

Engagement with local communities

Fiat Group operates under the fundamental belief that the company has a moral responsibility to contribute positively to the greater community. This belief is deeply embedded in the corporate culture and shapes the way the company acts and makes decisions. By developing fully engaged employees who are capable of leading in the workplace and in the community, Fiat Group is building a more secure future for its industrial enterprise as well as for society as a whole.

Corporate citizenship efforts focus primarily in areas where we have operations, as this is where we can be most effective. Our presence in these communities enables us to best assess particular needs and challenges related to social, economic and cultural aspects. Through our ongoing engagement and strong relationships with community, academic and political leaders, programs can be developed for the benefit of all. While financial donations continue to play a role in our citizenship commitment, the Group's primary focus is on initiatives that strengthen communities by helping them help themselves. The Group's goal is to help build strong, self-reliant communities with an engaged and skilled workforce.

During 2013, the Group committed resources for a value of **approximately €19.7 million⁽¹⁾ to benefit local communities**. In addition to direct cash contributions and donations in kind, Fiat Group also supported local communities when permitted by company policies by encouraging employees to participate directly in volunteer activities during work hours. In the NAFTA region, Chrysler Group has a corporate policy that allows salaried employees to take part in charitable or public-service activities during normal work hours. In order to make a sustainable improvement in local communities, the Group prefers investments designed to enhance community development (**50.7% of total value of community initiatives**) over simply donating money. The Group's 2013 activities focused on a variety of causes: 39.2% promotion of education, culture and art (scholarships accounted for 10.9%⁽²⁾); 25.1% social welfare projects addressing issues such as disability, eldercare, etc.; 12.0% emergency relief efforts; and 23.7% other areas, such as health (accounting for 19.1%).

From a regional perspective, the Group primarily made investments in Europe where 47.3% of the total resources were donated. North America, followed, with 29.2% of investments in this area and remaining funds donated in Latin America (23.3%), Asia (0.1%) and the rest of the world (0.1%).

The Fiat S.p.A. Code of Conduct best expresses the Group's commitment to community development in the following statement: "Fiat Group is aware that its decisions can have significant impacts, direct and indirect, on the local communities in which it operates" and accordingly "seeks to contribute to the social, economic and institutional development of local communities through specific programs" generally established based on engagement initiatives with the local community and impact assessments.

By engaging with the relevant stakeholders, the Group establishes a collaborative relationship with local communities and authorities, strengthening its social license to operate.

The new initiatives of the business call for the Group to "take all reasonable steps to inform those communities of relevant actions and projects and [that it] shall promote an open dialogue to ensure that their legitimate expectations are taken into due consideration." An ongoing dialogue is ensured over time; for instance, Human Resources managers on-site continually interact and maintain dialogue with community representatives and local authorities in order to assess needs and expectations as well as monitor the impact of the company's industrial activities. The employees themselves 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."

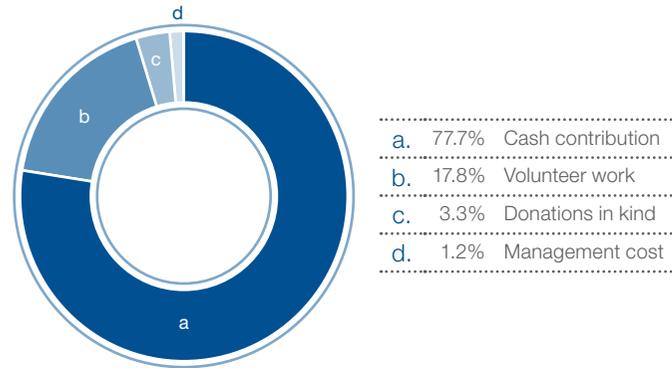
⁽¹⁾ Based on non-accounting data and calculation methods. Also includes estimates. Amounts in currency other than euros were converted at the average progressive annual exchange rate as of 31 December, 2013. The reported figure doesn't include initiatives whose sole purpose is to promote a brand. Amounts refer to all Fiat Group companies worldwide.

⁽²⁾ Includes scholarship granted within the corporate program and other initiatives at local level.

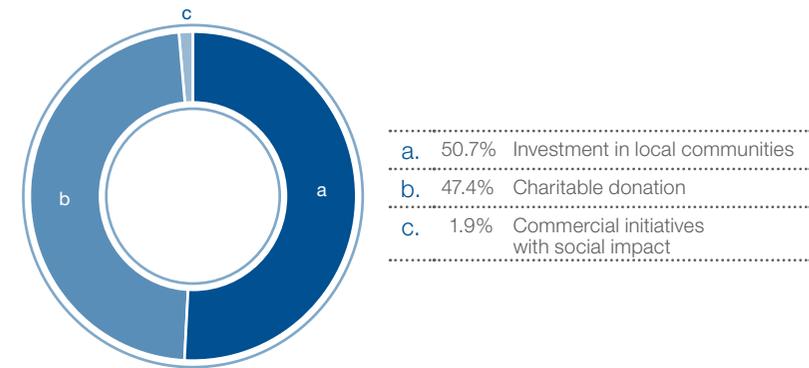
Fiat Group Community Investment Guidelines provide indications on how to manage the various initiatives to benefit communities and define the commitment to implementing initiatives that are consistent with each brand’s core characteristics and positioning. Every initiative is managed at the plant, company and brand level, and those that are financially significant are approved and supervised at the corporate level. 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, non-profit organization sponsored exclusively by Chrysler Group and governed by its own Board of Trustees consisting of six corporate executives.

Specific indicators are used to measure the impact of 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 individual activities into long-term commitments.

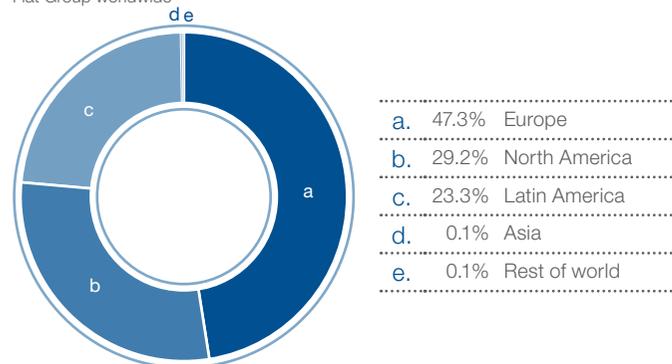
Type of contributions
Fiat Group worldwide



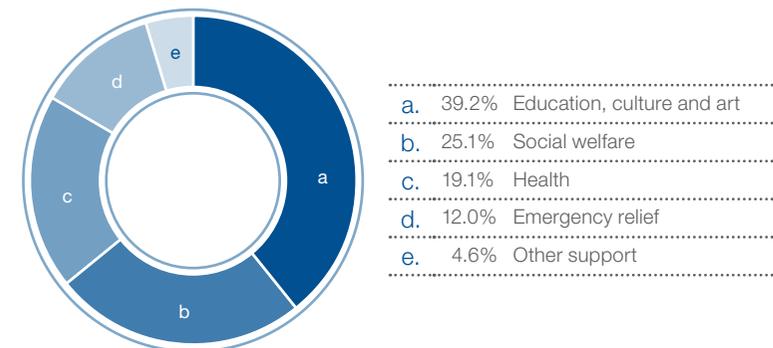
Type of initiatives
Fiat Group worldwide



Area of intervention
Fiat Group worldwide



Destination of initiatives
Fiat Group worldwide



Self-sustaining development in the community

At each location, the Group is engaged in providing appropriate operational conditions for generating local growth while respecting the interests of the various stakeholders. To this aim, three main conditions must be met: the identification and cultivation of local assets, the establishment of collaborative processes to plan and implement change and the encouragement of a local mindset that fosters growth. These three conditions can form only if founded on a relationship of mutual trust between the Group and the local community and its institutions. It is clear that nearly nine years after the first initiatives of the *Árvore da Vida* program, the Fiat Group Automobiles' (FGA) experience in Brazil has become a sort of training ground. A selection of Fiat Group's 2013 initiatives are described in the other sections, chosen for their distinctiveness and their economic or social significance.

Betim

Since 2004, Fiat made developing the *Árvore da Vida* program a priority in the scope of relations with the community. It is an important part of the company's effort to collaborate with local leaders who are mobilized to build collective opportunities for social development.

The program is aimed at promoting social, cultural and economic development by encouraging the independence and empowerment of people living in the community of Jardim Teresópolis, an area neighboring the plant in the city of Betim (Brazil). This community is home to approximately 30,000 people and, in recent years, has experienced significant improvement in social indicators such as the level of literacy, employment and entrepreneurship. Along with other organizations and the government, the *Arvore da Vida Jardim Teresopolis* program contributed to this transformation.

From the start, the primary concept behind the program was that the mutual interdependence of business and society implies that both company decisions and social policies follow the principle of shared value generation. To achieve this, any intervention would have to arise from a broader awareness of the real needs of the community. The program first began, in fact, with the execution of an extensive analysis of the region. The study yielded results showing a low rate of education, low family income, high violence rates and a flat social structure. Consequently, the program focused on initiatives such as sports, socio-educational, professional qualification, support for entrepreneurship and community strengthening. Moreover, a development network was formed by local representatives, and a women's cooperative for production of items with recycled automotive industry material was created.

Engagement with stakeholders and seeking to understand their needs and expectations gradually became a part of an ongoing broader strategic intervention, which involved close collaboration with local institutions and the non-governmental organizations ASVI and CDM.

In nine years of operations, the program achieved major results. Over 20,000 people benefited from it, and €2.5 million were invested solely in 2013. As a result, the community's own resources and local capital have become the main factor in successful local growth and self-sustaining solutions.

The program also created opportunities for economic well-being; the average income of families increased exponentially from 2004 to 2013. Compared with an increase in the average income of Brazilian families of +41.4%, this value grew to +105.7% for the families participating in the project's activities (source: Polis, 2013).

Impact analysis was conducted in 2004, and was subsequently repeated in 2008, 2011 and 2013, representing an important tool for monitoring the effect of activities as well as serving as a management instrument for the assessment of actions performed and reorientation of the agenda, if needed.

Cooperarvore, the social cooperative formed by women from the community in 2006, recycled more than four tons of material, such as seat belts and automotive fabric, in 2013. Since its creation, the organization has recycled more than 17 tons of material. The average family income of cooperative members increased 227%⁽¹⁾ (increase in monthly withdrawal from the cooperatives from 2007 to 2013). The Cooperative revenues increased 112% from 2006 to 2013.

⁽¹⁾ Increase calculated by the nominal value adjusted by IGP-M (FGV).

Conscious that developing a program of this magnitude requires collaboration among leaders in the community, Fiat encourages cross-sector development that welcomes partners such as suppliers, universities and governments into the *Arvore da Vida* program; to this end, the Fiat Citizenship Network (Rede Fiat de Cidadania) was created, now 57 members strong. Inspired by its experience creating networks and large-scale sustainability projects tailored to the urban scenario of other Brazilian and Latin American cities, Fiat proposed enlarging the experience developed in the Jardim Teresópolis area to the city of Betim. The creation of Our Betim was inspired by the experience of the Sustainable Cities movement, and the initiative was officially launched in December 2010. Guided by principles such as sustainable development, ethics and participatory democracy, the Our Betim movement is a citizens' initiative independent from political parties and religious groups, which unites people and social organizations with companies that respect their diversity and independence, on the condition that they are willing to work together to improve the quality of life in the city of Betim. The movement developed a system with the principal social elements of the city (education, health, employment, poverty, literacy, etc.), organized by region. This information is essential to influence public policies in order to promote better and more equitable living conditions for the population.

Pernambuco

Throughout its many years of operation, the Group has continued to evolve and develop its relationship with the core communities where it does business. This process has strengthened its social license to operate in the various areas by gaining respect and credibility among local stakeholders. This is particularly true of projects that have a significant impact, such as the building of the all-new Fiat Group Automobiles (FGA) plant in the Brazilian region of Pernambuco, started in 2012.

In order to successfully integrate the business into the local community, the company worked with the non-governmental organization AVSI Nordeste to evaluate the social, cultural, economic and environmental aspects of life in Goiana and 17 nearby municipalities. The results of this comprehensive impact study were essential in identifying initiatives and programs that will be implemented starting in 2014 in response to local needs. The plant project was presented to more than 800 individuals representing the various interests in the community, with special emphasis placed on the environmental impact. This multi-stakeholder engagement helped to sow the seeds for ongoing dialogue crucial to the success of this project.

Kragujevac

Fiat has launched a number of community-based initiatives in Serbia following the signing of the memorandum of understanding between Fiat Group Automobiles and the Serbian Government in 2008 and the reconstruction and re-opening of the Kragujevac plant in 2012. These activities are focused primarily in the city of Kragujevac, where the Fiat Automobili Srbija (FAS) production facilities and plant are located, as well as in the surrounding region.

The activities aim to strengthen development in the area and enhance the synergies between the company and the local community. Based on the Group's global experience in the field of sustainable development and growth, initiatives strive to position Fiat as a desirable employer, socially responsible community member and contributor to Serbian development.

Balancing the needs of Kragujevac and the neighboring municipalities with those of the company, activities have focused on employment, living and working conditions, health and safety, support for local sports clubs, educational programs, philanthropic activities and other initiatives. Examples of these activities in the relevant areas include the following listed below.

Employment

To promote employment in this community which has an extremely high unemployment rate, particularly among youth, FAS has sponsored a Job Fair for the past three years. In addition, through a talent search program, 15 young engineers got the opportunity to start their professional careers within FAS.

Health and Safety

FAS has completed the first phase of a planned multi-phase project to create a culture of health and safety in the workplace by teaching awareness of safety protection and precautions. This campaign was organized in collaboration with the city of Kragujevac, in all high schools in the city.

Living and working conditions

In September, 2013 the Serbian Minister of Health, Slavica Djukic-Dejanovic, attended an event marking the FAS establishment of a specialized Medical Center for employees. Also, more than 12,000 FAS employees and family members attended the 2013 Family Day at the Kragujevac plant, which included special gifts for attendees.

Support for local sports clubs

FAS is a sponsor of the local basketball club "Radnicki" and the water polo club with the same name. Through its sponsorship, FAS has strengthened its bond with the city and the local community. The basketball club has helped to organize sports tournaments for FAS employees.

Local philanthropic activities

FAS has helped fund the publication of a book about its automotive predecessor in Kragujevac, "Zastava" and has also financially supported the city's children's library.

Initiatives in North America

In the NAFTA region, the Group engages in a number of robust and innovative programs in the communities where we operate. Many of these initiatives benefited from the Volunteer Policy launched in 2012 for Chrysler Group salaried workers. Under this policy, in 2013 nearly 3,000 employees in the US committed more than 9,400 total work hours to participate in 76 volunteer activities. An estimated 3.3 million community residents benefited as a result of these programs.

Chrysler Group US and Canadian workers also continued to support the United Way, donating about €4.3 million in 2013. United Way is a non-governmental organization (NGO) operating in 45 countries worldwide which is committed to improving living conditions in local communities, focusing in particular on education, financial stability and basic needs.

While many Chrysler Group initiatives in 2013 involved food donation and delivery, the Ram Truck brand participated in an innovative program with CNH Industrial to donate farm equipment and a new Ram 3500 truck to Forgotten Harvest, the Detroit area's only food rescue organization. The equipment, worth nearly €290,000, will enable Forgotten Harvest to expand its farming operations, which provide healthy fruits and vegetables to people who would otherwise go hungry in Southeastern Michigan.

This initiative with Forgotten Harvest was one of many farming-related programs sponsored by the Ram Truck brand, which designated 2013 "The Year of the Farmer." The Ram brand campaign kicked off in February when its much-talked-about "Farmer" television advertising spot aired during the US Super Bowl football championship. This year-long initiative set out to create greater awareness, support and appreciation for farming families, communities and providers. The brand donated about €725,000 to the National FFA Organization (formerly known as Future Farmers of America) as well as numerous scholarships for students. Funds raised at community events organized by the brand and its partners were distributed to FFA hunger-relief efforts geared toward fighting hunger in local communities across the country.

Other community initiatives focused on conservation efforts that enhance the quality of life for area residents. These included planting trees at the Windsor (Canada) Assembly Plant and a number of clean up and planting actions along the Clinton River, the center of Michigan's most populous watershed and home to over 1.4 million people. The river has a major impact on the water quality of Lake St. Clair, which supplies drinking water to millions of area residents.

Chrysler Group volunteers also joined the community in activities to improve the city of Detroit's Belle Isle, the largest island park in the US. Employees cut down and removed small trees, vines and bushes, removed debris and potted native plants to help restore Belle Isle's natural beauty and play a positive role in Detroit's revitalization.

Supporting education

Fiat Group believes that education plays an essential role in building and sustaining strong communities. For this reason, we are highly engaged in a variety of training programs and educational initiatives, particularly for young people, in communities around the world. The Group's investment in education will help these future innovators obtain the technical skills necessary to address the many social and environmental topics facing our ever-changing world.

FIRST Robotics

FIRST Robotics was created in 1989 to reach out to and inspire high school students to explore and pursue careers in science, technology, engineering and mathematics. By encouraging interest in these critical fields at a young age, the Group is helping develop the technical skills necessary for the workforce of the future. The *FIRST* family of initiatives has grown to include *FIRST Tech Challenge*, as well as *FIRST Lego League* for younger students. Over the past 17 years, The Chrysler Foundation and Chrysler Group have supported these programs across the US and Canada, with approximately €140,000 donated in 2013.

In 2013, Chrysler Group sponsored 23 *FIRST Robotics* teams involving a total of approximately 575 students in high schools across the United States. During the year, the program was also extended to seven schools in Canada, with 175 students participating. Support included not only financial contributions from The Chrysler Foundation, a founding sponsor, but also the time and talents of Chrysler Group employees and retirees who served as mentors and volunteers. Approximately 2,000 hours during company time were contributed by 47 mentors, with many more hours of personal time devoted to *FIRST Robotics* activities. Each year, 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 the mentors.

TechPro²

The TechPro² project is a collaboration between Fiat Group Automobiles (FGA) and the Salesian Professional Training Center (CNOS-FAP). TechPro² was designed to provide specific technical training to young people who have finished their required schooling – and who often come from socially disadvantaged or troubled neighborhoods. In 2013, approximately **2,300 students took part** in the vocational training program, which provided around **2.2 million hours of training in seven different languages** at 51 locations around the world.

The educational program consists of both theoretical and practical training at the Salesian Professional Training Centers (designed, renovated and equipped by FGA according to the standards and regulations that the Group applies to its own network). Since the second year, the program is completed with an apprenticeship or internship in the FGA service network, allowing young people to develop technical and professional skills, while also gaining useful hands-on experience.

In Italy, starting in 2013, students received training according to existing regional regulations, allowing them to develop the technical skills required to be service advisors. The initiative, launched in 2012, has attracted the interest of other TechPro² centers in Europe and around the world, with other centers adopting similar programs. The training has been enhanced with new educational content that provides technical as well as behavioral skills. The training module was designed and delivered to learn the technical and interpersonal skills needed by a service advisor⁽¹⁾. Service advisors play a strategic role within the FGA service network because they need both customer management and technical skills.

The entry level Train the Trainer course was enhanced with the introduction of advanced courses in Rome (Italy) on wiTECH^{Plus} diagnostic tools and natural gas fuel systems in vehicles, focusing particular attention on environmental issues. Also in 2013, a series of targeted actions increased and improved the opportunities for contact between training centers and the FGA authorized service network.

As part of the upgrade of the new TechPro² portal, the Virtual Classroom initiative was launched. It focuses specifically on aspects concerning the planning of internships for students and the sharing of new opportunities for the FGA network and students.

In India, the TechPro² program resulted in a project called DIKSHA as a collaboration between Fiat India Automobiles Ltd (FIAL) and the Don Bosco Vyawasaik Kendra Prashikshan (Pune). The program provides education and technical training to youth from across India, focusing on underprivileged & orphan students, who would otherwise lack access to a good education or livelihood.

Opportunities for student internships as a part of the TechPro² program continue, making the highly specialized labor needed throughout the Group more readily accessible. In 2013, second or third-year Italian students participated in 762 internships, 40% of which were within the FGA authorized network⁽²⁾.

The effectiveness of the project was confirmed by a study carried out by the CNOS-FAP on a sample of 377 students from the previous school year. The analysis found that, in spite of the current challenges in the automotive industry, 34% of the apprentices had already found a job, with this rate being more than double in emerging countries, such as India.

⁽¹⁾ The service advisor is the person in the Group network who is responsible for the preliminary checks on the vehicle and for customer relations.

⁽²⁾ Source: CNOS-FAP, 2013.

Other projects

The Group's commitment to educational initiatives for youth led us to support a number of innovative projects in 2013.

United States

The Chrysler Foundation, an independent, nonprofit organization sponsored exclusively by Chrysler Group, helped students at the Macomb Mathematics Science Technology Center in Warren (US) literally “reach for the stars”. A grant from the Foundation enabled high school students to send one of their science experiments to the International Space Station as part of the Student Spaceflight Experiments Program mission. Overseen by the US National Center for Earth and Space Science Education, the Student Spaceflight Experiments Program typically gives 300-plus students across a community the ability to design and propose real microgravity experiments to be conducted aboard the International Space Station. The students' project launched on January 9, 2014 from the US National Aeronautics and Space Administration facility in Virginia and headed for the space station for the experiments to begin.

Chrysler Group also provided support to the nonprofit organization Winning Futures, in the form of mentors from the company and grants for scholarships. Winning Futures partners with high schools in the Detroit (US) area to focus on character value development, self-exploration, goal setting, job readiness skills, overcoming obstacles and strategic planning. More than 95% of students from the program continue their education past high school. By serving as positive adult role models, Chrysler Group employees help the students make positive changes in both their school and home lives, and demonstrate the Group's commitment to “hands-on” engagement in the community.

The Group also recognizes that children cannot focus on their studies when they are hungry. In 2013, the Chrysler Foundation collaborated in an innovative partnership with the Detroit Public Library and Forgotten Harvest, a Detroit-area (US) food rescue organization. This program provides school-aged children with free nutritious snacks and lunches at more than a 20 Detroit (US) library branches during the library's summer and after-school reading programs. Due in part to the lunch program, the number of children participating increased in 2013 to 6,598 – up 23% from 2012. And while the further impact on families has not been measured, the number of children accompanied by a parent or adult also has increased and it's not uncommon for them to take part in the food program too. In total, 11,000 lunches were served over a 10-week period during the summer of 2013.

Italy

In the EMEA region, the **Master's Course in Industrial Automation** organized jointly by Politecnico di Torino and Comau for the Fiat Group, provides young people the training and employment opportunities necessary to help them develop their talents and put them into practice in those sectors of Italian industry where there is a growing demand for these skills. Funded by the Piedmont Region, the course is a training and employment pathway that aims at attracting and selecting the best graduates in engineering from Italian and foreign universities, helping them specialize in industrial automation, and finally hiring them through a two-year advanced apprenticeship contract.

The course is held entirely in English and provides 540 hours of lessons the first year, partly conducted by Comau managers, and 660 hours of project work at the company the second year. The growing number of young engineers hired by the company testifies to the initiative's success: 15 graduates attended the first session, 19 students the second, and another 25 have started the latest session of the Master program, for a total of 59 new hires in three years.

In 2013, under the agreement with Politecnico di Torino and in collaboration with the Associazione Tecnica dell'Automobile (ATA) and Centro Ricerche Fiat (CRF), three new voluntary courses were launched as part of the VEP (Voluntary Educational Program) and Summer School. The programs, each totaling 120 hours, focused on environmental sustainability issues and some of the most important ways to reduce vehicle emissions. This program provides students with a post-graduate degree in Automotive Engineering and the opportunity to gain the most up-to-date knowledge directly from those who deal with this challenge at the company.

Serbia

Among the community-based initiatives in Serbia surrounding the Kragujevac plant, Fiat Automobili Srbija (FAS) has developed and launched a number of projects to support education. The collaboration with the University of Kragujevac and local schools is being strengthened to increase the level of education and technical training in the automotive field. Inspired, initiated and supported by FAS, the University of Kragujevac has opened two new study programs – Italian language and automotive engineering. During 2013, professors from the Faculty of Engineering Sciences and the Polytechnic Academy have conducted lectures and expert training for FAS workers in various fields – robotics, hydraulics, electrics, metrology and pneumatics.

Brazil

Fiat Group also promotes educational activities for the children of employees. For example, in Brazil, as an incentive for elementary school students, Fundação Fiat distributes school supplies to the children of Group employees at the start of the school year. In addition, the Maratona Cultural initiative, supported by Fiat Group companies in Brazil for the past 13 years, aims to support the educational progress of employees' children at the elementary and middle school levels.

In Betim (Brazil), the rate of students participating in the *Árvore da Vida Jardim Teresópolis* project who passed their final exams at school made a leap from 71% in 2004 to 96% in 2013, and the percentage of students attending school grew from 78% to 99.5% in the same period.

Fiat Group also developed the *Árvore da Vida Professional Training* initiative in seven Brazilian States, providing the professional education young people need to be employed in the company's dealer network. Since 2006, around 670 students benefited from this program, with an employment rate of 87%. This initiative helps Fiat Group to contribute to the implementation of national policies for youth training and job creation in Brazil.

Also, through this program the Group is fostering the employability of women. In the automobile sales consultant course, women are the majority in the classroom. Six of the 18 graduates of the first electromechanical class in Porto Alegre, capital of the state of Rio Grande do Sul, were women.

The Group's involvement in the *Árvore da Vida* program had provided us with varied and substantial experience in developing multi-stakeholder relationship strategies. By listening to communities and other key partners, we have been able to build socially responsible best practices with them. Consideration of stakeholder needs has become an integral part of the way business is conducted.

Fiat Group's commitment to multi-stakeholder community engagement is also demonstrated by the recent building project of a new plant in the Pernambuco region of Brazil.

During 2013, specific educational activities were developed for the community around the plant, focused on promoting better education in the region and ensuring the inclusion of the population in the professional activities of the automotive industry.

These activities include:

- partnership between the Pernambuco Government and Fiat for the development of automotive courses (basic qualification, technical and college courses) starting in 2014
- training preparation of the public school teachers on technologies, processes and automotive products
- collaboration with the Universities of Pernambuco and other institutions to increase the level of education and technical training in automotive fields
- partnership between the Pernambuco Government, Politecnico di Torino and Fiat to prepare future engineers for the automotive industry. In 2013, five engineers with double degrees (Brazil and Italy) were hired into the Pernambuco Program. There are 15 young talents participating in this initiative, or in studying.