



Interactive | Sustainability Report

at 31 December 2013

The commitment of the Group

Our Group carries out its mission of being a responsible and sustainable company every single day in every geographical area where we are present. The ultimate goal is to provide our customers sustainable and quality products. Our engagement in sustainability has expanded over time to involve every function within the company, setting increasingly challenging goals that cover the entire value chain and focus on long-term progress, instead of short-term wins.

At Fiat Group, each employee and every organization plays a role in helping the company continue along the path of sustainability. All Group undertakings are deeply rooted in sustainability values, as the company strives to build a more secure future for its employees, customers, suppliers, dealers and society as a whole. This sense of mutual responsibility has always been a part of the Group's history and corporate culture and has evolved and strengthened over the years, building trust in the Group among its many stakeholders.

Letter from the Chairman

Dear Stakeholders,

During 2013, Fiat-Chrysler continued in its commitment to responsible and sustainable development and achieved significant new milestones in the environmental and social areas that deserve mention.

With regard to environmental performance, for example, we have reduced CO₂ emissions per vehicle produced by more than 15% over the past four years.

At Fiat and Chrysler plants worldwide, we have also achieved 99% reuse of water in the manufacturing cycle, representing savings of more than 2.1 billion m³ of water in 2013.

Our approach to sustainability issues is widely recognized at the international level. For the fifth consecutive year, Fiat was included in the prestigious Dow Jones Sustainability Indices World and Europe and we were recognized as the leader in Italy in addressing climate change with inclusion, for the second consecutive year, in the Italy 100 Climate Disclosure Leadership Index (CDLI) and Climate Performance Leadership Index (CPLI).

Expo Milan 2015, where we are Global Partners together with CNH Industrial, will provide another occasion to present the numerous eco-compatible solutions we have developed, demonstrating that respect for the environment and economic growth can and must coexist.

The Group also maintained its strong focus on safety. Recognitions received for product safety during 2013 included: a Euro NCAP 5 Star rating for the new Maserati Ghibli and Jeep Cherokee (Europe), an ANCAP 5 Star rating for the Fiat Panda (Australia), inclusion in the IIHS "Top Safety Picks" for the Maserati Ghibli and Fiat 500L and a NHTSA NCAP 5 Star rating for the Jeep Grand Cherokee 4WD (USA). In addition, the adoption of World Class Manufacturing standards by many of our suppliers, including those related directly to health and safety, has further extended the benefits to some 300 supplier plants around the world.

Social responsibility is another aspect of our activities that is very important to us. We believe firmly in the values of multiculturalism and diversity and, wherever we have a presence, we actively contribute to the advancement of local communities. Of approximately €20 million committed to local communities in 2013, for example, around 40% was for cultural, educational and training initiatives.

For every social initiative, we give priority to the involvement of local employees and suppliers in order to create jobs, stimulate the local economy and strengthen social ties within each community.

Finally, publication of this year's Sustainability Report offers me the opportunity to reinforce a message that I believe is of fundamental importance. With completion of the integration of Fiat and Chrysler expected during the year, our commitment to sustainability will not diminish. On the contrary, it will be intensified with the involvement of more than 300,000 people around the world.

The Group's targets and long-term initiatives planned up to 2020 are a tangible sign of our desire to maintain this commitment in the years to come, wherever we are present.

/s/ John Elkann

John Elkann

CHAIRMAN

Letter from the Chief Executive Officer

Dear Stakeholders,

2013 was a particularly important year for our Group and I don't believe there could have been a more appropriate or significant way to launch 2014.

As you know, after a protracted negotiation with the VEBA Trust, on January 1st we reached an agreement that cleared the way for us to acquire 100% of Chrysler's equity and will soon lead to the formal creation of a single entity.

From the very moment Fiat and Chrysler formed an alliance almost five years ago, we pursued a vision that went beyond industrial cooperation to full cultural integration at the global level. We worked tenaciously and single-mindedly to transform differences into strengths, to break down barriers of nationalistic or cultural resistance and to create an organization that would be truly unified in practice, even before it was on paper.

That vision is now a reality. We have created a leading global automaker that is the 7th largest in the world. Even more importantly, we have created an organization that is unique and rich with potential at the technical, professional and human level – 300,000 people around the world driven by the spirit and values of an organization intent on distinguishing itself not only in terms of the excellence of its products, but also for the commitment, integrity and transparency with which it conducts its activities.

The coming together of Fiat and Chrysler has enabled us to intensify our sustainability-related activities by sharing best practices and leveraging our respective strengths.

Our strategy for sustainable mobility is focused on achieving a balance between conventional and alternative technologies that will deliver the greatest benefits for the environment now, while also ensuring that we continue to offer customers affordable products.

This includes designing systems and developing new technologies to cut CO₂ emissions and improve vehicle efficiency, as well as projects to address emerging mobility needs and customer-focused initiatives to raise awareness on the impact driving behavior has on fuel consumption.

Our commitment in this area and the innovations we launched during the year have received wide recognition at the international level.

Fiat's Methane Program received the "Ecobest 2013" award for being the simplest and most cost-effective solution, with the lowest environmental impact among fuels available today.

The innovative natural gas/gasoline TwinAir Turbo engine was named "Best Green Engine of the Year 2013" and the 3.0-liter EcoDiesel V-6 and the Fiat 500e Battery-Electric Drive System were both named to *Ward's* "10 Best Engines" for 2014.

The Ram 1500 received *Motor Trend's* "2014 Truck of the Year" and Fiat Professional was named "Light Commercial Vehicle Manufacturer of the Year" at the Green Fleet Awards 2013, both for the second consecutive year.

The Group's Luxury Brands were also recognized for their eco-performance: the new Maserati Ghibli and Quattroporte with V-6 diesel engines have CO₂ emission levels 35% lower than the V-6 gasoline versions, and Ferrari launched its first ever production hybrid (LaFerrari) with emission levels halved compared with the Enzo.

The Group also further reduced the environmental impact of its production processes, mainly through implementation of the World Class Manufacturing program (WCM), which continues to play an important role in terms of competitiveness, as well as being a key platform for ensuring the highest sustainability standards at plants and among our suppliers.

During 2013, energy-related projects developed as part of WCM contributed to a reduction of approximately 180,000 tons in CO₂ emissions.

In recognition of these efforts and our focus on quality, the WCM program's Gold level was awarded to the Fiat plants in Pomigliano d'Arco (Italy) and Tychy (Poland), as well as the Tofas plant in Bursa, Turkey.

We also continued in our commitment to ensure a safe and healthy working environment for employees in every area of activity at our sites worldwide.

During 2013, we invested a total of €194 million in health and safety improvements, representing an increase of 15.5% over the previous year.

In line with our operating philosophy, the Group also promotes the application of its sustainability principles along the entire value chain.

One initiative involved dealers in Italy, where the introduction of new practices and promotion of environmental awareness generated significant energy savings and reduced the environmental footprint of the sales network.

This project will continue with expansion to our dealer networks in other countries over the next few years.

In the U.S., Chrysler managed the second annual Dealer Environmentally Conscious Operations (ECO) Program, which was designed to encourage environmental responsibility across the dealer network and to recognize dealerships with a demonstrated commitment to eco-friendly business practices.

The Group was recognized again in 2013 by leading rating agencies and other international organizations for its leadership in sustainability.

For the fifth consecutive year, Fiat was included in the prestigious Dow Jones Sustainability Indices World and Europe, receiving the maximum score in several key areas of evaluation in the economic, environmental and social dimensions.

In addition, for the second consecutive year, we were recognized as the leader in Italy for our commitment to addressing climate change. Our environmental performance together with transparency in disclosure earned us recognition at the very top of the Carbon Disclosure Project's Italy 100 Climate Disclosure Leadership Index (CDLI) and Climate Performance Leadership Index (CPLI).

A forward-looking mentality and commitment to continuous improvement are natural to a group that values and cultivates diversity in individual talent, experience and cultures.

With the combined strength of our two organizations, we now also have the opportunity to play a leading role in the creation of a cleaner, safer planet.

We are all challenged to proactively become a part of the solution to problems that today's world faces, such as pollution in urban areas, climate change, over-dependence on oil and diminishing natural resources.

We need to put the maximum effort into helping to solve these issues, not just to meet stringent regulatory demands but, even more importantly, to ensure we can be proud of the legacy we leave future generations.

Fiat and Chrysler, united, intend to do their part.

I want to thank everyone in the Group for embracing the culture of sustainability and for their daily dedication to translating it into concrete actions. They are our best and most precious resource.

/s/ Sergio Marchionne

Sergio Marchionne

CHIEF EXECUTIVE OFFICER

Fighting climate change

Climate change is one of the major global challenges facing the world today. 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 recognizes its role in addressing climate change and is committed to reducing the CO₂ emissions of its products and processes from design and production, to distribution, use and the end-of-life phase.

There is growing recognition within both the scientific community and the general public that climate change is occurring and that the global climate is being affected by an increasing level of greenhouse gases (GHG) in the atmosphere. The Intergovernmental Panel on Climate Change (IPCC) estimated that to keep the global temperature from rising by more than 2°C, atmospheric concentrations of CO₂ would have to be limited to between 400 and 550 parts per million (ppm). The lower limit of 400 ppm has now been reached, compared with the pre-industrial level of approximately 280⁽¹⁾. The fifth Intergovernmental Panel on Climate Change (IPCC) report states with 95 percent confidence that humans are the main cause of the current global warming.

The increase in human-generated CO₂ emissions has led many governments to implement control and regulatory measures to limit the resulting effects. The automotive industry is addressing this challenge responsibly.

Fiat Group believes that effective, long-lasting results to address climate change can only be achieved through an integrated approach involving energy producers, manufacturers (including suppliers), consumers, academia, the financial community and government. As stated in the Group Environmental Guidelines, the company is committed to adopting and developing solutions that are at the same time safe, environmentally-friendly and economically viable. These solutions aim to fight climate change, preserve resources and safeguard health. Accordingly, Fiat Group continues to **focus on addressing CO₂ emissions** and once again, it has confirmed in its Sustainability Plan the commitment to reduce CO₂ emissions in:

- **engines**, by developing increasingly efficient technologies for conventional engines, expanding the use of alternative fuels (such as natural gas and biofuels), and developing alternative propulsion systems (such as hybrid or electric solutions), based on the specific energy needs and fuel availability of the various countries
- **production plants**, by cutting energy consumption levels and promoting the use of renewable energy
- **transport activities**, by increasing low-emission transport and involving our employees to reduce their commuting emissions
- **supplier activities**, by promoting environmental responsibility and spreading the principles and culture of World Class Manufacturing
- **office-related activities**, such as business travel, office activities and information technology emissions
- **eco-responsible driving behavior**, by providing dealers and customers with information and training on vehicle use and maintenance.
- initiatives to meet new **mobility needs**, by providing alternative mobility solutions to customers

Fiat Group is also committed to maintain a **risk management system** for climate change-related risks, including increased physical risks associated with weather extremes and compliance with emission trading regulations.

⁽¹⁾ Source: Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC, 2007).

Sustainability governance model

Sustainability is about ensuring long-term financial success and business viability, in part by understanding and addressing the major needs of our stakeholders who are impacted by our decisions and actions.

During 2013, business functions and regions across the Group committed to establishing long-term commitments and targets which are reported, together with the previous year's results, in this Sustainability Report. Our long-term commitments reflect ongoing changes in the automotive competitive environment as well as the evolution of stakeholder desires and requirements. The Group's commitment to sustainable development is reflected in the robust, well-established processes and organizational structures that have been created to ensure the integration of economic decisions with those of a social and environmental nature and the investigation of related impacts. The Group'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.

Sustainability awareness throughout the Group has evolved and strengthened over the years, becoming an integral part of the strategic approach that drives the business. To reinforce our commitment throughout the entire organizational structure, a process for delegating authority from the highest governance body to management and subsequently to all employees has been in place since 2009, when responsibility for sustainability issues was assigned to the Nominating and Corporate Governance Committee which thus became the Nominating, Corporate Governance and Sustainability Committee.

Since that time, several entities within the organization have assumed direct sustainability management roles.

The **Sustainability Team** – with its local presence in Italy, Brazil and the US – plays a central role in promoting a culture of sustainability within the Group and among its various stakeholders. The team facilitates the process of business continuous improvement, contributing to risk management, cost optimization, stakeholder engagement and enhancement of the company's reputation. The teams interact with the individuals responsible for operational management of key issues (e.g., environment, energy, innovation, human resources, etc.) within each operating segment and region, as well as with the central functions, by supporting them in analyzing and reporting sustainability-related impacts, and identifying potential areas for action. It also manages relationships with sustainability rating agencies, international organizations, analysts and social responsible investors with the support of the Investor Relations team.

The **Cross-Functional Sustainability Committee (CSC)** promotes and evaluates operational decisions and plays an advisory role for proposals submitted to the Group Executive Council (GEC) by the Sustainability team. The CSC consists of representatives from the principal functions at the central and company levels (Business Development, Corporate Communications, Engineering, Design, Finance, GEC Coordinator, Human Resources, Industrial Relations, Institutional Relations, Internal Audit, Manufacturing, Purchasing, Senior Counsel and Treasurer).

The **Group Executive Council (GEC)**, the decision-making body composed of the Chief Operating Officers (COOs) of the regions and sectors and various functional heads, defines the strategic approach, approves the Guidelines and evaluates the alignment of the Sustainability Plan targets 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 Fiat S.p.A. Board of Directors) evaluates proposals related to strategic guidelines on sustainability-related issues, presents opinions to the Board of Directors as necessary, and reviews the annual Sustainability Report. Consultations regarding sustainability aspects between stakeholders and the highest governance body are delegated to the sustainability team which is responsible for maintaining an open dialogue with internal and external stakeholders on these issues. Outcomes of this dialogue are then incorporated into the annual disclosure of the Sustainability Report and reported to the highest governance body according to their relevance. In 2013, the Chief Operating Officers (COOs) of the EMEA, NAFTA and LATAM regions and their functional reports were updated by the Sustainability team on results of Stakeholder Engagement Events.

Sustainability ratings

Our Group's commitment to sustainability has received recognition at the global level from several leading organizations and indices.

For the fifth consecutive year, Fiat S.p.A. was selected by RobecoSAM AG (the specialists in sustainability investing) for **inclusion in the prestigious Dow Jones Sustainability Indices (DJSI) World and Europe** which only admit companies judged best-in-class in terms of economic, environmental and social performance. The Group received a score of 89/100 compared with an overall average of 61/100 for companies evaluated in the Automobiles sector.

In addition, for the second consecutive year, the Group was recognized as the undisputed leader in Italy for its commitment to addressing climate change. On the basis of performance and transparency in disclosure, the Group was named the leader in the **CDP Italy 100 Climate Disclosure Leadership Index (CDLI)** and **Climate Performance Leadership Index (CPLI)** for 2013. Fiat received the highest score overall for transparency in disclosure (99/100) and the maximum score (A) for its commitment toward reducing carbon emissions.

During the year, Fiat Group's position was also confirmed in the Euronext Vigeo Europe 120 and the Euronext Vigeo Eurozone 120 indices, both established in collaboration with NYSE Euronext, which include the top ESG performers based on an analysis of approximately 330 indicators.

The Group is also a member of several other major sustainability indices, including: ESI Excellence Europe, STOXX Global ESG Leaders, STOXX Global ESG Environmental Leaders, STOXX Global ESG Social Leaders, STOXX Global ESG Governance Leaders, ECPI Euro Ethical Equity, ECPI EMU Ethical Equity, ECPI Global Developed ESG Best in Class Equity, FTSE ECPI Italia SRI Benchmark and FTSE ECPI Italia SRI Leaders. In 2013, the Group also entered the Parks GLBT Diversity Index.



Sustainability Plan

Fiat Group's approach to sustainability is based on aligning the company's projects and initiatives to ensure that value is generated responsibly through the incorporation of economic, environmental and social aspects into its business decisions. This approach has led to the creation of a focused and disciplined method for tracking the company's progress toward sustainable development. The Sustainability Plan communicates the Group's progress annually to stakeholders by reporting on the boundary of each commitment, the specific actions to be taken, progress toward achievement of the goal during the current reporting year and the target for the future. The Group's sustainability strategy has resulted in a variety of projects related to good corporate governance; environmentally responsible products, plants and processes; a healthy, safe and inclusive work environment; and constructive relationships with local communities and business partners, as these are the milestones along the Group's path of continual improvement oriented to long-term value creation.

Discover all our commitments and results in the Fiat Group Sustainability Plan.

Process for the Sustainability Plan

The Sustainability Plan presents the commitments, targets and results of the Group. Every year, it is updated by the Sustainability Team, which coordinates and consolidates the feedback from all of the regions and business functions. The highest governance bodies of the Group are engaged in the development and approval of goals related to economic, environmental and social aspects. This process consists of three main phases:

Planning phase: the commitments, actions and targets in the Sustainability Plan are initially defined on the basis of the areas for improvement identified by the Sustainability Team in collaboration with the operating segments/regions and central functions. In support of that activity, throughout the year the team monitors the performance of best-in-class competitors as well as 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. Once the Plan is approved by the GEC, it is then evaluated by the Nominating, Corporate Governance and Sustainability Committee of the Board which grants formal approval.

Management phase: responsibility for individual projects and achievement of the targets in the Sustainability Plan rests with the various operating segments/regions or corporate functions which have the resources, tools and knowledge necessary for their implementation.

Control phase: as a further indication of adherence to the commitments made, the Sustainability Team is periodically updated on the status of projects and, in turn, updates the GEC. Following the materiality analysis completed for 2013, the Sustainability Team launched a project to establish Group targets with a longer time horizon. Results of targets set in prior reports which have not yet been concluded as well as the new targets are available through the Group's online interactive report. The selection of the most relevant long-term targets is reported in the printed version of the report at the beginning of related section.

Stakeholder engagement

Dialogue with internal and external stakeholders is essential for Fiat Group to continue making progress in its quest for sustainability. In a dynamic, competitive environment, engagement and dialogue are important to understanding stakeholder expectations, needs and concerns. As a corporate citizen, it is our responsibility to be aware of paradigm shifts, anticipate change and pick up on emerging trends. This is all possible because we listen to and learn from our many stakeholders, inside and outside the Group.

One of the objectives of the dialogue with all Group stakeholders is to determine which commitments and topics are considered most important and crucial. These topics are those that allow the Group to continue creating value in the short-, medium- and long-term for all its stakeholders.

We conducted an analysis to update the Group materiality diagram, the first edition of which was published in the 2012 Sustainability Report. This analysis has allowed us to identify the most relevant aspects that reflect significant Group economic, environmental and social impacts and that greatly influence the assessments and decisions of stakeholders, both within the world automotive industry and taking into account the unique characteristics of each geographic area where the Group is present.

This year we updated the materiality diagram with the results of the sustainability-focused Stakeholder Engagement Events held in Italy, Brazil and United States, allowing us to draw conclusions for the Group level, as well as single out issues perceived to be important in specific locations.

The materiality analysis was carried out in accordance with the **AA1000 Stakeholder Engagement Standard guidelines** for the steps relating to the identification, mapping and prioritization of stakeholders, and to the analysis of the results of their involvement. The guidance notes on Accountability and the criteria defined by the Global Reporting Initiative (GRI-G4) were also followed with regard to outlining an approach to the materiality principle and the identification of material issues.

In this Report material topics identified by internal and external stakeholders as significantly important will be reported. The following topics that are not considered highly material:

- energy from renewable sources in operations
- other emissions from operations
- protecting biodiversity
- employees well-being and work-life balance
- recovery from external event
- public policy engagement.

An analysis defining the scope of each of the issues reported was carried out as well. In the context of the value chain, “scope” means the extent of the impact (of each of the material aspects identified) of Group activities, products, services and relations.

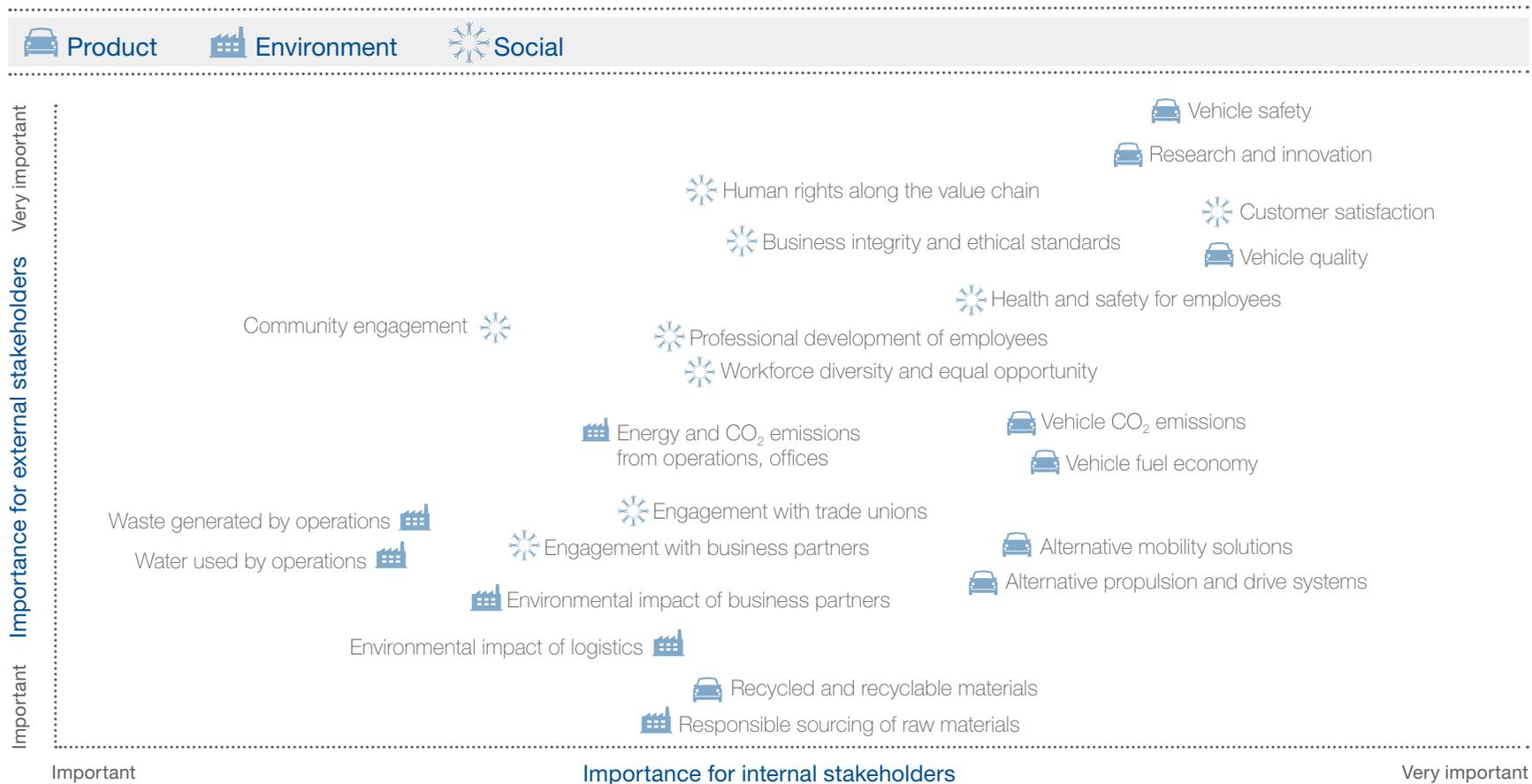
All aspects that the analysis showed to be material have impacts within the organization as a whole (Mass-Market and Premium Brands, Luxury and Performance Brands, Components and Production Systems, companies operating in advertising, communication and services). More specifically, the boundary of this Sustainability Report refers to all companies falling within the scope of consolidation of Fiat S.p.A. at 31 December 2013. Furthermore the aspects analyzed have impacts outside the organization in geographical areas where the Group conducts its operations and for all the stakeholders categories identified.

The result of the materiality analysis also led to a change in the structure of the **sustainability section included in the 2013 Annual Report**, concentrating more on the material topics, discussed in detail in specific chapters.

Materiality diagram

The stakeholder engagement events organized in Italy, Brazil and the US in 2013 provided an opportunity for additional insight into the economic, environmental and social aspects of the Group's activities that have the greatest impact on the decisions of stakeholders, including issues of specific relevance in each geographic area. As a result, the Group has updated the materiality diagram first presented in the 2012.

Scrolling over the icons is possible to learn more about a specific issue, as clicking on each icon the related definition will appear. The icons allows you to select or to exclude the related issues and to fill out a personalized matrix view.





Product



Vehicle Safety

The Group works hard to increase the passive and active safety of vehicles and promotes initiatives that encourage drivers to behave responsibly, researching solutions to prevent accidents, reduce damage and facilitate safe driving. Fiat Group sees increasing safety for drivers and all other road users as being one of the main ways of fulfilling its commitment to customers and the community.

Research and innovation

The Group seeks to meet the demand for mobility while keeping the environmental footprint of the entire life cycle of vehicles to a minimum and being ever readier to handle new mobility demands. Research and innovation activities are coordinated worldwide and aimed at developing solutions for increasingly sustainable mobility. The goal is to reduce consumption and emissions as well as to increase vehicle safety and recyclability. At the same time, we maintain high standards for quality and driver satisfaction.

Customer satisfaction

The Group responds to the needs and expectations of customers, promoting many initiatives aimed at keeping dialogue open through an increasing number of channels and constantly improving the quality of its service and product offering. The ultimate goal here is to make sure that customers are as satisfied and loyal as possible.

Vehicle quality

The Group's commitment to customers is oriented towards providing vehicles that are in line with the highest quality standards on all markets and in all segments.

Vehicle CO₂ emissions

The Group's product strategy is based on the development of solutions for minimizing the environmental impact of vehicles by reducing emissions.

Vehicle fuel economy

The Group is committed to developing innovative solutions focused on minimizing fuel consumption in vehicles.

Alternative mobility solutions

The Group works to identify and create new mobility solutions and services for providing new modes of vehicle use that are ever more flexible and customized, not to mention suitable to the city and the country.

Alternative propulsion and drive systems

The Group works hard to improve combustion engine efficiency while guaranteeing high performance and lowering polluting emissions. It offers a vast range of alternative fuel vehicles, develops alternative drive systems and emission abatement systems, and reduces the energy demand of its vehicles.

Recycled and recyclable materials

The Group places particular emphasis on its place at the forefront of material recycling and recovery once the vehicle reaches the end of its life (End-of-Life Vehicles – ELVs). This is why it implements preventive measures right from the start while the vehicle is being designed, promoting the use of eco-compatible materials and substances so as to ensure their disposal without posing any risk to the environment whatsoever.

Environment



Energy and CO₂ emissions from operations, offices

The Group is continuously engaged in research on technology that consumes little energy and solutions that help reduce the use of fossil fuels and decrease greenhouse gas emissions from its production activities and offices.

Waste generated by operations

The Group works to prevent waste generation so that fewer raw materials are used and there is less of an impact on the environment. Recycling and recovery of materials is widespread throughout the Group.

Water used by operations

The Group considers water to be one of the most important natural resources to conserve, and invests efforts in sustainable management of the entire water cycle, identifying the technology and actions to maximize recycling and reuse of water.

Environmental impact business partners

The Group's commitment to reducing the environmental footprint of partners not only covers products and production processes but also gets suppliers directly involved.

Environmental impact of logistics

Efficiency and environmental sustainability of logistics processes are key factors in creating value. In this area, the Group places emphasis on lowering the emissions from the movement of material, components and products all along the supply chain and resorting to non-reusable packaging as little as possible.

Responsible sourcing of raw materials

The Group makes efforts to guarantee the integrity of its procurement sources and pays close attention to what is going on in countries that are highly politically or economically unstable and that could disrupt the supply chain and compromise the availability of essential materials that are difficult to replace.



Social



Human rights along the value chain

The Group advocates human rights and proper working conditions in the scope of its activities and along the entire value chain.

Customer satisfaction

The Group responds to the needs and expectations of customers, promoting many initiatives aimed at keeping dialogue open through an increasing number of channels and constantly improving the quality of its service and product offering. The ultimate goal here is to make sure that customers are as satisfied and loyal as possible.

Business integrity and ethical standards

The Group makes efforts to meet with the highest ethical and business standards, helping to maintain a corporate culture characterized by integrity, transparency and responsibility.

Health and safety for employees

Safety at work and helping workers stay healthy are fundamental conditions that the Group strives to ensure for all employees in all areas and in every country.

Professional development of employees

Human capital is a crucial factor that gives the Group a competitive edge, not just to maintain its ranking among the giants of the automobile industry, but also to reach the ambitious goal of creating sustainable value over time.

Workforce diversity and equal opportunities

The Group sees diversity as essential to corporate success and fosters a work environment where employees feel respected, valued and involved, as well as recruits highly motivated individuals that bring innovation and diversity.

Engagement with trade unions

The Group maintains relations geared toward mutual recognition, dialogue and exchange with trade unions and employee representatives.

Engagement with business partners

The Group sees its suppliers as strategic allies in creating advanced-technology vehicles that up its competitiveness. It makes an effort to establish solid, enduring collaborations and share its approach to sustainability.

Community engagement

The Group helps promote progress and independent development in the communities where it operates.

Commitment toward stakeholders

The Group approach to stakeholder engagement relies on the assumption that the voice of our stakeholders is relevant and potentially useful for the Group's ability to continuously strengthen its efforts as a global sustainable player. Our ability to generate value through business choices also depends intrinsically on the effectiveness with which we can listen to and recognize the needs and expectations of those stakeholders who, directly or indirectly, affect the activities of the Group or are influenced by them.

Fiat Group's activities have an impact on the decisions of a large number of stakeholder categories, both internal and external, including: employees, customers, suppliers, dealers, institutions, trade unions and associations, investors, local communities and their surrounding area. Similarly, the Group's results and activities depend in varying degrees on the behavior, expectations and fulfillment of stakeholder needs.

Acting responsibly therefore means engaging in an ongoing dialogue, both locally and globally, with main Group stakeholders, in order to understand their different needs and expectations. As the **Stakeholder Engagement Guidelines** state, the Group "firmly believes that this engagement process, backed by a clear commitment, is a key element for maximizing the opportunities and managing the potential risks affecting our business which could arise from the interaction with the various categories of stakeholders".

Our approach toward stakeholders has evolved over the years in the shape of increasingly sophisticated initiatives. Through its **business functions**, the Group manages relations with various categories of stakeholders by continually establishing an ongoing dialogue aimed at understanding their expectations and promoting concrete actions that target specific needs and major interests.

Stakeholder interface occurs through **many channels**, and now, in 2013 the Group added yet another by creating the email address stakeholder.dialogue@fiatspa.com.

Assessment of the issues that the Group's **internal stakeholders** perceive as most important in the area of sustainability were launched in 2012 and continued throughout the year. A **questionnaire** was administered to a total of about 70 employees from different units and geographic areas.

In 2013, the Group also took a new approach to interacting with its **external stakeholders** by organizing three **sustainability-focused Engagement Events** in Italy, Brazil and the United States.

The **goals** of these events were:

- gain greater insight into regional or national differences with regard to sustainability issues
- increase transparency in the communication of sustainability results and information of interest to stakeholders
- obtain feedback and ideas on how to address sustainability better and shape it to meet major needs of principal stakeholders.

The dialogue opened in each of these three countries made possible an exchange of opinions, ideas and perspectives of various categories of stakeholders⁽¹⁾ aimed at broadening their horizons in the field of sustainability on today's and tomorrow's pressing challenges.

At the meetings, the various participating stakeholder representatives engaged in activities and open discussions, giving them the opportunity to meet and converse freely, contributing to the assessment of:

- the most significant impacts of Group activities on the entire value chain
- challenges for a more sustainable mobility and the long-term sustainability commitments they would like the Group to undertake
- perceived relevance and materiality of various sustainability topics.

⁽¹⁾ These were mainly private customers, fleet customers, dealers, suppliers of materials and services, media, local communities, universities and technical institutes, environmental protection organizations and other foundations, and non-governmental organizations.

The following table shows the main challenges and opportunities that stakeholders believe that the Group should address in the short and long term.

Sustainability-focused Stakeholder Engagement Events	Topics selected by region	Major cross-cutting themes that emerged
Turin (Italy), November 2013 – 23 participants	<ul style="list-style-type: none"> ■ Promoting a culture of sustainability through partnerships with the world of education and other players ■ Promoting new models of mobility that meet the ever-changing requirements of customers and new constraints of urban spaces 	<ul style="list-style-type: none"> ■ Developing innovative solutions for sustainable mobility ■ Developing alternative fuels ■ Optimizing fuel consumption and reducing the CO₂ emissions of vehicles ■ Road safety and relative social impact ■ Sharing sustainable practices along the supply chain
Belo Horizonte (Brazil), December 2013 – 25 participants	<ul style="list-style-type: none"> ■ Emphasis on managing end-of-life products ■ Participation in the development of public policies that improve the quality and accessibility of services 	<ul style="list-style-type: none"> ■ Spreading a culture of sustainability in society
Detroit (US), January 2014 – 24 participants	<ul style="list-style-type: none"> ■ Promoting new models of mobility that meet the ever-changing requirements of customers and new constraints of urban spaces 	

As mentioned in the Group Stakeholder Engagement Guidelines, “as part of its responsibility toward stakeholders, the Group is committed to disclose and consult on the impacts and benefits of its activities and to communicate the development of its programs to the public.” For this purpose, the following map of relevant topics for stakeholders is a summary of the main actions taken to respond to the feedback from stakeholders.

Map of relevant topics for stakeholders

Public institutions

Government, local authorities, public agencies, regulatory bodies, institutions and trade associations

Approach of engagement

- Continuous dialogue on regulatory and legal developments
- Periodic ad hoc meetings on corporate objectives and decisions
- Development of joint projects and alliances to promote social and environmental issues
- Participation in working groups and collaborative training on auto industry-specific topics

Stakeholder expectations

Achievement of common targets and alignment with industry standards in terms of quality, safety and the environmental impacts of products and processes

Responsiveness and proactiveness toward projects and initiatives related to environmental and social matters

Technical support on specific industry-related issues

Our leading actions

Compliance with industry standards, pulling ahead achievement and exceeding minimum requirement when feasible

Regular disclosure on performance and future targets related to the minimization of environmental and social impacts of our business

Active membership in trade and industry organizations such as ACEA,⁽¹⁾ NGV Italy,⁽²⁾ NGVA,⁽³⁾ EDTA,⁽⁴⁾ ERT,⁽⁵⁾ the Alliance,⁽⁶⁾ AIAG⁽⁷⁾ and ANFAVEA⁽⁸⁾ among others

⁽¹⁾ European Automobile Manufacturers' Association.

⁽²⁾ Natural Gas Vehicle Association (Italy).

⁽³⁾ Natural Gas Vehicle Association (Europe and US).

⁽⁴⁾ Electric Drive Transportation Association.

⁽⁵⁾ European Round Table for industrial leaders.

⁽⁶⁾ Alliance of Automobile Manufacturers (US).

⁽⁷⁾ Automotive Industry Action Group (North America).

⁽⁸⁾ Associação Nacional dos Fabricantes de Veículos Automotores (Brazil).

Employees

Approach of engagement

- Ongoing dialogue with Human Resources function representatives and management
- Yearly evaluation process and meetings to communicate expected and actual performance level and outline professional development path
- Internal people satisfaction surveys
- Employee Town Halls and other meetings
- Provision of development opportunities including training and mentoring
- Employee Resource Groups (ERG) and Diversity Work Stream initiatives
- Employee suggestion initiatives
- Provision of volunteer opportunities in the areas of society and the environment

Stakeholder expectations

Our leading actions



Transparent, open corporate communication

Worldwide access to intranet and other internal communication channels for employees
Updates from senior management on organization performance and company developments

Safe and healthy work environment

Highest health and safety standards pursued at all work locations and continuous reduction of work injury rates

Transparency on objectives and reward system

Employee appraisal systems adopted worldwide to assess employee results and behavior

Availability of training and professional development

Training available to Group employees on topics which include job skills, integrity, sustainability and diversity

Promotion of diversity, inclusion and respect for human rights

Group codes of conduct, guidelines, processes and procedures aligned with highest international standards

Trade unions and employee representatives

Approach of engagement

- Meetings at all levels (plant/company, regional/national) as required by law or contractual provisions
- Continuous dialogue at plant, company, regional or national level
- Trilateral meetings (company, trade unions and government bodies) on matters of particular relevance

Stakeholder expectations

Open and constructive dialogue aimed at defining joint solutions

Our leading actions

Dialogue in line with applicable local legal or contractual provisions and regulations



Dealer and service network

Approach of engagement

- Daily contacts and periodic meetings
- Sustainability-focused Stakeholder Engagement Events

Stakeholder expectations

Wide range of competitive products

Our leading actions

Competitive financial services offered to customers
Affordable products to meet the needs of a diverse customer base

Complete and rapidly accessible product information, including sustainability features and Group commitment

e-Product tool made available to support vehicle sales by effectively explaining the product range and illustrating innovative characteristics and technologies
Incorporation of sustainability messages in product advertising

Support business profitability by reinforcing managerial skills

Empowerment of dealership staffs to improve managerial and interpersonal skills



Prospective and existing customers

Approach of engagement

- Sales and after-sales processes
- Market research (concept tests, clinic tests, image and awareness surveys, focus groups)
- Customer satisfaction surveys
- Communication channels (web, social media, direct mailing)
- Events (exhibitions, product launches, trade fairs, conventions and owner events) and sponsorships
- Sustainability-focused Stakeholder Engagement Events

Stakeholder expectations

Our leading actions



Quality, innovation and affordability of products	Provision of products that combine highest quality standards and innovative technologies while recognizing and accommodating for different economic and geographic requirements and mobility needs of a wide range of customers
Safety of products	Offer a variety of technologically advanced safety features and characteristics on our products
Innovation at competitive prices	Introduction of innovative product solutions accessible to a wide customer base
Quality, speed, and efficiency of services offered	Professional, courteous and timely response from dealers, service centers and company
Availability of credit and financial services	Financial services offered to customers
Quality and reliability of products	Quality priorities used globally to categorize and address product standards
Low-emission products	Continual efforts made to introduce and develop a diversified portfolio of technology solutions to reduce CO ₂ emissions from vehicles
High-fuel economy vehicles	Ongoing efforts made to increase fuel economy using a balanced approach that combines conventional and innovative technologies
Development of mobility solutions and services for greater affordability of urban transportation and an increase in the quality of life in modern-day cities	Promotion of new mobility concepts (e.g., car-sharing, carpooling) that are economically viable for the Group and its customers in partnership with institutions and other organizations Future trends analyzed and sector drivers of mobility paradigm shifts identified
Environmentally friendly business processes	The Group continues to develop solutions designed to reduce the environmental footprint of its operations

Suppliers and commercial partners

Approach of engagement

- Daily relationship through Purchasing function representatives
- Engagement through sustainability clauses in contracts
- Technology Days and Supplier Product Enhancement Reward (SUPER) program
- Supplier Town Halls
- Conferences and training programs
- Sustainability-focused Stakeholder Engagement Events

Stakeholder expectations

Our leading actions



Joint collaboration and sharing of best practices between the Group and the supply chain on critical aspects of sustainability	Support and training provided to suppliers intending to implement the World Class Manufacturing system
Sustainability and innovation criteria as drivers for purchasing decisions	Organization of initiatives to allow suppliers to present innovative ideas and new products Clauses progressively introduced in new agreements requiring suppliers to comply with both the Group's Code of Conduct and specific Sustainability Guidelines
Continuity of supply and fulfillment of contractual conditions	Significant number of long-standing company-supplier relationships Limited number of disputes with commercial partners
Promotion of diversity and inclusion in the supplier base	Initiatives to support inclusion of minority suppliers in the supplier base
Collaboration for common improvements to reverse logistics	Partnerships established with other organizations to handle reverse logistics and to make component and material takeback more efficient

Local communities and NGOs

Scientific and technological research, schools and academia, cultural, professional and socio-political representatives and opinion leaders

Approach of engagement

- Ad hoc meetings on sustainability issues
- Initiatives, managed directly or in partnership
- Collaboration on joint projects
- Cultural exchange programs
- Dialogue with universities
- Participation on boards of directors of organizations
- Community Town Halls
- Sustainability-focused Stakeholder Engagement Events

Stakeholder expectations

Our leading actions



Collaboration on research projects	Collaborations in place worldwide with private and public partners on automotive innovation programs and sector priorities
Research on alternative fuels	In 2013 alone, the Group invested around €3.4 billion on research and development Continuous research on the potential of alternative fuels to reduce CO ₂ emissions through innovative technologies
Development of an alternative, affordable drive system	Development of electric/hybrid technologies, focusing on solutions that are economically viable, competitive in the marketplace, and beneficial to society
Improve urban mobility experience	Worldwide engagement in research and development programs which focus on the development of new technologies and solutions to guarantee a mobility experience that is increasingly safe and sustainable
Promotion of education and culture of sustainability in society	Promotion of initiatives and programs dedicated to employees as well as external stakeholders conducted in partnership with academia and other organizations to increase sustainability awareness in society as a whole
Promotion of a safe approach to driving with a particular focus on youth	Collaboration with several institutions and organizations to promote the teaching of techniques that combine safety and responsibility with driving pleasure
Support education of future generations	Youth nurtured through scholarships and monetary rewards worldwide
Contributions and support for initiatives for local development including medium to long-term commitments	Material and monetary resources committed in 2013 for a value of approximately €19.7 million to benefit local communities, (with activities focused on a variety of causes, such as education, for value of approximately €7.7 million and social welfare of approximately €4.9 million) Employees dedicated time and skills to volunteer initiatives in support of local communities in need

Investment community and financial analysts

Traditional and Socially Responsible Investors; sustainability rating agencies

Approach of engagement

- Daily dialogue
- Shareholder meetings
- Sensitive communications and information
- Quarterly conference calls
- Seminars, industry conferences, non-deal roadshows and investor meetings
- Investor Relations section of the Group website
- Sustainability assessment processes

Stakeholder expectations

Expand and reinforce knowledge of the Group's sustainability efforts and results

Value creation (return on investment, sustainable and responsible management of the business)

Identification of key developments in CSR-related topics

Our leading actions

Inclusion of sustainability information in presentations of quarterly financial results

Global presence of the business with more than a century of industrial history, with 4.4 million vehicles sold in 2013 and trading profit of €3.4 billion
Around 6% of free float shares held by Socially Responsible Investors (Source Vigeo research, as of 30 November 2013)

Continuous open dialogue with rating agencies and sustainability stakeholders to update material aspects and new emerging trends and expectations

Journalists and media

Approach of engagement

- Daily dialogue
- Presentations and press conferences
- Other events (product drives/launches, plant investment events, auto shows, etc.)
- Group and company websites
- Sustainability-focused Stakeholder Engagement Events

Stakeholder expectations

Availability, timeliness, accuracy and transparency of information on financial and non-financial performance

Our leading actions

Continuous release and disclosure of information on Group strategies and results through the press, brand websites, the sustainability section of the corporate website and brochures

Each initiative is monitored through qualitative and/or quantitative **performance indicators** used by the business functions involved at both centrally and locally. The evaluation of the effectiveness of the implemented measures is a key ingredient in the analysis of the **lessons learned** (see also the Sustainability section of www.fiatspa.com), which, together with feedback from stakeholders, contribute to fine-tuning continual efforts in Group sustainability.

Breakdown of value added

The value added through the activities of Fiat Group and distributed to its various stakeholders in 2013 totaled €13,437 million (15% of revenues).

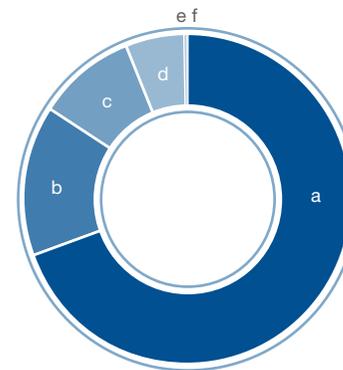
Direct economic value generated

Fiat Group worldwide (€ million)

	2013
Consolidated 2013 revenues	86,816
Income of financial services companies	(239)
Government grants (current and deferred/capitalized), release of provisions, other income	693
Other income	460
Direct economic value generated	87,730
Cost of materials	(68,175)
Depreciation and amortization	(4,574)
Other expense	(1,544)
Value added	13,437

Breakdown of value added

Fiat Group (€ million)



- a. 9,352 Employees
- b. 1,958 Finance providers
- c. 1,328 Reinvested in the Group
- d. 772 Government and Public Institutions
- e. 20 Communities
- f. 7 Shareholders

