
Leadership for the future

Human capital is a crucial factor in providing the Group with a competitive edge at the highest levels of the automotive industry and in succeeding in its ambitious goal of creating sustainable value over time for its stakeholders. The degree to which the technical expertise and motivation of our employees contribute to the success of our global industrial group is strongly demonstrated by the work already completed over the past few years to integrate Fiat and Chrysler's respective cultures, transform differences into strengths and break down geographic and cultural barriers, leveraging potentials. The 2014 acquisition by Fiat of a 100% equity interest in Chrysler further fueled the expectation for both organizations to leverage their unique characteristics for the benefit of the combined enterprise.

Workforce insights⁽¹⁾

Motivated and committed employees have always been crucial to the Group's success. Our ability to build a sustainable enterprise that competes in the global marketplace is dependent upon the Group's single most important resource: our people. Fiat Group strives to provide its employees with growth opportunities that continuously foster international collaboration, capitalizing on diverse experience, background and skill. The Group's approach to human capital management rests on structured processes applied globally across all regions to ensure harmonic governance and management of employee development paths.

The Human Resource (HR) function is responsible to support the business leaders in all areas of employee management. Robust Human Resource processes are intended to deal with all the fundamental phases of the employee career life cycle: from recruiting to retirement. The recruiting and hiring processes at Group companies are supported worldwide by modern scouting and recruiting tools aimed at finding the best talents in the employee population, (through internal job postings), as well as external applicants (through career websites, recruiting platforms, and selected service providers).

Customized according to the needs of the local community (except when already set by law), hiring tools, methods and specialists adhere to the principles of an Equal Opportunity Employer policy which highlights Group commitment to respecting the diversity of job applicants during internal recruiting and hiring processes. Results-oriented programs are designed to monitor and analyze recruiting agency practices and can be used as necessary to promote consistent application of the policy toward external recruiting services. Additionally, to monitor potential cases of discrimination, Human Resources supports investigations and takes appropriate corrective actions, where warranted.

⁽¹⁾ Unless otherwise specified, workforce data is calculated at year-end.

The evaluation process adopted worldwide to assess employee leadership and performance plays a key role in the management model of our people. Our Performance and Leadership Management (PLM) process applies to 100% of managers and professionals, plus a portion of salaried staff, and is conducted annually. Data related to employee performance are stored in dedicated information systems, accessible to HR representatives, managers and employees eligible for the process, each one of them having access to proper information.

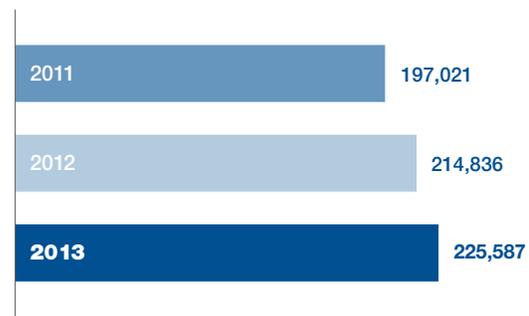
To support the management of employees along their career path, the company organizes classroom and web-based training initiatives for the acquisition and reinforcement of both managerial and technical skills, as well as coaching and team building pathways. These activities support the development of a Group-wide culture of embracing change, driving accountability and fostering empowerment. Training activities are monitored and measured on an ongoing basis, with training program effectiveness and efficiency evaluated using a set of key performance indicators. Effectiveness is generally measured on the basis of participant satisfaction, improvement in knowledge/individual skills, and, when relevant, applicability of concepts learned to the participant's work process. To verify whether the desired outcome is achieved, training efficiency is monitored by comparing training hours by both type and category and examining expenditure levels against international best practices.

The Group recognizes it is important to continually measure and understand employee attitude, opinion, motivation and satisfaction. With this in mind, along with the many opportunities that the Human Resources function organizes to maintain an open dialogue with employees, powerful ad-hoc tools are adopted as necessary. These include but are not limited to engagement and people satisfaction surveys, and launches initiatives aimed at collecting employee suggestions and increasing the level of their participation in company processes and progresses.

To maintain its appeal as an employer throughout the final stages of an employee's career, initiatives to support employee transition from employment to retirement are made available. Similarly, detailed pension estimator tools were available in certain countries, as well as savings plan reinvestment initiatives and retirement seminars, webinars and retirement counseling.

Employees trend by year

Fiat Group worldwide (no.)

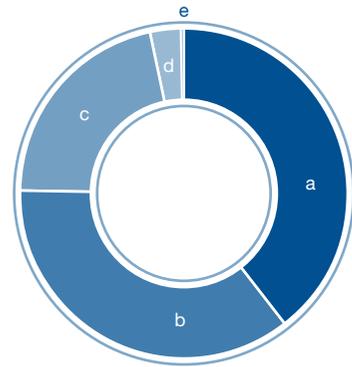


All employee data are monitored and reported on a monthly basis for headcount reporting. IT systems support this activity. For instance, the turnover rate represents a key indicator for Group workforce reporting and is periodically monitored both at the company and headquarter level. The Group HR Reporting & Projects team is responsible, on a monthly basis, for data collection and trend monitoring through dedicated HR data systems, with support provided by local HR representatives responsible for data maintenance and update.

During the year, the Group carried out activities in the automotive sector through companies located in approximately 40 countries and sold its products or services to customers in more than 150 countries. Worldwide shipments were up 3% over the prior year to 4.4 million units. Progressive regionalization, the reorganization of the business into operating segments and the export challenge, are crucial choices for the Group's solidity. This also creates sources of employment opportunities and growth opportunities for the economies of the countries in which the Group operates. This is seen in the steady increase in the Group's workforce. Group employees, as of 31 December 2013, were 225,587, a 5% increase over year-end 2012.

Employees by geographic area

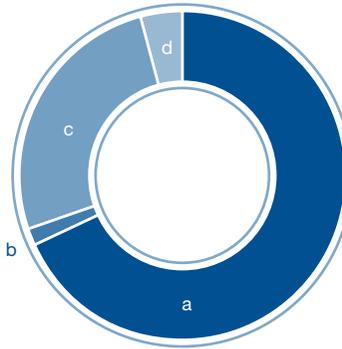
Fiat Group worldwide



- a. 39.5% Europe
- b. 36.0% North America
- c. 21.4% Latin America
- d. 3.0% Asia
- e. 0.1% Rest of the world

Employees by operating segment

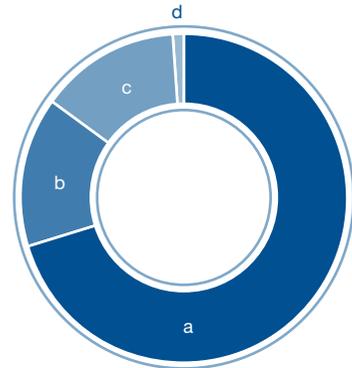
Fiat Group worldwide



- a. 68.3% Mass-Market and Premium Brands
- b. 1.6% Luxury and Performance Brands
- c. 26.2% Components and Production Systems
- d. 3.9% Others

Employees by category⁽²⁾

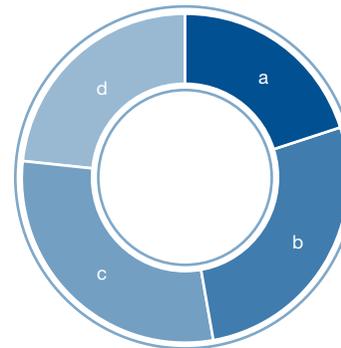
Fiat Group worldwide



- a. 70.4% Hourly
- b. 14.6% Salaried
- c. 13.9% Professional
- d. 1.1% Manager

Employees by age

Fiat Group worldwide



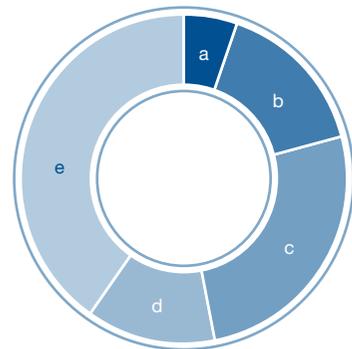
- a. 20.0% Up to 30 years
- b. 27.3% 31 to 40 years
- c. 29.5% 41 to 50 years
- d. 23.2% Over 50 years

The shift of the Group’s product strategy toward the Premium segment has positively impacted some production areas in EMEA. This is the case of the Italian plant Officine Maserati Grugliasco (OMG) which had been inactive from September 2006. It was then acquired by Fiat Group in November 2009 and finally inaugurated after refurbishment in January 2013, under the new name of Avv. Giovanni Agnelli plant. The plant, located in Grugliasco (Italy), is the production site for the new Maserati Quattroporte and the Maserati Ghibli.

⁽²⁾ 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).

Employees by length of service

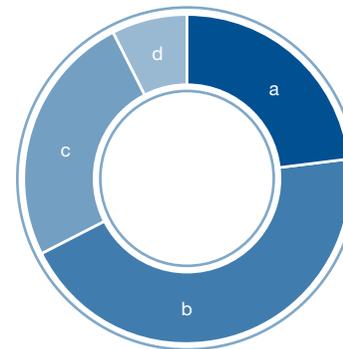
Fiat Group worldwide



- a. 5.5% Over 30 years
- b. 15.4% 21 to 30 years
- c. 26.3% 11 to 20 years
- d. 12.8% 6 to 10 years
- e. 40.0% Up to 5 years

Employees by level of education

Fiat Group worldwide



- a. 23.1% Elementary/middle school
- b. 44.5% High school
- c. 25.2% University degree or equivalent⁽³⁾
- d. 7.2% Not tracked⁽⁴⁾

Worldwide, the highest concentration of Group employees remained in the 41 to 50 age group, and approximately 40% of the workforce has been employed for five years or less. In recent years, the impact of the demographic changes in progress has started to be reflected in the slight yet progressive aging of the Group's workforce: continuing into 2013 there was a steady global increase in the number of employees in the over-50 category compared with 2012, while the distribution of other categories was stable. No differences were registered between genders. To respond to aging trends observed in the working population, the company develops specific initiatives in areas that range from workstation ergonomics to career transition to retirement programs.

With respect to **education level**, there was a continuous increase for both men and women having higher levels of education, with 23% of employees holding a university degree or equivalent qualification. Roughly 45% of Group employees had completed high school.

The number of employees having completed elementary/middle school was stable at about 25%. During 2013, efforts made to improve data quality and reporting systems continued to lead to a significant drop in the percentage of the workforce for which it is not possible to report the level of education, mainly composed of hourly employees.

Employee turnover

Fiat Group worldwide (no.)

| | |
|---------------------------------|----------------|
| Employees at 31 Dec 2012 | 214,836 |
| New Hires | 34,245 |
| Departures | (25,542) |
| Δ scope of operations | 2,048 |
| Employees at 31 Dec 2013 | 225,587 |

⁽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.

Pernambuco project

The construction of the new plant in Pernambuco (Brazil) is an excellent example, as well as a clear signal of the Group's strategy to expand and to reach the highest levels of competitiveness at every location of operation. The plant is expected to start activities during the first half of 2015 with an initial production capacity of 200,000 vehicles per year. The site will also have an integrated supply park, product engineering center and testing facilities. This new industrial presence in the area will be characterized by an approach to development and deruralization based on participation that provides for the engagement of local communities early on, starting from the very first design phases and assessments of local needs.

Turnover

In 2013 a total of 34,245 people were hired, 47.4% of whom were in North America, which continued to be the area particularly benefited by an increase in production volume. About 25,550 employees left the Group throughout the year. Changes in the scope of operations also led to a net increase of 2,048 employees. In October, the Group completed the acquisition of VM Motori, a company employing approximately 1,150 people. Located in Cento (Italy), this plant specializes in the production of advanced diesel engines.

In 2013, about 96% of Group employees were covered by an **unlimited-term employment contract** and about 99% were employed full time. Fixed-term contracts were kept to a minimum; the use of this type of contract was distributed over the different geographic areas ranging from a minimum of 0.4% (Latin America) to a maximum of 2.1% (North America) of all contracts. In 2013, despite the ongoing global economic crisis, about 6,900 temporary contracts were converted into unlimited-term contracts (of which approx. 8% were female employees). A total of 1.3% of the Group workforce is employed part-time, of which about 70% are women.

Employees by contract type

Fiat Group worldwide (%)

| | 2013 | 2012 |
|-------------------------|-------|-------|
| Unlimited-term contract | 95.7% | 94.8% |
| Fixed-term contract | 4.3% | 5.2% |

Employees by contract and employment type

Fiat Group worldwide (no.)

| 2013 | Total | Unlimited-term | | Fixed-term | |
|---------------|----------------|----------------|------------|--------------|--------------|
| | | Full-time | Part-time | Full-time | Part-time |
| Europe | 89,030 | 85,461 | 952 | 2,609 | 8 |
| North America | 81,365 | 76,512 | 6 | 2,887 | 1,960 |
| Latin America | 48,306 | 47,400 | 15 | 890 | 1 |
| Asia | 6,699 | 5,238 | 4 | 1,457 | - |
| Rest of world | 187 | 187 | - | - | - |
| Total | 225,587 | 214,798 | 977 | 7,843 | 1,969 |

Management and development

Through robust **people management processes** that cover the entire employee life-cycle – from selection to retirement – the Group is committed every day to developing existing talent, focusing on business objectives as well as individual growth opportunities. The company not only recognizes that human capital is essential for its success, but also believes that it has a responsibility toward its employees.

The Group's **approach to human capital management and development** rests on five key principles:

- Merit must always be recognized and employed
- Leadership is a worthy calling, which enhances people's lives
- Taking on the competition is the stimulus for aiming ever higher
- Best-in-class performance is the goal we want to achieve
- Keeping our promises is what makes us credible and reliable.

Those principles are essential to the Group culture and have been embodied worldwide into the Group people management processes, through which employees' performance is evaluated and aspirations are embraced.

Performance and Leadership Management (PLM) is the appraisal system adopted worldwide to assess Group employees (manager, professional and salaried).⁽¹⁾ 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 and leadership behavior.

This unique skills mapping and evaluation process, which is the basis for variable compensation,⁽²⁾ is supported by information systems that enable managers to constantly access up-to-date information on the people within their organizational unit, as well as those not directly in their reporting line. In this way, the individual performance of each employee is accessible and can be examined by upper management within the organizational structure. The PLM process serves not only as the basis for all human resources management decisions, but is also a fundamental element specifically in talent management, succession planning and sustainability culture growth. Sustainability targets are in fact incorporated every year in the performance management system for 100% of individuals with responsibility for projects included in the Group Sustainability Plan, for Group Executive Council members and a majority of second-level reports to sector CEOs.

During 2013, complete **performance and leadership mapping** processes were conducted for around **54,500 Group employees**, including all managers and professionals, and a portion of salaried employees.

The proportion of salaried employees evaluated has increased on a yearly basis, from 68% in 2012⁽³⁾ to 69% in 2013. 100% of all hourly employees complete a pre-employment screen and an initial probationary evaluation through WCM performance management system.

The importance of the evaluation process to the company's success is also demonstrated by the five days dedicated to the process by Fiat S.p.A.'s Chief Executive Officer and Chrysler Group's Chief Executive Officer and Chairman, together with the Regions and supporting businesses Heads in analyzing the results of the PLM process, with particular emphasis on senior managers. Concrete measures in terms of the career development of individual employees combined with the evolution of the business will be defined and planned, determining organizational changes, cross-region and cross-company transfers as well as key positions filled largely by internal candidates.

⁽¹⁾ In some areas, a similar appraisal system, named Performance & Behavior Feedback, is in place for salaried employees.

⁽²⁾ The PLM process is the basis for the individual contribution element for manager and professional employees' variable compensation.

⁽³⁾ Data includes Chrysler Group for the full year.

The Performance and Leadership management: yearly calendar

At the beginning of each year, managers 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 comparing 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 this process, employees can access their evaluation on-line, add 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.).

Other individual performance evaluation systems

In addition to the PLM evaluation process, other performance evaluation processes are in place for individual performance related compensation. 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 key performance indicators such as annual production, World Class Manufacturing scores, quality index, customer satisfaction and individual attendance. This system applies to 19,534 employees.

Talent management and succession planning

The integration between Fiat and Chrysler Group continued to generate further opportunities for the business during 2013, particularly in terms of skills, experience and ability sharing to provide greater performances across the entire organization.

The Group is called to address the challenges of the industry with ever greater flexibility and firmly believes that success can be achieved by ensuring the presence of empowered individuals in the organization and by appointing the people with the right skills to key positions. Talent management paves the way to reaching this objective by identifying the most talented employees and fast-tracking 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. 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 warrant investment as potential leaders for the future. 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 2013, following the evaluation of all managers and professionals, **Talent Reviews** were performed for Group employees, across 20 professional families/supporting businesses/functions. Since 2011 senior managers, during the Talent Review sessions, can view the profiles of both the mid-level talents and senior managers identified in succession plans, through the dedicated Talent Review tool.

In 2013, the Fiat S.p.A. Chief Executive Officer, together with the members of the Group Executive Council and their supporting Head of HR, dedicated two full days to talent management, focusing on the assignment of key roles, the analysis of talents and initiatives to support their development and international/cross-functional career plans.

In 2014, the Group will continue to evaluate its Total Compensation to maintain alignment with market best practices. Part of this evaluation will include a **Long-Term Incentive Plan** as well as various other programs. This evaluation is important to ensure the engagement and retention of individuals who are the key to the Group's continued development.

Local minimum wage

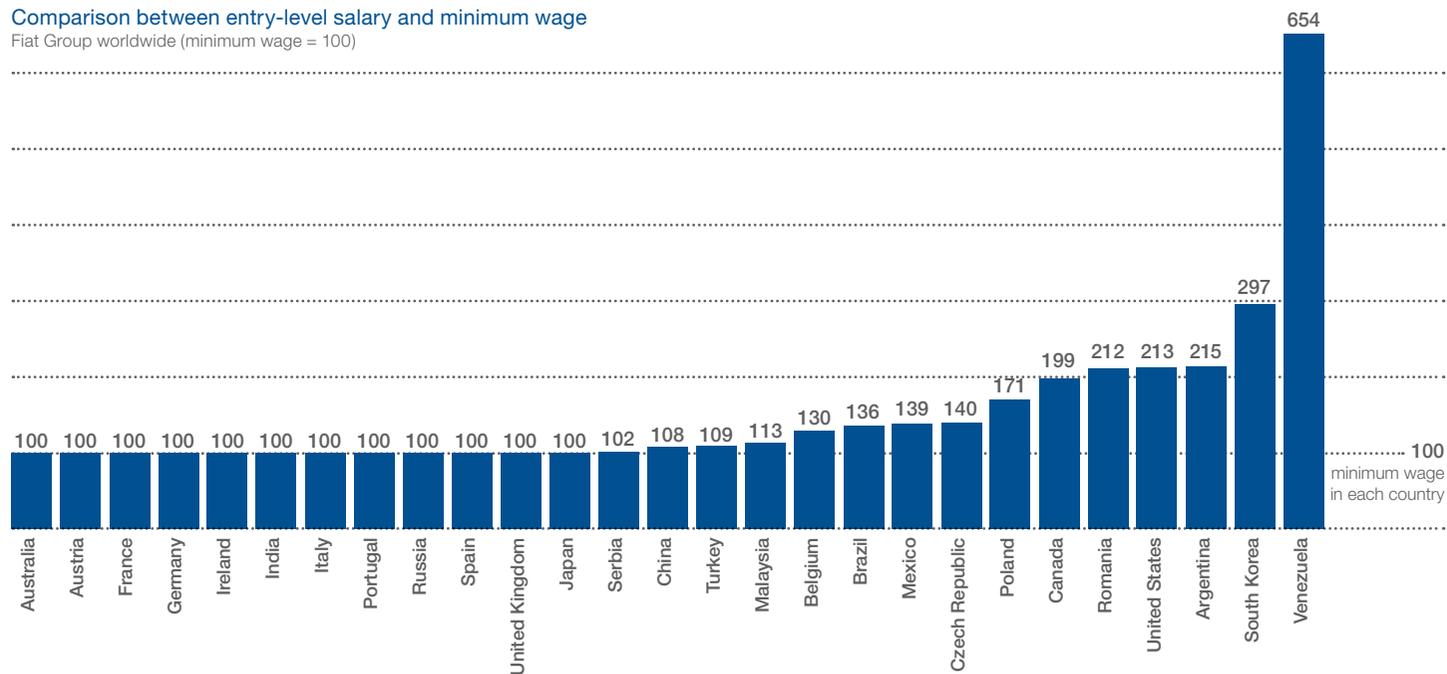
In many countries, minimum wage levels are established by law and, in some cases there are also variations based on regional, state or other criteria (e.g., in the UK, France, Spain, the United States and Brazil).

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, the Group conducted an analysis which shows 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 seen in the comparison between minimum entry-level wages by gender. Considering the 27 countries included in the survey sample, wage levels were found to be identical between men and women.

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



⁽¹⁾ The survey covered around 83% of the workforce of the 27 countries mapped and about 97% of the Group's total workforce.

⁽²⁾ In accordance with the GRI-G4 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 as of 31 October 2013.

Benefits

The Group's compensation and benefits packages are aligned with international best practices with the goal of fair and attractive economic rewards for all employees. Fiat Group offers a broad range of benefits depending on an individual's grade level, country of employment and local policies. In October 2013, Fiat Group conducted its annual analysis of various company compensation and benefits (on a sample of about 86% of the workforce). The findings are provided in the following table.

Those findings show that more than 63% of employees are eligible for a pension plan and, during 2013 around 71% of these joined this type of plan. This figure represents 45% 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 81% of the surveyed population was found to have joined such a plan. **Child care and elderly care** services are also in place at some locations to help employees achieve work-life effectiveness by responding to their needs. The Group also promotes a **healthy lifestyle** through comprehensive wellness programs and facilitates access to dedicated sports facilities.

Principal employee benefits

Fiat Group worldwide

| Financial benefits | % of employees entitled to benefit |
|--|------------------------------------|
| Pension plans | 63.4 |
| Company-provided health plans | 79.9 |
| Life insurance | 62.8 |
| Financial support for disability/invalidity | 53.7 |
| Employee cafeteria or lunch vouchers | 64.0 |
| Child care services ⁽¹⁾ | 37.6 |
| Wellness and nutrition programs ⁽²⁾ | 62.0 |
| Gym/fitness services ⁽³⁾ | 42.0 |
| Others ⁽⁴⁾ | 44.9 |

⁽¹⁾ Includes kindergarten, free gymnasium access for children, assistance with homework, summer camps/holidays, other services dedicated to child care.

⁽²⁾ Includes nutrition coaching, smoking cessation training, medical check-ups, medical screening, other wellness programs.

⁽³⁾ Includes benefits such as company cars, housing, interest free loans.

⁽⁴⁾ Includes free gymnasium access, gym/fitness courses and other sports initiatives.

Training

The Group is committed to the ongoing development of its workforce through a number of alternatives, such as job rotation, coaching, mentoring, training and development. To this end, in 2013, at Fiat Group, professional development through training and skill-building initiatives continued to be one of the key elements in the Group's strategy for the development and continual strengthening of skills for its staff. The Group's **investment in training** reached a total of about **€76 million**. The slight decrease in investment in training is due to the priority given to activities focused on on-the-job training, e-learning and the transfer of skills between colleagues. There was no reduction in the number of hours of training, or the quality of the results of these activities.

The Fiat reference center for learning activities, Fiat SEPIN,⁽¹⁾ supports these efforts as needed, particularly in the rollout of required standards, regulations, and behaviors (e.g., Health & Safety, Corporate Governance), and of key techniques and skills within the automotive field (e.g., Research & Development, Manufacturing). At the individual business level, those in charge of training are responsible for the development of customized programs created to respond to specific needs and in line with Group guidance. Regular meetings, dedicated web portals, virtual classrooms, and collaborative learning sessions are some of the tools used by training managers and specialists to share best practices, coordinate formal knowledge networks, and promote synergy with regard to standards, methods and training objectives.

Since 2012, the Group has utilized an e-learning platform that is designed to increase the ability to manage and monitor the entire Group training process with a common set of rules and support remote training worldwide. Training tools and content are accessible via the platform, which training specialists can update at any time with new courses, modules, and other materials. In addition to providing on-line courses, the platform also offers training process management, including management of programs, invitations to courses, evaluation questionnaires, reporting, cost tracking, etc. Starting in 2013, the platform enables an even more comprehensive and systematic approach to monitoring learning processes and related investments.

During the year, more than **4.2 million hours of training** were provided (+1.1% vs 2012) to approximately **186,000 Group employees**, of whom about 149,400 were men (80%) and 36,400 women (20%).

Of the employees involved in training activities, 59.5% were hourly employees, 38.4% professional and salaried employees, and 2.1% managers. Each employee received an average of approximately 19 hours of training; specifically, 16.7 hours for hourly employees, 24 hours for professionals and salaried employees, and 32.3 hours for managers. In 2013, male and female employees have benefited, on average, from a total of 27.7 and 20.1 hours of training respectively.⁽²⁾

Investments in classroom, on-line and on-the-job training focused primarily on the Group's four core training concepts: development of job-specific know-how (82%), managerial skills (7%), cross-cultural awareness and language skills (7%) and corporate campaigns, rules, commitments (4%).

In 2013, training on issues related to sustainability continued: the Group sustainability course has been made available on unrestricted basis and delivered to approx. 14,550 Group salaried employees worldwide in addition to all Fiat professionals worldwide and approximately 16,950 Chrysler Group salaried employees and contact workers who attended the course in 2012.

⁽¹⁾ In addition, Fiat SEPIN oversees the benchmarking and innovation of learning methods and solutions, supporting the management of training program financing and, in partnership with Fiat Group Purchasing, facilitating the selection and certification of external training providers.

⁽²⁾ Averages calculated based on total workforce and not exclusively on employees enrolled in training courses.

Training expenditures and activities

Fiat Group worldwide

| | 2013 | 2012 | 2011 ⁽³⁾ |
|--|-------|--------------------|---------------------|
| Spending on training (€ million) | 75.7 | 83.7 | 80.3 |
| Percentage of personnel costs ⁽⁴⁾ | 0.8 | 0.9 ⁽⁵⁾ | 1.1 |
| Hours of training provided (thousands) | 4,232 | 4,206 | 4,048 |
| Employees involved (thousands) | 185 | 135 | 139 |

Training on corporate governance, anti-corruption, human rights, non-discrimination and sustainability

Fiat Group worldwide

| | 2013 | 2012 |
|--------------------------|--------|--------|
| Employees involved (no.) | 53,242 | 93,232 |
| of which manager (%) | 4.3 | 2.1 |

Corporate initiatives and on-the-job training sessions are designed to continually channel information to employees and keep them up to date on health, safety, and environmental issues. In 2013, around 1,184,000 hours of training were delivered on health and safety topics. 218,544 hours of training were dedicated to environmental issues.

The model, adopted in 2012, to evaluate benefits and potential savings from training initiatives continued to be used. Based on the industry leading World Class Manufacturing (WCM) Cost Deployment framework, this model is called Cost Deployment of Training.

With reference to the training initiatives most specific to field activities, the **potential savings generated** from as a result of the training were calculated. The application of this methodology to on-the-job-training has allowed for the generation of process efficiencies resulting from investments in employee training as well as from converting them into their corresponding economic value. In 2013, spending in the training activities monitored using this methodology amounted to about €1.3 million and generated a potential savings of approximately €2.5 million.

⁽³⁾ Data includes Chrysler Group for the full year.

⁽⁴⁾ Personnel costs totaled €9,352 million in 2013, €9,110 million in 2012, €7,629 million in 2011.

⁽⁵⁾ data differs from the one reported in 2012 Sustainability Report due to adjustment to the calculation methods of personnel costs.

People Satisfaction Surveys

The Group conducted a first extensive people satisfaction survey in 2010, in collaboration with the Great Place to Work Institute® (GPTW), a globally recognized organization that assists in evaluating results against national and international benchmarks. 2011 was dedicated to the deployment of action plans focused on the main areas for improvement raised in the survey. The Group completed a second extensive survey⁽¹⁾ in 2012 in order to again monitor satisfaction levels, needs and requests of employees. This survey also followed the GPTW® methodology, ensuring comparability of scores. In 2013 the Group completed satisfaction surveys in selected companies and departments.

People satisfaction survey⁽²⁾ has been conducted following GPTW® methodology on more than 35,000 Magneti Marelli employees worldwide. Engagement surveys were conducted at Chrysler Group involving 1,700 salaried employees across certain functions and satisfaction surveys were completed by more than 200 employees working at National Sales Companies across Australia and China.

Within the EMEA region, about 10,000 employees representatives of Mass-Market and Premium Brands operating segment, took a Computer Assisted Web Interviews conducted by a specialized research institute. The survey included questions useful to provide an updated framework on the average level of employees' satisfaction. The definition of **action plans** according to the above surveys results is ongoing.

⁽¹⁾ Launched in part in November 2011.

⁽²⁾ Launched in part in November 2013.

Diversity and equal opportunity

Inclusion at Fiat Group inspires a company culture where every individual is encouraged to reach his or her full potential by leveraging and celebrating **uniqueness**. An organization differentiated by gender, ethnicity and culture is considered a distinct advantage for business competitiveness, and represents a promise for challenging working experiences and opportunities. To this end, the Group seeks to foster a work environment in which employees feel respected, valued, and included, and is committed to attracting a diverse, highly motivated and innovative global workforce.

Equal opportunity employer

Fiat Group rejects discrimination, particularly discrimination based on race, gender, sexual orientation, physical and health conditions, disability, age, nationality, religion or personal beliefs.

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 departure.

Enabling **career opportunity** and advancement that is free from discrimination, and 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.

Due to Fiat Group's global presence, there may be significant differences in legislation among countries where the Group is present, as well as different levels of employee awareness, concern and capability in applying the principles of Non-discrimination. The company Code of Conduct and specific guidelines aim to ensure that the same standards are applied worldwide. Company standards, as stated in the Code of Conduct, have precedence in jurisdictions where legislation is less stringent.

In its commitment to ensure an inclusive work environment and equal opportunities for all employees, Fiat Group adopts a progressive **total compensation system** based on equitable and fair criteria.

At the heart of the company's compensation philosophy lies the concept of meritocracy, which acknowledges the value of a high performance culture and the importance of a market-driven approach.

Additionally, the Group employs a formal process to monitor application of its core equity and fairness principles to compensation levels, annual salary reviews and promotions. In particular, these reviews are based on standard criteria, and do not allow manager discretion of those receiving compensation actions. Combined, all of these actions are designed to ensure that the company's total compensation system, in line with all other internal processes related to people management, promotes equal opportunity.

“With the increased emphasis on technology, partly due to new, non-traditional competitors entering the auto space, the Fiat-Chrysler worker of the future will require a different skill-set than those of the past”

Stakeholder Engagement Event, Detroit (US)



Workforce inclusion

Ensuring the same rights and opportunities for both men and women in the workplace is a fundamental principle of Fiat Group's human resources management. This commitment is in line with the UN Gender Equality Seal (GES) definition of gender equality as a human right and business imperative. 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.

Women employees by geographic area

Fiat Group worldwide (%)

| | 2013 | 2012 |
|---------------|-------------|-------------|
| Europe | 21.6 | 21.6 |
| North America | 19.4 | 22.0 |
| Latin America | 22.4 | 8.8 |
| Asia | 9.6 | 29.7 |
| Rest of world | 29.8 | 27.5 |
| Total | 19.6 | 19.2 |

Women employees by category

Fiat Group worldwide (%)

| | 2013 | 2012 |
|--------------|------|------|
| Hourly | 18.0 | 17.4 |
| Salaried | 28.9 | 29.1 |
| Professional | 18.3 | 18.2 |
| Manager | 13.1 | 13.1 |

The percentage of female managers was stable in 2013 at more than 13%.

Several initiatives are in place across the Chrysler Group to foster among employees the **importance of having a diverse and inclusive workforce**.

Among these, the **Chrysler Group Diversity Council** was established more than a decade ago in the **United States**. The Council's commitment led to the launch of the Diversity Work Stream strategy in 2011. The Council implemented 3 new Workstream initiatives in 2013, for a total of 17. Among the Workstreams implemented since 2012 were such initiatives as bilingual call centers and expanded utilization of the Employee Resource Groups.

Diversity in North America is also represented by the longstanding **Employee Resource Groups** (ERG). 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 support for many community outreach initiatives and charitable events. Participation in ERG-sponsored activities is encouraged and open to all salaried employees from all facilities with the aim of maximizing social and cultural exchange.

During 2013, Chrysler Group continued its internship program to facilitate the **integration of veterans** from the US armed forces into the company's engineering and product design departments. A total of 17 internships started during the year. In Brazil, Fiat Group Automobiles is a partner of Minas Pela Paz (MPP) a non governmental organization that works for building a culture of peace in society, through social inclusion, with a view to transforming the lives of **socially vulnerable people**, including former prison inmates.

Employee representative involvement

Fostering equal opportunities for both men and women in the workplace is also one of the common objectives shared by the Group and **employee representatives**. Globally, equal opportunity is an issue discussed in the social dialog conducted according to local regulations and practice. Every two years, **in compliance with Italian law**, Group companies with more than 100 employees submit a report on male and female employment to the trade unions and Equal Opportunities Councilor. This report provides information on training initiatives, compensation levels, promotions, and turnover, as well as other pertinent data. The First-level Collective Labor Agreement (CCSL), which applies to Fiat S.p.A.'s Italian companies, provides for the establishment of Equal Opportunity Commissions within all covered Group companies. The objective of these commissions is to monitor employment conditions for women – also by analyzing the biannual report – and examine feasibility of proposed proactive initiatives and promote their implementation, as well as interventions for spreading behavior consistent with equal opportunities.

In **France**, equal gender opportunities in business environments and the measures to achieve them are among mandatory bargaining issues and, if an agreement with trade unions is not reached, companies are required to present a unilateral action plan. For example, at Magneti Marelli France SAS, an agreement was signed with unions outlining specific objectives to improve equal treatment of men and women in hiring, training enrollment and grade classification. Magneti Marelli Motopropulsion France SAS, Comau France SA and Fonderie du Poitou Fonte S.A.S.U. instead presented unilateral action plans with hiring guidelines that guarantee equal opportunities in addition to the commitment and tools that will be adopted both to ensure equal treatment as far as salary and to facilitate employees' work-life balance.

Also, in accordance with French law, each year Group companies with more than fifty employees submit a report on employment and training provided to both men and women to employee representatives. Fiat Group Automobiles monitors equal opportunities is the detailed analysis it carries out each year in France on the male and female body of workers. The objective is to single out any differences in: the opportunities to evolve within the company, pay rates/qualifications or opportunities for training courses.

Furthermore, an action plan outlines the Company's commitment beginning in 2014 to:

- ensure equal treatment of male and female candidates during hiring
- guarantee equal access to training in addition to providing women that are back from maternity leave a specific interview with the preparation of any training plan needed to facilitate their return to work
- help employees to balance work and family life by giving access to part-time jobs and flexible hours when the school year starts, together with the commitment not to schedule meetings after 6:00 p.m.
- conduct an analysis of differences in salary for equivalent roles.

In all **other European countries**, as well as in those where a Works Council or a similar body representing the employees is in place, equal opportunities are the subject of information and/or consultation with the employer.

Fair compensation

In its commitment to ensure an inclusive work environment and equal opportunities for all employees, Fiat Group adopts a progressive total compensation system based on equitable and fair criteria.

At the heart of the company's compensation philosophy lies the concept of meritocracy, which acknowledges the value of a high performance culture and the importance of a market-driven approach.

To support these elements of meritocracy, the company has defined a compensation system that comprises a number of different components. This comprehensive package rewards employees for their contribution to the company's results, provides development opportunities and allows them to share in the business success they help create.

Base salary, benefits and long-term incentives are determined by market-driven benchmarks, therefore ensuring fair and objective treatment for all employees in the different markets around the world. The specific criteria for adjustments focus on closing competitive gaps with respect to market position, giving priority to top performers. Variable compensation and career development are impacted by individual contribution, which is vigorously evaluated through a performance and leadership management program that is consistently deployed throughout the entire organization. The same metrics and methodology are applied in this assessment of annual performance to all eligible employees worldwide. Additionally, the Group employs a formal process to monitor application of its core equity and fairness principle to compensation levels, annual salary reviews and promotions. In particular, these reviews are based on standard criteria, and do not allow manager discretion of those receiving compensation actions.

Combined, all of these actions are designed to ensure the company's total compensation system, in line with all other internal processes related to people management, promotes equal opportunity.

National and ethnic minority groups

In 2013, Fiat Group repeated two surveys to determine employee affiliation to a nationality or ethnic minority group. Other diversity indicators that may be sensitive in nature or subject to data protection legislation were not included in the study. The first study related to nationality involved all Group companies, and the outcome revealed that 2.7% of employees (of whom 23% are women) have a nationality that differs from that of the country where they work.

Workforce by principal ethnic origin

| | 2013 |
|------------------------------|-------------|
| Fiat Group North America (%) | |
| Caucasian | 58.8 |
| Hispanic | 20.7 |
| African American | 18.2 |
| American Indian | 0.2 |
| Other | 2.1 |

A second survey examined the ethnic origin⁽¹⁾ of employees based in the United States, Canada and Mexico (approx. 36% of the total Group workforce) and found that 36% of the employees surveyed (of which 45% are women) reported belonging to one of the identified ethnic minority groups.

The minority group with the largest representation in 2013 continued to be Hispanic workers, who represent approximately 21% of responding employees.

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

Employees with disabilities

Promoting employment opportunities for **individuals with disabilities** is another ongoing Group commitment. In 2013⁽¹⁾, the yearly monitoring of the employment of disabled workers within the Group covered 38 countries, mapping over 66% of all employees.

In certain countries, such as Austria, Brazil, China, France, Germany, Italy, Spain and Venezuela, local legislation requires companies to employ an established minimum of disabled workers, which also may vary in relation to the headcount of the company/site, in many cases entailing the requirement only for sites with a headcount over 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). Economic difficulties have led to a temporary suspension of the minimum employment quota requirement (Greece) or widening of the scope of exemptions, as in Italy, where some Group companies had to resort to extraordinary temporary lay-off benefits and collective redundancy schemes (see also Social Dialogue section). In some countries the deadlines for the payment of contributions to be allocated into specific funds can be changed (e.g., Germany and Spain), as can those previously established by agreements within individual countries (Italy) for hiring disabled workers.

In countries where there are regulatory minimums (15 out of a total 38), disabled workers accounted for an average 2.9% of Group employees (0.5% women and 2.4% men). The total average value is the result of different scenarios and is influenced by local regulations that establish mandatory minimum quotas of 1.6% to 7% of the headcount or quotas reached with specific formulas based on other types of calculations. Company-wide, the Group had the highest percentage of disabled workers in Venezuela (4.9%). The survey also revealed that in these countries disabled women make up 17.3% of the disabled employees; this statistic mirrors that of the percentage of women in the entire headcount at the companies mapped, which was 17.2%.

In many other countries (including Argentina, Australia, Belgium, Canada, India, Mexico, United Kingdom and United States), there are no regulations specifying a minimum employment quota for workers with disabilities. However, integration is supported by a variety of accommodations, for example, working hours, working environment, special terms or benefits for companies employing disabled workers, etc. In countries where employees and applicants are not legally required to disclose any disabled status, there are objective limitations to reporting the number of disabled workers, as the information is sensitive and often subject to data protection legislation. Consequently, US mapping is partial and Canada was not included in the survey.

Nevertheless, Group companies still keep a focus on this area; in fact, the companies located in these countries are proactive in ensuring that their facilities provide reasonable accommodation to disabled individuals in terms of both workplace accessibility and usability.

Furthermore, this data does not include the disabled workers who are fit to perform specific tasks as per assessments carried out by a medical professional or facility responsible for evaluating both the health conditions of the worker and the activities involved. In these specific circumstances, the company offers workers a position appropriate to their condition. Chrysler Group's **Return to Work Specialists** in US and Canadian plants provide a concrete example of how 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 employees whose condition is such that employment with Chrysler Group is no longer feasible, the company frequently works with the respective state or provincial governments to retrain the individuals so they may find work in other external occupations.

⁽¹⁾ Data refers to 31 October 2013.

Work-life balance

Fiat Group recognizes that helping employees to better balance their private life with work is a challenge that must be met so that they may be satisfied in all dimensions of their lives. Achieving an optimal balance is also essential for employees to continue delivering an outstanding performance on the job while also gaining self-satisfaction. Effective company support to employees in managing this balance means working within local requirements and constraints, such as job tasks and workplace needs, and available services may differ by region.

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 where feasible. These include flextime (starting/quitting times), job sharing, part-time or reduced hours, telecommuting, compressed workweek/summer hours, parental leave and other leaves.

Depending on the company, flexible arrangements may be formal agreements approved by the Human Resources department, or the result of an informal agreement with the local manager, subject to considerations based on staffing needs, job responsibilities, business climate, mutual agreement or other factors. These arrangements are monitored and updated as required to respond to changing employee needs. One example of a new form of flexibility offered since 2012 is a telecommuting policy adopted in the Chrysler Group Purchasing and Supplier Quality department. It is being utilized to varying degrees by approximately 70% of the workforce involved.

It allows salaried employees to work from home up to two days a month. Schedules are approved in advance and coordinated by the managers and employees. The program has proven to be successful, with a significant number of department employees participating.

An **assessment** of Group companies revealed that in 2013, roughly 11% of employees⁽¹⁾ were covered by one or more of the flexible working arrangements available. The actual figure may be considerably higher, as this percentage does not include participation resulting from an informal agreement with local managers, and consequently not formalized or tracked.

Specifically, 2.4% of the total workforce surveyed took parental leave related to child birth and care, while approximately 7% participated in other types of leaves;⁽²⁾ 1.3% are employed part-time; and 1.7% 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 stable workforce that actively participates in the Group's success. During 2013 the Group expanded its flexible working programs in its regions of operation, with the objective of facilitating family management, eldercare and other personal needs. For further details see the Sustainability Plan.

⁽¹⁾ The assessment covered 100% of Group average workforce (January-October 2013).

⁽²⁾ Other types of leaves are those not related to child birth or child care.

Return to work after parental leave

Equitable choices for maternity, paternity and adoption reflect the Group's commitment to encourage both female and male employees to balance parental responsibilities with their careers. The Group provides parental leaves to all 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).

In an effort to ensure that the prospect of continued employment at the company remains attractive for both men and women returning from parental leave, a variety of programs to support family management are available on a regional basis.

During 2013, about 5,400 Group employees took at least one type of parental leave, representing approximately 3.7% of the female workforce and 1.4% of the male workforce.

Return-to-work and retention rates following parental leave are two key indicators of the mid- and long-term capability of the company to provide employees with career growth opportunities and achieve balance between their home and work lives.

A pilot analysis conducted by the Group covering 100% of company employees focused on the percentage of employees who return to work after parental leave and who are still employed 12 months after their return. The rate of women who returned to work in 2013 was approximately 35%, while for men the rate was 34%. Among those who returned to work, about 62% of women were still employed by the company 12 months later, while for men the percentage was approximately 84%.

Fiat Group's efforts to support and encourage work-life balance have been recognized for instance, by the fact that Chrysler Group was named among the 50 best employers for Hispanic women for the 10th time. This also validates the strategic value of our commitment to diversity and inclusion, and contributes the company's growing reputation as an employer of choice for diverse talent.

Engagement with trade unions

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 as well as with the rules of different trade unions. Fiat Group maintains relationships **with trade unions** and **employee representatives** that are based on **mutual respect**, **dialogue** and **constructive interaction**. We continued pursuing dialog in 2013 to reach consensus-based solutions designed to address various market conditions and manage the impact on workers of measures adopted in response to the European market trend, which remained particularly critical in Italy.

Social dialogue

At the European level, the establishment of a European Works Council (EWC) complies with regulations whose purpose is strengthening the worker's right to information and consultation in Community-scale undertakings. Fiat Group's EWC was established in 1997, as a result of the founding agreement signed in 1996, and subsequently revised and amended. Still today, Fiat S.p.A.'s European Works Council, as established by the renewal agreement signed on 28 June 2011 has not been set up, despite the fact that the deadline for announcing the appointment of its members was 31 October 2011. Not having representatives from four countries – out of the nine eligible – up until now has in fact stopped the company from initiating convocation of the EWC. Fiat informed the industriAll European Trade Union (the European federation of metalworking, chemical and textile industries) that it still intends to launch convocation as soon as the EWC is fully set up, as well as to work out together the most suitable solutions to overcome any obstacles to its proper establishment.

Over the year, however, the Group did not launch any initiatives with a significant impact on employment at a transnational level, and locally the company does business in compliance with the procedures and practice of employee information and consultation as laid down by the law.

In Italy, on the 8th of March, 2013, Fiat SpA and the trade unions FIM-CISL, UILM-UIL, FISMIC, UGL Metalmeccanici and Associazione Quadri and Capi Fiat reached an agreement on the renewal of the wage-related part of the first-level Collective Labor Agreement (Contratto Collettivo Specifico di Lavoro di primo livello – C CSL) for the year 2013.

In 2013, too, the Chief Executive Officer met with the Italian trade unions signatories to Fiat's Collective Labor Agreement to present the half-year economic results. On September 4th, a further meeting was held at which the company and trade unions both confirmed their commitment to protect and strengthen the contractual relationship, with full awareness of its vital importance to Fiat's continued commitment to its industrial presence in Italy. On the basis of this renewed mutual commitment, at the end of the meeting Sergio Marchionne announced that the Group would undertake the investment necessary to ensure future production and jobs at the Mirafiori plant in Turin. The meeting gave the opportunity for trade unions to urge FIOM-CGIL once again to follow the basic principles of industrial democracy by accepting an agreement that has been signed by the vast majority of trade unions represented within Fiat. In 2013 FIOM-CGIL (trade union that chose not to sign the Fiat C CSL) continued to claim the right to appoint employee representatives within Fiat Group companies provided for and recognized by Art. 19 of the Workers' Statute (Law 300/70) solely for trade unions signatory to the collective labor agreement applied within a company.

This dispute is part of a larger scenario regarding trade union representation in Italy comprised of: the National Multi-Industry Agreement signed 31 May 2013 by Confindustria and CGIL, CISL and UIL (which does not apply in Fiat Group companies since the company is not a member of Confindustria); the parliamentary debate still underway on the countless bills concerning it; and a ruling by the Constitutional Court. In July, the Constitutional Court determined unconstitutional the section of Article 19 of the Workers' Statute which requires that a union be signatory to the collective labor agreement applied within a company as a prerequisite for representation, reversing the stance it had taken on numerous previous decisions on the topic. The Court ruled that unions are entitled to representation when they have actively participated in negotiations for a collective labor agreement, even if they are not signatory to such agreement.

The interpretation Fiat has applied up to this point has been recognized not only as correct, but as the only interpretation possible, affirming that Article 19 does not allow for the application of criteria that would go beyond a literal interpretation.

Despite the fact that the general principle laid down by the Constitutional Court (actual participation in negotiations) appears questionable to the trade union FIOM specifically concerning Fiat, in September the company informed FIOM it would be allowed to appoint plant-level union representatives (RSA), according to law. Lastly, in November the company and FIOM settled all litigation regarding Article 19 of the Workers' Statute. In short, the settlement in court calls for the acknowledgment of FIOM plant-level union representatives in a number permitted by law and the legislative rights, rather than under labor contract, and FIOM's agreement not to pursue any other lawsuits in this area.

Collective bargaining

Collective bargaining at various levels resulted in major agreements being reached with trade unions on both wage and employment conditions in several countries. Around 90% of the Group's employees worldwide are covered by collective bargaining agreements.

Italy

In **Italy**, all Fiat Group employees are covered by such agreements. To this regard, the Fiat Supplementary Pension and Health Fund is particularly important, set up after negotiations between the company and the trade unions and ongoing dialogue between the two parties.

Italian managers are subject to the collective labor agreement for managers at Fiat S.p.A. and Fiat Industrial S.p.A., signed on 23 December 2011 with Federmanager. The contract remained in effect the entire year 2013, and on December 16th, the first meeting for renewal with Federmanager was held.

The agreement was anything but predictable, given the enduring market crisis that the automotive industry suffers and the country's deep economic crisis. It lasted for all of 2013, and on November 25th the company entered renewal negotiations with the trade unions.

Trade union agreement for renewal of the Fiat CCSL

In March 2013, Fiat S.p.A. and the trade unions FIM-CISL, UILM-UIL, FISMIC, UGL Metalmeccanici and Associazione Quadri and Capi Fiat reached an agreement on the renewal of the economic part of the first-level Collective Labor Agreement (Contratto Collettivo Specifico di Lavoro di primo livello – CCSL). It lasted the entire year of 2013.

The main points of the agreement can be summarized as follows:

- **Increase of the minimum wage** (the minimum under the CCSL) by a gross average of 40 euros per month as of 1 February 2013
- **Introduction of the production bonus**, paid monthly on an individual basis according to the actual number of hours worked. The agreement makes days off for hospital stays and serious illnesses – as well as mandatory maternity leave, trade union meetings and leaves of absence taken by Worker Safety Representatives (RLS) – equal to full work days
- **Layout of the structure of the supplemental health care plan FASIF**. Although it was already laid out in a trade union agreement signed on 11 October 2012 (integrated on 29 October 2013), it is an integral part of the contract renewal as required by a specific article of the CCSL. In addition to outlining the health care plan's different parts concerning contribution and services, the agreement includes the implementation of **basic health care coverage for employees at the sole expense of the company**. Starting January 2013, employees under the CCSL benefit from annual LTC (Long Term Care) coverage of not self-sufficient cases as well as a biannual cardiovascular/metabolic syndrome screening.

Outside Italy

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, it should be noted that in non-unionized Group companies, the company grants 37% of the employees not covered by collective bargaining terms better than, or in addition to, those set by law.

In 2013⁽¹⁾, an analysis was carried out in those countries that have not ratified ILO Conventions on freedom of association and/or the right to organize and collective bargaining. It covered over 97% of the employees of Group companies in Brazil, the United States, Canada, Mexico, China and India, and showed that the application of these rights and principles is ensured through the implementation and application of national legislation.

⁽¹⁾ Data as of 31 October 2013.

Brazil

In **Brazil**, in December, FIEMG (*Federação das Indústrias do Estado de Minas Gerais*) and metalworkers' trade unions renewed the economic and regulatory terms of the collective labor agreements in force in the sector for businesses operating in the State of Minas Gerais.

In 2013 company-level collective salary agreements in **France** and **Poland** were inevitably affected by the negative economic results in Europe, and the continuing negative market trends called for a strict policy curbing collective wage increases.

France

In **France**, Magneti Marelli Motopropulsion France SA signed an agreement with trade unions aimed at protecting jobs at the Argentan site and to improve competitiveness linked to the increase of production levels. The agreement, which will take effect in January 2014, provides for measures concerning work organization, working hours, and wages. The company confirmed the investment in a new production line and the adaptation of another production line to better suit differently-abled workers, as well as the commitment to maintain the same employment level for three years, also through new hires.

Serbia

In December, a three-year agreement was reached in **Serbia** for the renewal of the collective labor agreement in force at the Fiat Automobili Srbija d.o.o. plant in Kragujevac. The company and trade unions have also concluded collective negotiations on wages that resulted in average raises in line with inflation. The agreement also provides for a Christmas Bonus, the amount of which depends on the actual performance of the workers concerned.

Canada

In **Canada**, CpK Interior Products Inc. (a Chrysler Canada Inc. company) and the United Steel Workers (USW) negotiated a new 4-year Collective Agreement with competitive labor cost provisions and work rules. Major economic provisions of the new Agreement include annual Cdn \$500 lump sum payments to employees and annual Cdn \$500 lump sum payments to the defined contribution pension plan of each eligible employee.

Mexico

In **Mexico**, Chrysler Group and Sindicato Nacional de Trabajadores de la Industria Automotriz Integrada, Similares y Conexos de la República Mexicana completed the annual bargaining process. For the first time in their history and in the history of the Mexican automotive industry, the parties negotiated a multi-year agreement. The new 3-year agreement will end 9 May 2016. Covering approximately 8,200 employees, it ensures the competitiveness of the cost of labor, since the increase in wages is counterbalanced by savings arising from the implementation of better labor rules. The new agreement also provides for annual US \$500 lump sum payments to employees in recognition of their contribution to the achievement of the Company's plant-specific quality improvement targets. It provides additional bonus incentives for employees at facilities that achieve increasingly higher target audit scores within the Company's World Class Manufacturing (WCM) system. For instance, employees at the Saltillo Assembly Plant qualified for total payments of US \$625 in 2013.

Collective agreements signed during the year at company/plant level

Fiat Group worldwide (no.)

| | 2013 | 2012 |
|-----------------------|------|------|
| Collective agreements | 384 | 372 |

Main issues covered under the agreements

Fiat Group worldwide (%)

| | 2013 | 2012 |
|---|------|------|
| Wage issue | 24.5 | 24.5 |
| Operating issue | 44.0 | 50.5 |
| Restructuring | 7.6 | 4.6 |
| Occupational Health and Safety ⁽²⁾ | 8.6 | 13.4 |
| Equal opportunities | 0.8 | 1.3 |
| Training | 7.8 | 6.5 |
| Other | 12.5 | 21.8 |

⁽²⁾ Also includes prevention of work-related stress issues.

Management of production levels

Also in 2013, the economic results achieved throughout the world benefited from the strength of the Group, further consolidated by the geographical diversification of the various business activities. During the year, the Group positively responded to the performance of some markets through instruments aimed at enhancing flexibility. These market situations also made it possible to transform the majority of fixed-term employment contracts to unlimited contracts.

In Europe, 2013 was characterized by further shrink in demand, which particularly impacted Fiat Group's production capacity in Italy, where work stoppages were necessary. However, the Company has continued its policy for the protection of jobs through the use of temporary social welfare mechanisms, where possible, or other measures based on collective agreements or company policy.

Italy

In **Italy**, recourse to temporary layoff benefits schemes by Group companies to cope with reduced production and restructuring or reorganization initiatives linked to Group investments declined slightly over 2012 (-1.9%). These benefit payment schemes (financed with company contributions) continue to play a significant role in this context; this year, too, they avoided redundancies.

In 2013, the Company continued in the reorganization of production in Italy by leveraging the premium brands, realigning the product portfolio and repositioning the business for the future. In January, the Avv. Giovanni Agnelli plant was inaugurated in Grugliasco (Turin), which is the production site for the Maserati Quattroporte and the Maserati Ghibli sold all over the world. Fiat has invested more than €1 billion to develop the two new models and refurbish the plant.

On July, the CEO of Fiat, Sergio Marchionne, presented plans for future activities at the plant of Sevel (a 50/50 JV between Fiat Group and PSA Group for the production of Light Commercial Vehicles) located in Atessa, Italy, where the Ducato is currently produced. Approximately €700 million is to be invested in the facility over 5 years.

In September, the CEO announced an investment plan for the Mirafiori Plant in Turin, where a production establishment dedicated to the premium segment will be set up.

At the end of October, following receipt of regulatory approvals, Fiat Group Automobiles' acquisition of the 50% stake in VM Motori S.p.A. held by General Motors was completed. VM is specialized in the production of advanced diesel engines. Its plant located in Cento, in central Italy, employs over 1,000 people.

As announced in late 2012, investment of over €1 billion in the SATA Plant in Melfi (Italy) started in 2013 for the production of the Fiat 500X and a Jeep brand vehicle.

Two major corporate streamlining measures were undertaken during the year in Italy. One was the transfer of the Officine Maserati Grugliasco plant to Fiat Group Automobiles situating it in the Turin-based complex specialized in manufacturing premium brand vehicles. The other involved the transfer of staff and operations from Fabbrica Italia Pomigliano (FIP) to Fiat Group Automobiles. It was prompted by the fact that certain circumstances, organizational and industrial requirements and constraints that led to the formation of a company specifically dedicated to the investment in the new Panda were overcome.

Brazil

In 2013, the positive trend of the automotive market in Latin America continued.

In **Brazil**, work on the new Pernambuco plant started, as announced on 28 December 2010. The Group's new plant is expected to start activities during the first half of 2015 with initial production capacity of 200,000 vehicles per year based on the Small Wide platform which will strengthen the product offering in the mid-size segments of the market. The establishment will also have an on-site supply park, product engineering center and testing facilities.

In 2013, the Group confirmed its leadership on the Brazilian market, despite a slight decrease over the previous year, which had benefited from tax incentives on sales. In 2013, the need to adjust production levels to market trends was primarily addressed through flexible working schemes by managing shifts accordingly, under trade union agreements.

North America

As for Chrysler Group, in 2013 the company increased vehicle production at its NAFTA facilities in response to higher product demand. To handle the greater output, the company increased staff, i.e., the number of manufacturing employees to support our current and anticipated production volumes, as well as additional engineering, research and development and other highly skilled employees to support our product development, sales, marketing and other corporate activities.

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. The Group recognizes and respects the right of its employees to be represented by trade unions or other representatives in accordance with local applicable legislation and practice.

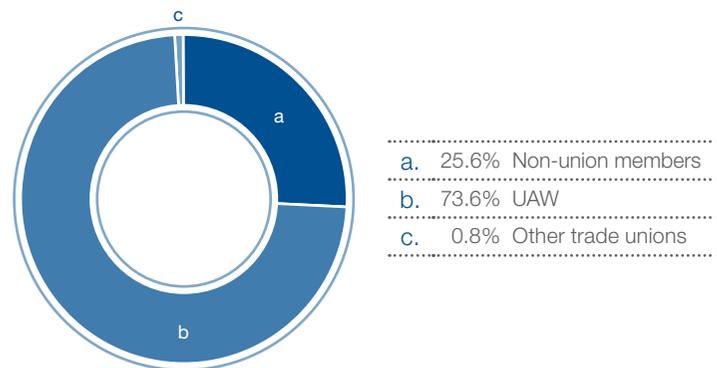
In 2013, an analysis was carried out in countries that have not ratified ILO Conventions on freedom of association and/or the right to organize and collective bargaining. It covered over 97% of the employees of Group companies in Brazil, the United States, Canada, Mexico, China and India, and showed that the application of these rights and principles is ensured through the implementation and application of local legislation. At Magneti Marelli plants in Mexico, the right to representation is also ensured through company practices that support existing legislation. A survey of workers belonging to trade unions in the Group's various companies is not possible in all countries, since legislation on the freedom of association varies from country to country. For example, in 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 countries with a greater presence of Group operations where such data is not considered sensitive, surveys are conducted regularly to map trade union membership.

Italy

In **Italy**⁽¹⁾, it was found that 32.8% of workers were trade union members in 2013 (compared with 33.5% in 2012). In addition to the rights granted to all Italian trade unions and workers concerning freedom of association, the company provides an additional service to its employees by paying trade union dues on behalf of those employees who are members of trade unions that are signatories to the Fiat first-level Collective Labor Agreement (CCSL). Trade union dues for employees who are members of trade unions that are not signatories to the Fiat CCSL are paid either directly by employees or via deductions from employee' wages⁽²⁾ through the company.

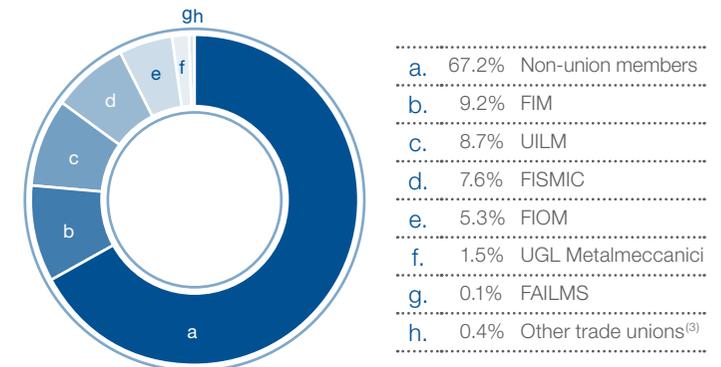
Union membership US

Fiat Group in US⁽⁴⁾ (% of total workforce excluding managers)



Union membership Italy

Fiat Group in Italy (% of total workforce to whom CCSL applies, excluding managers)



United States

In the **United States**⁽⁵⁾, over 74% of 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 United States, the UAW represents over 36,000 hourly production workers and more than 3,000 salaried office workers.

⁽¹⁾ The survey covered a sample of 98.2% of workers under the Fiat CCSL.

⁽²⁾ Cessione del credito retributivo.

⁽³⁾ Other trade unions includes independent trade unions.

⁽⁴⁾ The survey covered 99.8% of the workforce, managers excluded.

⁽⁵⁾ The survey covered 99.8% of the US workforce, excluding temporary part-time workers.

Canada

In **Canada**⁽⁶⁾, Unifor, the trade union that emerged from the merger of National Automobile, Aerospace, Transportation and General Workers Union of Canada, or the CAW, and the Communications, Energy and Paperworkers Union in September 2013 represents about 9,700 hourly production workers and over 100 salaried office workers.

Mexico

In **Mexico**, the Sindicato Nacional de Trabajadores de la Industria Automotriz Integrada, Similares y Conexos de la República Mexicana represents over 8,200 hourly production workers at eight Chrysler Group facilities.

Venezuela

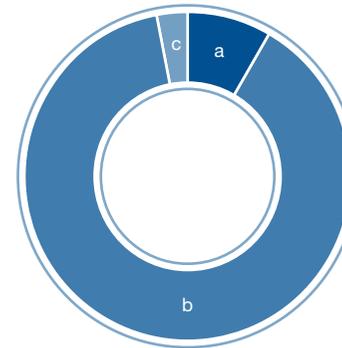
In **Venezuela** the Sindicato de Trabajadores de Chrysler de Venezuela, L.L.C. represents about 900 hourly production workers.

China

Fiat companies in **China** comply in all material respects with all applicable Chinese laws and regulations. In particular, these companies take measures permitted by applicable laws and regulations to implement advanced practices in terms of labor contracts, working conditions, work safety, establishment of a labor union and participation of the union in the company's decision-making process. Where provided for under applicable laws and regulations, a labor union is established and provided with the condition of operating inside the company. Where a union is not established (usually in small companies where unions are neither required by regulations nor by the employees), the Human Resources Departments implement the relevant laws and regulations and proactively adopt advanced practices in China, actively communicating with employees on relevant labor and other issues.

Union membership Canada

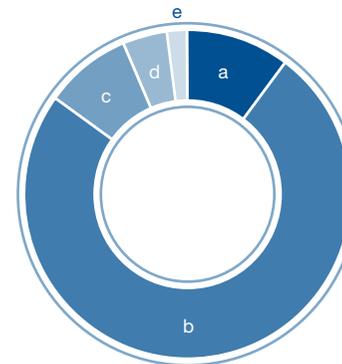
Fiat Group in Canada⁽⁷⁾ (% of total workforce excluding managers)



- a. 8.3% Non-union members
- b. 88.7% Unifor
- c. 3.1% United Steelworkers Union (USW)

Union membership Mexico

Fiat Group in Mexico⁽⁸⁾ (% of total workforce excluding managers)



- a. 10.1% Non-union members
- b. 74.9% Sindicato Nacional de Trabajadores de la Industria Automotriz Integrada Similares y Conexos de la Republica Mexicana
- c. 8.7% Sindicato de la Industria Metal Mecánica del Estado (CTM)
- d. 4.1% Confederación Revolucionaria de Obreros y Campesinos (CROC)
- e. 2.2% Sindicato Nacional de Trabajadores y Empleados de la Industria Productora, Transformadora, Metalica, Derivados Y Conexos

⁽⁶⁾ The survey covered all Canadian employees.
⁽⁷⁾ The survey covered 100% of the workforce, managers excluded.
⁽⁸⁾ The survey covered 84% of the workforce, managers excluded.

Representative bodies, generally elected by workers of the site concerned, are entitled to be informed and/or consulted and/or to negotiate matters defined by law or collective agreements in force. In the countries of the European Union, the law provides for the setting-up of representative bodies at companies and/or sites employing a number of workers exceeding the specific minimum limits, while in North America these bodies are present only at sites where there is a trade union. In China, laws and regulations do not provide for the obligation to establish employee representative councils. However, workers are free to set them up in accordance with national labor legislation and based on specific regulations implemented by several provinces and cities. In China, there are currently no national laws or regulations mandating that companies must have an employee representative council, however employees are free to form an employee representative council in accordance with relevant PRC labor laws (mainly: Labor Law, Labor Contract Law and Trade Union Law). Based on PRC labor laws, several provinces and cities have further issued their own rules to regulate the employee representative councils which shall only apply on such provinces and cities.

In **Italy**, under the Workers' Statute (Law 300/1970), worker representation in Fiat Group companies takes place through plant-level union representatives (RSA). As of 31 December 2013, there were 887 RSA at the plants of Group companies. The data includes FIOM-CGIL RSAs that are present in Group companies and/or sites as a result of the ruling of the Italian Constitutional Court in July. FIOM's plant-level union representatives were appointed according to the numerical terms set by law and are entitled to the rights provided for by existing law. The RSAs of trade unions, which are signatories to the Fiat CCSL benefit from more hours of paid leave for trade union-related activities than required by Italian law, as well as from offices and personal computers, made available according to law. In addition, notice boards are provided at sites where the trade unions may display announcements, accessible to all Fiat Group employees.

The participation system set up by the Fiat CCSL fosters dialogue between the signatories and is organized into joint commissions that operate at company and plant level. The issues addressed by these commissions include equal opportunities, occupational health and safety, organization and production systems, company services and absentee monitoring. This last commission tracks the rate of absenteeism due to illness.

At the national level, the participation system provided for by the CCSL sets forth the establishment of the Bilateral Welfare Commission and the Joint Conciliation Commission, whose task is to examine any unresolved conflicts at individual plants.

Restructuring and reorganization

In **Italy**, use of extraordinary temporary lay-off benefits schemes during 2013 enabled drops in production to be managed, and restructuring and reorganizing programs linked to Group investments to begin or continue.

Redundancy plans launched during the year as a result of an agreement with trade unions affected a very small number of workers – a total of 34 people – and the relevant procedures will be completed by 2015. All the affected employees will become eligible for retirement during the period covered by the collective redundancy scheme (mobilità)⁽¹⁾. As a result of this scheme implemented following agreements signed with trade unions in previous years, in 2013, about 650 left the Group. As in previous years, the Company granted them an additional redundancy payment set by the corresponding trade union agreements. These included the workers to whom the scheme was applied in 2012: of the 81 workers initially involved, thirty were relocated within the Group.

In Italy, in 2013 the Ministry for Economic Development continued its efforts to find a solution for maintaining industrial activities at the plant in Termini Imerese (which, as announced by Fiat in 2009, ceased production in December 2011). During the year, lay-offs under “mobilità” continued for those workers at the Termini Imerese plant⁽²⁾ who became eligible for retirement, according to union agreements signed in 2011. An agreement on extraordinary temporary lay-off benefits (Cassa Integrazione Guadagni “in deroga”⁽³⁾) was signed in October. Considering the forthcoming completion of the review of reindustrialization projects by the relevant authorities, the benefits were extended until 30 June 2014 for the remaining workers for whom the deadline of the previous scheme was in December 2013.

Also in 2013, the Group took steps to reduce the impact of reorganization on employees. In Italy, at the Fiat Group Automobiles Avv. Giovanni Agnelli plant (formerly Officine Maserati Grugliasco) work was halted for restructuring and extraordinary temporary lay-off benefits were paid to workers. During the year, employees continued to receive training to update their skills for when production activities resume. The training program addressed various contents such as the World Class Manufacturing (WCM) system, ergonomics and work metrics. In 2013, a total of 637 people attended the training courses 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 the extraordinary temporary lay-off benefits scheme.

As planned, the current production volume of premium range vehicles has allowed employees to return to work.

Outside Italy, stoppages were negligible and there were no significant restructuring and reorganization measures. The reorganization process at the Fiat Auto Poland plant in Tychy, announced in December 2012, was completed in the early months of the year.

⁽¹⁾ Government benefit scheme, financed by companies, and applicable to employees affected by collective redundancies for a duration of three years in Northern Italy and four years in the South.

⁽²⁾ Those employees are included in the data referred to those who left the Group during the year.

⁽³⁾ Extraordinary scheme to protect workers' income.

Labor unrest

In 2013, cases of unrest in Group companies in **Italy** were scarce, with very few employees taking part, although in some cases the reasons for unrest had an impact on the community. Likewise, the scope of locally organized labor action was extremely limited. This trend confirms the commitment undertaken by those trade unions that signed the first-level Collective Labor Agreement, in which they agreed not to call strikes for issues already settled in this accord. It also showed how effective the “cooling-off” procedure has been in preventing, examining and solving any potential causes of labor unrest for which the commissions set up through the agreement found no solution. This year, labor unrest **in other countries** was negligible once again and mostly involved issues at individual plant level.

Minimum Notice Period

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 initiated 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.

Furthermore, the agreement establishing the Fiat Group European Works Council includes issues requiring that employees be informed and consulted: fundamental changes in the organization, introduction of new working methods and new manufacturing processes significantly affecting the Group as a whole, and reductions in size or the closure, relocation of production, or merger of companies or business units having a substantial impact on employment at a global level.

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 plants with 50 employees 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 trade union and applicable at plant level, and usually also sets out the information and consultation procedures to be followed in such circumstances. At non unionized plants, it is common practice to make a company-wide announcement to all employees of organizational changes relating to outsourcing, giving reasonable prior notice of the operation.

In **Mexico**, companies are required to notify the Secretariat of Labor and Social Welfare as well as the trade union prior to any mass employee layoffs or plant closures. However, no notification period is expressly 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.