Group Automobiles brands	Chrysler Group brands	Fiat Group Automobiles brands	Chrysler Group brands	Fiat Group Automobiles and Chrysler Group brands
NATURAL GAS/NATURAL GAS TURBO		NATURAL GAS TWINAIR	NATURAL GAS	HIGH EFFICIENCY NATURAL GAS
FLEXFUEL/TETRAFUEL (Latin America)	FLEXFUEL	BATTERY ELECTRIC		HYDROGEN/NATURAL GAS BLENDS[1]
LPG				DUAL FUEL
				HYBRID, PLUG-IN HYBRID[1]
				HYDRAULIC HYBRID[1]

Transmissions

Already available		In the pipeline		Innovation
Fiat Group Automobiles brands	Chrysler Group brands	Fiat Group Automobiles brands	Chrysler Group brands	Fiat Group Automobiles and Chrysler Group brands
8-SPEED AUTOMATIC		7-SPEED DDCT	DDCT	SPECIFIC TRANSMISSIONS FOR HYBRID/ELECTRIC
DUAL DRY CLUTCH TRANSMISSION (DDCT)		9-SPEED AUTOMATIC		

[1] *Experimental fleets already in operation.*

Alternative fuels

A fundamental aspect of Fiat Group's vehicle emission reduction strategy centers on the use of alternative fuels. From natural gas to biofuels, the goal is to reap the benefits that these fuels offer based on their availability in the various markets where the company does business.

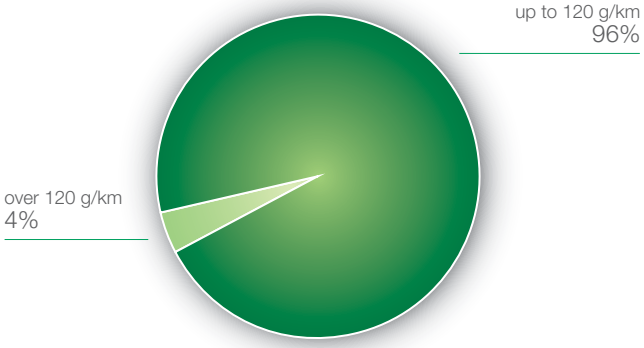
Natural gas

Fiat Group believes that natural gas is currently the best existing solution available for reducing urban pollution levels and CO_2 emissions.

In fact, today it is the **cleanest fuel** as well as **the most economical**, making it the only real alternative to gasoline and diesel. Specifically, natural gas:

- produces the lowest levels of harmful emissions, from particulate matter (which is reduced to essentially zero) to the most reactive hydrocarbons
- minimizes emissions that most negatively impact air quality (such as nitrogen oxides)
- produces **23% less CO_2 emissions** than gasoline combustion
- has the potential to become a renewable fuel source in the form of biomethane

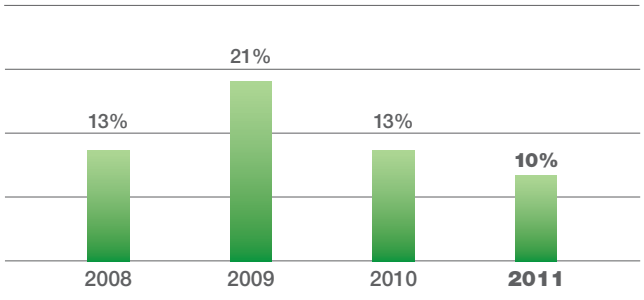
Newly registered natural gas cars by CO_2 emission level
Fiat Group Automobiles Europe



Fiat Group Automobiles has been **Europe's leading producer of Original Equipment Manufacturer** (OEM) **natural gas vehicles** for more than a decade. It is the first and only automaker to offer an eco-friendly bi-fuel (natural gas/gasoline) **Natural Power** range, satisfying the needs of a wide variety of consumers, including commercial customers. The range features passenger cars and commercial vehicles for a total of eight models, with no compromise on comfort and safety. In fact, the natural gas tanks are fully integrated into the vehicle structure at the design phase.

In 2011, there was a further reduction in demand for natural gas vehicles, following the already significant decline experienced in 2010, due to the phase-out of government incentives for eco-friendly vehicles and to the general contraction in Italian market demand. Nevertheless, **Fiat Group Automobiles** confirmed its undisputed **leadership of the market sector**, with a share of 65% corresponding to over 42,000 natural gas vehicles **in Europe**.

Natural gas cars as a percentage of total sales
Fiat Group Automobiles Italy



Fiat strives to offer products and services responding to market demands. To meet the needs of customers, the www.fiat.it website, in partnership with Ecomotori.net, now features a new service for locating natural gas service stations across Italy.
New developments in natural gas are also in the pipeline. In 2012, the new Fiat Panda will adopt the TwinAir Turbo natural gas/gasoline engine for the first time. In addition, building on Fiat's long experience in the development of natural gas-powered vehicles, Chrysler Group has announced it will become the only manufacturer in North America to offer a factory-built natural gas pickup truck, the Ram 2500 Heavy Duty CNG.

Biofuels

Fiat Group is investing heavily in technologies capable of optimizing the use of available natural resources.
That commitment has propelled Fiat Group to **leadership in the Brazilian market** with its full range of **Flexfuel** vehicles that run on varying blends of gasoline and bioethanol. Another example of Fiat Group's technological excellence in this area is the **TetraFuel** engine (patented by Magneti Marelli and applied by Fiat Powertrain), the first in the world capable of running on four different fuels: bioethanol, Brazilian gasoline (refined crude oil and 22% anhydrous ethanol), gasoline and natural gas.

Biomethane

In the transportation sector, natural gas has a strategic role to play as a bridging technology in promoting the adoption of renewable energy for the development of an even more sustainable fuel option: biomethane.
Produced from biomass (without affecting food resources), biomethane is chemically similar to natural gas. From a well-to-wheel point of view, biomethane-powered vehicles produce roughly the same CO_2 emissions as an electric vehicle powered by a renewable fuel. As such, biomethane can help countries like Italy meet its renewable energy commitments. **All of Fiat Group Automobiles' natural gas engines are biomethane compatible.**
To promote the use of this fuel, the Group is also working on research projects for fostering the development of a biomethane supply chain (see page 88).

In 2011, a total of **736,000 Flexfuel and TetraFuel vehicles were sold in Brazil**, accounting for 98% of all sales. This result was largely achievable because of the extensive bioethanol distribution network in Brazil, made possible by long-standing government policies and readily available raw materials. In addition, all Fiat Powertrain engines sold in Europe are compatible with blends of up to 10% bioethanol with gasoline (E10) and up to 7% biodiesel with diesel (B7).
Chrysler Group is also committed to producing vehicles that are capable of using alternative, renewable fuels. Since 1998, Chrysler Group has produced more than 2.5 million Flexible Fuel Vehicles (FFV) capable of running on E85, which contains 85% ethanol. In 2011, 46% of Chrysler Group vehicles sold in the US were flexible fuel capable, and the company has committed to raise this percentage to 50% in 2012. Additionally, all Chrysler Group diesel vehicles are compatible with blends of up to 5% biodiesel with diesel (B5), and certain fleet trucks are approved for B20 (blends of up to 20% biodiesel with diesel).

Non-conventional propulsion

Alongside its work on improving traditional internal combustion engines and promoting the use of alternative fuels, the Group is also developing **alternative propulsion systems**, especially for vehicles used in a predominantly urban setting.

Chrysler Group, with its expertise in hybrid and electric technologies, is the vehicle electrification center for the entire Group. The resources that were previously spread over various electrification development organizations across the Group have now been gathered and integrated into the Powertrain and Vehicle Engineering departments. Accordingly, Chrysler Group is developing technologies that can be used in a range of electrified vehicles, including conventional hybrids, plug-in hybrids, fully electrified and range-extended electric vehicles.

The main hurdle that needs to be overcome is the cost of such technologies. The team is challenged to **deliver high-value solutions cost effectively, while continuing the evolutionary improvement of internal combustion engines** in a rapidly developing technical area.

The first Battery Electric Vehicle (BEV) of the Group will be launched in 2012 in the US market: the **Fiat 500EV**. It will be capable of a 100-mile range on a single battery charge. The distinctive feature of this zero-emission electric vehicle is the powertrain which consists of three main systems: a high-output electric module, advanced lithium-ion battery (produced by SB LiMotive, a JV between Samsung and Bosch) and an EV control unit to manage power flow. The powertrain and vehicle are being developed at the Chrysler Group Headquarters and Technology Center in Auburn Hills, Michigan.

In addition, the Group has established partnerships with several government entities, universities and other organizations to develop electric technologies. In particular Chrysler Group is conducting specific research projects to demonstrate plug-in technology in real-world conditions, and to investigate the possibility of adapting a hydraulic hybrid system for large passenger cars and light-duty vehicles (see also page 89).

Transmissions

Transmissions also play an important role in the reduction of fuel consumption and CO_2 emissions. In fact, the Group's engineers work specifically on engine-transmission pairings to obtain the most efficient powertrain solutions for each vehicle segment.

By striking an optimal balance between performance, fuel economy and costs, the **Automated Manual Transmission** (AMT), adopted by Fiat Group Automobiles (FGA) on small cars and light commercial vehicles, can **cut CO_2 emissions by up to 10% in urban driving conditions**. The AMT, developed and produced by Magneti Marelli, is based on electro-hydraulic automation of manual transmissions and combines comfort with a reduction in fuel consumption and emissions. It replaces gear selection and clutch activation with electro-hydraulic components, using an electronic control unit to select the correct gear for all driving conditions. In 2011, for the third consecutive year, this technology earned Magneti Marelli the AutoData award for best System Supplier, one of Brazil's most prestigious automobile industry honors.

In 2011, Chrysler Group introduced a **new eight-speed rear-wheel drive automatic transmission** for passenger cars and light-duty trucks. Available on the Chrysler 300, Lancia Thema and Dodge Charger, it improves fuel

consumption by up to 10% over Chrysler Group's current five-speed transmission. This transmission will ultimately be used on all rear-wheel drive vehicles except the diesel heavy-duty versions of the Ram truck. A new **nine-speed front-wheel drive transmission** will be introduced soon in Chrysler Group medium-duty vehicles.

In addition, following its launch in 2010 on the Alfa Romeo MiTo, the **Dual Dry Clutch Transmission** (DDCT) is being extended to higher segments. Under the name TCT, it is available on both the gasoline and diesel versions of the Alfa Romeo Giulietta. This transmission, developed and manufactured by Fiat Powertrain, incorporates 23 patented technologies. It offers significant reductions in fuel consumption and CO_2 emissions, as well as improved driving comfort. The DDCT combines the basic mechanical system of a conventional manual transmission with an electronically controlled shifting system which the driver operates like an automatic transmission for ease of use. Chrysler Group will adopt FGA's DDCT in 2012 starting with the new Dodge Dart equipped with the 1.4-liter Turbocharged MultiAir engine.

Other technologies

Several other technologies also contribute to reducing fuel consumption and emissions by lowering energy demand of vehicles. A few such technologies are Start&Stop, Gear Shift Indicator, Smart Alternator and Electric Power Steering.

The **Start&Stop** system was developed by Fiat Group Automobiles (FGA) Research & Development in collaboration with Fiat Powertrain and Magneti Marelli. Start&Stop shuts off the engine whenever the vehicle is stopped and the engine is idling, and restarts it when the driver engages the clutch. The main benefit is a significant **reduction in fuel consumption and CO_2 emissions, particularly when driving in congested conditions with frequent stops at traffic lights**. The system offers a reduction of around 10% in fuel consumption and emissions in congested conditions, or 3.5% based on the New European Driving Cycle (NEDC).

In 2011, the system was introduced on the new Fiat Panda and new Lancia Ypsilon, and is standard with the TwinAir and Multijet II engines. Chrysler Group has also incorporated FGA's Start&Stop into the 2011 Jeep Wrangler diesel in Europe and is developing the technology for North America.

FGA is working on a **second-generation** Start&Stop system with more advanced engine shut-down techniques

that can enhance the reduction of carbon dioxide emissions during urban use, **cutting emission levels by around 20%** compared with vehicles without Start&Stop. This new version of Start&Stop will become available on new models within the next few years.

The **Gear Shift Indicator (GSI)** is a virtual co-pilot that discreetly suggests when to shift gears, leading to more efficient engine use in terms of consumption and CO_2 emissions. In 2011, GSI was introduced on the new Fiat Panda and new Lancia Ypsilon models.

Additionally, the new Fiat Panda and new Lancia Ypsilon adopted the **Smart Alternator**, a system that enables battery charge to be managed independently, thus limiting energy demands on the engine.

With respect to near-term developments, Chrysler Group is implementing **electric power steering** beginning with the new compact/large segment platform in 2012. This system reduces energy losses through the use of an electric motor that is energized when needed by the vehicle's electrical system. According to the US Environmental Protection Agency (EPA), electric power steering can reduce CO_2 emissions by 1.5–2%.

Finally, the Group continues to research vehicle applications for **thermal management**, which optimizes the ways vehicle energy is used, extracted and reused (see also page 89), resulting in marked improvements in emission and consumption levels.

Vehicle architectures

Fiat Group focuses on minimizing vehicle weight, aerodynamic drag, rolling resistance and the energy demands of auxiliary systems in order to achieve an optimal balance between vehicle safety, comfort and emission levels.

In 2011, best-in-class architectural solutions were implemented on the new Fiat Panda and new Lancia Ypsilon. In order to **reduce vehicle weight** while ensuring a very strong, rigid structure, the **latest generation steel** was used, with **High-Strength Steels (HSS)** accounting for **over 70% of the new Panda's weight**. Furthermore, to reduce the thickness of sheet metal in vehicle bodies, Ultra High-Strength Steels (UHSS) were used to maximize interior space without adding weight.

Improving traffic management

Traffic flow is a key factor that can be leveraged for reducing trip times, traffic congestion and consequently fuel consumption and atmospheric pollutants. As such, research and development on solutions for sustainable mobility cannot ignore **mobile information services designed to improve mobility on urban and non-urban roads**. The innovative applications offered by the Group are an expression of its commitment to encourage efficient mobility. The **Blue&Me TomTom2** (available on the new Lancia Ypsilon, Alfa Romeo MiTo, Giulietta, Fiat 500, new Panda, Punto, Qubo, Doblò and Ducato) **offers drivers peace of mind in city traffic through exclusive LIVE services**. In countries where the services are available, LIVE uses the TomTom HD Traffic system to cross-check traffic data with a dynamic calculation of journey routes, providing real-time updates on traffic jams and slowdowns. Similarly, on Chrysler Group's **Uconnect system** SiriusXM Traffic works with the vehicle's navigation system to display **real-time traffic speed and flow information** along with accidents to assist drivers in routing around congested areas. In addition, in 2011 Magneti Marelli unveiled the **first open-source platform for in-vehicle infotainment (IVI) systems**, developed according to the GENIVI[1] compliance specifications, with a view to providing automakers and component manufacturers with a shared, highly flexible solution that can be customized and tailored to meet specific requirements.

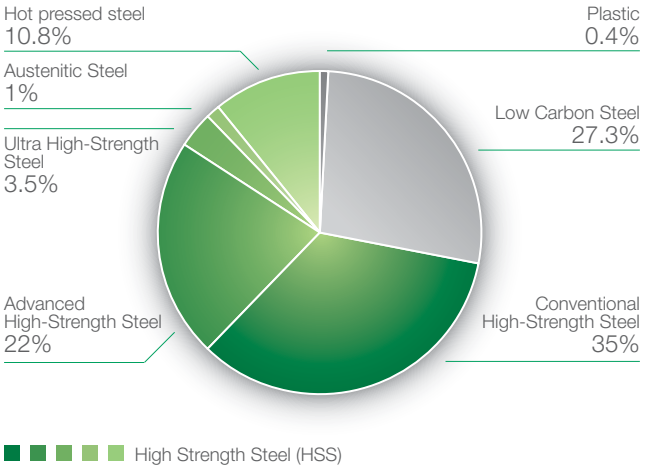
[1] *GENIVI is an alliance consisting of over 150 companies located around the world, whose main goal is to guide the widespread adoption of an open-source platform for IVI devices.*

Weight reduction activities on the new Panda have also been conducted on relevant vehicle systems, such as rear suspensions for the all-wheel drive version and body insulation and damping components. This has reduced the weight of these systems by 6.5 kg and 3 kg respectively compared with the components they replaced. As a result, the new Panda has achieved the best weight/volume ratio in its segment.

Because weight reduction is equally important in larger vehicles, Chrysler Group has increased its use of HSS as well. For example, the 2011 **Chrysler 300 body is composed of 60% HSS by weight**. For 2012, the all-new Dodge Dart uses a state-of-the-art architecture with nearly 70% of the body composed of HSS.

To reduce weight, the Group continues to research innovative solutions. As an example, Chrysler Group has signed a commercial agreement with an affiliate key supplier, ZF Getriebe GmbH, to produce **lightweight and efficient axles**. This relationship affords access to advanced axle technologies on an expedited timeline. The proprietary ZF axles weigh up to 34% less than, and improve fuel efficiency by 2% relative to, comparable axles. Chrysler Group began to incorporate the ZF axles in the Jeep Grand Cherokee and Dodge Durango in 2010 and in Ram trucks in 2011. Additionally, in 2011 Magneti Marelli developed and tested a new solution for **suspension** control arms made of carbon fiber-reinforced plastic. This material enables up to a 50% reduction in the weight of the component compared with other best-in-class solutions available on the market.

Composition of new Fiat Panda platform



The Group also works to reduce **aerodynamic drag**, starting right from the design stage of its vehicles. Vehicle profile is optimized by measuring aerodynamic performance at the world-class, full-scale, aerodynamic wind tunnels at FGA and Chrysler Group Headquarters and Technology Centers. Studies on the **new Fiat Panda**, for example, led to a **3% reduction in the Cx coefficient**, which measures a vehicle's aerodynamic drag.

Other architectural features which are designed to minimize fuel consumption on the new Fiat Panda focus on the vehicle's wheels and tires, which resulted in a **30% reduction in rolling resistance**.

Reducing polluting emissions

As part of its environmental commitment, **Fiat Group** not only works to reduce fuel consumption and CO_2 emissions, but also **maximizes its efforts to develop devices that reduce polluting emissions**, including particulates and nitrogen oxides (NOx).

Standards established by regulators impose progressively stricter limits on maximum polluting emissions permitted from vehicles, defining future requirements for automakers. In Europe, the Euro 5 standard set objectives for particulates that are so low they are approaching the threshold of measurability. At year-end 2011, all Light Commercial Vehicles produced by Fiat Group Automobiles were available with Euro 5-compliant engines, together with all passenger cars available since 2010.

At the same time, Chrysler Group exceeded the requirements of the US Environmental Protection Agency (EPA) Mobile Source Air Toxic (MSAT) regulation, with 40% of its Heavy Light Duty Truck fleet compliant with the mandates, surpassing the 25% required by the regulation. Chrysler Group plans to meet the Heavy Light Duty Truck fleet EPA phase-in requirements for MSAT by 2012, two years ahead of required implementation. Furthermore, in 2011 the required levels for the EPA Tier 2 Nitrogen Oxides fleet average, and the most stringent California Air Resources Board (CARB) Non-Methane Organic Gases fleet average, were both bettered by the Chrysler Group vehicle fleets.

With respect to future regulations, the Group has been working on the development of solutions to reduce emission levels even further in order to comply with the upcoming Euro 6 standard. Mandatory for all new type-approved models in Europe as of September 2014 and all new registrations as of September 2015, the new standard introduces more stringent limits on NOx. For gasoline engines, the Group will get ahead of the statutory requirements and begin type approving vehicles in Europe in 2012, with the aim of having all its gasoline models Euro 6 compliant by 2014.

For diesel engines, an important step towards the fulfillment of the Euro 6 emission standard is Multijet II technology, which ensures better combustion while lowering the need for exhaust gas after-treatment.

The Group is developing further innovations designed to offer Euro 6-compliant, cost-effective solutions for the entire engine range.

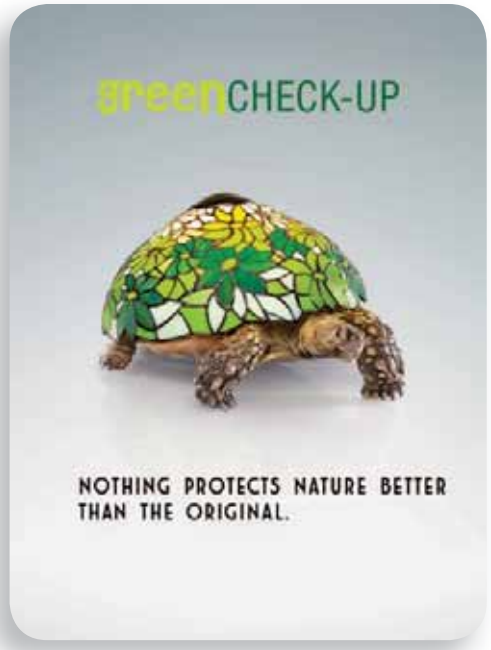
Customer involvement

The environmental impact of vehicles is strongly influenced by consumer driving behavior and the level of vehicle maintenance. **Fiat Group extends its interests beyond the sale of its products by promoting environmentally conscious and eco-friendly driving**.

To this end, the **eco:Drive system** was developed in order to engage with consumers and encourage them to contribute directly to reducing mobility-related emissions. Provided free of charge and downloadable on the owner's personal computer from the website www.fiat.com/ecoDrive, this user-friendly application provides personalized suggestions

to help drivers improve their behavior at the wheel, thus optimizing fuel consumption and vehicle emissions. Eco:Drive is the first and only software of its kind to offer drivers helpful tips that are personalized based on their driving style. All users of the eco:Drive system are members of eco:Ville, the online community that collects and reports the energy savings achieved through the efforts of eco:Drivers. To date, **more than 82,000 users have saved a total of 4,600 tons of CO_2 by improving the way they drive**. Developed for all Fiat and Fiat Professional brand vehicles in Europe, the software includes specific functions that allow energy savings to be measured as a result of the Start&Stop system and the use of natural gas. A special version, **eco:Drive Fleet** was developed for corporate fleets, enabling companies and haulers to monitor fuel consumption and CO_2 emissions – and hence the costs – of their fleet vehicle use.

In order to extend the adoption of eco:Drive, the software is being launched in new markets. New features are continuously being developed in order to make it more fun and engaging. **In 2011, the software was introduced in Brazil, the US and Canada**.



The **eco:Drive Mobile** application was recently launched on Android-based smartphones and on Apple iPad, providing the ability to receive direct feedback on smartphones and tablets. This application allows drivers to view their performance immediately and thus improve their driving behavior on the spot. In addition, thanks to integration with social networks, the communication of results and prizes will be possible.

Fiat Group does not limit itself to developing technologies that reduce CO_2 emissions; it also plays an active role in **encouraging young people to drive responsibly**. One example

is the **Ecopatente** project which is promoted by the Italian environmental association Legambiente. Following the success of its first two years, involving 6,000 driving schools and resulting in awards of 25,000 Ecopatente licenses, Fiat and Magneti Marelli reconfirmed their commitment to the project. In 2011, the Group was the main partner along with CONFARCA and – for the first time – UNASCA, two nation-wide industry associations which together represent 70% of Italian driving schools. In addition to being taught how to use a vehicle correctly and eco-sustainably, student drivers enrolled in these schools were also educated on topics such as respecting the environment and energy efficiency. In 2011, the project was also introduced in Spain, where it met with remarkable success.

Finally, **the Group also seeks to focus customer attention on maintenance**. Proper maintenance undoubtedly also has a positive impact on fuel consumption and emission reduction. Convinced of the importance of this issue, in 2011 the After-Sales division of Fiat Group Automobiles (FGA) launched the website www.genuineparts.fiatgroup.com in several markets. Stressing the concept that nothing protects the environment like an original equipment part, the website offers eco-tips on maintenance alongside in-depth information on the vehicle parts that impact the environment most heavily, with useful advice on when and why they should be replaced. Additionally, FGA continued its **green CHECK-UP** campaign, an educational project on correct maintenance promoted in various countries in Europe (Austria, Portugal, Greece, Czech Republic, Slovakia, Spain, Germany and the United Kingdom).

Recovery Recycling Reuse

Fiat Group keeps a steady focus on the environmental impact of its products throughout all phases of their life cycle: from the planning and selection of materials to the use and disposal of the vehicles themselves.

To this end, the Group promotes the use of eco-compatible materials and substances (low environmental impact and recycled materials, biopolymers). Moreover, solutions that facilitate vehicle recovery are the subject of continual study and development.

Based on this commitment, the **Fiat Group Automobiles** (FGA) **vehicles type-approved in 2011** in Europe were **95.0% recoverable** and **85.0% recyclable** by weight, while **Chrysler Group vehicles** were **96.3% recoverable** and **88.0% recyclable** by weight.

To analyze levels of vehicle recoverability and recyclability, FGA utilizes the International Material Data System (IMDS), an online database that enables input of detailed information on the materials and substances present in purchased components (see also page 217). By use of a special software program called 3R Project developed by FGA, data is processed and then used in simulations to evaluate the impact that a change in materials or design would have on the vehicle recoverability and recyclability rate.

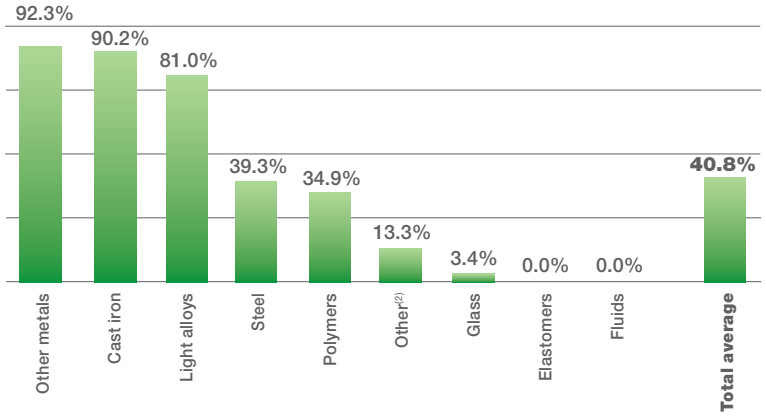
In 2011, recycled raw materials accounted for approximately 41% of the weight of type-approved FGA vehicles, maintaining the level from 2010, while for Chrysler Group they accounted for approximately 32%.

During the year, Chrysler Group continued to explore ways to increase **natural and recycled materials** in vehicle components. In fact, the company has more than 55 approved materials in its materials index that contain recycled content, both Post-Industrial Recycled (PIR) and Post-Consumer Recycled (PCR) and combinations thereof. These materials include various polypropylenes, polyamides and polyesters evaluated in applications such as air cleaner housings, battery trays, wheel liners, engine covers and intake manifolds. In addition to plastics, there are soft trim materials approved for fabric containing recycled fiber content, carpet using recycled fiber, recycled polyurethane for foam seats, and dashboard seal polyurethane foam using recycled rubber from tires.

At Chrysler Group, an example of the employment of environmentally-friendly materials is the **industry-first, green vehicle seating material installed in the 2011 Jeep Grand Cherokee and Dodge Durango**. With the implementation of this new material, Chrysler Group avoided the use of food-based soy polyols (a popular option for bio-polyols in foam production) and instead utilized a unique polyol obtained from scrap foam destined for landfills. Therefore, a perfectly reusable waste material has taken the place of a plant-based material and potential food source.

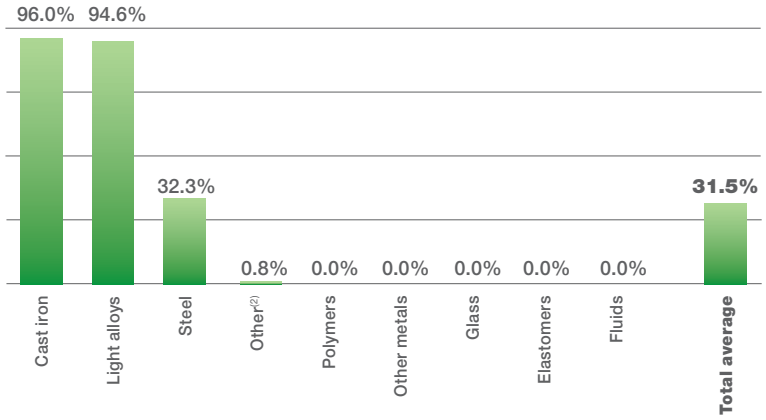
Percentage of recycled materials[1]

Fiat Group Automobiles (% of total raw material used)



Percentage of recycled materials[3]

Chrysler Group (% of total raw material used)



[1] *Average for Fiat Group Automobiles existing range of type-approved vehicles in 2011, based on Directive 2005/64/EC.*
[2] *Aside from "other metals".*
[3] *Average for Chrysler Group existing range of type-approved vehicles in 2011, based on Directive 2005/64/EC.*

Further opportunities have been identified with the adoption of recycled nylon carpet fiber for intake manifolds, reducing the need for virgin petroleum-based nylon.

The commitment of FGA in the application of innovative biopolymers received a prestigious international recognition in this area. FGA, along with its suppliers DuPont Automotive and Hutchinson, won the 2011 Plastic Innovation Award, from the Society of Plastic Engineers (SPE) for the industry-first employment of PA 10/10, a bio-resin (derived from castor oil with minimum biopolymer content of 60%) for the production of fuel lines for diesel engines.

End-of-Life Vehicle management

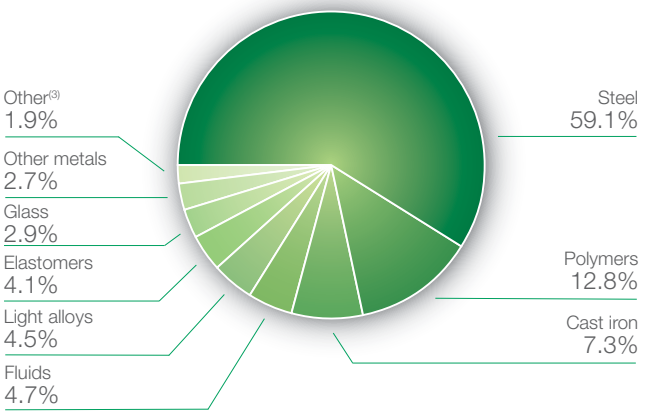
Fiat Group Automobiles (FGA) has long played a leading role in the industry involved in the **recycling and recovery of materials from a vehicle at the end of its life** (End-of-Life Vehicle or ELV).

In Italy, FGA initiatives in this area began with the launch of the F.A.RE. (Fiat Auto REcycling) project in 1992, and then gained momentum through the commitment and dedication invested in the ELV Framework Program Agreement (signed in 2008 with the Italian Ministries for the Environment and for Economic Development and all the major players from Italian industry).

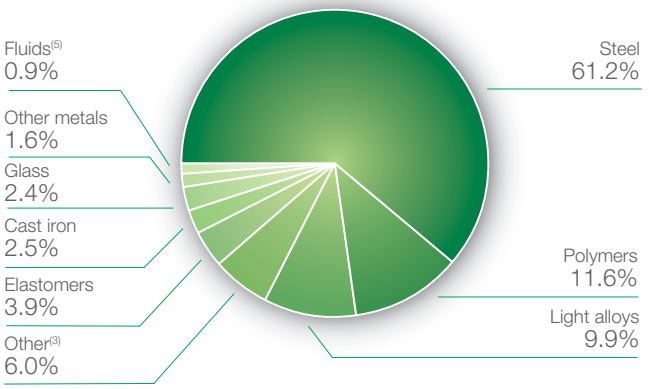
This commitment also played a part in helping Italy meet the targets requested by the European Union. Eurostat, the Directorate-General of the European Commission responsible for the publication and communication of ELV recycling and recovery requirements for each member state, stated that in 2009[1] Italy had reached 82% in recycling and 85% in recovery. FGA recognizes that, in order to reach the targets set for 2015 (85% recycling and 95% recovery), it is essential to strengthen its commitment and intensify dedicated activities and programs. To maximize the recoverability of its end-of-life vehicles, FGA has developed a network of approved dismantling agents in Italy who are trained to recycle metallic and non-metallic materials into various categories so they can be reused. In addition, FGA has created the www.carecycling.fiat.com website to provide customers with information and facilitate communication between dismantling agents and non-metallic materials recycling companies.

Fiat Group Automobiles is also active in this area at the international level. **In Europe** it has signed contracts with local dismantling agents and special service providers for the management of ELVs. **Outside the European Union**, laws on the handling of ELVs currently exist only in certain countries, while others are evaluating the adoption of specific standards. In countries with specific laws in place, FGA has set up local networks — such as in Turkey where 81 collection centers are extensively distributed across the entire country — or has met the legal recovery and recycling obligations financially, as in Croatia.

Composition of vehicles by material[2]
Fiat Group Automobiles (% total vehicle weight)



Composition of vehicles by material[4]
Chrysler Group (% total vehicle weight)



[1] *Please note that data is published with two years delay. 2011 data will be available in 2013.*
[2] *Average for Fiat Group Automobiles existing range of type-approved vehicles in 2011, based on Directive 2005/64/EC.*
[3] *Aside from "other metals".*
[4] *Average for Chrysler Group existing range of type-approved vehicles in 2011, based on Directive 2005/64/EC.*
[5] *Weight of fluids includes all vehicle fluids except gasoline.*

The fight to reduce hazardous substances

Finding alternative solutions to **Substances of Very High Concern (SVHC)** constitutes a fundamental commitment for Fiat Group.

The International Material Data System (IMDS) database is used to track each product compound, comparing it against the REACH regulation (Registration, Evaluation, Authorisation and Restriction of Chemicals) that governs the manufacture, import, sale and use of chemicals within the European Union, and the US Global Automotive Declarable Substance List (GADSL).

In order to integrate IMDS data into the product development management system, Fiat Group Automobiles (FGA) has developed a dedicated software program called FELIS[1] (Fiat End-of-Life Integration System) with the aim of achieving a comprehensive view of the materials composition of all vehicles. The software enables real-time monitoring of data entered into the IMDS and generates a warning if SVHC are present in products. Over the years, the Group has undertaken various actions aimed at eliminating substances or reducing their concentration with a particular focus on those which may pose environmental and health risks (e.g., lead, mercury, cadmium, etc.).

In 2011, verification was completed to ensure that all SVHC had been registered and that the relevant notice procedures had been fulfilled. At the same time, efforts were made to incentivize suppliers for replacing these substances. The analyses on vehicles, spare parts, engines and transmissions were updated following the publication of the new Candidate List in order to meet with the communication requirements outlined in Article 33 of the REACH regulation.

Results from monitoring confirmed that the **percentage of SVHC present in all Fiat Group Automobiles vehicles is less than 0.1%**.

Finally, in order to promote awareness among those responsible for this area within FGA, an intranet site was created which features news, presentations, legislative updates and documents, as well as a discussion forum on significant issues. Additionally, the Group conducts periodic awareness training for engineering and purchasing organizations to increase their understanding of existing issues with respect to these substances.

During 2011, FGA further enhanced activities for the management of its ELV network. In Italy, a detailed qualitative performance appraisal of the network was conducted while simultaneously increasing the number of dismantling agents that handle all Group vehicles, for a total of 290 service providers (+7% over 2010).

Chrysler Group is also committed to the recycling and recovery of end-of-life vehicles and partnered with other automotive companies to create the US End-of-Life Vehicle Solutions Corporation (ELVS) to foster the industry's environmental efforts in this area. With approximately 9,000 auto dismantling operators in the US, every year end-of-life vehicles produce more than 14 million tons of steel among other materials that

[1] FELIS also provides the 3R Project program with raw data useful for recoverability and recyclability calculations.

can be reused and recycled (source: www.autoalliance.org). In addition, Fiat Group actively collaborates in updating the **International Dismantling Information System (IDIS)**, a database developed by the automotive industry that stores component and materials information. This database seeks to optimize the dismantling procedures currently covering 1,680 different models and variants from 67 car brands. System access and use is free of charge for any business that handles end-of-life vehicles.

A move was also made toward research activities on **energy recovery** from the material left over after a vehicle has been shredded and is no longer recyclable, known as fluff, and the **recycling of materials originating from end-of-life vehicle parts** (e.g., tires).

FGA has launched a major project in this area, known as Target Fluff, which was presented as part of the Italian Industria 2015 innovation program. Managed by the Centro Ricerche Fiat (CRF) on behalf of Fiat's End-of-Life Vehicle division, the project involves three industrial groups that have a long history in the shredder business. The project calls for the establishment of innovative facilities for recycling and energy recovery from car fluff using highly-efficient processes. Experiments and research (including Life Cycle Assessment analysis) conducted by the CRF on energy recovery technologies (pyrolysis, pyrogasification and gasification) were completed, and in 2011 the first pilot plant was launched. This research and development project, partially funded by the Ministry for Economic Development, will contribute to increasing recycling and recovery of fluff, transforming a significant source of waste into recycled material and energy.

Fiat Group is also engaged in promoting the recycling of materials that come from ELVs by **using innovative technology** and **seeking new potential markets**. In Italy, for example, FGA and the industry associations involved in managing end-of-life vehicles play a fundamental part in ensuring the **recycling of end-of-life tires**, minimizing collection and management costs which are currently funded by an environmental contribution on the purchase of new vehicles. FGA has also continued research and development activities geared towards identifying potential new markets for materials coming from the recycling of end-of-life tires, similar to previous initiatives for bumpers.

FGA and the CRF have been involved for a number of years in many projects to promote the use of rubber from end-of-life tires for the manufacture of road asphalt.

These initiatives deliver clear benefits in terms of safety, comfort, strength, noise level and environmental footprint. For the project LIFE+ TyRec4Life, which was granted funding by the European Union, Life Cycle Risk Assessment (LCRA) and Life Cycle Assessment (LCA) studies will be conducted to guarantee the safety and eco-sustainability of the product and process, while also verifying economic feasibility.

Applications of Life Cycle Assessment (LCA)

For many years, Life Cycle Assessment (LCA) analyses have played an important role in design choices, aiding in the evaluation of the overall environmental impact of Fiat Group Automobiles (FGA) materials, components and certain production processes. LCA is conducted in accordance with ISO 14040 and ISO 14044 and takes into consideration factors regarding energy and other resources consumed in production, use and recycling, as well as waste generation.

In recent years, LCA analysis has been applied to new **refrigerant fluids** for vehicle air conditioning systems and **new paint processes**. Due to its Global Warming Potential (GWP), which exceeds the EU regulatory limit of 150, the use of the refrigerant fluid R134a was prohibited in Europe as of 2011 (Directive 2006/40/EC) for new type-approved vehicles.

Chrysler Group and Fiat Group Automobiles were two of 15 international automobile manufacturers to participate in a five-year research program conducted by the Society of Automotive Engineers for the testing of HFO-1234yf. This newly selected refrigerant fluid has a lower GWP by more than 99% compared to R134a, taking into account the contribution of the substance alone.

Moreover, research on alternative materials and treatments in traditional **car body pre-paint** processes continued, with the goal of reducing overall energy consumption while making the introduction of low-environmental impact substances in the process technically feasible. Activities in 2011 have been centered predominantly on the process of cataphoresis.

In the last few years, FGA has shown growing interest in compounds with **natural fibers** and **biological polymers** (biopolymers) for automotive applications, and LCA has been conducted in particular on natural fibers. In fact, a study was completed for the adoption of an internal vehicle component in polypropylene recycled from ELVs and containing natural fibers, as well as for the prototype of a pillar made from polypropylene from end-of-life bumpers with corn fibers.

In the coming years, FGA will combine technical feasibility assessments with the LCA analysis and will remain committed in the field of research and development for **design solutions that use materials of natural origin.** This will contribute to reducing the environmental footprint of materials and components during the different stages of their life cycle.

Finally, a survey was initiated in 2011 to evaluate suppliers' use of recycled materials and LCA analysis methodology. The objective is to involve suppliers in common projects as well as implement a database that enables the future development of a sector-specific **eco-design tool** for the automotive industry.

Ethical sourcing of raw materials

Fiat Group is aware that the sourcing of raw materials related to ethical or geopolitical issues is a factor of growing importance.

Rare earth elements ("rare earths" or "REE") are vital for a wide range of green energy technologies. The supply of rare earths is nearly monopolized by China, which currently accounts for more than 90% of the world's production. In fact, this country holds a great deal of leverage over the supply of these minerals to industry, even to the point that the European Union and the US have chosen to outline an intervention strategy.

In certain regions of the world, the mining and sale of "**conflict minerals**," such as tantalum, tin, tungsten and gold, provide funding for armed conflicts and their mining is carried out under conditions that do not respect human rights (see also page 211).

In order to promote responsible mineral sourcing practices, Fiat Group is exploring a methodology for the Group's suppliers to report their source(s) for these minerals, or for parts or processes that incorporate these minerals. In the next few years, recycling, re-sourcing and/or substitution opportunities will also be assessed for critical raw materials used in automotive components.

Plants and non-manufacturing processes

Fiat Group recognizes that its path to the future must include an essential ongoing commitment to sound environmental stewardship. For many years, the Group has been engaged in reducing its environmental impact and conserving natural resources.
Managing the environmental footprint and ensuring continuous improvement in performance is not just an isolated initiative, but a fully integral part of the Group's industrial strategy, essential to the success of the business and to the viability of the company in a global marketplace.

Environmental Management System

At all facilities worldwide, Fiat Group's Environmental Management System is based on **methods and processes developed to prevent and reduce the environmental impact** of manufacturing activities such as: restricting greenhouse gas emissions; managing waste generation and disposal; and conserving energy, water and materials.
Fiat Group has adopted an approach to environmental stewardship that addresses impacts at their source. Through sustainable design and manufacturing processes, the effects of products and operations are assessed in advance, measured and improved through innovative methods.
The Group's **Environmental Guidelines** (www.fiatspa.com/en-US/sustainability/Pages/pubblicazioni.aspx) reflect its commitment to being a responsible environmental steward. The guidelines specify the correct approach to environmental issues to be adopted by all individuals and provide clear instructions on setting and updating environmental objectives, developing new products and conducting daily activities around the globe.
In the implementation of these guidelines, the Group complies with all relevant environmental legislation and regulations and constantly strives to go beyond these requirements. The aim is to enhance the quality of human life and the natural environment, develop ecological awareness and promote environmental responsibility among employees, dealers, suppliers, customers and the public.
Expenditures and investments for the environment, which in 2011 amounted to **€137 million**,[(1)] are clear proof of the Group's commitment to environmental protection.

[(1)] *Of which 63.8% for waste disposal, emission treatment and remediation costs and 36.2% for prevention and environmental management costs.*

World Class Manufacturing

Fiat Group began implementation of the World Class Manufacturing (WCM) system several years ago. The system was gradually introduced over time at Group plants, and by the close of December 2011 the plants that had adopted the program numbered 106, accounting for over **97% of the total manufacturing cost base**.

Of those sites, seven achieved the silver level and 14 the bronze level. Achievement of each performance level (bronze, silver, gold or world class) is certified through external audits conducted by teams overseen by representatives of the WCM association. This audit system enables continuous internal benchmarking between Group entities and facilitates a constructive exchange among members of the association on experience gained and solutions applied.

World Class Manufacturing is a structured, rigorous and integrated system of manufacturing, developed in conjunction with leading European and Japanese experts, that encompasses all plant processes, from safety to the environment and from maintenance to logistics and quality. The purpose of this system is to continuously improve performance. All activities are oriented towards projects having the following objectives: **zero accidents**, **zero waste**, **zero breakdowns** and **zero inventories**. This approach translates into both the creation of value for the business and customer satisfaction, ensuring product quality and maximum flexibility in responding to customer needs by involving and motivating plant employees.

WCM replaces traditional reporting with cost deployment, which serves as the directional guide for the entire system. Based on a systematic analysis of losses and waste and a rigorous application of standardized methods and tools involving the entire organization, it enables planning and prioritization of corrective actions and facilitates the final reporting of results.

The system is centered around ten technical and ten managerial pillars, each with incremental levels of improvement and results that are clearly identified and measurable.

Driven by the desire to join the fight against climate change, WCM has recently begun to focus closely on the issue of energy. In these efforts, the company is committed to continuing to comply with – and even anticipate – new

emerging regulations, as well as to effectively manage the risk associated with any future increase in energy costs.

In 2010, an **Energy** sub-pillar was introduced in the Environment pillar to improve the ability to identify and implement measures to reduce waste and achieve greater energy efficiency. The application of cost deployment at Fiat Group plants has enabled the identification of inefficiencies in the use of energy and the introduction of about 1,700 specific projects, which led to an energy savings increment of approximately 80% over 2010, for a total savings of €38 million.

Moreover, in order to reduce the environmental impact of manufacturing processes and at the same time reduce waste, in 2011 about 1,900 projects were implemented that reduced consumption thus assuring a savings of €50 million.

In order to manage and **minimize environmental and safety risks, a preventive and proactive approach is employed**. In the event of an accident, WCM calls for a rigorous analysis of the causes and application of the most appropriate procedures to reduce the risk of recurrence. Moreover, in case of an environmental accident or a natural disaster (e.g., hurricane, flood, earthquake, fire) all plants are covered under a **contingency plan** whose purpose is to

limit the event's environmental impact, as well as to preserve the integrity of physical assets, guarantee the continuity of operations and limit financial implications in general.
The success of World Class Manufacturing is also based on the **participation of employees**, who are periodically involved in targeted training programs. Everyone in the Group is continually encouraged to contribute suggestions, and every suggestion is considered and evaluated for potential application. In 2011, 80% of plant employees participated with a total of **1.6 million proposals for improving processes** received worldwide, representing an average of 12 suggestions per employee.
An essential contribution to extending the best processes to all plants derives from the **sharing of best practice**: in 2011, approximately 2,800 were approved and roughly 2,400 of these were extended within Fiat Group.
Application of WCM methodologies and guidelines has also been extended beyond manufacturing. Similar initiatives have, in fact, also been developed for logistics with the aim of achieving an integrated approach across the various areas of activity. Fiat also continued to promote the adoption of WCM by suppliers (see also page 216).

Organization

Fiat Group manages environmental protection through its internal organization.
Each sector relies on its own **department responsible for Environment, Health and Safety** (EHS) topics, both at the central and plant level. Sector EHS managers are charged with overseeing facility environmental activities and direct capital investment dedicated to specific action plans. Moreover, they are in charge of monitoring national and local legislation, as well as rules and regulations related to the environment. They also conduct compliance audits and ensure that senior management and plant environmental professionals understand the potential impact of new or revised policies on their operations.
Periodic meetings ensure coordination of Group activities. The EHS managers of each sector regularly discuss the results achieved, share best practice and carry out benchmark comparisons against principal competitors in key areas to define new actions. The progress of the 2010-2014 Environmental Plan, which sets near-to-medium term targets for each sector relative to the principal areas of environmental focus (atmospheric emissions, water, biodiversity and waste), is subject to monthly joint monitoring.
A dedicated **IT platform** ensures that environmental professionals receive constant updates and remain continually in contact with each other. This platform makes available training materials and documents on individual environmental areas (general and operational procedures, guidelines, reporting manuals, etc.) as well as the Standard Aggregation Data system and other applications used for reporting environmental performance data for individual plants and making comparisons with other plants in the same sector. The reporting applications will be replaced by a single application in 2013 to maintain compliance with international best practice.

Process certification

In conformance with the Environmental Guidelines, the Group considers the complete and uniform implementation of the Environmental Management System, certified according to ISO 14001 by accredited third parties, to be the best means for achieving a steady and constant reduction in the impact of manufacturing processes and for effectively achieving its environmental objectives.

At year-end 2011, **139 Group plants** that account for 97.3% of industrial revenues[1] were **ISO 14001 certified**. By the end of 2012, all Group plants operating worldwide in 2011 will be ISO 14001 certified.

In 2011, the energy management requirements of the new **ISO 50001** standard were integrated into the Environmental Management System affirming the Group's commitment to addressing all environmental impacts of its processes including those related to climate change. In the same year of the publication of this standard, **six plants** with high energy requirements (accounting for 5.5% of the Group's total consumption) attained certification. By 2014, all of the Group's main plants, accounting for more than 90% of total energy consumption, will be ISO 50001 certified.

Training

Fiat Group believes that the true driving force behind improvement lies in the competence, knowledge and motivation of its employees. For this reason, a variety of methods are used to **spread environmental know-how, promote awareness and encourage action planning** throughout the company.

During 2011, through the web platform and seminars held by internal environmental professionals, training of specialized personnel working within the Environmental Management System continued. Approximately 106,800 hours of environmental training was provided in 2011 for a total of 44,500 individuals, representing a major commitment on the part of the company.

Training was focused on prevention; management of environmental aspects; Environmental Management System in compliance with the ISO 14001 standard and Energy Management Systems in compliance with ISO 50001. In addition, special training was conducted to increase employee understanding of their own personal impact on the environment.

The internal employee websites dedicated to environment, health and safety and the Envision quarterly newsletter communicate information about policies, procedures, organizational responsibilities, publications, best practice, regulatory information and company requirements. The websites also provide links to external environmental internet sites and IT applications used in the management of environmental programs and training.

Sharing best practice

Since 1994, Chrysler Group has acknowledged environmental stewardship internally through the Environmental Leadership Award (ELA) program. The program recognizes and rewards excellence in environmental activities that contribute to improving the workplace and the environment. In 2011, more than 40 projects were nominated for consideration in the areas of manufacturing, engineering, purchasing, parts and services, logistics and dealer operations, with ten awards granted.

The main purpose of the ELA is the sharing of expertise and knowledge about best-in-class technologies and concepts among all Chrysler Group facilities worldwide, as well as among the supplier base and surrounding communities.

[1] Revenues attributable to activity of plants directly controlled by the Group.

Environmental performance and monitoring systems

By monitoring environmental performance through the use of appropriate technical indicators, the Group is able to **measure the benefits and effectiveness of initiatives** implemented, **plan actions for improvement** and set new and more challenging targets.

By means of the Standard Aggregation Data application,[1] monitoring of environmental performance and its alignment with the commitments in the Environmental Plan continued, as did the performance level comparison among the various production sites of the Group and competitors. In 2013, current applications will be replaced with a new, more flexible software offering further innovative functions for data management.

Consistent with last year, this year's Sustainability Report presents normalized environmental performance indicators, in addition to the absolute values that are directly correlated to production volumes, in order to ensure comparability of the data from year to year and allow evaluation of operational trends. Due to the variety of very different production lines in the company (vehicles, engines, components, etc.), it is not possible to present normalized data at the group level. Also, within certain sectors (for example, Teksid and Fiat Powertrain) the different production lines require the adoption of a number of normalization parameters.

This Report only lists the normalized data for Fiat Group Automobiles and Chrysler; for information on the performance and targets of each sector, see the sustainability section of www.fiatspa.com.

Data for Chrysler Group is only available starting from 2010. Accordingly, Fiat Group data has been restated to include Chrysler Group as of 2010 to ensure uniformity of scope. For the same reason, sectors demerged into Fiat Industrial were excluded from the years 2010 and 2009.

For the purposes of consistency with the scope of Fiat Group Automobiles, when "Chrysler" is indicated, the scope covers Chrysler Group assembly and stamping facilities; other remaining facilities (powertrain, foundry, etc.) are covered by "Chrysler others."

[1] *For the collection of data, Chrysler employs several similar applications. In 2013, a single application will be used throughout the Group.*

Volatile Organic Compounds (VOC)

Fiat Group is strongly committed to reducing VOC emissions into the atmosphere from paint operations at its plants. The Group has reduced emissions from an average of approximately 79.3 g/m^2 in 2004 to around 30.1 g/m^2 in 2011 (-62%).

Specifically, in 2011 Fiat Group Automobiles has reduced VOC emissions to a worldwide average of 43.0 g/m^2 (-34.2% over 2007) and to a European average of 26.0 g/m^2 (-48% over 2007). Continued enhancements in environmental management practices and the introduction of equipment upgrades to reduce paint use made a major contribution in reaching these results.

Over the past 20 years, Chrysler Group has established a reputation as a US industry leader in the reduction of VOC largely due to innovation in paint application and materials technology. Advancements in application of powder primer as well as in basecoat and clearcoat application have resulted in a more vivid, robust and durable paint finish with a substantially lower environmental impact. In 2011, the VOC emissions at Chrysler plants worldwide decreased by 3.1% over 2010 to an average of 18.9 g/m^2.

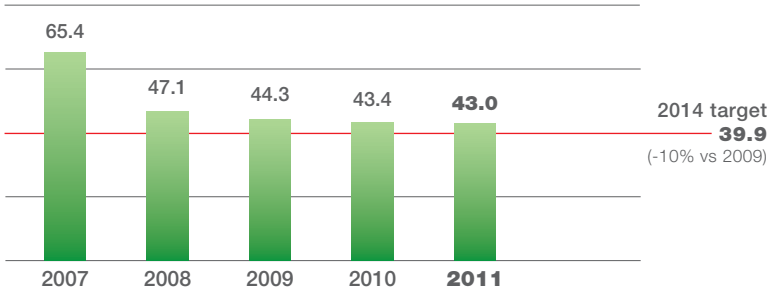
For further details see page 245.

Emissions of Volatile Organic Compounds

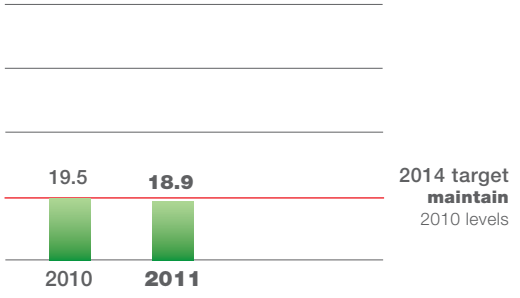
Fiat Group worldwide (g/m^2)

	2011[1]	2010[2]	2009[3]
Average VOC emissions	**30.1**	32.4	44.1

Fiat Group Automobiles worldwide (g/m^2)



Chrysler[4] worldwide (g/m^2)



[1] Data includes Chrysler Group for the full year.
[2] Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.
[3] Data restated to exclude companies demerged into Fiat Industrial S.p.A. It does not include Chrysler Group, as Chrysler Group LLC was first formed in mid-year 2009. Accordingly, 2009 data is not comparable to 2010 and 2011.
[4] When indicated "Chrysler" the scope includes Chrysler Group assembly and stamping facilities to be consistent with Fiat Group Automobiles scope of operations.

Nitrogen and Sulfur oxides (NOx and SOx) and Dust

Overall NOx, SOx and Dust emissions for sites with proprietary power generation systems remained stable or increased slightly in 2011 as a direct result of the increase in energy generated internally.[1] For further details see page 245.

Direct emissions of NOx, SOx and Dust
Fiat Group (tons)

	2011[2]	2010[3]	2009[4]
Plants	150	148	113
NOx	1,307	1,327	675
SOx	176	140	82
Dust	66	63	12

Equipment containing Ozone Depleting Substances (ODS)

Ozone Depleting Substances (ODS) are those substances that are potentially harmful to the ozone layer which protects the earth from ultraviolet rays. Some equipment used for cooling, air conditioning and climate control contains ODS that, in the event of an accident, may leak and contribute to ozone layer depletion. As a consequence, Fiat Group believes that constant monitoring of this equipment is essential in order to prevent ODS leakage. **No leaks of these substances were reported** during 2011.

In addition, following an inventory of plants and equipment containing ODS, an action plan was developed in 2010 specifying measures to replace these substances by 2014 at all plants worldwide, excluding Chrysler Group that, instead, is committed to eliminating ODS as equipment is replaced. These substances will be substituted with more environmentally compatible gases and/or alternative substances. In 2011, ODS in equipment were reduced by 3.2% at Group plants worldwide.[5] For further details see page 245.

Water management

Access to water is an essential element for all socioeconomic growth and for preserving healthy ecosystems. As the population increases and development leads to an increase in the demand for ground and surface water, the pressure on water resources intensifies. Water scarcity is one of the primary issues facing governments, businesses and individuals in many parts of the world today. Water scarcity also exposes companies to business risks.

Fiat Group is aware that addressing this issue requires action to implement potential solutions for reducing overall water consumption and ensuring the high quality of discharged water. In 2011, specific **Water Management Guidelines** were developed and distributed within Fiat Group (excluding Chrysler). These guidelines contain information on **saving water**, consistent with the corporate commitment to **protecting the rights of future generations**. They provide the principles for sustainable management of the entire water cycle and stipulate the technologies and management actions aimed at maximizing recycling and reuse and minimizing the discharge of pollutants.

Fiat Group periodically maps the availability of water resources around the world, correlating the quantity of water available with the quantity consumed for each region. Areas where

[1] *Estimated emissions based on direct energy consumption.*
[2] *Data includes Chrysler Group for the full year.*
[3] *Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.*
[4] *Data restated to exclude companies demerged into Fiat Industrial S.p.A. It does not include Chrysler Group, as Chrysler Group LLC was first formed in mid-year 2009. Accordingly, 2009 data is not comparable to 2010 and 2011.*
[5] *Data for Chrysler Group was not measured and consequently is not included in this figure.*

Water resources significantly affected[1] by water withdrawal and/or discharge at plants

Fiat Group worldwide

Sector and plant location	Water source (name and size in m³/year)	Use	Protected water body	High biodiversity value water body	Water withdrawals[2]	Water discharges[2] (% of body size)
Fiat Group Automobiles Tychy (Poland)	Korzenica River 54,000	Withdrawal for manufacturing process	no	no	yes	10.6%
Teksid Carmagnola (Italy)	Gora del Naviglio River 3.5 million	Process water effluent	no	no	no	57%

the Group is present are subsequently overlaid. This analysis identified 13 plants located in areas where water may be considered a limited resource.[3] Accordingly, these plants undertook appropriate measures to improve water reuse and recycling. Further **risk assessment activities** concerning scarce water resources will be carried out in 2012 for all plants located in areas considered particularly affected by this issue. As a result of improvements in water cycle management and measures for water reuse in industrial processes, in 2011 the Group reduced overall water consumption by 12.7% over 2010 (from 34.2 to 29.9 million m³) and the percentage of water reuse in production cycles at Group plants worldwide was estimated at approximately 95.6%.[4]

Water withdrawal and discharge

Fiat Group worldwide (thousands of m³)

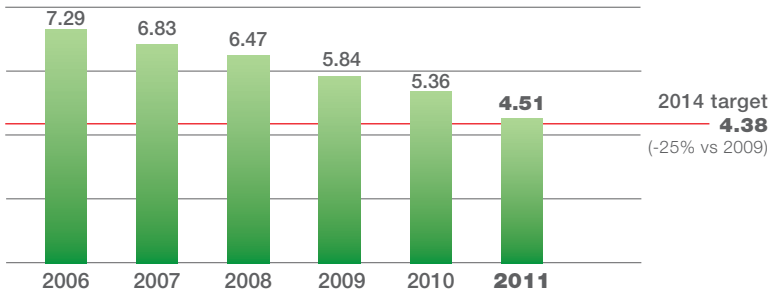
	2011[5]	2010[6]	2009[7]
Plants	150	148	113
Withdrawal			
Groundwater	**8,287**	10,113	9,571
Municipal water supply	**20,225**	22,838	15,512
Surface water	**1,250**	1,144	918
Other	**100**	103	313
Total water withdrawal	**29,862**	**34,198**	**26,314**
Discharge			
Surface water	**4,888**	3,739	6,147
Public sewer systems	**11,368**	13,042	8,642
Other destinations	**2,583**	3,900	3,823
Total water discharge	**18,839**	**20,681**	**18,612**

[1] Water sources are regarded as significantly affected by water withdrawals and/or discharges if they are designated protected areas or have high biodiversity value, or if the withdrawals and/or discharges of water account for more than 5% of the average annual volume of the water body concerned. Only surface water has been taken into account.
[2] Accounting for more than 5% of annual average volume.
[3] Water availability < 1,700 m³/(person per year). Source: FAO's global information system.
[4] Data for Chrysler Group was not measured and consequently is not included in this figure.
[5] Data includes Chrysler Group for the full year.
[6] Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.
[7] Data restated to exclude companies demerged into Fiat Industrial S.p.A. It does not include Chrysler Group, as Chrysler Group LLC was first formed in mid-year 2009. Accordingly, 2009 data is not comparable to 2010 and 2011.

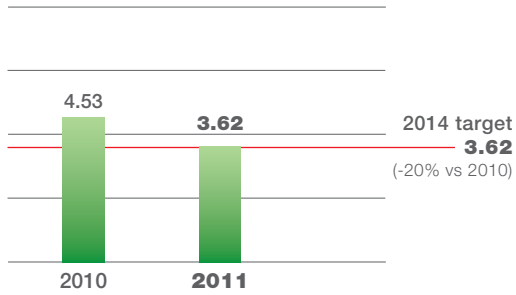
In 2011, Fiat Group Automobiles (FGA) reduced water consumption per vehicle produced by a further 15.9% over 2010 (a 38.1% reduction over 2006), while Chrysler achieved a 20% reduction compared to the previous year.
For 2014, FGA has committed to an overall reduction of 25% over 2009 levels (equal to -40% over 2006), and Chrysler has committed to -20% by 2014 over 2010.
FGA also improved its water recycling index[1] from 94.6% in 2009 to 97.4% in 2011.
For further details see pages 240-241.

Water withdrawal

Fiat Group Automobiles worldwide (m³ per vehicle produced)



Chrysler[2] worldwide (m³ per vehicle produced)



Water recycling index

Fiat Group worldwide excl. Chrysler Group (millions of m³)

	2011	2010[3]	2009[3]
Total water requirement	476.4	374.0	280.9
of which covered by recycling	455.6	349.1	254.6
of which water withdrawal	20.8	24.9	26.3
Water recycling index (%)	**95.6**	**93.3**	**90.6**

One area that Chrysler Group focused on in 2011 was the capture and reuse of rainwater. With the increasing scarcity and cost of water and of wastewater services, rainwater harvesting is becoming more environmentally and economically strategic. The Dundee, Michigan engine plant implemented an innovative project to collect rainwater and mix it with purchased water in order to reduce municipal water usage. The rainwater collected throughout the year is used as cooling water in manufacturing processes.
The **quality of water** discharged from Group plants worldwide was maintained **well within regulatory limits**. In particular, analyses conducted on water discharged from FGA plants worldwide revealed levels of Chemical Oxygen Demand (COD) at least 89% below regulatory requirements, while levels of Biochemical Oxygen Demand (BOD) and Total Suspended Solids (TSS) were at least 68% and 55% below required limits respectively.
For the first time, absolute values for water quality are published in this Report (see page 241).
In 2012, further parameters among those most significant for the relevant industrial processes – such as heavy metals discharged in water – will be published for all Group sectors in order to ensure a comprehensive view of Fiat Group's overall impact on water quality.
No significant spills were reported for the Group in 2011.

[1] Total water recycled in production processes as a percentage of the total water requirement.
[2] When indicated "Chrysler" the scope includes Chrysler Group assembly and stamping facilities to be consistent with Fiat Group Automobiles scope of operations.
[3] Data restated to exclude companies demerged into Fiat Industrial S.p.A.

Waste management

The reduction of waste generated and the increase of waste recovered or reused is a crucial commitment for Fiat Group. For this reason, the company maximizes use of all materials, which in turn minimizes waste. The Group strives to ensure that what cannot be reused is recycled. When waste generated cannot be recycled or reused, it is disposed of, seeking to use technologies with minimal environmental impact (waste-to-energy conversion or treatment, with shipment to landfills only as a last resort).

The Group also monitors the level of **waste defined as hazardous** produced during manufacturing processes, in accordance with the applicable legislation in each individual country. Particular importance is given to reducing the generation of such waste, since by its very nature it is less suitable for recovery. In 2012, specific guidelines on waste management will be drawn up and distributed.

The 2010–2014 Environmental Plan has set ambitious targets related to waste at plants with a focus on total waste per unit, hazardous waste per unit, waste recovery rate and rate of waste sent to landfill. The specific targets set for each sector may be consulted at www.fiatspa.com under the sustainability section.

In 2011, the increase in production volumes for some sectors resulted in a corresponding increase in total Group waste generation; however, thanks to proper environmental practices, hazardous waste decreased by about 18%.

Waste generation and management

Fiat Group worldwide (tons)

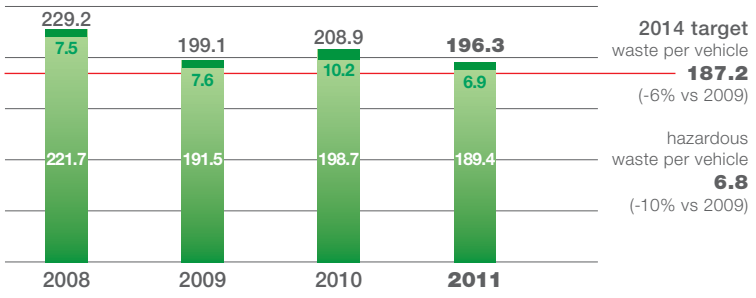
	2011[1]	2010[2]	2009[3]
Plants	**150**	148	113
Waste generated			
Non-hazardous waste	**1,804,698**	1,650,257	1,007,897
Hazardous waste	**50,614**	61,754	50,161
Total waste generated	**1,855,312**	**1,712,011**	**1,058,058**
of which packaging	97,099	90,982	62,594
Waste disposed			
Waste-to-energy conversion	**23,336**	21,609	18,110
Treatment	**37,489**	43,936	46,926
Sent to landfill	**547,056**	515,434	332,860
Total waste disposed	**607,881**	**580,979**	**397,896**
Waste recovered			
Total waste recovered	**1,247,431**	**1,131,032**	**660,162**
waste recovered	**67.2%**	66.1%	62.4%
waste sent to landfill	**29.5%**	30.1%	31.5%

In 2011, Fiat Group Automobiles (FGA) recorded a decrease of 6% over 2010 (from 208.9 to 196.3 kg/vehicle produced) in overall waste generated per vehicle produced and a decrease in hazardous waste per vehicle produced of 32.4% (from 10.2 to 6.9 kg/vehicle produced).

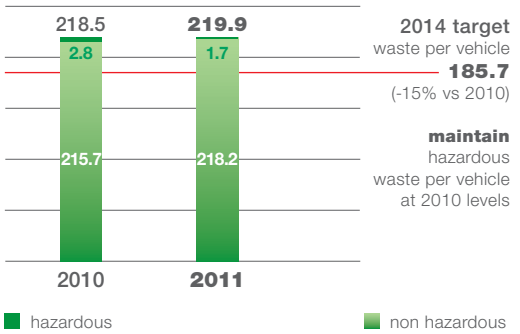
Overall waste generated at Chrysler plants worldwide per vehicle produced remained mainly stable over 2010, while there was a decrease in hazardous waste per vehicle

Waste generated per unit of production

Fiat Group Automobiles worldwide (kg per vehicle produced)



Chrysler[4] worldwide (kg per vehicle produced)

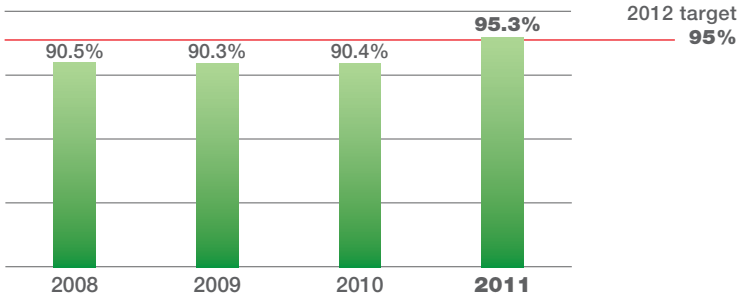


[1] *Data includes Chrysler Group for the full year.*
[2] *Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.*
[3] *Data restated to exclude companies demerged into Fiat Industrial S.p.A. It does not include Chrysler Group, as Chrysler Group LLC was first formed in mid-year 2009. Accordingly, 2009 data is not comparable to 2010 and 2011.*
[4] *When indicated "Chrysler" the scope includes Chrysler Group assembly and stamping facilities to be consistent with Fiat Group Automobiles scope of operations.*

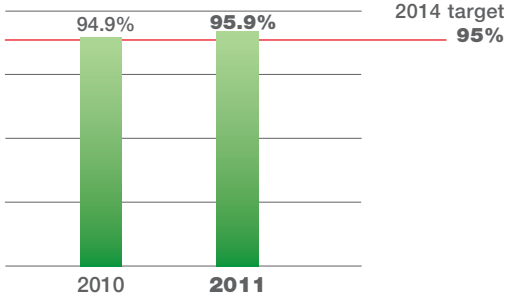
produced of 39.3% (from 2.8 to 1.7 kg/vehicle produced). In 2011, Fiat Group Automobiles worldwide dramatically reduced the percentage of waste sent to landfill to levels as low as 0.2% (against the Fiat Group average of 29.5%) and increased the recovery rate to 95.3% (against the Fiat Group average of 67.2%).
Chrysler also reduced the percentage of waste sent to landfill reaching 3.1%, and increased the recovery rate to 95.9%.
With reference to the Basel Convention, 105 tons of hazardous waste were exported from Canada to the US for recycling (purge solvent), representing 2% of all hazardous waste generated by Chrysler Group.
For further details see page 239.

Waste recovery rate

Fiat Group Automobiles worldwide

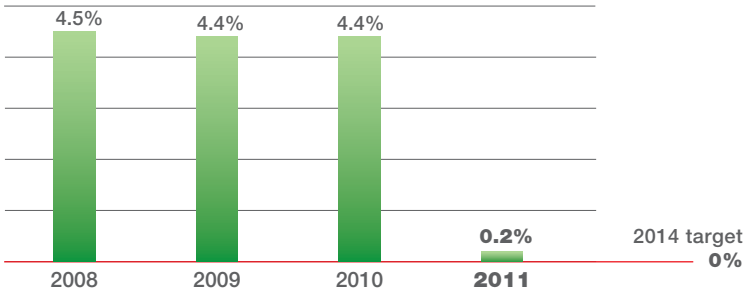


Chrysler[1] worldwide

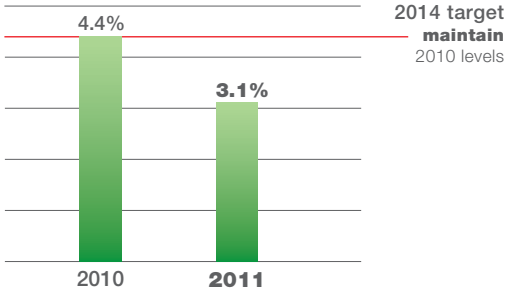


Waste sent to landfill

Fiat Group Automobiles worldwide



Chrysler[1] worldwide



[1] When indicated "Chrysler" the scope includes Chrysler Group assembly and stamping facilities to be consistent with Fiat Group Automobiles scope of operations.

5R waste management methodology

Fiat Powertrain uses the 5R methodology to reduce the environmental impact of waste generated. In fact, priority is given to activities that rethink manufacturing cycle processes in order to avoid waste generation.
The 5R methodology is based on five pillars:

- Redesign process and product in order to eliminate all materials not essential to the purpose, thus avoiding waste generation in advance. When this is not possible, the following hierarchy applies:
- Reduce the waste generated
- Reuse the waste, identifying a new application for it within the manufacturing cycle
- Recycle the waste generated, and lastly
- Recover the waste for which none of the above methods is applicable, by sending it to final treatment

Fiat Powertrain has implemented an effective oil waste reduction activity, including emulsions, which has resulted in a decrease in unit production of hazardous waste of 39.4% (from 3.3 kg/unit in 2009 to 2.0 kg/unit in 2011).
By 2014, Fiat Powertrain is committed to achieving an overall hazardous waste reduction of 30% over 2009.

Equipment containing PCB and PCT

Certain electrical equipment (e.g., transformers) uses cooling liquids containing Polychlorinated Biphenyls (PCB) and Polychlorinated Terphenyls (PCT). These substances are classified as hazardous and are subject to restrictions relating to their use, production and sale, although this varies from country to country. For a number of years, Fiat Group has worked towards the progressive elimination of these substances ahead of regulatory deadlines. As a result of the latest actions implemented in 2011 **at the Group's plants, PCB and PCT are no longer present**.

External noise

In 2011, Fiat Group completed the mapping of areas where it is most important to cap the level of external noise produced by factories, based on the potential negative impact for the local area. The company subsequently defined **guidelines for designing/purchasing new machinery and equipment and constructing buildings with reduced noise levels**. These guidelines reference legislation and Italian technical standards, with the latter placing particular emphasis on preventing issues caused by noise emitted into the external environment. Their adoption guarantees the progressive reduction of noise levels currently set by the plants, even if already well within the limits established by local regulations.

Biodiversity conservation

Biodiversity is an important global issue and Fiat Group is aware that each species, no matter how small, plays an essential role. Accordingly, the Group strives to preserve the variety of life forms on earth and biological diversity through sustainable development strategies.

During 2010 – declared the International Year of Biodiversity by the United Nations General Assembly – the Group, in association with the Department of Life Sciences and Systems Biology at the University of Turin, defined a specific **Fiat Biodiversity Value Index** as well as guidelines for its application across the company. The index measures the level of biodiversity and influencing factors for areas surrounding plants in order to identify, and give the proper priority to, any interventions that should be carried out to protect and/or restore the local environment.

The methodology has led to the definition of two parameters. The first reflects the level of biodiversity found in the surrounding area that is measured through the analysis and assessment of specific indicators characteristic of aquatic and terrestrial ecosystems, also taking into account protected species included in the relevant national and/or international lists (e.g., **International Union for Conservation of Nature** (IUCN) **Red List** and **Directive 2009/147/EC** concerning conservation of wild birds). The second parameter measures the level of environmental pressure based on human activity in the area (agriculture, industry, urban expansion, etc.).

Already applied at two Italian pilot locations (the Fiat Powertrain plant in Verrone and the Magneti Marelli plant in Venaria), this methodology was extended to the Fiat Group Automobiles Serbian plant in Kragujevac in 2011.

In addition, preliminary activities for the application of the methodology at the Teksid site in Funfrap, Portugal, were initiated.

The assessment in Serbia was conducted within the scope of the recovery and redevelopment of the plant. Although that site is not adjacent to either a protected area or an area of great biodiversity, the study made it possible to implement a series of interventions aimed at protecting the parts of the environment that are in the most critical conditions.

In 2011, the initiatives implemented at the Verrone and Venaria sites in Italy were also assessed in order to define a new action plan, and the Group guidelines were applied to all adjacent sites or sites located in protected areas or areas with great biodiversity. Furthermore, a pre-assessment analysis for identifying the sites where the Fiat Biodiversity Value Index should be applied was integrated into the methodology.

Sharing the objective of protecting the environment, Chrysler Group implemented targeted actions at the Toluca (Mexico) assembly and stamping sites, situated in an area 13 kilometers from the Ciénegas de Lerma wetland. During significant rain events, treated wastewater, normally used for irrigation, is sent to the Lerma River, replenishing the wetlands.

The expert's opinion

Prof. Guido Badino

Ecology Professor University of Turin
Member of the Turin Academy of Sciences

The Fiat Biodiversity Value Index represents a breakthrough in methods for assessing the condition of the environment and man's impact on it.

For the first time, a major industrial group has adopted an innovative methodology that addresses the issue of biodiversity from a holistic view, seeking to intervene by employing complete and scientifically proven knowledge.

The model proposed by Fiat may undoubtedly be considered an exemplary approach to responsible sustainability.

Plants near, bordering or within protected[1] or high biodiversity areas

Fiat Group worldwide

Sector and plant location	Type of activity	Total surface area of plant (m²)	IUCN Red List species and national conservation list species present	Amount invested to protect or restore these areas (€)	Description of activities implemented to protect or restore	Restoration measure checked by external professionals
Fiat Powertrain Verrone (Italy)	Production of transmissions and parts	1,809,540	40 species listed: 0 Critically endangered 2 Endangered 2 Vulnerable 1 Near Threatened 35 Least Concern	70,000	Creation of naturalized pond and suitable conditions for certain endangered species; containment of shrub overgrowth; restoration of moorland and maintenance of designated habitats of Community interest (Habitats Directive 92/43/EC). Relevant area: 151,500 m²	yes
Magneti Marelli Venaria (Italy)	Production of lighting and exhaust systems	246,390	1 species listed: 1 Near Threatened	-	-	-
Teksid Funfrap (Portugal)	Production of engine blocks, exhaust manifolds, differentials and carter turbines	103,960	n.a.	-	-	-
Chrysler Group Toluca (Mexico)	Assembly and stamping operations	817,000	27 species listed: 1 Critically Endangered 2 Endangered 2 Vulnerable 1 Near Threatened 21 Least Concern	n.a.	More than 4,000 trees donated or planted between 2010–2011	-

[1] A protected area (national, regional, site of community importance, special protection zone, oasis, etc.) is a geographically defined area that is designated, regulated or managed to achieve specific conservation objectives. An area of high biodiversity value is an area that is not subject to legal protection, but is recognized by a number of governmental and non-governmental organizations as having significant biodiversity.

Recovery and promotion of biodiversity at the Verrone plant (Italy)

The Verrone plant hosts an important area of the Orientata delle Baragge Nature Reserve on its premises.

This plant, which produces transmissions, has always devoted particular care and attention towards its environmental impact by dissemination and application of its environmental principles.

The application of the Fiat Biodiversity Value Index revealed that the area is characterized by a low level of environmental pressure, mainly due to agricultural activities and well-preserved biodiversity, with the presence of numerous valuable plant and animal species. This demonstrates the effectiveness of the policy applied in this area and the widespread awareness among those that live and work within it.

Despite its extremely low anthropic level, over the years the plant has nevertheless implemented initiatives designed to reduce its impact on the region. Examples of these actions include: replacement of furnaces for traditional thermal treatments with electric furnaces, with a subsequent reduction of emissions and water consumption; creation, in association with the municipality of Verrone, of a 1.2 MW photovoltaic park; installation of systems for the reduction of both waste generated and consumption of raw materials in the manufacturing process; recovery of a wetland. Moreover, in 2011, in collaboration with the local authorities and the Department of Life Sciences and Systems Biology at the University of Turin, an artificial pond was created and naturalized and more hospitable conditions for certain endangered species were established. Finally, shrub overgrowth was contained, the moorland was restored and habitats of Community interest (Habitats Directive 92/43/EC) were adequately conserved.

Energy consumption

Today climate change is no longer a scientific curiosity: it is widely recognized as the principal environmental issue facing the world.

Fiat Group recognizes the dual roles played by large industrial enterprises: on one side contributing to global energy demand, and on the other, joining in the fight against climate change and global warming.

Addressing climate change has been at the core of the company's environmental policies for many years, and the Group is committed to reducing the use of fossil fuels and the emission of greenhouse gases through smarter energy consumption and employment of renewable energies. This commitment is embodied by the World Class Manufacturing program (see also page 114-115) that, starting from 2010, provides a sub-pillar dedicated to energy for improving the ability to identify and implement waste reduction measures and increase efficiency.

The Group constantly strives to improve its **Energy Management System** (EMS), seeking to **reduce the environmental impact** of processes as well as the **risks linked to increases in energy costs** and **compliance with new regulations**. The new Energy Management System was introduced in 2010 in order to ensure standardized and efficient procedures for energy management and constant alignment with international best practice and regulations. It was adopted by 40 plants in 2011, representing 70% of the Group's total energy consumption (excluding Chrysler Group).

Following the introduction of the international Energy Management System standard **ISO 50001** in mid-2011 (a similar standard to the EN 16001 standard already in place), the Group began the certification procedure. In addition to the 11 plants that had already achieved EN 16001, in 2011 six Group plants obtained ISO 50001 certification: two Italian Fiat Group Automobiles (FGA) plants in Mirafiori and Melfi, one Italian Maserati plant in Modena, one Brazilian Comau plant, one Italian Fiat Powertrain plant in Verrone and one Italian Magneti Marelli plant in Sulmona. The combined total of these certified plants represents approximately 11% of Fiat Group's total energy consumption excluding Chrysler Group. By 2014

the main plants, which together represent approximately 92% of Fiat Group's total consumption, will adopt the new EMS and undergo ISO 50001 certification.

Throughout 2011 the initiatives designed for keeping the commitments made under the **Energy Action Plan** also proceeded. The plan calls for **up to a 26% reduction in energy consumption and up to a 30% reduction in CO_2 emissions per unit compared with 2009 levels** by 2014, with a specific target for each sector. For more information, please see the sustainability section of www.fiatspa.com.

The principal technological and process solutions adopted during the year to reduce energy consumption included:

- high-efficiency motors, electric motor inverters (Magneti Marelli and Chrysler Group)
- high-efficiency lighting systems (LED or traditional technology) for production facilities, offices and external areas, combined with light intensity regulators and remote controls (Fiat Group Automobiles, Comau and Chrysler Group)
- frequency control and smart stand-by systems for equipment

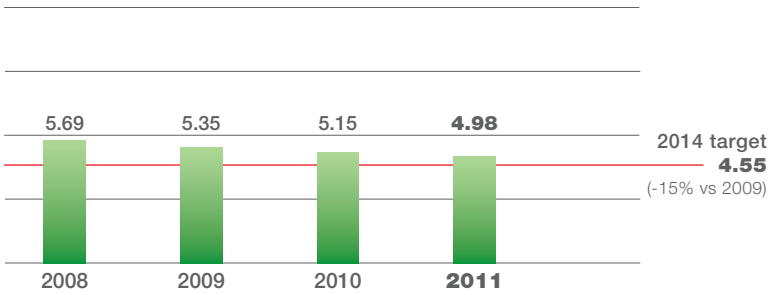
- free-cooling systems increasing the number of cooling towers and reducing the use of electric air-conditioners (Chrysler Group)
- elimination of compressed air leaks (Fiat Group Automobiles and Chrysler Group) or installation of variable speed air compressors
- high-efficiency furnace melting (Teksid)
- interventions for optimizing the functions of the heat management system, air-conditioning systems (FGA, Chrysler Group, Fiat Powertrain, Magneti Marelli) and for scheduling system start times in the most efficient manner
- thermal isolation of facilities

Direct and indirect energy consumption
Fiat Group worldwide (TJ)

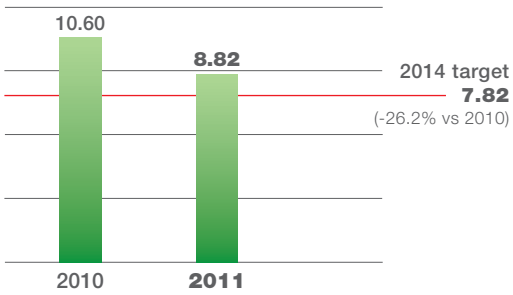
	2011[1]	2010[2]	2009[3]
Plants	150	148	113
Electricity	**21,234**	21,151	11,040
Natural gas	**19,187**	19,396	5,412
Other fuels	**198**	968	646
Other energy sources	**7,637**	7,705	6,976
Total energy consumption	**48,256**	**49,220**	**24,074**

In 2011, the total annual energy consumption was approximately 48,250 terajoules, with a decrease in absolute values over the previous year of approximately 2% mainly driven by optimization of production processes.
In terms of energy consumption per unit produced, Fiat Group Automobiles (FGA) continued its path of constant improvement in energy efficiency, and by year-end achieved an average value of 4.98 GJ/vehicle produced for a 3.3% reduction over 2010 and a 6.9% reduction over 2009. These results, which may be attributed to the introduction of innovative technological solutions and the implementation of focused organizational measures, are particularly meaningful because they were achieved despite underutilization of plant operating capacity.
With respect to Chrysler, the significant increase in plant capacity utilization together with energy efficiency initiatives resulted in a decrease in consumption of 16.8% compared with 2010 at Chrysler plants worldwide, reaching an average value of 8.82 GJ/vehicle produced.
The other sectors also achieved exceptional performance. Teksid and Comau, for example, exceeded their scheduled objectives and selected mid-term targets were revised upwards towards even greater improvement.
For further details see pages 242-244.

Direct and indirect energy consumption
Fiat Group Automobiles worldwide (GJ per vehicle produced)



Chrysler[4] worldwide (GJ per vehicle produced)



(1) Data includes Chrysler Group for the full year.
(2) Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.
(3) Data restated to exclude companies demerged into Fiat Industrial S.p.A. It does not include Chrysler Group, as Chrysler Group LLC was first formed in mid-year 2009. Accordingly, 2009 data is not comparable to 2010 and 2011.
(4) When indicated "Chrysler" the scope includes Chrysler Group assembly and stamping facilities to be consistent with Fiat Group Automobiles scope of operations.

CO_2 emissions

In 2011, due primarily to a reduction in energy consumption, Group CO_2 emissions[1] decreased 4.6% compared with 2010, resulting in a total of 4.1 million tons.
The Group continued using renewable energy sources that in 2011 represented 19.3% of the Group's energy utilized, excluding Chrysler Group, and 9.8% of energy, Chrysler Group included.
In Europe, the vast majority of renewable energy purchased by the Group are RECS (Renewable Energy Certificate System) certified, while the renewables purchased in Latin America are certified as being generated by hydroelectric sources.
For 2012, the Group has committed to maintaining the level achieved. Chrysler Group will instead evaluate the use of renewable energies to satisfy its energy requirements based on the more economically viable opportunities that the US market may offer in the future. For further details see page 242.

Direct and indirect CO_2 emissions

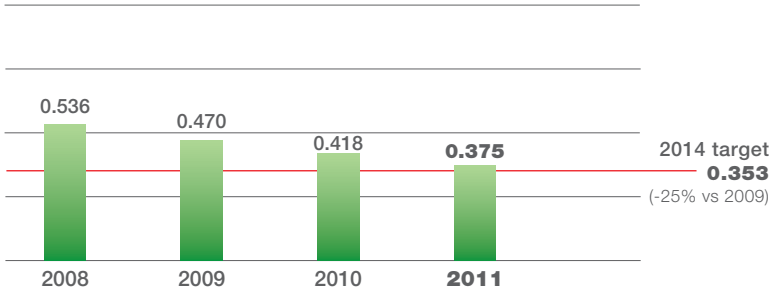
Fiat Group worldwide (thousands of tons of CO_2)

	2011[2]	2010[3]	2009[4]
Plants	150	148	113
Direct emissions	1,098	1,097	361
Indirect emissions	3,044	3,243	1,722
Total CO_2 emissions	**4,142**	**4,340**	**2,083**

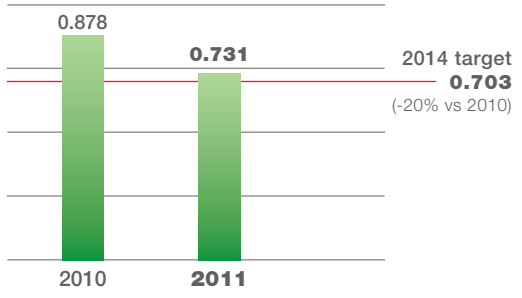
With regard to CO_2 emissions per unit produced, in 2011 Fiat Group Automobiles (FGA) released an average of 0.375 tons of CO_2 per vehicle, a reduction of approximately 10.3% over 2010 and 20.2% over 2009. This performance is mainly due to an increase in the use of renewable energy (16.2% of total energy consumption) and improvement in energy efficiency. Chrysler also improved its performance: in 2011, CO_2 emissions were reduced by 16.7% over 2010 for an average of 0.731 tons of CO_2 per vehicle.

Direct and indirect CO_2 emissions

Fiat Group Automobiles worldwide (tons of CO_2 per vehicle produced)



Chrysler[5] worldwide (tons of CO_2 per vehicle produced)



[1] Emissions of greenhouse gases (GHGs) other than CO_2 have a negligible impact and therefore are not included (CO_2 accounts for over 99% of the Group's total GHG emissions). The Group reports CO_2 emissions according to the standards and guidance outlined in the GHG Protocol and, for the calculation of indirect emissions, using the emissions factors published by the International Energy Agency in November 2011 and other regionally published factors such as the eGRID in the US.
[2] Includes Chrysler Group data for the full year.
[3] Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.
[4] Data restated to exclude companies demerged into Fiat Industrial S.p.A. It does not include Chrysler Group, as Chrysler Group LLC was first formed in mid-year 2009. Accordingly, 2009 data is not comparable to 2010 and 2011.
[5] When indicated "Chrysler" the scope includes Chrysler Group assembly and stamping facilities to be consistent with Fiat Group Automobiles scope of operations.

Efficient energy generation

For the internal production of energy, the Group favors high efficiency power generation systems able to deliver the best energy performance: cogeneration plants, trigeneration plants capable of providing heating and electricity for manufacturing and climate control needs.

The trigeneration plants at the Atessa, Melfi, Mirafiori (Turin) and Cassino sites in Italy together provide 37% of Fiat Group Automobiles electricity needs.

In Maranello, Ferrari satisfies 80% of its energy needs through a trigeneration plant.

Finally, the Magneti Marelli facility in Melfi also has a trigeneration plant through which it covers all its energy needs.

Participation in emissions trading programs

Much of the energy used at Group plants comes from third-party power generation plants with 40% produced by company power plants.

At year-end 2011, the Group only had two directly owned power generation plants that qualified for the European emissions trading system (**EU-ETS**). These were located at the Italian manufacturing sites of Fiat Powertrain in Pratola Serra (Avellino) and Magneti Marelli in Modugno (Bari).

Energy generated at these two sites in 2011 totaled approximately 412,000 GJ representing 1% of total Group energy consumption.

CO_2 emissions allocated to these generation plants for the period 2008–2012 (EU-ETS 2nd phase) has to date resulted in an overall credit (approx. 18,000 tons of CO_2 verified against around 34,000 tons allocated).

Additionally, in 2011 Group companies located in the UK registered under the **CRC Energy Efficiency Scheme** (the UK emissions trading system applied to energy consumers) completed the Evidence pack.

Logistics

Logistics is the integrated management of all activities required to move materials, components and products along the supply chain, from suppliers to manufacturing sites and out to the sales network.
The main objective of logistics managers is to coordinate these activities in a way that meets corporate and customer requirements, striving to maximize efficiency and reduce the impact of transport on the environment.
For Fiat Group, the efficiency and environmental sustainability of logistics processes are key factors in creating value. Together with minimizing costs and optimizing freight flows, the Group's efforts are centered on reducing environmental impact by **cutting logistics-related emissions** and **minimizing the use of non-reusable packaging**.

Green Logistics Principles

The Group published its Green Logistics Principles in 2010 (www.fiatspa.com/en-US/sustainability/Pages/pubblicazioni.aspx) an effort to harmonize the approaches, measures and methods of interaction with logistics partners adopted by the individual sectors.
Consistent with the Fiat Group Environmental Guidelines on which they are based, these principles provide guidance on reducing environmental impacts, focusing on four main areas:

- increase in low-emission transport
- use of intermodal solutions
- optimization of transport capacity
- reduced use of packaging and protective materials

In 2012, the Green Logistics Principles will be extended to Chrysler Group, potentially with adaptations.

Organization

Reflecting the important role that it plays in ensuring continuous improvement in both the production system and the supply chain, the World Class Manufacturing program includes logistics as one of its technical pillars. The focus of **World Class Logistics** is the definition of integrated logistics processes at plants and in planning for the supplier network, in order to meet the requirements of safety, ergonomics, eco-compatibility and transport flow optimization.

Fiat's Logistics Engineering unit and Chrysler Group's Logistics department connect manufacturing with the logistics function. In 2011, they continued their work as the centralized organizations with group-wide responsibility for setting guidelines and standards. Through the re-engineering of material flows and the application of "Just-in-Time" methodology, processes have been improved by eliminating stock and reducing material handling, delivering only what is needed, where it is needed, at the right time.

At Chrysler Group, the Supply Chain Management team oversees the entire supply chain through upstream demand planning; production scheduling and capacity management; supplier delivery risk management; as well as transportation planning, purchasing and cost control. Chrysler Group's worldwide logistics operations are managed centrally, allowing the company to choose the most effective mode, equipment and route for a given supply chain requirement.

At the end of 2011, Chrysler Group logistics specialists joined the Fiat Group Logistics Sustainability Team whose objective is to promote the dissemination of environmentally friendly practices throughout the company.

In January 2011, Chrysler Group became a **SmartWay partner with the US Environmental Protection Agency** (EPA). The SmartWay Partnership is a collaboration between the EPA and the freight industry that helps companies reduce their transportation supply chain carbon footprint through the implementation of innovative approaches. Starting in September 2011, all Chrysler Group's US inbound parts and materials carriers were SmartWay Partners and it is now a requirement for carriers who do business with Chrysler Group. In addition, 70% of Chrysler Group's contracted carriers for finished vehicles are Smartway partnered, representing a 67% increase over 2010. In 2011, 98% of all miles travelled for Chrysler Group vehicle deliveries were done by Smartway carriers.

Logistics flows

Inbound transport of components and materials to Group plants is handled either by external transport providers engaged by the company or managed directly by the material suppliers themselves.

Roughly one-quarter of Chrysler Group's inbound truck freight is handled by Chrysler Group Transport, Chrysler's in-house automotive parts carrier.

Outbound transport of finished goods to the sales network is either handled by external transport providers engaged by the company or by i-FAST Automotive Logistics S.r.l. (a Fiat Group company).

For spare parts managed by Fiat Parts & Services and Mopar,[1] inbound transport (to warehouses and distribution centers) is either handled by external providers engaged by the company or managed directly by suppliers themselves. Outbound transport of spare parts to dealers is handled by external logistics operators that are not managed by the Group.

[1] Chrysler Group's service, parts and customer care organization.

Environmental performance

A set of environmental KPIs for monitoring logistics processes was identified and adopted by Fiat Group Automobiles (FGA) in 2009, and extended to all Group sectors in 2011. In 2012, the environmental KPIs monitored will be broadened further and adopted also by Chrysler Group, adapted to specific US circumstances. The KPIs were defined on the basis of GRI-G3.1 guidelines and adapted to the specific characteristics of the various logistics processes. The KPIs are monitored to enable greater coverage and in-depth analysis of the impacts of distribution flows; in 2012, the results from this monitoring will be used to set additional improvement targets.

In total, **CO_2 emissions recorded** in 2011 relating to **logistics processes** managed directly by **FGA in Europe were reduced by around 4% compared with the previous year and by 9.5% compared with 2009**. The improvement in FGA's environmental performance was driven by a series of projects and actions, ranging from the use of eco-efficient vehicles to the utilization of intermodal solutions and the optimization of transport capacity.

CO_2 emissions in logistics processes

Fiat Group Automobiles Europe (thousands of tons of CO_2)

	2011	2010	2009
Inbound	**60.4**	68.3	76.0
Outbound	**114.5**	114.4	118.8
Spare parts	**9.5**	9.3	8.9
Total	**184.4**	192.0	203.7

Increase in low-emission transport

The Group also contributes to reducing emissions linked to the transportation of finished goods by continuing to promote the use of low-emission road vehicles.

For inbound transport in Europe managed directly by the Group (excluding Chrysler Group), access to plants is already prohibited for vehicles with emission levels worse than the Euro III standard. In 2011, **contractual clauses** began to be progressively introduced **requiring that at least 50% of supplier fleets consist of Euro IV compliant vehicles or stricter standards**.

Emission standards are currently being monitored on the vehicles used by material and component suppliers for inbound transport managed directly by them. The objective is to extend the same standards required for transportation managed directly by the Group to these fleets.

Also this year, Chrysler Group Transport developed and launched a green sustainability program called NEW GEN 7 targeted at truck routes that return to the terminal each day. This program successfully improved fuel economy and reduced the company's carbon footprint, resulting in a decrease in CO_2 emissions of 7,000 tons and saving about €7 million in operational costs.

For outbound Fiat Group Automobiles transport, 80% of the i-FAST fleet (which in 2011 managed around 25% of vehicle transport in Europe) already consists of Euro V vehicles, with the remaining 20% made up of Euro III vehicles. i-FAST has committed to purchasing Euro V vehicles for any fleet renewals and expansions. Overall, 81% of the entire fleet used for FGA's outbound transport in Europe is Euro III compliant or higher.

Use of intermodal solutions

Fiat Group also promotes the use of alternatives to road transport. The key benefits of this strategy are reduced traffic congestion and CO_2 emissions.

Although inbound and outbound transport of materials can require a significant percentage of road transport, depending on geography, infrastructure and production volumes, the Group has continued to explore solutions using a variety of transport options such as road, rail and sea.

Despite the drop in production volumes in some areas which limited the use of alternatives, efforts were made in 2011 to proceed with the intermodal solutions introduced in recent years. Potential new rail routes were evaluated for both the transport of materials and the distribution of vehicles.

In the US, Chrysler Group vehicles were co-loaded with the products of other automakers to optimize railcar density and minimize CO_2 impact. The outbound network continues to reduce truck congestion by increasing the usage of environmentally friendly railcar alternatives.

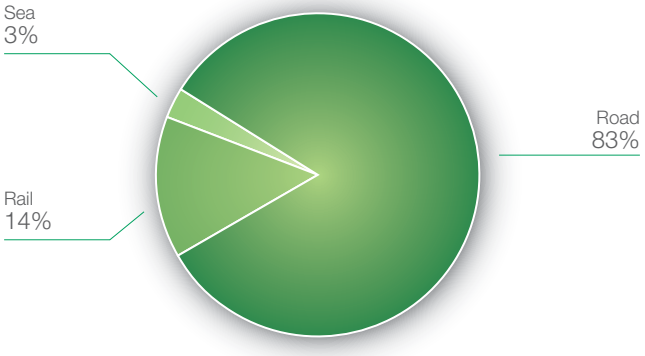
In 2011, road transport (42%) and rail transport (37%) were the main modes used for Fiat Group Automobiles (FGA) **outbound transport in Europe**.

In 2012, the use of alternative transport modes for outbound transport will be extended in Italy with the introduction of new rail routes for the distribution of vehicles, replacing the road routes formerly used between Melfi and Turin, between Pomigliano and Turin/Arese/Verona, and between Atessa and Turin/Verona.

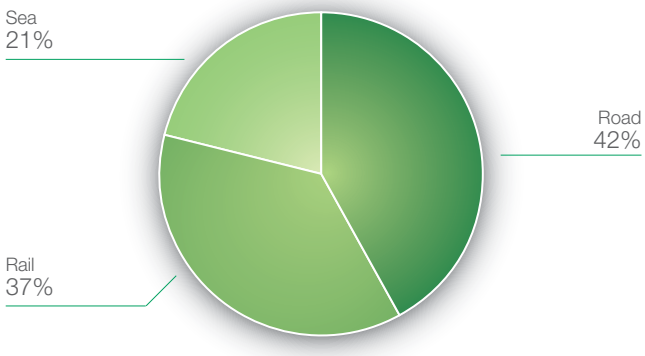
In the US and Canada, Chrysler Group outbound transport is primarily by rail (75%) with the remaining 25% representing road transport.

In 2011, the use of railways for FGA European **inbound transport** decreased slightly, mostly due to renovation work at the plant in Serbia, which resulted in production downtime (materials are delivered to the plant mainly by train via the Villanova-Kragujevac route).

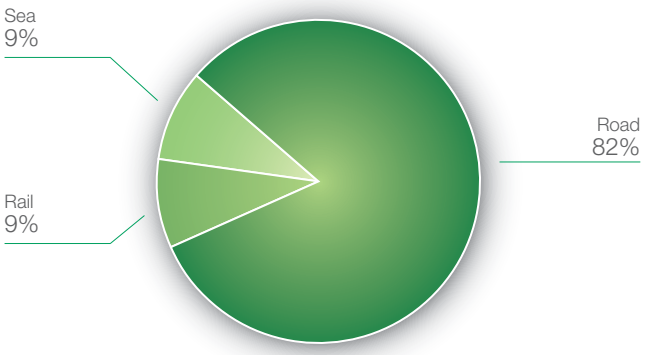
Inbound transport by mode
Fiat Group Automobiles Europe



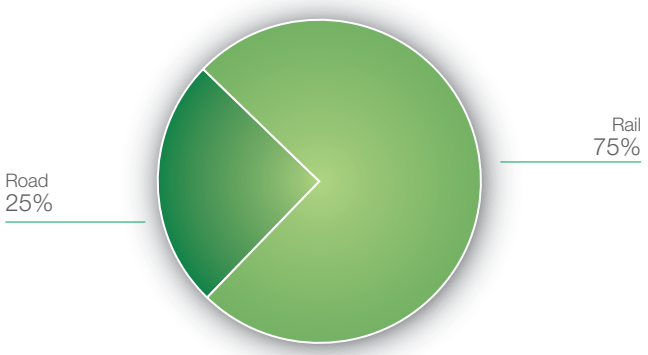
Outbound transport by mode
Fiat Group Automobiles Europe



Inbound transport by mode
Chrysler Group US and Canada



Outbound transport by mode
Chrysler Group US and Canada



Optimization of transport capacity

Maximum utilization of transport capacity is another tool used by the Group to reduce the environmental impact of logistics operations and simultaneously contain shipping costs.
With the **Streamlined Delivery Project** (SDP), launched in 2001 by Fiat Group Automobiles (FGA), inbound flows have been contracted to a coordinated pool of logistics providers who organize the collection of material from a number of suppliers in order to **maximize utilization of transport capacity and increase efficiency**, compared with transportation by suppliers shipping individually.
The project, currently covering approximately 70% of volume shipped in Europe to Fiat Group Automobiles plants, continues to be expanded to other sectors. At Fiat Powertrain, for instance, the Streamlined Delivery Project covers 79% of the volume of material shipped in Europe. In 2011, the program reduced the total distance shipped by 4.9 million kilometers, decreasing CO_2 emissions by 4,400 tons.
In 2011, Chrysler Group reduced road miles and fuel consumption through high cube utilization on inbound deliveries. This action achieved 92% utilization on direct truckload deliveries, 100% utilization on rail deliveries and 97.6% utilization on inbound ocean deliveries. Moreover, through the inbound "**milk run**" approach, more than one million miles were eliminated in 2011, an 8% improvement. The "milk run" refers to a process whereby transport pickups are organized to optimize truck routes, ensure full truckloads and minimize the time required to make all supplier pickups in a specific geographical area.
Although handled by external logistics operators, outbound shipments of service parts to dealers represent an additional opportunity to reduce CO_2 emissions. Mopar strives to reduce the number of miles driven in order to realize benefits from both an environmental as well as cost-

savings perspective. In 2011, Mopar focused on reducing CO_2 emissions by expanding an existing initiative which consists of **sharing outbound dealer route services**. Mopar freight is combined with other OEM or non-automotive companies' freight to be delivered to dealers on one consolidated route, sharing the cost of the equipment, driver, mileage and fuel among the participating shippers. Total miles driven were reduced by more than four million miles (6,586 tons CO_2 emissions) resulting in a decrease of 30% compared with the planned miles for the year. Shared service routes are being used by 26% (832 dealers) of all Mopar North American dealers.

Reduced use of packaging and protective materials

Within the Group, the environmental impact of logistics activities is also reduced by **minimizing packaging and protective materials and increasing the use of reusable containers**, while maintaining standards and satisfying quality requirements. Where this is not possible, the Group ensures that standard recovery processes are applied.

The Group company i-FAST Container Logistics S.p.A., which is also responsible for the efficient management of standard shipment containers, continued to work with its suppliers to gradually replace disposable cardboard packaging with reusable containers.

In 2011, the use of cardboard packaging at Fiat Group Automobiles (FGA) plants in Europe was cut by 2% over the previous year (from 6.0 to 5.9 kg/vehicle). The level of reduction was impacted by the launch of new models for which new reusable containers had not yet been developed. Going forward, FGA will maintain the commitment to reduce disposable cardboard packaging by eliminating it for material supplies for new models, where possible, and by negotiating the best terms with suppliers for changes in packaging for existing models. In 2012, the commitment is to reduce disposable cardboard packaging by 7% over 2010, to 5.6 kg/vehicle.

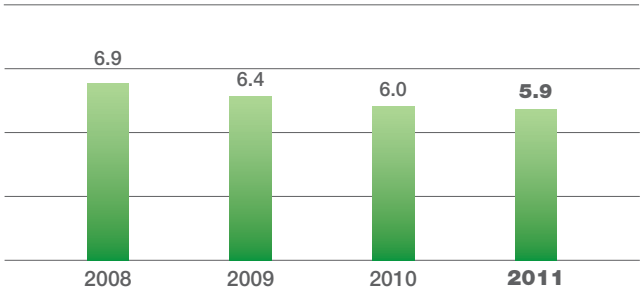
FGA's World Material Flow (WMF) unit has continued to reduce **wood packaging** for international shipments of materials from Italy. This strategy is being pursued in spite of the considerable investment required for metal crates or specially equipped containers which are affected by fluctuations in activity volumes.

In 2011, efforts to optimize packaging in shipments were continued for the Kragujevac (Serbia) plant and begun for the Betim plant in Brazil. In Serbia, the use of wood crates was reduced by 78% compared with 2010, dropping from 4.5 to 1.0 kg/m^3 shipped.

Shipments to the Brazilian plant recorded a 21% reduction in the use of disposable wood packaging, from 15.6 in 2010 to 12.4 kg/m^3 shipped in 2011.

Fiat Group Automobiles Parts & Services, the FGA division that manages, sells and distributes parts, is also moving towards more environmentally sustainable solutions. In 2011, monitoring began of disposable materials used in Italy for the packaging and protection of parts. The objective is to introduce reusable containers starting in 2012, resulting in an expected 8% reduction in disposable packaging.

Packaging materials (cardboard)
Fiat Group Automobiles Europe (kg/vehicle produced)



Chrysler Group has also started projects to reduce packaging material. The packaging for the export of materials to international manufacturing locations (Venezuela and Egypt) is already comprised of 100% wood or corrugated material. In 2011, this resulted in a 9% reduction in packaging requirements and shipping costs. The company partners with service providers that are certified by the **Sustainable Forestry Initiative** (SFI). The SFI program integrates perpetual growing and harvesting of trees with protection of wildlife, plants, soil, water, and air quality. All of Chrysler Group's corrugated boxes contain at least 46% recycled fibers.

Non-manufacturing processes

The Group's commitment to reduce the environmental impact of its activities extends beyond its products and plants. Company efforts are growing in a number of areas including Information Technology activities and employee travel.

Employees travel

Commuting

Fiat Group's initiatives to improve employee commuting include optimization of travel routes as well as the promotion of the use of public transport and more sustainable means of transport such as bicycles.

The **easygo** project, designed for the approximately 18,000 employees at the Mirafiori Italy complex (as well as around 4,000 daily visitors) was developed in collaboration with public institutions and public transportation companies. The principal elements of the project, whose development was based in part on employee feedback, relate to the following areas:

- public transport: reorganization of special lines, intensification and reallocation of scheduled services during specific time slots, introduction of new shuttle services prior to and following shifts
- carpooling: establishment of a web platform for employees to find co-workers interested in carpooling to and from work
- easy cycling: installation of new parking spaces for bicycles and improvements to bike paths in and around the complex

In addition, to improve the flow of traffic and safety conditions in and around the Mirafiori complex, traffic lights, lighting, pedestrian crossings and stopping/parking zones have been upgraded.

Moreover, a dedicated internet portal was created through which Fiat employees can join the carpooling service and access information about public transportation and bike paths. A special email address was launched as well to allow employees to suggest areas of improvement and indicate service disruptions.

The principal benefits expected from the project include not only the **environmental impact**, but also improved conditions for employees resulting from the **decrease in commuting cost and time**, the **reduced risk of accidents**, **lower stress** and, finally, **more social interaction** among co-workers.

In 2011, it was estimated that an average 14,100 tons of CO_2 were emitted as a consequence of employee commuting, equivalent to a reduction of 4% over 2010. In 2012, a detailed survey will measure the effectiveness of measures put into place on the basis of which new improvement targets can be set.

Similar initiatives were implemented at the Italian Maserati plant for about 600 employees.

Business travel

In 2011, Fiat Group has started a pilot project to monitor CO_2 emissions resulting from business travel by plane from Italy, the US and Canada (where about 111,000 employees work, 56.3% of the total workforce). In 2011, emissions from flights accounted for about 23,000 CO_2 tons.

To reduce business travel and associated environmental impacts, the use of **audio/video conferencing** and **instant messaging systems** was extended with the number of users reaching about 60,000 people. On average there were 24,000 voice calls per day and 142,000 instant messaging sessions per day.

Moreover, in 2011 18 rooms equipped with high quality **TelePresence videoconferencing** systems were installed and employed for more than 300 hours per month. This initiative is estimated to deliver a reduction of approximately 10% in business travel.

Offices

Green IT

In 2011, the Group continued its Green IT activities aimed at reducing energy consumption and associated CO_2 emissions. For office systems, the program to replace hardware with equipment that has **more efficient power supply systems** continued, resulting in a reduction of around 250 tons of CO_2 against 2009. The plan is expected to continue in 2012.
In addition, approximately 9,950 monitors were replaced worldwide in 2011 with new EnergyStar and EPEAT Silver/Gold-rated units with a reduction of 88 tons of CO_2.
Lastly, as part of the project to optimize printing systems, in 2011, a further 550 new, **more energy-efficient, multi-functional printers** were installed, saving 284 tons of CO_2.
In the Data Center area, which includes the computer systems that host applications and IT services, activities to **reduce, replace, consolidate and virtualize servers** continued, achieving a reduction of 7,200 tons of CO_2 compared with 2010. More initiatives are planned in this area for 2012.
Finally, Chrysler Group saved more than 1,600 tons of CO_2 by automatically powering down PCs not in use in the evening.

Promoting green practices in the office

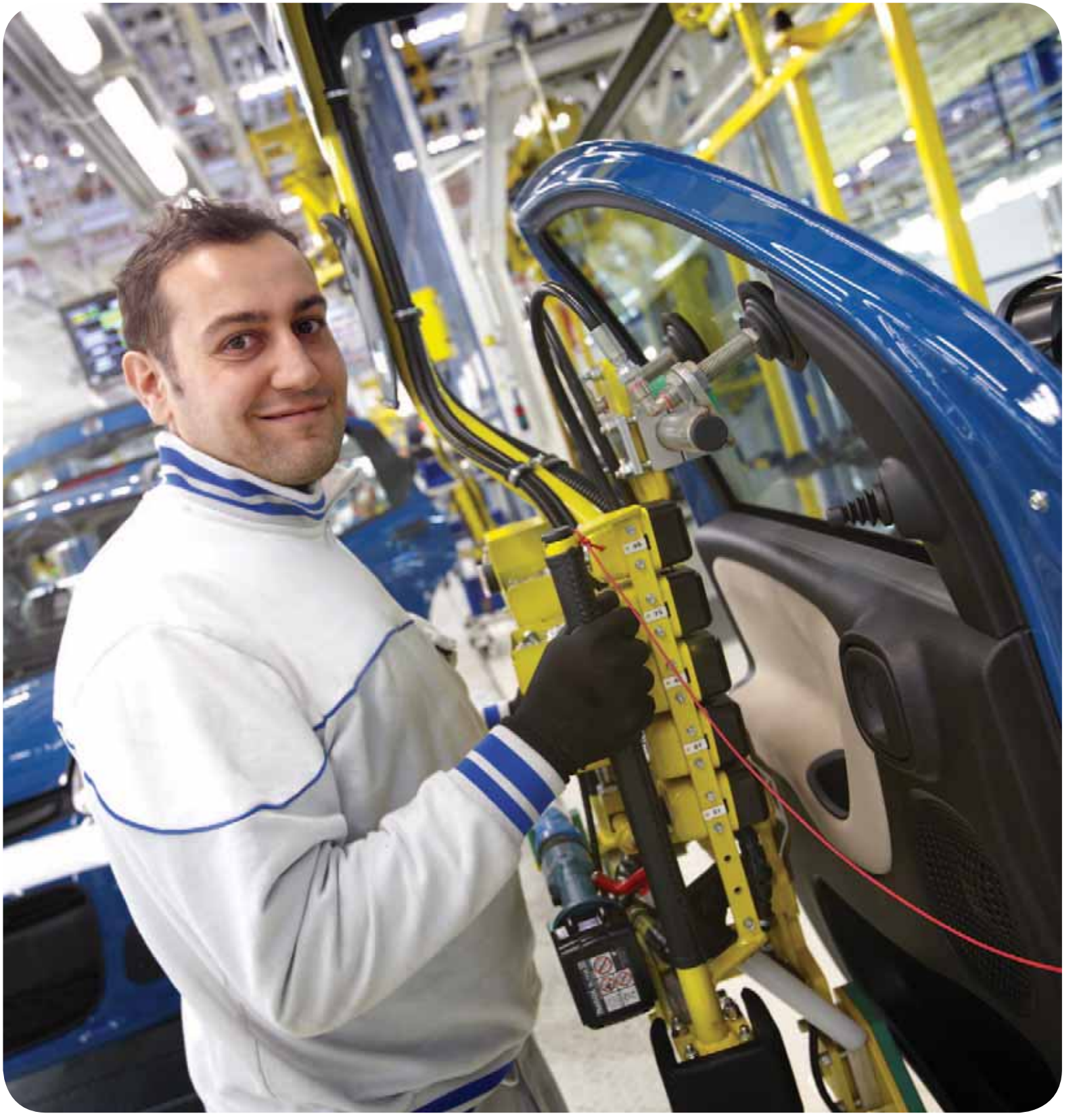
Employees are also part of the company's efforts to improve its environmental footprint through a variety of initiatives including separated recycling, reuse of company office supplies and others.
Environmental awareness is the first step towards employee involvement.
ECOffice is an online course available on the intranet portal that identifies the most common energy-related issues in the office and suggests actions that employees can take to significantly reduce their consumption. Participants in the course during 2010 and 2011 numbered approximately 9,000 among Centro Ricerche Fiat, Fiat Group Automobiles, Fiat Powertrain and Magneti Marelli's Corbetta facility in Italy. Three distinct sections offer technical information, tips, links to related topics, a self-assessment test and a suggestions area that is divided into three office equipment categories: PCs, printers and lighting. It also includes a more general module on saving energy and water.

The opportunity to evaluate, and ultimately improve, personal impact on the environment in the office and at home is also provided to employees at Chrysler Group through the "**How You Can Contribute**" module of the company online sustainability course, launched in 2011 and completed by 6,800 employees. By clicking on mygreenprint.org, workers find a wealth of practical information for promoting environmentally sound practices and choices.

Never look down to test the ground before taking your next step; only he who keeps his eye fixed on the far horizon will find the right road

Dag Hammarskjöld

Social dimension



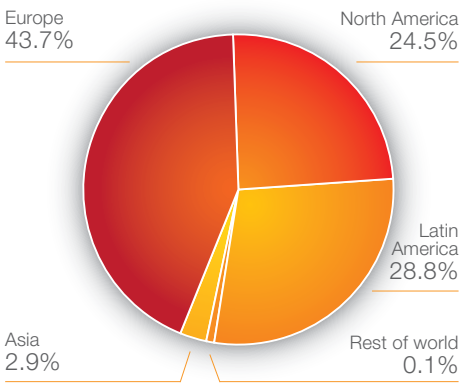
Employees

Motivated and committed employees are crucial to the Group's success. Fiat Group strives to provide its employees with growth opportunities that continuously foster international collaboration and capitalize on diverse experiences, backgrounds and skills. Opportunities for career advancement offer employees the chance to contribute to company goals in a safe environment where the differences of all are respected and valued, and where teamwork and a can-do spirit are fundamental to worldwide success.

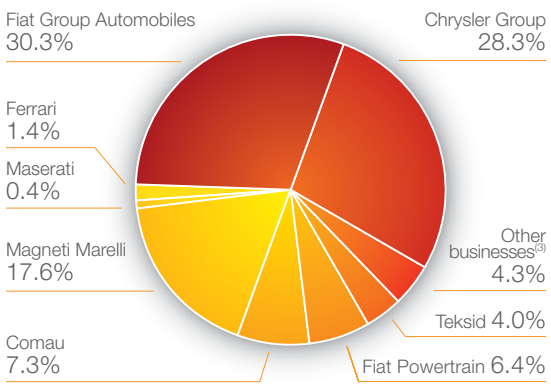
Workforce insights[1]

In 2011, the Group modified its global boundary following two important corporate events: the acquisition of majority ownership of Chrysler Group and the demerger of Fiat S.p.A. to Fiat Industrial S.p.A.
During the year, the Group carried out industrial activities and financial services in the automotive sector through companies located in around 44 countries and sold its products or services to customers in approximately 140 countries.
As of 31 December 2011, the Group had **197,021 employees**, a 4% increase over year-end 2010.[2] Analysis of the regional distribution reveals that 43.7% of employees were located in Europe, with Italy and Poland representing the majority at 31.8% and 5.7% respectively. Latin America represented 28.8% of employees, with the largest number in Brazil. Lastly, North America accounted for 24.5% of the Group workforce.
The sector with the largest number of employees was Fiat Group Automobiles, which accounted for 30.3% of the Group's total workforce, followed by Chrysler Group with 28.3%. For further details see page 246.

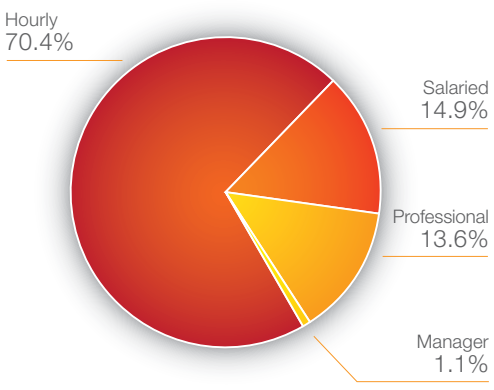
Employees by region
Fiat Group worldwide



Employees by sector
Fiat Group worldwide



Employees by category
Fiat Group worldwide



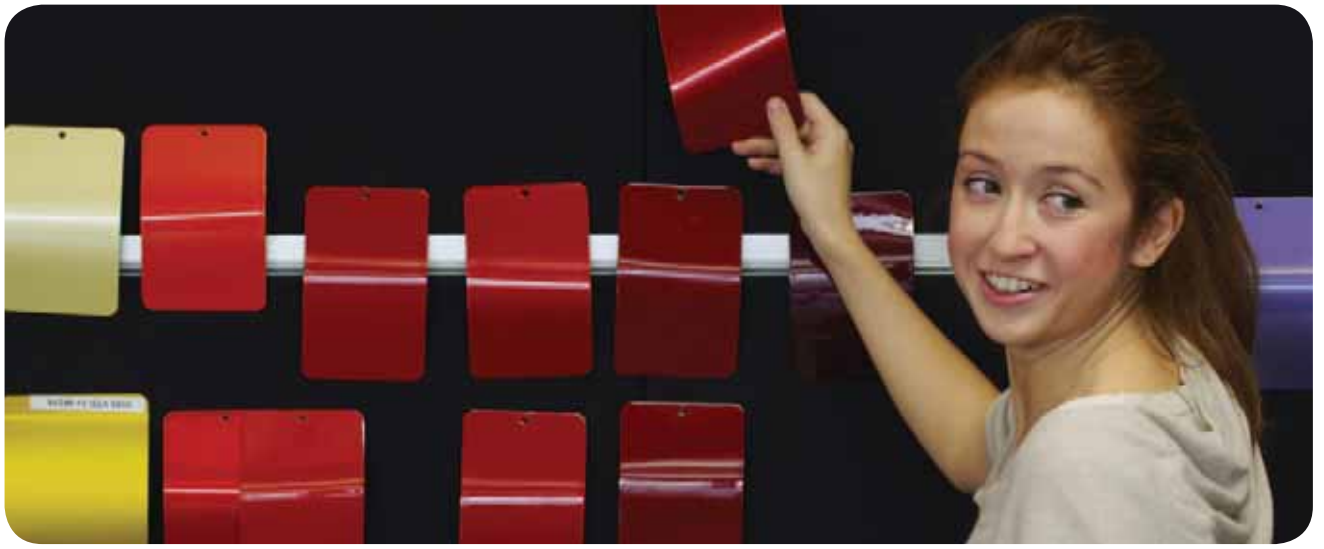
[1] *Unless otherwise specified, workforce data is calculated as at year-end.*
[2] *To ensure that information is comparable and meaningful over time, data for 2010 has been restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.*
[3] *Other businesses include holding companies and companies operating in publishing, communications and services and other companies.*

Employees by region and category[1]

Fiat Group worldwide

2011	Total	Hourly	Salaried	Professional	Manager
Europe	**86,179**	55,453	14,517	14,997	1,212
North America	**48,321**	33,233	6,367	7,885	836
Latin America	**56,695**	46,877	6,273	3,358	187
Asia	**5,698**	3,145	2,120	415	18
Rest of world	**128**	24	32	71	1
Total	**197,021**	**138,732**	**29,309**	**26,726**	**2,254**

2010	Total[2] (excluding Chrysler Group)	**Total[3]** (including Chrysler Group)	Hourly[3]	Salaried[3]	Professional[3]	Manager[3]
Europe	87,833	**87,941**	57,243	14,434	14,948	1,316
North America	1,690	**45,056**	32,066	5,512	6,705	773
Latin America	43,387	**51,286**	42,500	5,677	2,926	183
Asia	4,758	**5,000**	3,075	1,592	314	19
Rest of world	133	**141**	27	32	79	3
Total	137,801	**189,424**	**134,911**	**27,247**	**24,972**	**2,294**



Worldwide, the highest concentration of Group employees is in the 41 to 50 age group, and approximately 37% of the workforce has been employed for five years or less. There was a global increase in the number of employees in the 30 and under category as well as in the over-50 category compared with 2010, and a corresponding drop in the number of employees in the 31 to 40 age group. No differences were registered between genders. To respond to aging trends observed in the working population, the company develops specific initiatives. One example is the effort to support plant employees by providing suitable workstations designed to take into consideration factors such as age, gender and anthropometric characteristics (see also pages 177-178).

With respect to education level, there was a slight increase for both men and women having higher levels of education, with approximately 16% of employees holding a university degree or equivalent qualification. Roughly 37% had completed high school. The number of employees having only completed elementary/middle school rose to 23%.

For further details see page 247.

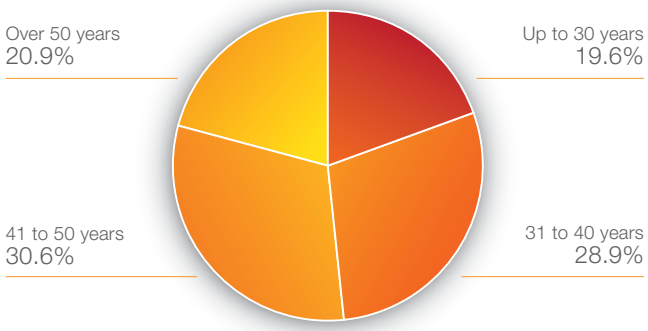
[1] Employees are divided into four main categories: hourly, salaried, professional and manager. Professional encompasses all individuals who perform specialized and managerial roles (including "professional" and "professional expert" under the Fiat S.p.A. classification system and "mid-level professional" and "senior professional" under the Chrysler Group classification). Manager refers to individuals in senior management roles (including those identified as "professional masters," "professional seniors" and "executives" under the Fiat S.p.A. classification system, and "senior managers" and above under the Chrysler Group classification).

[2] Data restated to exclude companies demerged into Fiat Industrial S.p.A., it does not include Chrysler Group.

[3] Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.

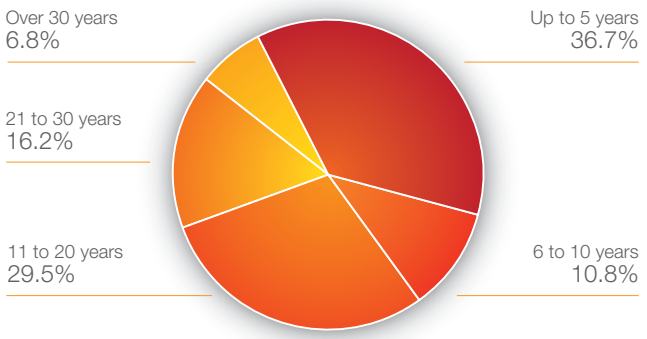
Employees by age

Fiat Group worldwide



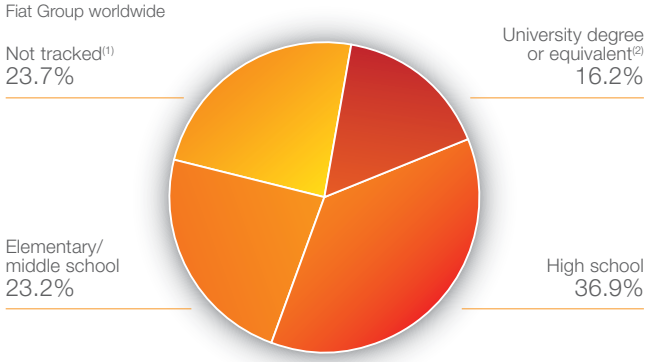
Employees by length of service

Fiat Group worldwide



Employees by level of education

Fiat Group worldwide



Although Fiat Group has not established a formal policy to guarantee hiring of nationals or favor individuals from communities in its areas of operation, when possible preference is given to local residents. This ensures a stronger tie between the business and the community, enabling a better understanding of local needs and the development of local human capital. In 2011, the Group conducted an analysis on 99.9% of Group managers in 21 different countries which showed a significant percentage of managers of local nationality in each of the Group's main regions of operation: approximately 97% in Europe, 95% in North America and 83% in Latin America.

Managers of local nationality by region

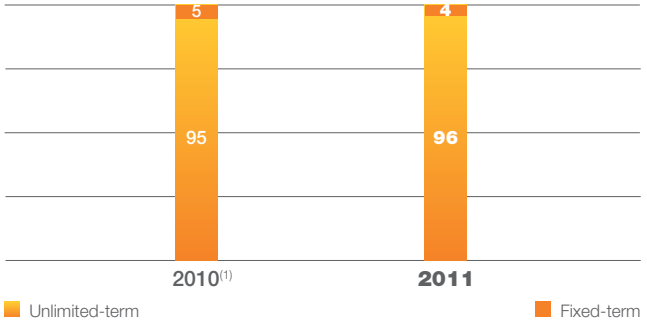
Fiat Group worldwide (%)

	2011
Europe	97
North America	95
Latin America	83
Asia	100
Rest of world	100

(1) Cases for which it is not possible to report level of education as the data is not always tracked in Group information systems, particularly with reference to hourly employees.
(2) Calculation subject to approximation resulting from the comparison of academic qualifications among different countries.

In 2011, approximately 96% of Group employees were covered by an unlimited-term employment contract and about 98.7% were employed full time. Fixed-term contracts were kept to a minimum; the use of this type of contract was distributed over the regions ranging from a minimum of 0.6% (Asia) to a maximum of 4.5% (Latin America) of all contracts.
In 2011, despite the current global economic situation, 5,743 temporary contracts were converted into unlimited-term contracts. A total of 1.3% of the Group workforce is employed part-time (of which 62% are women).

Fixed-term and unlimited-term contracts
Fiat Group worldwide (%)



Employee by contract and employment type
Fiat Group worldwide

		Unlimited-term		Fixed-term	
2011	**Total**	Part-time	Full-time	Part-time	Full-time
Europe	**86,179**	1,078	82,181	55	2,865
North America	**48,321**	4	46,267	1,456	594
Latin America	**56,695**	4	54,120	-	2,571
Asia	**5,698**	-	5,662	-	36
Rest of world	**128**	-	124	-	4
Total	**197,021**	**1,086**	**188,354**	**1,511**	**6,070**

Turnover

A total of approximately **21,800 new employees** were hired worldwide in 2011, 61.6% of whom were recruited in Latin America. Among newly-hired employees, 11.4% were recent graduates, demonstrating the Group's commitment to investing in the workforce of tomorrow. About 30.2% of the new hires were employed under fixed-term contracts (35.6% in 2010). Changes in the scope of operations resulted in a net increase of around 56,700 employees. The increase was mainly due to the consolidation of Chrysler Group employees into Fiat Group (55,687 by year-end).
During 2011, about 19,300 people left the Group. For further details see pages 247-249. Around 3.6% of departures were the result of collective redundancies from the reorganization or rationalization of operations mainly in Italy, including some initiatives launched the previous year. Wherever possible, these situations were managed through the use of social welfare mechanisms provided for by law and with the establishment, in collaboration with trade unions, of social plans aimed at minimizing impacts on employees.
Fiat Group's size also provided opportunities for about 3,700 transfers between sectors and countries. To foster cross-sector and intercompany transfers, an **internal job-posting** program will be implemented in 2012 in each region in addition to Chrysler Group's internal job-posting program that has been in place for more than 20 years. In 2011, the program offered **326 open positions** and received about **3,200 internal applications** from salaried employees in the US and Canada.

Employee turnover(2)
Fiat Group worldwide

Employees at 31/12/2010	137,801
New Hires	21,802
Departures	(19,293)
Δ scope of operations	56,711
Employees at 31/12/2011	**197,021**

(1) Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.
(2) Chrysler Group was consolidated in the workforce scope starting in June 2011; turnover includes Chrysler Group New Hires and Departures exclusively for the second half of 2011.

Management and development

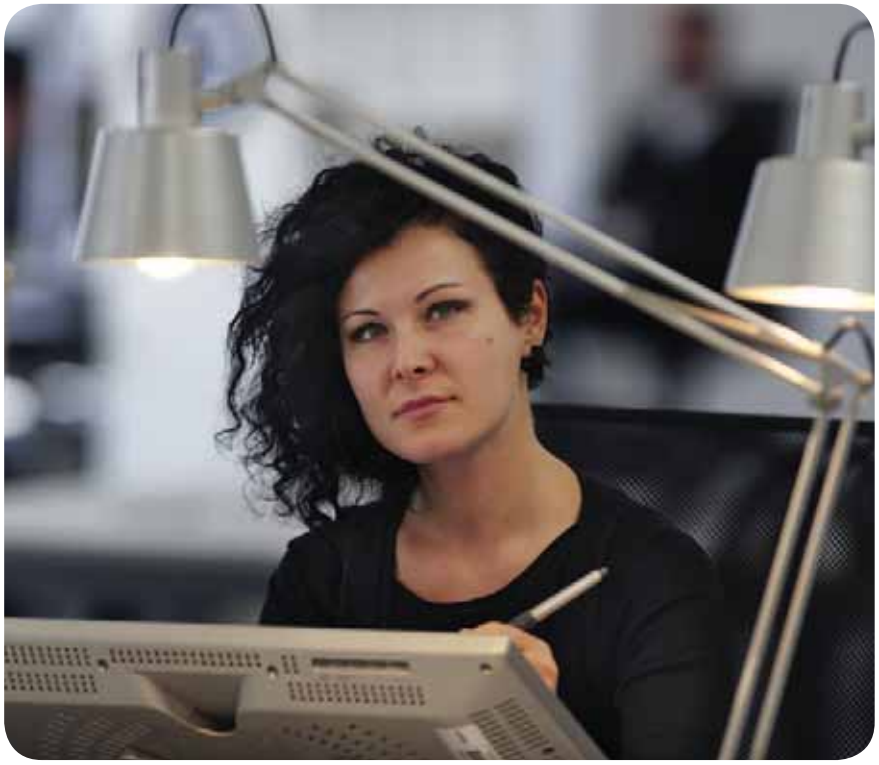
Robust people management processes enable Fiat Group to best take advantage of the talents of its employees and fuel their motivation. Striving to achieve the highest level of performance within the global automotive industry, the Group is committed to **support** its **employees with training** initiatives and to **recognize and reward** their **achievements and contribution to business results**.
In this manner, the Group not only gauges itself against today's expected levels of global competitiveness, but also gains foresight on potential improvements and succession plans that are essential for the future.

Performance and Leadership Management

Five key principles underpin the Group's approach to the management and development of human capital and are embodied by the Group appraisal system:

- meritocracy – in rewarding excellence
- leadership – as a key driver in managing change and people
- competition – as a factor to be embraced and relished
- best-in-class performance – as a core benchmark
- accountability – in delivering on promises

Performance and Leadership Management (PLM) is the appraisal system adopted worldwide to assess Group employees (manager, professional and salaried). It is one of the key processes used by Fiat Group in the management and development of human resources. Through PLM, specific targets are set to help guide and assess employees in relation to their results, attitudes and behavior.
As part of the program, at the beginning of each year managers sit and discuss individual targets with each team member. Then, at year-end, individuals are evaluated on performance (i.e., achievement of business targets) and leadership (i.e., the ability to lead change, work as part of a team and manage people). These two dimensions – performance and leadership – are plotted on a nine-square grid which indicates a summary appraisal of the employee's results. Consistency in the evaluation process is ensured by comparison with the rating of other employees in the same category/role. Calibrations within an expected distribution curve reduce the risk of inequity and align appraisal outcomes through defined criteria. The final results are discussed in a meeting between the manager and the employee, during which an open dialogue on areas identified for improvement contributes toward validating the employee's performance and strengthening the bond with the organization. Upon completion of the process, employees can access their evaluation online, insert details on their professional aspirations and request specific training to address identified areas of improvement through a variety of actions (such as coaching, exposure to senior management, etc.).
This unique skills mapping and appraisal process, which is the basis for variable compensation,[1] is supported by information systems that enable managers to constantly access up-to-date information of the people within his/her organizational unit as well as those even indirectly in their reporting line. In this way, the individual performance



[1] *The Performance and Leadership Management process is the basis for the individual contribution element for manager and professional employees' variable compensation.*

of each employee is accessible and can be examined by upper management within the organizational structure.
During 2011, performance and leadership mapping was extended to Chrysler Group eligible employees and carried out in its entirety for around 39,500 Group employees, including all managers and professionals, and a portion of salaried employees. For further details see page 247.
The number of salaried employees evaluated has increased on a yearly basis, from 25% in 2010[1] to 36% in 2011.[2] The target for 2012 is to continue this upward trend in the number of salaried employees evaluated, contingent on both market and organizational developments.
Six full days spent by Fiat S.p.A.'s CEO in analyzing the results of the PLM process, with particular emphasis on senior managers, testifies to his firm belief that an organization's success is based on its resources. This analysis led to concrete measures in terms of the career development of individual employees and, combined with the evolution of the business, brought on significant organizational changes. Therefore, it is clear that the PLM process serves not only as the basis for all personnel-related management decisions but is also a fundamental element specifically in talent management and succession planning, which has effectively resulted in key positions being filled largely by internal candidates.

Other individual performance appraisal systems

In addition to the PLM evaluation process, **other performance appraisal processes** are in place **for individual performance-related compensation.**
For salaried and hourly employees working in plants in **Poland**, in 2011 a system of monthly bonuses awarded on an individual basis (governed by collective agreements) covers approximately 11,000 employees. The value of this bonus varies from 13% to 23% of the individual's salary.
The factors taken into consideration for the amount of this bonus are quality of work, work discipline, respect of health and safety rules, work efficiency and World Class Manufacturing scores achieved by the plant.
For salaried and hourly employees working at plants in **Brazil**, Group companies have a variable bonus called Profit Sharing Plan (PLR), which entails participation in profit and results (normally negotiated on a yearly basis). The bonus is paid individually and takes into account collective and individual KPIs such as yearly production, World Class Manufacturing scores, quality index, customer satisfaction and individual attendance. This system applies to about 36,000 employees.

[1] Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.
[2] Data includes Chrysler Group for the full year.

Talent management and succession planning

Fiat Group is called to react with ever greater flexibility to the challenges of the industry, where success is achieved by ensuring the presence of empowered individuals in the organization and by appointing the people with the right skills to key positions.

These objectives form the basis of talent management, which identifies the most talented employees and fast-tracks their development.

The selected individuals are offered professional opportunities that allow them to gain experience in other geographic or business areas as well as opportunities for greater contact with senior management. Consequently, the Group can develop effective succession plans that give priority to internal candidates.

The process is conducted in a uniform manner for all countries, business units and levels of corporate hierarchy group wide. Key individuals, selected on the basis of their professional profile (in terms of performance and leadership) and potential for growth in positions of increased responsibility, are evaluated through a process that directly involves management, from their immediate supervisor to senior management representatives.

In 2011, following the evaluation of all managers and professionals, *Talent Reviews* were performed for Chrysler Group employees, across **25 professional families/sectors/functions**.

The program focuses on ensuring that all key leaders are developing both a short- and long-term succession plan. Through this process, attention is focused on less experienced talented individuals who are not yet widely known within the organization, but who merit investment as potential leaders for the future.

Through the dedicated **Talent Review Committee web platform**, beginning in 2011 senior managers can view the profiles of both the emerging talents and senior managers identified in succession plans.

The CEO of Fiat S.p.A., together with the heads of each sector and the various central corporate functions, dedicated three full days to talent management. Various issues were addressed including the assignment of key roles, the analysis of talents and initiatives to **support their development and international/cross-functional career plans**.

Through guidance and a broader range of career development opportunities, employees can optimize their performance, reach above and beyond expectations, and participate in highly effective work teams.

In 2012, a **Long Term Incentive Plan**, aligned with best market practice, will be available to ensure the involvement and retention of individuals who are the key to the Group's continued development.

Local minimum wage

In many countries, minimum wage levels are established by law and, in some cases, there are also variations based on regional, state or other criteria (e.g., in the UK, France, Spain, the US and Brazil).

Where no specific law exists, a minimum wage is often established by collective bargaining agreements between employer associations and union representatives. This is the case in Italy, Germany and Belgium, for example, where pay and employment conditions are negotiated at the regional or national level, with the possibility of establishing higher wage levels at the company level.

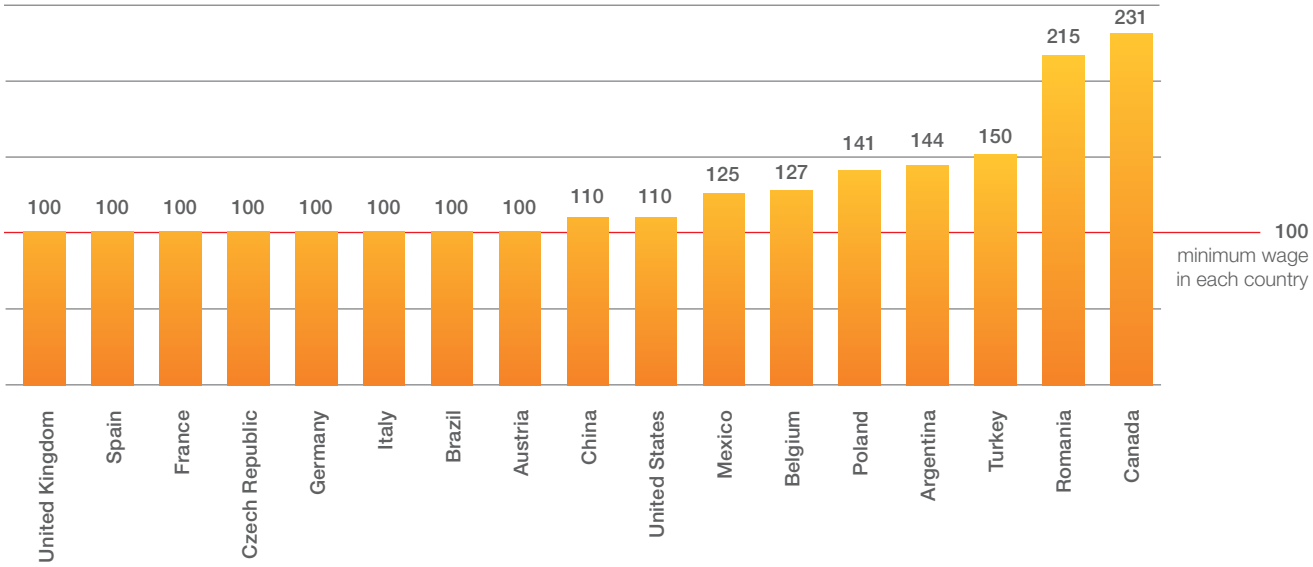
It is important to note that minimum wage levels are also established on the basis of specific economic, social and political circumstances and, therefore, do not allow for cross-border comparisons.

In order to evaluate the adequacy of entry-level salaries in each country, in 2011 the Group expanded the scope of monitored countries from 18 to 30. The results show that in all countries monitored,[1] entry-level salaries[2] are at least equal to, if not higher than, the statutory minimum or applicable non-company collective labor agreement.

Workplace equality within the Group is also shown in the comparison between minimum entry-level wages by gender. Considering a survey sample of 17 countries accounting for approximately 97% of the worldwide company workforce, **wage levels** were found to be **identical between men and women**.

[1] The survey covered 99% of the total Group workforce.
[2] In accordance with the GRI-G3.1 guidelines, entry-level salary is defined as the minimum compensation paid to a full-time employee hired at the lowest pay scale/ employee grade on the basis of company policy or agreements between the company and trade unions. For each country, results are based on the company with the lowest ratio of entry-level salary to minimum wage. Figures reported are at 31 October 2011.

Comparison between entry-level salary and minimum wage[1]
Fiat Group worldwide (minimum wage = 100)



Financial and social benefits

The Group's compensation package is aligned with international best practice and ensures fair and attractive economic rewards for all employees. Benefits, both economic and social, are an essential part of this package.

Fiat Group offers a **broad range of benefits** that, as a general rule, are available to all employees, irrespective of the type of contract or employment (i.e., fixed-term or unlimited-term, part-time or full-time). Benefits differ based on an individual's grade and country of employment and local policies.

In October 2011, Fiat Group conducted its annual analysis of the availability of various company financial and social benefits (on a sample of 94% of the workforce). The findings are provided in the following tables.

Principal employee benefits
Fiat Group worldwide

Financial benefits	% of employees entitled to benefit
Pension plans	**60.2**
Company-provided health plans	**86.8**
Life insurance	**57.0**
Financial support for disability/invalidity	**56.4**
Employee cafeteria or lunch vouchers	**60.0**
Others[2]	**40.0**

Social benefits	
Child care services[3]	**35.9**
Wellness and nutrition programs[4]	**50.5**
Gym/fitness services[5]	**41.8**

[1] The comparison shows data for 17 of the 30 countries mapped, representing approximately 97% of the Group workforce.
[2] Includes benefits such as company cars, housing, interest free loans.
[3] Includes kindergarten, free gymnasium access for children, assistance with homework, summer camps/holidays, other services dedicated to child care.
[4] Includes nutrition coaching, smoking cessation training, medical check-ups, medical screening, other wellness programs.
[5] Includes free gymnasium access, gym/fitness courses and other sports initiatives.

The findings show that 60% of employees are eligible for a **pension plan**, and of these, during 2011 approximately 70% joined this type of plan. This figure represents 40% of the total population mapped.
Supplementary pension plans provided by the Group fall into two categories:

- defined contribution pension plans, for which contributions (by employees, the company or both) are defined at the outset, and benefits depend on the total sums allocated to the fund supporting the plan and the financial returns of the fund itself
- defined benefit pension plans, in which the future benefits paid out to employees are defined at the outset, and contributions may vary over time to guarantee payment of the pre-defined benefits

Most existing pension plans at Group companies are defined contribution plans.
Company-provided health plans are also available for Fiat Group employees, and about 80% of the surveyed population was found to have joined such a plan (see also pages 181-183).

Child care services are also in place at some locations to help employees achieve work-life effectiveness by responding to their needs (see also pages 168-169, 171). The Group also promotes a healthy lifestyle through comprehensive **wellness programs** and facilitates access to dedicated sports facilities (see also pages 169-170, 179-183).

Training

A skilled, knowledgeable and motivated workforce is essential to the success of any enterprise.
Fiat Group's intangible assets are strengthened thanks to its employees, who continually strive to achieve their personal best. To support this goal, the company offers a wide range of training programs that build employees' individual skills and spread the Group's strategy and values.
To ensure a uniform approach throughout the Group, the Fiat HR Training Committee and the Chrysler Group HR Talent Management Team manage training at the corporate level, while sector training managers focus on developing **programs tailored to specific training needs, consistent with the indications established at the Group level**. Periodic meetings, dedicated web portals, virtual classrooms and cooperative learning sessions are among the tools used by training managers to share best practice, coordinate formal knowledge networks and promote synergies with respect to standards, methods and training objectives. Dedicated web portals offer teaching materials and feature examples of successful programs.
SEPIN Training, the Fiat center of reference for learning, supports the Group in capitalizing on its knowledge in automotive core methods (Research and Development, Manufacturing), learning methodologies, innovation and funding.
In 2011, the Group training process focused on four pillars:

- support for the development of automotive industry know-how
- development of the managerial skills of employees assigned new responsibilities
- alignment of professional skills with strategic, organizational and technological changes
- updating of employees on corporate rules, values and commitments to stakeholders

Since the end of 2011, online courses are provided through a new e-learning platform that delivers a more interactive learning experience for employees. Throughout 2012, new learning management functions will provide training specialists with greater ability to monitor processes. In 2011, the Group increased **investment in training** by **22.8%** compared with the previous year, reaching a total of **€80.3** million for the year. Over four million training hours were provided (+26.7% vs 2010) to about 139,000 employees (+5.3% over 2010), of whom nearly 115,000 were men (83%) and 24,000 were women (17%).

Of the total employees benefiting from training activities, 63% were hourly employees, 35% were professionals and salaried employees and 2% were managers.

Each individual received an average of approximately 20.5 hours of training. Specifically, hourly employees averaged 16.0 hours, professionals and salaried employees averaged 31.3 hours and managers averaged 26.8 hours. During 2011, men and women took part in an average of 20.5 and 20.9 training hours respectively.[1]

Most corporate campaigns were delivered online, allowing individuals to pursue training when most convenient for them and minimizing the disruption of their business responsibilities by allowing them to remain at work.

Investment in classroom, online and on-the-job training focused primarily on the development of job-specific know-how (66%), managerial skills (16%), language skills (10%), corporate campaigns, rules and commitments (3%) and other topics (5%).

Corporate initiatives and on-the-job training sessions are designed to continuously channel information to employees and keep them constantly up to date on health, safety and environmental issues. In 2011, about 700,000 training hours were delivered on health and safety topics. Approximately 106,800 hours of training were also delivered on environmental issues (see also pages 116, 176).

The Group promotes the dissemination of the principles described in the Fiat S.p.A. Code of Conduct, in particular with reference to **good governance practice, respect for human rights, non-discrimination and sustainability**, to all employees regardless of their level or role, including security personnel, through regular dedicated courses and other information channels. In 2011, about **41,800 employees** were trained on these issues.

Training expenditure and activities
Fiat Group worldwide

	2011[3]	2010[4]
Spending on training (€ million)	**80.3**	65.4
Percentage of personnel costs[2]	**1.1**	0.9
Hours of training provided (thousand)	**4,048**	3,196
Employees involved (thousand)	**139**	132

Training on corporate governance, anti-corruption, human rights and non-discrimination
Fiat Group worldwide (thousand)

	2011[3][6]	2010[4]	2009[5]
Hours of training provided	**77.6**	24.5	11.5
Employees involved	**41.8**	16.3	4.1

[1] Averages calculated based on the total workforce and not exclusively on the scope of employees enrolled in training courses.
[2] Personnel costs totaled €7,629 million in 2011 and €7,687 million in 2010 (Chrysler Group data included for 2011 and 2010 calendar years: average annual exchange rates relative to years 2011 and 2010 applied).
[3] Data includes Chrysler Group for the full year.
[4] Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.
[5] Data restated to exclude companies demerged into Fiat Industrial S.p.A. It does not include Chrysler Group, as Chrysler Group LLC was first formed in mid-year 2009. Accordingly, 2009 data is not comparable to 2010 and 2011.
[6] Relates to online courses and corporate/sector programs on corporate governance, anti-corruption, human rights and non-discrimination. The significant increase is mainly due to the delivery in Italy of the online corporate campaign on non-discrimination (professionals) and to the delivery of sector initiatives (Fiat Group Automobiles, Magneti Marelli and Chrysler Group) on corporate governance and human rights.

In particular, during the year, the company continued training courses and campaigns promoting good governance, sustainability and anti-corruption principles, involving roughly 23,000 employees, in addition to the Group managers that, between 2009 and 2010, were already attended training centered on the same topics.

More than 6,200 professionals in Italy completed the course on **non-discrimination**, aimed at preventing discrimination in the workplace (ILO Convention 111) and promoting a culture where all employees feel respected and valued, in addition to the managers that already attended the course worldwide in 2010. By the end of 2012 the course will be extended to all professionals globally. Similarly, at Chrysler Group a web-based training program called **R.E.S.P.E.C.T.**[1] was rolled out during the year to about 10,300 US salaried employees (18.5% of the total Chrysler Group workforce). This training is designed to foster a workplace environment free of harassment and discrimination.

Security personnel are also trained on this issue. In 2011, approximately 900 security guards (both those employed by Fiat Group directly and by external contractors)[2] attended such courses.

[1] R.E.S.P.E.C.T. stands for Recognize and report inappropriate behavior, Educate all employees, Set the right example, Provide equal opportunities, Eliminate harassment and discrimination, Commit to inclusion, Treat others respectfully.

[2] The survey did not cover the entire security personnel population. Excluded were security personnel employed directly or outsourced for Comau worldwide (only Italy included), Teksid worldwide (only Italy and Brazil included), Chrysler Group worldwide (only Canada and Mexico included).

To raise awareness and knowledge of **the ecological, safety and technological features of Group's products**, training programs illustrating new environmental, safety and technological features continued to be provided in 2011.
Training activities are monitored and measured on an ongoing basis using a set of KPIs that was further expanded in 2011. The new learning management system will collect training data on a worldwide basis (number of hours, participation rate, spending, etc.), allowing analysis and comparison of KPIs across the Group. Employees will continue to access their updated training history.
The effectiveness and efficiency of training programs continue to be monitored and measured using a set of KPIs based on the Kirkpatrick scale.[1]
Effectiveness generally is evaluated on the basis of three different components: participant satisfaction with the initiative (reaction), improvement in knowledge/individual skills (learning) and, when relevant, applicability of concepts learned to the participant's work process (behavior). To verify whether the desired outcome has been achieved, training **efficiency** is monitored through a comparison of both training hours by type and by category and expenditure levels against best-in-class competitors.

Cross-cultural and diversity awareness

A global company must strengthen employee understanding of other cultures and markets. In 2011, the Group expanded its training program even further with the introduction of specific courses on cross-cultural and diversity awareness. Six **training courses** were delivered at Fiat Group Automobiles, **illustrating diverse cultures and value systems** with a focus on business and on how cross-cultural encounters can impact change management, business integration and start-up processes. During 2011, a **cross-cultural training program** continued to be delivered aimed at providing Chrysler Group expatriates and their eligible family members with the necessary knowledge and understanding of the host country's habits and culture.
The common goal of the courses is to provide employees with guidance in perceiving and appreciating cultural differences in order to avoid misunderstandings and biases and to recognize that the best way of doing business in foreign countries is linked to the capacity to **accept and value differences**.

[1] *The Kirkpatrick model is a methodology for evaluating training consisting of different levels of measurement, applicable to any organization.*

Internal communications

Internal publications, intranet portals, digital and printed newsletters, social media platforms, company message boards and web television are some of the many different tools and media providing a targeted and continuous flow of communication to foster a shared corporate culture and a sense of belonging among all Group employees. Through these different channels, employees are kept informed on key issues, strategies, results and events related to the company.
Internal communications are coordinated centrally to ensure uniformity and promote group-wide synergies. **The focus in 2011 was to intensify exchange between central and local functions to improve the spread of information and also gather data on local needs and expectations**.
A good example is Chrysler Group's monthly interactive web meetings, which ensure continual dialogue between the central and local teams. These involve the Internal Branding department (responsible for distributing information company-wide through **Scoop to Go** email distributions) and Communicators' Network representatives, who circulate Scoop to Go information at the facility level throughout North America.

In 2011, the Fiat company magazine **illustratofiat** was redesigned to produce an all-new version, which was delivered to the homes of 130,000 active and retired employees in Italy. In its over 50-year history, the magazine's mission has always been to inform and bring people together, instill a sense of pride and belonging among employees, and promote shared ideals and values.
Serving a similar purpose is the centrally produced weekly newsletter called **The Scoop of the Week**, distributed to Chrysler Group employees at their individual facilities. This simple, yet highly effective, means of communication ensures that all employees, whether they work in company offices or plants, continue to be company and brand advocates.
Through the **intranet** platform, every salaried employee also has continuous access to information on internal procedures, processes, policies and services, together with real-time updates on company events. Continuing last year's momentum, the intranet site has become an

increasingly important communication channel, with enhanced interactivity and a growing number of people involved in internal marketing initiatives.
The range of content and scope has been expanded to give employees access not only to corporate communications, but also to details about available initiatives and subscription to services currently accessible online. These included the **fiatcares.com** website launched in 2011 where employees can view information about professional and sports associations (Cedas, Ugaf, GDF, Ex Allievi Fiat, Sisport) and Italian employees can sign up for initiatives such as summer camps, scholarships and company events.
Company websites also have sections dedicated to **sustainability** which provide publications, news and related content to promote a culture of responsibility and raise employee awareness about the Group's commitments and actions directed towards economic, environmental and social sustainability.
In a similar vein, **The Scoop**, Chrysler Group's employee intranet news site is available to all employees from work and home. With over three million pageviews a year, it instantly brings all the latest company news, product reviews and auto industry information to employees worldwide.
Lastly, as in previous years, the Group continued to boost efforts to improve management and accessibility of communication tools and channels. A fine example is **Magneti Marelli's internal television** channel (MMTV) which, in addition to being available on demand to all salaried employees through intranet portals, has also been fully rolled out to all Italian plant cafeterias. A number of initiatives were launched through the MMTV channel in 2011, including an internal contest where groups of employees challenged each other by producing short videos as a creative celebration of MMTV's fifth year of broadcasting. The goal for 2012 is to start extending MMTV to plant cafeterias beyond Italy.
In 2011, the internal TV channel **Comau Channel Italia** was also launched. TV monitors placed in various areas in the plants not only enabled the broadcast of information about the company, but also the dissemination of specific content on **environmental and safety issues**, with different messages based on the locations of the monitors and time slots. This extremely flexible and effective tool allows the company to reach employees in real-time and is another important aid to communicating and engaging with employees.
Continuous distribution of up-to-date information accessible to everyone is an essential part of the Group's commitment for the future. In 2012, the company will offer employees a media mix that will allow them, through different channels, to voice their opinions and needs, and keep up to date on key issues, strategies, results and events related to the company. Increasingly, use will also be made of internal social media platforms for business purposes.
Going forward, two-way interactive communication will be at the heart of the Group's efforts.

People satisfaction survey and actions taken

Fiat Group recognizes that people satisfaction surveys are a useful tool not only for measuring the level of employee satisfaction, but also for identifying corrective measures that meet the **needs and expectations of the entire organization**. In 2010, a people satisfaction survey was conducted in collaboration with the Great Place to Work Institute (GPTW), an internationally-recognized organization that assists in evaluating results against national and international benchmarks.

The outcome of the survey highlighted two main areas for improvement: **communication between the company and employees**, and achieving **balance between work and private life**.

Among the initiatives launched in 2011 aimed at better and more frequent communication between the company and employees, one that stands out in particular is **Mio**. This is a service that provides information on the work relationship including, for example, explanations relative to the new first-level collective labor agreement (CCSL) starting in January 2012, clarification on the information found on pay statements and help in joining social initiatives (see also page 185). Approximately 60,000 Italian salaried and hourly employees benefit from this service, which is available through different channels of communication: by phone, through the web and via roughly 60 help desks spread across the various plants and districts.

In addition, in 2011 the **employee events calendar** at Magneti Marelli was enhanced: company conferences and Innovation and Technology meetings have been extended to a growing number of participants, becoming the perfect opportunity to communicate and exchange information

on company results and objectives.
An initiative developed to aid access to information about special services provided by the company was also launched in 2011. **ValYou** provides employees the opportunity to take advantage of special offers and discounts arranged by the Group with various types of goods and services from major companies and brands. A constantly updated list of current offers and the description of the relevant conditions can be found in the ValYou website, available online to about 62,000 individuals.
The company has responded to the need to balance work and private life through pilot programs for new services, particularly at the Mirafiori, Turin site.
One example is **Reti Amiche on the Job**, created in association with the Ministry for Public Administration, the municipality of Turin and the Region of Piedmont. This service offers salaried and hourly employees a web portal dedicated to the preparation of administrative documentation, providing them with a time-saving alternative to having to visit the public administration offices in person. During 2011, this initiative covered approximately 13,000 employees of which 50% were hourly employees (see also page 168).
Moreover, a service for **renewing driver's licenses** at the workplace was inaugurated in 2011.
The **welfare services** offered to Italian hourly workers continued to be a useful tool for individuals in handling their personal concerns such as financial difficulties, family concerns, etc.
Moreover, in 2011 **summer camp** programs were broadened, and enrollment fees were adjusted based on the number of children per family to lessen the financial burden on those with more than one child enrolled (see also page 171).
In 2012, new and previously tested work-life balance initiatives and actions taken to foster communication will continue to be launched based on locally identified needs. Also, a new people satisfaction survey will be repeated to check effectiveness of the actions put in place and rapidly provide a subsequent overall picture of employee level of satisfaction.

Diversity and equal opportunity

Diversity is the foundation of an open and inclusive company culture. Fiat Group believes that the true strength of diversity is expressed when every person is encouraged to reach his/her full potential. The Group seeks to foster a **work environment in which employees feel respected, valued and included**. By actively bringing together people of diverse backgrounds, experiences and skills, Fiat Group enhances its ability to better meet challenges and opportunities. For this reason, the Group is committed to attracting a diverse, highly motivated and innovative global workforce.

Equal Opportunity Employer

The Code of Conduct and dedicated guidelines and principles, together with company initiatives, champion equal opportunity and non-discrimination principles throughout Fiat Group. The Fiat S.p.A. **Code of Conduct** formalizes the Group's commitment to offer all employees equal opportunities in every aspect of the employment relationship, including recruitment, training, compensation, promotion, transfer and termination. The Group rejects all forms of discrimination, and in particular, discrimination based on race, gender, sexual orientation, social and personal position, physical and health conditions, disability, age, nationality, religion or personal beliefs.

Enabling career opportunity and advancement that is free from discrimination, respecting and enhancing diversity are among the commitments highlighted in the Fiat S.p.A. **Human Capital Management Guidelines** and **Human Rights Guidelines**.

At Chrysler Group, the **Discrimination and Harassment Prevention Policy** addresses these same objectives in compliance with federal, state and local laws. This policy covers all aspects of employment, including terms and conditions of hiring and recruitment.

Due to Fiat Group's global presence, there may be significant differences in legislation among countries where the Group is present and also different levels of employee awareness, concern and capability in applying the principles of non-discrimination. The company Code of Conduct and specific guidelines ensure that the same

Commitment to diversity

Culture is the fabric that holds organizations together. It is not just an ingredient for success; it is the essence of success itself.
What will make all of this possible is the culture we are going to build with great teams based on mutual respect and openness. This is why my leadership team and I are committed to creating an atmosphere where all of our people feel respected and valued, because every person plays an important role in shaping our future, including employees, our supply base, our marketing and our dealer network.

Sergio Marchionne
Fiat S.p.A. Chief Executive Officer

standards are applied worldwide.
Company standards, as stated in the Code of Conduct, **have precedence in jurisdictions where legislation is less stringent**.
In addition, the Group seeks to build awareness of the importance of a diverse and inclusive workforce through a variety of actions. Among other initiatives, in 2010 an online course focusing on the principles of non-discrimination was developed in cooperation with the International Training Center of the International Labour Organization (ILO) and provided to managers wordwide. In 2012 the course will be extended to all professionals with the purpose of teaching employees fair and unbiased behavior by providing practical information, and giving concrete examples and suggestions on how to prevent, detect and correct conduct that may give rise to discrimination in the workplace.

In order to encourage a culture of non-discrimination and foster diversity best practice, in North America the Chrysler Group **Diversity Council** was established more than a decade ago. The council's objective is to provide leadership for corporate initiatives and programs to ensure diversity throughout the entire enterprise. As a result of the council's commitment, in 2011, the **Diversity Work Stream** strategy was launched. This initiative engages teams of employees to develop and find new opportunities and creative solutions to fully leverage diversity's benefits for employees, business partners and customers. A total of 12 teams were formed, with over 150 employees participating company-wide. The Diversity Council will evaluate and prioritize the teams' proposals for execution in 2012.
Additionally, a pilot placement initiative to facilitate the integration of US veterans from the Army, Navy, Air Force and Marines into Chrysler Group's engineering departments was inaugurated. In 2012, the company intends to formalize and extend these types of initiatives.
Chrysler Group's commitment to equal opportunities and diversity received several recognitions during 2011, including, for the fifth time, the **Top 50 Companies for Diversity** award from DiversityInc Magazine.

Equal opportunity in recruitment

In 2011, Fiat Group continued its efforts to increase awareness of diversity inclusion, with the introduction of the new Fiat S.p.A. **Equal Opportunity Employment** (EOE) **policy** which applies to both internal and external recruiting processes employed by Group companies[1] in countries where not already defined by local law. The policy reaffirms the Group's commitment to respecting the diversity of job applicants without regard to race, color, religion, age, national origin, disability, sexual orientation and gender identity during internal recruiting and hiring processes. The policy applies to both salaried and hourly workers. Results-oriented programs, called **Affirmative Action Plans** (AAP), are designed to monitor and analyze recruiting agency practices. Initial results will be reported starting in 2012 based on the first year of implementation of the policy in order to promote consistent application in the future. Additionally, to monitor potential cases of discrimination, responsibility has been assigned to company Human Resources representatives for carrying out investigations and taking appropriate corrective actions.

[1] The policy has been transmitted to the following Group sectors: Fiat Group Automobiles, Comau, Magneti Marelli, Teksid, Fiat Services and holding companies.

Men and women

Ensuring the same rights and opportunities for both men and women in the workplace is a fundamental principle of Fiat Group human resources management. The **contribution of both genders is essential for the long-term success** of the company as it creates a wider, more diverse pool of talent and improves the company's understanding of its customer base.

Female employment highlights

The **share of women** in the Fiat Group worldwide workforce **reached 18%** in 2011.

Across most regions, women represent between 20.6% and 27.3% of the total. In Latin America, however, the proportion of female employees is lower in part due to the predominance of plant workers (approximately 82.7% of the region's total workforce) who are more likely to be male. In terms of the overall trend, the percentage of women increased during 2011 in nearly all regions of operation.

The percentage of **female managers** this year rose to nearly **13%**, continuing the trend of steady growth. Similarly, the number of female professionals also increased, to represent approximately 18% within their category.

The sector that registered the greatest female presence was Magneti Marelli (26.6%) combined with the Group's other businesses (which include holding companies and companies operating in the areas of publishing, communications and services), for which women made up nearly half of the workforce. For further details see pages 246-247.

In 2011, Fiat Services S.p.A. in Italy participated in the project Companies that Invest in Women, an initiative launched by the Equal Opportunities Councilor of the Piedmont Region in collaboration with the Ministry of Labor, and was recognized as being among the "most virtuous companies for having adopted systems for human resource management that included a significant number of women employees and managers."

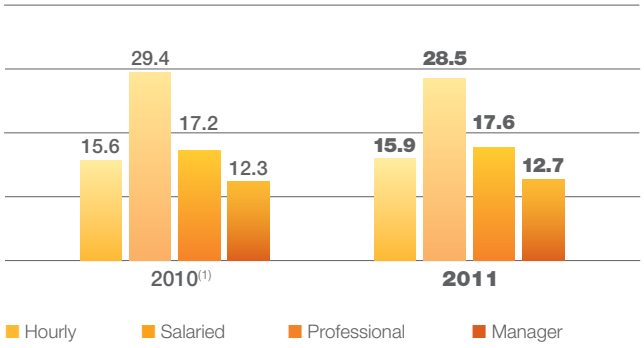
Women employees by region

Fiat Group worldwide (%)

	2011	2010[1]
Europe	**21.9**	21.5
North America	**20.6**	20.2
Latin America	**8.8**	8.4
Asia	**25.3**	26.1
Rest of world	**27.3**	24.8
Total	**17.9**	**17.8**

[1] Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.

Women employees by category
Fiat Group worldwide (%)



Employee representative involvement

Fostering equal opportunities for both men and women in the workplace is one of the **common objectives shared by the Group and employee representatives**. The new first-level collective labor agreement (CCSL), applicable to the **Italian companies** of Fiat S.p.A. beginning in January 2012, calls for the formation of joint Equal Opportunity Committees within each company of the Group. The objective of these committees is to monitor employment conditions for women and to research and propose initiatives geared towards, for example, supporting reintegration of workers following maternity leave, preventing harassment or undesired behaviors and examining potential causes of dispute relating to the application of equal opportunity principles.

In all **other European countries**, as well as in **Brazil, Argentina, Mexico, South Africa and China**, where a Works Council or a similar organization representing the employees is in place, equal opportunities are the subject of information and/or consultation with the employer.

In each country, the issue of equal opportunities forms part of a social dialogue conducted according to local regulations and practice. Every two years, Italian companies within the Group which have more than 100 employees submit a report[2] on the employment of men and women to the trade union representatives and the Equal Opportunities Councilor of the relevant Regional Authority. This report provides information on training, compensation levels, promotions and turnover as well as other pertinent data.

Compensation

A **fair compensation strategy**, in line with the principles of ILO Convention 100 on Equal Remuneration for Men and Women Workers for Work of Equal Value, and aimed at minimizing, if present, any gap between the genders, is part of the wider Group commitment to ensuring that the principle of equal opportunity for men and women is applied. Accordingly, since 2008 the Group has implemented a formal process to monitor application of the principle to compensation levels, annual salary review plans, performance and leadership appraisals and promotions. Monitoring results showed that in 2011 each of the analyzed processes followed the principles of equity and fairness. In particular, **salary reviews** continued to be based on consistent criteria which do not involve manager discretion in the selection of those receiving salary adjustments, thus removing possible gender bias. The specific criteria for adjustments focus on closing competitive gaps with respect to market position and giving priority to top performers, as defined through the formal performance and leadership appraisal process, in accordance with each market's needs throughout Fiat Group.

(1) Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.
(2) The report is required under Article 46 of the Italian Legislative Decree 198 of 11 April 2006.

Likewise, the **promotion process** followed criteria based on the weight of the position and the individual's demonstrated technical competencies and leadership skills, again assessed through the formal appraisal process. In this way, the Group applies objective criteria, removing subjectivity that may bias the selection of those being promoted.

In October 2011, the Group extended the scope of the survey of **compensation levels** for men and women further to cover 12 countries (Argentina, Brazil, Canada, China, France, India, Italy, Mexico, Poland, Serbia, Spain and the US), which together account for approximately 95% of the Group's workforce. Overall, the analysis found a relatively small gap (between 4% and 10.5%) in average compensation for men and women (4% for hourly employees, 6% for professionals, 9.5% for salaried employees and 10.5% for managers). For managers, the average gap was wider, mainly as a consequence of the lower representation of women in senior management positions.

Comparative compensation levels for men and women[1]

Fiat Group worldwide (men = 100)

The table below reports the compensation gap for women compared to men (men = 100), broken down by category, for the three countries representing the largest portion of the Group's workforce (71%): Italy, Brazil and the US. The **US** results show that the manager ratio is the closest between men and women. In the case of **Brazil**, the mix of jobs held by women and men affect the ratios in the categories of hourly, salaried and professional and is not indicative of inequity in pay levels. In **Italy**, the average gap among managers is affected by the lower number of women employed in senior management positions.

Comparative compensation levels for men and women by country[1]

Fiat Group (men = 100)

	Hourly	Salaried	Professional	Manager
US	88.7	90.3	92.7	98.5
Brazil	83.6	72.1	81.6	94.8
Italy	96.7	96.7	97.9	85.4

Employees with disabilities

Promotion of job opportunities for the disabled continued to be an important objective on the Group's agenda.

In some countries (including Austria, Brazil, France, Germany, Italy, Spain and Venezuela), the minimum percentage of disabled workers that a company is required to employ is established by local legislation. This percentage can vary in

[1] Each category reported (manager, professional, salaried and hourly) includes a range of positions with compensation levels that may vary based on both internal and external factors (e.g., average salary level for a similar position in each country). The comparison is based on basic compensation, consisting of the pay received by employees for their normal activities, but does not include any supplemental allowances (including those paid under specific conditions or working hours), bonus payments, one-off payments or benefits in kind. These figures do not include the Group's 21 senior managers (members of the Group Executive Council) and CEO. To ensure consistency of comparison, compensation figures were compared within the same country. Lastly, an average has been calculated for each employee category.

relation to the number of employees at the company/site and, in many cases, the obligation only relates to facilities where the size of the workforce exceeds a certain threshold. These laws also may give employers the alternative of paying contributions to specific funds for the disabled (i.e., Poland), or establishing agreements with the relevant bodies to hire these individuals gradually (i.e., Italy). In some of these countries, the economic difficulties experienced in recent years led to a widening of the scope of exemptions, such as in Italy where the company had to resort to extraordinary temporary lay-off benefits and collective redundancy schemes at numerous Group plants. In other countries, deadlines were postponed for paying contributions to specific funds (i.e., Germany, Spain) or for hiring disabled workers in cases where prior agreements had already been made for individual companies (Italy).

The survey monitoring the employment of disabled workers within the Group was repeated in 2011[1] in order to evaluate the effectiveness of actions taken the previous year. In those countries where regulatory restrictions exist (14 of 32 mapped), **disabled workers increased by 4.3%** compared with 2010 and **represented 3.1%** of the Group's total number **of employees** (0.8% women and 2.3% men). This average value is the result of a variety of factors and was also influenced by local regulations that required minimum quotas ranging from 1.5% to 7%. In Venezuela, the Group registered the highest percentage of disabled workers (5.2%).

In many other countries (including Argentina, Australia, Belgium, Canada, Mexico, the UK and the US) there is no legislation related to minimum quotas for the employment of the disabled. In some cases, other methods of supporting integration may exist (i.e., related to working hours or workplace environment, particular grants/benefits for companies employing disabled workers, etc.). In these countries, employees and applicants are not legally required to disclose a disabled status and such information is often subject to data protection legislation. As a result, the company only becomes aware of an employee's personal condition if he/she chooses to disclose such information.

Lastly, the figures reported do not include workers who, although not disabled, may only be capable of certain specific tasks as determined through an assessment made by the medical staff or the relevant department, which takes into consideration both the worker's health and the activities required in the individual's position. The company can offer these workers a position appropriate for their condition (e.g., workers who suffer from dermatitis are offered a job that does not put them into contact with substances to which they have a skin intolerance).

Chrysler Group's **Return to Work Specialists** in US and Canadian plants provide a concrete example of how

[1] *Data refers to 31 October 2011: 32 countries (equal to approximately 73% of the Group workforce) were mapped.*

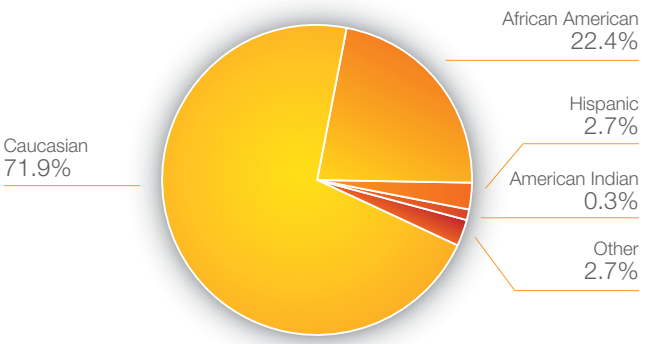
the company handles employees whose work capacity has been impacted. These specialists actively **pursue** – within legal and contractual obligations – **safe and productive work** for affected employees including, if necessary, a role in a different capacity. For injured employees whose condition is such that employment with Chrysler Group is no longer feasible, the company works with the respective state or provincial governments to retrain the individuals so they may find work in other external occupations.

Other minority groups

A diverse workforce is a reflection of the Group's commitment to creating an atmosphere of inclusion and openness. Every individual plays an important role in shaping the company's future success, and the full measure of that success will be reached only as one, united diverse team.
In 2011, Fiat Group launched two pilot surveys to determine employee affiliation to a nationality or ethnic minority group. Other diversity indicators were not included in the study since they may be considered sensitive information and may be subject to data protection legislation.

A first study relative to the distribution of **nationality** involved all Group companies, and the outcome revealed that 2% of employees have a nationality that is different from that of the country in which they work (of these, 26% are women).
A second pilot survey which examined the **ethnic origin**[1] of employees based in the US (approx. 20% of the total Group workforce) found that 28% of the employees surveyed were reported to belong to an ethnic minority group. Of these 34% were women. The minority group with the largest representation was African Americans.

Employees by principal ethnic origin
Fiat Group US



To ensure that the commitment to diversity is not just a matter of statistics, **Employee Resource Groups** (ERG) have been established for several years in North America. Chrysler Group's ERGs (African American Network, Hispanic Network, Asian Network, Native American Network, Gay and Lesbian Alliance and Women's Forum) provide multicultural learning opportunities and career development avenues such as mentoring and networking for employees, as well as providing support for many community outreach initiatives and charitable events. Participation in ERG-sponsored events is encouraged and open to all Chrysler Group employees from all facilities with the aim of **maximizing social and cultural exchange**. Each ERG has an executive sponsor who is a member of the Diversity Council.

[1] The analysis was conducted with reference to the six ethnic origins with the greatest representation in the North American population (Caucasian, African American, American Indian, Asian, Hispanic, Pacific Islander).

Work-life balance

Achieving the optimum balance between work and private life is an essential element for employees to be effective, productive and satisfied in all dimensions of their lives. Fiat Group recognizes the shared challenge for both the company and its employees to improve this balance, while continuing to deliver excellence in job performance.

Flexible working arrangements

Fiat Group supports the professional and personal goals of its employees by offering a variety of options related to flexible work arrangements, including **flextime** (start/quitting times), **job sharing**, **part-time** or **reduced hours**, **compressed workweek/summer hours**, **parental leave** and **other leaves and telecommuting**.

Depending on the sector, flexible arrangements may be formal agreements approved by the Human Resources department, or the result of a more informal agreement with the local manager, subject to considerations based on staffing needs, job responsibilities, business climate, mutual agreement or other factors. An assessment of Group companies revealed that in 2011, approximately 20% of employees[1] took advantage of one or more of the flexible working arrangements available. The actual figure may be considerably higher, as this percentage does not include participation which is the result of an informal agreement with local managers, and consequently not formalized or tracked.

Specifically, 2.9% of the total workforce surveyed took parental leave related to child birth and care, while approximately 13% participated in other types of leaves;[2] 1.3% are employed part-time (see also pages 146, 247); and 2.6% were covered by other types of work schedule flexibility (e.g., flexible working hours, working from home, job sharing). These offerings are part of a corporate direction that leads to a healthier, more motivated and sustainable workforce that actively participates in the Group's success.

For 2012, the Group looks forward to the implementation of a **flexible working program** in each region of operations, with the objective of facilitating family management, eldercare and other personal needs through flexible work patterns.

Return to work after parental leave

Equitable choices for maternity, paternity and adoption are manifestations of the Group's commitment to **encourage** both **female and male employees to balance parental responsibilities with their careers**. The Group ensures parental leaves to all its employees in compliance with local regulations (labor law requirements may vary from country to country) and in some instances actually exceeds local requirements with dedicated policies (i.e., Canada, Mexico, Serbia and Denmark).

Fiat Group is committed to ensuring that the prospect of continued employment at the company remains attractive for both men and women returning from parental leave by expanding its offer of a variety of programs on a regional basis to support family management.

During 2010, more than 5,700 Group employees took at least one type of parental leave which, compared with the workforce gender distribution, corresponds to approximately 7.3% of the female workforce and 2.1% of the male workforce.

Return-to-work and retention rates following parental leave represent two key indicators of the **mid- and long-term capability** of the company **to grant employees professional growth opportunities, enhancing balance between their private and professional lives**.

[1] The survey covered 96% of Group average workforce (January–October 2011).
[2] Other types of leaves are those not related to childbirth or child care.

A pilot analysis conducted by the Group covering 95.5% of company employees focused on the percentage of employees who return to work after parental leave and are still employed 12 months after their return. The rate of women who returned to work in 2011 was approximately 48%, while for men the rate was 81%. One potential reason for the difference between genders may be explained by the fact that male employees generally took shorter leave than female employees, some of whom have not yet returned from leaves started in 2010. Also, in many of the countries analyzed, child care traditionally falls under the responsibility of women.
Among those who returned to work, about 70% of women were still employed by the company 12 months later, while for men the percentage was approximately 90%.

Employee Assistance Programs

For the company, a good work-life balance also means increasing the chance of having a healthy, effective and productive workforce. The company seeks to achieve this through a range of initiatives, including those aimed at teaching employees how they can help themselves.
The Chrysler Group **Work-Life Resource & Referral Program** puts employees in touch with care consultants who are trained to answer questions, provide resource referrals and offer information on a wide range of work and life topics. The services for which employees request the most information include parenting, adoption, pregnancy, child care, eldercare and summer camps. Additionally, employees can use self-search provider databases through the company portal, access links and articles and request free self-help books.
For employees and their family members experiencing personal concerns, stress or conflicts, Chrysler Group also offers a free **Life Services & Employee Assistance Program**. Participation is voluntary and confidential, and provides the opportunity to discuss issues with an experienced professional counselor. Counselors may recommend face-to-face counseling meetings or offer referrals for assistance in areas of therapy, treatment programs, support groups or other community resources.
To help employees in dealing with personal issues or family difficulties, in Italy, Fiat Group also has qualified **on-site social advisors** providing psychological counseling and advice to plant workers. The service, provided since 1941, has maintained its key feature of interpersonal support and has progressively adapted to the needs and demands of employees throughout the decades.

Reti Amiche on the Job and other services

A major step towards simplifying and reducing the time and expense to carry out administrative procedures was achieved in 2011 with the Reti Amiche on the Job agreement.
This initiative, which gives Fiat employees access to public services through the Group intranet in order to **balance private and professional life,** was developed in association with the Ministry for Public Administration and Innovation, the municipality of Turin and the Piedmont Region. Without having to leave their workstation, employees can now pay for public health **services online** by credit card, obtain birth and civil status certificates and book appointments at public service counters (see also page 159).
Since 2011, hourly workers have also had access through **dedicated terminals** to all the categories of services offered by the Group, from funds for health (FASIFIAT) and pensions (Cometa) to family support, aid for studies, and opportunities for leisure pursuits (Cedas) and sport (Sisport).
Access is also available to initiatives such as the Fiat Scholarships program, Vacanze Verdeblu summer camps and Children's Christmas.

Mirafiori nursery school

Now in its fourth year, the Mirafiori Baby nursery school cares for 75 children of Fiat Group Automobiles' Italian employees aged three months to three years. The school provides an educational service that is continually focused on quality in its approach to learning, staff recruitment and training and management. The nursery is on-site at the facility where parents work and its highly flexible hours of operation enable employees to reconcile the demands of their professional and family lives. One of the hallmarks of the service continues to be its expert staff (12 caregivers) who also have advisors on hand in the areas of education, pediatrics and nutrition. This year, for instance, a partnership was initiated with the Department of Developmental Psychology at the University of Turin to support the nursery staff in developing and implementing **innovative educational initiatives**.

Another key feature of the service offered is nutrition, based on organic food cooked within the nursery rather than pre-cooked meals.

The staff promotes the children's physical and emotional well-being and nurtures their potential through play and learning activities based on a combination of the Montessori, Goldschmied and Pikler educational methods. The caregivers accompany the children along their path of growth and development, playing an educational and interpersonal role and providing experiences aimed at **promoting each child's social skills, expressiveness and spontaneity**.

The children learn through a variety of activities such as playing in the kitchen and nurturing plants, which enable them to explore their artistic and creative abilities. Organized visits to educational farms give the children the opportunity to enjoy and explore.

A range of other experiences is also provided outside the nursery for the children to get to know their local area and learn appropriate public behavior. In 2011, for example, visits to the Natural Science Museum and National Library of Turin were organized.

The quality of child care and education offered by the Mirafiori Baby nursery is also accompanied by the company's commitment to providing a significant contribution to the costs of the service and keeping fees aligned with public nursery schools, at a **cost linked to employee income**.

Sisport: sports and well-being for all

The Fiat Sisport complex, which has a long history of providing sports activities, also **contributes to promoting the emotional and physical well-being of employees**.

Sisport Fiat was established in 1976 to encourage employees and their families, as well as people from outside the company, to be actively involved in sports at both an amateur and competitive level, with well-equipped facilities at an affordable price.

The three sports centers managed by Sisport are located near the Group's main Italian plants in Turin, with 200,000 square meters of facilities used by approximately 10,000 members

and accessed over 500,000 times a year. Each center has a range of sports activities for different age groups and abilities, with coaching from qualified instructors. The centers have large areas dedicated to fitness (walking and running) and the latest trends in water sports (aquabike, aquapower and scuba diving), as well as tennis and rowing.
Sisport is particularly committed to **introducing children and young people** from 3 to 16 years of age **to the world of sports** and, in partnership with certified sports instructors, offers a vast choice of activities, including swimming, water sports, tennis, volleyball, basketball, athletics and rowing.
During the summer, young people from ages 5 to 15 years also have the chance to spend the whole day at the centers, taking part in leisure activities and intensive sports courses (athletics, swimming, soccer and tennis).
There are currently over 500 people enrolled in Sisport sports teams. In the world of competitive sports, Sisport's teams have achieved significant results in rowing, athletics and swimming. These included a silver medal won in the Under-23 Rowing World Championships, an Italian gold medal in the Junior Athletics Championships of Jesolo and a first place ranking by the novice team in the Italian UISP Swimming Championships in Montecatini.

Other initiatives for employees

The company also facilitates effective work-life management through special events for youngsters, such as the Children's Christmas celebration and Family Days, when kids can spend the day with their parents at their place of work.
The commitment to future generations also extends to scholarship programs in various countries for employees' children, summer camps and leisure activities.

Family Days

In 2011, Family Day celebrations were held at numerous facilities and locations across the Group. Family Day provides employees with the opportunity to showcase outstanding facilities and products with their family. **Celebrating milestones and sharing company success** play a key role in recognizing the efforts of workers.
Among the many events held at Group companies, celebrations featured product and brand displays, family

entertainment activities, technology demonstrations and tours of the respective facility.
Another opportunity for getting kids involved is the **Children's Christmas Day**, which is held in Turin and celebrates the most eagerly anticipated event of the year. The children of Group employees, together with their parents and family, are invited to take part in a day entirely dedicated to games and celebrations, including entertainment shows, food tasting and organized play. The day ends with each child receiving a Christmas present.

Scholarships

In 2011, Fiat Group continued its commitment to children's education and recognizing merit at an increasingly world-wide level. The children of Fiat Group employees who have excelled academically can receive study scholarships. Such initiatives cover 11 different countries around the world and are open to high school graduates, undergraduates and post-graduate students. In 2011, a total of **1,554 grants and scholarships** amounting to approximately **€2.3 million** were awarded in Belgium, Brazil, Canada, China, France, Italy, Mexico, Poland, Spain, the UK and the US. For further details see page 247.

Summer camps

As the summer approaches, employees' families have the chance to choose from a variety of dedicated camps for their children, organized in Italy by Vacanze Verdeblu from June to August. There are three main types of Vacanze Verdeblu camp, varying by the activities offered and the age of participants. Verdeblu Junior includes three Italian holiday villages open to children from age 8 to 12: one in Marina di Massa (Tuscany), another in Cascia (Umbria) and a third, established in 2011, in Sansicario (Piedmont).
These camps all offer children the opportunity to experience nature, at the sea side or in the mountains, and explore the surrounding areas. Edutainment activities such as **eco-learning sessions and creative workshops** are also **conducted in English to combine learning with fun and relaxation**.
For children ages 13 to 16 years, the Verdeblu Senior summer camps offer the chance to play all kinds of different sports

and to experience independence while learning to interact with others in group activities.
Children can benefit from environmental education and a genuine taste of nature through camping and farmstay holidays on the island of Ischia (Naples), at the seaside resort of Misano Adriatico (Rimini) or at the Olympic center of Sansicario (Turin).
Since 2011, participating in summer camps has become easier and more accessible to all Italian employees thanks to a specific website (www.fiatcares.com/centriestivi) and dedicated terminals located within facilities.
To ensure equal opportunities for enrollment, fees have been updated based on employee grade and the number of children participating in the camps. In 2011, a total of **2,950 children** chose Vacanze Verdeblu holidays.
Probably the most appealing addition in 2011 to the range of summer offers was the new **Juventus Summer Camp,** open to children from 8 to 16 years of age. Based in three different locations (Sauze D'Oulx, Lignano Sabbiadoro and Termoli) it caters to the taste of those interested in a fun holiday improving their soccer skills. A team of qualified coaches, trained directly by the Juventus soccer academy, assists and gives each participant the chance to improve their technical skills and tactics. In its first year, the camp attracted around 300 budding young soccer stars.
Overall, during 2011, participation in summer initiatives for the children of employees grew by 12% over 2010.

Occupational Health and Safety

Fiat Group recognizes that **a safe and healthy working environment is a basic condition that must be provided to all employees**. Health and safety is a commitment not just towards those employed by the company, but also towards those who purchase and use the Group's products.

The strategy for safeguarding and promoting health and safety in the workplace includes various areas of intervention: definition of common, uniform standards; risk identification and prevention; promotion of a culture of health and safety through constant training and awareness campaigns; and facility improvements.

In 2011, the Group spent a total of approximately **€270 million on safeguarding the health and safety of its employees** (+43.6% over 2010).

Spending on Occupational Health and Safety
Fiat Group worldwide

	2011[1]	2010[2]	2009[3]
Spending on Occupational Health and Safety[4] (€ million)	270	188	154
Percentage of personnel costs[5]	3.5	2.4	3.6

Occupational Health and Safety Management System

The Health and Safety Guidelines establish the Group's policies of commitment in every area of activity and in every site of operation. The key elements in the Guidelines are:

- management of risk through continuous analysis of critical areas and adoption of a preventive approach for all key activities
- implementation of a management system that complies with the requirements of the OHSAS 18001 international standard
- continuous improvement of working conditions through comprehensive risk analysis and assessment, formulation and implementation of corrective and preventive action plans and continuous monitoring of health and safety activities
- monitoring and analysis of the root causes of noncompliance, applying the tools of the Safety pillar of World Class Manufacturing to ensure prevention of any recurrences
- active involvement of all employees in the improvement process by providing comprehensive information and targeted training
- promotion of employee conduct oriented toward safety and prevention
- involvement of suppliers, dealers and partners in improving health and safety in the workplace, including in their own area of activity

The Guidelines will be revised in 2012 in order to give greater emphasis to the importance of matters such as staff security and stress management. To ensure the achievement of targets, the Group continued strengthening its internal resources to **track and monitor health and safety performance** on a monthly basis as an integral part of the industrial performance indicators. Similarly, risk identification and assessment are conducted according to a specific Group procedure applied worldwide with the purpose of singling out major risk areas and implementing preventive action plans. Data is consolidated at the sector and corporate levels and then analyzed in order to determine whether the actions and procedures put in place were effective in providing a safe working environment.

[1] Data includes Chrysler Group for the full year.
[2] Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.
[3] Data restated to exclude companies demerged into Fiat Industrial S.p.A. It does not include Chrysler Group, as Chrysler Group LLC was first formed in mid-year 2009. Accordingly, 2009 data is not comparable to 2010 and 2011.
[4] Includes spending on improvements to safety and working conditions (improvements to facilities, worker protection, inspections of plants and the working environment) and to employee health (health care costs).
[5] Personnel costs totaled €7,629 million in 2011, €7,687 million in 2010 and €4,221 million in 2009 (Chrysler Group data included for 2011 and 2010 calendar years: average annual exchange rates relative to years 2011 and 2010 applied).

Successful **management of health and safety-related risks** is ensured through an approach based on two main drivers:

- **preventive**: risk identification and assessment are conducted and specific action plans with a priority level (from high/medium level to low) are put in place in order to minimize potential risk. The root cause of every health and safety noncompliance is analyzed and countermeasures are taken in order to avoid the risk of further issues
- **proactive**: employees are involved in safety-focused activities through training, awareness initiatives and a structured system for the collection of suggestions

Organization and certification process

Each sector has its own organization in support of Environment, Health and Safety (EHS) topics, at both the **central and plant level**. Sector Health and Safety managers are responsible for overseeing facility health and safety activities and direct capital investment dedicated to specific action plans. Moreover, they are responsible for monitoring national and regional legislation, as well as rules and regulations related to health and safety. They are also accountable for verifying observance of the Health and Safety Guidelines and for the implementation of prevention programs.

Periodic meetings ensure the coordination of the Group's activities. In fact, the EHS heads of the different sectors regularly discuss the results achieved, share best practice and make benchmark comparisons in order to define new actions. The progress of the **Health and Safety Plan**, which sets near- to medium-term targets for each sector, is jointly monitored each month.

By means of a dedicated **IT platform**, Health and Safety specialists are constantly in contact and regularly updated. Training and best practice materials, procedures, prevention measures and the Standard Aggregation Data application (used for reporting EHS performance) are available on the platform. During 2011, development continued on a new dedicated software program that will replace the current program. It will become the master system for monitoring EHS performance indicators for all of the Group's sectors. This will further enhance data tracking and analyses such as those on injury, occupational illnesses, first-aid and near misses, as well as on unsafe acts and unsafe conditions.

In keeping with the Guidelines, the Group has continued its commitment to extending an Occupational Health and Safety Management System (OHSMS) certified to the **OHSAS 18001 standard** to all plants. At year-end 2011, a total of **103 plants** (including two operated through joint ventures) accounting for a total of 121,000 employees had adopted a certified OHSMS. The dissemination of a management system based on standardized methods and procedures established centrally and certified externally is the method with which the Group brings its safety standards into countries with lower standards. This also assures that the safety management procedures at all manufacturing sites are consistent with the company's risk prevention and reduction objectives. **By 2014, OHSAS 18001 certification will be extended to all Group's plants**.

The Occupational Health and Safety Management Systems are audited periodically by qualified internal personnel, as well as by independent certification organizations. During 2011, **158 external audits** were performed against approximately **2,000 internal audits** (+300% vs 2010) carried out by Group personnel covering a total of about 121,000 employees (about 100,000 in 2010).

OHSAS 18001 certifications
Fiat Group worldwide

	2011[1]	2010[2]	2009[3]
Plants certified (no.)	**103**	86	15
Employees working at certified plants (thousand)	**121**	100	25

[1] Data includes Chrysler Group for the full year.
[2] Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.
[3] Data restated to exclude companies demerged into Fiat Industrial S.p.A. It does not include Chrysler Group, as Chrysler Group LLC was first formed in mid-year 2009. Accordingly, 2009 data is not comparable to 2010 and 2011.

Occupational Health and Safety performance

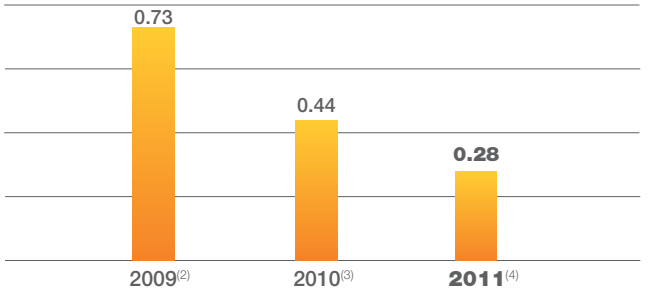
The Group improved working conditions and achieved significant results over the years through a variety of methods, including: a certified Occupational Health and Safety Management System (OHSMS), application of the tools of the Safety pillar of World Class Manufacturing (see also pages 114-115), active employee participation, development of know-how and the company's financial commitment.

These efforts led to a reduction, for the fifth consecutive year, in both the **Frequency rate** (with 0.28 accidents per 100,000 hours worked) and the **Severity rate** (with 0.08 days of absence due to accidents per 1,000 hours worked). For further details see pages 249-250.

In 2011, no Group employees were involved in **fatal accidents.** An employee of an external company at the Comau of Castres (France) plant was the victim of a fatal accident which occurred during the set-up of a machine. A thorough analysis of the accident was conducted to understand the causes. The Group company involved took immediate steps to support the family of this individual and is fully assisting with investigations carried out by local authorities.

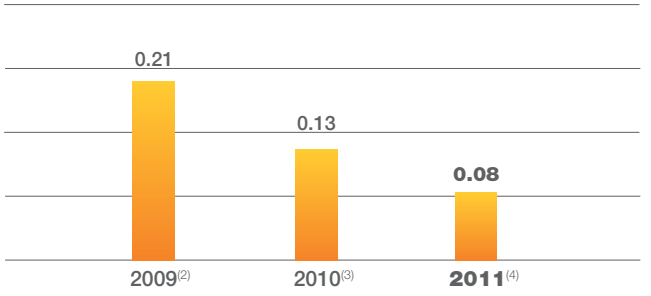
Frequency rate[1]

Fiat Group worldwide (accidents per 100,000 hours worked)



Severity rate[5]

Fiat Group worldwide (days of absence due to accidents per 1,000 hours worked)



Fatalities

Fiat Group worldwide

	2011[4]	2010[3]	2009[2]
Fatal accidents involving Group employees (no.)	-	2	1

Near misses (approximately 27,000 cases reported and analyzed during 2011) and unsafe acts continued to be monitored, enabling the development of measures to prevent conditions and to correct behavior that could potentially cause a dangerous situation.

Prevention, monitoring and first aid activities aimed at safeguarding health in the workplace are carried out by the

[1] The Frequency rate is the ratio of the number of injuries reported (resulting in more than three days of absence) to the number of hours worked, multiplied by 100,000.
[2] Data restated to exclude companies demerged into Fiat Industrial S.p.A. It does not include Chrysler Group, as Chrysler Group LLC was first formed in mid-year 2009. Accordingly, 2009 data is not comparable to 2010 and 2011.
[3] Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.
[4] Data includes Chrysler Group for the full year.
[5] The Severity rate is the ratio of the number of days of absence due to accidents to the number of hours worked, multiplied by 1,000.

medical and paramedical staff generally **present at each Group plant** in accordance with the specific needs of each site. In a limited number of plants (e.g., those with a small number of employees) these activities are performed by external healthcare facilities. In both cases, these personnel are completely integrated within the organization, duties and activities of the OHSMS. They provide medical care for occupational injuries and illnesses, treatment of minor personal illnesses, handling of medical emergencies, medical exams for work-related exposures, prevention through health education and health promotion. In 2011, approximately 375,000 **medical visits** were performed, including periodic and preventive check-ups and treatment requested by employees. Constant dialogue and sharing of know-how are essential to ensuring qualified solutions for safeguarding occupational health. Accordingly, a working group composed of specialized physicians serving each of the Group's individual companies has collaborated for a number of years in the definition of innovative methods and procedures to foster prevention. In 2011, three Chrysler Group divisions were honored by the US National Safety Council (NSC) that recognized their successful efforts to prevent job-related injuries as well as contributions by union and management safety specialists.

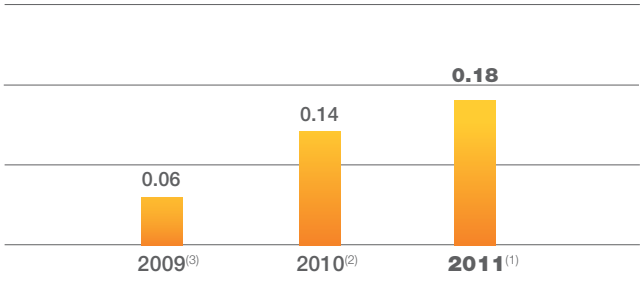
Medical treatments
Fiat Group worldwide

	2011[1]	2010[2]	2009[3]
Total visits (thousand)	**375**	391	144
Visits per employee (no.)	**1.9**	2.1	1.1

Occupational illness (i.e., diseases resulting from gradual and progressive harm to the worker, which occur during, and as a direct consequence of, insured activities carried out by the worker) is also constantly monitored by Group companies. The objective is to identify working conditions that may have triggered their onset, assess any residual risks and implement corrective measures to prevent their recurrence. Information on occupational illnesses occurring within the manufacturing environment is gathered and classified according to two distinct categories: case files

opened and verified cases of disease. The former are cases being investigated and verified by insurers in accordance with the applicable local regulations, to verify the existence of the occupational disease and any causal link with the work activities performed. The latter are cases where the insurer, upon completion of its investigation, confirmed that the above conditions exist. In 2011, a total of 642 cases of occupational disease were verified by the relevant insurer in the respective country.
The **Occupational Illness Frequency rate**, that shows the ratio of cases of occupational illness per 100,000 hours worked, was 0.18 in 2011. Most of these cases refer to situations that no longer exist within the Group, as they are associated with working methods and environmental circumstances that have long since been eliminated. For further details see page 250.

Occupational Illness Frequency rate
Fiat Group worldwide (cases of occupational illness per 100,000 hours worked)



(1) *Data includes Chrysler Group for the full year.*
(2) *Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.*
(3) *Data restated to exclude companies demerged into Fiat Industrial S.p.A. It does not include Chrysler Group, as Chrysler Group LLC was first formed in mid-year 2009. Accordingly, 2009 data is not comparable to 2010 and 2011.*

Training for a culture of prevention

Dedicated organizational structures, operating procedures and technical measures are not the only tools for ensuring a safe and healthy work environment. **Awareness campaigns** and information **on responsible behavior** definitely play a key role as well.

In 2011, as in prior years, several information and training initiatives were offered at all levels of the organization.

The number of training hours was approximately 700,000, delivered to 148,000 employees (+26.5% participants over 2010) including about 102,000 hourly employees. In addition to traditional classroom training, certain training activities were conducted on-the-job, thus allowing for an immediate application of the topics learned.

Health and safety training

Fiat Group worldwide (thousand)

	2011[1]	2010[2]	2009[3]
Hours of training provided	**699**	715	371
Employees involved in training activities	**148**	117	57
of which hourly	**102**	92	46

During 2011, the **Health and Safety First** training project underwent a revision that took into account the experience and feedback collected during its first year of implementation at the various sites. This program was designed in association with Italian trade unions with the objective of encouraging behaviors consciously oriented towards following safety rules and risk prevention. During the year, the new program was extended to six Italian plants covering a total of about 6,000 employees in addition to the 16,000 from the previous year.

The **Top Ten Safety** project, which establishes standard methods for focusing the attention of plant workers on health and safety, was updated and subsequently rolled out over the course of 2011 to all European plants. It will be extended to Group plants worldwide in 2012. This initiative includes internal communication on accidents, management of visitors and external contractors, factory signs, clothing and personal protection equipment.

The course **Health and Safety in the Office** was created in 2010 to provide office workers with the necessary information on health and safety in the workplace. This covers emergency response to the most common hazards present in an office environment, including electrical hazards and overexertion, and illustrates the proper use of computer monitors. In 2011, the feedback received from around 18,000 participants in the online training course was processed, and by the end of 2013 the course will be extended to all salaried employees worldwide.

The collaboration with trade unions also extends to cover training issues relative to health and safety. The foundation of the **Organismo Paritetico Health and Safety** (OPHS), a joint body in which Fiat S.p.A., Fiat Industrial, the Employers' Association of Turin and the trade unions FIM-CISL, UILM-UIL and FISMIC take part, is one example. The OPHS is composed of company representatives and workers and is nationally responsible – within its area of competence of health and safety – for **promoting initiatives and defining training programs** aimed at professional figures involved in the OHSMS (see also page 183). Similarly, Chrysler Group continued to work with trade unions to enhance the effectiveness and efficiency of safety training developed to help drive **ongoing improvement in the area of hazard identification and procedural compliance**.

[1] Data includes Chrysler Group for the full year.
[2] Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.
[3] Data restated to exclude companies demerged into Fiat Industrial S.p.A. It does not include Chrysler Group, as Chrysler Group LLC was first formed in mid-year 2009. Accordingly, 2009 data is not comparable to 2010 and 2011.

Countering new emerging risk factors

The Group is constantly engaged in monitoring any new health and safety risk factors that may arise. This also means the analysis of issues that generally attract international attention, such as the effects of contact with hazardous substances and the use of nanotechnologies and/or nanomaterials in the manufacturing process.

In 2011, corporate procedures were fully brought into alignment with two important internationally-agreed standards: the **European regulation REACH** (Registration, Evaluation, Authorisation and Restriction of Chemicals), adopted to improve the protection of human health and the environment from risks posed by chemicals, and the **Classification, Labelling and Packaging of substances and mixtures regulation** (CLP), that ensures that chemical hazards are clearly communicated to workers and consumers through classification and labeling. At the same time, specific programs were launched to replace potentially dangerous chemical agents or significantly reduce exposure of plant staff to these, wherever possible.

The Group is also **focused on identifying the possible impact on health and safety that may result from use of nanotechnologies and nanomaterials**. In 2011, Fiat led the UNI (Italian national standards institute) Technical Committee in discussions on nanotechnologies, including the standardization of terminology and type of measurements, to evaluate the phenomenon and its impact on health, safety and the environment. Currently, the **Group's manufacturing processes do not include the application of nanotechnologies or the transformation of nanomaterials**. Corporate procedures call for strict assessments in evaluating the possible introduction of new substances, preparations or materials into processes and products.

Health and well-being

In addition to numerous activities supporting safety, much attention is dedicated to initiatives regarding the **prevention of work and non-work related illnesses** as well as the **promotion of employee health** through the provision of educational and awareness campaigns, sporting activities and wellness programs. Several initiatives are designed to engage and empower employees in achieving health and wellness goals.

Workstation ergonomics

Fiat Group is particularly attentive to the **impact of ergonomics in** the organization of **processes, workstation design,** choice of **equipment** and definition of **production methods**.

During the production line design phase, in addition to ensuring safety, it is also essential to determine all of the characteristics that will result in improvement of adaptability, usability, comfort and well-being. Ergonomic design in the work environment helps people do quality work and prevents injuries and illnesses, such as strains and sprains or musculoskeletal disorders.

Continuous specialized staff supervision of processes, investments in research and development and constant updates in observance of international and national standards (e.g., ISO 11228 and UNI EN 1005 series; see also page 252) are the three drivers that allow the Group to identify innovative solutions for improvement of the ergonomic value of workstations.

For several years, Centro Ricerche Fiat, the Group's center of expertise for innovation and development, has been engaged in defining and developing methods and tools that enable the promotion of progressively higher ergonomic standards.

Over the last few years, **workplaces and tools** have been gradually **adapted to** a working population that varies in **gender, age and anthropometric parameters.**

In 2011, Fiat Group Automobiles (FGA) employed digital human modeling tools that, through simulations with virtual mannequins during the design stage, allowed monitoring of correct posture for workers at the workstation. In this manner, each worker may be assigned a workplace best suited to his/her physical characteristics. The employees' specific gender and age characteristics – with particular emphasis on women and those over age 45 – are also the subject of systematic analysis for determining corrective parameters to be applied to workstations.

At Chrysler Group, a **corporate ergonomist** is assigned to assess processes to eliminate or reduce ergonomic risk factors during the design stage of planning for each new product. Moreover, every plant in the United States and Canada has a dedicated Local Ergonomic Committee that meets biweekly to prioritize and review job activities for ergonomic risk.
Other actions geared towards the constant and widespread ergonomic improvement of workstations are planned for 2012. An innovative ergonomics laboratory will be inaugurated at Fiat Group Automobiles (FGA), housing replicas of segments of the production line for a more sophisticated measurement of the ergonomic impact of the workstation. Also, the extension of the **Ergo-Uas** methodology for ergonomic workstation design and the **EAWS** (European Assembly Work-Sheet) methodology for ergonomic risk assessment will be completed at all of the FGA assembly plants in Italy and Europe, respectively. The Ergo-Uas methodology was already applied at six Italian assembly plants in 2011.
Great attention is also given to **minimizing exposure to noise, chemicals and other agents as well as provision of more comfortable conditions** (i.e., lighting, temperature and humidity). Working environment conditions such as cleanliness, low levels of noise, dust and other chemicals, as well as adequate lighting, together with ergonomics, are key aspects of the Safety and Workplace Organization pillar of World Class Manufacturing. At Chrysler Group, the Industrial Hygiene and Toxicology program conducted 251 **formal assessments of potential contaminants** in 2011. The program reviews the effect of new chemicals, noise and oil mist levels on new operations and monitors potential air contaminants.

Work-related stress

Promoting the health and safety of employees throughout their work life implies a broader viewpoint of health that goes beyond the mere absence of injuries and targets the individual's overall physical and mental well-being.
Work-related stress is an emerging psychosocial risk that the company is committed to addressing through a variety of prevention measures and initiatives. In recent years, much attention was invested in the assessment and management of this type of risk by seeking to identify working conditions that may act as triggers of work-related stress and implement remedial action in order to deal with the cases identified.
In 2009, a working group composed of internal health and safety specialists, together with experts from the fields of science and academia, was launched. A **standardized methodology for the analysis and assessment of risks linked to work-related stress** was thus defined.

This methodology draws on recommendations from the Italian Network for the Prevention of Psychosocial Distress in the Workplace. It has been tailored to the Group's specific circumstances and includes a comprehensive, multi-phase risk assessment analysis. This assessment establishes objective indicators that could be associated with conditions of work-related stress, quantifies the probability of this stress and measures the extent of employee strain using questionnaires targeted to the specific characteristics of the work environment being evaluated.
Following the 2010 implementation at all Group locations in Italy (involving more than 44,000 employees), in 2011 this methodology was adapted to local circumstances and Group sites deemed to be potentially the most affected by the issue (involving 19,000 employees) were identified. The 2012 objective is to implement action plans to eliminate causal factors, thus limiting new cases of work-related stress at sites where risk is assessed as most likely.
One action undertaken to foster more management awareness and prevention of psychosocial risks is the innovative training initiative called **Docteur Zen** started by Fiat France. This training aids employees in recognizing risks linked to stress and in learning practical methods to deal with situations that could generate it.

Health and wellness programs

There are various comprehensive programs promoted by the Group that have been developed to inform employees about **healthy lifestyle habits**. The dissemination of a wellness culture also occurs by creating a work environment where employee health is valued, upheld and promoted. This idea is the foundation of, among other structured initiatives, both the **Vivere** program dedicated to Fiat Group Automobiles Brazil employees and the Chrysler Group **Wellness Program** for North American employees.
Promoting prevention principles and quality of life, the Vivere program was extremely well-received from its beginning: 93% of the Group's Brazilian employees went through the first phase which includes a health and lifestyle diagnosis. Four dimensions have been examined: biological, psychological, social and organizational. The biological dimension, useful in the determination of risk factors, relates to personal habits and family history of certain diseases. The psychological dimension covers self-esteem, the social dimension analyzes interpersonal relations and, lastly, the organizational dimension relates to the workplace environment (both physical and cultural). In line with this approach, the activities of Vivere are organized around five pillars: healthy diet, exercise, risks contributing to cardiovascular disease, workplace and ergonomics and interpersonal relationships.
During 2011, in light of check-up results, specially designed activities geared towards promoting exercise, correct nutritional habits and fighting nicotine addiction were organized.
To monitor the effectiveness of the program and the level of involvement, each employee receives a form listing the personal goals set by the instructors and medical staff, against which improvements are reported on a weekly basis. The results were exceptional from the start. It is worth noting that **60% of those who took part were able to quit smoking**.
With a similar purpose, Chrysler Group makes a wide range of on-site services available to employees, free of charge, to assist them in maintaining or improving their well-being. A dedicated and specialized staff aids in management of healthy living topics, similar to those of the Vivere program, such as smoking cessation and diet and nutrition, as well as fitness training, stress reduction and diabetes education.

The company's commitment to wellness is also represented by the long-standing Chrysler Group **Wellness Program** that includes initiatives such as weight loss programs, health fairs and health screenings, as well as the availability of a fitness facility at the Auburn Hills headquarters. Within the Chrysler Group Wellness Program, employees are encouraged to complete a **Health Risk Assessment** (approx. 9,000 US employees involved during 2011). The evaluation consists of a lifestyle questionnaire to identify risks and encourage risk reduction through healthy behaviors. **Biometric screening** checks for cholesterol, blood pressure and glucose have been completed during the year for approximately 11,500 employees. Risk levels are captured and aggregate changes monitored on an annual basis. Each participant receives counseling from the program staff or online coaching based on their results. Incentives vary depending on the program (e.g., sportswear articles, techno-gadgets, annual economic incentives such as healthy people credits or tobacco free credits that can be used within health plans) and are given to empower and recognize employee participation and accomplishments. In 2011, the US National Business Group on Health (NBGH) awarded Chrysler Group with a gold medal as one of the leading corporations that has truly embraced a culture of wellness aimed at improving employees' health and quality of life.

In addition, specific health promotion campaigns are in place throughout the Group. In 2012, a **comprehensive group-wide health promotion program** will be launched. The program will draw from experience attained both internally and externally to the Group and will follow the health and safety principles of the main international organizations, especially the World Health Organization (WHO), the US Occupational Safety and Health Administration (OSHA), the European Agency for Safety and Health at Work (EU-OSHA), and the International Labour Organization (ILO). It will encompass various initiatives such as the **Good Control of Diabetes** project, developed in partnership with the Italian affiliates of the International Diabetes Federation (a worldwide federation, associated with the WHO) and the **Smoking Cessation** campaign, an initiative developed with the backing of the SITAB (Italian society for the clinical study of smoking) and the ISS (Italian health institute). The Group

2012 agenda also calls for the formulation and dissemination of **guidelines** to address company commitment **in favor of employee well-being**.

Information and awareness campaigns

The Group is committed to initiatives and campaigns aimed at increasing employee awareness of health risks and health care prevention measures.

In Italy, the *Tips on Health* initiative was launched in 2011 on the company intranet site. Updated monthly, it offers a wealth of information on the **promotion of good health habits** and the **prevention of minor illnesses**, sensory impairment and future health problems. Today, it is accessible to approximately 23,000 employees. The campaigns for the **prevention of the seasonal flu** also continued, as well as initiatives aimed at **fighting the spread of infectious diseases**, with a focus on preventing sexually transmitted diseases (HIV in particular; approx. 26,000 employees reached) and promoting personal hygiene. The Group also provided comprehensive scientific **information on the effects of drug and alcohol** consumption (about 39,000 employees reached). In addition, Fiat Group Automobiles, in collaboration with ADOI, an Italian association of hospital dermatologists, has joined the initiative *My Skin Check* to raise **employee awareness of melanoma**.

Among other initiatives, Chrysler Group has launched a new training program to pilot *Hands Only CPR* (**Cardiopulmonary resuscitation training**) for all employees located at US facilities. Endorsed by the American Red Cross and American Heart Association as part of the highest mission to build a healthier life free of cardiovascular diseases and stroke, such training is a potentially life-saving resource not only within Chrysler Group facilities but also in the scope of the employee's home and community. Counseling services are also available at Chrysler Group US facilities through the Employee Assistance Program (EAP) whose purpose is to put employees in touch with professional counselors. The program furnishes an opportunity to discuss personal concerns and to easily access a variety of services for addressing stress management and other personal problems (i.e., depression and anxiety, substance dependence, family/financial troubles) or needs (i.e., child care, eldercare and other concerns in balancing work and personal life) (see also page 168).

Supplementary health care for employees

Nearly all Group companies participate in supplementary health care plans that are mainly insurance-based, with the aim of improving employee access to health care services, where applicable. Levels of coverage vary from country to country, depending on the availability and characteristics of the public health care system as well as tax and regulatory restrictions. **Health care benefit plans are available for 86.8%** of the surveyed population,[1] and about 80% of eligible employees take advantage of this benefit.

In Italy, as a supplement to services provided by the national health system, all Group employees and their family members have access to supplementary health care plans, called funds; FASIFIAT for hourly and salaried workers, FASIQ for professionals and FISDAF for managers. The service levels of the three funds are strictly related to the different contribution levels, which are specified in their respective collective agreements. The three plans, established on the basis of agreements with the relevant trade unions, provide coverage for almost 33,000 employees of Fiat Group companies plus their family members, in addition to almost 5,000 employees of certain associated companies. **FASIFIAT** was established in 2009 under an agreement between Fiat S.p.A. and metalworkers trade unions. It has

[1] *Analysis conducted on a sample of 94% of the workforce.*

a joint governance structure, with its administrative bodies composed of equal numbers of company and employee representatives. Two-thirds of plan expenditures are covered by the company and the remaining third by the employee, who also pays a similar amount for any family members enrolled. If an employee uses public health care facilities, the plan reimburses any expenses not covered by the national health system. If an employee uses private facilities, the plan provides high coverage limits with direct payment of expenses incurred at accredited health care facilities, and partial reimbursement of expenses incurred at any other facility the plan member may choose. Prevention programs with regular check-ups and a maternity package are also provided. In 2011, FASIFIAT provided services to nearly 22,000 employees (74% of whom were hourly workers), along with their family members. The FASIFIAT operations center coordinates appointments at more than 470 private medical facilities; approximately 10,800 outpatient clinics, diagnostic centers and laboratories; over 80,000 specialist physicians, health care and social care providers; and nearly 4,750 accredited dentists. The plan also provides an on-call medical service 24 hours a day, 365 days a year.

Operating and management procedures for **FASIQ** are similar in many ways to those for the fund available to hourly and salaried workers. FASIQ provides services through specific insurance coverage according to a model based mainly on direct health care, utilizing the same network of accredited facilities as FASIFIAT. In 2011, FASIQ provided supplementary health care to nearly 10,200 professionals and their family members.

According to the specific collective agreements, **FISDAF** provides services to both managers (active and retired) and their families, mainly in the form of reimbursements for health care expenses and the direct payment of dental care. Some services are provided through the **Fiat Sepin Medical Diagnostic Center**. The Center provides X ray, ultrasound scan, samples, examinations and check-ups to eligible Fiat employees as well as to other individuals enrolled in relevant plans. During the year, 30,000 specialist examinations, 650 check-ups, nearly 200,000 laboratory tests and 2,500 occupational health exams were conducted at the Medical Diagnostic Center.

In 2011, the center moved to a larger facility of around 3,300 square meters, with a new modern clinical laboratory and updated radiology equipment. The Medical Diagnostic Center will also host a sports medicine center that conducts check-ups for certification to engage in competitive or amateur sports activities and ensures assistance through a staff of specialists in physiatry, orthopedics, cardiology, nutrition, physiotherapy and postural gymnastics.

In the US, the **Chrysler Group Health Care Benefit Plan** provides eligible employees and their eligible dependents with a comprehensive health care benefits package shortly after employment has begun. Four different health plans promote preventive care, well visits and patient education. The benefits include coverage for medical, prescription drug, dental, vision, mental health and substance abuse services. Employees are able to enroll in the option that best meets their health care needs. Salaried employees have two medical plan design options: **Preferred Provider Organization**

(PPO) and **High Deductible Health Plan with Health Savings Account** (HDHP/HSA). The PPO offers a managed system of health care through a selected group of physicians, clinics and hospitals, who have signed a contract with the PPO. The HDHP/HSA provides medical coverage with the ability to build tax-free funds to cover future medical expenses. Represented employees (those who are covered under a collective bargaining agreement) have access to a PPO as well as the two following additional plans. The **Standard Care Network** (SCN) allows members to direct their own health care and visit almost any doctor or hospital, with the insurance company paying a predetermined portion of the total charges. The **Health Maintenance Organization** (HMO) is a group health insurance plan where the doctors and facilities work directly for the HMO. Employees are required to select a primary care physician who will then direct their medical needs to the system's providers.

Trade union relations on health and safety

Improvement of employee **health and safety is one of the issues regularly addressed in the exchange with employee representative bodies**, in keeping with current legislation and collective labor agreements applicable in each country where the Group is present.

In 2011, a survey conducted on around 85% of Group employees worldwide showed that **74%** are **covered by representative bodies** which, among other topics, **also handle health and safety issues** through support for monitoring and advising on dedicated programs.

In Italy in particular, the Group not only provides for the establishment of **occupational health and safety committees at individual plants**, but it also establishes conditions that go beyond the minimum statutory requirements in terms of both the number and role of **Worker Safety Representatives** in its collective bargaining.

In the United States as well, in addition to existing local **joint committees** focused on occupational health and safety **at the individual plants**, the collective bargaining agreements also exceed the minimum statutory requirements in terms of both the number and role of trade union health

and safety representatives. In particular, the collective agreement signed with the US trade union in October 2011 reaffirmed the importance of local UAW (International Union, United Automobile, Aerospace and Agricultural Implement Workers of America) **Health & Safety Representatives' involvement** by providing representatives with work space to write reports and review health and safety material including access to a company-supplied computer workstation. Similarly, as of the first half of 2010, Worker Safety Representatives in Italy had access to a designated safety room for consulting company documentation.

Collaboration between the company and trade unions continued throughout 2011 on health and safety issues as well, such as training management. In Italy, by an agreement with unions, the **Organismo Paritetico Health and Safety** (OPHS) was established, responsible for ensuring joint governance between the company and the trade union of training planning and management activities, and proposing solutions for any critical issues regarding health and safety in the workplace (see also page 176).

Industrial relations

As stated in the Fiat S.p.A. Code of Conduct, the Group recognizes and respects the right of its employees to be represented by trade unions or other representatives established in accordance with local applicable legislation and practice.
Fiat Group maintains relationships with trade unions and employee representatives that are based on **mutual respect, engagement and constructive interaction**.
During 2011, dialogue continued to be pursued to achieve consensus-based solutions designed to raise the high standard of competitiveness of the Group's companies and manage the impact on jobs of measures taken in response to market conditions, which remain critical particularly in Europe. Production stoppages – implemented through recourse to temporary layoff benefit schemes, where available, or other measures based on collective agreements or company policy – were lower overall than in 2010 (with the exception of Italy), as was the level of restructuring and reorganization.

The need to increase production volumes to respond to improved conditions in some markets was primarily satisfied through the use of overtime and hiring of new employees, mainly in the US and Latin America.

Social dialogue

In **Italy** in 2011, two developments marked a transformation in the industrial relations system, both of them designed to spur Italian industry back to growth in the current economic context. The first was the Interconfederate Agreement of June 28 between the employers' association Confindustria and the trade unions CGIL, CISL and UIL, on reforms to the bargaining system and workers' representation. The second came with the approval by Parliament of Article 8 of the Stability Law, introducing key elements for labor market flexibility, including the option for companies to negotiate labor agreements directly, in departure from laws and industry-specific national collective bargaining agreements. In response to these developments, Fiat S.p.A. decided to withdraw its membership from Confindustria.

Together with the majority of unions, it forged a new and innovative **first-level collective labor agreement** (Contratto Collettivo Specifico di Lavoro di primo livello – CCSL) which came into effect in Italy as of January 2012, replacing the national collective bargaining agreement and other arrangements formerly in place at Fiat S.p.A companies. The new accord follows in the footsteps of the agreements made in 2010 affecting workers at the Fabbrica Italia Pomigliano (FIP) and at the Fiat Group Automobiles (FGA) Mirafiori plant, and in 2011 with employees at FGA Officine Automobilistiche Grugliasco (OAG). The agreements provide part of the framework for new investments in Italy.
As with the Pomigliano, Mirafiori and FGA OAG agreements, negotiations over the labor agreement highlighted divisions within the trade unions. The end result was an agreement signed by the majority of the trade unions, with the exception

First-level collective labor agreement

The new **first-level collective labor agreement** (Contratto Collettivo Specifico di Lavoro di primo livello – CCSL), replacing the national collective bargaining agreement and other arrangements formerly in place, was signed on 13 December 2011 by Fiat S.p.A. and Fiat Industrial, and by the FIM, UILM, FISMIC, UGL Metalmeccanici and the Associazione Quadri e Capi Fiat. The agreement applies to salaried and hourly Fiat S.p.A. companies' employees in Italy, and expires on 31 December 2012. The key points of the agreement are:

- the definition of a new base pay, which replaces and exceeds the contractual minimum pay levels formerly applied. The new base pay incorporates allowances that were previously distinct from the applicable minimum wage, which is advantageous for employees who work shifts and/or overtime, as the increased rates will be calculated on a higher minimum wage
- the awarding of a lump-sum €600 Competitive Bonus for 2011
- the introduction of greater flexibility in plant capacity utilization, based on 17/18 shifts per week
- the organization of work week schedules on an average 40-hour basis
- the option of working 120 hours per year overtime, without the need for prior trade union approval
- the introduction of new employee classifications, based on five professional groups, replacing the seven professional categories outlined by the national collective bargaining agreement for metalworkers
- the election of union representatives at the company directly by workers to represent each of the signatories to the collective labor agreement

Finally, the agreement includes a section on employee welfare benefits provided by the company, such as supplementary health care plans, pension funds and benefits for long-term sick leave.
Starting from December 2011, Fiat S.p.A. planned a number of communication initiatives designed to help its Italian employees understand the changes introduced by the new labor agreement. All employees received a paper copy of the new agreement, together with an information leaflet highlighting the key changes introduced and providing practical explanations of, for example, the main items printed on their pay stubs. The information has been published in digital format on the Group Intranet and is also available on the website www.fiatcares.com/ilcoraggiodicambiareinsieme.
To assist individual understanding, the MIO information service continued to provide answers to employees' questions (by phone, over the web, or via information kiosks at plants). In addition, Human Resources representatives scheduled a series of meetings for managers identified at each Group function to prepare them for any questions they may receive from their own team members, and information kits were provided to the managers.

of the FIOM, which chose not to take responsibility for the introduction of the innovative rules outlined by the agreement. By doing so, the FIOM forfeited its right to have representatives at Group companies, as under Article 19 of the Workers' Statute (Law 300/1970), workers' representatives can only be established in companies at the initiative of workers belonging to trade unions that are signatories to the collective bargaining agreements in place at the production facility.
The FIOM took its campaign to the media, questioning the credibility of the Group's industrial choices, in particular with respect to investments announced, as well as the legitimacy of the industrial relations systems outlined by the CCSL. The CCSL was in fact signed by the majority of the unions and approved by workers' representatives after a referendum held on the shop floor. The position held by the FIOM is contradictory, however, as on the one hand it claims to have been excluded unlawfully from the Fiat S.p.A. industrial relations system, but at the same time it has petitioned the government, through the CGIL (its umbrella federation) to amend Article 19 of the Workers' Statute (Law 300/1970).
The **European Works Council** (EWC) is a supranational representative body whose purpose is informing and consulting workers at companies which have a pan-European presence. Fiat Group's EWC was established in 1997, as a result of the founding agreement signed in 1996, and subsequently revised and amended.
On 28 June 2011, a renewal agreement was signed concerning the Fiat S.p.A. EWC, following the demerger[1] in January 2011. The accord addressed and resolved questions raised by the European Metalworkers Federation (EMF) over the entitlement of the Italian trade unions to represent the EMF in negotiations held in 2010.
In the United States, on 12 October 2011, Chrysler Group and the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) reached an agreement on a new four-year contract covering approximately 26,000 hourly and salaried-represented employees (see also page 187).
Chrysler Group and the Sindicato Nacional de Trabajadores de la Industria Automotriz Integrada, Similares y Conexos de la República Mexicana successfully completed in 2011 the annual bargaining process in Mexico. The parties were able to resolve differences and reach an agreement. The new agreement, covering approximately 6,000 employees, ensures that competitive labor cost is maintained, as the cost of the wage increase was offset by savings arising from the implementation of improved work rules.

Collective bargaining

Around 90% of the Group's employees worldwide are covered by collective bargaining agreements.
In Italy, all Group employees are covered by such **agreements**. Until 2011, managers were covered by the agreement for managers of companies producing goods and services signed by Confindustria and the national union for managers (Federmanager), which sets minimum pay levels and general employment conditions for this category. Other employees were covered by the national collective labor agreement (CCNL) for metalworkers, which applied to

[1] Refers to the partial proportional demerger of Fiat S.p.A. to Fiat Industrial S.p.A.

Chrysler Group-UAW Master Agreement

In October 2011, Chrysler Group and the UAW reached an agreement on a new four-year contract covering about 26,000[1] hourly and salaried-represented employees.
The key points of the agreement are:

- commitment by the company to invest an additional $1.3 billion through the term of the new agreement to retool and upgrade plants for the production of new products, bringing the company's total US investment to $4.5 billion
- the possibility to add as many as 2,100 new jobs in addition to the more than 2,500 jobs previously added since exiting bankruptcy in June 2009
- rewards for employees for the current and potential future success of the company, while ensuring the continued competitiveness of Chrysler Group
- a new, simpler and more transparent profit-sharing plan that directly aligns with the company's performance
- implementation of a new quality performance-based bonus that will give employees an opportunity to benefit from improvements in the initial quality of Chrysler Group vehicles
- establishment of an annual upside bonus following the achievement of World Class Manufacturing metrics

almost all Group companies until the end of 2011. Starting from 2012, Group employees in Italy will come under the first-level collective labor agreement (CCSL), whereas managers will be subject to the collective labor agreement for managers at Fiat S.p.A. and Fiat Industrial S.p.A. companies (Contratto Collettivo di Lavoro per i Dirigenti di Aziende Fiat e Fiat Industrial), signed on 23 December 2011 with Federmanager.

Outside Italy, around **80%** of employees are covered by collective bargaining agreements. This is an average figure based on local practice and regulations that vary from country to country. However, formal policies relating to certain collective aspects of the employment relationship (working hours, internal policies and procedures, benefits, etc.) apply to almost all employees of Group companies where there is no trade union representation. In **Brazil**, negotiations to renew the collective labor agreement came to a close on 24 October 2011, resulting in general wage adjustments (formalized in the agreement with local employers' associations in the category) and the awarding at the Betim site of a one-time bonus at the automotive industry level.
At the Kragujevac site in **Serbia** operated by Fiat Automobiles Serbia Doo, a trade union agreement was signed in November 2011 which sets forth the industrial relations system to be implemented at the site, in addition to compensation matters and the organization of work (shifts, working hours, etc.).
With respect to Chrysler Group, in the **United States**, supplemental Local UAW Agreements exist at each US Chrysler Group facility employing union-represented workers, defining the rules for job posting, the allocation of overtime hours and shift preferences for UAW-represented employees.

[1] *UAW numbers exclude temporary part-time workers.*

In **Canada**, there are supplemental Local CAW Agreements at each Chrysler Group facility employing union-represented workers, defining the rules for job posting, the allocation of overtime hours and shift preferences for CAW-represented employees. In **Mexico**, agreements are negotiated annually with the Sindicato Nacional de Trabajadores de la Industria Automotriz Integrada, Similares y Conexos de la República Mexicana for each facility employing union-represented workers (wages are negotiated every year; benefits are negotiated every other year).

Collective agreements signed during the year at company/plant level
Fiat Group worldwide (no.)

	2011[(1)(3)]	2010[(2)(4)]
Collective agreements	**485**	509

Main issues covered under the agreements
Fiat Group worldwide (%)

	2011[(3)]	2010[(4)]
Wage issue	**29**	26
Operating issue	**64**	62
Restructuring	**6**	6
Occupational Health and Safety[(5)]	**8**	8
Equal opportunities	**0.2**	n.a.
Training	**4**	n.a.
Other[(6)]	**7**	19

Management of production levels

In 2011, the world economy continued to be shaped by the global financial crisis, and with it, by growing market uncertainty. The business environment displayed greatly different trends in the various geographical areas. Signs of improvement were seen only in North America, in contrast to the sharp drop in demand elsewhere, continuing the decline which began at the end of 2008.

In **Italy**, to manage lower production levels, all Group companies with the exception of Comau and Ferrari continued to make use of temporary layoff benefit schemes, albeit with more hours than in 2010 (+14.8%).

(1) Includes 11 collective bargaining agreements (in Italy) with trade union organizations at Group level, which qualify as company agreements but are signed by Fiat S.p.A. in the name and on behalf of several Group companies.
(2) Includes 13 collective bargaining agreements (in Italy) with trade union organizations at Group level, which qualify as company agreements but are signed by Fiat S.p.A. in the name and on behalf of several Group companies.
(3) Data includes Chrysler Group for the full year.
(4) Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.
(5) Also includes prevention of work-related stress issues.
(6) 2010 data also includes training and equal opportunities issues.

During the year, four Group plants reached the limit for ordinary benefits (52 weeks in any rolling two-year period) and recourse was made to an extraordinary temporary layoff benefit scheme[1] which provides for a further 12 months coverage. Approximately 8,500 workers were affected.
Falling demand in the European automotive market had an adverse impact on production levels in **Poland**. Since the beginning of 2011, Fiat Auto Poland has cut back on overtime work on Saturdays, and, as the negative trend in orders and consequent fall in production volumes continued, the company was compelled to terminate agency contracts at its Tychy plant.
In **Brazil**, work on the new Pernambuco plant got underway in 2011, after being announced on 28 December 2010. In March 2011, a trade union agreement was made covering operations run by Group companies in Pernambuco. The agreement also concerns the activities of over 30 suppliers which will set up operations at the site. At Betim, another important Group production site in Brazil, the growth in production that characterized 2010 continued into 2011. An agreement was signed on 24 January 2011 enabling Fiat Automòveis, Fiat Powertrain and Comau to run two production shifts on Saturdays at overtime rates and to reduce the number of rest days during the Carnival period so as to increase production by approximately 90,000 vehicles.
With respect to **Chrysler Group**, in 2011 the company boosted vehicle production in response to increasing customer demand and consistent with the 2010–2014 Business Plan announced in 2009. The Chrysler Group hourly workforce across North and Latin America increased correspondingly by approximately 1,650 employees compared with the previous year.

[1] *"Cassa Integrazione Guadagni Straordinaria per crisi aziendale per evento improvviso e imprevisto".*

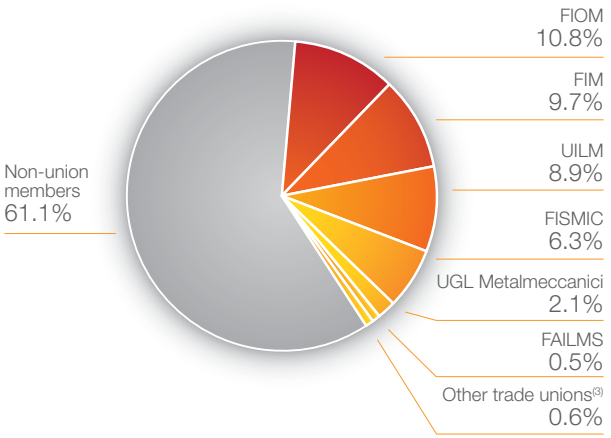
Freedom of association and representative bodies

Under the Fiat S.p.A. Code of Conduct, employees are free to join a trade union in accordance with local law and the rules of the various trade union organizations.

Legislation relating to the freedom of association varies from country to country. In some countries, such as France and Germany, the decision to join a union is considered a personal matter for employees, who are not required to inform the company. In most European countries, the law provides for representative bodies elected directly by the workers. Surveys are conducted regularly across the Group to map union membership. In **Italy**, it was found that 38.9% of metalworkers were trade union members in 2011 (compared with 40.6% in 2010). In the **United States**, around 72% of Fiat Group employees are union members, almost all of them with the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW). More specifically, with reference to Chrysler Group in the US, the UAW[1] represents approximately 23,000 hourly production workers and 3,000 salaried office workers.

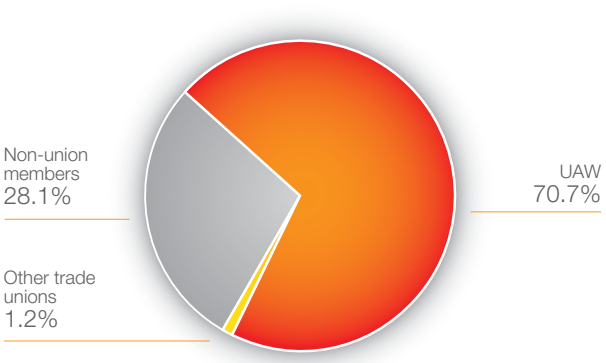
Union membership Italy

Fiat Group Italy[2] (% of total metalworkers excluding managers)



Union membership US

Fiat Group US[4] (% of total workforce excluding managers)



In **Canada**, the Canadian Auto Workers' union[1] (CAW) represents approximately 8,000 hourly production workers and 115 salaried office workers. In **Mexico**, the Sindicato Nacional de Trabajadores de la Industria Automotriz Integrada, Similares y Conexos de la República Mexicana represents approximately 6,135 hourly production workers at eight different facilities. In **Venezuela**, the Sindicato de Trabajadores de Chrysler de Venezuela represents approximately 825 hourly production workers.

[1] UAW and CAW numbers exclude temporary part-time (TPT) workers.
[2] The survey covered a sample of approximately 99% of metalworkers.
[3] Other includes independent trade unions and FLM.
[4] The survey covered 100% of US workforce, TPT workers excluded.

Restructuring and reorganization

In 2011, some sectors of the Group took steps to restructure and/or reorganize their activities in Italy. Under agreements with the trade unions, some Group companies initiated plans to reduce headcount by about 850 between 2011 and 2013. All the employees concerned would become eligible for retirement during the period covered by "mobilità" (a government benefit scheme applicable to employees affected by collective redundancies for a duration of three years in northern Italy and four years in the South). The number of employees leaving the Group in 2011 under the agreements made during the year and in 2010 was approximately 400. In Italy, following the Fiat S.p.A. announcement in 2009 that it would cease auto production at the Termini Imerese plant in 2011, roundtable talks organized by the Ministry for Economic Development continued to explore solutions for a viable industrial alternative for the site. Invitalia (the advisor to the Ministry for Economic Development) reviewed the investment plans presented by interested investors and selected the proposal made by DR Motor Company, which has pledged to take on all the Group workers formerly employed at the site, with the exception of those who will qualify for pension benefits during the subsidized wage terms defined under the extraordinary temporary layoff benefit scheme and "mobilità" arrangements. Under the agreement reached, Fiat S.p.A. will transfer the plant to DR Motor Company at no charge once the company fulfills its employment pledge.

During 2011, the Group took **steps to reduce the impact of reorganization on employees**. For example, employees of FGA Officine Automobilistiche Grugliasco subject to extraordinary temporary lay-off benefits scheme (CIGS) for restructuring[1] are being trained to update their skills for the future start of production. Required by the 29 October 2009 agreement with trade unions, the **training program** addresses issues such as the World Class Manufacturing (WCM) system, ergonomics and the work metrics. In parallel, training activities specifically geared towards Worker Safety Representatives were also conducted. The number of people involved in training through the course was 220 in 2011. The initiative will continue in 2012 with the objective of updating and adding basic skills, as well as raising awareness and spreading the use of WCM methodologies for workers placed on extraordinary temporary lay-off benefits scheme.

Outside Italy, no significant restructuring or reorganization operations were undertaken. For further details see page 250.

Labor unrest

In 2011, the level of labor unrest in **Italy** showed little to no change over 2010. The most significant labor action consisted of strikes called by the FIOM-CGIL to protest developments in contract negotiations at the Pomigliano and Mirafiori plants, and against the potential extension of the first-level collective labor agreement (Contratto Collettivo Specifico di Lavoro di primo livello – CCSL) signed on 29 December 2010, over which the FIOM-CGIL has voiced strong opposition and open hostility. Strike action was also held over the non-payment of additional amounts of the performance-related bonus. There were also a few instances of minor labor action organized locally in relation to the organization of work (e.g., shifts, overtime and workloads). Labor unrest in **other countries** was negligible in 2011, and involved local issues at individual plants.

[1] *"Cassa Integrazione Guadagni Straordinaria per ristrutturazione".*

Product safety

Safeguarding drivers and all road users is the cornerstone of Fiat Group's holistic approach to sustainable mobility. Thus, new ways of improving the active and passive safety standards of vehicles, as well as drawing on initiatives to promote responsible individual behavior, represent the foundation of a philosophy based on respect for human life. This is the commitment that customers deserve.

Group centers of competence

Fiat Group's commitment to sustainable mobility encompasses the design and development of vehicles capable of activating functions that aid in preventing accidents or – in the event of an unavoidable collision – that protect the occupants of the vehicle and other road users.

In 1976, Fiat Group Automobiles established its own **Safety Center** responsible for all crash test activities on vehicle systems (i.e., body frame, airbag and seat belts, seats, etc.).

The design systems are tested virtually first, followed by full-scale crash tests and simulations with experimental tools such as the HyGe crash sled. Particular emphasis is given to aspects of **compatibility between vehicles** of different segments for front and side collisions, **protection of the most vulnerable road users** and **integration of active and passive safety systems.**

Similarly, the **Chelsea Proving Grounds and Arizona Proving Grounds** test Chrysler Group vehicles both for development and compliance.

The Chelsea Proving Grounds conducts impact testing, crashing hundreds of vehicles each year and running thousands of computer simulations to verify the safety characteristics of all vehicles. More than six hundred such tests were conducted in 2011.

Additionally, the **Chrysler Group Automotive Research and Development Centre** (ARDC) in Windsor, Canada, is home to the Lighting Research Facility, one of the largest of its kind in the world.

With an indoor 91-meter, two-lane roadway – including roadside markings, overhead signs and reflectors – the facility is used for headlamp, fog lamp and taillight testing. It is capable of creating consistent weather conditions, regardless of season or time of day, and is equipped with fog simulation equipment.

Integrated approach to safety

Fiat Group aims to design vehicles equipped with the most advanced safety systems.

Research and development encompass three key areas:

- **driving support**, with a focus on devices that assist the driver in normal conditions and when a warning is triggered
- **collision avoidance**, with a focus on systems that are activated during the emergency phase and assist the driver in maneuvering to avoid collision
- **damage mitigation**, with a focus on devices that are activated when impact is inevitable in order to minimize the consequences

However, safety on board is still dependent on a properly maintained vehicle as well as the driver's ability to react and act responsibly.

To address this issue, the Group has designed **safe driving courses** to teach drivers how to react effectively in all types of weather and situations on the road. The Group has also launched **campaigns to promote proper vehicle maintenance** and raise awareness about the potential consequences of distracted driving.

Safety ratings

Fiat Group's approach has yielded significant results. For the last six years, every new model released by Fiat Group Automobiles has been awarded the **Euro NCAP 4- or 5-star rating** for safety. In 2011, the Lancia Thema and Fiat Freemont won the prestigious Euro NCAP 5-star rating, while Lancia Voyager and new Fiat Panda earned the 4-star rating. Furthermore, the US Insurance Institute for Highway Safety (IIHS) named 11 models from Chrysler Group as Top Safety Pick for 2012, compared with eight in 2011: the Chrysler Town & Country, 300 and 200; Dodge Grand Caravan, Durango, Charger, Journey and Avenger; Jeep Grand Cherokee and Patriot; and the Fiat 500. To be named a **Top Safety Pick**, vehicles must achieve the highest possible rating in front, side, rear and roof strength tests performed by the institute. They must also be equipped with standard Electronic Stability Control (ESC).[1] According to some studies, ESC has been shown to reduce fatalities by 20–50% and fatal rollover crashes by 65–85%. The US National Highway Traffic Safety Administration (NHTSA) has made ESC a mandatory feature for all 2012 model year light-passenger vehicles. Chrysler Group began installing ESC on vehicles in 2003 and has produced more than four million vehicles with this feature.

Euro NCAP rating[2]

Fiat Group Automobiles Europe

	Rating	Adult Occupant Score	Child Occupant Score	Pedestrian Protection Score	Safety Assist Score[3]
Fiat Freemont[4]	5 star	83% (30)	82% (40)	50% (18)	71% (5)
Lancia Thema[4]	5 star	83% (30)	77% (38)	59% (21)	71% (5)
Alfa Romeo Giulietta[4]	5 star	97% (35)	85% (42)	63% (23)	86% (6)
Alfa Romeo MiTo	5 star[5]	36	29	18	-
Lancia Delta	5 star[5]	34	33	15	-
Fiat 500	5 star[5]	35	28	14	-
Fiat Bravo	5 star[5]	33	36	16	-
Alfa Romeo 159	5 star[5]	34	40	9	-
Fiat Grande Punto	5 star[5]	33	35	19	-
New Fiat Panda[4]	4 star	82% (30)	63% (31)	49% (18)	43% (3)
Lancia Voyager[4]	4 star	79% (29)	67% (33)	47% (17)	71% (5)

[1] Top Safety Pick based on 31 mph (50 km/h) side-impact crash test, 40 mph (64 km/h) frontal-offset crash test, 20 mph (32 km/h) rear-impact test, roof strength testing and the presence of Electronic Stability Control. Tests performed by the Insurance Institute for Highway Safety. For details, visit www.iihs.org.
[2] Rating for vehicles in the Fiat Group Automobiles range launched from 2005 onwards.
[3] Category introduced for new Euro NCAP rating system.
[4] Scores based on post-2009 Euro NCAP rating system; equivalent numeric scores based on pre-2009 Euro NCAP rating system are shown in parentheses.
[5] Star rating according to adult occupant protection (pre-2009 Euro NCAP rating system).

Safety systems already available

Fiat Group offers many advanced **active safety** features which assist drivers in reducing accident risks. These features include: Adaptive Cruise Control (ACC), which adapts the speed based on designated set parameters; Forward Collision Warning (FCW), which warns the driver when the distance from the vehicle ahead is unsafe based on the speed of travel; Blind-spot Monitoring (BSM), a visual indicator in the side mirrors which notifies the driver of the presence of a vehicle in its blind spot; Rear Cross Path Detection (see also page 253); and Adaptive Front light System (AFS), which adjusts headlight beams for different driving conditions. Chrysler Group's SafetyTec package is available on several models, and features ParkSense rear assist, Blind-spot Monitoring and Rear Cross Path Detection. Furthermore, in 2011 smart brake technology became a standard feature incorporated into all Chrysler Group vehicles. Smart brake technology, first introduced in Chrysler Group vehicles in 2003, allows the brake pedal to override the input from the accelerator pedal if required.

With respect to **passive safety**, protection is ensured by advanced technology airbags as standard equipment (six or seven) which – in some models – feature a multistage design, inflating at different rates based on several factors, including the severity and type of collision. In addition, the active front head restraint system brings the head restraint of the front seats closer to the nape of the neck, significantly reducing the risk of whiplash injury in the event of a rear-end collision.

The commitment to assist customers in everyday driving situations and protect them in the event of a crash is enhanced by carrying over architectural solutions and safety devices offered in higher segments to smaller vehicles like the new Lancia Ypsilon and new Fiat Panda. To standardize vehicle response in the event of a collision, these vehicles have been equipped with an energy-absorbing front-end, and the structure of the seats and the restraint systems have been optimized to protect the most vulnerable passengers such as children and the elderly. To enhance child safety, the new custom-designed car seats presented in 2010 on the Alfa Giulietta are now available on the new Fiat Panda and the new Lancia Ypsilon.

The Group continually researches solutions for protecting other road users as well. In fact, a new hood architecture, first developed for the Alfa Giulietta, was applied to the new Fiat Panda. This feature is designed to reduce the risk of pedestrian head injuries in an impact.

In the upper segments (Fiat Freemont, Lancia Thema and Voyager) the innovative Active Pedestrian Protection System has been introduced. This feature raises the hood in the event of a collision, increasing the amount of hood deformation and **reducing the consequences for pedestrians.**

Development of safety systems

Driving support

Already available		In the pipeline		Innovation	
Fiat Group Automobiles brands	Chrysler Group brands	Fiat Group Automobiles brands	Chrysler Group brands	Fiat Group Automobiles brands	Chrysler Group brands
TIRE PRESSURE MONITORING ADAPTIVE FRONT LIGHT SYSTEM BLIND-SPOT MONITORING REAR CROSS PATH DETECTION ADAPTIVE CRUISE CONTROL REAR CAMERA HANDS-FREE BLUETOOTH CONNECTIVITY VOICE CONTROL AUTOMATIC PARKING[1]			ADAPTIVE CRUISE CONTROL STOP & GO	V2X COMMUNICATIONS	
		PERPENDICULAR/PARALLEL AUTOMATIC PARKING IN TIGHT SPACES			BIRD'S-EYE VIEW CAMERA

Collision avoidance

Already available		In the pipeline		Innovation	
Fiat Group Automobiles brands	Chrysler Group brands	Fiat Group Automobiles brands	Chrysler Group brands	Fiat Group Automobiles brands	Chrysler Group brands
ELECTRONIC STABILITY CONTROL (ESC) LANE DEPARTURE WARNING[1] FORWARD COLLISION WARNING		LOW-SPEED COLLISION MITIGATION ELECTRIC HAND/PARK BRAKE			PEDESTRIAN DETECTION
	ELECTRONIC ROLL MITIGATION		ACTIVE BLIND-SPOT ASSIST		

Damage mitigation

Already available		In the pipeline		Innovation	
Fiat Group Automobiles brands	Chrysler Group brands	Fiat Group Automobiles brands	Chrysler Group brands	Fiat Group Automobiles brands	Chrysler Group brands
KNEE AIRBAGS ACTIVE PEDESTRIAN PROTECTION SYSTEM		LOW-SPEED COLLISION MITIGATION		PRE-COLLISION ENHANCE	
	SELECT SPEED ASSIST		REAR SEAT SIDE AIRBAGS	ACTIVE SAFETY BELTS	
			ELECTRIC VEHICLE SAFETY	WINDSCREEN BAG FOR ACTIVE PEDESTRIAN PROTECTION SYSTEM	

[1] Available on Lancia/Chrysler Delta and new Ypsilon.

The contribution of Formula 1 to safety

With the objective of uniting even greater levels of performance with active and passive safety, **Ferrari has always transferred technology originating from its race track experience to the design of on-road vehicles**. A perfect example is the Ferrari FF launched in 2011 which features an innovative application of vehicle dynamic controls (VDC)[1] into a new four-wheel drive traction system called 4RM.
Compared with traditional four-wheel drive systems, this Ferrari patent is a unique solution weighing 50% less.
It ensures both best-in-class performance and an extremely safe driving experience on all types of terrain, including low-grip roadbeds (under rainy, snowy or icy conditions).

Safety systems in the pipeline

Fiat Group constantly seeks solutions for accident prevention to support the driver during critical maneuvers and situations. To this end, the Group is working systematically to develop and test new driver-assist systems.
Among the most important safety systems for future vehicle applications is the **collision mitigation** feature that will be introduced during 2012. This feature assists the driver in situations where a collision is unavoidable due to the sudden presence of an obstacle or a slow or stationary vehicle detected by a sensor situated on the windshield. Collision mitigation can act independently to stop the vehicle at speeds of less than 30 km/h (19 mph), as well as assist and compensate the braking action of the driver by reducing the speed before a collision occurs. This is particularly effective in urban situations: analysis of accidents has shown that 70–80% of collisions between vehicles traveling in the same direction (bumping) take place at speeds of less than 30 km/h (19 mph). This feature demonstrates how increasing the protection level of small vehicles can be achieved using technology usually found in larger models.

Other innovative safety-related features that are being evaluated include potential upgrades to Adaptive Cruise Control, Forward Collision Warning and Blind-spot Monitoring.
The enhanced Adaptive Cruise Control will automatically activate the brakes to slow the vehicle down to a complete stop, if required. Once the vehicle's path becomes clear again, this feature increases vehicle speed until the driver's preset speed is reached.
The potential upgrade to Forward Collision Warning includes a control unit that detects an obstacle in front of the vehicle and calculates speed, steering angle and position factors to determine in advance whether a collision is imminent. If the system finds that a crash is inevitable, it warns the driver and automatically takes action to protect the vehicle's occupants (such as retracting the front seat belts and preparing the vehicle's braking system for increased braking force to help reduce the speed of impact).
In addition to these enhancements of existing safety features, the Group will continue to advance the development of new solutions designed to safeguard all road users.

[1] VDC includes Electronic Stability Control (ESC), F1-Trac (a traction control system that comes from Formula 1), Magnetorheological Suspension Control (SCM) and high-performance ABS.

Customer training and vehicle maintenance

In addition to developing technologies to help keep occupants safe and minimize the likelihood of accidents, Fiat Group provides safety driving courses and seeks to focus customer attention on proper maintenance of their vehicle.

For years, Alfa Romeo has been a leader in promoting safety, accident prevention and driver education through **driving courses** organized in collaboration with the Dorado International Safety Driving Center, headed by former Formula 1 champion Andrea de Adamich. The courses, which are aimed at improving driving ability and vehicle control in all conceivable day-to-day situations, consist of two parts: "negative driving," to improve vehicle control in emergency situations, and "positive driving," to learn how to anticipate critical situations.

The Abarth brand also promoted safe sports driving, teaching techniques that combine safety with driving pleasure through dedicated driving courses, which in 2011 were provided by the Abarth Driving Academy. Furthermore, in 2011 the brand organized the Make It Your Race driving contest, primarily aimed at young people, to promote safe and responsible driving. Of the more than 5,000 participants in the selection process, 70 received the opportunity to take part in an advanced safe driving course and 20 earned their racing license from ACI-CSAI (Italian Motor Sports Commission of the Automobile Club of Italy).

The Fiorano race track in Maranello (Italy) is the backdrop for Ferrari's driving courses for customers. The Pilota Ferrari sports driving courses allow participants the chance to progress by advancing through a number of levels. The course also offers a complete program of instruction focused on instilling a comprehensive understanding of safe sports driving techniques. The course provides practical instruction and several theory sessions with the purpose of giving a more in-depth insight into driving techniques and helping drivers analyze vehicle behavior in critical circumstances.

Maserati also organizes safe sports driving courses under the supervision of professional drivers. Open to both aspiring and current Maserati owners, these courses, which have been refined over the last 10 years, are a perfect blend of theory and practice. They have been organized to ensure participants can enjoy an intensive driving experience with a variety of Maserati models in complete safety. This is achieved by providing just the right balance between time on the track and sessions spent on emergency situations, where the cars are driven on different simulated surfaces to recreate emergency conditions.

In addition to promoting safety by offering specific driving courses, Fiat Group also supports public awareness **campaigns related to child safety** in vehicles and **proper vehicle maintenance.**

Chrysler Group has a long history of creating programs designed to keep drivers and families safe and is a cofounder of the US SeatCheck program. This initiative teaches parents how to properly secure their children in motor vehicles through free child safety seat inspections carried out by certified technicians.

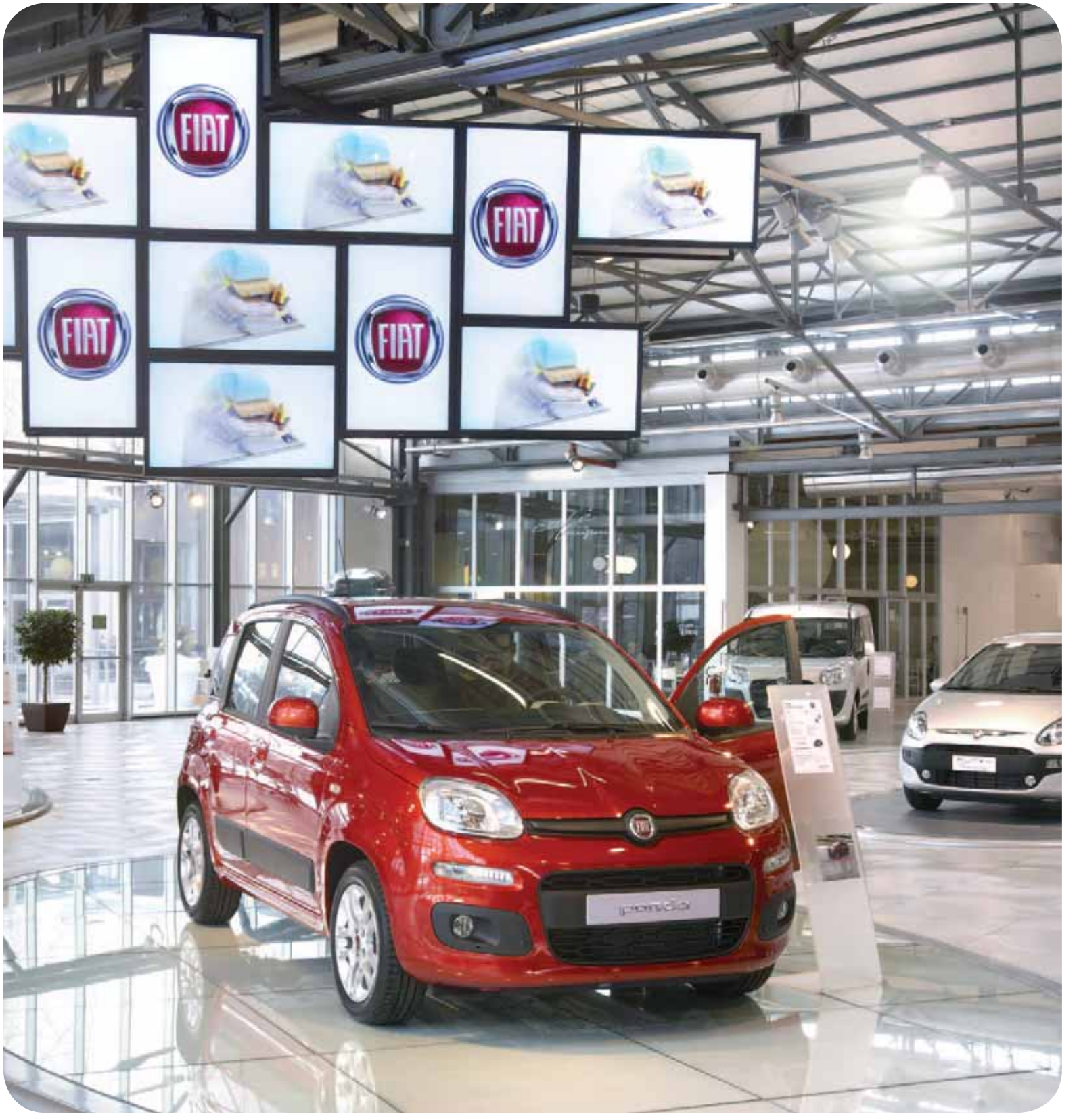
In 2011, in order to raise awareness among drivers of the effect proper vehicle maintenance has on the functioning of safety devices, Fiat Group Automobiles (FGA) continued to offer the Summer Check-Up programs, along with special promotions on vehicle safety components that may need to be replaced. Furthermore, specific sections were introduced in the user and maintenance handbook for a variety of models underscoring the importance of scheduled and timely maintenance necessary to keep a vehicle in original condition.

Each FGA vehicle is also equipped with a label to raise customer awareness of the importance of purchasing original spare parts in order to guarantee the proper functioning of passive safety systems.
Another initiative to raise customer awareness on the topic of proper maintenance was developed by Magneti Marelli. Called OBD-Road, this special **diagnostic support tool** is connected to the OBD (on-board diagnostics) plug. It assesses the quality of conditions of different vehicle subsystems that manage the ignition system (catalytic converters, lambda sensor, etc.) and warns the driver directly in the event of any errors. Through the use of a Global System for Mobile Communications (GSM) network, the information is automatically sent to the nearest Magneti Marelli infomobility service center, which then contacts the customer to schedule the necessary repair.
Similarly, Mopar – the Chrysler Group's service, parts and customer care organization – introduced the Electronic Vehicle Tracking System (EVTS). EVTS provides owners added peace of mind by alerting them if their vehicle is being driven too fast or too far over preset parameters. The system is available on

Chrysler, Jeep, Dodge, Ram and Fiat North America vehicles. With the introduction of its industry-first EVTS vehicle-tracking system, Mopar earned a Value Chain Award in the automotive category from Connected World magazine for the process of combining multiple mobile-to-mobile technologies to create a winning solution for customers.

Distracted driving

Distracted driving is recognized as one of the most serious threats to safety on the roadways. Keeping the driver's eyes on the road and their hands on the wheel is the objective of Fiat Group's Human Machine Interface (HMI) team.
Aimed at combating distracted driving, hands-free communication using Bluetooth technology, offered on the Uconnect platform, is available on all Chrysler Group vehicles. It enhances the driver and passenger experience without becoming overwhelming or distracting. Its advanced **voice command recognition** makes hands-free operation of phones and radio station tuning possible. Furthermore, the Txt U L8r application was launched in 2010 to address the **risk of texting while driving**. This free smartphone app automatically sends a predetermined text message back to the sender advising that the recipient is currently unavailable. At the same time, the received message is read aloud to the driver, ensuring he or she doesn't miss an urgent message. An upgrade of the application that allows the driver to respond to messages with voice commands is also available for purchase.
Fiat Group Automobiles (FGA) vehicles have been equipped with built-in hands-free Bluetooth technology and Voice Control since 2005.
Voice Control enabled by the Blue&Me platform was introduced in the new Fiat Panda and new Lancia Ypsilon in 2011, making its availability complete throughout the entire range of FGA vehicles. Voice Control is also found on the Uconnect platform in the Fiat Freemont and Lancia Thema and Voyager. Both systems support advanced voice recognition for managing phone calls and media players by simple voice commands.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Dealer and service network

Dealers and their personnel represent an essential link between the company and its customers. The quality of service provided to customers, and the ability to earn and retain their trust, is highly dependent on the capabilities and knowledge of salespeople, technicians and after-sales staff. For this reason, Fiat Group is committed to the continual development of the individuals who sell and service its vehicles.

Training for the network

In 2011, Fiat Group continued investing in its dealer and service network through general and specialist training.
Fiat Group Automobiles (FGA) has also continued the skills assessment and certification of salespeople and technicians, with personalized training plans established to address any gaps in knowledge in order to standardize skill levels across the network.
In 2011, Unetversity, the FGA training school, trained approximately 68,000 salespeople and technicians, for a total of more than two million hours of training, while the Chrysler Academy trained over 95,000 dealership personnel, sales and after-sales professionals and technicians, for approximately 3.6 million hours of training.
Courses for the sales force included, among other topics, customer relationship management and the environmental and safety features of the Group's vehicles. Training for technicians concentrated on diagnosis, maintenance and repair techniques for fuel-efficient engines.
Finally, online training was enhanced to ensure that information and knowledge is more readily accessible to everyone in the network, saving time and money and reducing the environmental impact of travel.

Customer relationship and management training

After its introduction in Italy, in 2011 Fiat Group Automobiles (FGA) Unetversity launched the training program Customer First: Shoulder to Shoulder across Europe. This initiative is designed to improve network personnel's approach and behavior during the sales process and reflects the commitment to promoting **responsible selling techniques**. The program adds to a range of other training initiatives aimed at encouraging the greatest transparency possible in the management of customer relationships. In 2011, support was provided to approximately 600 dealerships to enhance their professional approach and transparency throughout the entire selling process (see also page 208).
With a focus on exceeding customer expectations, in 2011 Chrysler Group continued the Chrysler Dealer Standards program, launched in 2010. The initiative is designed to improve overall **customer experience** as well as promote the long term success of both the company and the dealer network. FGA Unetversity also placed particular emphasis on training for staff, such as service center managers and front office employees, who manage the **after-sales relationship** with customers.

Activities such as service check-in, scheduling vehicle delivery and managing spare parts supply have a significant impact on customer perception of service quality and, consequently, on the level of customer satisfaction.
Lastly, training activities to support dealership owners and managers also continued during 2011 through the FGA Effect program, a professional Dealer Business School modeled after university-level business management curriculums.
This program provides dealers with training in **managerial skills** and tools to help successfully address changing conditions at the global and local level, placing particular emphasis on succession management. Now in its fourth year in Italy, Effect has been extended across Europe.
In 2011, Chrysler Group launched (in the US, Canada and Mexico) iExam, a business analysis tool that allows dealers to analyze their **financial performance**. The tool identifies possible out-of-line conditions and/or opportunities, and provides key performance indicators, corporate benchmarks and financial performance reports developed to help sustain a profitable business.

Dealer Candidate Development (DCD) program

Chrysler Group is working to build a diverse dealer network that is representative of the customers and communities its dealers serve.
The Network Diversity Development Group is responsible for developing and maintaining the relationship with the minority dealer network and aims to improve the performance of existing minority-owned dealerships. As new dealership opportunities are created, the company ensures that minority candidates share in these opportunities. During 2011, Chrysler Group's minority dealer count increased from 113 to 141. This increase included 25 new minority dealers for the Fiat brand during the year.
In April 2011, the Dealer Candidate Development (DCD) program was launched, in which five candidates (four of whom are both gender and ethnic minorities), currently working as general or senior sales managers in a franchised Chrysler Group or Fiat dealership, were provided with dedicated training. The modules primarily covered items such as financial statement analysis, service department and technician optimization, and parts allocation and prioritization pricing. Several educational webinars and on-site dealership operational assessment visits were also organized to round out their education. This initial group of candidates will complete the development program in the first quarter of 2012. This training is intended to prepare them to become dealer-owners in the event a dealership opportunity becomes available.

Environmental and safety training

Continuing its long-standing commitment, Fiat Group Automobiles (FGA) dedicates considerable resources to **environmental and safety topics.** In 2011, approximately 394,000 hours of training on these issues were provided to salespeople, technicians and after-sales staff, representing approximately 34% of all training provided in the EMEA[1] region. The sales force received special training on systems such as the Smart Alternator and Start&Stop, which provide customers with key benefits in the form of fuel savings and lower CO_2 emissions. Technical training for service technicians focused on developing know-how in the **repair and maintenance of eco-efficient engines**, essential to ensuring engine efficiency and reducing fuel consumption and emissions levels, as defined by regulatory limits.

Chrysler Group is also fundamentally committed to raising awareness and know-how with respect to **environmental and safety issues**. Approximately 588,600 hours of product training were delivered to sales professionals covering environmental and safety related topics in both live and web formats. Sales training included topics such as eco-friendly technologies, as well as active and passive safety features. For service technicians, approximately 438,700 hours of training were provided in the **diagnosis**, **repair and maintenance of fuel-efficient engines**, marking an increase of 12% compared with 2010.

On-site and web training

On-site and web training responds to the need to make information and knowledge accessible to everyone in the dealer network, saving time and money and reducing the environmental impact of travel.

Fiat Group Automobiles (FGA) has consolidated the use of online training for all network personnel through the Web Academy multimedia platform. In 2011, approximately 27% of training hours dedicated to salespeople and technicians was delivered over the web. Thanks to the use of web-based training, 11 million kilometers in travel are avoided each year in Europe alone, which translates into approximately 1,200 tons of CO_2.

The Chrysler Academy also offers virtual classroom online training and web courseware, leveraging technology-based solutions such as web portals, mobile texting, tablet apps, in-dealership touch-screen kiosks and tag-reader-linked videos. In 2011, 64% of total training hours was provided to the dealer network through the web or virtual classrooms.

With the objective of offering solutions close to the participants, Chrysler Group and FGA offer 34 Technical Training Centers located across North America and 31 in Europe, covering the training needs of field personnel.

[1] As of September 2011, four Regional Operations Groups have been established to manage car manufacturing and sales activities within the entire Fiat Group: NAFTA (Canada, Mexico and the US), EMEA (Europe, Africa and Middle East), LATAM (Latin America) and ASIA.

Reducing environmental impact

Fiat Group Automobiles (FGA), Maserati and Chrysler Group are increasingly involving the dealer and service network in their efforts to reduce the environmental impact of their activities.

Fiat Group Automobiles identified the main environmental impacts of its company-owned dealership facilities and subsequently developed **Environmental Guidelines** to be applied. These Guidelines are related to the use of materials and equipment, as well as to processes necessary to reduce environmental impact. Maserati conducted a similar study and all new service centers are being built in accordance with these Guidelines.

The Guidelines specify the processes and materials to be used in the design of future dealerships. Without neglecting technical aspects and functional concerns, the Guidelines focus on energy reduction and the responsible use of resources in an effort to ensure that impacts are reduced to a minimum. The most important specifications refer to the use of alternative energy and new technologies for both heating and cooling; the use of photovoltaic solar panels to produce electricity; attention to building orientation to optimize lighting and ventilation; the optimization of waste recycling and the reuse of rain and gray water. In addition, highly-recyclable and zero or low-toxic emission construction materials are recommended.

These Guidelines are applied to the construction of new FGA-owned dealerships, and their adoption by new and existing private network premises will be encouraged starting in 2012.

In an effort to promote and support the same principles throughout its dealer network, the Chrysler Group Network Development organization and the Corporate Sustainability Office initiated the **Dealer ECO** (Environmentally Conscious Operations) program. This voluntary program provides an opportunity for dealers to demonstrate their commitment to ecologically sound business practices and be recognized for their efforts. It consists of three elements: a survey of the current dealer network's environmental practices, recognition of top ECO dealers and sharing of best practice. Dealers who exhibit exemplary performance in ECO practices are nominated for the Chrysler Group Environmental Leadership Award (ELA). In 2011, two Chrysler Group dealers received ELA awards for initiatives such as the use of solar array systems; extensive recycling programs for oil, tires and other waste; and the installation of energy-efficient heating, cooling and lighting systems.

Customers

Customer satisfaction is a fundamental prerequisite for a company's long-term success. A satisfied customer is a loyal customer who can be a promoter of the brand in the marketplace. Fiat Group places customers and their needs at the center of its activity: from the design phase, to the purchase experience at the dealer, to the provision of after-sales service and assistance. As customer needs change over time, they must be frequently assessed in order to continue providing a positive service and ownership experience.

Customer relationship

Fiat Group continually strives to align activities in all areas, from marketing and technical service to sales, to the needs of customers. To achieve this objective, dedicated **Customer Care** organizations have been established at Fiat Group Automobiles (FGA) and Chrysler Group in order to:

- improve relationships with customers by opening multichannel interaction
- increase customer satisfaction
- build and improve customer loyalty

Customer Contact Centers (CCC), together with dealers, are the main channel of communication between customers and the company. The FGA Customer Contact Center, located in Arese (Italy), supports not only FGA, Maserati and Chrysler Group customers in Europe, but also Case New Holland (CNH), Magneti Marelli, FGA Capital and Fiat Services in 20 countries. Chrysler Group's Customer Contact Center supports all North America Chrysler Group and FGA brands. It is operated by the Mopar Service, Parts and Customer Care organization.

The Customer Contact Centers offer a variety of services: from information, to complaint management, to roadside assistance. The FGA CCC is a multilingual center with 89% of

the employees being native speakers in one of the 15 different service languages. With 428 personnel, the FGA Customer Contact Center handled approximately four million contacts in 2011 (of which three million for the car business only) and is one of the largest such centers in the automotive sector in Europe. The Chrysler Group CCC handled approximately 2.5 million contacts in 2011 (+ 39% over 2010) with 430 personnel in three locations. Both the FGA and Chrysler Group Customer Contact Centers manage the entire process, from the first contact with the customer until a response has been given, ensuring resolution in the shortest possible time.
Phone agents are constantly trained in order to provide a best-in-class service experience: in 2011, FGA personnel received 20,000 training hours and Chrysler Group agents received 9,000 training hours.

Monitoring results

Fiat Group Automobiles (FGA) and Chrysler Group are equally committed to providing excellent customer care service. Both regularly monitor the results and level of customer satisfaction in order to improve the quality of response for both information and complaint services. Surveys following customer interactions are used to measure the satisfaction level of customers.
FGA and Chrysler Group collaborate on key indicator development and customer care best practice. The key indicators for the Customer Contact Center activities in 2011 were contacts handled, customer satisfaction, response time and average vehicle downtime.

Promoting communication with customers

Part of encouraging a positive customer experience is creating a convenient, on-demand channel of communication.
To increase opportunities for contact, in 2011 FGA continued working on the **Mobile Customer Service** project, which enables customer-company interaction through the latest generation mobile channels: from the iPhone to the most recent iPad. The project, launched in 2010, reached approximately 151,000 users in major European markets in 2011. It will be extended to include the Android platform in 2012.
Chrysler Group offered the **industry's first smartphone vehicle-information applications** in late 2010. Building upon the success of this initiative, Chrysler Group launched additional applications in 2011 and made improvements to existing programs. These applications provide general information about vehicle operation, maintenance, and warranty, as well as product-feature video demonstrations, links to other product information, connections with fellow owners via the company's brand social media sites, direct dial to customer care and 24-hour roadside assistance.
Maximum attention is given to **protecting the personal data** of customers and others who contact the company. In fact, the process for managing communication with customers fully respects the right to privacy, as established in the Group's Data Privacy Guidelines and the legislation applicable for each country in which the company operates.
In 2011, Chrysler Group launched the **Owner's Center website**, which offers personalized service throughout the

Customer Contact Center Activities – 2011

	Fiat Group Automobiles	Chrysler Group
Contacts managed	4 million	2.5 million
Customers participating in satisfaction surveys	8%	3%
Satisfaction index (scale 1–10)		
Information	8.2	8.1
Complaints	7.4	6.7
Average call center response time	81% of calls handled within 20 seconds	87% of calls handled within 30 seconds
Information	91% of contacts settled in a single call	contacts settled within average of 0.6 days
Complaints	settled in 5.6 days 67% settled in less than 5 days	settled in 6.1 days 69% settled in less than 5 days
Vehicle downtime	2.4 days	under development

customer's entire ownership experience. By simply entering their Vehicle Identification Number (VIN) on the website login page, customers can access information about their Chrysler Group product, such as service history and service maintenance recommendations, as well as download special offers, develop customized vehicle galleries and watch videos on how to use features.

Because dealerships are the primary channel of customer interaction with the company, Fiat Group Automobiles initiated a program in 2011 which aims to **better understand customer needs** related to their recent purchase and after-sales experiences. The objective is to more effectively respond to the needs they expressed.

The program was initiated for all FGA dealerships in the principal European markets (Italy, France, Germany and Spain). It covers several phases, including measurement of customer satisfaction, customer involvement in defining the desired service, implementation of the requested actions and measurement of the efficiency of the new process as well as of the program itself.

To achieve this, customers were requested to describe over the web their dealership experience and level of satisfaction with the service they received. By analyzing the results, it was possible to identify the behaviors and processes within the dealership which led customers to promote the brand or criticize it, or which led a passive customer to become a promoter.

The sales and after-sales processes were redesigned accordingly and dealership personnel will be trained on the procedures and new standards introduced.

As a result of this ongoing dialogue with customers about their expectations, **new services are continually being evaluated and developed**.

For example, Chrysler Group is expanding the number of dealers offering express service, which significantly reduces the time required for routine maintenance such as oil change, tire rotation and multi-point inspection. In 2011, the number of dealers offering express service increased significantly and growth will continue through 2014.

In addition, dealers are increasing their service hours of operation to enhance customer convenience. In 2011, dealers offering Saturday service hours increased to 77% in the US. The focus in 2012 and beyond will be increasing the number of North America dealerships offering express service and extended service hours (weeknight and weekend hours). Accordingly, in order to support dealership needs, Chrysler Group also expanded its Mopar parts distribution and customer service hours.

Recall campaigns

A manufacturer's responsibility does not end with the final sale to the customer, but continues throughout the entire life cycle of the vehicle.

With this in mind, Fiat and Chrysler Group continue to monitor all aspects relating to vehicle safety during the after-sales phase. If technical problems relating to safety or regulatory compliance arise, recall campaigns are initiated to resolve the problem identified.

In 2011, there were 73 recall campaigns involving approximately 1,640,000 Fiat Group Automobiles or Chrysler Group customers worldwide.

The **Best Service Campaign** was launched for Fiat Group Automobiles clients to manage recall campaigns requiring repair to vehicles. Customers are notified through various channels of work to be performed on their vehicle and the process is managed to minimize inconvenience to the customer and vehicle downtime. The customers receive written notification

and are also contacted by telephone to be given additional information on the work to be carried out, the location of service centers and other services that may be available, such as the possibility of a replacement vehicle. Follow-up contact is also made to assess the customer's level of satisfaction with the initiative. In 2011, the average satisfaction rating of Fiat Group Automobiles (FGA) customers managed through the Best Service Campaign was 9.1 (scale of 1 to 10).

Transparency in communication

Responsible selling practices

Fiat Group Automobiles and Chrysler Group strive to facilitate the purchase and lease of new and used vehicles within the authorized dealer network. This is accomplished through FGA Capital (the joint venture between Fiat Group Automobiles and Crédit Agricole), which offers customers in 12 European countries a range of financial products and insurance services (Credit Protection Insurance, Car Insurance, Extended Warranties, etc.). FGA Capital has long been committed to providing responsible service in full compliance with applicable regulations, and with a strong focus on transparency and credit sustainability. To that end, in addition to targeted employee training, specific guidelines were produced and circulated in 2011 for FGA Capital's sales force and credit managers in Europe. The aim of the guidelines is to **raise staff awareness of the importance of using clear and accessible language when offering financing products**. The focus on transparency in terms of credit availability and preventing over-indebtedness covers the entire life cycle of the financing products offered: from creation of the offer, to credit approval, to credit restructuring if the customer encounters financial difficulties and is unable to meet the commitments made. As part of the continual improvement process and to assess the effectiveness of actions taken, a special section of the customer satisfaction survey was included to measure the clarity and completeness of the information provided by sales personnel about credit services.

Ethics in communication

Fiat Group recognizes the social role that advertising plays and has voluntarily adopted and encourages positive and responsible values and conduct in every form of communication. In 2011, Fiat Group Automobiles (FGA) published its guide to ethics in communication to promote a policy of responsible marketing and advertising in every market where it is present. Based on the applicable law and advertising standards in those markets, the guide sets out the fundamental principles that are to be applied in communication activities carried out by all those who work in or with FGA, such as advertising agencies. The core values underlying the guide reflect FGA's guiding principles of respect, honesty and responsibility. The guide was drafted in clear, straightforward language to ensure that it could be readily understood and applied by everyone. The Group is also an active member of the Unione Pubblicitari Associati – UPA (the association of advertisers in Italy), which supports the Istituto di Autodisciplina Pubblicitaria (Italian institute for advertising standards), and is also a member of the European Advertising Standards Alliance.

Product and service information

Given the nature of its activities, Fiat Group is subject to numerous national and international laws and regulations related to product information.

With regard to fuel economy and CO_2 emissions, in Europe the Group provides consumers specific information through various channels: posters in sales outlets, advertisements, internet sites, etc., in accordance with the provisions of Directive 1999/94/EC of the European Parliament and Council of 13 December 1999 relating to the availability of consumer information on fuel economy and CO_2 emissions with respect to the marketing of new passenger cars. In the US, the Environmental Protection Agency (EPA) is responsible for ensuring compliance with fuel economy labeling requirements on new vehicles. In May 2011, the EPA, together with the US National Highway Traffic Safety Administration (NHTSA), announced a significant label re-design which will take effect for 2013 model year vehicles. In addition to information about the vehicles' fuel economy, the new labels will provide consumers with details about energy use, fuel costs and environmental impacts, including smog and greenhouse gas ratings. The Group is ready to comply with the requirements accordingly.

Other information, including cautionary and warning messaging whether required by regulation or provided voluntarily, is communicated by the Group with maximum transparency through manuals (e.g., user and maintenance handbooks), labels, advertising, the dealer and service network, Customer Contact Centers and so on. Users are informed on topics such as the proper use of active/passive safety features (e.g., seat belts, airbags, child seats), the vehicle's environmental impact, correct driving behaviors that can affect fuel economy and emissions and responsible disposal of maintenance materials (e.g., fluids, filters).

Also, through driving courses, awareness campaigns and computer-based tools (e.g., eco:Drive), the Group promotes the use of low environmental impact technology and encourages customers to drive safely and in an environmentally friendly manner.

Vehicle quality

Fiat Group's interaction with customers includes extensive research to gain an understanding of market needs and desires, and to ensure the company delivers vehicles that

exceed consumers' quality expectations. As part of the alliance between Fiat[1] and Chrysler Group, the company is continuing to invest in quality improvements and is creating a stronger, worldwide quality organization. Across the Group, a dedicated cross-functional team is working on a coordinated strategy. A number of global quality initiatives are being evaluated, including the development of new common standards and methods based on competitive benchmarks.

Providing high-quality vehicles is a key driver of the Group's product strategy, and many tools are used to improve a vehicle's performance quality, such as surveys and clinics that collect and prioritize customer desires, assessments of competitive vehicles, vehicle teardowns and third-party data. The Quality team benchmarks approximately 320 physical characteristics of best-in-class vehicles. Criteria such as acceleration, braking, handling, seat comfort, storage space, fuel economy and visibility are measured so that Group products can be designed to compete with the best.

In addition, Fiat Group uses an overall measurement of customer satisfaction called the Customer Promoter Score (CPS). CPS is an internal monthly tracking system that measures customers' willingness to recommend their vehicle to a friend or family member. Customers are surveyed at potentially seven points during the first five years of ownership through a combination of time-triggered and event-triggered transactions.

The results of the Group's quality efforts have been significant: in 2011, the Group reduced the rate of repair in the first 90 days of ownership by 10% to 20%, depending on the model.

Best-in-class standards are also adopted at the manufacturing phase. In fact, all Group manufacturing plants have adopted a Quality Management System Certification compliant with ISO 9001:2008. In addition, Fiat Powertrain plants in Europe are also ISO / TS 16949:2009 certified.

[1] *Refers to Fiat Group excluding Chrysler Group.*

Suppliers

Fiat Group considers its suppliers strategic partners for growth and competitiveness in a relationship that goes beyond the purely commercial sphere. The Group believes that it is a duty of large organizations to promote the values of responsibility and sustainable development throughout their supply chain. Fiat Group is committed to developing a lasting business relationship with those suppliers that not only satisfy its requirements for quality, price and reliability, but that also share its principles and business approach.

In October 2011, Group Purchasing was created as a new organization consistent with the objective of enhancing the operational integration of Fiat[1] and Chrysler Group. Group Purchasing is responsible for setting global purchasing strategies, ensuring the achievement of common objectives in accordance with Fiat and Chrysler Group business targets and developing the integration of global processes and implementation of a Supplier Quality System.

In 2011, Group Purchasing confirmed its commitment to **promoting socially and environmentally responsible practices by suppliers** and raising employee awareness of these issues.

The information related to the model for sustainable management of the supply chain was assessed by SGS with a high level audit in accordance with the AA1000 Assurance Standard.

Supplier profile

Group Purchasing manages purchases of around €46 billion and has a supplier base of approximately 2,300 companies with a high level of concentration: the top 60 suppliers produce 57% of total purchases by value.

Highlights

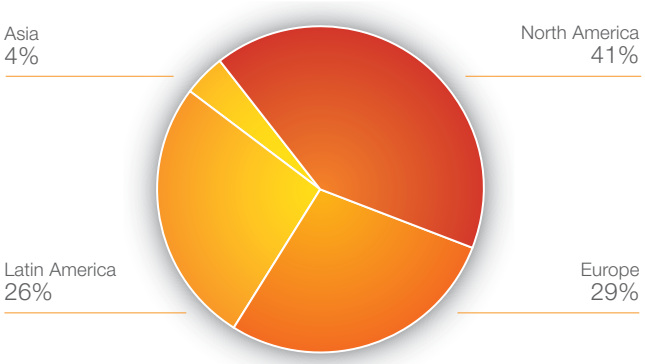
Group Purchasing worldwide

	2011
Direct and indirect material purchases managed by Group Purchasing[2] (% of total Group purchases)	approx. 85%
Direct material suppliers (no.)	2,336
Concentration of direct material purchases (% of purchases from top 60 suppliers)	57%
Value of purchases from direct material suppliers[3] (€ billion)	38.8
Value of purchases from indirect material suppliers[4] (€ billion)	7.5

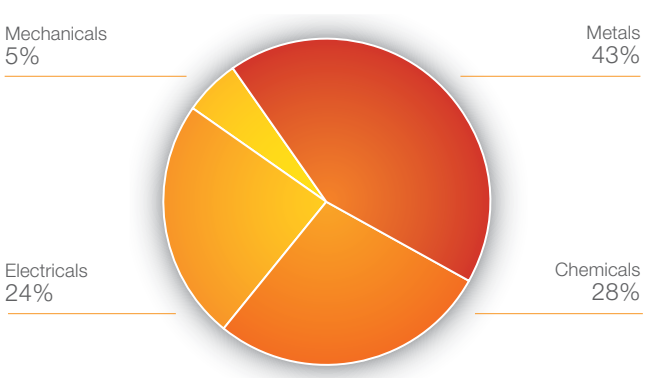
[1] Fiat refers to Fiat Group excluding Chrysler Group.
[2] Refers to the monetary value of purchases managed by Group Purchasing.
[3] Direct materials are pre-assembled components and systems used in assembly. The value of raw material purchases is considered marginal.
[4] Indirect materials are services, machinery, equipment, etc.

Approximately 49% of direct material purchases by value are for plants in North America, 26% for plants in Europe and 25% for Latin America. Accordingly, the location of direct materials suppliers is approximately 41% in North America, 29% in Europe, 26% in Latin America and 4% in Asia.
Although Fiat Group does not purchase raw materials directly (with the exception of steel used for direct processing), overall consumption and price trends are monitored. The principal raw materials used in semi-finished goods purchased by the Group are steel (approx. 2.6 million tons including scrap), cast iron (approx. 636,000 tons) and light alloys (approx. 300,000 tons).

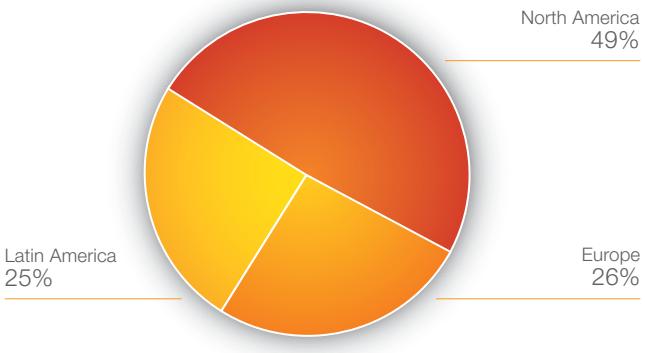
Purchases[1] by origin
Group Purchasing worldwide



Purchases[1] by type
Group Purchasing worldwide



Purchases[1] by destination
Group Purchasing worldwide



Conflict minerals

The Group recognizes value in working with peers to address global challenges across the automotive supply chain. In particular, Chrysler Group in 2011 worked through the Automotive Industry Action Group (AIAG) to develop training on global working conditions and formulate strategies to address the Dodd-Frank legislation aimed at tracing the sources of certain minerals that may originate from the Democratic Republic of Congo and surrounding countries. Should the regulations implementing this legislation be finalized, in 2012 Fiat Group plans to develop a template for its suppliers to report their source(s) for these minerals. The Group will also begin to promote the sourcing of parts and components utilizing conflict-free minerals.

[1] *Refers to the monetary value of direct material purchases managed by Group Purchasing.*

Supply chain standards

Sustainability criteria have been fully incorporated into the management and selection process for Group suppliers.
The supplier selection process is based on objective assessment criteria aimed at ensuring impartial treatment and equal opportunity for all parties involved. Quality, supply, price and the ability to meet delivery times represent just a few of the areas upon which suppliers are evaluated.
The new procedures implemented in 2009 introduced specific standards relating to environmental and social sustainability. As a result, clauses are being progressively introduced to new agreements requiring that suppliers **adhere** not only to the **Group Code of Conduct** but also to specific **Sustainability Guidelines**.
If it is found that a supplier fails to adhere to these principles, the Group reserves the right to terminate the business relationship or require the supplier to implement a corrective action plan, which is then verified by audit.
The Sustainability Guidelines are available on the website (www.fiatspa.com/en-US/sustainability/Pages/pubblicazioni.aspx). These guidelines, which also apply to subcontractors, require adherence to the following principles:

- Human rights and working conditions:
  - rejection of the use of forced or child labor in any form
  - recognition of the right to freedom of association in accordance with the applicable law
  - safeguarding of employee health and safety
  - guarantee of equal opportunities, fair working conditions and the right to training for employees
- Respect for the environment:
  - optimization of the use of resources
  - responsible waste management
  - elimination of potentially hazardous substances from the manufacturing process
  - development of low environmental impact products
  - use of an environmentally sustainable logistics system
- Business ethics:
  - high standards of integrity, honesty and fairness
  - prohibition against corruption and money laundering

New shared Sustainability Guidelines will be adopted in 2012 across the Group.

Supplier diversity

Chrysler Group continues to be a leader in promoting supplier diversity. Established in 1983, the Diversity Supplier Development (DSD) group focuses on developing and maintaining a qualified, diverse supply base. This enables achievement of diversity sourcing goals and commitments to the communities in which the company does business. Accordingly, minority-owned enterprises are provided with opportunities and the information they need to do business with the Group. In 2011, Chrysler Group increased its expenditure with minority-owned businesses from 13.8% to 15.7%, an increase of €412 million.

Two significant new programs launched in 2011 demonstrate this commitment:

High Focus program – In 2011, DSD implemented a quadrant analysis as the basis for its High Focus program to encourage Tier 1 suppliers to reflect Chrysler Group's value of supplier diversity. The High Focus program assists Tier 1 suppliers in developing sustainable supplier diversity strategies through mutually beneficial access to Women and Minority Business Enterprises (W/MBEs) in the US and internationally.

W/MBE Mentoring program – In 2011, in partnership with General Motors Company and Ford Motors Company, Chrysler Group's DSD team launched an enhanced mentoring program. This program not only helps identify areas for improvement for W/MBEs, but also provides coaches to assist in implementing these improvements. Additionally, the supplier assessment tools used in the new mentoring program will raise awareness of W/MBEs that are ready to progress to the next level to become potential Tier 1 suppliers.

Assessing potential suppliers

The Potential Supplier Assessment system was enhanced in 2011 with **additional assessment criteria relating to sustainability**. The changes introduced include the requirement to adopt a Code of Conduct or a Code of Ethics governing issues such as respect of human rights and anti-corruption measures, as well as a certified Health and Safety Management System in addition to the previous requirements for a certified Environmental Management System.

A further step towards fully integrating environmental and social aspects in the management of suppliers will be taken in 2012. At that time the supplier sustainability performance (assessed through both self-assessment questionnaires and on-site audits) will be a **determining factor in the final decision for the award of supply contracts**. The result is already included in the score that impacts sourcing decisions for Chrysler Group suppliers.

Monitoring conformity

In order to verify adherence by suppliers to the Group's sustainability standards and, where necessary, take steps for improvement and realignment, Group Purchasing has in place a monitoring process that consists of two main tools: self-assessment questionnaires on sustainability standards and follow-up on-site audits.

The questionnaire queries suppliers on human rights; environmental and health and safety practices; ethics and anti-corruption; and people training and development. It also serves as a gap analysis tool for suppliers, highlighting areas that need improvement.

In 2011, **self-assessment questionnaires** were answered by about 1,235 suppliers accounting for roughly a further 37% of purchases by value managed by Group Purchasing during the year. This was in addition to the 362 suppliers already taking part in 2009 and 2010. Suppliers who completed the questionnaire attained an **average score of 87/100**.

An analysis of the results essentially confirmed the previous year's findings of widespread implementation of good social and environmental practices: a significant proportion of suppliers have their own environmental and social management system, set targets in these areas and prepare periodic reports.
Following the self-assessment process, **audits** were conducted on a selection of key suppliers. Continuing last year's activities, a further 51 audits were performed in **Europe**, **China** and **India**. These audits **did not reveal any particularly critical situations**: no contracts were suspended or canceled and no suppliers were placed on watch status. However, **corrective action plans** for certain areas considered in need of improvement were formulated in collaboration with suppliers. In 2011, as a result of the audits conducted, a total of approximately 70 joint action plans were initiated for about 40 suppliers.
Also involved in the formulation of these plans was the **Supplier Sustainability Committee** set up within Group Purchasing. The committee is composed of the Compliance Officer, General Counsel and the head of Supplier Quality Engineering. The plans primarily addressed the need to develop standards in the areas of corporate governance and human rights, in particular the adoption of a Code of Conduct, the appointment of a sustainability officer and the promotion of responsible behavior within their own supply chain.
The level of a supplier's compliance and the action plans required are reported in the Supplier Quality Performance system. These results can be viewed by all employees assigned to managing suppliers.
In 2011, a **risk map** was prepared to identify the critical suppliers whose compliance with sustainability criteria requires evaluation. The four risk drivers used to create the risk map were: supplier turnover; country risk associated with the supplier's location, focusing on countries with

Self-assessment questionnaires
Group Purchasing worldwide

	2011[1]	2010[2]	2009[2]
Suppliers sent self-assessment questionnaires (no.)	1,924	200	162
Suppliers responding to questionnaire (%)	64	95	90
Average score	87/100	75/100	78/100
Purchases[3] by value covered by questionnaires (%)	37	10	54

Audits
Group Purchasing worldwide

	2011[1]	2010[2]	2009[2]
Sustainability audits (no.)	51	65	26
performed by Group personnel (Supplier Quality Engineers)	37	50	26
performed by a third party	14	15	-
Purchases[3] by value covered by audits (%)	1	12	11

poor human rights records; supplier financial risk; and the outcome of the assessment of the supplier's adherence to the principles of sustainability conducted in previous years through self-assessment questionnaires and/or on-site audits. The risk map classifies suppliers according to three levels of risk: high, medium and low.

Culture of sustainability

Various initiatives have been established over the years to ensure adequate awareness of sustainability and good governance by those who manage supplier relationships. The **online training program** aimed at raising awareness of the Group Code of Conduct will continue in 2012. It targets Group buyers and Supplier Quality Engineers (SQE). Between 2010 and 2011, more than 800 employees took part. In 2012, the program will be completed by all Fiat buyers and SQEs in Poland, Turkey, Brazil, China and India and Chrysler Group SQEs and buyers in Europe, China, India and South Korea.

Also in 2011, the **variable compensation system** for SQE managers and their staff included sustainability criteria, such as audits and self-assessment questionnaires management. Chrysler Group will adopt the same type of program in 2012.

Ongoing dialogue with suppliers

The Group regards its suppliers as key stakeholders; as such constant engagement and communication are essential. Fiat Group continued to strengthen relationships with suppliers as demonstrated by the many long-lasting and mutually beneficial relationships, and confirmed by the minimal number of disputes in 2011.

Many activities are aimed at encouraging continuous **dialogue** with suppliers at all levels of management, including forums such as the Chrysler Group Advisory Council. These types of exchanges foster collaboration between the company and the supply base to improve partnership, initiatives, issues and opportunities.

In addition, the Group uses a dedicated supplier internet portal to share information on technical requirements, supply planning, supply quality and the results of compliance tests conducted on new components. From their side, suppliers can use the portal to communicate with the company, enter details of supply contract bids, specify the origin of components, update their contact details, etc. Chrysler Group redesigned its online portal in 2011 with input from its suppliers to streamline and enhance its value.

As in previous years, initiatives continued for exchanging ideas and information, including local conventions and Technology Days (25 meetings in 2011), attracting around 2,500 participants. At these events, leading suppliers in terms of innovation, technology and quality addressed specific topics and shared some of their latest technological developments.

(1) Data includes Chrysler Group for the full year.
(2) Data refers to Fiat Group pre-demerger and accordingly includes Fiat Industrial and not Chrysler Group.
(3) Value of direct material purchases managed by Group Purchasing.

At Chrysler Group, monthly Supplier Town Hall meetings, which are attended by an average of 400 suppliers either in person or via the web, continued to be a major enabler of two-way communication.

Also on the theme of **continuous improvement**, World Class Manufacturing Purchasing, in collaboration with the World Class Manufacturing (WCM) team organization, continued its work as a consultant to suppliers intending to implement the WCM system. During the year, WCM was implemented at additional supplier plants for a total number of 174 supplier sites now applying what is considered to be one of the world's leading manufacturing standards. A total of seven Executive Conventions have been held with the purpose of examining the current state of program applications and driving senior management commitment.

At Chrysler Group, approximately 300 supplier plants have participated in specialized training programs with the goal of extending the basic principles of WCM throughout the supply chain.

Finally, the Group encourages supplier **innovation** through various initiatives. Supplier Performance (Su.Per) is a program aimed at encouraging a proactive approach from suppliers, by sharing with them the economic benefits generated through the introduction of innovative methods and technologies that they propose. In 2011, approximately 50 suppliers benefited from this program (30 in 2010). Of the numerous proposals received, around 220 have been implemented.

In May 2011, Chrysler Group launched the Supplier Innovation Gateway with the goal of stimulating innovative ideas that lead to benchmark systems. The gateway creates a streamlined process to review, investigate and approve supplier innovations.

To address existing or emerging **sustainability** issues, in 2011 Chrysler Group created the Supplier Sustainability Panel. This stakeholder group represents a cross section of the supplier base with participants from companies of different sizes, footprints and commodities. Topics addressed

include ways in which the Group and its suppliers can work together on sustainability initiatives, gap assessment and resolution, as well as training and communication throughout the supply chain.

Dedicated email addresses (sustainability_supplychain@fiat.com, sustainability@chrysler.com) represent another channel of communication through which the Group enables people to request information or report events or situations of non-compliance in the supply chain.

Support for suppliers in difficulty

The global financial crisis made it necessary to increase monitoring and management of critical situations arising in the automotive supply chain. The Group has strengthened the teams and mechanisms used to manage supplier risk, in order to ensure **prompt detection of high-risk situations and contribute to stabilizing them through the implementation of the most suitable measures**. This may involve measures to ensure supply continuity, providing **support for restructuring plans** and, where necessary, **temporary cash-flow support**, also with the objective of saving jobs where possible. In some cases, such actions have been taken jointly with other automakers.

Several natural disasters impacted the automotive industry in 2011. In each event the Group has acted as a partner with its supply chain to contain and remedy supply constraints. For example, Fiat Group formed a task force following the Japan tsunami that resulted in risk mitigation strategies to significantly reduce the impact of component shortages. The task force structure and lessons learned were also deployed following regional flooding and the Thailand monsoons to mitigate risk to production operations across the Group.

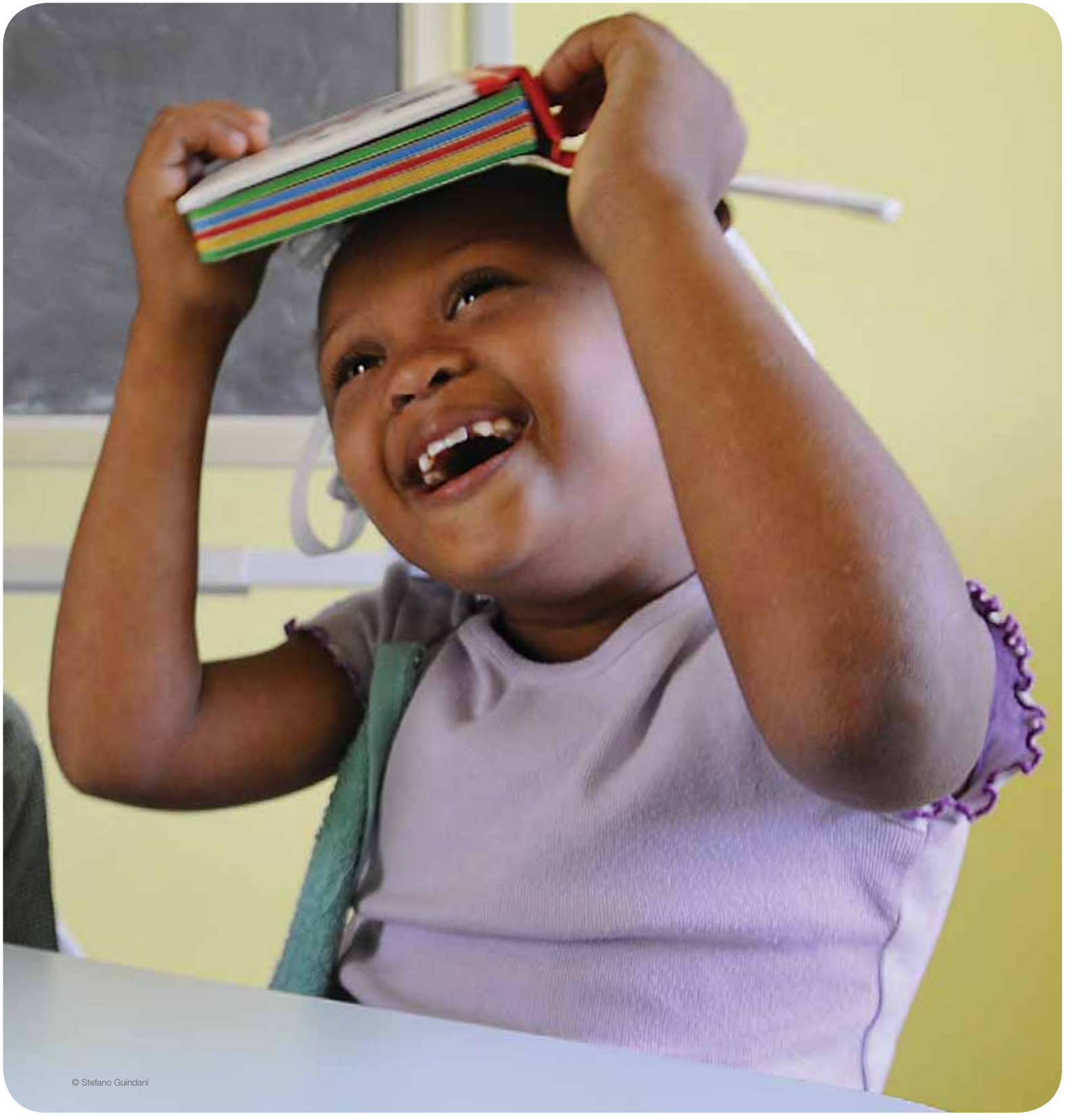
International Material Data System

To support it in managing various environmental aspects related to the vehicles and components it produces, Fiat Group uses the International Material Data System (IMDS). Suppliers are required to submit detailed information on the materials and substances used in their components to this online platform. A total of 111,000 data sheets were completed by Group suppliers in 2011.

The system also covers information on recycled material content. Through the IMDS, the Group has further improved its level of knowledge of the composition and the percentage of recoverability/recyclability of its vehicles and their components. This facilitates the analysis of trends in raw and recycled material consumption, as well as evaluation of the technical and environmental implications of replacing certain materials or substances.

These benefits have been shared with all members of the supply chain to improve the ability to respond rapidly to new environmental regulations and to monitor substances of concern. At Fiat Group Automobiles, for example, IMDS data is processed using specific software that monitors compliance of all models produced with Directive 2005/64/EC (on the reusability, recyclability and recoverability of vehicles) and Directive 2000/53/EC (on end-of-life vehicles), in addition to other environmental regulations against which the Group constantly measures its performance (see also pages 107-109).

In 2012, Fiat Group will use the IMDS to help identify suppliers that use certain minerals that may originate in regions of conflict such as the Democratic Republic of Congo.



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Communities

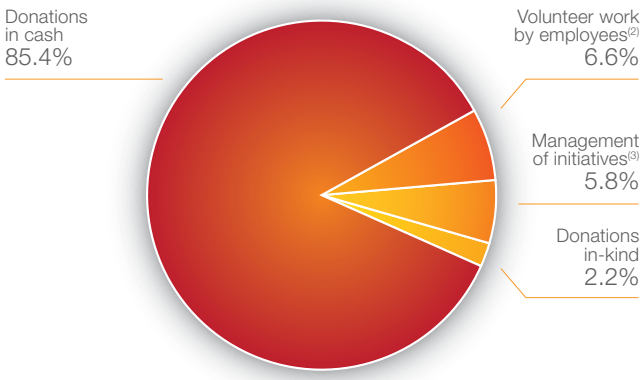
Fiat Group recognizes that being a good corporate citizen means actively working to establish a positive, long lasting relationship with the communities in which it operates. Through a variety of dedicated initiatives, the Group is committed to supporting the economic, social and cultural development of the areas where it does business, and works to increase dialogue with local stakeholders.

Group support for communities

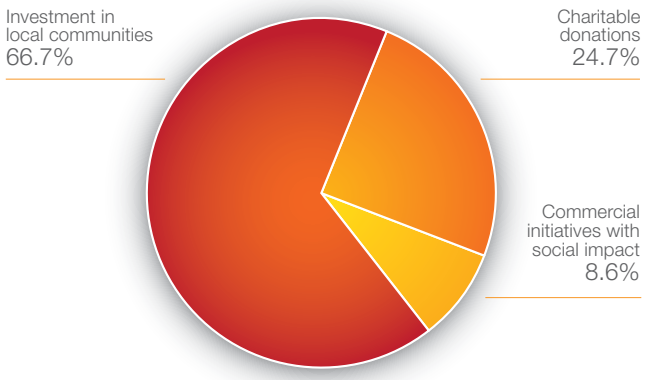
During 2011, the Group committed resources valued at **€36.5 million**[1] **to benefit local communities**. In addition to direct cash contributions and donations in kind, Fiat Group, where permitted by company policies, also supported local communities by encouraging employee participation in volunteer activities during work time.
The Group favors investments geared towards enhancing community development (66.7% of total value of community initiatives) as opposed to direct donation of monetary sums.

Activities focused on a variety of causes: 55.2% promoted education, culture and art; 22.2% were for social welfare projects (addressing issues such as disability, eldercare, etc.); 9.4% were for emergency relief; and 13.2% were for other areas including health.
From a regional perspective, the majority of the Group's investments was concentrated in Latin America, which accounted for 63.2% of the total resources donated. Europe follows, accounting for 25.3% of investment, with the remainder donated in North America (7.5%), and rest of world (4%).

Type of contributions
Fiat Group worldwide

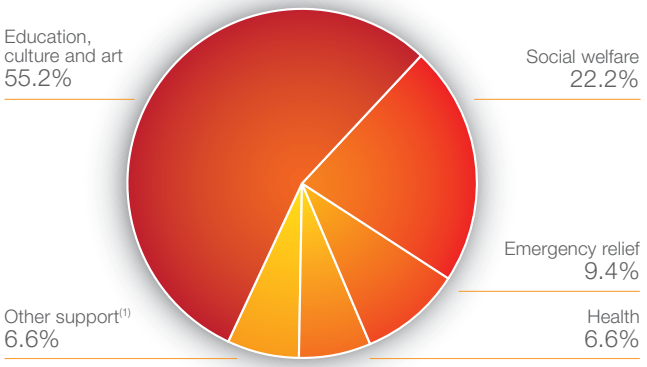


Type of initiatives
Fiat Group worldwide

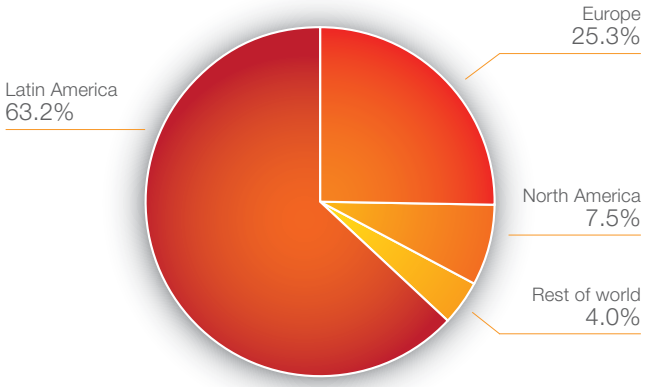


[1] Based on non-accounting data and calculation methods. Also includes estimates. Amounts in currencies other than euros were converted at the average annual exchange rate as of 30 November 2011. The reported figure does not include initiatives whose sole purpose is to promote a brand. Amounts refer to all Fiat Group companies worldwide. Chrysler Group data refers to the full year.
[2] Data represents the monetary value of hours for volunteer work carried out by employees during work hours (also includes initiatives where companies are fully or partially reimbursed through public funds).
[3] Data represents the monetary value of time dedicated by employees for managing, organizing and reporting local community initiatives.

Area of intervention
Fiat Group worldwide



Destination of initiatives
Fiat Group worldwide



According to the Fiat S.p.A. Code of Conduct "Fiat Group seeks to contribute to the social, economic and institutional development of local communities through specific programs. Employees are asked to behave in a socially responsible manner by respecting the cultures and traditions of each country in which the Group operates and acting with integrity and good faith in order to merit the trust of the community."

Human Resources managers **at the site level** interact and maintain dialogue on a continual basis with community representatives and local authorities in order to **assess needs and expectations as well as observe the impacts of company industrial activities**. Every initiative is managed at the plant, sector and brand level, and those that are financially significant are approved and supervised at the corporate level.

(1) Other support also includes investments in favor of economic development and the environment.

A portion of the Group charitable activities is managed by The Chrysler Foundation, which supports a wide variety of charitable and community-based local and global organizations. The Foundation is an independent, nonprofit organization sponsored exclusively by Chrysler Group and is governed by its own Board of Trustees consisting of six corporate executives.

Fiat Group Community Investment Guidelines provide indications on how to manage the various initiatives to benefit communities and define the commitment to implementing initiatives that are consistent with each brand's core characteristics and positioning.

Specific indicators are used to measure the impact of all major initiatives in order to evaluate the benefit for the local community. This helps to ensure that the Group's activities remain aligned and relevant to the current needs of the regions involved. In addition, these metrics assist in evaluating potential opportunities for development or extension of programs, as well as turning successful isolated activities into longer-term commitments.

Following are details about a few of Fiat Group's 2011 initiatives, chosen for their distinctiveness and their economic or social significance.

Autonomy and Automobility

The freedom of movement for all: this is the guiding principle of the Group's **Autonomy** and **Automobility** programs.

For 17 years, Fiat Group Automobiles' Autonomy program has been responding to the needs of its customers, providing **technical solutions for people with reduced motor ability**, which allow them to use any model of car or commercial vehicle (Fiat, Lancia, Alfa Romeo, Abarth, Jeep and Fiat Professional).

The program, which started in Italy and was subsequently extended to Brazil, operates through 21 **Mobility Centers**, jointly run with local associations and rehabilitation centers, local health authorities and the Italian Traffic Authority. The centers offer a whole range of services, from assistance in dealing with the necessary administrative, legal and technical aspects of the preliminary suitability assessment process, to giving driving tests and renewing driver's licenses for the disabled. They also provide driving

simulators designed to measure residual ability, as well as specially equipped cars for dynamic vehicle testing.

Thanks to the comprehensive approach of the Autonomy program, customers are able to enjoy personalized **roadside assistance service**, with on-site repair of the car where possible, or towing and a replacement vehicle/ logistics support to help customers return home or continue their journey. Interested customers also had the chance to attend **lessons on safe driving** with professional instructors.

However, the best evidence of the Autonomy program's effectiveness and interest is demonstrated by the 1,500 people who benefited from Mobility Center services in 2011 (+200% over 2010) and by the number of cars sold in Europe and Brazil, totaling approximately 14,700.

The search for innovative solutions allowing complete freedom of movement for everyone is combined with another of Autonomy's important commitments: the fight **against prejudice and stereotypes**. Also in 2011, this meant providing support for sporting events such as the Disabled Alpine Skiing World Cup held at Sestriere (Turin),

and the final of the European Handbike Championship in Parabiago (Milan), leading to qualification for the London 2012 Paralympic Games. Autonomy also organizes sports promotion events every year to give everyone, not just champions, a chance to indulge their sporting passions.
Autonomy is not the only initiative through which the Group provides mobility for people with reduced motor ability.
Chrysler Group's **Automobility** program was launched in 1987 to help customers with permanent disabilities get in and out of, and/or operate, a new vehicle. The **financial assistance** program helps cover up to €700 of the out-of-pocket expense **for installing adaptive driver or passenger equipment** on most Chrysler, Jeep, Dodge, Ram or Fiat vehicles. In addition, it helps customers locate assessment centers and vehicle modifiers or adaptive equipment installers to ensure new products meet their needs. In the past 10 years, Chrysler Group has provided financial assistance to over 75,000 Automobility customers.

United Way

Chrysler Group and United Way have nurtured a longstanding relationship built upon the shared goal of contributing meaningfully and sustainably to people and communities in need (www.liveunited.org).
United Way is an NGO operating in 45 countries worldwide, and is committed to **improving living conditions in local communities**, **focusing** in particular **on education, financial stability and health**.
More precisely, United Way has shared with Chrysler Group its commitment to helping children and young people achieve their potential through education, school readiness, academic achievement and the awareness that quality education is the basis for stable employment. On the income side, the organization has set up initiatives to help families become financially stable and independent, providing advice on maximizing income, increasing savings and creating financial assets for long-term stability. The health-related initiatives, meanwhile, focus in particular on maternal health and infant well-being, healthy youth development, health care coverage and preventive health.
Thanks to the generosity of the company and employee pledges, including UAW and CAW trade union[1] workers, in 2011 more than €3.3 million was donated to United Way campaigns in the US and Canada.
In addition, Chrysler Group employees volunteered their time for a number of organizations supported by United Way. For example, during the 2011 holiday season, employees donated and delivered several tons of food to area food banks in many US communities where the company operates. Overall, the Thanksgiving food drives helped feed an estimated 12,000 people.

[1] International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) and Canadian Auto Workers' union (CAW).

Árvore da Vida

The high quality of social dialogue established by the company with communities in the various countries where it operates is witnessed in Brazil, in the many initiatives launched as part of the **Árvore da Vida** program. Since 2004, it has aimed to promote social, cultural and economic development, encouraging autonomy and **empowerment of people and their communities**.

In 2011 alone, Fiat Group Automobiles (FGA) committed approximately **€9 million** for the Árvore da Vida program. Since it arrived in Brazil over 30 years ago, Fiat has created initiatives to respond to local needs and demands. The program strategy is the result of close collaboration with local institutions and the NGOs ASVI and CDM. In order to continue its commitment to stakeholder needs and expectations, the organization established the *Social Development* and the *Entrepreneurs Networks of Jardim Teresópolis*, with a core group of community leaders, in order to analyze community problems and take action to solve them.

One of the most important initiatives focuses on the Jardim Teresópolis community located in front of FGA's Betim plant. This community is home to approximately 40,000 people whose extreme social vulnerability is reflected in high levels of illiteracy, violence, crime and unemployment.

The company has contributed to the territorial development of Jardim Teresópolis by organizing various cultural activities, socio-educational initiatives and sporting events. Thanks to these projects, the community's own resources have become the main factor in successful local growth.

The result has been a significant, progressive reduction in social problems. Since 2004, school attendance in the community of Jardim Teresópolis has risen from 78% to 94%, and the number of pupils finishing school from 71% to 96%.

The program also promotes conditions for social change through a professional training program, now available in seven Brazilian states. This encourages young people to acquire automotive technical know-how and contributes to the implementation of national policies for youth training and job creation. Since 2006, about 500 young people took part in the program, which provided them with easy access to the labor market, as reflected in their 90% employment rate.

Extending its involvement with its host city of Betim, the company is also the force behind the creation of the

Nossa Betim Movement, launched in late 2010. This initiative mobilizes and coordinates the various segments of society to build and commit to an agenda of goals for continuous improvement of the city's **quality of life and equitable, sustainable and environmentally responsible development**. Discussion groups and forums work to establish sustainable objectives in fields such as child and youth education, culture, housing, urban mobility, health and security.

Other Group companies have also been actively involved for many years in projects supporting communities in Brazil, including literacy programs and training courses, sport and music orientation activities, support for schools and food aid for the most disadvantaged families. Moreover, during 2011, over 4,700 employees offered their time, expertise and knowledge collaborating with ten nonprofit organizations, totaling approximately 18,200 volunteered hours.

Over the years, FGA has received a number of accolades for its initiatives implemented in Brazil, including the Cidadãos do Mundo 2011 award from the newspaper Hoje em Dia, in the Corporate Social Responsibility category.

FIRST Robotics and TechPro²

FIRST Robotics and TechPro² are the Group's two leading training programs for young people.

***FIRST* Robotics** is a high school program created in 1992 (www.usfirst.org) to reach out to and inspire young people to explore and pursue careers in science, technology, engineering and mathematics. By encouraging students' interest in these crucial fields, Chrysler Group is helping **develop the technically skilled workforce necessary to face the challenges of the future**. In 2011, Chrysler Group sponsored 17 *FIRST* Robotics teams, involving more than 500 students in total in high schools across the United States.

Support included not only financial contributions from The Chrysler Foundation, a founding sponsor, but also company sponsorship in the form of the time and talent of Chrysler Group employees and retirees who served as mentors and volunteers. The teams are given a

specific task and are asked to build a robot to perform it. Teams have six weeks to design, build and test their machines under the supervision of mentors. In 2011, Chrysler Group also launched a new program exploring **internship opportunities** for *FIRST* Robotics alumni currently studying engineering at the university level. This extension of the student-mentor relationship into college years provides the company with access to a skilled and talented pool of potential future employees.

Fiat Group Automobiles (FGA) is also actively involved in providing support for the training of young people. During 2011, FGA and the Salesian Professional Training Centers (CNOSFAP) continued working together on the **TechPro²** project (www.techpro2.com), a professional development program aimed at recruiting and training highly technically qualified young people for employment in the automotive industry.

By **delivering specific technical training to young people** who have reached the minimum school-leaving age, **often from disadvantaged areas or difficult social backgrounds**, TechPro² **answers the need for highly specialized technical staff** at Fiat, Alfa Romeo and Lancia, as well as at Fiat Professional dealerships and authorized service centers.

The three-year educational program consists of both theoretical and practical training at the Salesian Professional Training Centers (designed, renovated and equipped by FGA to the standards and regulations the Group applies to its own network). At the end of the second and third years, the course is completed with an apprenticeship or placement in the FGA service network. This allows the young people involved to develop a firm set of technical and professional skills, while also gaining useful hands-on experience.

The international dimension of the project was further developed during the year and the number of TechPro² locations grew to a total of 51. Approximately 2,600 students took part in the training program in 2011 (+68% over 2010), which in total provided around 1.6 million hours of training in seven different languages.

FGA aims to continually improve the project, using skills testing to monitor the teaching staff's knowledge of processes and products. Further significant progress in this direction has been achieved by developing and distributing specific guidelines for the project aimed at standardizing the approach and types of training offered around the world. These guidelines enable project standardization and monitoring while ensuring **continuous dialogue between professional schools, local dealerships and specialized service centers** in order to serve specific local needs.

The main goal in 2012 is to intensify communication and contact opportunities between the project centers and the authorized network, in order to further promote the internship program for students that have completed their training. In 2011, there were 278 placements for second- and third-year Italian students, 36% of which were at dealerships and FGA authorized service centers (source: Salesian Study Center, 2011).

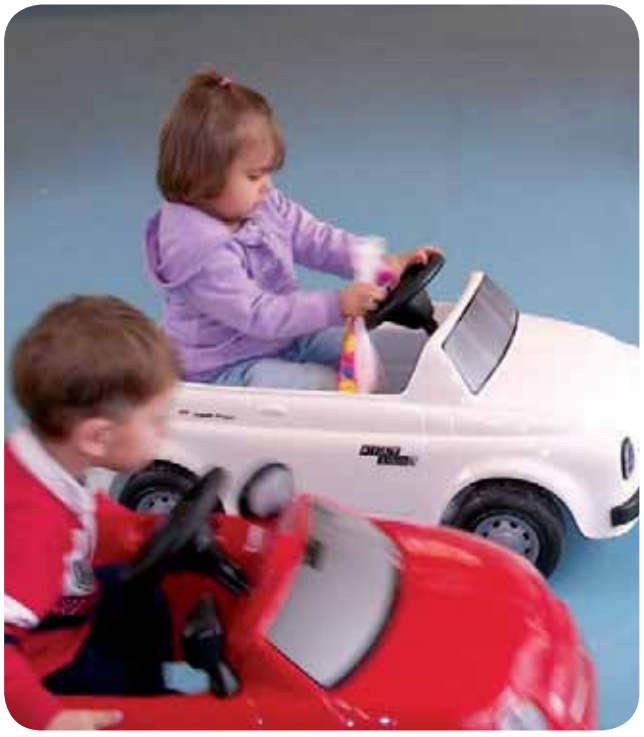
A survey carried out by the Pontifical University in Rome on a sample of Italian students taking part in the project

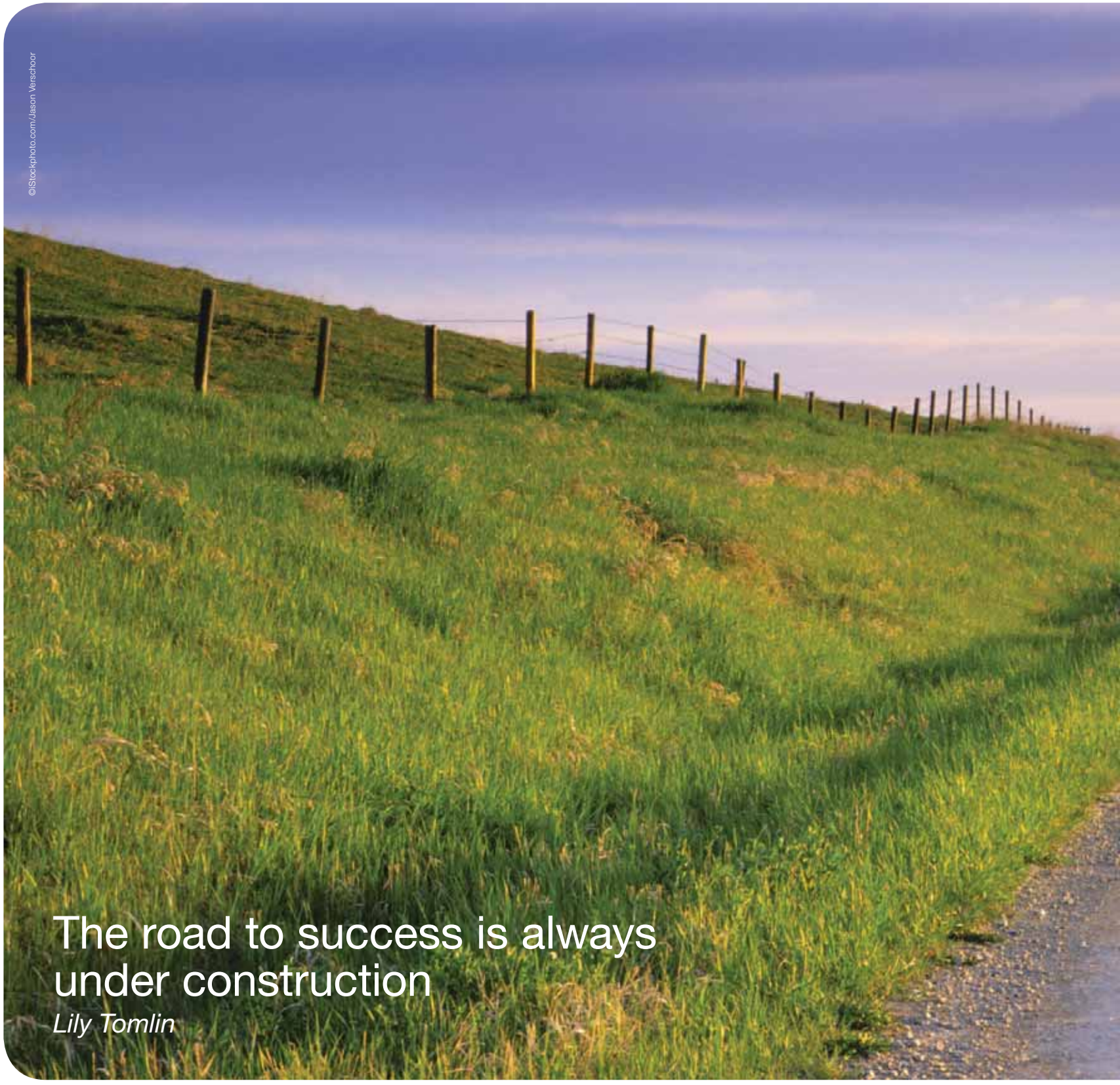
confirmed its effectiveness. The survey found that three years after completing the course, 52% of participants were working, while 34% had continued with their studies.
TechPro² also organizes various other initiatives, such as the **TechPro² award**, in which the best students are invited to take part. The competition involves identifying failures in cars and performing correct diagnostics, maintenance and repair. Participants are then asked to answer questions from the technical committee on company products and diagnostic devices. The winner is the person who shows the best theoretical knowledge and practical ability.

Supporting populations affected by natural disaster

Over the years, Fiat Group has supported victims of natural disasters by supplying technical, humanitarian and financial aid as well as vehicles. The Group always aims to respond rapidly to the needs of populations affected by natural disasters.
Following the 2011 **Japan** tsunami and earthquake disaster, the whole company responded by donating approximately €245,000 to relief efforts.
At the same time, the Group provided concrete support on-site. Fiat Group Automobiles Japan established a partnership with Peace Winds Japan, an international NGO particularly active in the affected areas, drawing up a joint recovery plan. Specific measures under the plan included a web-based program designed to expand awareness through click-donations, the free lending of vehicles to persons with disabilities and specific projects aimed at women to help them rebuild their social life. These initiatives will continue throughout 2012.
Moreover, about €54,000 was donated to US disaster relief organizations to administer relief and recovery aid to assist victims of floods and tornadoes in the **midwest and southeast United States**.
Following the floods that struck Italy's Lunigiana area and the eastern coast of **Liguria** in late 2011, the Group granted special vehicle offers and discounts to residents in the affected areas.
Fiat has also continued its strong commitment to supporting the communities affected by the severe earthquake that shook **Abruzzo** in 2009.
During 2011, the nursery school in Bazzano, an outlying district of L'Aquila (Italy), was completed thanks to funds made available by Fiat S.p.A. in collaboration with the Italian dealerships of Fiat, Alfa Romeo, Lancia, Abarth, Fiat Professional and Maserati. The school comprises five interconnected buildings, designed to accommodate around a hundred children in the crèche and nursery school. The 1,300 square meters also includes a multipurpose room to serve as a meeting point for the local community. The structure displays cutting-edge anti-seismic technology and is designed to be

environmentally sustainable. This can be seen in the structure itself, which is entirely surfaced in porcelain stone specially treated to capture CO_2 emissions, and in the ventilated facade system, which ensures optimum internal temperature control throughout the year using natural methods.
The year 2011 also saw the completion of the rehabilitation center for disabled children and young amputees in Petionville, in the heart of **Haiti**, so badly hit by the 2010 earthquake. The Kay Eliane center, built by the nonprofit association Fondazione Francesca Rava – N.P.H. Italia (www.nphitalia.org) with funding from the Fiat Group, aims above all to offer care and education to Haiti's disabled and disadvantaged children. The facility provides services for around 50 day-pupils, as well as being used by many others who come for a hot meal or to take part in the physiotherapy and educational activities organized by the staff of specialists.





The road to success is always under construction

Lily Tomlin

Appendix

Guide to the Report

Now in its eighth edition, the Fiat S.p.A. Sustainability Report is a voluntary document produced by the Group to provide its stakeholders a comprehensive picture of the activities carried out, results achieved and commitments made in the economic, environmental and social spheres. The Report has achieved the maximum Application Level (A+) of the new GRI-G3.1 guidelines released in March 2011.[1]

Definitions, methodology and scope

Unless otherwise specified or required by the context in which they are used:

- the terms "Fiat Group" or "Group" refer to all companies consolidated within Fiat S.p.A. for accounting purposes, including, among others, Chrysler Group (see subsidiaries consolidated in the Annual Report)
- the term "Chrysler Group" refers to all companies consolidated within Chrysler Group LLC for accounting purposes (see subsidiaries consolidated in the Annual Report)
- the term "Fiat Group excluding Chrysler" should be construed accordingly

Unless otherwise indicated or required by the context, the information and data contained in this Sustainability Report relates to the 2011 financial year (1 January - 31 December 2011) and to all Fiat Group companies worldwide falling within the scope of consolidation at 31 December 2011.

In order to ensure that information is comparable and meaningful over time, data has been presented on a pro forma basis. In particular:

- with respect to year 2011, although Chrysler Group was first consolidated for accounting purposes in Fiat S.p.A. from June 2011, data contains Chrysler Group information for the full year
- with respect to year 2010, data has been restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.
- with respect to year 2009, data does not include Chrysler Group as Chrysler Group LLC was first formed in mid-year 2009. Also, Fiat Industrial S.p.A. data was removed. Accordingly, 2009 data is not comparable to 2010 and 2011

The exclusion of any geographical area, or Group company or specific site from the scope of reporting is attributable to the inability to obtain data of a satisfactory quality or their immateriality in relation to the Group as a whole, as may be the case for newly-acquired entities or production activities that are not yet fully operational. In some cases, entities that are not consolidated in the financial statements have been included in the scope of reporting because they have significant environmental and social impacts. In particular:

- data on occupational health and safety relates to 146 of the 155 plants included in the Consolidated Financial Statements (covering approx. 96% of plant workers),[2] to four plants of companies that are not fully consolidated (including the Sevel and Tofas joint ventures) and to office facilities (in total covering approx. 93% of overall Group employees)
- the Group's environmental and energy performance refers to 146 of the 155 plants included in the Consolidated Financial Statements (covering over 98% of the Group's industrial revenues)[3] and four plants of companies that are not fully consolidated (including the Sevel and Tofas joint ventures)

[1] The Global Reporting Initiative (GRI) is a multi-stakeholder process for development and disclosure of guidelines for sustainability reporting. The guidelines set out principles and indicators for reporting on the economic, environmental and social dimensions and represent a standard for content to assist the organization in the preparation of the Sustainability Report, enabling comparability over time and between similar organizations. In addition to establishing principles for the preparation of sustainability reports, the GRI-G3.1 guidelines define content which is broken down into: strategy and analysis, profile of the organization, Report parameters, governance, stakeholder inclusiveness, and economic, environmental and social performance indicators.

[2] Plant workers are defined as all the employees located at a particular site including workers assigned to manufacturing and other associated units (quality control, logistics, etc.), and to research and development.

[3] Revenues attributable to activity of plants directly controlled by the Group.

Data has been collected and reported with the aid of existing management control and information systems, where available, in order to ensure reliability of information flows and correct monitoring of sustainability performance. For certain indicators, a dedicated reporting process has been established using electronic databases or files that are populated directly by the individual or entity responsible for each aspect worldwide.

Quality of information

The quality of the information contained in the Sustainability Report is supported by compliance with the following principles:

- materiality: inclusion of all information deemed to be of interest to stakeholders due to its economic, environmental or social impact
- completeness: inclusion of all material issues and indicators
- balance: coverage of both positive and negative aspects of the Group's performance
- comparability: ability to compare between time periods and with similar organizations
- accuracy: provision of adequate levels of detail
- reliability: reporting process subject to audit by an independent organization
- timeliness: Report made available together with the Annual Report at the Annual General Meeting of Fiat S.p.A.
- clarity: the language used is directed at all stakeholders

Preparation of the Sustainability Report is part of an annual reporting process subject to audit, analysis and approval by a number of individuals and entities. The document is:

- prepared by the Sustainability Unit that centrally coordinates and engages Group sectors and the relevant functions
- approved by the Group Executive Council, the decision-making body headed by Fiat S.p.A.'s CEO and composed of the CEOs of the operating sectors, the heads of each of the Group's operating regions and various functional heads
- examined by the Nominating, Corporate Governance and Sustainability Committee, a sub-committee of the Board of Directors of Fiat S.p.A.
- subject to an assurance audit by SGS Italia S.p.A.,[1] an independent certification body, in accordance with the Sustainability Reporting Assurance procedure (SRA), in compliance with the GRI-G3.1 guidelines and the AA1000 APS (2008) standard. SGS is officially authorized to conduct AA1000 assurance audits. In addition, as of this year the Group's sustainability management system is aligned with ISO 26000 Guidance on social responsibility, published in November 2010. The statement of assurance, which describes the activities carried out and the opinion expressed, is provided on page 254
- presented together with the Annual Report at the Annual General Meeting of Fiat S.p.A. to provide a complete, up-to-date overview of the Group's financial, environmental and social performance
- published and freely available for download from the sustainability section of the Group website (www.fiatspa.com). The 2010 Sustainability Report was made available at Fiat S.p.A.'s Annual General Meeting on 30 March 2011

[1] *The Chief Executive Officer of Fiat S.p.A., Sergio Marchionne, is Chairman of the Board of Directors of SGS S.A. In addition, John Elkann, Chairman of the Board of Directors of Fiat S.p.A., was appointed as a non-executive director of the Board of Directors of SGS S.A.*

Materiality and stakeholder inclusiveness

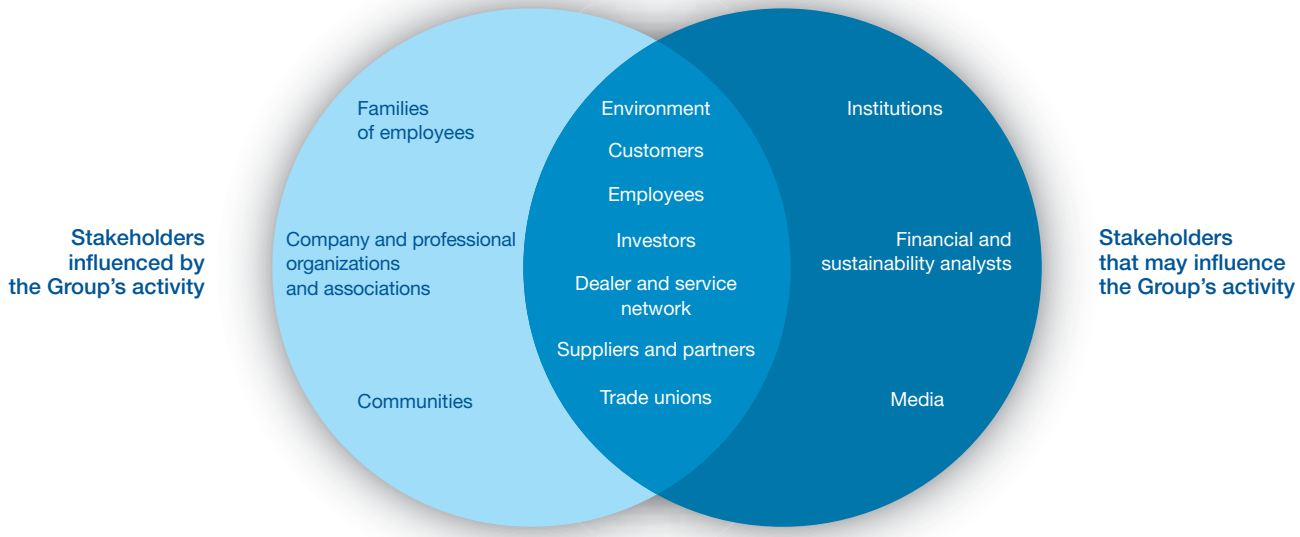
Building and retaining the trust of the company's internal and external stakeholders is essential to Fiat Group's continued business success. Engagement and dialogue are consequently an important component to understand their expectations, needs and concerns.
This document serves to inform stakeholders about topics relevant to them, as the Group communicates its performance and commitments for the future.

The subjects addressed in the Sustainability Report have been chosen on the basis of an analysis that takes into account the information needs of stakeholders concerning the actions taken and results achieved by the Group in the areas of economic, environmental and social sustainability, and of the requirements of the principal international reporting standards and the specific characteristics of the automotive industry.
Significant attention has also been given to the information requirements of Socially Responsible Investors (SRI) and financial analysts who periodically analyze the Group's sustainability performance.
The contents of the Report therefore reflect the need to satisfy these requirements and also benefit from the results of regular benchmarking against the main players in the automotive industry.
The areas discussed in this Report (governance, sustainable mobility, manufacturing processes, human resources management, relationships with local communities, dealer and service network, customers and suppliers) are organized into four principal sections. The first illustrates the Group's strategic approach and commitment to sustainability, followed by the economic, environmental and social sections that describe the 2011 performance and activities. The last section provides the guide to the Report, the map of stakeholders and additional economic, environmental and social indicators.

Map of stakeholders and relevant topics contained in the Report

The map of stakeholders and their expectations has been generated from the results of an internal survey of organizations charged with managing day-to-day relationships with the various categories of stakeholders.

The table in the pages that follow shows the entities responsible for ongoing dialogue with the various stakeholders, the tools used, the principal expectations identified as well as reference to the sections of the Sustainability Report that address each aspect.



Stakeholder	Corporate function[1]	Tools and interaction channels	Stakeholder expectations	References (pages)
■ Public institutions: government, local authorities, public agencies, regulatory bodies, EU institutions, trade associations and non-governmental organizations	Institutional Relations	■ periodic ad hoc meetings on corporate objectives and decisions ■ participation in working groups, development of joint projects and alliances ■ ad hoc involvement ■ initiatives to promote environmental issues	■ responsiveness and proactiveness towards projects presented ■ collaboration and access to information ■ technical support on specific industry-related issues	18-19, 23-25, 66-69, 82-86, 105-106, 110-111, 125-127, 131, 160-166, 178-181, 184-188, 190, 208, 250
■ The Environment	Environment	■ dialogue with institutions and environmental associations ■ community Town Halls ■ dialogue with government agencies on development of regulations ■ industry groups	■ inclusion of environmental aspects in business strategies (combating climate change) ■ strengthening of environmental management through: dedicated organizational structure, environmental performance monitoring systems, management objectives and action plans	16-22, 25-30, 32, 76-89, 93-111, 113-139, 238-245
■ Employees	Human Resources	■ daily dialogue ■ people satisfaction surveys ■ meetings to communicate expected and actual performance level and professional development path ■ employee Town Halls ■ Employee Resource Groups (ERG) ■ Diversity Work Streams	■ clarity of organization and protection in periods of market uncertainty ■ clarity of objectives and reward system ■ information on Group strategies and results ■ training and professional development ■ stimulating and safe work environment ■ promoting diversity and inclusion in the workforce	30-37, 143-191, 238, 246-250
■ Professional organizations and associations		■ meetings to share and align corporate objectives and decisions	■ indirect participation in the decision-making process ■ developing sense of belonging ■ access to information	156-159, 168, 181
■ Employees' families		■ participation initiatives (Children's Christmas, Family Day, etc.) ■ targeted initiatives (nursery school, scholarships programs, company-provided health plans)	■ indirect participation in corporate life	169-171, 181-183
■ Trade unions and employee representatives	Industrial Relations	■ institutional meetings (European Works Council – EWC) and other meetings at all levels (plant/company, regional/national) pursuant to legal or contractual provisions ■ trilateral meetings (company, trade unions and government bodies) on matters of particular importance ■ ad hoc meetings at plant, company, regional or national level	■ social dialogue in line with the applicable legal or contractual provisions under which – from time to time and dependent on the country, the matters at issue and the level of dialogue – trade unions or employee representatives are entitled to information, consultation and/or negotiation	66-69, 184-191, 250
■ Dealer and service network, associations	Sales	■ daily contacts and periodic meetings with the network ■ two-way communication through the web and dedicated phone lines ■ individuals responsible for monitoring the network and ensuring fulfillment of contractual standards ■ dealer development programs ■ programs to support dealers and potential dealers, including training, definition of standards, financing and promotional campaigns	■ complete and rapidly accessible product information ■ business profitability ■ developing sense of belonging ■ quality and availability of products/parts/services ■ competitive prices ■ expansion of product lines ■ expansion of financial and non-financial services offered ■ support services for dealers and rapid response to breakdowns	37-39, 201-204, 208
■ Prospective and existing customers, and opinion leaders	Marketing and Customer Care	■ market research (concept test, clinic test, image and awareness survey, focus group ■ customer satisfaction surveys (sales and after-sales) ■ above and below-the-line communication channels ■ two-way communication through: web, social media (twitter, facebook, blogs), direct mailing, dealerships, toll-free numbers, etc. ■ events (product launches, etc.) and participation in exhibitions, trade fairs and conventions ■ owner events ■ sponsorships	■ quality, reliability and safety of products ■ competitive prices and availability of credit ■ sustainability in business choices and product development (reduced consumption and emission levels, access to restricted areas, possible utilization of state and regional incentives) ■ speed and efficiency of assistance ■ professionalism and courteousness in direct contacts and through dealers ■ expansion of financial and non-financial services offered ■ developing sense of belonging	19, 23-25, 38-39, 105-106, 193-199 205-209, 260-261

[1] The names provided in the index for corporate functions have, in some cases, been altered to make them more self-explanatory and, therefore, do not necessarily coincide with the official name given to the corresponding activity or area of responsibility.

Stakeholder	Corporate function	Tools and interaction channels	Stakeholder expectations	References (pages)
■ Suppliers and commercial partners	Purchasing	■ daily relationship through buyers ■ conventions ■ technology days ■ supplier Town Halls ■ training programs ■ sector groups ■ other specific supplier engagement	■ continuity of supply ■ fulfillment of contractual conditions ■ understanding company expectations	39-40, 82, 210-217
■ Local communities: religious, cultural, professional, socio-political, scientific and technological research, health system, schools and universities, NGOs, nonprofit organizations	Miscellaneous entities	■ meetings with representatives of associations, organizations and local communities ■ initiatives, managed directly or in partnership ■ collaboration on R&D projects ■ cultural exchange programs ■ dialogue with universities ■ participation on Board of Directors of organizations	■ responsiveness to project proposals and individual requests for assistance ■ contributions and support for initiatives over medium-to-long term ■ satisfaction of tender requirements for R&D projects ■ access to information ■ shared responsibility	31, 41-42, 66-69, 82-86, 155, 157, 219-227, 247
■ Financial community: traditional and Socially Responsible Investors	Investor Relations, Corporate Affairs and Sustainability Unit	■ shareholder meetings ■ price-sensitive communications and information ■ quarterly conference calls ■ seminars, industry conferences, roadshows and investor meetings ■ daily dialogue (meetings, telephone, email) ■ Investor Relations section of the Group website	■ expand and reinforce knowledge of the Group and its sectors ■ value creation (return on investment, sustainability of the business) ■ transparent and responsible management	12-42, 47-59, 60-73, 74-77
■ Journalists and media	Communications	■ daily dialogue ■ presentations and press conferences ■ other events (product drives/launches, plant investment events, auto shows, etc.) ■ meetings ■ Group and sector websites	■ availability, timeliness and accuracy of information, transparency	www.fiatspa.com

Breakdown of value added

The value added through the activities of Fiat Group and distributed to its various stakeholders in 2011 totaled €9,936 million (17% of revenues).

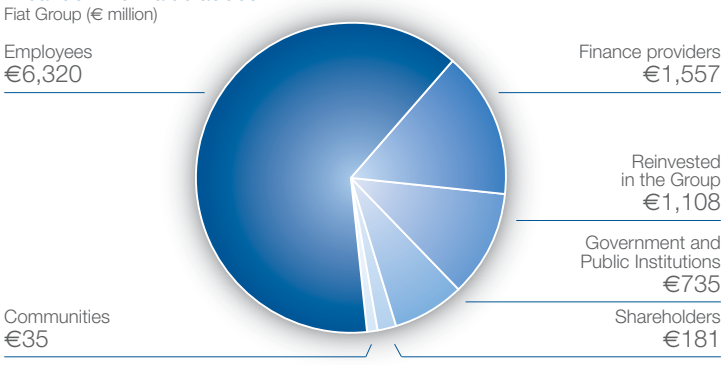
Direct economic value generated

Fiat Group worldwide (€ million)

	2011[1]
Consolidated 2011 revenues	59,559
Income of financial services companies	(235)
Government grants (current and deferred/capitalized), release of provisions, other income	886
Other income	650
Direct economic value generated	**60,860**
Cost of materials	(46,528)
Depreciation and amortization	(3,358)
Other expense	(1,038)
Value added	**9,936**

Breakdown of value added

Fiat Group (€ million)



[1] *Data refers to Fiat Group including Chrysler Group starting from June 2011.*

Further details

Economic dimension

Highlights by sector

Fiat Group Automobiles
(€ million)

	2011	2010	2009
Net revenues	27,980	27,860	26,293
Trading profit/(loss)	430	607	470
Investments in tangible and intangible assets	2,367	1,652	1,495
Total R&D expenditure[1]	771	722	669
Employees at year end (no.)	59,714	57,611	54,038
Passengers cars and light commercial vehicles shipped[2] (no.)	2,032,900	2,081,800	2,150,700

Maserati
(€ million)

	2011	2010	2009
Net revenues	588	586	448
Trading profit/(loss)	40	24	11
Investments in tangible and intangible assets	134	104	65
Total R&D expenditure[1]	113	62	33
Employees at year end (no.)	714	696	723
Vehicles shipped[2] (no.)	6,159	5,675	4,489

Ferrari
(€ million)

	2011	2010	2009
Net revenues	2,251	1,919	1,778
Trading profit/(loss)	312	303	238
Investments in tangible and intangible assets	231	239	290
Total R&D expenditure[1]	143	148	156
Employees at year end (no.)	2,695	2,721	2,835
Type-approved vehicles shipped[2] (no.)	7,001	6,573	6,193

Chrysler Group[3]
(€ million)

	2011	2010	2009
Net revenues	23,609	n.a.	n.a.
Trading profit/(loss)	1,345	n.a.	n.a.
Investments in tangible and intangible assets[4]	1,936	n.a.	n.a.
Total R&D expenditure[1]	764	n.a.	n.a.
Employees at year end (no.)	55,687	n.a.	n.a.
Vehicles shipped[2] (no.)	2,011,000	n.a.	n.a.

[1] Data includes capitalized R&D and R&D charged directly to the income statement.
[2] "Shipped": new cars and Light Commercial Vehicles invoiced to external customers (i.e., dealer network, importers, rental companies, corporate fleets, government agencies and local authorities, etc.).
[3] Consolidated from June 2011.
[4] Net of vehicles leased out.

Fiat Powertrain
(€ million)

	2011	2010	2009
Net revenues	4,450	4,211	3,372
Trading profit/(loss)	131	140	104
Investments in tangible and intangible assets	269	385	401
Total R&D expenditure[1]	87	80	55
Employees at year end (no.)	12,552	12,453	11,408

Magneti Marelli
(€ million)

	2011	2010	2009
Net revenues	5,860	5,402	4,528
Trading profit/(loss)	181	98	25
Investments in tangible and intangible assets	487	383	356
Total R&D expenditure[1]	309	292	245
Employees at year end (no.)	34,804	34,269	31,628

Teksid
(€ million)

	2011	2010	2009
Net revenues	922	776	578
Trading profit/(loss)	26	17	(12)
Investments in tangible and intangible assets	38	31	33
Total R&D expenditure[1]	1	2	2
Employees at year end (no.)	7,865	7,275	6,194

Comau
(€ million)

	2011	2010	2009
Net revenues	1,402	1,023	728
Trading profit/(loss)	10	(6)	(28)
Investments in tangible and intangible assets	20	24	13
Total R&D expenditure[1]	14	12	10
Employees at year end (no.)	14,457	12,216	11,708

[1] Data includes capitalized R&D and R&D charged directly to the income statement.

Compliance[1]

A summary is provided below of the final court judgments, final arbitration awards and other final orders deemed material because of their value and for which a final decision was awarded in 2011 against Fiat Group companies (**"final judgments"**).

There were no significant final judgments concerning breaches of legislation governing environmental protection, unfair competition, antitrust, intellectual property, advertising and marketing, product and service information, data protection or liability for damages arising from defective products, or relating to breaches of the rights of local communities.

Final judgments were, however, given against Fiat Group companies in relation to the following:

- a few product failures and lemon law cases entailing compensatory damages or the buyback of vehicles for a total amount not exceeding €230,000
- three cases of contractual liability (a litigation suit in Portugal regarding certain disputed payments for transport services, for approximately €2 million, and two dealer lawsuits in Germany, for an amount totaling less than €380,000)

There were also certain matters in which non-final judgments against Fiat Group companies were handed down. Such matters are still pending and their final outcome remains uncertain. They include:

- two cases of non-contractual liability arising from the improper use of personal data and personal image in press articles (€10,000, in total)
- three cases of contractual liability (two dealer lawsuits, one in Brazil and one in Spain, and a dispute relating to the allocation of damages to goods in transit) for a total amount of less than €2,600,000

Lastly, final judgments given in 2011 in relation to labor and social security law against Fiat Group companies involved a total payment amounting to 0.19% in personnel costs[2] for the year. This year as well the level of litigation was particularly high in Brazil where final judgments, mainly relating to the interpretation of particularly controversial legislation, represented 89.1% of all final judgments handed down, and accounted for around 88.1% of the total payout made by the Group. However, within the specific context of Brazil, these final judgments were not exceptional in nature or in number.

[1] This comment refers to GRI-G3.1 indicators EN28, HR9, SO7, PR2, PR4, PR7, PR8 and PR9.
[2] Data refers to Fiat Group personnel costs including Chrysler data for the full year.

Environmental dimension

Waste generation and management

Fiat Group worldwide (tons)

2011[1]	Fiat Group	FGA	Chrysler[4]	Maserati	Ferrari	Fiat Powertrain	Magneti Marelli	Teksid	Comau	Chrysler others
Plants	150	15	16	1	2	9	69	6	13	19
Waste generated										
Non-hazardous waste	1,804,698	440,778	437,765	416	8,274	69,205	81,091	661,151	3,070	102,948
Hazardous waste	50,614	16,114	3,337	26	3,020	9,437	10,885	5,993	649	1,153
Total waste generated	**1,855,312**	**456,892**	**441,102**	**442**	**11,294**	**78,642**	**91,976**	**667,144**	**3,719**	**104,101**
of which packaging	97,099	49,140	20,735	323	757	7,089	13,222	1,887	523	3,423
Waste disposed										
Waste-to-energy conversion	23,336	15,604	905	-	-	1,426	2,544	1,833	27	997
Treatment	37,489	5,147	3,720	52	7,941	6,855	7,956	1,969	495	3,354
Sent to landfill	547,056	934	13,489	-	129	42	8,999	516,474	791	6,198
Total waste disposed	**607,881**	**21,685**	**18,114**	**52**	**8,070**	**8,323**	**19,499**	**520,276**	**1,313**	**10,549**
Waste recovered										
Total waste recovered	**1,247,431**	**435,207**	**422,988**	**390**	**3,224**	**70,319**	**72,477**	**146,868**	**2,406**	**93,552**
waste recovered	67.2%	95.3%	95.9%	88.2%	28.5%	89.4%	78.8%	22.0%	64.7%	89.9%
waste sent to landfill	29.5%	0.2%	3.1%	-	1.1%	0.1%	9.8%	77.4%	21.3%	6.0%
2010[2]										
Plants	148	15	17	1	2	7	68	6	12	20
Waste generated										
Non-hazardous waste	1,650,257	482,192	341,160	567	5,660	71,052	81,000	572,804	3,108	92,714
Hazardous waste	61,754	24,726	4,350	61	3,316	14,089	10,563	3,225	666	758
Total waste generated	**1,712,011**	**506,918**	**345,510**	**628**	**8,976**	**85,141**	**91,563**	**576,029**	**3,774**	**93,472**
of which packaging	90,982	52,076	11,574	422	744	8,185	14,148	750	497	2,586
Waste disposed										
Waste-to-energy conversion	21,609	17,531	-	-	-	1,128	1,818	1,019	13	100
Treatment	43,936	8,832	2,208	97	6,076	13,338	6,446	1,177	729	5,033
Sent to landfill	515,434	22,411	15,345	-	135	431	9,495	461,460	556	5,601
Total waste disposed	**580,979**	**48,774**	**17,553**	**97**	**6,211**	**14,897**	**17,759**	**463,656**	**1,298**	**10,734**
Waste recovered										
Total waste recovered	**1,131,032**	**458,144**	**327,957**	**531**	**2,765**	**70,244**	**73,804**	**112,373**	**2,476**	**82,738**
waste recovered	66.1%	90.4%	94.9%	84.7%	30.8%	82.5%	80.6%	19.5%	65.6%	88.5%
waste sent to landfill	30.1%	4.4%	4.4%	-	1.5%	0.5%	10.4%	80.1%	14.7%	6.0%
2009[3]										
Plants	113	13	n.a.	1	2	7	67	6	17	n.a.
Waste generated										
Non-hazardous waste	1,007,897	451,344	n.a.	498	6,168	72,149	84,922	389,422	3,394	n.a.
Hazardous waste	50,161	17,821	n.a.	52	3,409	15,058	10,604	2,699	518	n.a.
Total waste generated	**1,058,058**	**469,165**	**n.a.**	**550**	**9,577**	**87,207**	**95,526**	**392,121**	**3,912**	**n.a.**
of which packaging	62,594	34,406	n.a.	381	784	12,018	13,227	1,421	357	n.a.
Waste disposed										
Waste-to-energy conversion	18,110	12,230	n.a.	-	-	2,228	2,730	880	42	n.a.
Treatment	46,926	12,523	n.a.	81	5,795	13,223	12,672	2,179	453	n.a.
Sent to landfill	332,860	20,822	n.a.	-	651	104	12,551	297,814	918	n.a.
Total waste disposed	**397,896**	**45,575**	**n.a.**	**81**	**6,446**	**15,555**	**27,953**	**300,873**	**1,413**	**n.a.**
Waste recovered										
Total waste recovered	**660,162**	**423,590**	**n.a.**	**469**	**3,131**	**71,652**	**67,573**	**91,248**	**2,499**	**n.a.**
waste recovered	62.4%	90.3%	n.a.	85.3%	32.7%	82.2%	70.7%	23.3%	63.9%	n.a.
waste sent to landfill	31.5%	4.4%	n.a.	-	6.8%	0.1%	13.1%	75.9%	23.5%	n.a.

[1] Data includes Chrysler Group for the full year.

[2] Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.

[3] Data restated to exclude companies demerged into Fiat Industrial S.p.A. It does not include Chrysler Group, as Chrysler Group LLC was first formed in mid-year 2009. Accordingly, 2009 data is not comparable to 2010 and 2011.

[4] Data includes Chrysler Group assembly and stamping facilities to be consistent with Fiat Group Automobiles scope of operations.

Water withdrawal and discharge

Fiat Group worldwide (thousands of m³)

2011[1]	Fiat Group	FGA	Chrysler[4]	Maserati	Ferrari	Fiat Powertrain	Magneti Marelli	Teksid	Comau	Chrysler others
Plants	150	15	16	1	2	9	69	6	13	19
Withdrawal										
Groundwater	8,287	2,457	788	3	433	1,130	704	2,328	53	391
Municipal water supply	20,225	7,524	6,466	13	105	1,909	1,830	888	69	1,421
Surface water	1,250	515	-	-	-	-	307	428	-	-
Other	100	14	2	-	-	-	83	-	-	1
Total water withdrawal	**29,862**	**10,510**	**7,256**	**16**	**538**	**3,039**	**2,924**	**3,644**	**122**	**1,813**
Discharge										
Surface water	4,888	966	81	-	-	1,536	114	2,191	-	-
Public sewer systems	11,368	2,985	5,107	15	178	680	1,282	70	84	967
Other destinations	2,583	1,435	4	-	-	539	174	428	-	3
Total water discharge	**18,839**	**5,386**	**5,192**	**15**	**178**	**2,755**	**1,570**	**2,689**	**84**	**970**

2010[2]										
Plants	148	15	17	1	2	7	68	6	12	20
Withdrawal										
Groundwater	10,113	2,973	633	2	367	1,679	996	3,062	58	343
Municipal water supply	22,838	9,502	6,524	13	93	1,807	2,123	877	77	1,822
Surface water	1,144	541	-	-	-	-	250	353	-	-
Other	103	-	-	-	-	-	103	-	-	-
Total water withdrawal	**34,198**	**13,016**	**7,157**	**15**	**460**	**3,486**	**3,472**	**4,292**	**135**	**2,165**
Discharge										
Surface water	3,739	1,603	-	-	-	-	306	1,830	-	-
Public sewer systems	13,042	3,873	5,072	15	123	1,120	1,416	135	12	1,276
Other destinations	3,900	1,959	3	-	-	340	387	1,209	-	2
Total water discharge	**20,681**	**7,435**	**5,075**	**15**	**123**	**1,460**	**2,109**	**3,174**	**12**	**1,278**

2009[3]										
Plants	113	13	n.a.	1	2	7	67	6	17	n.a.
Withdrawal										
Groundwater	9,571	3,688	n.a.	2	286	1,412	1,445	2,676	62	n.a.
Municipal water supply	15,512	9,493	n.a.	14	93	1,808	3,134	876	94	n.a.
Surface water	918	572	n.a.	-	-	-	23	323	-	n.a.
Other	313	-	n.a.	-	-	-	64	249	-	n.a.
Total water withdrawal	**26,314**	**13,753**	**n.a.**	**16**	**379**	**3,220**	**4,666**	**4,124**	**156**	**n.a.**
Discharge										
Surface water	6,147	1,599	n.a.	-	-	1,212	471	2,865	-	n.a.
Public sewer systems	8,642	5,887	n.a.	16	121	1,217	1,302	87	12	n.a.
Other destinations	3,823	2,403	n.a.	-	30	515	875	-	-	n.a.
Total water discharge	**18,612**	**9,889**	**n.a.**	**16**	**151**	**2,944**	**2,648**	**2,952**	**12**	**n.a.**

[1] Data includes Chrysler Group for the full year.

[2] Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.

[3] Data restated to exclude companies demerged into Fiat Industrial S.p.A. It does not include Chrysler Group, as Chrysler Group LLC was first formed in mid-year 2009. Accordingly, 2009 data is not comparable to 2010 and 2011.

[4] Data includes Chrysler Group assembly and stamping facilities to be consistent with Fiat Group Automobiles scope of operations.

Biochemical Oxygen Demand (BOD)[1]

Fiat Group worldwide (maximum level under applicable regulation = 100)

	2011	2010
Fiat Group Automobiles	67.9	83.5
Chrysler	75.9	n.a.
Maserati	21.7	n.a.
Ferrari	n.a.	n.a.
Fiat Powertrain	49.7	100.0
Magneti Marelli	39.2	n.a.
Teksid	64.7	n.a.
Comau	78.6	n.a.
Chrysler others	n.a.	n.a.

Biochemical Oxygen Demand (BOD)

Fiat Group worldwide (milligram/liter)

	2011	2010
Fiat Group Automobiles	53.8	87.2
Chrysler	48.3	n.a.
Maserati	13.0	n.a.
Ferrari	n.a.	n.a.
Fiat Powertrain	18.3	27.2
Magneti Marelli	97.9	n.a.
Teksid	23.2	n.a.
Comau	388.5	n.a.
Chrysler others	n.a.	n.a.

Chemical Oxygen Demand (COD)[1]

Fiat Group worldwide (maximum level under applicable regulation = 100)

	2011	2010
Fiat Group Automobiles	89.3	50.0
Chrysler	n.a.	n.a.
Maserati	43.9	n.a.
Ferrari	n.a.	n.a.
Fiat Powertrain	48.6	55.0
Magneti Marelli	50.9	n.a.
Teksid	67.1	n.a.
Comau	78.4	n.a.
Chrysler others	n.a.	n.a.

Chemical Oxygen Demand (COD)

Fiat Group worldwide (milligram/liter)

	2011	2010
Fiat Group Automobiles	25.9	89.6
Chrysler	n.a.	n.a.
Maserati	79.0	n.a.
Ferrari	n.a.	n.a.
Fiat Powertrain	38.4	53.1
Magneti Marelli	254.4	n.a.
Teksid	43.6	n.a.
Comau	1,104.1	n.a.
Chrysler others	n.a.	n.a.

Total Suspended Solids (TSS)[1]

Fiat Group worldwide (maximum level under applicable regulation = 100)

	2011	2010
Fiat Group Automobiles	54.9	48.3
Chrysler	76.3	n.a.
Maserati	36.7	n.a.
Ferrari	n.a.	n.a.
Fiat Powertrain	48.0	50.0
Magneti Marelli	28.0	n.a.
Teksid	72.3	n.a.
Comau	83.0	n.a.
Chrysler others	n.a.	n.a.

Total Suspended Solids (TSS)

Fiat Group worldwide (milligram/liter)

	2011	2010
Fiat Group Automobiles	50.5	94.9
Chrysler	47.5	n.a.
Maserati	36.7	n.a.
Ferrari	n.a.	n.a.
Fiat Powertrain	8.0	19.1
Magneti Marelli	55.9	n.a.
Teksid	21.0	n.a.
Comau	296.6	n.a.
Chrysler others	n.a.	n.a.

[1] Figures take into account worst level registered for all plants in each sector.

Direct and indirect energy consumption

Fiat Group worldwide (GJ)

2011[1]	Fiat Group	FGA	Chrysler[4]	Maserati	Ferrari	Fiat Powertrain	Magneti Marelli	Teksid	Comau	Chrysler Others
Plants	150	15	16	1	2	9	69	6	13	19
Electricity	21,234,241	3,894,850	5,605,383	26,751	420,468	1,518,891	3,200,871	2,747,085	117,833	3,702,109
Natural gas	19,186,507	2,872,018	11,267,887	21,957	309,293	360,454	851,221	1,060,095	87,537	2,356,045
Other fuels	198,179	16,346	-	-	-	-	64,455	68,512	2,356	46,510
Other energy sources	7,637,319	4,784,884	820,695	-	941	698,243	269,864	1,019,966	41,284	1,442
Total energy consumption	**48,256,246**	**11,568,098**	**17,693,965**	**48,708**	**730,702**	**2,577,588**	**4,386,411**	**4,895,658**	**249,010**	**6,106,106**
from renewable sources	9.8%	16.2%	-	11.8%	13.5%	20.7%	18.0%	28.6%	5.5%	-
2010[2]										
Plants	148	15	17	1	2	7	68	6	12	20
Electricity	21,150,638	4,049,988	5,340,619	27,596	399,952	1,474,349	3,284,865	2,534,121	111,280	3,927,868
Natural gas	19,396,487	2,962,295	10,564,539	29,027	309,179	367,850	911,420	1,186,899	77,313	2,987,965
Other fuels	967,709	7,941	-	-	-	27	70,461	876,296	2,963	10,021
Other energy sources	7,705,409	5,480,061	789,205	-	136,610	789,118	316,806	133,479	58,505	1,625
Total energy consumption	**49,220,243**	**12,500,285**	**16,694,363**	**56,623**	**845,741**	**2,631,344**	**4,583,552**	**4,730,795**	**250,061**	**6,927,479**
from renewable sources	8.6%	13.5%	-	-	0.1%	15.8%	17.1%	28.6%	0.4%	-
2009[3]										
Plants	113	13	n.a.	1	2	7	67	6	17	n.a.
Electricity	11,039,675	3,841,686	n.a.	25,524	375,014	1,441,012	3,010,456	2,223,300	122,683	n.a.
Natural gas	5,412,100	2,715,381	n.a.	20,521	313,852	385,945	883,127	1,017,611	75,663	n.a.
Other fuels	646,346	6,531	n.a.	-	-	27	89,776	543,265	6,747	n.a.
Other energy sources	6,975,769	5,555,795	n.a.	-	60,796	830,199	337,886	122,708	68,385	n.a.
Total energy consumption	**24,073,890**	**12,119,393**	**n.a.**	**46,045**	**749,662**	**2,657,183**	**4,321,245**	**3,906,884**	**273,478**	**n.a.**
from renewable sources	11.8%	7.0%	n.a.	-	0.1%	10.3%	16.3%	26.2%	0.4%	n.a.

Direct and indirect CO_2 emissions

Fiat Group worldwide (tons of CO_2)

2011[1]	Fiat Group	FGA	Chrysler[4]	Maserati	Ferrari	Fiat Powertrain	Magneti Marelli	Teksid	Comau	Chrysler others
Plants	150	15	16	1	2	9	69	6	13	19
Direct emissions	1,097,508	162,331	567,724	1,232	17,351	20,221	51,903	150,323	5,070	121,353
Indirect emissions	3,044,412	709,577	897,772	2,262	43,731	187,378	334,358	164,020	16,781	688,533
Total CO_2 emissions	**4,141,920**	**871,908**	**1,465,496**	**3,494**	**61,082**	**207,599**	**386,261**	**314,343**	**21,851**	**809,886**
2010[2]										
Plants	148	15	17	1	2	7	68	6	12	20
Direct emissions	1,096,622	166,874	531,756	1,548	17,345	20,638	55,673	148,256	4,541	149,991
Indirect emissions	3,243,389	846,831	857,322	3,213	62,138	208,058	350,656	157,248	19,478	738,445
Total CO_2 emissions	**4,340,011**	**1,013,705**	**1,389,078**	**4,761**	**79,483**	**228,696**	**406,329**	**305,504**	**24,019**	**888,436**
2009[3]										
Plants	113	13	n.a.	1	2	7	67	6	17	n.a.
Direct emissions	360,588	152,830	n.a.	1,151	17,607	21,653	55,117	107,485	4,745	n.a.
Indirect emissions	1,722,037	922,813	n.a.	2,749	50,442	223,244	333,569	168,640	20,580	n.a.
Total CO_2 emissions	**2,082,625**	**1,075,643**	**n.a.**	**3,900**	**68,049**	**244,897**	**388,686**	**276,125**	**25,325**	**n.a.**

[1] Data includes Chrysler Group for the full year.

[2] Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.

[3] Data restated to exclude companies demerged into Fiat Industrial S.p.A. It does not include Chrysler Group, as Chrysler Group LLC was first formed in mid-year 2009. Accordingly, 2009 data is not comparable to 2010 and 2011.

[4] Data includes Chrysler Group assembly and stamping facilities to be consistent with Fiat Group Automobiles scope of operations.

Direct energy consumption by source

Fiat Group worldwide (GJ)

2011[1]	Fiat Group	FGA	Chrysler[4]	Maserati	Ferrari	Fiat Powertrain	Magneti Marelli	Teksid	Comau	Chrysler others
Plants	150	15	16	1	2	9	69	6	13	19
Non-renewable sources										
Natural gas	19,186,507	2,872,018	11,267,887	21,957	309,293	360,454	851,221	1,060,095	87,537	2,356,045
Coal	906,707	-	-	-	-	-	-	906,707	-	-
Diesel	91,471	16,239	-	-	-	-	5,800	68,512	920	-
LPG	58,832	58	-	-	-	-	57,338	-	1,436	-
Other (HS and LS fuel oil)	47,876	49	-	-	-	-	1,317	-	-	46,510
Total non-renewable sources	**20,291,393**	**2,888,364**	**11,267,887**	**21,957**	**309,293**	**360,454**	**915,676**	**2,035,314**	**89,893**	**2,402,555**
Renewable sources										
Biomass	-	-	-	-	-	-	-	-	-	-
Photovoltaic	2,398	15	-	-	941	-	-	-	-	1,442
Solar-thermal	72	72	-	-	-	-	-	-	-	-
Total renewable sources	**2,470**	**87**	**-**	**-**	**941**	**-**	**-**	**-**	**-**	**1,442**
Total direct energy consumption	**20,293,863**	**2,888,451**	**11,267,887**	**21,957**	**310,234**	**360,454**	**915,676**	**2,035,314**	**89,893**	**2,403,997**
from renewable sources	-	-	-	-	0.3%	-	-	-	-	0,1%

2010[2]										
Plants	148	15	17	1	2	7	68	6	12	20
Non-renewable sources										
Natural gas	19,395,056	2,962,295	10,564,539	27,596	309,179	367,850	911,420	1,186,899	77,313	2,987,965
Coal	816,472	-	-	-	-	-	-	816,472	-	-
Diesel	76,118	7,848	-	-	-	27	6,876	59,823	1,544	-
LPG	63,688	93	-	-	-	-	62,176	-	1,419	-
Other (HS and LS fuel oil)	11,430	-	-	-	-	-	1,409	-	-	10,021
Total non-renewable sources	**20,362,764**	**2,970,236**	**10,564,539**	**27,596**	**309,179**	**367,877**	**981,881**	**2,063,194**	**80,276**	**2,997,986**
Renewable sources										
Biomass	-	-	-	-	-	-	-	-	-	-
Photovoltaic	2,494	13	-	-	856	-	-	-	-	1,625
Solar-thermal	72	72	-	-	-	-	-	-	-	-
Total renewable sources	**2,566**	**85**	**-**	**-**	**856**	**-**	**-**	**-**	**-**	**1,625**
Total direct energy consumption	**20,365,330**	**2,970,321**	**10,564,539**	**27,596**	**310,035**	**367,877**	**981,881**	**2,063,194**	**80,276**	**2,999,611**
from renewable sources	-	-	-	-	0.3%	-	-	-	-	0.1%

2009[3]										
Plants	113	13	n.a.	1	2	7	67	6	17	n.a.
Non-renewable sources										
Natural gas	5,412,100	2,715,381	n.a.	20,521	313,852	385,945	883,127	1,017,611	75,663	n.a.
Coal	494,903	-	n.a.	-	-	-	-	494,903	-	n.a.
Diesel	67,507	2,390	n.a.	-	-	27	10,423	47,920	6,747	n.a.
LPG	74,889	37	n.a.	-	-	-	74,410	442	-	n.a.
Other (HS and LS fuel oil)	5,477	4,104	n.a.	-	-	-	1,373	-	-	n.a.
Total non-renewable sources	**6,054,876**	**2,721,912**	**n.a.**	**20,521**	**313,852**	**385,972**	**969,333**	**1,560,876**	**82,410**	**n.a.**
Renewable sources										
Biomass	-	-	n.a.	-	-	-	-	-	-	n.a.
Photovoltaic	900	-	n.a.	-	900	-	-	-	-	n.a.
Solar-thermal	3,642	72	n.a.	-	-	-	3,570	-	-	n.a.
Total renewable sources	**4,542**	**72**	**n.a.**	**-**	**900**	**-**	**3,570**	**-**	**-**	**n.a.**
Total direct energy consumption	**6,059,418**	**2,721,984**	**n.a.**	**20,521**	**314,752**	**385,972**	**972,903**	**1,560,876**	**82,410**	**n.a.**
from renewable sources	0.1%	-	n.a.	-	0.3%	-	0.4%	-	-	n.a.

[1] Data includes Chrysler Group for the full year.

[2] Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.

[3] Data restated to exclude companies demerged into Fiat Industrial S.p.A. It does not include Chrysler Group, as Chrysler Group LLC was first formed in mid-year 2009. Accordingly, 2009 data is not comparable to 2010 and 2011.

[4] Data includes Chrysler Group assembly and stamping facilities to be consistent with Fiat Group Automobiles scope of operations.

Indirect energy consumption by source

Fiat Group worldwide (GJ)

2011[1]	Fiat Group	FGA	Chrysler[4]	Maserati	Ferrari	Fiat Powertrain	Magneti Marelli	Teksid	Comau	Chrysler others
Plants	150	15	16	1	2	9	69	6	13	19
Electricity										
Non-renewable sources	16,519,636	2,020,811	5,605,383	20,991	322,687	985,414	2,410,620	1,347,358	104,263	3,702,109
Renewable sources	4,714,605	1,874,039	-	5,760	97,781	533,477	790,251	1,399,727	13,570	-
Total electricity	**21,234,241**	**3,894,850**	**5,605,383**	**26,751**	**420,468**	**1,518,891**	**3,200,871**	**2,747,085**	**117,833**	**3,702,109**
Thermal energy										
Non-renewable sources	5,638,851	4,001,180	820,695	-	-	454,963	207,472	113,259	41,282	-
Renewable sources	2	-	-	-	-	-	-	-	2	-
Total thermal energy	**5,638,853**	**4,001,180**	**820,695**	**-**	**-**	**454,963**	**207,472**	**113,259**	**41,284**	**-**
Other energy sources										
Non-renewable sources	1,089,289	783,617	-	-	-	243,280	62,392	-	-	-
Renewable sources	-	-	-	-	-	-	-	-	-	-
Total other energy sources	**1,089,289**	**783,617**	**-**	**-**	**-**	**243,280**	**62,392**	**-**	**-**	**-**
Total indirect energy consumption	**27,962,383**	**8,679,647**	**6,426,078**	**26,751**	**420,468**	**2,217,134**	**3,470,735**	**2,860,344**	**159,117**	**3,702,109**
from renewable sources	16.9%	21.6%	-	21.5%	23.3%	24.1%	22.8%	48.9%	8.5%	-
2010[2]										
Plants	148	15	17	1	2	7	68	6	12	20
Electricity										
Non-renewable sources	16,914,538	2,365,100	5,340,619	29,027	399,952	1,057,928	2,502,972	1,180,794	110,278	3,927,868
Renewable sources	4,237,530	1,684,888	-	-	-	416,420	781,893	1,353,327	1,002	-
Total electricity	**21,152,068**	**4,049,988**	**5,340,619**	**29,027**	**399,952**	**1,474,348**	**3,284,865**	**2,534,121**	**111,280**	**3,927,868**
Thermal energy										
Non-renewable sources	6,452,052	4,570,353	789,205	-	100,602	527,504	272,404	133,479	58,505	-
Renewable sources	-	-	-	-	-	-	-	-	-	-
Total thermal energy	**6,452,052**	**4,570,353**	**789,205**	**-**	**100,602**	**527,504**	**272,404**	**133,479**	**58,505**	**-**
Other energy sources										
Non-renewable sources	1,250,791	909,623	-	-	35,152	261,614	44,402	-	-	-
Renewable sources	-	-	-	-	-	-	-	-	-	-
Total other energy sources	**1,250,791**	**909,623**	**-**	**-**	**35,152**	**261,614**	**44,402**	**-**	**-**	**-**
Total indirect energy consumption	**28,854,911**	**9,529,964**	**6,129,824**	**29,027**	**535,706**	**2,263,466**	**3,601,671**	**2,667,600**	**169,785**	**3,927,868**
from renewable sources	14.7%	17.7%	-	-	-	18.4%	21.7%	50.7%	0.6%	-
2009[3]										
Plants	113	13	n.a.	1	2	7	67	6	17	n.a.
Electricity										
Non-renewable sources	8,197,957	2,996,408	n.a.	25,524	375,014	1,168,144	2,311,100	1,200,182	121,585	n.a.
Renewable sources	2,841,716	845,277	n.a.	-	-	272,868	699,355	1,023,118	1,098	n.a.
Total electricity	**11,039,673**	**3,841,685**	**n.a.**	**25,524**	**375,014**	**1,441,012**	**3,010,455**	**2,223,300**	**122,683**	**n.a.**
Thermal energy										
Non-renewable sources	5,611,068	4,515,102	n.a.	-	47,212	572,666	285,282	122,708	68,098	n.a.
Renewable sources	-	-	n.a.	-	-	-	-	-	-	n.a.
Total thermal energy	**5,611,068**	**4,515,102**	**n.a.**	**-**	**47,212**	**572,666**	**285,282**	**122,708**	**68,098**	**n.a.**
Other energy sources										
Non-renewable sources	1,363,729	1,040,621	n.a.	-	12,684	257,533	52,604	-	287	n.a.
Renewable sources	-	-	n.a.	-	-	-	-	-	-	n.a.
Total other energy sources	**1,363,729**	**1,040,621**	**n.a.**	**-**	**12,684**	**257,533**	**52,604**	**-**	**287**	**n.a.**
Total indirect energy consumption	**18,014,470**	**9,397,408**	**n.a.**	**25,524**	**434,910**	**2,271,211**	**3,348,341**	**2,346,008**	**191,068**	**n.a.**
from renewable sources	15.8%	9.0%	n.a.	-	-	12.0%	20.9%	43.6%	0.6%	n.a.

[1] Data includes Chrysler Group for the full year.

[2] Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.

[3] Data restated to exclude companies demerged into Fiat Industrial S.p.A. It does not include Chrysler Group, as Chrysler Group LLC was first formed in mid-year 2009. Accordingly, 2009 data is not comparable to 2010 and 2011.

[4] Data includes Chrysler Group assembly and stamping facilities to be consistent with Fiat Group Automobiles scope of operations.

Other significant environmental emissions

Volatile Organic Compounds (VOC)
Fiat Group worldwide (g/m²)

	2011[1]	2010[2]	2009[3]
Fiat Group Automobiles	**43.0**	43.4	44.3
Chrysler[4]	**18.9**	19.5	n.a.
Maserati[5]	**n.a.**	n.a.	n.a.
Ferrari	**30.8**	35.1	33.7
Fiat Powertrain[5]	**n.a.**	n.a.	n.a.
Magneti Marelli	**32.0**	32.1	41.9
Teksid	**186.2**	198.5	248.5
Comau	**12.7**	14.1	13.8
Chrysler Others	**n.a.**	n.a.	n.a.
Fiat Group	**30.1**	**32.4**	**44.1**

Nitrogen Oxides (NOx)
Fiat Group worldwide (tons)

	2011[1]	2010[2]	2009[3]
Fiat Group Automobiles	**342**	352	322
Chrysler[4]	**488**	457	n.a.
Maserati	**3**	3	2
Ferrari	**37**	37	37
Fiat Powertrain	**43**	46	46
Magneti Marelli	**106**	114	113
Teksid	**169**	179	145
Comau	**10**	9	10
Chrysler others	**109**	130	n.a.
Fiat Group	**1,307**	**1,327**	**675**

Sulfur Oxides (SOx)
Fiat Group worldwide (tons)

	2011[1]	2010[2]	2009[3]
Fiat Group Automobiles	**2**	2	2
Chrysler[4]	**3**	3	n.a.
Maserati	**-**	-	-
Ferrari	**-**	-	-
Fiat Powertrain	**-**	-	-
Magneti Marelli	**3**	4	2
Teksid	**138**	124	77
Comau	**-**	-	1
Chrysler others	**30**	7	n.a.
Fiat Group	**176**	**140**	**82**

Dust
Fiat Group worldwide (tons)

	2011[1]	2010[2]	2009[3]
Fiat Group Automobiles	**0.2**	0.2	0.1
Chrysler[4]	**36.4**	34.1	n.a.
Maserati	**-**	-	-
Ferrari	**-**	-	-
Fiat Powertrain	**-**	-	-
Magneti Marelli	**0.1**	0.1	0.2
Teksid	**20.8**	18.7	11.5
Comau	**-**	-	0.1
Chrysler others	**8.6**	9.7	n.a.
Fiat Group	**66.1**	**62.8**	**11.9**

Ozone Depleting Substances (ODS)
Fiat Group worldwide (kg)

2011	**Fiat Group**	FGA	Chrysler[4]	Maserati	Ferrari	Fiat Powertrain	Magneti Marelli	Teksid	Comau	Chrysler others
Plants	**150**	15	16	1	2	9	69	6	13	19
CFC	**580**	-	n.a.	-	-	560	20	-	-	n.a.
HCFC	**16,139**	2,199	n.a.	1	2,414	1,004	9,779	113	629	n.a.
Halon	**65**	-	n.a.	-	-	-	65	-	-	n.a.
Methyl bromide	**-**	-	n.a.	-	-	-	-	-	-	n.a.
Other CFC fully halogenated	**2**	-	n.a.	-	-	-	2	-	-	n.a.
Total	**16,786**	**2,199**	**n.a.**	**1**	**2,414**	**1,564**	**9,866**	**113**	**629**	**n.a.**
2010[6]										
Plants	**148**	15	17	1	2	7	68	6	12	20
CFC	**581**	-	n.a.	-	n.a.	561	20	-	n.a.	n.a.
HCFC	**16,657**	4,766	n.a.	38	n.a.	1,215	10,412	226	n.a.	n.a.
Halon	**102**	-	n.a.	-	n.a.	-	65	37	n.a.	n.a.
Methyl bromide	**-**	-	n.a.	-	n.a.	-	-	-	n.a.	n.a.
Other CFC fully halogenated	**2**	-	n.a.	-	n.a.	-	2	-	n.a.	n.a.
Total	**17,342**	**4,766**	**n.a.**	**38**	**n.a.**	**1,776**	**10,499**	**263**	**n.a.**	**n.a.**

[1] Data includes Chrysler Group for the full year.

[2] Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.

[3] Data restated to exclude companies demerged into Fiat Industrial S.p.A. It does not include Chrysler Group, as Chrysler Group LLC was first formed in mid-year 2009. Accordingly, 2009 data is not comparable to 2010 and 2011.

[4] Data includes Chrysler Group assembly and stamping facilities to be consistent with Fiat Group Automobiles scope of operations.

[5] Maserati and Fiat Powertrain are not equipped with paint shops.

[6] Data restated to exclude companies demerged into Fiat Industrial S.p.A.

Social dimension

Employees in numbers[1]

Workforce gender distribution by region
Fiat Group worldwide

	2011			2010[3]		
	workforce by region (no.)	% men	% women	workforce by region (no.)	% men	% women
Europe	86,179	78.1	21.9	87,941	78.5	21.5
North America	48,321	79.4	20.6	45,056	79.8	20.2
Latin America	56,695	91.2	8.8	51,286	91.6	8.4
Asia	5,698	74.7	25.3	5,000	73.9	26.1
Rest of world	128	72.7	27.3	141	75.2	24.8
Total	**197,021**	**82.1**	**17.9**	189,424	**82.2**	**17.8**

Workforce gender distribution by category[2]
Fiat Group worldwide

	2011			2010[3]		
	workforce by category (no.)	% men	% women	workforce by category (no.)	% men	% women
Manager	2,254	87.3	12.7	2,294	87.7	12.3
Professional	26,726	82.4	17.6	24,972	82.8	17.2
Salaried	29,309	71.5	28.5	27,247	70.6	29.4
Hourly	138,732	84.1	15.9	134,911	84.4	15.6
Total	**197,021**	**82.1**	**17.9**	**189,424**	**82.2**	**17.8**

Workforce gender distribution by sector
Fiat Group worldwide

	2011			2010[3]		
	workforce by sector (no.)	% men	% women	workforce by sector (no.)	% men	% women
Fiat Group Automobiles	59,714	85.1	14.9	57,611	85.1	14.9
Ferrari	2,695	89.1	10.9	2,721	88.2	11.8
Maserati	714	83.6	16.4	696	84.6	15.4
Chrysler Group	55,687	81.9	18.1	51,623	82.0	18.0
Magneti Marelli	34,804	73.4	26.6	34,269	74.6	25.4
Comau	14,457	93.6	6.4	12,216	93.8	6.2
Fiat Powertrain	12,552	87.8	12.2	12,453	87.9	12.1
Teksid	7,865	95.8	4.2	7,275	96.0	4.0
Other businesses[4]	8,533	54.5	45.5	10,560	60.8	39.2
Total	**197,021**	**82.1**	**17.9**	**189,424**	**82.2**	**17.8**

Employees by country
Fiat Group worldwide (%)

	2011	2010[3]
Italy	31.8	33.4
US	19.7	19.0
Brazil	19.5	18.7
Mexico	6.1	5.7
Poland	5.7	6.6
Canada	4.8	4.8
Argentina	2.6	2.1
Germany	1.3	1.4
France	1.4	1.4
Spain	0.7	0.8
Venezuela	0.5	0.5
Other countries	5.9	5.6
Total (no.)	**197,021**	189,424

Nationality of managers
Fiat Group worldwide

2011	managers (no.)	% of total managers
Italian	1,032	45.8
American	802	35.6
Brazilian	116	5.1
French	60	2.7
German	35	1.5
Polish	29	1.3
Spanish	11	0.5
Belgian	5	0.2
Other nationalities	164	7.3
Total (no.)	**2,254**	

[1] Unless otherwise specified, workforce data is calculated as at year-end.

[2] Employees are divided into four main categories: hourly, salaried, professional and manager. Professional encompasses all individuals that perform specialized and managerial roles (including "professional" and "professional expert" under the Fiat S.p.A. classification system and "mid-level professional" and "senior professional" under the Chrysler Group classification). Manager refers to individuals in senior management roles (including those identified as "professional masters", "professional seniors" and "executives" under the Fiat S.p.A. classification system, and "senior managers" and above under the Chrysler Group classification).

[3] Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.

[4] Other businesses include holding companies and companies operating in publishing, communications and services and other companies; Centro Ricerche Fiat and Elasis only for 2010.

Workforce gender distribution by contract and employment type

Fiat Group worldwide

2011	Unlimited-term				Fixed-term			
	% men		% women		% men		% women	
Total	**79.1**		**16.9**		**2.9**		**1.1**	
	Part-time		Full-time		Part-time		Full-time	
	% men	% women	% men	% women	% men	% women	% men	% women
Europe	12.2	87.8	79.2	20.8	81.8	18.2	69.2	30.8
North America	25.0	75.0	80.2	19.8	55.7	44.3	79.6	20.4
Latin America	25.0	75.0	91.1	8.9	-	-	92.8	7.2
Asia	-	-	74.9	25.1	-	-	47.2	52.8
Rest of world	-	-	72.6	27.4	-	-	75.0	25.0

Workforce gender distribution by length of service

Fiat Group worldwide

	2011			2010[1]		
	workforce by length of service (no.)	% men	% women	workforce by length of service (no.)	% men	% women
Up to 5 years	72,230	81.7	18.3	66,329	81.7	18.3
6 to 10 years	21,210	81.4	18.6	23,030	81.4	18.6
11 to 20 years	58,143	82.4	17.6	56,566	83.1	16.9
21 to 30 years	31,963	85.3	14.7	30,234	84.6	15.4
Over 30 years	13,464	76.4	23.6	13,259	76.9	23.1
Total[2]	**197,010**			189,418		

Workforce gender distribution by age

Fiat Group worldwide

	2011			2010[1]		
	workforce by age (no.)	% men	% women	workforce by age (no.)	% men	% women
Up to 30 years	38,645	83.9	16.1	36,445	83.8	16.2
31 to 40 years	57,009	81.2	18.8	56,948	81.3	18.7
41 to 50 years	60,294	82.3	17.7	58,578	82.7	17.3
Over 50 years	41,073	81.2	18.8	37,453	81.4	18.6
Total	**197,021**	**82.1**	**17.9**	**189,424**	**82.2**	**17.8**

Workforce gender distribution by level of education

Fiat Group worldwide

	2011			2010[1]		
	workforce by education (no.)	% men	% women	workforce by education (no.)	% men	% women
University degree or equivalent[3]	31,860	76.7	23.3	28,373	76.6	23.4
High school	72,641	83.2	16.8	74,451	83.1	16.9
Elementary/middle school	45,634	79.7	20.3	41,883	80.2	19.8
Not tracked[4]	46,754	86.3	13.7	44,717	86.3	13.7
Total[2]	**196,889**			189,424		

Talent attraction

Fiat Group worldwide

	2011[5]	2010[1]
New graduates recruited (no.)	2,479	1,013
Traineeships (no.)	2,472	2,893
Scholarships (no.)	1,554	1,779
Scholarships (€ million)	2.3	1.6

Individual performance appraisal (PLM) by gender

Fiat Group worldwide (%)

	2011[5]
Men	72
Women	53

[1] Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.

[2] Workforce mapped corresponded to 99.9% of Group workforce.

[3] Calculation subject to approximation resulting from the comparison of academic qualifications among different countries.

[4] Cases for which it is not possible to report level of education as the data is not always tracked in Group information systems, particularly with reference to hourly employees.

[5] Data includes Chrysler Group for the full year.

Employee turnover[1]

Region

Europe	
Employees at 31/12/2010	87,833
New Hires	4,378
Departures	(6,075)
Δ scope of operations	43
Employees at 31/12/2011	**86,179**

North America	
Employees at 31/12/2010	1,690
New Hires	2,246
Departures	(2,182)
Δ scope of operations	46,567
Employees at 31/12/2011	**48,321**

Latin America	
Employees at 31/12/2010	43,387
New Hires	13,427
Departures	(10,056)
Δ scope of operations	9,937
Employees at 31/12/2011	**56,695**

Asia	
Employees at 31/12/2010	4,758
New Hires	1,734
Departures	(953)
Δ scope of operations	159
Employees at 31/12/2011	**5,698**

Rest of world	
Employees at 31/12/2010	133
New Hires	17
Departures	(27)
Δ scope of operations	5
Employees at 31/12/2011	**128**

Total worldwide	
Employees at 31/12/2010	**137,801**
New Hires	**21,802**
Departures	**(19,293)**
Δ scope of operations	**56,711**
Employees at 31/12/2011	**197,021**

Category

Hourly	
Employees at 31/12/2010	96,994
New Hires	15,710
Departures	(14,886)
Δ change in category	(449)
Δ scope of operations	41,363
Hourly at 31/12/2011	**138,732**

Salaried	
Employees at 31/12/2010	21,823
New Hires	5,034
Departures	(3,352)
Δ change in category	(8,766)
Δ scope of operations	14,824
Salaried at 31/12/2011	**29,563**

Professional	
Employees at 31/12/2010	17,499
New Hires	976
Departures	(880)
Δ change in category	9,143
Δ scope of operations	(267)
Professionals at 31/12/2011	**26,471**

Manager	
Employees at 31/12/2010	1,485
New Hires	82
Departures	(175)
Δ change in category	72
Δ scope of operations	791
Managers at 31/12/2011	**2,255**

Category and region

Hourly Europe	
Employees at 31/12/2010	57,204
New Hires	2,113
Departures	(4,044)
Δ change in category	(166)
Δ scope of operations	346
Employees at 31/12/2011	**55,453**

Hourly North America	
Employees at 31/12/2010	637
New Hires	1,056
Departures	(1,358)
Δ change in category	(18)
Δ scope of operations	32,916
Employees at 31/12/2011	**33,233**

Hourly Latin America	
Employees at 31/12/2010	36,051
New Hires	11,783
Departures	(8,917)
Δ change in category	(251)
Δ scope of operations	8,211
Employees at 31/12/2011	**46,877**

Hourly Asia	
Employees at 31/12/2010	3,075
New Hires	758
Departures	(564)
Δ change in category	(14)
Δ scope of operations	(110)
Employees at 31/12/2011	**3,145**

Hourly Rest of world	
Employees at 31/12/2010	27
New Hires	-
Departures	(3)
Δ change in category	-
Δ scope of operations	-
Employees at 31/12/2011	**24**

Hourly worldwide	
Employees at 31/12/2010	**96,994**
New Hires	**15,710**
Departures	**(14,886)**
Δ change in category	**(449)**
Δ scope of operations	**41,363**
Employees at 31/12/2011	**138,732**

[1] Only for turnover calculation: Chrysler Group was consolidated in the workforce scope by June 2011; turnover includes Chrysler Group New Hires and Departures exclusively for the second half of 2011.

Age group[1]

Up to 30 years	
Employees at 31/12/2010	31,228
New Hires	10,755
Departures	(9,168)
Δ scope of operations	7,312
Employees at 31/12/2011	**40,127**

31 to 40 years	
Employees at 31/12/2010	44,471
New Hires	6,570
Departures	(5,192)
Δ scope of operations	12,462
Employees at 31/12/2011	**58,311**

41 to 50 years	
Employees at 31/12/2010	38,556
New Hires	3,033
Departures	(2,694)
Δ scope of operations	20,845
Employees at 31/12/2011	**59,740**

Over 50 years	
Employees at 31/12/2010	23,546
New Hires	1,444
Departures	(2,239)
Δ scope of operations	16,092
Employees at 31/12/2011	**38,843**

Gender

Men	
Employees at 31/12/2010	113,388
New Hires	17,709
Departures	(15,930)
Δ scope of operations	46,519
Men employees at 31/12/2011	**161,686**

Women	
Employees at 31/12/2010	24,413
New Hires	4,093
Departures	(3,363)
Δ scope of operations	10,192
Women employees at 31/12/2011	**35,335**

Occupational Health and Safety

Injuries by region

Fiat Group worldwide (no.)

	2011[3]	2010[4]	2009[5]
Europe	**478**	828	1,087
North America	**112**	156	9
Latin America	**394**	408	341
Asia	**25**	21	12
Rest of world	**-**	-	-
Total	**1,009**	1,413	1,449

Days of absence[2] by region

Fiat Group worldwide (no.)

	2011[3]	2010[4]	2009[5]
Europe	**14,775**	23,658	35,227
North America	**5,333**	10,259	582
Latin America	**8,323**	8,513	5,366
Asia	**538**	249	156
Rest of world	**-**	-	352
Total	**28,969**	42,679	41,683

Occupational illness cases by region

Fiat Group worldwide (no.)

	2011[3]	2010[4]	2009[5]
Europe	**59**	69	48
North America	**380**	288	-
Latin America	**203**	102	66
Asia	**-**	1	-
Rest of world	**-**	1	-
Total	**642**	461	114

Frequency rate by region

Fiat Group worldwide (accidents per 100,000 hours worked)

	2011[3]	2010[4]	2009[5]
Europe	**0.39**	0.65	0.90
North America	**0.11**	0.17	0.35
Latin America	**0.37**	0.42	0.50
Asia	**0.09**	0.24	0.18
Rest of world	**-**	-	-
Total	**0.28**	0.44	0.73

[1] Turnover by age does not cover employees that changed age group between 2010 and 2011.

[2] Refers to the number of calendar days of absence (including Saturdays, Sundays and holidays) due to accidents that occurred to employees (hourly, salaried and professional) resulting in absence from work for more than three days, excluding the day the accident occurred. Excluded from the calculation are: days of absence due to accidents that occurred while travelling to and from work, including by private transport.

[3] Data includes Chrysler Group for the full year.

[4] Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.

[5] Data restated to exclude companies demerged into Fiat Industrial S.p.A. It does not include Chrysler Group, as Chrysler Group LLC was first formed in mid-year 2009. Accordingly, 2009 data is not comparable to 2010 and 2011.

Severity rate by region

Fiat Group worldwide (days of absence due to accidents per 1,000 hours worked)

	2011[1]	2010[2]	2009[3]
Europe	**0.12**	0.19	0.29
North America	**0.05**	0.11	0.23
Latin America	**0.08**	0.09	0.08
Asia	**0.02**	0.03	0.02
Rest of world	**-**	-	6.46
Total	**0.08**	**0.13**	**0.21**

Occupational Illness Frequency rate by region

Fiat Group worldwide (cases of occupational illness per 100,000 hours worked)

	2011[1]	2010[2]	2009[3]
Europe	**0.05**	0.05	0.04
North America	**0.36**	0.31	-
Latin America	**0.19**	0.11	0.10
Asia	**-**	0.01	-
Rest of world	**-**	1.94	-
Total	**0.18**	**0.14**	**0.06**

Minimum notice period for operational changes

In the **European Union**, Directive 01/23 stipulates that in the event of the transfer of businesses, plants or parts of businesses or plants following a contractual sale or merger, an information and consultation procedure must be conducted with employee representatives. The procedure must be activated reasonably in advance of the transfer. Accordingly, Fiat Group companies comply with the regulatory provisions resulting from the adoption of the above directive in each individual EU Member State. Also, the agreement establishing the Fiat Group European Works Council includes, within matters requiring information and consultation, any fundamental changes in the organization, the introduction of new working methods and new manufacturing processes significantly affecting the Group as a whole, as well as reductions in size or the closure, relocation of production, or merger of companies or business units having a substantial effect on employment with transnational repercussions.

Outside the European Union, local laws and practices apply. In the **United States** a federal law known as WARN (Worker Adjustment and Retraining Notification Act), which applies to both unionized and non-unionized sites, requires an employer to give a minimum of 60 days' notice of any action that will cause at least 50 employees or 33% of the workforce to lose their jobs.

In **Canada**, notice of termination regulations vary by province. In Ontario, where the majority of the Canadian workforce is employed, notification must be given within four weeks of the actual termination, for locations with employment of 50 or more. The remaining Chrysler Canada employees are located in Alberta and Quebec, where the maximum notice requirement is ten weeks for employees with more than ten years of service. At unionized sites and/or plants in the United States and Canada, the level of union involvement is normally defined by the collective bargaining agreement signed between the company and the union and applicable at site level, and usually also sets out the information and consultation procedures to be followed in such circumstances. At non-unionized sites, it is common practice to make a company-wide announcement of organizational changes relating to outsourcing to all employees, giving reasonable prior notice of the operation.

In **Mexico**, companies are required to notify the Secretariat of Labor and Social Welfare and the union prior to any mass employee layoffs or plant closures. However, no notification period is explicitly defined in Mexican labor law.

In **Venezuela**, notice of termination of employment varies according to an employee's years of service, e.g., from a minimum of one week's notice for employees with one to six months of service, to a maximum of three months' notice for employees with ten or more years of service.

[1] Data includes Chrysler Group for the full year.

[2] Data restated to include Chrysler Group and to exclude companies demerged into Fiat Industrial S.p.A.

[3] Data restated to exclude companies demerged into Fiat Industrial S.p.A. It does not include Chrysler Group, as Chrysler Group LLC was first formed in mid-year 2009. Accordingly, 2009 data is not comparable to 2010 and 2011.

Glossary

A

Active Safety Belts:

system that, once a crash is imminent, acts both on the buckle and the webbing of the belt by tensioning and positioning in order to enhance the safety belt body retention.

B

Battery Electric Vehicle (BEV):

propulsion from a traction electric motor fueled by a high-voltage battery. The drive range of the vehicle is limited by the battery energy capacity.

Bird's-eye View Camera:

system that uses four exterior cameras, one on each side for a 360° view. This bird's-eye view is displayed on an in-dash monitor or other video display to aid viewing around the entire vehicle. Software combines the images from the four cameras together into one cohesive view.

Brake Prefill:

device that detects potentially hazardous situations: if the driver suddenly lifts his foot from the accelerator pedal, the system immediately brings the brake pads into contact with the discs, enabling more rapid braking in an emergency.

E

Electric Hand/Park Brake:

parking brake electrically activated by a switch and controlled by an electronic control unit, acting on vehicle brakes by means of a mechatronic device (cable puller, active caliper, etc.).

Electronic Roll Mitigation (ERM):

system that applies the appropriate braking and may reduce engine power to lessen the chance of wheel lift when it senses that the rate of change of the steering wheel angle and the vehicle speed have reached a level that may result in wheel lift.

Electronic Stability Control (ESC):

system that detects and prevents skidding by regulating engine power and braking individual wheels, enabling the driver to regain control of the vehicle.

EN 1005:

European standard which establishes requirements for safety of machinery and human physical performance.

EN 16001:

European standard establishing requirements for Energy Management Systems.

H

Hybrid Electric Vehicle (HEV):

propulsion from the combination of a combustion engine and traction electric motors powered by a high-voltage battery. The charging of the battery is accomplished by the combustion engine and the vehicle's kinetic energy captured by the regenerative brake function.

Hydraulic Brake Assist:

identifies a pending emergency braking situation by monitoring the pressure on the brake pedal as well as the pressure gradient. If the driver does not brake strongly enough, Hydraulic Brake Assist increases the brake force to a maximum and the stopping distance is reduced.

Hydraulic Hybrid:

propulsion from the combination of a combustion engine in series with hydraulic motors powered by a high-pressure hydraulic accumulator. The charging of the accumulator is accomplished by the combustion engine and the vehicle's kinetic energy captured by the regenerative brake function.

I

ISO 9001:

international standard which specifies requirements for a quality management system designed to meet customer and other stakeholder needs.

ISO 11228:

international standard which specifies recommended limits for manual lifting and carrying and provide guidance on the assessment of several task variables, allowing the health risks for the working population to be evaluated.

ISO 14001:

international standard establishing requirements for Environmental Management Systems.

ISO 14040:

international standard which describes the principles and framework for Life Cycle Assessment (LCA).

ISO 14044:

international standard which specifies requirements and provides guidelines for Life Cycle Assessment (LCA).

ISO 26000:

international standard, published in November 2010, which identifies the main issues that organizations need to focus on to demonstrate their commitment to social responsibility.

ISO 50001:

international standard establishing requirements for Energy Management Systems.

ISO/TS 16949:

international standard which, in conjunction with ISO 9001, defines the quality management system requirements for the design, development, production, installation and service of automotive-related products.

L

Lane Departure Warning (LDW):

device that alerts the driver when the vehicle is about to drift out of its lane.

Life Cycle Assessment (LCA):

analytical method for assessing the combination of interactions that a product or component has with the environment and determining the direct or indirect impacts through its entire life cycle, from production to recycling and final disposal.

M

Magnetorheological Suspension Control:

system whereby the motion of each wheel is controlled by a shock absorber whose damping characteristics are produced by a magnetorheological fluid whose dynamic properties, and viscosity in particular, change when an electrically controlled magnetic field is applied.

O

OHSAS 18001:

international standard establishing requirements for Occupational Health and Safety Management Systems.

P

ParkSense Front/Rear Assist:

system that uses sound waves to detect nearby obstacles at parking speeds to help the driver maneuver in tight spaces. Ultrasonic sensors in the front/rear bumper detect the proximity of objects in or near the front/rear path of the vehicle, and warn the driver of vehicle distance from objects via visual indicators in the forward field of view as well as via audible warning signals.

Pedestrian Detection:

system that detects the presence of a pedestrian in front of the vehicle and alerts the driver with a visual or audible warning.

Perpendicular/Parallel Automatic Parking in Tight Spaces:

helps the driver to identify an appropriately sized parking space and provides assistance in the parking maneuver into the space. The system scans the side of the road for potential parking spaces using ultrasonic sensors on the side of the vehicle. It then communicates the required steering to guide the vehicle into the parking space, while the driver controls vehicle speed through braking.

Plug-In Hybrid Electric Vehicle (PHEV):

allows high-voltage battery charging with grid power by means of plugging in. There is usually an on-board/off-board charger that enables the link to the grid.

Pre-collision Enhance:

system designed to reduce the severity of an accident. Upon detecting an impending collision, this system can tighten the seat belts, adjust seat positions including rear seats, raise folded rear headrests, close the sunroof (if it detects possible rollover collision), and close any open windows, if necessary.

Pulse Width Modulation Controller:

electric devices (e.g., radiator and fan, fuel pump) that use rapid modulation of pulse widths to reduce the amount of power used by the battery – and, as a consequence, by the engine – for recharging, thereby reducing fuel consumption.

R

Range-extended Electric Vehicle:

enhancement of BEV where the vehicle drive range is extended by providing a small combustion engine, primarily to charge the battery.

Rear Camera:

provides a wide-angle view of the area immediately behind the vehicle, giving the driver greater peace of mind before backing up. Also aids in lining up a trailer with the vehicle's towing hitch, when so equipped. The image is automatically displayed when the gear is shifted into reverse.

Rear Cross Path Detection:

system that aids in viewing angles to the left and right of the vehicle while backing out of a tight perpendicular parking spot.

Rollover Crash Sensing:

senses a potential/oncoming rollover and deploys seatbelt pretensioners and/or standard full-length side curtain airbags as needed.

S

Select Speed Assist:

system that allows the driver to select a desired speed and maintains that speed through rough or hilly terrain.

Skyhook:

automatic system that continuously adjusts shock absorbers to changing road surfaces to guarantee ideal damping under all driving conditions.

Smart Alternator:

battery recharging device that uses an intelligent control unit to reduce utilization of power from the engine to the minimum required (also known as Intelligent Alternator).

V

Vehicle Dynamic Control (VDC):

system that uses sensors to monitor wheel slip: if a loss of traction is detected, the system engages to restore dynamic stability and directional control.

V2X Communications:

vehicle to infrastructure and vehicle-to-vehicle communication systems.

See also glossary in the sustainability section of the Group website.

Statements of assurance

This Sustainability Report has been audited by SGS Italia S.p.A., an independent company that provides verification, testing, analysis and certification of goods, services and systems. The scope of the audit is reported in the following letter. The Report has also been submitted to GRI which conducted an Application Level Check (A+) of the GRI-G3.1 guidelines.

SGS

ASSURANCE STATEMENT

ASSURANCE STATEMENT FOR THE FIAT S.P.A. 2011 SUSTAINABILITY REPORT

SGS Italia S.p.A. was commissioned to conduct an independent assurance of the Fiat S.p.A. 2011 Sustainability Report.
The information in the Sustainability Report is the exclusive responsibility of Fiat S.p.A.
SGS Italia S.p.A. was not involved in the preparation of any of the material included in this document.
The responsibility of SGS Italia S.p.A. is to express an opinion concerning the information, graphs, tables and statements included in the Report, within the assurance scope described below, for the purpose of informing all Interested Parties.

Scope of Assurance

The scope of assurance agreed with Fiat S.p.A. includes verification of the following aspects:

- evaluation of the Report against the Global Reporting Initiative Guidelines (**GRI-G3.1**), with reference to Application Level A+;
- type 2 evaluation of the application of the AA1000 AccountAbility Principles Standard (2008) and reliability of the information reported.

The information contained in the section dedicated to Suppliers has been subject to a High Level assurance review.

SGS Italia was also asked to confirm the assessment it gave last year on the adherence of the sustainability model adopted by Fiat S.p.A. to the requirements of ISO 26000 Guidance.

Methodology and Limitations

The verification was performed through pre-assurance research activities, examination of registrations and documents, interviews with personnel and management and analysis of policies, procedures and practices adopted within the organization. The texts, graphs and tables included in the Report were verified by selecting, on a sample basis, qualitative and/or quantitative information to confirm the accuracy and reliability of the process for collecting and consolidating data.

The audit team was assembled based on their knowledge, experience and qualifications for this assignment.
Audit activities were carried out during February 2012 at Fiat S.p.A.'s headquarters in Italy and at several Group sites in Brazil, Poland, the United States and Canada.

Financial data, drawn directly from the independently audited Fiat S.p.A. Consolidated and Statutory Financial Statements at 31 December 2011, has not been checked back to source as part of this assurance process.

Assurance Opinion

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained in the Fiat S.p.A. 2011 Sustainability Report are accurate and reliable, and provide stakeholders a fair and balanced representation of the company's activities in 2011.

With regards to the level of adherence to the AA1000 Principles, the audit team provides the following opinion:

- Inclusivity: the AA1000 Foundation principle of Inclusivity requires the organization to demonstrate how it identifies its stakeholders and its capacity to engage and establish a dialogue with them in order to understand and consider their views and expectations. Fiat S.p.A. has confirmed its commitment to constant dialogue with its stakeholders through specific central functions responsible for interacting with them. The engagement process is geared towards continuous improvement. We recommend that Fiat S.p.A. continue to adopt new methods of stakeholder engagement and dialogue.
- Materiality and Responsiveness: we believe that Fiat S.p.A. adequately applies both of these principles. The audit team recognizes the great effort made by the organization starting from this year in incorporating the performance of Chrysler Group in the scope of the Report and in restating data for 2010 for the purpose of enabling an assessment of performance trends.
  The indicators and topics covered by the Fiat S.p.A. Sustainability Report address material issues for stakeholders and document the organization's strategy. In 2011, a new KPI data collection manual was created with the objective of raising the number of indicators monitored, on the basis of informational requests from stakeholders, aligning the KPIs with the updated GRI-G3.1 standards published in the course of 2011, and further improving the data collection process.

With reference to the High Level assurance review of specified performance information on sustainability performance in the section dedicated to Suppliers, the audit team is of the opinion that:

- The information contained in the 2011 Sustainability Report is reliable and complete in relation to the above mentioned principles.
- Initiatives relating to suppliers and the level of advancement with sustainability assessment and management process are a prime example of management's commitment.

In regard to the sustainability model adopted by Fiat S.p.A., we confirm that the methodologies for disseminating and applying sustainability initiatives are in line with the requirements of ISO 26000 guidance.
The sustainability governance adopted facilitates, also through the specific activity of the Sustainability Unit, the formulation, dissemination and monitoring of targets designed to improve environmental and social performance, thus contributing to the complete integration of sustainability issues into Group strategy.

With reference to the GRI Guidelines, the organization satisfies the principles for defining report content and the principles for ensuring the quality of reported information. Additionally, we confirm that the Report is aligned with the requirements of the GRI-G3.1 A+ application level, reflecting the constant improvement in the reliability of the data collection, processing and aggregation process and the commitment of management to continue increasing the scope and level of reporting.

Milan, 7 March 2012

SGS ITALIA S.p.A.

Paolo Pineschi
Systems & Services Certification

Marina Piloni
Project Leader

AA1000
Licensed Assurance Provider
000-8

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **Fiat S.p.A.** has presented its report "Fiat S.p.A. Sustainability Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, March 20th 2012

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

A+ GRI REPORT GRI CHECKED

The "+" has been added to this Application Level because **Fiat S.p.A.** has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on March 8th 2012. GRI explicitly excludes the statement being applied to any later changes to such material.*

Index of GRI-G3.1 content

The following table has been provided to help the reader in locating content within the document that relates to specific GRI-G3.1 indicators. Each indicator is followed by reference to the appropriate pages in the 2011 Sustainability Report or other publicly available sources. Additional information is also available in the GRI-G3.1 index published in the sustainability section of the Group website.

Key

SR = 2011 Sustainability Report
AR = Annual Report at 31 December 2011
ARCG = Annual Report on Corporate Governance, February 2012

Fully disclosed
Partially disclosed
Not disclosed
n.a. Not applicable

GRI-G3.1 indicators

		Coverage	Publications	References (pages)
1.	**Strategy and analysis**			
1.1	Statement from the Chairman and the CEO	■	SR	6-9
1.2	Key impacts, risks, and opportunities	■	SR	70-73, 93
			AR	44-51, 226-230
			ARCG	20-23
2.	**Profile of the organization**			
2.1	Name of the organization	■	ARCG	173
2.2	Primary brands, products, and/or services	■	SR	47-57
			AR	16-22, 101-120, 221-225
2.3	Operational structure	■	SR	47-49, 236-237
			AR	237-259
2.4	Location of organization's headquarters	■	SR	262
2.5	Countries where the organization operates	■	SR	47-49, 143-144, 246
			AR	24-25, 30, 226
2.6	Nature of ownership and legal form	■	AR	31-33
			ARCG	9-12, 28
2.7	Markets served	■	SR	48-49
			AR	24-25, 30, 226
2.8	Scale of the reporting organization	■	SR	48-49
			AR	14-15, 30-33
2.9	Significant changes	■	SR	47, 230-231
			AR	31, 34-40, 72, 98-99, 236
2.10	Awards received	■	SR	10-11
			AR	34-40
3.	**Report parameters**			
	Profile			
3.1	Reporting period	■	SR	230-231
3.2	Date of the last report	■	SR	231
3.3	Reporting cycle	■	SR	230
3.4	Contact point for questions regarding the report	■	SR	262
	Report scope and boundary			
3.5	Process for defining report content	■	SR	75, 232-235
3.6	Boundary of the report	■	SR	230-231
3.7	Limitations on the scope or boundary of the report	■	SR	230-231
3.8	Reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities	■	SR	230-231
			AR	237-259

		Coverage	Publications	References (pages)
3.9	Data measurement techniques and the bases of calculations	■	SR	230-231
3.10	Re-statements of information provided in earlier reports	■	SR	230-231
3.11	Significant changes from previous reporting periods	■	SR	230-235
	GRI-G3.1 content index			
3.12	Table identifying the location of the Standard Disclosures in the report	■	SR	256-259
	Assurance of the report			
3.13	External assurance	■	SR	254-255
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			ARCG	4-8, 12-20, 29
4.2	Executive powers of the Chairman	■	ARCG	14-16, 29
4.3	Independent and non-executive Directors	■	ARCG	14-16, 29
4.4	Mechanisms for shareholders and employees to provide recommendations	■	ARCG	6-8, 24-26, 48-49, 59-63, 181-184
4.5	Linkage between compensation for Directors, senior managers, and executives, and the organization's performance	■	SR	32
			AR	197-200, 303-306
			ARCG	18-19
4.6	Processes to avoid conflicts of interest	■	ARCG	6, 14, 18, 33-34, 41, 68
4.7	Qualifications and expertise of Directors	■	ARCG	12-16, 159-160
4.8	Mission, values, codes of conduct and principles	■	ARCG	65-80
4.9	Procedures for overseeing the organization's identification and management of economic, environmental and social performance	■	SR	74-75
4.10	Process for evaluating the Board of Directors' performance	■	SR	32
	Commitments to external initiatives			
4.11	Explanation of whether and how the precautionary approach or principle is addressed	■	SR	6-9, 74-75, 79-87, 93-98, 113-116, 125-129, 132, 172-173, 193-196, 203-204
4.12	Externally developed economic, environmental, and social charters or principles	■	ARCG	66, 69-70
4.13	Memberships in industry associations	■	SR	66-69
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4.14	List of stakeholder groups	■	SR	233-235
4.15	Basis for identification and selection of stakeholders	■	SR	232-233
4.16	Approaches to stakeholder engagement	■	SR	232-235
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics	■	SR	232-235
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EC2	Financial implications and other risks and opportunities due to climate change	■	SR	70-73, 93, 113
EC3	Coverage of the organization's defined benefit plan obligations	■	SR	151-152
			AR	201-208, 307-309
EC4	Significant financial assistance received from government	■	SR	69, 80
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EC6	Policy, practices, and proportion of spending on locally-based suppliers	■	SR	210-211
EC7	Procedures for local hiring	■	SR	145
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EC9	Understanding and describing significant indirect economic impacts	■	SR	219-227

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		Coverage	Publications	References (pages)
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EN12	Description of significant impacts on biodiversity	■	SR	125-127
EN13	Habitats protected or restored	■	SR	126-127
EN14	Strategies for managing impacts on biodiversity	■	SR	27, 125-127
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EN17	Other indirect greenhouse gas emissions	■	SR	134, 138-139
EN18	Initiatives to reduce greenhouse gas emissions	■	SR	28-30, 130-131, 134-139
EN19	Emissions of Ozone Depleting Substances	■	SR	119, 245
EN20	Other air emissions	■	SR	27, 118, 245
EN21	Water discharge	■	SR	120, 240
EN22	Total waste by type and disposal method	■	SR	122-123, 239
EN23	Total number and volume of significant spills	■	SR	119, 121
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LA6	Percentage of workforce represented in health and safety committees	■	SR	183
LA7	Rates of injuries, occupational diseases/illnesses, lost days, and absenteeism, and total number of work-related fatalities by region and by gender[1]	■	SR	174-175, 249-250

[1] *Detail by gender not provided as it is considered not material.*

		Coverage	Publications	References (pages)
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Fiat on social networks

FIAT
SOCIETÀ PER AZIONI

DELICIOUS

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FRIENDFEED

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DIGG

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REDDIT

www.it.reddit.com/
new

FLICKR

www.flickr.com/
photos/fiatgroup

TWITTER

www.twitter.com/
fiatspa

Fiat on social networks:

For Fiat Group, new media is not only an information source that is monitored but it is also actively used as a platform through which the Group and its brands can clearly and effectively communicate their message. Social networks are used as an integrated part of the Group's overall communication strategy to provide relevant and up-to-date corporate information to the public.

Other corporate publications and web

ANNUAL REPORT

CORPORATE GOVERNANCE

http://www.fiatspa.com/en-us/sustainability/Pages/Homepage.aspx

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